

Quarterly Securities Report
for the Six-Month Period Ended September 30, 2022

English translation of certain items disclosed in the Quarterly Securities Report for the six-month period ended September 30, 2022, which were filed with the Director-General of the Kanto Local Finance Bureau of the Ministry of Finance of Japan on November 10, 2022.

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, 2022 and 2021 and as of or for the year ended March 31, 2022

	In millions of Yen, except amounts per share and other				
	Six-month period ended September 30, 2022	Six-month period ended September 30, 2021	Three-month period ended September 30, 2022	Three-month period ended September 30, 2021	As of or for the year ended March 31, 2022
Consolidated financial data					
Revenue	¥ 7,423,815	5,416,199	3,703,284	2,758,165	11,757,559
Gross profit	¥ 631,915	527,423	318,485	259,186	1,141,371
Profit for the period attributable to owners of the parent	¥ 539,104	404,630	264,104	213,366	914,722
Comprehensive income for the period attributable to owners of the parent	¥ 633,794	348,940	321,388	(39,665)	1,370,647
Total equity attributable to owners of the parent	¥ —	—	6,045,282	4,738,572	5,605,205
Total assets	¥ —	—	16,037,751	12,954,071	14,923,290
Basic earnings per share attributable to owners of the parent (Yen)	¥ 339.69	246.22	167.28	130.69	561.61
Diluted earnings per share attributable to owners of the parent (Yen)	¥ 339.57	246.11	167.22	130.63	561.38
Equity attributable to owners of the parent ratio	% —	—	37.69	36.58	37.56
Cash flows from operating activities	¥ 310,370	307,156	—	—	806,896
Cash flows from investing activities	¥ (132,001)	(148,761)	—	—	(181,191)
Cash flows from financing activities	¥ (307,957)	(350,641)	—	—	(614,325)
Cash and cash equivalents at end of period	¥ —	—	1,066,610	860,231	1,127,868

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

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 fuel 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, 2022.

2. Operating and Financial Review and Prospects

1. Risk Factors

For the six-month period ended September 30, 2022, there is no significant change in risk factors which were described on our Annual Securities Report for the year ended March 31, 2022.

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, 2022, unless otherwise indicated.

(1) Operating Environment

In the six-month period ended September 30, 2022, the sense of a slowdown in the global economy strengthened due to rising inflation and rapid monetary tightening, mainly in the US, Europe and other developed countries, as well as due to the Russia-Ukraine situation and the impact of the zero-COVID policy in China.

In the US, consumer spending generally continued to recover backed by a strong employment situation. However, the sense of a slowdown in the economy strengthened as residential investment decreased due to the impact of rising inflation and rapid monetary tightening and capital investment was weak. Looking ahead, the economy is expected to slow further due to the impact of continuing high inflation and further monetary tightening. In Europe, mostly in the eurozone, although the consumption of services, such as those for travel, had temporarily recovered, the pace of economic recovery has slowed overall due to deterioration of supply constraints, such as those on energy, caused by the Russia-Ukraine situation, as well as due to the continuing further rise in prices. Looking forward, there are concerns over an economic downturn due to serious energy supply shortages, continuing high inflation, monetary tightening and other factors. In Japan, the economy rebounded due to the recovery in consumer spending backed by the normalization of economic activities. Looking forward, a slow recovery is expected to continue mainly for consumer spending and other domestic demand, despite further rising of prices, continuing supply constraints, such as those on energy, fluctuations in financial and capital markets, and other remaining uncertain factors. In China, despite lockdowns in Shanghai coming to an end, the rebound in the economy has been gradual due to the continuing zero-COVID policy and other factors. Looking ahead, while there are concerns over the continuing zero-COVID policy as well as over deterioration in the real estate market and an economic slowdown in major export markets, it is expected that economic activities will recover accompanying the easing of restrictions on activities, and the economy will rebound due to the government's economic measures, centered on infrastructure investment. In Brazil, although domestic demand has recovered, mainly in consumer spending, the economy is expected to slow down in the future due to the impact of monetary tightening and other factors. In Russia, the slowdown in economic activities due to economic sanctions imposed by the international community is expected to continue.

Going forward, it appears that a slowdown in the global economy is inevitable due to protraction of the Russia-Ukraine situation and supply constraints, such as those on energy, continuing high inflation, further monetary tightening and other factors.

(2) Results of Operations

1) Analysis of Consolidated Income Statements

(Billions of Yen)		Current Period	Previous Period	Change
Revenue		7,423.8	5,416.2	+2,007.6
Gross Profit		631.9	527.4	+104.5
Selling, General and Administrative Expenses		(326.0)	(279.3)	(46.7)
Other Income (Expenses)	Gain (Loss) on Securities and Other Investments—Net	18.2	(14.6)	+32.8
	Impairment Reversal (Loss) of Fixed Assets—Net	(10.8)	(12.7)	+1.9
	Gain (Loss) on Disposal or Sales of Fixed Assets—Net	15.8	6.0	+9.8
	Other Income (Expense)—Net	15.9	15.3	+0.6
Finance Income (Costs)	Interest Income	18.1	9.5	+8.6
	Dividend Income	80.9	107.9	(27.0)
	Interest Expense	(39.7)	(25.8)	(13.9)
Share of Profit (Loss) of Investments Accounted for Using the Equity Method		283.6	207.0	+76.6
Income Taxes		(131.8)	(123.1)	(8.7)
Profit for the Period		556.0	417.5	+138.5
Profit for the Period Attributable to Owners of the Parent		539.1	404.6	+134.5

* 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, 2022 ("current period") was ¥7,423.8 billion, an increase of ¥2,007.6 billion from ¥5,416.2 billion for the corresponding six-month period of the previous year ("previous period").

Gross Profit

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

Selling, General and Administrative Expenses

The table provides a breakdown of Selling, General and Administrative Expenses.

	Billions of Yen		
	Current Period	Previous Period	Change
Personnel	¥ (179.0)	¥ (155.2)	¥ (23.8)
Welfare	(6.4)	(5.6)	(0.8)
Travel	(11.0)	(4.5)	(6.5)
Entertainment	(2.7)	(1.2)	(1.5)
Communication	(26.2)	(23.6)	(2.6)
Rent	(5.5)	(4.7)	(0.8)
Depreciation	(20.4)	(16.8)	(3.6)
Fees and Taxes	(7.4)	(5.2)	(2.2)
Loss Allowance	(7.2)	(9.4)	+2.2
Others	(60.2)	(53.1)	(7.1)
Total	¥ (326.0)	¥ (279.3)	¥ (46.7)

Other Income (Expenses)

Gain (Loss) on Securities and Other Investments—Net

For the current period, mainly the Innovation & Corporate Development Segment recorded a gain on sale of securities, while the Machinery & Infrastructure Segment recorded an impairment loss.

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

Impairment Reversal (Loss) of Fixed Assets—Net

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

Other Income (Expense)—Net

For the current period, multiple segments recorded profits and losses related to foreign exchange. Also, the Lifestyle Segment recorded a profit from a valuation gain on an options contract.

Finance Income (Costs)

Dividend Income

Mainly the Mineral & Metal Resources Segment recorded a decrease, while the Energy Segment recorded an increase.

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

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

Income Taxes

Income taxes for the current period were ¥131.8 billion, an increase of ¥8.7 billion from ¥123.1 billion for the previous period. The effective tax rate for the current period was 19.2%, a decline of 3.6 points from 22.8% for the previous period. The major factor for the decline was the unrecognized tax effect with respect to a portion of the increase in the "Share of Profit (Loss) of Investments Accounted for Using the Equity Method" for the current period.

Profit for the Period Attributable to Owners of the Parent

As a result, profit for the period attributable to owners of the parent was ¥539.1 billion, an increase of ¥134.5 billion from the previous period.

2) Operating Results by Operating Segment

The fluctuation analysis for the results by operating segment is as follows.

Mineral & Metal Resources Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the Period Attributable to Owners of the Parent	247.2	271.0	(23.8)
Gross Profit	203.3	210.6	(7.3)
Profit (Loss) of Equity Method Investments	83.6	67.5	+16.1
Dividend Income	42.7	80.7	(38.0)
Selling, General and Administrative Expenses	(16.2)	(15.1)	(1.1)
Others	(66.2)	(72.7)	+6.5

- Gross Profit decreased mainly due to the following factors:
 - Iron ore mining operations in Australia recorded a decrease of ¥59.0 billion mainly due to lower sales prices.
 - Coal mining operations in Australia recorded an increase of ¥45.7 billion mainly due to higher sales prices.
- Profit (Loss) of Equity Method Investments increased mainly due to the following factors:
 - Coal mining operations in Australia recorded an increase mainly due to higher sales prices.
 - Inner Mongolia Erdos Electric Power & Metallurgical Co., Ltd recorded an increase of ¥8.8 billion, mainly in the ferroalloys and chemicals businesses due to higher market prices caused by strong demand in China.
 - Inversiones Mineras Becrux SpA, which invests in Anglo American Sur S.A., a copper mining company in Chile, recorded a decrease of ¥3.3 billion mainly due to lower sales prices.
 - Iron ore mining operations in Australia recorded a decrease of ¥11.5 billion mainly due to lower sales prices.
- Dividend Income decreased mainly due to lower dividends from Vale S.A.
- In addition to the above, the following factors also affected results:
 - For the previous 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, a business division at Headquarters recorded an increase due to commodity derivative transactions for the copper mining business.
 - Coal mining operations in Australia recorded an increase of ¥3.4 billion due to foreign exchange related gain.

Energy Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the Period Attributable to Owners of the Parent	55.4	(4.8)	+60.2
Gross Profit	63.2	23.9	+39.3
Profit (Loss) of Equity Method Investments	44.6	14.4	+30.2
Dividend Income	25.4	16.8	+8.6
Selling, General and Administrative Expenses	(30.1)	(25.0)	(5.1)
Others	(47.7)	(34.9)	(12.8)

- Gross Profit increased mainly due to the following factors:
 - Mitsui E&P Australia Holdings Pty. Ltd. recorded an increase of ¥25.3 billion, mainly due to higher oil prices and an increase in production.
 - Mitsui E&P USA LLC recorded an increase of ¥21.7 billion mainly due to higher gas prices.
 - Mitsui E&P Italia A S.r.l recorded an increase of ¥8.8 billion mainly due to higher oil prices.
 - MEP Texas Holdings LLC recorded an increase of ¥7.1 billion mainly due to higher oil and gas prices.

- Mitsui E&P Middle East B.V. recorded an increase of ¥4.0 billion mainly due to higher oil prices.
- Mitsui & Co. Energy Trading Singapore Pte. Ltd. recorded an increase of ¥3.9 billion mainly due to good trading performance.
- MOEX North America LLC recorded an increase of ¥3.8 billion mainly due to higher oil prices.
- A business division at Headquarters recorded a decrease, mainly due to a derivative loss to hedge the LNG trading business, recognized in advance during the current period.
- Profit (Loss) of Equity Method Investments increased mainly due to the following factors:
 - Japan Australia LNG (MIMI) Pty. Ltd recorded an increase mainly due to higher oil and gas prices.
 - Japan Arctic LNG B.V. recorded an increase of ¥3.1 billion, mainly due to valuation gains on oil prices and foreign exchange fluctuations.
- Dividends from four LNG projects (Sakhalin II, Abu Dhabi, Oman and Qatargas 3) were ¥24.2 billion in total, an increase of ¥7.8 billion from the previous period (*).

(*) During the previous year, interest expired for Qatargas 1.
- In addition to the above, the following factors also affected results:
 - A business division at Headquarters recorded a loss of ¥8.2 billion, mainly due to a foreign exchange related loss to hedge the LNG trading business, whereas a gain of ¥8.5 billion was recorded due to a fuel supply trade.
 - During the previous 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.
 - Mitsui Oil Exploration Co., Ltd. recorded an increase of ¥3.7 billion mainly due to foreign exchange related profits and losses.
 - Mitsui Oil Exploration Co., Ltd. recorded a decrease of ¥3.2 billion in corporate income tax, mainly due to recognition of tax-deductible expense in connection with the expiration of a concession agreement.

Machinery & Infrastructure Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the Period Attributable to Owners of the Parent	89.7	52.9	+36.8
Gross Profit	97.4	66.9	+30.5
Profit (Loss) of Equity Method Investments	99.1	68.0	+31.1
Dividend Income	2.4	2.8	(0.4)
Selling, General and Administrative Expenses	(77.6)	(61.3)	(16.3)
Others	(31.6)	(23.5)	(8.1)

- Gross Profit increased mainly due to the following factors:
 - An increase of ¥4.9 billion was recorded due to the consolidation of Inversiones Mitta SpA.
 - PT. Bussan Auto Finance recorded an increase of ¥4.1 billion, mainly due to higher interest income following accumulation of operating assets.
- Profit (Loss) of Equity Method Investments increased mainly due to the following factors:
 - MBK USA Commercial Vehicles Inc. recorded an increase of ¥10.7 billion due to good performance in the truck leasing and rental business.
 - Penske Automotive Group, Inc. recorded an increase of ¥5.9 billion due to steady sales.
 - A gas distribution business recorded an increase of ¥4.7 billion, mainly due to higher revenue from strong industrial gas demand.
 - IPP business recorded a decrease of ¥3.0 billion, mainly due to foreign exchange losses from yen-denominated lease receivables and borrowings in Indonesia.
- In addition to the above, the following factors also affected results:

- For the current period, a fixed asset impairment loss of ¥8.4 billion was recorded based on the latest estimation regarding the decrease in revenue and the increased discount rate for the railway business in Brazil.
- For the current period, the corporate income tax burden was reduced by ¥4.8 billion due to tax expenses being recognized as other comprehensive income resulting from the sale of financial assets measured at FVTOCI.
- For the current period, an impairment loss of ¥3.1 billion was recorded, based on a revision to the sale and purchase agreement and sale and purchase conditions for the shares of MT Falcon Holdings S.A.P.I. de C.V.
- For the previous period, an impairment loss of ¥9.7 billion was recorded, based on the conclusion of the sale and purchase agreement for the shares of MT Falcon Holdings S.A.P.I. de C.V.

Chemicals Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the Period Attributable to Owners of the Parent	39.3	27.6	+11.7
Gross Profit	114.1	86.0	+28.1
Profit (Loss) of Equity Method Investments	13.9	10.2	+3.7
Dividend Income	2.0	1.6	+0.4
Selling, General and Administrative Expenses	(68.8)	(57.2)	(11.6)
Others	(21.9)	(13.0)	(8.9)

- Gross Profit increased mainly due to the following factors:
 - An increase was recorded at a business division at Headquarters mainly due to good performance in fertilizer raw materials trading.
 - An increase of ¥4.4 billion was recorded in Novus International, Inc. mainly due to an increase in product prices.
 - An increase was recorded at Mitsui Agro Business S.A. mainly due to higher prices in the fertilizer markets.

Iron & Steel Products Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the Period Attributable to Owners of the Parent	14.3	12.2	+2.1
Gross Profit	21.1	16.2	+4.9
Profit (Loss) of Equity Method Investments	14.6	12.8	+1.8
Dividend Income	1.5	0.8	+0.7
Selling, General and Administrative Expenses	(14.7)	(12.1)	(2.6)
Others	(8.2)	(5.5)	(2.7)

- Gross Profit increased mainly due to the following factor:
 - Mitsui & Co. Steel Ltd. recorded an increase of ¥3.2 billion due to good performance in trading.

Lifestyle Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the Period Attributable to Owners of the Parent	25.7	20.9	+4.8
Gross Profit	88.2	69.0	+19.2
Profit (Loss) of Equity Method Investments	18.6	22.9	(4.3)
Dividend Income	3.2	2.3	+0.9
Selling, General and Administrative Expenses	(72.2)	(65.6)	(6.6)
Others	(12.1)	(7.7)	(4.4)

- Gross Profit increased mainly due to the following factors:
 - A business division at Headquarters recorded an increase of ¥11.1 billion mainly due to foreign exchange impact in the coffee trading business following depreciation of the yen.
 - A business division at Headquarters recorded an increase of ¥4.7 billion mainly due to good performance in grain trading.
 - For the current period, MBK Pharma Partnering Inc., a drug discovery support fund, recorded a valuation loss of ¥4.9 billion mainly due to the valuation loss of a drug investment.
- Profit (Loss) of Equity Method Investments decreased mainly due to the following factors:
 - A decrease of ¥4.3 billion due to the absence of equity method profit recorded in the previous period following PHC Holdings Corporation becoming categorized as an investment other than equity method in the third quarter of previous year.
 - IHH Healthcare Berhad recorded an increase of ¥3.9 billion, mainly due an increase in hospital admissions and outpatient visits, and cost reduction effects resulting from operational improvements.
- In addition to the above, the following factors also affected results:
 - For the current period, a business division at Headquarters recorded a foreign exchange related loss of ¥17.4 billion for hedging purposes in the coffee trading business.
 - For the current period, a valuation gain of ¥16.8 billion was recorded for the foreign exchange translation of a put option in relation to JSC R-Pharm.

Innovation & Corporate Development Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the Period Attributable to Owners of the Parent	35.5	30.8	+4.7
Gross Profit	40.0	53.6	(13.6)
Profit (Loss) of Equity Method Investments	8.9	11.1	(2.2)
Dividend Income	3.2	2.4	+0.8
Selling, General and Administrative Expenses	(40.2)	(34.0)	(6.2)
Others	23.6	(2.3)	+25.9

- Gross Profit decreased mainly due to the following factors:
 - A business division at Headquarters recorded a decrease due to fluctuation of commodity prices.
 - A decrease of ¥3.8 billion, mainly due to the absence of a fair value valuation gain recorded in the previous period following the public listing of Kaltura, Inc in the US.
 - A decrease of ¥3.5 billion, mainly due to the absence of a gain recorded in the previous period following the sale of shares of Wise plc. in the UK.
 - A decrease of ¥3.3 billion, mainly due to the absence of a fair value valuation gain recorded in the previous period following the public listing of Spire Global, Inc. in the US.
 - Mitsui Bussan Commodities Ltd. recorded an increase of ¥7.0 billion mainly due to good derivative trading performance.

- Profit (Loss) of Equity Method Investments decreased mainly due to the following factor:
 - A decrease of ¥3.0 billion recorded mainly due to the decrease in fair value of shares held in Peterson Ventures Partners, which carries out venture investments.
- In addition to the above, the following factors also affected results:
 - A business division at Headquarters recorded an increase mainly due to foreign exchange fluctuations.
 - For the current period, a gain was recorded for the sale of Southernwood Property Pte., which is an investment vehicle that owns an office building in Singapore.
 - For the current period, a gain of ¥11.6 billion was recorded for the sale of multiple properties in the US.
 - For the current period, a gain of ¥4.0 billion was recorded for the sale of investment securities.

3) Evaluation of assets and liabilities for the Russian LNG business

The Russian LNG business which we participate, is affected by the Russia-Ukraine situation. Based on discussions with each partner, we have evaluated its relevant assets and liabilities.

For the current period, in relation to the investment in Sakhalin II project, we have undertaken the ownership of Sakhalin Energy LLC (“SELLC”) on September 2, 2022, which was established based on Russian Presidential Decree (No.416) dated June 30, 2022 and Resolution of the Government of the Russian Federation dated August 2, 2022 (No.1369), through MIT SEL Investment Ltd, a newly established our subsidiary. Consequently, we continue to invest in Sakhalin II project and it does not impact on the Condensed Consolidated Financial Statements. As of September 30, 2022, the situation still remains uncertain as the final LLC Members composition is not yet decided, the LLC Members agreement is not signed, etc.

Based on the current situation, the fair value was measured using the income approach by expected present value technique with the probability-weighted average considering a scenario where the continuous dividend income is predicted through an investment in SELLC and other scenarios. As a result, the investment balance in Sakhalin II project as of September 30, 2022 was ¥97.3 billion. Also, for the current period, a decrease of ¥134.9 billion in the fair value of the investment was recorded in Other Comprehensive Income.

The Company did not recognize any significant profit / loss or other comprehensive income in the current period with respect to the Arctic LNG2 project. The balance of the investments, loans and guarantees related to the Arctic LNG2 project was ¥185.8 billion (¥15.4 billion in investments and loans and ¥170.5 billion in guarantees) at the end of the current period. In addition, a provision for loss on guarantees of ¥19.0 billion has been recorded. For further details, please refer to "Notes to Condensed Consolidated Financial Statements 16. IMPACT OF THE RUSSIA-UKRAINE SITUATION ON THE RUSSIAN LNG BUSINESS".

(3) Financial Condition and Cash Flows

1) Financial Condition

(Billions of Yen)	September 30, 2022	March 31, 2022	Change
Total Assets	16,037.8	14,923.3	+1,114.5
Current Assets	6,157.7	5,716.7	+441.0
Non-current Assets	9,880.1	9,206.6	+673.5
Current Liabilities	4,632.4	3,808.6	+823.8
Non-current Liabilities	5,143.2	5,319.2	(176.0)
<i>Net Interest-bearing Debt</i>	<i>3,744.7</i>	<i>3,338.9</i>	<i>+405.8</i>
Total Equity Attributable to Owners of the Parent	6,045.3	5,605.2	+440.1
Net Debt-to-Equity Ratio (times)	0.62	0.60	+0.02

(*) “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 decreased by ¥61.3 billion.
- Trade and other receivables increased by ¥117.6 billion, mainly due to the following factors:
 - An increase in trade receivables by ¥50.9 billion, mainly due to higher market prices and increases in trading volume in the Lifestyle Segment, and an increase in trading volume in the Iron and Steel Products Segment.
 - An increase in the current portion of long-term receivables by ¥66.5 billion, mainly due to reclassification to current maturities and foreign exchange fluctuations in the Machinery & Infrastructure Segment.
- Other financial assets increased by ¥275.3 billion, mainly due to market fluctuations and increases in trading volume in the Innovation & Corporate Development Segment, and increases in trading volume in the Machinery & Infrastructure Segment.
- Inventories increased by ¥72.1 billion, mainly due to higher market prices in the Chemicals Segment, and an increase in trading volume in the Machinery & Infrastructure Segment.
- Advance payments to suppliers increased by ¥33.5 billion, mainly due to increases in trading volume in the Machinery & Infrastructure Segment.

Non-current Assets:

- Investments accounted for using the equity method increased by ¥626.7 billion, mainly due to the following factors:
 - An increase of ¥406.5 billion resulting from foreign exchange fluctuations.
 - An increase of ¥79.8 billion due to an investment in the holding company of Mainstream Renewable Power Limited.
 - An increase of ¥283.6 billion corresponding to the profit of equity method investments for the current period, and a decline of ¥226.7 billion due to dividends from equity accounted investees.

- An increase due to an investment in Climate Friendly Pty Ltd.
- A decrease of ¥10.7 billion due to the sale of Southernwood Property Pte.
- Other investments decreased by ¥276.5 billion, mainly due to the following factors:
 - Fair value on financial assets measured at FVTOCI decreased by ¥352.5 billion (including a decrease of ¥134.9 billion of the equity interest in Sakhalin II project).
 - A decrease of ¥16.3 billion due to the sale of financial assets measured at FVTOCI in the Machinery & Infrastructure Segment.
 - An increase of ¥71.5 billion resulting from foreign exchange fluctuations.
 - An increase in relation to an investment in a large-scale renewable energy project in India.
 - Financial assets measured at FVTPL increased by ¥10.3 billion due to changes in fair value.
- Other financial assets increased by ¥83.5 billion, mainly due to increases in trading volume in the Machinery & Infrastructure Segment and a ¥16.8 billion increase in valuation of a put option related to investment in JSC R-Pharm.
- Property, plant and equipment increased by ¥159.6 billion, mainly due to the following factors:
 - An increase of ¥56.0 billion (including an increase of ¥75.6 billion due to foreign exchange fluctuations) in the oil and gas projects.
 - An increase of ¥26.8 billion (including an increase of ¥22.8 billion due to foreign exchange fluctuations) at Intercontinental Terminals Company, LLC.
 - An increase of ¥14.2 billion (including an increase of ¥9.9 billion due to foreign exchange fluctuations) at iron ore mining operations in Australia.
 - An increase of ¥14.1 billion (including an increase of ¥15.5 billion due to foreign exchange fluctuations) at MBK Real Estate Holdings Inc.
- Intangible assets increased by ¥43.0 billion, mainly due to consolidation of Position Partners Pty Ltd., and the consolidation of Lee Soon Seng Plastic Industries Sdn. Bhd.
- Deferred tax assets increased by ¥21.3 billion, mainly due to the impact of foreign exchange fluctuations in hedges of net investments in foreign operations.

Liabilities

Current Liabilities:

- Short-term debt increased by ¥48.5 billion.
- Current portion of long-term debt increased by ¥556.7 billion, mainly due to reclassification to current maturities.
- Trade and other payables decreased by ¥20.3 billion, mainly due to a decrease in accounts payable.
- Other financial liabilities increased by ¥178.4 billion, corresponding to the increase in other financial assets.
- Advances from customers increased by ¥42.3 billion, corresponding to the increase in advance payments to suppliers.

Non-current Liabilities:

- Long-term debt, less current portion, decreased by ¥257.6 billion.
- Other financial liabilities increased by ¥95.5 billion, mainly due to a corresponding increase in other financial assets.
- Provisions increases by ¥23.6 billion, mainly due to an increase in asset retirement obligations resulting from foreign exchange fluctuations at Mitsui Oil Exploration Co., Ltd.
- Deferred tax liabilities decreased by ¥39.3 billion, mainly due to a corresponding decrease in financial assets measured at FVTOCI.

Total Equity Attributable to Owners of the Parent

- Retained earnings increased by ¥311.5 billion.
- Other components of equity increased by ¥83.3 billion, mainly due to the following factors:
 - Foreign currency translation adjustments increased by ¥407.0 billion, mainly reflecting the appreciation in the US dollar, Australian dollar, and Brazilian real against Japanese yen.
 - Financial assets measured at FVTOCI decreased by ¥269.1 billion.
- Treasury stock, which is a subtraction item in shareholders' equity, decreased by ¥43.4 billion mainly due to cancellation of ¥143.2 billion of treasury stock, though ¥100.0 billion of shares were repurchased.

2) Cash Flows

(Billions of Yen)	Current Period	Previous Period	Change
Cash Flows from Operating Activities	310.4	307.2	+3.2
Cash Flows from Investing Activities	(132.0)	(148.8)	+16.8
Free Cash Flow	178.4	158.4	+20.0
Cash Flows from Financing Activities	(308.0)	(350.6)	+42.6
Effect of Exchange Rate Changes on Cash and Cash Equivalents etc.	68.3	(10.7)	+79.0
Change in Cash and Cash Equivalents	(61.3)	(202.9)	+141.6

Cash Flows from Operating Activities

(Billions of Yen)		Current Period	Previous Period	Change
Cash Flows from Operating Activities	a	310.4	307.2	+3.2
Cash Flows from Change in Working Capital	b	(328.9)	(247.6)	(81.3)
Repayments of Lease Liabilities	c	(27.8)	(27.9)	+0.1
Core Operating Cash Flow	a-b+c	611.5	526.9	+84.6

- Cash flows from change in working capital (changes in operating assets and liabilities) was ¥328.9 billion of net cash outflow. Repayments of lease liabilities was ¥27.8 billion of net cash outflow. Core Operating Cash Flow, which equals cash flows from operating activities excluding changes in working capital and repayments of lease liabilities, amounted to ¥611.5 billion.
 - Net cash inflow from dividend income, including dividends received from equity accounted investees, for the current period totaled ¥313.9 billion, an increase of ¥75.5 billion from ¥238.4 billion for the previous period.
 - Depreciation and amortization for the current period was ¥137.0 billion, a decrease of ¥9.9 billion from ¥146.9 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	269.5	240.6	+28.9
Energy	124.8	87.1	+37.7
Machinery & Infrastructure	92.6	77.1	+15.5
Chemicals	50.9	43.5	+7.4
Iron & Steel Products	7.3	5.4	+1.9
Lifestyle	19.0	22.1	(3.1)
Innovation & Corporate Development	18.2	26.6	(8.4)
All Other and Adjustments and Eliminations	29.2	24.5	+4.7
Consolidated Total	611.5	526.9	+84.6

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 ¥102.0 billion, mainly due to the following factors:
 - A cash outflow for an investment in the holding company of Mainstream Renewable Power Limited, for ¥79.8 billion.
 - A cash outflow for the acquisition of shares in Climate Friendly Pty Ltd.
 - A cash inflow from the sale of shares in Southernwood Property Pte, for ¥20.1 billion.
- Net cash outflows that corresponded to other investments (net of sales and maturities of other investments) were ¥12.3 billion, mainly due to the following factors:
 - A cash outflow in relation to an investment in a large-scale renewable energy project in India.
 - A cash inflow from the sale of financial assets measured at FVTOCI in the Machinery & Infrastructure Segment, for ¥16.3 billion.
- Net cash outflows that corresponded to purchases of property, plant, and equipment (net of sales of those assets) were ¥88.2 billion, mainly due to the following factors:
 - A cash outflow for iron ore mining operations in Australia for ¥25.0 billion.
 - A cash outflow for oil and gas production operations for ¥21.5 billion.
 - A cash outflow for coal mining operations in Australia for ¥11.0 billion.
- Net cash inflows that corresponded to sales of investment property (net of purchases of those assets) were ¥33.7 billion, mainly due to the following factor:
 - A cash inflow from the sale of multiple properties by MBK Real Estate Holdings Inc. for ¥32.6 billion.

Cash Flows from Financing Activities

- Net cash inflows from net change in short-term debt was ¥15.2 billion, net cash outflows from net change in long-term debt was ¥60.9 billion, and cash outflows from repayments of lease liabilities was ¥27.8 billion.
- A cash outflow from the purchases of treasury stock was ¥100.0 billion.
- A cash outflow from payments of dividends was ¥96.1 billion.
- A cash outflow from transactions with non-controlling interest shareholders was ¥38.2 billion, mainly due to payments in relation to shares of Mitsui Oil Exploration Co., Ltd., acquired in the previous fiscal year.

(4) Management Issues

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

For the current period, approximately ¥350.0 billion of loans and investments were allocated, mainly for the holding company of Mainstream Renewable Power Limited, iron ore mining operations in Australia, the company Climate Friendly Pty Ltd., oil and gas production operations, a large-scale renewable energy project in India, and in coal mining operations in Australia. On the other hand, we carried out approximately ¥150.0 billion of asset recycling with the sale of real estate operations in the US and Singapore, and the sale of financial assets measured at FVTOCI.

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, 2023

<Assumption>	<u>1st Half</u> (Actual)	<u>2nd Half</u> (Forecast)	<u>Revised</u> <u>Forecast</u> (November 2022)	<u>Original</u> <u>Forecast</u> (May 2022)
Exchange rate (USD/JPY)	135.30	140.00	137.65	120.00
Crude oil (JCC)	\$109/bbl	\$85/bbl	\$97/bbl	\$98/bbl
Consolidated oil price	\$87/bbl	\$90/bbl	\$89/bbl	\$88/bbl

(Billions of Yen)	March 31, 2023 Revised forecast (November 2022)	March 31, 2023 Original forecast (May 2022)	Change	Description
Gross profit	1,300.0	1,150.0	+150.0	FX impact, Mineral & Metal Resources, Energy
Selling, General and Administrative Expenses	(680.0)	(660.0)	(20.0)	
Gain (Loss) on Investments, Fixed Assets and Other	80.0	50.0	+30.0	Mineral & Metal Resources
Interest Expenses	(80.0)	(75.0)	(5.0)	
Dividend Income	140.0	135.0	+5.0	Mineral & Metal Resources
Profit (Loss) of Equity Method Investments	510.0	430.0	+80.0	FX impact, Machinery & Infrastructure, Energy
Profit before Income Taxes	1,270.0	1,030.0	+240.0	
Income Taxes	(260.0)	(200.0)	(60.0)	
Non-Controlling Interests	(30.0)	(30.0)	-	
Profit for the Year Attributable to Owners of the Parent	980.0	800.0	+180.0	Rate of change: +22.5%
Depreciation and Amortization	270.0	250.0	+20.0	
Core Operating Cash Flow	1,130.0	950.0	+180.0	Rate of change: +18.9%

- For further major assumptions in addition to oil prices and USD/JPY, please refer to “3) Key commodity prices and other parameters for the year ending March 31, 2023”.

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, 2023 Revised forecast (November 2022)	March 31, 2023 Original forecast (May 2022)	Change	Description
Mineral & Metal Resources	400.0	330.0	+70.0	FX impact, asset sales
Energy	230.0	160.0	+70.0	FX impact, LNG trading business
Machinery & Infrastructure	175.0	160.0	+15.0	Mobility business
Chemicals	70.0	70.0	—	
Iron & Steel Products	20.0	20.0	—	
Lifestyle	50.0	50.0	—	
Innovation & Corporate Development	55.0	40.0	+15.0	Asset sales, commodity trading business
All Other and Adjustments and Eliminations	(20.0)	(30.0)	+10.0	
Consolidated Total	980.0	800.0	+180.0	

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, 2023 Revised forecast (November 2022)	March 31, 2023 Original forecast (May 2022)	Change	Description
Mineral & Metal Resources	410.0	370.0	+40.0	FX impact
Energy	360.0	270.0	+90.0	FX impact, LNG trading business
Machinery & Infrastructure	180.0	130.0	+50.0	Mobility business
Chemicals	95.0	90.0	+5.0	
Iron & Steel Products	15.0	10.0	+5.0	
Lifestyle	25.0	40.0	(15.0)	Coffee trading business
Innovation & Corporate Development	35.0	30.0	+5.0	
All Other and Adjustments and Eliminations	10.0	10.0	-	
Consolidated Total	1,130.0	950.0	+180.0	

3) Key commodity prices and other parameters for the year ending March 31, 2023

The table below shows assumptions for key commodity prices and foreign exchange rates of the forecast for the year ending March 31, 2023. 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, 2023 (Announced in May 2022)			Original Forecast (Announced in May 2022)	March 31, 2023		Revised Forecast (1st and 2nd half average) (Announced in November 2022)	
				1 st Half (Result)	2 nd Half (Assumption)		
Commodity	Crude Oil/JCC	—	98	109	85	97	
	Consolidated Oil Price (*1)	¥2.2 bn (US\$1/bbl)	88	87	90	89	
	US Natural Gas (*2)	¥1.0 bn (US\$0.1/mmBtu)	4.89	6.03(*3)	7.2	6.62	
	Iron Ore (*4)	¥2.2 bn (US\$1/ton)	(*5)	121(*6)	(*5)	(*5)	
	Coal	Coking	¥0.5 bn (US\$1/ton)	(*5)	406(*7)	(*5)	(*5)
		Thermal	¥0.1 bn (US\$1/ton)	(*5)	374(*7)	(*5)	(*5)
	Copper (*8)	¥0.7 bn (US\$100/ton)	9,150	9,756(*9)	7,521	8,638	
Forex (*10)	USD	¥4.6 bn (¥1/USD)	120.00	135.30	140.00	137.65	
	AUD	¥2.5 bn (¥1/AUD)	88.00	93.51	93.00	93.26	
	BRL	¥0.3 bn (¥1/BRL)	25.00	26.52	25.00	25.76	

(*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, 2023, 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 much of the natural gas Mitsui deals with doesn't correlate with Henry Hub (HH), the above sensitivities show the impact of changes in the weighted average gas sale price, not sensitivity to HH prices.

(*3) US gas figures for the year ending March 31, 2023 H1 (Result) are the Henry Hub Natural Gas Futures average daily prompt month closing prices traded on NYMEX during January to June 2022.

(*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, 2023 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 2022.

(*7) Coal results figures for the year ending March 31, 2023 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 2022.

(*9) Copper results figures for the year ending March 31, 2023 H1 (Result) are the averages of the LME monthly average cash settlement prices for the period from January to June 2022.

(*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 repurchased ¥100.0 billion of our own stock between May 6 and September 22, 2022 following the announcement "Notification of Stock Repurchase" on May 2, 2022. Additionally, we announced a new repurchase program on November 1, 2022, targeting up to ¥140.0 billion of shares to be repurchased between November 2, 2022 and February 28, 2023. Together with this, we have decided we will cancel all of these newly purchased shares, in addition to 10 million existing treasury shares. For details, please refer to the "Notification of Stock Repurchase and Cancellation of Treasury Stock" on our website.

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, 2023 is planned to be ¥130 per share (an increase of ¥10 from the previous forecast), an upward revision of ¥25 from the previous year, taking into consideration the Core Operating Cash Flow and Profit for the year attributable to owners of the parent in the revised forecasts announced on November 1, 2022, as well as the stability and continuity of dividend payments. In accordance with this, we decided to pay an interim dividend of ¥65 per share, an increase of ¥20 from the previous period, and a ¥5 increase from the previous forecast.

(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 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS II. USE OF ESTIMATES AND JUDGMENTS".

(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, 2022 and March 31, 2022

	Millions of Yen	
	September 30, 2022	March 31, 2022
ASSETS		
Current Assets:		
Cash and cash equivalents	¥ 1,066,610	¥ 1,127,868
Trade and other receivables	2,420,749	2,303,140
Other financial assets (Note 13)	1,273,226	997,862
Inventories (Note 13)	1,021,838	949,663
Advance payments to suppliers	216,895	183,370
Other current assets	158,373	154,780
Total current assets	6,157,691	5,716,683
Non-current Assets:		
Investments accounted for using the equity method(Note 16)	4,014,074	3,387,371
Other investments (Notes 13 and 16).....	2,070,880	2,347,414
Trade and other receivables (Notes 13 and 16)	334,503	319,977
Other financial assets (Note 13)	251,348	167,845
Property, plant and equipment (Note 6)	2,350,526	2,190,902
Investment property (Note 6)	315,419	318,570
Intangible assets	295,957	253,039
Deferred tax assets	121,973	100,743
Other non-current assets	125,380	120,746
Total non-current assets	9,880,060	9,206,607
Total assets	¥ 16,037,751	¥ 14,923,290

Condensed Consolidated Statements of Financial Position—(Continued)

Mitsui & Co., Ltd. and subsidiaries
September 30, 2022 and March 31, 2022

	Millions of Yen	
	September 30, 2022	March 31, 2022
LIABILITIES AND EQUITY		
Current Liabilities:		
Short-term debt	¥ 330,293	¥ 281,831
Current portion of long-term debt (Note 8)	967,023	410,257
Trade and other payables	1,718,785	1,739,149
Other financial liabilities (Notes 12 and 13)	1,181,647	1,003,156
Income tax payables	70,367	68,456
Advances from customers	244,382	202,074
Provisions	62,743	48,589
Other current liabilities	57,208	55,114
Total current liabilities	<u>4,632,448</u>	<u>3,808,626</u>
Non-current Liabilities:		
Long-term debt, less current portion (Notes 8 and 13)	3,927,769	4,185,375
Other financial liabilities (Notes 12, 13 and 16)	242,472	147,031
Retirement benefit liabilities	39,825	38,045
Provisions	289,808	266,161
Deferred tax liabilities	614,721	653,979
Other non-current liabilities	28,621	28,657
Total non-current liabilities	<u>5,143,216</u>	<u>5,319,248</u>
Total liabilities	<u>9,775,664</u>	<u>9,127,874</u>
Equity:		
Common stock	342,560	342,384
Capital surplus	378,244	376,516
Retained earnings	4,477,520	4,165,962
Other components of equity (Note 9)	910,675	827,441
Treasury stock	(63,717)	(107,098)
Total equity attributable to owners of the parent	<u>6,045,282</u>	<u>5,605,205</u>
Non-controlling interests	216,805	190,211
Total equity	<u>6,262,087</u>	<u>5,795,416</u>
Total liabilities and equity	<u>¥ 16,037,751</u>	<u>¥ 14,923,290</u>

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, 2022 and 2021

	Millions of Yen	
	Six-month Period Ended September 30, 2022	Six-month Period Ended September 30, 2021
Revenue (Notes 4, 5 and 13)	¥ 7,423,815	¥ 5,416,199
Cost (Note 13)	(6,791,900)	(4,888,776)
Gross Profit (Note 4)	631,915	527,423
Other Income (Expenses):		
Selling, general and administrative expenses	(326,023)	(279,267)
Gain (loss) on securities and other investments-net (Notes 7 and 13)	18,153	(14,616)
Impairment reversal (loss) of fixed assets-net(Note 7)	(10,826)	(12,709)
Gain (loss) on disposal or sales of fixed assets-net	15,793	5,974
Other income (expense)-net (Note 13)	15,852	15,287
Total other income (expenses)	(287,051)	(285,331)
Finance Income (Costs):		
Interest income	18,110	9,490
Dividend income	80,916	107,855
Interest expense	(39,656)	(25,824)
Total finance income (costs)	59,370	91,521
Share of Profit (Loss) of Investments Accounted for Using the Equity Method (Note 4)	283,573	207,041
Profit before Income Taxes	687,807	540,654
Income Taxes	(131,773)	(123,144)
Profit for the Period	¥ 556,034	¥ 417,510
 Profit for the Period Attributable to:		
Owners of the parent (Note 4).....	¥ 539,104	¥ 404,630
Non-controlling interests	16,930	12,880
	Yen	
Earnings per Share Attributable to Owners of the Parent (Note 11):		
Basic	¥ 339.69	¥ 246.22
Diluted	¥ 339.57	¥ 246.11

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, 2022 and 2021**

	Millions of Yen	
	Six-month Period Ended September 30, 2022	Six-month Period Ended September 30, 2021
Comprehensive Income:		
Profit for the period	¥ 556,034	¥ 417,510
Other comprehensive income :		
Items that will not be reclassified to profit or loss:		
Financial assets measured at FVTOCI	(355,470)	(35,341)
Remeasurements of defined benefit pension plans	126	283
Share of other comprehensive income of investments accounted for using the equity method	(3,609)	9,018
Income tax relating to items not reclassified	101,732	10,809
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments	14,026	(31,648)
Cash flow hedges	(110,101)	(48,176)
Share of other comprehensive income of investments accounted for using the equity method	475,050	40,297
Income tax relating to items that may be reclassified	(14,844)	(1,006)
Total other comprehensive income	106,910	(55,764)
Comprehensive Income for the Period	¥ 662,944	¥ 361,746
Comprehensive Income for the Period Attributable to:		
Owners of the parent	¥ 633,794	¥ 348,940
Non-controlling interests	29,150	12,806

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, 2022 and 2021

	Millions of Yen	
	Three-month Period Ended September 30, 2022	Three-month Period Ended September 30, 2021
Revenue (Notes 4, 5 and 13)	¥ 3,703,284	¥ 2,758,165
Cost (Note 13)	(3,384,799)	(2,498,979)
Gross Profit (Note 4)	318,485	259,186
Other Income (Expenses):		
Selling, general and administrative expenses	(170,074)	(140,668)
Gain (loss) on securities and other investments-net (Notes 7 and 13)	6,594	(9,947)
Impairment reversal (loss) of fixed assets-net(Note 7)	(10,555)	(12,922)
Gain (loss) on disposal or sales of fixed assets-net	8,864	4,294
Other income (expense)-net (Note 13)	7,567	6,363
Total other income (expenses)	(157,604)	(152,880)
Finance Income (Costs):		
Interest income	11,147	4,832
Dividend income	46,341	74,163
Interest expense	(23,255)	(11,434)
Total finance income (costs)	34,233	67,561
Share of Profit (Loss) of Investments Accounted for Using the Equity Method (Note 4)	144,736	110,596
Profit before Income Taxes	339,850	284,463
Income Taxes	(72,175)	(66,958)
Profit for the Period	¥ 267,675	¥ 217,505
 Profit for the Period Attributable to:		
Owners of the parent (Note 4).....	¥ 264,104	¥ 213,366
Non-controlling interests	3,571	4,139

	Yen	
Earnings per Share Attributable to Owners of the Parent (Note 11):		
Basic	¥ 167.28	¥ 130.69
Diluted	¥ 167.22	¥ 130.63

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, 2022	Three-month Period Ended September 30, 2021
Comprehensive Income:		
Profit for the period	¥ 267,675	¥ 217,505
Other comprehensive income :		
Items that will not be reclassified to profit or loss:		
Financial assets measured at FVTOCI	(40,740)	(260,736)
Remeasurements of defined benefit pension plans	145	(17)
Share of other comprehensive income of investments accounted for using the equity method	(2,996)	6,862
Income tax relating to items not reclassified	9,497	78,523
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments	(8,937)	(31,348)
Cash flow hedges	(61,862)	(41,342)
Share of other comprehensive income of investments accounted for using the equity method	173,768	(11,658)
Income tax relating to items that may be reclassified	(7,781)	4,807
Total other comprehensive income	61,094	(254,909)
Comprehensive Income for the Period	¥ 328,769	¥ (37,404)
Comprehensive Income for the Period Attributable to:		
Owners of the parent	¥ 321,388	¥ (39,665)
Non-controlling interests	7,381	2,261

Condensed Consolidated Statements of Changes in Equity
Mitsui & Co., Ltd. and subsidiaries
For the Six-Month Periods Ended September 30, 2022 and 2021

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

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, 2022	¥ 342,384	¥ 376,516	¥ 4,165,962	¥ 827,441	¥ (107,098)	¥ 5,605,205	¥ 190,211	¥ 5,795,416
Profit for the period			539,104			539,104	16,930	556,034
Other comprehensive income for the period ...				94,690		94,690	12,220	106,910
Comprehensive income for the period			539,104	94,690		633,794	29,150	662,944
Transaction with owners:								
Dividends paid to owners of the parent			(96,058)			(96,058)		(96,058)
Dividends paid to non-controlling interest shareholders							(12,655)	(12,655)
Acquisition of treasury stock					(100,157)	(100,157)		(100,157)
Sales of treasury stock		(180)	(184)		364	0		0
Cancellation of treasury stock			(143,174)		143,174	-		-
Compensation costs related to share-based payment	176	1,875				2,051		2,051
Equity transactions with non-controlling interest shareholders		33		414		447	10,099	10,546
Transfer to retained earnings			11,870	(11,870)		-		-
Balance as at September 30, 2022	¥ 342,560	¥ 378,244	¥ 4,477,520	¥ 910,675	¥ (63,717)	¥ 6,045,282	¥ 216,805	¥ 6,262,087

Condensed Consolidated Statements of Cash Flows
Mitsui & Co., Ltd. and subsidiaries
For the Six-Month Periods Ended September 30, 2022 and 2021

	Millions of Yen	
	Six-month period ended September 30, 2022	Six-month period ended September 30, 2021
Operating Activities:		
Profit for the period	¥ 556,034	¥ 417,510
Adjustments to reconcile profit for the period to cash flows from operating activities:		
Depreciation and amortization	137,037	146,908
Change in retirement benefit liabilities	2,853	2,741
Loss allowance	7,245	9,405
(Gain) loss on securities and other investments-net	(18,153)	14,616
Impairment (reversal) loss of fixed assets-net	10,826	12,709
(Gain) loss on disposal or sales of fixed assets-net	(15,793)	(5,974)
Interest income, dividend income and interest expense	(76,919)	(109,850)
Income taxes	131,773	123,144
Share of (profit) loss of investments accounted for using the equity method	(283,573)	(207,041)
Valuation (gain) loss related to contingent considerations and others	(11,984)	1,664
Changes in operating assets and liabilities:		
Change in trade and other receivables	32,504	(94,582)
Change in inventories	1,369	(107,974)
Change in trade and other payables	(125,245)	53,464
Change in derivative assets and liabilities	(17,890)	(34,510)
Change in other financial assets	(159,650)	(48,714)
Other-net	(60,069)	(15,330)
Interest received	33,306	25,215
Interest paid	(33,042)	(27,162)
Dividends received	313,942	238,377
Income taxes paid	(138,377)	(107,778)
Income taxes refunded	24,176	20,318
Cash flows from operating activities	<u>310,370</u>	<u>307,156</u>
Investing Activities:		
Change in time deposits	36,102	(50,557)
Investments in equity accounted investees	(142,333)	(40,376)
Proceeds from sales of investments in equity accounted investees.....	40,345	20,708
Purchases of other investments	(53,209)	(79,703)
Proceeds from sales and maturities of other investments	40,877	32,738
Increases in loan receivables	(8,415)	(3,891)
Collections of loan receivables	9,100	64,915
Purchases of property, plant and equipment.....	(108,956)	(91,228)
Proceeds from sales of property, plant and equipment.....	20,783	16,229
Purchases of investment property	(2,842)	(17,596)
Proceeds from sales of investment property	36,547	-
Cash flows from investing activities	<u>(132,001)</u>	<u>(148,761)</u>
Financing Activities:		
Change in short-term debt	15,226	(5,398)
Proceeds from long-term debt	502,961	457,064
Repayments of long-term debt	(563,904)	(578,838)
Repayments of lease liabilities (Note 4).....	(27,845)	(27,948)
Purchases and sales of treasury stock	(100,158)	(107,251)
Dividends paid	(96,058)	(75,083)
Transactions with non-controlling interests shareholders	(38,179)	(13,187)
Cash flows from financing activities	<u>(307,957)</u>	<u>(350,641)</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	68,330	(10,673)
Change in Cash and Cash Equivalents	(61,258)	(202,919)
Cash and Cash Equivalents at Beginning of Period	1,127,868	1,063,150
Cash and Cash Equivalents at End of Period	¥ 1,066,610	¥ 860,231

“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 fuel 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”
- Note 13 “FAIR VALUE MEASUREMENT”

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, 2022.

III. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied in the Condensed Consolidated Financial Statements for the period ended September 30, 2022 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, 2022

No material business combinations were completed during the six-month period ended September 30, 2022.

For the six-month period ended September 30, 2021

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

4. SEGMENT INFORMATION

Six-month period ended September 30, 2022:	Millions of Yen							
	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Iron & Steel Products	Lifestyle	Innovation & Corporate Development	Total
Revenue.....	¥ 1,105,500	¥ 1,950,498	¥ 516,889	¥ 1,699,997	¥ 369,071	¥ 1,676,652	¥ 105,306	¥ 7,423,913
Gross Profit.....	¥ 203,310	¥ 63,162	¥ 97,411	¥ 114,103	¥ 21,088	¥ 88,213	¥ 39,950	¥ 627,237
Share of Profit (Loss) of Investments Accounted for Using the Equity Method....	¥ 83,608	¥ 44,648	¥ 99,084	¥ 13,899	¥ 14,631	¥ 18,606	¥ 8,918	¥ 283,394
Profit for the Period Attributable to Owners of the parent.....	¥ 247,246	¥ 55,431	¥ 89,663	¥ 39,261	¥ 14,340	¥ 25,720	¥ 35,450	¥ 507,111
Core Operating Cash Flow.....	¥ 269,526	¥ 124,769	¥ 92,607	¥ 50,874	¥ 7,252	¥ 19,041	¥ 18,203	¥ 582,272
Total Assets at September 30, 2022.....	¥ 3,223,132	¥ 3,272,243	¥ 3,306,838	¥ 1,859,142	¥ 770,214	¥ 2,674,591	¥ 2,122,075	¥ 17,228,235

Six-month period ended September 30, 2022:	Millions of Yen		
	All Other	Adjustments and Eliminations	Consolidated Total
Revenue.....	¥ (98)	¥ —	¥ 7,423,815
Gross Profit.....	¥ 966	¥ 3,712	¥ 631,915
Share of Profit (Loss) of Investments Accounted for Using the Equity Method....	¥ (61)	¥ 240	¥ 283,573
Profit for the Period Attributable to Owners of the parent.....	¥ (2,512)	¥ 34,505	¥ 539,104
Core Operating Cash Flow.....	¥ 3,055	¥ 26,179	¥ 611,506
Total Assets at September 30, 2022.....	¥ 8,277,415	¥ (9,467,899)	¥ 16,037,751

Millions of Yen									
Six-month period ended September 30, 2021:	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 March 31, 2022.....	¥ 3,180,197	¥ 2,960,412	¥ 2,684,478	¥ 1,692,949	¥ 691,630	¥ 2,428,573	¥ 1,729,006	¥ 15,367,245	

Millions of Yen			
Six-month period ended September 30, 2021:	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 March 31, 2022.....	¥ 7,647,360	¥ (8,091,315)	¥ 14,923,290

Millions of Yen									
Three-month period ended September 30, 2022:	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Iron & Steel Products	Lifestyle	Innovation & Corporate Development	Total	
Revenue.....	¥ 529,844	¥ 1,009,627	¥ 288,048	¥ 830,724	¥ 187,131	¥ 805,114	¥ 53,141	¥ 3,703,629	
Gross Profit.....	¥ 95,923	¥ 46,047	¥ 53,558	¥ 54,629	¥ 12,036	¥ 35,477	¥ 20,048	¥ 317,718	
Share of Profit (Loss) of Investments Accounted for Using the Equity Method....	¥ 40,767	¥ 19,843	¥ 56,239	¥ 6,721	¥ 8,054	¥ 8,830	¥ 4,185	¥ 144,639	
Profit (Loss) for the Period Attributable to Owners of the parent.....	¥ 127,440	¥ 31,687	¥ 50,713	¥ 16,165	¥ 7,371	¥ (823)	¥ 15,083	¥ 247,636	
Core Operating Cash Flow.....	¥ 127,372	¥ 72,374	¥ 57,006	¥ 18,874	¥ 4,390	¥ (3,253)	¥ 6,256	¥ 283,019	

Millions of Yen			
Three-month period ended September 30, 2022:	All Other	Adjustments and Eliminations	Consolidated Total
Revenue	¥ (345)	¥ —	¥ 3,703,284
Gross Profit	¥ (47)	¥ 814	¥ 318,485
Share of Profit (Loss) of Investments Accounted for Using the Equity Method....	¥ (15)	¥ 112	¥ 144,736
Profit (Loss) for the Period Attributable to Owners of the parent.....	¥ (2,749)	¥ 19,217	¥ 264,104
Core Operating Cash Flow.....	¥ (2,645)	¥ 30,711	¥ 311,085

Three-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.....	¥ 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	

Three-month period ended September 30, 2021:	Millions of Yen		
	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

- 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, 2022 and March 31, 2022 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. 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". Revenue other than revenue recognized from contracts with customers includes revenue related to lease and financial instruments, etc.

Six-month period ended September 30, 2022:	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	¥ 953,452	¥ 869,671	¥ 464,176	¥ 1,684,968	¥ 365,711	¥ 1,070,931	¥ 81,066	¥ 257	¥ 5,490,232

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

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

Property, plant and equipment

The amounts of acquisitions (excluding acquisitions through business combination) and disposals of property, plant and equipment for the six-month period ended September 30, 2022 were ¥122,941 million and ¥28,512 million, respectively.

The amount of transfers to and from investment property for the six-month period ended September 30, 2022 was not material.

The amounts of acquisitions (excluding acquisitions through business combination) 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.

Please refer to Note 3. for significant acquisitions from business combinations.

Investment property

The amount of disposals of investment property for the six-month period ended September 30, 2022 was ¥24,057 million.

The amount of acquisitions (excluding acquisitions through business combination) and the net amount of transfers to and from property, plant and equipment for the six-month period ended September 30, 2022 were not material.

The amounts of acquisitions (excluding acquisitions through business combination) 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.

Please refer to Note 3. for significant acquisitions from business combinations.

7. IMPAIRMENT LOSSES AND REVERSALS OF IMPAIRMENT LOSSES FOR ASSETS

For the six-month period ended September 30, 2022, an impairment loss of ¥8,411 million in the Machinery & Infrastructure Segment engaged in the railway business in Brazil was recorded in “Impairment reversal (loss) of fixed assets – net” in the Condensed Consolidated Statements of Income by reducing the carrying amount of intangible assets to the recoverable amount of ¥48,808 million. The impairment loss was mainly related to a decrease in revenue and an increase in the discount rate. The recoverable amount above represented the value in use. The discount rate used to calculate the value in use is deemed to reflect the market average profit margin and the risks inherent to the cash-generating unit.

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.

The amounts of reversals of impairment losses for assets for the six-month period ended September 30, 2022 and 2021 were not material.

8. ISSUES AND REPAYMENTS OF BONDS

The total amount of repaid bonds for the six-month period ended September 30, 2022 was not material. The total amount of issued bonds for the six-month period ended September 30, 2022 was not material.

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.

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, 2022	Six-month period ended September 30, 2021
Financial Assets Measured at FVTOCI:		
Balance at beginning of period	¥ 465,091	¥ 367,227
Increase (decrease) during the period	(257,461)	(16,792)
Transfer to retained earnings	(11,667)	1,114
Balance at end of period	¥ 195,963	¥ 351,549
Remeasurements of Defined Benefit Pension Plans:		
Balance at beginning of period	¥ -	¥ -
Increase (decrease) during the period	203	1,336
Transfer to retained earnings	(203)	(1,336)
Balance at end of period	¥ -	¥ -
Foreign Currency Translation Adjustments:		
Balance at beginning of period	¥ 478,584	¥ 81,847
Increase (decrease) during the period	407,014	(10,615)
Balance at end of period	¥ 885,598	¥ 71,232
Cash Flow Hedges:		
Balance at beginning of period	¥ (116,234)	¥ (75,288)
Increase (decrease) during the period	(54,652)	(29,588)
Balance at end of period	¥ (170,886)	¥ (104,876)
Total:		
Balance at beginning of period	¥ 827,441	¥ 373,786
Increase (decrease) during the period	95,104	(55,659)
Transfer to retained earnings	(11,870)	(222)
Balance at end of period	¥ 910,675	¥ 317,905

10. DIVIDENDS

During the six-month periods ended September 30, 2022 and 2021, the Company paid dividends of ¥60 per share (total dividend of ¥96,058 million) and ¥45 per share (total dividend of ¥75,083 million), respectively.

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, 2022.

Millions of Yen				
	Maximum potential amount of future payments	Amount outstanding (a)	Recourse provisions/ Collateral (b)	Net amount outstanding (a)-(b)
September 30, 2022				
Type of guarantees:				
Financial guarantees				
Guarantees for third parties	¥ 394,120	¥ 139,912	¥ 2,942	¥ 136,970
Guarantees for investments accounted for using the equity method	884,829	570,942	255,892	315,050
Performance guarantees				
Guarantees for third parties	41,768	38,994	28,860	10,134
Guarantees for investments accounted for using the equity method	70,043	61,898	1,967	59,931
Total	<u>¥ 1,390,760</u>	<u>¥ 811,746</u>	<u>¥ 289,661</u>	<u>¥ 522,085</u>

Millions of Yen

	Maximum potential amount of future payments	Amount outstanding (a)	Recourse provisions/ Collateral (b)	Net amount outstanding (a)-(b)
March 31, 2022				
Type of guarantees:				
Financial guarantees				
Guarantees for third parties	¥ 348,757	¥ 125,847	¥ 2,742	¥ 123,105
Guarantees for investments accounted for using the equity method	756,190	511,166	190,834	320,332
Performance guarantees				
Guarantees for third parties	43,246	40,758	27,027	13,731
Guarantees for investments accounted for using the equity method	56,828	47,758	1,676	46,082
Total	<u>¥ 1,205,021</u>	<u>¥ 725,529</u>	<u>¥ 222,279</u>	<u>¥ 503,250</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, 2022 and March 31, 2022 will expire through 2028.

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, 2022 and March 31, 2022 will expire through 2029.

The table below summarizes the maximum potential amount of future payments for the companies' guarantees by the remaining contractual period as of September 30, 2022 and March 31, 2022.

Millions of Yen

	September 30, 2022	March 31, 2022
Within 1 year	¥ 418,746	¥ 389,343
After 1 to 5 years	292,592	229,310
After 5 years	679,422	586,368
Total	<u>¥ 1,390,760</u>	<u>¥ 1,205,021</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.

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 (which maturities of 1 year or less has been classified as "Other financial assets".)

- 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, 2022 and March 31, 2022 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, 2022 and March 31, 2022 were as follows. No assets or liabilities were transferred between level 1 and 2 for the six-month period ended September 30, 2022 and 2021.

September 30, 2022	Millions of Yen				
	Fair value measurements using			Netting adjustments (Note1)	Total fair value
	Level 1	Level 2	Level 3		
Assets (Note2):					
Other financial assets (Current):					
Financial assets measured at FVTPL.....	-	-	¥ 554		
Total other financial assets.....	-	-	¥ 554	-	¥ 554
Other investments:					
Financial assets measured at FVTPL.....	¥ 8,916	-	¥ 307,955		
Financial assets measured at FVTOCI.....	1,100,764	-	640,849		
Total other investments	¥ 1,109,680	-	¥ 948,804	-	¥ 2,058,484
Derivative assets:					
Foreign exchange contracts.....	-	¥ 261,733	-		
Interest rate contracts.....	-	51,027	-		
Commodity contracts.....	¥ 139,008	2,438,158	¥ 16,647		
Others.....	-	-	39,379		
Total derivative assets	¥ 139,008	¥ 2,750,918	¥ 56,026	¥ (2,129,109)	¥ 816,843
Inventories.....	-	¥ 222,134	-	-	222,134
Total assets.....	¥ 1,248,688	¥ 2,973,052	¥ 1,005,384	¥ (2,129,109)	¥ 3,098,015
Liabilities (Note3):					
Derivative liabilities:					
Foreign exchange contracts.....	-	¥ 346,012	-		
Interest rate contracts.....	-	31,658	-		
Commodity contracts.....	¥ 303,826	2,390,654	¥ 2,384		
Others.....	-	-	13,944		
Total derivative liabilities	¥ 303,826	¥ 2,768,324	¥ 16,328	¥ (2,086,866)	¥ 1,001,612
Total liabilities.....	¥ 303,826	¥ 2,768,324	¥ 16,328	¥ (2,086,866)	¥ 1,001,612

Millions of Yen

March 31, 2022

	Fair value measurements using			Netting adjustments (Note1)	Total fair value
	Level 1	Level 2	Level 3		
Assets:					
Other financial assets (Current):					
Financial assets measured at FVTPL.....	-	-	¥ 554		
Total other financial assets.....	-	-	¥ 554	-	¥ 554
Other investments:					
Financial assets measured at FVTPL.....	¥ 8,517	-	¥ 259,241		
Financial assets measured at FVTOCI.....	1,335,522	-	732,436		
Total other investments	¥ 1,344,039	-	¥ 991,677	-	¥ 2,335,716
Derivative assets:					
Foreign exchange contracts.....	-	¥ 119,211	-		
Interest rate contracts.....	-	47,883	-		
Commodity contracts.....	¥ 104,675	2,513,315	¥ 12,649		
Others.....	-	-	22,364		
Total derivative assets	¥ 104,675	¥ 2,680,409	¥ 35,013	¥ (2,176,203)	¥ 643,894
Inventories.....	-	¥ 271,749	-	-	271,749
Total assets.....	¥ 1,448,714	¥ 2,952,158	¥ 1,027,244	¥ (2,176,203)	¥ 3,251,913
Liabilities (Note2):					
Derivative liabilities:					
Foreign exchange contracts.....	-	¥ 166,076	-		
Interest rate contracts.....	-	12,246	-		
Commodity contracts.....	¥ 203,761	2,430,220	¥ 2,239		
Others.....	-	-	7,633		
Total derivative liabilities	¥ 203,761	¥ 2,608,542	¥ 9,872	¥ (2,146,515)	¥ 675,660
Total liabilities.....	¥ 203,761	¥ 2,608,542	¥ 9,872	¥ (2,146,515)	¥ 675,660

Note1: 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.

Note2: The amounts of Trade and other receivables measured at FVTPL were immaterial.

Note3: The amounts of financial liabilities measured at FVTPL were immaterial.

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, 2022 and 2021 were as follows:

	Millions of Yen	
	Six-month period ended September 30, 2022	Six-month period ended September 30, 2021
Balance at beginning of period	¥ 259,795	¥ 114,944
Classification change (Note1).....	-	33,000
Gains (losses)	10,960	7,120
Purchases (Note1).....	30,374	71,377
Sales/Redemptions	(3,840)	(5,924)
Transfers into Level 3	-	-
Transfers out of Level 3 (Note2)	-	(10,095)
Others (Note3)	11,220	(1,618)
Balance at end of period	¥ 308,509	¥ 208,804
Net change in unrealized gains (losses) still held at end of period	¥ 10,411	¥ 7,660

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), in scope of consolidation and others.

Gains (losses) related to financial assets measured at FVTPL for the six-month period ended September 30, 2022 and 2021 were included in "Revenue" and "Gain (loss) on securities and other investments-net" in the Condensed Consolidated Statements of Income.

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, 2022	Six-month period ended September 30, 2021
Balance at beginning of period	¥ 732,436	¥ 709,166
Other comprehensive income (Note1)..	(82,085)	308
Purchases	6,656	11,697
Sales	(19,720)	(3,281)
Transfers into Level 3 (Note2).....	-	528
Transfers out of Level 3 (Note3)	-	(10,750)
Others (Note4)	3,563	9,070
Balance at end of period	¥ 640,849	¥ 716,738

Note 1: "Other comprehensive income" for the six-month period ended September 30, 2022 decreased mainly due to the decrease of fair value in investment in LNG project by the uncertainty arising from the Russian LNG business and the fair value in investment in the mineral & metal resources projects decreased mainly due to the decrease in iron ore prices, in spite of the positive effect of change in foreign exchange rates. For the details of the decrease of fair value in investment in LNG project by the uncertainty arising from the Russian LNG business, please refer to Note 16 "IMPACT OF THE RUSSIA-UKRAINE SITUATION ON THE RUSSIAN LNG BUSINESS".

Note 2: "Transfers into Level 3" is due to the transfer from Level 1 as a result of delisting.

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

Note 4: "Others" includes the effect of changes in scope of consolidation and others.

Other comprehensive income related to financial assets measured at FVTOCI for the six-month period ended September 30, 2022 and 2021 were included in "Financial assets measured at FVTOCI" and "Foreign currency translation adjustments" in Condensed Consolidated Statements of Comprehensive Income.

The reconciliation of derivative assets for the six-month period ended September 30, 2022 and 2021 were as follows:

	Millions of Yen			
	Six-month period ended September 30, 2022		Six-month period ended September 30, 2021	
Balance at beginning of period	¥	35,013	¥	18,561
Gains (losses) (Note1).....		19,781		9,824
Other comprehensive income		1,406		170
Purchases		19		-
Set off		(193)		(1,866)
Transfers out of Level 3 (Note2).....		-		(448)
Others		-		-
Balance at end of period	¥	56,026	¥	26,241
Net change in unrealized gains (losses) still held at end of period	¥	19,781	¥	9,824

Note 1: "Gain (losses)" increased mainly due to the effect of change in foreign exchange rates.

Note 2: "Transfers out of Level 3" is due to the transfer into Level 2 related to changes in measurement for derivative commodity instruments.

The reconciliation of derivative liabilities for the six-month period ended September 30, 2022 and 2021 were as follows:

	Millions of Yen			
	Six-month period ended September 30, 2022		Six-month period ended September 30, 2021	
Balance at beginning of period	¥	9,872	¥	6,053
Gains (losses)		4,905		1,139
Other comprehensive income		1,609		203
Purchases		1,044		-
Set off		(1,102)		(66)
Transfers out of Level 3 (Note1).....		-		(364)
Others		-		-
Balance at end of period	¥	16,328	¥	6,965
Net change in unrealized gains (losses) still held at end of period	¥	4,905	¥	1,139

Note 1: “Transfers out of Level 3” is due to the transfer into Level 2 related to changes in measurement for derivative commodity instruments.

Gains (losses) of above table in relation to the derivative assets and liabilities for the six-month period ended September 30, 2022 and 2021 have been recorded in “Revenue”, “Cost” and “Other income (expense) - net” in the Condensed Consolidated Statements of Income. Other comprehensive income has been recorded in “Foreign currency translation adjustments” and “Cash flow hedges” 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, 2022 and March 31, 2022 were as follows:

September 30, 2022	Valuation Technique	Principal Unobservable Input	Range
Financial assets measured at FVTPL	Income approach	Discount rate	6.5% ~ 30.3%
Financial assets measured at FVTOCI			
March 31, 2022	Valuation Technique	Principal Unobservable Input	Range
Financial assets measured at FVTPL	Income approach	Discount rate	6.5% ~ 20.7%
Financial assets measured at FVTOCI			

In addition to the above, the price of crude oil is one of the significant unobservable inputs used in measuring the fair value of non-marketable equity securities related to LNG business. The Company forecasts that Brent Crude price will decrease from US\$85/bbl in the short term to US\$70/bbl level in a few years and US\$70/bbl in around 2030, 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 using the income approach, increases (decreases) in discount rates would result in a lower (higher) fair value. For securities related to LNG business, increase (decrease) in the price of crude oil would result in a higher (lower) fair value.

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

The fair values of financial instruments as of September 30, 2022 and March 31, 2022 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, 2022		March 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Other investments measured at amortized cost	¥ 12,396	¥ 12,138	¥ 11,698	¥ 11,930
Non-current receivables				
Trade and other receivables (Note 1) and other financial assets (excluding derivative assets) (Note 2)	421,805	421,793	389,849	389,838
Non-current liabilities				
Long-term debt, less current portion (Note 1) and other financial liabilities (excluding derivative liabilities) (Note 2)	¥ 4,026,532	¥ 4,077,342	¥ 4,272,785	¥ 4,322,656

Note1: Trade and other receivables include loans receivable. Long-term debts include borrowings and bonds payable. 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 rates and long-term debt with fixed rates are estimated by discounted cash flow analysis, using interest rates currently available for similar types of loans, accounts receivable and borrowings with similar terms and remaining maturities.

Note2: The fair values of Other financial assets and Other financial liabilities (excluding derivative assets and liabilities) approximate their respective carrying amounts.

The Company has presented the other financial assets and the other financial liabilities by excluding the derivative assets and the derivative liabilities measured at fair value.

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, 2022 and 2021, and the outstanding balance of related provision as of September 30, 2022 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, 2021, 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 does not expect a significant impact on our consolidated financial position, operating results and cash flow at this stage.

16. IMPACT OF THE RUSSIA-UKRAINE SITUATION ON THE RUSSIAN LNG BUSINESS

The Russian LNG business in which the Company, its subsidiary, and the equity accounted investee in the Energy Segment have invested, financed and guaranteed, is affected by the Russia-Ukraine situation that has been ongoing since February 2022 and the resulting sanctions against Russia, etc. Based on discussions with each partner, the Company has evaluated its relevant assets and liabilities.

In relation to the investment in Sakhalin II project that was held by Mitsui Sakhalin Holdings B.V., a subsidiary of the Company, all the rights and obligations of Sakhalin Energy Investment Company, an original operator of the project, have been transferred to Sakhalin Energy LLC ("SELLC") established based on Russian Presidential Decree (No.416) dated June 30, 2022 and Resolution of the Government of the Russian Federation dated August 2, 2022 (No.1369). Accordingly, we submitted to the Government of the Russian Federation the notice of consent to take the ownership of SELLC. The notice of consent was approved and MIT SEL Investment Ltd, a newly established subsidiary of the Company, has undertaken the ownership on September 2, 2022. Consequently, we continue to invest in Sakhalin II project before and after the aforementioned reorganization and it does not impact on the Condensed Consolidated Financial Statements.

On the other hand, the situation still remains uncertain as the final LLC Members composition is not yet decided and the relevant LLC Members agreement is not signed, etc. Under this situation, the fair value of our investment in Sakhalin II project was measured using the income approach by expected present value technique and the probability-weighted average considering a scenario where the continuous dividend income is expected from SELLC and other scenarios. As a result, the fair value decreased by ¥134,948 million from the balance at March 31, 2022, and the valuation difference is recorded in "Financial assets measured at FVTOCI" in the Condensed Consolidated Statements of Comprehensive Income. The outstanding balances of "Other investments" in the Condensed Consolidated Statements of Financial Position related to this project at September 30, 2022 and March 31, 2022 were ¥97,288 million and ¥208,154 million, respectively. The fair value may increase or decrease due to changes in situation hereafter.

In addition, the carrying amount of the investments in Japan Arctic LNG B.V., an equity accounted investee that invests in and finances the Arctic LNG 2 project, and the assets value held by Japan Arctic LNG B.V. were revaluated during the current period based on the rating of the Russian Federation, however the profit / loss and comprehensive income recognized in the current period were immaterial. The outstanding balances of the investments and loans (*) at September 30, 2022 and March 31, 2022 were ¥15,357 million and ¥14,374 million, respectively. The balance of financial guarantees as contingent liabilities were ¥170,480 million and ¥182,160 million, respectively, and the provision for loss on guarantees included in "Other financial liabilities" were ¥18,952 million and ¥18,097 million, respectively.

These estimates may be affected by uncertain future developments in Russia and Ukraine, and any further changes in the credit rating of the Russian Federation. Also, any changes in the Company's policies regarding its Russian LNG business may have a significant impact on the amounts of related investments, loans and financial guarantees in the consolidated financial statements for the next quarter period and thereafter.

(*) Investments and loans are the sum of "Investments accounted for using the equity method", and loans (net of loss allowance) included in "Trade and other receivables" in the Condensed Consolidated Statements of Financial Position.

17. SUBSEQUENT EVENTS

Stock Repurchase

At the meeting of the Board of Directors held on November 1, 2022, the Company resolved to repurchase its stock in accordance with Article 156 of the Companies Act of Japan, as applied pursuant to paragraph 3 of Article 165 of the Companies Act of Japan. Details of the repurchase are as follows.

1. Purpose of stock repurchase

To enhance shareholder return and to improve capital efficiency

2. Details of repurchase

(1) Class of share

Common stock of the Company

(2) Total number of shares of common stock to be repurchased

Up to 60 million shares

(Up to 3.8% of the total number of outstanding shares of common stock, excluding treasury stock)

(3) Total amount

Up to 140,000 million yen

(4) Period

From November 2, 2022 to February 28, 2023

(5) Repurchase method

(i) Purchases through Off-Auction Own Share Repurchase Trading System (ToSTNeT-3)

(ii) Purchases through auction market on Tokyo Stock Exchange based on a discretionary trading agreement

And the Company has completed the repurchase of its own shares through Off-Auction Own Share Repurchase Trading System (ToSTNeT-3) pursuant to the resolution above. Details of the repurchase are as follows.

1. Class of share

Common stock of the Company

2. Total number of shares repurchased

16,845,000 shares

3. Total amount

58,603,755,000 yen (3,479 yen per share)

4. Date of repurchase

November 2, 2022

5. Repurchase method

Purchases through Off-Auction Own Share Repurchase Trading System (ToSTNeT-3)

Cancellation of Treasury Stock

At the meeting of the Board of Directors held on November 1, 2022, the Company resolved to cancel a part of its treasury stock in accordance with Article 178 of the Companies Act of Japan. Details of the cancellation are as follows.

1. Class of share

Common stock of the Company

2. Total number of shares of treasury stock to be cancelled

All shares of common stock to be repurchased pursuant to “Stock Repurchase” above and additional 10,000,000 shares (all together up to 4.4% of the total number of outstanding shares)

3. Scheduled date of cancellation

March 13, 2023

Interim Dividend

On November 1, 2022, the Board of Directors approved the payment of cash dividend to shareholders of record on September 30, 2022 of ¥65 per share or a total of ¥102,271 million.

18. 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 Tetsuya Shigeta, Representative Director, Executive Managing Officer and CFO, on November 10, 2022.