

Quarterly Securities Report
for the Six-Month Period Ended September 30, 2023

English translation of certain items disclosed in the Quarterly Securities Report for the six-month period ended September 30, 2023, which were filed with the Director-General of the Kanto Local Finance Bureau of the Ministry of Finance of Japan on November 9, 2023.

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, 2023 and 2022 and as of or for the year ended March 31, 2023

| | In millions of Yen, except amounts per share and other | | | | |
|--|--|---|---|---|--|
| | Six-month period ended September 30, 2023 | Six-month period ended September 30, 2022 | Three-month period ended September 30, 2023 | Three-month period ended September 30, 2022 | As of or for the year ended March 31, 2023 |
| Consolidated financial data | | | | | |
| Revenue | ¥ 6,377,438 | 7,423,815 | 3,228,307 | 3,703,284 | 14,306,402 |
| Gross profit | ¥ 608,394 | 631,915 | 307,664 | 318,485 | 1,396,228 |
| Profit for the period attributable to owners of the parent | ¥ 456,261 | 539,104 | 203,411 | 264,104 | 1,130,630 |
| Comprehensive income for the period attributable to owners of the parent | ¥ 889,688 | 633,794 | 298,586 | 321,388 | 1,224,588 |
| Total equity attributable to owners of the parent | ¥ — | — | 7,061,535 | 6,045,282 | 6,367,750 |
| Total assets | ¥ — | — | 16,644,581 | 16,037,751 | 15,380,916 |
| Basic earnings per share attributable to owners of the parent (Yen) | ¥ 301.42 | 339.69 | 134.93 | 167.28 | 721.82 |
| Diluted earnings per share attributable to owners of the parent (Yen) | ¥ 301.24 | 339.57 | 134.83 | 167.22 | 721.41 |
| Equity attributable to owners of the parent ratio | % — | — | 42.43 | 37.69 | 41.40 |
| Cash flows from operating activities | ¥ 466,496 | 310,370 | — | — | 1,047,537 |
| Cash flows from investing activities | ¥ (296,519) | (132,001) | — | — | (178,341) |
| Cash flows from financing activities | ¥ (430,761) | (307,957) | — | — | (634,685) |
| Cash and cash equivalents at end of period | ¥ — | — | 1,197,297 | 1,066,610 | 1,390,130 |

(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, 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, 2023.

2. Operating and Financial Review and Prospects

1. Risk Factors

For the six-month period ended September 30, 2023, there is no significant change in risk factors which were described on our Annual Securities Report for the year ended March 31, 2023.

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, 2023, unless otherwise indicated.

(1) Operating Environment

In the six-month period ended September 30, 2023, the US economy was generally firm while growth in Europe stalled and China's recovery weakened. As a result, the overall global economy continued to slow.

In the US, even though the effects of monetary tightening appeared across the economy, the economy showed overall strength, supported by persistent consumer spending against a backdrop of solid employment and income. Looking ahead, the economy is expected to gradually slow due to the effects of the monetary tightening carried out so far. In Europe, high inflation put pressure on consumer spending and the economy continued to stall. Looking ahead, stagnation is expected to continue due to continued monetary tightening, and a slow recovery in China, a major export destination for the region. In Japan, as economic activity continued to normalize, inbound demand also picked up and the economy continued to recover. Looking ahead, the economy is expected to continue to recover moderately due to expected growth in personal consumption against a backdrop of improvements in employment and income. In China, investment in real estate development decreased and exports were sluggish leading to a weakened economic recovery. Looking ahead, with both domestic and foreign demand lacking momentum, there are concerns over a prolonging of the situation in the real estate market. However, policies are being put in place and there are expectations that the economy is bottoming out. In Brazil, interest rates were lowered in August as inflation eased, and there have been signs of a pick-up in the economy, mainly in exports. In Russia, although high oil prices have provided support, downward pressure on economic activity is expected to remain due to economic sanctions imposed by the international community.

Looking ahead, the global economy is expected to slow due to continued tight monetary policy in the US, Europe, and other developed countries, as well as concerns over the economy in China. There are also concerns over instability in the Middle East.

(2) Results of Operations

1) Analysis of Consolidated Income Statements

| (Billions of Yen) | | Current Period | Previous Period | Change |
|---|--|----------------|-----------------|-----------|
| Revenue | | 6,377.4 | 7,423.8 | (1,046.4) |
| Gross Profit | | 608.4 | 631.9 | (23.5) |
| Selling, General and Administrative Expenses | | (391.8) | (326.0) | (65.8) |
| Other Income (Expenses) | Gain (Loss) on Securities and Other Investments—Net | 134.1 | 18.2 | +115.9 |
| | Impairment Reversal (Loss) of Fixed Assets—Net | (4.0) | (10.8) | +6.8 |
| | Gain (Loss) on Disposal or Sales of Fixed Assets—Net | 8.2 | 15.8 | (7.6) |
| | Other Income (Expense)—Net | (13.7) | 15.9 | (29.6) |
| Finance Income (Costs) | Interest Income | 34.2 | 18.1 | +16.1 |
| | Dividend Income | 54.0 | 80.9 | (26.9) |
| | Interest Expense | (80.5) | (39.7) | (40.8) |
| Share of Profit (Loss) of Investments Accounted for Using the Equity Method | | 244.9 | 283.6 | (38.7) |
| Income Taxes | | (124.6) | (131.8) | +7.2 |
| Profit for the Period | | 469.3 | 556.0 | (86.7) |
| Profit for the Period Attributable to Owners of the Parent | | 456.3 | 539.1 | (82.8) |

* 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, 2023 (“current period”) was ¥6,377.4 billion, a decrease of ¥1,046.4 billion from ¥7,423.8 billion for the corresponding six-month period of the previous year (“previous period”).

Gross Profit

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

Selling, General and Administrative Expenses

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

| | Billions of Yen | | |
|----------------------|-------------------|--------------------|----------|
| | Current Period | Previous Period | Change |
| Personnel | ¥ (208.4) | ¥ (179.0) | ¥ (29.4) |
| Welfare | (7.5) | (6.4) | (1.1) |
| Travel | (15.4) | (11.0) | (4.4) |
| Entertainment | (3.4) | (2.7) | (0.7) |
| Communication | (29.9) | (26.2) | (3.7) |
| Rent | (6.7) | (5.5) | (1.2) |
| Depreciation | (24.2) | (20.4) | (3.8) |
| Fees and Taxes | (6.3) | (7.4) | +1.1 |
| Loss Allowance | (15.6) | (7.2) | (8.4) |
| Others | (74.4) | (60.2) | (14.2) |
| Total | ¥ (391.8) | ¥ (326.0) | ¥ (65.8) |

*Negative amounts in the “Change” column displayed in parentheses an increase in expenses.

Other Income (Expenses)

Gain (Loss) on Securities and Other Investments—Net

For the current period, mainly the Machinery & Infrastructure segment, the Lifestyle segment and the Innovation & Corporate Development segment recorded profits related to securities.

For the previous period, mainly the Innovation & Corporate Development segment recorded a gain on sale of securities, whereas the Machinery & Infrastructure segment recorded an impairment loss.

Impairment Reversal (Loss) of Fixed Assets—Net

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

Gain (Loss) on Disposal or Sales of Fixed Assets—Net

For the previous and current periods, mainly the Innovation & Corporate Development segment recorded a gain on sale of fixed assets.

Other Income (Expense)—Net

For the previous and current periods, multiple segments recorded profits and losses related to foreign exchange, commodity prices, and interest rates. Also, the Lifestyle segment recorded a valuation loss on an options contract.

Finance Income (Costs)

Dividend Income

Mainly the Energy segment and the Mineral & Metal Resources segment recorded a decrease.

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

Mainly the Mineral & Metal Resources segment recorded a decrease, while the Machinery & Infrastructure segment recorded an increase.

Income Taxes

Income taxes for the current period were ¥124.6 billion, a decrease of ¥7.2 billion from ¥131.8 billion for the previous period. The effective tax rate for the current period was 21.0%, an increase of 1.8 points from 19.2% for the previous 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 ¥456.3 billion, a decrease of ¥82.8 billion from the previous period.

2) Operating Results by Operating Segment

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

Note, "Others" includes income taxes, but generally, the impact of income taxes is not included in the explanations in the "Description" column relating to each account title.

Mineral & Metal Resources Segment

| (Billions of Yen) | Current Period | Previous Period | Change | Description |
|--|----------------|-----------------|---------|--|
| Profit for the Period Attributable to Owners of the Parent | 134.6 | 247.2 | (112.6) | |
| Gross Profit | 158.2 | 203.3 | (45.1) | <ul style="list-style-type: none"> • Mitsui Resources -35.7 (lower metallurgical coal prices) • Iron ore mining operations in Australia -6.0 (lower iron ore prices) |
| Profit (Loss) of Equity Method Investments | 25.1 | 83.6 | (58.5) | <ul style="list-style-type: none"> • Decrease due to sale of Stanmore SMC • Oriente Copper Netherlands*¹ -22.2 (impairment loss*² -12.2, new mining royalty in Chile -6.3) • INNER MONGOLIA ERDOS ELECTRIC POWER AND METALLURGY GROUP -8.0 (lower prices in ferroalloys and chemicals businesses) • Japan Collahuasi Resources*³ -5.2 (costs increase, volume decrease) |
| Dividend Income | 28.8 | 42.7 | (13.9) | <ul style="list-style-type: none"> • Lower dividends from Vale -10.5 (current period 16.1, previous period 26.6) |
| Selling, General and Administrative Expenses | (19.2) | (16.2) | (3.0) | |
| Others | (58.3) | (66.2) | +7.9 | <ul style="list-style-type: none"> • Increase of interest income from iron ore mining operations in Australia +4.1 • Mitsui Resources foreign exchange related loss -3.5 • Absence of copper price hedge profit recorded in the previous period • Increase in interest expense at Oriente Copper Netherlands*¹ -3.0 |

*1 An investor in Inversiones Mineras Becrux, which invests in Anglo American Sur, a copper mining company in Chile.

*2 Recorded an equity method loss of ¥12.2 billion due to a change in the properties of the ore and a revision in the production plan regarding Anglo American Sur.

*3 An investor in Compañía Minera Doña Inés de Collahuasi, a copper mining company in Chile.

Energy

| (Billions of Yen) | Current Period | Previous Period | Change | Description |
|--|----------------|-----------------|--------|--|
| Profit for the Period Attributable to Owners of the Parent | 26.0 | 55.4 | (29.4) | |
| Gross Profit | 56.2 | 63.2 | (7.0) | <ul style="list-style-type: none"> • Mitsui E&P Australia -30.4 (volume decrease) • Mitsui E&P USA -20.2 (lower gas prices) • MEP Texas Holdings -5.5 (lower oil and gas prices) • Mitsui E&P Italia B -3.4 (lower oil prices) • Increase in LNG trading (absence of derivative valuation losses recorded in the previous period) |
| Profit (Loss) of Equity Method Investments | 35.4 | 44.6 | (9.2) | <ul style="list-style-type: none"> • Decrease in Japan Australia LNG (MIMI) (lower oil and gas prices) |
| Dividend Income | 10.9 | 25.4 | (14.5) | <ul style="list-style-type: none"> • 4 LNG projects*¹ -13.7 (current period 10.5, previous period 24.2) |
| Selling, General and Administrative Expenses | (31.8) | (30.1) | (1.7) | |
| Others | (44.7) | (47.7) | +3.0 | <ul style="list-style-type: none"> • Foreign exchange related profit from LNG trading hedge +6.2 • MOEX North America +5.3 (derivative related profit and loss) • Increase in interest expense at several business divisions within Mitsui & Co. HQ -10.4 • Foreign exchange hedging loss related to fuel supply trading and other factors -6.3 • Mitsui Oil Exploration (recorded geothermal steam release related expenses) |

*1 Abu Dhabi, Oman, Qatar, and Sakhalin II.

Machinery & Infrastructure

| (Billions of Yen) | Current Period | Previous Period | Change | Description |
|--|----------------|-----------------|--------|---|
| Profit for the Period Attributable to Owners of the Parent | 164.4 | 89.7 | +74.7 | |
| Gross Profit | 118.9 | 97.4 | +21.5 | <ul style="list-style-type: none"> • BAF (change of earnings contribution period)^{*1} +11.0 • Absence of profit from Brazilian passenger railway business recorded in the previous period |
| Profit (Loss) of Equity Method Investments | 119.0 | 99.1 | +19.9 | <ul style="list-style-type: none"> • One-time valuation gain due to acquisition of shares in MPIC^{*2} and other factors +7.3 • Canadian automotive company (increase in unit sales, decrease in sales promotion expenses) • VLI +4.1 (increase due to absence of lower profits recorded in the previous period owing to bad weather and other factors) • East Anglia^{*3} +3.5 (resumption of earnings contribution following book value recovery) • Tanker owning company (increase in vessel related revenue) • IPP -6.4 (impairment loss of fixed assets at Mainstream -9.0^{*4}, weak performance at Mainstream's projects in Chile) • MBK USA Commercial Vehicles -6.2 (increase in interest expense, lower profit from sale of used cars) |
| Dividend Income | 3.3 | 2.4 | +0.9 | |
| Selling, General and Administrative Expenses | (101.2) | (77.6) | (23.6) | <ul style="list-style-type: none"> • BAF (change of earnings contribution period)^{*1} -12.1 |
| Others | 24.4 | (31.6) | +56.0 | <ul style="list-style-type: none"> • Gain on sale of Mitsui Rail Capital Europe +64.4 • Absence of fixed assets valuation loss in Brazilian passenger railway business recorded in the previous period^{*5} +8.4 • Dividends from Paiton +6.3 • Gain on sale of gas-fired power generation business in Ontario, Canada +4.6 • Profit related to gain on sale of BAF +4.1 • Absence of MT Falcon impairment loss^{*6} recorded in the previous period +3.1 • Absence of corporate income tax burden decrease resulting from the sale of Lucid Group shares recorded in the previous period^{*7} -4.8 |

*1 Due to Bussan Auto Finance becoming an associated company after the sale of a portion of its shares, there was a temporary change to the earnings contribution period (the previous period represents six months of earnings contribution, the current period represents nine months of earnings contribution).

*2 Metro Pacific Investments Corporation, an integrated infrastructure company in the Philippines.

*3 A passenger rail franchise business in the UK.

*4 Recorded an equity method loss of ¥9.0 billion due to a reassessment of the recoverable amount related to Mainstream's projects in Chile.

*5 A fixed assets impairment loss was recorded in the previous period based on the latest estimation regarding the decrease in revenue and the increased discount rate for the passenger railway business in Brazil.

*6 For the previous period, an impairment loss of ¥3.1 billion was recorded, based on the revision of a sale and

purchase agreement for the shares of MT Falcon Holdings.

*7 The corporate income tax burden was reduced in the previous period due to tax expenses being recognized as other comprehensive income resulting from the sale of financial assets in Lucid Group shares measured at FVTOCI.

Chemicals

| (Billions of Yen) | Current Period | Previous Period | Change | Description |
|--|----------------|-----------------|--------|---|
| Profit for the Period Attributable to Owners of the Parent | 14.3 | 39.3 | (25.0) | |
| Gross Profit | 98.6 | 114.1 | (15.5) | <ul style="list-style-type: none"> • Decrease in fertilizer trading (lower prices) • Decrease in Mitsui Agro Business (lower prices) • Novus International -3.6 (lower prices) |
| Profit (Loss) of Equity Method Investments | 16.4 | 13.9 | +2.5 | <ul style="list-style-type: none"> • Hexagon Composites +6.9 (mainly a valuation gain due to one of its subsidiaries becoming an equity accounted investee) |
| Dividend Income | 1.7 | 2.0 | (0.3) | |
| Selling, General and Administrative Expenses | (76.7) | (68.8) | (7.9) | |
| Others | (25.7) | (21.9) | (3.8) | |

Iron & Steel Products

| (Billions of Yen) | Current Period | Previous Period | Change | Description |
|--|----------------|-----------------|--------|--|
| Profit for the Period Attributable to Owners of the Parent | 3.0 | 14.3 | (11.3) | |
| Gross Profit | 21.0 | 21.1 | (0.1) | |
| Profit (Loss) of Equity Method Investments | 7.2 | 14.6 | (7.4) | <ul style="list-style-type: none"> • Impairment loss recorded in Gestamp -4.1 |
| Dividend Income | 1.6 | 1.5 | +0.1 | |
| Selling, General and Administrative Expenses | (15.9) | (14.7) | (1.2) | |
| Others | (10.9) | (8.2) | (2.7) | |

Lifestyle

| (Billions of Yen) | Current Period | Previous Period | Change | Description |
|--|----------------|-----------------|--------|---|
| Profit for the Period Attributable to Owners of the Parent | 69.4 | 25.7 | +43.7 | |
| Gross Profit | 95.7 | 88.2 | +7.5 | <ul style="list-style-type: none"> • Aim Services becoming a subsidiary +10.9 • Absence of fair value valuation loss of drug discovery support fund recorded in the previous period +4.9 • AUSJ*¹ becoming a subsidiary +4.0 • Foreign exchange impact in coffee trading business -7.6 |
| Profit (Loss) of Equity Method Investments | 34.1 | 18.6 | +15.5 | <ul style="list-style-type: none"> • WILSEY FOODS +15.0 (good performance and sale of a part of the business at Ventura Foods, a manufacturer of processed oil food) • IHH Healthcare -3.1 (absence of an increase from deferred tax assets recorded in the previous period and other factors) |
| Dividend Income | 4.5 | 3.2 | +1.3 | |
| Selling, General and Administrative Expenses | (89.4) | (72.2) | (17.2) | <ul style="list-style-type: none"> • Aim Services becoming a subsidiary -8.7 • AUSJ*¹ becoming a subsidiary -3.5 |
| Others | 24.5 | (12.1) | +36.6 | <ul style="list-style-type: none"> • Aim Services fair value gain*² +43.4 • Foreign exchange hedging profit in coffee trading +13.5 • Put option related to R-Pharm*³ -19.3(current period -2.5, previous period +16.8) |

*1 Aramark Uniform Services Japan.

*2 Revaluation gain on previously held equity interest due to Aim Services being reclassified from an equity accounted investee to a consolidated subsidiary.

*3 A valuation gain/loss was recorded for the foreign exchange translation of a put option in relation to R-Pharm.

Innovation & Corporate Development

| (Billions of Yen) | Current Period | Previous Period | Change | Description |
|--|----------------|-----------------|--------|---|
| Profit for the Period Attributable to Owners of the Parent | 26.1 | 35.5 | (9.4) | |
| Gross Profit | 56.4 | 40.0 | +16.4 | <ul style="list-style-type: none"> • Business division at Mitsui & Co. HQ trading profit increase (commodities prices factor) |
| Profit (Loss) of Equity Method Investments | 7.5 | 8.9 | (1.4) | |
| Dividend Income | 2.6 | 3.2 | (0.6) | |
| Selling, General and Administrative Expenses | (45.5) | (40.2) | (5.3) | |
| Others | 5.1 | 23.6 | (18.5) | <ul style="list-style-type: none"> • Absence of gain on sale of real estate business in Singapore recorded in the previous period*¹ • Business division at Mitsui & Co. HQ trading profit decrease (foreign exchange factor) • Absence of gain on sale of real estate in the US recorded in the previous period*² -11.5 • Absence of gain on sale of investment securities recorded in the previous period -4.0 • Fair value valuation gain related to Altius Link*³ +8.9 • Gain on partial sale of Hibiya Fort Tower +5.7 |

*1 A gain on sale of Southernwood Property, an investment vehicle that owns an office building in Singapore.

*2 Gain on sale of fixed assets due to multiple property sales in the US.

*3 A valuation gain relating to Mitsui & Co.'s equity in Relia which occurred due to the business integration between KDDI Evolva and Relia.

(3) Financial Condition and Cash Flows

1) Financial Condition

| (Billions of Yen) | September 30, 2023 | March 31, 2023 | Change |
|---|--------------------|----------------|----------|
| Total Assets | 16,644.6 | 15,380.9 | +1,263.7 |
| Current Assets | 5,786.4 | 5,674.8 | +111.6 |
| Non-current Assets | 10,858.1 | 9,706.1 | +1,152.0 |
| Current Liabilities | 3,911.0 | 3,766.6 | +144.4 |
| Non-current Liabilities | 5,452.2 | 5,049.1 | +403.1 |
| <i>Net Interest-bearing Debt</i> | 3,396.4 | 3,212.7 | +183.7 |
| Total Equity Attributable to Owners of the Parent | 7,061.5 | 6,367.8 | +693.7 |
| Net Debt-to-Equity Ratio (times) | 0.48 | 0.50 | (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:

| (Billions of Yen) | September 30, 2023 | March 31, 2023 | Change | Description |
|-------------------------------|--------------------|----------------|---------|---|
| Current Assets | 5,786.4 | 5,674.8 | +111.6 | |
| Cash and cash equivalents | 1,197.3 | 1,390.1 | (192.8) | |
| Trade and other receivables | 2,219.0 | 2,191.2 | +27.8 | <ul style="list-style-type: none"> ● Trade receivables +73.5 (LI^{*1}, EN^{*1}, CH^{*1}) Increase in trading volume, seasonal factors ● Loan receivables -55.7 BAF^{*2} -70.0 |
| Other financial assets | 949.3 | 773.0 | +176.3 | <ul style="list-style-type: none"> ● (IC^{*1}, Corporate, MI^{*1}, EN^{*1}) Increase in derivative assets ● (Corporate) Increase in margin deposits |
| Inventories | 915.7 | 940.5 | (24.8) | ● (EN ^{*1} , IS ^{*1}) Decrease in inventories |
| Advance payments to suppliers | 328.4 | 226.7 | +101.7 | ● (MI ^{*1}) Increase in trading volume |
| Other Current assets | 176.8 | 153.3 | +23.5 | |

*1 LI: Lifestyle segment, EN: Energy segment, CH: Chemicals segment, IC: Innovation & Corporate Development segment, MI: Machinery & Infrastructure segment, IS: Iron & Steel Products segment.

*2 Bussan Auto Finance becoming an associated company.

Non-current Assets:

| (Billions of Yen) | September 30, 2023 | March 31, 2023 | Change | Description |
|---|-----------------------|-------------------|----------|--|
| Non-current Assets | 10,858.1 | 9,706.1 | +1,152.0 | |
| Investments accounted for using the equity method | 4,628.8 | 3,929.6 | +699.2 | <ul style="list-style-type: none"> • Foreign exchange fluctuations +377.9 • Changes from equity method investments profit +244.9 • Nutrinova +74.9 • Offshore wind power project in Taiwan +70.1 (YECL becoming a subsidiary and other factors) • Altius Link^{*1} +63.1 • Renewable natural gas business +26.2 • Mit-Pacific Infrastructure Holdings^{*2} +23.8 • Euricom +17.1 • BAF^{*3} +14.3 • FPSO business (MV34) +10.7 • Dividends from equity accounted investees -238.4 |
| Other investments | 2,272.2 | 2,134.1 | +138.1 | <ul style="list-style-type: none"> • Foreign exchange fluctuations +41.9 • Fair value of FVTOCI financial assets +36.8 • Acquisition of Alvotech convertible bonds +10.5 |
| Trade and other receivables | 305.5 | 320.0 | (14.5) | • BAF ^{*3} -53.3 |
| Other financial assets | 221.6 | 208.0 | +13.6 | • (MI ^{*4}) Increase in trading volume |
| Property, plant and equipment | 2,430.6 | 2,300.6 | +130.0 | <ul style="list-style-type: none"> • Oil and gas projects +105.3 (including foreign exchange fluctuations +59.5) • Iron ore mining operations in Australia +32.0 (including foreign exchange fluctuations +29.3) • Intercontinental Terminals Company +16.3 (including foreign exchange fluctuations +16.1) • Mitsui Rail Capital Europe -81.8 • M&T Aviation sale of owned aircraft -14.4 |
| Investment property | 284.5 | 282.5 | +2.0 | |
| Intangible assets | 444.5 | 277.3 | +167.2 | • Aim Services becoming a subsidiary +126.7 |
| Deferred tax assets | 109.1 | 105.2 | +3.9 | |
| Deferred tax assets | 161.5 | 148.8 | +12.8 | |

*1 After acquiring additional shares in Relia, the business was integrated with KDDI Evolva and a new company known as Altius Link was formed.

*2 An investment in Metro Pacific Investments Corporation through Mit-Pacific Infrastructure Holdings.

*3 Bussan Auto Finance becoming an associated company.

*4 MI: Machinery & Infrastructure segment.

Liabilities

| (Billions of Yen) | September 30, 2023 | March 31, 2023 | Change | Description |
|--|-----------------------|-------------------|---------|---|
| Current Liabilities | 3,911.0 | 3,766.6 | +144.4 | |
| Short-term debt | 479.3 | 432.2 | +47.1 | • Borrowing and repayments, as well as BAF* ¹ -21.6 |
| Current portion of long-term debt | 594.8 | 811.0 | (216.2) | • Reclassification from non-current debt and repayments, as well as BAF* ¹ -28.4 |
| Trade and other payables | 1,615.9 | 1,510.4 | +105.5 | • Increase in trade payables |
| Other financial liabilities | 737.2 | 622.0 | +115.2 | • Increase in derivative liabilities |
| Income tax payables | 44.5 | 49.3 | (4.8) | |
| Advances from customers | 301.7 | 234.9 | +66.8 | • Corresponding to increase in advance payments |
| Provisions | 85.1 | 59.0 | +26.1 | |
| Other current liabilities | 52.6 | 47.8 | +4.8 | |
| Non-current Liabilities | 5,452.2 | 5,049.1 | +403.1 | |
| Long-term debt, less the current portion | 4,006.0 | 3,797.3 | +208.7 | • Reclassification to current portion and borrowings, as well as BAF* ¹ -43.8 |
| Other financial liabilities | 302.5 | 223.4 | +79.1 | • Increase in derivative liabilities |
| Retirement benefit liabilities | 39.2 | 37.0 | +2.2 | |
| Provisions | 338.4 | 310.5 | +27.9 | • (EN* ²) Increase in asset retirement obligations due to weak yen |
| Deferred tax liabilities | 731.8 | 648.3 | +83.5 | |
| Other non-current liabilities | 34.3 | 32.6 | +1.7 | |

*1 Bussan Auto Finance becoming an associated company.

*2 EN: Energy segment.

Equity

| (Billions of Yen) | September 30, 2023 | March 31, 2023 | Change | Description |
|--|-----------------------|-------------------|--------|---|
| Common stock | 343.1 | 342.6 | +0.5 | |
| Capital surplus | 388.7 | 381.9 | +6.8 | |
| Retained earnings | 5,091.0 | 4,840.5 | +250.5 | |
| Other components of equity | 1,301.6 | 869.0 | +432.6 | |
| <breakdown> | | | | |
| Financial assets measured at FVTOCI | 231.3 | 215.6 | +15.7 | |
| Foreign currency translation adjustments | 1,046.2 | 638.5 | +407.7 | <ul style="list-style-type: none"> • USD +314.4 (Sept-23 USD/JPY149.58, up from Mar-23 USD/JPY133.53) • AUD +78.3 (Sept-23 AUD/JPY96.06, up from Mar-23 AUD/JPY89.69) |
| Cash flow hedges | 24.0 | 14.9 | +9.2 | |
| Treasury stock | (62.9) | (66.2) | +3.3 | <ul style="list-style-type: none"> • Cancellation of treasury stock +92.0 • Share repurchase -89.2 |
| Total Equity Attributable to Owners of the Parent | 7,061.5 | 6,367.8 | +693.7 | |
| Non-controlling interests | 219.8 | 197.4 | +22.4 | |

2) Cash Flows

| (Billions of Yen) | Current Period | Previous Period | Change |
|---|----------------|-----------------|---------|
| Cash Flows from Operating Activities | 466.5 | 310.4 | +156.1 |
| Cash Flows from Investing Activities | (296.5) | (132.0) | (164.5) |
| Free Cash Flow | 170.0 | 178.4 | (8.4) |
| Cash Flows from Financing Activities | (430.8) | (308.0) | (122.8) |
| Effect of Exchange Rate Changes on Cash and Cash Equivalents etc. | 68.0 | 68.3 | (0.3) |
| Change in Cash and Cash Equivalents | (192.8) | (61.3) | (131.5) |

Cash Flows from Operating Activities

| (Billions of Yen) | | Current Period | Previous Period | Change |
|---|-------|----------------|-----------------|---------|
| Cash Flows from Operating Activities | a | 466.5 | 310.4 | +156.1 |
| Cash Flows from Change in Working Capital | b | (45.0) | (328.9) | +283.9 |
| Repayments of Lease Liabilities | c | (36.4) | (27.8) | (8.6) |
| Core Operating Cash Flow | a-b+c | 475.1 | 611.5 | (136.4) |

- Cash flows from change in working capital (changes in operating assets and liabilities) was ¥45.0 billion of net cash outflow. Repayments of lease liabilities was ¥36.4 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 ¥475.1 billion.
 - Net cash inflow from dividend income, including dividends received from equity accounted investees, for the current period totaled ¥308.8 billion, a decrease of ¥5.1 billion from ¥313.9 billion for the previous period.
 - Depreciation and amortization for the current period was ¥137.4 billion, an increase of ¥0.4 billion from ¥137.0 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 | 177.8 | 269.5 | (91.7) |
| Energy | 77.5 | 124.8 | (47.3) |
| Machinery & Infrastructure | 115.7 | 92.6 | +23.1 |
| Chemicals | 24.3 | 50.9 | (26.6) |
| Iron & Steel Products | 1.2 | 7.3 | (6.1) |
| Lifestyle | 29.7 | 19.0 | +10.7 |
| Innovation & Corporate Development | 19.2 | 18.2 | +1.0 |
| All Other and Adjustments and Eliminations | 29.7 | 29.2 | +0.5 |
| Consolidated Total | 475.1 | 611.5 | (136.4) |

The following table shows Depreciation and amortization by operating segment.

| (Billions of Yen) | Current Period | Previous Period | Change |
|--|----------------|-----------------|--------|
| Mineral & Metal Resources | 31.2 | 28.3 | +2.9 |
| Energy | 40.7 | 47.4 | (6.7) |
| Machinery & Infrastructure | 16.3 | 16.8 | (0.5) |
| Chemicals | 16.3 | 15.6 | +0.7 |
| Iron & Steel Products | 1.0 | 0.7 | +0.3 |
| Lifestyle | 14.5 | 10.5 | +4.0 |
| Innovation & Corporate Development | 8.6 | 9.4 | (0.8) |
| All Other and Adjustments and Eliminations | 8.8 | 8.3 | +0.5 |
| Consolidated Total | 137.4 | 137.0 | +0.4 |

Cash Flows from Investing Activities

| (Billions of Yen) | Current Period | Previous Period | Description |
|---|----------------|-----------------|---|
| Cash flows from investing activities | (296.5) | (132.0) | |
| Net change in investments to equity accounted investees | (229.5) | (102.0) | |
| Cash outflow | (269.7) | (142.3) | <ul style="list-style-type: none"> ● Nutrinova -74.9 ● Altius Link^{*1} -51.2 ● Renewable natural gas business -26.2 ● Mit-Pacific Infrastructure Holdings^{*2} -23.8 ● Euricom -17.1 ● Power Generation Business -12.5 ● FPSO business (MV34) -10.7 |
| Cash inflow | 40.2 | 40.3 | |
| Net change in other investments | (9.2) | (12.3) | |
| Cash outflow | (48.4) | (53.2) | <ul style="list-style-type: none"> ● Bussan Animal Health^{*3} -10.7 ● Acquisition of Alvotech convertible bonds -10.5 |
| Cash inflow | 39.2 | 40.9 | |
| Net change in property, plant, and equipment | (114.6) | (88.2) | |
| Cash outflow | (141.5) | (109.0) | <ul style="list-style-type: none"> ● Oil and gas projects -36.0 ● Iron ore mining operations in Australia -22.7 ● Mitsui Resources -11.3 ● MyPower -10.3 |
| Cash inflow | 26.9 | 20.8 | <ul style="list-style-type: none"> ● M&T Aviation sale of owned aircraft +18.8 |
| Net change in investment property | 14.8 | 33.7 | |
| Cash outflow | (2.9) | (2.8) | |
| Cash inflow | 17.7 | 36.5 | <ul style="list-style-type: none"> ● Partial sale of Hibiya Fort Tower |
| Net change in loan receivables | (7.1) | 0.7 | |
| Net change in time deposits | (8.3) | 36.1 | <ul style="list-style-type: none"> ● Mitsui Mineral Resources Development Latin America time deposits -11.3 |
| Acquisition of subsidiaries or other businesses | (95.6) | - | <ul style="list-style-type: none"> ● Aim Services becoming a subsidiary -58.8 (Net amount of: acquisition cost -68.8, cash and deposits +10.0) ● Acquisition of interest in South Texas Vaquero -36.8 |
| Proceeds from sales of subsidiaries or other businesses | 152.9 | - | |

*1 After acquiring additional shares in Relia, the business was integrated with KDDI Evolva and a new company known as Altius Link was formed.

*2 An investment in Metro Pacific Investments Corporation through Mit-Pacific Infrastructure Holdings.

*3 After acquiring all shares in Sumitomo Pharma Animal Health, the company name changed to Bussan Animal

Health in June 2023.

Cash Flows from Financing Activities

| (Billions of Yen) | Current Period | Previous Period | Description of Current Period |
|---|----------------|-----------------|---|
| Cash flows from financing activities | (430.8) | (308.0) | |
| Net change in short-term debt | 33.3 | 15.2 | |
| Net change in long-term debt | (225.7) | (60.9) | |
| (Proceeds from long-term debt) | 625.4 | 503.0 | |
| (Repayments of long-term debt) | (851.1) | (563.9) | |
| Repayments of lease liabilities | (36.4) | (27.8) | |
| Purchase and sales of treasury stock-net | (89.3) | (100.2) | • Including stock-based emuneration for employees -19.2 |
| Dividends paid | (114.3) | (96.1) | |
| Transactions with non-controlling interest shareholders | 1.6 | (38.2) | |

(4) Management Issues

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

For the current period, approximately ¥572.0 billion of investments and loans were allocated, mainly for the growth investments such as Nutrinova, additional holding of Aim Services, making it a subsidiary, additional holding of Relia due to its merger into Altius Link, and sustaining capex such as iron ore and metallurgical coal mining operations in Australia and the oil & gas production business. On the other hand, we carried out approximately ¥283.0 billion of asset recycling with the sale of Mitsui Rail Capital Europe, aircraft, and a gas-fired power plant. We will continue flexible and strategic cash allocation through our Cash Flow Allocation framework.

(*) Excludes changes in time deposits.

2) Revised forecasts for the year ending March 31, 2024

| <Assumption> | <u>1st Half</u> (Actual) | <u>2nd Half</u> (Forecast) | <u>Revised</u> <u>Forecast</u> (October 2023) | <u>Original</u> <u>Forecast</u> (May 2023) |
|-------------------------|-----------------------------|-------------------------------|---|--|
| Exchange rate (USD/JPY) | 142.61 | 145.00 | 143.81 | 130.00 |
| Crude oil (JCC) | \$84/bbl | \$86/bbl | \$85/bbl | \$79/bbl |
| Consolidated oil price | \$89/bbl | \$94/bbl | \$91/bbl | \$88/bbl |

| (Billions of Yen) | March 31, 2024 Revised forecast (October 2023) | March 31, 2024 Original forecast (May 2023) | Change | Description |
|--|--|---|--------|----------------------------|
| Gross profit | 1,270.0 | 1,170.0 | +100.0 | FX impact, Energy |
| Selling, General and Administrative Expenses | (800.0) | (750.0) | (50.0) | FX impact |
| Gain (Loss) on Investments, Fixed Assets and Other | 230.0 | 230.0 | - | |
| Interest Expenses | (110.0) | (110.0) | - | |
| Dividend Income | 160.0 | 160.0 | - | |
| Profit (Loss) of Equity Method Investments | 460.0 | 440.0 | +20.0 | Machinery & Infrastructure |
| Profit before Income Taxes | 1,210.0 | 1,140.0 | +70.0 | |
| Income Taxes | (250.0) | (240.0) | (10.0) | |
| Non-Controlling Interests | (20.0) | (20.0) | - | |
| Profit for the Year Attributable to Owners of the Parent | 940.0 | 880.0 | +60.0 | Rate of change: +6.8% |

| | | | | |
|-------------------------------|-------|-------|-------|--|
| Depreciation and Amortization | 280.0 | 270.0 | +10.0 | |
|-------------------------------|-------|-------|-------|--|

| | | | | |
|--------------------------|-------|-------|-------|------------------------|
| Core Operating Cash Flow | 960.0 | 870.0 | +90.0 | Rate of change: +10.3% |
|--------------------------|-------|-------|-------|------------------------|

- 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, 2024.”

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, 2024 Revised forecast (October 2023) | March 31, 2024 Original forecast (May 2023) | Change | Description |
|--|--|---|--------|---|
| Mineral & Metal Resources | 290.0 | 290.0 | - | |
| Energy | 140.0 | 130.0 | +10.0 | LNG trading |
| Machinery & Infrastructure | 270.0 | 240.0 | +30.0 | Asset recycling, automobile and ship business |
| Chemicals | 60.0 | 60.0 | - | |
| Iron & Steel Products | 15.0 | 20.0 | (5.0) | Lower demand |
| Lifestyle | 100.0 | 90.0 | +10.0 | Processed oil food business |
| Innovation & Corporate Development | 60.0 | 60.0 | - | |
| All Other and Adjustments and Eliminations | 5.0 | (10.0) | +15.0 | |
| Consolidated Total | 940.0 | 880.0 | +60.0 | |

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, 2024 Revised forecast (October 2023) | March 31, 2024 Original forecast (May 2023) | Change | Description |
|--|--|---|--------|---|
| Mineral & Metal Resources | 350.0 | 320.0 | +30.0 | Dividends from associates |
| Energy | 240.0 | 230.0 | +10.0 | LNG trading |
| Machinery & Infrastructure | 150.0 | 140.0 | +10.0 | Dividends from associates |
| Chemicals | 80.0 | 80.0 | - | |
| Iron & Steel Products | 10.0 | 10.0 | - | |
| Lifestyle | 60.0 | 50.0 | +10.0 | Dividends from associates |
| Innovation & Corporate Development | 40.0 | 40.0 | - | |
| All Other and Adjustments and Eliminations | 30.0 | 0.0 | +30.0 | Payment date for new US minimum tax deferred, other factors |
| Consolidated Total | 960.0 | 870.0 | +90.0 | |

3) Key commodity prices and other parameters for the year ending March 31, 2024

The table below shows assumptions for key commodity prices and foreign exchange rates of the forecast for the year ending March 31, 2024. 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 FY March 2024 (Announced May 2023) | | FY March 2024 Assumption (Announced May 2023) | FY March 2024 | | FY March 2024 Full-Year (Avg. of H1 and H2) |
|----------------------|---|---------------------------|---|---------------------|---------------|---|
| | | | | H1 Result | H2 Assumption | |
| Commodity | Crude oil/JCC | - | 79 | 84 | 86 | 85 |
| | Consolidated oil price ^{*1} | ¥2.6 bn (US\$1/bbl) | 88 | 89 | 94 | 91 |
| | US gas ^{*2} | ¥1.4 bn (US\$0.1/mmBtu) | 2.99 | 2.54 ^{*3} | 2.70 | 2.62 |
| | Iron ore ^{*4} | ¥2.7 bn (US\$1/ton) | *5 | 113 ^{*6} | *5 | *5 |
| | Metallurgical coal | ¥0.3 bn (US\$1/ton) | *5 | 262 ^{*7} | *5 | *5 |
| | Copper ^{*8} | ¥0.7 bn (US\$100/ton) | 8,600 | 8,704 ^{*9} | 8,428 | 8,566 |
| Forex ^{*10} | US\$ | ¥3.9 bn (¥1/US\$) | 130.00 | 142.61 | 145.00 | 143.81 |
| | Australian\$ | ¥2.7 bn (¥1/Australian\$) | 85.00 | 93.44 | 90.00 | 91.72 |

- (*1) As the crude oil price affects our consolidated results with a time lag, the effect of crude oil prices on consolidated results is estimated as a consolidated oil price, which reflects this lag. For the year ending March 2024, we have assumed that there is a 4-6 month time lag for approx. 35%, a 1-3 month time lag for approx. 30%, an over 1-year time lag for approx. 30%, and no time lag for approx. 5%. The above sensitivities show the annual impact of changes in the consolidated oil price.
- (*2) As Mitsui has very limited exposure to US natural gas sold at Henry Hub (HH), the above sensitivities show the annual impact of changes in the weighted average sale price.
- (*3) US gas figures for the year ending March 2024 H1 (result) are the average daily prompt month closing prices for Henry Hub Natural Gas Futures traded on NYMEX during January to June 2023.
- (*4) The effect of dividend income from Vale has not been included.
- (*5) Iron ore and Metallurgical coal price assumptions are not disclosed.
- (*6) Iron ore figures for the year ending March 2024 H1 (result) are the daily average (reference price) spot index price (Fe 62% CFR North China) recorded in several industry trade magazines from April to September 2023.
- (*7) Metallurgical coal figures for the year ending March 2024 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 2023.
- (*9) Copper figures for the year ending March 2024 H1 (result) are the averages of the LME monthly average cash settlement prices for the period from January to June 2023.
- (*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 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 meeting demand for capital in our core and growth areas through reinvestment of our retained earnings, and based on the level of stable cash generation, directly provide returns to shareholders by paying out cash dividends.
- In addition to the above, regarding share repurchases which are done to improve capital efficiency amongst other things, the amount and timing will be decided upon in a prompt and flexible manner taking into consideration the business environment. Such considerations include balance between share repurchases and growth investments, cash flow level after accounting for shareholder returns, interest-bearing debt levels, and return on equity.

For the current period, we repurchased ¥70.0 billion of our own stock between April 1 and July 7, 2023. Additionally, today we announced a new repurchase program, targeting up to ¥50.0 billion of shares to be repurchased between November 1, 2023 and January 31, 2024. Together with this, we have decided we will cancel all of these newly repurchased shares. For details, please refer to the release on our website “Notification of Stock Repurchase and Cancellation of Treasury Stock” dated October 31, 2023.

Taking into consideration Core Operating Cash Flow and Profit for the Year Attributable to Owners of the Parent announced today, as well as the stability and continuity of dividend payments, the full-year dividend for the year ending March 31, 2024 is planned to be ¥170 per share (an increase of ¥30 from the previous year, including the interim dividend of ¥85), an upward revision of ¥20. Furthermore, during the current Medium-term Management Plan (from the year ending March 31, 2024 to the year ending March 31, 2026), we will set a minimum dividend of ¥170 per share and maintain or increase the dividend level.

We have set a shareholder returns policy (dividends and share repurchases) of around 37% of Core Operating Cash Flow on a three-year cumulative basis for the current Medium-term Management Plan.

(5) Material Accounting Estimates

For Further information regarding the material accounting 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, 2023 and March 31, 2023

| | Millions of Yen | |
|--|-----------------------|-------------------|
| | September 30, 2023 | March 31, 2023 |
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | ¥ 1,197,297 | ¥ 1,390,130 |
| Trade and other receivables | 2,218,964 | 2,191,181 |
| Other financial assets (Note 15) | 949,294 | 772,984 |
| Inventories (Note 15) | 915,704 | 940,543 |
| Advance payments to suppliers | 328,413 | 226,692 |
| Other current assets | 176,769 | 153,303 |
| Total current assets | 5,786,441 | 5,674,833 |
| Non-current Assets: | | |
| Investments accounted for using the equity method(Note 18) | 4,628,807 | 3,929,636 |
| Other investments (Notes 15 and 18)..... | 2,272,159 | 2,134,103 |
| Trade and other receivables (Notes 15 and 18) | 305,472 | 320,040 |
| Other financial assets (Note 15) | 221,567 | 208,021 |
| Property, plant and equipment (Note 8) | 2,430,615 | 2,300,607 |
| Investment property | 284,473 | 282,497 |
| Intangible assets | 444,481 | 277,316 |
| Deferred tax assets | 109,071 | 105,197 |
| Other non-current assets | 161,495 | 148,666 |
| Total non-current assets | 10,858,140 | 9,706,083 |
| Total assets | ¥ 16,644,581 | ¥ 15,380,916 |

Condensed Consolidated Statements of Financial Position—(Continued)

Mitsui & Co., Ltd. and subsidiaries
September 30, 2023 and March 31, 2023

| | Millions of Yen | |
|--|-----------------------|---------------------|
| | September 30, 2023 | March 31, 2023 |
| LIABILITIES AND EQUITY | | |
| Current Liabilities: | | |
| Short-term debt | ¥ 479,260 | ¥ 432,233 |
| Current portion of long-term debt (Note 10) | 594,765 | 810,999 |
| Trade and other payables | 1,615,876 | 1,510,391 |
| Other financial liabilities (Notes 14 and 15) | 737,174 | 621,979 |
| Income tax payables | 44,483 | 49,335 |
| Advances from customers | 301,748 | 234,946 |
| Provisions | 85,138 | 58,952 |
| Other current liabilities | 52,585 | 47,802 |
| Total current liabilities | <u>3,911,029</u> | <u>3,766,637</u> |
| Non-current Liabilities: | | |
| Long-term debt, less current portion (Notes 10 and 15) | 4,006,000 | 3,797,328 |
| Other financial liabilities (Notes 14, 15 and 18) | 302,522 | 223,381 |
| Retirement benefit liabilities | 39,230 | 36,998 |
| Provisions | 338,366 | 310,513 |
| Deferred tax liabilities | 731,823 | 648,263 |
| Other non-current liabilities | 34,268 | 32,648 |
| Total non-current liabilities | <u>5,452,209</u> | <u>5,049,131</u> |
| Total liabilities | <u>9,363,238</u> | <u>8,815,768</u> |
| Equity: | | |
| Common stock | 343,062 | 342,560 |
| Capital surplus | 388,701 | 381,869 |
| Retained earnings | 5,091,024 | 4,840,510 |
| Other components of equity (Note 11) | 1,301,605 | 868,963 |
| Treasury stock | (62,857) | (66,152) |
| Total equity attributable to owners of the parent | <u>7,061,535</u> | <u>6,367,750</u> |
| Non-controlling interests | 219,808 | 197,398 |
| Total equity | <u>7,281,343</u> | <u>6,565,148</u> |
| Total liabilities and equity | <u>¥ 16,644,581</u> | <u>¥ 15,380,916</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, 2023 and 2022

| | Millions of Yen | |
|---|---|---|
| | Six-month Period Ended September 30, 2023 | Six-month Period Ended September 30, 2022 |
| Revenue (Notes 6, 7 and 15) | ¥ 6,377,438 | ¥ 7,423,815 |
| Cost (Note 15) | (5,769,044) | (6,791,900) |
| Gross Profit (Note 6) | 608,394 | 631,915 |
| Other Income (Expenses): | | |
| Selling, general and administrative expenses | (391,756) | (326,023) |
| Gain (loss) on securities and other investments-net (Notes 3,5 and 15) | 134,091 | 18,153 |
| Impairment reversal (loss) of fixed assets-net (Note 9) | (3,992) | (10,826) |
| Gain (loss) on disposal or sales of fixed assets-net | 8,237 | 15,793 |
| Other income (expense)-net (Note 15) | (13,693) | 15,852 |
| Total other income (expenses) | (267,113) | (287,051) |
| Finance Income (Costs): | | |
| Interest income | 34,225 | 18,110 |
| Dividend income | 53,955 | 80,916 |
| Interest expense | (80,517) | (39,656) |
| Total finance income (costs) | 7,663 | 59,370 |
| Share of Profit (Loss) of Investments Accounted for Using the Equity Method (Note 6) | 244,932 | 283,573 |
| Profit before Income Taxes | 593,876 | 687,807 |
| Income Taxes | (124,596) | (131,773) |
| Profit for the Period | ¥ 469,280 | ¥ 556,034 |
| Profit for the Period Attributable to: | | |
| Owners of the parent (Note 6)..... | ¥ 456,261 | ¥ 539,104 |
| Non-controlling interests | 13,019 | 16,930 |
| | | |
| | Yen | |
| Earnings per Share Attributable to Owners of the Parent (Note 13): | | |
| Basic | ¥ 301.42 | ¥ 339.69 |
| Diluted | ¥ 301.24 | ¥ 339.57 |

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, 2023 and 2022**

| | Millions of Yen | |
|---|---|---|
| | Six-month Period Ended September 30, 2023 | Six-month Period Ended September 30, 2022 |
| Comprehensive Income: | | |
| Profit for the period | ¥ 469,280 | ¥ 556,034 |
| Other comprehensive income : | | |
| Items that will not be reclassified to profit or loss: | | |
| Financial assets measured at FVTOCI (Note 18)..... | 26,580 | (355,470) |
| Remeasurements of defined benefit pension plans | 170 | 126 |
| Share of other comprehensive income of investments accounted for using the equity method | (5,320) | (3,609) |
| Income tax relating to items not reclassified | (4,879) | 101,732 |
| Items that may be reclassified subsequently to profit or loss: | | |
| Foreign currency translation adjustments | 48,951 | 14,026 |
| Cash flow hedges | 3,613 | (110,101) |
| Share of other comprehensive income of investments accounted for using the equity method | 391,927 | 475,050 |
| Income tax relating to items that may be reclassified | (12,427) | (14,844) |
| Total other comprehensive income | 448,615 | 106,910 |
| Comprehensive Income for the Period | ¥ 917,895 | ¥ 662,944 |
| Comprehensive Income for the Period Attributable to: | | |
| Owners of the parent | ¥ 889,688 | ¥ 633,794 |
| Non-controlling interests | 28,207 | 29,150 |

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, 2023 and 2022

| | Millions of Yen | |
|---|---|---|
| | Three-month Period Ended September 30, 2023 | Three-month Period Ended September 30, 2022 |
| Revenue (Notes 6, 7 and 15) | ¥ 3,228,307 | ¥ 3,703,284 |
| Cost (Note 15) | (2,920,643) | (3,384,799) |
| Gross Profit (Note 6) | 307,664 | 318,485 |
| Other Income (Expenses): | | |
| Selling, general and administrative expenses | (207,522) | (170,074) |
| Gain (loss) on securities and other investments-net(Notes 5 and 15) | 86,550 | 6,594 |
| Impairment reversal (loss) of fixed assets-net (Note 9) | (1,471) | (10,555) |
| Gain (loss) on disposal or sales of fixed assets-net | 6,613 | 8,864 |
| Other income (expense)-net (Note 15) | (14,464) | 7,567 |
| Total other income (expenses) | (130,294) | (157,604) |
| Finance Income (Costs): | | |
| Interest income | 18,406 | 11,147 |
| Dividend income | 26,269 | 46,341 |
| Interest expense | (41,928) | (23,255) |
| Total finance income (costs) | 2,747 | 34,233 |
| Share of Profit (Loss) of Investments Accounted for Using the Equity Method (Note 6) | 101,945 | 144,736 |
| Profit before Income Taxes | 282,062 | 339,850 |
| Income Taxes | (71,441) | (72,175) |
| Profit for the Period | ¥ 210,621 | ¥ 267,675 |
| Profit for the Period Attributable to: | | |
| Owners of the parent (Note 6)..... | ¥ 203,411 | ¥ 264,104 |
| Non-controlling interests | 7,210 | 3,571 |

| | Yen | |
|---|----------|----------|
| Earnings per Share Attributable to Owners of the Parent (Note 13): | | |
| Basic | ¥ 134.93 | ¥ 167.28 |
| Diluted | ¥ 134.83 | ¥ 167.22 |

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

**Condensed Consolidated Statements of Comprehensive Income
Mitsui & Co., Ltd. and subsidiaries
For the Three-Month Periods Ended September 30, 2023 and 2022**

| | Millions of Yen | |
|---|---|---|
| | Three-month Period Ended September 30, 2023 | Three-month Period Ended September 30, 2022 |
| Comprehensive Income: | | |
| Profit for the period | ¥ 210,621 | ¥ 267,675 |
| Other comprehensive income : | | |
| Items that will not be reclassified to profit or loss: | | |
| Financial assets measured at FVTOCI (Note 18)..... | 11,075 | (40,740) |
| Remeasurements of defined benefit pension plans | (97) | 145 |
| Share of other comprehensive income of investments accounted for using the equity method | (2,021) | (2,996) |
| Income tax relating to items not reclassified | (4,911) | 9,497 |
| Items that may be reclassified subsequently to profit or loss: | | |
| Foreign currency translation adjustments | (13,942) | (8,937) |
| Cash flow hedges | 4,631 | (61,862) |
| Share of other comprehensive income of investments accounted for using the equity method | 106,998 | 173,768 |
| Income tax relating to items that may be reclassified | (4,544) | (7,781) |
| Total other comprehensive income | 97,189 | 61,094 |
| Comprehensive Income for the Period | ¥ 307,810 | ¥ 328,769 |
| Comprehensive Income for the Period Attributable to: | | |
| Owners of the parent | ¥ 298,586 | ¥ 321,388 |
| Non-controlling interests | 9,224 | 7,381 |

Condensed Consolidated Statements of Changes in Equity
Mitsui & Co., Ltd. and subsidiaries
For the Six-Month Periods Ended September 30, 2023 and 2022

| Millions of Yen | Attributable to owners of the parent | | | | | | | |
|--|--------------------------------------|--------------------|-----------------------------------|---|-------------------|-------------|----------------------------------|-----------------|
| | Common Stock | Capital Surplus | Retained Earnings (Note 12) | Other Components of Equity (Note 11) | Treasury Stock | Total | Non- controlling Interests | Total Equity |
| 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 (Note 11)..... | | | | 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 (Note 12)..... | | | | | | | (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 (Note 11)..... | | 33 | | 414 | | 447 | 10,099 | 10,546 |
| Transfer to retained earnings (Note 11)..... | | | 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 |

| Millions of Yen | Attributable to owners of the parent | | | | | | | |
|--|--------------------------------------|--------------------|-----------------------------------|---|-------------------|-------------|----------------------------------|-----------------|
| | Common Stock | Capital Surplus | Retained Earnings (Note 12) | Other Components of Equity (Note 11) | Treasury Stock | Total | Non- controlling Interests | Total Equity |
| Balance as at April 1, 2023 | ¥ 342,560 | ¥ 381,869 | ¥ 4,840,510 | ¥ 868,963 | ¥ (66,152) | ¥ 6,367,750 | ¥ 197,398 | ¥ 6,565,148 |
| Profit for the period | | | 456,261 | | | 456,261 | 13,019 | 469,280 |
| Other comprehensive income for the period (Note 11)..... | | | | 433,427 | | 433,427 | 15,188 | 448,615 |
| Comprehensive income for the period | | | 456,261 | 433,427 | | 889,688 | 28,207 | 917,895 |
| Transaction with owners: | | | | | | | | |
| Dividends paid to owners of the parent..... | | | (114,325) | | | (114,325) | | (114,325) |
| Dividends paid to non-controlling interest shareholders (Note 12)..... | | | | | | | (9,518) | (9,518) |
| Acquisition of treasury stock | | | | | (89,254) | (89,254) | | (89,254) |
| Sales of treasury stock | | (330) | (176) | | 506 | 0 | | 0 |
| Cancellation of treasury stock..... | | | (92,043) | | 92,043 | - | | - |
| Compensation costs related to share-based payment | 502 | 3,700 | | | | 4,202 | | 4,202 |
| Equity transactions with non-controlling interest shareholders (Note 11)..... | | 3,462 | | 12 | | 3,474 | 3,721 | 7,195 |
| Transfer to retained earnings (Note 11)..... | | | 797 | (797) | | - | | - |
| Balance as at September 30, 2023 | ¥ 343,062 | ¥ 388,701 | ¥ 5,091,024 | ¥ 1,301,605 | ¥ (62,857) | ¥ 7,061,535 | ¥ 219,808 | ¥ 7,281,343 |

Condensed Consolidated Statements of Cash Flows
Mitsui & Co., Ltd. and subsidiaries
For the Six-Month Periods Ended September 30, 2023 and 2022

| | Millions of Yen | |
|---|---|---|
| | Six-month period ended September 30, 2023 | Six-month period ended September 30, 2022 |
| Operating Activities: | | |
| Profit for the period | ¥ 469,280 | ¥ 556,034 |
| Adjustments to reconcile profit for the period to cash flows from operating activities: | | |
| Depreciation and amortization | 137,373 | 137,037 |
| Change in retirement benefit liabilities | 33 | 2,853 |
| Loss allowance | 15,606 | 7,245 |
| (Gain) loss on securities and other investments-net | (134,091) | (18,153) |
| Impairment (reversal) loss of fixed assets-net | 3,992 | 10,826 |
| (Gain) loss on disposal or sales of fixed assets-net | (8,237) | (15,793) |
| Interest income, dividend income and interest expense | (35,344) | (76,919) |
| Income taxes | 124,596 | 131,773 |
| Share of (profit) loss of investments accounted for using the equity method | (244,932) | (283,573) |
| Valuation (gain) loss related to contingent considerations and others | 343 | (11,984) |
| Changes in operating assets and liabilities: | | |
| Change in trade and other receivables | (18,706) | 32,504 |
| Change in inventories | 81,339 | 1,369 |
| Change in trade and other payables | 26,577 | (125,245) |
| Change in derivative assets and liabilities | 7,473 | (17,890) |
| Change in advance payments to suppliers | (79,246) | (11,578) |
| Change in other financial liabilities | (45,907) | 11,099 |
| Change in other financial assets | (23,193) | (159,650) |
| Other-net | 6,689 | (59,590) |
| Interest received | 61,798 | 33,306 |
| Interest paid | (79,086) | (33,042) |
| Dividends received | 308,805 | 313,942 |
| Income taxes paid | (133,866) | (138,377) |
| Income taxes refunded | 25,200 | 24,176 |
| Cash flows from operating activities | <u>466,496</u> | <u>310,370</u> |
| Investing Activities: | | |
| Change in time deposits | (8,291) | 36,102 |
| Investments in equity accounted investees | (269,722) | (142,333) |
| Proceeds from sales of investments in equity accounted investees | 40,248 | 40,345 |
| Purchases of other investments | (48,411) | (53,209) |
| Proceeds from sales and maturities of other investments | 39,248 | 40,877 |
| Increases in loan receivables | (13,221) | (8,415) |
| Collections of loan receivables | 6,171 | 9,100 |
| Purchases of property, plant and equipment | (141,515) | (108,956) |
| Proceeds from sales of property, plant and equipment | 26,868 | 20,783 |
| Purchases of investment property | (2,883) | (2,842) |
| Proceeds from sales of investment property | 17,675 | 36,547 |
| Acquisition of subsidiaries or other businesses (Note 3) | (95,605) | - |
| Proceeds from sales of subsidiaries or other businesses | 152,919 | - |
| Cash flows from investing activities | <u>(296,519)</u> | <u>(132,001)</u> |
| Financing Activities: | | |
| Change in short-term debt | 33,348 | 15,226 |
| Proceeds from long-term debt | 625,359 | 502,961 |
| Repayments of long-term debt | (851,101) | (563,904) |
| Repayments of lease liabilities (Note 6) | (36,382) | (27,845) |
| Purchases and sales of treasury stock | (89,250) | (100,158) |
| Dividends paid | (114,325) | (96,058) |
| Transactions with non-controlling interests shareholders | 1,590 | (38,179) |
| Cash flows from financing activities | <u>(430,761)</u> | <u>(307,957)</u> |
| Effect of Exchange Rate Changes on Cash and Cash Equivalents | <u>67,951</u> | <u>68,330</u> |

| | | |
|--|--------------------|--------------------|
| Change in Cash and Cash Equivalents | (192,833) | (61,258) |
| Cash and Cash Equivalents at Beginning of Period | 1,390,130 | 1,127,868 |
| Cash and Cash Equivalents at End of Period | <u>¥ 1,197,297</u> | <u>¥ 1,066,610</u> |

“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, 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 15 “FAIR VALUE MEASUREMENT”

III. MATERIAL ACCOUNTING POLICIES

Material accounting policies applied in the Condensed Consolidated Financial Statements for the period ended September 30, 2023 are the same as those applied in the Consolidated Financial Statements of the previous fiscal year.

The companies applied the following new standards for Condensed Consolidated Financial Statements from April 1, 2023. Impacts from the application of these on the Condensed Consolidated Financial Statements are immaterial.

| IFRS | Title | Summaries |
|---------|------------------------------------|---|
| IFRS 17 | Insurance Contracts | Fundamental amendment of accounting for insurance contracts |
| IAS 12 | Income Taxes (amended in May 2021) | Clarification of accounting treatment for deferred tax related to assets and liabilities arising from a single transaction |
| IAS 12 | Income Taxes (amended in May 2023) | Accounting treatment and disclosures about income taxes arising from tax law enacted to implement the Pillar Two model rules published by the OECD. |

3. BUSINESS COMBINATIONS

For the six-month period ended September 30, 2023

Acquisition of Additional Shares in AIM SERVICES CO., LTD.

On April 6, 2023, the Company acquired 50% equity share (equivalent to 277 stocks) of AIM SERVICES CO., LTD. ("Aim") from Aramark, a U.S. based company. The acquisition price was ¥68,790 million (USD535 million), which was paid in cash and cash equivalents on hand.

Aim was established in 1976 as a joint venture between Mitsui Group companies and Aramark. Since opening its first location as an employee cafeteria in the Company's former head office building, Aim has expanded its client base in many sectors such as offices, factories, hospitals, welfare facilities, schools, stadiums, and training facilities. Today, Aim supplies a total of around 1.3 million meals daily to approximately 3,900 facilities nationwide. The Company will continue to accelerate Aim's further growth by leveraging its comprehensive strengths and will establish "Integrated Hospitality Service" business centered on Aim, which solves clients' issues by providing diverse services, such as enhancement of health & productivity management and improvement in employee engagement.

The following table summarized the consideration paid, the fair values of the previously held equity interest, and the fair values of the assets acquired and liabilities assumed at the acquisition date. The purchase price allocation has not been completed and the fair values of the assets acquired and liabilities assumed are provisional.

| | Millions of Yen |
|---|------------------------|
| Consideration paid | 68,790 |
| Fair value of the previously held equity interest | 53,656 |
| Total | ¥ 122,446 |
| Fair values of the assets acquired and liabilities assumed: | |
| Current assets | 32,513 |
| Intangible assets | 60,836 |
| Other non-current assets | 13,166 |
| Total assets acquired | ¥ 106,515 |
| Current liabilities | (29,003) |
| Non-current liabilities | (22,339) |
| Total liabilities assumed | ¥ (51,342) |

| | Millions of Yen | |
|---------------------------|------------------------|---------|
| Net assets acquired | ¥ | 55,173 |
| Goodwill | | 67,273 |
| Total | ¥ | 122,446 |

The Company should also recognize the revaluation gain on the previously held equity interest of 50% shares in Aim under the IFRS. Pursuant to the acquisition, the fair values of the previously held equity interest is expected to be ¥53,656 million, and the Company has recognized ¥43,449 million as the revaluation gain in the Lifestyle Segment in the head "Gain (loss) on securities and other investments-net" in the Condensed Consolidated Statements of Income for the six-month periods ended September 30, 2023. Goodwill primarily consists of excess earning power and synergies with existing operations, and is non-deductible for tax purposes.

Acquisition of unconventional gas asset in Texas, U.S.A.

The Company, through its U.S. based subsidiary MEP South Texas, has completed the acquisition of approx. 92% working interest in an unconventional gas asset in Texas, U.S. from the operator, Silver Hill Eagle Ford E&P, a subsidiary of Silver Hill Energy Partners. The total consideration paid in cash was ¥35,345 million (USD263 million) which consists of the bid price and adjustments of CAPEX, costs and revenue incurred between the effective date and the closing date.

This asset (a part of the Hawkville field, approx. gross 8,500 acre) is in South Texas with access to the Gulf Coast industrial area, which includes LNG export terminals and ammonia plants. Additional gas production is expected from this asset with further development and Mitsui E&P USA, a wholly owned subsidiary of the Company, will develop and operate the asset on behalf of MEP South Texas, aiming for stable gas production of over 200 million cubic feet per day from the field, while maintaining a focus on the safety of employees, the community, and the environment.

The following table summarized the consideration paid and the fair values of the assets acquired at the acquisition date. The purchase price allocation has not been completed and the fair values of the assets acquired and liabilities assumed are provisional.

| | Millions of Yen | |
|-------------------------------------|------------------------|--------|
| Consideration paid | ¥ | 35,345 |
| Total | ¥ | 35,345 |
| Fair values of the assets acquired: | | |
| Property, plant and equipment | ¥ | 35,345 |
| Total assets acquired | ¥ | 35,345 |
| Net assets acquired | ¥ | 35,345 |

For the six-month period ended September 30, 2022

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

4. ASSETS HELD FOR SALE

Mitsui has agreed to transfer 20% of the shares of Bussan Auto Finance to JA Mitsui Leasing, which is well-versed in finance and leasing, and the share transfer agreement was signed on June 29, 2023. Consequently, the assets and liabilities of Bussan Auto Finance were presented as single line items under "Assets held for sale" and "Liabilities directly associated with assets held for sale" in the Consolidated Statements of Financial Position as of June 30, 2023. These accounts primarily included "Trade and other receivables," "Short-term debt," "Current portion of long-term debt," and "Long-term debt, less current portion." The transfer was closed on September 26, 2023, and the investment to Bussan Auto Finance was reclassified to the investment accounted for using the equity method as of September 30, 2023. The capital gain and loss recognized on the loss of control for the six-month period ended September 30, 2023, including the gain on the fair value measurement of residual shares, is immaterial. This transaction is included in the Machinery & Infrastructure segment.

5. CONSOLIDATED SUBSIDIARIES

Changes in owners of parent's ownership interests due to the deconsolidation of subsidiaries

For the six-month period ended September 30, 2022, there is no material gain or loss arising from changes in owners of parent's ownership interests due to the deconsolidation of subsidiaries.

For the six-month period ended September 30, 2023, the companies recognized gain arising from changes in owners of parent's ownership interests due to the deconsolidation of subsidiaries of ¥76,594 million.

The gain is recorded in "Gain (loss) on securities and other investments-net" in the Condensed Consolidated Statement of income.

6. SEGMENT INFORMATION

| Six-month period ended September 30, 2023: | Millions of Yen | | | | | | | |
|---|---------------------------------|-------------|-------------------------------|-------------|-----------------------------|-------------|--|--------------|
| | Mineral & Metal Resources | Energy | Machinery & Infrastructure | Chemicals | Iron & Steel Products | Lifestyle | Innovation & Corporate Development | Total |
| Revenue..... | ¥ 979,097 | ¥ 1,353,619 | ¥ 623,817 | ¥ 1,370,579 | ¥ 341,442 | ¥ 1,575,706 | ¥ 132,064 | ¥ 6,376,324 |
| Gross Profit..... | ¥ 158,216 | ¥ 56,185 | ¥ 118,904 | ¥ 98,644 | ¥ 20,994 | ¥ 95,681 | ¥ 56,401 | ¥ 605,025 |
| Share of Profit (Loss) of Investments Accounted for Using the Equity Method.... | ¥ 25,132 | ¥ 35,408 | ¥ 118,974 | ¥ 16,405 | ¥ 7,182 | ¥ 34,145 | ¥ 7,452 | ¥ 244,698 |
| Profit(Loss) for the Period Attributable to Owners of the Parent..... | ¥ 134,649 | ¥ 25,988 | ¥ 164,359 | ¥ 14,348 | ¥ 2,990 | ¥ 69,438 | ¥ 26,101 | ¥ 437,873 |
| Core Operating Cash Flow..... | ¥ 177,789 | ¥ 77,543 | ¥ 115,669 | ¥ 24,262 | ¥ 1,235 | ¥ 29,674 | ¥ 19,240 | ¥ 445,412 |
| Total Assets at September 30, 2023..... | ¥ 3,026,991 | ¥ 3,246,428 | ¥ 3,649,604 | ¥ 1,997,609 | ¥ 835,372 | ¥ 2,859,220 | ¥ 1,713,319 | ¥ 17,328,543 |

| Six-month period ended September 30, 2023: | Millions of Yen | | |
|---|-----------------|------------------------------------|-----------------------|
| | All Other | Adjustments and Eliminations | Consolidated Total |
| Revenue..... | ¥ 1,114 | ¥ — | ¥ 6,377,438 |
| Gross Profit..... | ¥ 1,951 | ¥ 1,418 | ¥ 608,394 |
| Share of Profit (Loss) of Investments Accounted for Using the Equity Method.... | ¥ — | ¥ 234 | ¥ 244,932 |
| Profit(Loss) for the Period Attributable to Owners of the Parent..... | ¥ (2,180) | ¥ 20,568 | ¥ 456,261 |
| Core Operating Cash Flow..... | ¥ (6,151) | ¥ 35,827 | ¥ 475,088 |
| Total Assets at September 30, 2023..... | ¥ 8,700,456 | ¥ (9,384,418) | ¥ 16,644,581 |

| Millions of Yen | | | | | | | | | |
|---|---------------------------|-------------|----------------------------|-------------|-----------------------|-------------|------------------------------------|--------------|-------|
| Six-month period ended September 30, 2022: | Mineral & Metal Resources | | Machinery & Infrastructure | | Iron & Steel Products | | Innovation & Corporate Development | | Total |
| | Energy | | | | | Lifestyle | | | |
| 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(Loss) 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 March 31, 2023..... | ¥ 3,062,836 | ¥ 3,009,472 | ¥ 3,216,794 | ¥ 1,773,664 | ¥ 776,531 | ¥ 2,504,078 | ¥ 1,642,459 | ¥ 15,985,834 | |

| Millions of Yen | | | |
|---|------------------------------|---------------|--------------------|
| Six-month period ended September 30, 2022: | Adjustments and Eliminations | | Consolidated Total |
| | All Other | | |
| 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(Loss) 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 March 31, 2023..... | ¥ 8,215,000 | ¥ (8,819,918) | ¥ 15,380,916 |

| Millions of Yen | | | | | | | | | |
|---|---------------------------|-----------|----------------------------|-----------|-----------------------|-----------|------------------------------------|-------------|-------|
| Three-month period ended September 30, 2023: | Mineral & Metal Resources | | Machinery & Infrastructure | | Iron & Steel Products | | Innovation & Corporate Development | | Total |
| | Energy | | | | | Lifestyle | | | |
| Revenue..... | ¥ 494,113 | ¥ 661,432 | ¥ 335,879 | ¥ 688,211 | ¥ 173,820 | ¥ 802,793 | ¥ 71,286 | ¥ 3,227,534 | |
| Gross Profit..... | ¥ 83,231 | ¥ 20,767 | ¥ 67,667 | ¥ 46,370 | ¥ 10,746 | ¥ 45,687 | ¥ 31,169 | ¥ 305,637 | |
| Share of Profit (Loss) of Investments Accounted for Using the Equity Method.... | ¥ 1,704 | ¥ 12,790 | ¥ 61,934 | ¥ 3,466 | ¥ 2,309 | ¥ 16,766 | ¥ 2,840 | ¥ 101,809 | |
| Profit(Loss) for the Period Attributable to Owners of the Parent..... | ¥ 56,781 | ¥ (720) | ¥ 111,792 | ¥ (1,144) | ¥ (2,604) | ¥ 9,145 | ¥ 17,991 | ¥ 191,241 | |
| Core Operating Cash Flow..... | ¥ 86,720 | ¥ 22,225 | ¥ 55,495 | ¥ 3,939 | ¥ (1,266) | ¥ 8,156 | ¥ 12,123 | ¥ 187,392 | |

| Millions of Yen | | | |
|---|------------------------------|----------|--------------------|
| Three-month period ended September 30, 2023: | Adjustments and Eliminations | | Consolidated Total |
| | All Other | | |
| Revenue | ¥ 773 | ¥ — | ¥ 3,228,307 |
| Gross Profit | ¥ 1,100 | ¥ 927 | ¥ 307,664 |
| Share of Profit (Loss) of Investments Accounted for Using the Equity Method.... | ¥ — | ¥ 136 | ¥ 101,945 |
| Profit(Loss) for the Period Attributable to Owners of the Parent..... | ¥ (1,901) | ¥ 14,071 | ¥ 203,411 |
| Core Operating Cash Flow..... | ¥ (9,732) | ¥ 41,550 | ¥ 219,210 |

| Three-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..... | ¥ 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 |

| Three-month period ended September 30, 2022: | Millions of Yen | | |
|---|-----------------|------------------------------------|-----------------------|
| | 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 |

- 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, 2023 and March 31, 2023 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.

7. 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.6 "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, 2023: | 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 | ¥ 827,344 | ¥ 449,499 | ¥ 579,278 | ¥ 1,353,710 | ¥ 341,442 | ¥ 1,202,189 | ¥ 95,434 | ¥ 858 | ¥ 4,849,754 |

| 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 |

8. ACQUISITIONS AND DISPOSALS OF 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, 2023 were ¥169,761 million and ¥133,804 million, respectively.

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.

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

9. IMPAIRMENT LOSSES AND REVERSALS OF IMPAIRMENT LOSSES FOR ASSETS

The amount of impairment loss for assets for the six-month period ended September 30, 2023 was not material.

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.

The amounts of reversals of impairment losses for assets for the six-month period ended September 30, 2023 and 2022 were not material.

10. BONDS AND LOANS

Bonds

The total amount of repaid bonds for the six-month period ended September 30, 2023 was not material.

The total amount of issued bonds for the six-month period ended September 30, 2023 was not material.

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.

Loans

The loans executed for the six-month period ended September 30, 2023 include a subordinated syndicated loan of ¥215,000 million (Maturity Date: June 15, 2083), whose prepayment will be enabled on and after September 25, 2030.

Furthermore, the subordinated syndicated loan of ¥350,000 million (Maturity Date: June 15, 2076) executed in the three-month period ended June 30, 2016 was repaid in advance on June 15, 2023.

11. EQUITY

Changes in other components of equity for the six-month periods ended September 30, 2023 and 2022 were as follows:

| | Millions of Yen | |
|---|---|---|
| | Six-month period ended September 30, 2023 | Six-month period ended September 30, 2022 |
| Financial Assets Measured at FVTOCI: | | |
| Balance at beginning of period | ¥ 215,612 | ¥ 465,091 |
| Increase (decrease) during the period | 16,535 | (257,461) |
| Transfer to retained earnings | (802) | (11,667) |
| Balance at end of period | ¥ 231,345 | ¥ 195,963 |
| Remeasurements of Defined Benefit Pension Plans: | | |
| Balance at beginning of period | ¥ - | ¥ - |
| Increase (decrease) during the period | (5) | 203 |
| Transfer to retained earnings | 5 | (203) |
| Balance at end of period | ¥ - | ¥ - |
| Foreign Currency Translation Adjustments: | | |
| Balance at beginning of period | ¥ 638,502 | ¥ 478,584 |
| Increase (decrease) during the period | 407,724 | 407,014 |
| Balance at end of period | ¥ 1,046,226 | ¥ 885,598 |
| Cash Flow Hedges: | | |
| Balance at beginning of period | ¥ 14,849 | ¥ (116,234) |
| Increase (decrease) during the period | 9,185 | (54,652) |
| Balance at end of period | ¥ 24,034 | ¥ (170,886) |
| Total: | | |
| Balance at beginning of period | ¥ 868,963 | ¥ 827,441 |
| Increase (decrease) during the period | 433,439 | 95,104 |
| Transfer to retained earnings | (797) | (11,870) |
| Balance at end of period | ¥ 1,301,605 | ¥ 910,675 |

12. DIVIDENDS

During the six-month periods ended September 30, 2023 and 2022, the Company paid dividends of ¥75 per share (total dividend of ¥114,325 million) and ¥60 per share (total dividend of ¥96,058 million), respectively.

14. CONTINGENT LIABILITIES

I. GUARANTEES

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

The table below summarizes the maximum potential amount of future payments, amount outstanding and recourse provisions/collateral of the companies' guarantees as of September 30, 2023 and March 31, 2023. The maximum potential amount of future payments represents the amount without consideration of possible recovery under recourse provisions or from collateral held or pledged that the companies could be obliged to pay if there were defaults by guaranteed parties. Such amounts bear no relationship to the anticipated losses on these guarantees and indemnifications and, in the aggregate, they greatly exceed anticipated losses.

The companies evaluate risks involved for each guarantee through an internal screening procedure before issuing a guarantee and regularly monitor outstanding positions and record adequate allowance to cover losses expected from probable performance under these agreements. The companies believe that the likelihood of performing guarantees which would materially affect the consolidated financial position, operating results, or cash flows of the companies is remote at September 30, 2023.

| | | Millions of Yen | | | | | | |
|--|---|--|------------------------------|--|--------------------------------------|----------------|---|----------------|
| | | Maximum potential amount of future payments | Amount outstanding (a) | Recourse provisions/ Collateral (b) | Net amount outstanding (a)-(b) | | | |
| September 30, 2023 | | | | | | | | |
| Type of guarantees: | | | | | | | | |
| Financial guarantees | | | | | | | | |
| Guarantees for third parties | ¥ | 387,278 | ¥ | 134,472 | ¥ | 134,472 | | |
| Guarantees for investments accounted for using the equity method | | 858,084 | | 575,446 | 180,823 | 394,623 | | |
| Performance guarantees | | | | | | | | |
| Guarantees for third parties | | 51,578 | | 42,416 | 23,780 | 18,636 | | |
| Guarantees for investments accounted for using the equity method | | 61,280 | | 54,546 | 18 | 54,528 | | |
| Total | ¥ | <u>1,358,220</u> | ¥ | <u>806,880</u> | ¥ | <u>204,621</u> | ¥ | <u>602,259</u> |

Millions of Yen

| | Maximum potential amount of future payments | Amount outstanding (a) | Recourse provisions/ Collateral (b) | Net amount outstanding (a)-(b) |
|--|--|---------------------------------------|--|---|
| March 31, 2023 | | | | |
| Type of guarantees: | | | | |
| Financial guarantees | | | | |
| Guarantees for third parties | ¥ 386,108 | ¥ 149,959 | ¥ 2,723 | ¥ 147,236 |
| Guarantees for investments accounted for using the equity method | 825,769 | 570,010 | 201,926 | 368,084 |
| Performance guarantees | | | | |
| Guarantees for third parties | 38,676 | 35,220 | 28,882 | 6,338 |
| Guarantees for investments accounted for using the equity method | 46,205 | 40,184 | 102 | 40,082 |
| Total | <u>¥ 1,296,758</u> | <u>¥ 795,373</u> | <u>¥ 233,633</u> | <u>¥ 561,740</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, 2023 and March 31, 2023 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, 2023 and March 31, 2023 will expire through 2029 and 2031, respectively.

The table below summarizes the maximum potential amount of future payments for the companies' guarantees by the remaining contractual period as of September 30, 2023 and March 31, 2023.

Millions of Yen

| | September 30, 2023 | March 31, 2023 |
|--------------------------|---------------------------|-----------------------|
| Within 1 year | ¥ 524,567 | ¥ 348,755 |
| After 1 to 5 years | 542,391 | 671,321 |
| After 5 years | 291,262 | 276,682 |
| Total | <u>¥ 1,358,220</u> | <u>¥ 1,296,758</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.

15. FAIR VALUE MEASUREMENT

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

Level 1:

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

Level 2:

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

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

Level 3:

Unobservable inputs for the assets or liabilities.

(1) Valuation techniques

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

Other Investments

- Other investments other than measured at amortized cost are measured at fair value.
- Publicly-traded other investments are measured using 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, 2023 and March 31, 2023 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. The Company engages 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, 2023 and March 31, 2023 were as follows. No assets or liabilities were transferred between level 1 and 2 for the six-month period ended September 30, 2023 and 2022.

| September 30, 2023 | Millions of Yen | | | | |
|--|-------------------------------|-------------|-------------|--------------------------------|------------------|
| | Fair value measurements using | | | Netting adjustments (Note1) | Total fair value |
| | Level 1 | Level 2 | Level 3 | | |
| Assets : | | | | | |
| Other investments: | | | | | |
| Financial assets measured at FVTPL..... | ¥ 7,675 | - | ¥ 393,363 | | |
| Financial assets measured at FVTOCI..... | 1,156,195 | - | 702,912 | | |
| Total other investments | ¥ 1,163,870 | - | ¥ 1,096,275 | - | ¥ 2,260,145 |
| Derivative assets: | | | | | |
| Foreign exchange contracts..... | - | ¥ 291,536 | - | | |
| Interest rate contracts..... | - | 31,483 | - | | |
| Commodity contracts..... | ¥ 73,371 | 1,408,310 | ¥ 5,687 | | |
| Others..... | - | - | 29,402 | | |
| Total derivative assets | ¥ 73,371 | ¥ 1,731,329 | ¥ 35,089 | ¥ (1,224,899) | ¥ 614,890 |
| Inventories..... | - | ¥ 144,968 | - | - | ¥ 144,968 |
| Total assets..... | ¥ 1,237,241 | ¥ 1,876,297 | ¥ 1,131,364 | ¥ (1,224,899) | ¥ 3,020,003 |
| Liabilities (Note3): | | | | | |
| Derivative liabilities: | | | | | |
| Foreign exchange contracts..... | - | ¥ 389,330 | - | | |
| Interest rate contracts..... | - | 45,087 | - | | |
| Commodity contracts..... | ¥ 44,170 | 1,394,828 | ¥ 2,805 | | |
| Others..... | - | - | 15,584 | | |
| Total derivative liabilities | ¥ 44,170 | ¥ 1,829,245 | ¥ 18,389 | ¥ (1,198,665) | ¥ 693,139 |
| Total liabilities..... | ¥ 44,170 | ¥ 1,829,245 | ¥ 18,389 | ¥ (1,198,665) | ¥ 693,139 |

Millions of Yen

March 31, 2023

| | Fair value measurements using | | | Netting adjustments (Note1) | Total fair value |
|--|-------------------------------|-------------|-------------|--------------------------------|------------------|
| | Level 1 | Level 2 | Level 3 | | |
| Assets (Note2): | | | | | |
| Other investments: | | | | | |
| Financial assets measured at FVTPL..... | ¥ 6,920 | - | ¥ 340,625 | | |
| Financial assets measured at FVTOCI..... | 1,140,663 | - | 634,342 | | |
| Total other investments | ¥ 1,147,583 | - | ¥ 974,967 | - | ¥ 2,122,550 |
| Derivative assets: | | | | | |
| Foreign exchange contracts..... | - | ¥ 115,974 | - | | |
| Interest rate contracts..... | - | 39,974 | - | | |
| Commodity contracts..... | ¥ 77,123 | 1,271,248 | ¥ 9,711 | | |
| Others..... | - | - | 28,393 | | |
| Total derivative assets | ¥ 77,123 | ¥ 1,427,196 | ¥ 38,104 | ¥ (1,095,070) | ¥ 447,353 |
| Inventories..... | - | ¥ 174,470 | - | - | ¥ 174,470 |
| Total assets..... | ¥ 1,224,706 | ¥ 1,601,666 | ¥ 1,013,071 | ¥ (1,095,070) | ¥ 2,744,373 |
| Liabilities (Note3): | | | | | |
| Derivative liabilities: | | | | | |
| Foreign exchange contracts..... | - | ¥ 158,823 | - | | |
| Interest rate contracts..... | - | 28,818 | - | | |
| Commodity contracts..... | ¥ 80,272 | 1,221,013 | ¥ 3,680 | | |
| Others..... | - | - | 12,031 | | |
| Total derivative liabilities | ¥ 80,272 | ¥ 1,408,654 | ¥ 15,711 | ¥ (1,071,627) | ¥ 433,010 |
| Total liabilities..... | ¥ 80,272 | ¥ 1,408,654 | ¥ 15,711 | ¥ (1,071,627) | ¥ 433,010 |

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, 2023 and 2022 were as follows:

| | Millions of Yen | |
|--|--|--|
| | Six-month period ended September 30, 2023 | Six-month period ended September 30, 2022 |
| Balance at beginning of period | ¥ 340,625 | ¥ 259,795 |
| Gains (losses) | 19,853 | 10,960 |
| Purchases | 28,794 | 30,374 |
| Sales/Redemptions | (4,183) | (3,840) |
| Transfers into Level 3 | - | - |
| Transfers out of Level 3 (Note1) | (1,800) | - |
| Others (Note2) | 10,074 | 11,220 |
| Balance at end of period | ¥ 393,363 | ¥ 308,509 |
| Net change in unrealized gains (losses) still held at end of period | ¥ 19,639 | ¥ 10,411 |

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

Note 2: "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, 2023 and 2022 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, 2023 and 2022 were as follows:

| | Millions of Yen | |
|--------------------------------------|--|--|
| | Six-month period ended September 30, 2023 | Six-month period ended September 30, 2022 |
| Balance at beginning of period | ¥ 634,342 | ¥ 732,436 |
| Other comprehensive income (Note1).. | 51,555 | (82,085) |
| Purchases | 12,774 | 6,656 |
| Sales | (9,018) | (19,720) |
| Transfers into Level 3 | - | - |
| Transfers out of Level 3 | - | - |
| Others (Note2) | 13,259 | 3,563 |
| Balance at end of period | ¥ 702,912 | ¥ 640,849 |

Note 1: "Other comprehensive income" for the six-month period ended September 30, 2023 increased mainly due to the effect of change in foreign exchange rates and increase of fair value in investment in LNG project.

"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. Regarding the Russian LNG business, please refer to Note 18 "IMPACT OF THE RUSSIA-UKRAINE SITUATION ON THE RUSSIAN LNG BUSINESS".

Note 2: "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, 2023 and 2022 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, 2023 and 2022 were as follows:

| | Millions of Yen | | | |
|---|--|---------|--|--------|
| | Six-month period ended September 30, 2023 | | Six-month period ended September 30, 2022 | |
| Balance at beginning of period | ¥ | 38,104 | ¥ | 35,013 |
| Gains (losses) (Note1)..... | | (7,737) | | 19,781 |
| Other comprehensive income | | 1,186 | | 1,406 |
| Purchases | | 3,536 | | 19 |
| Set off | | - | | (193) |
| Balance at end of period | ¥ | 35,089 | ¥ | 56,026 |
| Net change in unrealized gains (losses) still held at end of period | ¥ | (7,737) | ¥ | 19,781 |

Note 1: “Gain (losses)” for the six-month period ended September 30, 2022 increased mainly due to the effect of change in foreign exchange rates.

The reconciliation of derivative liabilities for the six-month period ended September 30, 2023 and 2022 were as follows:

| | Millions of Yen | | | |
|---|--|---------|--|---------|
| | Six-month period ended September 30, 2023 | | Six-month period ended September 30, 2022 | |
| Balance at beginning of period | ¥ | 15,711 | ¥ | 9,872 |
| Gains (losses) | | (1,706) | | 4,905 |
| Other comprehensive income | | 1,904 | | 1,609 |
| Purchases | | 2,480 | | 1,044 |
| Set off | | - | | (1,102) |
| Balance at end of period | ¥ | 18,389 | ¥ | 16,328 |
| Net change in unrealized gains (losses) still held at end of period | ¥ | (1,706) | ¥ | 4,905 |

Gains (losses) of above table in relation to the derivative assets and liabilities for the six-month period ended September 30, 2023 and 2022 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, 2023 and March 31, 2023 were as follows:

| September 30, 2023 | Valuation Technique | Principal Unobservable Input | Range |
|-------------------------------------|----------------------------|-------------------------------------|--------------|
| Financial assets measured at FVTPL | Income approach | Discount rate | 6.8% ~ 34.9% |
| Financial assets measured at FVTOCI | | | |
| March 31, 2023 | Valuation Technique | Principal Unobservable Input | Range |
| Financial assets measured at FVTPL | Income approach | Discount rate | 6.8% ~ 34.1% |
| 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 the recent US\$95/bbl to US\$85/bbl in the short term, US\$80/bbl in a few years, and remain at after then, considering the recent market price and several third parties' forecasts. Regarding the Russian LNG business, please refer to Note 18 "IMPACT OF THE RUSSIA-UKRAINE SITUATION ON THE RUSSIAN LNG BUSINESS".

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, 2023 and March 31, 2023 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, 2023 | | March 31, 2023 | |
| | Carrying amount | Fair value | Carrying amount | Fair value |
| Other investments measured at amortized cost | ¥ 12,014 | ¥ 11,890 | ¥ 11,553 | ¥ 11,550 |
| Non-current receivables | | | | |
| Trade and other receivables (Note 1) and other financial assets (excluding derivative assets) (Note 2) | 379,565 | 379,509 | 424,745 | 424,734 |
| Non-current liabilities | | | | |
| Long-term debt, less current portion (Note 1) and other financial liabilities (excluding derivative liabilities) (Note 2) | ¥ 4,100,169 | ¥ 4,160,137 | ¥ 3,916,737 | ¥ 3,962,729 |

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.

16. THE FIRE INCIDENT OF INTERCONTINENTAL TERMINALS COMPANY

On March 17, 2019 (US time) a fire began at the Deer Park tank terminal of Intercontinental Terminals Company (“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. On July 6, 2023, U.S. Chemical Safety and Hazard Investigation Board released its final investigation report with respect to the fire incident, and determined that the fire was caused by the release of a flammable naphtha product from a failure of the Tank 80-8 circulation pump, which accumulated in the area and ignited.

The profit and loss related to this incident recognized in the six-month period ended September 30, 2023 and 2022, and the outstanding balance of related provision and assets recognized as reimbursement as of September 30, 2023 are immaterial.

While there are multiple lawsuits that have been brought against ITC in relation to this incident, ITC has reached an agreement in principle to resolve many of the lawsuits and claims to the extent the settlement amount is fully covered by insurance. Certain additional lawsuits are not covered by the proposed settlement and will remain

pending against ITC. As of now, the ultimate outcome of these lawsuits is not expected to have significant impact on our consolidated financial position, operating results and cash flow.

17. 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, 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 of France, announced that it had declared force majeure under the Joint Operating Agreement.

Progress has been seen in the restoration of order, stability and security in the region, and project partners are working with the government and relevant stakeholders for an early restart of the construction, while the exact restart date is still being reviewed.

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

18. 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 held by MIT SEL Investment, a subsidiary of the Company that invests in Sakhalin Energy LLC (“SELLC”), while the decision on the new LLC member of SELLC has been acknowledged by Order of the Government of the Russian Federation dated April 11, 2023 (No.890), the situation still remains uncertain as the relevant LLC members agreement is not signed, etc. Under this situation, the fair value of our investment in the 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 increased by ¥12,417 million from the balance as of March 31, 2023, and it 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 as of September 30, 2023 and March 31, 2023 were ¥123,732 million and ¥98,505 million, respectively. The fair value may increase or decrease due to further changes in situation hereafter.

In addition, the carrying amount of the investments in Japan Arctic LNG, an equity accounted investee that invests in and finances the Arctic LNG 2 project, and the assets value held by Japan Arctic LNG were revaluated during the current period, however the profit and loss and comprehensive income recognized in the current period were immaterial. The outstanding balances of the investments and loans (*) as of September 30, 2023 and March 31, 2023 were ¥17,131 million and ¥15,759 million, respectively. The balance of financial guarantees as contingent liabilities were ¥251,760 million and ¥223,415 million, respectively, and the provision for loss on guarantees included in "Other financial liabilities" in the Condensed Consolidated Statements of Financial Position were ¥19,954 million and ¥18,213 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 etc. may have a significant impact on the amounts of related investments, loans and financial guarantees in the Condensed Consolidated Financial Statements for the next quarter period and thereafter. On November 2, 2023 (US time), the Office of Foreign Assets Control of the US Department of the Treasury announced that Arctic LNG2 has been additionally designated as Specially Designated Nationals. While the Company will take appropriate measures in compliance with laws and regulations cooperating with stakeholders, based on the rights and obligations of Japan Arctic LNG and the Company under various agreements including the shareholders agreement, the impact is under examination.

(*) 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.

19. SUBSEQUENT EVENTS

Stock Repurchase

At the meeting of the Board of Directors held on October 31, 2023, the Company resolved to repurchase its shares 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 share repurchase
To enhance shareholder returns and to improve capital efficiency
2. Details of repurchase
 - (1) Class of share
Common stock of the Company
 - (2) Number of shares to be repurchased
Up to 12.5 million shares
 - (3) Total amount
Up to 50,000 million yen
 - (4) Repurchase period
From November 1, 2023 to January 31, 2024
 - (5) Repurchase method
Auction market on Tokyo Stock Exchange

Cancellation of Treasury Stock

At the meeting of the Board of Directors held on October 31, 2023, 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 treasury stock to be cancelled
All shares repurchased pursuant to “Stock Repurchase” above (in total, up to 0.82% of total number of shares outstanding prior to the cancellation)
3. Scheduled date of cancellation
February 15, 2024

Interim Dividend

On October 31, 2023, the Board of Directors approved the payment of cash dividend to shareholders of record on September 30, 2023 of ¥85 per share or a total of ¥128,665 million.

20. 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, Senior Executive Managing Officer and CFO, on November 9, 2023.