FINANCIAL RESULTS FOR
THE SIX MONTHS ENDED SEPTEMBER 2020

Mitsubishi Corporation
2-3-1 Marunouchi, Chiyoda-ku, Tokyo, JAPAN 100-8086
https://www.mitsubishicorp.com/

November 5, 2020
Mitsubishi Corporation

FINANCIAL HIGHLIGHTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2020
(Based on IFRS) (Consolidated)

1. Consolidated operating results for the six months ended September 30, 2020

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

(1) Revenues and income

	Revenues		Profit before tax		Profit for the period		Profit for the period attributable to owners of the Parent		Comprehensive income	
For the six months ended	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
September 30, 2020	5,728,347	(25.8)	143,477	(59.7)	102,408	(62.1)	86,687	(64.2)	152,480	480.7
September 30, 2019	7,723,892	(2.8)	356,440	(20.9)	269,939	(20.4)	242,359	(21.6)	26,257	(94.6)

	Profit for the period attributable to owners of the Parent per share (basic)	Profit for the period attributable to owners of the Parent per share (diluted)
For the six months ended	Yen	Yen
September 30, 2020	58.68	58.55
September 30, 2019	154.97	154.64

Note: Profit for the period attributable to owners of the Parent per share (basic) and Profit for the period attributable to owners of the Parent per share (diluted) are calculated based on Profit for the period attributable to owners of the Parent.

(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
As of	Millions of Yen	Millions of Yen	Millions of Yen	%
September 30, 2020	17,798,836	6,231,126	5,247,676	29.5
March 31, 2020	18,049,661	6,216,894	5,227,359	29.0

2. Dividends

	Cash dividend per share (Yen)				
(Record date)	1Q end	2Q end	3Q end	4Q end	Annual
Fiscal Year ended March 31, 2020	—	64.00	—	68.00	132.00
Fiscal Year ending March 31, 2021	—	67.00			
Fiscal Year ending March 31, 2021 (Forecast)			—	67.00	134.00

Note: Change from the latest released dividend forecasts: No

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

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, 2021	200,000	(62.6)	135.47

Note: Change from the latest released earnings forecasts: No

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 : None
Please refer to page 12, "3. Changes in Accounting Policies and Accounting Estimates."

(3) Number of shares issued (Common stock)

-1- Number of shares issued at quarterly-end (including treasury stock)	(September 30, 2020)	1,485,723,351	(March 31, 2020)	1,590,076,851
-2- Number of treasury stock at quarterly-end	(September 30, 2020)	9,827,284	(March 31, 2020)	105,580,338
-3- Average number of shares during each of the six months ended September 30, 2020 and 2019	(September 30, 2020)	1,477,188,740	(September 30, 2019)	1,563,917,783

Disclosure Regarding Quarterly Review Procedures
This earnings release is not subject to independent Auditor's review procedures.

Forward-looking Statements
Earnings forecasts and other forward-looking statements in this release are based on data currently available to management and certain assumptions that management believes are reasonable. The achievement of said forecasts cannot be promised. Actual results may therefore differ materially from these statements for various reasons. For cautionary notes concerning assumptions for earnings forecasts, please refer to "1. (4) Forecasts for the Year Ending March 2021" on page 5.

Contents

1. Qualitative Information ……2
(1) Results of Operations ……2
(2) Financial Position ……3
(3) Cash Flows ……3
(4) Forecasts for the Year Ending March 2021 ……5

2. Condensed Consolidated Financial Statements ……6
(1) Condensed Consolidated Statement of Financial Position ……6
(2) Condensed Consolidated Statement of Income ……8
(3) Condensed Consolidated Statement of Comprehensive Income ……9
(4) Condensed Consolidated Statement of Changes in Equity ……10
(5) Condensed Consolidated Statement of Cash Flows ……11

3. Changes in Accounting Policies and Accounting Estimates ……12

4. Notes Concerning Going Concern Assumption ……12

* Mitsubishi Corporation will hold an earnings conference call for the six months ended September 2020, inviting institutional investors and analysts to join.

The conference material can be accessed live in Japanese from our website (Investor Relations section) at the following URL:
https://www.mitsubishicorp.com/jp/ja/ir/index.html
Time and date of the earnings conference call:
From 17:00 to 18:00 on Thursday, November 5, 2020 (JST)

1. Qualitative Information

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

(1) Results of Operations

Revenues was ¥5,728.3 billion, a decrease of ¥1,995.6 billion, or 26% year over year. This was mainly due to decreased transaction volumes in the Petroleum business and the Steel business.

Gross profit was ¥761.2 billion, a decrease of ¥141.9 billion, or 16% 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 ¥687.9 billion, a decrease of ¥23.1 billion, or 3% year over year, mainly due to reductions in business activities due to the impact of COVID-19.

Gains on investments decreased ¥10.1 billion, or 38% year over year, to ¥16.8 billion, mainly due to worsened fund evaluation profit and loss and rebound from fair value evaluation profit due to Chiyoda Corporation becoming a consolidated subsidiary in the previous year.

Impairment losses on property, plant and equipment and others amounted to ¥3.1 billion, an improvement of ¥4.0 billion, or 56% year over year, mainly due to rebound from impairments of ship facilities in the previous year.

Other income (expense)-net improved ¥8.4 billion, or 59% year over year, to an expense amount of ¥5.8 billion, mainly due to fluctuations of foreign currency exchange.

Finance income decreased ¥40.6 billion, or 48% year over year, to ¥44.5 billion, mainly due to decreased dividend income from resource-related investments and decreased interest income as a result of lower US dollar interest rates.

Share of profit of investments accounted for using the equity method decreased ¥67.1 billion, or 63% year over year, to ¥39.8 billion, mainly due to impairment losses on property, plant and equipment and decreased vehicle sales in Mitsubishi Motors Corporation.

As a result, profit before tax decreased ¥212.9 billion, or 60% year over year, to ¥143.5 billion.

Accordingly, profit for the period decreased ¥155.7 billion, or 64% year over year, to ¥86.7 billion.

(2) Financial Position

Total assets at September 30, 2020 was ¥17,798.8 billion, a decrease of ¥250.9 billion, or 1%, from March 31, 2020.
Current assets was ¥6,534.8 billion, a decrease of ¥402.6 billion, or 6%, from March 31, 2020. This was mainly due to a decrease in trade and other receivables attributable in part to decreased transaction volumes in the Steel business and the Petroleum business.
Non-current assets was ¥11,264.0 billion, an increase of ¥151.7 billion, or 1%, 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 ¥11,567.7 billion, a decrease of ¥265.1 billion, or 2%, from March 31, 2020.
Current liabilities was ¥4,904.9 billion, a decrease of ¥441.4 billion, or 8%, from March 31, 2020. This was mainly due to a decrease in trade and other payables attributable in part to decreased transaction volumes in the Steel business and the Petroleum business.
Non-current liabilities was ¥6,662.8 billion, an increase of ¥176.3 billion, or 3%, from March 31, 2020. This was mainly due to an increase in long-term borrowings due to new fund procurements.

Total equity was ¥6,231.1 billion, an increase of ¥14.2 billion, or 0%, from March 31, 2020.
Equity attributable to owners of the Parent was ¥5,247.7 billion, an increase of ¥20.3 billion, or 0%, from March 31, 2020. This was mainly due to an increase in retained earnings accumulated by profit for the period and exchange differences on translating foreign operations resulting from the appreciation of the Australian dollar despite a decrease in retained earnings as result of the payment of dividends.
Non-controlling interests decreased ¥6.0 billion, or 1%, from March 31, 2020, to ¥983.5 billion.
Net interest-bearing liabilities (excluding lease liabilities), which is gross interest-bearing liabilities minus cash and cash equivalents and time deposits, decreased ¥155.6 billion, or 4%, from March 31, 2020, to ¥4,180.7 billion.

(3) Cash Flows

Cash and cash equivalents at September 30, 2020 was ¥1,537.8 billion, an increase of ¥215.0 billion from March 31, 2020.

(Operating activities)

Net cash provided by operating activities was ¥617.6 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 interests and income taxes.

(Investing activities)

Net cash used in investing activities was ¥213.9 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 such inflows as the sale of investments in affiliated companies and the sale of listed stocks.

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

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

Sales and Collection
- Listed stocks (Food Industry/Consumer Industry)

As a result, free cash flows, the sum of operating and investing cash flows, was positive ¥403.7 billion.

(Financing activities)

Net cash used in financing activities was ¥191.9 billion. The main uses of cash were repayments of lease liabilities, payments of dividends and the acquisition of treasury stock, 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.

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) was positive ¥229.1 billion.

As a result, Adjusted free cash flows was positive ¥15.2 billion.

(4) Forecasts for the Year Ending March 2021

There has been no change to the forecasts for the year ending March 2021 announced on August 13, 2020.

Note:

Earnings forecast and other forward-looking statements in this release are based on data currently available to management and certain assumptions that management believes are reasonable. Therefore, they do not constitute a guarantee that they will be achieved. Actual results may differ materially from these statements for various reasons.

2. Condensed Consolidated Financial Statements

(1) Condensed Consolidated Statement of Financial Position
March 31, 2020 and September 30, 2020

ASSETS	Millions of Yen	
	March 31, 2020	September 30, 2020
Current assets		
Cash and cash equivalents	1,322,812	1,537,799
Time deposits	101,016	95,678
Short-term investments	49,331	43,748
Trade and other receivables	3,168,074	2,819,141
Other financial assets	308,468	150,798
Inventories	1,294,479	1,270,938
Biological assets	58,871	62,913
Advance payments to suppliers	45,776	59,880
Assets classified as held for sale	46,595	8,321
Other current assets	541,968	485,589
Total current assets	6,937,390	6,534,805
Non-current assets		
Investments accounted for using the equity method	3,219,594	3,179,768
Other investments	1,708,071	1,719,514
Trade and other receivables	655,267	698,446
Other financial assets	134,220	106,331
Property, plant and equipment	2,248,160	2,388,950
Investment property	96,709	95,135
Intangible assets and goodwill	1,422,812	1,445,405
Right-of-use assets	1,429,288	1,440,787
Deferred tax assets	36,146	36,849
Other non-current assets	162,004	152,846
Total non-current assets	11,112,271	11,264,031
Total	18,049,661	17,798,836

LIABILITIES AND EQUITY	Millions of Yen	
	March 31, 2020	September 30, 2020
Current liabilities		
Bonds and borrowings	1,472,769	1,348,184
Trade and other payables	2,547,012	2,371,938
Lease liabilities	205,780	236,325
Other financial liabilities	213,181	175,097
Advances from customers	178,689	139,423
Income tax payables	40,000	32,220
Provisions	87,564	83,816
Liabilities directly associated with assets classified as held for sale	1,167	188
Other current liabilities	600,109	517,738
Total current liabilities	5,346,271	4,904,929
Non-current liabilities		
Bonds and borrowings	4,287,354	4,466,030
Trade and other payables	56,692	57,501
Lease liabilities	1,297,530	1,269,949
Other financial liabilities	40,286	51,943
Retirement benefit obligation	123,690	124,355
Provisions	162,622	170,648
Deferred tax liabilities	485,551	486,912
Other non-current liabilities	32,771	35,443
Total non-current liabilities	6,486,496	6,662,781
Total liabilities	11,832,767	11,567,710
Equity		
Common stock	204,447	204,447
Additional paid-in capital	228,153	228,760
Treasury stock	(294,580)	(27,295)
Other components of equity		
Other investments designated as FVTOCI	359,974	372,590
Cash flow hedges	(27,422)	(66,231)
Exchange differences on translating foreign operations	82,634	151,120
Total other components of equity	415,186	457,479
Retained earnings	4,674,153	4,384,285
Equity attributable to owners of the Parent	5,227,359	5,247,676
Non-controlling interests	989,535	983,450
Total equity	6,216,894	6,231,126
Total	18,049,661	17,798,836

(2) Condensed Consolidated Statement of Income
for the six months ended September 30, 2019 and 2020

	Millions of Yen	
	Six months ended September 30, 2019	Six months ended September 30, 2020
Revenues	7,723,892	5,728,347
Cost of revenues	(6,820,814)	(4,967,101)
Gross profit	903,078	761,246
Selling, general and administrative expenses	(710,983)	(687,943)
Gains on investments	26,942	16,833
Gains on disposal and sale of property, plant and equipment and others	2,287	2,904
Impairment losses on property, plant and equipment and others	(7,074)	(3,060)
Other income (expense)-net	(14,170)	(5,778)
Finance income	85,094	44,455
Finance costs	(35,585)	(24,971)
Share of profit of investments accounted for using the equity method	106,851	39,791
Profit before tax	356,440	143,477
Income taxes	(86,501)	(41,069)
Profit for the period	269,939	102,408
Profit for the period attributable to:		
Owners of the Parent	242,359	86,687
Non-controlling interests	27,580	15,721
	269,939	102,408
Profit for the period attributable to Owners of the Parent per share (in Yen)		
Basic	154.97	58.68
Diluted	154.64	58.55

(3) Condensed Consolidated Statement of Comprehensive Income
for the six months ended September 30, 2019 and 2020

	Millions of Yen	
	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit for the period	269,939	102,408
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to profit or loss for the period:		
(Losses) gains on other investments designated as FVTOCI	(25,533)	31,670
Remeasurement of defined benefit pension plans	514	(210)
Share of other comprehensive income (loss) of investments accounted for using the equity method	1,780	(7,080)
Total	(23,239)	24,380
Items that may be reclassified to profit or loss for the period:		
Cash flow hedges	(9,106)	(14,959)
Exchange differences on translating foreign operations	(154,926)	79,464
Share of other comprehensive (loss) of investments accounted for using the equity method	(56,411)	(38,813)
Total	(220,443)	25,692
Total other comprehensive (loss) income	(243,682)	50,072
Total comprehensive income	26,257	152,480
Comprehensive income attributable to:		
Owners of the Parent	6,794	139,656
Non-controlling interests	19,463	12,824
	26,257	152,480

(4) Condensed Consolidated Statement of Changes in Equity
for the six months ended September 30, 2019 and 2020

	Millions of Yen	
	Six months ended September 30, 2019	Six months ended September 30, 2020
Common stock:		
Balance at the beginning of the period	204,447	204,447
Balance at the end of the period	204,447	204,447
Additional paid-in capital:		
Balance at the beginning of the period	228,340	228,153
Compensation costs related to share-based payment	1,426	1,131
Sales of treasury stock upon exercise of share-based payment	(1,049)	(721)
Equity transactions with non-controlling interests and others	(1,359)	197
Balance at the end of the period	227,358	228,760
Treasury stock:		
Balance at the beginning of the period	(8,279)	(294,580)
Sales of treasury stock upon exercise of share-based payment	1,706	1,100
Purchases and sales-net	(171,755)	(19,777)
Cancellation	—	285,962
Balance at the end of the period	(178,328)	(27,295)
Other components of equity:		
Balance at the beginning of the period	914,807	415,186
Other comprehensive income (loss) attributable to owners of the Parent	(235,565)	52,969
Transfer to retained earnings	(16,503)	(10,676)
Balance at the end of the period	662,739	457,479
Retained earnings:		
Balance at the beginning of the period	4,356,931	4,674,153
Cumulative effects of change in accounting policy	(9,079)	—
Adjusted balance at the beginning of the period	4,347,852	4,674,153
Profit for the period attributable to owners of the Parent	242,359	86,687
Cash dividends paid to owners of the Parent	(99,982)	(100,957)
Sales of treasury stock upon exercise of share-based payment	(647)	(312)
Cancellation of treasury stock	—	(285,962)
Transfer from other components of equity	16,503	10,676
Balance at the end of the period	4,506,085	4,384,285
Equity attributable to owners of the Parent	5,422,301	5,247,676
Non-controlling interests:		
Balance at the beginning of the period	940,674	989,535
Cumulative effects of change in accounting policy	(2,677)	—
Adjusted balance at the beginning of the period	937,997	989,535
Cash dividends paid to non-controlling interests	(32,094)	(26,656)
Equity transactions with non-controlling interests and others	11,123	7,747
Profit for the period attributable to non-controlling interests	27,580	15,721
Other comprehensive income (loss) attributable to non-controlling interests	(8,117)	(2,897)
Balance at the end of the period	936,489	983,450
Total equity	6,358,790	6,231,126
Comprehensive income attributable to:		
Owners of the Parent	6,794	139,656
Non-controlling interests	19,463	12,824
Total comprehensive income	26,257	152,480

(5) Condensed Consolidated Statement of Cash Flows
for the six months ended September 30, 2019 and 2020

	Millions of Yen	
	Six months ended September 30, 2019	Six months ended September 30, 2020
Operating activities:		
Profit for the period	269,939	102,408
Adjustments to reconcile profit for the period to net cash provided by (used in) operating activities:		
Depreciation and amortization	218,672	261,855
(Gains) on investments	(26,942)	(16,833)
Losses on property, plant and equipment and others	4,787	156
Finance (income) -net of finance costs	(49,509)	(19,484)
Share of (profit) of investments accounted for using the equity method	(106,851)	(39,791)
Income taxes	86,501	41,069
Changes in trade receivables	339,843	404,734
Changes in inventories	(115,975)	37,881
Changes in trade payables	(244,601)	(169,122)
Other-net	(96,743)	(64,691)
Dividends received	182,067	108,403
Interest received	60,703	44,261
Interest paid	(47,579)	(36,892)
Income taxes paid	(114,177)	(36,311)
Net cash provided by (used in) operating activities	360,135	617,643
Investing activities:		
Payments for property, plant and equipment and others	(161,442)	(194,022)
Proceeds from disposal of property, plant and equipment and others	22,149	20,747
Purchases of investments accounted for using the equity method	(79,697)	(143,504)
Proceeds from disposal of investments accounted for using the equity method	61,935	54,280
Acquisitions of businesses-net of cash acquired	130,838	5,372
Proceeds from disposal of businesses-net of cash divested	50,813	6,482
Purchases of other investments	(18,247)	(11,614)
Proceeds from disposal of other investments	74,600	57,806
Increase in loans receivable	(104,757)	(45,513)
Collection of loans receivable	39,110	33,364
Net (increase) decrease in time deposits	9,817	2,749
Net cash provided by (used in) investing activities	25,119	(213,853)
Financing activities:		
Net increase (decrease) in short-term debts	172,521	64,971
Proceeds from long-term debts	174,423	601,760
Repayments of long-term debts	(235,720)	(572,887)
Repayments of lease liabilities	(130,561)	(140,866)
Dividends paid to owners of the Parent	(99,982)	(100,957)
Dividends paid to non-controlling interests	(32,094)	(26,656)
Payments for acquisition of subsidiary's interests from the non-controlling interests	(13,540)	(2,298)
Proceeds from disposal of subsidiary's interests to the non-controlling interests	6,649	4,739
Net (increase) decrease in treasury stock	(171,472)	(19,710)
Net cash provided by (used in) financing activities	(329,776)	(191,904)
Effect of exchange rate changes on cash and cash equivalents	(14,218)	3,101
Net increase (decrease) in cash and cash equivalents	41,260	214,987
Cash and cash equivalents at the beginning of the period	1,160,582	1,322,812
Cash and cash equivalents at the end of the period	1,201,842	1,537,799

3. Changes in Accounting Policies and Accounting Estimates

The significant accounting policies applied to the condensed consolidated financial statements for the six months ended September 2020 are identical to the accounting policies applied to the consolidated financial statements for the previous fiscal year.

4. Notes Concerning Going Concern Assumption

None

Results for the Six Months Ended September 2020

November 5, 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.

Copyright © 2020 Mitsubishi Corporation

Results for the Six Months Ended September 2020

(Billion Yen)	Six months ended September 2019	Six months ended September 2020	Fluctuation	Forecasts for the year ending March 2021	Progress
Consolidated Net Income	**242.4**	**86.7**	**(155.7)**	**200.0**	**43%**
Business-related sector	148.2	53.0	(95.2)	130.4	41%
Market-related sector*	90.2	26.5	(63.7)	51.6	51%
Annual dividend per share				134 yen	

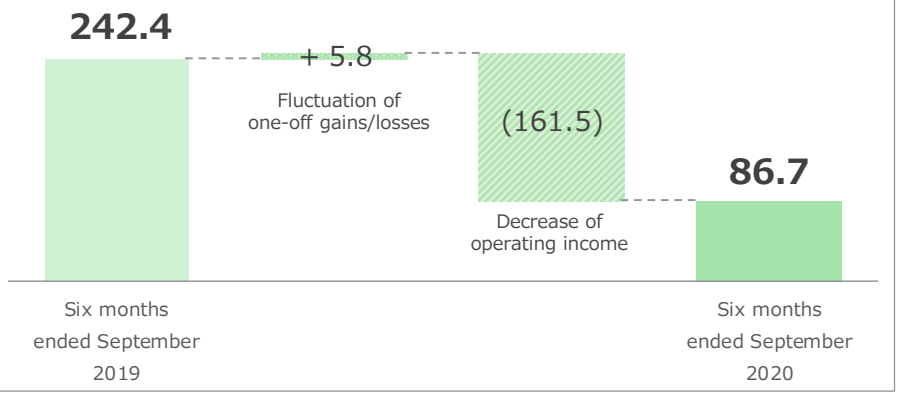
* Market-related sector includes North American shale gas and E&P in Natural Gas segment, Mineral Resource business except for trading and business incubation in Mineral Resource segment, and Ships (commercial vessels) in Industrial Infrastructure segment.

<Year-over-Year fluctuation>

(Billion Yen)

◎ Earnings decreased 155.7 billion yen year-over-year.

- ✓ In the Business-related sector, net income decreased mainly due to lower operating income in the LNG-related business and in the Automotive-related business etc., as well as impairment losses in Mitsubishi Motors, despite the rebound from loss related to crude oil trading derivatives at the Singapore petroleum subsidiary recorded in the previous year.
- ✓ In the Market-related sector, net income decreased mainly due to lower operating income in the Australian metallurgical coal business, etc.



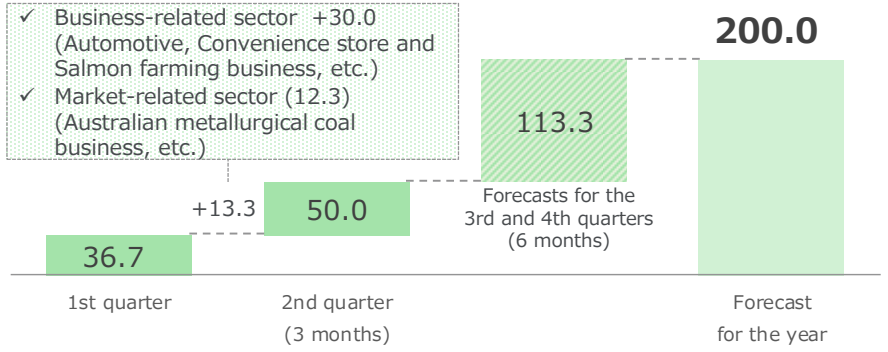
<Progress against the forecast for the year>

(Billion Yen)

◎ Consolidated net income shows signs of bottoming out, at 36.7 billion yen in the 1st quarter and 50.0 billion yen (+13.3 billion yen) in the 2nd quarter (3 months).

◎ Progress of 43% against the forecast for the year due to forecasted disposal gains from asset replacements in the second half, etc.

◎ Forecasts of 200.0 billion yen in consolidated net income and 134 yen annual dividend per share remain unchanged.



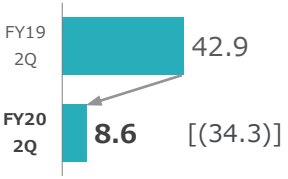
Copyright © 2020 Mitsubishi Corporation

Year-over-Year Segment Net Income

Consolidated Net Income : **Six months ended September 2019 (FY19 2Q): 242.4**

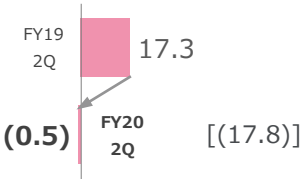
(Billion Yen)

Six months ended September 2020 (FY20 2Q): 86.7 [YoY (155.7)]



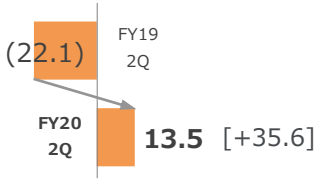
Natural Gas [YoY (80%)]

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



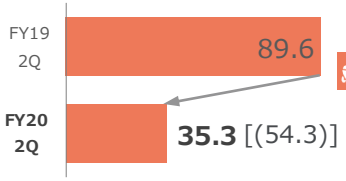
Industrial Materials

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



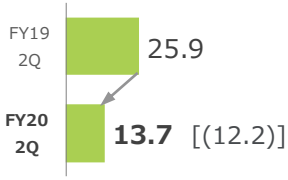
Petroleum & Chemicals

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



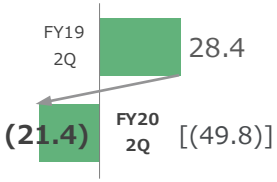
Mineral Resources [YoY (61%)]

Decreased market prices in the Australian metallurgical coal business, etc.



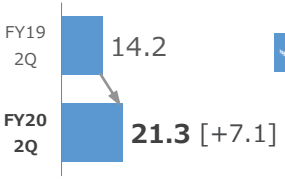
Industrial Infrastructure [YoY (47%)]

Rebound from one-off gains recorded in the previous year due to Chiyoda Corporation becoming a subsidiary, etc.



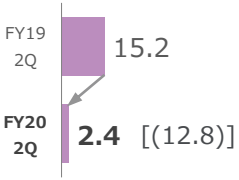
Automotive & Mobility

Impairment losses in Mitsubishi Motors, as well as decreased earnings from Mitsubishi Motors and the Asian automotive business, etc.



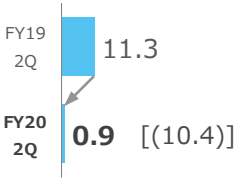
Food Industry [YoY +50%]

Increased earnings in the Meat processing, manufacturing and sales business as well as the Overseas food business, etc.



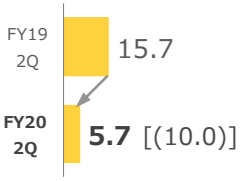
Consumer Industry [YoY (84%)]

Decreased earnings in the Convenience store business, the Overseas apparel-related business and the Tire-related business, etc.



Power Solution [YoY (92%)]

Seasonal factors from Eneco Group becoming a subsidiary and rebound from disposal gains due to sales of overseas power generating assets recorded in the previous year, etc.



Urban Development [YoY (64%)]

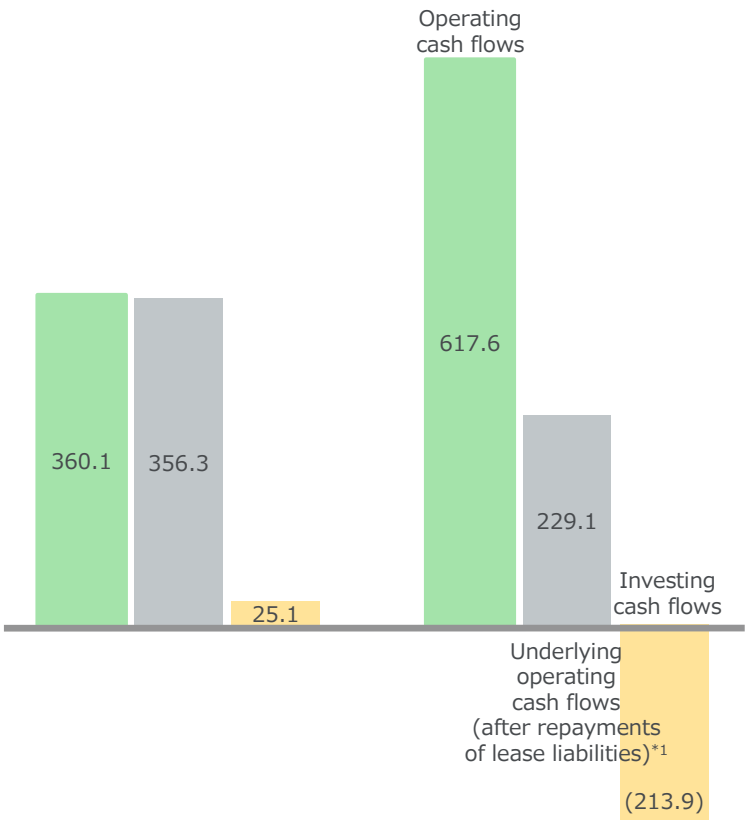
Worsened fund evaluation profit and loss and decreased property disposal gains in the Real estate development business, etc.

Copyright © 2020 Mitsubishi Corporation

Cash Flows

Six months ended September 2019

Six months ended September 2020



<Adjusted Free Cash Flows*2>

+381.4 +15.2

[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
Six months ended September 2020		229.1	(389.5)	175.6	(213.9)	15.2

[Main items included in Investing CF for the six months ended September 2020]

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

*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

Copyright © 2020 Mitsubishi Corporation

(Reference) Market Conditions

[Foreign Exchange, Commodity Prices and Interest Rates]

	Six months ended September 2020	Forecast 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$)	106.93	105.90	+1.03	Depreciation/appreciation of 1 yen per US$1 has a 1.5 billion yen positive/negative impact on a full-year earnings.
Crude Oil Price (Dubai) (US$/BBL)	57	47	+10	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]	5,956 [270]	6,276 [285]	(320) [(15)]	A US$100 rise/decline per MT increases/reduces full-year earnings by 1.3 billion yen (A US¢10 rise/decline per lb increases/reduces full-year earnings by 2.8 billion yen). In addition to changes in copper price, other variables affect earnings from copper mines, such as the grade of mined ore, the status of production operations, and reinvestment plans (capital expenditure). Therefore, the impact on earnings cannot be determined by the copper price alone.
YEN Interest TIBOR 3M (%)	0.07	0.09	(0.02)	The effect of rising interest rates is mostly offset by an increase in operating and investment profits. However, a rapid rise in interest rates could have a temporary negative effect.
US$ Interest LIBOR 3M (%)	0.42	0.37	+0.05	

* The annual averages are shown for the forecast for the year. Revised from the forecast released on Aug. 13 based on price changes.
(Crude oil price is the actual result, as the price for the preceding 6 months period is utilized.)

Copyright © 2020 Mitsubishi Corporation