

May 10, 2022

Consolidated Financial Results for FY 2021 Full Year (April 1, 2021 through March 31, 2022) [Japan GAAP]

Company name: **Mitsubishi Motors Corporation**
 Listing: Prime Market, the Tokyo Stock Exchange
 Stock code: 7211
 URL: <https://www.mitsubishi-motors.co.jp/>
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 Scheduled date for ordinary general shareholders' meeting: June 23, 2022
 Scheduled date to file Securities Report: June 24, 2022
 Scheduled date to deliver cash dividends: —

1. Consolidated performance for the full year 2021 (April 1, 2021 to March 31, 2022)

(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	2,038,909	40.1	87,331	—	100,969	—	74,037	—
FY2020	1,455,476	(35.9)	(95,321)	—	(105,203)	—	(312,317)	—

Reference: Comprehensive income FY2021 : ¥ 106,757 million (—%) FY2020 : ¥ (259,691) million (—%)

	Net income per share-basic	Net income per share-diluted	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to sales
	Yen	Yen	%	%	%
FY2021	49.76	49.74	13.3	5.3	4.3
FY2020	(209.88)	—	(48.8)	(5.5)	(6.5)

Note: Equity income from affiliates FY2021 : ¥ 8,527 million FY2020 : ¥ (9,122) million

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

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2022	1,928,443	630,301	31.5	407.82
March 31, 2021	1,856,279	525,251	27.4	341.44

Reference: Shareholders' Equity As of March 31, 2022: ¥ 606,772 million As of March 31, 2021: ¥ 507,905 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from Investing activities	Cash flows from financing activities	Cash & cash equivalents at end of period
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
FY2021	118,114	(69,123)	(10,234)	511,473
FY2020	(41,537)	(101,323)	168,291	444,619

2. Cash dividends

Record Date	Cash dividend per share					Total annual cash dividends	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter	Second quarter	Third quarter	Fiscal year end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
FY2020	–	0.00	–	0.00	0.00	0	–	–
FY2021	–	0.00	–	0.00	0.00	0	–	–
FY2022 (Forecast)	–	–	–	–	–		–	

Note: : FY2022 dividends forecast has not yet been determined

3. Consolidated earnings forecasts for fiscal year 2022 (from April 1, 2022 to March 31, 2023)

(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	2,290,000	12.3	90,000	3.1	93,000	(7.9)	75,000	1.3	50.41

Note

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) 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 (5) 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 9 and 10 for details.

- (3) 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 March 31, 2022: 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 March 31, 2022: 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)
- As of March 31, 2022: 1,487,792,671 shares
- As of March 31, 2021: 1,488,068,572 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 March 31, 2022 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 (1,139,910 shares as of March 31, 2022 and 314,444 shares as of March 31, 2021).

Reference: Overview of the Unconsolidated Financial Results

1. Unconsolidated Results for FY2021 (from April 1, 2021 to March 31, 2022)

(1) Unconsolidated operating results (Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2021	1,614,787	47.8	34,323	—	52,093	—	40,149	—
FY2020	1,092,242	(39.4)	(165,725)	—	(145,996)	—	(273,405)	—

	Net income per share-basic	Net income per share-diluted
	Yen	Yen
FY2021	26.99	26.97
FY2020	(183.73)	—

(2) Unconsolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2022	985,999	318,125	32.2	213.68
March 31, 2021	985,314	277,260	28.1	186.15

Reference: Shareholders' Equity As of March 31, 2022: ¥ 317,930 million As of March 31, 2021: ¥ 276,907 million

* Annual audit procedures:

This document is out of the scope of Audit by the independent Auditor.

* 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. Overview of Financial Results, etc.

(1) Overview of Financial Results

The COVID, which has continued since 2020, has been repeatedly epidemic due to mutant strains, and has struck a serious blow to supply chain as well as product sales. In addition, from the second half of FY2021, cost increases due to soaring raw material and logistics costs have become apparent. Furthermore, due to the emergence of geopolitical risks triggered by Russia's military invasion against Ukraine, the business environment surrounding us became more uncertain and changed on a daily basis in FY2021.

Although FY2021 was a very challenging year, we were able to significantly improve our business performance by delivering the new "Outlander", "Xpander" and other products to numerous customers and also adapting flexibly to the various environment changes company-wide. As a result, the number of vehicles sold for the full fiscal year was 937,000 units globally, up 17% from the previous fiscal year, and consolidated net sales for the full fiscal year rose 40% year on year to 2,038.9 billion yen.

Driven by exchange rate headwinds, an increase of unit sales, the effect of curving discounts and the cost reduction effect, consolidated operating profit improved to 87.3 billion yen for the full fiscal year (an increase of 182.6 billion yen year on year). The operating profit ratio improved 11 points to 4.3% from last year. Consolidated ordinary profit was 101.0 billion yen (an increase of 206.2 billion yen year on year) and net income attributable to the owners of the parent company was 74.0 billion yen (an increase of 386.3 billion yen year on year).

(2) Overview of Financial Position

Total assets at the end of fiscal year 2021 amounted to 1,928.4 billion yen (an increase of 72.1 billion yen from the end of fiscal year 2020). Cash and cash deposits amounted to 511.5 billion yen (an increase of 55.8 billion yen from the end of fiscal year 2020). Total liabilities amounted to 1,298.1 billion yen (a decrease of 32.9 billion yen from the end of fiscal year 2020). Of total liabilities, the interest bearing debt balance was 480.5 billion yen (a decrease of 2.8 billion yen from the end of fiscal year 2020). Net assets amounted to 630.3 billion yen (an increase of 105.0 billion yen from the end of fiscal year 2020).

(3) Overview of Cash Flow

The balance of cash and cash equivalents at the end of the fiscal year 2020 increased by 66.9 billion yen from the end of the previous fiscal year to 511.5 billion yen.

The status of each cash flow for the fiscal year 2020 and their factors are as follows:

Cash flows from operating activities

Net cash provided by operating activities was 118.1 billion yen, an increase of 159.6 billion yen from 41.5 billion yen used in the previous fiscal year.

This was primarily due to increases both in revenues and profits with the increase of unit sales.

Cash flows from investing activities

Net cash used in investing activities was 69.1 billion yen, an increase of 32.2 billion yen from 101.3 billion yen used in the previous fiscal year.

This was primarily due to a decrease in fixed deposits.

Cash flows from financing activities

Net cash used in financing activities was 10.2 billion yen, a decrease of 178.5 billion yen from 168.3 billion yen provided in the previous fiscal year.

This was primarily due to a decrease in borrowings.

Trends in key cash flow ratios

	FY2017	FY2018	FY2019	FY2020	FY2021
Ratio of shareholders' equity (%)	47.4	43.4	39.9	27.4	31.5
Ratio of market value to assets (%)	68.9	43.5	23.5	25.2	25.5
Debt repayment coverage (years)	0.2	1.6	15.9	(11.6)	4.1
Interest coverage ratio (%)	34.1	38.9	4.8	(8.0)	23.2

Definitions:

Ratio of shareholders' equity: Shareholders' equity / total assets

Ratio of market value to assets: Total market value of shares / total assets

Debt repayment coverage: Interest bearing liabilities / cash flows from operating activities

Interest coverage ratio: Cash flows from operating activities / interest expenses paid

(Note 1) All figures are calculated based on consolidated financial data.

(Note 2) Total market value of shares is the closing market share price at the end of the period multiplied by the number of outstanding shares (excluding treasury shares) at the end of the period.

(Note 3) Cash flows from operating activities are used.

(Note 4) Interest bearing liabilities indicate all liabilities listed on the consolidated balance sheet for which interest is paid and include lease obligations from FY2018.

(4) Financial Forecast

Forecast for the fiscal year 2022

FY2022 is also the final year of the current mid-term plan "Small but Beautiful". It is expected that the harsh and unstable business environment will continue, but we would like to constantly identify issues and solve them one by one so that we can smoothly transition to the next mid-term plan.

The outlook for the fiscal year 2022 (ending March 31, 2023) is as follows:

	FY 2022 Full-year
Net sales	2,290 billion yen
Operating profit	90 billion yen
Ordinary profit	93 billion yen
Profit attributable to owners of parent	75 billion yen

The forecast for consolidated retail sales volume is as follows: (1,000 units)

Region	FY 2022 Forecast	FY 2021 Results
Japan	101	75
North America	166	156
Europe	56	131
Asia	376	331
Others	239	244
Total	938	937

* 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 rates, 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 presentation 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 presentation.

2. Basic premise on accounting standards

In consideration of possibilities that these consolidated financial statements may be subject to trend analysis and/or comparison with other companies' financial statements, the MMC Group's policy is to produce its consolidated financial statements according to Japanese accounting standards.

The MMC Group's policy regarding harmonization with IFRS is to apply appropriate measures based on consideration of domestic and overseas economic situation(s)

3. Consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	455,716	511,502
Notes and accounts receivable - trade	154,253	-
Notes and accounts receivable - trade, and contract assets	-	119,829
Finance receivables	247,331	222,463
Merchandise and finished goods	182,713	192,292
Work in process	26,657	53,266
Raw materials and supplies	40,585	54,033
Short-term loans receivable	723	624
Other	117,880	111,367
Allowance for doubtful accounts	(1,921)	(9,459)
Total current assets	1,223,940	1,255,920
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	83,486	85,110
Machinery, equipment and vehicles, net	120,136	132,116
Tools, furniture and fixtures, net	57,167	64,638
Land	124,963	123,068
Construction in progress	25,227	24,521
Total property, plant and equipment	410,982	429,455
Intangible assets	33,918	38,273
Investments and other assets		
Investment securities	81,895	98,433
Long-term loans receivable	3,439	2,817
Retirement benefit asset	4,548	4,775
Deferred tax assets	40,689	43,669
Other	60,790	58,818
Allowance for doubtful accounts	(3,925)	(3,720)
Total investments and other assets	187,437	204,794
Total non-current assets	632,338	672,523
Total assets	1,856,279	1,928,443

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	307,704	324,091
Electronically recorded obligations - operating	77,222	56,612
Short-term borrowings	16,085	21,778
Commercial papers	32,500	43,000
Current portion of long-term borrowings	57,702	292,131
Lease obligations	3,533	3,751
Accounts payable - other and accrued expenses	249,231	204,894
Income taxes payable	6,747	8,487
Provision for product warranties	48,308	50,029
Other	68,911	79,393
Total current liabilities	867,947	1,084,173
Non-current liabilities		
Long-term borrowings	347,978	95,768
Lease obligations	25,525	24,101
Deferred tax liabilities	16,044	17,127
Retirement benefit liability	28,593	32,240
Other	44,938	44,731
Total non-current liabilities	463,080	213,968
Total liabilities	1,331,027	1,298,142
Net assets		
Shareholders' equity		
Capital stock	284,382	284,382
Capital surplus	199,950	199,837
Retained earnings	95,928	169,694
Treasury shares	(1,659)	(1,382)
Total shareholders' equity	578,602	652,531
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	511	1,111
Deferred gains or losses on hedges	(554)	(31)
Foreign currency translation adjustment	(63,035)	(32,571)
Remeasurements of defined benefit plans	(7,617)	(14,267)
Total accumulated other comprehensive income	(70,696)	(45,759)
Share acquisition rights	352	195
Non-controlling interests	16,993	23,334
Total net assets	525,251	630,301
Total liabilities and net assets	1,856,279	1,928,443

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

Consolidated statements of income (Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	1,455,476	2,038,909
Cost of sales	1,299,021	1,676,459
Gross profit	156,454	362,450
Selling, general and administrative expenses		
Advertising and promotion expenses	34,891	39,147
Freightage expenses	29,112	49,849
Provision of allowance for doubtful accounts	624	1,834
Remuneration, salaries and allowances for directors (and other officers)	68,387	66,875
Retirement benefit expenses	4,959	3,781
Depreciation	14,898	12,715
Research and development expenses	55,990	57,507
Other	42,912	43,405
Total selling, general and administrative expenses	251,776	275,118
Operating profit (loss)	(95,321)	87,331
Non-operating income		
Interest income	1,846	1,942
Dividend income	596	567
Foreign exchange gains	3,784	9,241
Share of profit of entities accounted for using equity method	-	8,527
Subsidies for employment adjustment	6,048	919
Other	2,178	3,263
Total non-operating income	14,454	24,462
Non-operating expenses		
Interest expenses	5,375	5,085
Litigation expenses	2,581	1,586
Share of loss of entities accounted for using equity method	9,122	-
Financing expenses	1,603	1,476
Other	5,651	2,675
Total non-operating expenses	24,335	10,824
Ordinary profit (loss)	(105,203)	100,969
Extraordinary income		
Gain on sales of non-current assets	1,548	2,858
Gain on sales of investment securities	41	99
Gain on sales of investments in capital of subsidiaries and associates	1,543	2,791
Gain on reversal of asset retirement obligations	-	833
Other	488	548
Total extraordinary income	3,621	7,131

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Extraordinary losses		
Loss on retirement of non-current assets	3,167	2,887
Loss on sales of non-current assets	104	23
Impairment loss	107,747	1,451
Loss related to the Russian business	-	(*1) 8,220
Loss on COVID-19	2,489	-
Business restructuring expenses	70,286	-
Foreign withholding tax on adjustments for transfer pricing taxation	8,604	-
Other	4,306	827
Total extraordinary losses	196,707	13,411
Profit (loss) before income taxes	(298,289)	94,689
Income taxes - current	7,599	13,362
Income taxes for prior periods	(6,674)	-
Income taxes - deferred	10,215	2,177
Total income taxes	11,139	15,539
Profit (loss)	(309,428)	79,149
Profit (loss) attributable to non-controlling interests	2,888	5,112
Profit (loss) attributable to owners of parent	(312,317)	74,037

Consolidated statements of comprehensive income

	(Millions of yen) Fiscal year ended March 31, 2021	(Millions of yen) Fiscal year ended March 31, 2022
Profit (loss)	(309,428)	79,149
Other comprehensive income		
Valuation difference on available-for-sale securities	1,074	600
Deferred gains or losses on hedges	(407)	537
Foreign currency translation adjustment	23,775	26,521
Remeasurements of defined benefit plans, net of tax	26,679	(6,530)
Share of other comprehensive income of entities accounted for using equity method	(1,384)	6,477
Total other comprehensive income	49,737	27,607
Comprehensive income	(259,691)	106,757
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	(264,122)	98,974
Comprehensive income attributable to non-controlling interests	4,431	7,782

(3) Consolidated statements of changes in net assets

(Millions of yen)

For the fiscal year ended March 31, 2021	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	284,382	200,072	407,547	(1,728)	890,273
Changes of items during period					
Profit (loss) attributable to owners of parent			(312,317)		(312,317)
Purchase of treasury shares				(254)	(254)
Disposal of treasury shares				2	2
Exercise of share acquisition rights		(131)		320	189
Change of scope of consolidation			(23)		(23)
Change in ownership interest of parent due to transactions with non-controlling interests		9			9
Change of scope of equity method			721		721
Net changes of items other than shareholders' equity					
Total changes of items during period		(121)	(311,619)	69	(311,671)
Balance at end of current period	284,382	199,950	95,928	(1,659)	578,602

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	(562)	(99)	(82,731)	(34,216)	(117,610)	345	15,354	788,363
Changes of items during period								
Profit (loss) attributable to owners of parent								(312,317)
Purchase of treasury shares								(254)
Disposal of treasury shares								2
Exercise of stock acquisition rights								189
Change of scope of consolidation								(23)
Change in ownership interest of parent due to transactions with non-controlling interests								9
Change of scope of equity method								721
Net changes of items other than shareholders' equity	1,074	(455)	19,695	26,598	46,914	7	1,638	48,560
Total changes of items during period	1,074	(455)	19,695	26,598	46,914	7	1,638	(263,111)
Balance at end of current period	511	(554)	(63,035)	(7,617)	(70,696)	352	16,993	525,251

(Millions of yen)

For the fiscal year ended March 31, 2021	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	284,382	199,950	95,928	(1,659)	578,602
Cumulative effects of changes in accounting policies			(271)		(271)
Restated balance	284,382	199,950	95,656	(1,659)	578,330
Changes of items during period					
Profit (loss) attributable to owners of parent			74,037		74,037
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				3	3
Exercise of share acquisition rights		(131)		273	160
Net changes of items other than shareholders' equity					
Total changes of items during period		(113)	74,037	276	74,201
Balance at end of current period	284,382	199,837	169,694	(1,382)	652,531

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	511	(554)	(63,035)	(7,617)	(70,696)	352	16,993	525,251
Cumulative effects of changes in accounting policies								(271)
Restated balance	511	(554)	(63,035)	(7,617)	(70,696)	352	16,993	524,980
Changes of items during period								
Profit (loss) attributable to owners of parent								74,037
Purchase of treasury shares								(0)
Disposal of treasury shares								3
Exercise of stock acquisition rights								160
Net changes of items other than shareholders' equity	600	523	30,464	(6,650)	24,937	(157)	6,341	31,120
Total changes of items during period	600	523	30,464	(6,650)	24,937	(157)	6,341	105,321
Balance at end of current period	1,111	(31)	(32,571)	(14,267)	(45,759)	196	23,334	630,301

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit (loss) before income taxes	(298,289)	94,689
Depreciation	65,917	53,630
Impairment loss	107,747	1,451
Loss on COVID-19	2,489	-
Business restructuring expenses	70,286	-
Loss related to the Russian business	-	8,220
Increase (decrease) in allowance for doubtful accounts	(1,051)	955
Increase (decrease) in retirement benefit liability	2,263	2,349
Interest and dividend income	(2,443)	(2,510)
Interest expenses	5,375	5,085
Foreign exchange losses (gains)	1,556	(6,160)
Share of loss (profit) of entities accounted for using equity method	9,122	(8,527)
Gain on sales of investments in capital of subsidiaries and associates	(1,543)	(2,791)
Loss (gain) on sales and retirement of non-current assets	1,724	53
Decrease (increase) in notes and accounts receivable - trade	(7,579)	37,935
Decrease(increase) in financial receivables	21,121	24,744
Decrease (increase) in inventories	44,160	(13,104)
Increase (decrease) in notes and accounts payable - trade	(20,436)	(42,322)
Increase (decrease) in accounts payable - other, and accrued expenses	21,630	(43,290)
Other, net	(50,572)	12,321
Subtotal	(28,518)	122,732
Interest and dividend income received	6,247	3,196
Interest expenses paid	(5,170)	(5,090)
Income taxes paid	(14,096)	(2,723)
Net cash provided by (used in) operating activities	(41,537)	118,114
Cash flows from investing activities		
Decrease (increase) in time deposits	(11,071)	11,071
Purchase of property, plant and equipment	(79,472)	(76,541)
Proceeds from sales of property, plant and equipment	2,128	4,816
Purchase of intangible assets	(12,388)	(10,650)
Other, net	(519)	2,181
Net cash provided by (used in) investing activities	(101,323)	(69,123)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	(48,331)	4,201
Increase (decrease) in commercial papers	(25,800)	10,500
Proceeds from long-term loans payable	320,210	45,780
Repayments of long-term loans payable	(70,986)	(65,772)
Cash dividends paid	(35)	(21)
Dividends paid to non-controlling interests	(2,864)	(1,436)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(329)	-
Other, net	(3,572)	(3,485)
Net cash provided by (used in) financing activities	168,291	(10,234)
Effect of exchange rate change on cash and cash equivalents	19,473	28,098
Net increase (decrease) in cash and cash equivalents	44,903	66,854
Cash and cash equivalents at beginning of period	399,588	444,619
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	126	-
Cash and cash equivalents at end of period	444,619	511,473

(5) Notes to consolidated financial statements

Notes on premise of going concern

There is no item to be reported.

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 current fiscal year, 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.

In addition, regarding paid supply transactions, the extinguishment of supplies for a fee have been recognized conventionally but in case of owing obligation for buyback of supplies, it has been changed as the way not to recognize the extinguishment of these supplies

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 current fiscal year, 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.

Also "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 current fiscal year. 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.

As a result, Work in process increased by 20,592 million yen and notes and accounts payable increased by 19,044 million yen under the consolidated balance sheet as of the end of the current fiscal year compared to before applying the Accounting Standard for Revenue Recognition, etc. For the twelve months ended March 31, 2022, operating profit decreased by 41 million yen and ordinary profit and profit before income taxes both increased by 40 million yen due to net sales decreasing by 7,806 million yen, cost of sales increasing by 326 million yen, selling, general and administrative expenses decreasing by 8,090 million yen and non-operating income increasing by 81 million yen.

The opening balance of retained earnings of consolidated statements of changes in net assets decreased by 271 million yen by reflecting the cumulative effect on net assets at the beginning of the current fiscal year.

In addition, the effect on per share information for the fiscal year ended March 31, 2022 was immaterial.

(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 current fiscal year. 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 current fiscal year, 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 twelve months ended March 31, 2022 increased by 13,898 million yen, respectively, compared with those based on the previous method.

Additional information

Based on a resolution of the Compensation Committee held on December 15, 2020, MMC has introduced a stock compensation system utilizing trusts as an incentive plan for Executive Officers.

(1) Outline

The System adopts a system referred to as the Officers' Compensation BIP (Board Incentive Plan) Trust (hereinafter the "the Trust"). Through the Trust, MMC will deliver or provide a certain proportion of the MMC's shares and the monetary amount equivalent to the shares converted to cash depending on the position of the Executive Officers and the degree of achievement of performance targets.

(2) Own shares remaining in the trust

The MMC's shares remaining in the trust are recorded as treasury stock in the net assets section at the book value of the trust (excluding the amount of incidental expenses). The book value of the treasury stock at the end of the current consolidated fiscal year is 248 million yen, and the number of shares is 1,137,650.

Consolidated statement of income

(*1) Loss related to the Russian business

Following the Russian military invasion of Ukraine on February 24, 2022, countries and regions including Japan issued economic sanctions against Russia. The MMC Group engage in finished vehicle assembly and sales activities in Russia through its consolidated subsidiary and equity-method associate located in Russia. However, production is now suspended temporarily due to parts supply constraints resulting from logistics and other disruptions following the Russian military invasion of Ukraine.

As a result that MMC has receivables from these companies. However, collectability concerns have arisen over some of these receivables. In addition, MMC and its consolidated subsidiaries have inventories and the recoverability of some of those inventories has also decreased. Because of this, MMC recorded a provision of allowance for doubtful accounts amounting to 6,262 million yen for such receivables and an inventory write-down of 1,958 million yen based on the deterioration of recoverability of the inventories as losses related to the Russian business amounting to 8,220 million yen in extraordinary losses.

Segment information

(1) Segment Information

FY 2021 (from April 1, 2021 to March 31, 2022)

1. Overview of reportable segments

The reportable segments of the Group are components for which discrete financial information is available, and for which operating results are regularly reviewed by MMC's decision making bodies including the Board of Directors to determine resource allocation to the segments and to assess their performance.

The main business of the Group is automobile business, involving development, design, manufacturing and sales of automobiles and component parts. In addition, as financial service business, we engage in sales finance and leasing services for Group products (Including property sales associated with the expiration and cancellation of lease transactions).

Accordingly, based on the types of products and services offered, the Group determined "automobile business" and "financial service business" as two reportable segments.

2. Calculation method of net sales, profit or loss, assets and other items by reportable segments

The accounting method for the reportable segments is the same as "Material basis of preparation of the consolidated financial statements".

Inter-segment sales and adjustments are based on the price in the arms-lengths transaction.

3. The matters related to the change in reportable segments

(1) The application of the Accounting Standard for Revenue Recognition

As described in Changes in accounting policies, the measuring method of segment profit (loss) has been changed because the Accounting Standard for Revenue Recognition has been applied from the beginning of the current fiscal year and the accounting method related to revenue recognition has been changed.

For the current fiscal year, net sales of automobile business decreased by 8,951 million yen, segment profit of automobile business decreased by 105 million yen, net sales of financial service business increased by 1,145 million yen and segment profit of financial service business increased by 64 million yen compared to the conventional method due to this change.

(2) Change in the 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, the depreciation method for certain property, plant and equipment of MMC and its consolidated subsidiaries in Japan has been changed from the beginning of the current fiscal year.

For the current fiscal year, segment profit of automobile business increased by 13,898

million yen compared to the conventional method due to this change.

4. Net sales and income (loss), assets and other items for each reportable segment

(Millions of yen)

	Automobiles	Financial services	Total	Adjustment (Note 1)	Grand total (Note 2)
Net sales					
(1) External customers					
Revenue from contracts with customers	2,002,817	17,288	2,020,106	-	2,020,106
Other income	505	18,297	18,802	-	18,802
Subtotal	2,003,322	35,586	2,038,909	-	2,038,909
(2) Intersegment sales & transfers	15,431	2,388	17,819	(17,819)	-
Total	2,018,754	37,974	2,056,729	(17,819)	2,038,909
Segment profit (loss)	83,538	4,625	88,164	(832)	87,331
Segment assets	1,666,577	287,419	1,953,997	(25,553)	1,928,443
Other items					
Depreciation (Note 3)	49,491	4,139	53,630	-	53,630
Investment in equity method affiliates	104,589	-	104,589	-	104,589
Increase in property, plant and equipment and intangible assets (Note 3)	68,563	13,708	82,272	-	82,272

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.

3. Depreciation, increase in property, plant and equipment and intangible assets, include the long-term prepaid expenses and depreciation.

(2) Related Information

FY 2021 (from April 1, 2021 to March 31, 2022)

1. Information by products and services

Information by products and services is omitted as this information is defined as the information by reportable segments.

2. Information by geographic region

1) Net sales

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	375,521	396,902	257,683	482,776	254,590	252,631	2,020,106
Other income	18,418	293	-	-	90	-	18,802
Total	393,940	397,196	257,683	482,776	254,681	252,631	2,038,909

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

Supplementary information

Net sales and operating income (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									
Revenue from contracts with customers	736,742	391,033	211,883	414,421	254,590	11,435	2,020,106	-	2,020,106
Other income	18,418	293	-	-	90	-	18,802	-	18,802
Subtotal	755,160	391,326	211,883	414,421	254,681	11,435	2,038,909	-	2,038,909
(2) inter-segment sales	935,273	4,062	983	530,452	15	-	1,470,787	(1,470,787)	-
Total	1,690,433	395,389	212,867	944,874	254,696	11,435	3,509,696	(1,470,787)	2,038,909
Operating profit (loss)	39,640	13,360	3,238	31,516	9,112	497	97,366	(10,034)	87,331

(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.

Per share information

(Yen)

For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)	
Net assets per share	407.82
Net income(loss) per share - basic	49.76
Net income per share - diluted	49.74

Note : 1. In the calculation of basic earnings per share and diluted earnings per share, the shares of the Company held by the BIP Trust Account is included in the number of treasury shares. Therefore, the number of those shares is deducted in calculating the number of common shares outstanding at the end of the year 1,137,650 shares and weighted average common shares outstanding during the year 1,139,910 shares.
2. Basis for calculating net income per share - basic is shown below.

(Millions of yen)

	For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
Net income per share - basic	
Net income(loss) attributable to owners of the parent	74,037
Gain not attributable to ordinary shareholders	-
Net income(loss) attributable to owners of the parent related to common stock	74,037
Average number of shares of common stock outstanding during the period (Unit: Thousands of shares)	1,487,792
Net income per share - diluted	
Adjustment to Net income attributable to owners of the parent	-
Increase in number of shares of common stock (Unit: Thousands of shares)	619
(Subscription rights to shares)	(619)
Overview of dilutive shares not included in the calculation of diluted earnings per share due to the absence of dilutive effect, which had significant changes from the previous consolidated fiscal year	-

Subsequent event

There is no item to be reported.