

## Consolidated Financial Results for the Six-Month Period Ended September 30, 2022 [IFRS]

Tokyo, November 1, 2022 - Mitsui & Co., Ltd. announced its consolidated financial results for the six-month period ended September 30, 2022, based on International Financial Reporting Standards ("IFRS").

Mitsui & Co., Ltd. and subsidiaries

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

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### 1. Consolidated financial results

#### (1) Consolidated operating results information for the six-month period ended September 30, 2022

(from April 1, 2022 to September 30, 2022)

|  |                 | Six-month period ended September 30, |      |           |       |
|--|-----------------|--------------------------------------|------|-----------|-------|
|  |                 | 2022                                 |      | 2021      |       |
|  |                 |                                      | %    |           | %     |
| Revenue  | Millions of Yen | 7,423,815                            | 37.1 | 5,416,199 | 46.2  |
| Profit before Income Taxes                                       | Millions of Yen | 687,807                              | 27.2 | 540,654   | 192.7 |
| Profit for the Period  | Millions of Yen | 556,034                              | 33.2 | 417,510   | 256.0 |
| Profit for the Period Attributable to Owners of the Parent       | Millions of Yen | 539,104                              | 33.2 | 404,630   | 267.8 |
| Comprehensive Income for the Period                              | Millions of Yen | 662,944                              | 83.3 | 361,746   | 49.1  |
| Earnings per Share Attributable to Owners of the Parent, Basic   | Yen             | 339.69                               |      | 246.22    |       |
| Earnings per Share Attributable to Owners of the Parent, Diluted | Yen             | 339.57                               |      | 246.11    |       |

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

|   |                 | September 30, 2022 | March 31, 2022 |
|---|-----------------|--------------------|----------------|
| Total Assets                                      | Millions of Yen | 16,037,751         | 14,923,290     |
| Total Equity                                      | Millions of Yen | 6,262,087          | 5,795,416      |
| Total Equity Attributable to Owners of the Parent | Millions of Yen | 6,045,282          | 5,605,205      |
| Equity Attributable to Owners of the Parent Ratio | %               | 37.7               | 37.6           |

### 2. Dividend information

|                             |     | Year ended March 31, |      | Year ending March 31, 2023 (Forecast) |
|-----------------------------|-----|----------------------|------|---------------------------------------|
|                             |     | 2023                 | 2022 |                                       |
| Interim dividend per share  | Yen | 65                   | 45   |                                       |
| Year-end dividend per share | Yen |                      | 60   | 65                                    |
| Annual dividend per share   | Yen |                      | 105  | 130                                   |

Note :

Change from the latest released dividend forecast: Yes

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

|  |                 | Year ending<br>March 31, 2023 |
|--|-----------------|-------------------------------|
| Profit Attributable to Owners of the Parent                    | Millions of Yen | 980,000                       |
| Earnings per Share Attributable to Owners of the Parent, Basic | Yen             | 620.65                        |

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

(3) Number of shares :

|   | September 30, 2022 | March 31, 2022 |
|---|--------------------|----------------|
| Number of shares of common stock issued, including treasury stock | 1,592,466,644      | 1,642,355,644  |
| Number of shares of treasury stock                                | 22,887,310         | 41,423,291     |

|  | Six-month period ended<br>September 30, 2022 | Six-month period ended<br>September 30, 2021 |
|--|--|--|
| Average number of shares of common stock outstanding | 1,587,062,342                                | 1,643,369,348                                |

**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 18.

**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 2, 2022.

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

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

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

## (2) Results of Operations

### 1) Analysis of Consolidated Income Statements

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

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

### Revenue

Revenue for the six-month period ended September 30, 2022 ("current period") was ¥7,423.8 billion, an increase of ¥2,007.6 billion from ¥5,416.2 billion for the corresponding six-month period of the previous year ("previous period").

### Gross Profit

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

## Selling, General and Administrative Expenses

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

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

## Other Income (Expenses)

### *Gain (Loss) on Securities and Other Investments—Net*

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

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

### *Impairment Reversal (Loss) of Fixed Assets—Net*

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

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

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

### *Other Income (Expense)—Net*

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

## Finance Income (Costs)

### *Dividend Income*

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

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

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

## Income Taxes

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

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

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

### 2) Operating Results by Operating Segment

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

#### *Mineral & Metal Resources Segment*

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

- Gross Profit decreased mainly due to the following factors:
  - Iron ore mining operations in Australia recorded a decrease of ¥59.0 billion mainly due to lower sales prices.
  - Coal mining operations in Australia recorded an increase of ¥45.7 billion mainly due to higher sales prices.
- Profit (Loss) of Equity Method Investments increased mainly due to the following factors:
  - Coal mining operations in Australia recorded an increase mainly due to higher sales prices.
  - Inner Mongolia Erdos Electric Power & Metallurgical Co., Ltd recorded an increase of ¥8.8 billion, mainly in the ferroalloys and chemicals businesses due to higher market prices caused by strong demand in China.
  - Inversiones Mineras Becrux SpA, which invests in Anglo American Sur S.A., a copper mining company in Chile, recorded a decrease of ¥3.3 billion mainly due to lower sales prices.
  - Iron ore mining operations in Australia recorded a decrease of ¥1.5 billion mainly due to lower sales prices.
- Dividend Income decreased mainly due to lower dividends from Vale S.A.
- In addition to the above, the following factors also affected results:
  - For the previous period, a reversal of deferred tax liability of ¥6.2 billion was recorded in relation to the reorganization of Japan Collahuasi Resources B.V., which invests in Compañía Minera Doña Inés de Collahuasi SCM, a copper mining company in Chile.
  - For the current period, a business division at Headquarters recorded an increase due to commodity derivative transactions for the copper mining business.
  - Coal mining operations in Australia recorded an increase of ¥3.4 billion due to foreign exchange related gains.

## Energy Segment

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

- Gross Profit increased mainly due to the following factors:
  - Mitsui E&P Australia Holdings Pty. Ltd. recorded an increase of ¥25.3 billion, mainly due to higher oil prices and an increase in production.
  - Mitsui E&P USA LLC recorded an increase of ¥21.7 billion mainly due to higher gas prices.
  - Mitsui E&P Italia A S.r.l recorded an increase of ¥8.8 billion mainly due to higher oil prices.
  - MEP Texas Holdings LLC recorded an increase of ¥7.1 billion mainly due to higher oil and gas prices.
  - Mitsui E&P Middle East B.V. recorded an increase of ¥4.0 billion mainly due to higher oil prices.
  - Mitsui & Co. Energy Trading Singapore Pte. Ltd. recorded an increase of ¥3.9 billion mainly due to good trading performance.
  - MOEX North America LLC recorded an increase of ¥3.8 billion mainly due to higher oil prices.
  - A business division at Headquarters recorded a decrease, mainly due to a derivative loss to hedge the LNG trading business, recognized in advance during the current period.
- Profit (Loss) of Equity Method Investments increased mainly due to the following factors:
  - Japan Australia LNG (MIMI) Pty. Ltd recorded an increase mainly due to higher oil and gas prices.
  - Japan Arctic LNG B.V. recorded an increase of ¥3.1 billion, mainly due to valuation gains on oil prices and foreign exchange fluctuations.
- Dividends from four LNG projects (Sakhalin II, Abu Dhabi, Oman and Qatargas 3) were ¥24.2 billion in total, an increase of ¥7.8 billion from the previous period (\*).
  - (\* ) During the previous year, interest expired for Qatargas 1.
- In addition to the above, the following factors also affected results:
  - A business division at Headquarters recorded a loss of ¥8.2 billion, mainly due to a foreign exchange related loss to hedge the LNG trading business, whereas a gain of ¥8.5 billion was recorded due to a fuel supply trade.
  - During the previous period, Mitsui Oil Exploration Co., Ltd. recorded an impairment loss of ¥7.3 billion for Block M-3 exploration project and profit of ¥2.7 billion in relation to reversal of reserve for overseas investment loss.
  - Mitsui Oil Exploration Co., Ltd. recorded an increase of ¥3.7 billion mainly due to foreign exchange related profits and losses.
  - Mitsui Oil Exploration Co., Ltd. recorded a decrease of ¥3.2 billion in corporate income tax, mainly due to recognition of tax-deductible expense in connection with the expiration of a concession agreement.



### ***Machinery & Infrastructure Segment***

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

- Gross Profit increased mainly due to the following factors:
  - An increase of ¥4.9 billion was recorded due to the consolidation of Inversiones Mitta SpA.
  - PT. Bussan Auto Finance recorded an increase of ¥4.1 billion, mainly due to higher interest income following accumulation of operating assets.
- Profit (Loss) of Equity Method Investments increased mainly due to the following factors:
  - MBK USA Commercial Vehicles Inc. recorded an increase of ¥10.7 billion due to good performance in the truck leasing and rental business.
  - Penske Automotive Group, Inc. recorded an increase of ¥5.9 billion due to steady sales.
  - A gas distribution business recorded an increase of ¥4.7 billion, mainly due to higher revenue from strong industrial gas demand.
  - IPP business recorded a decrease of ¥3.0 billion, mainly due to foreign exchange losses from yen-denominated lease receivables and borrowings in Indonesia.
- In addition to the above, the following factors also affected results:
  - For the current period, a fixed asset impairment loss of ¥8.4 billion was recorded based on the latest estimation regarding the decrease in revenue and the increased discount rate for the railway business in Brazil.
  - For the current period, the corporate income tax burden was reduced by ¥4.8 billion due to tax expenses being recognized as other comprehensive income resulting from the sale of financial assets measured at FVTOCI.
  - For the current period, an impairment loss of ¥3.1 billion was recorded, based on a revision to the sale and purchase agreement and sale and purchase conditions for the shares of MT Falcon Holdings S.A.P.I. de C.V.
  - For the previous period, an impairment loss of ¥9.7 billion was recorded, based on the conclusion of the sale and purchase agreement for the shares of MT Falcon Holdings S.A.P.I. de C.V.

### ***Chemicals Segment***

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

- Gross Profit increased mainly due to the following factors:
  - An increase was recorded at a business division at Headquarters mainly due to good performance in fertilizer raw materials trading.

- An increase of ¥4.4 billion was recorded in Novus International, Inc. mainly due to an increase in product prices.
- An increase was recorded at Mitsui Agro Business S.A. mainly due to higher prices in the fertilizer markets.

### ***Iron & Steel Products Segment***

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

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

### ***Lifestyle Segment***

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

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

### ***Innovation & Corporate Development Segment***

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

- Gross Profit decreased mainly due to the following factors:
  - A business division at Headquarters recorded a decrease due to fluctuation of commodity prices.
  - A decrease of ¥3.8 billion, mainly due to the absence of a fair value valuation gain recorded in the previous period following the public listing of Kaltura, Inc in the US.
  - A decrease of ¥3.5 billion, mainly due to the absence of a gain recorded in the previous period following the sale of shares of Wise plc. in the UK.
  - A decrease of ¥3.3 billion, mainly due to the absence of a fair value valuation gain recorded in the previous period following the public listing of Spire Global, Inc. in the US.
  - Mitsui Bussan Commodities Ltd. recorded an increase of ¥7.0 billion mainly due to good derivative trading performance.
- Profit (Loss) of Equity Method Investments decreased mainly due to the following factor:
  - A decrease of ¥3.0 billion recorded mainly due to the decrease in fair value of shares held in Peterson Ventures Partners, which carries out venture investments.
- In addition to the above, the following factors also affected results:
  - A business division at Headquarters recorded an increase mainly due to foreign exchange fluctuations.
  - For the current period, a gain was recorded for the sale of Southernwood Property Pte., which is an investment vehicle that owns an office building in Singapore.
  - For the current period, a gain of ¥11.6 billion was recorded for the sale of multiple properties in the US.
  - For the current period, a gain of ¥4.0 billion was recorded for the sale of investment securities.

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

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

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

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

The Company did not recognize any significant profit / loss or other comprehensive income in the current period with respect to the Arctic LNG2 project. The balance of the investments, loans and guarantees related to the Arctic LNG2 project was ¥185.8 billion (¥15.4 billion in investments and loans and ¥170.5 billion in guarantees) at the end of the current period. In addition, a provision for loss on guarantees of ¥19.0 billion has been recorded. For further details, please refer to "4. Condensed Consolidated Financial Statements (10) Impact of the Russia-Ukraine Situation on the Russian LNG Business".

### **(3) Financial Condition and Cash Flows**

#### 1) Financial Condition

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

#### Assets

##### Current Assets:

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

#### Non-current Assets:

- Investments accounted for using the equity method increased by ¥626.7 billion, mainly due to the following factors:
  - An increase of ¥406.5 billion resulting from foreign exchange fluctuations.
  - An increase of ¥79.8 billion due to an investment in the holding company of Mainstream Renewable Power Limited.
  - An increase of ¥283.6 billion corresponding to the profit of equity method investments for the current period, and a decline of ¥226.7 billion due to dividends from equity accounted investees.
  - An increase due to an investment in Climate Friendly Pty Ltd.
  - A decrease of ¥10.7 billion due to the sale of Southernwood Property Pte.
- Other investments decreased by ¥276.5 billion, mainly due to the following factors:
  - Fair value on financial assets measured at FVTOCI decreased by ¥352.5 billion (including a decrease of ¥134.9 billion of the equity interest in Sakhalin II project).
  - A decrease of ¥16.3 billion due to the sale of financial assets measured at FVTOCI in the Machinery & Infrastructure Segment.
  - An increase of ¥71.5 billion resulting from foreign exchange fluctuations.
  - An increase in relation to an investment in a large-scale renewable energy project in India.
  - Financial assets measured at FVTPL increased by ¥10.3 billion due to changes in fair value.
- Other financial assets increased by ¥83.5 billion, mainly due to increases in trading volume in the Machinery & Infrastructure Segment and a ¥16.8 billion increase in valuation of a put option related to investment in JSC R-Pharm.
- Property, plant and equipment increased by ¥159.6 billion, mainly due to the following factors:
  - An increase of ¥56.0 billion (including an increase of ¥75.6 billion due to foreign exchange fluctuations) in the oil and gas projects.
  - An increase of ¥26.8 billion (including an increase of ¥22.8 billion due to foreign exchange fluctuations) at Intercontinental Terminals Company, LLC.
  - An increase of ¥14.2 billion (including an increase of ¥9.9 billion due to foreign exchange fluctuations) at iron ore mining operations in Australia.
  - An increase of ¥14.1 billion (including an increase of ¥15.5 billion due to foreign exchange fluctuations) at MBK Real Estate Holdings Inc.
- Intangible assets increased by ¥43.0 billion, mainly due to consolidation of Position Partners Pty Ltd., and the consolidation of Lee Soon Seng Plastic Industries Sdn. Bhd.
- Deferred tax assets increased by ¥21.3 billion, mainly due to the impact of foreign exchange fluctuations in hedges of net investments in foreign operations.

#### Liabilities

##### Current Liabilities:

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

#### Non-current Liabilities:

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

#### Total Equity Attributable to Owners of the Parent

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

#### 2) Cash Flows

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

#### *Cash Flows from Operating Activities*

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

- Cash flows from change in working capital (changes in operating assets and liabilities) was ¥328.9 billion of net cash outflow. Repayments of lease liabilities was ¥27.8 billion of net cash outflow. Core Operating Cash Flow, which equals cash flows from operating activities excluding changes in working capital and repayments of lease liabilities, amounted to ¥611.5 billion.
  - Net cash inflow from dividend income, including dividends received from equity accounted investees, for the current period totaled ¥313.9 billion, an increase of ¥75.5 billion from ¥238.4 billion for the previous period.
  - Depreciation and amortization for the current period was ¥137.0 billion, a decrease of ¥9.9 billion from ¥146.9 billion for the previous period.

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

| (Billions of Yen)                          | Current Period | Previous Period | Change |
|--|----------------|-----------------|--------|
| Mineral & Metal Resources                  | 269.5          | 240.6           | +28.9  |
| Energy                                     | 124.8          | 87.1            | +37.7  |
| Machinery & Infrastructure                 | 92.6           | 77.1            | +15.5  |
| Chemicals                                  | 50.9           | 43.5            | +7.4   |
| Iron & Steel Products                      | 7.3            | 5.4             | +1.9   |
| Lifestyle                                  | 19.0           | 22.1            | (3.1)  |
| Innovation & Corporate Development         | 18.2           | 26.6            | (8.4)  |
| All Other and Adjustments and Eliminations | 29.2           | 24.5            | +4.7   |
| Consolidated Total                         | 611.5          | 526.9           | +84.6  |

#### ***Cash Flows from Investing Activities***

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

#### ***Cash Flows from Financing Activities***

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

## 2. Management Policies

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

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

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

(\*) Excludes changes in time deposits.

### (2) Forecasts for the Year Ending March 31, 2023

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

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

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

• For further major assumptions in addition to oil prices and USD/JPY, please refer to “2) Key commodity prices and other parameters for the year ending March 31, 2023”.



The revised forecast for profit for the year attributable to owners of the parent by operating segment compared to the original forecast announced year ended March 31, 2023 (May 2022) is as follows:

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

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

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

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

The table below shows assumptions for key commodity prices and foreign exchange rates of the forecast for the year ending March 31, 2023. The effects of movements on each commodity price and foreign exchange rates on profit for the year attributable to owners of the parent are included in the table.

| Impact on profit for the year attributable to owners of the parent for the Year ending March 31, 2023<br>(Announced in May 2022) |                             |                         | Original Forecast<br>(Announced in May 2022) | March 31, 2023                   |                                      | Revised Forecast<br>(1st and 2nd half average)<br>(Announced in November 2022) |      |
|--|-----------------------------|-------------------------|--|----------------------------------|--------------------------------------|--|------|
|  |                             |                         |  | 1 <sup>st</sup> Half<br>(Result) | 2 <sup>nd</sup> Half<br>(Assumption) |  |      |
| Commodity  | Crude Oil/JCC               | —                       | 98   | 109                              | 85                                   | 97   |      |
|  | Consolidated Oil Price (*1) | ¥2.2 bn (US\$1/bbl)     | 88   | 87                               | 90                                   | 89   |      |
|  | US Natural Gas (*2)         | ¥1.0 bn (US\$0.1/mmBtu) | 4.89   | 6.03(*3)                         | 7.2                                  | 6.62   |      |
|  | Iron Ore (*4)               | ¥2.2 bn (US\$1/ton)     | (*5)   | 121(*6)                          | (*5)                                 | (*5)   |      |
|  | Coal                        | Coking                  | ¥0.5 bn (US\$1/ton)                          | (*5)                             | 406(*7)                              | (*5)   | (*5) |
|  |                             | Thermal                 | ¥0.1 bn (US\$1/ton)                          | (*5)                             | 374(*7)                              | (*5)   | (*5) |
|  | Copper (*8)                 | ¥0.7 bn (US\$100/ton)   | 9,150  | 9,756(*9)                        | 7,521                                | 8,638  |      |
| Forex (*10)  | USD                         | ¥4.6 bn (¥1/USD)        | 120.00                                       | 135.30                           | 140.00                               | 137.65   |      |
|  | AUD                         | ¥2.5 bn (¥1/AUD)        | 88.00  | 93.51                            | 93.00                                | 93.26  |      |
|  | BRL                         | ¥0.3 bn (¥1/BRL)        | 25.00  | 26.52                            | 25.00                                | 25.76  |      |

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

(\*2) As much of the natural gas Mitsui deals with doesn't correlate with Henry Hub (HH), the above sensitivities show the impact of changes in the weighted average gas sale price, not sensitivity to HH prices.

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

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

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

(\*6) Iron ore results figures for the year ending March 31, 2023 H1 (Result) are the daily average (reference price) spot indicated price (Fe 62% CFR North China) recorded in several industry trade magazines from April to September 2022.

(\*7) Coal results figures for the year ending March 31, 2023 H1 (Result) are the quarterly average prices of representative coal brands in Japan (US\$/MT).

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

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

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

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

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

The annual dividend for the year ending March 31, 2023 is planned to be ¥130 per share (an increase of ¥10 from the previous forecast), an upward revision of ¥25 from the previous year, taking into consideration the Core Operating Cash Flow and Profit for the year attributable to owners of the parent in the revised forecasts announced today, as well as the stability and continuity of dividend payments. In accordance with this, we decided to pay an interim dividend of ¥65 per share, an increase of ¥20 from the previous period, and a ¥5 increase from the previous forecast.

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

(Millions of Yen)

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

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

### Condensed Consolidated Statements of Income

(Millions of Yen)

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

### Condensed Consolidated Statements of Comprehensive Income

(Millions of Yen)

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

### (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, 2021</b>                             | ¥ 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)                      |                | -           |                           | -            |
| <b>Balance as at September 30, 2021</b>                        | ¥ 342,384                            | ¥ 397,273       | ¥ 3,720,560       | ¥ 317,905                  | ¥ (39,550)     | ¥ 4,738,572 | ¥ 252,818                 | ¥ 4,991,390  |

(Millions of Yen)

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



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

(Millions of Yen)

|   | Six-month period ended<br>September 30, 2022 | Six-month period ended<br>September 30, 2021 |
|---|--|--|
| <b>Operating Activities:</b>  |  |  |
| Profit for the period   | ¥ 556,034                                    | ¥ 417,510                                    |
| Adjustments to reconcile profit for the period to cash flows from operating activities: |  |  |
| Depreciation and amortization   | 137,037                                      | 146,908                                      |
| Change in retirement benefit liabilities  | 2,853  | 2,741  |
| Loss allowance  | 7,245  | 9,405  |
| (Gain) loss on securities and other investments-net                                     | (18,153)                                     | 14,616                                       |
| Impairment (reversal) loss of fixed assets-net  | 10,826                                       | 12,709                                       |
| (Gain) loss on disposal or sales of fixed assets-net                                    | (15,793)                                     | (5,974)                                      |
| Interest income, dividend income and interest expense                                   | (76,919)                                     | (109,850)                                    |
| Income taxes  | 131,773                                      | 123,144                                      |
| Share of (profit) loss of investments accounted for using the equity method             | (283,573)                                    | (207,041)                                    |
| Valuation (gain) loss related to contingent considerations and others                   | (11,984)                                     | 1,664  |
| Changes in operating assets and liabilities:  |  |  |
| Change in trade and other receivables   | 32,504                                       | (94,582)                                     |
| Change in inventories   | 1,369  | (107,974)                                    |
| Change in trade and other payables  | (125,245)                                    | 53,464                                       |
| Other-net   | (237,609)                                    | (98,554)                                     |
| Interest received   | 33,306                                       | 25,215                                       |
| Interest paid   | (33,042)                                     | (27,162)                                     |
| Dividends received  | 313,942                                      | 238,377                                      |
| Income taxes paid   | (114,201)                                    | (87,460)                                     |
| Cash flows from operating activities  | 310,370                                      | 307,156                                      |
| <b>Investing Activities:</b>  |  |  |
| Net change in time deposits   | 36,102                                       | (50,557)                                     |
| Net change in investments in equity accounted investees                                 | (101,988)                                    | (19,668)                                     |
| Net change in other investments   | (12,332)                                     | (46,965)                                     |
| Net change in loan receivables  | 685  | 61,024                                       |
| Net change in property, plant and equipment   | (88,173)                                     | (74,999)                                     |
| Net change in investment property   | 33,705                                       | (17,596)                                     |
| Cash flows from investing activities  | (132,001)                                    | (148,761)                                    |
| <b>Financing Activities:</b>  |  |  |
| Net change in short-term debt   | 15,226                                       | (5,398)                                      |
| Net change in long-term debt  | (60,943)                                     | (121,774)                                    |
| Repayments of lease liabilities   | (27,845)                                     | (27,948)                                     |
| Purchases and sales of treasury stock   | (100,158)                                    | (107,251)                                    |
| Dividends paid  | (96,058)                                     | (75,083)                                     |
| Transactions with non-controlling interest shareholders                                 | (38,179)                                     | (13,187)                                     |
| Cash flows from financing activities  | (307,957)                                    | (350,641)                                    |
| <b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>                     | 68,330                                       | (10,673)                                     |
| <b>Change in Cash and Cash Equivalents</b>  | (61,258)                                     | (202,919)                                    |
| <b>Cash and Cash Equivalents at Beginning of Period</b>                                 | 1,127,868                                    | 1,063,150                                    |
| <b>Cash and Cash Equivalents at End of Period</b>                                       | ¥ 1,066,610                                  | ¥ 860,231                                    |

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

**(5) Assumption for Going Concern:** None

**(6) Changes in Accounting Estimates**

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

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

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

(Impairment loss for the railway business in Brazil)

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

## (7) Segment Information

Six-month period ended September 30, 2022 (from April 1, 2022 to September 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   | 1,105,500                 | 1,950,498 | 516,889                    | 1,699,997 | 369,071               | 1,676,652 | 105,306                            | 7,423,913  | (98)                                  | 7,423,815          |
| Gross Profit  | 203,310                   | 63,162    | 97,411                     | 114,103   | 21,088                | 88,213    | 39,950                             | 627,237    | 4,678                                 | 631,915            |
| Share of Profit (Loss) of Investments Accounted for Using the Equity Method | 83,608                    | 44,648    | 99,084                     | 13,899    | 14,631                | 18,606    | 8,918                              | 283,394    | 179                                   | 283,573            |
| Profit for the Period Attributable to Owners of the parent                  | 247,246                   | 55,431    | 89,663                     | 39,261    | 14,340                | 25,720    | 35,450                             | 507,111    | 31,993                                | 539,104            |
| Core Operating Cash Flow  | 269,526                   | 124,769   | 92,607                     | 50,874    | 7,252                 | 19,041    | 18,203                             | 582,272    | 29,234                                | 611,506            |
| Total Assets at September 30, 2022  | 3,223,132                 | 3,272,243 | 3,306,838                  | 1,859,142 | 770,214               | 2,674,591 | 2,122,075                          | 17,228,235 | (1,190,484)                           | 16,037,751         |

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 March 31, 2022  | 3,180,197                 | 2,960,412 | 2,684,478                  | 1,692,949 | 691,630               | 2,428,573 | 1,729,006                          | 15,367,245 | (443,955)                             | 14,923,290         |

- Notes: 1. “Others / Adjustments and Eliminations” includes of the Corporate Staff Unit which provides financing and operations services to the companies and its affiliated companies. Total assets of “Others / Adjustments and Eliminations” at March 31, 2022 and September 30, 2022 includes cash, cash equivalents and time deposits related to financing activities, and assets of the Corporate Staff Unit and certain subsidiaries related to the above services amounting to ¥ 7,647,360 million and ¥ 8,277,415 million, respectively.
2. Transfers between reportable segments are made at cost plus a markup.
3. Profit (Loss) for the Period Attributable to Owners of the parent of “Others / Adjustments and Eliminations” includes income and expense items that are not allocated to specific reportable segments, and eliminations of intersegment transactions.
4. Total assets of “Others / Adjustments and Eliminations” at March 31, 2022 and September 30, 2022 includes elimination of receivables and payables between segments amounting to ¥ 8,091,315 million and ¥ 9,467,899 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 LLC (“ITC”), a wholly owned US subsidiary of Mitsui & Co., Ltd. The Deer Park tank terminal is located in the outskirts of Houston, Texas. The fire partially damaged tanks owned by ITC. ITC has resumed its operation after discussions with related authorities. Harris County Fire Marshal's Office released its final report with respect to the fire incident on December 6, 2019 (US time) and the report classified the fire as accidental, while not specifying the cause of the fire. The cause of the fire is still under investigation by other relevant authorities.

The profit and loss related to this incident recognized in the six-month period ended September 30, 2022 and 2021, and the outstanding balance of related provision as of September 30, 2022 are immaterial.

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

#### **(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 Limited, its joint venture in the Energy Segment. In April 2021, all project personnel evacuated the project site due to the deteriorating security situation in northern Mozambique where the project site is located, and on April 26, 2021, the project operator, TotalEnergies SE of France, announced that it had declared force majeure under the Joint Operating Agreement.

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

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

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

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

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

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

million, respectively, and the provision for loss on guarantees included in "Other financial liabilities" were ¥18,952 million and ¥18,097 million, respectively.

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

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