

November 4, 2020

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2021 [Japan GAAP]

Company name: **MITSUBISHI MOTORS CORPORATION**
 Listing: First Section, the Tokyo Stock Exchange
 Stock code: 7211
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 Scheduled date to file quarterly Report: November 6, 2020
 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, 2021 (April 1, 2020 to September 30, 2020)

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

(1) Consolidated operating results

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2020 2nd quarter	574,874	(49.0)	(82,626)	-	(87,011)	-	(209,884)	-
FY2019 2nd quarter	1,127,955	(3.5)	10,234	(82.0)	1,246	(98.2)	2,598	(95.0)

Reference: Comprehensive income FY2020 2nd quarter: ¥ (207,932) million (-%) FY2019 2nd quarter: ¥ (10,627) million (-%)

	Net income per share-basic	Net income per share-diluted
	Yen	Yen
FY2020 2nd quarter	(141.02)	-
FY2019 2nd quarter	1.75	1.74

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
September 30, 2020	1,732,316	579,040	32.6
March 31, 2020	1,938,123	788,363	39.9

Reference: Shareholders' Equity As of September 30, 2020: ¥ 564,549 million As of March 31, 2020: ¥ 772,663 million

2. Cash dividends

	Cash dividend per share				
Record Date	First quarter	Second quarter	Third quarter	Fiscal year end	Annual
	Yen	Yen	Yen	Yen	Yen
FY2019	-	10.00	-	0.00	10.00
FY2020	-	0.00			
FY2020 (Forecast)			-	0.00	0.00

Note: Revisions to the forecasts of cash dividends in the current quarter: Nil

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

(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	1,480,000	(34.8)	(140,000)	-	(160,000)	-	(360,000)	-	(241.88)

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

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 "1.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: No
 - (ii) Changes in accounting policies due to other reasons: No
 - (iii) Changes in accounting estimates: No
 - (iv) Restatement: No
- (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, 2020:	1,490,282,496 shares
As of March 31, 2020:	1,490,282,496 shares
 - (ii) Number of shares of treasury stock at the end of the period

As of September 30, 2020:	1,913,465 shares
As of March 31, 2020:	1,969,601 shares
 - (iii) Average number of shares during the period (cumulative from the beginning of the fiscal year)

FY 2020 2nd quarter:	1,488,349,705 shares
FY 2019 2nd quarter:	1,488,312,896 shares

* 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.

1. Consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	399,614	487,667
Notes and accounts receivable - trade	137,519	113,943
Finance receivables	268,435	250,597
Merchandise and finished goods	214,083	117,467
Work in process	23,626	22,708
Raw materials and supplies	35,719	35,231
Other	125,665	91,726
Allowance for doubtful accounts	(1,802)	(1,172)
Total current assets	1,202,862	1,118,169
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	109,127	80,404
Machinery, equipment and vehicles, net	140,516	112,829
Tools, furniture and fixtures, net	56,983	41,261
Land	126,183	123,161
Construction in progress	46,813	27,002
Total property, plant and equipment	479,624	384,660
Intangible assets	49,486	31,327
Investments and other assets		
Investment securities	77,005	76,136
Other	134,227	126,874
Allowance for doubtful accounts	(5,083)	(4,851)
Total investments and other assets	206,149	198,158
Total non-current assets	735,260	614,146
Total assets	1,938,123	1,732,316

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	308,378	145,916
Electronically recorded obligations - operating	76,276	53,718
Short-term borrowings	62,426	74,957
Commercial papers	58,300	66,500
Current portion of long-term borrowings	55,661	60,687
Accounts payable - other, and accrued expenses	221,140	167,185
Income taxes payable	11,301	2,436
Provision for product warranties	48,611	48,231
Provision for loss on fuel economy test	2,304	1,614
Other	73,944	63,258
Total current liabilities	918,344	684,505
Non-current liabilities		
Long-term borrowings	99,388	336,381
Retirement benefit liability	48,252	49,606
Other	83,774	82,781
Total non-current liabilities	231,415	468,769
Total liabilities	1,149,759	1,153,275
Net assets		
Shareholders' equity		
Capital stock	284,382	284,382
Capital surplus	200,072	200,061
Retained earnings	407,547	198,361
Treasury shares	(1,728)	(1,679)
Total shareholders' equity	890,273	681,126
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(562)	19
Deferred gains or losses on hedges	(99)	(142)
Foreign currency translation adjustment	(82,731)	(83,772)
Remeasurements of defined benefit plans	(34,216)	(32,681)
Total accumulated other comprehensive income	(117,610)	(116,577)
Share acquisition rights	345	506
Non-controlling interests	15,354	13,985
Total net assets	788,363	579,040
Total liabilities and net assets	1,938,123	1,732,316

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

Consolidated statements of income	(Millions of yen)	
	FY2019 2nd quarter (from April 1, 2019 to September 30, 2019)	FY2020 2nd quarter (from April 1, 2020 to September 30, 2020)
Net sales	1,127,955	574,874
Cost of sales	957,216	545,292
Gross profit	170,738	29,582
Selling, general and administrative expenses		
Advertising and promotion expenses	24,755	12,258
Freight costs	23,748	10,338
Provision of allowance for doubtful accounts	(165)	(346)
Remuneration, salaries and allowances for directors (and other officers)	38,869	34,095
Retirement benefit expenses	1,837	2,369
Depreciation	8,597	7,970
Research and development expenses	36,547	25,820
Other	26,314	19,701
Total selling, general and administrative expenses	160,504	112,209
Operating profit (loss)	10,234	(82,626)
Non-operating income		
Interest income	2,979	925
Dividend income	543	444
Share of profit of entities accounted for using equity method	3,321	—
Subsidies for employment adjustment	—	2,495
Other	625	1,195
Total non-operating income	7,469	5,060
Non-operating expenses		
Interest expenses	1,939	2,888
Foreign exchange losses	12,084	1,259
Share of loss of entities accounted for using equity method	—	1,486
Other	2,433	3,809
Total non-operating expenses	16,458	9,444
Ordinary profit (loss)	1,246	(87,011)
Extraordinary income		
Gain on sales of non-current assets	353	295
Gain on contribution of securities to retirement benefit trust	9,376	—
Other	302	12
Total extraordinary income	10,033	308

(Millions of yen)

	FY2019 2nd quarter (from April 1, 2019 to September 30, 2019)	FY2020 2nd quarter (from April 1, 2020 to September 30, 2020)
Extraordinary losses		
Loss on retirement of non-current assets	1,789	1,122
Impairment loss	367	(*1) 107,495
Loss on COVID-19	—	(*2) 2,065
Business restructuring expenses	—	(*1), (*3) 12,563
Subsidiary transfer cost	912	353
Other	112	41
Total extraordinary losses	3,181	123,642
Profit (loss) before income taxes	8,097	(210,345)
Income taxes	4,840	61
Profit (loss)	3,257	(210,407)
Profit (loss) attributable to non-controlling interests	658	(522)
Profit (loss) attributable to owners of parent	2,598	(209,884)

Consolidated statements of comprehensive income

(Millions of yen)

	FY2019 2nd quarter (from April 1, 2019 to September 30, 2019)	FY2020 2nd quarter (from April 1, 2020 to September 30, 2020)
Profit (loss)	3,257	(210,407)
Other comprehensive income		
Valuation difference on available-for-sale securities	(7,528)	582
Deferred gains or losses on hedges	(56)	(11)
Foreign currency translation adjustment	(5,015)	4,365
Remeasurements of defined benefit plans, net of tax	174	1,610
Share of other comprehensive income of entities accounted for using equity method	(1,459)	(4,073)
Total other comprehensive income	(13,885)	2,474
Comprehensive income	(10,627)	(207,932)
Comprehensive income attributable to owners of parent	(10,843)	(208,037)
Comprehensive income attributable to non-controlling interests	215	105

(3) Consolidated statements of cash flows

(Millions of yen)

	FY2019 2nd quarter (from April 1, 2019 to September 30, 2019)	FY2020 2nd quarter (from April 1, 2020 to September 30, 2020)
Cash flows from operating activities		
Profit (loss) before income taxes	8,097	(210,345)
Depreciation	35,835	31,502
Impairment loss	367	107,495
Gain on contribution of securities to retirement benefit trust	(9,376)	—
Loss on COVID-19	—	2,065
Business restructuring expenses	—	12,563
Increase (decrease) in allowance for doubtful accounts	(707)	(875)
Increase (decrease) in retirement benefit liability	743	(1,357)
Interest and dividend income	(3,523)	(1,369)
Interest expenses	1,939	2,888
Foreign exchange losses (gains)	1,877	4,336
Share of loss (profit) of entities accounted for using equity method	(3,321)	1,486
Loss (gain) on sales and retirement of non-current assets	1,468	837
Decrease (increase) in trade receivables	(31,088)	26,476
Decrease(increase) in financial receivables	21,670	17,867
Decrease (increase) in inventories	(2,912)	104,408
Increase (decrease) in trade payables	(7,154)	(191,744)
Other, net	(33,070)	(18,678)
Subtotal	(19,155)	(112,442)
Interest and dividends received	7,161	1,596
Interest paid	(2,023)	(2,639)
Payments related to fuel economy test	(879)	(689)
Income taxes paid	(10,918)	(9,714)
Net cash provided by (used in) operating activities	(25,815)	(123,889)
Cash flows from investing activities		
Decrease (increase) in time deposits	10,854	(21,725)
Purchase of property, plant and equipment	(56,998)	(40,331)
Proceeds from sales of property, plant and equipment	1,100	871
Long-term loan advances	(1,144)	—
Collection of long-term loans receivable	415	378
Other, net	(9,556)	(7,398)
Net cash provided by (used in) investing activities	(55,330)	(68,205)

(Millions of yen)

	FY2019 2nd quarter (from April 1, 2019 to September 30, 2019)	FY2020 2nd quarter (from April 1, 2020 to September 30, 2020)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(6,092)	11,173
Increase (decrease) in commercial papers	5,400	8,200
Proceeds from long-term borrowings	51,200	273,982
Repayments of long-term borrowings	(29,167)	(32,022)
Dividends paid	(14,869)	(20)
Dividends paid to non-controlling interests	(212)	(1,356)
Purchase of shares of subsidiaries resulting in no change in scope of consolidation	—	(329)
Other, net	(1,507)	(1,848)
Net cash provided by (used in) financing activities	4,751	257,778
Effect of exchange rate change on cash and cash equivalents	(4,163)	517
Net increase (decrease) in cash and cash equivalents	(80,558)	66,201
Cash and cash equivalents at beginning of period	489,456	399,588
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	—	126
Cash and cash equivalents at end of period	408,897	465,916

(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

The amount of shareholders' equity as of the second quarter ended September 30, 2020 decreased by 209,147 million yen from the end of fiscal year ended March 31, 2020. This is primarily due to 209,884 million yen recorded as loss.

Adoption of specific accounting policies for quarterly consolidated financial statement

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

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

Additional information

There were no significant changes in the assumption including accounting estimates with regard to impact of COVID-19 expansion compared to Additional information described in the Quarterly Securities Report of the First Quarter of FY2020.

Consolidated statement of income

(*1) Impairment loss

The MMC Group recognized an impairment loss on the following asset group:

1. For FY2019 2nd quarter (from April 1, 2019 to September 30, 2019)

This information is omitted because it is immaterial.

2. For FY2020 2nd quarter (from April 1, 2020 to September 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 facilities	Machinery, equipment, buildings and structures, tools, furniture, fixtures, and others	107,411
Kamo, Gifu (2 location)	Production facilities	Land, machinery, buildings and structures, and others	8,485
Ishioka, Ibaraki, etc. (11 locations)	Sales related assets	Buildings and structures, and others	321
Kyoto, Kyoto, etc. (2 locations)	Idle assets	Machinery, equipment, and others	84
		Total	116,302

(Note) Impairment loss 116,302 million yen is total of 107,495 million yen of "(*1) Impairment loss" of extraordinary loss and 8,807 million yen as including number of "(*3) Business restructuring expenses".

(2) Grouping method 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 our new "Small but Beautiful" mid-term plan designed to rebuild our business as quickly as possible by implementing a broad range of structural reform plans, the existing future vehicle sales volume projections were updated and the updated projections suggested that part of the investments would not be recoverable. Therefore, the carrying amounts of the production facilities of MMC were written down to their recoverable amounts.

Also, in accordance with the decision made on closures of a part of stores, etc. based on the reorganization of sales structure as the same as above plan, the carrying amount of sales related assets of consolidated subsidiaries were written down to the recoverable amount. In addition, in accordance with the decision made on the reorganization of production structure and the business contraction as the same as above plan, production facilities of consolidated subsidiaries were classified as a distinctive asset group separate from other production assets and the carrying amount were written down to the recoverable amount. These impairment losses related to production facilities and sales related assets of consolidated subsidiaries were recorded as part of business restructuring expenses.

(4) Method of computing the recoverable amount

The recoverable amount is determined by the higher amount of the net selling value or the value in use. The net selling value is reasonably computed using the appraisal value based on the real estate appraisal standard and the assessed value of the inheritance tax based on the road rating, etc. the value in use is computed based on 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

Main breakdown of impairment loss 116,302 million yen is as follows:

	(Millions of yen)
Buildings and structures	32,714
Machinery and equipment	37,636
Tools, furniture and fixtures	16,609
Land	3,331
Other	26,010
<hr/> Total	<hr/> 116,302

(*2) Loss on COVID-19

MMC had stopped operations following factory shutdown instruction of the government of key parts manufacturing plant locations for prevention of COVID-19. And also Philippine subsidiaries had stopped operations following factory shutdown instruction of the government for prevention of COVID-19. It was recognized 2,065 million for fixed costs, etc. as deterioration of operating cost and additional direct costs on the period of factory shutdown.

(*3) Business restructuring expenses

Business restructuring expenses are impairment loss, etc. of noncurrent assets in domestic sales and production unit 8,925 million yen accompanying with enhancing reorganization of sales structure and production system in Japan, expenses related to freeze of introduction of new models to European market 2,413 million and extra retirement benefit payments in overseas subsidiaries 1,226 million yen.

Segment information

FY2019 2nd quarter (from April 1, 2019 to September 30, 2019)

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

(Millions of yen)

	Automobiles	Financial services	Total	Adjustment (Note 1)	Grand total (Note 2)
Net sales					
(1) External customers	1,113,424	14,531	1,127,955	-	1,127,955
(2) Intersegment sales & transfers	6,627	1,330	7,958	(7,958)	-
Total	1,120,051	15,862	1,135,913	(7,958)	1,127,955
Segment income (loss)	7,834	2,527	10,361	(127)	10,234

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

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

(Supplementary information about geographic region)

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

(Millions of yen)

	Japan	North America	Europe	Asia	Oceania	Other	Total
Net sales							
Net sales to external customers	234,121	143,384	233,651	322,944	90,725	103,127	1,127,955

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

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

FY2020 2nd quarter (from April 1, 2020 to September 30, 2020)

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

(Millions of yen)

	Automobiles	Financial services	Total	Adjustment (Note 1)	Grand total (Note 2)
Net sales					
(1) External customers	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 income (loss)	(86,247)	2,457	(83,789)	1,162	(82,626)

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

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

(Supplementary information about geographic region)

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

(Millions of yen)

	Japan	North America	Europe	Asia	Oceania	Other	Total
Net sales							
Net sales to external customers	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