FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 2021

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May 7, 2021
Mitsubishi Corporation

FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED MARCH 31, 2021

(Based on IFRS) (Consolidated)

1. Consolidated operating results for the year ended March 31, 2021

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, 2021	12,884,521	(12.8)	253,527	(60.9)	132,241	(77.7)	172,550	(67.8)	582,825	833.6
March 31, 2020	14,779,734	(8.2)	648,864	(23.8)	592,151	(8.3)	535,353	(9.4)	62,426	(89.9)

	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, 2021	116.86	116.57	3.2	1.4
March 31, 2020	348.50	347.71	9.8	3.8

Share of profit of investments accounted for using the equity method for the years ended March 31, 2021 and 2020 were 97,086 million and 179,325 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, 2021	18,634,971	6,538,390	5,613,647	30.1	3,803.01
March 31, 2020	18,033,424	6,216,894	5,227,359	29.0	3,521.30

Note: The provisional amounts as of March 31, 2020 have been retrospectively adjusted due to the completion of the initial accounting for business combination.

(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, 2021	1,017,550	(357,297)	(691,184)	1,317,824
March 31, 2020	849,728	(500,727)	(156,629)	1,322,812

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, 2020	−	64.00	−	68.00	132.00	198,679	37.9	3.7
March 31, 2021	−	67.00	−	67.00	134.00	197,805	114.7	3.7
March 31, 2022 (Forecast)	−	67.00	−	67.00	134.00	−	52.1	−

Scheduled dividends payment date: June 28, 2021.

3. Consolidated forecasts for the fiscal year ending March 31, 2022 (April 1, 2021 to March 31, 2022)

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, 2022	380,000	120.2	257.43

4. Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries causing changes in scope of consolidation) : None

New companies :－

Excluded companies :－

(2) Changes in accounting policies and accounting estimates

-1- Changes in accounting policies required by IFRS : None

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

-3- Changes in accounting estimates : Yes

Please refer to page 24, "(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, 2021)	1,485,723,351	(March 31, 2020)	1,590,076,851
-2- Number of treasury stock at year-end	(March 31, 2021)	9,618,263	(March 31, 2020)	105,580,338
-3- Average number of shares during each of the following fiscal years	(March 31, 2021)	1,476,571,830	(March 31, 2020)	1,536,161,492

Please refer to page 27, "(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.

Contents

※ Mitsubishi Corporation will hold an earnings conference call for the year ended March 2021 on May 7, 2021 (Friday) from 16:45 to 17:45 (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 2021

(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 2021 Results

Revenues was ¥12,884.5 billion, a decrease of ¥1,895.2 billion, or 13% year over year. This was mainly due to decreased transaction volumes in the Petroleum business.

Gross profit was ¥1,605.1 billion, a decrease of ¥184.0 billion, or 10% year over year, mainly due to decreased market prices in the Australian metallurgical coal business and a decrease in franchise commissions from franchise stores in the Convenience store business.

Selling, general and administrative expenses was ¥1,397.7 billion, a decrease of ¥33.5 billion, or 2% year over year, mainly due to reductions in business activities due to the impact of COVID-19.

Gains on investments decreased ¥4.8 billion, or 7% year over year, to ¥62.1 billion, mainly due to rebound from gains on sales of shares of affiliates in the Food Industry business and valuation gains at such affiliates recorded in the previous year.

Impairment losses on property, plant and equipment and others amounted to ¥204.0 billion, a deterioration of ¥171.1 billion, or 520% year over year, mainly due to impairment losses on goodwill to Lawson and its intangible assets.

Other income (expense)-net improved ¥43.6 billion year over year, to an income amount of ¥18.0 billion, mainly due to fluctuations of foreign currency exchange.

Finance income decreased ¥55.5 billion, or 32% year over year, to ¥117.8 billion, mainly due to decreased dividend income from resource-related investments and decreased interest income as a result of lower U.S. dollar interest rates.

Finance costs decreased ¥23.7 billion, or 34% year over year, to ¥46.3 billion, mainly due to lower U.S. dollar interest rates.

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Share of profit of investments accounted for using the equity method decreased ¥82.2 billion, or 46% year over year, to ¥97.1 billion, mainly due to impairment losses as well as decreased earnings at Mitsubishi Motors Corporation.

As a result, profit before tax decreased ¥395.4 billion, or 61% year over year, to ¥253.5 billion.

Accordingly, profit for the year decreased ¥362.8 billion, or 68% year over year, to ¥172.6 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 ¥21.2 billion, a decrease of ¥49.1 billion year over year.

The decrease in earnings mainly reflected decrease in dividend income and equity earnings in the LNG-related business.

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 ¥4.7 billion, a decrease of ¥21.4 billion year over year.

The decrease in earnings mainly reflected decrease in equity earnings in the Steel business and decrease in business 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 profit for the year of ¥26.2 billion, an increase of ¥38.2 billion year over year.

The increase in earnings mainly reflected rebound from losses related to crude oil trading derivatives at the Singapore petroleum subsidiary of ¥34.3 billion recorded as "Cost of revenues" etc. in the previous year.

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 ¥78.1 billion, a decrease of ¥134.2 billion year over year.

The decrease in earnings mainly reflected decrease in market prices in the Australian metallurgical coal business and the rebound from one-off gains related to the reorganization of the Chilean copper business of ¥76.7 billion recorded as "Income taxes" 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 ¥21.2 billion, a decrease of ¥20.2 billion year over year.

The decrease in earnings mainly reflected the rebound of one-off gains in the previous year due to Chiyoda Corporation becoming a subsidiary, one-off losses in the Commercial vessels business, and decreased trading profit in the Rental business.

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 loss for the year of ¥28.1 billion, a decrease of ¥47.7 billion year over year.

The decrease in earnings mainly reflected decrease in equity earnings in Mitsubishi Motors and impairment losses on property, plant and equipment in the overseas investee.

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 ¥39.4 billion, a decrease of ¥13.8 billion year over year.

The decrease in earnings mainly reflected the rebound from one-off gains in the Overseas food business in the previous year.

8) Consumer Industry Group

The Consumer Industry Group engages in supplying products and services across a range of fields, including retail & distribution, logistics, healthcare, apparel, and tire etc.

The segment recorded loss for the year of ¥73.2 billion, a decrease of ¥95.9 billion year over year.

The decrease in earnings mainly reflected impairment losses on goodwill to Lawson and its intangible assets of ¥83.6 billion recorded as "Impairment losses on property, plant and equipment and others" etc.

9) Power Solution Group

The Power Solution Group engages in a wide range of business areas in power-related businesses which is the industrial base domestically and in the overseas. Specifically, the Group engages in power generating and transmission businesses, power trading businesses, power retail businesses, and supply of power generating and transmitting equipments. The Group also engages in lithium-ion battery production, battery service businesses such as distributed power supply businesses in non-electrified regions, as well as the development of hydrogen energy sources etc.

The segment recorded profit for the year of ¥42.3 billion, a decrease of ¥9.2 billion year over year.

The decrease in earnings mainly reflected the rebound from evaluation profit due to the Eneco Group becoming a subsidiary in the previous year.

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 ¥25.4 billion, a decrease of ¥8.9 billion year over year.

The decrease in earnings mainly reflected impairment losses etc. and decrease of equity earnings in the Aircraft leasing business, as well as decrease of equity earnings in the Airport-related business.

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

Total assets at March 31, 2021 was ¥18,635.0 billion, an increase of ¥601.6 billion from March 31, 2020.

Current assets was ¥7,102.9 billion, an increase of ¥165.5 billion, or 2%, from March 31, 2020. This was mainly due to an increase in trade and other receivables attributable to increased selling price and transaction volumes in the Petroleum & Chemicals business and Mineral Resources Trading business.

Non-current assets was ¥11,532.1 billion, an increase of ¥436.1 billion, or 4%, from March 31, 2020. This was mainly due to exchange translation of property, plant and equipment resulting from the appreciation of the Australian dollar in the Australian metallurgical coal business.

Total liabilities was ¥12,096.6 billion, an increase of ¥280.1 billion from March 31, 2020.

Current liabilities was ¥5,370.2 billion, an increase of ¥23.9 billion, or 0%, from March 31, 2020. This was mainly due to an increase in trade and other payables attributable to increased selling price and transaction volumes in the Petroleum & Chemicals business and Mineral Resources Trading business despite the decrease in bonds and borrowings due to repayment.

Non-current liabilities was ¥6,726.4 billion, an increase of ¥256.1 billion, or 4%, from March 31, 2020. This was mainly due to an increase in long-term bonds and borrowings due to new fund procurement.

Total equity was ¥6,538.4 billion, an increase of ¥321.5 billion, or 5%, from March 31, 2020.

Equity attributable to owners of the Parent was ¥5,613.6 billion, an increase of ¥386.2 billion, or 7%, from March 31, 2020. This was mainly due to an increase in exchange differences on translating foreign operations resulting from the appreciation of the Australian dollar and retained earnings accumulated by profit for the period despite the decrease in retained earnings as result of payment of dividends.

Non-controlling interests decreased ¥64.8 billion, or 7%, from March 31, 2020, to ¥924.7 billion.

Net interest-bearing liabilities (excluding lease liabilities), which is gross interest-bearing liabilities minus cash and cash equivalents and time deposits, decreased ¥157.9billion, or 4%, from March 31, 2020, to ¥4,178.4 billion.

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

Cash and cash equivalents at March 31, 2021 was ¥1,317.8 billion, an decrease of ¥5.0 billion from March 31, 2020.

(Operating activities)

Net cash provided by operating activities was ¥1,017.6 billion, mainly due to cash flows from operating transactions, dividend income and decreases in working capital requirements due to decreased transaction volume by the impact of COVID-19, despite the payment of income taxes and interests.

(Investing activities)

Net cash used in investing activities was ¥357.3 billion. The main uses of cash were payments for the purchase of property, plant and equipment and investments and loans to affiliated companies, which exceeded inflows from the sales of other investments and investments in affiliated companies.

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

New/Sustaining Investments

- European integrated energy business (Power Solution)
- LNG-related business (Natural Gas)
- Investments in HERE Technologies (Other)
- North American real estate business (Urban Development)
- Australian metallurgical coal business (Mineral Resources)
- Copper business (Mineral Resources)

Sales and Collection

- Listed stocks (Other/Food Industry/Consumer Industry, etc.)
- North American shale business (Natural Gas)
- North American real estate business (Urban Development)

As a result, free cash flows, the sum of operating and investing cash flows, was positive ¥660.3 billion.

(Financing activities)

Net cash used in financing activities was ¥691.2 billion. The main uses of cash were repayments of lease liabilities, payments of dividends, and repayments of short-term debts.

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.

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) in the year ended March 31, 2021 was positive ¥625.2 billion, a decrease of ¥46.9 billion, year over year.

As a result, Adjusted free cash flows was positive ¥267.9 billion.

2. Forecasts for the Year Ending March 2022

For the year ending March 2022, profit for the year is expected to be ¥380.0 billion. For the segment-specific forecasts and market condition assumptions, please refer to financial results for the year ended March 2021(Results for the Year Ended March 2021 and Forecasts for the Year Ending March 2022). 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 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 the year ended March 2021, the economies of major countries began to recover from the impact of the global COVID-19 pandemic, but the outlook remains unclear in light of such factors as additional waves of infection in countries and regions around the world. These present risks of the pace of global economic recovery rising above or falling below assumptions. We will monitor developments accordingly.

(2) Market Risks

(Unless otherwise stated, calculations of effects on future profit for the year are based on profit for the year ended March 2021.)

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 early in the fiscal year due to a sharp drop in demand caused by the COVID-19 pandemic. Later, however, the price rapidly recovered, reflecting vaccine development and ongoing coordinated production cuts by OPEC-Plus, reaching more than US$65/BBL in early

March 2021. However, since late March, prices have entered an adjustment phase, reflecting such factors as concerns about the spread of variant strains of COVID-19.
Full-scale recovery in crude oil demand is expected to take time, but crude oil prices are expected to continue to gradually recover and rise over the medium to long term at a rate influenced mainly by production adjustments in crude oil producing countries and the pace of economic activity normalization.
Furthermore, while most of our LNG sales are based on long-term contracts, some are on the spot market. Due mainly to the decrease in demand caused by the COVID-19 pandemic, early in the fiscal year ended March 2021, spot prices in Asia fell to record lows of below US$2 per million British thermal unit (Btu). In the summer and autumn, prices began to rise, reflecting economic reopening in Asian countries. In January, the confluence of supply problems at multiple production facilities and an increase in demand due to a cold wave caused the price to temporarily rise to a record high of more than US$30. Subsequently, prices stabilized at around US$7 as of March 31, 2021.
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 ¥1.3 billion effect on our profit for the year (a US¢10 price fluctuation per lb. of copper would have a ¥2.8 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 ¥1.5 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, 2021, we owned approximately ¥1,030.0 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 includes net unrealized gains of approximately ¥270.0 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, 2021, we had gross interest-bearing liabilities (excluding lease liabilities) of ¥5,644.3 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 COVID-19 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 countermeasure system. The country risk countermeasure system classifies countries into categories based on risk factor type. Country risk is controlled within a certain range 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 MDP 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, 2021, the book value of MDP's fixed assets is approximately ¥850.0 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, 2021, we transferred 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 370,000 tons in 2020.)

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. The book value of the investment in AAS was approximately ¥150.0 billion as of March 31, 2021.

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

Together with 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 ¥260.0 billion as of March 31, 2021.

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. Our investment stake in the project is 40%, with a book value of ¥213.5 billion as of March 31, 2021.
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 operates a franchise system and directly managed Lawson convenience stores, an overseas convenience store business, and other peripheral businesses. As of February 28, 2021, Lawson's convenience store network comprised approximately 14,500 stores in Japan and 3,500 stores overseas, for a total of approximately 18,000 stores.
During the year ended March 31, 2021, we recorded after-tax impairment losses of ¥83.6 billion (the portion attributable to Mitsubishi Corporation) on a portion of the intangible assets and goodwill recognized when Lawson became a subsidiary based on revisions to said subsidiary's business plans made by Mitsubishi Corporation in light of the weakening of recent financial results and unclear outlook due to the impact of the COVID-19. For details, please refer to "(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".

Going forward, deterioration in the business environment could affect our operating performance via the performance of Lawson or impairment losses on goodwill. The book value of this goodwill as of March 31, 2021 (before calculation to reflect the portion attributable to Mitsubishi Corporation) is approximately ¥150.0 billion.

f. Investment in Eneco

In March 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 boasting excellent competitiveness and adaptability in the business fields of renewable power generation and supply, power trading, and retail and new services. 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. The book value of this goodwill as of March 31, 2021 (before calculation to reflect the portion attributable to Mitsubishi Corporation) is approximately ¥110.0 billion.

(6) <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, 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) <u>Risks from Natural and Other Types of Disasters and Crises</u>

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 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.

In response to the global COVID-19 pandemic, we have been taking necessary measures to promptly prevent the infection of employees and halt the spread of infection, in tandem with maintaining appropriate business continuity. These efforts have been led by our Emergency Crisis Management Headquarter with the help of occupational health physicians. In Japan, under the policy of classfying the safety of employees as the highest priority while maintaining business and work operations, we have been taking appropriate measures in accordance with requests from the government at the local and national levels, such as hygiene management, cancellation of group dining and business trips, and appropriate management of the number of employees on site at a given time since the state of emergency has been declared in April 2020. Even after the state of emergency was concluded, we have been following the requests from the local and national governments as we make decisions about group dining and business trips and establish and operate work systems that incorporate working from home. Going forward, we will continue to implement necessary measures in light of conditions related to the spread of infection and requests from the national and local governments. Overseas, based on careful consideration of circumstances in each country concerning the spread of infection and healthcare, we are promptly taking such measures as moving employees and their families out of certain countries or shifting office operations to work-from-home arrangements, as well as taking the pandemic into account in decisions about redeploying employees overseas. We will continue to sufficiently confirm the safety of the situation in each country in light of local conditions and restrictions as we work to ensure appropriate business continuity.
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) <u>Risks Related to Climate Change</u>
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, 2020 and 2021

ASSETS	Millions of Yen	
	March 31, 2020	March 31, 2021
Current assets		
Cash and cash equivalents	1,322,812	1,317,824
Time deposits	101,016	148,081
Short-term investments	49,331	15,201
Trade and other receivables	3,168,074	3,269,390
Other financial assets	308,468	209,402
Inventories	1,294,479	1,348,861
Biological assets	58,871	74,182
Advance payments to suppliers	45,776	58,027
Assets classified as held for sale	46,595	41,020
Other current assets	541,968	620,905
Total current assets	6,937,390	7,102,893
Non-current assets		
Investments accounted for using the equity method	3,246,335	3,290,508
Other investments	1,708,071	1,816,029
Trade and other receivables	655,267	763,124
Other financial assets	134,220	93,102
Property, plant and equipment	2,232,941	2,510,238
Investment property	96,709	95,419
Intangible assets and goodwill	1,395,053	1,248,462
Right-of-use assets	1,429,288	1,469,700
Deferred tax assets	36,146	42,233
Other non-current assets	162,004	203,263
Total non-current assets	11,096,034	11,532,078
Total	18,033,424	18,634,971

Note: The provisional amounts as of March 31, 2020 have been retrospectively adjusted due to the completion of the initial accounting for business combination.

LIABILITIES AND EQUITY	Millions of Yen	
	March 31, 2020	March 31, 2021
Current liabilities		
Bonds and borrowings	1,472,769	1,262,522
Trade and other payables	2,547,012	2,665,060
Lease liabilities	205,780	235,498
Other financial liabilities	213,181	256,657
Advances from customers	178,689	133,474
Income tax payables	40,000	53,178
Provisions	87,564	89,268
Liabilities directly associated with assets classified as held for sale	1,167	12,762
Other current liabilities	600,109	661,766
Total current liabilities	5,346,271	5,370,185
Non-current liabilities		
Bonds and borrowings	4,287,354	4,381,793
Trade and other payables	56,692	54,893
Lease liabilities	1,297,530	1,304,703
Other financial liabilities	40,286	55,817
Retirement benefit obligation	123,690	129,126
Provisions	162,622	195,997
Deferred tax liabilities	469,314	569,641
Other non-current liabilities	32,771	34,426
Total non-current liabilities	6,470,259	6,726,396
Total liabilities	11,816,530	12,096,581
Equity		
Common stock	204,447	204,447
Additional paid-in capital	228,153	228,552
Treasury stock	(294,580)	(26,750)
Other components of equity		
Other investments designated as FVTOCI	359,974	457,123
Cash flow hedges	(27,422)	(52,355)
Exchange differences on translating foreign operations	82,634	379,917
Total other components of equity	415,186	784,685
Retained earnings	4,674,153	4,422,713
Equity attributable to owners of the Parent	5,227,359	5,613,647
Non-controlling interests	989,535	924,743
Total equity	6,216,894	6,538,390
Total	18,033,424	18,634,971

Note: The provisional amounts as of March 31, 2020 have been retrospectively adjusted due to the completion of the initial accounting for business combination.

(2) Consolidated Statement of Income
Years ended March 31, 2020 and 2021

	Millions of Yen	
	Year ended March 31, 2020	Year ended March 31, 2021
Revenues	14,779,734	12,884,521
Cost of revenues	(12,990,603)	(11,279,415)
Gross profit	1,789,131	1,605,106
Selling, general and administrative expenses	(1,431,232)	(1,397,707)
Gains (losses) on investments	66,929	62,082
Gains (losses) on disposal and sale of property, plant and equipment and others	(62)	1,530
Impairment losses on property, plant and equipment and others	(32,862)	(204,047)
Other income (expense)-net	(25,605)	17,951
Finance income	173,278	117,826
Finance costs	(70,038)	(46,300)
Share of profit (loss) of investments accounted for using the equity method	179,325	97,086
Profit (loss) before tax	648,864	253,527
Income taxes	(56,713)	(121,286)
Profit (loss) for the year	592,151	132,241
Profit (loss) for the year attributable to:		
Owners of the Parent	535,353	172,550
Non-controlling interests	56,798	(40,309)
	592,151	132,241
Profit (loss) for the year attributable to Owners of the Parent per share (in Yen)		
Basic	348.50	116.86
Diluted	347.71	116.57

(3) Consolidated Statement of Comprehensive Income
Years ended March 31, 2020 and 2021

	Millions of Yen	
	Year ended March 31,2020	Year ended March 31,2021
Profit (loss) for the year	592,151	132,241
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	(165,620)	129,453
Remeasurement of defined benefit pension plans	(30,861)	29,813
Share of other comprehensive income (loss) of investments accounted for using the equity method	(3,506)	10,719
Total	(199,987)	169,985
Items that may be reclassified to profit or loss for the year:		
Cash flow hedges	(5,374)	(13,882)
Exchange differences on translating foreign operations	(281,332)	306,277
Share of other comprehensive income (loss) of investments accounted for using the equity method	(43,032)	(11,796)
Total	(329,738)	280,599
Total other comprehensive income (loss)	(529,725)	450,584
Total comprehensive income (loss)	62,426	582,825
Comprehensive income (loss) attributable to:		
Owners of the Parent	25,839	604,354
Non-controlling interests	36,587	(21,529)
	62,426	582,825

(4) Consolidated Statement of Changes in Equity
Years ended March 31, 2020 and 2021

	Millions of Yen	
	Year ended March 31,2020	Year ended March 31,2021
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	228,340	228,153
Compensation costs related to share-based payment	2,568	2,049
Sales of treasury stock upon exercise of share-based payment	(2,215)	(1,041)
Equity transactions with non-controlling interests and others	(540)	(609)
Balance at the end of the year	228,153	228,552
Treasury stock:		
Balance at the beginning of the year	(8,279)	(294,580)
Sales of treasury stock upon exercise of share-based payment	3,706	1,652
Purchases and sales-net	(290,007)	(19,784)
Cancellation	—	285,962
Balance at the end of the year	(294,580)	(26,750)
Other components of equity:		
Balance at the beginning of the year	914,807	415,186
Other comprehensive income (loss) attributable to owners of the Parent	(509,514)	431,804
Transfer to retained earnings	9,893	(62,305)
Balance at the end of the year	415,186	784,685
Retained earnings:		
Balance at the beginning of the year	4,356,931	4,674,153
Cumulative effects of change in accounting policy	(9,079)	—
Adjusted balance at the beginning of the year	4,347,852	4,674,153
Profit (loss) for the year attributable to owners of the Parent	535,353	172,550
Cash dividends paid to owners of the Parent	(197,704)	(199,853)
Sales of treasury stock upon exercise of share-based payment	(1,455)	(480)
Cancellation of treasury stock	—	(285,962)
Transfer from other components of equity	(9,893)	62,305
Balance at the end of the year	4,674,153	4,422,713
Equity attributable to owners of the Parent	5,227,359	5,613,647
Non-controlling interests:		
Balance at the beginning of the year	940,674	989,535
Cumulative effects of change in accounting policy	(2,677)	—
Adjusted balance at the beginning of the year	937,997	989,535
Cash dividends paid to non-controlling interests	(41,540)	(40,866)
Equity transactions with non-controlling interests and others	56,491	(2,397)
Profit (loss) for the year attributable to non-controlling interests	56,798	(40,309)
Other comprehensive income (loss) attributable to non-controlling interests	(20,211)	18,780
Balance at the end of the year	989,535	924,743
Total equity	6,216,894	6,538,390
Comprehensive income (loss) attributable to:		
Owners of the Parent	25,839	604,354
Non-controlling interests	36,587	(21,529)
Total comprehensive income (loss)	62,426	582,825

(5) Consolidated Statement of Cash Flows
Years ended March 31, 2020 and 2021

	Millions of Yen	
	Year ended March 31,2020	Year ended March 31,2021
Operating activities:		
Profit (loss) for the year	592,151	132,241
Adjustments to reconcile profit (loss) for the year to net cash provided by (used in) operating activities:		
Depreciation and amortization	448,413	523,830
(Gains) losses on investments	(66,929)	(62,082)
(Gains) losses on property, plant and equipment and others	32,924	202,517
Finance (income) -net of finance costs	(103,240)	(71,526)
Share of (profit) loss of investments accounted for using the equity method	(179,325)	(97,086)
Income taxes	56,713	121,286
Changes in trade receivables	547,654	26,210
Changes in inventories	(73,356)	41,709
Changes in trade payables	(487,713)	74,680
Other-net	(77,819)	(43,217)
Dividends received	316,386	271,204
Interest received	123,957	80,350
Interest paid	(94,833)	(67,731)
Income taxes paid	(185,255)	(114,835)
Net cash provided by (used in) operating activities	849,728	1,017,550
Investing activities:		
Payments for property, plant and equipment and others	(326,014)	(388,981)
Proceeds from disposal of property, plant and equipment and others	40,645	47,753
Payments for investment property	(229)	(425)
Proceeds from disposal of investments property	4,091	1,344
Purchases of investments accounted for using the equity method	(201,731)	(253,316)
Proceeds from disposal of investments accounted for using the equity method	111,637	129,938
Acquisitions of businesses-net of cash acquired	(319,364)	502
Proceeds from disposal of businesses-net of cash divested	89,333	28,407
Purchases of other investments	(39,517)	(43,009)
Proceeds from disposal of other investments	129,293	187,756
Increase in loans receivable	(164,739)	(80,355)
Collection of loans receivable	67,838	50,948
Net (increase) decrease in time deposits	108,030	(37,859)
Net cash provided by (used in) investing activities	(500,727)	(357,297)
Financing activities:		
Net increase (decrease) in short-term debts	396,603	(183,322)
Proceeds from long-term debts	699,633	795,173
Repayments of long-term debts	(529,415)	(759,624)
Repayments of lease liabilities	(276,175)	(277,531)
Dividends paid to owners of the Parent	(197,704)	(199,853)
Dividends paid to the non-controlling interests	(41,540)	(40,866)
Payments for acquisition of subsidiary's interests from the non-controlling interests	(31,558)	(18,325)
Proceeds from disposal of subsidiary's interests to the non-controlling interests	113,226	12,948
Net (increase) decrease in treasury stock	(289,699)	(19,784)
Net cash provided by (used in) financing activities	(156,629)	(691,184)
Effect of exchange rate changes on cash and cash equivalents	(30,142)	25,943
Net increase (decrease) in cash and cash equivalents	162,230	(4,988)
Cash and cash equivalents at the beginning of the year	1,160,582	1,322,812
Cash and cash equivalents at the end of the year	1,322,812	1,317,824

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 2021 are identical to the accounting policies applied to the consolidated financial statements for the previous fiscal year.

Significant changes in accounting estimates in the consolidated financial statements for the year ended March 2021 are as follows:

(Impairment losses on the intangible assets and goodwill)
During the year ended March 31, 2021, the Company recorded impairment losses on the intangible assets and goodwill recognized when Lawson Inc. became a subsidiary as impairment losses on property, plant and equipment and others based on revisions to said subsidiary's business plans made by the Parent in light of the weakening of recent financial results and unclear outlook due to the impact of the COVID-19 pandemic. This comprised ¥145,325 million in impairment losses on goodwill and ¥30,949 million in impairment losses on intangible assets (customer-related assets in the domestic Consumer Industry business). These losses are included in the consolidated net income (loss) for the Consumer Industry segment (impact on profit for the year attributable to owners of the parent was ¥83.6 billion loss).
Goodwill was tested for impairment after allocating its book value to the group of cash-generating units composed of the overall business of Lawson Inc., with the value in use as the recoverable value. Value in use was estimated based on the discounted present value of future cash flows based on business plans reflecting the recent business environment, with the support of an independent appraiser. The difference between the value in use and the book value was recorded as impairment losses.
The Company has formulated business plans for each major business, covering a period of 5 years. The key assumption with the most significant impact on the calculation of recoverable value is growth in sales amount, which is driven mainly by increases in the number of stores and in average daily store sales in the domestic Consumer Industry business. Demand has begun to gradually recover from the stagnation caused by the COVID-19 pandemic, and was forecast to continue to gradually increase for the purposes of impairment testing in the year ended March 31, 2021. Specifically, with current trends continuing from the year ending March 31, 2022, recovery to the level of the fiscal year ended March 31, 2020 was forecast by the year ending March 31, 2023, and a sales growth rate of 0.6% was forecast by the year ending March 31, 2026. These assumptions reflect such factors as historical performance and trends in competitors and peripheral industries. The management authorized these assumptions after considering the consistency among these factors. Note that, due to the need to align these assumptions with other inputs, including the discount rate, certain expected improvements related to such factors as store-related initiatives to be implemented by Lawson Inc. going forward are not included. For the discount rate, the Company used a rate that reasonably reflects the rate of return that is considered to be the market-average while incorporating the risks specific to the cash-generating unit. For impairment testing in the year ended March 31, 2021, a discount rate of 4.9% (after-tax conversion) was applied. The growth rate for future cash flows exceeding the period of the business plan must take into consideration the long-term average growth rate of the market or country to which the cash-generating unit belongs and must be set in a range that does not exceed this rate. For impairment testing in the year ended March 31, 2021, the Company used a rate of 0%.
Customer-related assets (related to the domestic Consumer Industry business) were tested for

impairment after allocating their book value to store-unit asset groups (cash-generating units). For each such asset group, the difference between the book value and the recoverable value determined using the value in use based on the discounted present value of future cash flows was recorded as impairment losses, which were reasonably classified as impairment losses on property, plant and equipment; right-of-use assets; or intangible assets (customer-related).

Note that the calculation of value in use is consistent with the abovementioned assumptions used in the testing for impairment of goodwill.

(2) Segment Information

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	1,622,558	901,004	17,641,579	2,435,833	(2,043,988)	18,033,424

Note: The provisional amounts of "Total assets" as of March 31, 2020 for "Power Solution Group", "Total", and "Consolidated" have been retrospectively adjusted due to the completion of the initial accounting for business combination.

Year ended March 31, 2021

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	25,016	105,027	95,524	78,592	88,197	137,067	231,313
Share of profit (loss) of investments accounted for using the equity method	29,509	2,970	4,859	36,435	14,084	(61,406)	17,003
Profit (loss) for the year attributable to owners of the Parent	21,202	4,655	26,232	78,130	21,238	(28,104)	39,429
Total assets	1,579,876	1,128,501	947,528	3,425,026	1,090,182	1,461,360	1,730,763

Millions of Yen

	Consumer Industry Group	Power Solution Group	Urban Development Group	Total	Other	Adjustments and Eliminations	Consolidated
Gross profit	683,892	112,914	38,595	1,596,137	7,231	1,738	1,605,106
Share of profit (loss) of investments accounted for using the equity method	7,091	19,243	27,580	97,368	(346)	64	97,086
Profit (loss) for the year attributable to owners of the Parent	(73,249)	42,257	25,419	157,209	17,899	(2,558)	172,550
Total assets	3,876,324	1,814,988	996,154	18,050,702	2,710,802	(2,126,533)	18,634,971

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 31,2020	Year ended March 31,2021
Profit for the year attributable to owners of the Parent per share (Yen)		
Basic	348.50	116.86
Diluted	347.71	116.57
Numerator (Millions of Yen):		
Profit for the year attributable to owners of the Parent	535,353	172,550
Denominator (Thousands of shares):		
Basic weighted average common shares outstanding	1,536,161	1,476,572
Effect of dilutive securities:		
Share-based remuneration	3,481	3,691
Diluted outstanding shares	1,539,643	1,480,263

(4) Subsequent Events

Mitsubishi HC Capital Inc.

As of March 31, 2021, the Company held an approximately 25% stake of Mitsubishi UFJ Lease & Finance Company Ltd. and an approximately 3% stake of Hitachi Capital Corporation. These two companies integrated their operations through an absorption-type merger that took effect on April 1, 2021, with Mitsubishi UFJ Lease & Finance Company Ltd. as the surviving company and Hitachi Capital Corporation as the merged company, forming Mitsubishi HC Capital Inc.

As of March 31, 2021, the Company holds approximately 17% of the shares of Mitsubishi HC Capital Inc. and plans to increase its holdings in said company to 18% and continue to collaborate on its future growth and development. Although the Company holds less than 20% of the voting rights to Mitsubishi HC Capital Inc., said company's shareholder composition, excluding Mitsubishi UFJ Financial Group and the Company, is widely distributed, and the Company's voting rights have a relatively high significance. Furthermore, the Company has significant influence (power to participate in financial and operating policy decisions) over Mitsubishi HC Capital Inc. through directors and senior vice presidents of asset finance and other important business domains dispatched by the Company. As such, the Company will continue to account for its investment in Mitsubishi HC Capital Inc. using the equity method. The impact of this merger on the Company's profit or loss as of April 1, 2021 cannot be estimated as of the date of submission of these Consolidated Financial Statements, because Mitsubishi HC Capital Inc. has not completed its initial measurements of assets acquired and liabilities assumed.

3. Notes Concerning Going Concern Assumption

None

Results for the Year Ended March 2021 and Forecasts for the Year Ending March 2022

May 7, 2021

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 2021 and Forecasts for the Year Ending March 2022

(Billion Yen)	Year ended March 2020	Year ended March 2021	Fluctuation	Forecasts for the year ended March 2021	Fluctuation	Forecasts for the year ending March 2022
Consolidated Net Income	**535.4**	**172.6**	**(362.8)**	**200.0**	**(27.4)**	**380.0**
Business-related sector	320.4	106.6	(213.8)	130.4	(23.8)	316.3
Market-related sector*	199.0	50.6	(148.4)	51.6	(1.0)	64.7
Annual dividend per share	132 yen	134 yen	+2 yen	134 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.

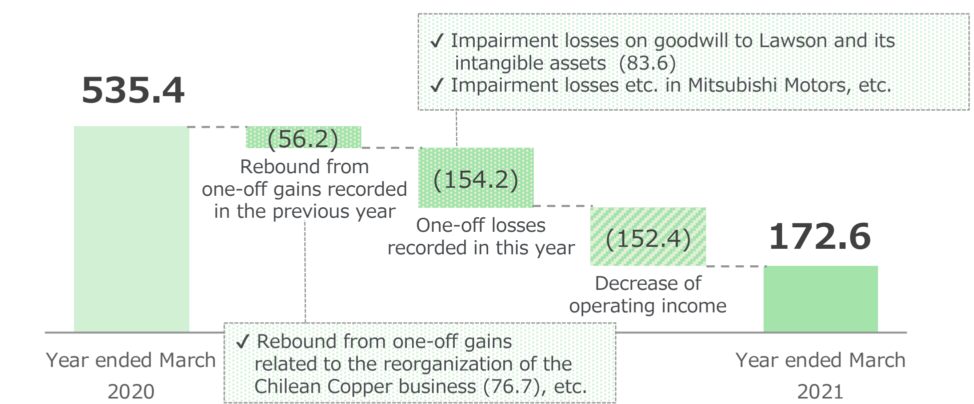
<Takeaways of results for the year ended March 2021>

(Billion Yen)

◎ Earnings decreased 362.8 billion yen year-over-year.

✓ Due to the impact of COVID-19 and the stagnation of resource prices, earnings decreased mainly in the Australian metallurgical coal business, the LNG-related business and the Automotive-related business.

✓ In addition, earnings decreased significantly mainly due to rebound from one-off gains recorded in the previous year related to the reorganization of the Chilean copper business, and impairment losses on goodwill to Lawson and its intangible assets recorded in this year, etc.



<Forecasts for the year ending March 2022>

(Billion Yen)

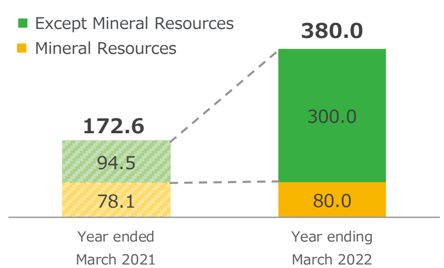
◎ Earnings for the year ending March 2022 is forecasted to become 380.0 billion yen.

✓ In addition to the rebound from large impairment losses recorded in the previous year, a steady recovery is expected mainly in the Automotive & Mobility and Natural Gas segments.

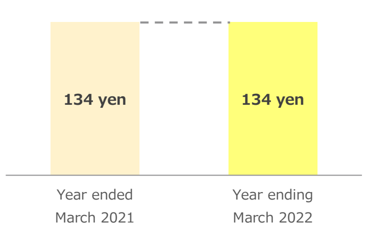
✓ In the Mineral Resources segment, due to the need for careful assessment in light of the recent slump in metallurgical coal prices, net income is forecasted to increase slightly.

◎ The forecast for the annual dividend per share remains 134 yen.

<Earnings forecast>



<Annual dividend forecast>



Year-over-Year Segment Net Income

(Billion Yen)

Consolidated Net Income : Year ended March 2020 (FY19): 535.4

Year ended March 2021 (FY20): 172.6 [YoY (362.8)]

Natural Gas [YoY (70%)]

FY19 70.3
FY20 **21.2** [(49.1)]

Decreased dividend income and earnings in the LNG-related business, etc.

Industrial Materials [YoY (82%)]

FY19 26.1
FY20 **4.7** [(21.4)]

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

Petroleum & Chemicals

FY19 (12.0)
FY20 **26.2** [+38.2]

Rebound from loss related to crude oil trading derivatives at the Singapore petroleum subsidiary recorded in the previous year, etc.

Mineral Resources [YoY (63%)]

FY19 212.3
FY20 **78.1** [(134.2)]

Decreased market prices in the Australian metallurgical coal business and the rebound from one-off gains recorded in the previous year related to the reorganization of the Chilean Copper business, etc.

Industrial Infrastructure [YoY (49%)]

FY19 41.4
FY20 **21.2** [(20.2)]

Rebound from one-off gains recorded in the previous year due to Chiyoda Corporation becoming a subsidiary, one-off losses in the Commercial vessels business, and decreased trading profit in the Rental business, etc.

Automotive & Mobility

FY19 19.6
FY20 **(28.1)** [(47.7)]

Decreased earnings in Mitsubishi Motors and impairment losses on PP&E in the overseas investees, etc.

Food Industry [YoY (26%)]

FY19 53.2
FY20 **39.4** [(13.8)]

Rebound from one-off gains in the Overseas food business recorded in the previous year, etc.

Consumer Industry

FY19 22.7
FY20 **(73.2)** [(95.9)]

Impairment losses on goodwill to Lawson and its intangible assets, etc.

Power Solution [YoY (18%)]

FY19 51.5
FY20 **42.3** [(9.2)]

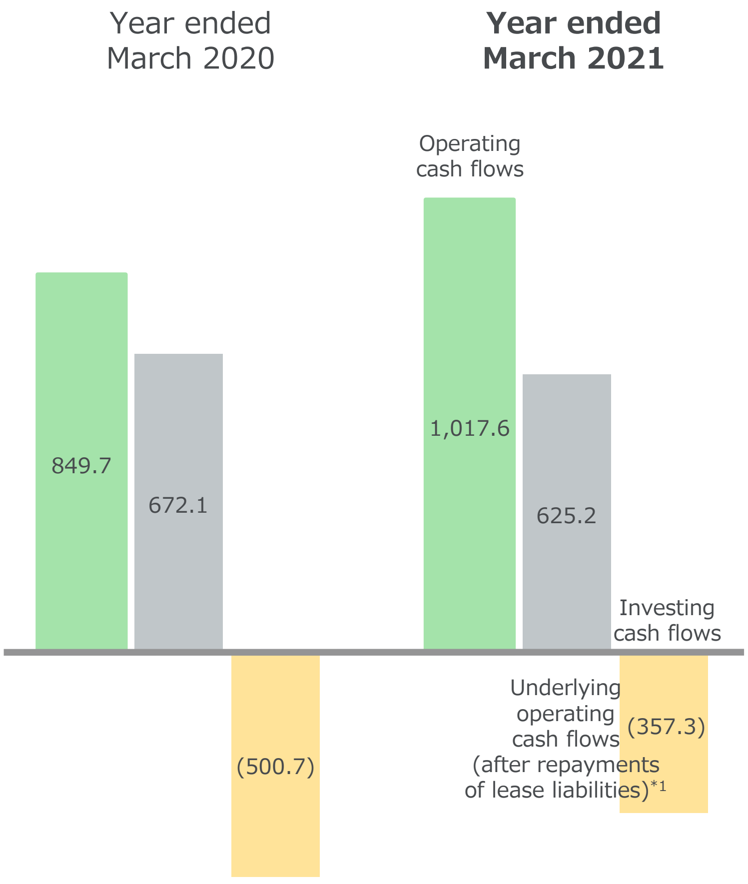
Rebound from valuation gains recorded in the previous year due to the Eneco Group becoming a subsidiary, etc.

Urban Development [YoY (26%)]

FY19 34.3
FY20 **25.4** [(8.9)]

Impairment losses etc. and decreased earnings in the Aircraft leasing business, as well as decreased earnings in the Airport-related business, etc.

Cash Flows



<Adjusted Free Cash Flows*2>

+171.4 +267.9

[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	
Ref.	Year ended March 2020	672.1	(1,051.4)	550.7	(500.7)	171.4
Year ended March 2021		625.2	(803.4)	446.1	(357.3)	267.9

[Main items included in Investing CF for the year ended March 2021]

New/Sustaining Investments	Sales and Collection
・European integrated energy business (Power Solution) ・LNG-related business (Natural Gas) ・Investments in HERE Technologies (Other) ・North American real estate business (Urban Development) ・Australian metallurgical coal business (Mineral Resources) ・Copper business (Mineral Resources)	・Listed stocks (Other/Food Industry/Consumer Industry, etc.) ・North American shale business (Natural Gas) ・North American real estate business (Urban Development)

*1 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

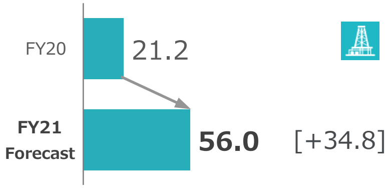
*2 Adjusted Free Cash Flows :
Total of Underlying operating cash flows (after repayments of lease liabilities) and Investing CF

Segment Forecasts for the Year Ending March 2022

(Billion Yen)

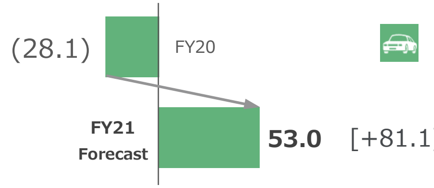
Consolidated Net Income : **Year ended March 2021 (FY20):** **172.6**

Year ending March 2022 (FY21 Forecast): **380.0** **[YoY +207.4]**



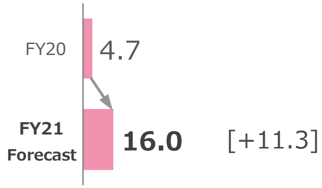
Natural Gas [YoY +164%]

Increased dividend income and earnings in the LNG-related business due to market recovery, etc.



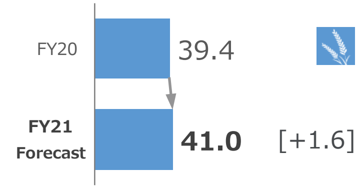
Automotive & Mobility

Rebound from one-off losses recorded in the domestic and overseas investees in the previous year and improved earnings, etc.



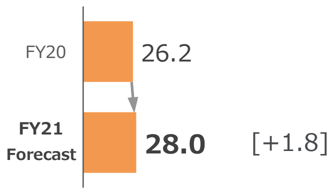
Industrial Materials [YoY +240%]

Increased earnings in the Steel business, etc.



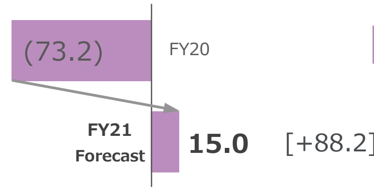
Food Industry [YoY +4%]

-



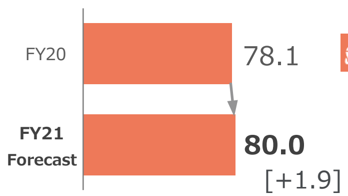
Petroleum & Chemicals Solution [YoY +7%]

-



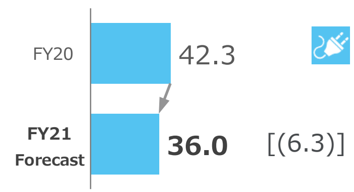
Consumer Industry

Rebound from impairment losses on goodwill to Lawson and its intangible assets recorded in the previous year, etc.



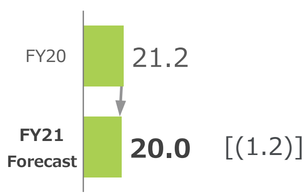
Mineral Resources [YoY +2%]

-



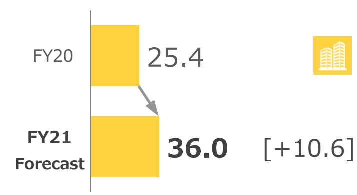
Power Solution [YoY (15%)]

Despite rebound from the accumulation of deferred tax liabilities due to tax reform in the Netherlands recorded in the previous year, decreased disposal gains due to sales of power generating assets.



Industrial Infrastructure [YoY (6%)]

-



Urban Development [YoY +42%]

One-off gains due to business integration and increased earnings in the Leasing business, etc.

(Reference) Market Conditions

[Foreign Exchange, Commodity Prices and Interest Rates]

	Year ended March 2021	Forecast for the year ending March 2022*	Fluctuation	Consolidated Net Income Sensitivities for the year ending March 2022 [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$)	106.10	108.00	+1.90	Depreciation/appreciation of 1 yen per US$1 has a 2.0 billion yen positive/negative impact on full-year earnings.
Crude Oil Price (Dubai) (US$/BBL)	47	54 [Apr.-Sep. 2021: : 57]	+7	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]	6,897 [313]	7,826 [355]	+929 [+42]	A US$100 rise/decline per MT increases/reduces full-year earnings by 1.3 billion yen (A US¢10 rise/decline per lb increases/reduces full-year earnings by 2.8 billion yen). In addition to changes in copper price, other variables affect earnings from copper mines, such as the grade of mined ore, the status of production operations, and reinvestment plans (capital expenditure). Therefore, the impact on earnings cannot be determined by the copper price alone.
YEN Interest TIBOR 3M (%)	0.07	0.10	+0.03	The effect of rising interest rates is mostly offset by an increase in operating and investment profits. However, a rapid rise in interest rates could have a temporary negative effect.
US$ Interest LIBOR 3M (%)	0.30	0.30	±0.00	

* The annual average is shown for the forecast for the year.