

Quarterly Securities Report

First Quarter of FY2021

(From April 1, 2021 To June 30, 2021)

(The English translation of the Quarterly Securities Report “Shihanki-Houkokusho”)

MITSUBISHI MOTORS CORPORATION

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Company name: 三菱自動車工業株式会社 (*Mitsubishi Jidosha Kogyo Kabushiki Kaisha*)
Company name in English: MITSUBISHI MOTORS CORPORATION
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A. Company Information

I. Overview of the Company

1. Summary of business results

Fiscal year		FY2020 For the three months ended June 30, 2020	FY2021 For the three months ended June 30, 2021	FY2020
Period		From April 1, 2020 to June 30, 2020	From April 1, 2021 to June 30, 2021	From April 1, 2020 to March 31, 2021
Net sales	Millions of yen	229,545	431,940	1,455,476
Ordinary profit (loss)	Millions of yen	(58,711)	11,193	(105,203)
Profit (loss) attributable to owners of parent	Millions of yen	(176,157)	6,091	(312,317)
Comprehensive income	Millions of yen	(167,993)	1,908	(259,691)
Net assets	Millions of yen	618,922	526,890	525,251
Total assets	Millions of yen	1,724,124	1,736,112	1,856,279
Basic earnings (loss) per share	Yen	(118.36)	4.09	(209.88)
Diluted earnings per share	Yen	–	4.09	–
Equity-to-asset ratio	%	35.04	29.27	27.36

- (Notes)
1. Mitsubishi Motors Corporation (“MMC”) prepares quarterly consolidated financial statements. Therefore, summary of business results of reporting company is not noted.
 2. When calculating “basic earnings (loss) per share” for FY2020 and the three months ended June 30, 2021, shares of MMC held by the Board Incentive Plan (BIP) Trust have been included in treasury shares excluded from the calculation of the average number of shares during the periods.
 3. “Diluted earnings per share” for the three months ended June 30, 2020 and FY2020 are not shown even though there are potential shares, because basic loss per share is reported for each of the periods.
 4. MMC has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations from the beginning of the first quarter of FY2021, and the key management indices for the three months ended June 30, 2021, are those after applying the accounting standard and relevant revised ASBJ regulations.

2. Description of business

In the three months ended June 30, 2021, there were no material changes in the business of the MMC Group.

And no changes were made to major subsidiaries and affiliates.

II. Overview of Business

1. Business-related risks

During the three months ended June 30, 2021, there was no occurrence of new business-related risks or material changes in the business-related risks described in the annual securities report for the previous fiscal year.

2. Management analysis of financial position, operating results and cash flows

(1) Financial position and operating results

(i) Operating results

In the three months ended June 30, 2021, the environment surrounding MMC was extremely challenging due to factors such as the intermittently repeating lockdowns, mainly in various ASEAN countries, due to the resurgence of the novel coronavirus disease (COVID-19), and the tightening of the balance of supply and demand due to the semiconductor shortage.

However, MMC's business results improved significantly year on year due to factors such as the significant improvement of profitability due to the success of launching the new Outlander in North America, and the continuous realization of results from the structural reforms carried out in the previous fiscal year.

As a result, net sales of the MMC Group for the three months ended June 30, 2021 were 431.9 billion yen (an increase of 202.4 billion yen year on year, or up 88% year on year). Operating profit improved significantly to 10.6 billion yen (compared with operating loss of 53.3 billion yen in the same period of the previous fiscal year) due to higher sales and improvements in the sales mix with the effect of new automobile sales, etc. as well as effects of curtailing selling expenses, continuous cost reductions since the previous fiscal year, etc. Ordinary profit was 11.2 billion yen (compared with ordinary loss of 58.7 billion yen in the same period of the previous fiscal year), and profit attributable to owners of parent was 6.1 billion yen (compared with loss attributable to owners of parent of 176.2 billion yen in the same period of the previous fiscal year).

Furthermore, global sales for the three months ended June 30, 2021 were 230,000 units. The status of operations in each major region is as follows:

- ASEAN: 58,000 units (up 34,000 units year on year)
- Australia and New Zealand: 25,000 units (up 12,000 units year on year)
- Japan: 15,000 units (up 4,000 units year on year)
- China and Other: 21,000 units (down 4,000 units year on year)
- North America: 39,000 units (up 22,000 units year on year)
- Europe: 36,000 units (up 6,000 units year on year)
- Central America, Middle East, Africa and Other: 36,000 units (up 17,000 units year on year)

First, the key ASEAN region recovered to a point after a significant decrease in sales due to the spread of COVID-19 in the previous fiscal year. In particular, a trend of recovery became apparent in Indonesia, whose recovery trend was the most sluggish in the previous fiscal year.

The automobile markets in the core regions of Australia and New Zealand were both strong despite the implementation of small-scale and short-term lockdowns. MMC steadily built up its sales share in both regions.

Automobile demand in Japan was on a recovery trend after the previous fiscal year where it declined significantly because of the spread of COVID-19. However, recovery to levels prior to the spread of COVID-19 was not seen due to a supply shortage of vehicles because of the semiconductor issue. MMC was affected by the semiconductor shortage, primarily for its core model range, but sales increased year on year as a result of measures to expand sales, such as proactively executing campaigns.

In North America, sales increased significantly year on year due to the new Outlander being extremely strong since its launch. Furthermore, Europe, Central America, Middle East and Africa are on a moderate recovery trend despite restrictions on economic activity continuing due to the impact of COVID-19.

On the other hand, in China and Other, the overall market shifted from expecting, as of the previous fiscal year, a significant increase after the COVID-19 pandemic lets up to struggling due to the shortage of semiconductors. MMC saw disappointing results due to trends in the overall market as well as the issue of the decrease in visitors.

(ii) Operating results per segment

i) Automobile business

Net sales for the three months ended June 30, 2021 was 425.5 billion yen (an increase of 202.1 billion yen year on year), and operating profit was 10.0 billion yen (compared with operating loss of 55.2 billion yen in the same period of the previous fiscal year). The increase in operating profit was due to factors such as a certain amount of recovery after the significant decrease in sales because of the spread of COVID-19 in the previous fiscal year as well as the strong vehicle model mix and sales pricing in addition to the effect of suppressing expenses due to structural reforms and the improvement of foreign exchange.

ii) Financial service business

Net sales for the three months ended June 30, 2021 was 9.9 billion yen (an increase of 2.0 billion yen year on year), and operating profit was 1.2 billion yen (compared with operating profit of 1.2 billion yen in the same period of the previous fiscal year).

(iii) Financial position

Total assets as of June 30, 2021 amounted to 1,736.1 billion yen (down 120.2 billion yen from the end of the previous fiscal year). Cash and deposits amounted to 389.3 billion yen (down 66.4 billion yen from the end of the previous fiscal year). Total liabilities amounted to 1,209.2 billion yen (down 121.8 billion yen from the end of the previous fiscal year). Of total liabilities, the interest bearing debt balance was 469.8 billion yen (down 13.5 billion yen from the end of the previous fiscal year). Net assets as of June 30, 2021 amounted to 526.9 billion yen (up 1.6 billion yen from the end of the previous fiscal year).

(2) Management policy and strategy, issues to be addressed, and others

There were no material changes in the MMC Group's management policy and strategy, and issues to be addressed during the three months ended June 30, 2021.

(3) Research and development activities

Research and development spending by the MMC Group in the three months ended June 30, 2021 (automobile business) totaled 21,723 million yen.

There were no material changes in the conditions of the MMC Group's research and development activities during the three months ended June 30, 2021.

(4) Production, orders and sales

(i) Production

Production for the three months ended June 30, 2021 is as follows:

	For the three months ended June 30, 2021 Quantity (Units)	vs. for the three months ended June 30, 2020 (%)
Japan	90,875	187.2
Overseas	130,987	224.6
Total	221,862	207.6

(ii) Sales

Sales results for the three months ended June 30, 2021 are as follows:

	For the three months ended June 30, 2021		vs. for the three months ended June 30, 2020 (%)	
	Quantity (Units)	Amount (Millions of yen)	Quantity (Units)	Amount (Millions of yen)
Japan	32,907	75,450	80.7	96.2
Overseas	184,810	356,490	214.4	235.8
Total	217,717	431,940	171.5	188.1

- (Notes) 1. Sales results represent the sales quantity of built-up vehicles and knockdown kits produced by MMC and its consolidated subsidiaries, classified by the geographic location of the external customers.
2. Above stated amounts do not include consumption taxes.

3. Critical contracts for operation

Significant business contracts that ended during the first quarter ended June 30, 2021, are as follows.

Company which entered into agreement	Counterparty		Agreement	Date on which agreement entered into
	Name	Country		
Mitsubishi Motors Corporation (MMC)	Fujian Motor Industrial Corporation	China	Joint venture agreement with South East (Fujian) Motor Co., Ltd. regarding sales and production of vehicles	March 27, 2006
	China Motor Corporation	Taiwan		

III. Information about Reporting Company

1. Information about shares, etc.

(1) Total number of shares, etc.

(i) Total number of shares

Class	Total number of issuable shares (Shares)
Common stock	1,575,000,000
Total	1,575,000,000

(ii) Issued shares

Class	Number of issued shares (As of June 30, 2021) (Shares)	Number of issued shares (As of the filing date: August 4, 2021) (Shares)	Name of stock listing or the name of authorized financial instruments firms association	Description
Common stock	1,490,282,496	1,490,282,496	Tokyo Stock Exchange (First Section)	Number of shares for share unit: 100 shares
Total	1,490,282,496	1,490,282,496	—	—

(2) Share acquisition rights

(i) Details of stock option program

Not applicable.

(ii) Other share acquisition rights

Not applicable.

(3) Exercises, etc. of moving strike convertible bonds, etc.

Not applicable.

(4) Changes in number of issued shares, share capital, etc.

Date	Change in total number of issued shares (Shares)	Balance of total number of issued shares (Shares)	Change in share capital (Millions of yen)	Balance of share capital (Millions of yen)	Change in legal capital surplus (Millions of yen)	Balance of legal capital surplus (Millions of yen)
From April 1, 2021 to June 30, 2021	—	1,490,282,496	—	284,382	—	118,680

(5) Major shareholders

The major shareholders are not required to be presented on account of the current quarterly accounting period being the first quarter ended June 30, 2021.

(6) Voting rights

As MMC is unable to confirm at this time the information stated in the shareholders register concerning the information on voting rights as of June 30, 2021, MMC presents information from the shareholders register of the directly preceding record date (March 31, 2021).

(i) Issued shares

(As of March 31, 2021)

Classification	Number of shares (Shares)	Number of voting rights (Units)	Description
Shares without voting rights	–	–	–
Shares with restricted voting rights (Treasury shares, etc.)	–	–	–
Shares with restricted voting rights (Other)	–	–	–
Shares with complete voting rights (Treasury shares, etc.)	<Treasury shares> Common stock 1,604,100	–	Number of shares for share unit: 100 shares
	<Reciprocal holding> Common stock 400		
Shares with complete voting rights (Other)	Common stock (Note) 1 1,488,545,900	14,885,459	Same as above
Shares less than one unit	Common stock (Note) 2 132,096	–	Same as above
Total number of issued shares	1,490,282,496	–	–
Total number of voting rights	–	14,885,459	–

- (Notes) 1. The number of “Shares with complete voting rights (Other)” includes 1,152,650 shares (11,526 units of voting rights) of MMC held by Board Incentive Plan (BIP) Trust and 5,700 shares (57 units of voting rights) in the name of Japan Securities Depository Center, Incorporated.
The 11,526 units of voting rights in the officer compensation BIP Trust are not to be exercised.
2. The number of “Shares less than one unit” includes 36 treasury shares held by MMC.

(ii) Treasury shares, etc.

(As of March 31, 2021)

Name of shareholders	Address of shareholders	Number of shares held under own name (Shares)	Number of shares held under the name of others (Shares)	Total number of shares held (Shares)	Percentage of total number of issued shares (%)
<Treasury shares> Mitsubishi Motors Corporation	3-1-21, Shibaura, Minato-ku, Tokyo, Japan	1,604,100	–	1,604,100	0.10
<Reciprocal holding> Nagano Mitsubishi Motor Sales Co., Ltd.	865-1, Aza- Imuraminamioki, Higashiwada, Nagano-shi, Nagano	400	–	400	0.00
Total	–	1,604,500	–	1,604,500	0.10

(Note) The number of “Treasury shares” does not include shares of MMC held by Board Incentive Plan (BIP) Trust.

2. Status of officers

Not applicable.

IV. Financial Information

1. Basis of preparation of the quarterly consolidated financial statements

The quarterly consolidated financial statements of MMC are prepared in accordance with the “Regulation on Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements” (Cabinet Office Order No. 64 of 2007).

2. Independent audit

The quarterly consolidated financial statements for the first quarter ended June 30, 2021 (from April 1, 2021 to June 30, 2021) and three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021) were reviewed by Ernst & Young ShinNihon LLC, in accordance with Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act.

1. Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheet

(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 consumption 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		
Share capital	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) Quarterly consolidated statement of income and consolidated statement of comprehensive income
 Quarterly consolidated statement of income

(Millions of yen)

	FY2020 For the three months ended June 30, 2020	FY2021 For the three months ended 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 sale of non-current assets	26	170
Gain on sales of investments in capital of subsidiaries and associates	—	2,793
Other	1	92
Total extraordinary income	28	3,057
Extraordinary losses		
Loss on retirement of non-current assets	641	257
Loss on sale of non-current assets	1	11
Impairment losses	*1 107,488	*1 25
COVID-19	*2 2,071	—
Business restructuring expenses	*1, *3 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

Quarterly consolidated statement of comprehensive income

(Millions of yen)

	FY2020 For the three months ended June 30, 2020	FY2021 For the three months ended 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		
Comprehensive income attributable to owners of parent	(168,535)	310
Comprehensive income attributable to non- controlling interests	542	1,598

Notes

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 three months ended June 30, 2021, operating profit increased by 83 million yen and ordinary profit and profit before income taxes both decreased by 2 million yen due to net sales decreasing by 73 million yen, cost of sales increasing by 1,277 million yen, selling, general and administrative expenses decreasing by 1,434 million yen and non-operating expenses increasing by 86 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. Furthermore, the information on disaggregation of revenue from contracts with customers during the three months ended June 30, 2020 has not been disclosed as allowed by the transitional treatment provided for in paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting.

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 planning 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 three months ended June 30, 2021 increased by 2,797 million yen, respectively, compared with those based on the previous method.

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 first quarter ended June 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.

Additional information

Application of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system

As for items regarding the transition to the group tax sharing system introduced in the “Act Partially Amending the Income Tax Act” (Act No. 8 of 2020) and items revised on non-consolidated taxation system in connection with the transition to the group tax sharing system, MMC and consolidated subsidiaries in Japan have not applied the provisions of paragraph 44 of the “Guidance on Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan (ASBJ) Guidance No. 28, February 16, 2018) as allowed by the provisions of paragraph 3 of the “Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (ASBJ PITF No. 39, March 31, 2020). Accordingly, amounts of deferred tax assets and deferred tax liabilities are determined in accordance with the provisions of the tax law before revision.

Quarterly consolidated balance sheet

Guarantee obligation

As of March 31, 2021			As of June 30, 2021		
Guaranteed	Guaranteed amount (Millions of yen)	Description of guaranteed obligation	Guaranteed	Guaranteed amount (Millions of yen)	Description of guaranteed obligation
PT. Mitsubishi Motors Krama Yudha Sales Indonesia	4,624	Bank loans	PT. Mitsubishi Motors Krama Yudha Sales Indonesia	4,362	Bank loans
MMD Automobile GmbH	2,491	Liquidation of receivables	MMD Automobile GmbH	951	Liquidation of receivables
Employees	178	(Note)	Employees	173	(Note)
Total	7,295		Total	5,487	

(Note) Bank loans for “Employees’ property accumulation residence fund,” etc.

Quarterly consolidated statement of income

*1. Impairment loss

The MMC Group recognized impairment losses on the following asset groups:

I. For the three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020)

(1) Outline of asset group on which an impairment loss was recognized

Location	Usage	Type	Amount (Millions of yen)
Okazaki, Aichi, Kyoto, Kyoto, Kurashiki, Okayama, etc. (5 locations)	Production assets	Machinery, equipment, buildings, structures, tools, furniture, fixtures, and others	107,403
Kamo, Gifu (1 location)	Production assets	Land, machinery, buildings, structures, and others	8,107
Ishioka, Ibaraki, etc. (10 locations)	Sales related assets	Buildings, structures, and others	321
Kyoto, Kyoto (2 locations)	Idle assets	Machinery, equipment, and others	84
Total			115,916

(Note) Impairment loss of 115,916 million yen comprises 107,488 million yen of “^(*) Impairment loss” and 8,428 million yen out of “^(*) Business restructuring expenses,” both of which were recorded in “Extraordinary losses.”

(2) Grouping methods of assets

Production assets are grouped by the business company and sales related assets are grouped mainly by business unit. In addition, lease assets and idle assets are treated as individual asset groups.

(3) Circumstances leading to recognition of impairment losses

As a result of formulating the new mid-term business plan, Small but Beautiful, which is aimed at quickly reorganizing management through wide-ranging structural reform plans, the initially anticipated profitability ceased to be feasible with the change in the forecast number of vehicles. Consequently, the book values for production assets and sales related assets of MMC and its consolidated subsidiaries were reduced to their recoverable amounts.

Moreover, to accommodate the decision making under the reorganization of the production system, the asset grouping for production assets of consolidated subsidiaries was classified separately from the other production assets, and the book value was reduced to the recoverable amount. This impairment loss was recognized as business restructuring expenses.

(4) Method of computing the recoverable amount

The recoverable amount is determined by the higher amount of the net selling value and the value in use. The net selling value is reasonably computed using the appraisal value based on the real estate appraisal standard, the assessed value of the inheritance tax based on the road rating, etc., and the value in use is computed based on the future cash flows (discount rate is mainly 10.9%). The recoverable amount of idle assets is computed using the net selling value and those idle assets which are substantially difficult to sell are assessed as net selling value of zero.

(5) Amount of impairment loss

Major components of 115,916 million yen of the impairment loss are as follows.

	(Millions of yen)
Buildings and structures	32,517
Machinery and equipment	37,455
Tools, furniture and fixtures	16,603
Land	3,331
Other	26,008
Total	115,916

II. For the three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

The information on impairment loss is omitted because it is immaterial.

*2. COVID-19

For the three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020)

MMC suspended factory operations in accordance with the directions issued by governments in the locations of key component manufacturing factories to suspend factory operations to prevent the spread of COVID-19. Similarly, our Philippine subsidiary suspended operations in accordance with government directions to suspend factory operations to prevent the spread of COVID-19. The deterioration in operating expenses such as fixed costs and direct additional expenses in the respective periods of suspension was recorded as 2,071 million yen.

*3. Business restructuring expenses

For the three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020)

Business restructuring expenses were 8,428 million yen for an impairment loss on non-current assets at sales and manufacturing bases due to the restructuring and strengthening of the sales and manufacturing system in Japan; and 1,164 million yen in payment of special retirement benefits at overseas subsidiaries.

Quarterly consolidated statement of cash flows

- * There is no quarterly consolidated statement of cash flows for the three months ended June 30, 2021. In addition, depreciation cost for the three months ended June 30, 2021 is as follows:

	(Millions of yen)	
	FY2020	FY2021
	For the three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020)	For the three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)
Depreciation	17,183	13,342

Shareholders' equity

- I. For the three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020)
1. Dividend payment
Not applicable.
 2. Dividends whose record dates are in the three months ended June 30, 2020 but whose effective dates are after the end of the first quarter ended June 30, 2020.
Not applicable.
 3. Significant changes in the amount of shareholders' equity
Shareholders' equity as of June 30, 2020 fell 176,147 million yen compared to March 31, 2020. This was mainly due to a loss of 176,157 million yen recorded for the quarter.
- II. For the three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)
1. Dividend payment
Not applicable.
 2. Dividends whose record dates are in the three months ended June 30, 2021, but whose effective dates are after the end of the first quarter ended June 30, 2021.
Not applicable.
 3. Significant changes in the amount of shareholders' equity
Not applicable.

Segment information, etc.

[Segment information]

I. For the three months ended June 30, 2020 (from April 1, 2020 to June 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	222,812	6,732	229,545	–	229,545
(2) Intersegment sales	576	1,200	1,776	(1,776)	–
Total	223,389	7,932	231,322	(1,776)	229,545
Segment profit (loss)	(55,153)	1,186	(53,967)	625	(53,341)

(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. Information about impairment loss on non-current assets, goodwill, etc. by reporting segment

Material impairment losses on non-current assets

In the automobile business, the book value of some assets such as production assets, for which the investment seems unlikely to be recovered due to the decline in profitability, were reduced to the recoverable amount, with such decreases recorded as impairment loss and business restructuring expenses.

The amount recorded for such impairment loss in the three months ended June 30, 2020 was 115,916 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	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, the United Kingdom, Spain, Italy
- (3) Asia.....Thailand, Indonesia, the Philippines, Vietnam
- (4) Oceania.....Australia, New Zealand
- (5) Other.....U.A.E., Brazil

2. Net sales and operating profit (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	122,719	19,427	23,109	32,260	31,182	845	229,545	–	229,545
(2) Intersegment sales	55,028	857	463	43,150	0	–	99,499	(99,499)	–
Total	177,748	20,284	23,572	75,410	31,183	845	329,044	(99,499)	229,545
Operating profit (loss)	(50,073)	(4,179)	335	(2,022)	293	(2)	(55,648)	2,307	(53,341)

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

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

II. For the three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

1. The amounts of net sales and profits or losses by reportable segment, and information on disaggregation of revenue

(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 revenue	117	4,519	4,637	–	4,637
Subtotal	422,539	9,400	431,940	–	431,940
(2) Intersegment sales	2,946	511	3,458	(3,458)	–
Total	425,486	9,912	435,398	(3,458)	431,940
Segment profit (loss)	10,007	1,202	11,210	(626)	10,584

(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. Change in reportable segments

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 three months ended June 30, 2021, as a result of this change, and compared with the figures obtained by the previous method, net sales decreased by 868 million yen and segment profit increased by 31 million yen for the automobile business, and net sales and segment profit increased 796 million yen and 52 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 three months ended June 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 2,797 million yen.

Supplementary information about geographic region

1. Net sales to external customers classified by the geographic location of the external customers, and information on disaggregation of revenue

(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 revenue	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, 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

2. Net sales and operating profit (loss) classified by the geographic location of MMC and its consolidated subsidiaries, and information on disaggregation of revenue

(Millions of yen)

	Japan	North America	Europe	Asia	Oceania	Other	Total	Adjustment	Grand total
Net sales									
(1) External customers									
Revenue from Contracts with Customers	152,113	83,752	42,475	89,413	57,779	1,770	427,303	–	427,303
Other revenue	4,534	69	–	–	33	–	4,637	–	4,637
Subtotal	156,647	83,821	42,475	89,413	57,812	1,770	431,940	–	431,940
(2) Intersegment sales	183,191	1,009	492	111,303	3	–	296,000	(296,000)	–
Total	339,839	84,830	42,968	200,716	57,815	1,770	727,941	(296,000)	431,940
Operating profit (loss)	(7,064)	10,474	1,674	6,716	3,913	97	15,811	(5,227)	10,584

(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, Vietnam, the Philippines
- (4) Oceania.....Australia, New Zealand
- (5) Other.....U.A.E.

Revenue recognition

Information on disaggregation of revenue from contracts with customers is as described in “Notes - Segment information, etc.”

Per share information

The basis of calculation for basic earnings (loss) per share and the basis of calculation for diluted earnings per share are as follows:

	For the three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020)	For the three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)
(1) Basic earnings (loss) per share (Yen)	(118.36)	4.09
<i>Basis of calculation</i>		
Profit (loss) attributable to owners of parent (Millions of yen)	(176,157)	6,091
Amounts not applicable to shareholders of common stock (Millions of yen)	–	–
Profit (loss) attributable to owners of parent pertaining to common stock (Millions of yen)	(176,157)	6,091
Average number of shares of common stock outstanding during the period (Thousands of shares)	1,488,330	1,487,613
(2) Diluted earnings per share (Yen)	–	4.09
<i>Basis of calculation</i>		
Profit attributable to owners of parent (Millions of yen)	–	–
Increase in number of shares of common stock (Thousands of shares)	–	778
Overview of residual shares not included in calculation of diluted earnings per share due to lack of dilutive effect with significant changes from the previous fiscal year	–	–

- (Notes)
1. When calculating “basic earnings (loss) per share,” shares of MMC held by the Board Incentive Plan (BIP) Trust have been included in treasury shares excluded from the calculation of the average number of shares during the period (– thousand shares in the three months ended June 30, 2020; 1,146 thousand shares in the three months ended June 30, 2021).
 2. “Diluted earnings per share” for the three months ended June 30, 2020 is not noted even though MMC has issued dilutive securities, because the per share data is a loss per share.

Subsequent events after reporting period

Not applicable.

2. Others

Not applicable.

B. Information on Guarantors for the Company

Not applicable.

Independent Auditor's Quarterly Review Report
(English Translation)

August 4, 2021

The Board of Directors

mitsubishi motors corporation

Ernst & Young ShinNihon LLC
Tokyo, Japan

Hirohisa Fukuda
Designated and Engagement Partner
Certified Public Accountant

Takeshi Saida
Designated and Engagement Partner
Certified Public Accountant

Taichi Muto
Designated and Engagement Partner
Certified Public Accountant

Auditor's Conclusion

We have reviewed, pursuant to the provisions of Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act of Japan, the quarterly consolidated financial statements included in "Financial Information," which consist of the quarterly consolidated balance sheet, quarterly consolidated statement of income, quarterly consolidated statement of comprehensive income and notes thereto of MITSUBISHI MOTORS CORPORATION ("MMC") for the first quarter ended June 30, 2021 (April 1, 2021 through June 30, 2021).

Based on our review, nothing has come to our attention that causes us to believe that the quarterly consolidated financial statements referred to above do not present fairly, in all material respects, the financial position of MMC and its consolidated subsidiaries as of June 30, 2021, and the operating results for the three-month period then ended in conformity with accounting principles for quarterly consolidated financial statements generally accepted in Japan.

Basis for Auditor's Conclusion

We conducted our review in accordance with the quarterly review standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Quarterly Review of the Quarterly Consolidated Financial Statements section of our report.

We are independent of the Group in accordance with the ethical requirements that are relevant to our review of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that we have obtained evidence to form the basis for the statements of conclusion.

Emphasis of Matter

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 have changed the depreciation method for property, plant and equipment from the declining balance method to the straight line method and reviewed the useful lives of machinery and equipment, effective from the first quarter ended June 30, 2021. In addition, the residual value of property, plant and equipment has been changed to the memorandum value.

Our opinion is not qualified in respect of these matters.

Responsibilities of Management and Audit Committee for the Quarterly Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the quarterly consolidated financial statements in accordance with accounting principles for quarterly consolidated financial statements generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the quarterly consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the quarterly consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles for quarterly consolidated financial statements generally accepted in Japan, matters related to going concern.

Audit Committee is responsible for overseeing the performance of duties by Executive Officers and Directors regarding the development and operation of the Group's financial reporting process.

Auditor's Responsibilities for the quarterly review of the Quarterly Consolidated Financial Statements

Our responsibility is to express a conclusion on these quarterly consolidated financial statements in the Independent Auditor's Quarterly Review Report independently based on our review.

As part of a quarterly review in accordance with the quarterly review standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the quarterly review. We also:

- A quarterly review consists principally of making inquiries, primarily of management and persons responsible for financial and accounting matters, and applying analytical procedures and other quarterly review procedures. Quarterly review procedures are more limited in scope compared with an annual audit conducted in accordance with auditing standards generally accepted in Japan.
- If a material uncertainty exists related to events or conditions that may cast significant doubt on the matters concerning the ability of the Group to continue as a going concern, we shall conclude, based on the evidence obtained, whether there are matters that cause us to believe the quarterly consolidated financial statements and disclosures have not been presented fairly in conformity with accounting principles for quarterly financial statements generally accepted in Japan. In addition, if we conclude that a material uncertainty exists concerning the ability of the Group to continue as a going concern, we are required to draw attention in our quarterly review report to the related disclosures in the quarterly consolidated financial statements, or if the relevant disclosures in the quarterly consolidated financial statements concerning material uncertainty are inadequate, provide a qualified conclusion or a negative conclusion in relation to the quarterly consolidated financial statements. Our conclusions are based on the evidence obtained up to the date of the quarterly review report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether there are matters that cause us to believe the quarterly consolidated financial statements and disclosures have not been prepared in conformity with accounting principles for quarterly financial statements generally accepted in Japan and whether there are matters that cause us to believe the overall presentation, structure and content of the quarterly consolidated financial statements, including the disclosures, and the transactions and events that underlie the quarterly consolidated financial statements have not been presented fairly.
- Obtain evidence regarding the financial information of MMC and its consolidated subsidiaries to express a conclusion on the quarterly consolidated financial statements. We are responsible for the direction, supervision and performance regarding the quarterly review of the quarterly consolidated financial statements. We remain solely responsible for our conclusion.

We report to the Audit Committee regarding the planned scope and timing of the quarterly review and significant findings that we identify during the quarterly review.

We also provide the Audit Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our review of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Conflict of Interest

We have no interest in or relationship with MMC and its consolidated subsidiaries which is required to be disclosed pursuant to the provisions of the Certified Public Accountant Act of Japan.

(Notes) 1. The English translation has no legal force and is provided for convenience only.

2. The document presented above is a digitized copy of the original version of the Independent Auditor's Quarterly Review Report. The original report is kept separately by MMC (the filing company of the Quarterly Securities Report).

3. XBRL data is not included in the scope of the quarterly review.

[Cover page]

Document title:	Confirmation Letter (“ <i>Kakuninsho</i> ”)
Clause of stipulation:	Article 24-4-8, paragraph (1) of the Financial Instruments and Exchange Act
Place of filing:	Director-General of the Kanto Local Finance Bureau
Filing date:	August 4, 2021
Company name:	三菱自動車工業株式会社 (<i>Mitsubishi Jidosha Kogyo Kabushiki Kaisha</i>)
Company name in English:	MITSUBISHI MOTORS CORPORATION
Title and name of representative:	Takao Kato, Representative Executive Officer, President & CEO
Title and name of chief financial officer:	Koji Ikeya, Representative Executive Officer, Executive Vice President (CFO)
Address of registered headquarters:	3-1-21, Shibaura, Minato-ku, Tokyo, Japan
Place for public inspection:	Tokyo Stock Exchange, Inc. 2-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo, Japan

1. Appropriateness of the descriptions in this Quarterly Securities Report

Takao Kato, Representative Executive Officer, President & CEO, and Koji Ikeya, Chief Financial Officer of MITSUBISHI MOTORS CORPORATION, have confirmed that this quarterly securities report for the first quarter of FY2021 (April 1, 2021 through June 30, 2021) is reasonably and fairly stated in accordance with the Financial Instruments and Exchange Act and related regulations.

2. Special notes

There are no noteworthy matters that are pertinent to this quarterly securities report.