FINANCIAL RESULTS FOR
THE YEAR ENDED MARCH 2019

Mitsubishi Corporation

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May 9, 2019
Mitsubishi Corporation

FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED MARCH 31, 2019

(Based on IFRS) (Consolidated)

1. Consolidated operating results for the year ended March 31, 2019

Note:
Figures less than one million yen are rounded.
%: change from the previous year

(1) Revenues and income

	Revenues		Profit before tax		Profit for the year		Profit for the year attributable to owners of the Parent		Comprehensive income	
For the year ended	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
March 31, 2019	16,103,763	112.8	851,813	4.8	645,784	5.8	590,737	5.5	620,445	2.7
March 31, 2018	7,567,394	17.8	812,722	35.1	610,416	27.2	560,173	27.2	604,346	21.5

	Profit for the year attributable to owners of the Parent per share (basic)	Profit for the year attributable to owners of the Parent per share (diluted)	Return on equity attributable to owners of the Parent	Pre-tax income to total assets ratio
For the year ended	Yen	Yen	%	%
March 31, 2019	372.39	371.55	10.7	5.2
March 31, 2018	353.27	352.44	10.9	5.1

Share of profit of investments accounted for using the equity method for the years ended March 31, 2019 and 2018 were 137,269 million and 211,432 million respectively.

(2) Financial position

	Total assets	Total equity	Equity attributable to owners of the Parent	Ratio of equity attributable to owners of the Parent to total assets	Equity per share attributable to owners of the Parent
As of	Millions of Yen	Millions of Yen	Millions of Yen	%	Yen
March 31, 2019	16,532,800	6,636,920	5,696,246	34.5	3,589.37
March 31, 2018	16,036,989	6,265,211	5,332,427	33.3	3,362.34

(3) Cash Flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at the end of the year
For the year ended	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
March 31, 2019	652,681	(273,687)	(227,480)	1,160,582
March 31, 2018	742,482	(317,583)	(554,328)	1,005,461

2. Dividends

	Cash dividends per share (Yen)					Cash dividends (annual)	Payout ratio (consolidated)	Dividends on equity attributable to owners of the Parent (consolidated)
(Record date)	1Q end	2Q end	3Q end	4Q end	Annual	Millions of Yen	%	%
March 31, 2018	－	47.00	－	63.00	110.00	174,446	31.1	3.4
March 31, 2019	－	62.00	－	63.00	125.00	198,342	33.6	3.6
March 31, 2020 (Forecast)	－	62.00	－	63.00	125.00	—	32.0	—

Scheduled dividends payment date: June 24, 2019.

3. Consolidated forecasts for the fiscal year ending March 31, 2020 (April 1, 2019 to March 31, 2020)

Note:
%: change from the previous year.

	Profit attributable to owners of the Parent		Profit attributable to owners of the Parent per share
For the year ending	Millions of Yen	%	Yen
March 31, 2020	600,000	1.6	390.66

4. Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries causing changes in scope of consolidation) : Yes

New companies : 0

Excluded companies : 2 (Diamond LNG Malaysia Sdn.Bhd. , MC Europe Holdings N.V.,)

From the year ended March 31 2019, Diamond LNG Malaysia Sdn.Bhd. is excluded from the scope of consolidation due to its extinguishment following the execution of an absorption-type merger in which Diamond Gas Holdings Sdn.Bhd.was the surviving company and Diamond LNG Malaysia Sdn. Bhd. was the extinguished company. Diamond Gas Holdings Sdn.Bhd. is a specified subsidiary of Mitsubishi Corporation.

And also, from the year ended March 31 2019, MC Europe Holdings N.V., is excluded from the scope of consolidation due to its extinguishment following the execution of an absorption-type merger in which Mitsubishi Corporation International (Europe) Plc. was the surviving company and MC Europe Holdings N.V., was the extinguished company. Mitsubishi Corporation International (Europe) Plc. is a specified subsidiary of Mitsubishi Corporation.

(2) Changes in accounting policies and accounting estimates

-1- Changes in accounting policies required by IFRS: Yes

-2- Changes in accounting policies other than -1-: None

-3- Changes in accounting estimates:None

Please refer to page 19, "(1) Changes in Accounting Policies and Changes in Accounting Estimates" under "2. Notes Concerning Consolidated Financial Statements" of "Consolidated Financial Statements and Notes Concerning Consolidated Financial Statements".

(3) Number of shares issued (Common stock)

-1- Number of shares issued at year-end (including treasury stock)	(March 31, 2019)	1,590,076,851	(March 31, 2018)	1,590,076,851
-2- Number of treasury stock at year-end	(March 31, 2019)	3,099,600	(March 31, 2018)	4,147,602
-3- Average number of shares during each of the following fiscal years	(March 31, 2019)	1,586,350,952	(March 31, 2018)	1,585,658,390

Please refer to page 23, "(3) Earnings Per Share" under "2. Notes Concerning Consolidated Financial Statements" of "Consolidated Financial Statements and Notes Concerning Consolidated Financial Statements" regarding the number of shares that serve as the basis for calculating consolidated profit for the year attributable to Mitsubishi Corporation per share.

Disclosure Regarding Audit Procedures

This earnings release is not subject to audit procedures by certified public accountant or audit corporation.

Forward-looking Statements

Earnings forecasts and other forward-looking statements in this release are based on data currently available to management and certain assumptions that management believes are reasonable. The achievement of said forecasts cannot be promised. Actual results may therefore differ materially from these statements for various reasons.

Contents

※ Mitsubishi Corporation will hold an earnings conference in Tokyo for the year ended March 2019 on May 13, 2019 (Monday) from 16:00 to 17:30 (Japan Time), inviting institutional investors and analysts to join. The conference material will be accessible in Japanese from the following URL:
https://www.mitsubishicorp.com/jp/ja/ir/index.html

(English interpretation of the conference call will be posted on our web site as soon as it becomes available.)

Operating Results and Financial Position

1. Operating Results and Financial Position of the Year Ended March 2019

(Profit for the year, as used hereinafter, refers to profit for the year attributable to owners of the Parent.)

(1) Summary of the Year Ended March 2019 Results

Revenues was ¥16,103.8 billion, an increase of ¥8,536.4 billion, or 113% year over year. This was mainly due to the application of IFRS 15, which led to an increase of transactions wherein the identified performance obligation of the Company is the transfer of goods as principal and therefore revenue is recognized in the gross amount of consideration.

Gross profit was ¥1,987.8 billion, an increase of ¥101.2 billion, or 5% year over year, mainly due to higher sales prices in the Australian coal business.

Selling, general and administrative expenses remained nearly the same as in the previous year at ¥1,403.3 billion.

Gains on investments increased ¥15.5 billion year over year to ¥19.9 billion, mainly due to sales and valuation gains in the overseas offshore wind power generating business.

Gains on disposal and sale of property, plant and equipment and others increased ¥3.2 billion, or 8% year over year to ¥44.1 billion, mainly due to sales of resource-related assets.

Impairment losses on property, plant and equipment and others amounted to ¥43.8 billion, an improvement of ¥36.4 billion year over year, mainly due to a rebound from impairment losses on resource-related assets in the previous year.

Other income (expense)-net decreased ¥29.8 billion year over year, turned into an expense amount of ¥19.9 billion, mainly due to gains and losses related to derivatives and foreign currency exchange.

Finance income increased ¥19.8 billion, or 11% year over year to ¥199.0 billion, mainly due to increased interest income driven by higher U.S. dollar interest rates and increased dividend income from resource-related investments.

Share of profit of investments accounted for using the equity method decreased ¥74.1 billion, or 35% year over year to ¥137.3 billion, mainly due to one-off losses from worsening construction-related losses at Chiyoda Corporation and impairment losses in the Chilean iron ore business.

As a result, profit before tax increased ¥39.1 billion, or 5% year over year to ¥851.8 billion.

Accordingly, profit for the year grew ¥30.5 billion, or 5% year over year to ¥590.7 billion.

(2) Segment Information

1) Global Environmental & Infrastructure Business Group

The Global Environmental & Infrastructure Business Group conducts environmental and infrastructure projects, related trading operations and other activities in power generation, water, transportation and other fields that serve as a foundation for industry.

The segment recorded loss for the year of ¥36.3 billion, a decrease of ¥80.9 billion year over year.

The decrease in earnings mainly reflected one-off losses related to construction losses recorded by Chiyoda Corporation.

2) Industrial Finance, Logistics & Development Group
The Industrial Finance, Logistics & Development Group conducts an investment and operation business. This business includes corporate investment, leasing, real estate/urban development, and logistics services.

The segment recorded profit for the year of ¥36.7 billion, a decrease of ¥7.5 billion year over year.

The decrease in earnings mainly reflected a rebound from real estate swap profit recorded in the previous year.

3) Energy Business Group
The Energy Business Group conducts a number of activities, including natural gas/oil exploration, production and development business; liquefied natural gas (LNG) business; trading of crude oil/petroleum products/carbon materials and products/liquefied petroleum gas (LPG); and planning and development of new energy businesses.

The segment recorded profit for the year of ¥110.9 billion, an increase of ¥90.6 billion year over year.

The increase in earnings mainly reflected a rebound from one-off losses in the previous year and increase in equity earnings and dividends received in the LNG-related business.

4) Metals Group
The Metals Group conducts “managing” businesses through trade, development, and investment in a range of fields. These include steel products such as steel sheets and thick plates, steel raw materials such as metallurgical coal and iron ore, and non-ferrous metals such as copper and aluminum.

The segment recorded profit for the year of ¥263.6 billion, an increase of ¥2.6 billion year over year.

The increase in earnings mainly reflected resource-related asset replacements and increase in equity earnings in the Australian coal business due to higher sales prices, despite an impairment loss on the Chilean iron ore business.

5) Machinery Group
The Machinery Group conducts trading, finance and logistics, and investment in a range of fields. These fields include machine tools, agricultural machinery, construction machinery, mining machinery, elevators, escalators, ships, aerospace-related equipment and motor vehicles.

The segment recorded profit for the year of ¥126.0 billion, an increase of ¥40.8 billion year over year.

The increase in earnings mainly reflected the contribution of equity income from Mitsubishi Motors Corporation and increase in equity earnings in the Asia automotive business.

6) Chemicals Group
The Chemicals Group conducts trading, business development, and investment related to chemical products in a broad range of fields. These fields extend from basic materials such as ethylene, methanol, and salt produced from crude oil, natural gas, minerals, plants, marine resources and so forth, to midstream and downstream products such as plastics, electronic materials, food ingredients, fertilizer, and fine chemicals.

The segment recorded profit for the year of ¥38.1 billion, an increase of ¥7.5 billion year over year.

The increase in earnings mainly reflected increase in trading profit in the petrochemical business and rebound from one-off losses due to the recording of deferred tax liabilities in the basic chemicals business in the previous year.

7) Living Essentials Group
The Living Essentials Group provides products and services and develops businesses in various fields closely linked with people's lives, including food products and food, apparel, everyday products, healthcare, and items central to consumer lifestyles. Our activities in these fields diversify from the procurement of raw materials to distribution and retail factions.

The segment recorded profit for the year of ¥37.7 billion, a decrease of ¥37.0 billion year over year.

The decrease in earnings mainly reflected an impairment loss on the overseas food materials business.

(3) <u>Changes in Assets, Liabilities and Equity</u>
Total assets as of March 31, 2019 was ¥16,532.8 billion, an increase of ¥495.8 billion from March 31, 2018. The increase was mainly due to higher cash and cash equivalents, owing to the opening of Lawson Bank, and to higher trade and other receivables stemming from increased transaction volumes.

Total liabilities was ¥9,895.9 billion, an increase of ¥124.1 billion from March 31, 2018. This increase was mainly attributable to higher trade and other payables, in line with an increase in transaction volumes.

Net interest-bearing liabilities, which is gross interest-bearing liabilities minus cash, cash equivalents and time deposits, increased ¥9.4 billion from March 31, 2018 to ¥3,723.6 billion.

Equity attributable to owners of the Parent was ¥5,696.2 billion, an increase of ¥363.8 billion from March 31, 2018. This increase was mainly due to the accumulation of profit for the year.

(4) <u>Cash Flows</u>
Cash and cash equivalents as of March 31, 2019 was ¥1,160.6 billion, an increase of ¥155.1 billion from March 31, 2018.

(Operating activities)
Net cash provided by operating activities was ¥652.7 billion, mainly due to cash flows from operating transactions and dividend income, despite an increase in working capital requirements and the payment of income taxes.

(Investing activities)
Net cash used by investing activities was ¥273.7 billion. The main uses of cash were additional acquisition of copper assets in Peru, payment for the purchase of property, plant and equipment and acquisition of shares of automobile tire business company, which exceeded cash provided by the sale of listed stocks, the sale of business in the Australian coal business and the sale of fixed assets and collection of loans receivable in the aircraft leasing business.

As a result, free cash flows, the sum of operating and investing cash flows, was positive ¥379.0 billion.

(Financing activities)
Net cash used in financing activities was ¥227.5 billion. The main uses of cash were repayment of borrowings and payment of dividends, which exceeded cash provided by borrowings due to increasing demands of working capital.

2. Forecasts for the Year Ending March 2020

For the year ending March 2020, profit for the year is expected to be ¥600.0 billion. For the segment-specific forecasts and market condition assumptions, please refer to financial results for the year ended March 2019 (Results for the Year Ended March 2019, Shareholder Returns and Forecasts for the Year Ending March 2020). Please see the "Business Risks" section for principal risks that have the potential to affect the operating performance.

3. Business Risks

(1) Risks of Changes in Global Macroeconomic Conditions

As we conduct businesses on a global scale, our operating results are impacted by economic trends in overseas countries as well as those in Japan.

For instance, a decline in prices of energy and metal resources could have a large impact on our resource-related import trading and earnings from business investments. Furthermore, the worldwide economic slowdown could affect our entire export-related business, including plants, construction machinery parts, automobiles, steel products, ferrous raw materials, chemical products, and other products.

In Thailand and Indonesia, we have various automobile businesses, including automobile assembly plants, distribution/sales companies and financial services companies jointly established with Japanese automakers. Since automobile sales volume reflects domestic demand in each of these countries, economic trends in both Thailand and Indonesia may have a significant impact on earnings from our automobile operations.

In the year ended March 2019, the global economy was driven by the U.S. economy, supported by relatively stable personal consumption in domestic market. However, protectionist trade policy in the U.S. led to trade friction between the U.S. and China, drove the Chinese economic slowdown accordingly. We are monitoring closely in this area, as the expansion or prolongation of U.S. protectionist trade policy which could affect the global economy negatively.

(2) Market Risks

(Unless otherwise stated, calculations of effects on future profit for the year are based on profit for the year ended March 2019.)

1) Commodity Market Risk

In the course of our business activities, we are exposed to various risks relating to fluctuations of commodity prices as a trader, an owner of rights to natural and energy resources, and a producer and seller of industrial products of our investees. Product categories that may have a large impact on our operating results are as follows:

(Energy Resources)

We engage in the natural gas and oil production, business development, and the liquefied natural gas (LNG) business, in North America, Southeast Asia, Australia, and other regions. Accordingly, fluctuations in oil and gas prices could have a significant impact on our operating results.

The price of Dubai crude which fell below US$60 early in the year due to concerns of excess inventories bounced back later to just below US$70, due in part to production cuts accord made by the OPEC-Plus. While the production in the U.S. continues to be stable in an increasing trend, the supply level of Iran and Venezuela is expected to decrease since both countries are subject to sanctions forced by the U.S. Although crude oil demand remains firm for the time being, crude oil prices are expected to remain volatile, reflecting factors such as; growing concerns over economic slowdown, driven by the U.S.-China trade negotiations, the potential removal of the trade sanctions on Iran, and production cuts by the OPEC-Plus.

In many cases, LNG prices are linked to crude oil prices. It is estimated that a US$1/BBL fluctuation in the price of crude oil would have an approximate ¥2.5 billion effect on profit for the year for LNG and crude oil combined in a year, mainly through equity method earnings. However, fluctuations in the price of LNG and crude oil might not be immediately reflected in our operating results because of the time lag of the fluctuations to provide impact to our operation.

(Metal Resources)
Through a wholly owned subsidiary, Mitsubishi Development Pty Ltd (MDP), in Brisbane, Australia, we sell metallurgical coal, which is used for steel manufacturing. Fluctuations in the price of metallurgical coal may affect our operating results through MDP’s earnings. MDP’s operating results cannot be determined by the coal price alone since MDP’s results are also significantly affected by fluctuations in exchange rates among the Australian dollar, U.S. dollar and yen, as well as adverse weather and labor disputes etc.

In addition, as a producer, we are exposed to the risk of price fluctuations in copper. A US$100 fluctuation in the price per MT of copper would have a ¥1.4 billion effect on our profit for the year (a US¢10 price fluctuation per lbs. of copper would have a ¥3.2 billion effect on our profit for the year). However, variables beside price fluctuations may also have an impact. These include the grade of mined ore, the status of production operations, and reinvestment plans (capital expenditures). Therefore, the impact on earnings may not be determined by the copper price alone.

(Petrochemical Products)
We engage in the production and sale of petrochemical products manufactured from raw materials such as naphtha and natural gas in such countries as Saudi Arabia, Malaysia, and Venezuela. We also engage in global trading activities, centered in Asia. Market prices on petrochemical products are determined individually based on product characteristics, according to such factors as raw material prices and the supply-demand balance. Such changes could affect the earnings of the Company generated from these production, sale, and global trading activities.

2) Foreign Currency Risk
We bear the risk of fluctuations in foreign currency rates against yen in the course of our trading activities, such as export, import, and offshore trading. While we use forward contracts and other hedging strategies, there is no assurance that we can completely avoid foreign currency risk.

In addition, dividends received from overseas businesses and equity in earnings of overseas consolidated subsidiaries and affiliates are relatively high in proportion to our profit for the year. Because most of these earnings are denominated in foreign currencies, which are converted to yen solely for reporting purposes, an appreciation in the yen relative to foreign currencies has a negative impact on profit for the year. In terms of sensitivity, a ¥1 change relative to the U.S. dollar would have an approximate ¥3.0 billion effect on profit for the year.

Regarding our investments in overseas businesses, an appreciation in the yen poses the risk of lowering shareholders' equity through a negative effect on exchange differences on translating foreign operations. Consequently, we implement various measures to prevent increased exposure to foreign currency risk on investments, such as by hedging foreign currency risks with respect to new large investments. However, there is no assurance that we can completely avoid these risks.

3) Stock Price Risk

As of March 31, 2019, we owned approximately ¥1,200.0 billion (market value) of marketable securities, mostly equity issues of customers, suppliers and affiliates. These investments expose us to the risk of fluctuations in stock prices. The valuation above represented net unrealized gains of approximately ¥350.0 billion based on market prices, a figure that could change depending on future trends in stock prices. In our corporate pension fund, some of the pension assets are managed by marketable stocks. Accordingly, a fall in stock prices could reduce pension assets.

4) Interest Rate Risk

As of March 31, 2019, we had gross interest-bearing liabilities of ¥5,092.1 billion. Because almost all of these liabilities bear floating interest rates, there is a risk of an increase in interest expenses caused by a rise in interest rates.

The vast majority of these interest-bearing liabilities correspond to trade receivables, loans receivable and other operating assets that are positively affected by changes in interest rates. Because a rise in interest rates produces an increase in income from these assets, while there is a timing difference, interest rate risk is offset. For the remaining interest-bearing liabilities exposed to interest rate risk without such offsets, commensurate asset holdings such as investment securities, property and equipment generate trading income as well as other income streams such as dividends that are strongly correlated with economic cycles. Accordingly, even if interest rates increase as the economy improves, leading to higher interest expenses, we believe that these expenses would be offset by an increase in income from the corresponding assets held. However, our operating results may be negatively affected temporarily if there is a rapid rise in interest rates because increased income from commensurate assets held would fail to offset immediately the effects of a preceding increase in interest expenses.

To monitor market movements in interest rates and respond flexibly to market risks, we have established the ALM (Asset Liability Management) Committee. This committee establishes fund procurement strategy and manages the risk of interest rate fluctuations.

(3) Credit Risk

We extend credit to customers in the form of trade credit, including accounts receivables and advance payments, finance, guarantees and investments due to our various operating transactions. We are therefore exposed to credit risks in the form of losses arising from deterioration in the credit of or bankruptcy of customers. Furthermore, we utilize derivative instruments, primarily swaps, options and futures, for the purpose of hedging these risks. In this case, we are exposed to the credit risk of the counterparties regarding these derivative contracts.

To manage this risk, we have established credit and transaction limits for each customer as well as introduced an internal rating system. Based on internal rules determined by internal ratings and the amount of credit, we also require collateral or a guarantee depending on the credit profile of the counterparty. There is no guarantee that we will be able to completely avoid credit risk with these risk hedging strategies. We reduce transactions and take measures to protect our receivables when there is deterioration in the credit condition of customers. We also have a policy for dealing bankrupt customers and work to collect receivables. However, failure to collect receivables and other credit could affect our operating results.

(4) Country Risk

We bear country risks in relation to transactions and investments with overseas companies in the form of delays or inability to collect cash or conduct business activities due to political and socioeconomic conditions in the countries where they are domiciled.

We take appropriate risk hedging measures that involve, in principle, hedges via third parties through such means as taking out insurance, depending on the nature of the project. Furthermore, we have established a Country Risk Committee, in which country risks are managed through a country risk countermeasure system. The country risk countermeasure system classifies countries with which we conduct business into nine categories based on creditworthiness by country. Country risk is controlled through the establishment of risk limits for each category.

However, even with these risk hedging measures, it is difficult to completely avoid risks caused by deterioration in the political, economic, or social conditions in the countries or regions where our customers, portfolio companies or ongoing projects. Such eventualities may have an impact on our operating results.

(5) Business Investment Risk

We participate in the management of various companies by acquiring equity and other types of interests. These business investment activities are carried out with the aim of increasing our commercial rights and deriving capital gains. However, we bear various risks related to business investments, such as the possible inability to recover our investments and exit losses, or being unable to earn the planned profits. Regarding the management of business investment risk, in the case of new business investments, we clarify the meaning and purpose of the investment, quantitatively grasp the downside risk of investments, and evaluate whether the return on our investments based on the characteristics of a business exceeds the expected rate of return. After investing, we manage risks individually with respect to business investments to achieve the investment goals through the Business Plan formulated every year. Furthermore, we clarify retention policies, including the sale of our equity interest or the liquidation of the investee in order to efficiently replace assets in our portfolio, in the event that the investments are generating lower earnings than indicated in the plan.

Notwithstanding these initiatives, although we follow strict standards for the selection and management of investments, it is difficult to completely avoid the risk of investments not delivering the expected profits. Therefore, our operating results could be affected by changes in the business environment and withdrawals from an investment etc.

(6) Risks Related to Specific Investments

(Investments in Australian Metallurgical Coal and Other Metal Resource Interests)

In November 1968, we established a wholly owned subsidiary, Mitsubishi Development Pty Ltd

(MDP), headquartered in Brisbane, Australia, to engage in the development of coal (metallurgical coal, which is used for steel manufacturing). In 2001, we acquired through MDP the 50% interest in the BMA metallurgical coal business (BMA)in Queensland, Australia, for approximately ¥100.0 billion, and have been engaging in this business with the partner, BHP Billiton Limited, headquartered in Melbourne, Australia. BMA has grown into one of the world's largest metallurgical coal businesses, currently producing 65 million tons per year. As of March 31, 2019, the book value of MDP's fixed assets is approximately ¥760.0 billion.

The commodity market risks have the potential effect to MDP's profit which affect to our operating performance accordingly. For details, please refer to the section entitled "(2) 1) Commodity Market Risk (Metal Resources)."

(Investments in Interests in Chilean Copper Assets and Other Resource Interests)
We hold shares in Anglo American Sur S.A. (AAS), which holds Chilean copper resource interests, with Anglo American Plc (AAC), headquartered in London, United Kingdom, and a joint venture between Corporación Nacional del Cobre de Chile, a nationally operated copper production company headquartered in Santiago, and Mitsui & Co., Ltd. Ownership interests in AAS is 50.1% by AAC, 29.5% by the Joint Venture and 20.4% by us, which we acquired for US$4.51 billion.

AAS holds a significant portfolio of copper assets in Chile, including the Los Bronces mine, the El Soldado mine, the Chagres copper smelter and large-scale prospective exploration properties. (AAS ' total copper production was approximately 420,000 tons in 2018.)

We apply the equity method to the investment in AAS. As an investment accounted for using the equity method, during the year we conducted an impairment test for our investment in AAS. As AAS' production and development plans are long-term, we judged that an evaluation was necessary from a medium- to long-term perspective, including revisions in copper price forecasts. In relation to copper prices, we formulated a forecast, taking into account fundamentals such as the future supply/demand environment and the data provided by external financial institutions and other organizations. Because AAS' production and development plans are long-term, medium- to long-term price forecasts have a more significant impact on the valuation of our investment in AAS than price fluctuations in the short term. Taking into overall consideration of sluggish copper market prices and the extended timeframe for the development of mining projects, on March 31, 2016, we recorded an impairment loss of ¥271.2 billion, leading to a book value of approximately ¥160.0 billion as of March 31, 2019.

In addition to the items mentioned above, we are evaluating our other investments in copper asset interests, as well as investments related to crude oil, gas, and LNG in order to recognize key risks. As production and development plans are long-term, we judge that evaluation according to medium- to long-term price forecasts has a greater impact on the value of investments than short-term price fluctuations.

(7) <u>Risks Related to Compliance</u>
We are engaged in businesses in all industries through many offices around the world. These activities subject us to a wide variety of laws and regulations. Specifically, we must comply with the Companies Act, tax laws, Financial Instruments and Exchange Act, anti-monopoly laws, international trade-related laws, environmental laws and various business laws in Japan. In addition,

in the course of conducting business overseas, we must abide by the laws and regulations in the countries and regions where we operate.

We have established a Compliance Committee, which is headed by a chief compliance officer, who is at the forefront of our efforts to raise awareness of compliance. Under his/her direction and supervision, in the individual business groups and corporate departments, the compliance officers of individual groups and departments plan and implement specific compliance initiatives and strive to enhance awareness toward compliance.

Notwithstanding these initiatives, compliance risks cannot be completely avoided. Failure to fulfill our obligations under related laws and regulations could affect our businesses and operating results.

(8) Risks from Natural and Other Types of Disasters

An unforeseeable event, such as a natural disaster like an earthquake, heavy rain or flood, abnormal climatic conditions, or infectious diseases such as a new strain of influenza, or a large-scale accident, acts of terrorism or riots that affect our employees and damage our offices, facilities or systems could hinder sales and production activities.

We have established adequate countermeasures, having implemented an employee safety check system; formulated a disaster contingency manual and a business contingency plan (BCP); implemented earthquake-proof measures for buildings, facilities or systems (including backup of data); introduced a program of disaster prevention drills; prepared stocks of necessary goods; and collaborated and shared information with offices, subsidiaries and related companies both in Japan and overseas. However, no amount of preparation of this sort can completely avoid the risk of damage caused by a natural disaster. Accordingly, damage from a natural disaster could affect our businesses and operating results.

Note:

Earnings forecast and other forward-looking statements in this release are based on data available, as of the end of the current year, to management and certain assumptions that management believes are reasonable. The achievement of said forecasts cannot be promised, and actual results may therefore differ materially from these statements for various reasons.

Basic Concept Regarding the Selection of Accounting Standards

Mitsubishi Corporation has applied IFRS to enhance its financial reporting's international comparability and availability.

Consolidated Financial Statements and Notes Concerning Consolidated Financial Statements

1. Consolidated Financial Statements

(1) Consolidated Statement of Financial Position
March 31, 2018 and 2019

ASSETS	Millions of Yen	
	March 31, 2018	March 31, 2019
Current assets		
Cash and cash equivalents	1,005,461	1,160,582
Time deposits	234,758	207,949
Short-term investments	9,319	7,798
Trade and other receivables	3,523,341	3,722,719
Other financial assets	99,804	93,139
Inventories	1,204,402	1,213,742
Biological assets	68,431	70,687
Advance payments to suppliers	164,909	43,797
Assets classified as held for sale	91,431	105,586
Other current assets	376,905	412,925
Total current assets	6,778,761	7,038,924
Non-current assets		
Investments accounted for using the equity method	3,050,371	3,191,145
Other investments	2,203,242	2,108,983
Trade and other receivables	526,986	599,619
Other financial assets	93,849	100,326
Property, plant and equipment	2,106,195	2,168,962
Investment property	72,192	69,293
Intangible assets and goodwill	1,003,335	1,035,898
Deferred tax assets	35,847	31,431
Other non-current assets	166,211	188,219
Total non-current assets	9,258,228	9,493,876
Total	16,036,989	16,532,800

LIABILITIES AND EQUITY	Millions of Yen	
	March 31, 2018	March 31, 2019
Current liabilities		
Bonds and borrowings	1,269,535	1,522,878
Trade and other payables	2,765,215	2,917,230
Other financial liabilities	81,574	83,589
Advances from customers	167,143	43,481
Income tax payables	101,671	63,497
Provisions	48,631	33,023
Liabilities directly associated with assets classified as held for sale	22,958	29,062
Other current liabilities	460,211	460,922
Total current liabilities	4,916,938	5,153,682
Non-current liabilities		
Bonds and borrowings	3,684,860	3,569,221
Trade and other payables	222,474	291,305
Other financial liabilities	23,349	15,198
Retirement benefit obligation	80,532	86,401
Provisions	228,483	178,928
Deferred tax liabilities	598,244	585,952
Other non-current liabilities	16,898	15,193
Total non-current liabilities	4,854,840	4,742,198
Total liabilities	9,771,778	9,895,880
Equity		
Common stock	204,447	204,447
Additional paid-in capital	229,423	228,340
Treasury stock	(10,970)	(8,279)
Other components of equity		
Other investments designated as FVTOCI	509,887	541,970
Cash flow hedges	(10,920)	(6,291)
Exchange differences on translating foreign operations	426,644	379,128
Total other components of equity	925,611	914,807
Retained earnings	3,983,916	4,356,931
Equity attributable to owners of the Parent	5,332,427	5,696,246
Non-controlling interests	932,784	940,674
Total equity	6,265,211	6,636,920
Total	16,036,989	16,532,800

(2) Consolidated Statement of Income
Years ended March 31, 2018 and 2019

	Millions of Yen	
	Year ended March 31, 2018	Year ended March 31, 2019
Revenues	7,567,394	16,103,763
Cost of revenues	(5,680,754)	(14,115,952)
Gross profit	1,886,640	1,987,811
Selling, general and administrative expenses	(1,387,266)	(1,403,322)
Gains on investments	4,365	19,852
Gains on disposal and sale of property, plant and equipment and others	40,929	44,058
Impairment losses on property, plant and equipment and others	(80,173)	(43,781)
Other income (expense)-net	9,894	(19,890)
Finance income	179,160	198,964
Finance costs	(52,259)	(69,148)
Share of profit of investments accounted for using the equity method	211,432	137,269
Profit before tax	812,722	851,813
Income taxes	(202,306)	(206,029)
Profit for the year	610,416	645,784
Profit for the year attributable to:		
Owners of the Parent	560,173	590,737
Non-controlling interests	50,243	55,047
	610,416	645,784
Profit for the year attributable to Owners of the Parent per share (in Yen)		
Basic	353.27	372.39
Diluted	352.44	371.55

(3) Consolidated Statement of Comprehensive Income
Years ended March 31, 2018 and 2019

	Millions of Yen	
	Year ended March 31,2018	Year ended March 31,2019
Profit for the year	610,416	645,784
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to profit or loss for the year:		
Gains on other investments designated as FVTOCI	10,086	9,444
Remeasurement of defined benefit pension plans	1,928	13,176
Share of other comprehensive income (loss) of investments accounted for using the equity method	(3,736)	(2,647)
Total	8,278	19,973
Items that may be reclassified to profit or loss for the year:		
Cash flow hedges	(2,011)	4,931
Exchange differences on translating foreign operations	(16,825)	(22,389)
Share of other comprehensive income (loss) of investments accounted for using the equity method	4,488	(27,854)
Total	(14,348)	(45,312)
Total other comprehensive income (loss)	(6,070)	(25,339)
Total comprehensive income	604,346	620,445
Comprehensive income attributable to:		
Owners of the Parent	559,636	565,130
Non-controlling interests	44,710	55,315
	604,346	620,445

(4) Consolidated Statement of Changes in Equity
Years ended March 31, 2018 and 2019

	Millions of Yen	
	Year ended March 31,2018	Year ended March 31,2019
Common stock:		
Balance at the beginning of the year	204,447	204,447
Balance at the end of the year	204,447	204,447
Additional paid-in capital:		
Balance at the beginning of the year	220,761	229,423
Compensation costs related to stock options	1,368	1,205
Sales of treasury stock upon exercise of stock options	(712)	(1,775)
Equity transactions with non-controlling interests and others	8,006	(513)
Balance at the end of the year	229,423	228,340
Treasury stock:		
Balance at the beginning of the year	(12,154)	(10,970)
Sales of treasury stock upon exercise of stock options	1,208	2,796
Purchases and sales-net	(24)	(105)
Balance at the end of the year	(10,970)	(8,279)
Other components of equity:		
Balance at the beginning of the year	878,949	925,611
Cumulative effects of change in accounting policy	—	53
Adjusted balance at the beginning of the year	878,949	925,664
Other comprehensive income (loss) attributable to owners of the Parent	(537)	(25,607)
Transfer to retained earnings	47,199	14,750
Balance at the end of the year	925,611	914,807
Retained earnings:		
Balance at the beginning of the year	3,625,244	3,983,916
Cumulative effects of change in accounting policy	—	(3,677)
Adjusted balance at the beginning of the year	3,625,244	3,980,239
Profit for the year attributable to owners of the Parent	560,173	590,737
Cash dividends paid to owners of the Parent	(153,806)	(198,276)
Sales of treasury stock upon exercise of stock options	(496)	(1,019)
Transfer from other components of equity	(47,199)	(14,750)
Balance at the end of the year	3,983,916	4,356,931
Equity attributable to owners of the Parent	5,332,427	5,696,246
Non-controlling interests:		
Balance at the beginning of the year	871,764	932,784
Cumulative effects of change in accounting policy	—	(521)
Adjusted balance at the beginning of the year	871,764	932,263
Cash dividends paid to non-controlling interests	(39,834)	(53,800)
Equity transactions with non-controlling interests and others	56,144	6,896
Profit for the year attributable to non-controlling interests	50,243	55,047
Other comprehensive income (loss) attributable to non-controlling interests	(5,533)	268
Balance at the end of the year	932,784	940,674
Total equity	6,265,211	6,636,920
Comprehensive income attributable to:		
Owners of the Parent	559,636	565,130
Non-controlling interests	44,710	55,315
Total comprehensive income	604,346	620,445

(5) Consolidated Statement of Cash Flows
Years ended March 31, 2018 and 2019

	Millions of Yen	
	Year ended March 31,2018	Year ended March 31,2019
Operating activities:		
Profit for the year	610,416	645,784
Adjustments to reconcile profit for the year to net cash provided by (used in) operating activities:		
Depreciation and amortization	254,038	250,509
(Gains) on investments	(4,365)	(19,852)
Losses (gains) on property, plant and equipment and others	39,244	(277)
Finance (income) -net of finance costs	(126,901)	(129,816)
Share of (profit) of investments accounted for using the equity method	(211,432)	(137,269)
Income taxes	202,306	206,029
Changes in trade receivables	(366,807)	(299,313)
Changes in inventories	(60,265)	(20,064)
Changes in trade payables	224,839	44,571
Other-net	49,121	(11,539)
Dividends received	305,010	352,897
Interest received	89,258	111,486
Interest paid	(65,212)	(82,331)
Income taxes paid	(196,768)	(258,134)
Net cash provided by (used in) operating activities	742,482	652,681
Investing activities:		
Payments for property, plant and equipment and others	(277,456)	(315,514)
Proceeds from disposal of property, plant and equipment and others	178,882	96,934
Payments for investment property	(7,624)	(2,307)
Proceeds from disposal of investments property	9,252	5,341
Purchases of investments accounted for using the equity method	(359,511)	(398,191)
Proceeds from disposal of investments accounted for using the equity method	77,627	111,556
Acquisitions of businesses-net of cash acquired	(32,264)	(31,386)
Proceeds from disposal of businesses-net of cash divested	25,201	116,368
Purchases of other investments	(46,090)	(62,481)
Proceeds from disposal of other investments	127,883	143,528
Increase in loans receivable	(73,017)	(85,842)
Collection of loans receivable	49,137	114,648
Net (increase) decrease in time deposits	10,397	33,659
Net cash provided by (used in) investing activities	(317,583)	(273,687)
Financing activities:		
Net increase (decrease) in short-term debts	53,562	329,175
Proceeds from long-term debts	300,556	723,485
Repayment of long-term debts	(770,267)	(1,047,712)
Dividends paid to owners of the Parent	(153,806)	(198,276)
Dividends paid to the non-controlling interests	(39,834)	(53,800)
Payments for acquisition of subsidiary's interests from the non-controlling interests	(13,545)	(7,238)
Proceeds from disposal of subsidiary's interests to the non-controlling interests	69,021	26,897
Net (increase) decrease in treasury stock	(15)	(11)
Net cash provided by (used in) financing activities	(554,328)	(227,480)
Effect of exchange rate changes on cash and cash equivalents	(10,624)	3,607
Net increase (decrease) in cash and cash equivalents	(140,053)	155,121
Cash and cash equivalents at the beginning of the year	1,145,514	1,005,461
Cash and cash equivalents at the end of the year	1,005,461	1,160,582

2. Notes Concerning Consolidated Financial Statements

(1) Changes in Accounting Policies and Changes in Accounting Estimates

The important accounting policies applied to the consolidated financial statements for the year ended March 2019 are identical to the accounting policies applied to the consolidated financial statements for the previous fiscal year, except for the following:

New standards and interpretations applied

Standard and interpretations	Outline
IFRS 15 Revenue from Contracts with Customers	Changes in accounting and disclosure requirements for revenue recognition
IFRS 9 Financial Instruments (Amended July 2014)	Partial changes in classification and measurement of financial instruments, and implementation of expected credit loss model for impairment losses

<u>IFRS 15 Revenue from Contracts with Customers</u>

The Parent, together with its consolidated domestic and foreign subsidiaries (collectively, the "Company") has applied IFRS 15 from the first three months of the fiscal year ending in March 2019. Of the accepted transitional provisions, the Company has adopted the method of recognizing the cumulative effect of initially applying this standard as an adjustment to the opening balance of retained earnings, etc. of the year ending March 2019. However, the amount of impact is immaterial.

1) Revenue recognition criteria (five-step approach)

In line with the application of IFRS 15, the Company recognizes revenue based on the five-step approach outlined below.

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Company identifies distinct goods or services included in contracts with customers and identifies performance obligations by such transaction units.

In identifying performance obligations, the Company performs principal versus agent considerations. If the nature of the promise is a performance obligation to provide the specified goods or services itself, the Company is a principal and the total amount of consideration is presented as revenue in its consolidated statement of income. If its nature is a performance obligation to arrange for those goods or services to be provided by other parties, the Company is an agent and the commission or fee amount or the net amount of consideration is presented as revenue in its consolidated statement of income.

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to customers. If the amount of consideration is undetermined at the point of revenue recognition, the consideration is estimated by a reliable manner based on formulas provided in the contract. If uncertainty is high or the transaction price cannot be reliably estimated, the consideration is not included in the transaction price. The transaction price is revised once the uncertainty is decreased and a reliable estimation becomes possible.

2) Revenue recognition in major streams

(Sale of products and commodities)

The Company trades a wide variety of products and commodities, including metals, machinery, chemicals, and consumer goods. In the sale of products and commodities, the Company recognizes revenue when the terms of delivery have been satisfied, as it is considered that the customer has obtained control of the products or commodities and therefore the identified performance obligations have been satisfied at the point.

(Rendering of services and other services)

The Company also performs service-related and other activities. In service-related activities, the Company provides a variety of services including the services based on franchise contracts, logistics, telecommunications, technical support, and other services. Revenue for service-related activities is recognized when the performance obligations for services identified in contracts are satisfied. For transactions where performance obligations are satisfied over time, revenue is recognized by measuring progress towards complete satisfaction of the performance obligations.

3) Comparison with the previous standards

With the application of IFRS 15, both amounts of "Revenues" and "Cost of revenues" of the condensed consolidated statement of income for the year ended March 2019 increased by approximately ¥8,000 billion respectively as compared to those under previous standards due to increase of transactions in which identified performance obligations of the Company are transfer of goods or services as principal and therefore revenue is recognized in the gross amount of consideration. There was no significant impact on other items of the condensed consolidated financial statements including "Profit for the year."

IFRS 9 Financial Instruments (Amended July 2014)

The Company has applied IFRS 9 Financial Instruments (Amended July 2014) from the first three months of the fiscal year ending in March 2019. Of the accepted transitional provisions under this standard, the Company has adopted the method of recognizing the cumulative amount of impact from this application as an adjustment in retained earnings at the beginning of the fiscal year ending in March 2019. However, the amount of impact is immaterial.

1) Classification and measurement of financial assets

The amendments to IFRS 9 include the addition of a fair value through other comprehensive income (FVTOCI) measurement category for certain debt instruments. The Company has evaluated business models containing such financial instruments and the contract conditions of financial instruments as of the beginning of the fiscal year ending March 2019 and measured such instruments at FVTOCI if the following conditions are met:

・The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
・The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

As a result, the classification of certain debt instruments in the amount of ¥35,853 million that were measured at fair value through profit or loss prior to this application has been changed to be measured at FVTOCI. In cases where debt instruments measured at FVTOCI are derecognized, the difference between the carrying amount and the consideration received or receivable, and cumulative gain or loss previously recognized through OCI is recognized in profit or loss.

2) Impairment of financial assets

The Company estimates expected credit losses on financial assets measured at amortized cost and debt instruments measured at FVTOCI, and recognizes and measures loss allowances.

As of the reporting date, if credit risks on certain financial instruments have not increased significantly since initial

recognition, the loss allowance on such financial instruments is measured at an amount equal to expected credit losses that result from default events that are possible within 12 months after the reporting date.
Meanwhile, if, as of the reporting date, credit risks on certain financial instruments have increased significantly since initial recognition, the loss allowance on such financial instruments is measured at an amount equal to expected credit losses that result from all possible default events over the expected lifetime of the financial instruments (expected lifetime credit losses).
Whether there is significant increase in credit risk or not is determined considering information such as changes in external and internal credit ratings and past due information, and expected credit losses are measured by reflecting factors such as time value of money, history of default events by credit rating, and reasonable and supportable forward-looking information about forecast of future economic indexes which have a highly correlation with each factor.
Financial assets showing evidence of credit impairment as of the reporting date, the Company estimates expected credit losses individually after taking into overall consideration such factors as investment rating, the details of investment contracts, the state of collateral, cash flow rights and priorities, and the status of the issuer. Evidence of credit impairment is determined considering information such as significant financial difficulty of the issuer or the borrower, and a breach of contract, including past due events.
However, for trade receivables and contract assets that do not contain a significant financing component, the loss allowance is always recognized at an amount equal to expected lifetime credit losses, regardless of whether a significant increase in credit risk has occurred since initial recognition.

Except standards and interpretations outlined above, the adoption of new standards and interpretations had no significant impact on the condensed consolidated financial statements for the year ended March 2019.

(2) Segment Information

Year ended March 31, 2018

Millions of Yen

	Global Environmental & Infrastructure Business	Industrial Finance, Logistics & Development	Energy Business	Metals	Machinery	Chemicals	Living Essentials	Total	Other	Adjustments and Eliminations	Consolidated
Gross profit	38,140	49,949	55,711	452,804	195,593	116,154	971,796	1,880,147	7,081	(588)	1,886,640
Share of profit of investments accounted for using the equity method	37,345	28,250	44,076	33,521	28,768	16,170	23,644	211,774	1,166	(1,508)	211,432
Profit (loss) for the year attributable to owners of the Parent	44,594	44,185	20,273	261,028	85,176	30,585	74,742	560,583	(1,100)	690	560,173
Total assets	1,045,645	814,767	2,074,072	3,777,340	1,921,082	993,650	4,599,842	15,226,398	2,460,406	(1,649,815)	16,036,989

Year ended March 31, 2019

Millions of Yen

	Global Environmental & Infrastructure Business	Industrial Finance, Logistics & Development	Energy Business	Metals	Machinery	Chemicals	Living Essentials	Total	Other	Adjustments and Eliminations	Consolidated
Gross profit	43,679	43,771	83,437	501,971	214,322	119,146	974,505	1,980,831	6,807	173	1,987,811
Share of profit of investments accounted for using the equity method	(19,976)	30,269	65,585	(19,890)	62,608	20,153	(2,036)	136,713	1,359	(803)	137,269
Profit (loss) for the year attributable to owners of the Parent	(36,311)	36,683	110,853	263,632	125,968	38,099	37,659	576,583	12,760	1,394	590,737
Total assets	948,173	821,240	2,246,399	3,959,377	2,087,731	967,068	5,046,310	16,076,298	2,325,640	(1,869,138)	16,532,800

Notes:

*1. “Other” represents the corporate departments which primarily provide services and operational support to the Company and Affiliated companies.
This column also includes certain revenues and expenses from business activities related to financing and human resource services that are not allocated to reportable operating segments.
Unallocated corporate assets categorized in “Other” consist primarily of cash, time deposits and securities for financial and investment activities.

*2. “Adjustments and Eliminations” includes certain income and expense items that are not allocated to reportable operating segments and intersegment eliminations.

(3) Earnings Per Share

Reconciliations of the basic and diluted profit for the year attributable to owners of the Parent per share are as follows:

	Year ended March 31,2018	Year ended March 31,2019
Profit for the year attributable to owners of the Parent per share (Yen)		
Basic	353.27	372.39
Diluted	352.44	371.55
Numerator (Millions of Yen):		
Profit for the year attributable to owners of the Parent	560,173	590,737
Denominator (Thousands of shares):		
Basic weighted average common shares outstanding	1,585,658	1,586,351
Effect of dilutive securities:		
Stock options	3,736	3,588
Diluted outstanding shares	1,589,394	1,589,939

(4) Subsequent Events

<u>Providing finance to Chiyoda Corporation by Capital Increase through Private Placement of Shares and Loan</u>
The Board of Directors meeting held on May 9, 2019 reached a resolution regarding measures to provide financial reinforcement for Chiyoda Corporation as follows.

1. Purchase of privately placed shares
Type of shares: Class A preferred shares (nonvoting, with common share conversion rights, preferred dividend shares)
Amount of purchase : ¥70.0 billion
Date of purchase : July 1, 2019

2. Loan
Loan amount : ¥90.0 billion

* Purchase of class A preferred shares is on the condition that the resolutions regarding the capital increase through private placement and amendment to the Articles of Incorporation will be adopted at the 91st ordinary general meeting of shareholders of Chiyoda scheduled to be held on June 25, 2019. The execution of a part of the loan is on the condition that the privately placed shares will be purchased.

As of the end of the fiscal year under review, the Company holds 33.39% (86,931,220 shares) of Chiyoda Corporation's 260,324,529 total issued and outstanding shares.
Class A preferred shares do not have voting rights, but come with a right to be converted to common shares that may be exercised after necessary approvals are received following the date of purchase. If the conversion rights to all the shares to be purchased are exercised, said shares would be converted to 700,000,000 ordinary shares. Combined with the 86,931,220 common shares that the Company already holds, this would bring the Company's holdings in Chiyoda Corporation to 786,931,220 common shares, and the Company would thus hold 82.06% of the voting rights to Chiyoda Corporation.

* For calculation purpose, it is assumed that the dividend on the class A preferred shares has been paid in full at the time of exercise.

As such, the Company regards the conversion rights of these class A preferred shares as potential voting rights therefore

Chiyoda Corporation will be treated as a consolidated subsidiary upon the acquisition of necessary approvals.
The Company applies the equity method to its existing holdings in Chiyoda Corporation. When Chiyoda Corporation becomes a consolidated subsidiary, these existing holdings will be remeasured at fair value, resulting in a gain or loss. As of the date of these consolidated financial statements, the Company is not able to estimate the impact of such gain or loss.

Repurchase and cancellation of shares

The Company resolved at a meeting of the Board of Directors held on May 9, 2019 the repurchase of shares of its common stock pursuant to Article 156 of the Companies Act of Japan, as applied pursuant to Paragraph 3, Article 165 of the Companies Act, and has resolved to cancel treasury stock pursuant to Article 178 of the Companies Act, as described below.

1. Details of the Share Repurchase;

Class of shares to be repurchased	: Common stock
No. of shares to be repurchased	: Up to 120 million shares (Represents up to 7.5% of the common shares outstanding (excluding treasury stock)
Total value of stock repurchased of share	: Up to 300 billion yen
Period of repurchase	: May 10, 2019 to May 8, 2020*

* The planned repurchase period may be changed in accordance with the relevant laws and regulations.

2. Details of the Cancellation of Treasury Stock

Class of shares to be cancelled	: Common Stock
No. of shares to be cancelled	: The entire number of shares repurchased, excluding the number of shares to be delivered upon exercises of stock options (5 million shares)
Date of cancellation	: May 29, 2020

Introduction of Share-Based Compensation Plan

The Company resolved at a meeting of the Board of Directors held on May 9, 2019 the introduction of a share-based compensation plan with a scheme called ESOP (Employee Stock Ownership Plan, the “ESOP Trust”). The ESOP Trust is designed for the Company’s growth to reciprocate with the employee’s growth, of which ultimately the goal is to result in the Company’s share price appreciation. The amount of trust cash is 9.5 billion yen (planned), which includes trust fees and trust expenses. The trust acquires the Company’s share.

3. Notes Concerning Going Concern Assumption

None