FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 2020

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Mitsubishi Corporation

FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED MARCH 31, 2020

(Based on IFRS) (Consolidated)

1. Consolidated operating results for the year ended March 31, 2020

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, 2020	14,779,734	(8.2)	648,864	(23.8)	592,151	(8.3)	535,353	(9.4)	62,426	(89.9)
March 31, 2019	16,103,763	112.8	851,813	4.8	645,784	5.8	590,737	5.5	620,445	2.7

	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, 2020	348.50	347.71	9.8	3.8
March 31, 2019	372.39	371.55	10.7	5.2

Share of profit of investments accounted for using the equity method for the years ended March 31, 2020 and 2019 were 179,325 million and 137,269 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, 2020	18,049,661	6,216,894	5,227,359	29.0	3,521.30
March 31, 2019	16,532,800	6,636,920	5,696,246	34.5	3,589.37

(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, 2020	849,728	(500,727)	(156,629)	1,322,812
March 31, 2019	652,681	(273,687)	(227,480)	1,160,582

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, 2019	−	62.00	−	63.00	125.00	198,342	33.6	3.6
March 31, 2020	−	64.00	−	68.00	132.00	198,679	37.9	3.7
March 31, 2021 (Forecast)	−	67.00	−	67.00	134.00	—	−	—

Scheduled dividends payment date: June 22, 2020.

3. Consolidated forecasts for the fiscal year ending March 31, 2021 (April 1, 2020 to March 31, 2021)

The consolidated earnings forecast for the fiscal year ending March 31, 2021 has not been determined because of the uncertain outlook for the business environment due to the impact of the COVID-19 and other factors, and the difficulty to make a proper and reasonable estimate of the impact at this time. We will carefully evaluate the impact on our financial results and disclose a reasonable forecast as soon as it becomes possible.

4. Notes

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

New companies : 2 (Chiyoda Corporation , Eneco Wind Belgium Holding N.V.)

Excluded companies : 2 (Crosslands Resources Pty Ltd , DGC WESTMORELAND, LLC)

Chiyoda Corporation and Eneco Wind Belgium Holding N.V. became a consolidated subsidiary during the year ended March 31 2020. Crosslands Resources Pty Ltd and DGC WEST MORELAND, LLC was excluded from the scope of consolidation of Mitsubishi Corporation due to the divestiture of its share to a third party during the year ended March 31 2020.

(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 23, "(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, 2020)	1,590,076,851	(March 31, 2019)	1,590,076,851
-2- Number of treasury stock at year-end	(March 31, 2020)	105,580,338	(March 31, 2019)	3,099,600
-3- Average number of shares during each of the following fiscal years	(March 31, 2020)	1,536,161,492	(March 31, 2019)	1,586,350,952

Please refer to page 26, "(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.

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※ Mitsubishi Corporation will hold an earnings conference call for the year ended March 2020 on May 12, 2020 (Tuesday) from 15:30 to 16:30 (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 2020

(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 2020 Results

Revenues was ¥14,779.7 billion, a decrease of ¥1,324.1 billion, or 8% year over year. This was mainly due to a decrease in transaction volumes in the Petrochemicals business.

Gross profit was ¥1,789.1 billion, a decrease of ¥198.7 billion, or 10% year over year, mainly due to decreased market prices and increased production cost in the Australian metallurgical coal business as well as loss related to crude oil trading derivatives.

Selling, general and administrative expenses remained nearly the same as in the previous year at ¥1,431.2 billion.

Gains on investments increased ¥47.0 billion, or 236% year over year, to ¥66.9 billion, mainly due to gains on sales of shares of affiliates in the Power business and Food Industry business, as well as valuation gains of such affiliates.

Gains on disposal and sale of property, plant and equipment and others decreased ¥44.2 billion year over year, turned into losses of ¥0.1 billion, mainly due to rebound from gains on sales of resource-related assets recorded in the previous year.

Impairment losses on property, plant and equipment and others amounted to ¥32.9 billion, an improvement of ¥10.9 billion, or 25% year over year, mainly due to a rebound from impairment losses on exploration and development assets in the previous year.

Other income (expense)-net decreased ¥5.7 billion, or 29% year over year, to an expense amount of ¥25.6 billion, mainly due to gains and losses related to foreign currency exchange.

Finance income decreased ¥25.7 billion, or 13% year over year, to ¥173.3 billion, mainly due to decreased dividend income from resource-related investments.

Share of profit of investments accounted for using the equity method increased ¥42.0 billion, or 31% year over year, to ¥179.3 billion, mainly due to rebound from one-off losses from worsening construction-related losses at Chiyoda Corporation and one-off losses in the Chilean iron ore business recorded in the previous year, despite impairment losses on investment in Mitsubishi Motors Corporation.

As a result, profit before tax decreased ¥202.9 billion, or 24% year over year, to ¥648.9 billion.

Accordingly, profit for the year decreased ¥55.3 billion, or 9% year over year, to ¥535.4 billion.

(2) Segment Information

1) Natural Gas Group

The Natural Gas Group engages in the natural gas/oil exploration, production and development business and the liquefied natural gas (LNG) business in North America, Southeast Asia, Australia, Russia, and other regions.

The segment recorded profit for the year of ¥70.3 billion, a decrease of ¥19.1 billion year over year.

The decrease in earnings mainly reflected decrease in equity earnings in the LNG-related business and one-off loss in the North American shale gas business, despite the rebound of one-off losses due to asset replacements in the previous year.

2) Industrial Materials Group

The Industrial Materials Group engages in sales and trading, business development, and investing related to a wide range of materials, including carbon, steel products, and performance materials, serving industries including automobiles and mobility, construction, and infrastructure.

The segment recorded profit for the year of ¥26.1 billion, a decrease of ¥9.2 billion year over year.

The decrease in earnings mainly reflected decrease in equity earnings in the Steel business and decrease in trading profit in the Carbon business.

3) Petroleum & Chemicals Group

The Petroleum & Chemicals Group engages in sales and trading, business development, and investing related to a wide range of oil- and chemical-related fields, such as crude oil and oil products, LPG, ethylene, methanol, salt, ammonia, plastics, and fertilizers.

The segment recorded loss for the year of ¥12.0 billion, a decrease of ¥47.8 billion year over year.

The decrease in earnings mainly reflected loss related to crude oil trading derivatives at the Singapore petroleum subsidiary of ¥34.3 billion recorded as "Cost of revenues" etc. as well as decrease in earnings in the Petrochemicals business.

4) Mineral Resources Group

The Mineral Resources Group engages in "managing" business by investing in and developing mineral resources, such as metallurgical coal, copper, iron ore, and aluminum, while leveraging high-quality and functions in steel raw materials, and non-ferrous resources and products through a global network to reinforce supply systems.

The segment recorded profit for the year of ¥212.3 billion, a decrease of ¥40.2 billion year over year.

The decrease in earnings mainly reflected decrease in business revenues in the Australian metallurgical coal business as well as the impairment loss in the Overseas smelting business, despite the one-off gain related to the reorganization of the Chilean copper business of ¥76.7 billion recorded as "Income taxes" and the rebound of the impairment loss in the Chilean iron ore business in the previous year.

5) Industrial Infrastructure Group
The Industrial Infrastructure Group engages in businesses and related trading in the field of energy infrastructure, industrial plants, machinery tools, agricultural machinery, mining machinery, elevators, escalators, ships, and aerospace-related equipment.

The segment recorded profit for the year of ¥41.4 billion, an increase of ¥81.8 billion year over year.

The increase in earnings mainly reflected the rebound of one-off losses related to Chiyoda Corporation in the previous year.

6) Automotive & Mobility Group
The Automotive & Mobility Group is deeply involved in the entire automotive value chain, spanning car production to after-sales services, and especially in sales of and financing for passenger and commercial cars. The Group also engages in mobility related businesses which fulfills needs related to passenger and cargo transportation.

The segment recorded profit for the year of ¥19.6 billion, a decrease of ¥77.6 billion year over year.

The decrease in earnings mainly reflected the impairment loss of investment in Mitsubishi Motors, as well as the decrease in equity earnings from equity method investees and the Asian automotive business.

7) Food Industry Group
The Food Industry Group engages in sales, trading, business development and other operations across a wide range of business areas related to food, including food resources, fresh foods, consumer goods, and food ingredients, spanning from raw ingredient production and procurement to product manufacturing.

The segment recorded profit for the year of ¥53.2 billion, an increase of ¥43.3 billion year over year.

The increase in earnings mainly reflected the rebound of the impairment loss in the Overseas food materials business in the previous year and the one-off gain in the Overseas food business.

8) Consumer Industry Group
The Consumer Industry Group engages in supplying products and services across a range of fields, including retail, apparel and S.P.A., healthcare and food product distribution, and logistics.

The segment recorded profit for the year of ¥22.7 billion, a decrease of ¥8.8 billion year over year.

The decrease in earnings mainly reflected decrease in earnings in the Convenience store business due to increased unprofitable store shutdowns and in the Logistics business due to the rebound of warehouse disposal gain in the previous year.

9) Power Solution Group
The Power Solution Group engages in power generating and transmission businesses, power trading businesses, power retail businesses, as well as supply of power generating and transmitting products and equipments. The Group also engages in lithium-ion development, production, and sales

businesses, battery service businesses, as well as the development of next-generation energy source (such as hydrogen).

The segment recorded profit for the year of ¥51.5 billion, an increase of ¥18.4 billion year over year.

The increase in earnings mainly reflected the evaluation profit due to the Eneco Group becoming a subsidiary.

10) Urban Development Group

The Urban Development Group engages in development, operation and management businesses in a number of areas, such as urban development and real estate, corporate investing, leasing, and infrastructure.

The segment recorded profit for the year of ¥34.3 billion, an increase of ¥1.9 billion year over year.

The increase in earnings mainly reflected increase in the sales profit of properties in the Domestic real estate business.

(3) <u>Changes in Assets, Liabilities and Equity</u>

Total assets at March 31, 2020 was ¥18,049.7 billion, an increase of ¥1,516.9 billion from March 31, 2019.

Current assets was ¥6,937.4 billion, a decrease of ¥101.5 billion, or 1%, from March 31, 2019. This was mainly due to a decrease in trade and other receivables attributable in part to decreased transaction volumes in the Petroleum & Chemicals business.

Non-current assets was ¥11,112.3 billion, an increase of ¥1,618.4 billion, or 17%, from March 31, 2019. This was mainly due to an increase in right-of-use assets as a result of the adoption of IFRS 16 "Leases" and an increase in intangible assets and goodwill because of acquisitions of Chiyoda Corporation and Eneco as consolidated subsidiaries.

Total liabilities was ¥11,832.8 billion, an increase of ¥1,936.9 billion from March 31, 2019.

Current liabilities was ¥5,346.3 billion, an increase of ¥192.6 billion, or 4%, from March 31, 2019. This was mainly due to an increase in lease liabilities as a result of the adoption of IFRS 16 "Leases" and an increase in other current liabilities due to an increase in precious metal prices in the precious metal lease transactions.

Non-current liabilities was ¥6,486.5 billion, an increase of ¥1,744.3 billion, or 37%, from March 31, 2019. This was mainly due to an increase in lease liabilities as a result of the adoption of IFRS 16 "Leases" and an increase in bonds and borrowings due to new fund procurement.

Total equity was ¥6,216.9 billion, a decrease of ¥420.0 billion, or 6%, from March 31, 2019.

Equity attributable to owners of the Parent was ¥5,227.4 billion, a decrease of ¥468.8 billion, or 8%, from March 31, 2019. This decrease was mainly due to decreased exchange differences on translating foreign operations due to the weakening of the Australian dollar and U.S. dollar, the purchase of treasury stock and a decrease in retained earnings as result of the payment of dividends, despite an increase in retained earnings due to the accumulation of profit for the year.

Non-controlling interests increased ¥48.8 billion, or 5%, from March 31, 2019, to ¥989.5 billion.

Net interest-bearing liabilities (excluding lease liabilities), which is gross interest-bearing liabilities minus cash and cash equivalents and time deposits, increased ¥612.7 billion, or 16%, from March 31, 2019, to ¥4,336.3 billion.

(4) <u>Cash Flows</u>

Cash and cash equivalents at March 31, 2020 was ¥1,322.8 billion, an increase of ¥162.2 billion from March 31, 2019.

(Operating activities)

Net cash provided by operating activities was ¥849.7 billion, mainly due to cash flows from operating transactions and dividend income, despite the payment of interests and income taxes.

(Investing activities)

Net cash used in investing activities was ¥500.7 billion. The main uses of cash were the acquisition of shares in Eneco Group, payments for the purchase of property, plant and equipment and investments in and loans to affiliated companies, which exceeded such inflows as the sale of listed stocks and the sale of investments in affiliated companies.

Main items (Segments) included in investing cash flows were as follows.

New/Sustaining Investments

- Eneco Group (Power Solution)
- Chiyoda Corporation preferred stock (Industrial Infrastructure)
- Copper business (Mineral Resources)
- Australian metallurgical coal business (Mineral Resources)
- Convenience store business (Consumer Industry)
- LNG-related business (Natural Gas)

Sales and Collection

- Overseas power business (Power Solution)
- Australian thermal coal interest (Mineral Resources)
- North American real estate business (Urban Development)
- Listed stocks (Food Industry/Consumer Industry/Other)
- Time deposits (Other)

As a result, free cash flows, the sum of operating and investing cash flows, was positive ¥349.0 billion.

(Financing activities)

Net cash used in financing activities was ¥156.6 billion. The main uses of cash were the acquisition of treasury stock, repayments of lease liabilities and payments of dividends, which exceeded cash provided by financing activities.

The dividends were paid in compliance with the shareholder returns policy of progressive dividends in line with sustained profit growth. The acquisition of treasury stock was carried out in consideration of the cash flows during the period of Midterm Corporate Strategy 2018 and the appropriate capital standards, and with the aim of improving capital efficiency. Regarding financing through debt, the policy is to maintain debts at an appropriate level in light of liquidity and financial soundness.

Repayments of lease liabilities recognized with the adoption of IFRS16 "Leases" are included in Financing activities.

In addition to the aforementioned operating cash flows for financial accounting purpose, in order to present the source of funds for future investments and shareholder returns appropriately, Mitsubishi Corporation defined “Underlying operating cash flows (after repayments of lease liabilities)”, which is operating cash flows excluding changes in working capitals whilst including repayments of lease liabilities which are necessary in the ordinary course of business activities, and “Adjusted free cash flows”, which is the sum of “Underlying operating cash flows (after repayments of lease liabilities)” and investing cash flows.

Underlying operating cash flows (after repayments of lease liabilities) at March 31, 2020 was positive ¥672.1 billion, a decrease of ¥215.2 billion, year over year.

As a result, Adjusted free cash flows was positive ¥171.4 billion.

2. Forecasts for the Year Ending March 2021

Earnings forecasts for the year ending March 2021 will be released as soon as COVID-19 countermeasures and their effects have been examined, since it is difficult to determine a reasonable estimate at this time. Please see the “Business Risks” section for principal risks that have the potential to affect 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 mineral resources could have a large impact on our resource-related import trading and earnings from business investments. Furthermore, a 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 addition to global economic slowdown in the year ended March 2020, the worldwide spread of the COVID-19 from January 2020 caused serious disruption in the economic environment both in and outside Japan. Monetary easing in Japan, the United States and Europe, as well as economic stimulus measures worldwide (including emerging nations), are being implemented to support the global economy. If, however, contagion by the COVID-19 cannot be brought under control and the related problems become prolonged, they will exacerbate the negative economic impact in Japan and other countries, both in terms of severity and duration. Accordingly, we are monitoring the situation carefully.

(2) Market Risks

(Unless otherwise stated, calculations of effects on future profit for the year are based on profit for the year ended March 2020.)

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 the 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 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 oil fell to below US$60/BBL due to concerns about global economic slowdown caused by intensifying trade friction between the United States and China, then saw a temporary but sharp increase after news of a drone strike on Saudi refineries in September before stabilizing around US$60/BBL due to coordinated production cuts by OPEC-Plus. In early January 2020, military confrontation between the United States and Iran caused prices to rise to about US$70/BBL. However, from late January onward, the spread of the COVID-19 led to decreased demand, and in March the OPEC-Plus agreement to decrease production fell apart, leading Saudi Arabia and other countries to increase production. As a result, the price fell temporarily to below US$30/BBL. Since then, as the COVID-19 has spread worldwide, including in the United States and Europe, the likelihood of it becoming a major barrier to global economic growth has increased, while supply of crude oil remains in excess. As a result, the price of crude oil is expected to remain low for some time.

Furthermore, while most of our LNG sales are based on long-term contracts, some are on the spot market. Due in part to a warm winter from late 2019 onward and an increase in LNG supply due to the start of operations at new projects, spot prices in Asia fell to below US$5 per million British thermal unit (Btu). Later, with the arrival of winter demand, the price rose to above US$7. Since then, however, factors including warm winter weather and declining demand due to the spread of the COVID-19 have caused the price to fall to its lowest level ever, at below US$3.

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 between such fluctuations and their impact on our operations.

(Mineral 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. It is estimated that 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 lb. 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.

In addition, as production and development plans are long-term, medium- to long-term price forecasts have a more significant impact on the valuation of our investment than short-term price fluctuations. If long-term stagnation is forecast in commodities markets, impairment loss on our property, plant and equipment and investments accounted for using the equity method could impact our operating results.

2) Foreign Currency Risk
We are exposed to the risk of fluctuations in foreign currency rates against the 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, 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 approximately ¥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, as needed 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, 2020, we owned approximately ¥850.0 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 include net unrealized gains of approximately ¥50.0 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 as marketable stocks. Accordingly, a fall in stock prices could reduce pension assets.

4) Interest Rate Risk
As of March 31, 2020, we had gross interest-bearing liabilities (excluding lease liabilities) of ¥5,760.1 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 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 Asset Liability Management (ALM) Committee. This committee establishes fund procurement strategy and manages the risk of interest rate fluctuations.

(3) <u>Credit Risk</u>

We extend credit to customers in the form of trade credit, including accounts receivable and advance payments, finance, guarantees and investments as part of 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. However, there is no guarantee that we will be able to completely avoid credit risk with these 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 with bankrupt customers and work to collect receivables. However, failure to collect receivables and other credit could affect our operating results.

In particular, if the worldwide spread of the COVID-19 that emerged during the fiscal ended March 31, 2020 causes severe credit crunches or worsening business performance, a resulting increase in funding difficulties or bankruptcy among our customers could impact our operating results.

(4) <u>Country Risk</u>

We are exposed to country risks in relation to transactions and investments with overseas companies in the form of possible delays or inability to collect payments or conduct business activities due to political and socioeconomic conditions in the countries where such companies 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 and 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 are located. Such eventualities may have an impact on our operating results.

(5) <u>Business Investment Risk</u>

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 are exposed to various risks related to business investments, such as the possible inability to recover our investments, 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 estimate the downside risk of investments, and evaluate whether the return on the investments, based on the characteristics of the business, exceeds the expected rate of return. After investing, we formulate annual business plans for each investment and manage risks to achieve our investment goals. 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.

(Specific Investments)

a. Investments in Australian Metallurgical Coal and Other Mineral 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 a 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, 2020, the book value of MDP's fixed assets is approximately ¥650.0 billion.
The commodity market risks have the potential to affect MDP's profit, in turn affecting our operating performance. For details, please refer to the section entitled "(2) 1) Commodity Market Risk (Mineral Resources).

b. 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. In the fiscal year ended March 31, 2020, we decided to transfer shares of AAS to Chili-based M.C. Inversiones Limitada, our core mineral resource development company in Central and South America, in order evolve AAS's business management, including flexibly implementing initiatives in Chile with partners, and thereby raise AAS's business value. AAC holds a 50.1% ownership interest in AAS, the joint venture holds a 29.5% interest, and we hold a 20.4% interest, 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's total copper production was approximately 390,000 tons in 2019.)

We apply the equity method to the investment in AAS. As an investment accounted for using the equity method, we conduct impairment tests for our investment in AAS. As AAS' production and development plans are long-term, we evaluate risk from a medium- to long-term perspective, including revisions in copper price forecasts. In relation to copper prices, we formulate a forecast, taking into account fundamentals such as the future supply/demand environment and data provided by external financial institutions and other organizations. Because AAS's 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 short term price fluctuations. Taking into overall consideration the sluggish copper market and delays in the development of prospective mining projects compared with initial assumptions, on March 31, 2016, we recorded an impairment loss of ¥271.2 billion, leading to a book value of approximately ¥150.0 billion as of March 31, 2020.

c. Investments in Interests in Peruvian Copper Assets and Other Resource Interests

Together with Anglo American Plc (AAC), headquartered in London, United Kingdom, we hold a 40% interest in Anglo American Quellaveco S.A. (AAQ), headquartered in Lima, Peru, which holds the resource interests to the Quellaveco copper mine project (Quellaveco) in Peru.

Quellaveco is one of the world's largest undeveloped copper deposits, estimated to contain 7.5 million tons (content mineral basis) of copper ore reserves, and is highly cost competitive. Construction on the project commenced in August 2018 and is advancing toward a planned production start in 2022. After production commences, copper production attributable to Mitsubishi Corporation is estimated to increase by about 120,000 tons per year.

We apply the equity method to the investment in AAQ. We conduct impairment tests for our investment in AAQ as an investment accounted for using the equity method. Quellaveco is still under development and AAQ's production and development plans are long-term. As such, medium- to long-term price forecasts have a more significant impact on the valuation of our investment in AAQ than short-term price fluctuations. As such, we evaluate this investment from a medium- to long-term perspective that includes copper price forecasts. We formulate these forecasts of copper prices taking into account fundamentals such as the future supply/demand environment and data provided by external financial institutions and other organizations.

The total of the investment book value and loan to AAQ is approximately ¥210.0 billion as of March 31, 2020.

d. Montney Shale Gas Development Project/LNG Canada Project

We are building a natural gas value chain in Canada, stretching from upstream resource development to LNG production, export and sales. In terms of upstream businesses, we are operating a shale gas development business through our wholly owned consolidated subsidiary CUTBANK DAWSON GAS RESOURCES LTD. with Ovintiv Inc. (formerly Encana Corporation). Our investment stake in the project is 40%, with a book value of ¥243.5 billion as of March 31, 2020.

Also, to export and sell the natural gas as LNG, we took a final investment decision (FID) on LNG Canada, together with our partners, in 2018. This project involves the construction of liquefaction facilities with annual production capacity of 14 million tons to export LNG to customers in Japan and other East Asian countries. Production is expected to commence in the mid-2020s. Shell holds a 40% interest in the project, Petronas holds 25%, PetroChina holds 15%, we hold 15%, and Korea Gas Corporation holds 5%.

Risks in the commodity market have the potential to affect this project, in turn affecting our operating performance. For details, please refer to the section entitled "(2) 1) Commodity Market Risk (Energy Resources)."

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, medium- to long-term price forecasts have a more significant impact on the valuation of our investment than short-term price fluctuations.

e. Investment in Lawson Inc.

In 2017, we acquired an additional 16.6% of the issued shares of Lawson Inc. (Lawson) via tender offer. Combined with our existing 33.4% stake, this resulted in a majority shareholding. Accordingly, we made Lawson a consolidated subsidiary. Lawson Inc. operates a franchise system and directly managed Lawson convenience stores, an overseas convenience store business, and other peripheral

businesses. As of February 29, 2020, Lawson's convenience store network comprised approximately 14,500 stores in Japan and 3,000 stores overseas, for a total of approximately 17,500 stores.
Deterioration in the business environment could affect our operating performance via the performance of Lawson or impairment loss on the goodwill recognized when we acquired our stake in the company. The book value of this goodwill as of March 31, 2020 is approximately ¥300.0 billion.

f. Investments in the European Integrated Energy Business
During the fiscal year ended March 31, 2020, Diamond Chubu Europe B.V., established jointly by Mitsubishi Corporation and Chubu Electric Power Co., Inc., acquired 100% of the shares of Eneco, a company that operates an integrated energy business in Europe, for approximately ¥500.0 billion.
Eneco is an integrated energy company that is actively engaged in renewable power generation projects. It also offers innovative solutions that make it easier for customers to make the switch to more sustainable and smarter energy consumption in the retail area.
By taking advantage of Eneco's technological strengths and know-how in renewable energies, we are aiming to accelerate its own renewable developments in Europe and around the world. We are seizing this acquisition as an opportunity to help reduce greenhouse emissions and realize its vision of simultaneously generating economic, societal and environmental value through its businesses.
A decline in electricity demand or European macro economy could impact our operating results via Eneco's operating results or impairment loss on the goodwill recognized when we acquired Eneco.

(6) Risks Related to Compliance
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, anti-bribery 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 provides direction and supervision related to compliance with laws and regulations on a consolidated basis. 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 of compliance. We also work to ensure that consolidated subsidiaries and affiliates (excluding listed companies) set up compliance management systems on par with that of ours.

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.

(7) Risks from Natural and Other Types of Disasters and Crises
An unforeseeable crisis, 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 the COVID-19, 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 put in place a variety of countermeasures, including the Emergency Crisis Management Headquarters; response protocols, such as those for checking the safety and wellbeing of persons associated with us when a crisis occurs; business continuity plans (BCPs) for important operations; earthquake-proofing measures for buildings, facilities and systems (including backup of data); regular drills; and emergency stocks of necessary supplies. Furthermore, we implement business continuity management (BCM) to prepare for crises. These comprehensive management activities include formulating first response protocols and BCPs based on risk and impact analyses of all kinds of events and the continuous operation of the PDCA cycle. However, no amount of preparation can completely avoid the risk of damage or other impact, and a natural or other disaster or crisis could affect our operating results.

(8) Risks Related to Climate Change

The impact of climate change includes the effects of frequent extreme weather on water resources, effects on human populations and biodiversity in the natural world, as well as the attendant effects on food resources and other natural resources. These effects are of great consequence for the global environment and mankind, as well as for corporate activities, and may negatively impact our business continuity and the operating results.

Risks related to climate change are broadly categorized as transition risks (risks related to government policy and regulations, technology, markets, etc.) and physical risks. Transition risks include risks of increased operational or facility-related costs due to carbon pricing (carbon taxes, etc.), expanded regulations, or the obsolescence of products and services that rely on existing technologies. Physical risks include the impact on operations of drought or flooding. We aim to simultaneously generate economic, societal, and environmental value and, as such, have designated transitioning to a low-carbon society as one of our Key Sustainability Issues. Accordingly, we are working to address risks related to climate change.

Specifically, the Sustainability & CSR Committee identifies key risks related to climate change and assesses their potential business impact. For businesses expected to be highly impacted, we implement 2° scenario analyses based on the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and reflect the results in our strategy for said businesses. These efforts are reported to the Board of Directors.

In addition, the problems of climate change present new business opportunities related to developing and promoting the use of new technologies and alternative products in such areas as renewable energy, electric vehicles and ethical consumption.

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, 2019 and 2020

ASSETS	Millions of Yen	
	March 31, 2019	March 31, 2020
Current assets		
Cash and cash equivalents	1,160,582	1,322,812
Time deposits	207,949	101,016
Short-term investments	7,798	49,331
Trade and other receivables	3,722,719	3,168,074
Other financial assets	93,139	308,468
Inventories	1,213,742	1,294,479
Biological assets	70,687	58,871
Advance payments to suppliers	43,797	45,776
Assets classified as held for sale	105,586	46,595
Other current assets	412,925	541,968
Total current assets	7,038,924	6,937,390
Non-current assets		
Investments accounted for using the equity method	3,191,145	3,219,594
Other investments	2,108,983	1,708,071
Trade and other receivables	599,619	655,267
Other financial assets	100,326	134,220
Property, plant and equipment	2,168,962	2,248,160
Investment property	69,293	96,709
Intangible assets and goodwill	1,035,898	1,422,812
Right-of-use assets	－	1,429,288
Deferred tax assets	31,431	36,146
Other non-current assets	188,219	162,004
Total non-current assets	9,493,876	11,112,271
Total	16,532,800	18,049,661

LIABILITIES AND EQUITY	Millions of Yen	
	March 31, 2019	March 31, 2020
Current liabilities		
Bonds and borrowings	1,522,878	1,472,769
Trade and other payables	2,862,954	2,547,012
Lease liabilities	54,276	205,780
Other financial liabilities	83,589	213,181
Advances from customers	43,481	178,689
Income tax payables	63,497	40,000
Provisions	33,023	87,564
Liabilities directly associated with assets classified as held for sale	29,062	1,167
Other current liabilities	460,922	600,109
Total current liabilities	5,153,682	5,346,271
Non-current liabilities		
Bonds and borrowings	3,569,221	4,287,354
Trade and other payables	60,304	56,692
Lease liabilities	231,001	1,297,530
Other financial liabilities	15,198	40,286
Retirement benefit obligation	86,401	123,690
Provisions	178,928	162,622
Deferred tax liabilities	585,952	485,551
Other non-current liabilities	15,193	32,771
Total non-current liabilities	4,742,198	6,486,496
Total liabilities	9,895,880	11,832,767
Equity		
Common stock	204,447	204,447
Additional paid-in capital	228,340	228,153
Treasury stock	(8,279)	(294,580)
Other components of equity		
Other investments designated as FVTOCI	541,970	359,974
Cash flow hedges	(6,291)	(27,422)
Exchange differences on translating foreign operations	379,128	82,634
Total other components of equity	914,807	415,186
Retained earnings	4,356,931	4,674,153
Equity attributable to owners of the Parent	5,696,246	5,227,359
Non-controlling interests	940,674	989,535
Total equity	6,636,920	6,216,894
Total	16,532,800	18,049,661

(2) Consolidated Statement of Income
Years ended March 31, 2019 and 2020

	Millions of Yen	
	Year ended March 31, 2019	Year ended March 31, 2020
Revenues	16,103,763	14,779,734
Cost of revenues	(14,115,952)	(12,990,603)
Gross profit	1,987,811	1,789,131
Selling, general and administrative expenses	(1,403,322)	(1,431,232)
Gains on investments	19,852	66,929
Gains (losses) on disposal and sale of property, plant and equipment and others	44,058	(62)
Impairment losses on property, plant and equipment and others	(43,781)	(32,862)
Other income (expense)-net	(19,890)	(25,605)
Finance income	198,964	173,278
Finance costs	(69,148)	(70,038)
Share of profit of investments accounted for using the equity method	137,269	179,325
Profit before tax	851,813	648,864
Income taxes	(206,029)	(56,713)
Profit for the year	645,784	592,151
Profit for the year attributable to:		
Owners of the Parent	590,737	535,353
Non-controlling interests	55,047	56,798
	645,784	592,151
Profit for the year attributable to Owners of the Parent per share (in Yen)		
Basic	372.39	348.50
Diluted	371.55	347.71

(3) Consolidated Statement of Comprehensive Income
Years ended March 31, 2019 and 2020

	Millions of Yen	
	Year ended March 31,2019	Year ended March 31,2020
Profit for the year	645,784	592,151
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to profit or loss for the year:		
Gains (losses) on other investments designated as FVTOCI	9,444	(165,620)
Remeasurement of defined benefit pension plans	13,176	(30,861)
Share of other comprehensive (loss) of investments accounted for using the equity method	(2,647)	(3,506)
Total	19,973	(199,987)
Items that may be reclassified to profit or loss for the year:		
Cash flow hedges	4,931	(5,374)
Exchange differences on translating foreign operations	(22,389)	(281,332)
Share of other comprehensive (loss) of investments accounted for using the equity method	(27,854)	(43,032)
Total	(45,312)	(329,738)
Total other comprehensive (loss)	(25,339)	(529,725)
Total comprehensive income	620,445	62,426
Comprehensive income attributable to:		
Owners of the Parent	565,130	25,839
Non-controlling interests	55,315	36,587
	620,445	62,426

(4) Consolidated Statement of Changes in Equity
Years ended March 31, 2019 and 2020

	Millions of Yen	
	Year ended March 31,2019	Year ended March 31,2020
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	229,423	228,340
Compensation costs related to share-based payment	1,205	2,568
Sales of treasury stock upon exercise of share-based payment	(1,775)	(2,215)
Equity transactions with non-controlling interests and others	(513)	(540)
Balance at the end of the year	228,340	228,153
Treasury stock:		
Balance at the beginning of the year	(10,970)	(8,279)
Sales of treasury stock upon exercise of share-based payment	2,796	3,706
Purchases and sales-net	(105)	(290,007)
Balance at the end of the year	(8,279)	(294,580)
Other components of equity:		
Balance at the beginning of the year	925,611	914,807
Cumulative effects of change in accounting policy	53	―
Adjusted balance at the beginning of the year	925,664	914,807
Other comprehensive income (loss) attributable to owners of the Parent	(25,607)	(509,514)
Transfer to retained earnings	14,750	9,893
Balance at the end of the year	914,807	415,186
Retained earnings:		
Balance at the beginning of the year	3,983,916	4,356,931
Cumulative effects of change in accounting policy	(3,677)	(9,079)
Adjusted balance at the beginning of the year	3,980,239	4,347,852
Profit for the year attributable to owners of the Parent	590,737	535,353
Cash dividends paid to owners of the Parent	(198,276)	(197,704)
Sales of treasury stock upon exercise of share-based payment	(1,019)	(1,455)
Transfer from other components of equity	(14,750)	(9,893)
Balance at the end of the year	4,356,931	4,674,153
Equity attributable to owners of the Parent	5,696,246	5,227,359
Non-controlling interests:		
Balance at the beginning of the year	932,784	940,674
Cumulative effects of change in accounting policy	(521)	(2,677)
Adjusted balance at the beginning of the year	932,263	937,997
Cash dividends paid to non-controlling interests	(53,800)	(41,540)
Equity transactions with non-controlling interests and others	6,896	56,491
Profit for the year attributable to non-controlling interests	55,047	56,798
Other comprehensive income (loss) attributable to non-controlling interests	268	(20,211)
Balance at the end of the year	940,674	989,535
Total equity	6,636,920	6,216,894
Comprehensive income attributable to:		
Owners of the Parent	565,130	25,839
Non-controlling interests	55,315	36,587
Total comprehensive income	620,445	62,426

(5) Consolidated Statement of Cash Flows
Years ended March 31, 2019 and 2020

	Millions of Yen	
	Year ended March 31,2019	Year ended March 31,2020
Operating activities:		
Profit for the year	645,784	592,151
Adjustments to reconcile profit for the year to net cash provided by (used in) operating activities:		
Depreciation and amortization	250,509	448,413
(Gains) on investments	(19,852)	(66,929)
Losses (gains) on property, plant and equipment and others	(277)	32,924
Finance (income) -net of finance costs	(129,816)	(103,240)
Share of (profit) of investments accounted for using the equity method	(137,269)	(179,325)
Income taxes	206,029	56,713
Changes in trade receivables	(299,313)	547,654
Changes in inventories	(20,064)	(73,356)
Changes in trade payables	44,571	(487,713)
Other-net	(11,539)	(77,819)
Dividends received	352,897	316,386
Interest received	111,486	123,957
Interest paid	(82,331)	(94,833)
Income taxes paid	(258,134)	(185,255)
Net cash provided by (used in) operating activities	652,681	849,728
Investing activities:		
Payments for property, plant and equipment and others	(315,514)	(326,014)
Proceeds from disposal of property, plant and equipment and others	96,934	40,645
Payments for investment property	(2,307)	(229)
Proceeds from disposal of investments property	5,341	4,091
Purchases of investments accounted for using the equity method	(398,191)	(201,731)
Proceeds from disposal of investments accounted for using the equity method	111,556	111,637
Acquisitions of businesses-net of cash acquired	(31,386)	(319,364)
Proceeds from disposal of businesses-net of cash divested	116,368	89,333
Purchases of other investments	(62,481)	(39,517)
Proceeds from disposal of other investments	143,528	129,293
Increase in loans receivable	(85,842)	(164,739)
Collection of loans receivable	114,648	67,838
Net (increase) decrease in time deposits	33,659	108,030
Net cash provided by (used in) investing activities	(273,687)	(500,727)
Financing activities:		
Net increase (decrease) in short-term debts	329,175	396,603
Proceeds from long-term debts	723,485	699,633
Repayments of long-term debts	(991,695)	(529,415)
Repayments of lease liabilities	(56,017)	(276,175)
Dividends paid to owners of the Parent	(198,276)	(197,704)
Dividends paid to the non-controlling interests	(53,800)	(41,540)
Payments for acquisition of subsidiary's interests from the non-controlling interests	(7,238)	(31,558)
Proceeds from disposal of subsidiary's interests to the non-controlling interests	26,897	113,226
Net (increase) decrease in treasury stock	(11)	(289,699)
Net cash provided by (used in) financing activities	(227,480)	(156,629)
Effect of exchange rate changes on cash and cash equivalents	3,607	(30,142)
Net increase (decrease) in cash and cash equivalents	155,121	162,230
Cash and cash equivalents at the beginning of the year	1,005,461	1,160,582
Cash and cash equivalents at the end of the year	1,160,582	1,322,812

2. Notes Concerning Consolidated Financial Statements

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

The significant accounting policies applied to the consolidated financial statements for the year ended March 2020 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 16 "Leases"	Changes in accounting and disclosure requirements for operating leases in the financial statements of lessees

IFRS 16 "Leases"

With the adoption of IFRS 16, due to its single lessee accounting model, right-of-use assets representing the right to use an underlying asset and lease liabilities representing the obligation to make lease payments are required to be recognized in the consolidated statement of financial position for all leases, in principle. After the recognition of right-of-use assets and lease liabilities, depreciation of the right-of-use assets and interest expenses on the lease liabilities are recognized in the consolidated statement of income.

The Parent, together with its consolidated domestic and foreign subsidiaries (collectively, the "Company") has applied IFRS 16 from the fiscal year ending March 2020. 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. for the year ending March 2020. Consequently, the opening balance of retained earnings for the year ending March 2020 has decreased ¥9,079 million.

In transitioning to IFRS 16, the Company has chosen the practical expedient stated in IFRS 16 paragraph C3 and has not reassessed whether contracts, which were not previously identified as contracts containing leases applying IAS 17 "Leases" (hereafter, "IAS 17") and IFRIC 4 "Determining whether an Arrangement contains a Lease", contain leases. From the date of application, this assessment is determined based on the provisions of IFRS 16.

For leases that the Company as lessee previously classified as operating leases applying IAS 17, right-of-use assets and lease liabilities are recognized at the date of initial application. These lease liabilities have been measured at the present value of the remaining lease payments discounted using the lessee's incremental borrowing rate at the date of initial application. The weighted average of the lessee's incremental borrowing rates is 0.8%.
Right-of-use assets are initially measured at the initial measurement amount of the lease liability adjusted for prepaid lease payments etc.
The remaining lease payments include lease payments etc. under cancellable leases corresponding to the terms of which the lessee is reasonably certain not to exercise the option to terminate those leases, in addition to future minimum lease payments under non-cancellable leases.

For leases that the Company as lessee previously classified as finance leases applying IAS 17, the carrying amounts of right-of-use assets and lease liabilities at the date of initial application are the carrying amounts of lease assets and lease liabilities, respectively, immediately before the application date.

The following is a reconciliation of the disclosed non-cancellable operating lease contracts applying IAS 17 as of March 31, 2019 and lease liabilities recognized in the consolidated statement of financial position at the date of initial application.

	(Millions of yen)
Non-cancellable operating lease contracts as of March 31, 2019	351,557
Finance lease liabilities as of March 31, 2019	285,277
Cancellable operating lease contracts, etc. (*)	867,414
Lease liabilities as of April 1, 2019	1,504,248

(*) Includes the effect of discounting Non-cancellable operating lease contracts as of March 31, 2019 by the incremental borrowing rate at the date of initial application.

Right-of-use assets recognized at the date of initial application in the consolidated statement of financial position was ¥1,434,275 million.

The following practical expedients are used in the application of IFRS 16.

(a) Leases for which the lease term ends within 12 months as of the date of initial application are accounted for in the same way as short-term leases.
(b) Initial direct costs are excluded from the measurement of right-of-use assets at the date of initial application.
(c) A lessee elects, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.
(d) As an alternative to perform an impairment test, the Company relies on its assessment of whether leases are onerous applying IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" immediately before the date of initial application.
(e) The Company uses hindsight to calculate the lease term for lease contracts including options to extend or terminate the lease.

Except standards and interpretations outlined above, the adoption of new standards and interpretations had no significant impact on the consolidated financial statements for the year ended March 2020.

(2) Segment Information

Year ended March 31, 2019

Millions of Yen

	Natural Gas Group	Industrial Materials Group	Petroleum & Chemicals Group	Mineral Resources Group	Industrial Infrastructure Group	Automotive & Mobility Group	Food Industry Group
Gross profit	29,188	164,773	109,117	377,403	83,751	134,225	257,719
Share of profit (loss) of investments accounted for using the equity method	63,321	11,084	16,259	(25,491)	(39,184)	54,151	(9,035)
Profit (loss) for the year attributable to owners of the Parent	89,400	35,284	35,800	252,448	(40,396)	97,161	9,944
Total assets	1,536,970	1,451,510	1,317,943	2,812,549	685,763	1,524,352	1,719,855

Millions of Yen

	Consumer Industry Group	Power Solution Group	Urban Development Group	Total	Other	Adjustments and Eliminations	Consolidated
Gross profit	751,923	36,886	35,846	1,980,831	6,807	173	1,987,811
Share of profit (loss) of investments accounted for using the equity method	8,003	25,844	31,761	136,713	1,359	(803)	137,269
Profit (loss) for the year attributable to owners of the Parent	31,452	33,136	32,354	576,583	12,760	1,394	590,737
Total assets	3,423,559	723,339	875,337	16,071,177	2,325,640	(1,864,017)	16,532,800

Year ended March 31, 2020

Millions of Yen

	Natural Gas Group	Industrial Materials Group	Petroleum & Chemicals Group	Mineral Resources Group	Industrial Infrastructure Group	Automotive & Mobility Group	Food Industry Group
Gross profit	20,878	140,079	60,563	238,575	94,432	129,535	254,952
Share of profit (loss) of investments accounted for using the equity method	32,420	7,582	8,086	15,251	29,117	(10,911)	18,632
Profit (loss) for the year attributable to owners of the Parent	70,261	26,067	(11,997)	212,290	41,439	19,579	53,240
Total assets	1,519,774	1,274,002	892,800	3,005,674	1,184,594	1,511,112	1,599,163

Millions of Yen

	Consumer Industry Group	Power Solution Group	Urban Development Group	Total	Other	Adjustments and Eliminations	Consolidated
Gross profit	763,071	41,112	38,202	1,781,399	7,517	215	1,789,131
Share of profit (loss) of investments accounted for using the equity method	12,366	29,439	37,610	179,592	148	(415)	179,325
Profit (loss) for the year attributable to owners of the Parent	22,705	51,482	34,307	519,373	16,640	(660)	535,353
Total assets	4,130,898	1,638,795	901,004	17,657,816	2,435,833	(2,043,988)	18,049,661

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. The Company has reorganized its operating segments into 10 groups from the year ended March 31, 2020, and the Company’s segment information at and for the year ended March 31, 2019 has been reclassified and restated.

(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 31,2019	Year ended March 31,2020
Profit for the year attributable to owners of the Parent per share (Yen)		
Basic	372.39	348.50
Diluted	371.55	347.71
Numerator (Millions of Yen):		
Profit for the year attributable to owners of the Parent	590,737	535,353
Denominator (Thousands of shares):		
Basic weighted average common shares outstanding	1,586,351	1,536,161
Effect of dilutive securities:		
Share-based remuneration	3,588	3,481
Diluted outstanding shares	1,589,939	1,539,643

(4) Subsequent Events

There are no material subsequent events to be disclosed.

3. Notes Concerning Going Concern Assumption

None

Results for the Year Ended March 2020 and Forecasts for the Year Ending March 2021

May 8, 2020

Mitsubishi Corporation

(Forward-Looking Statements)
- This release contains forward-looking statements about Mitsubishi Corporation's future plans, strategies, beliefs and performance that are not historical facts. Such statements are based on the company's assumptions and beliefs in light of competitive, financial and economic data currently available and are subject to a number of risks, uncertainties and assumptions that, without limitation, relate to world economic conditions, exchange rates and commodity prices.
- Accordingly, Mitsubishi Corporation wishes to caution readers that actual results may differ materially from those projected in this release and that Mitsubishi Corporation bears no responsibility for any negative impact caused by the use of this release.

(Notes Regarding These Presentation Materials)
- Consolidated net income in this presentation shows the amount of net income attributable to owners of the Parent, excluding non-controlling interests.

Results for the Year Ended March 2020 and Forecasts for the Year Ending March 2021

(Billion Yen)	Year ended March 2019	Year ended March 2020	Fluctuation	Forecasts for the year ended March 2020 (Released Nov. 6)	Fluctuation	Forecasts for the year ending March 2021
Consolidated Net Income	**590.7**	**535.4**	**(55.3)**	**520.0**	**+15.4**	To be released as soon as COVID-19 countermeasures and their effects have been examined
Business-related sector	344.2	320.4	(23.8)	358.0	(37.6)	
Market-related sector*	232.5	199.0	(33.5)	143.0	+56.0	
Annual dividend per share	125 yen	132 yen	+7 yen	132 yen	±0 yen	134 yen

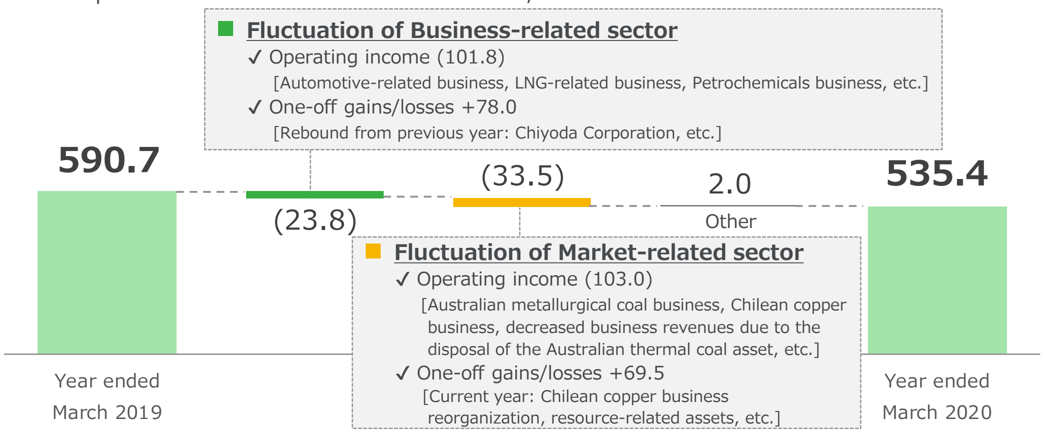
* Market-related sector includes North American shale gas and E&P in Natural Gas segment, Mineral Resource business except for trading and business incubation in Mineral Resource segment, and Ships (commercial vessels) in Industrial Infrastructure segment.

<Takeaways of results for the year ended March 2020>

(Billion Yen)

◎ Earnings decreased 55.3 billion yen year-over-year.

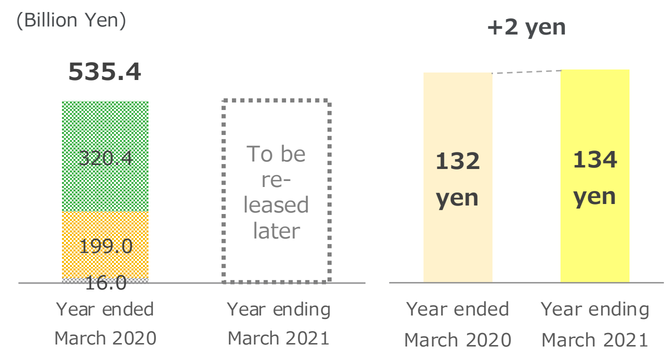
- In the Business-related sector, despite the rebound from one-off losses in the previous year, net income decreased mainly due to lower operating income in the Automotive-related business, the LNG-related business, and the Petrochemicals business, etc.
- In the Market-related sector, despite the one-off gains due to the reorganization of the Chilean copper business, net income decreased mainly due to lower operating income in the Australian metallurgical coal business and the Chilean copper business, decreased business revenues due to the disposal of the Australian thermal coal asset, etc.



<Forecasts for the year ending March 2021>

◎ Earnings forecasts for the year ending March 2021 will be released as soon as COVID-19 countermeasures and their effects have been examined, since it is difficult to determine a reasonable estimate at this time.

◎ Annual dividend is forecasted to be 134 yen based on the progress of the share repurchase, aligned with the progressive dividend plan in the midterm strategy.

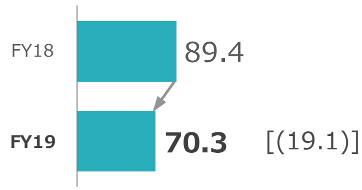


Year-over-Year Segment Net Income

(Billion Yen)

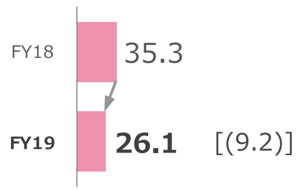
Consolidated Net Income : Year ended March 2019 (FY18): 590.7

Year ended March 2020 (FY19): 535.4 **[YoY (55.3)]**



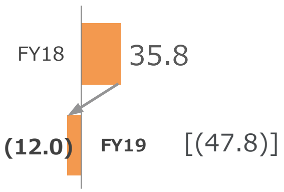
Natural Gas [YoY (21%)]

Despite the rebound from one-off losses due to asset replacements in the previous year, decreased earnings in the LNG-related business and one-off loss in the North American shale gas business, etc.



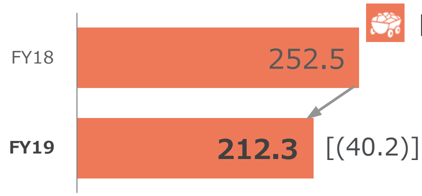
Industrial Materials [YoY (26%)]

Decreased earnings in the Steel business, decreased trading profit in the Carbon business, etc.



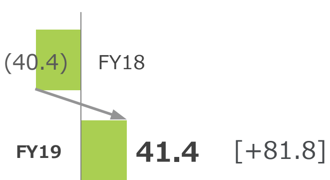
Petroleum & Chemicals

Loss related to crude oil trading derivatives at the Singapore petroleum subsidiary as well as decrease in earnings in the Petrochemicals business, etc.



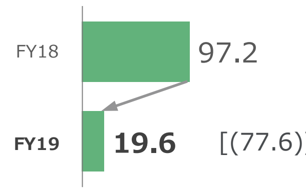
Mineral Resources [YoY (16%)]

Despite one-off gains related to the reorganization of the Chilean copper business and the rebound from impairment loss in the Chilean iron ore business in the previous year, decrease in business revenues in the Australian metallurgical coal business and impairment loss in the Overseas smelting business, etc.



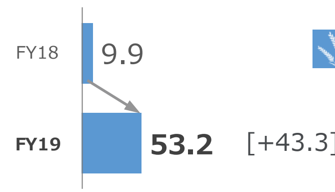
Industrial Infrastructure

Rebound from one-off losses related to Chiyoda Corporation in the previous year, etc.



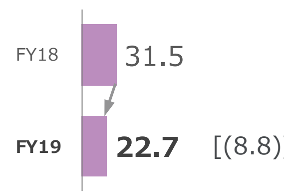
Automotive & Mobility [YoY (80%)]

Impairment losses on investment in Mitsubishi Motors Corporation, as well as decrease in equity earnings from equity method investees and the Asian automotive business, etc.



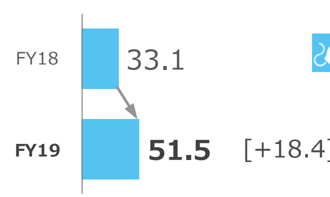
Food Industry [YoY +437%]

Rebound from impairment losses in the Overseas food materials business in the previous year and one-off gains in the Overseas food business, etc.



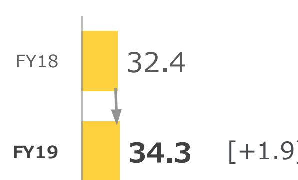
Consumer Industry [YoY (28%)]

Decreased earnings in the Convenience store business due to increased unprofitable store shutdowns and in the Logistics business due to the rebound from warehouse disposal gain in the previous year, etc.



Power Solution [YoY +56%]

Valuation gains due to the Eneco Group becoming a subsidiary, etc.

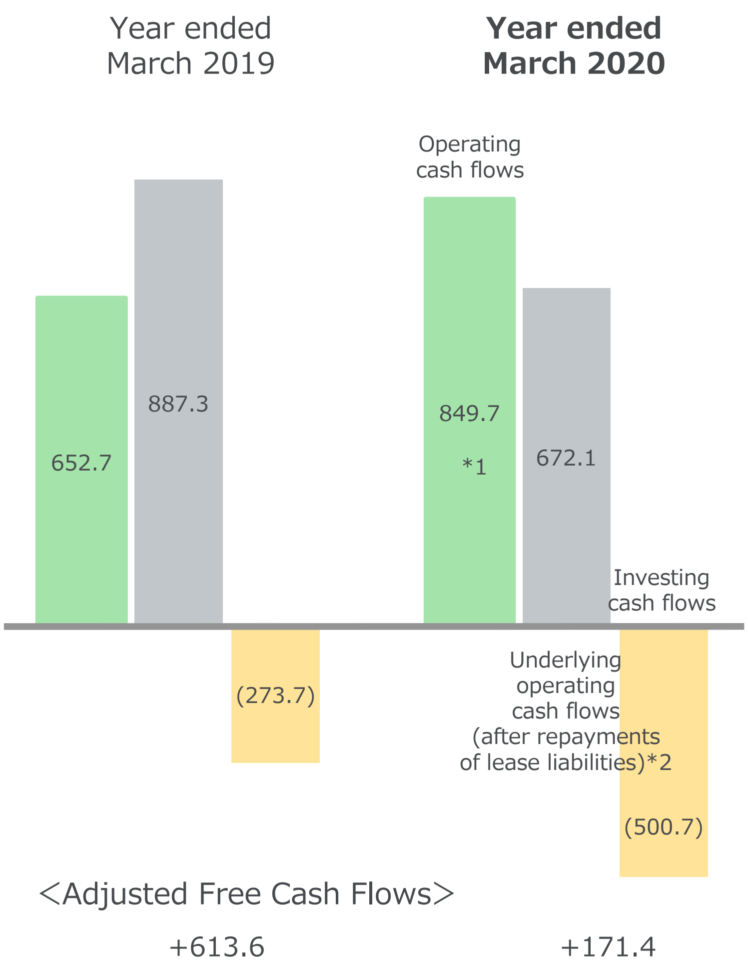


Urban Development [YoY +6%]

Increase in the sales profit of properties in the Domestic real estate business, etc.

Cash Flows

In order to present the source of funds for future investments and shareholder returns appropriately, "Adjusted Free Cash Flows" is introduced, which is free cash flows excluding changes in working capitals whilst including repayments of lease liabilities which are necessary in the ordinary course of business activities.



[Breakdown of cash flows]

(Billion Yen)

	Underlying operating cash flows (after repayments of lease liabilities)	Investing CF			Adjusted Free Cash Flows
		New/Sustaining Investments	Sales and Collection	Net	
Year ended March 2020	**672.1**	(1,051.4)	550.7	**(500.7)**	**171.4**

[Main items included in Investing CF for the year ended March 2020]

New/Sustaining Investments	Sales and Collection
・Eneco Group (Power Solution) ・Chiyoda Corporation preferred stock (Industrial Infrastructure) ・Copper business (Mineral Resources) ・Australian metallurgical coal business (Mineral Resources) ・Convenience store business (Consumer Industry) ・LNG-related business (Natural Gas)	・Overseas power business (Power Solution) ・Australian thermal coal interest (Mineral Resources) ・North American real estate business (Urban Development) ・Listed stocks (Food Industry/Consumer Industry/Other) ・Time deposits (Other)

*1 Due to adoption of IFRS16, repayments of lease liabilities for the year ended March 2020 (276.2 billion yen) are not included.

*2 Underlying operating cash flows (after repayments of lease liabilities) :
Operating cash flows excluding changes in working capitals
(=Net income (including non-controlling interests) − DD&A − profits and losses related to investing activities − equity in earnings of affiliated companies not recovered through dividends − allowance for bad debt etc. − deferred tax)
whilst including repayments of lease liabilities

Business Impacts of COVID-19 Influence and Earning Forecasts

- ✓ Earnings forecasts for the year ending March 2021 will be released later since it is difficult to determine a reasonable estimate at this time, as the duration of the impact of COVID-19 cannot currently be estimated.
- ✓ Earnings forecasts for the year ending March 2021 will be released as soon as COVID-19 countermeasures and their effects have been examined in each business area.
- ✓ Main factors influencing businesses in the business groups assumed at this moment are shown below.

	Main factors influencing each business area	
Market decline	**Natural Gas**	Decline of LNG sales prices linked to crude oil prices. There is a half-year time lag until crude oil prices are reflected in price results.
	Mineral Resources	Mineral resource demand and prices are declining, but are expected to normalize, along with mining operations, when the impact of COVID-19 subsides.
Decrease in demand	**・Groups subject to larger impact:**	**Impacts stemming from worldwide transportation restriction and decrease in demand due to lockdowns are larger**
	Automotive & Mobility	Worldwide stagnant demand for automobiles (decrease of unit sales, lower production, factory closures). Cost reduction and sales promotion after impact of COVID-19 subsides to be examined.
	Industrial Infrastructure	Possibility of delay in plant construction progress, stagnant demand in rental business, etc. Countermeasures to minimize these impacts to be examined.
	Industrial Materials	Decrease in demand for steel products etc. However, assumed to recover as economic recovery progresses since these are fundamental industrial materials.
	・Groups subject to limited impact:	**Relatively stable due to demand related to lifelines**
	Consumer Industry	Amid impacts of decrease in transaction volume of tires etc., lifeline-related businesses such as supermarkets (selling daily necessities) are solid.
	Food Industry	Despite overall decrease in transaction volumes, limited level of decrease assumed, as food is the major product handled.
	Petroleum & Chemicals	Decrease in petroleum and petrochemical product demand. However, demand for product groups related to daily necessities such as food packaging and synthetic fiber assumed to recover as the impact of COVID-19 subsides.
Decline in investing	**Urban Development**	Possibility of delay of divestiture progress of residences and commercial facilities, etc. On the other hand, tenant demands for data centers and logistic facilities are solid.
	Power Solution	Possibility of delay of construction and divestiture progress of power assets. However, power business itself should have limited impact in terms of earnings as it has an aspect of a lifeline.

(Reference) Market Conditions

[Foreign Exchange, Commodity Prices and Interest Rates]

	Year ended March 2020	Assumption (range) for the year ending March 2021*	Fluctuation	Consolidated Net Income Sensitivities for the year ending March 2021 [For crude oil and copper price, preliminary sensitivities at this time are shown for reference, since there is a possibility of significant revision due to changes in production levels etc.]
Foreign Exchange (YEN/US$)	108.71	110.00	+1.29	Depreciation/appreciation of 1 yen per US$1 has a 2.5 billion yen positive/negative impact on a full-year earnings.
Crude Oil Price (Dubai) (US$/BBL)	65	35 - 45 [Apr.-Sep. 2020: : 20 - 30]	(30) - (20)	A US$1 rise/decline per barrel increases/reduces full-year earnings by 2.5 billion yen. To better account for the differences in fiscal year-ends of consolidated companies and the timing when crude oil price is actually reflected in LNG sales price, the average price for the preceding 6 month period (e.g. For the year ending March: average price from Oct. to Sep.) is utilized. In addition to changes in crude oil price, other factors could also affect crude oil-related earnings, such as dividend policy, foreign currency movements, and production/sales volume. Therefore, the impact on earnings cannot be determined by the crude oil price alone.
Copper Price (US$/MT) [US¢/lb]	5,858 [266]	4,850 - 5,500 [220 - 250]	(1,008) – (358) [(46) - (16)]	A US$100 rise/decline per MT increases/reduces full-year earnings by 1.1 - 1.2 billion yen (A US¢10 rise/decline per lb increases/reduces full-year earnings by 2.4 - 2.7 billion yen). In addition to changes in copper price, other variables affect earnings from copper mines, such as the grade of mined ore, the status of production operations, and reinvestment plans (capital expenditure). Therefore, the impact on earnings cannot be determined by the copper price alone.
YEN Interest TIBOR 3M (%)	0.07	0.10	+0.03	The effect of rising interest rates is mostly offset by an increase in operating and investment profits. However, a rapid rise in interest rates could have a temporary negative effect.
US$ Interest LIBOR 3M (%)	2.04	0.80	(1.24)	

* The annual average are shown for the assumption (range) for the year.