

July 27, 2021

Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2022[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, President and
 Chief Executive Officer
 Contact: Keiko Sasaki, General Manager of IR Office
 TEL: +81-3-3456-1111 (from overseas)
 Scheduled date to file quarterly Report: August 4, 2021
 Scheduled date to deliver cash dividends: —
 Quarterly earnings supplementary explanatory documents: Yes
 Quarterly earnings presentation: Yes

1. Consolidated performance for the first quarter of fiscal year ending March 31, 2022 (April 1, 2021 to June 30, 2021)

(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	%
FY2021 1st quarter	431,940	88.2	10,584	-	11,193	-	6,091	-
FY2020 1st quarter	229,545	(57.2)	(53,341)	-	(58,711)	-	(176,157)	-

Reference: Comprehensive income FY2021 1st quarter: ¥1,908 million (-%) FY2020 1st quarter: ¥(167,993) million (-%)

	Net income per share-basic	Net income per share-diluted
	Yen	Yen
FY2021 1st quarter	4.09	4.09
FY2020 1st quarter	(118.36)	-

Note: Diluted earnings per share for FY2020 1st quarter is not noted even though MMC has issued dilutive securities, because the per share data is a loss per share.

(2) Consolidated financial position

As of	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
June 30, 2021	1,736,112	526,890	29.3
March 31, 2021	1,856,279	525,251	27.4

Reference: Shareholders' Equity As of June 30, 2021: ¥508,105 million As of March 31, 2021: ¥507,905 million

2. Cash dividends

Record Date	Cash dividend per share				
	First quarter	Second quarter	Third quarter	Fiscal year end	Annual
FY2020	Yen -	Yen 0.00	Yen -	Yen 0.00	Yen 0.00
FY2021	-				
FY2021 (Forecast)		0.00	-	0.00	0.00

Note: Revisions to the forecasts of cash dividends in the current quarter: No

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

(Percentages indicate changes over the same period in the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	2,080,000	42.9	40,000	-	36,000	-	15,000	-	10.08

Note: Modifications in the consolidated earnings forecasts from the latest announcement: Yes

Note

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of specific accounting treatment for preparing the quarterly consolidated financial statements: Yes
 - (i) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (3) 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: Yes
 - (iii) Changes in accounting estimates: Yes
 - (iv) Restatement: No

Please refer to "Consolidated financial statements (3) Notes to consolidated financial statements - Adoption of specific accounting policies for quarterly consolidated financial statement" in page 5 for details.

Please refer to "Consolidated financial statements (3) Notes to consolidated financial statements - Changes in accounting policies and Changes in accounting policies that it is difficult to distinguish from changes in accounting estimates, and changes in accounting estimates" in page 5 and 6 for details.

(4) 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 June 30, 2021:	1,490,282,496 shares
As of March 31, 2021:	1,490,282,496 shares
(ii) Number of shares of treasury stock at the end of the period	
As of June 30, 2021:	2,430,361 shares
As of March 31, 2021:	2,756,985 shares
(iii) Average number of shares during the period (cumulative from the beginning of the fiscal year)	
FY 2021 1st quarter:	1,487,613,627 shares
FY 2020 1st quarter:	1,488,330,167 shares

Note: The number of treasury shares at the end of each period includes shares of the Company held by the BIP Trust Account (1,137,650 shares as of June 30, 2021 and 1,152,650 shares as of March 31, 2021). The shares of the Company held by the BIP Trust Account is included in the number of treasury shares deducted in the calculation of average number of shares during each period (1,146,716 shares as of June 30, 2021 and - shares as of June 30, 2020).

* Quarterly review procedures:

As of when this summary of quarterly financial results have been released as flash report, we have not completed the review for the quarterly financial reporting required in accordance with the Financial Instruments and Exchange Act.

* 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.

Consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	455,716	389,254
Notes and accounts receivable - trade	154,253	-
Notes and accounts receivable - trade, and contract assets	-	82,427
Finance receivables	247,331	234,988
Merchandise and finished goods	182,713	177,703
Work in process	26,657	52,396
Raw materials and supplies	40,585	44,838
Other	118,603	130,150
Allowance for doubtful accounts	(1,921)	(1,542)
Total current assets	1,223,940	1,110,217
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	83,486	81,914
Machinery, equipment and vehicles, net	120,136	118,192
Tools, furniture and fixtures, net	57,167	53,820
Land	124,963	121,897
Construction in progress	25,227	25,854
Total property, plant and equipment	410,982	401,679
Intangible assets	33,918	34,471
Investments and other assets		
Investment securities	81,895	86,254
Other	109,468	107,247
Allowance for doubtful accounts	(3,925)	(3,756)
Total investments and other assets	187,437	189,744
Total non-current assets	632,338	625,895
Total assets	1,856,279	1,736,112

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	307,704	257,383
Electronically recorded obligations - operating	77,222	69,911
Short-term borrowings	16,085	14,154
Commercial papers	32,500	36,300
Current portion of long-term borrowings	57,702	255,375
Accounts payable - other, and accrued expenses	249,231	189,968
Income taxes payable	6,747	6,213
Provision for product warranties	48,308	46,159
Provision for loss on fuel economy test	1,066	802
Other	71,378	75,534
Total current liabilities	867,947	951,803
Non-current liabilities		
Long-term borrowings	347,978	137,160
Retirement benefit liability	28,593	34,838
Other	86,508	85,420
Total non-current liabilities	463,080	257,419
Total liabilities	1,331,027	1,209,222
Net assets		
Shareholders' equity		
Capital stock	284,382	284,382
Capital surplus	199,950	199,837
Retained earnings	95,928	101,745
Treasury shares	(1,659)	(1,382)
Total shareholders' equity	578,602	584,582
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	511	769
Deferred gains or losses on hedges	(554)	(741)
Foreign currency translation adjustment	(63,035)	(64,023)
Remeasurements of defined benefit plans	(7,617)	(12,482)
Total accumulated other comprehensive income	(70,696)	(76,477)
Share acquisition rights	352	193
Non-controlling interests	16,993	18,591
Total net assets	525,251	526,890
Total liabilities and net assets	1,856,279	1,736,112

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

Consolidated statements of income (Millions of yen)

	FY2020 1st quarter (from April 1, 2020 to June 30, 2020)	FY2021 1st quarter (from April 1, 2021 to June 30, 2021)
Net sales	229,545	431,940
Cost of sales	226,390	360,262
Gross profit	3,154	71,678
Selling, general and administrative expenses		
Advertising and promotion expenses	4,792	7,601
Freight costs	4,801	9,646
Provision of allowance for doubtful accounts	(382)	(319)
Remuneration, salaries and allowances for directors (and other officers)	17,471	16,727
Retirement benefit expenses	1,180	824
Depreciation	4,632	3,154
Research and development expenses	14,591	13,934
Other	9,408	9,524
Total selling, general and administrative expenses	56,495	61,094
Operating profit (loss)	(53,341)	10,584
Non-operating income		
Interest income	448	357
Foreign exchange gains	626	-
Share of profit of entities accounted for using equity method	-	2,141
Other	434	748
Total non-operating income	1,510	3,247
Non-operating expenses		
Interest expenses	1,347	1,191
Foreign exchange losses	-	522
Litigation expenses	729	246
Share of loss of entities accounted for using equity method	2,723	-
Other	2,079	677
Total non-operating expenses	6,880	2,638
Ordinary profit (loss)	(58,711)	11,193
Extraordinary income		
Gain on sales of non-current assets	26	170
Gain on sales investment	-	2,793
Other	1	92
Total extraordinary income	28	3,057

(Millions of yen)

	FY2020 1st quarter (from April 1, 2020 to June 30, 2020)	FY2021 1st quarter (from April 1, 2021 to June 30, 2021)
Extraordinary losses		
Loss on retirement of non-current assets	641	257
Loss on sales of non-current assets	1	11
Impairment loss	107,488	25
Loss on COVID-19	2,071	-
Business restructuring expenses	9,592	-
Other	223	50
Total extraordinary losses	120,016	346
Profit (loss) before income taxes	(178,699)	13,904
Income taxes	(2,076)	6,301
Profit (loss)	(176,623)	7,603
Profit (loss) attributable to non-controlling interests	(465)	1,512
Profit (loss) attributable to owners of parent	(176,157)	6,091

Consolidated statements of comprehensive income

(Millions of yen)

	FY2020 1st quarter (from April 1, 2020 to June 30, 2020)	FY2021 1st quarter (from April 1, 2021 to June 30, 2021)
Profit (loss)	(176,623)	7,603
Other comprehensive income		
Valuation difference on available-for-sale securities	181	258
Deferred gains or losses on hedges	(97)	(206)
Foreign currency translation adjustment	11,833	(3,304)
Remeasurements of defined benefit plans, net of tax	687	(4,857)
Share of other comprehensive income of entities accounted for using equity method	(3,974)	2,415
Total other comprehensive income	8,629	(5,694)
Comprehensive income	(167,993)	1,908
Comprehensive income attributable to owners of parent	(168,535)	310
Comprehensive income attributable to non-controlling interests	542	1,598

(3) Notes to consolidated financial statements

Notes on premise of going concern

There is no item to be reported.

Notes on significant changes in the amount of shareholders' equity

There is no item to be reported.

Adoption of specific accounting policies for quarterly consolidated financial statement

Application of specific accounting treatment for preparing the quarterly consolidated financial statements:

Income tax expenses were calculated by multiplying income before income taxes by an effective tax rate that was reasonably estimated by applying tax effect accounting to a projected annual income before income taxes. In case where the estimated effective tax rate is unavailable, statutory effective tax rate is used.

Changes in accounting policies

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020; hereinafter referred to as the "Accounting Standard for Revenue Recognition") and other standards with effect from the beginning of the first quarter ended June 30, 2021, and recognizes revenue when the control of the promised goods or services is transferred to the customer at the amount that the Company expects to receive in exchange for such goods or services.

As a result of this application, the Company, in relation to transactions made under contracts of the Company and its domestic subsidiaries with customers, revenue from which had previously been recognized at the point of registration of the vehicle, recognizes revenue from a certain part of such transactions when the control of the goods or services is transferred at the dealer to the customer.

The payment of sales incentives to dealers is taken into consideration as variable consideration in calculating the transaction price, and the estimated amount of sales incentives that is expected to be paid in the future is deducted from revenue in the accounting period during which the control of the goods or services is transferred to the dealer.

The Company applies the Accounting Standard for Revenue Recognition, etc. in accordance with the transitional treatment stipulated in the proviso of paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of retrospectively applying the new accounting policy to the periods prior to the beginning of the first quarter ended June 30, 2021 is added to or subtracted from the retained earnings at the beginning of the first quarter ended June 30, 2021, in order to apply the new accounting policy with effect from the opening balance of retained earnings.

As a result of this, net sales for the first quarter ended June 30, 2021 decreased by 73 million, cost of sales increased by 1,277 million yen, selling, general and administrative expenses decreased by 1,434 million yen, and non-operating expenses increased by 86 million yen, and operating profit increased by 83 million yen, and ordinary profit and net income before income taxes increased by 2 million yen each. In addition, the balance of retained earnings at the beginning of the first quarter ended June 30, 2021 decreased by 271 million yen.

With the application of the Accounting Standard for Revenue Recognition, etc., "Notes and accounts receivable – trade" presented under "current assets" in the consolidated balance sheet for the fiscal year ended March 31, 2021 is included in and presented as part of "Notes and accounts receivable – trade, and contract assets" with effect from the first quarter ended June 30, 2021. In accordance with the transitional treatment stipulated in paragraph 89-2 of the Accounting Standard for Revenue Recognition, the amounts reported in the fiscal year ended March 31, 2021 are not reclassified using the new presentation method.

(Application of Accounting Standard for Fair Value Measurement)

The Group has applied "Accounting Standard for Fair Value Measurement" (ASBJ Statement No.30, July 4, 2019; hereinafter, "Fair Value Accounting Standards") and others from April 1, 2021. In accordance with the transitional treatment set forth in Article 19 of Fair Value Accounting Standards and Article 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No.10, July 4, 2019), the Company has applied prospectively a new accounting policy prescribed by Fair Value Accounting Standards and others. This has no effect on the quarterly consolidated financial statement.

Changes in accounting policies that it is difficult to distinguish from changes in accounting estimates, and changes in accounting estimates

(Changes in the method of depreciation of property, plant and equipment)

The Company and its domestic consolidated subsidiaries had previously adopted the declining-balance method to depreciate certain property, plant and equipment, but has changed the depreciation method to the straight-line method with effect from the first quarter ended June 30, 2021.

The MMC Group has entered into a strategic alliance with Renault S.A. and Nissan Motor Co., Ltd. to strengthen and optimize the production capacity globally. The alliance is promoting initiatives, which include dividing new technology development tasks among its members, developing common platforms, and sharing the purchasing function and production facilities. Amid these circumstances, the Company, leveraging the opportunity to develop its new mid-term plan in July 2020, plans to consolidate its domestic production facilities from fiscal year 2021 for structural reform purposes. A review of the actual utilization of property, plant and equipment held by the MMC Group and capital expenditures suggested that the Company would be able to level the utilization of these assets through stable production. The Company therefore determined that adopting the straight-line method under which expenses are allocated evenly throughout the useful life would enable us to calculate the profit or loss for a specific period more appropriately.

Further, as a result of reassessing the expected useful life of property, plant and equipment in conjunction with the change in the depreciation method, the Company has revised the useful life to be based on the estimation of economic usability which better matches the reality. In addition, as a result of assessing the value of property, plant and equipment at the point of disposal after the end of the useful life, the residual value of certain property, equipment and plant was reduced to the memorandum value of 1 yen.

As a result of these changes, in comparison with the results based on the previous method, operating profit, ordinary profit and net income before income taxes for the first quarter ended June 30, 2021 increased by 2,797 million yen each.

Segment information

FY2020 1st quarter (from April 1, 2020 to June 30, 2020)

1. Net sales and income (loss) for each reportable segment

(Millions of yen)

	Automobiles	Financial services	Total	Adjustment (Note 1)	Grand total (Note 2)
Net sales					
(1) External customers	222,812	6,732	229,545	-	229,545
(2) Intersegment sales & transfers	576	1,200	1,776	(1,776)	-
Total	223,389	7,932	231,322	(1,776)	229,545
Segment income (loss)	(55,153)	1,186	(53,967)	625	(53,341)

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.

(Supplementary information about geographic information)

1) Net sales to the 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	78,366	19,524	25,977	38,643	31,182	35,851	229,545

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, Italy
- (3) Asia.....Thailand, Indonesia, the Philippines, Vietnam
- (4) Oceania..... Australia, New Zealand
- (5) Other.....U.A.E., Brazil

FY2021 1st quarter (from April 1, 2021 to June 30, 2021)

1. Net sales and income (loss) for each reportable segment

(Millions of yen)

	Automobiles	Financial services	Total	Adjustment (Note 1)	Grand total (Note 2)
Net sales					
(1) External customers					
Revenue from contracts with customers	422,422	4,881	427,303	-	427,303
Other income	117	4,519	4,637	-	4,637
Subtotal	422,539	9,400	431,940	-	431,940
(2) Intersegment sales & transfers	2,946	511	3,458	(3,458)	-
Total	425,486	9,912	435,398	(3,458)	431,940
Segment income (loss)	10,007	1,202	11,210	(626)	10,584

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.

2. Changes of Reportable Segment

As stated in "(Changes in Accounting Policies)", the accounting method for revenue recognition has been changed from the beginning of the three months ended March 31, 2022, and thus the measuring method for profit or loss in the business segment has been changed in the same way.

Due to this change, compared to the previous method, for the three months ended March 31, 2022, in the automobiles business, sales decreased by 868 million yen and segment income increased by 31 million yen. In the financial service business, sales increased by 796 million yen and segment income increased by 52 million yen.

(Supplementary information about geographic information)

1) Net sales to the 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							
Revenue from contracts with customers	70,915	84,466	52,763	107,931	57,779	53,447	427,303
Other income	4,534	69	-	-	33	-	4,637
Total	75,450	84,535	52,763	107,931	57,812	53,447	431,940

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

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