

November 4, 2021

Consolidated Financial Results for the Second 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: November 10, 2021

Scheduled date to deliver cash dividends: —

Quarterly earnings supplementary explanatory documents: Yes

Quarterly earnings presentation: Yes

1. Consolidated performance for the second quarter of fiscal year ending March 31, 2022 (April 1, 2021 to September 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 2nd quarter	890,567	54.9	25,186	-	27,073	-	21,670	-
FY2020 2nd quarter	574,874	(49.0)	(82,626)	-	(87,011)	-	(209,884)	-

Reference: Comprehensive income FY2021 2nd quarter: ¥ 12,928million (-%) FY2020 2nd quarter: ¥ (207,932) million (-%)

	Net income per share-basic	Net income per share-diluted
	Yen	Yen
FY2021 2nd quarter	14.57	14.56
FY2020 2nd quarter	(141.02)	-

Note: Diluted earnings per share for FY2020 2nd 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	%
September 30, 2021	1,739,226	537,606	29.8
March 31, 2021	1,856,279	525,251	27.4

Reference: Shareholders' Equity As of September 30, 2021: ¥517,465 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
	Yen	Yen	Yen	Yen	Yen
FY2020	-	0.00	-	0.00	0.00
FY2021	-	0.00			
FY2021 (Forecast)			-	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	2,010,000	38.1	60,000	-	58,000	-	40,000	-	26.88

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

Please refer to "Consolidated financial statements (4) Notes to consolidated financial statements -Adoption of specific accounting policies for quarterly consolidated financial statement" in page 7 for details.

(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 (4) 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 7 and 8 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 September 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 September 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 2nd quarter:	1,487,733,532 shares
FY 2020 2nd quarter:	1,488,349,705 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 September 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 (1,142,158 shares as of September 30, 2021 and - shares as of September 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 September 30, 2021
Assets		
Current assets		
Cash and deposits	455,716	372,254
Notes and accounts receivable - trade	154,253	-
Notes and accounts receivable - trade, and contract assets	-	104,373
Finance receivables	247,331	226,911
Merchandise and finished goods	182,713	169,567
Work in process	26,657	62,929
Raw materials and supplies	40,585	56,787
Other	118,603	120,119
Allowance for doubtful accounts	(1,921)	(1,701)
Total current assets	1,223,940	1,111,241
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	83,486	79,377
Machinery, equipment and vehicles, net	120,136	116,250
Tools, furniture and fixtures, net	57,167	52,363
Land	124,963	121,138
Construction in progress	25,227	30,496
Total property, plant and equipment	410,982	399,626
Intangible assets	33,918	34,877
Investments and other assets		
Investment securities	81,895	90,229
Other	109,468	106,831
Allowance for doubtful accounts	(3,925)	(3,581)
Total investments and other assets	187,437	193,480
Total non-current assets	632,338	627,984
Total assets	1,856,279	1,739,226

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	307,704	284,361
Electronically recorded obligations - operating	77,222	50,017
Short-term borrowings	16,085	26,299
Commercial papers	32,500	55,600
Current portion of long-term borrowings	57,702	267,213
Accounts payable - other, and accrued expenses	249,231	168,505
Income taxes payable	6,747	4,924
Provision for product warranties	48,308	45,970
Provision for loss on fuel economy test	1,066	699
Other	71,378	79,129
Total current liabilities	867,947	982,723
Non-current liabilities		
Long-term borrowings	347,978	105,440
Retirement benefit liability	28,593	29,758
Other	86,508	83,697
Total non-current liabilities	463,080	218,896
Total liabilities	1,331,027	1,201,619
Net assets		
Shareholders' equity		
Capital stock	284,382	284,382
Capital surplus	199,950	199,837
Retained earnings	95,928	117,325
Treasury shares	(1,659)	(1,382)
Total shareholders' equity	578,602	600,162
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	511	817
Deferred gains or losses on hedges	(554)	(1,875)
Foreign currency translation adjustment	(63,035)	(68,631)
Remeasurements of defined benefit plans	(7,617)	(13,008)
Total accumulated other comprehensive income	(70,696)	(82,697)
Share acquisition rights	352	194
Non-controlling interests	16,993	19,947
Total net assets	525,251	537,606
Total liabilities and net assets	1,856,279	1,739,226

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

Consolidated statements of income	(Millions of yen)	
	FY2020 2nd quarter (from April 1, 2020 to September 30, 2020)	FY2021 2nd quarter (from April 1, 2021 to September 30, 2021)
Net sales	574,874	890,567
Cost of sales	545,292	742,185
Gross profit	29,582	148,381
Selling, general and administrative expenses		
Advertising and promotion expenses	12,258	15,547
Freight costs	10,338	20,350
Provision of allowance for doubtful accounts	(346)	(1)
Remuneration, salaries and allowances for directors (and other officers)	34,095	32,709
Retirement benefit expenses	2,369	1,840
Depreciation	7,970	6,324
Research and development expenses	25,820	26,613
Other	19,701	19,810
Total selling, general and administrative expenses	112,209	123,195
Operating profit (loss)	(82,626)	25,186
Non-operating income		
Interest income	925	671
Dividend income	444	565
Share of profit of entities accounted for using equity method	-	5,813
Subsidies for employment adjustment	2,495	368
Other	1,195	1,279
Total non-operating income	5,060	8,698
Non-operating expenses		
Interest expenses	2,888	2,451
Foreign exchange losses	1,259	2,083
Share of loss of entities accounted for using equity method	1,486	-
Other	3,809	2,276
Total non-operating expenses	9,444	6,811
Ordinary profit (loss)	(87,011)	27,073
Extraordinary income		
Gain on sales of non-current assets	295	2,732
Gain on sales of investments in capital of subsidiaries and associates	-	2,791
Other	12	391
Total extraordinary income	308	5,916

	(Millions of yen)	
	FY2020 2nd quarter (from April 1, 2020 to September 30, 2020)	FY2021 2nd quarter (from April 1, 2021 to September 30, 2021)
Extraordinary losses		
Loss on retirement of non-current assets	1,122	644
Impairment loss	107,495	50
Loss on COVID-19	2,065	-
Business restructuring expenses	12,563	-
Other	395	331
Total extraordinary losses	123,642	1,026
Profit (loss) before income taxes	(210,345)	31,962
Income taxes	61	7,588
Profit (loss)	(210,407)	24,373
Profit (loss) attributable to non-controlling interests	(522)	2,703
Profit (loss) attributable to owners of parent	(209,884)	21,670

Consolidated statements of comprehensive income

	(Millions of yen)	
	FY2020 2nd quarter (from April 1, 2020 to September 30, 2020)	FY2021 2nd quarter (from April 1, 2021 to September 30, 2021)
Profit (loss)	(210,407)	24,373
Other comprehensive income		
Valuation difference on available-for-sale securities	582	305
Deferred gains or losses on hedges	(11)	(1,330)
Foreign currency translation adjustment	4,365	(8,025)
Remeasurements of defined benefit plans, net of tax	1,610	(5,396)
Share of other comprehensive income of entities accounted for using equity method	(4,073)	3,002
Total other comprehensive income	2,474	(11,445)
Comprehensive income	(207,932)	12,928
Comprehensive income attributable to owners of parent	(208,037)	9,669
Comprehensive income attributable to non-controlling interests	105	3,258

(3) Consolidated statements of cash flows

(Millions of yen)

	FY2020 2nd quarter (from April 1, 2020 to September 30, 2020)	FY2021 2nd quarter (from April 1, 2021 to September 30, 2021)
Cash flows from operating activities		
Profit (loss) before income taxes	(210,345)	31,962
Depreciation	31,502	26,394
Impairment loss	107,495	50
Loss on COVID-19	2,065	-
Business restructuring expenses	12,563	-
Gain on sales of investments in capital of subsidiaries and associates	-	(2,791)
Increase (decrease) in allowance for doubtful accounts	(875)	(279)
Increase (decrease) in retirement benefit liability	(1,357)	(3,557)
Interest and dividend income	(1,369)	(1,237)
Interest expenses	2,888	2,451
Foreign exchange losses (gains)	4,336	(877)
Share of loss (profit) of entities accounted for using equity method	1,486	(5,813)
Loss (gain) on sales and retirement of non-current assets	837	(2,076)
Decrease (increase) in trade receivables	26,476	43,221
Decrease(increase) in financial receivables	17,867	20,407
Decrease (increase) in inventories	104,408	(22,877)
Increase (decrease) in trade payables	(191,744)	(62,404)
Increase (decrease) in accounts payable - other, and accrued expenses	(37,550)	(65,663)
Other, net	18,182	9,772
Subtotal	(113,131)	(33,316)
Interest and dividends received	1,596	1,699
Interest paid	(2,639)	(2,434)
Income taxes paid	(9,714)	(5,736)
Net cash provided by (used in) operating activities	(123,889)	(39,789)
Cash flows from investing activities		
Decrease (increase) in time deposits	(21,725)	11,071
Purchase of property, plant and equipment	(40,331)	(36,711)
Proceeds from sales of property, plant and equipment	871	4,716
Other, net	(7,020)	(3,434)
Net cash provided by (used in) investing activities	(68,205)	(24,358)

(Millions of yen)

	FY2020 2nd quarter (from April 1, 2020 to September 30, 2020)	FY2021 2nd quarter (from April 1, 2021 to September 30, 2021)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	11,173	9,846
Increase (decrease) in commercial papers	8,200	23,100
Proceeds from long-term borrowings	273,982	-
Repayments of long-term borrowings	(32,022)	(33,001)
Dividends paid	(20)	(12)
Dividends paid to non-controlling interests	(1,356)	(255)
Purchase of shares of subsidiaries resulting in no change in scope of consolidation	(329)	-
Other, net	(1,848)	(2,056)
Net cash provided by (used in) financing activities	257,778	(2,379)
Effect of exchange rate change on cash and cash equivalents	517	(5,864)
Net increase (decrease) in cash and cash equivalents	66,201	(72,391)
Cash and cash equivalents at beginning of period	399,588	444,619
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	126	-
Cash and cash equivalents at end of period	465,916	372,227

(4) 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.

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

(Tax expense calculation)

Tax expenses are calculated first by reasonably estimating the effective tax rate after applying tax effect accounting against profit (loss) before income taxes for the fiscal year including the second quarter ended September 30, 2021, and next by multiplying the quarterly profit (loss) before income taxes by such estimated effective tax rate. 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.)

MMC has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations effective from the beginning of the first quarter ended June 30, 2021, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services.

As a result of this application, for some transactions where revenue was previously recognized at the time of vehicle registration for contracts with the customers of MMC and its domestic subsidiaries, revenue has been recognized at the time the distributor transferred the control of the goods or services to the customer.

Furthermore, the payment of sales incentives to distributors takes into consideration variable consideration for the calculation of transaction prices, and in the fiscal year in which the control of goods or services is transferred to the distributor, the sales incentive estimate, which is expected to be paid in the future, is deducted from net sales.

The application of the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the first quarter ended March 31, 2021, was added to or deducted from the opening balance of retained earnings of the first quarter ended March 31, 2021, and thus the new accounting policy was applied from such opening balance.

As a result, for the six months ended September 30, 2021, operating profit increased by 175 million yen and ordinary profit and profit before income taxes both increased by 96 million yen due to net sales decreasing by 1,779 million yen, cost of sales increasing by 1,205 million yen, selling, general and administrative expenses decreasing by 3,159 million yen and non-operating expenses increasing by 79 million yen. In addition, the opening balance of retained earnings decreased by 271 million yen.

Due to the application of the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations, "Notes and accounts receivable - trade" under current assets of the consolidated balance sheet as of the end of the previous fiscal year has been included in "Notes and accounts receivable - trade, and contract assets" under current assets from the first quarter ended June 30, 2021. In accordance with the transitional treatment provided for in paragraph 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been restated in accordance with the new approach to presentation.

(Application of Accounting Standard for Fair Value Measurement and its implementation guidance)

MMC has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019), etc. effective from the beginning of the first quarter ended June 30, 2021. The prospective application of the new accounting policy set forth in Accounting Standard for Fair Value Measurement, etc. is in line with the transitional treatment provided for in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). There are no impacts on the quarterly consolidated financial statements.

Changes in accounting policies that are difficult to distinguish from changes in accounting estimates and changes in accounting estimates

(Change in depreciation method for property, plant and equipment)

Previously, MMC and its consolidated subsidiaries in Japan used the declining balance method for certain property, plant and equipment, but from the first quarter ended June 30, 2021, they have changed to the straight line method.

The MMC Group has entered into a strategic alliance with Renault S.A. and Nissan Motor Co., Ltd. to strengthen and optimize its production system on a global level. The MMC Group is also promoting the sharing of development of new technologies, common vehicle platforms, and the sharing of purchasing functions and production bases under the alliance.

Under such circumstances, MMC is implementing to consolidate production at domestic plants for structural reforms from FY2021, taking the opportunity of the formulation of the new mid-term business plan in July 2020. As a result of examining the actual use of the MMC Group's property, plant and equipment and the nature of the capital investment, MMC has determined that the straight line method, which allocates expenses evenly over the useful life of the assets, is a more appropriate method for calculating periodic income.

In addition, as a result of re-examining the estimated period of use of property, plant and equipment in conjunction with the change in the depreciation method, MMC has changed the useful lives of some machinery and equipment to be more consistent with actual conditions and based on economically usable estimates. Furthermore, as a result of examining the value of property, plant and equipment at the time of retirement after the end of their useful lives, the residual value of some property, plant and equipment has been changed to one yen, the memorandum value.

As a result of the above changes, operating profit, ordinary profit and profit before income taxes for the six months ended September 30, 2021 increased by 5,824 million yen, respectively, compared with those based on the previous method.

Segment information

I. For the six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)

1. The amounts of net sales and profits or losses by reportable segment

(Millions of yen)

	Automobiles	Financial services	Total	Adjustment (Note 1)	Grand total (Note 2)
Net sales					
(1) External customers	561,236	13,638	574,874	-	574,874
(2) Intersegment sales & transfers	2,566	1,992	4,558	(4,558)	-
Total	563,803	15,630	579,433	(4,558)	574,874
Segment profit (loss)	(86,247)	2,457	(83,789)	1,162	(82,626)

(Notes) 1. The adjustment resulted from eliminating transactions among segments.

2. The amount of segment profit (loss) matches the operating profit (loss) in the quarterly consolidated statement of income.

Supplementary information about geographic region

1. 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	179,762	65,664	80,505	121,144	68,420	59,377	574,874

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

II. For the six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

1. The amounts of net sales and profits or losses by 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	870,721	10,585	881,306	-	881,306
Other income	254	9,007	9,261	-	9,261
Subtotal	870,975	19,592	890,567	-	890,567
(2) Intersegment sales & transfers	6,525	1,014	7,539	(7,539)	-
Total	877,500	20,607	898,107	(7,539)	890,567
Segment profit (loss)	23,620	2,398	26,019	(833)	25,186

(Notes) 1. The adjustment resulted from eliminating transactions among segments.

2. The amount of segment profit (loss) matches the operating profit (loss) in the quarterly consolidated statement of income.

2. Changes of Reportable Segment

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

As described in "Changes in accounting policies," MMC has applied the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations from the beginning of the first quarter ended June 30, 2021, and changed the accounting treatment for revenue recognition. Accordingly, MCC has changed the method of measuring segment profit (loss).

For the six months ended September 30, 2021, as a result of this change, and compared with the figures obtained by the previous method, net sales decreased by 2,949 million yen and segment profit increased by 108 million yen for the automobile business, and net sales and segment profit increased 1,169 million yen and 65 million yen, respectively, for the financial service business.

(Change in depreciation method for property, plant and equipment)

As described in "Changes in accounting policies that are difficult to distinguish from changes in accounting estimates and changes in accounting estimates," MMC and its consolidated subsidiaries in Japan changed the depreciation method for some property, plant and equipment.

For the six months ended September 30, 2021, as a result of this change, and compared with the figure obtained by the previous method, segment profit for the automobile business increased by 5,824 million yen.

Supplementary information about geographic region

1. 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							
Revenue from contracts with customers	167,349	171,600	120,439	202,661	106,723	112,532	881,306
Other income	9,069	137	-	-	54	-	9,261
Total	176,418	171,737	120,439	202,661	106,777	112,532	890,567

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

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