

February 2, 2023

Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2023[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 to file quarterly Report: February 9, 2023
 Scheduled date to deliver cash dividends: —
 Quarterly earnings supplementary explanatory documents: Yes
 Quarterly earnings presentation: Yes

1. Consolidated performance for the Third quarter of fiscal year ending March 31, 2023 (April 1, 2022 to December 31, 2022)

(Figures less than one million yen are rounded down, 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	%
FY2022 3rd quarter	1,805,320	27.5	153,699	174.7	154,737	153.3	130,754	192.3
FY2021 3rd quarter	1,416,131	48.6	55,944	-	61,080	-	44,737	-

Reference: Comprehensive income FY2022 3rd quarter: ¥163,652 million (227.6%) FY2021 3rd quarter: ¥49,959 million (-%)

	Net income per share-basic	Net income per share-diluted
	Yen	Yen
FY2022 3rd quarter	87.86	87.85
FY2021 3rd quarter	30.07	30.06

(2) Consolidated financial position

As of	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
December 31, 2022	2,056,491	791,873	37.2
March 31, 2022	1,928,443	630,301	31.5

Reference: Net assets excluding share subscription rights and non-controlling interests

As of December 31, 2022: ¥764,225 million As of March 31, 2022: ¥606,772 million

2. Cash dividends

Record Date	Cash dividend per share				
	First quarter	Second quarter	Third quarter	Fiscal year end	Annual
	Yen	Yen	Yen	Yen	Yen
FY2021	-	0.00	-	0.00	0.00
FY2022	-	0.00	-		
FY2022 (Forecast)				-	-

Note: Revisions to the forecasts of cash dividends in the current quarter: No

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	2,480,000	21.6	170,000	94.7	180,000	78.3	140,000	89.1	94.07

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

Note

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Application of specific accounting treatment for preparing the quarterly consolidated financial statements: Yes

Please refer to "Consolidated financial statements (3) Notes to consolidated financial statements -Application of specific accounting treatment for preparing the quarterly consolidated financial statements" in page 5 for details.

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards: Yes

(ii) Changes in accounting policies due to other reasons: No

(iii) Changes in accounting estimates: No

(iv) Restatement: No

Please refer to "Consolidated financial statements (3) Notes to consolidated financial statements - Changes in accounting policies" in page 5 for details.

(4) Number of shares issued and outstanding (common stocks)

(i) Total number of shares issued and outstanding at the end of the period (including treasury stock)

As of December 31, 2022: 1,490,282,496 shares

As of March 31, 2022: 1,490,282,496 shares

(ii) Number of shares of treasury stock at the end of the period

As of December 31, 2022: 1,990,125 shares

As of March 31, 2022: 2,430,361 shares

(iii) Average number of shares during the period (cumulative from the beginning of the fiscal year)

FY 2022 3rd quarter: 1,488,187,002 shares

FY 2021 3rd quarter: 1,487,773,210 shares

Note: The number of treasury shares at the end of each period includes shares of the Company held by the BIP Trust Account (1,103,450 shares as of December 31, 2022 and 1,137,650 shares as of March 31, 2022). 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 (1,109,924 shares as of December 31, 2022 and 1,140,650 shares as of December 31, 2021).

* 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 Corporation (MMC) 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 MMC, you are requested to make a final investment decision at your own risk, taking the foregoing into consideration. Please note that neither MMC nor any third party providing information shall be responsible for any damage you may suffer due to investment in MMC 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.

Quarterly consolidated financial statements
(1) Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	511,502	576,788
Notes and accounts receivable – trade, and contract assets	119,829	163,246
Finance receivables	222,463	222,839
Merchandise and finished goods	192,292	211,602
Work in process	43,293	31,776
Raw materials and supplies	64,006	70,102
Other	111,992	122,278
Allowance for doubtful accounts	(9,459)	(5,838)
Total current assets	1,255,920	1,392,794
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	85,110	82,056
Machinery, equipment and vehicles, net	132,116	128,550
Tools, furniture and fixtures, net	64,638	56,718
Land	123,068	119,331
Construction in progress	24,521	30,027
Total property, plant and equipment	429,455	416,685
Intangible assets	38,273	37,160
Investments and other assets		
Investment securities	98,433	99,983
Other	110,081	113,698
Allowance for doubtful accounts	(3,720)	(3,831)
Total investments and other assets	204,794	209,850
Total non-current assets	672,523	663,696
Total assets	1,928,443	2,056,491

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	324,091	326,046
Electronically recorded obligations - operating	56,612	81,086
Short-term borrowings	21,778	42,636
Commercial papers	43,000	60,500
Current portion of long-term borrowings	292,134	68,902
Accounts payable - other and accrued expenses	204,894	178,512
Income taxes payable	8,487	14,064
Provision for product warranties	50,029	52,689
Other	83,144	83,676
Total current liabilities	1,084,173	908,113
Non-current liabilities		
Long-term borrowings	95,768	232,046
Retirement benefit liability	32,240	34,763
Other	85,960	89,694
Total non-current liabilities	213,968	356,503
Total liabilities	1,298,142	1,264,617
Net assets		
Shareholders' equity		
Capital stock	284,382	284,382
Capital surplus	199,837	199,632
Retained earnings	169,694	300,448
Treasury shares	(1,382)	(1,018)
Total shareholders' equity	652,531	783,445
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,111	1,009
Deferred gains or losses on hedges	(31)	3,276
Foreign currency translation adjustment	(32,571)	(9,443)
Remeasurements of defined benefit plans	(14,267)	(14,061)
Total accumulated other comprehensive income	(45,759)	(19,219)
Share acquisition rights	195	45
Non-controlling interests	23,334	27,601
Total net assets	630,301	791,873
Total liabilities and net assets	1,928,443	2,056,491

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

Consolidated statements of income	(Millions of yen)	
	FY2021 3rd quarter (from April 1, 2021 to December 31, 2021)	FY2022 3rd quarter (from April 1, 2022 to December 31, 2022)
Net sales	1,416,131	1,805,320
Cost of sales	1,166,005	1,408,674
Gross profit	250,125	396,645
Selling, general and administrative expenses		
Advertising and promotion expenses	25,839	36,395
Freight costs	36,112	56,062
Provision of allowance for doubtful accounts	123	(1,031)
Remuneration, salaries and allowances for directors (and other officers)	49,411	55,200
Retirement benefit expenses	2,698	3,096
Depreciation	9,481	10,710
Research and development expenses	40,126	44,271
Other	30,388	38,241
Total selling, general and administrative expenses	194,181	242,946
Operating profit (loss)	55,944	153,699
Non-operating income		
Interest income	1,101	4,913
Foreign exchange gains	-	1,329
Share of profit of entities accounted for using equity method	8,246	-
Other	3,492	2,272
Total non-operating income	12,839	8,515
Non-operating expenses		
Interest expenses	3,818	2,603
Foreign exchange losses	680	-
Share of loss of entities accounted for using equity method	-	1,708
Other	3,205	3,165
Total non-operating expenses	7,703	7,477
Ordinary profit (loss)	61,080	154,737
Extraordinary income		
Gain on sales of non-current assets	2,753	24,238
Gain on sales of investments in capital of subsidiaries and associates	2,791	-
Other	702	117
Total extraordinary income	6,247	24,355

	(Millions of yen)	
	FY2021 3rd quarter (from April 1, 2021 to December 31, 2021)	FY2022 3rd quarter (from April 1, 2022 to December 31, 2022)
Extraordinary losses		
Loss on retirement of non-current assets	1,397	955
Impairment loss	91	4,130
Loss related to Russian operations	-	9,194
Other	488	1,956
Total extraordinary losses	1,977	16,236
Profit (loss) before income taxes	65,350	162,857
Income taxes	16,643	25,739
Profit (loss)	48,707	137,117
Profit (loss) attributable to non-controlling interests	3,969	6,362
Profit (loss) attributable to owners of parent	44,737	130,754

Quarterly consolidated statements of comprehensive income

	(Millions of yen)	
	FY2021 3rd quarter (from April 1, 2021 to December 31, 2021)	FY2022 3rd quarter (from April 1, 2022 to December 31, 2022)
Profit (loss)	48,707	137,117
Other comprehensive income		
Valuation difference on available-for-sale securities	450	(102)
Deferred gains or losses on hedges	477	3,383
Foreign currency translation adjustment	2,059	12,809
Remeasurements of defined benefit plans, net of tax	(5,467)	90
Share of other comprehensive income of entities accounted for using equity method	3,731	10,354
Total other comprehensive income	1,252	26,535
Comprehensive income	49,959	163,652
Comprehensive income attributable to owners of parent	44,974	157,294
Comprehensive income attributable to non-controlling interests	4,984	6,358

(3) 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

Shareholders' equity as of December 31, 2022 rose 130,913 million yen compared to March 31, 2022.

This was mainly due to a profit of 130,754 million yen recorded for the quarter.

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 third quarter ended December 31, 2022, and next by multiplying the quarterly profit (loss) before income taxes by such estimated effective tax rate. In case where the estimated effective tax rate is unavailable, statutory effective tax rate is used.

Changes in accounting policies

(Application of accounting standards, etc. related to the calculation of fair value)

The "Guidelines for Application of Accounting Standards for Calculation of Fair Value" (ASBJ Guidelines No. 31, June 17, 2021, hereafter referred to as the "Guidelines for Application of Accounting Standards for Calculation of Fair Value") is applied from the beginning of the first quarter of the current fiscal year, and new accounting policies prescribed by the Guidelines will be applied prospectively in accordance with the transitional treatment provided in paragraph 27-2 of the Guidelines for Application of Accounting Standards for Calculation of Fair Value. This change has no impact on the quarterly consolidated financial statements.

Additional information

(Application of Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System)

Effective from the first quarter of the current fiscal year, the Company and its domestic consolidated subsidiaries have shifted from a consolidated taxation system to a group tax sharing system. In conjunction with this change, the Company and its domestic consolidated subsidiaries have adopted the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System"(PITF No. 42, August 12, 2021; hereinafter referred to as "PITF No. 42") for accounting treatment and disclosure of income tax, local income tax, and tax effect accounting. In accordance with paragraph 32 (1) of PITF No. 42, there is no effect of the change in accounting policy due to the adoption of PITF No. 42.

(Change in presentation)

(Quarterly consolidated balance sheet)

In conjunction with the full-scale launch of the new core system, the definition of inventories was revised from the first quarter of the current fiscal year to allow for more precise control of inventories. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this revision.

As a result, "Work in process" of 53,266 million yen and "Raw materials and supplies" of 54,033 million yen presented in the consolidated balance sheets for the previous fiscal year have been reclassified as "Work in process" of 43,293 million yen and "Raw materials and supplies" of 64,006 million yen.

(Accounting estimates related to Russian operations)

We revised the period of suspended production due to the impact of geopolitical issues arising from the military invasion of Ukraine by Russia which was stated as a key assumption in (Significant accounting estimates) in the Annual Securities Report for the year ended March 31, 2022.

As a result, the amounts of receivables for which concerns arose regarding collection and the amounts of inventory assets whose profitability has declined in relation to our Russian operations have been estimated assuming that the future resumption of production at our affiliated company in Russia is uncertain.

Segment information

I. For the nine months ended December 31, 2021 (from April 1, 2021 to December 31, 2021)

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					
Revenue from contracts with customers	1,388,224	14,030	1,402,255	-	1,402,255
Other income	375	13,500	13,875	-	13,875
Subtotal	1,388,599	27,531	1,416,131	-	1,416,131
(2) Intersegment sales & transfers	10,446	1,605	12,051	(12,051)	-
Total	1,399,046	29,136	1,428,182	(12,051)	1,416,131
Segment income (loss)	53,102	3,750	56,853	(909)	55,944

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 information)

1. Change in geographic information

For information about geographic information, please refer to "II. For the nine months ended December 31, 2022, Supplementary information about geographic information, 1. Matters relating to changes in the classification of countries or regions."

2. 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							
Revenue from contracts with customers	249,643	269,509	178,782	335,901	169,314	199,104	1,402,255
Other income	13,592	214	-	-	68	-	13,875
Total	263,236	269,723	178,782	335,901	169,383	199,104	1,416,131

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

II. For the nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)

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					
Revenue from contracts with customers	1,781,634	8,484	1,790,119	-	1,790,119
Other income	435	14,765	15,201	-	15,201
Subtotal	1,782,070	23,250	1,805,320	-	1,805,320
(2) Intersegment sales & transfers	9,548	2,741	12,289	(12,289)	-
Total	1,791,618	25,991	1,817,610	(12,289)	1,805,320
Segment income (loss)	150,260	3,691	153,951	(251)	153,699

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 information)

1. Matters relating to changes in the classification of countries or regions

Countries and regions are classified based on "geographic proximity and interrelationship of business activities." However, in order to be consistent with internal management, Israel and Palestine, which were included in "Europe" until the previous fiscal year, are included in "Other" from the first quarter of the current fiscal year.

In accordance with this change, the figures for the Third quarter of the previous fiscal year have been reclassified to conform to the new classification.

2. 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							
Revenue from contracts with customers	375,235	392,602	106,634	444,297	218,376	252,973	1,790,119
Other income	14,852	290	-	-	58	-	15,201
Total	390,088	392,892	106,634	444,297	218,434	252,973	1,805,320

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

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