



FY2021
First-Quarter
Financial Results
July 27, 2021

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1Q/FY2021 Financial Results Summary (vs. 1Q/FY2020)



(billion yen, 000 units)	1Q/FY2020 (APR-JUN 2020)	1Q/FY2021 (APR-JUN 2021)	Variance	
			Amount	Ratio
Net Sales	229.5	431.9	+202.4	+88%
Operating Profit (OP Margin)	-53.3	10.6 (2.5%)	+63.9	-
Ordinary Profit	-58.7	11.2	+69.9	-
Net Income*	-176.2	6.1	+182.3	-
Sales Volume (Retail)	139	230	+91	+65%

* Net income attributable to owners of the parent

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The business started in fiscal 2021 amid harsh external environments such as a continuous lock-down, mainly in ASEAN countries due to the rebound of spread of COVID-19, and tight supply-demand conditions due to a shortage of semiconductors.

On the other hand, we saw a significant YoY improvement in our performance due to a significant improvement in profitability resulting from the successful introduction of a new "OUTLANDER" in North America and the sustained effects of structural reforms implemented since the previous fiscal year.

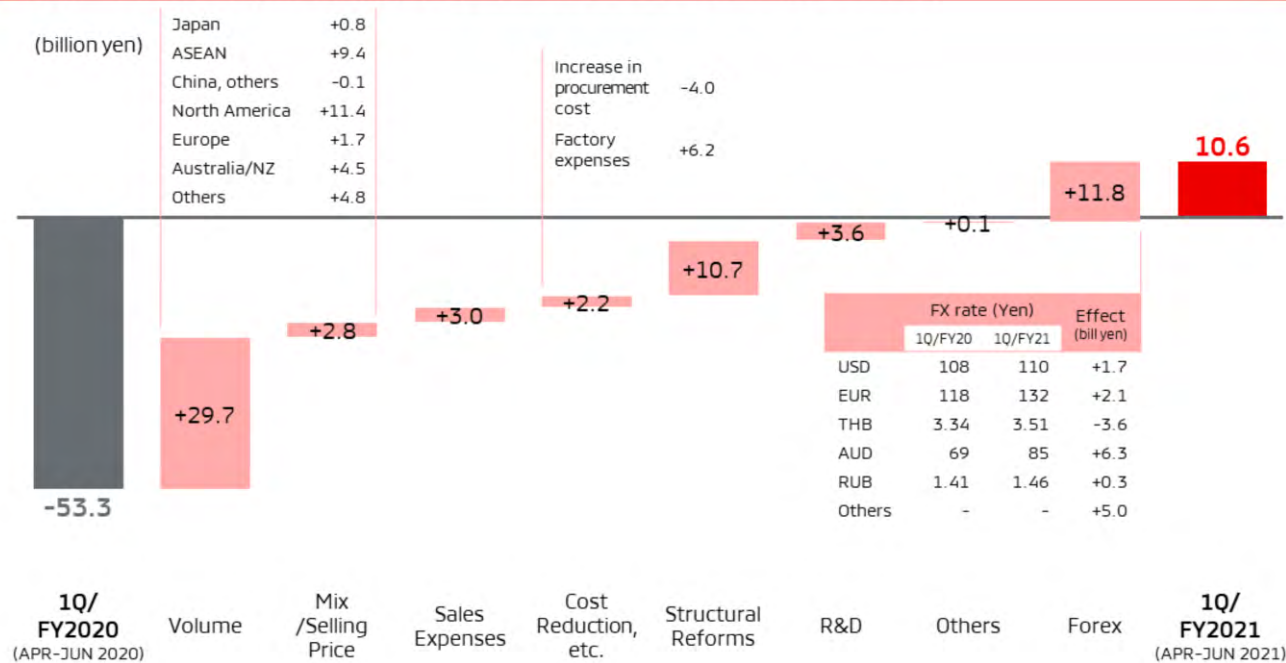
Net sales for the 1Q increased 88% YoY to ¥431.9 billion. Operating profit improved significantly YoY to ¥10.6 billion due to an increase in unit sales resulting from the effects of new vehicles, an improvement in the country/product mix, the effects of curbing sales expenses, and the effects of cost reductions implemented since the previous fiscal year. And OP margin improved to 2.5%.

Ordinary profit was ¥11.2 billion, and net income was ¥6.1 billion mainly due to income taxes paid.

Operating profit was recorded for the first time in five quarters since the 4Q/FY19 and net income was in the black ink for the first time in two years since the 1Q/FY19.

The global retail sales volume was 230,000 units, an increase of 65% YoY.

1Q/FY2021 Operating Profit Variance (vs. 1Q/FY2020)



The slides you can see explain the factors behind YoY changes in operating profit for 1Q/FY21.

In terms of Vol/Mix, there was an improvement of ¥29.7 billion due to a certain recovery from a substantial decrease in unit sales due to the spread of COVID-19 in FY20, and an improvement of ¥2.8 billion in Mix/selling prices, resulting in a YoY improvement of ¥32.5 billion in total.

As for Sales Expenses, both advertising expenses and incentives were kept down, resulting in a positive effect of ¥3 billion.

Cost reductions, such as materials costs, improved by ¥2.2 billion YoY due to normalization from loss operations in the previous fiscal year, despite production adjustments caused by a shortage of semiconductors and the negative impact of raw material price hike.

The effects of structural reforms implemented in FY20 resulted in an increase in operating profits of ¥10.7 billion, R&D expenses decreased by ¥3.6 billion due to the completion of the development of large-scale products, having a positive effect on operating profit. From the 2H of this fiscal year, R&D expenses are expected to be in an increasing phase toward the introduction of new products, and for the full year, they are expected to rise by approximately ¥6.2 billion, that I will explain later.

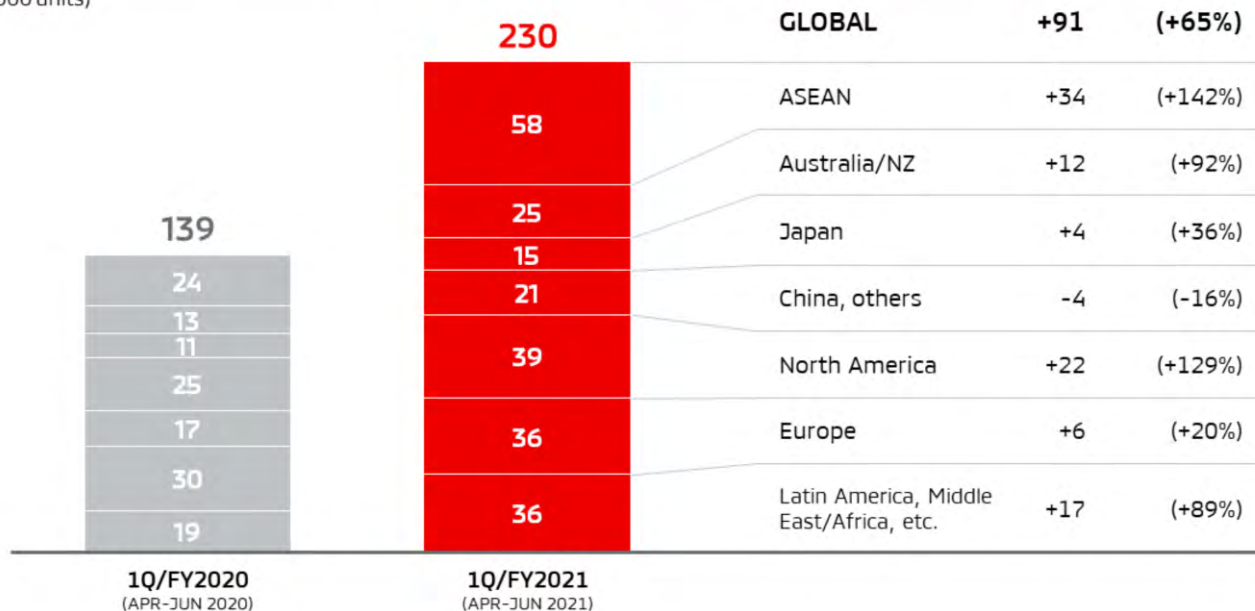
In addition, the depreciation of the yen, resulted in a positive effect of ¥11.8 billion on a YoY basis.

In total, operating profit increased substantially by ¥63.9 billion YoY.

1Q/FY2021 Sales Volume Results (vs. 1Q/FY2020)



Retail sales
(000 units)



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Now we would like to explain our global sales volume for 1Q/FY21.

Our total sales in all regions increased by 65% YoY to 230,000 units.

First, in the ASEAN region, which is our core market, we saw a certain recovery from a significant decrease in sales caused by the impact of the rebound of the spread of COVID-19. In particular, a recovery trend has emerged in Indonesia, which suffered the most from the spread of COVID-19 in the previous fiscal year. As a result, sales volume in the ASEAN regions in 1Q was 58,000 units, up 142% YoY.

In another core region, Australia and New Zealand, although small-scale and short-term lockdowns are implemented, the automotive market is all performing well. We steadily improved our market share both countries, and our sales volume rose 92% YoY to 25,000 units.

Domestic automobile demand in Japan has been recovering from the previous year, when demand was sluggish significantly due to the impact of the spread of COVID-19. However, there was no recovery to pre-pandemic levels due to insufficient car supply caused by semiconductor constraints. We were also affected by a shortage of semiconductors, mainly in our core models. However, we increased sales by 36% YoY to 15,000 units through proactive campaigns and other measures to expand sales.

In North America, the new *OUTLANDER* has been very well received since its launch, and sales increased 129% YoY to 39,000 units. In Europe, Latin America and the Middle East and Africa, economic activity remained restricted due to the impact of the spread of COVID-19, but a moderate recovery trend was seen. Meanwhile, in China and others, the market as a whole shifted from a phase of significant increase after COVID-19 last year to a phase of sluggish market growth due to a shortage of semiconductors. In addition to trends in the overall market, we faced challenges such as a decrease in store visits, which resulted in severe results.

Sales in Our Core Market: ASEAN



ASEAN

Sales Volume / Market Share*
*According to research

	1Q/FY2020		1Q/FY2021
Thailand	9k units (6.8%)	→	11k units (6.3%)
Indonesia	5k units (6.6%)	→	26k units (12.6%)
Philippines	3k units (13.4%)	→	8k units (12.3%)
Vietnam	5k units (9.8%)	→	8k units (10.7%)



- It takes time to recover TIV in Thailand and the Philippines amid spread of COVID-19
- In Indonesia, not only *XPANDER* enjoying luxury tax exemptions, but also mainstay models, such as *TRITON*, attracting strong inquiries due to strong mining demand, are performing well
- Improvement of closing through new sales finance measures
- ➔ Strive to expand sales through sales measures in line with the status of infections, such as focusing on digital marketing

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Let us review sales in our core markets.

First of all, in ASEAN countries, the impact of the rebound of the spread of COVID-19 has resulted in intermittent lock-downs in ASEAN countries. Overall automobile demand has also been affected by this, and the situation continues to be that the full-scale recovery has not yet been achieved. In particular, in Thailand, which had been recovering, and the Philippines, which has been implementing lockdowns for a long time, we recognize that the pace of demand recovery has been slow. In Vietnam, where the impact was relatively minor in the previous fiscal year, the fourth wave of the COVID-19 worsened from the end of April, especially in the southern region, and lock-downs have been enforced again.

On the other hand, Indonesia, which had been affected most severely by COVID-19 in FY20, has been on a growing trend toward market recovery due to the launch of the government's luxurious tax reduction measures. The recent announcement of an extension of the luxury tax exemption scheme and other further economic stimulus measures are also positive factors for the current fiscal year. The group of small commercial vehicles not subject to luxury tax exemption is recovering more than expected driven by the thriving mining business and the penetration of e-commerce. As a result, our sales volume in 1Q was 58,000 units, an increase of 142% YoY, and our market share in major countries was in the 10% range.

However, as reported by Media in Japan, the market environment remains uncertain due to rebound of COVID-19 infections in ASEAN countries.

We will steadily implement measures for each country while closely monitoring market trends.

Sales in Our Core Market: Australia/NZ



Australia/NZ

Sales Volume / Market Share*

*According to research

	1Q/FY2020		1Q/FY2021
Australia	12k units (5.9%)	→	20k units (6.7%)
NZ	1k units (7.7%)	→	5k units (13.1%)



- Recovering TIV due to containment of COVID-19
- Increased market share by optimizing inventories of main models, and steady sales of new *ECLIPSE CROSS*
- ➔ Amid an upturn in FX and a shortage of semiconductor supply, we aim to expand both market share and profitability by working to reduce incentives and improve model mix

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Next, in Australia and New Zealand, although small and short-term lock-downs have been implemented intermittently, overall each country has succeeded in controlling the expansion of COVID-19, and automobile demand is also strong.

First, in Australia, amid favorable market conditions, *ECLIPSE CROSS* performed strongly, and shipments of major models, mainly *TRITON*, expanded, resulting in a 68% YoY increase and a 0.9PP increase in market share.

In New Zealand, which recorded a very strong performance, sales volume increased 252% YoY and market share expanded 5.4PP, reflecting the success of expanded shipments of higher-margin models and the campaign for current vehicles implemented prior to the model change of the new *OUTLANDER*.

Going forward, the impact of the COVID-19 will continue to be uncertain due to the emergence of a new variant of the coronavirus, but we do not believe that it will have a significant impact on economic activities due to the success of measures implemented to date by each country. On the other hand, due to the impact of a shortage of semiconductors, we will continue to face risks such as a insufficient car supply. However, we will aim to increase our market share with profits by maximizing unit sales through optimizing production allocation and working to reduce incentives and improve model mix.

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Sales in North America



North America

	Sales Volume	
	1Q/FY2020	1Q/FY2021
North America	17k units	39k units
out of <i>OUTLANDER</i>	(3.8k units Old model)	9.6k units) Old+New model



- Growth in TIV due to progress in COVID-19 vaccination in US
- New *OUTLANDER* launched in April drove sales
Restrained incentives in addition to the effects of cost structure reforms contributed to substantial improvement in profitability
- ➔ Promote the development of online sales and the strengthening of digital marketing to maximize the effect of launching a new model

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Next, we will explain the state of our North American sales.

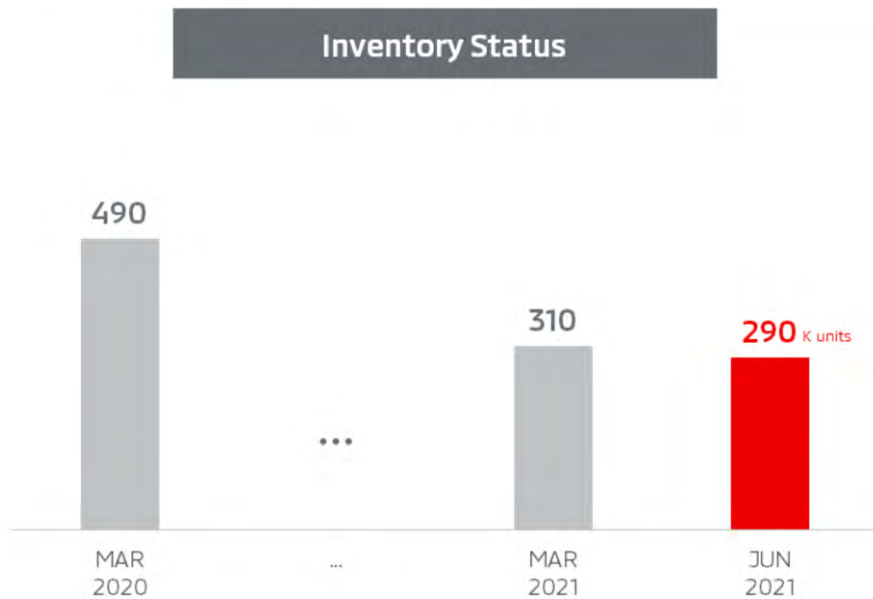
Overall demand in North America grew significantly due to the progress of vaccination in the U.S. and active economic activities, as well as income tax refunds and payment of government grants.

In addition to growth in total demand, we saw a significant sales increase driven by the new *OUTLANDER*, whose sales commenced in April.

In addition, the effects of cost structure reforms and restrained incentives based on the tightening of inventories due to semiconductor shortages, led to an improvement in profitability.

Going forward, we will work to maximize the effect of new product, such as the new *OUTLANDER*, while also enhancing online sales and strengthening digital marketing.

Inventory Status



We would like to explain our inventory status in this slide.

As you know, we have been working to optimize our inventory in FY2020. As a result, our total inventory had been reduced to 310,000 units, an appropriate level of inventory by March 2021. Currently, inventory levels are declining further due to production adjustment caused by a shortage of semiconductors and growth in retail sales.

We think this situation is unlikely to improve in the short term, and we plan to improve sales quality and profitability through the optimization of incentive and advertising expenses amid inventory shortages.

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FY2021 Financial Forecast (vs. FY2020)



(Billion yen, 000 units)	FY2020 (APR 2020 - MAR 2021)	FY2021 (APR 2021 - MAR 2022)	Variance		Variance from Previous Forecast
			Amount	Ratio	
Net Sales	1,455.5	2,080.0	+624.5	+43%	+20.0
Operating Profit (OP Margin)	-95.3	40.0 (1.9%)	+135.3	-	+10.0
Ordinary Profit	-105.2	36.0	+141.2	-	+10.0
Net Income*	-312.3	15.0	+327.3	-	+5.0
Sales Volume (Retail)	801	967	+166	+21%	+10

* Net income attributable to owners of the parent

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We made a good start in the first quarter, thanks to a recovery trend mainly in developed countries, where vaccination has progressed, and the depreciation of the yen.

Based on the performance in 1Q/FY21 exceeding the initial plan, we have revised our full-year forecast for FY21 as shown in the slide. We have revised unit sales from 957,000 units to 967,000 units. Net sales have been revised from ¥2.06 trillion to ¥2.08 trillion, operating profit has been revised from the previous forecast of ¥30 billion to ¥40 billion, ordinary profit has been revised from ¥26 billion to ¥36 billion, and net income has been revised from ¥10 billion to ¥15 billion.

Plans from the 2Q onward have been largely unchanged from the initial plans.

As you know, it is said that demand will be pushed down by the rebound of COVID-19 infections. Semiconductor constraints will remain even though we expect the production situation to improve from this summer. Steel and other raw material price will hike. And we will face a further shortage of containers due to the normalization of shipments by each company. Because of these risks, the environment surrounding us remains unstable.

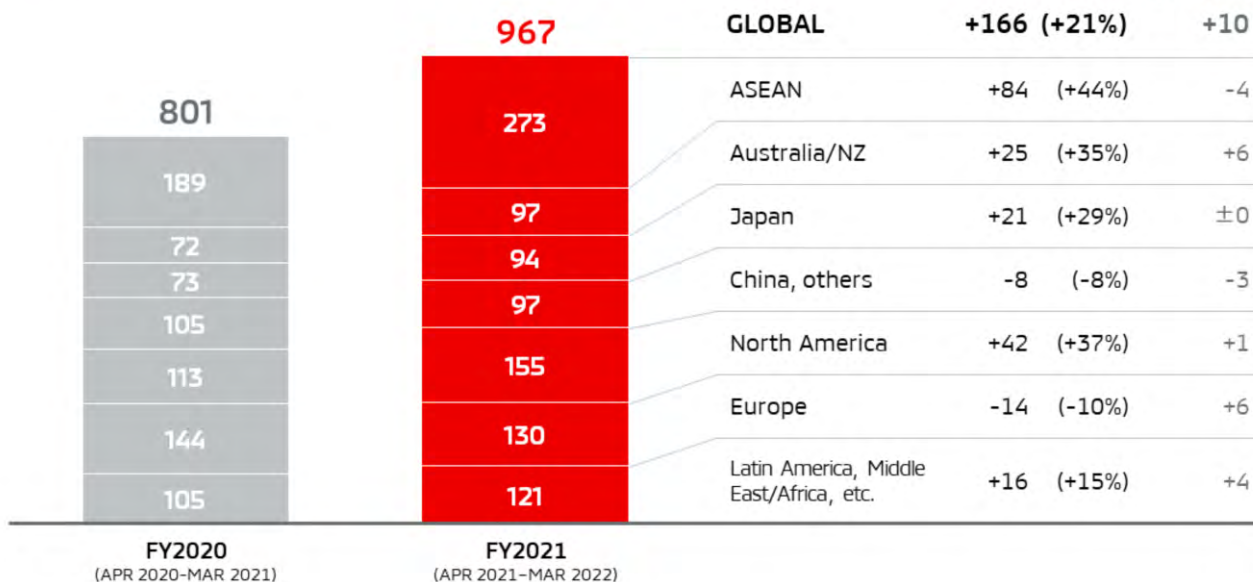
From 2Q/FY21 onwards, We will do our utmost to achieve our revised full-year forecast by optimizing costs while expanding sales of the new *OUTLANDER* and maximizing the effect of new car launches, including the *OUTLANDER* PHEV model, which is scheduled to be launched in the 2H/FY21.

FY2021 Sales Volume Forecast (vs. FY2020)



Retail sales
(000 units)

Variance from
Prev. Forecast



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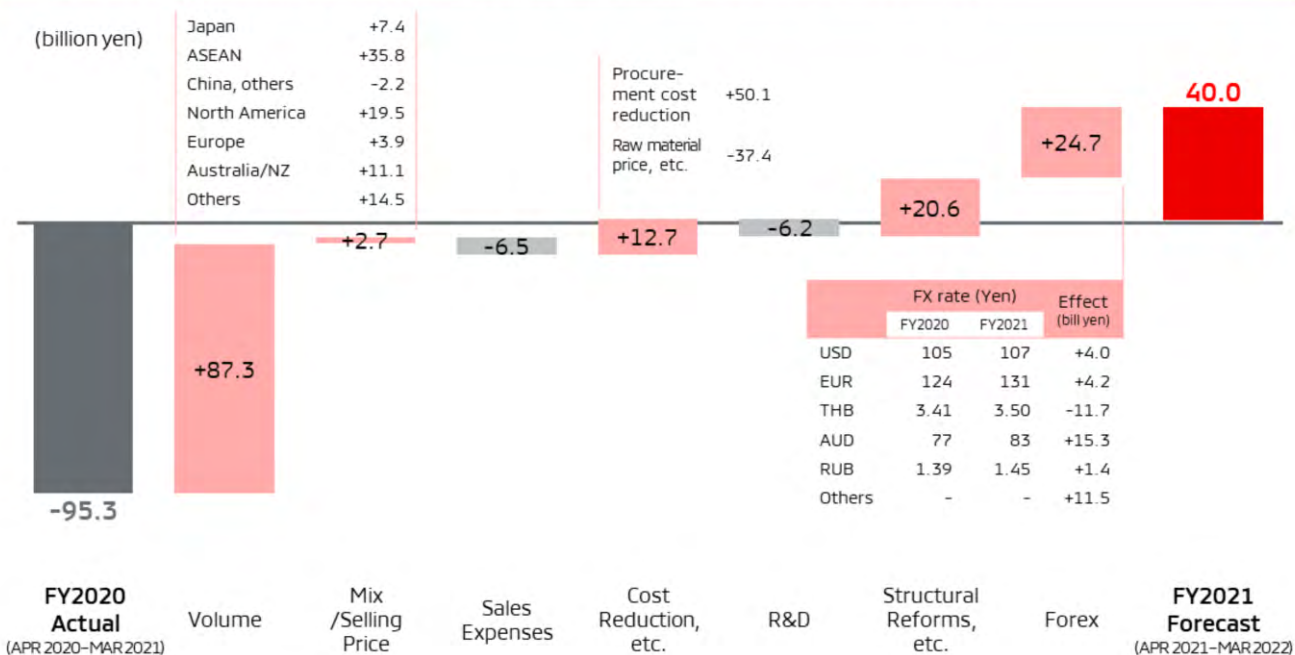
The sales forecast for FY2021 has been revised slightly, as you can see, based on the latest demand conditions in each region.

In our core market ASEAN region, as reported by the press, COVID-19 is spreading again while vaccination does not progress. It is thus becoming increasingly likely that it will take some time until the situation stabilized. By taking the current situation into consideration, we have revised the figure from 277,000 units to 273,000 units.

In Australia and New Zealand, we have revised the previous forecast of 91,000 units to 97,000 units, based on the expectation that strong sales in the 1Q, will continue and the forthcoming new *OUTLANDER* launch.

For Japan, although the current trend will continue, we assume that no major changes will be seen and that the trend will remain unchanged. For China and others, we anticipate that it will take a certain amount of time to overcome the difficult situation, therefore we have revised our sales forecast from 100,000 units to 97,000 units. For North America, we will increase our sales forecast slightly to 155,000 units, reflecting the strong performance of the new *OUTLANDER*. For Europe, the current recovery trend is expected to continue, and we have revised our forecast from 124,000 units to 130,000 units, and for other regions, we have revised it slightly, from 117,000 units to 121,000 units.

FY2021 Operating Profit Variance Forecast (vs. FY2020)



The factors behind YoY changes in the revised operating profit forecast for FY2021 are shown in the slide.

Volume and Mix/selling price are not expected to change significantly from the previous forecasts, so we expect these items to generate a total profit increase of ¥90 billion.

Regarding sales expenses, taking into account the effects of curbing sales expenses in 1Q, we expect an improvement of ¥3.5 billion for the FY21, which will be a factor behind a profit decrease of ¥6.5 billion.

In cost reductions, the forecast for raw materials price hike remains uncertain, In R&D expenditures project in core regions and segments, are assumed to progress as planned. Cost reductions and R&D are thus expected to remain unchanged.

On the other hand, in regard to structural reforms and others, we anticipate a ¥20.6 billion increase in profits, assuming that we can expect positive effects that exceed expectations. In addition, we anticipate profit increase of ¥24.7 billion in FX, taking into account the positive impact of the 1Q that exceeded our plans.

FY2021 Operating Profit Variance Forecast (vs. Previous Forecast)



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The slide shows comparison of the revised operating profit forecast for FY21 with the forecast announced at the beginning of FY21.

We do not anticipate significant changes in Vol and mix/selling prices.

Regarding sales expenses, we anticipate an upturn of ¥3.5 billion, taking into account the effects of restraints in the first quarter.

General expenses, and other items, which were included in structural reforms, are expected to improve by a total of ¥2.8 billion.

With regard to foreign exchange, an upturn of ¥3.7 billion is also expected, as the yen's depreciation trend was greater than expected.

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New Models



New **OUTLANDER**

Successful launch in North America: 7.7k units (1Q)*

*US, Canada and Puerto Rico



PAJERO SPORT

Successful model change in Indonesia: segment share of more than 50%



New **ECLIPSE CROSS PHEV**

Launch in Europe and AUS/NZ
PHEV x S-AWC highly rated by customers

Promoting further sales expansion of new models

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In fiscal 2021, we continue to focus on product renovations and the introduction of new models.

As we announced, we launched the new *OUTLANDER* in North America this spring. By utilizing digital marketing, we were able to efficiently appeal our products to target customers, and we recognize that we have made a very good start. This success has led to an increase in dealer engagement, as well as an increase in visitors and an improvement in our customer profile, and has also contributed significantly to increased sales of other models. Production is currently affected by a shortage of semiconductors, but we will strive to maximize the effect of the new product with high sales quality by carefully monitoring inventories, minimizing opportunity losses, and curbing incentives. At the same time, we will gradually expand sales territories of the new *OUTLANDER*.

In addition, we have successively rolled out the new *PAJERO SPORT*, mainly in ASEAN countries. Sales began in Indonesia in February, and have been extremely favorable, despite not being eligible for luxury tax reductions. Segment share expanded significantly to over 50%.

In addition, the new *ECLIPSE CROSS PHEV* has been rolled out in Europe and Oceania. We have received high praise from our customers, with strong order intake in each region.

In the 2H/FY21, we plan to introduce a new *OUTLANDER* PHEV model and a new *XPANDER*, with significant enhancements. We also expect to be able to launch new Kei-car EVs in early FY22. In this way, while strengthening model cycle management, we will further enhance our model lineup by steadily introducing new products that our customers are looking forward to launching.



APPENDIX

1Q/FY2021 Balance Sheet (vs. FY2020)



(billion yen)	FY2020 (As end of MAR 2021)	1Q/FY2021 (As end of JUN 2021)	Variance
Total Assets	1,856.3	1,736.1	-120.2
Cash & Deposits	455.7	389.3	-66.4
Total Liabilities	1,331.0	1,209.2	-121.8
Interest-bearing Debt	483.3	469.8	-13.5
Total Net Assets	525.3	526.9	+1.6
Shareholders' Equity (Equity Ratio)	507.9 (27.4%)	508.1 (29.3%)	+0.2
Net Cash 【Automobiles & Eliminations】	214.5	141.6	-72.9

1Q/FY2021 Capital Expenditure, R&D Expense and Depreciation



CAPEX

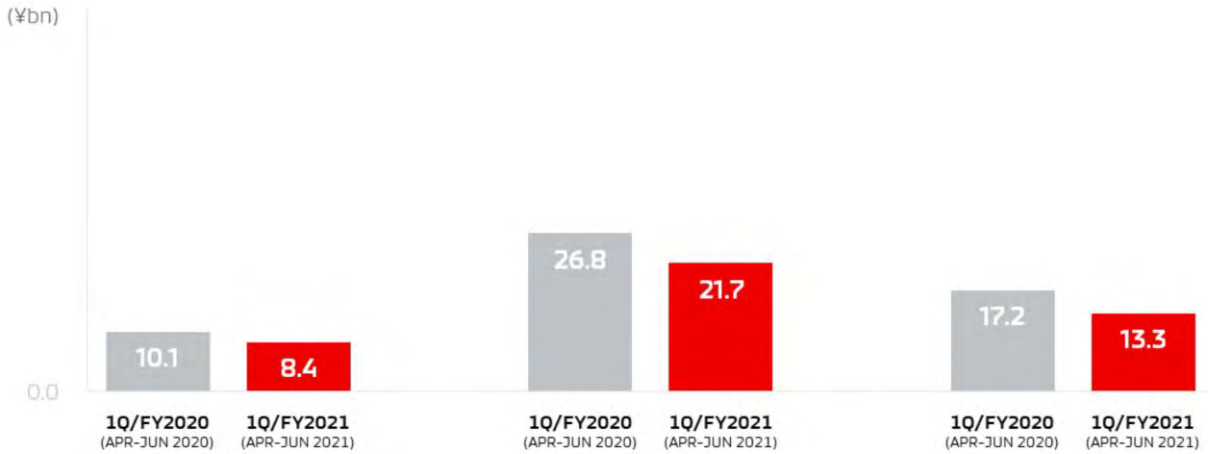
¥8.4 bn
-17% (YoY)

R&D Expense

¥21.7 bn
-19% (YoY)

Depreciation

¥13.3 bn
-23% (YoY)



1Q/FY2021 Regional Performance (vs. 1Q/FY2020)



(billion yen)	Net Sales			Operating Profit		
	1Q/FY2020 (APR-JUN 2020)	1Q/FY2021 (APR-JUN 2021)	Variance	1Q/FY2020 (APR-JUN 2020)	1Q/FY2021 (APR-JUN 2021)	Variance
GLOBAL	229.5	431.9	+202.4	-53.3	10.6	+63.9
- Japan	78.4	75.5	-2.9	-10.5	-1.8	+8.7
- ASEAN	35.2	103.4	+68.2	-7.0	6.2	+13.2
- China, others	3.4	4.5	+1.1	-1.9	0.9	+2.8
- North America	19.5	84.5	+65.0	-11.2	2.4	+13.6
- Europe	25.9	52.8	+26.9	-9.3	-0.5	+8.8
- Australia /NZ	31.2	57.8	+26.6	-4.9	5.0	+9.9
- Others	35.9	53.4	+17.5	-8.5	-1.6	+6.9

FY2021 Regional Sales Forecast (vs. FY2020)



(billion yen)	FY2020 (APR 2020 - MAR 2021)	FY2021 (APR 2020 - MAR 2021)	Variance
GLOBAL	1,455.5	2,080.0	+624.5
- Japan	422.1	465.0	+42.9
- ASEAN	317.7	510.0	+192.3
- China, others	19.2	15.0	-4.2
- North America	194.6	380.0	+185.4
- Europe	183.3	235.0	+51.7
- Australia/NZ	173.3	255.0	+81.7
- Others	145.3	220.0	+74.7

FY2021 Capital Expenditure, R&D Expense and Depreciation Forecast



CAPEX

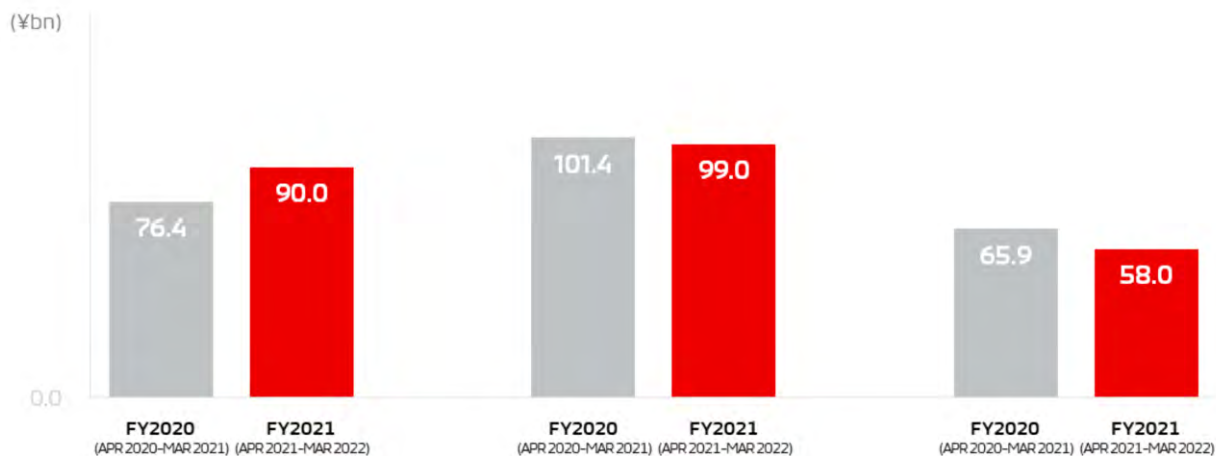
¥90.0 bn
+18% (YoY)

R&D Expense

¥99.0 bn
-2% (YoY)

Depreciation

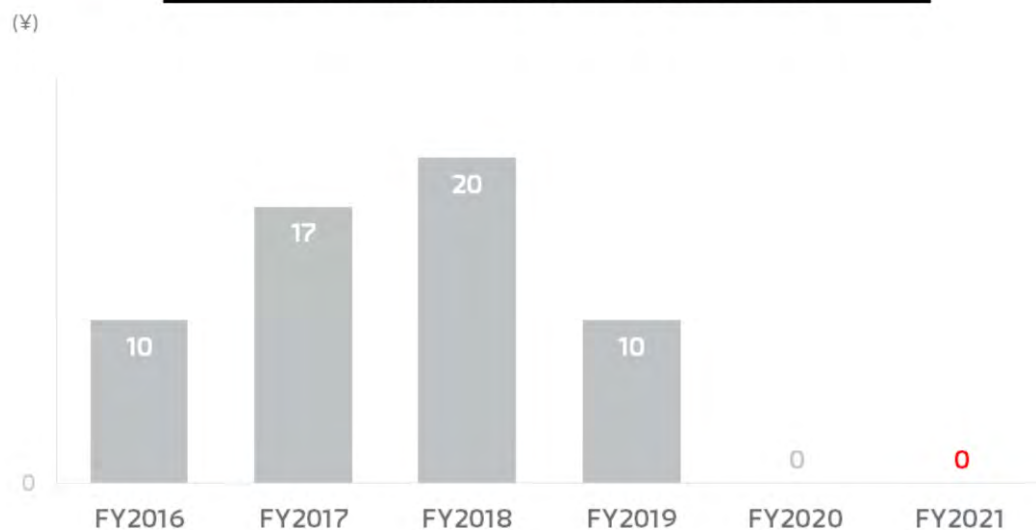
¥58.0 bn
-12% (YoY)



FY2021 Shareholder Returns Forecast



Dividend per share: ¥0 (Forecast)



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