

Consolidated Financial Results for the Nine-Month Period Ended December 31, 2022 [IFRS]

Tokyo, February 3, 2023 - Mitsui & Co., Ltd. announced its consolidated financial results for the nine-month period ended December 31, 2022, based on International Financial Reporting Standards ("IFRS").

Mitsui & Co., Ltd. and subsidiaries

(Web Site : <https://www.mitsui.com/jp/en/>)

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1. Consolidated financial results

(1) Consolidated operating results information for the nine-month period ended December 31, 2022

(from April 1, 2022 to December 31, 2022)

		Nine-month period ended December 31,			
		2022	%	2021	%
Revenue	Millions of Yen	11,036,515	28.5	8,589,429	49.6
Profit before Income Taxes	Millions of Yen	1,064,819	28.0	832,204	205.3
Profit for the Period	Millions of Yen	862,348	32.6	650,436	210.4
Profit for the Period Attributable to Owners of the Parent	Millions of Yen	840,787	32.8	633,256	218.3
Comprehensive Income for the Period	Millions of Yen	929,389	30.7	711,263	38.1
Earnings per Share Attributable to Owners of the Parent, Basic	Yen	533.17		387.17	
Earnings per Share Attributable to Owners of the Parent, Diluted	Yen	532.99		387.00	

Note:

Percentage figures for Revenue, Profit before Income Taxes, Profit for the Period, Profit for the Period Attributable to Owners of the Parent, and Comprehensive Income for the Period represent changes from the previous year.

(2) Consolidated financial position information

		December 31, 2022	March 31, 2022
Total Assets	Millions of Yen	15,568,985	14,923,290
Total Equity	Millions of Yen	6,326,961	5,795,416
Total Equity Attributable to Owners of the Parent	Millions of Yen	6,120,427	5,605,205
Equity Attributable to Owners of the Parent Ratio	%	39.3	37.6

2. Dividend information

		Year ended March 31,		Year ending March 31, 2023 (Forecast)
		2023	2022	
Interim dividend per share	Yen	65	45	
Year-end dividend per share	Yen		60	70
Annual dividend per share	Yen		105	135

Note :

Change from the latest released dividend forecast: Yes

3. Forecast of consolidated operating results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

		Year ending March 31, 2023
Profit Attributable to Owners of the Parent	Millions of Yen	1,080,000
Earnings per Share Attributable to Owners of the Parent, Basic	Yen	689.24

Note :

Change from the latest released earnings forecast: Yes

4. Others

(1) Increase/decrease of important subsidiaries during the period : None

(2) Changes in accounting policies and accounting estimate :

- | | |
|---|------|
| (i) Changes in accounting policies required by IFRS | None |
| (ii) Other changes | None |
| (iii) Changes in accounting estimates | Yes |

Note :

For further details please refer to page 28 "4. Condensed Consolidated Financial Statements (6) Changes in Accounting Estimates".

(3) Number of shares :

	December 31, 2022	March 31, 2022
Number of shares of common stock issued, including treasury stock	1,592,466,644	1,642,355,644
Number of shares of treasury stock	49,532,351	41,423,291

	Nine-month period ended December 31, 2022	Nine-month period ended December 31, 2021
Average number of shares of common stock outstanding	1,576,960,820	1,635,614,343

This quarterly earnings report is not subject to quarterly review.

A Cautionary Note on Forward-Looking Statements:

This report contains forward-looking statements including those concerning future performance of Mitsui & Co., Ltd. ("Mitsui"), and those statements are based on Mitsui's current assumptions, expectations and beliefs in light of the information currently possessed by it. Various factors may cause Mitsui's actual results to be materially different from any future performance expressed or implied by these forward-looking statements.

Therefore, these statements do not constitute a guarantee by Mitsui that such future performance will be realized.

For cautionary notes with respect to forward-looking statements, please refer to the "Notice" section on page 22.

Supplementary materials and IR meetings on financial results:

Supplementary materials on financial results can be found on our web site.

We will hold an IR meeting on financial results for analysts and institutional investors on February 3, 2023.

Contents of the meeting (English and Japanese) will be posted on our web site immediately after the meeting.

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1. Qualitative Information

As of the date of disclosure of this quarterly earnings report, the review procedures for quarterly financial statements in accordance with the Financial Instruments and Exchange Act are in progress.

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

(1) Operating Environment

In the nine-month period ended December 31, 2022, the sense of a slowdown in the global economy strengthened due to rising inflation and rapid monetary tightening, mainly in the US, Europe and other developed countries, as well as the Russia-Ukraine situation and the impact of the zero-COVID policy in China.

In the US, although consumer spending generally continued to recover backed by a strong employment situation and other factors despite continued high inflation, the rapid monetary tightening led to a decline in housing investment and sluggish growth in capital investment, resulting in a gradual slowdown in the economy. Looking ahead, the economy is expected to slow further due to continued monetary tightening. In Europe, the economy deteriorated due to supply constraints, such as those in energy, caused by the Russia-Ukraine situation, as well as due to a further rise in prices. Looking ahead, there are concerns about the risk of the economy falling into a recession due to prolonged energy supply constraints, continued high inflation, and monetary tightening. In Japan, the economy continued to pick up, with consumer spending on a recovery trend amid the ongoing normalization of economic activity, as well as a recovery in inbound demand due to the easing of border controls. Looking ahead, the gradual recovery is expected to continue through the added effect of the economic measures implemented at the end of 2022. In China, the economy slowed further due to the impact of the zero-COVID policy and the deterioration of the real estate market, and the confusion caused by the sharp increase in the number of infected people due to the change of the zero-COVID policy at the end of 2022 put further downward pressure on the economy. Even after the turmoil subsides, a full-fledged economic recovery is expected to be delayed mainly due to sluggish exports caused by the slowdown in the global economy. In Brazil, the economy is expected to slow down due to monetary tightening and other factors. In Russia, economic activity is expected to remain stagnant due to economic sanctions imposed by the international community.

Looking ahead, the global economy is expected to slow further due to continued high inflation in the US, Europe, and other developed countries, the impact of further monetary tightening, uncertainty over the Chinese economy, the Russia-Ukraine situation, and prolonged supply constraints in energy and other areas.

(2) Results of Operations

1) Analysis of Consolidated Income Statements

(Billions of Yen)		Current Period	Previous Period	Change
Revenue		11,036.5	8,589.4	+2,447.1
Gross Profit		1,018.2	789.8	+228.4
Selling, General and Administrative Expenses		(511.7)	(423.7)	(88.0)
Other Income (Expenses)	Gain (Loss) on Securities and Other Investments—Net	54.5	(5.7)	+60.2
	Impairment Reversal (Loss) of Fixed Assets—Net	(16.1)	(14.3)	(1.8)
	Gain (Loss) on Disposal or Sales of Fixed Assets—Net	16.8	11.6	+5.2
	Other Income (Expense)—Net	22.8	24.8	(2.0)
Finance Income (Costs)	Interest Income	32.3	14.7	+17.6
	Dividend Income	103.4	152.0	(48.6)
	Interest Expense	(72.9)	(35.9)	(37.0)
Share of Profit (Loss) of Investments Accounted for Using the Equity Method		417.4	318.9	+98.5
Income Taxes		(202.5)	(181.8)	(20.7)
Profit for the Period		862.3	650.4	+211.9
Profit for the Period Attributable to Owners of the Parent		840.8	633.3	+207.5

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

Revenue

Revenue for the nine-month period ended December 31, 2022 (“current period”) was ¥11,036.5 billion, an increase of ¥2,447.1 billion from ¥8,589.4 billion for the corresponding nine-month period of the previous year (“previous period”).

Gross Profit

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

Selling, General and Administrative Expenses

Mainly the Machinery & Infrastructure Segment and the Chemicals Segment recorded an increase in expense. The table provides a breakdown.

	Billions of Yen		
	Current Period	Previous Period	Change*
Personnel	¥ (278.7)	¥ (236.8)	¥ (41.9)
Welfare	(10.1)	(8.5)	(1.6)
Travel	(18.6)	(7.5)	(11.1)
Entertainment	(4.6)	(2.2)	(2.4)
Communication	(40.1)	(35.8)	(4.3)
Rent	(8.3)	(6.7)	(1.6)
Depreciation	(31.4)	(25.9)	(5.5)
Fees and Taxes	(12.1)	(7.8)	(4.3)
Loss Allowance	(15.0)	(11.2)	(3.8)
Others	(92.8)	(81.3)	(11.5)
Total	¥ (511.7)	¥ (423.7)	¥ (88.0)

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

Other Income (Expenses)

Gain (Loss) on Securities and Other Investments—Net

For the current period, the Mineral & Metal Resources Segment and the Innovation & Corporate Development Segment recorded gains on sales of securities, while the Machinery & Infrastructure Segment recorded an impairment loss.

For the previous period, the Lifestyle Segment recorded gains from the sales of shares, while the Machinery & Infrastructure Segment recorded an impairment loss.

Impairment Reversal (Loss) of Fixed Assets—Net

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

For the previous period, mainly the Energy Segment recorded an impairment loss of fixed assets.

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

For the current and previous periods, mainly the Innovation & Corporate Development Segment recorded gains on sales of fixed assets.

Other Income (Expense)—Net

For the current period, multiple segments recorded an increase in relation to foreign exchange profits, the Lifestyle Segment recorded a profit from a valuation gain on an options contract, and the Chemicals Segment recorded insurance proceeds.

For the previous period, mainly the Chemicals Segment recorded insurance proceeds.

Finance Income (Costs)

Dividend Income

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

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

Mainly the Energy Segment and the Machinery & Infrastructure Segment recorded an increase.

Income Taxes

Income taxes for the current period were ¥202.5 billion, an increase of ¥20.7 billion from ¥181.8 billion for the previous period.

The effective tax rate for the current period was 19.0%, a decrease of 2.8 points from 21.8% for the previous period.

Income taxes decreased due to the tax effect of a portion of equity method profit - which increased, not being recognized.

Profit for the Period Attributable to Owners of the Parent

As a result, profit for the period attributable to owners of the parent was ¥840.8 billion, an increase of ¥207.5 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 are 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	355.4	370.9	(15.5)	
Gross Profit	282.7	303.7	(21.0)	<ul style="list-style-type: none"> ● Iron ore mining operations in Australia -64.1 (lower prices) ● Coal mining operations in Australia +36.3 (higher prices)
Profit (Loss) of Equity Method Investments	103.2	102.7	+0.5	<ul style="list-style-type: none"> ● Coal mining operations in Australia (higher prices) ● Inner Mongolia Erdos Electric Power & Metallurgical +5.0 (good performance of ferroalloys and chemicals businesses) ● Iron ore mining operations in Australia -13.2 (lower prices) ● Oriente Copper Netherlands*¹ -6.7 (lower prices) ● Japan Collahuasi Resources*² -5.6 (lower prices)
Dividend Income	51.6	88.8	(37.2)	<ul style="list-style-type: none"> ● Lower dividend from Vale and iron ore mining operations in Australia
Selling, General and Administrative Expenses	(25.6)	(22.2)	(3.4)	
Others	(56.5)	(102.1)	+45.6	<ul style="list-style-type: none"> ● Gain on sale of Stanmore Mitsui Coal +36.7 ● Increase due to copper price hedge transactions ● Japan Collahuasi Resources -6.2 (absence of a deferred tax liability reversal in the previous period*³)

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

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

*3 A deferred tax liability reversal related to the restructuring of Japan Collahuasi Resources.

Energy Segment

(Billions of Yen)	Current Period	Previous Period	Change	Description
Profit for the Period Attributable to Owners of the Parent	190.8	28.3	+162.5	
Gross Profit	194.8	41.2	+153.6	<ul style="list-style-type: none"> ● Increase in LNG Trading (increase in offtake volume) ● Mitsui E&P USA +33.3 (higher gas prices) ● Mitsui E&P Australia +32.0 (higher oil prices) ● Mitsui E&P Italia B +10.2 (cost improvements, higher oil prices) ● Mitsui E&P Middle East +10.0 (higher oil prices) ● MEP Texas Holdings +9.4 (higher oil and gas prices) ● MOEX North America +5.9 (higher oil prices) ● Decrease in fuel supply related business -4.7
Profit (Loss) of Equity Method Investments	78.4	24.0	+54.4	<ul style="list-style-type: none"> ● Increase in Japan Australia LNG (MIMI) (higher oil and gas prices) ● Japan Arctic LNG +5.1 (oil price and foreign exchange valuation profit) ● Mitsui Oil Exploration +3.1 (changes to lease accounting, other factors)
Dividend Income	32.5	46.4	(13.9)	● 4 LNG projects* ¹ -15.2 (current period +30.8, previous period +46.0)
Selling, General and Administrative Expenses	(43.2)	(36.9)	(6.3)	
Others	(71.7)	(46.4)	(25.3)	<ul style="list-style-type: none"> ● Mitsui Oil Exploration -4.2 (recorded provision) ● Mitsui Oil Exploration income tax increase +14.3 (recognition of tax deductible expense in connection with expiration of a concession agreement, other factors) ● Foreign exchange hedge related profit in fuel supply business, other factors +5.7 ● Absence of valuation loss*² in Mitsui Oil Exploration Block M-3 exploration project in previous period +4.6

*1 Sakhalin II, Abu Dhabi, Oman and Qatargas 3. Includes Qatargas 1 for which interest expired during the previous year.

*2 For the previous period, Mitsui Oil Exploration recorded an impairment loss of ¥7.3 billion for Block M-3 exploration project and profit of ¥2.7 billion in relation to a reversal of reserve for an overseas investment loss.

Machinery & Infrastructure Segment

(Billions of Yen)	Current Period	Previous Period	Change	Description
Profit for the Period Attributable to Owners of the Parent	131.1	92.2	+38.9	
Gross Profit	147.7	103.0	+44.7	<ul style="list-style-type: none"> ● Construction & industrial machinery businesses+9.1 (increase in unit sales) ● Inversiones Mitta consolidation +7.5 ● Bussan Auto Finance +6.1 (increase in interest income due to an accumulation of operating assets) ● Position Partners consolidation +3.4
Profit (Loss) of Equity Method Investments	151.7	109.1	+42.6	<ul style="list-style-type: none"> ● MBK USA Commercial Vehicles +18.0 (good performance of truck leasing and rental business) ● Penske Automotive Group +7.8 (good sales performance) ● Tanker owning company (increase in vessel related revenue) ● FPSO +5.3 (increase due to MV30/31 operations starting) ● Canadian automobile company (increase in unit sales, decrease in sales promotion expenses) ● VLI -5.1 (impairment loss of fixed assets -7.0*¹) ● IPP -4.3 (weak performance at Mainstream's projects in Chile, weak performance in Ontario, Canada, mark-to-market valuation gain of power derivatives in Australia)
Dividend Income	3.1	3.2	(0.1)	
Selling, General and Administrative Expenses	(120.6)	(91.2)	(29.4)	<ul style="list-style-type: none"> ● Bussan Auto Finance -3.6 (increase of provisions due to an accumulation of operating assets) ● Position Partners consolidation -3.5
Others	(50.8)	(31.9)	(18.9)	<ul style="list-style-type: none"> ● Fixed asset valuation loss in Brazilian passenger railway business ^{*2} -8.4 ● MT Falcon impairment loss ^{*3} current period: -3.1, previous period: -9.7 ● Decrease in corporate income tax burden resulting from the sale of financial assets measured at FVTOCI ^{*4} +5.7

*1 VLI recorded a fixed asset impairment loss of ¥7.0 billion due to reassessment of recoverable amount of some assets related to a Brazilian freight railway concession.

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

*3 For the current period, an impairment loss of ¥3.1 billion was recorded, based on the conclusion of a sale and purchase agreement for the shares of MT Falcon Holdings. For the previous period, an impairment loss of ¥9.7 billion was recorded, based on the conclusion of a sale and purchase agreement for the shares of MT Falcon Holdings.

*4 The corporate income tax burden was reduced due to tax expenses being recognized as other comprehensive income resulting from the sale of financial assets measured at FVTOCI.

Chemicals Segment

(Billions of Yen)	Current Period	Previous Period	Change	Description
Profit for the Period Attributable to Owners of the Parent	54.7	51.6	+3.1	
Gross Profit	160.0	132.0	+28.0	<ul style="list-style-type: none"> ● Increase in fertilizer related trading (higher prices) ● Novus International +5.6 (higher prices) ● Mitsui AgriScience International*¹ +4.0 (strong crop protection demand) ● Increase in Mitsui Agro Business (higher prices in fertilizer markets) ● MMTX -4.8 (higher raw material prices, lower sales prices) ● Decrease in trading at an overseas office (absence of good performance in previous period)
Profit (Loss) of Equity Method Investments	21.3	14.2	+7.1	<ul style="list-style-type: none"> ● MVM Resources +3.8 (higher phosphate ore prices)
Dividend Income	3.2	3.2	0	
Selling, General and Administrative Expenses	(103.1)	(82.7)	(20.4)	
Others	(26.7)	(15.1)	(11.6)	<ul style="list-style-type: none"> ● Intercontinental Terminals Company incident*²

*1 Due to a merger, the combined total of Mitsui AgriScience International and its affiliates Certis Europe and Belchim Crop Protection have been used for figures for the previous period.

*2 Insurance proceeds and costs were recorded in Intercontinental Terminals Company both for the current period and previous period. (Current period: ¥4.9 billion of profit)

Iron & Steel Products Segment

(Billions of Yen)	Current Period	Previous Period	Change	Description
Profit for the Period Attributable to Owners of the Parent	19.5	21.3	(1.8)	
Gross Profit	32.0	25.4	+6.6	● Mitsui & Co. Steel +5.8 (good trading performance)
Profit (Loss) of Equity Method Investments	19.4	21.2	(1.8)	● NuMit* ¹ -4.5 (inventory valuation loss, lower prices)
Dividend Income	2.5	1.2	+1.3	
Selling, General and Administrative Expenses	(20.9)	(17.5)	(3.4)	
Others	(13.5)	(9.0)	(4.5)	

*1 An investment company of Steel Technologies.

Lifestyle Segment

(Billions of Yen)	Current Period	Previous Period	Change	Description
Profit for the Period Attributable to Owners of the Parent	42.3	42.8	(0.5)	
Gross Profit	117.8	110.9	+6.9	● Foreign exchange impact in coffee trading business +5.8 ● Good performance in grain trading +4.2 ● Fair value valuation loss of drug discovery support fund* ¹ -6.7
Profit (Loss) of Equity Method Investments	29.9	32.5	(2.6)	● PHC Holdings deconsolidation* ² -4.3
Dividend Income	6.0	5.4	+0.6	
Selling, General and Administrative Expenses	(106.7)	(99.0)	(7.7)	● Fashion business +3.6 (MN Inter-Fashion becoming an associated company, other factors)
Others	(4.7)	(7.0)	+2.3	● Decrease in corporate income tax burden resulting from the sale of financial assets measured at FVTOCI* ³ +12.2 ● Put option related to JSC R-Pharm* ⁴ +5.8 ● Multigrain related tax refund +3.2 ● Foreign exchange hedging loss in coffee trading -10.3 ● Absence of PHC Holdings securities related profit recorded in the previous period -8.9

*1 Valuation loss of a drug investment from a drug discovery support fund made through MBK Pharma Partnering.

*2 Absence of equity method profit recorded in the previous period following the deconsolidation of PHC Holdings.

*3 The corporate income tax burden was reduced due to tax expenses being recognized as other comprehensive income resulting from the sale of financial assets measured at FVTOCI.

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

Innovation & Corporate Development Segment

(Billions of Yen)	Current Period	Previous Period	Change	Description
Profit for the Period Attributable to Owners of the Parent	49.7	42.2	+7.5	
Gross Profit	77.8	72.2	+5.6	<ul style="list-style-type: none"> ● Mitsui Bussan Commodities +12.3 (good performance of commodity derivative trading) ● Absence of sale of shares in Wise in the previous period -3.5
Profit (Loss) of Equity Method Investments	13.2	15.3	(2.1)	● Peterson Ventures Partners -3.9 (fall in fair value of shares)
Dividend Income	3.6	2.7	+0.9	
Selling, General and Administrative Expenses	(60.9)	(51.1)	(9.8)	● Mitsui Bussan Commodities -4.7
Others	16.0	3.1	+12.9	<ul style="list-style-type: none"> ● Gain on sale of real estate business in Singapore*¹ ● Gain on sale of investment securities +4.0 ● Increase in commodity derivative trading foreign exchange hedge ● Increase from sale of real estate in the US.*² +3.7

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

*2 Fixed asset sale of multiple property sales in the US.

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

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

In relation to the investment in the Sakhalin II project, in the second quarter of this fiscal year, we undertook the ownership of Sakhalin Energy LLC (“SELLC”) on September 2, 2022, which was established based on Russian Presidential Decree (No.416) dated June 30, 2022 and Resolution of the Government of the Russian Federation dated August 2, 2022 (No.1369), through MIT SEL Investment, a newly established subsidiary. Consequently, we continue to invest in Sakhalin II project and it does not impact on the Condensed Consolidated Financial Statements. As of December 31, 2022, the situation still remains uncertain as the final LLC Members composition is not yet decided, the LLC Members agreement is not signed, etc.

Based on the current situation, the fair value was measured using the income approach by expected present value technique with the probability-weighted average considering a scenario where the continuous dividend income is predicted through an investment in SELLC and other scenarios. As a result, the investment balance in Sakhalin II project as of December 31, 2022 was ¥93.0 billion. Also, in the nine-month period ended December 31, 2022, a decrease of ¥130.9 billion in the fair value of the investment was recorded in Other Comprehensive Income.

The Company did not recognize any significant profit / loss or other comprehensive income in the current period with respect to the Arctic LNG2 project. The balance of the investments, loans and guarantees related to the Arctic LNG2 project was ¥169.6 billion (¥15.2 billion in investments and loans and ¥154.4 billion in guarantees) as of December 31, 2022. In addition, a provision for loss on guarantees of ¥18.8 billion has been recorded. For further details, please refer to “4. Condensed Consolidated Financial Statements (10) Impact of the Russia-Ukraine Situation on the Russian LNG Business”.

(3) Financial Condition and Cash Flows

1) Financial Condition

(Billions of Yen)	December 31, 2022	March 31, 2022	Change
Total Assets	15,569.0	14,923.3	+645.7
Current Assets	6,096.6	5,716.7	+379.9
Non-current Assets	9,472.4	9,206.6	+265.8
Current Liabilities	4,162.1	3,808.6	+353.5
Non-current Liabilities	5,079.9	5,319.2	(239.3)
<i>Net Interest-bearing Debt</i>	3,482.2	3,338.9	+143.3
Total Equity Attributable to Owners of the Parent	6,120.4	5,605.2	+515.2
Net Debt-to-Equity Ratio (times)	0.57	0.60	(0.03)

Assets

Current Assets:

(Billions of Yen)	December 31, 2022	March 31, 2022	Change	Description
Current Assets	6,096.6	5,716.7	+379.9	
Cash and cash equivalents	1,245.8	1,127.9	+117.9	
Trade and other receivables	2,384.5	2,303.1	+81.4	• Loan receivables +62.1(MI* ¹) Increase in the current portion of long-term loan receivables
Other financial assets	1,012.5	997.9	+14.6	• (IC* ¹) Market fluctuation, increase in trading volume • (MI* ¹) Increase in trading volume
Inventories	1,022.2	949.7	+72.5	• (CH* ¹) Higher market prices, increase in trading volume • (MM* ¹) Higher market prices, increase in trading volume
Advance payments to suppliers	276.0	183.4	+92.6	• (MI* ¹ , EN* ¹) Increase in trading volume
Other Current assets	155.6	154.7	+0.9	

*1 MI: Machinery & Infrastructure Segment, IC: Innovation & Corporate Development Segment, CH: Chemicals Segment, MM: Mineral & Metal Resources Segment, EN: Energy Segment

Non-current Assets:

(Billions of Yen)	December 31, 2022	March 31, 2022	Change	Description
Non-current Assets	9,472.4	9,206.6	+265.8	
Investments accounted for using the equity method	3,814.4	3,387.4	+427.0	<ul style="list-style-type: none"> ● Investments accounted for using the equity method +417.4 ● Foreign exchange fluctuations +176.3 ● Investment in the holding company of Mainstream Renewable Power +79.8 ● Investment in Climate Friendly ● Investment in Ouro Fino Saúde Animal ● Investment in FPSO (Libra MV31) +15.7 ● Dividends from equity accounted investees -350.0 ● Sale of Stanmore Mitsui Coal -15.1 ● Sale of Southernwood Property -10.7
Other investments	2,098.1	2,347.4	(249.3)	<ul style="list-style-type: none"> ● Fair value of FVTOCI financial assets -254.4 (including -130.9 from equity interest in Sakhalin II project) ● (MI*¹, LI*¹) Sale of FVTOCI financial assets -62.0 ● Foreign exchange fluctuations +37.7 ● Investment in a large-scale renewable energy project in India
Trade and other receivables	307.9	320.0	(12.1)	<ul style="list-style-type: none"> ● (MI*¹) Decrease in loan receivables due to reclassification of current maturities
Other financial assets	198.9	167.8	+31.1	<ul style="list-style-type: none"> ● (MI*¹) Increase in trading volume
Property, plant and equipment	2,239.5	2,190.9	+48.6	<ul style="list-style-type: none"> ● Intercontinental Terminals Company +14.8 (including foreign exchange fluctuations +10.3) ● Oil and gas projects +14.5 (including foreign exchange fluctuations +0.4) ● Sale of ships owned by OMC Shipping -10.1
Investment property	309.3	318.6	(9.3)	
Intangible assets	282.4	253.0	+29.4	<ul style="list-style-type: none"> ● Consolidations (Position Partners, Lee Soon Seng Plastics Industries)
Deferred tax assets	98.6	100.7	(2.1)	
Other non-current assets	123.3	120.8	+2.5	

*1 MI: Machinery & Infrastructure Segment, LI: Lifestyle Segment

Liabilities and Equity

(Billions of Yen)	December 31, 2022	March 31, 2022	Change	Description
Current Liabilities	4,162.1	3,808.6	+353.5	
Short-term debt	397.9	281.8	+116.1	
Current portion of long-term debt	850.0	410.3	+439.7	
Trade and other payables	1,765.0	1,739.1	+25.9	• Increase in trade payables
Other financial liabilities	762.5	1,003.2	(240.7)	• Decrease in derivative liabilities
Income tax payables	52.8	68.5	(15.7)	
Advances from customers	237.9	202.1	+35.8	• Corresponding to increase in advance payments
Provisions	38.4	48.6	(10.2)	• (EN* ¹) Decrease in provisions
Other current liabilities	57.6	55.0	+2.6	
Non-current Liabilities	5,079.9	5,319.2	(239.3)	
Long-term debt, less the current portion	3,871.7	4,185.4	(313.7)	
Other financial liabilities	235.0	147.0	+88.0	• Increase in derivative liabilities
Retirement benefit liabilities	39.7	38.0	+1.7	
Provisions	287.1	266.2	+20.9	• (EN* ¹) Increase in asset retirement obligations
Deferred tax liabilities	615.1	654.0	(38.9)	• Decrease in fair value of Sakhalin II project
Other non-current liabilities	31.3	28.6	+2.7	
Total Equity Attributable to Owners of the Parent	6,120.4	5,605.2	+515.2	
Common stock	342.6	342.4	+0.2	
Capital surplus	380.5	376.5	+4.0	
Retained earnings	4,704.6	4,166.0	+538.6	
Other components of equity	853.3	827.4	+25.9	
<breakdown>				
Financial assets measured at FVTOCI	232.1	465.1	(233.0)	• Lower share prices, decrease in fair value of Sakhalin II project
Foreign currency translation adjustments	599.5	478.6	+120.9	• USD +114.0 (Dec-22 JPY132.70/USD, up from Mar-22 JPY122.39/USD) • AUD -28.3 (Dec-22 JPY89.57/AUD, down from Mar-22 JPY92.00/AUD)
Cash flow hedges	21.7	(116.3)	+138.0	• Commodity price and interest rate hedge accounting
Treasury stock	(160.6)	(107.1)	(53.5)	• Share repurchase -196.8 • Cancellation of treasury stock +143.2
Non-controlling interests	206.5	190.2	+16.3	

*1 EN: Energy Segment

2) Cash Flows

(Billions of Yen)	Current Period	Previous Period	Change
Cash Flows from Operating Activities	599.9	359.0	+240.9
Cash Flows from Investing Activities	(126.4)	(190.4)	+64.0
Free Cash Flow	473.5	168.6	+304.9
Cash Flows from Financing Activities	(377.7)	(397.5)	+19.8
Effect of Exchange Rate Changes on Cash and Cash Equivalents	22.2	6.9	+15.3
Change in Cash and Cash Equivalents	118.0	(222.0)	+340.0

Cash Flows from Operating Activities

(Billions of Yen)		Current Period	Previous Period	Change
Cash Flows from Operating Activities	a	599.9	359.0	+240.9
Cash Flows from Change in Working Capital	b	(403.9)	(544.7)	+140.8
Repayments of Lease Liabilities	c	(42.6)	(40.8)	(1.8)
Core Operating Cash Flow	a-b+c	961.2	862.9	+98.3

- Cash flows from change in working capital (changes in operating assets and liabilities) was ¥403.9 billion of net cash outflow. Repayments of lease liabilities was ¥42.6 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 ¥961.2 billion.
 - Net cash inflow from dividend income, including dividends received from equity accounted investees, for the current period totaled ¥460.7 billion, an increase of ¥30.5 billion from ¥430.2 billion for the previous period.
 - Depreciation and amortization for the current period was ¥206.3 billion, a decrease of ¥18.7 billion from ¥225.0 billion for the previous period.

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

(Billions of Yen)	Current Period	Previous Period	Change
Mineral & Metal Resources	355.5	433.0	(77.5)
Energy	275.9	152.9	+123.0
Machinery & Infrastructure	158.7	113.2	+45.5
Chemicals	72.5	71.9	+0.6
Iron & Steel Products	15.4	9.2	+6.2
Lifestyle	31.2	33.5	(2.3)
Innovation & Corporate Development	34.4	35.1	(0.7)
All Other and Adjustments and Eliminations	17.6	14.1	+3.5
Consolidated Total	961.2	862.9	+98.3

The following table shows Depreciation and amortization by operating segment.

(Billions of Yen)	Current Period	Previous Period	Change
Mineral & Metal Resources	42.3	40.1	+2.2
Energy	70.0	107.1	(37.1)
Machinery & Infrastructure	26.1	16.6	+9.5
Chemicals	23.6	18.4	+5.2
Iron & Steel Products	1.1	1.0	+0.1
Lifestyle	16.7	16.6	+0.1
Innovation & Corporate Development	14.0	13.2	+0.8
All Other and Adjustments and Eliminations	12.5	12.0	+0.5
Consolidated Total	206.3	225.0	(18.7)

Cash Flows from Investing Activities

(Billions of Yen)	Current Period	Previous Period	Description of Current Period
Cash flows from investing activities	(126.4)	(190.4)	
Net change in investments to equity accounted investees	(79.1)	(29.8)	
Cash outflow	(200.1)	(74.8)	<ul style="list-style-type: none"> • Mainstream Renewable Power holding company -79.8 • Climate Friendly • Ouro Fino Saúde Animal • FPSO (Libra MV31) -15.7 • Power generation business (excluding Mainstream) -12.0
Cash inflow	121.0	45.0	<ul style="list-style-type: none"> • Stanmore Mitsui Coal +54.9 • Southernwood Property +20.1 • MT Falcon Holdings +11.6
Net change in other investments	28.6	(39.7)	
Cash outflow	(74.7)	(90.8)	<ul style="list-style-type: none"> • Large-scale renewable energy project in India
Cash inflow	103.3	51.1	<ul style="list-style-type: none"> • (MI*¹, LI*¹) Sale of FVTOCI financial assets
Net change in property, plant, and equipment	(143.2)	(117.9)	
Cash outflow	(175.6)	(141.5)	<ul style="list-style-type: none"> • Oil and gas projects -34.7 • Iron ore mining operations in Australia -34.7 • Coal mining operations in Australia -20.8 • Power generation business -13.6
Cash inflow	32.4	23.6	
Net change in investment property	31.3	(6.5)	
Cash outflow	(5.2)	(24.3)	
Cash inflow	36.5	17.8	<ul style="list-style-type: none"> • Sale of multiple properties by MBK Real Estate Holdings +32.6
Net change in loan receivables	(1.2)	55.3	
Net change in time deposits	37.2	(51.8)	

*1 MI: Machinery & Infrastructure Segment, LI: Lifestyle Segment

Cash Flows from Financing Activities

(Billions of Yen)	Current Period	Previous Period	Description of Current Period
Cash flows from financing activities	(377.7)	(397.5)	
Net change in short-term debt	101.5	(32.8)	
Net change in long-term debt	(0.6)	(23.0)	
(Proceeds from long-term debt)	861.0	825.6	
(Repayments of long-term debt)	(861.6)	(848.6)	
Repayments of lease liabilities	(42.6)	(40.8)	
Purchase and sales of treasury stock-net	(197.1)	(129.0)	
Dividends paid	(198.1)	(148.2)	
Transactions with non-controlling interest shareholders	(40.8)	(23.7)	●Mainly payment of additional acquisition of shares in Mitsui Oil Exploration

2. Management Policies

(1) Forecasts for the Year Ending March 31, 2023

1) Revised forecasts for the year ending March 31, 2023

<Assumption>	<u>1-3Q</u> (Actual)	<u>4Q</u> (Forecast)	<u>Mar-23</u> Revised Forecast	<u>Mar-23</u> Previous Forecast
Exchange rate (USD/JPY)	136.85	130.00	135.14	137.65
Crude oil (JCC)	\$108/bbl	\$78/bbl	\$101/bbl	\$97/bbl
Consolidated oil price	\$93/bbl	\$92/bbl	\$92/bbl	\$89/bbl

(Billions of Yen)	March 31, 2023 Revised forecast (February 2023)	March 31, 2023 Previous forecast (November 2022)	Change	Description
Gross Profit	1,340.0	1,300.0	+40.0	Energy
Selling, General and Administrative Expenses	(700.0)	(680.0)	(20.0)	
Gain on Investments, Fixed Assets and Other	100.0	80.0	+20.0	
Interest Expenses	(70.0)	(80.0)	+10.0	
Dividend Income	160.0	140.0	+20.0	
Profit (Loss) of Equity Method Investments	530.0	510.0	+20.0	
Profit before Income Taxes	1,360.0	1,270.0	+90.0	
Income Taxes	(250.0)	(260.0)	+10.0	
Non-controlling Interests	(30.0)	(30.0)	-	
Profit for the Year Attributable to Owners of the Parent	1,080.0	980.0	+100.0	Rate of change: +10.2%

Depreciation and Amortization	280.0	270.0	+10.0	
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Core Operating Cash Flow	1,200.0	1,130.0	+70.0	Rate of change: +6.2%
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- For further major assumptions in addition to oil prices and USD/JPY, please refer to "2) Key commodity prices and other parameters for the year ending March 31, 2023".

The revised forecast for Profit for the Year Attributable to Owners of the Parent by operating segment compared to the previous forecast is as follows:

(Billions of Yen)	March 31, 2023 Revised forecast (February 2023)	March 31, 2023 Previous forecast (November 2022)	Change	Description
Mineral & Metal Resources	415.0	400.0	+ 15.0	Commodity prices
Energy	310.0	230.0	+ 80.0	LNG trading
Machinery & Infrastructure	175.0	175.0	-	
Chemicals	70.0	70.0	-	
Iron & Steel Products	20.0	20.0	-	
Lifestyle	50.0	50.0	-	
Innovation & Corporate Development	60.0	55.0	+ 5.0	
All Other and Adjustments and Eliminations	(20.0)	(20.0)	-	
Consolidated Total	1,080.0	980.0	+ 100.0	

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

(Billions of Yen)	March 31, 2023 Revised forecast (February 2023)	March 31, 2023 Previous forecast (November 2022)	Change	Description
Mineral & Metal Resources	410.0	410.0	-	
Energy	420.0	360.0	+60.0	LNG trading
Machinery & Infrastructure	185.0	180.0	+ 5.0	
Chemicals	95.0	95.0	-	
Iron & Steel Products	15.0	15.0	-	
Lifestyle	25.0	25.0	-	
Innovation & Corporate Development	40.0	35.0	+5.0	
All Other and Adjustments and Eliminations	10.0	10.0	-	
Consolidated Total	1,200.0	1,130.0	+ 70.0	

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

The table below shows assumptions for key commodity prices and foreign exchange rates for the forecast for the year ending March 31, 2023. The effects of movements on each commodity price and foreign exchange rate on Profit for the Year Attributable to Owners of the Parent are included in the table.

Impact on Profit for the Year Attributable to Owners of the Parent for the Year ending March 31, 2023 (Announced in May 2022)			Previous Forecast (Announced in Nov 2022)	March 31, 2023		Revised Forecast (Announced in Feb 2023)	
				1-3Q (Result)	4Q (Assumption)		
Commodity	Crude Oil/JCC	-	97	108	78	101	
	Consolidated Oil Price(*1)	¥2.2 bn (US\$1/bbl)	89	93	92	92	
	U.S. Natural Gas(*2)	¥1.0 bn (US \$0.1/mmBtu)	6.62	6.65(*3)	6.11	6.52	
	Iron Ore(*4)	¥2.2 bn (US\$1/ton)	(*5)	114(*6)	(*5)	(*5)	
	Coal	Coking	¥0.5 bn (US\$1/ton)	(*5)	364(*7)	(*5)	(*5)
		Thermal	¥0.1 bn (US\$1/ton)	(*5)	374(*7)	(*5)	(*5)
	Copper(*8)	¥0.7 bn (US\$100/ton)	8,638	9,085(*9)	8,006	8,815	
Forex (*10)	USD	¥4.6 bn (¥1/USD)	137.65	136.85	130.00	135.14	
	AUD	¥2.5 bn (¥1/AUD)	93.26	93.16	93.00	93.12	
	BRL	¥0.3 bn (¥1/BRL)	25.76	26.50	25.00	26.13	

(*1) As the crude oil price affects our consolidated results with a 0-6 month time lag, the effect of crude oil prices on consolidated results is estimated as the consolidated oil price, which reflects this time lag. For the year ending March 31, 2023, we have assumed that there is a 4-6 month time lag for approx. 35%, a 1-3 month time lag for approx. 60%, and no time lag for approx. 5%. The above sensitivities show the annual impact of changes in the consolidated oil price.

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

(*3) U.S. gas figures for the year ending March 31, 2023 1-3Q (Result) are the Henry Hub Natural Gas Futures average daily prompt month closing prices traded on NYMEX during January to September 2022.

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

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

(*6) Iron ore results figures for the year ending March 31, 2023 1-3Q (Result) are the daily average (reference price) spot indicated price (Fe 62% CFR North China) recorded in several industry trade magazines from April to December 2022.

(*7) Coal results figures for the year ending March 31, 2023 1-3Q (Result) are the quarterly average prices of representative coal brands in Japan (US\$/MT).

(*8) As the copper price affects our consolidated results with a 3-month time lag, the above sensitivities show the annual impact of US\$100/ton change in averages of the LME monthly average cash settlement prices for the period from March to December 2022.

(*9) Copper results figures for the year ending March 31, 2023 1-3Q (Result) are the averages of the LME monthly average cash settlement prices for the period from January to September 2022.

(*10) The above sensitivities show the impact of currency fluctuations on reported profit for the year of overseas subsidiaries and equity accounted investees denominated in their respective functional currencies and the

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

(2) Profit Distribution Policy

Our profit distribution policy is as follows:

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

For the current period, we repurchased ¥100.0 billion of our own stock between May 6 and September 22, 2022 following the announcement "Notification of Stock Repurchase" on May 2, 2022. Additionally, on November 1, 2022 we announced a new repurchase program, targeting the addition of a maximum of ¥140.0 billion of shares or a maximum of 60 million shares to be repurchased between November 2, 2022 and February 28, 2023. Between November 2, 2022 and January 31, 2023, we repurchased ¥119.5 billion of our own stock.

Today, we announced the following changes to the repurchase program announced November 1, 2022, regarding the repurchase amount and the number of shares to be repurchased.

- Maximum repurchase amount changed from ¥140.0 billion to ¥240.0 billion.
- Maximum number of shares repurchased changed from 60 million shares to 80 million shares.
- Repurchase period limit to be extended from February 28, 2023 to July 31, 2023.

Furthermore, regarding the cancellation of treasury stock, we announced the following.

- In addition to all shares repurchased between November 2, 2022 and February 28, 2023, a further 10 million shares will also be cancelled on March 13, 2023.
- All shares repurchased between March 1, 2023 and July 31, 2023 will be cancelled on August 31, 2023.

For details, please refer to the "Notification of Partial Amendments to 'Notification of Stock Repurchase and Cancellation of Treasury Stock'" on our website.

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

Taking into consideration the Core Operating Cash Flow and Profit for the Year Attributable to Owners of the Parent in the revised forecasts announced today, as well as the stability and continuity of dividend payments, the year-end dividend for the year ending March 31, 2023 is planned to be ¥135 per share, an upward revision of ¥5 from the forecast announced on November 1, 2022 (an increase of ¥30 from the previous year, including the interim dividend of ¥65).

3. Other Information

Notice:

This flash 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.

These important risks, uncertainties and other factors include, among others, (1) business investment risks, (2) country risks, (3) risks regarding climate changes, (4) commodity market risks, (5) foreign currency risks, (6) stock price risks of listed stock Mitsui and its subsidiaries hold, (7) credit risks, (8) risks regarding fund procurement, (9) operational risks, (10) risks regarding employee's compliance with laws, regulations, and internal policies, (11) risks regarding information systems and information securities, (12) risks relating to natural disasters, terrorism, violent groups and infectious diseases. For further information on the above, please refer to Mitsui's Annual Securities Report.

Forward-looking statements may be included in Mitsui's Annual Securities Report and Quarterly Securities Reports or in its other disclosure documents, press releases or website disclosures. Mitsui undertakes no obligation to publicly update or revise any forward-looking statements.

4. Condensed Consolidated Financial Statements

(1) Condensed Consolidated Statements of Financial Position

(Millions of Yen)

Assets		
	December 31, 2022	March 31, 2022
Current Assets:		
Cash and cash equivalents	¥ 1,245,818	¥ 1,127,868
Trade and other receivables	2,384,499	2,303,140
Other financial assets	1,012,525	997,862
Inventories	1,022,195	949,663
Advance payments to suppliers	276,024	183,370
Other current assets	155,496	154,780
Total current assets	6,096,557	5,716,683
Non-current Assets:		
Investments accounted for using the equity method	3,814,401	3,387,371
Other investments	2,098,109	2,347,414
Trade and other receivables	307,861	319,977
Other financial assets	198,851	167,845
Property, plant and equipment	2,239,491	2,190,902
Investment property	309,277	318,570
Intangible assets	282,390	253,039
Deferred tax assets	98,645	100,743
Other non-current assets	123,403	120,746
Total non-current assets	9,472,428	9,206,607
Total	¥ 15,568,985	¥ 14,923,290

(Millions of Yen)

Liabilities and Equity		
	December 31, 2022	March 31, 2022
Current Liabilities:		
Short-term debt	¥ 397,858	¥ 281,831
Current portion of long-term debt	850,010	410,257
Trade and other payables	1,764,961	1,739,149
Other financial liabilities	762,529	1,003,156
Income tax payables	52,830	68,456
Advances from customers	237,882	202,074
Provisions	38,437	48,589
Other current liabilities	57,595	55,114
Total current liabilities	4,162,102	3,808,626
Non-current Liabilities:		
Long-term debt, less current portion	3,871,689	4,185,375
Other financial liabilities	234,993	147,031
Retirement benefit liabilities	39,658	38,045
Provisions	287,144	266,161
Deferred tax liabilities	615,075	653,979
Other non-current liabilities	31,363	28,657
Total non-current liabilities	5,079,922	5,319,248
Total liabilities	9,242,024	9,127,874
Equity:		
Common stock	342,560	342,384
Capital surplus	380,521	376,516
Retained earnings	4,704,641	4,165,962
Other components of equity	853,313	827,441
Treasury stock	(160,608)	(107,098)
Total equity attributable to owners of the parent	6,120,427	5,605,205
Non-controlling interests	206,534	190,211
Total equity	6,326,961	5,795,416
Total	¥ 15,568,985	¥ 14,923,290

(2) Condensed Consolidated Statements of Income and Comprehensive Income

Condensed Consolidated Statements of Income

(Millions of Yen)

	Nine-month period ended December 31, 2022	Nine-month period ended December 31, 2021
Revenue	¥ 11,036,515	¥ 8,589,429
Cost	(10,018,266)	(7,799,646)
Gross Profit	1,018,249	789,783
Other Income (Expenses):		
Selling, general and administrative expenses	(511,716)	(423,736)
Gain (loss) on securities and other investments—net	54,454	(5,696)
Impairment reversal (loss) of fixed assets—net	(16,090)	(14,285)
Gain (loss) on disposal or sales of fixed assets—net	16,849	11,565
Other income (expense) —net	22,829	24,838
Total other income (expenses)	(433,674)	(407,314)
Finance Income (Costs):		
Interest income	32,336	14,709
Dividend income	103,394	151,957
Interest expense	(72,930)	(35,878)
Total finance income (costs)	62,800	130,788
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	417,444	318,947
Profit before Income Taxes	1,064,819	832,204
Income Taxes	(202,471)	(181,768)
Profit for the Period	¥ 862,348	¥ 650,436
Profit for the Period Attributable to:		
Owners of the parent	¥ 840,787	¥ 633,256
Non-controlling interests	21,561	17,180

Condensed Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Nine-month period ended December 31, 2022	Nine-month period ended December 31, 2021
Profit for the Period	¥ 862,348	¥ 650,436
Other Comprehensive Income:		
Items that will not be reclassified to profit or loss:		
Financial assets measured at FVTOCI	(252,116)	(49,453)
Remeasurements of defined benefit plans	(777)	752
Share of other comprehensive income of investments accounted for using the equity method	(10,288)	14,026
Income tax relating to items not reclassified	69,509	14,993
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments	(33,824)	(4,727)
Cash flow hedges	65,733	(27,447)
Share of other comprehensive income of investments accounted for using the equity method	247,380	115,682
Income tax relating to items that may be reclassified	(18,576)	(2,999)
Total other comprehensive income	67,041	60,827
Comprehensive Income for the Period	¥ 929,389	¥ 711,263
Comprehensive Income for the Period Attributable to:		
Owners of the parent	¥ 905,480	¥ 690,339
Non-controlling interests	23,909	20,924

(3) Condensed Consolidated Statements of Changes in Equity

(Millions of Yen)

	Attributable to owners of the parent						Non-controlling Interests	Total Equity
	Common Stock	Capital Surplus	Retained Earnings	Other Components of Equity	Treasury Stock	Total		
Balance as at April 1, 2021	¥ 342,080	¥ 396,238	¥ 3,547,789	¥ 373,786	¥ (89,473)	¥ 4,570,420	¥ 252,467	¥ 4,822,887
Profit for the period			633,256			633,256	17,180	650,436
Other comprehensive income for the period				57,083		57,083	3,744	60,827
Comprehensive income for the period			633,256	57,083		690,339	20,924	711,263
Transaction with owners:								
Dividends paid to the owners of the parent			(148,206)			(148,206)		(148,206)
Dividends paid to non-controlling interest shareholders							(23,236)	(23,236)
Acquisition of treasury stock					(128,978)	(128,978)		(128,978)
Sales of treasury stock		(197)	(276)		474	1		1
Cancellation of treasury stock			(156,722)		156,722	-		-
Compensation costs related to share-based payment	304	1,449				1,753		1,753
Equity transactions with non-controlling interest shareholders		(67)		(14)		(81)	9,975	9,894
Transfer to retained earnings			(9,622)	9,622		-		-
Balance as at December 31, 2021	¥ 342,384	¥ 397,423	¥ 3,866,219	¥ 440,477	¥ (61,255)	¥ 4,985,248	¥ 260,130	¥ 5,245,378

(Millions of Yen)

	Attributable to owners of the parent						Non-controlling Interests	Total Equity
	Common Stock	Capital Surplus	Retained Earnings	Other Components of Equity	Treasury Stock	Total		
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			840,787			840,787	21,561	862,348
Other comprehensive income for the period				64,693		64,693	2,348	67,041
Comprehensive income for the period			840,787	64,693		905,480	23,909	929,389
Transaction with owners:								
Dividends paid to the owners of the parent			(198,082)			(198,082)		(198,082)
Dividends paid to non-controlling interest shareholders							(17,564)	(17,564)
Acquisition of treasury stock					(197,072)	(197,072)		(197,072)
Sales of treasury stock		(201)	(186)		388	1		1
Cancellation of treasury stock			(143,174)		143,174	-		-
Compensation costs related to share-based payment	176	2,546				2,722		2,722
Equity transactions with non-controlling interest shareholders		1,660		513		2,173	9,978	12,151
Transfer to retained earnings			39,334	(39,334)		-		-
Balance as at December 31, 2022	¥ 342,560	¥ 380,521	¥ 4,704,641	¥ 853,313	¥ (160,608)	¥ 6,120,427	¥ 206,534	¥ 6,326,961

(4) Condensed Consolidated Statements of Cash Flows

(Millions of Yen)

	Nine-month period ended December 31, 2022	Nine-month period ended December 31, 2021
Operating Activities:		
Profit for the period	¥ 862,348	¥ 650,436
Adjustments to reconcile profit for the period to cash flows from operating activities:		
Depreciation and amortization	206,328	225,043
Change in retirement benefit liabilities	3,286	4,990
Loss allowance	15,028	11,186
(Gain) loss on securities and other investments-net	(54,454)	5,696
Impairment (reversal) loss of fixed assets-net	16,090	14,285
(Gain) loss on disposal or sales of fixed assets-net	(16,849)	(11,565)
Interest income, dividend income and interest expense	(89,392)	(154,289)
Income taxes	202,471	181,768
Share of (profit) loss of investments accounted for using the equity method	(417,444)	(318,947)
Valuation (gain) loss related to contingent considerations and others	(2,908)	1,446
Changes in operating assets and liabilities:		
Change in trade and other receivables	22,686	(480,759)
Change in inventories	(36,215)	(247,964)
Change in trade and other payables	(37,057)	353,654
Other-net	(353,370)	(169,608)
Interest received	58,157	38,670
Interest paid	(59,177)	(36,615)
Dividends received	460,735	430,166
Income taxes paid	(180,367)	(138,570)
Cash flows from operating activities	599,896	359,023
Investing Activities:		
Net change in time deposits	37,087	(51,742)
Net change in investments in equity accounted investees	(79,109)	(29,778)
Net change in other investments	28,636	(39,715)
Net change in loan receivables	(1,183)	55,291
Net change in property, plant and equipment	(143,164)	(117,944)
Net change in investment property	31,331	(6,501)
Cash flows from investing activities	(126,402)	(190,389)
Financing Activities:		
Net change in short-term debt	101,545	(32,783)
Net change in long-term debt	(593)	(23,028)
Repayments of lease liabilities	(42,644)	(40,802)
Purchases and sales of treasury stock	(197,068)	(128,976)
Dividends paid	(198,082)	(148,206)
Transactions with non-controlling interest shareholders	(40,813)	(23,742)
Cash flows from financing activities	(377,655)	(397,537)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	22,111	6,892
Change in Cash and Cash Equivalents	117,950	(222,011)
Cash and Cash Equivalents at Beginning of Period	1,127,868	1,063,150
Cash and Cash Equivalents at End of Period	¥ 1,245,818	¥ 841,139

“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.

(5) Assumption for Going Concern: None

(6) Changes in Accounting Estimates

The significant changes in accounting estimates in the Condensed Consolidated Financial Statements are as follows:

(Decrease of the fair value related to Russian LNG business)

Changes in accounting estimates related to the Russian LNG business are described in (10) Impact of the Russia-Ukraine situation on the Russian LNG business.

(Impairment loss for the passenger railway business in Brazil)

An impairment loss of ¥8,411 million in the Machinery & Infrastructure Segment engaged in the passenger 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.

(7) Segment Information

Nine-month period ended December 31, 2022 (from April 1, 2022 to December 31, 2022)

(Millions of Yen)

	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Iron & Steel Products	Lifestyle	Innovation & Corporate Development	Total	Others / Adjustments and Eliminations	Consolidated Total
Revenue	1,687,817	2,786,029	797,878	2,469,107	560,001	2,556,536	178,956	11,036,324	191	11,036,515
Gross Profit	282,736	194,762	147,736	159,958	32,029	117,753	77,791	1,012,765	5,484	1,018,249
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	103,238	78,377	151,668	21,337	19,407	29,914	13,192	417,133	311	417,444
Profit for the Period Attributable to Owners of the parent	355,410	190,776	131,092	54,653	19,527	42,253	49,740	843,451	(2,664)	840,787
Core Operating Cash Flow	355,452	275,920	158,681	72,523	15,435	31,227	34,386	943,624	17,584	961,208
Total Assets at December 31, 2022	3,058,179	3,073,133	3,143,841	1,800,187	777,344	2,619,986	1,762,115	16,234,785	(665,800)	15,568,985

Nine-month period ended December 31, 2021 (from April 1, 2021 to December 31, 2021)

(Millions of Yen)

	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Iron & Steel Products	Lifestyle	Innovation & Corporate Development	Total	Others / Adjustments and Eliminations	Consolidated Total
Revenue	1,425,948	1,822,154	622,967	2,098,122	444,371	2,013,273	160,992	8,587,827	1,602	8,589,429
Gross Profit	303,657	41,216	103,013	131,990	25,425	110,908	72,180	788,389	1,394	789,783
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	102,697	24,015	109,101	14,210	21,170	32,453	15,283	318,929	18	318,947
Profit for the Period Attributable to Owners of the parent	370,860	28,290	92,157	51,623	21,254	42,804	42,205	649,193	(15,937)	633,256
Core Operating Cash Flow	432,959	152,902	113,184	71,858	9,193	33,547	35,140	848,783	14,115	862,898
Total Assets at March 31, 2022	3,180,197	2,960,412	2,684,478	1,692,949	691,630	2,428,573	1,729,006	15,367,245	(443,955)	14,923,290

- Notes: 1. “Others / Adjustments and Eliminations” includes of the Corporate Staff Unit which provides financing services and operations services to the companies and affiliated companies. Total assets of “Others / Adjustments and Eliminations” at March 31, 2022 and December 31, 2022 includes cash, cash equivalents and time deposits related to financing activities, and assets of the Corporate Staff Unit and certain subsidiaries related to the above services amounting to ¥ 7,647,360 million and ¥ 8,192,819 million, respectively.
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 “Others / Adjustments and Eliminations” includes income and expense items that are not allocated to specific reportable segments, and eliminations of intersegment transactions.
4. Total assets of “Others / Adjustments and Eliminations” at March 31, 2022 and December 31, 2022 includes elimination of receivables and payables between segments amounting to ¥ 8,091,315 million and ¥ 8,858,619 million, respectively.
5. 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.

(8) 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. The Deer Park tank terminal is located in the outskirts of Houston, Texas. The fire partially damaged tanks owned by ITC. ITC has resumed its operation after discussions with related authorities. Harris County Fire Marshal's Office released its final report with respect to the fire incident on December 6, 2019 (US time) and the report classified the fire as accidental, while not specifying the cause of the fire. The cause of the fire is still under investigation by other relevant authorities.

The profit and loss related to this incident recognized in the nine-month period ended December 31, 2022 and 2021, and the outstanding balance of related provision as of December 31, 2022 are immaterial.

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

(9) 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.

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

(10) Impact of the Russia-Ukraine Situation on the Russian LNG Business

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

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

On the other hand, the situation still remains uncertain as the final LLC Members composition is not yet decided and the relevant LLC Members agreement is not signed, etc. Under this situation, the fair value of our investment in Sakhalin II project was measured using the income approach by expected present value technique and the probability-weighted average considering a scenario where the continuous dividend income is expected from SELLC and other scenarios. As a result, the fair value decreased by ¥130,892 million from the balance at March 31, 2022, and the valuation difference is recorded in “Financial assets measured at FVTOCI” in the Condensed Consolidated Statements of Comprehensive Income. The outstanding balances of “Other investments” in the Condensed Consolidated Statements of Financial Position related to this project at December 31, 2022 and March 31, 2022 were ¥92,998 million and ¥208,154 million, respectively. The fair value may increase or decrease due to changes in situation hereafter.

In addition, the carrying amount of the investments in Japan Arctic LNG, 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 based on the rating of the Russian Federation, however the profit / loss and comprehensive income recognized in the current period were immaterial. The outstanding balances of the investments and loans (*) at

December 31, 2022 and March 31, 2022 were ¥15,233 million and ¥14,374 million, respectively. The balance of financial guarantees as contingent liabilities were ¥154,379 million and ¥182,160 million, respectively, and the provision for loss on guarantees included in "Other financial liabilities" were ¥18,845 million and ¥18,097 million, respectively.

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

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