

## Consolidated Financial Results for the Three-Month Period Ended June 30, 2023 [IFRS]

Tokyo, August 1, 2023 - Mitsui & Co., Ltd. announced its consolidated financial results for the three-month period ended June 30, 2023, based on International Financial Reporting Standards (“IFRS”).

Mitsui & Co., Ltd. and subsidiaries  
(Web Site : <https://www.mitsui.com/jp/en/>)

President and Chief Executive Officer : Kenichi Hori  
Investor Relations Contacts : Hideaki Konishi, Investor Relations Division TEL 81-3-3285-1111

### 1. Consolidated financial results

(1) Consolidated operating results information for the three-month period ended June 30, 2023  
(from April 1, 2023 to June 30, 2023)

		Three-month period ended June 30,			
		2023		2022	
			%		%
Revenue	Millions of Yen	3,149,131	(15.4)	3,720,531	40.0
Profit before Income Taxes	Millions of Yen	311,814	(10.4)	347,957	35.8
Profit for the Period	Millions of Yen	258,659	(10.3)	288,359	44.2
Profit for the Period Attributable to Owners of the Parent	Millions of Yen	252,850	(8.1)	275,000	43.8
Comprehensive Income for the Period	Millions of Yen	610,085	82.6	334,175	(16.3)
Earnings per Share Attributable to Owners of the Parent, Basic	Yen	166.43		172.44	
Earnings per Share Attributable to Owners of the Parent, Diluted	Yen	166.35		172.37	

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

		June 30, 2023	March 31, 2023
Total Assets	Millions of Yen	16,311,377	15,380,916
Total Equity	Millions of Yen	6,999,362	6,565,148
Total Equity Attributable to Owners of the Parent	Millions of Yen	6,784,161	6,367,750
Equity Attributable to Owners of the Parent Ratio	%	41.6	41.4

### 2. Dividend information

		Year ended March 31,		Year ending March 31, 2024 (Forecast)
		2024	2023	
Interim Dividend per Share	Yen		65	75
Year-end Dividend per Share	Yen		75	75
Annual Dividend per Share	Yen		140	150

Note :

Change from the latest released dividend forecast: None

3. Forecast of consolidated operating results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

		Year ending March 31, 2024
Profit Attributable to Owners of the Parent	Millions of Yen	880,000
Earnings per Share Attributable to Owners of the Parent, Basic	Yen	581.72

Note :

Change from the latest released earnings forecast: None

4. Others

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

(2) Changes in accounting policies and accounting estimates :

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

Note:

For further details please refer to page 22 “3. Condensed Consolidated Financial Statements (6) Changes in Accounting Policies and Changes in Accounting Estimates.”

(3) Number of shares outstanding (common stock)

	June 30, 2023	March 31, 2023
Number of Shares (Including Treasury Stock)	1,544,789,968	1,544,660,544
Number of Treasury Stock	33,457,077	20,361,049

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022
Average Number of Shares	1,519,217,503	1,594,775,363

**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 16.

**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 August 1, 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 three-month period ended June 30, 2023, the US economy slowed somewhat but was generally firm, while growth in Europe stalled. The momentum of China’s recovery after the lifting of the zero-COVID policy slowed down. As a result, the overall global economy continued to slow.

In the US, the effects of rapid monetary tightening appeared in areas such as the real estate market, but the economy showed overall strength, supported by persistent consumer spending against a backdrop of excess demand in the labor market. Looking ahead, consumer spending is expected to continue to support the economy, but the economy is expected to gradually slow due to the effects of the monetary tightening carried out so far. In Europe, high inflation weighed on consumer spending, bringing the economy to a standstill. Looking ahead, stagnation is expected to continue due to high inflation, continued monetary tightening, and a slow recovery in China, a major export destination for the region. In Japan, the economy recovered moderately as normalization of economic activity continued and consumer spending, including eating out and travel, continued to recover. In addition, inbound demand picked up. Looking ahead, the economy is expected to continue to recover moderately due to expected growth in personal consumption and inbound demand. In China, the lifting of the zero-COVID policy at the end of last year brought about a temporary pickup in the economy, especially in services consumption, but it did not last long and the tempo of economic recovery remained moderate, partly due to exports and investment in real estate development being sluggish. Looking ahead, with both domestic and foreign demand lacking momentum, the focus will be on future stimulus measures. In Brazil, monetary tightening over the past year is expected to weigh on the economic recovery. 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 pick up moderately due to prolonged high inflation and continued tight monetary policy in the US, Europe, and other developed countries, as well as the slow economic recovery in China.

## (2) Results of Operations

### 1) Analysis of Consolidated Income Statements

(Billions of Yen)		Current Period	Previous Period	Change
Revenue		3,149.1	3,720.5	(571.4)
Gross Profit		300.7	313.4	(12.7)
Selling, General and Administrative Expenses		(184.2)	(155.9)	(28.3)
Other Income (Expenses)	Gain (Loss) on Securities and Other Investments—Net	47.5	11.6	+35.9
	Impairment Reversal (Loss) of Fixed Assets—Net	(2.5)	(0.3)	(2.2)
	Gain (Loss) on Disposal or Sales of Fixed Assets—Net	1.6	6.9	(5.3)
	Other Income (Expense)—Net	0.8	8.3	(7.5)
Finance Income (Costs)	Interest Income	15.8	7.0	+8.8
	Dividend Income	27.7	34.6	(6.9)
	Interest Expense	(38.6)	(16.4)	(22.2)
Share of Profit (Loss) of Investments Accounted for Using the Equity Method		143.0	138.8	+4.2
Income Taxes		(53.2)	(59.6)	+6.4
Profit for the Period		258.7	288.4	(29.7)
Profit for the Period Attributable to Owners of the Parent		252.9	275.0	(22.1)

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

### Revenue

Revenue for the three-month period ended June 30, 2023 (“current period”) was ¥3,149.1 billion, a decrease of ¥571.4 billion from ¥3,720.5 billion for the corresponding three-month period of the previous year (“previous period”). The decrease was mainly in the Energy Segment and the Chemicals Segment.

### Gross Profit

Mainly the Mineral & Metal Resources Segment recorded a decrease, while the Energy 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 .....	¥ (99.1)	¥ (85.7)	¥ (13.4)
Welfare .....	(3.9)	(3.1)	(0.8)
Travel .....	(7.5)	(4.9)	(2.6)
Entertainment .....	(1.7)	(1.3)	(0.4)
Communication .....	(14.6)	(12.7)	(1.9)
Rent .....	(3.2)	(2.6)	(0.6)
Depreciation .....	(11.7)	(9.6)	(2.1)
Fees and Taxes .....	(3.5)	(4.8)	+1.3
Loss Allowance .....	(5.5)	(2.7)	(2.8)
Others .....	(33.5)	(28.5)	(5.0)
Total .....	¥ (184.2)	¥ (155.9)	¥ (28.3)

\*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, a valuation gain was recorded mainly in the Lifestyle Segment.

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

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

For the previous period, a gain on sale of fixed assets was recorded mainly in the Innovation & Corporate Development Segment.

### *Other Income (Expense)—Net*

The Lifestyle Segment recorded a valuation loss on an options contract, whereas the Energy Segment recorded an increase due to derivative profit.

## Finance Income (Costs)

### *Dividend Income*

Mainly the Energy Segment recorded a decrease.

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

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

## Income Taxes

Income taxes were ¥53.2 billion, a decrease of ¥6.4 billion from ¥59.6 billion for the previous period.

The effective tax rate for the current period was 17.0%, a decrease of 0.1 points from 17.1% for the previous period.

A deferred tax liability was not recognized in response to a fair value gain recorded in the Lifestyle Segment, and due to this and other factors income taxes decreased.

**Profit for the Period Attributable to Owners of the Parent**

As a result, profit for the period attributable to owners of the parent was ¥252.9 billion, a decrease of ¥22.1 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	77.9	119.8	(41.9)	
Gross Profit	75.0	107.4	(32.4)	<ul style="list-style-type: none"> <li>• Mitsui Resources -22.0 (lower metallurgical coal prices)</li> <li>• Iron ore mining operations in Australia -6.9 (lower prices)</li> </ul>
Profit (Loss) of Equity Method Investments	23.4	42.8	(19.4)	<ul style="list-style-type: none"> <li>• Decrease due to sale of Stanmore SMC</li> <li>• Japan Collahuasi Resources*<sup>1</sup> -4.2 (volume decrease)</li> <li>• INNER MONGOLIA ERDOS ELECTRIC POWER AND METALLURGY GROUP -3.6 (lower prices in ferroalloys and chemicals businesses)</li> </ul>
Dividend Income	7.8	7.3	+0.5	
Selling, General and Administrative Expenses	(8.5)	(8.2)	(0.3)	
Others	(19.8)	(29.5)	+9.7	

\*1 An investor in Compañía Minera Doña Inés de Collahuasi, a copper mining company in Chile.

### Energy Segment

(Billions of Yen)	Current Period	Previous Period	Change	Description
Profit for the Period Attributable to Owners of the Parent	26.7	23.7	+3.0	
Gross Profit	35.4	17.1	+18.3	<ul style="list-style-type: none"> <li>• Increase in LNG trading (absence of derivative valuation losses in the previous period)</li> <li>• Mitsui E&amp;P Australia -7.5 (volume decrease)</li> <li>• Mitsui E&amp;P USA -3.4 (lower gas prices)</li> </ul>
Profit (Loss) of Equity Method Investments	22.6	24.8	(2.2)	
Dividend Income	6.8	16.2	(9.4)	• 4 LNG projects* <sup>1</sup> -9.4 (current period 6.8, previous period 16.2)
Selling, General and Administrative Expenses	(15.4)	(15.5)	+0.1	
Others	(22.7)	(18.9)	(3.8)	• MOEX North America +4.4 (derivative related profit and loss)

\*1 Abu Dhabi, Oman, Qatargas 3, and Sakhalin II.



## Machinery & Infrastructure Segment

(Billions of Yen)	Current Period	Previous Period	Change	Description
Profit for the Period Attributable to Owners of the Parent	52.6	38.9	+13.7	
Gross Profit	51.2	43.9	+7.3	
Profit (Loss) of Equity Method Investments	57.0	42.8	+14.2	<ul style="list-style-type: none"> <li>• East Anglia <sup>*1</sup> +3.3 (resumption of earnings contribution following book value recovery)</li> <li>• IPP -7.4 (impairment loss of fixed assets at Mainstream -9.0 <sup>*2</sup>, weak performance at Mainstream's projects in Chile, mark-to-market valuation gain of power derivatives in Australia +3.3)</li> </ul>
Dividend Income	2.8	1.6	+1.2	
Selling, General and Administrative Expenses	(44.4)	(35.8)	(8.6)	
Others	(14.0)	(13.6)	(0.4)	<ul style="list-style-type: none"> <li>• Absence of impairment loss of MT Falcon in the previous period <sup>*3</sup> +3.1</li> </ul>

\*1 A passenger rail franchise business in the UK.

\*2 Recorded an equity method loss of ¥9.0 billion due to reassessment of recoverable amount related to Mainstream's projects in Chile.

\*3 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.

## Chemicals Segment

(Billions of Yen)	Current Period	Previous Period	Change	Description
Profit for the Period Attributable to Owners of the Parent	15.5	23.1	(7.6)	
Gross Profit	52.3	59.5	(7.2)	<ul style="list-style-type: none"> <li>• Novus International -3.3 (lower prices)</li> <li>• Decrease in fertilizer trading (lower prices)</li> <li>• Increase in basic chemicals trading (swing back effect from the previous period)</li> </ul>
Profit (Loss) of Equity Method Investments	12.9	7.2	+5.7	<ul style="list-style-type: none"> <li>• Hexagon Composites +6.5 (mainly a valuation gain due to one of its subsidiaries becoming an equity method investee)</li> </ul>
Dividend Income	1.5	1.5	0.0	
Selling, General and Administrative Expenses	(37.3)	(32.0)	(5.3)	
Others	(13.9)	(13.1)	(0.8)	

### Iron & Steel Products Segment

(Billions of Yen)	Current Period	Previous Period	Change	Description
Profit for the Period Attributable to Owners of the Parent	5.6	7.0	(1.4)	
Gross Profit	10.2	9.1	+1.1	
Profit (Loss) of Equity Method Investments	4.9	6.6	(1.7)	
Dividend Income	1.5	1.1	+0.4	
Selling, General and Administrative Expenses	(7.6)	(6.6)	(1.0)	
Others	(3.4)	(3.2)	(0.2)	

### Lifestyle Segment

(Billions of Yen)	Current Period	Previous Period	Change	Description
Profit for the Period Attributable to Owners of the Parent	60.3	26.5	+33.8	
Gross Profit	50.0	52.7	(2.7)	<ul style="list-style-type: none"> <li>● Foreign exchange impact in coffee trading business -9.1</li> <li>● Aim Services becoming a subsidiary +5.1</li> </ul>
Profit (Loss) of Equity Method Investments	17.4	9.8	+7.6	<ul style="list-style-type: none"> <li>● WILSEY FOODS +4.8 (good performance at Ventura Foods, a manufacturer of processed oil food)</li> </ul>
Dividend Income	4.3	3.1	+1.2	
Selling, General and Administrative Expenses	(43.6)	(35.5)	(8.1)	<ul style="list-style-type: none"> <li>● Aim Services becoming a subsidiary -4.4</li> </ul>
Others	32.2	(3.6)	+35.8	<ul style="list-style-type: none"> <li>● Aim Services fair value gain*<sup>1</sup> +43.4</li> <li>● Foreign exchange hedging profit in coffee trading +8.6</li> <li>● Put option related to R-Pharm*<sup>2</sup> -14.0 (Current period -0.8, absence from the previous period -13.2)</li> </ul>

\*1 Revaluation gain on previously held equity interest due to Aim Services being reclassified from an equity-method investee to a consolidated subsidiary.

\*2 A valuation gain/loss was recorded for the foreign exchange translation of a put option in relation to 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	8.1	20.4	(12.3)	
Gross Profit	25.2	19.9	+5.3	
Profit (Loss) of Equity Method Investments	4.6	4.7	(0.1)	
Dividend Income	2.5	3.2	(0.7)	
Selling, General and Administrative Expenses	(21.9)	(19.3)	(2.6)	
Others	(2.3)	11.9	(14.2)	<ul style="list-style-type: none"> <li>• Absence of gain on sale of real estate business in Singapore in the previous period*<sup>1</sup></li> <li>• Absence of gain on sale of real estate in the US in the previous period*<sup>2</sup> -7.0</li> </ul>

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

\*2 A fixed asset sale of a property in the US.

### (3) Financial Condition and Cash Flows

#### 1) Financial Condition

(Billions of Yen)	June 30, 2023	March 31, 2023	Change
Total Assets	16,311.4	15,380.9	+930.5
Current Assets	5,871.7	5,674.8	+196.9
Non-current Assets	10,439.7	9,706.1	+733.6
Current Liabilities	3,800.1	3,766.6	+33.5
Non-current Liabilities	5,511.9	5,049.1	+462.8
<i>Net Interest-bearing Debt</i>	<i>3,329.1</i>	<i>3,212.7</i>	<i>+116.4</i>
Total Equity Attributable to Owners of the Parent	6,784.2	6,367.8	+416.4
Net Debt-to-Equity Ratio (times)	0.49	0.50	(0.01)

#### Assets

##### Current Assets

(Billions of Yen)	June 30, 2023	March 31, 2023	Change	Description
Current Assets	5,871.7	5,674.8	+196.9	
Cash and cash equivalents	1,281.3	1,390.1	(108.8)	
Trade and other receivables	2,112.9	2,191.2	(78.3)	<ul style="list-style-type: none"> <li>• Loan receivables -54.4 BAF<sup>*2</sup> -70.0</li> <li>• Trade receivables -19.8 (MM<sup>*1</sup>, IC<sup>*1</sup>) Decrease in trading volume, seasonal factors</li> </ul>
Other financial assets	914.1	773.0	+141.1	<ul style="list-style-type: none"> <li>• (MM<sup>*1</sup>, MI<sup>*1</sup>) Increase in dividends receivable</li> <li>• (Corporate) Increase in margin deposits</li> </ul>
Inventories	961.2	940.5	+20.7	• (IC <sup>*1</sup> ) Increase in inventories
Advance payments to suppliers	286.8	226.7	+60.1	• (MI <sup>*1</sup> ) Increase in trading volume
Assets held for sale	131.2	-	+131.2	• BAF <sup>*2</sup> +131.2
Other Current assets	184.2	153.3	+30.9	

\*1 MM: Mineral & Metal Resources Segment, IC: Innovation & Corporate Development Segment, MI: Machinery & Infrastructure Segment.

\*2 Due to the agreement for 20% of the shares of Bussan Auto Finance, a consolidated subsidiary in the Machinery & Infrastructure Segment (Mitsui's equity ratio: 65%), to be transferred to JA Mitsui Leasing, related assets have been reclassified to "Assets held for sale".

## Non-current Assets

(Billions of Yen)	June 30, 2023	March 31, 2023	Change	Description
Non-current Assets	10,439.7	9,706.1	+733.6	
Investments accounted for using the equity method	4,220.6	3,929.6	+291.0	<ul style="list-style-type: none"> <li>• Foreign exchange fluctuations +285.8</li> <li>• Changes from equity method investments profit +143.0</li> <li>• Offshore wind power project in Taiwan +60.9 (YECL becoming a subsidiary)</li> <li>• Dividends from equity accounted investees -175.1</li> </ul>
Other investments	2,235.4	2,134.1	+101.3	<ul style="list-style-type: none"> <li>• Foreign exchange fluctuations +32.1</li> <li>• Fair value of FVTOCI financial assets +23.0 (including +14.4 from equity interest in Sakhalin II project)</li> <li>• Acquisition of Alvotech convertible bonds +10.5</li> </ul>
Trade and other receivables	306.2	320.0	(13.8)	• BAF* <sup>1</sup> -53.3
Other financial assets	224.0	208.0	+16.0	• (MI* <sup>2</sup> ) Increase in trading volume
Property, plant and equipment	2,474.5	2,300.6	+173.9	<ul style="list-style-type: none"> <li>• Oil and gas projects +80.7 (including foreign exchange fluctuations +42.7)</li> <li>• Iron ore mining operations in Australia +31.0 (including foreign exchange fluctuations +28.0)</li> <li>• Intercontinental Terminals Company +11.0 (including foreign exchange fluctuations +11.5)</li> </ul>
Investment property	287.0	282.5	+4.5	
Intangible assets	433.1	277.3	+155.8	• Aim Services becoming a subsidiary +127.4
Deferred tax assets	109.2	105.2	+4.0	
Other non-current assets	149.7	148.8	+0.9	

\*1 Due to the agreement for 20% of the shares of Bussan Auto Finance, a consolidated subsidiary in the Machinery & Infrastructure Segment (Mitsui's equity ratio: 65%), to be transferred to JA Mitsui Leasing, related assets have been reclassified to "Assets held for sale".

\*2 MI: Machinery & Infrastructure Segment

## Liabilities

(Billions of Yen)	June 30, 2023	March 31, 2023	Change	Description
Current Liabilities	3,800.1	3,766.6	+33.5	
Short-term debt	483.1	432.2	+50.9	• Borrowing and repayments, as well as BAF* <sup>1</sup> -21.6
Current portion of long-term debt	453.9	811.0	(357.1)	• Reclassification from non-current debt and repayments, as well as BAF* <sup>1</sup> -28.4
Trade and other payables	1,602.1	1,510.4	+91.7	• Increase in trade payables, accrued expenses
Other financial liabilities	704.2	622.0	+82.2	• Increase in derivative liabilities
Income tax payables	44.7	49.3	(4.6)	
Advances from customers	280.3	234.9	+45.4	• Corresponding to increase in advance payments
Provisions	59.7	59.0	+0.7	
Liabilities directly associated with assets held for sale	107.9	-	+107.9	• BAF* <sup>1</sup> +107.9
Other current liabilities	64.2	47.8	+16.4	
Non-current Liabilities	5,511.9	5,049.1	+462.8	
Long-term debt, less the current portion	4,154.7	3,797.3	+357.4	• Reclassification to current portion and borrowings, as well as BAF* <sup>1</sup> -43.8
Other financial liabilities	261.1	223.4	+37.7	• Increase in derivative liabilities
Retirement benefit liabilities	39.1	37.0	+2.1	
Provisions	331.7	310.5	+21.2	• (EN* <sup>2</sup> ) Increase in asset retirement obligations due to weak yen
Deferred tax liabilities	689.0	648.3	+40.7	
Other non-current liabilities	36.3	32.6	+3.7	

\*1 Due to the agreement for 20% of the shares of Bussan Auto Finance, a consolidated subsidiary in the Machinery & Infrastructure Segment (Mitsui's equity ratio: 65%), to be transferred to JA Mitsui Leasing, related liabilities have been reclassified to "Liabilities directly associated with assets held for sale".

\*2 EN: Energy Segment

## Equity

(Billions of Yen)	June 30, 2023	March 31, 2023	Change	Description
Common stock	342.8	342.6	+0.2	
Capital surplus	382.9	381.9	+1.0	
Retained earnings	4,978.8	4,840.5	+138.3	
Other components of equity	1,207.5	869.0	+338.5	
<breakdown>				
Financial assets measured at FVTOCI	228.3	215.6	+12.7	
Foreign currency translation adjustments	973.1	638.5	+334.6	<ul style="list-style-type: none"> <li>● USD +165.7 (June-23 JPY144.99/USD, up from Mar-23 JPY133.53/USD)</li> <li>● AUD +72.7 (June-23 JPY95.77/AUD, up from Mar-23 JPY89.69/AUD)</li> </ul>
Cash flow hedges	6.1	14.9	(8.8)	
Treasury stock	(127.8)	(66.2)	(61.6)	● Share repurchase -61.7
Total Equity Attributable to Owners of the Parent	6,784.2	6,367.8	+416.4	
Non-controlling interests	215.2	197.4	+17.8	

## 2) Cash Flows

(Billions of Yen)	Current Period	Previous Period	Change
Cash Flows from Operating Activities	366.8	280.9	+85.9
Cash Flows from Investing Activities	(194.3)	(111.6)	(82.7)
Free Cash Flow	172.5	169.3	+3.2
Cash Flows from Financing Activities	(339.1)	(129.8)	(209.3)
Effect of Exchange Rate Changes on Cash and Cash Equivalents <sup>*1</sup>	57.8	51.8	+6.0
Change in Cash and Cash Equivalents	(108.8)	91.3	(200.1)

\*1 Includes the effect of Cash and Cash Equivalents Included in Assets Held for Sale.

### *Cash Flows from Operating Activities*

(Billions of Yen)		Current Period	Previous Period	Change
Cash Flows from Operating Activities	a	366.8	280.9	+85.9
Cash Flows from Change in Working Capital	b	92.9	(33.0)	+125.9
Repayments of Lease Liabilities	c	(18.0)	(13.5)	(4.5)
Core Operating Cash Flow	a-b+c	255.9	300.4	(44.5)

- Cash flows from change in working capital (changes in operating assets and liabilities) was ¥92.9 billion of net cash inflow. Repayments of lease liabilities was ¥18.0 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 ¥255.9 billion.
  - Net cash inflow from dividend income, including dividends received from equity accounted investees, for the current period totaled ¥159.9 billion, an increase of ¥10.9 billion from ¥149.0 billion for the previous period; and
  - Depreciation and amortization for the current period was ¥69.3 billion, an increase of ¥3.3 billion from ¥66.0 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	91.1	142.2	(51.1)
Energy	55.3	52.4	+2.9
Machinery & Infrastructure	60.2	35.6	+24.6
Chemicals	20.3	32.0	(11.7)
Iron & Steel Products	2.5	2.9	(0.4)
Lifestyle	21.5	22.3	(0.8)
Innovation & Corporate Development	7.1	11.9	(4.8)
All Other and Adjustments and Eliminations	(2.1)	1.1	(3.2)
Consolidated Total	255.9	300.4	(44.5)



The following table shows Depreciation and amortization by operating segment.

(Billions of Yen)	Current Period	Previous Period	Change
Mineral & Metal Resources	15.4	13.9	+1.5
Energy	21.5	23.3	(1.8)
Machinery & Infrastructure	8.4	7.2	+1.2
Chemicals	7.8	7.3	+0.5
Iron & Steel Products	0.4	0.3	+0.1
Lifestyle	7.2	5.3	+1.9
Innovation & Corporate Development	4.2	4.7	(0.5)
All Other and Adjustments and Eliminations	4.4	4.0	+0.4
Consolidated Total	69.3	66.0	+3.3

**Cash Flows from Investing Activities**

(Billions of Yen)	Current Period	Previous Period	Description of Current Period
Cash flows from investing activities	(194.3)	(111.6)	
Net change in investments to equity accounted investees	(17.1)	(94.3)	
Cash outflow	(34.2)	(125.9)	
Cash inflow	17.1	31.6	
Net change in other investments	(72.6)	(17.5)	
Cash outflow	(88.3)	(30.9)	<ul style="list-style-type: none"> <li>• Aim Services becoming a subsidiary -58.8 (Net amount of: acquisition cost -68.8, cash and deposits +10.0)</li> <li>• Bussan Animal Health <sup>*1</sup></li> <li>• Acquisition of Alvotech convertible bonds -10.5</li> </ul>
Cash inflow	15.7	13.4	
Net change in property, plant, and equipment	(83.7)	(53.9)	
Cash outflow	(99.9)	(54.2)	<ul style="list-style-type: none"> <li>• Acquisition of interest in South Texas Vaquero -36.8</li> <li>• Oil and gas projects -17.1</li> <li>• Iron ore mining operations in Australia -12.5</li> </ul>
Cash inflow	16.2	0.3	<ul style="list-style-type: none"> <li>• M&amp;T Aviation sale of owned aircraft +12.4</li> </ul>
Net change in investment property	(1.4)	21.5	
Cash outflow	(1.4)	(0.9)	
Cash inflow	-	22.4	
Net change in loan receivables	(7.7)	(2.0)	
Net change in time deposits	(11.8)	34.6	<ul style="list-style-type: none"> <li>• Mitsui Mineral Resources Development Latin America time deposits -11.3</li> </ul>

\*1 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	(339.1)	(129.8)	
Net change in short-term debt	56.0	(1.1)	
Net change in long-term debt	(196.0)	61.6	
(Proceeds from long-term debt)	426.2	237.9	
(Repayments of long-term debt)	(622.2)	(176.3)	
Repayments of lease liabilities	(18.0)	(13.5)	
Purchase and sales of treasury stock-net	(61.7)	(51.0)	
Dividends paid	(114.3)	(96.1)	
Transactions with non-controlling interest shareholders	(5.1)	(29.7)	

#### **(4) Information Concerning Profit Forecast**

The forecasts we announced on May 2, 2023 in Consolidated Financial Results for the Year Ended March 31, 2023, were ¥880.0 billion for Profit Attributable to Owners of the Parent and ¥870.0 billion for Core Operating Cash Flow. No revisions have been made to these forecasts.

## **2. 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) geopolitical risks, (3) country risks, (4) risks regarding climate changes, (5) commodity market risks, (6) foreign currency risks, (7) stock price risks of listed stock Mitsui and its subsidiaries hold, (8) credit risks, (9) risks regarding fund procurement, (10) operational risks, (11) risks regarding employee's compliance with laws, regulations, and internal policies, (12) risks regarding information systems and information securities, (13) 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.

### 3. Condensed Consolidated Financial Statements

#### (1) Condensed Consolidated Statements of Financial Position

(Millions of Yen)

Assets		
	June 30, 2023	March 31, 2023
<b>Current Assets:</b>		
Cash and cash equivalents	¥ 1,281,311	¥ 1,390,130
Trade and other receivables	2,112,945	2,191,181
Other financial assets	914,053	772,984
Inventories	961,180	940,543
Advance payments to suppliers	286,814	226,692
Assets held for sale	131,170	-
Other current assets	184,182	153,303
Total current assets	5,871,655	5,674,833
<b>Non-current Assets:</b>		
Investments accounted for using the equity method	4,220,647	3,929,636
Other investments	2,235,353	2,134,103
Trade and other receivables	306,165	320,040
Other financial assets	224,036	208,021
Property, plant and equipment	2,474,541	2,300,607
Investment property	287,028	282,497
Intangible assets	433,081	277,316
Deferred tax assets	109,204	105,197
Other non-current assets	149,667	148,666
Total non-current assets	10,439,722	9,706,083
<b>Total</b>	¥ 16,311,377	¥ 15,380,916

(Millions of Yen)

Liabilities and Equity		
	June 30, 2023	March 31, 2023
<b>Current Liabilities:</b>		
Short-term debt	¥ 483,137	¥ 432,233
Current portion of long-term debt	453,914	810,999
Trade and other payables	1,602,115	1,510,391
Other financial liabilities	704,231	621,979
Income tax payables	44,655	49,335
Advances from customers	280,305	234,946
Provisions	59,710	58,952
Liabilities directly associated with assets held for sale	107,873	-
Other current liabilities	64,117	47,802
Total current liabilities	3,800,057	3,766,637
<b>Non-current Liabilities:</b>		
Long-term debt, less current portion	4,154,728	3,797,328
Other financial liabilities	261,105	223,381
Retirement benefit liabilities	39,117	36,998
Provisions	331,738	310,513
Deferred tax liabilities	689,013	648,263
Other non-current liabilities	36,257	32,648
Total non-current liabilities	5,511,958	5,049,131
Total liabilities	9,312,015	8,815,768
<b>Equity:</b>		
Common stock	342,813	342,560
Capital surplus	382,894	381,869
Retained earnings	4,978,793	4,840,510
Other components of equity	1,207,424	868,963
Treasury stock	(127,763)	(66,152)
Total equity attributable to owners of the parent	6,784,161	6,367,750
Non-controlling interests	215,201	197,398
Total equity	6,999,362	6,565,148
<b>Total</b>	¥ 16,311,377	¥ 15,380,916

## (2) Condensed Consolidated Statements of Income and Comprehensive Income

### Condensed Consolidated Statements of Income

(Millions of Yen)

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022
<b>Revenue</b>	¥ 3,149,131	¥ 3,720,531
<b>Cost</b>	(2,848,401)	(3,407,101)
<b>Gross Profit</b>	300,730	313,430
<b>Other Income (Expenses):</b>		
Selling, general and administrative expenses	(184,234)	(155,949)
Gain (loss) on securities and other investments—net	47,541	11,559
Impairment reversal (loss) of fixed assets—net	(2,521)	(271)
Gain (loss) on disposal or sales of fixed assets—net	1,624	6,929
Other income (expense) — net	771	8,285
Total other income (expenses)	(136,819)	(129,447)
<b>Finance Income (Costs):</b>		
Interest income	15,819	6,963
Dividend income	27,686	34,575
Interest expense	(38,589)	(16,401)
Total finance income (costs)	4,916	25,137
<b>Share of Profit (Loss) of Investments Accounted for Using the Equity Method</b>	142,987	138,837
<b>Profit before Income Taxes</b>	311,814	347,957
<b>Income Taxes</b>	(53,155)	(59,598)
<b>Profit for the Period</b>	¥ 258,659	¥ 288,359
<b>Profit for the Period Attributable to:</b>		
Owners of the parent	¥ 252,850	¥ 275,000
Non-controlling interests	5,809	13,359

### Condensed Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022
<b>Profit for the Period</b>	¥ 258,659	¥ 288,359
<b>Other Comprehensive Income:</b>		
Items that will not be reclassified to profit or loss:		
Financial assets measured at FVTOCI	15,505	(314,730)
Remeasurements of defined benefit plans	267	(19)
Share of other comprehensive income of investments accounted for using the equity method	(3,299)	(613)
Income tax relating to items not reclassified	32	92,235
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments	62,893	22,963
Cash flow hedges	(1,018)	(48,239)
Share of other comprehensive income of investments accounted for using the equity method	284,929	301,282
Income tax relating to items that may be reclassified	(7,883)	(7,063)
Total other comprehensive income	351,426	45,816
<b>Comprehensive Income for the Period</b>	¥ 610,085	¥ 334,175
<b>Comprehensive Income for the Period Attributable to:</b>		
Owners of the parent	¥ 591,102	¥ 312,406
Non-controlling interests	18,983	21,769

### (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		
<b>Balance as at April 1, 2022</b>	¥ 342,384	¥ 376,516	¥ 4,165,962	¥ 827,441	¥ (107,098)	¥ 5,605,205	¥ 190,211	¥ 5,795,416
Profit for the period			275,000			275,000	13,359	288,359
Other comprehensive income for the period				37,406		37,406	8,410	45,816
Comprehensive income for the period			275,000	37,406		312,406	21,769	334,175
Transaction with owners:								
Dividends paid to the owners of the parent			(96,058)			(96,058)		(96,058)
Dividends paid to non-controlling interest shareholders							(9,468)	(9,468)
Acquisition of treasury stock					(51,034)	(51,034)		(51,034)
Sales of treasury stock		(35)	(24)		59	0		0
Cancellation of treasury stock			-		-	-		-
Compensation costs related to share-based payment		672				672		672
Equity transactions with non-controlling interest shareholders		(281)		17		(264)	7,240	6,976
Transfer to retained earnings			2,982	(2,982)		-		-
<b>Balance as at June 30, 2022</b>	¥ 342,384	¥ 376,872	¥ 4,347,862	¥ 861,882	¥ (158,073)	¥ 5,770,927	¥ 209,752	¥ 5,980,679

(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		
<b>Balance as at April 1, 2023</b>	¥ 342,560	¥ 381,869	¥ 4,840,510	¥ 868,963	¥ (66,152)	¥ 6,367,750	¥ 197,398	¥ 6,565,148
Profit for the period			252,850			252,850	5,809	258,659
Other comprehensive income for the period				338,252		338,252	13,174	351,426
Comprehensive income for the period			252,850	338,252		591,102	18,983	610,085
Transaction with owners:								
Dividends paid to the owners of the parent			(114,325)			(114,325)		(114,325)
Dividends paid to non-controlling interest shareholders							(7,191)	(7,191)
Acquisition of treasury stock					(61,686)	(61,686)		(61,686)
Sales of treasury stock		(42)	(33)		75	0		0
Cancellation of treasury stock			-		-	-		-
Compensation costs related to share-based payment	253	1,915				2,168		2,168
Equity transactions with non-controlling interest shareholders		(848)		-		(848)	6,011	5,163
Transfer to retained earnings			(209)	209		-		-
<b>Balance as at June 30, 2023</b>	¥ 342,813	¥ 382,894	¥ 4,978,793	¥ 1,207,424	¥ (127,763)	¥ 6,784,161	¥ 215,201	¥ 6,999,362

#### (4) Condensed Consolidated Statements of Cash Flows

(Millions of Yen)

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022
<b>Operating Activities:</b>		
Profit for the period	¥ 258,659	¥ 288,359
Adjustments to reconcile profit for the period to cash flows from operating activities:		
Depreciation and amortization	69,310	66,002
Change in retirement benefit liabilities	(103)	1,920
Loss allowance	5,507	2,720
(Gain) loss on securities and other investments-net	(47,541)	(11,559)
Impairment (reversal) loss of fixed assets-net	2,521	271
(Gain) loss on disposal or sales of fixed assets-net	(1,624)	(6,929)
Interest income, dividend income and interest expense	(15,290)	(34,012)
Income taxes	53,155	59,598
Share of (profit) loss of investments accounted for using the equity method	(142,987)	(138,837)
Valuation (gain) loss related to contingent considerations and others	(1,001)	(9,340)
Changes in operating assets and liabilities:		
Change in trade and other receivables	60,323	(79,335)
Change in inventories	30,982	26,885
Change in trade and other payables	21,975	45,823
Other-net	(20,298)	(26,389)
Interest received	24,858	14,550
Interest paid	(32,172)	(10,999)
Dividends received	159,936	148,987
Income taxes paid	(59,380)	(56,778)
Cash flows from operating activities	366,830	280,937
<b>Investing Activities:</b>		
Net change in time deposits	(11,788)	34,594
Net change in investments in equity accounted investees	(17,061)	(94,342)
Net change in other investments	(72,627)	(17,484)
Net change in loan receivables	(7,719)	(1,978)
Net change in property, plant and equipment	(83,621)	(53,895)
Net change in investment property	(1,439)	21,498
Cash flows from investing activities	(194,255)	(111,607)
<b>Financing Activities:</b>		
Net change in short-term debt	55,951	(1,117)
Net change in long-term debt	(195,995)	61,608
Repayments of lease liabilities	(17,970)	(13,532)
Purchases and sales of treasury stock	(61,685)	(51,033)
Dividends paid	(114,325)	(96,058)
Transactions with non-controlling interest shareholders	(5,073)	(29,660)
Cash flows from financing activities	(339,097)	(129,792)
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	59,719	51,729
<b>Effect of Cash and Cash Equivalents Included in Assets Held for Sale</b>	(2,016)	—
<b>Change in Cash and Cash Equivalents</b>	(108,819)	91,267
<b>Cash and Cash Equivalents at Beginning of Period</b>	1,390,130	1,127,868
<b>Cash and Cash Equivalents at End of Period</b>	¥ 1,281,311	¥ 1,219,135

“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 Policies and Changes in Accounting Estimates**

1) Changes in Accounting Policies

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

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.

2) Changes in Accounting Estimates

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

(Fluctuations 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.



## (7) Segment Information

Three-month period ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

(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	484,984	692,187	287,938	682,368	167,622	772,913	60,778	3,148,790	341	3,149,131
Gross Profit	74,985	35,418	51,237	52,274	10,248	49,994	25,232	299,388	1,342	300,730
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	23,428	22,618	57,040	12,939	4,873	17,379	4,612	142,889	98	142,987
Profit for the Period Attributable to Owners of the Parent	77,868	26,708	52,567	15,492	5,594	60,293	8,110	246,632	6,218	252,850
Core Operating Cash Flow	91,069	55,318	60,174	20,323	2,501	21,518	7,117	258,020	(2,142)	255,878
Total Assets at June 30, 2023	2,941,757	3,123,464	3,590,260	1,856,009	812,979	2,675,785	1,674,982	16,675,236	(363,859)	16,311,377

Three-month period ended June 30, 2022 (from April 1, 2022 to June 30, 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	575,656	940,871	228,841	869,273	181,940	871,538	52,165	3,720,284	247	3,720,531
Gross Profit	107,387	17,115	43,853	59,474	9,052	52,736	19,902	309,519	3,911	313,430
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	42,841	24,805	42,845	7,178	6,577	9,776	4,733	138,755	82	138,837
Profit for the Period Attributable to Owners of the Parent	119,806	23,744	38,950	23,096	6,969	26,543	20,367	259,475	15,525	275,000
Core Operating Cash Flow	142,154	52,395	35,601	32,000	2,862	22,294	11,947	299,253	1,168	300,421
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	(604,918)	15,380,916

- 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, 2023 and June 30, 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 amounting to ¥ 8,215,000 million and ¥ 8,446,918 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, 2023 and June 30, 2023 includes elimination of receivables and payables between segments amounting to ¥ 8,819,918 million and ¥ 8,810,777 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 LLC**

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 three-month period ended June 30, 2023 and 2022, and the outstanding balance of related provision as of June 30, 2023 are immaterial.

There are multiple lawsuits that have been brought against ITC in relation to this incident. 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.

#### **(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.

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.

#### **(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 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 ¥14,363 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 June 30, 2023 and March 31, 2023 were ¥121,874 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 June 30, 2023 and March 31, 2023 were ¥17,088 million and ¥15,759 million, respectively. The balance of financial guarantees as contingent liabilities were ¥ 234,271 million and ¥223,415 million, respectively, and the provision for loss on guarantees included in "Other financial liabilities" were ¥ 18,322 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 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.

(\*) 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.