

Quarterly Securities Report
for the Six-Month Period Ended September 30, 2021

English translation of certain items disclosed in the Quarterly Securities Report for the six-month period ended September 30, 2021, which were filed with the Director-General of the Kanto Local Finance Bureau of the Ministry of Finance of Japan on November 11, 2021.

Mitsui & Co., Ltd.

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As used in this report, "Mitsui" is used to refer to Mitsui & Co., Ltd. (Mitsui Bussan Kabushiki Kaisha), "we", "us", and "our" are used to indicate Mitsui & Co., Ltd. and subsidiaries, unless otherwise indicated.

1. Overview of Mitsui and Its Subsidiaries

1. Selected Financial Data

As of or for the periods ended September 30, 2021 and 2020 and as of or for the year ended March 31, 2021

	In millions of Yen, except amounts per share and other				
	Six-month period ended September 30, 2021	Six-month period ended September 30, 2020	Three-month period ended September 30, 2021	Three-month period ended September 30, 2020	As of or for the year ended March 31, 2021
Consolidated financial data					
Revenue	¥ 5,416,199	3,705,074	2,758,165	1,859,701	8,010,235
Gross profit	¥ 527,423	367,836	259,186	178,129	811,465
Profit for the period attributable to owners of the parent	¥ 404,630	110,024	213,366	47,467	335,458
Comprehensive income for the period attributable to owners of the parent	¥ 348,940	229,395	(39,665)	69,083	964,652
Total equity attributable to owners of the parent	¥ —	—	4,738,572	3,934,146	4,570,420
Total assets	¥ —	—	12,954,071	11,508,898	12,515,845
Basic earnings per share attributable to owners of the parent (Yen)	¥ 246.22	65.16	130.69	28.24	199.28
Diluted earnings per share attributable to owners of the parent (Yen)	¥ 246.11	65.13	130.63	28.22	199.18
Equity attributable to owners of the parent ratio	% —	—	36.58	34.18	36.52
Cash flows from operating activities	¥ 307,156	380,836	—	—	772,696
Cash flows from investing activities	¥ (148,761)	(224,216)	—	—	(322,474)
Cash flows from financing activities	¥ (350,641)	(132,316)	—	—	(486,963)
Cash and cash equivalents at end of period	¥ —	—	860,231	1,099,279	1,063,150

(Notes) 1. The consolidated financial statements have been prepared on the basis of International Financial Reporting Standards (IFRS).

2. As described in the “Notes in Condensed Consolidated Statements of Income”, effective from the year ended March 31, 2021, revisions have been made to the presentation of revenue for certain transactions, and the figures for the six-month period and the three-month period ended September 30, 2020 have been restated.

2. Business Overview

In each business area including Mineral & Metal Resources, Energy, Machinery & Infrastructure, Chemicals, Iron & Steel Products, Lifestyle and Innovation & Corporate Development, the Company and its consolidated subsidiaries engage in a diversified range of services, including trading, manufacturing, transport, and financial services involving various commodities, making full use of the global office network, which is centering on the Company, a general trading company, with its ability to gather information. The Company and its consolidated subsidiaries furthermore engage in a wide range of initiatives that include development of natural resources and infrastructure projects, and business investment in relation to the environment, new technologies, next-generation power and wellness, and value creation that leverages digital tools.

There has been no significant change in our business for the six-month period ended September 30, 2021.

2. Operating and Financial Review and Prospects

1. Risk Factors

For the six-month period ended September 30, 2021, there is no significant change in risk factors which were described on our Annual Securities Report for the year ended March 31, 2021.

2. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows

This quarterly securities report contains forward-looking statements about Mitsui and its consolidated subsidiaries. These forward-looking statements are based on Mitsui's current assumptions, expectations and beliefs in light of the information currently possessed by it and involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors may cause Mitsui's actual consolidated financial position, consolidated operating results or consolidated cash flows to be materially different from any future consolidated financial position, consolidated operating results or consolidated cash flows expressed or implied by these forward-looking statements.

Forward-looking statements were made as of September 30, 2021, unless otherwise indicated.

(1) Operating Environment

In the six-month period ended September 30, 2021, the global economy continued to rebound overall although the pace of the economic recovery slowed in the U.S., China, and other countries due to the spread of the Delta variant of COVID-19, as well as due to difficulties in procuring parts such as semiconductors and automotive components.

In the U.S., the recovery has continued for the most part despite the slowing momentum of the recovery in consumption and domestic demand due to the spread of the Delta variant and bottlenecks in supply chains. Although there are some areas of concern, such as rising inflation, the economy is expected to be boosted as consumption, which had been restrained, recovers together with the falling number of infections and as problems are resolved in supply chains. In Europe, consumer spending, mainly for consumption of services, has shown signs of recovery accompanying the normalization of economic activities. Looking ahead, the economic recovery is expected to strengthen, partly due to support by allocations from the European Recovery Fund. In Japan, there was a downturn in exports due to the drop in automobile production caused by disruptions in the supply of components from Southeast Asia, and consumption weakened mainly due to the rapid spread of the Delta variant. However, capital investment has been steady, consumer spending is expected to recover with the resumption of economic activities in the future, and the economy is expected to rebound. In China, although the economic recovery has slowed down mainly due to weakening in the recovery of consumer spending caused by the strengthening of restrictions on activities and government measures to control real estate investment, it is expected to pick up again due to the easing of restrictions on activities and other factors. In Russia and Brazil, exports are expected to continue increasing against the backdrop of rising prices for resources, energy, and food.

Going forward, it is expected that the pace of growth in the U.S. and China will regain its momentum and lead the global economic recovery, and that the stronger recovery trend will also be seen in Europe and Japan.

(2) Results of Operations

1) Analysis of Consolidated Income Statements

(Billions of Yen)		Current Period	Previous Period	Change
Revenue		5,416.2	3,705.1	+1,711.1
Gross profit		527.4	367.8	+159.6
Selling, general and administrative expenses		(279.3)	(286.8)	+7.5
Other Income (Expenses)	Gain (Loss) on Securities and Other Investments—Net	(14.6)	9.0	(23.6)
	Impairment Reversal (Loss) of Fixed Assets—Net	(12.7)	(5.3)	(7.4)
	Gain (Loss) on Disposal or Sales of Fixed Assets—Net	6.0	(0.2)	+6.2
	Other Income (Expense)—Net	15.3	(1.0)	+16.3
Finance Income (Costs)	Interest Income	9.5	12.3	(2.8)
	Dividend Income	107.9	35.1	+72.8
	Interest Expense	(25.8)	(28.4)	+2.6
Share of Profit (Loss) of Investments Accounted for Using the Equity Method		207.0	82.0	+125.0
Income Taxes		(123.1)	(67.4)	(55.7)
Profit for the Period		417.5	117.3	+300.2
Profit for the Period Attributable to Owners of the Parent		404.6	110.0	+294.6

* May not match with the total of items due to rounding off. The same shall apply hereafter.

Revenue

Revenue for the six-month period ended September 30, 2021 ("current period") was ¥5,416.2 billion, an increase of ¥1,711.1 billion from ¥3,705.1 billion for the corresponding six-month period of the previous year ("previous period").

* The figure for the previous period has been restated to conform to the presentation for the current period. This restatement has no impact on gross profit, profit for the period attributable to owners of the parent, or total equity attributable to owners of the parent. For further details, please refer to "3. Condensed Consolidated Financial Statements, Condensed Consolidated Statements of Income and Comprehensive Income".

Gross Profit

Mainly the Mineral & Metal Resources Segment, the Chemicals Segment, and the Machinery & Infrastructure Segment recorded an increase, while the Energy Segment and the Innovation & Corporate Development Segment recorded a decrease.

Selling, general and administrative expenses

Mainly the Mineral & Metal Resources Segment recorded a decrease while the Chemicals Segment recorded an increase. The table provides a breakdown of selling, general and administrative expenses.

	Billions of Yen		
	Current Period	Previous Period	Change
Personnel	¥ (155.2)	¥ (145.0)	¥ (10.2)
Welfare	(5.6)	(4.4)	(1.2)
Travel	(4.5)	(3.1)	(1.4)
Entertainment	(1.2)	(0.7)	(0.5)
Communication	(23.6)	(23.0)	(0.6)
Rent	(4.7)	(5.1)	+0.4
Depreciation	(16.8)	(18.9)	+2.1
Fees and Taxes	(5.2)	(4.5)	(0.7)
Loss Allowance	(9.4)	(33.1)	+23.7
Others	(53.1)	(49.0)	(4.1)
Total	¥ (279.3)	¥ (286.8)	¥ +7.5

Other Income (Expenses)

Gain (Loss) on Securities and Other Investments—Net

The Machinery & Infrastructure Segment recorded a gain on sale of securities for the previous period, while it recorded an impairment loss for the current period.

Impairment Reversal (Loss) of Fixed Assets—Net

For the previous period, mainly the Machinery & Infrastructure Segment recorded an impairment loss of fixed assets.

For the current period, mainly the Energy Segment recorded impairment losses of fixed assets.

Other Income (Expense)—Net

Mainly the Mineral & Metal Resources Segment recorded profits related to foreign exchange, while the Energy Segment recorded a decrease.

Finance Income (Costs)

Dividend Income

Mainly the Mineral & Metal Resources Segment and the Energy Segment recorded an increase.

Share of Profit (Loss) of Investments Accounted for Using the Equity Method

Mainly the Mineral & Metal Resources Segment, the Machinery & Infrastructure Segment, the Lifestyle Segment, the Iron & Steel products Segment and the Energy Segment recorded an increase.

Income Taxes

Income taxes for the current period were ¥123.1 billion, an increase of ¥55.7 billion from ¥67.4 billion for the previous period. The effective tax rate for the current period was 22.8%, a decline of 13.7 points from 36.5% for the previous period. The major factors for the decline were unrecognized tax effect in respect to a part of increase in the "Share of Profit (Loss) of Investments Accounted for Using the Equity Method" for the current period and a decrease in proportion of tax burden out of resource-related high rate taxes in the Energy Segment.

Profit for the Period Attributable to Owners of the Parent

As a result, profit for the period attributable to owners of the parent was ¥404.6 billion, an increase of ¥294.6 billion from the previous period.

2) Operating Results by Operating Segment

The fluctuation analysis for the results by operating segment is below.

The order in which reporting segments are presented has been changed in the segment information from the current period and this change also applies for the previous period.

Mineral & Metal Resources Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	271.0	71.3	+199.7
Gross profit	210.6	100.6	+110.0
Profit (loss) of equity method investments	67.5	30.2	+37.3
Dividend income	80.7	20.2	+60.5
Selling, general and administrative expenses	(15.1)	(33.2)	+18.1
Others	(72.7)	(46.5)	(26.2)

- Gross profit increased mainly due to the following factors:
 - Iron ore mining operations in Australia recorded an increase of ¥90.4 billion mainly due to higher sales price.
 - Coal mining operations in Australia recorded an increase of ¥16.2 billion mainly due to higher sales price.
- Profit (loss) of equity method investments increased mainly due to the following factors:
 - Iron ore mining operations in Australia recorded an increase of ¥14.6 billion mainly due to higher sales price.
 - Compañía Minera Doña Inés de Collahuasi SCM, a copper mining company in Chile, recorded an increase of ¥10.4 billion mainly due to higher sales price.
 - Inversiones Mineras Becrux SpA, which invests in Anglo American Sur S.A., a copper mining company in Chile, recorded an increase of ¥6.2 billion mainly due to higher sales price.
 - Inner Mongolia Erdos Electric Power & Metallurgical Co., Ltd recorded an increase of ¥3.8 billion mainly due to the good performance of ferroalloys and chemicals businesses because of strong demand in China.
- Dividend income increased mainly due to higher dividends from Vale S.A. and iron ore mining operations in Australia.
- Selling, general and administrative expenses decreased mainly due to the following factor:
 - For the previous period, an impairment loss of ¥19.7 billion for doubtful debts was recorded regarding the Moatize mine business in Mozambique following the revisions to our various assumptions.
- In addition to the above, the following factors also affected results:
 - For the current period, a reversal of deferred tax liability of ¥6.2 billion was recorded in relation to the reorganization of Japan Collahuasi Resources B.V., which invests in Compañía Minera Doña Inés de Collahuasi SCM, a copper mining company in Chile.
 - For the current period, iron ore mining operations in Australia recorded an increase of ¥4.7 billion due to foreign exchange related gains.
 - For the current period, coal mining operations in Australia recorded an increase of ¥3.5 billion due to foreign exchange related gains.

Energy Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	(4.8)	(3.7)	(1.1)
Gross profit	23.9	33.3	(9.4)
Profit (loss) of equity method investments	14.4	11.0	+3.4
Dividend income	16.8	4.3	+12.5
Selling, general and administrative expenses	(25.0)	(23.5)	(1.5)
Others	(34.9)	(28.8)	(6.1)

- Gross profit decreased mainly due to the following factors:
 - Business division at the Headquarters recorded a decrease mainly due to less profit related to LNG trading business.
 - Mitsui Oil Exploration Co., Ltd. recorded a decrease of ¥8.6 billion mainly due to decline in production.
 - Mitsui & Co. Energy Trading Singapore Pte. Ltd. recorded a decrease of ¥7.0 billion mainly due to a swing-back effect following the good trading performance in the previous period.
 - Mitsui E&P Australia Pty Ltd recorded an increase of ¥6.9 billion mainly due to a higher oil price.
 - Mitsui E&P USA LLC recorded an increase of ¥6.7 billion mainly due to a higher gas price.
 - MOEX North America LLC recorded an increase of ¥3.6 billion mainly due to a higher oil price.
- Profit (loss) of equity method investment increased mainly due to the following factor:
 - Mitsui & Co. LNG Investment USA, Inc. recorded an increase of ¥3.6 billion due to the commencement of commercial operation in all three trains at the Cameron LNG Project.
- Dividends from six LNG projects (Sakhalin II, Abu Dhabi, Qatargas 1, Oman, Qatargas 3 and Equatorial Guinea) were ¥16.4 billion in total, an increase of ¥12.5 billion from the previous period.
- In addition to the above, the following factor also affected results.
 - For the current period, Mitsui Oil Exploration Co., Ltd. recorded an impairment loss of ¥7.3 billion for Block M-3 exploration project and profit of ¥2.7 billion in relation to reversal of reserve for overseas investment loss.
 - MOEX North America LLC recorded a decrease of ¥4.4 billion mainly due to derivative related profit and loss.

Machinery & Infrastructure Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	52.9	23.4	+29.5
Gross profit	66.9	48.3	+18.6
Profit (loss) of equity method investments	68.0	41.8	+26.2
Dividend income	2.8	2.2	+0.6
Selling, general and administrative expenses	(61.3)	(61.3)	0.0
Others	(23.5)	(7.6)	(15.9)

- Gross profit increased mainly due to the following factor:
 - Toyota Chile S.A. recorded an increase of ¥3.4 billion due to steady sales results.
- Profit (loss) of equity method investments increased mainly due to the following factors:
 - MBK USA Commercial Vehicles Inc. recorded an increase of ¥13.2 billion due to good performance in the truck leasing and rental business.
 - Penske Automotive Group, Inc. recorded an increase of ¥7.8 billion due to steady sales results.
 - For the current period, a loss was recorded at a vessel owning company due to the sluggish tanker market.
- Selling, general and administrative expenses recorded the following factor:

- For the previous period, an impairment loss of ¥4.9 billion for doubtful debt was recorded, reflecting the revisions to various assumptions regarding the Moatize mine business in Mozambique.
- In addition to the above, the following factors also affected results:
 - For the previous period, a gain on sale of the IPP business in North America was recorded.
 - For the current period, an impairment loss of ¥9.7 billion was recorded, based on the conclusion of sale and purchase agreement for the shares of MT Falcon Holdings S.A.P.I.de C.V.
 - For the previous period, ¥4.7 billion impairment loss was recorded in the rolling stock leasing business.

Chemicals Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	27.6	10.7	+16.9
Gross profit	86.0	58.5	+27.5
Profit (loss) of equity method investments	10.2	2.6	+7.6
Dividend income	1.6	1.3	+0.3
Selling, general and administrative expenses	(57.2)	(47.7)	(9.5)
Others	(13.0)	(4.0)	(9.0)

- Gross profit increased mainly due to the following factors:
 - European agrochemical company, Belchim Crop Protection NV/SA was consolidated in the current period.
 - An increase of ¥3.9 billion was recorded in MMTX, Inc. mainly due to a higher methanol price.
- Selling, general and administrative expense increased mainly due to the following factor:
 - European agrochemical company, Belchim Crop Protection NV/SA was consolidated in the current period.

Iron & Steel Products Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	12.2	(5.8)	+18.0
Gross profit	16.2	9.6	+6.6
Profit (loss) of equity method investments	12.8	(4.5)	+17.3
Dividend income	0.8	0.8	0.0
Selling, general and administrative expenses	(12.1)	(11.6)	(0.5)
Others	(5.5)	(0.1)	(5.4)

- Profit (loss) of equity method investments increased mainly due to the following factors:
 - Gestamp companies recorded an increase of ¥7.4 billion mainly due to the improvement of operating time by the recovery of automotive production and cost reduction due to the structural transformation.
 - Numit LLC, which invests in Steel Technologies LLC, recorded an increase of ¥5.3 billion mainly due to the improvement of operating time by the recovery of automotive production in the U.S. and increase in the steel prices.

Lifestyle Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	20.9	(11.9)	+32.8
Gross profit	69.0	58.7	+10.3
Profit (loss) of equity method investments	22.9	(3.1)	+26.0
Dividend income	2.3	2.5	(0.2)
Selling, general and administrative expenses	(65.6)	(65.6)	0.0
Others	(7.7)	(4.4)	(3.3)

- Profit (loss) of equity method investments increased mainly due to the following factors:
 - IHH Healthcare Berhad recorded an increase of ¥10.3 billion due to the effect of the COVID-19 pandemic for the previous period and the absence of an impairment loss of goodwill over subsidiary in India, and increased demand for COVID-19 related services and an operation improvement for the current period.
 - WILSEY FOODS INC. recorded an increase of ¥4.1 billion due to the good performance of Ventura Foods LLC, a U.S. manufacturer of processed oil food, reflecting higher soybean oil price and recovery in demand for food service.
 - For the current period, PHC Holdings Corporation recorded an increase due to good sales performance of COVID-19 related products and a gain on valuation for convertible bonds.

Innovation & Corporate Development Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	30.8	24.0	+6.8
Gross profit	53.6	57.5	(3.9)
Profit (loss) of equity method investments	11.1	4.0	+7.1
Dividend income	2.4	3.1	(0.7)
Selling, general and administrative expenses	(34.0)	(32.1)	(1.9)
Others	(2.3)	(8.5)	+6.2

- Gross profit decreased mainly due to the following factors:
 - For the previous period, a gain of ¥12.4 billion in the valuation of fair value was recorded at a holding company as a result of sales of its entire shareholding in OSIsoft LLC.
 - For the previous period, ¥6.0 billion gain was recorded due to the valuation of fair value on shares in Hutchison China MediTech Ltd., while for the current period, ¥1.1 billion profit was recorded as a result of sales of the entire shareholding thereof.
 - For the current period, a gain of ¥4.0 billion in the valuation of fair value was recorded following the public listing of Kaltura, Inc.
 - For the current period, a gain of ¥3.0 billion in the valuation of fair value was recorded following the public listing of Spire Inc.

(3) Financial Condition and Cash Flows

1) Financial Condition

(Billions of Yen)	September 30, 2021	March 31, 2021	Change
Total Assets	12,954.1	12,515.8	+438.3
Current Assets	4,588.6	4,207.5	+381.1
Non-current Assets	8,365.5	8,308.4	+57.1
Current Liabilities	3,096.5	2,701.7	+394.8
Non-current Liabilities	4,866.1	4,991.2	(125.1)
<i>Net Interest-bearing Debt</i>	<i>3,364.2</i>	<i>3,299.8</i>	<i>+64.4</i>
Total Equity Attributable to Owners of the Parent	4,738.6	4,570.4	+168.2
Net Debt-to-Equity Ratio (times)	0.71	0.72	(0.01)

(*) “Net Debt-to-Equity Ratio” (“Net DER”) is comprised of “net interest bearing debt” divided by total equity attributable to owners of the parent. We define “net interest bearing debt” as follows:

- calculate Interest-bearing debt by excluding lease liability from short-term debt and long-term debt.
- calculate net interest bearing debt by subtracting cash and cash equivalents and time deposits with maturities within one year after three months from interest bearing debt

Assets

Current Assets:

- Cash and cash equivalents declined by ¥202.9 billion.
- Trade and other receivables increased by ¥70.2 billion, mainly due to the following factors:
 - An increase in trade receivables by ¥119.2 billion, mainly due to higher market price and increase in trading volume in the Chemicals Segment and the Energy Segment, as well as consolidation of European agrochemical company, Belchim Crop Protection NV/SA in the Chemicals Segment; and
 - A decrease in the current portion of long-term receivables by ¥51.5 billion, mainly due to loan collection of ¥57.6 billion in the copper business.
- Other financial assets increased by ¥358.8 billion, mainly due to market fluctuation and increase in volume of derivative trading in the Innovation & Corporate Development Segment, and higher market price for products in the Lifestyle Segment.
- Inventories increased by ¥126.6 billion, mainly due to higher market price and increase in trading volume in the Lifestyle Segment and the Energy Segment, and consolidation of European agrochemical company, Belchim Crop Protection NV/SA in the Chemicals Segment.
- Advance payments to suppliers increased by ¥24.8 billion, mainly due to increase in trading volume in the Machinery & Infrastructure Segment.

Non-current Assets:

- Investments accounted for using the equity method increased by ¥79.9 billion, mainly due to the following factors:
 - An increase of ¥207.0 billion corresponding to the profit of equity method investments for the current period, despite a decline of ¥166.8 billion due to dividends from equity accounted investees;
 - An increase of ¥20.0 billion resulting from foreign currency exchange fluctuations; and

- An increase of ¥16.5 billion due to an investment in Mitsui E&P Mozambique Area 1 Limited, which participates in the Mozambique LNG Project.
- Other investments increased by ¥51.9 billion, mainly due to the following factors:
 - As a result of subscription to convertible bonds of PT CT Corpora, the holding company for CT Corp, for ¥67.0 billion; and
 - Fair value on financial assets measured at FVTPL increased by ¥20.5 billion, while fair value on financial assets measured at FVTOCI decreased by ¥39.7 billion.
- Property, plant and equipment decreased by ¥107.8 billion, mainly due to the following factors:
 - A decline of ¥55.4 billion (including foreign exchange translation profit of ¥2.4 billion) at the oil and gas projects;
 - A decline of ¥27.7 billion due to reclassification of agricultural land owned by XINGU AGRI AG to Investment property, upon conclusion of lease contracts;
 - A decline of ¥14.0 billion due to sale of the contract manufacturing businesses of MicroBiopharm Japan Co., Ltd.; and
 - An increase by ¥16.8 billion mainly due to establishment of a logistics center by MITSUI FOODS CO., LTD.
- Investment property increased by ¥43.0 billion, mainly due to the following factors:
 - An increase by ¥27.7 billion due to reclassification of agricultural land owned by XINGU AGRI AG from Property, plant and equipment, upon conclusion of lease contracts; and
 - An increase by ¥11.3 billion due to completion of construction at Hibiya Fort Tower, redeveloped by Mitsui & Co. Real Estate Ltd.
- Intangible assets increased by ¥23.5 billion, mainly due to consolidation of European agrochemical company, Belchim Crop Protection NV/SA.

Liabilities

Current Liabilities:

- Short-term debt increased by ¥24.4 billion mainly due to funding requirement corresponding to higher market price for products in the Lifestyle Segment and consolidation of European agrochemical company, Belchim Crop Protection NV/SA.
- Trade and other payables increased by ¥84.0 billion, corresponding to the increase in trade and other receivables.
- Other financial liabilities increased by ¥227.5 billion, corresponding to the increase in volume of derivative trading in other financial assets.
- Advances from customers increased by ¥18.7 billion, corresponding to the increase in advance payments to suppliers.

Non-current Liabilities:

- Long-term debt, less the current portion, declined by ¥119.0 billion.

Total Equity Attributable to Owners of the Parent

- Retained earnings increased by ¥172.8 billion.
- Other components of equity decreased by ¥55.9 billion, mainly due to the following factors:
 - Financial assets measured at FVTOCI decreased by ¥15.7 billion; and
 - Foreign currency translation adjustments decreased by ¥10.6 billion, mainly reflecting the depreciation in the Australian dollar against Japanese yen, while the U.S. dollar and the Brazilian real have appreciated.
- Treasury stock which is a subtraction item in shareholders' equity decreased by ¥49.9 billion, mainly due to the shares buy-back for ¥107.3 billion, despite cancellation of the stock for ¥156.7 billion.

2) Cash Flows

(Billions of Yen)	Current Period	Previous Period	Change
Cash flows from operating activities	307.2	380.8	(73.6)
Cash flows from investing activities	(148.8)	(224.2)	+75.4
Free cash flow	158.4	156.6	+1.8
Cash flows from financing activities	(350.6)	(132.3)	(218.3)
Effect of exchange rate changes on cash and cash equivalents etc.	(10.7)	16.2	(26.9)
Change in cash and cash equivalents	(202.9)	40.5	(243.4)

Cash Flows from Operating Activities

(Billions of Yen)		Current Period	Previous Period	Change
Cash flows from operating activities	a	307.2	380.8	(73.6)
Cash flows from change in working capital	b	(247.6)	75.9	(323.5)
Repayments of lease liabilities	c	(27.9)	(30.8)	+2.9
Core Operating Cash Flow	a-b+c	526.9	274.1	+252.8

- Net cash from an increase or a decrease in working capital, or changes in operating assets and liabilities for the current period was ¥247.6 billion of net cash outflow. Repayments of lease liabilities for the current period was ¥27.9 billion of cash outflow. Core Operating Cash Flow, which equaled cash flows from operating activities without both cash flows from changes in working capital and repayments of lease liabilities, for the current period amounted to ¥526.9 billion.
 - Net cash inflow from dividend income, including dividends received from equity accounted investees, for the current period totaled ¥238.4 billion, an increase of ¥124.0 billion from ¥114.4 billion for the previous period; and
 - Depreciation and amortization for the current period was ¥146.9 billion, an increase of ¥13.8 billion from ¥133.1 billion for the previous period.

The following table shows the Core Operating Cash Flow by operating segment.

(Billions of Yen)	Current Period	Previous Period	Change
Mineral & Metal Resources	240.6	97.2	+143.4
Energy	87.1	60.2	+26.9
Machinery & Infrastructure	77.1	26.3	+50.8
Chemicals	43.5	22.7	+20.8
Iron & Steel Products	5.4	(0.5)	+5.9
Lifestyle	22.1	1.3	+20.8
Innovation & Corporate Development	26.6	30.9	(4.3)
All Other and Adjustments and Eliminations	24.5	36.0	(11.5)
Consolidated Total	526.9	274.1	+252.8

Cash Flows from Investing Activities

- Net cash outflows that corresponded to investments in equity accounted investees (net of sales of investments in equity accounted investees) were ¥19.7 billion, mainly due to the following factor:
 - An investment in Mitsui E&P Mozambique Area 1 Limited, which participates in the Mozambique LNG Project, for ¥16.5 billion.
- Net cash outflows that corresponded to other investments (net of sales and maturities of other investments) were ¥47.0 billion, mainly due to the following factors:
 - A subscription to convertible bonds of PT CT Corpora, the holding company for CT Corp, for ¥67.0 billion (net amount of ¥100.0 billion for subscription to convertible bonds and ¥33.0 billion from redemption of corporate bonds); and
 - A sale of the contract manufacturing businesses of MicroBiopharm Japan Co., Ltd.
- Net cash inflows that corresponded to an increase in loan receivables (net of collections of loan receivables) were ¥61.0 billion, mainly due to loan collection of ¥57.6 billion in the copper business.
- Net cash outflows that corresponded to purchases of property, plant, and equipment (net of sales of those assets) were ¥75.0 billion, mainly due to the following factors:
 - An expenditure for iron ore mining operations in Australia for ¥21.9 billion;
 - An expenditure for the oil and gas projects for ¥18.3 billion; and
 - An expenditure for coal mining operations in Australia for ¥10.0 billion.
- Net cash outflows that corresponded to purchases of investment property (net of sales of those assets) were ¥17.6 billion, mainly due to the following factor:
 - An expenditure for construction at Hibiya Fort Tower, redeveloped by Mitsui & Co. Real Estate Ltd., for ¥12.6 billion.

Cash Flows from Financing Activities

- Net cash outflow from net change in short-term debt was ¥5.4 billion, net cash outflows from net change in long-term debt was ¥121.8 billion, and cash outflow from repayments of lease liabilities was ¥27.9 billion.
- The cash outflow from the purchases of treasury stock was ¥107.3 billion.
- The cash outflow from payments of cash dividends was ¥75.1 billion.

(4) Management Issues

1) Result and Forecast for Investment and Loan Plan(*)

For the current period, approximately ¥235.0 billion in loans and investments were allocated, mainly for the subscription to convertible bonds issued by the holding company for CT Corp, oil & gas projects, LNG projects under development and iron ore & coal mining operations in Australia. On the other hand, approximately ¥135.0 billion was collected mainly through loan collection in the copper business and a sale of the contract manufacturing businesses of MicroBiopharm Japan Co., Ltd.

We will continue to evolve the financial strategy and portfolio management within cash flow allocation framework, which is flagged as one of the corporate strategies in the Medium-term Management Plan 2023 by maintaining strict investment discipline and pursuing flexible and strategic capital allocation.

(*) Excludes changes in time deposits.

2) Revised forecasts for the year ending March 31, 2022

<Assumption>	<u>1st Half</u> (Actual)	<u>2nd Half</u> (Forecast)	<u>Revised</u> <u>Forecast</u> (November 2021)	<u>Original</u> <u>Forecast</u> (April 2021)
Exchange rate (JPY/USD)	110.10	109.00	109.55	105.00
Crude oil (JCC)	\$70/bbl	\$72/bbl	\$71/bbl	\$61/bbl
Consolidated oil price	\$61/bbl	\$71/bbl	\$66/bbl	\$59/bbl

	March 31, 2022 Revised forecast (November 2021)	March 31, 2022 Original forecast (August 2021)	Change	Description
Gross profit	980.0	980.0	-	
Selling, general and administrative expenses	(590.0)	(590.0)	-	
Gain on investments, fixed assets and other	10.0	0.0	+10.0	Lifestyle
Interest expenses	(30.0)	(30.0)	-	
Dividend income	180.0	160.0	+20.0	Energy, Miscellaneous
Profit (loss) of equity method investments	380.0	310.0	+70.0	Machinery & Infrastructure, Iron & Steel Products, Mineral & Metal Resources, Chemicals, Lifestyle
Profit before income taxes	930.0	830.0	+100.0	
Income taxes	(190.0)	(170.0)	(20.0)	
Non-controlling Interests	(20.0)	(20.0)	-	
Profit for the year attributable to owners of the parent	720.0	640.0	+80.0	Rate of change: +12.5%
Depreciation and amortization	300.0	300.0	-	
Core Operating Cash Flow	920.0	900.0	+20.0	

- Due to the continuation of global demand recovery following the rebound of the global economy from COVID-19 pandemic situation, the Machinery & Infrastructure Segment has been revised by ¥20.0 billion and the Energy Segment, the Chemicals Segment and the Iron & Steel Products Segment have been revised up by ¥10.0 billion each for the profit for the year attributable to owners of the parent. In addition to that, the Lifestyle Segment has been revised up by ¥20.0 billion due to the demand recovery and the profit of ¥6.9 billion by partial sale of PHC Holdings corporation, also the Innovation & Corporate Development Segment has been revised up by ¥10.0 billion due to mainly the public listing of FVTPL securities.
- It is assumed that foreign exchange rates for the six-month period ending March 31, 2022 (2nd half) will be ¥109/US\$, ¥79/AU\$ and ¥20/BRL, while average foreign exchange rates for the six-month period ended September 30, 2021 (1st half) were ¥110.10/US\$, ¥82.33/AU\$ and ¥21.19/BRL. Also, it is assumed that the annual average crude oil price applicable to our financial results for the year ending March 31, 2022 will be US \$66/barrel, up US\$7 from the original assumption, based on the assumption that the crude oil price (JCC) will average US\$72/barrel throughout the six-month period ending March 31, 2022.

The revised forecast for profit for the year attributable to owners of the parent by operating segment compared to the original forecast is as follows:

(Billions of Yen)	March 31, 2022 Revised forecast (November 2021)	March 31, 2022 Original forecast (August 2021)	Change	Description
Mineral & Metal Resources	420.0	420.0	-	
Energy	80.0	70.0	+10.0	Higher gas price
Machinery & Infrastructure	100.0	80.0	+20.0	Automobile business, ship business
Chemicals	50.0	40.0	+10.0	Steady chemicals market
Iron & Steel Products	20.0	10.0	+10.0	Steady steel price
Lifestyle	40.0	20.0	+20.0	Food business, PHC partial sale
Innovation & Corporate Development	40.0	30.0	+10.0	Profits from sales/valuation of FVTPL securities listing
All Other and Adjustments and Eliminations	(30.0)	(30.0)	-	
Consolidated Total	720.0	640.0	+80.0	

The revised forecast for the Core Operating Cash Flow by operating segment compared to the original forecast is as follows:

(Billions of Yen)	March 31, 2022 Revised forecast (November 2021)	March 31, 2022 Original forecast (August 2021)	Change	Description
Mineral & Metal Resources	440.0	480.0	(40.0)	Iron ore business
Energy	200.0	200.0	-	
Machinery & Infrastructure	120.0	100.0	+20.0	Automobile business
Chemicals	80.0	55.0	+25.0	Steady chemicals market
Iron & Steel Products	10.0	5.0	+5.0	Steady steel price
Lifestyle	30.0	30.0	-	
Innovation & Corporate Development	40.0	30.0	+10.0	Profits from sales/valuation of FVTPL securities listing
All Other and Adjustments and Eliminations	0	0	-	
Consolidated Total	920.0	900.0	+20.0	

3) Key commodity prices and other parameters for the year ending March 31, 2022

The table below shows assumptions for key commodity prices and foreign exchange rates of the forecast for the year ending March 31, 2022. The effects of movements on each commodity price and foreign exchange rates on profit for the year attributable to owners of the parent are included in the table.

Impact on profit for the year attributable to owners of the parent for the Year ending March 31, 2022 (Announced in April 2021)			Original Forecast (Announced in April 2021)	March 2022		Revised Forecast (Announced in November 2021)	
				1 st Half (Result)	2 nd Half (Assumption)		
Commodity	Crude Oil/JCC	—	61	70	72	71	
	Consolidated Oil Price(*1)	¥2.5 bn (US\$1/bbl)	59	61	71	66	
	U.S. Natural Gas(*2)	¥1.1 bn (US\$0.1/mmBtu)	2.74	2.85(*3)	4.66	3.76	
	Iron Ore(*4)	¥2.2 bn (US\$1/ton)	(*5)	181(*6)	(*5)	(*5)	
	Coal	Coking	¥0.4 bn (US\$1/ton)	(*5)	160(*7)	(*5)	(*5)
		Thermal	¥0.1 bn (US\$1/ton)	(*5)	110(*7)	(*5)	(*5)
	Copper(*8)	¥0.7 bn (US\$100/ton)	7,650	9,095(*9)	9,186	9,140	
Forex (*10)	USD	¥2.6 bn (¥1/USD)	105.00	110.10	109.00	109.55	
	AUD	¥2.4 bn (¥1/AUD)	80.00	82.33	79.00	80.67	
	BRL	¥0.2 bn (¥1/BRL)	19.00	21.19	20.00	20.60	

(*1) As the crude oil price affects our consolidated results with a 0-6 month time lag, the effect of crude oil prices on consolidated results is estimated as the consolidated oil price, which reflects this time lag. For the year ending March 31, 2022, we have assumed that there is a 4-6 month time lag for approx. 35%, a 1-3 month time lag for approx. 60%, and no time lag for approx. 5%. The above sensitivities show the annual impact of changes in the consolidated oil price.

(*2) As Mitsui has very limited exposure to U.S. natural gas sold at Henry Hub (HH), the above sensitivities show the annual impact of changes in the weighted average sale price.

(*3) U.S. gas figures for the year ending March 31, 2022 H1 (Result) are the Henry Hub Natural Gas Futures average daily prompt month closing prices traded on NYMEX during January to June 2021.

(*4) The effect of dividend income from Vale S.A. has not been included.

(*5) Iron ore and coal price assumptions are not disclosed.

(*6) Iron ore results figures for the year ending March 31, 2022 H1 (Result) are the daily average (reference price) spot indicated price (Fe 62% CFR North China) recorded in several industry trade magazines from April to September 2021.

(*7) Coal results figures for the year ending March 31, 2022 H1 (Result) are the quarterly average prices of representative coal brands in Japan (US\$/MT).

(*8) As the copper price affects our consolidated results with a 3-month time lag, the above sensitivities show the annual impact of US\$100/ton change in averages of the LME monthly average cash settlement prices for the period from March to December 2021.

(*9) Copper results figures for the year ending March 31, 2022 H1 (Result) are the averages of the LME monthly average cash settlement prices for the period from January to June 2021.

(*10) The above sensitivities show the impact of currency fluctuations on reported profit for the year of overseas subsidiaries and equity accounted investees denominated in their respective functional currencies and the impact of dividends received from major foreign investees. Depreciation of the yen has the effect of increasing profit for the year through the conversion of profit (denominated in functional currencies) into yen. In the overseas subsidiaries and equity accounted investees where the sales contract is in USD, the impact of currency fluctuations between USD and the functional currencies (AUD and BRL) and the impact of currency hedging are not included.

4) Profit Distribution Policy

Our profit distribution policy is as follows:

- In order to increase corporate value and maximize shareholder value, we seek to maintain an optimal balance between (a) meeting investment demand in our core and growth areas through re-investments of our retained earnings, and (b) directly providing returns to shareholders by paying out cash dividends.
- In addition to the above, share buy-backs aimed at improving capital efficiency should be decided in a prompt and flexible manner as needed concerning buy-back timing and amount by taking into consideration the business environment such as, future investment activity trends, free cash flow and interest-bearing debt levels, and return on equity.

For the current period, we had repurchased our own stock for ¥24.6 billion from April 1 to April 26, 2021 following the announcements "Notification of Stock Repurchase" on February 24, 2021, ¥50.0 billion following the announcements "Notification of Stock Repurchase" on April 30, 2021 and ¥50.0 billion following the announcements "Notification of Stock Repurchase" on August 3, 2021 (including buy-backs from October 1, 2021 to October 29 2021).

We will continue to flexibly and strategically allocate funds for investment in growth and additional shareholder returns (additional dividends and share buy-backs) according to the business performance during the Medium-term Management Plan period.

The annual dividend for the year ending March 31, 2022 is planned ¥95 per share (an increase of ¥10 from the previous year), an upward revision of ¥5 from the original forecast, taking into consideration the Core Operating Cash Flow and Profit for the year attributable to owners of the parent in the revised forecasts announced today, as well as the stability and continuity of dividend payments. In this connection, we decided to pay an interim dividend of ¥45 per share, which is an increase of ¥5 from the previous period.

(5) Significant Accounting Policies and Estimates

For Further information regarding the significant accounting policies and estimates which are important to our financial condition and results of operation, see [Condensed Consolidated Financial statements 2. Basis of Consolidated Financial Statement II. Use of Estimates and Judgements].

(6) Research & Development

There are no contracts for which disclosure is required.

3. Material Contracts

There are no contracts for which disclosure is required.

3. Condensed Consolidated Financial Statements

Condensed Consolidated Statements of Financial Position
Mitsui & Co., Ltd. and subsidiaries
September 30, 2021 and March 31, 2021

	Millions of Yen	
	September 30, 2021	March 31, 2021
ASSETS		
Current Assets:		
Cash and cash equivalents	¥ 860,231	¥ 1,063,150
Trade and other receivables	1,882,248	1,811,990
Other financial assets (Note 13)	788,774	429,986
Inventories (Note 13)	741,765	615,155
Advance payments to suppliers	168,497	143,714
Other current assets	147,106	143,477
Total current assets	4,588,621	4,207,472
Non-current Assets:		
Investments accounted for using the equity method	3,123,911	3,044,001
Other investments (Note 13)	2,007,475	1,955,607
Trade and other receivables(Note 13)	284,086	305,952
Other financial assets (Note 13)	147,665	141,848
Property, plant and equipment (Note 6)	2,067,284	2,175,072
Investment property (Note 6)	317,754	274,847
Intangible assets	212,130	188,555
Deferred tax assets	103,670	112,055
Other non-current assets	101,475	110,436
Total non-current assets	8,365,450	8,308,373
Total assets	¥ 12,954,071	¥ 12,515,845

Condensed Consolidated Statements of Financial Position—(Continued)
Mitsui & Co., Ltd. and subsidiaries
September 30, 2021 and March 31, 2021

	Millions of Yen	
	September 30, 2021	March 31, 2021
LIABILITIES AND EQUITY		
Current Liabilities:		
Short-term debt	¥ 324,859	¥ 300,485
Current portion of long-term debt (Note 8)	474,684	450,941
Trade and other payables	1,397,263	1,313,341
Other financial liabilities (Notes 12 and 13)	598,817	371,298
Income tax payables	55,372	58,915
Advances from customers	142,534	123,806
Provisions	47,452	36,909
Other current liabilities	55,553	46,027
Total current liabilities	3,096,534	2,701,722
Non-current Liabilities:		
Long-term debt, less current portion (Notes 8 and 13)	3,876,251	3,995,311
Other financial liabilities (Notes 12 and 13)	113,812	116,531
Retirement benefit liabilities	38,614	40,253
Provisions	252,757	261,365
Deferred tax liabilities	559,711	550,776
Other non-current liabilities	25,002	27,000
Total non-current liabilities	4,866,147	4,991,236
Total liabilities	7,962,681	7,692,958
Equity:		
Common stock	342,384	342,080
Capital surplus	397,273	396,238
Retained earnings	3,720,560	3,547,789
Other components of equity (Note 9)	317,905	373,786
Treasury stock	(39,550)	(89,473)
Total equity attributable to owners of the parent	4,738,572	4,570,420
Non-controlling interests	252,818	252,467
Total equity	4,991,390	4,822,887
Total liabilities and equity	¥ 12,954,071	¥ 12,515,845

Condensed Consolidated Statements of Income and Comprehensive Income

Condensed Consolidated Statements of Income Mitsui & Co., Ltd. and subsidiaries For the Six-Month Periods Ended September 30, 2021 and 2020

	Millions of Yen	
	Six-month Period Ended September 30, 2021	Six-month Period Ended September 30, 2020 (As restated)
Revenue (Notes 4, 5 and 13)	¥ 5,416,199	¥ 3,705,074
Cost	(4,888,776)	(3,337,238)
Gross Profit (Note 4)	527,423	367,836
Other Income (Expenses):		
Selling, general and administrative expenses (Note 7).....	(279,267)	(286,769)
Gain (loss) on securities and other investments-net (Notes 7 and 13).....	(14,616)	8,967
Impairment reversal (loss) of fixed assets-net	(12,709)	(5,270)
Gain (loss) on disposal or sales of fixed assets-net	5,974	(176)
Other income (expense)-net	15,287	(966)
Total other income (expenses)	(285,331)	(284,214)
Finance Income (Costs):		
Interest income	9,490	12,336
Dividend income	107,855	35,127
Interest expense	(25,824)	(28,378)
Total finance income (costs)	91,521	19,085
Share of Profit (Loss) of Investments Accounted for Using the Equity Method (Note 4)	207,041	81,986
Profit before Income Taxes	540,654	184,693
Income Taxes	(123,144)	(67,430)
Profit for the Period	¥ 417,510	¥ 117,263
Profit for the Period Attributable to:		
Owners of the parent (Note 4).....	¥ 404,630	¥ 110,024
Non-controlling interests	12,880	7,239

(Note) Considering the presentation of revenue in the Condensed Consolidated Statement of Income in more detail in accordance with IFRS 15 "Revenue from Contracts with Customers", we have presented the "revenue" and corresponding "cost" of certain transactions in gross amounts for the six-month period ended September 30, 2021. Those amounts for the six-month period ended September 30, 2020 have also been restated to conform to the presentation for the six-month period ended September 30, 2021. This restatement has no impact on gross profit, profit for the period attributable to owners of the parent, or total equity attributable to owners of the parent.

	Yen	
Earnings per Share Attributable to Owners of the Parent (Note 11):		
Basic	¥ 246.22	¥ 65.16
Diluted	¥ 246.11	¥ 65.13

Condensed Consolidated Statements of Income and Comprehensive Income—(Continued)

**Condensed Consolidated Statements of Comprehensive Income
Mitsui & Co., Ltd. and subsidiaries
For the Six-Month Periods Ended September 30, 2021 and 2020**

	Millions of Yen	
	Six-month Period Ended September 30, 2021	Six-month Period Ended September 30, 2020
Comprehensive Income:		
Profit for the period	¥ 417,510	¥ 117,263
Other comprehensive income :		
Items that will not be reclassified to profit or loss:		
Financial assets measured at FVTOCI	(35,341)	137,206
Remeasurements of defined benefit pension plans	283	(1,417)
Share of other comprehensive income of investments accounted for using the equity method	9,018	(9,461)
Income tax relating to items not reclassified	10,809	(23,909)
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments	(31,648)	84,399
Cash flow hedges	(48,176)	6,678
Share of other comprehensive income of investments accounted for using the equity method	40,297	(66,227)
Income tax relating to items that may be reclassified	(1,006)	(1,870)
Total other comprehensive income	(55,764)	125,399
Comprehensive Income for the Period	¥ 361,746	¥ 242,662
Comprehensive Income for the Period Attributable to:		
Owners of the parent	¥ 348,940	¥ 229,395
Non-controlling interests	12,806	13,267

Condensed Consolidated Statements of Income and Comprehensive Income

Condensed Consolidated Statements of Income Mitsui & Co., Ltd. and subsidiaries For the Three-Month Periods Ended September 30, 2021 and 2020

	Millions of Yen	
	Three-month Period Ended September 30, 2021	Three-month Period Ended September 30, 2020 (As restated)
Revenue (Notes 4, 5 and 13)	¥ 2,758,165	¥ 1,859,701
Cost	(2,498,979)	(1,681,572)
Gross Profit (Note 4)	259,186	178,129
Other Income (Expenses):		
Selling, general and administrative expenses (Note 7).....	(140,668)	(152,061)
Gain (loss) on securities and other investments-net (Notes 7 and 13).....	(9,947)	540
Impairment reversal (loss) of fixed assets-net	(12,922)	(4,965)
Gain (loss) on disposal or sales of fixed assets-net	4,294	(79)
Other income (expense)-net	6,363	(1,248)
Total other income (expenses)	(152,880)	(157,813)
Finance Income (Costs):		
Interest income	4,832	6,118
Dividend income	74,163	21,231
Interest expense	(11,434)	(12,945)
Total finance income (costs)	67,561	14,404
Share of Profit (Loss) of Investments Accounted for Using the Equity Method (Note 4)	110,596	47,983
Profit before Income Taxes	284,463	82,703
Income Taxes	(66,958)	(32,103)
Profit for the Period	¥ 217,505	¥ 50,600
Profit for the Period Attributable to:		
Owners of the parent (Note 4).....	¥ 213,366	¥ 47,467
Non-controlling interests	4,139	3,133

(Note) Considering the presentation of revenue in the Condensed Consolidated Statement of Income in more detail in accordance with IFRS 15 "Revenue from Contracts with Customers", we have presented the "revenue" and corresponding "cost" of certain transactions in gross amounts for the three-month period ended September 30, 2021. Those amounts for the three-month period ended September 30, 2020 have also been restated to conform to the presentation for the three-month period ended September 30, 2021. This restatement has no impact on gross profit, profit for the period attributable to owners of the parent, or total equity attributable to owners of the parent.

	Yen	
Earnings per Share Attributable to Owners of the Parent (Note 11):		
Basic	¥ 130.69	¥ 28.24
Diluted	¥ 130.63	¥ 28.22

Condensed Consolidated Statements of Income and Comprehensive Income—(Continued)

**Condensed Consolidated Statements of Comprehensive Income
Mitsui & Co., Ltd. and subsidiaries
For the Three-Month Periods Ended September 30, 2021 and 2020**

	Millions of Yen	
	Three-month Period Ended September 30, 2021	Three-month Period Ended September 30, 2020
Comprehensive Income:		
Profit for the period	¥ 217,505	¥ 50,600
Other comprehensive income :		
Items that will not be reclassified to profit or loss:		
Financial assets measured at FVTOCI	(260,736)	39,448
Remeasurements of defined benefit pension plans	(17)	(43)
Share of other comprehensive income of investments accounted for using the equity method	6,862	6,570
Income tax relating to items not reclassified	78,523	(14,662)
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments	(31,348)	12,223
Cash flow hedges	(41,342)	3,403
Share of other comprehensive income of investments accounted for using the equity method	(11,658)	(26,131)
Income tax relating to items that may be reclassified	4,807	(983)
Total other comprehensive income	(254,909)	19,825
Comprehensive Income for the Period	¥ (37,404)	¥ 70,425
Comprehensive Income for the Period Attributable to:		
Owners of the parent	¥ (39,665)	¥ 69,083
Non-controlling interests	2,261	1,342

Condensed Consolidated Statements of Changes in Equity
Mitsui & Co., Ltd. and subsidiaries
For the Six-Month Periods Ended September 30, 2021 and 2020

Millions of Yen	Attributable to owners of the parent							Total Equity
	Common Stock	Capital Surplus	Retained Earnings (Note 10)	Other Components of Equity (Note 9)	Treasury Stock	Total	Non-controlling Interests	
Balance as at April 1, 2020	¥ 341,776	¥ 402,652	¥ 3,362,297	¥ (223,910)	¥ (65,138)	¥ 3,817,677	¥ 243,255	¥ 4,060,932
Profit for the period			110,024			110,024	7,239	117,263
Other comprehensive income for the period ...				119,371		119,371	6,028	125,399
Comprehensive income for the period			110,024	119,371		229,395	13,267	242,662
Transaction with owners:								
Dividends paid to owners of the parent			(68,301)			(68,301)		(68,301)
Dividends paid to non-controlling interest shareholders							(8,872)	(8,872)
Acquisition of treasury stock					(45,970)	(45,970)		(45,970)
Sales of treasury stock		(105)	(127)		232	0		0
Cancellation of treasury stock			(46,722)		46,722	-		-
Compensation costs related to share-based payment	304	1,053				1,357		1,357
Equity transactions with non-controlling interest shareholders		(15)		3		(12)	(1,833)	(1,845)
Transfer to retained earnings			1,455	(1,455)		-		-
Balance as at September 30, 2020	¥ 342,080	¥ 403,585	¥ 3,358,626	¥ (105,991)	¥ (64,154)	¥ 3,934,146	¥ 245,817	¥ 4,179,963

Millions of Yen	Attributable to owners of the parent							Total Equity
	Common Stock	Capital Surplus	Retained Earnings (Note 10)	Other Components of Equity (Note 9)	Treasury Stock	Total	Non-controlling Interests	
Balance as at April 1, 2021	¥ 342,080	¥ 396,238	¥ 3,547,789	¥ 373,786	¥ (89,473)	¥ 4,570,420	¥ 252,467	¥ 4,822,887
Profit for the period			404,630			404,630	12,880	417,510
Other comprehensive income for the period ...				(55,690)		(55,690)	(74)	(55,764)
Comprehensive income for the period			404,630	(55,690)		348,940	12,806	361,746
Transaction with owners:								
Dividends paid to owners of the parent			(75,083)			(75,083)		(75,083)
Dividends paid to non-controlling interest shareholders							(13,265)	(13,265)
Acquisition of treasury stock					(107,251)	(107,251)		(107,251)
Sales of treasury stock		(175)	(276)		452	1		1
Cancellation of treasury stock			(156,722)		156,722	-		-
Compensation costs related to share-based payment	304	1,017				1,321		1,321
Equity transactions with non-controlling interest shareholders		193		31		224	810	1,034
Transfer to retained earnings			222	(222)		-		-
Balance as at September 30, 2021	¥ 342,384	¥ 397,273	¥ 3,720,560	¥ 317,905	¥ (39,550)	¥ 4,738,572	¥ 252,818	¥ 4,991,390

Condensed Consolidated Statements of Cash Flows
Mitsui & Co., Ltd. and subsidiaries
For the Six-Month Periods Ended September 30, 2021 and 2020

	Millions of Yen			
	Six-month period ended September 30, 2021		Six-month period ended September 30, 2020	
Operating Activities:				
Profit for the period	¥	417,510	¥	117,263
Adjustments to reconcile profit for the period to cash flows from operating activities:				
Depreciation and amortization		146,908		133,082
Change in retirement benefit liabilities		2,741		281
Loss allowance.....		9,405		33,078
(Gain) loss on securities and other investments-net		14,616		(8,967)
Impairment (reversal) loss of fixed assets-net		12,709		5,270
(Gain) loss on disposal or sales of fixed assets-net		(5,974)		176
Interest income, dividend income and interest expense		(109,850)		(32,753)
Income taxes		123,144		67,430
Share of (profit) loss of investments accounted for using the equity method		(207,041)		(81,986)
Valuation (gain) loss related to contingent considerations and others		1,664		(2,258)
Changes in operating assets and liabilities:				
Change in trade and other receivables		(94,582)		230,646
Change in inventories		(107,974)		2,148
Change in trade and other payables		53,464		(81,534)
Other-net		(98,554)		(75,345)
Interest received		25,215		29,034
Interest paid		(27,162)		(33,544)
Dividends received		238,377		114,368
Income taxes paid		(107,778)		(64,326)
Income taxes refunded		20,318		28,773
Cash flows from operating activities		307,156		380,836
Investing Activities:				
Change in time deposits		(50,557)		(14,560)
Investments in equity accounted investees		(40,376)		(51,562)
Proceeds from sales of investments in equity accounted investees.....		20,708		20,170
Purchases of other investments		(79,703)		(16,614)
Proceeds from sales and maturities of other investments		32,738		15,723
Increases in loan receivables		(3,891)		(18,107)
Collections of loan receivables		64,915		16,722
Purchases of property, plant and equipment.....		(91,228)		(127,944)
Proceeds from sales of property, plant and equipment.....		16,229		4,369
Purchases of investment property		(17,596)		(52,413)
Cash flows from investing activities		(148,761)		(224,216)

Financing Activities:		
Change in short-term debt	(5,398)	(52,819)
Proceeds from long-term debt	457,064	518,671
Repayments of long-term debt	(578,838)	(446,175)
Repayments of lease liabilities (Note 4).....	(27,948)	(30,832)
Purchases and sales of treasury stock	(107,251)	(45,970)
Dividends paid	(75,083)	(68,301)
Transactions with non-controlling interests shareholders	(13,187)	(6,890)
Cash flows from financing activities	(350,641)	(132,316)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(10,673)	16,242
Change in Cash and Cash Equivalents	(202,919)	40,546
Cash and Cash Equivalents at Beginning of Period	1,063,150	1,058,733
Cash and Cash Equivalents at End of Period	¥ 860,231	¥ 1,099,279

“Interest income, dividend income and interest expense”, “Interest received”, “Interest paid” and “Dividends received” of Condensed Consolidated Statements of Cash Flows include not only interest income, dividend income and interest expense that are included in “Finance Income (Costs)” of Condensed Consolidated Statements of Income, but also interest income, dividend income, interest expense that are included in Revenue and Cost respectively and cash flows related with them.

Notes to Condensed Consolidated Financial Statements Mitsui & Co., Ltd. and subsidiaries

1. REPORTING ENTITY

Mitsui & Co., Ltd. (the “Company”) is a company incorporated in Japan. Condensed Consolidated Financial Statements of the Company have a quarterly closing date as of September 30 and comprises the financial statements of the Company and its subsidiaries (collectively, the “companies”), and the interests in associated companies and joint ventures (collectively, the “equity accounted investees”).

In each business area including Mineral & Metal Resources, Energy, Machinery & Infrastructure, Chemicals, Iron & Steel Products, Lifestyle and Innovation & Corporate Development, the Company and its consolidated subsidiaries engage in a diversified range of services, including trading, manufacturing, transport, and financial services involving various commodities, making full use of the global office network, which is centering on the Company, a general trading company, with its ability to gather information. The Company and its consolidated subsidiaries furthermore engage in a wide range of initiatives that include development of natural resources and infrastructure projects, and business investment in relation to the environment, new technologies, next-generation power and wellness, and value creation that leverages digital tools.

2. BASIS OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

I. BASIS OF PREPARATION

Condensed Consolidated Financial Statements have been prepared in accordance with International Accounting Standard No.34 (“IAS34”) and not all information required in Consolidated Financial Statements as of the end of fiscal year is included. Therefore, Condensed Consolidated Financial Statements should be used with Consolidated Financial Statements of the previous fiscal year.

II. USE OF ESTIMATES AND JUDGMENTS

The preparation of Condensed Consolidated Financial Statements requires management to make judgments based on assumptions and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these judgments based on assumptions and estimates.

The judgments based on assumptions and estimates which could affect the accompanying Condensed Consolidated Financial Statements are the same as those of the previous fiscal year except for the following.

- Note 7 “IMPAIRMENT LOSSES AND REVERSALS OF IMPAIRMENT LOSSES FOR ASSETS”

No significant changes have been made to the estimation of the impact relating to the spread of COVID-19 for the six-month period ended September 30, 2021.

III. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied in the Condensed Consolidated Financial Statements for the period ended September 30, 2021 are the same as those applied in the Consolidated Financial Statements of the previous fiscal year.

3. BUSINESS COMBINATIONS

For the six-month period ended September 30, 2021

No material business combinations were completed during the six-month period ended September 30, 2021.

For the six-month period ended September 30, 2020

No material business combinations were completed during the six-month period ended September 30, 2020.

4. SEGMENT INFORMATION

Six-month period ended September 30, 2021:	Millions of Yen							
	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Iron & Steel Products	Lifestyle	Innovation & Corporate Development	Total
Revenue.....	¥ 932,786	¥ 1,093,723	¥ 383,784	¥ 1,348,473	¥ 283,137	¥ 1,261,197	¥ 112,080	¥ 5,415,180
Gross Profit.....	¥ 210,598	¥ 23,890	¥ 66,881	¥ 86,007	¥ 16,235	¥ 69,040	¥ 53,616	¥ 526,267
Share of Profit (Loss) of Investments Accounted for Using the Equity Method....	¥ 67,484	¥ 14,391	¥ 68,024	¥ 10,240	¥ 12,808	¥ 22,937	¥ 11,091	¥ 206,975
Profit (Loss) for the Period Attributable to Owners of the parent.....	¥ 270,992	¥ (4,811)	¥ 52,891	¥ 27,588	¥ 12,174	¥ 20,860	¥ 30,778	¥ 410,472
Core Operating Cash Flow.....	¥ 240,610	¥ 87,113	¥ 77,093	¥ 43,517	¥ 5,429	¥ 22,137	¥ 26,639	¥ 502,538
Total Assets at September 30, 2021.....	¥ 2,513,997	¥ 2,657,272	¥ 2,338,226	¥ 1,466,363	¥ 605,121	¥ 2,240,243	¥ 1,456,672	¥ 13,277,894

Six-month period ended September 30, 2021:	Millions of Yen		
	All Other	Adjustments and Eliminations	Consolidated Total
Revenue.....	¥ 1,019	¥ —	¥ 5,416,199
Gross Profit.....	¥ 1,699	¥ (543)	¥ 527,423
Share of Profit (Loss) of Investments Accounted for Using the Equity Method....	¥ (72)	¥ 138	¥ 207,041
Profit (Loss) for the Period Attributable to Owners of the parent.....	¥ (6,360)	¥ 518	¥ 404,630
Core Operating Cash Flow.....	¥ (2,257)	¥ 26,573	¥ 526,854
Total Assets at September 30, 2021.....	¥ 7,066,731	¥ (7,390,554)	¥ 12,954,071

Six-month period ended September 30, 2020 (As restated):	Millions of Yen							
	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Iron & Steel Products	Lifestyle	Innovation & Corporate Development	Total
Revenue.....	¥ 629,586	¥ 355,213	¥ 414,385	¥ 862,633	¥ 199,746	¥ 1,125,662	¥ 113,912	¥ 3,701,137
Gross Profit.....	¥ 100,601	¥ 33,257	¥ 48,294	¥ 58,505	¥ 9,576	¥ 58,721	¥ 57,548	¥ 366,502
Share of Profit (Loss) of Investments Accounted for Using the Equity Method....	¥ 30,237	¥ 11,024	¥ 41,813	¥ 2,554	¥ (4,501)	¥ (3,112)	¥ 3,965	¥ 81,980
Profit (Loss) for the Period Attributable to Owners of the parent.....	¥ 71,261	¥ (3,681)	¥ 23,386	¥ 10,731	¥ (5,797)	¥ (11,946)	¥ 23,958	¥ 107,912
Core Operating Cash Flow.....	¥ 97,227	¥ 60,246	¥ 26,339	¥ 22,657	¥ (484)	¥ 1,311	¥ 30,880	¥ 238,176
Total Assets at March 31, 2021.....	¥ 2,566,491	¥ 2,566,305	¥ 2,291,278	¥ 1,345,469	¥ 566,020	¥ 2,009,315	¥ 1,191,842	¥ 12,536,720

Six-month period ended September 30, 2020 (As restated):	Millions of Yen		
	All Other	Adjustments and Eliminations	Consolidated Total
Revenue.....	¥ 3,937	¥ —	¥ 3,705,074
Gross Profit.....	¥ 884	¥ 450	¥ 367,836
Share of Profit (Loss) of Investments Accounted for Using the Equity Method....	¥ 36	¥ (30)	¥ 81,986
Profit (Loss) for the Period Attributable to Owners of the parent.....	¥ (12,878)	¥ 14,990	¥ 110,024
Core Operating Cash Flow.....	¥ (11,864)	¥ 47,777	¥ 274,089
Total Assets at March 31, 2021.....	¥ 7,202,925	¥ (7,223,800)	¥ 12,515,845

Millions of Yen									
Three-month period ended September 30, 2021:	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Iron & Steel Products	Lifestyle	Innovation & Corporate Development	Total	
Revenue.....	¥ 462,860	¥ 535,027	¥ 211,543	¥ 684,034	¥ 143,616	¥ 659,416	¥ 61,473	¥ 2,757,969	
Gross Profit.....	¥ 103,765	¥ 5,923	¥ 34,888	¥ 41,126	¥ 8,291	¥ 34,391	¥ 29,832	¥ 258,216	
Share of Profit (Loss) of Investments Accounted for Using the Equity Method....	¥ 35,680	¥ 7,928	¥ 39,304	¥ 6,350	¥ 6,986	¥ 9,005	¥ 5,283	¥ 110,536	
Profit (Loss) for the Period Attributable to Owners of the parent.....	¥ 152,017	¥ (3,568)	¥ 23,650	¥ 11,723	¥ 5,520	¥ 7,002	¥ 20,377	¥ 216,721	
Core Operating Cash Flow.....	¥ 113,185	¥ 39,864	¥ 39,060	¥ 18,975	¥ 1,602	¥ 5,543	¥ 14,565	¥ 232,794	

Millions of Yen			
Three-month period ended September 30, 2021:	All Other	Adjustments and Eliminations	Consolidated Total
Revenue	¥ 196	¥ —	¥ 2,758,165
Gross Profit	¥ 530	¥ 440	¥ 259,186
Share of Profit (Loss) of Investments Accounted for Using the Equity Method....	¥ (18)	¥ 78	¥ 110,596
Profit (Loss) for the Period Attributable to Owners of the parent.....	¥ (3,493)	¥ 138	¥ 213,366
Core Operating Cash Flow.....	¥ (2,930)	¥ 27,134	¥ 256,998

Millions of Yen									
Three-month period ended September 30, 2020 (As restated):	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Iron & Steel Products	Lifestyle	Innovation & Corporate Development	Total	
Revenue.....	¥ 329,660	¥ 180,662	¥ 151,757	¥ 458,636	¥ 97,378	¥ 573,288	¥ 66,141	¥ 1,857,522	
Gross Profit.....	¥ 50,335	¥ 7,610	¥ 21,558	¥ 28,572	¥ 4,129	¥ 30,924	¥ 34,345	¥ 177,473	
Share of Profit (Loss) of Investments Accounted for Using the Equity Method....	¥ 16,842	¥ 5,342	¥ 24,497	¥ 1,640	¥ (2,627)	¥ 657	¥ 1,644	¥ 47,995	
Profit (Loss) for the Period Attributable to Owners of the parent.....	¥ 39,079	¥ (7,132)	¥ 4,876	¥ 4,402	¥ (4,534)	¥ (6,347)	¥ 13,422	¥ 43,766	
Core Operating Cash Flow.....	¥ 55,367	¥ 23,820	¥ 13,413	¥ 6,984	¥ (2,073)	¥ (2,278)	¥ 18,148	¥ 113,381	

Millions of Yen			
Three-month period ended September 30, 2020 (As restated):	All Other	Adjustments and Eliminations	Consolidated Total
Revenue	¥ 2,179	¥ —	¥ 1,859,701
Gross Profit	¥ 658	¥ (2)	¥ 178,129
Share of Profit (Loss) of Investments Accounted for Using the Equity Method....	¥ (30)	¥ 18	¥ 47,983
Profit (Loss) for the Period Attributable to Owners of the parent.....	¥ (6,308)	¥ 10,009	¥ 47,467
Core Operating Cash Flow.....	¥ (2,544)	¥ 52,408	¥ 163,245

Notes: (1)“All Other” includes of the Corporate Staff Unit which provides financing services and operations services to the companies and affiliated companies. Total Assets of “All Other” at September 30, 2021 and March 31, 2021 includes cash, cash equivalents and time deposits related to financing activities, and assets of the Corporate Staff Unit and certain subsidiaries related to the above services.

- (2) Transfers between reportable segments are made at cost plus a markup.
- (3) Profit (Loss) for the Period Attributable to Owners of the parent of “Adjustments and Eliminations” includes income and expense items that are not allocated to specific reportable segments, and eliminations of intersegment transactions.
- (4) Core Operating Cash Flow is calculated by deducting the total of the “Changes in Operating Assets and Liabilities” from the “Cash Flows from Operating Activities”, and further deducting the “Repayments of lease liabilities” in the “Cash Flows from Financing Activities” from it, in the Condensed Consolidated Statements of Cash Flows.
- (5) The description order of reporting segments has been changed in the segment information from the three month period ended June 30, 2021, and this change also applies for the six-month and the three-month periods ended September 30, 2020.
- (6) As described in the Note in the Condensed Consolidated Statements of Income, we have reconsidered the presentation of revenue from certain transactions, and have restated revenues for the six-month and the three-month periods ended September 30, 2020, based on the results of the reconsideration.

5. REVENUE

Among "Revenue", the disaggregation of revenue recognized from contracts with customers by business segment is as follows. The following business segment categories are same as in Note.4 “SEGMENT INFORMATION”. Please refer to Note.4 "SEGMENT INFORMATION" for the details of the restatement for the six-month period ended September 30, 2020. Revenue other than revenue recognized from contracts with customers includes revenue related to lease and financial instruments, etc.

Six-month period ended September 30, 2021:	Millions of Yen								
	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Iron & Steel Products	Lifestyle	Innovation & Corporate Development	All Others	Total
Revenue recognized from contracts with customers	¥ 775,158	¥ 402,181	¥ 347,808	¥ 1,338,264	¥ 275,807	¥ 995,807	¥ 75,596	¥ 246	¥ 4,210,867

Six-month period ended September 30, 2020 (As restated):	Millions of Yen								
	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Iron & Steel Products	Lifestyle	Innovation & Corporate Development	All Others	Total
Revenue recognized from contracts with customers	¥ 510,520	¥ 225,834	¥ 383,500	¥ 852,363	¥ 195,022	¥ 938,920	¥ 73,893	¥ 3,684	¥ 3,183,736

6. ACQUISITIONS AND DISPOSALS OF PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

Property, plant and equipment

The amounts of acquisitions and disposals of property, plant and equipment for the six-month period ended September 30, 2021 were ¥128,066 million and ¥37,330 million, respectively.

The net amount of transfers to investment property for the six-month period ended September 30, 2021 was ¥28,296 million.

The amount of acquisitions of property, plant and equipment for the six-month period ended September 30, 2020 was ¥104,193 million and the amount of disposals was not material.

The amount of transfers to and from investment property for the six-month period ended September 30, 2020 was not material.

Investment property

The amounts of acquisitions and disposals of investment property for the six-month period ended September 30, 2021 were not material.

The net amount of transfers from property, plant and equipment for the six-month period ended September 30, 2021 was ¥28,296 million.

The amount of acquisitions of investment property for the six-month period ended September 30, 2020 was ¥24,576 million and the amount of disposals was not material.

The amount of transfers to and from property, plant and equipment for the six-month period ended September 30, 2020 was not material.

7. IMPAIRMENT LOSSES AND REVERSALS OF IMPAIRMENT LOSSES FOR ASSETS

For the six-month period ended September 30, 2021, Mitsui & Co., Ltd. recognized an impairment loss of ¥9,749 million in the Machinery & Infrastructure Segment, with the conclusion of the sale and purchase agreement to sell its entire interest in MT Falcon Holdings S.A.P.I.de C.V., an equity accounted investee which owns and operates gas combined-cycle power plants and a gas-pipeline in Mexico. The impairment loss for the related investment accounted for using the equity method is recorded in “Gain (loss) on securities and other investments – net” in the Condensed Consolidated Statements of Income.

For the six-month period ended September 30, 2020, Mitsui & Co. Mozambique Coal Finance Limited, which lends to Mozambique coal business, recognized a loss of ¥ 24,668 million as a loss allowance for doubtful debt in “Selling, general and administrative expenses” in the Condensed Consolidated Statements of Income (Mineral & Metal Resources ¥ 19,734 million, Machinery & Infrastructure ¥ 4,934 million) due to the decrease of production mainly related to the revision of the production plan and the decline in the coal prices which are based on several third parties’ mid-long term forecasts.

The amounts of reversals of impairment losses for assets for the six-month period ended September 30, 2021 and 2020 were not material.

8. ISSUES AND REPAYMENTS OF BONDS

The total amount of repaid bonds for the six-month period ended September 30, 2021 was none.

The total amount of issued bonds for the six-month period ended September 30, 2021 was not material.

The total amount of repaid bonds for the six-month period ended September 30, 2020 was none.

The total amount of issued bonds for the six-month period ended September 30, 2020 was ¥28,136 million.

9. EQUITY

Changes in other components of equity for the six-month periods ended September 30, 2021 and 2020 were as follows:

	Millions of Yen	
	Six-month period ended September 30, 2021	Six-month period ended September 30, 2020
Financial Assets Measured at FVTOCI:		
Balance at beginning of period	¥ 367,227	¥ 7,479
Increase (decrease) during the period	(16,792)	104,155
Transfer to retained earnings	1,114	(2,913)
Balance at end of period	¥ 351,549	¥ 108,721
Remeasurements of Defined Benefit Pension Plans:		
Balance at beginning of period	¥ -	¥ -
Increase (decrease) during the period	1,336	(1,458)
Transfer to retained earnings	(1,336)	1,458
Balance at end of period	¥ -	¥ -
Foreign Currency Translation Adjustments:		
Balance at beginning of period	¥ 81,847	¥ (177,143)
Increase (decrease) during the period	(10,615)	45,687
Balance at end of period	¥ 71,232	¥ (131,456)
Cash Flow Hedges:		
Balance at beginning of period	¥ (75,288)	¥ (54,246)
Increase (decrease) during the period	(29,588)	(29,010)
Balance at end of period	¥ (104,876)	¥ (83,256)
Total:		
Balance at beginning of period	¥ 373,786	¥ (223,910)
Increase (decrease) during the period	(55,659)	119,374
Transfer to retained earnings	(222)	(1,455)
Balance at end of period	¥ 317,905	¥ (105,991)

12. CONTINGENT LIABILITIES

I. GUARANTEES

The companies provide various types of guarantees for the benefit of third parties and related parties principally to enhance their credit standings, and would be required to execute payments if a guaranteed party failed to fulfill its obligation with respect to a borrowing or trade payable.

The table below summarizes the maximum potential amount of future payments, amount outstanding and recourse provisions/collateral of the companies' guarantees as of September 30, 2021 and March 31, 2021. The maximum potential amount of future payments represents the amount without consideration of possible recovery under recourse provisions or from collateral held or pledged that the companies could be obliged to pay if there were defaults by guaranteed parties. Such amounts bear no relationship to the anticipated losses on these guarantees and indemnifications and, in the aggregate, they greatly exceed anticipated losses.

The companies evaluate risks involved for each guarantee through an internal screening procedure before issuing a guarantee and regularly monitor outstanding positions and record adequate allowance to cover losses expected from probable performance under these agreements. The companies believe that the likelihood of performing guarantees which would materially affect the consolidated financial position, operating results, or cash flows of the companies is remote at September 30, 2021.

	Millions of Yen			
	Maximum potential amount of future payments	Amount outstanding (a)	Recourse provisions/ Collateral (b)	Net amount outstanding (a)-(b)
September 30, 2021				
Type of guarantees:				
Financial guarantees				
Guarantees for third parties	¥ 304,704	¥ 107,776	¥ 1,914	¥ 105,862
Guarantees for investments accounted for using the equity method	871,113	474,432	188,249	286,183
Performance guarantees				
Guarantees for third parties	42,118	39,657	23,359	16,298
Guarantees for investments accounted for using the equity method	65,169	56,394	1,684	54,710
Total	<u>¥ 1,283,104</u>	<u>¥ 678,259</u>	<u>¥ 215,206</u>	<u>¥ 463,053</u>

Millions of Yen

	Maximum potential amount of future payments	Amount outstanding (a)	Recourse provisions/ Collateral (b)	Net amount outstanding (a)-(b)
March 31, 2021				
Type of guarantees:				
Financial guarantees				
Guarantees for third parties	¥ 483,238	¥ 74,147	¥ 1,898	¥ 72,249
Guarantees for investments accounted for using the equity method	1,161,367	675,010	152,251	522,759
Performance guarantees				
Guarantees for third parties	70,005	62,225	24,871	37,354
Guarantees for investments accounted for using the equity method	68,001	61,777	1,659	60,118
Total	<u>¥ 1,782,611</u>	<u>¥ 873,159</u>	<u>¥ 180,679</u>	<u>¥ 692,480</u>

Guarantees for third parties

The companies guarantee, severally or jointly with others, indebtedness of certain customers and suppliers in the furtherance of their trading activities. Most of these guarantees outstanding as of September 30, 2021 and March 31, 2021 will expire through 2027.

Guarantees for investments accounted for using the equity method

The companies, severally or jointly with others, issue guarantees for investments accounted for using the equity method for the purpose of furtherance of their trading activities and enhancement of their credit for securing financing. Most of these guarantees outstanding as of September 30, 2021 and March 31, 2021 will expire through 2027 and 2031, respectively.

The table below summarizes the maximum potential amount of future payments for the companies' guarantees by the remaining contractual period as of September 30, 2021 and March 31, 2021.

	Millions of Yen	
	September 30, 2021	March 31, 2021
Within 1 year	¥ 519,331	¥ 504,086
After 1 to 5 years	91,553	206,094
After 5 years	672,220	1,072,431
Total	<u>¥ 1,283,104</u>	<u>¥ 1,782,611</u>

II. LITIGATION

Various claims and legal actions are pending against the companies in respect of contractual obligations and other matters arising from the conduct of the companies' businesses. Appropriate provision has been recorded for the estimated loss on claims and legal actions. In the opinion of management, any additional liabilities will not materially affect the consolidated financial position, operating results, or cash flows of the companies.

(TAXATION ON CAPITAL GAIN IN INDIA)

Earlyguard Limited ("EG"), a UK subsidiary of Mitsui & Co., Ltd., received a tax payment notice dated January 21, 2020 which requested payment of 24.0 billion Indian Rupees (¥36.0 billion) from Indian tax authority.

The taxable income of this notice is the capital gain on sales of Finsider International Company Limited (a UK company that owned 51% of Sesa Goa, an Indian iron ore company) shares held by EG in April 2007. Although EG treated the capital gain properly according to the tax laws at that time, the tax payment notice has been issued. On February 17, 2021, EG commenced arbitration under the UK-India bilateral investment treaty in order to dispute this tax payment notice, but on August 13, 2021, the Indian government published and enacted "Taxation Laws (Amendment) Act, 2021" ("Taxation Laws") which nullifies capital gain taxation on sales of Indian assets implemented before May 2012 and "Income Tax (31st Amendment) Rules 2021" ("Income Tax Rules") was published and enacted on October 1, 2021, which provide the conditions required under the Taxation Laws. EG is planning to seek nullification of capital gain taxation in accordance with the Taxation Laws and the Income Tax Rules.

The company does not expect a significant impact on our consolidated financial position, operating results and cash flow at this stage.

13. FAIR VALUE MEASUREMENT

IFRS 13 "Fair Value Measurement" defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. IFRS 13 establishes the fair value hierarchy that may be used to measure fair value, which is provided as follows. The companies recognize transfers of assets or liabilities between levels of the fair value hierarchy as of the end of each reporting period when the transfers occur.

Level 1:

Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2:

Inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly or indirectly. Level 2 inputs include the following:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in markets that are not active
- Inputs other than quoted prices that are observable for the assets or liabilities
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

Level 3:

Unobservable inputs for the assets or liabilities.

(1) Valuation techniques

Primary valuation techniques used for each financial instrument and non-financial asset measured at fair value are as follows:

Other Investments

- Other investments other than measured at amortized cost are measured at fair value.
- Publicly-traded other investments are measured using the quoted market prices and classified as level 1.
- Non-marketable other investments are measured at fair value principally using the discounted cash flow method, the market comparison approach and other appropriate valuation techniques considering various assumptions, including expected future cash flows and discount rates reflecting the related risks of the investee. They are classified as level 3, considering the degree to which these inputs are observable in the relevant markets.

Derivative Instruments

- Derivative instruments mainly consist of derivative commodity instruments and derivative financial instruments.
- Exchange-traded derivative commodity instruments measured using quoted market prices in an active market are classified as level 1. Certain derivative commodity instruments measured using observable inputs of the quoted prices obtained from markets, financial information providers, and brokers, are classified as level 2. Also, the derivative commodity instruments measured using unobservable inputs are classified as level 3.
- Derivative financial instruments are mainly measured by discounted cash flow analysis using foreign exchange and interest rates or quoted prices currently available for similar types of agreements and are classified as level 2.

Inventories

- Inventories acquired with the purpose of being sold in the near future and a profit from fluctuations in price are measured at fair value based on quoted prices with certain adjustment and classified as level 2. The amounts of costs to sell as of September 30, 2021 and March 31, 2021 were not material.

(2) Valuation process

The valuation process involved in level 3 measurements for each applicable asset and liability is governed by the model validation policy and related procedures pre-approved by appropriate personnel. Based on the policy and procedures, the personnel determine the valuation model to be utilized to measure each asset and liability at fair value. We engage independent external experts of valuation to assist in the valuation process for certain assets over a specific amount, and their results of valuations are reviewed by the responsible personnel of the Company. All of the valuations, including those performed by the external experts, are reviewed and approved by the responsible personnel of the Company.

(3) Assets and liabilities measured at fair value on a recurring basis

Information by fair value hierarchy

Assets and liabilities measured at fair value on a recurring basis as of September 30, 2021 and March 31, 2021 were as follows. No assets or liabilities were transferred between level 1 and 2 for the six-month period ended September 30, 2021 and 2020.

September 30, 2021	Millions of Yen				
	Fair value measurements using			Netting adjustments*	Total fair value
	Level 1	Level 2	Level 3		
Assets:					
Other investments:					
Financial assets measured at FVTPL ...	¥ 20,612	—	¥ 208,804		
Financial assets measured at FVTOCI ...	1,051,515	—	716,738		
Total other investments	¥ 1,072,127	—	¥ 925,542	—	¥ 1,997,669
Derivative assets:					
Foreign exchange contracts	—	¥ 49,710	—		
Interest rate contracts	—	54,864	—		
Commodity contracts	¥ 127,638	1,722,448	¥ 11,447		
Others	—	—	14,794		
Total derivative assets	¥ 127,638	¥ 1,827,022	¥ 26,241	¥ (1,522,539)	¥ 458,362
Inventories	—	¥ 175,420	—	—	¥ —
Total assets	¥ 1,199,765	¥ 2,002,442	¥ 951,783	¥ (1,522,539)	¥ 2,456,031
Liabilities:					
Derivative liabilities:					
Foreign exchange contracts	—	¥ 61,176	—		
Interest rate contracts	—	6,175	—		
Commodity contracts	¥ 242,474	1,680,085	¥ 895		
Others	—	—	6,070		
Total derivative liabilities	¥ 242,474	¥ 1,747,436	¥ 6,965	¥ (1,530,024)	¥ 466,851
Total liabilities	¥ 242,474	¥ 1,747,436	¥ 6,965	¥ (1,530,024)	¥ 466,851

Millions of Yen

March 31, 2021	Fair value measurements using				
	Level 1	Level 2	Level 3	Netting adjustments*	Total fair value
Assets:					
Other investments:					
Financial assets measured at FVTPL ...	¥ 8,611	—	¥ 114,944		
Financial assets measured at FVTOCI ...	1,080,121	—	709,166		
Total other investments	¥ 1,088,732	—	¥ 824,110	—	¥ 1,912,842
Derivative assets:					
Foreign exchange contracts	—	¥ 47,998	—		
Interest rate contracts	—	55,613	—		
Commodity contracts	¥ 25,608	1,053,589	¥ 3,895		
Others	—	—	14,666		
Total derivative assets	¥ 25,608	¥ 1,157,200	¥ 18,561	¥ (954,593)	¥ 246,776
Inventories	—	¥ 152,537	—	—	¥ 152,537
Total assets	¥ 1,114,340	¥ 1,309,737	¥ 842,671	¥ (954,593)	¥ 2,312,155
Liabilities:					
Derivative liabilities:					
Foreign exchange contracts	—	¥ 69,834	—		
Interest rate contracts	—	12,337	—		
Commodity contracts	¥ 41,483	1,055,458	¥ 2,409		
Others	—	—	3,644		
Total derivative liabilities	¥ 41,483	¥ 1,137,629	¥ 6,053	¥ (943,223)	¥ 241,942
Total liabilities	¥ 41,483	¥ 1,137,629	¥ 6,053	¥ (943,223)	¥ 241,942

* Amounts of netting adjustments include the net amount when, and only when, the companies currently have a legally enforceable right to set off the recognized amounts, and intend either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Reconciliation of assets measured at fair value on a recurring basis using significant unobservable inputs
(Level 3)

The reconciliation of financial assets measured at FVTPL for the six-month period ended September 30, 2021 and 2020 were as follows:

	Millions of Yen	
	Six-month period ended September 30, 2021	Six-month period ended September 30, 2020
Balance at beginning of period	¥ 114,944	¥ 115,940
Classification change (Note 1)	33,000	—
Gains (losses)	7,120	9,663
Purchases (Note 1)	71,377	6,574
Sales	(5,924)	(9,160)
Transfers into Level 3	—	—
Transfers out of Level 3 (Note 2)	(10,095)	—
Others (Note 3)	(1,618)	(998)
Balance at end of period	¥ 208,804	¥ 122,019
Net change in unrealized gains (losses) still held at end of period	¥ 7,660	¥ 9,810

Note 1: During the six-month period ended September 30, 2021, the corporate bond denominated in JPY 33,000 million issued by PT CT Corpora has been replaced to the convertible bond and the other convertible bond denominated in JPY 67,000 million newly issued by PT CT Corpora has been subscribed by the Company. In the above reconciliation, the amount transferred from financial assets measured at amortized cost to financial assets measured at FVTPL due to the replacement from the corporate bond to the convertible bond is included in "Classification change", and the amount subscribed for the newly issued convertible bond is included in "Purchases".

Note 2: "Transfers out of Level 3" is due to the transfer into Level 1 as the initial public offering of the shares.

Note 3: "Others" includes the effect of changes in foreign exchange rates (including in the foreign currency translation adjustments) and others.

Gains (losses) related to financial assets measured at FVTPL ("FVTPL gains(losses)") were included in "Revenue" and "Gain (loss) on securities and other investments-net".

The reconciliation of financial assets measured at FVTOCI for the six-month period ended September 30, 2021 and 2020 were as follows:

	Millions of Yen	
	Six-month period ended September 30, 2021	Six-month period ended September 30, 2020
Balance at beginning of period	¥ 709,166	¥ 671,358
Other comprehensive income	308	8,949
Purchases	11,697	5,763
Sales	(3,281)	(2,455)
Transfers into Level 3 (Note1).....	528	—
Transfers out of Level 3 (Note 2)	(10,750)	—
Others (Note 3)	9,070	8,343
Balance at end of period	¥ 716,738	¥ 691,958

Note 1: "Transfers into Level 3" is due to the transfer from Level 1 as a result of delisting.

Note 2: "Transfers out of Level 3" is due to the transfer into Level 1 as the initial public offering of the shares.

Note 3: "Others" includes the effect of changes in scope of consolidation and others.

Other comprehensive income related to financial assets measured at FVTOCI was included in "Financial assets measured at FVTOCI" and "Foreign currency translation adjustments" in Condensed Consolidated Statements of Comprehensive Income.

Quantitative information about level 3 fair value measurements

Information about valuation techniques and significant unobservable inputs used for level 3 assets measured at fair value on a recurring basis as of September 30, 2021 and March 31, 2021 were as follows:

September 30, 2021	Valuation Technique	Principal Unobservable Input	Range
Financial assets measured at FVTPL	Income approach	Discount rate	5.2% ~ 11.2%
Financial assets measured at FVTOCI			
March 31, 2021	Valuation Technique	Principal Unobservable Input	Range
Financial assets measured at FVTOCI	Income approach	Discount rate	5.9% ~ 11.8%

In addition to the above, the price of crude oil is one of the significant unobservable inputs used in measuring the fair value of nonmarketable equity securities related to LNG business. The Company forecasts that Brent Crude price will be US\$80/bbl in the short term and in a range of US\$60/bbl to US\$70/bbl in the medium and long term, considering the recent market price and several third parties' forecasts.

Information about sensitivity to changes in significant unobservable inputs

For recurring fair value measurements of financial assets measured at FVTOCI using the income approach, increases (decreases) in discount rates would result in a lower (higher) fair value.

(4) Fair value of non-current financial assets and liabilities

The fair values of non-current receivables with floating rates, including long-term loans receivable, and long-term debt with floating rates approximately equal their respective carrying amounts. The fair values of non-current receivables with fixed rate and long-term debt with fixed rate are estimated by discount cash flow analysis, using interest rates currently available for similar types of loans, accounts receivable and borrowings with similar terms and remaining maturities.

The fair values of financial instruments as of September 30, 2021 and March 31, 2021 were as follows. The fair values of current financial assets and current financial liabilities are not disclosed because the carrying amounts reasonably approximate their fair values.

	Millions of Yen			
	September 30, 2021		March 31, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Other investments measured at amortized cost	¥ 9,806	¥ 10,735	¥ 42,765	¥ 43,603
Non-current receivables				
Trade and other receivables and Other financial assets (*)	431,751	431,751	447,800	447,800
Non-current liabilities				
Long-term debts, less current portion and Other financial liabilities (*)	¥ 3,990,063	¥ 4,041,690	¥ 4,111,842	¥ 4,160,354

(*)The fair values of Other financial assets and Other financial liabilities approximate their respective carrying amounts.

Trade and other receivables include loans receivable. Long-term debts include borrowings and bonds.

14. THE FIRE INCIDENT OF INTERCONTINENTAL TERMINALS COMPANY LLC

On March 17, 2019 (US time) a fire began at the Deer Park tank terminal of Intercontinental Terminals Company LLC (“ITC”), a wholly owned U.S. subsidiary of Mitsui & Co., Ltd. The Deer Park tank terminal is located in the outskirts of Houston, Texas. The fire partially damaged tanks owned by ITC. ITC has resumed its operation after discussions with related authorities. Harris County Fire Marshal's Office released its final report with respect to the fire incident on December 6, 2019 (US time) and the report classified the fire as accidental, while not specifying the cause of the fire. The cause of the fire is still under investigation by other relevant authorities.

The profit and loss related to this incident recognized in the six-month period ended September 30, 2021 and 2020, and the outstanding balance of related provision as of September 30, 2021 are immaterial.

There are multiple lawsuits that have been brought against ITC in relation to this incident. These lawsuits are at the early stages and the ultimate outcome of these lawsuits is not expected to have significant impact on our consolidated financial position, operating results and cash flow.

15. IMPACT OF THE SECURITY SITUATION IN NORTHERN MOZAMBIQUE ON LNG PROJECT

The Company participates in the Mozambique LNG Project through Mitsui E&P Mozambique Area 1 Limited, its joint venture in the Energy Segment. In April 2021, all project personnel evacuated the project site due to the deteriorating security situation in northern Mozambique where the project site is located, and on April 26, the project operator, TotalEnergies SE of France, announced that it had declared force majeure under the Joint

Operating Agreement.

While the prospect of this project is still under examination, the company do not expect a significant impact on our consolidated financial position, operating results and cash flow at this stage.

16. SUBSEQUENT EVENTS

Interim Dividend

On November 2, 2021, the Board of Directors approved the payment of cash dividend to shareholders of record on September 30, 2021 of ¥ 45 per share or a total of ¥ 73,297 million.

17. AUTHORIZATION OF THE ISSUE OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The issue of Condensed Consolidated Financial Statements was authorized by Kenichi Hori, Representative Director, President and CEO, and Takakazu Uchida, Representative Director, Executive Vice President and CFO, on November 11, 2021.