

May 19, 2020

## Consolidated Financial Results for FY 2019 Full Year (April 1, 2019 through March 31, 2020) [Japan GAAP]

Company name: **Mitsubishi Motors Corporation**  
 Listing: First Section, the Tokyo Stock Exchange  
 Stock code: 7211  
 URL: <http://www.mitsubishi-motors.co.jp/>  
 Representative: Takao Kato, Representative Executive Officer, CEO  
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 Scheduled date for ordinary general shareholders' meeting: June 18, 2020  
 Scheduled date to file Securities Report: June 19, 2020  
 Scheduled date to deliver cash dividends: —

### 1. Consolidated performance for the full year 2019 (April 1, 2019 to March 31, 2020)

(Figures less than one million yen are rounded, unless otherwise noted)

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2019	2,270,276	(9.7)	12,788	(88.6)	(3,843)	—	(25,779)	—
FY2018	2,514,594	14.7	111,815	13.9	119,850	8.8	132,871	23.5

Reference: Comprehensive income FY2019 : ¥(67,458) million (—%) FY2018 : ¥131,381 million (18.7%)

	Net income per share-basic	Net income per share-diluted	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to sales
	Yen	Yen	%	%	%
FY2019	(17.32)	—	(3.1)	(0.2)	0.6
FY2018	89.26	89.18	16.1	6.6	4.4

Note: Equity income from affiliates FY2019 : ¥(4,263) million FY2018 : ¥17,005 million

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2020	1,938,123	788,363	39.9	519.15
March 31, 2019	2,010,309	881,203	43.4	585.75

Reference: Shareholders' Equity As of March 31, 2020: ¥772,663 million As of March 31, 2019: ¥871,785 million

### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from Investing activities	Cash flows from financing activities	Cash & cash equivalents at end of period
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
	18,786	(105,712)	9,624	399,588
FY2018	146,053	(144,906)	(74,966)	489,456

## 2. Cash dividends

Record Date	Cash dividend per share					Total annual cash dividends	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter	Second quarter	Third quarter	Fiscal year end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
FY2018	–	10.00	–	10.00	20.00	29,772	22.4	3.6
FY2019	–	10.00	–	0.00	10.00	14,883	–	1.8
FY2020 (Forecast)	–	–	–	–	–		–	

Note: Forecasts of each dividends are not available.

### 3. Consolidated earnings forecasts for fiscal year 2020 (from April 1, 2020 to March 31, 2021)

MMC will disclose information on the consolidated earnings for fiscal 2020 as soon as it is available.

#### Note

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
  - (i) Changes in accounting policies due to revisions to accounting standards: Yes
  - (ii) Changes in accounting policies due to other reasons: No
  - (iii) Changes in accounting estimates: No
  - (iv) Restatement: No
- (3) Number of shares issued and outstanding (common stocks)
  - (i) Total number of shares issued and outstanding at the end of the period (including treasury stock)

As of March 31, 2020:	1,490,282,496 shares
As of March 31, 2019	1,490,282,496 shares
  - (ii) Number of shares of treasury stock at the end of the period

As of March 31, 2020:	1,969,601 shares
As of March 31, 2019	1,969,600 shares
  - (iii) Average number of shares during the period (cumulative from the beginning of the fiscal year)

As of March 31, 2020:	1,488,312,896 shares
As of March 31, 2019	1,488,627,380 shares

## Reference: Overview of the Unconsolidated Financial Results

### 1. Unconsolidated Results for FY2019 (from April 1, 2019 to March 31, 2020)

#### (1) Unconsolidated operating results

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2019	1,802,415	(9.9)	(66,512)	—	6,456	(90.0)	(7,037)	—
FY2018	1,999,428	16.2	10,636	(46.3)	64,312	175.9	54,750	23.6

	Net income per share-basic	Net income per share-diluted
	Yen	Yen
FY2019	(4.73)	—
FY2018	36.78	36.75

#### (2) Unconsolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2020	1,093,709	550,106	50.3	369.39
March 31, 2019	1,114,419	594,867	53.4	399.45

Reference: Shareholders' Equity As of March 31, 2020: ¥ 549,760 million As of March 31, 2019: ¥ 594,511 million

#### \* Annual audit procedures:

This document is out of the scope of Audit by the independent Auditor.

#### \* Proper use of earnings forecasts, and other special matters:

(Note for the description about financial forecast)

This material contains forward-looking statements, based on judgments and estimates that have been made on the basis of currently available information. By nature, such statements are subject to uncertainty and risk. Therefore, you are advised that the final results might be significantly different from the aforementioned statements due to changes in economic environments related to our business, market trends, fluctuations in interest rates and exchange rate, changes in laws, regulations and government policies, etc.

Potential risks and uncertainties are not limited to the above and Mitsubishi Motors is not under any obligation to update the information in this material to reflect any developments or events in the future.

If you are interested in investing in Mitsubishi Motors, you are requested to make a final investment decision at your own risk, taking the foregoing into consideration. Please note that neither Mitsubishi Motors nor any third party providing information shall be responsible for any damage you may suffer due to investment in Mitsubishi Motors based on the information shown in this material.

(How to obtain additional information materials / details of the earnings release conference)

Additional information materials are disclosed on the MMC web site on the same day as publication of the results. In addition, an audio recording of the earnings release conference held on the same day will, together with the material used for the conference, be posted on the MMC website promptly following conference.

## **1. Overview of Financial Results, etc.**

### **(1) Overview of Financial Results**

During the fiscal year under review, the outlook for the economy remained uncertain due to the U.S.-China Commerce Issue. This marked the beginning of a difficult period for the Group.

Under these economic conditions, in order to increase unit sales, the Group launched the new Pajero Sports and Xpander Cross models in the core ASEAN region, and worked to maximize the full-year contribution of the new kei wagon eK Cross/eK Wagon in Japan.

However, due to the impact of the sluggish economy in China, automobile demand was weak in our main markets, including trading countries in ASEAN and Oceania. In addition, the impact on the global economy of the expansion of the COVID-19 worsened from the beginning of this year, and the market environment worsened rapidly toward the end of the fiscal year under review.

As a result, total retail sales for the fiscal year decreased to 1,127,000 units (-117,000 units, or down 9% year on year).

Amid a decline in automobile demand, the entire Group worked together to reduce costs in order to improve profitability.

However, the sharp decline in unit sales due to the expansion of the COVID-19 greatly exceeded our expectations. As a result, in the fiscal year under review, both sales and profits decreased, with consolidated net sales of 2,270.3 billion yen (a decrease of 244.3 billion yen year on year, or down 10% year on year) and consolidated operating profit of 12.8 billion yen (a decrease of 99.0 billion yen year on year).

Consolidated ordinary profit was a loss of 3.8 billion yen (a decrease of 123.7 billion yen year on year) and net income attributable to the shareholders of the parent company was a loss of 25.8 billion yen (a decrease of 158.7 billion yen year on year).

### **(2) Overview of Financial Position**

Total assets at the end of fiscal year 2019 amounted to 1,938.1 billion yen (a decrease of 72.2 billion yen from the end of fiscal year 2018). Cash and cash deposits amounted to 399.6 billion yen (a decrease of 101.3 billion yen from the end of fiscal year 2018). Total liabilities amounted to 1,149.7 billion yen (an increase of 20.6 billion yen from the end of fiscal year 2018). Of total liabilities, the interest bearing debt balance was 299.4 billion yen (an increase of 68.4 billion yen from the end of fiscal year 2018). Net assets amounted to 788.4 billion yen (a decrease of 92.8 billion yen from the end of fiscal year 2018).

### **(3) Overview of Cash Flow**

Cash flows from operating activities came to a net inflow of 18.8 billion yen. This compared to a net inflow of 146.1 billion yen in fiscal 2018.

Cash flows from investing activities came to a net outflow of 105.7 billion yen. This compared to a net outflow of 144.9 billion yen in fiscal 2018.

Cash flows from financing activities came to a net inflow of 9.6 billion yen. This compared to a net outflow of 75.0 billion yen in fiscal 2018.

As a result, the balance of cash and cash equivalents at the end of fiscal 2019 stood at 399.6 billion yen. This compared to a balance of 489.5 billion yen at the end of fiscal 2018.

#### Trends in key cash flow ratios

	FY2015	FY2016	FY2017	FY2018	FY2019
Ratio of shareholders' equity (%)	46.8	46.5	47.4	43.4	39.9
Ratio of market value to assets (%)	57.8	67.2	68.9	43.5	23.5
Debt repayment coverage (years)	0.1	(0.3)	0.2	1.6	15.9
Interest coverage ratio (%)	120.2	(38.7)	34.1	38.9	4.8

#### Definitions:

Ratio of shareholders' equity: Shareholders' equity / total assets (excluding minority interest)

Ratio of market value to assets: Total market value of shares / total assets (excluding minority interest)

Debt repayment coverage: Interest bearing liabilities / cash flow from operating activities  
interest coverage ratio: Cash flows from operating activities / interest payments

- All figures are calculated based on consolidated financial data.

- Total market value of shares is the closing market share price at the end of the period multiplied by the number of outstanding shares (excluding treasury shares) at the end of the period.

- Operating cash flows used.

- Interest bearing liabilities indicate all liabilities listed on the consolidated balance sheet for which interest is paid. Including lease obligations from FY2018.

#### **(4) Financial Forecast**

##### Forecast for the fiscal year 2020

The outlook for the fiscal year 2020 (ending March 31, 2021) is as follows:

In some regions, economic activities have begun to resume in stages, but we do not anticipate overcoming and exiting of the COVID-19.

It is extremely difficult to calculate a fair and reasonable forecast because it is impossible to judge the extent to which a business environment with a remarkably uncertain impact on our business performance cannot be determined. Therefore, we will announce the forecast for fiscal 2020 as soon as it becomes possible to disclose the forecast.

\* This material contains forward-looking statements, based on judgments and estimates that have been made on the basis of currently available information. By nature, such statements are subject to uncertainty and risk. Therefore, you are advised that the final results might be significantly different from the aforementioned statements due to changes in economic environments related to our business, market trends, fluctuations in interest rates and exchange rate, changes in laws, regulations and government policies, etc.

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## **(5) Risk information on COVID-19**

The worldwide expansion of COVID-19 is recognized as an important operational risk. The impact on consolidated results for the year ended March 31, 2020 included a sharp decline in global unit sales, a suspension of sales and production in response to governmental instructions from each country, and a suspension of production due to a lack of parts for production.

MMC group will give top priority to safety in accordance with the policies of governments and local governments in each country and at the same time strive to minimize the impact on our business.

To prevent the spread of infectious diseases and maintain a system of business continuity, MMC group prepares and disseminates the Guidelines to ensure the health and safety of employees, and requests employees to act in accordance with these guidelines. Depending on the division, employees work from home in principle, and even when they need to attend a company, we recommends off-peak commuting or commuting by car.

## **2. Basic premise on accounting standards**

In consideration of possibilities that these consolidated financial statements may be subject to trend analysis and/or comparison with other companies' financial statements, the MMC Group's policy is to produce its consolidated financial statements according to Japanese accounting standards.

The MMC Group's policy regarding harmonization with IFRS is to apply appropriate measures based on consideration of domestic and overseas economic situation(s)

### 3. Consolidated financial statements

#### (1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	500,924	399,614
Notes and accounts receivable - trade	126,398	137,519
Finance receivables	294,423	268,435
Merchandise and finished goods	175,052	214,083
Work in process	18,553	23,626
Raw materials and supplies	40,803	35,719
Short-term loans receivable	681	726
Other	125,410	124,938
Allowance for doubtful accounts	(1,790)	(1,802)
Total current assets	1,280,457	1,202,862
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	106,095	109,127
Machinery, equipment and vehicles, net	131,431	140,516
Tools, furniture and fixtures, net	61,482	56,983
Land	116,201	126,183
Construction in progress	37,306	46,813
Total property, plant and equipment	452,517	479,624
Intangible assets	39,786	49,486
Investments and other assets		
Investment securities	93,328	77,005
Long-term loans receivable	5,115	4,086
Retirement benefit asset	5,033	3,058
Deferred tax assets	58,772	54,972
Other	81,724	72,109
Allowance for doubtful accounts	(6,426)	(5,083)
Total investments and other assets	237,548	206,149
Total non-current assets	729,852	735,260
Total assets	2,010,309	1,938,123

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	391,785	308,378
Electronically recorded obligations - operating	50,311	76,276
Short-term borrowings	44,419	62,426
Commercial papers	50,800	58,300
Current portion of long-term borrowings	50,377	55,661
Lease obligations	777	3,422
Accounts payable - other and accrued expenses	196,695	221,140
Income taxes payable	11,352	11,301
Provision for product warranties	48,915	48,611
Provision for loss on fuel economy test	3,758	2,304
Other	74,072	70,521
Total current liabilities	923,267	918,344
Non-current liabilities		
Long-term borrowings	83,122	99,388
Lease obligations	1,499	20,197
Deferred tax liabilities	20,018	20,357
Retirement benefit liability	51,615	48,252
Other	49,582	43,220
Total non-current liabilities	205,838	231,415
Total liabilities	1,129,105	1,149,759
<b>Net assets</b>		
Shareholders' equity		
Capital stock	284,382	284,382
Capital surplus	200,072	200,072
Retained earnings	463,092	407,547
Treasury shares	(1,728)	(1,728)
Total shareholders' equity	945,818	890,273
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,353	(562)
Deferred gains or losses on hedges	652	(99)
Foreign currency translation adjustment	(61,281)	(82,731)
Remeasurements of defined benefit plans	(20,758)	(34,216)
Total accumulated other comprehensive income	(74,033)	(117,610)
Share acquisition rights	356	345
Non-controlling interests	9,062	15,354
Total net assets	881,203	788,363
Total liabilities and net assets	2,010,309	1,938,123



## (2) Consolidated statements of income and Consolidated statements of comprehensive income

Consolidated statements of income (Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	2,514,594	2,270,276
Cost of sales	2,057,340	1,932,762
Gross profit	457,254	337,514
Selling, general and administrative expenses		
Advertising and promotion expenses	72,971	48,407
Freightage expenses	53,900	51,058
Provision of allowance for doubtful accounts	395	484
Remuneration, salaries and allowances for directors (and other officers)	74,157	76,886
Retirement benefit expenses	4,071	3,987
Depreciation	13,963	18,505
Research and development expenses	65,920	73,826
Other	60,058	51,570
Total selling, general and administrative expenses	345,439	324,726
Operating profit (loss)	111,815	12,788
Non-operating income		
Interest income	5,045	5,351
Dividend income	1,647	536
Share of profit of entities accounted for using equity method	17,005	-
Other	2,996	1,821
Total non-operating income	26,694	7,709
Non-operating expenses		
Interest expenses	3,709	3,889
Foreign exchange losses	6,909	11,277
Litigation expenses	1,996	1,632
Share of loss of entities accounted for using equity method	-	4,263
Other	6,043	3,276
Total non-operating expenses	18,659	24,341
Ordinary profit (loss)	119,850	(3,843)
Extraordinary income		
Gain on sales of non-current assets	656	8,704
Gain on sales of investment securities	1	199
Reversal of provision for fuel economy test	2,922	-
Gain on step acquisitions	1,081	-
Gain on sales of shares of subsidiaries	-	413
Gain on contribution of securities to retirement benefit trust	-	9,376
Other	216	98
Total extraordinary income	4,877	18,793

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Extraordinary losses		
Loss on retirement of non-current assets	2,508	4,097
Loss on sales of non-current assets	195	252
Impairment loss	854	2,292
Loss on sale of facilities	-	2,376
Subsidiary transfer cost	-	1,879
Loss on disaster	2,216	-
Other	600	250
Total extraordinary losses	6,376	11,147
Profit (loss) before income taxes	118,352	3,801
Income taxes - current	22,576	19,790
Income taxes for prior periods	(761)	-
Income taxes - deferred	(38,458)	6,067
Total income taxes	(16,644)	25,857
Profit (loss)	134,996	(22,055)
Profit (loss) attributable to non-controlling interests	2,124	3,723
Profit (loss) attributable to owners of parent	132,871	(25,779)

### Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit (loss)	134,996	(22,055)
Other comprehensive income		
Valuation difference on available-for-sale securities	195	(7,916)
Deferred gains or losses on hedges	(79)	8
Foreign currency translation adjustment	3,567	(22,336)
Remeasurements of defined benefit plans, net of tax	(2,599)	(13,606)
Share of other comprehensive income of entities accounted for using equity method	(4,699)	(1,551)
Total other comprehensive income	(3,614)	(45,402)
Comprehensive income	131,381	(67,458)
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	129,186	(69,588)
Comprehensive income attributable to non-controlling interests	2,195	2,129

### (3) Consolidated statements of changes in net assets

(Millions of yen)

For the fiscal year ended March 31, 2019	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	284,382	203,938	363,382	(220)	851,482
Cumulative effects of changes in accounting policies			(2,386)		(2,386)
Restated balance	284,382	203,938	360,995	(220)	849,096
Changes of items during period					
Dividends of surplus			(29,783)		(29,783)
Profit (loss) attributable to owners of parent			132,871		132,871
Purchase of treasury shares				(1,507)	(1,507)
Change of scope of consolidation			(991)		(991)
Change in ownership interest of parent due to transactions with non-controlling interests		(3,866)			(3,866)
Change of scope of equity method					-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(3,866)	102,097	(1,507)	96,722
Balance at end of current period	284,382	200,072	463,092	(1,728)	945,818

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	7,158	526	(59,966)	(18,232)	(70,514)	106	15,487	796,562
Cumulative effects of changes in accounting policies								(2,386)
Restated balance	7,158	526	(59,966)	(18,232)	(70,514)	106	15,487	794,176
Changes of items during period								
Dividends of surplus								(29,783)
Profit (loss) attributable to owners of parent								132,871
Purchase of treasury shares								(1,507)
Change of scope of consolidation								(991)
Change in ownership interest of parent due to transactions with non-controlling interests								(3,866)
Change of scope of equity method								
Net changes of items other than shareholders' equity	195	126	(1,315)	(2,525)	(3,519)	249	(6,424)	(9,694)
Total changes of items during period	195	126	(1,315)	(2,525)	(3,519)	249	(6,424)	87,027
Balance at end of current period	7,353	652	(61,281)	(20,758)	(74,033)	356	9,062	881,203

(Millions of yen)

For the fiscal year ended March 31, 2020	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	284,382	200,072	463,092	(1,728)	945,818
Cumulative effects of changes in accounting policies			445		445
Restated balance	284,382	200,072	463,538	(1,728)	946,264
Changes of items during period					
Dividends of surplus			(29,766)		(29,766)
Profit (loss) attributable to owners of parent			(25,779)		(25,779)
Purchase of treasury shares				(0)	(0)
Change of scope of consolidation			(795)		(795)
Change in ownership interest of parent due to transactions with non-controlling interests					
Change of scope of equity method			350		350
Net changes of items other than shareholders' equity					
Total changes of items during period			(55,990)	(0)	(55,990)
Balance at end of current period	284,382	200,072	407,547	(1,728)	890,273

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	7,353	652	(61,281)	(20,758)	(74,033)	356	9,062	881,203
Cumulative effects of changes in accounting policies								445
Restated balance	7,353	652	(61,281)	(20,758)	(74,033)	356	9,062	881,649
Changes of items during period								
Dividends of surplus								(29,766)
Profit (loss) attributable to owners of parent								(25,779)
Purchase of treasury shares								(0)
Change of scope of consolidation								(795)
Change in ownership interest of parent due to transactions with non-controlling interests								
Change of scope of equity method								350
Net changes of items other than shareholders' equity	(7,916)	(751)	(21,450)	(13,457)	(43,576)	(10)	6,291	(37,295)
Total changes of items during period	(7,916)	(751)	(21,450)	(13,457)	(43,576)	(10)	6,291	(93,286)
Balance at end of current period	(562)	(99)	(82,731)	(34,216)	(117,610)	345	15,354	788,363

#### (4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit (loss) before income taxes	118,352	3,801
Depreciation	62,179	74,789
Impairment loss	854	2,292
Loss on fuel economy test	-	(9,376)
Increase (decrease) in allowance for doubtful accounts	431	(621)
Increase (decrease) in retirement benefit liability	4,554	288
Interest and dividend income	(6,692)	(5,887)
Interest expenses	3,709	3,889
Foreign exchange losses (gains)	(1,107)	3,366
Share of loss (profit) of entities accounted for using equity method	(17,005)	4,263
Loss (gain) on sales and retirement of non-current assets	2,047	(4,354)
Decrease (increase) in notes and accounts receivable - trade	51,237	(19,268)
Decrease(increase) in financial receivables	(29,412)	26,202
Decrease (increase) in inventories	(20,372)	(34,340)
Increase (decrease) in notes and accounts payable - trade	(9,495)	(49,759)
Other, net	8,927	36,926
Subtotal	168,208	32,212
Interest and dividend income received	10,415	9,820
Interest expenses paid	(3,757)	(3,954)
Payments related to fuel economy test	(1,443)	(1,577)
Income taxes paid	(27,370)	(17,715)
Net cash provided by (used in) operating activities	146,053	18,786
Cash flows from investing activities		
Decrease (increase) in time deposits	1,409	11,391
Purchase of property, plant and equipment	(123,200)	(111,549)
Proceeds from sales of property, plant and equipment	5,024	13,004
Purchase of intangible assets	(15,363)	(17,830)
Proceeds from sales of investment securities	5	457
Decrease (increase) in short-term loans receivable	18	(331)
Payments of long-term loans receivable	(5)	(1,147)
Collection of long-term loans receivable	413	766
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	-	3,739
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(6,668)	-
Other, net	(6,539)	(4,212)
Net cash provided by (used in) investing activities	(144,906)	(105,712)

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	(11,609)	13,624
Increase (decrease) in commercial papers	15,800	7,500
Proceeds from long-term loans payable	53,989	81,803
Repayments of long-term loans payable	(79,943)	(60,373)
Cash dividends paid	(29,750)	(29,738)
Dividends paid to non-controlling interests	(14,191)	(393)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(7,197)	-
Other, net	(2,063)	(2,797)
Net cash provided by (used in) financing activities	(74,966)	9,624
Effect of exchange rate change on cash and cash equivalents	3,896	(18,460)
Net increase (decrease) in cash and cash equivalents	(69,923)	(95,762)
Cash and cash equivalents at beginning of period	559,036	489,456
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	232	5,894
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	111	-
Cash and cash equivalents at end of period	489,456	399,588

## **(5) Notes to consolidated financial statements**

### **Notes on premise of going concern**

There is no item to be reported.

### **Changes in accounting policies**

Overseas consolidated subsidiaries:

#### **IFRS 16 and ASC 842 "Leases"**

IFRS 16 and ASC 842 "Leases" have been applied from the beginning of the fiscal year ended March 31, 2020.

In line with this adoption, lessees generally recognize all leases as assets or liabilities on the consolidated balance sheet. For its choice on what method to use for the transition approach in the application of these standards, the MMC Group chose to recognize the amount of the cumulative effect arising from the application of these standards on the date of initial application of these standards.

With the application of these standards, at the end of this fiscal year, property, plant and equipment increased by 21,036 million yen, other in current liabilities by 2,642 million yen and other in non-current liabilities by 18,955 million yen and also increased balance at beginning of current period of retained earnings by 445 million yen.

The effect of this change in accounting policy on consolidated profit and loss in the twelve months ended March 31, 2020 is immaterial.

## Segment information

### (1) Segment Information

FY 2019 (from April 1, 2019 to March 31, 2020)

#### 1. Overview of reportable segments

The reportable segments of the Group are components for which discrete financial information is available, and for which operating results are regularly reviewed by MMC's decision making bodies including the Board of Directors to determine resource allocation to the segments and to assess their performance.

The main business of the Group is automobile business, involving development, design, manufacturing and sales of automobiles and component parts. In addition, as financial service business, we engage in sales finance and leasing services for Group products. Accordingly, based on the types of products and services offered, the Group determined "automobile business" and "financial service business" as two reportable segments.

#### 2. Calculation method of net sales, profit or loss, assets and other items by reportable segments

The accounting method for the reportable segments is the same as basis of preparation for the consolidated financial statements.

Inter-segment sales and adjustments are based on the price in the arms-lengths transaction.

#### 3. Net sales and income (loss), assets and other items for each reportable segment

(Millions of yen)

	Automobiles	Financial services	Total	Adjustment (Note 1)	Grand total (Note 2)
Net sales					
(1) External customers	2,234,668	35,608	2,270,276	-	2,270,276
(2) Intersegment sales & transfers	17,273	4,783	22,056	(22,056)	-
Total	2,251,941	40,391	2,292,333	(22,056)	2,270,276
Segment income (loss)	7,762	5,641	13,403	(615)	12,788
Segment assets	1,643,699	345,183	1,988,883	(50,760)	1,938,123
Other items					
Depreciation (Note 3)	70,373	4,416	74,789	-	74,789
Investment in equity method affiliates	101,877	-	101,877	-	101,877
Increase in property, plant and equipment and intangible assets (Note 3)	112,982	15,654	128,636	-	128,636

Notes: 1. Adjustment represents the elimination of intersegment transactions.

2. Segment income (loss) agrees to the amount of operating income (loss) presented in the consolidated statement of income.

3. Depreciation, increase in property, plant and equipment and intangible assets, include the long-term prepaid expenses and depreciation.



## (2) Related Information

FY 2019 (from April 1, 2019 to March 31, 2020)

### 1. Information by products and services

Information by products and services is omitted as this information is defined as the information by reportable segments.

### 2. Information by geographic region

#### 1) Net sales

Net sales to external customers, classified by the geographic location of the external customers

(Millions of yen)

	Japan	North America	Europe	Asia	Oceania	Other	Total
Net sales							
Net sales to external customers	460,473	315,060	474,663	593,645	176,854	249,579	2,270,276

Note: Main countries and regions outside Japan are grouped as follows:

- (1) North America.....The United States, Mexico, Puerto Rico
- (2) Europe..... Russia, Germany, U.K, Spain, France
- (3) Asia.....Thailand, Indonesia, the Philippines, China
- (4) Oceania..... Australia, New Zealand
- (5) Other..... U.A.E., Brazil

## Supplementary information

Net sales and operating income (loss) classified by the geographic location of MMC and its consolidated subsidiaries

(Millions of yen)

	Japan	North America	Europe	Asia	Oceania	Other	Total	Adjustment	Grand total
Net sales									
(1) External customers	891,717	306,572	415,913	468,395	176,854	10,824	2,270,276	-	2,270,276
(2) inter-segment sales	994,131	5,452	2,470	547,081	20	-	1,549,157	(1,549,157)	-
Total	1,885,848	312,025	418,383	1,015,476	176,874	10,824	3,819,433	(1,549,157)	2,270,276
Operating profit (loss)	(57,906)	3,266	8,897	50,200	2,843	407	7,710	(5,077)	12,788

(Note) Main countries and regions outside Japan are grouped as follows:

- (1) North America.....The United States, Puerto Rico, Mexico
- (2) Europe.....The Netherlands, Russia
- (3) Asia.....Thailand, Indonesia, the Philippines
- (4) Oceania.....Australia, New Zealand
- (5) Other.....U.A.E.

## Per share information

(Yen)

For the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)	
Net assets per share	519.15
Net income(loss) per share - basic	(17.32)
Net income per share - diluted	-

*Note: Basis for calculating net income per share - basic is shown below.*

(Millions of yen)

	For the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)
<b>Net income per share - basic</b>	
Net income(loss) attributable to owners of the parent	(25,779)
Gain not attributable to ordinary shareholders	-
Net income(loss) attributable to owners of the parent related to common stock	(25,779)
Average number of shares of common stock outstanding during the period (Unit: Thousands of shares)	1,488,312
<b>Net income per share - diluted</b>	
Adjustment to Net income attributable to owners of the parent	-
Increase in number of shares of common stock (Unit: Thousands of shares)	1,111
(Subscription rights to shares)	(1,111)
Overview of dilutive shares not included in the calculation of diluted earnings per share due to the absence of dilutive effect, which had significant changes from the previous consolidated fiscal year	-

## Subsequent event

### (1) The spread of new coronavirus

For the reason of anticipated reduced demand in the vehicle market due to the global spread of new coronavirus, MMC has suspended its production of plants of vehicle body in Japan and overseas. Financial results and position of next fiscal year are expected to be impacted by this, however it is not possible to make a reasonable estimate at this point.

(2) Borrowing funds

MMC has implemented to borrow funds from seven banks such as MUFG Bank, LTD, etc as follows.

- |                        |  |
|------------------------|--|
| 1. purpose for funds   | Long-term operating funds  |
| 2. Lenders             | Seven banks such as MUFG Bank, LTD, etc  |
| 3. Amount of borrowing | 162,000 Millions of yen  |
| 4. Date of borrowing   | May 11, 2020   |
| 5. Payment date        | May 11, 2022   |
| 6. Rate of interest    | Base rate + Spread   |
| 7. Mortgages, etc      | No mortgages and No guarantees   |
| 8. Special contracts   | Restrictive financial convent related to MMC group consolidated closing of accounts, etc |