

Consolidated Financial Results for the Six-Month Period Ended September 30, 2021 [IFRS]

Tokyo, November 2, 2021 - Mitsui & Co., Ltd. announced its consolidated financial results for the six-month period ended September 30, 2021, 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 six-month period ended September 30, 2021

(from April 1, 2021 to September 30, 2021)

		Six-month period ended September 30,			
		2021		2020	
			%		%
Revenue	Millions of yen	5,416,199	46.2	3,705,074	(14.1)
Profit before income taxes	Millions of yen	540,654	192.7	184,693	(42.1)
Profit for the period	Millions of yen	417,510	256.0	117,263	(53.3)
Profit for the period attributable to owners of the parent	Millions of yen	404,630	267.8	110,024	(53.0)
Comprehensive income for the period	Millions of yen	361,746	49.1	242,662	1,917.0
Earnings per share attributable to owners of the parent, basic	Yen	246.22		65.16	
Earnings per share attributable to owners of the parent, diluted	Yen	246.11		65.13	

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.
- As described in the Note in Condensed Consolidated Statements of Income, we have reconsidered the presentation of revenue from certain transactions, and have restated revenues for the six month period ended September 30, 2020.

(2) Consolidated financial position information

		September 30, 2021	March 31, 2021
Total assets	Millions of yen	12,954,071	12,515,845
Total equity	Millions of yen	4,991,390	4,822,887
Total equity attributable to owners of the parent	Millions of yen	4,738,572	4,570,420
Equity attributable to owners of the parent ratio	%	36.6	36.5

2. Dividend information

		Year ended March 31,		Year ending March 31, 2022 (Forecast)
		2022	2021	
Interim dividend per share	Yen	45	40	
Year-end dividend per share	Yen		45	50
Annual dividend per share	Yen		85	95

Note :

Change from the latest released dividend forecast: Yes

3. Forecast of consolidated operating results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

		Year ending March 31, 2022
Profit attributable to owners of the parent	Millions of yen	720,000
Earnings per share attributable to owners of the parent, basic	Yen	441.26

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 23 "4. Condensed Consolidated Financial Statements (6) Changes in Accounting Estimates".

(3) Number of shares :

	September 30, 2021	March 31, 2021
Number of shares of common stock issued, including treasury stock	1,642,355,644	1,717,104,808
Number of shares of treasury stock	17,427,794	48,628,466

	Six-month period ended September 30, 2021	Six-month period ended September 30, 2020
Average number of shares of common stock outstanding	1,643,369,348	1,688,466,849

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 17.

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 November 4, 2021.

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

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

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

(2) Results of Operations

1) Analysis of Consolidated Income Statements

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

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

Revenue

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

* The figure for the previous period has been restated to conform to the presentation for the current period. This restatement has no impact on gross profit, profit for the period attributable to owners of the parent, or total equity attributable to owners of the parent. For further details, please refer to "4. Condensed Consolidated Financial Statements (2) Condensed Consolidated Statements of Income and Comprehensive Income".

Gross Profit

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

Selling, general and administrative expenses

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

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

Other Income (Expenses)

Gain (Loss) on Securities and Other Investments—Net

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

Impairment Reversal (Loss) of Fixed Assets-Net

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

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

Other Income (Expense)—Net

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

Finance Income (Costs)

Dividend Income

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

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

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

Income Taxes

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

Profit for the Period Attributable to Owners of the Parent

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

2) Operating Results by Operating Segment

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

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

Mineral & Metal Resources Segment

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

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

Energy Segment

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

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

Machinery & Infrastructure Segment

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

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

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

Chemicals Segment

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

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

Iron & Steel Products Segment

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

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

Lifestyle Segment

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

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

Innovation & Corporate Development Segment

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

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

(3) Financial Condition and Cash Flows

1) Financial Condition

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

Assets

Current Assets:

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

Non-current Assets:

- Investments accounted for using the equity method increased by ¥79.9 billion, mainly due to the following factors:
 - An increase of ¥207.0 billion corresponding to the profit of equity method investments for the current period, despite a decline of ¥166.8 billion due to dividends from equity accounted investees;
 - An increase of ¥20.0 billion resulting from foreign currency exchange fluctuations; and
 - An increase of ¥16.5 billion due to an investment in Mitsui E&P Mozambique Area 1 Limited, which participates in the Mozambique LNG Project.
- Other investments increased by ¥51.9 billion, mainly due to the following factors:
 - As a result of subscription to convertible bonds of PT CT Corpora, the holding company for CT Corp, for ¥67.0 billion; and

- Fair value on financial assets measured at FVTPL increased by ¥20.5 billion, while fair value on financial assets measured at FVTOCI decreased by ¥39.7 billion.
- Property, plant and equipment decreased by ¥107.8 billion, mainly due to the following factors:
 - A decline of ¥55.4 billion (including foreign exchange translation profit of ¥2.4 billion) at the oil and gas projects;
 - A decline of ¥27.7 billion due to reclassification of agricultural land owned by XINGU AGRI AG to Investment property, upon conclusion of lease contracts;
 - A decline of ¥14.0 billion due to sale of the contract manufacturing businesses of MicroBiopharm Japan Co., Ltd.; and
 - An increase by ¥16.8 billion mainly due to establishment of a logistics center by MITSUI FOODS CO., LTD.
- Investment property increased by ¥43.0 billion, mainly due to the following factors:
 - An increase by ¥27.7 billion due to reclassification of agricultural land owned by XINGU AGRI AG from Property, plant and equipment, upon conclusion of lease contracts; and
 - An increase by ¥11.3 billion due to completion of construction at Hibiya Fort Tower, redeveloped by Mitsui & Co. Real Estate Ltd.
- Intangible assets increased by ¥23.5 billion, mainly due to consolidation of European agrochemical company, Belchim Crop Protection NV/SA.

Liabilities

Current Liabilities:

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

Non-current Liabilities:

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

Total Equity Attributable to Owners of the Parent

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

2) Cash Flows

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

Cash Flows from Operating Activities

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

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

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

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

Cash Flows from Investing Activities

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

Cash Flows from Financing Activities

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

2. Management Policies

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

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

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

(*) Excludes changes in time deposits.

(2) Forecasts for the Year Ending March 31, 2022

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

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

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

- Due to the continuation of global demand recovery following the rebound of the global economy from COVID-19 pandemic situation, the Machinery & Infrastructure Segment has been revised by ¥20.0 billion and the Energy Segment, the Chemicals Segment and the Iron & Steel Products Segment have been revised up by ¥10.0 billion each for the profit for the year attributable to owners of the parent. In addition to that, the Lifestyle Segment has been revised up by ¥20.0 billion due to the demand recovery and the profit of ¥6.9 billion by partial sale of PHC Holdings corporation, also the Innovation & Corporate Development Segment has been revised up by ¥10.0 billion due to mainly the public listing of FVTPL securities.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(3) Profit Distribution Policy

Our profit distribution policy is as follows:

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

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

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

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

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

(Millions of Yen)

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

(2) Condensed Consolidated Statements of Income and Comprehensive Income

Condensed Consolidated Statements of Income

(Millions of Yen)

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

(Note)

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

Condensed Consolidated Statements of Comprehensive Income

(Millions of Yen)

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

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

(Millions of Yen)

	Attributable to owners of the parent						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			404,630			404,630	12,880	417,510
Other comprehensive income for the period				(55,690)		(55,690)	(74)	(55,764)
Comprehensive income for the period			404,630	(55,690)		348,940	12,806	361,746
Transaction with owners:								
Dividends paid to the owners of the parent			(75,083)			(75,083)		(75,083)
Dividends paid to non-controlling interest shareholders							(13,265)	(13,265)
Acquisition of treasury stock					(107,251)	(107,251)		(107,251)
Sales of treasury stock		(175)	(276)		452	1		1
Cancellation of treasury stock			(156,722)		156,722	-		-
Compensation costs related to share-based payment	304	1,017				1,321		1,321
Equity transactions with non-controlling interest shareholders		193		31		224	810	1,034
Transfer to retained earnings			222	(222)		-		-
Balance as at September 30, 2021	¥ 342,384	¥ 397,273	¥ 3,720,560	¥ 317,905	¥ (39,550)	¥ 4,738,572	¥ 252,818	¥ 4,991,390

(4) Condensed Consolidated Statements of Cash Flows

(Millions of Yen)

	Six-month period ended September 30, 2021	Six-month period ended September 30, 2020
Operating Activities:		
Profit for the period	¥ 417,510	¥ 117,263
Adjustments to reconcile profit for the period to cash flows from operating activities:		
Depreciation and amortization	146,908	133,082
Change in retirement benefit liabilities	2,741	281
Loss allowance	9,405	33,078
(Gain) loss on securities and other investments-net	14,616	(8,967)
Impairment (reversal) loss of fixed assets-net	12,709	5,270
(Gain) loss on disposal or sales of fixed assets-net	(5,974)	176
Interest income, dividend income and interest expense	(109,850)	(32,753)
Income taxes	123,144	67,430
Share of (profit) loss of investments accounted for using the equity method	(207,041)	(81,986)
Valuation (gain) loss related to contingent considerations and others	1,664	(2,258)
Changes in operating assets and liabilities:		
Change in trade and other receivables	(94,582)	230,646
Change in inventories	(107,974)	2,148
Change in trade and other payables	53,464	(81,534)
Other-net	(98,554)	(75,345)
Interest received	25,215	29,034
Interest paid	(27,162)	(33,544)
Dividends received	238,377	114,368
Income taxes paid	(87,460)	(35,553)
Cash flows from operating activities	307,156	380,836
Investing Activities:		
Net change in time deposits	(50,557)	(14,560)
Net change in investments in equity accounted investees	(19,668)	(31,392)
Net change in other investments	(46,965)	(891)
Net change in loan receivables	61,024	(1,385)
Net change in property, plant and equipment	(74,999)	(123,575)
Net change in investment property	(17,596)	(52,413)
Cash flows from investing activities	(148,761)	(224,216)
Financing Activities:		
Net change in short-term debt	(5,398)	(52,819)
Net change in long-term debt	(121,774)	72,496
Repayments of lease liabilities	(27,948)	(30,832)
Purchases and sales of treasury stock	(107,251)	(45,970)
Dividends paid	(75,083)	(68,301)
Transactions with non-controlling interest shareholders	(13,187)	(6,890)
Cash flows from financing activities	(350,641)	(132,316)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(10,673)	16,242
Change in Cash and Cash Equivalents	(202,919)	40,546
Cash and Cash Equivalents at Beginning of Period	1,063,150	1,058,733
Cash and Cash Equivalents at End of Period	¥ 860,231	¥ 1,099,279

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

(5) Assumption for Going Concern: None

(6) Changes in Accounting Estimates

The significant change in accounting estimates in the Condensed Consolidated Financial Statements is as follows:

(Impairment loss related to selling the entire interest in MT Falcon Holdings)

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

(7) Segment Information

Six-month period ended September 30, 2021 (from April 1, 2021 to September 30, 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	932,786	1,093,723	383,784	1,348,473	283,137	1,261,197	112,080	5,415,180	1,019	5,416,199
Gross Profit	210,598	23,890	66,881	86,007	16,235	69,040	53,616	526,267	1,156	527,423
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	67,484	14,391	68,024	10,240	12,808	22,937	11,091	206,975	66	207,041
Profit (Loss) for the Period Attributable to Owners of the parent	270,992	(4,811)	52,891	27,588	12,174	20,860	30,778	410,472	(5,842)	404,630
Core Operating Cash Flow	240,610	87,113	77,093	43,517	5,429	22,137	26,639	502,538	24,316	526,854
Total Assets at September 30, 2021	2,513,997	2,657,272	2,338,226	1,466,363	605,121	2,240,243	1,456,672	13,277,894	(323,823)	12,954,071

Six-month period ended September 30, 2020 (from April 1, 2020 to September 30, 2020) (As restated)

(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	629,586	355,213	414,385	862,633	199,746	1,125,662	113,912	3,701,137	3,937	3,705,074
Gross Profit	100,601	33,257	48,294	58,505	9,576	58,721	57,548	366,502	1,334	367,836
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	30,237	11,024	41,813	2,554	(4,501)	(3,112)	3,965	81,980	6	81,986
Profit (Loss) for the Period Attributable to Owners of the parent	71,261	(3,681)	23,386	10,731	(5,797)	(11,946)	23,958	107,912	2,112	110,024
Core Operating Cash Flow	97,227	60,246	26,339	22,657	(484)	1,311	30,880	238,176	35,913	274,089
Total Assets at March 31, 2021	2,566,491	2,566,305	2,291,278	1,345,469	566,020	2,009,315	1,191,842	12,536,720	(20,875)	12,515,845

- 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, 2021 and September 30, 2021 includes cash, cash equivalents and time deposits related to financing activities, and assets of the Corporate Staff Unit and certain subsidiaries related to the above services amounting to ¥ 7,202,925 million and ¥ 7,066,731 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, 2021 and September 30, 2021 includes elimination of receivables and payables between segments amounting to ¥ 7,223,800 million and ¥ 7,390,554 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.
6. The description order of reporting segments has been changed in the segment information from the three-month period ended June 30, 2021, and this change also applies for the six-month period ended September 30, 2020.
7. As described in the Note in the Condensed Consolidated Statements of Income, we have reconsidered the presentation of revenue from certain transactions, and have restated revenues for the six-month period ended September 30, 2020, based on the results of the reconsideration.

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

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

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

(9) Taxation on Capital Gain in India

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

The taxable income of this notice is the capital gain on sales of Finsider International Company Limited (a UK company that owned 51% of Sesa Goa, an Indian iron ore company) shares held by EG in April 2007. Although EG treated the capital gain properly according to the tax laws at that time, the tax payment notice has been issued. On February 17, 2021, EG commenced arbitration under the UK-India bilateral investment treaty in order to dispute this tax payment notice, but on August 13, 2021, the Indian government published and enacted “Taxation Laws (Amendment) Act, 2021” (“Taxation Laws”) which nullifies capital gain taxation on sales of Indian assets implemented before May 2012 and “Income Tax (31st Amendment) Rules 2021” (“Income Tax Rules”) was published and enacted on October 1, 2021, which provide the conditions required under the Taxation Laws. EG is planning to seek nullification of capital gain taxation in accordance with the Taxation Laws and the Income Tax Rules. The company does not expect a significant impact on our consolidated financial position, operating results and cash flow at this stage.

(10) Impact of the Security Situation in Northern Mozambique on LNG Project

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

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