

Financial Information as of March 31, 2019

(The English translation of the  
"Yukashoken-Houkokusho" for  
the year ended March 31, 2019)

MITSUBISHI MOTORS  
CORPORATION

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Document title: Annual Securities Report (*"Yukashoken-Houkokusho"*)

Clause of stipulation: Article 24, paragraph 1 of the Financial Instruments and Exchange Act

Place of filing: Director-General of the Kanto Local Finance Bureau

Filing date: June 21, 2019

Accounting period: Full-year FY 2018 (April 1, 2018 through March 31, 2019)

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

Title and name of representative: Takao Kato, Representative Executive Officer and CEO

Address of registered headquarter: 3-1-21, Shibaura, Minato-ku, Tokyo, Japan

Telephone number: +81-3-3456-1111 (Main telephone number)

Name of contact person: Natsushi Okino, General Manager, Financial Accounting Dept. (Yoshiko Fujikura, General Manager, General Administration & External Affairs Dept. for matters concerning A. IV. Information about Reporting Company)

Nearest place of contact: 3-1-21, Shibaura, Minato-ku, Tokyo, Japan

Telephone number: +81-3-3456-1111 (Main telephone number)

Name of contact person: Natsushi Okino, General Manager, Financial Accounting Dept. (Yoshiko Fujikura, General Manager, General Administration & External Affairs Dept. for matters concerning A. IV. Information about Reporting Company)

Place for public inspector Tokyo Stock Exchange, Inc.  
2-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo, Japan

## A. Company Information

### I. Overview of the Company

#### 1. Summary of business results

##### (1) Transition of summary of business results for the five most recent fiscal years

Fiscal year		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Fiscal year ended		March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019
Net sales	Millions of yen	2,180,728	2,267,849	1,906,632	2,192,389	2,514,594
Ordinary profit (loss)	Millions of yen	151,616	141,027	8,944	110,127	119,850
Profit (loss) attributable to owners of parent	Millions of yen	118,170	72,575	(198,524)	107,619	132,871
Comprehensive income	Millions of yen	148,035	32,482	(204,740)	110,713	131,381
Net assets	Millions of yen	670,766	685,337	703,463	796,562	881,203
Total assets	Millions of yen	1,582,802	1,433,725	1,484,413	1,646,240	2,010,309
Net assets per share	Yen	669.74	682.45	463.37	524.12	585.75
Basic earnings (loss) per share	Yen	120.16	73.80	(164.11)	72.23	89.26
Diluted earnings per share	Yen	-	-	-	72.20	89.18
Equity-to-asset ratio	%	41.61	46.81	46.51	47.44	43.37
Return-on-equity ratio	%	19.71	10.92	(29.16)	14.63	16.08
Price/earnings ratio	Times	9.03	11.42	-	10.54	6.59
Net cash provided by (used in) operating activities	Millions of yen	177,008	197,691	(45,829)	119,624	146,053
Net cash provided by (used in) investing activities	Millions of yen	(71,327)	17,169	(73,119)	(97,093)	(144,906)
Net cash provided by (used in) financing activities	Millions of yen	(131,494)	(122,917)	210,377	(23,161)	(74,966)
Cash and cash equivalents at end of period	Millions of yen	395,526	462,440	555,906	559,036	489,456
Number of employees [Number of temporary employees not included in the above figures]	Number	30,498 [5,324]	29,555 [4,515]	29,604 [3,892]	30,507 [7,122]	31,314 [8,682]

(Notes) 1. Net sales do not include consumption taxes.

2. The number of employees is the number of employees currently on duty.

3. Diluted earnings per share for the FY 2014, FY 2015 and FY 2016 are not shown because there are no potential shares.

4. Price/earnings ratio for the FY 2016 is not shown because there is loss per share.

5. The Mitsubishi Motors Corporation ("MMC") Group has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from the beginning of the current fiscal year. Summary of business results relating to the previous fiscal year also reflects the retrospective application of these accounting standards.

(2) Transition of significant non-consolidated business indicators for the five most recent fiscal years

Fiscal year		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Fiscal year ended		March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019
Net sales	Millions of yen	1,774,489	1,806,047	1,567,436	1,721,054	1,999,428
Ordinary profit (loss)	Millions of yen	123,058	102,685	40,521	23,306	64,312
Profit (loss)	Millions of yen	121,918	42,272	(157,387)	44,301	54,750
Common stock	Millions of yen	165,701	165,701	284,382	284,382	284,382
Total number of issued shares	Thousands of shares	983,661	983,661	1,490,282	1,490,282	1,490,282
Total net assets	Millions of yen	447,458	470,184	540,427	570,991	594,867
Total assets	Millions of yen	964,905	938,787	1,073,008	1,084,336	1,114,419
Net assets per share	Yen	454.99	478.10	362.69	383.13	399.45
Dividend per share (Interim dividend per share included in the above amount)	Yen (Yen)	16.00 (7.50)	16.00 (8.00)	10.00 (5.00)	17.00 (7.00)	20.00 (10.00)
Basic earnings (loss) per share	Yen	123.97	42.98	(130.11)	29.73	36.78
Diluted earnings per share	Yen	-	-	-	29.72	36.75
Equity-to-asset ratio	%	46.37	50.08	50.37	52.65	53.35
Return-on-equity ratio	%	30.59	9.21	(31.15)	7.97	9.40
Price/earnings ratio	Times	8.75	19.61	-	25.60	15.99
Dividend payout ratio	%	12.91	37.22	-	57.18	54.38
Number of employees [Number of temporary employees not included in the above figures]	Number	12,848 [1,473]	13,033 [1,743]	13,222 [1,793]	13,693 [3,065]	14,171 [3,689]
Total shareholder return [Comparative indicator: TOPIX (Dividend-Included)]	% %	101.94 [130.69]	81.02 [116.55]	65.83 [133.67]	75.93 [154.88]	61.76 [147.08]
Highest share price	Yen	1,353	1,168	880	942	934
Lowest share price	Yen	1,001	773	412	620	557

- (Notes)
1. Net sales do not include consumption taxes.
  2. Diluted earnings per share for the FY 2014, FY 2015 and FY 2016 are not shown because there are no potential shares.
  3. Price/earnings ratio and dividend payout ratio for the FY 2016 are not shown because there are losses per share.
  4. The MMC Group has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from the beginning of the current fiscal year. Summary of business results relating to the previous fiscal year also reflects the retrospective application of these accounting standards.
  5. Highest share price and lowest share price are those recorded on the first section of the Tokyo Stock Exchange.

## 2. Company history

Date	Outline
April 1970	Mitsubishi Motors Corporation (MMC) incorporated as wholly-owned subsidiary of Mitsubishi Heavy Industries, Ltd. (MHI)
June 1970	MMC started business taking over MHI motor vehicle division operations. MHI's certain facilities of Kyoto Works (presently Kyoto Works Kyoto Plant), Nagoya Motor Vehicle Works, Mizushima Motor Vehicle Works (presently Mizushima Plant) and one other Vehicle Works transferred from MHI to MMC
August 1977	MMC commissioned Nagoya Motor Vehicle Works (presently Nagoya Plant) - Okazaki Plant
December 1979	MMC commissioned Kyoto Works - Shiga Plant
October 1980	MMC and Mitsubishi Corporation jointly established Mitsubishi Motors Australia Ltd. (MMAL) (MMC subsequently acquired all MMAL shares in December 2001)
December 1981	MMC and Mitsubishi Corporation jointly established Mitsubishi Motors Sales of America, Inc. (MMSA)
October 1984	MMC took over management of Mitsubishi Motor Sales Co., Ltd. (established in October 1964)
October 1985	MMC established Diamond-Star Motors Corporation (DSM) as a joint venture company with Chrysler Corporation (MMC subsequently acquired all DSM shares in October 1991 and renamed "Mitsubishi Motor Manufacturing of America, Inc." (MMMA) in July 1995)
December 1988	MMC shares listed on First Section of Tokyo, Osaka and Nagoya stock exchanges (MMC shares delisted from Nagoya Stock Exchange in November 2003 and delisted from Osaka Stock Exchange in November 2009)
March 1995	MMC acquired the majority of shares in Toyo Koki Co. Ltd. (renamed "Pajero Manufacturing Co., Ltd." (PMC) in July 1995 and MMC subsequently acquired all PMC shares in March 2003)
November 1996	MMC commissioned Tokachi Proving Ground in Hokkaido.
August 1997	MMC acquired the majority of shares in MMC Sittipol Co., Ltd. (renamed "Mitsubishi Motors (Thailand) Co., Ltd." (MMTh) in November 2003 and MMC subsequently acquired all MMTh shares in August 2008)
February 1999	MMC acquired shares in Netherlands Car B.V. bringing its equity interest up to 50% (15% stake held by MMC associates included) (MMC additionally acquired shares in Netherlands Car B.V. in March 2001, thereby increasing its equity interest to 100% (15% stake held by MMC associates included))
March 2000	MMC signed basic agreement on business alliance for overall passenger vehicle operations including capital participation with DaimlerChrysler AG (DaimlerChrysler AG acquired 34% of shares in MMC in October 2000 and subsequently sold all shares in November 2005)
December 2002	Mitsubishi Motors Europe B.V. (MME) (established in January 1977) implemented an absorption-type merger with Mitsubishi Motors Sales Europe B.V. (established in March 1993)
January 2003	MMSA, MMMA and one other company merged to form Mitsubishi Motors North America, Inc. (MMNA)
January 2003	MMC spun off truck and bus operations into a separate company, incorporating them as Mitsubishi Fuso Truck and Bus Corporation (MFTBC).
March 2003	MMC transferred a 43% stake in MFTBC to DaimlerChrysler AG and a collective 15% stake to 10 Mitsubishi group firms, leaving it with a shareholding of 42% in MFTBC (MMC transferred all remaining MFTBC shares to DaimlerChrysler AG in March 2005)
May 2003	MMC moved its head office to 2-16-4, Konan, Minato-ku, Tokyo
January 2007	MMC moved its head office to 5-33-8, Shiba, Minato-ku, Tokyo
March 2008	Car production terminated at MMAL
April 2010	Established a new plant in Russia under the agreement between MMC and France's PSA Peugeot Citroen
December 2012	MMC and MME transferred all shares in Netherlands Car B.V. to VDL Groep B.V. in the Netherlands
March 2015	MMC and Mitsubishi Corporation jointly established PT Mitsubishi Motors Krama Yudha Indonesia (MMKI)
November 2015	Car production terminated at MMNA
May 2016	MMC and Nissan Motor Co., Ltd. signed Strategic Alliance Agreement regarding Capital and Business Alliance (Nissan Motor Co., Ltd. acquired 34% of shares in MMC in October 2016)
January 2019	MMC moved its head office to 3-1-21, Shibaura, Minato-ku, Tokyo
June 2019	MMC made the transition to a company with three committees

### 3. Description of business

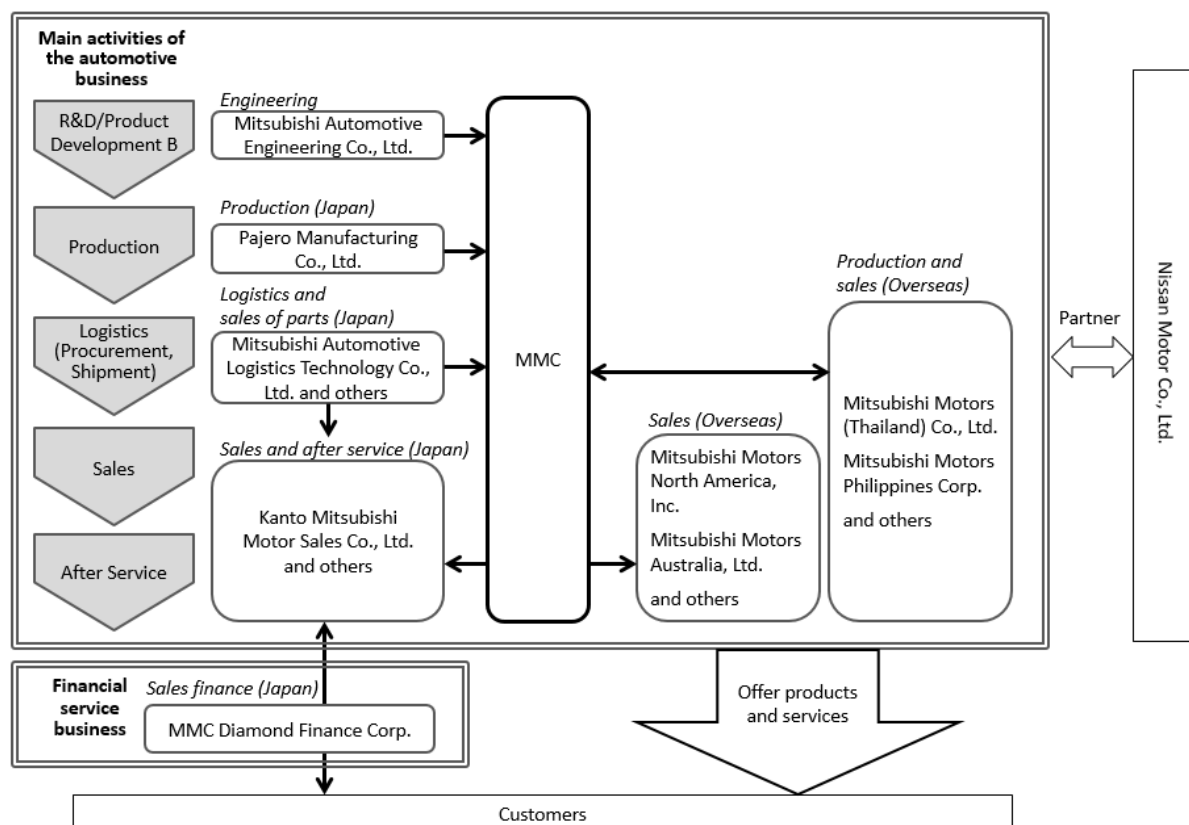
The MMC Group comprises MMC, 36 consolidated subsidiaries and 20 equity-method associates (as at March 31, 2019). The MMC Group is engaged in the development, production and sales of passenger vehicles and their parts and components, as well as in auto financing operations. MMC conducts most of the development work.

In Japan, MMC produces standard and small passenger vehicles and Kei-cars, while Pajero Manufacturing Co., Ltd. produces some Mitsubishi-brand sport utility vehicles (including the Pajero). Mitsubishi-brand vehicles are sold in Japan by Kanto Mitsubishi Motor Sales Co., Ltd. and other Mitsubishi Motors sales companies. Mitsubishi Automotive Engineering Co., Ltd. undertakes some of the development of MMC products. Mitsubishi Automotive Logistics Technology Co., Ltd. is responsible for the transport of Mitsubishi-brand cars throughout Japan and also for some predelivery inspection and maintenance work.

Outside Japan, Mitsubishi-brand cars are produced and sold in Thailand by Mitsubishi Motors (Thailand) Co., Ltd. In the financial service business, auto lease and sales financing services are provided by MMC Diamond Finance Corp.

In addition to the above, MMC and Nissan Motor Co., Ltd. have forged strategic alliance to cooperate in areas including purchasing, common vehicle platforms, technology-sharing, joint plant utilization and growth markets in May 2016.

The MMC Group structure and constituent company products and services outlined above are shown in the diagram below. (only main companies are shown).



→ : Flow of products and services

MMC's consolidated subsidiary Kanto Mitsubishi Motors Sales Co., Ltd. in the diagram was merged with Higashi Nihon Mitsubishi Motor Sales Co., Ltd., which is also MMC's consolidated subsidiary, and changed its company name to Higashi Nihon Mitsubishi Motor Sales Co., Ltd. as of April 1, 2019.



(Major products)

(i) SUVs and pickup trucks

RVR/Outlander Sport/ASX, Eclipse Cross, Outlander, Outlander PHEV, Triton/L200/L200 Sportero/Strada,<sup>(1)</sup> Pajero/Montero, Pajero Sport/Montero Sport<sup>(1)</sup>

(ii) Passenger vehicles and minivans

Attrage/Mirage G4,<sup>(1)</sup> Delica D:2,<sup>(2)</sup> Delica D:3,<sup>(2)</sup> Delica D:5, Delica Van,<sup>(2)</sup> Mirage/Space Star, Lancer Cargo,<sup>(2)</sup> XPANDER<sup>(1)</sup>

(iii) Kei-cars

i-MiEV, eK Space, eK Wagon, eK X, Townbox,<sup>(2)</sup> Minicab Truck,<sup>(2)</sup> Minicab Van,<sup>(2)</sup> MINICAB-MiEV

Notes (1) Vehicle models that are exclusively available outside Japan

(2) Vehicle models provided by OEM

#### 4. Status of subsidiaries and associates

##### (1) Parent company

Not applicable.

##### (2) Consolidated subsidiaries

(As of March 31, 2019)

Company name	Location	Capital stock (million JPY)	Business lines	Percentage of voting stock holding (%)	Relationship
Hokkaido Mitsubishi Motor Sales Co., Ltd.	Chuo-ku, Sapporo-shi	100	Automobile sales	100.0	Sales of MMC products Concurrent positions of corporate officers: Yes Leasing of equipment: Yes
Higashi Nihon Mitsubishi Motor Sales Co., Ltd.	Fukushima-shi, Fukushima	100	Automobile sales	100.0	Sales of MMC products Concurrent positions of corporate officers: Yes Leasing of equipment: Yes
Kanto Mitsubishi Motor Sales Co., Ltd.	Meguro-ku, Tokyo	100	Automobile sales	100.0	Sales of MMC products Concurrent positions of corporate officers: Yes Leasing of equipment: Yes
Chubu Mitsubishi Motor Sales Co., Ltd.	Higashi-ku, Nagoya-shi	100	Automobile sales	100.0	Sales of MMC products Concurrent positions of corporate officers: Yes Leasing of equipment: Yes
Nishi Nihon Mitsubishi Motor Sales Co., Ltd.	Yodogawa-ku, Osaka-shi	100	Automobile sales	100.0	Sales of MMC products Concurrent positions of corporate officers: Yes Leasing of equipment: Yes
Pajero Manufacturing Co., Ltd.	Kamo-gun, Gifu	610	Automobile manufacture	100.0	Manufacturing of some MMC products Concurrent positions of corporate officers: Yes Leasing of equipment: Yes
Mitsubishi Automotive Logistics Technology Co., Ltd.	Takatsu-ku, Kawasaki-shi	436	Automobile transport and maintenance Sales of automobile parts	83.2	Transport and maintenance of MMC products Sales of parts of MMC products Concurrent positions of corporate officers: Yes Leasing of equipment: Yes
Mitsubishi Automotive Engineering Co., Ltd.	Okazaki-shi, Aichi	350	Automobile development	100.0	Development of some MMC products Concurrent positions of corporate officers: Yes Leasing of equipment: Yes
Suiryo Plastics Co., Ltd.	Kurashiki-shi, Okayama	100	Manufacture of automobile parts	100.0	Manufacturing of parts of some MMC products Concurrent positions of corporate officers: Yes Leasing of equipment: Yes
MMC Diamond Finance Corp.	Minato-ku, Tokyo	3,000	Auto sales financing, leasing, and rentals	100.0	Auto sales financing, leasing, and rentals of MMC products Concurrent positions of corporate officers: Yes Loans: Yes

Company name	Location	Capital stock	Business lines	Percentage of voting stock holding (%)	Relationship
Mitsubishi Motors North America, Inc. <sup>*2</sup> <sup>*3</sup>	Cypress, California, the United States	398,812 thousand USD	Automobile sales	100.0	Sales of the MMC Group products Concurrent positions of corporate officers: Yes
Mitsubishi Motors R&D of America, Inc.	Ann Arbor, Michigan, the United States	2,000 thousand USD	Investigation, testing and research related to automobiles	100.0 (100.0)	Development base of the MMC Group automobile in the United States Concurrent positions of corporate officers: Yes
Mitsubishi Motor Sales of Canada, Inc.	Mississauga, Ontario, Canada	2,000 thousand CAD	Automobile sales	100.0 (100.0)	Sales of the MMC Group products Concurrent positions of corporate officers: Yes
Mitsubishi Motor Sales of Caribbean, Inc.	Toa Baja, Puerto Rico	47,500 thousand USD	Automobile sales	100.0	Sales of the MMC Group products Concurrent positions of corporate officers: Yes
Mitsubishi Motors de México S.A. de C.V.	Mexico City, Mexico	92,001 thousand MXN	Automobile sales	100.0	Sales of the MMC Group products Concurrent positions of corporate officers: Yes
Mitsubishi Motors Europe B.V.	Born, the Netherlands	107,165 thousand EUR	Automobile sales	100.0	Sales of the MMC Group products Concurrent positions of corporate officers: Yes
Mitsubishi Motor R&D Europe GmbH	Trebur, Germany	767 thousand EUR	Investigation, testing and research related to automobiles	100.0	Development base of the MMC Group automobile in Europe Concurrent positions of corporate officers: Yes Loans: Yes
Mitsubishi Motor Sales Netherlands B.V.	Amstelveen, the Netherlands	6,807 thousand EUR	Automobile sales	100.0	Sales of the MMC Group products Concurrent positions of corporate officers: Yes

Company name	Location	Capital stock (million JPY)	Business lines	Percentage of voting stock holding (%)	Relationship
Mitsubishi Motors Australia, Ltd. <sup>72</sup>	Tonsley, Australia	1,789,934 thousand AUD	Automobile sales	100.0	Sales of the MMC Group products Concurrent positions of corporate officers: Yes
Mitsubishi Motors New Zealand Ltd.	Porirua, New Zealand	48,000 thousand NZD	Automobile sales	100.0	Sales of the MMC Group products Concurrent positions of corporate officers: Yes
Mitsubishi Motors (Thailand) Co., Ltd. <sup>72</sup>	Pathumthani, Thailand	7,000,000 thousand THB	Automobile assembly, sales	100.0	Assembly, sales of the MMC Group products Concurrent positions of corporate officers: Yes
MMTh Engine Co., Ltd.	Chonburi, Thailand	20,000 thousand THB	Manufacturing of automobile engines and press parts	100.0 (100.0)	Manufacturing of automobile engines and press parts for MMTh products Concurrent positions of corporate officers: Yes
Mitsubishi Motors Philippines Corp.	Santa Rosa, Philippines	1,640,000 thousand PHP	Automobile assembly, sales	100.0	Assembly, sales of the MMC Group products Concurrent positions of corporate officers: Yes
Asian Transmission Corp.	Calamba, Philippines	770,000 thousand PHP	Manufacturing of automobile transmissions	100.0	Manufacturing of automobile transmissions for the MMC Group products Concurrent positions of corporate officers: Yes
Mitsubishi Motors Middle East and Africa FZE	Dubai, U.A.E.	10,000 thousand AED	Automobile parts sales	100.0	Sales of parts of MMC products Concurrent positions of corporate officers: Yes
P.T. Mitsubishi Motors Krama Yudha Indonesia	Bekasi, Indonesia	2,200,000,000 thousand IDR	Automobile assembly	51.0	Assembly of the MMC Group products Concurrent positions of corporate officers: Yes Loans: Yes
10 other subsidiaries in addition to the above					

## (3) Equity-method associates

(As of March 31, 2019)

Company name	Location	Capital stock	Business lines	Percentage of voting stock holding (%)	Relationship
Tokachi Mitsubishi Motor Sales Co., Ltd.	Obihiro-shi, Hokkaido	60 million JPY	Automobile sales	35.0	Sales of MMC products Concurrent positions of corporate officers: Yes
Ibaraki Mitsubishi Motor Sales Co., Ltd.	Mito-shi, Ibaraki	30 million JPY	Automobile sales	40.0	Sales of MMC products Concurrent positions of corporate officers: Yes
Nagano Mitsubishi Motor Sales Co., Ltd.	Nagano-shi, Nagano	40 million JPY	Automobile sales	49.86	Sales of MMC products
Mie Mitsubishi Motor Sales Co., Ltd.	Yokkaichi-shi, Mie	58 million JPY	Automobile sales	24.8	Sales of MMC products Concurrent positions of corporate officers: Yes Leasing of equipment: Yes
Kagawa Mitsubishi Motor Sales Co., Ltd.	Takamatsu-shi, Kagawa	50 million JPY	Automobile sales	23.0	Sales of MMC products Concurrent positions of corporate officers: Yes
Miyazaki Mitsubishi Motor Sales Co., Ltd.	Miyazaki-shi, Miyazaki	60 million JPY	Automobile sales	38.8	Sales of MMC products Concurrent positions of corporate officers: Yes
Higashi Kanto MMC Parts Sales Co., Ltd.	Mihama-ku, Chiba	100 million JPY	Automobile parts sales	33.0 (10.0)	Sales of parts of MMC products Concurrent positions of corporate officers: Yes
NMKV Co., Ltd.	Minato-ku, Tokyo	10 million JPY	Automobile planning and development	50.0	Development of some of MMC products Concurrent positions of corporate officers: Yes Leasing of equipment: Yes
MMD Automobile GmbH	Friedberg, Germany	30,000 thousand EUR	Automobile sales	24.99	Sales of the MMC Group products Concurrent positions of corporate officers: Yes
Mitsubishi Motors Vietnam Co., Ltd.	Binh Duong, Vietnam	410,812,000 thousand VND	Automobile assembly, sales	41.2	Assembly, sales of the MMC Group products Concurrent positions of corporate officers: Yes
GAC Mitsubishi Motors Co., Ltd.	Changsha, China	1,947,000 thousand CNY	Automobile assembly, sales	30.0	Assembly, sales of the MMC Group products Concurrent positions of corporate officers: Yes
P.T. Mitsubishi Motors Krama Yudha Sales Indonesia	Jakarta, Indonesia	1,300,000,000 thousand IDR	Automobile sales	30.0	Sales of the MMC Group products Concurrent positions of corporate officers: Yes
8 other associates in addition to the above					

## (4) Other related companies

(As of March 31, 2019)

Company name	Location	Capital stock (million JPY)	Business lines	Percentage of voting stock held (%)	Relationship
Nissan Motor Co., Ltd.*4	Kanagawa-ku Yokohama-shi	605,814	Automobile assembly, sales and related business	34.0	Mutual sale of products, etc. and sharing technology Concurrent positions of corporate officers: Yes Leasing of equipment: Yes
Mitsubishi Corporation*4	Chiyoda-ku, Tokyo	204,447	Wholesale trade	20.0 (10.77)	Sales of products, etc. and purchase of raw materials Concurrent positions of corporate officers: Yes

(Notes) 1. Figures in parentheses in the "Percentage of voting stock holding/held" column represents the percentage of indirect holding/indirect held.

\*2. These companies are classified as "Specified subsidiaries."

\*3. Net sales (excluding consolidated intercompany sales within the MMC Group) of Mitsubishi Motors North America, Inc. exceeded 10% of consolidated net sales. Key profit and loss information is shown below.

Mitsubishi Motors North America, Inc. (Consolidated)

(1) Net sales	347,448	million yen
(2) Ordinary profit (loss)	13,306	
(3) Profit (loss)	57,557	
(4) Net assets	63,390	
(5) Total assets	149,128	

\*4. Nissan Motor Co., Ltd. is a company that is obliged to file an annual securities report.

5. "Concurrent positions of corporate officers" shown in the "Relationship" column include concurrent positions of corporate officers of the respective companies held by corporate officers or employees dispatched from MMC or other consolidated subsidiaries, as well as secondments and work transfers.

## 5. Employees

### (1) Number of employees at consolidated companies

(As of March 31, 2019)

Name of business segment	Number of employees	
Automobile	31,059	(8,625)
Financial service	255	(57)
Total	31,314	(8,682)

(Notes) 1. The number of employees is the number of employees currently on duty (excluding corporate officers).

2. The number of temporary employees (part-time employees, fixed-term employees, dispatched employees, etc.) as of March 31, 2019 is presented in parentheses and not included in the figures on the left.

### (2) Number of employees at reporting company

(As of March 31, 2019)

Name of business segment	Number of employees			Average age (Year-old)	Average number of years employed (Years)	Average annual salary (Yen)
	Administrative/engineering employees	Shop floor employees	Total			
Automobile	8,492 (1,315)	5,679 (2,374)	14,171 (3,689)	41.3	16.1	7,421,000

(Notes) 1. The number of employees is the number of employees currently on duty (excluding corporate officers).

2. "Shop floor employees" refers to employees directly involved in production activities, employees that assist production activities and employees that provide instruction and supervision related to production activities. "Administrative/engineering employees" refers to employees other than shop floor employees.
3. The number of temporary employees (part-time employees, fixed-term employees, dispatched employees, etc.) as of March 31, 2019 is presented in parentheses and not included in the figures on the above.
4. Average annual salary (including tax) includes bonuses and surplus wages.

### (3) Workers Unions

Workers' unions associated with MMC and its domestic consolidated subsidiaries are affiliated with Japan Automobile Workers' Unions through the Federation of All Mitsubishi Motors and Mitsubishi Fuso Workers Unions.

## II. Overview of Business

### 1. Management policy, business environment and issues to be addressed

MMC's recognition of management issues based on recent changes to the business environment and approach to the next mid-term business plan are as below. Any future forecasts included in the following descriptions are based on the best estimates or judgment of the MMC Group as of March 31, 2019.

The current business environment around MMC is growing increasingly severe. This is because, in addition to the negative impact of exchange rates, there has been a massive increase in investment in the research and development of a next generation of vehicles that can respond to strict environmental regulations and technological innovation known as CASE (Connected, Autonomous, Shared, and Electric). This anticipatory investment is increasing fixed costs which, when combined with the headwind created by a slowdown in the global economy, is creating a squeeze on profits that is affecting the entire automobile industry.

Amid a situation where the cost of developing each individual model is increasing, it has naturally become necessary to be more selective of which models are developed. Also, to strengthen product appeal, investment in production equipment is required in addition to research and development, but in this regard MMC will need to control the increase of fixed costs by using existing equipment as much as possible and carefully selecting where to invest so that it will not unnecessarily increase production capabilities on the broad scale. In other words, adopting a strategy that aims to expand in every direction on a companywide scale is not realistic.

In order to secure a sound and sustainable growth track that is in accordance with profitability amid this harsh business environment, MMC's basic strategy is to concentrate its limited management resources in regions in which it has strengths and in segments in which it is competitive and can be well received by customers. Rather than pursuing "expansion" and "growth," MMC will prioritize "increasing competitiveness" and "renewal," and will aim to become a beacon for being small-scale but profitable.

MMC believes that aiming for a sound growth track that is balanced with investment without rushing to expand in scale is the best option for the current times. This approach is reflected in "Small but Beautiful," which will be the concept of the next mid-term business plan that will start from FY2020, and verification is underway of specific strategies aimed at achieving both increased profitability and sustainable growth. MMC thinks that FY2019 will be a year that has an important role to play as a "run-up period," which includes making early strategy revisions in preparation for the next mid-term business plan.

In March 2019, MMC and its alliance partners Renault and Nissan Motor Co., Ltd. announced the establishment of a meeting body called the Alliance Operating Board. From the perspective of MMC, the smaller alliance partner, it is clearly important to make effective use of the power of the alliance. Looking ahead, we will foster a "Win-Win Approach" through consultation between the three companies in this Alliance Operating Board, as we seek to maintain and develop mutual relationships.

In order for MMC to carry out its corporate mission of "act sincerely as a trusted company," and gain acceptance for its next mid-term business plan aiming for a sound and sustainable growth track through "trust" from stakeholders, including all shareholders and customers, it is crucial that this "trust" is backed up with a robust governance framework.

In the fiscal year under review, former MMC Representative Director and Chairman of the Board Carlos Ghosn was arrested on suspicion of violating Japan's Financial Instruments and Exchange Act and Companies Act. The result of an internal



investigation carried out following this incident revealed that Mr. Ghosn improperly received a monetary payment as "Managing Director's remuneration" from Nissan-Mitsubishi B. V. ("NMBV"), a subsidiary in the Netherlands which MMC and Nissan Motor Co., Ltd. established on a 50-50 basis. No actions that could be suspected of being improper were discovered in relation to MMC and companies related to MMC other than NMBV, and MMC is taking the fact that this happened very seriously.

In order to regain the "trust" of stakeholders, including all shareholders and customers, and realize a sound and sustainable growth, MMC has decided to transition to a company with three committees, subject to the approval at the Ordinary General Meeting of Shareholders to be held in June 2019. By doing this, MMC aims to clearly define the separation of supervision and business execution as well as further strengthen supervision and thoroughly manage risks to ensure soundness and transparency in corporate management.

## 2. Business-related risks

Risks that may seriously impact the operating results and/or financial position, and the like of the MMC Group are outlined below. Matters concerning the future are judged as of the filing date of this securities report unless otherwise stated.

### (1) Impact of the economic and social situation in Japan and overseas

Overseas sales accounted for around 80% of the MMC Group's consolidated net sales for the previous fiscal year. Changes in the economic and social situation in Japan or in the regions and countries the MMC Group trades with, and in particular the countries of the ASEAN region and other emerging nations that will be central to the MMC Group's regional strategy, may seriously impact the MMC Group's operating results and/or financial position. In addition, conducting business operations in overseas markets exposes the MMC Group to latent risks including, but not limited to, political-economic changes, such as changes in laws and taxes, strengthening of environmental regulations for fuel consumption and gas emission and tariff increases, as well as deficiencies in infrastructure, difficulties in acquiring skilled personnel, acts of terrorism and other emergencies, and the outbreak of epidemics. In the event risks such as these starts to manifest themselves, they may seriously impact the operating results and/or financial position of the MMC Group.

### (2) Impact of intensifying competition in the automotive industry

Overcapacity in the auto industry and other factors are seeing an intensification of competition on a global basis. Increasing price competition makes sales incentives and effective publicity campaigns indispensable in promoting sales and retaining market share. Such increases in price competition and marketing incentives may seriously impact the operating results and/or financial position of the MMC Group.

Amid intensifying competition in the automotive industry and shorter new product development cycles, MMC may become unable to supply new products appropriately and in a timely manner that respond to customers' needs in terms of price, quality, safety and other factors, or the market may not be sufficiently receptive to MMC's strategic products. Such conditions may seriously impact the operating results and/or financial position of the MMC Group. In addition, the MMC Group may render ineffective its measures to maintain or enhance competitiveness, and as a result, product demand could fall. Such conditions may seriously impact the operating results and/or financial position of the MMC Group.

(3) Impact of natural and other disasters

The MMC Group maintains production and other facilities in Japan and many other parts of the world. The occurrence of a major natural or other disaster, including earthquakes, typhoons, floods, fires and epidemics, in these areas may result in the suspension or other serious interruption in the operations of the MMC Group or of its suppliers. The MMC Group has prepared and maintains plans to keep operations going and disaster measures in areas and under situations where such risks are high and where they would have a serious impact on the MMC Group's operations. A disaster occurring on a scale larger than anticipated, however, may seriously impact the operating results and/or financial position of the MMC Group.

(4) Impact of laws and regulations, etc.

The MMC Group is subject to various laws and regulations, etc. governing protection of the global environment, product safety and other matters in the countries where it operates. In the event that the MMC Group fails to conform to or is unable to comply with such laws and regulations, or should such failure lead to sanctions against it, then large costs may be incurred for the purpose of conforming to or of complying with any revision, strengthening of or additions to, these laws and regulations and this may seriously impact the operating results and/or financial position of the MMC Group.

Other than the above laws and regulations, the MMC Group's business activities are also subject to a wide range of laws and regulations in Japan and overseas. For example, the business activities are under restrictions by consumer protection regulations, approvals and licenses for businesses and investments, labor regulations, environmental protection regulations, foreign exchange regulations, import-export trade regulations including those for security purposes, various tax laws, anti-monopoly laws, anti-bribery laws and the like. In some cases, the MMC Group's businesses may be conducted based on a legislative foundation that has not been developed sufficiently, or the burden of expenses may increase for responding to lack of comprehensive system of laws and regulations, application and interpretation of inconsistent laws and regulations, unilateral changes made by supervisory authorities in regulatory measures, and others. In addition, any unexpected change may be made in rates of taxes imposed on products or services supplied by these businesses, technical requirements for environmental restrictions, income taxes and tariffs, a broad range of laws and regulations including exchange restrictions on investment principals and dividend reflux, and others.

In order to deal with these legal and regulatory risks, the MMC Group has taken preventive measures with regard to compliance with laws and regulations, etc. Moreover, the MMC Group has also improved a structure to respond promptly when it detects any compliance-related matter to prevent an effect on its social credibility and reputation. However, the possibility that a law violation may be committed in the future is not zero. If there is a fact of law violation, or the content, promptness and others of its response are insufficient, the fact or insufficiency may have a negative impact on the MMC Group's social credibility and reputation, and furthermore, on its operating results and financial position.

(5) Impact of changes in manufacturing cost

The MMC Group sources parts and raw materials, etc. from a large number of suppliers to manufacture its products. Any rise in the manufacturing cost of MMC's products due to changes in demand and other market conditions may seriously impact the operating results and/or financial position of the MMC Group.

(6) Impact of foreign exchange rate fluctuations

Overseas sales accounted for around 80 percent of the MMC Group's consolidated net sales for the previous fiscal year. MMC closely monitors the market trend of Thai baht for foreign currency denominated receivables and US dollars and Euros for foreign currency denominated payables to take necessary measures in a timely manner, but significant fluctuations in the foreign currency rates may still seriously impact the operating results and/or financial position of the MMC Group.

(7) Impact of failure to achieve mid-term business plan targets mainly due to differences between the premises on which the plan was drawn up and real-world conditions

The MMC Group has drawn up a mid-term business plan setting out operational strategy for the medium term. However, in the event that differences arise between the premises on which the plan was drawn up and real-world conditions or should risks other than those described in this section become prominent, the operating results and/or financial position of the MMC Group may be seriously impacted.

(8) Impact of product quality and safety

The MMC Group endeavors to improve the quality and assure the safety of the MMC Group's products. However, in the event that MMC has to issue a recall or implement countermeasures, etc. on a large scale due to product defects or failures, or in the event that MMC is pursued in a large-scale product liability action, the large costs incurred and the damage to reputation of the MMC's products and consequent drop in demand, etc. for its products may seriously impact the operating results and/or financial position of the MMC Group.

(9) Impact of lawsuits, etc.

Any lawsuit brought against the MMC Group by customers, trading partners or other third parties in the course of the MMC Group conducting its business operations may seriously impact the operating results and/or financial position of the MMC Group.

In addition, in the event that decisions, etc. in legal actions, etc. currently under dispute go against the MMC Group's claims or predictions, these may seriously impact the operating results and/or financial position of the MMC Group.

In February 20, 2010, MASRIA Co., Ltd. (hereafter "Plaintiff"), a former MMC distributor in Egypt, filed a lawsuit against MMC for dissolution of a distributor agreement between MMC and the Plaintiff including a 900 million USD claim for damages. The judgments in both the courts of first and second instance found in favor of MMC on October 26, 2010, and July 3, 2012, respectively, based on the reasoning that the case was not within the Egyptian court's legal jurisdiction. The case is now before the final appellate court after the Plaintiff appealed on July 21, 2012, against the judgment of the court of second instance.

The case has been found to not be within the Egyptian court's jurisdiction, and the distributor agreement was spelled out clearly, as indicated above. Furthermore, MMC's notice to terminate the distributor agreement with the Plaintiff followed due legal process and the terms of the agreement, thus making the Plaintiff's claim irrational. For these reasons, at present MMC does not consider this legal case will result in any serious impact on the operating results and/ or financial position of the MMC Group.

(10) Impact of dependence on particular suppliers

The MMC Group sources raw materials and parts, etc. from a large number of suppliers. The necessity to procure materials and parts characterized by higher quality or more advanced technologies at more competitive prices may bring about a situation in which orders are concentrated upon a specific supplier. There may also be only a limited number of suppliers able to supply parts, etc. for which a specific technology is required. Consequently, the operating results and/or financial position of the MMC Group may be seriously impacted in the event that some unforeseen situation arises and interrupts deliveries from such suppliers or in the event that it is not possible to procure materials and parts at competitive prices in a timely manner.

(11) Impact of credit risks of customer, trading partner and others

The MMC Group is exposed to credit risks in its dealings with customers and with dealers and other trading partners and in its automobile financing business. In the event that losses stemming from such credit risks exceed the MMC Group's estimates, the operating results and/or financial position of the MMC Group may be seriously impacted.

(12) Impact of infringement of intellectual property rights

In order to distinguish its products from those of other auto manufacturers the MMC Group endeavors to protect its own technologies, know-how and other intellectual property as well as to prevent the infringement of third-party intellectual property rights. However, in the event that a third party unlawfully uses the MMC Group's intellectual property to manufacture and sell imitations of its products, or in the event that limitations in the legal system in certain countries in relation to the protection of the MMC Group's intellectual property rights result in a fall in sales or in legal costs, or in the event that an unforeseen third-party intellectual property right requires a halt in manufacturing or sales or in the payment of compensation, or causes damage to reputation of the MMC's products and a consequent drop in demand, the operating results and/or financial position of the MMC Group may be seriously impacted.

(13) Impact of IT and information security

The information technology, networks, and systems that the MMC Group uses in its operations, products, services, etc. are exposed to troubles caused by attacks by hackers or computer viruses, illegal or inappropriate use, and infrastructure breakdowns, and the like, leading to the suspension of MMC Group's important business operations, leaking of its confidential information, and negative impact on its products and services. In such an event, the operating results and/or financial position of the MMC Group may be seriously impacted. The MMC Group possesses confidential information relating to matters both within and outside the Group which includes personal data and automobile data. In the event such information is improperly leaked to the outside, the social credibility and the operating results and/or financial position of the MMC Group may be seriously impacted.

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

An overview of the financial position, operating results and cash flows ("operating results, etc.") of the MMC Group (MMC, its consolidated subsidiaries and its entities accounted for using equity method) during the current fiscal year follows.

Any forward-looking statements expressed below are based on the judgment of the MMC Group as of March 31, 2019.

#### (1) Financial position and operating results

##### (i) Operating results

Since the end of 2018, the earnings environment has become increasingly adverse, including an emergent slowdown in the global economy due to the impact of trade friction between the U.S. and China. In this situation, the Company has made a concerted effort to promote sales of its new vehicles, the XPANDER and the Eclipse Cross along with the new model Delica D:5, aiming to achieve the targets of the DRIVE FOR GROWTH mid-term business plan. As a result, global sales volume for the current fiscal year reached 1,244,000 units (an increase of 143,000 units year on year, or up 13% year on year).

##### i) Net sales

Net sales for the current fiscal year were 2,514.6 billion yen (an increase of 322.2 billion yen year on year, or up 14.7% year on year), backed by the global sales described above.

##### ii) Operating profit

Operating profit was 111.8 billion yen (an increase of 13.6 billion yen year on year).

##### iii) Ordinary profit and profit attributable to owners of parent

Ordinary profit was 119.9 billion yen (an increase of 9.8 billion yen year on year). Profit attributable to owners of parent was 132.9 billion yen (an increase of 25.3 billion yen year on year).

The status of operations in each major region is as follows:

In the ASEAN region, which is one of the main markets under the mid-term business plan, sales of XPANDER increased 17% to 318,000 units from the previous fiscal year, with sales expanding from the launch market of Indonesia to the Philippines, Thailand, and Vietnam.

In Japan, sales of the new Delica D:5 and those of MMC's global strategic models Eclipse Cross and Outlander PHEV helped lift volumes by 7% to 105,000 units, maintaining a recovery trend. In addition, in March 2019, we launched the new Kei-car, eK Wagon and eK X.

In addition, sales volume exceeded that of the previous fiscal year in all areas, including the main Oceania area and focus areas such as North America, China, and other areas.

##### (ii) Operating results by segment

For the first quarter ended June 30, 2018, as a result of a review of the segmentation method after the conversion to a consolidated subsidiary of MMC Diamond Finance Corp., which operates a financial service business, the previous single reportable segment "automobile business" was changed to two segments, "automobile business" and "financial service business."

i) Automobile business

Net sales for the current fiscal year were 2,495.6 billion yen, and operating profit was 108.4 billion yen.

ii) Financial service business

Net sales for the current fiscal year were 24.1 billion yen, and operating profit was 4.1 billion yen.

(iii) Financial position

\* The MMC Group has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) effective from the beginning of the current fiscal year. In the financial position, the figures for year-on-year comparisons and analysis reflect the retrospective application of these accounting standards for the previous fiscal year.

Total assets as of March 31, 2019 amounted to 2,010.3 billion yen (up 364.1 billion yen from the end of the previous fiscal year). Cash and deposits amounted to 500.9 billion yen (down 71.0 billion yen from the end of the previous fiscal year). Total liabilities amounted to 1,129.1 billion yen (up 279.4 billion yen from the end of the previous fiscal year). Of total liabilities, the interest bearing debt balance was 228.7 billion yen (up 202.1 billion yen from the end of the previous fiscal year). Net assets as of March 31, 2019 amounted to 881.2 billion yen (up 84.6 billion yen from the end of the previous fiscal year).

(2) Cash flow

Cash flows for the current fiscal year came to a net inflow of 146.1 billion yen from operating activities, a net outflow of 144.9 billion yen from investing activities, and a net outflow of 75.0 billion yen from financing activities. In addition, the balance of cash and cash equivalents at the end of the current fiscal year decreased by 69.5 billion yen from the end of the previous fiscal year to 489.5 billion yen, partially due to an increase of 3.9 billion yen in effect of exchange rate change on cash and cash equivalents. Free cash flow for the current fiscal year was 1.2 billion yen.

*Cash flows from operating activities*

Net cash provided by operating activities was 146.1 billion yen, an increase of 26.5 billion yen compared to cash provided by operating activities of 119.6 billion yen in the previous fiscal year. This was primarily due to decrease in notes and accounts receivable and decrease in increasing amounts of inventories.

*Cash flows from investing activities*

Net cash used in investing activities was 144.9 billion yen, an increase of 47.8 billion yen compared to cash used in investing activities of 97.1 billion yen in the previous fiscal year. This was primarily due to an increase in the amount of capital expenditure.

*Cash flows from financing activities*

Net cash used in financing activities was 75.0 billion yen, an increase of 51.8 billion yen compared to cash used in financing activities of 23.2 billion yen in the previous fiscal year. This was primarily due to cash dividends paid and repayments of loans payable.

(Note): The following formula is used to calculate Free cash flow.

The sum of cash flows from operating activities and cash flows from investing activities.

(3) Production, orders and sales

i) Production

Production for the current fiscal year is as follows.

	Current fiscal year Quantity (Units)	Year on year (%)
Japan	660,880	112.1
Overseas	780,347	114.6
Asia	752,710	113.8
Other	27,637	139.8
Total	1,441,227	113.4

- (Notes) 1. Figures for production quantity in the table above are totals of built-up vehicles produced by MMC and its consolidated subsidiaries (knockdown production is also included in the quantity in Japan) which include the OEM production for other companies and jointly-developed vehicle production conducted by MMC.
2. From April 2012, locally branded models produced in China, which up to April 2012 had been included in the output figure for China, are now excluded from the overseas production figure.

(ii) Orders

MMC generally operates on a make-to-stock basis, except for special cases such as when dealing with large-lot demand.

(iii) Sales

Sales results during the current fiscal year are as follows.

	Current fiscal year		Year on year (%)	
	Quantity (Units)	Amount (Millions of yen)	Quantity	Amount
Japan	251,052	428,674	111.5	122.7
Overseas	1,228,728	2,085,920	118.7	113.2
North America	186,716	387,850	102.5	110.0
Europe	243,054	514,070	116.9	115.6
Asia	540,225	663,937	125.3	113.3
Oceania	103,521	221,617	107.7	92.0
Other Regions	155,212	298,444	132.2	136.6
Total	1,479,780	2,514,594	117.4	114.7

- (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. The sales results by major customer and their ratios against total sales are as follows.

Customer	Previous fiscal year		Current fiscal year	
	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)
Mitsubishi Corporation	295,138	13.5	319,762	12.7

3. Above stated amounts do not include consumption taxes.

(4) Significant accounting policies and estimates

The MMC Group's consolidated financial statements are prepared in accordance with accounting principles generally accepted in Japan (Japan GAAP). The preparation of consolidated financial statements requires that estimates and assumptions be made that affect the recorded amounts of assets and liabilities, disclosed amounts of contingent assets and liabilities at the end of the current fiscal year, as well as recorded amounts of revenue and expenses during the reporting period. Although the estimates were made based on the past results and methods deemed reasonable, because of uncertainty unique to estimates, actual results could differ from these estimates.

The significant accounting policies applied by the MMC Group in the preparation of the consolidated financial statements are explained in "Material basis of the preparation of consolidated financial statements" of "V. Financial Information, 1. Consolidated financial statements." The MMC Group considers the following significant accounting policies could materially affect the estimates made in the consolidated financial statements:

- i) Provision for loss on fuel consumption test  
To provide for losses relating to fuel consumption test, provision is calculated to the extent that can be reasonably projected and estimated at the end of the current fiscal year.
- ii) Expenses for market quality measures  
The MMC Group estimates the future expenses for measures relating to the voluntary collection and repair of sold products that are non-compliant under each country's regulatory requirements concerning safety and environment, implemented as a measure to prioritize safety and security.
- iii) Provision for product warranties  
The MMC Group calculates the provision for product warranties after taking into account, future warranty forecasts based on past results in accordance with warranty contracts in order to provide for the products' after-service costs. The estimates of after sales service cost may need to be revised when actual product defect rate or repair cost differ from the estimates.
- iv) Allowance for doubtful accounts  
To prepare for losses from bad debts for trade receivables, loans, etc., allowance for doubtful accounts is provided based on the historical default rate for ordinary receivables, and taking into account individual collectability for specific receivables such as doubtful receivables. An estimate of the amount of specific uncollectible accounts is calculated. In cases where a customer's ability to pay decreases because of financial deterioration due to factors such as changes in economic conditions, recording of the additional allowance for doubtful accounts may be required.
- v) Retirement benefit expenses and retirement benefit obligation  
The retirement benefit expenses and retirement benefit obligations are calculated based on certain actuarial assumptions, including discount rates, expected rate of bonuses, employee turnover rate, as well as mortality rate and long-term rate of return on pension plan assets calculated based on the latest statistical figures. When the actual results differ from assumptions, or when the assumptions are amended, the effect thereof will be accumulated and recognized regularly going forward; thereby affecting the amount of expenses to be recognized and amount of liabilities to be recorded in the future period.



vi) Evaluation of deferred tax assets

The MMC Group deducts a valuation allowance from its deferred tax assets in order to reduce the amount to an amount considered to be highly recoverable, then records the net amount. The valuation allowance is calculated giving consideration to future taxable income, tax planning, and other factors. Where all or part of the deferred tax assets are judged to be unrecoverable in the future, an adjustment to deferred tax assets is recognized as an expense in the period during which the judgment was made. Furthermore, where the amount of deferred tax assets recoverable in the future is judged to exceed the recognized amount of deferred tax assets, an adjustment to deferred tax assets is recognized as profit in the period during which the judgment was made.

vii) Evaluation of investment securities

The MMC Group retains shares of publicly traded companies with high price volatility and shares of not publicly traded companies for which it is difficult to determine their stock prices. The MMC Group periodically reviews the evaluation of investment securities and conducts impairment accounting if the evaluation falls below the acquisition cost or the carrying amount after impairment by a certain rate or more. Worsening market conditions or unstable performance at invested companies in the future may require the implementation of impairment in the event that losses are not reflected in the current carrying amount or the carrying amount becomes irrecoverable.

viii) Impairment loss of non-current assets

When applying impairment accounting to non-current assets, MMC group estimate the future cash flows by each group units after grouping the production assets by the operating company unit, sales-related assets mainly by the business bases unit and lease assets and idle assets as individual groups. If the recoverable amounts of the future cash flows are less than their carrying amounts, the carrying amount is reduced to the recoverable amount. If the recoverable amount is decreased, impairment loss may be incurred and may affect profit or loss.

(5) Analysis of capital resources and liquidity of funds

Capital requirements

The MMC Group's working capital requirements (capital requirements for operating activities) are mainly material costs, labor costs, and selling, general and administrative expenses for R&D, production and sale of automobile and automobile parts. The MMC group also requires the loan funds for financial service business.

The MMC Group's investment capital requirements (capital requirements for investing activities) are based on a massive increase in investment in the research and development of a next-generation vehicles that can respond to strict environmental regulations and technological innovation known as CASE (Connected, Autonomous, Shared and Electric), and the investment in the maintenance and renewal of old production equipment.

## Financial strategy

MMC practices centralized control of its capital requirements and aims to realize financially sound and sustainable growth that strikes a balance with investment activities by following the general principle of meeting its capital requirements by using the cash flows that are newly generated by MMC each year, and when further capital is required, by using retained earnings accumulated over prior years, by taking out loans from financial institutions, principally financial service businesses, or by issuing commercial papers.

The interest bearing debt as of the end of the current fiscal year amounted to 228.7 billion yen (an increase of 202.1 billion yen year on year) as a result of making MMC Diamond Finance Corp., which conducts the financial service business in Japan, a consolidated subsidiary and other factors.

The MMC group obtained the credit ratings from 2 domestic credit rating agencies, the MMC group obtained "BBB" rating from the Rating and Investment Information, Inc. (R&I) and obtained "BB+" rating from the Standard & Poor's (S&P) as of the filing date of this securities report for the fiscal year 2018. MMC maintains a sufficient level of credit line and secures liquidity through such measures as establishing a committed credit line of 150.0 billion yen with a syndicate of financial institutions in Japan, and therefore we deem that MMC is able to maintain and expand the MMC Group's businesses and meet capital requirements for business operation going forward.

#### 4. Critical contracts for operation

Company which entered into agreement	Counterparty		Agreement	Date on which agreement entered into
	Name	Country		
Mitsubishi Motors Corporation (MMC)	China Aerospace Automotive Industry Group Co.	China	Agreement on the establishment of Shenyang Aerospace Mitsubishi Motors Engine Manufacturing Co., Ltd. regarding automobile engine business in China	May 15, 1997
	Shenyang Jianhua Motors Engine Co., Ltd.	China		
	Mitsubishi Corporation	Japan		
	MCIC Holdings Sdn. Bhd.	Malaysia		
Mitsubishi Motors Corporation (MMC)	Harbin Dong-An Engine Manufacturing Company	China	Agreement on the establishment of Harbin Dongan Automotive Engine Manufacturing Co., Ltd. regarding automobile engine business in China	June 16, 1998
	Harbin Aircraft Manufacturing Corporation	China		
	Harbin Dongan Auto Engine Co., Ltd.	China		
	Mitsubishi Corporation	Japan		
	MCIC Holdings Sdn. Bhd.	Malaysia		
Mitsubishi Motors Corporation (MMC)	Nissan Motor Co., Ltd.	Japan	Agreement on the rights, obligations, etc. between the shareholders concerning Jatco Ltd.	March 15, 2007
	Suzuki Motor Corporation	Japan		
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		
Mitsubishi Motors Corporation (MMC)	Peugeot Citroen Automobiles SA	France	Joint venture agreement to produce vehicles in Russia	May 19, 2008
Mitsubishi Motors Corporation (MMC)	Guangzhou Automobile Group Company, Ltd.	China	Joint venture agreement on the establishment of GAC Mitsubishi Motors Co., Ltd. regarding sales and production of vehicles, etc. in China	September 5, 2012
	Mitsubishi Corporation	Japan		
Mitsubishi Motors Corporation (MMC)	PT Krama Yudha Mitsubishi Corporation	Indonesia Japan	Joint venture agreement to produce vehicles in Indonesia	March 24, 2015
Mitsubishi Motors Corporation (MMC)	Nissan Motor Co., Ltd.	Japan	Strategic Alliance Agreement regarding Capital and Business Alliance with Nissan Motor Co., Ltd.	May 25, 2016
Mitsubishi Motors Corporation (MMC)	Daimler AG	Germany	Strategic Alliance agreement regarding automobile business	October 3, 2018
	Renault	France		
	Renault-Nissan B.V.	The Netherlands		
	Nissan Motor Co., Ltd.	Japan		

## 5. Research and development activities

In order to realize the MMC's corporate vision, "Create a vibrant society by realizing the potential of mobility," MMC has designated SUV NEW VALUE, EV NEW VALUE, and SYSTEM NEW VALUE as the direction of next-generation technology, and is pushing forward with research and development.

In terms of research and development establishments, in Japan, MMC has the "Technology Development Center" and the "EV Research & Development Center," which conduct early technology development, design, and testing of designs and technologies. In addition, in FY2019, MMC will establish a new base in Tokyo as a satellite office to the "Technology Development Center" in order to strengthen software development capabilities required for creating the next generation of vehicles. These facilities also maintain links with MMC's overseas R&D bases in North America, Europe, China, and Thailand, through which MMC conducts global technology and product development attuned to market characteristics. Looking ahead, as well as taking steps to ensure that sufficient synergy effects are derived from cooperative efforts within the Renault-Nissan alliance, such as the sharing of basic technology, MMC will promote technology and product development that more clearly emphasizes the special characteristics of Mitsubishi Motors.

As initiatives in response to environmental concerns and to contribute to the development of a sustainable motorized society, MMC has been working to develop next-generation electric vehicles and engines, and low-carbon technologies, which includes reducing the weight of chassis and components. In particular, with regard to electric vehicle technologies, the Outlander PHEV, featuring MMC's original plug-in hybrid EV system (PHEV) that achieves both long-distance travel and environmental performance, has been highly rated by customers. MMC continues to work on development with the goal of being a leader in electric vehicle technology.

Additionally, in order to achieve both driving performance and environmental performance, MMC has been conducting ongoing development including further advancing MMC's unique technology, the S-AWC<sup>\*1</sup> four-wheel integrated vehicle dynamics control system. MMC will continue to utilize and develop these technologies in its next generation models, including electric vehicles. In particular, MMC has positioned the combination of motor drive and S-AWC as "e-EVOLUTION," and has continued their development with the goal of providing both driving pleasure and environmental performance.

MMC continues to work to realize the safety that will enable its customers to drive its cars with peace of mind by developing its advanced preventative safety technology, e-Assist<sup>\*2</sup>, and its collision safety technology, "RISE"<sup>\*3</sup> (Realized Impact Safety Evolution) advanced safety body. As a result of continued efforts related to these safety technologies, MMC's new Eclipse Cross compact SUV was awarded the maximum five-star rating in the FY2018 JNCAP assessment ("JNCAP"<sup>\*4</sup>), which tests and evaluates collision safety performance for vehicles in Japan. Moreover, the Eclipse Cross also received an ASV++ rating for active safety performance, demonstrating high levels of performance in collision injury mitigation and other areas of safety performance. In addition to the JNCAP<sup>\*4</sup> in Japan, Eclipse Cross has been rated highly by the Euro NCAP in Europe, as have the ANCAP in Australia and New Zealand, the ASEAN NCAP in the ASEAN region, and the Latin NCAP in Latin America.

In other areas, MMC is developing technologies for providing a comfortable cabin environment (improving ride, quietness, convenience, etc.) as well as technologies for connecting with information devices such as a smartphone onboard.

\*1: S-AWC: Super All Wheel Control

\*2: e-Assist: e-Assist comprises the functions below to support safer driving

- Forward Collision Mitigation System (FCM)  
This radar-based system automatically applies the brakes when there is a risk of collision with the vehicle in front and helps to avoid a collision or reduce impact damage in the event of a collision.  
(Pedestrian detection function featured on the Outlander, Outlander PHEV and Eclipse Cross)
- Low Speed Zone Forward Collision Management System (FCM-City)  
This radar-based system automatically applies the brakes when there is a risk of collision with the vehicle in front at low speed (from approx. five to approx. 30 km/h) and helps to avoid a collision or reduce impact damage in the event of a collision.
- Lane Departure Warning System (LDW)  
This system alerts the driver when the vehicle starts to drift from its lane while driving.
- Adaptive Cruise Control System (ACC)  
This system maintains a preset distance with the vehicle in front, even in congested traffic.
- Blind Spot Warning System (Lane Change Assist) (BSW/ LCA)  
This system uses an indicator on the door mirror to notify drivers of the presence of other vehicles in the rear-diagonal position, which can easily be a blind spot. If in such situations the indicator is activated on the side on which there is a vehicle, a buzzer sounds and an indicator flashes in the door mirror to draw the driver's attention more strongly.
- Rear Cross Traffic Alert (RCTA)  
When an approaching vehicle is detected while reversing in parking lots etc., the driver's attention is drawn by means of the sounding of a buzzer and an indicator flashing in the door mirror, as well as the display of a warning message in the instruments.
- Ultrasonic Misacceleration Mitigation System (forward)  
Controls sudden acceleration caused by mistakes in the operation of the gear lever and acceleration pedal when moving forward.
- Ultrasonic Misacceleration Mitigation System (UMS) (forward and backward)  
Controls sudden acceleration caused by mistakes in the operation of the gear lever and acceleration pedal when moving forward or backward.

\*3: RISE: Reinforced Impact Safety Evolution

\*4: JNACP: Japan New Car Assessment Program; run by the Ministry of Land, Infrastructure, Transport and Tourism and the National Agency for Automotive Safety & Victims' Aid (NASVA).

Research and development spending by the MMC Group in the current fiscal year (automobile business) totaled 124.3 billion yen.

The main new products sold between April 2018 and March 2019 were as follows.

1. MMC launched the new Triton/L200 one-ton pickup truck to mark the 40th anniversary of the product. The all-new design brings enhancements to the durability, reliability, and comfort developed over 40 years since the introduction of the series to realize a powerful and rugged new model. The main product features are as follows.
  - (1) Powerful "Engineered Beyond Tough" design  
The new Triton/L200 a revitalized design under the concept "Rock Solid" that embodies, both inside and out, the full essence of its "Engineered Beyond Tough" development keyphrase - a toughness fully underpinned by engineering prowess and knowhow.
  - (2) 4WD system gives enhanced all-terrain performance  
Fitted with either Super-Select 4WD II, which delivers optimum traction and handling characteristics for any given surface, or Easy-Select 4WD, which simplifies switching between drive modes for different road surfaces. With the addition of new drive modes, both 4WD systems deliver improved off-road performance.
  - (3) Active safety / driver assistance systems  
Retains the previous model's high-durability, high-reliability ladder-type frame and high impact-safety cabin structure while featuring class-leading advanced active safety and driver assistance systems.

- (4) Pickup truck performance & functionality  
Features many detail improvements, directed by the Engineered Beyond Tough development keyphrase, to the durability and reliability sought in commercial use and to the comfort and ride sought in private use.
2. MMC launched the new Delica D:5 all-round minivan. Retaining the historical product concept of the Delica as "A vehicle that will securely carry passengers and their luggage to their destination through various road conditions," the all-round minivan features a dramatically improved clean diesel engine that delivers powerful torque from low speeds, a newly developed automatic transmission with 8-speed sport mode, and improved 4WD performance to further advance its renowned handling and running performance, along with active safety technology. The main product features are as follows.
- (1) Sophisticated active design increases prestige  
A sophisticated active design adds a touch of class to the Delica's traditional powerful design enabling high running performance and increases prestige.
- (2) Interior with a sense of refinement and space  
The dashboard has been completely redesigned. The horizontal-line dashboard uses panels with a "mackerel" woodgrain pattern (found in the wood of tree where its trunk divides), which imparts a strong vitality, providing the all-round minivan with both functionality and class.
- (3) Addition of active safety technologies and comfort features  
In response to popular demand, the new model features an e-Assist active safety technology package, which includes the Forward Collision Mitigation (FCM) System, the Lane Departure Warning (LDW) System, and the Adaptive Cruise Control (ACC) System, to enhance safety, with all models complying with "Sapo Car<sup>\*5</sup>" classification. The new model also offers greater convenience with a vehicle speed-sensitive central-locking system (with impact-detection door unlocking system) and a Close & Lock mechanism, as well as a large-screen Delica D:5 Original 10.1 Navigation System available as a dealer option.
- \*5: Sapo Car (Safety Support Car) are vehicles fitted with advanced technologies that support safe driving. This is a new vehicle safety concept being promoted by the Japanese government and designed to prevent traffic accidents and to mitigate injuries to drivers, particularly older drivers. Vehicles are classified as "Sapo Car" or "Sapo Car S (basic, basic + wide)" depending on the level of safety functions fitted.
- (4) Unrivalled handling performance and high quality running performance  
A 2.2L common-rail DI-D<sup>\*6</sup> clean diesel turbo engine paired with a newly developed automatic transmission with 8-speed sport mode has produced a new advance in powerful, quiet, smooth running. An electronically controlled 4WD system with a newly added yaw rate feedback control accurately determines the steering operation of the vehicle, ensuring that the vehicle steering is true to the driver's operation of the steering wheel. The vehicle is also the first MMC vehicle to be fitted with a urea SCR<sup>\*7</sup> system for cleaning up the exhaust from the diesel turbo engine. AdBlue<sup>®\*8</sup> is an aqueous urea solution that stably cleans nitrogen oxide (NOx). Significant improvements have also been made in quietness by increasing the areas fitted with noise insulation and sound absorbing material.
- \*6: DI-D: Direct Injection Diesel  
\*7: SCR: Selective Catalytic Reduction  
\*8: AdBlue<sup>®</sup> is a registered trademark of German Association of the Automotive Industry (VDA).

(5) A new individuality with "Delica D:5 Urban Gear"

The new addition of the sophisticated and modern-looking Delica D:5 Urban Gear to the line-up will support high-class, active living for customers seeking a more urban, luxury grade design.

3. MMC launched the new eK Wagon and eK X height-wagon kei-cars. Planning and development management of the New eK Wagon and eK X have been the responsibility of Mitsubishi Motors and Nissan Motor joint venture NMKV. With all-new platforms, engines, CVTs and other major components developed and produced through new processes, the new models offer a new kind of height-wagon kei-car. They bring together Mitsubishi Motors' 60 years of kei-car knowhow and Nissan Motor's advanced technology. The main product features are as follows.

(1) Exteriors: elegance and originality

<eK Wagon>

The eK Wagon exterior has been developed to a "Cute Chic" concept. Setting the benchmark for height-wagon kei-cars, the exterior is composed of taut curved surfaces which give shape to a cute, quality design that projects a stirring vibrancy.

<eK X>

Developed to a "Cute Beast" concept, eK X's exterior styling projects an SUV taste with the active, playful presence that is distinctive to MMC.

(2) Interiors: roomy with attention to detail

The interiors have been developed to a concept of "comfortable space," "stimulating, attractive detailing" and "smart usability," with attention given to fashionable looks and practicality. From a "perceived quality" viewpoint, excellent functionality and quality looks are carefully built in.

(3) Powertrains: quieter, more nimble performance

A new engine and new CVT are mated in powertrains that deliver better fuel mileage, more nimble acceleration across the rev range and quieter performance. eK X uses a new Hybrid system that delivers even more torqueful and lower-consumption performance.

(4) Advanced technology enhances peace of mind

A first on an MMC model, MI-PILOT<sup>\*9</sup> single-lane driver assistance has been included to support the driver on expressways by assisting operation of the accelerator, brakes and steering to mitigate stress and fatigue on longer trips.

In a first for kei-cars<sup>\*10</sup>, the eK Wagon and eK X use Digital Rearview Mirror (with Multi Around Monitor display), a digital mirror that shows an image from a camera mounted at the rear of the vehicle. An LCD monitor housed in the rearview mirror allows the driver to check behind the vehicle when their field of view is obstructed by passengers or luggage in the rear seats, or at night or when the weather makes it difficult to see behind the vehicle.

\*9: Mitsubishi Intelligent-PILOT

\*10: As of March 2019, according to our own research

(5) New features in e-Assist active safety package / other safety equipment

The active safety systems fitted to previous models – Forward Collision Mitigation (FCM) braking, Emergency Assist for Pedal Misapplication, Lane Departure Warning (LDW), Automatic High Beam (AHB<sup>\*11</sup>) – are now joined by

Lane Departure Prevention (LDP<sup>\*12</sup>) to earn all eK Wagon and eK X models "Sapo Car S-wide<sup>\*5</sup>" classification.

\*11: Automatic High Beam

\*12: Lane Departure Prevention

(6) Comfortable cabin encourages getting out and about

Compared to the previous model, a 65 mm longer wheelbase creates a comfortable living space. The rear seats also provide a comfortable space with knee room extended by 70 mm to allow the occupant to sit with legs crossed even with the front seats all the way back on their slide.

4. In addition to the above, MMC launched certain models with enhanced safety or functional equipment, differentiated the interior and exterior, and improved environmental performance.



### III. Information about Facilities

#### 1. Outline of capital expenditure

The MMC Group (MMC and its consolidated subsidiaries) invested a total of 137.7 billion yen, mainly in development and research equipment for new products and technologies and production equipment for new products and sales equipment.

Company name	Segment	Details of capital expenditure	Amount of investment (Millions of yen)
MMC	Automobile	Production equipment of automobiles	42,942
		Development and research equipment of automobiles	20,880
		Equipment of automobile sales outlets	2,081
		Other	43,051
	Sub total		108,954
Automobile sales companies (five companies)	Automobile	Equipment of automobile sales outlets	1,975
MMC Diamond Finance Corp	Financial service	Investment of systems	151
Other domestic subsidiaries (four companies)	Automobile	Production equipment of automobiles and parts, design and testing equipment of automobiles and parts, and transport and storage equipment of automobiles, etc.	4,525
Mitsubishi Motors North America, Inc. and two other companies	Automobile	Equipment of automobile sales outlets, etc.	341
Mitsubishi Motors Europe B.V.	Automobile	Equipment of parts sales outlets, etc.	200
Mitsubishi Motors Australia, Ltd.	Automobile	Equipment of automobile sales outlets, etc.	354
Mitsubishi Motors (Thailand) Co., Ltd. and another company	Automobile	Equipment of automobile sales outlets and production equipment of automobiles, etc.	13,434
Mitsubishi Motors Philippines Corp. and another company	Automobile	Equipment of automobile sales outlets and production equipment of automobiles, etc.	2,349
P.T. Mitsubishi Motors Krama Yudha Indonesia	Automobile	Production equipment of automobiles, etc.	4,893
Other overseas subsidiaries (16 companies)	Automobile	Equipment of automobile sales outlets and production equipment of parts, etc.	559
Total			137,739

(Notes) 1. Consumption taxes are excluded from the amount of investment.

2. Intangible assets and long-term prepaid expenses are in the amount of investment.

## 2. Information about major facilities

Major facilities of the MMC Group (MMC and its consolidated subsidiaries) are as follows.

### (1) Information about reporting company

(as at March 31, 2019)

Classification	Office and factory name (Location)	Segment	Description	Carrying amount (Millions of yen)						Number of employees
				Buildings and Structures	Machinery, equipment and vehicles	Land		Others	Total	
						Size (thousands of m <sup>2</sup> )	Amount			
Production equipment	Okazaki Plant (Okazaki-shi, Aichi, etc.)	Automobile	Production equipment of automobiles	10,003	10,828	(4) [15] 486	418	31,283	52,533	3,049
	Kyoto Plant (Ukyo-ku, Kyoto-shi, etc.)	Automobile	Production equipment of automobile engines	6,254	15,314	(11) [15] 453	4,825	5,195	31,591	1,665
	Mizushima Plant (Kurashiki-shi, Okayama)	Automobile	Production equipment of automobiles	6,454	10,456	(50) [1] 966	7,488	5,378	29,778	3,676
Other equipment	Research & Development Center (Okazaki-shi, Aichi, Ukyo-ku, Kyoto-shi, etc.) (Note 4)	Automobile	Development and research equipment of automobiles	21,693	14,466	(1) [0] 10,612	11,085	16,080	63,327	3,475
	Parts Center (Takatsuki-shi, Osaka, Amagun, Aichi, etc.)	Automobile	Supply of parts and management equipment	1,601	1,089	(127) [-] 82	5,393	111	8,196	66
	Motor Pool (Minato-ku, Nagoya-shi, Kurashiki-shi, Okayama, etc.)	Automobile	Storage equipment of automobiles	923	10	(81) [89] 591	16,363	30	17,327	-
	Welfare Facility (Okazaki-shi, Aichi, etc.)	Automobile	Company dormitory, company condominium, etc.	3,853	75	(206) [8] 128	7,812	846	12,588	-

Office and factory name (Location)	Segment	Description	Carrying amount (Millions of yen)						Number of employees
			Buildings and Structures	Machinery, equipment and vehicles	Land		Others	Total	
					Size (thousands of m <sup>2</sup> )	Amount			
Sales company (Neyagawa-shi, Osaka, Atsuta-ku, Nagoya-shi, etc.)	Automobile	Sales company	1,202	3	(37) [127] 90	6,894	3	8,103	-
Others (Takatsu-ku, Kawasaki-shi, etc.)	Automobile	Training facility, etc.	9,128	1,145	(55) [51] 124	9,826	6,783	26,883	2,240

- (Notes)
1. The figure in parentheses is the size of leased land.
  2. The figure in square brackets is the size of rented out land (including sublet land).
  3. The carrying amount of "Others" assets are tools, furniture and fixtures, and construction in progress. Consumption taxes are excluded from the amount of the carrying amount.
  4. Within the Research & Development Centers, the size and amount of the land in Ukyo-ku, Kyoto-shi is included within the Kyoto Plant.

## (2) Domestic subsidiaries

(as at March 31, 2019)

Office and factory name (Location)	Segment	Description	Carrying amount (Millions of yen)						Number of employees
			Buildings and Structures	Machinery, equipment and vehicles	Land		Others	Total	
					Size (thousands of m <sup>2</sup> )	Amount			
Kanto Mitsubishi Motor Sales Co., Ltd. and four other sales companies (Meguro-ku, Tokyo, etc.)	Automobile	Equipment of automobile sales outlets	11,855	4,759	(342) [33] 374	18,361	836	35,813	3,921
MMC Diamond Finance Corp. (Minato-ku, Tokyo)	Financial service	Car rentals, etc.	32	9,982	—	—	100	10,115	255
Pajero Manufacturing Co., Ltd. (Kamo-gun, Gifu)	Automobile	Production equipment of automobiles and parts, etc.	3,113	4,410	(65) 163	1,987	631	10,142	1,117
Mitsubishi Automotive Engineering Co., Ltd. (Okazaki-shi, Aichi)	Automobile	Design and testing equipment of automobiles and parts, etc.	113	2	(10) 1	323	28	468	938
Mitsubishi Automotive Logistics Technology Co., Ltd. (Takatsu-ku, Kawasaki-shi)	Automobile	Transport and storage equipment of automobiles and parts, equipment of parts sales outlets, etc.	161	52	(3) [0] 27	717	74	1,005	551
Suiryo Plastics Co., Ltd. (Kurashiki-shi, Okayama)	Automobile	Production equipment of parts, etc.	1,367	1,281	(7) [0] 98	1,184	6,320	10,153	599

(Notes) 1. The figure in parentheses is the size of leased land.

2. The figure in square brackets is the size of rented out land (including sublet land).

3. The carrying amount of "Others" assets are tools, furniture and fixtures, and construction in progress. Consumption taxes are excluded from the amount of the carrying amount.

## (3) Overseas subsidiaries

(as at March 31, 2019)

Office and factory name (Location)	Segment	Description	Carrying amount (Millions of yen)						Number of employees
			Buildings and Structures	Machinery, equipment and vehicles	Land		Others	Total	
					Size (thousands of m <sup>2</sup> )	Amount			
Mitsubishi Motors North America, Inc. (U.S.A.) and two other companies	Automobile	Equipment of automobile sales outlets, etc.	696	2,883	(174) [9] 219	1,451	393	5,425	544
Mitsubishi Motors Europe B.V. (Netherlands)	Automobile	Equipment of parts sales outlets, etc.	1	148	-	-	138	288	221
Mitsubishi Motors Australia, Ltd. (Australia)	Automobile	Equipment of automobile sales outlets, etc.	894	706	-	-	96	1,697	201
Mitsubishi Motors (Thailand) Co., Ltd. (Thailand) and another company	Automobile	Equipment of automobile sales outlets, production equipment of automobiles, etc.	12,851	41,487	(1,181) 219	1,228	5,290	60,858	5,445
Mitsubishi Motors Philippines Corp. (Philippines) and another company	Automobile	Equipment of automobile sales outlets, production equipment of automobiles, etc.	4,284	3,616	233	1,730	1,420	11,051	960
P.T. Mitsubishi Motors Krama Yudha Indonesia (Indonesia)	Automobile	Production equipment of automobiles, etc.	9,071	8,271	509	6,821	18,639	42,803	1,509

Office and factory name (Location)	Segment	Description	Carrying amount (Millions of yen)					Number of employees	
			Buildings and Structures	Machinery, equipment and vehicles	Land		Others		Total
					Size (thousands of m <sup>2</sup> )	Amount			
Other overseas subsidiaries (16 companies)	Automobile	Equipment of automobile sales outlets, production equipment of parts, etc.	1,692	2,846	(121) [19] 268	2,160	942	7,642	882

- (Notes) 1. The figure in parentheses is the size of leased land.  
2. The figure in square brackets is the size of rented out land (including sublet land).  
3. The carrying amount of "Others" assets are tools, furniture and fixtures, and construction in progress.

### 3. Plans for acquisition and disposal of facilities

The capital expenditure plan of the MMC Group (MMC and its consolidated subsidiaries) is determined separately by the consolidated companies in principle. However, to ensure against overlap or excessive expenditure across the whole Group, adjustments are made, primarily by MMC.

The MMC Group's main capital expenditures are new equipment and upgrades for production equipment of automobile and automobile parts in the automobile business. For the following fiscal year (FY2019), the MMC Group is planning to make capital investments totaling 142.5 billion yen (new equipment and upgrades) for the year. The capital expenditure plan for MMC and each of its consolidated subsidiaries in the automobile and financial service business are presented in the table below.

(Note) The above amounts are the amounts planned as of March 31, 2019. They do not include consumption tax and so forth.

Company name	Segment	Description	Planned amount (Millions of yen)	Method of financing
MMC	Automobile	Production equipment of automobiles	53,860	Own capital and loans payable
		Development and research equipment of automobiles	17,300	
		Equipment of automobile sales outlets	1,440	
		Other	33,900	
	Sub total		106,500	
Automobile sales companies (four companies)	Automobile	Equipment of automobile sales outlets	2,020	Own capital and loans payable
MMC Diamond Finance Corp.	Financial service	Investment of systems etc.	300	Own capital and loans payable
Other domestic subsidiaries (four companies)	Automobile /Auto sales financing	Production equipment of automobiles and parts, design and testing equipment of automobiles and parts, and transport and storage equipment of automobiles, etc.	5,700	Own capital and loans payable
Mitsubishi Motors North America, Inc. and two other companies	Automobile	Equipment of automobile sales outlets, etc.	610	Own capital and loans payable
Mitsubishi Motors Europe B.V.	Automobile	Equipment of parts sales outlets, etc.	100	Own capital and loans payable
Mitsubishi Motors Australia, Ltd.	Automobile	Equipment of automobile sales outlets, etc.	360	Own capital and loans payable
Mitsubishi Motors (Thailand) Co., Ltd. and another company	Automobile	Equipment of automobile sales outlets and production equipment of automobiles, etc.	18,720	Own capital and loans payable
Mitsubishi Motors Philippines Corp. and another company	Automobile	Equipment of automobile sales outlets and production equipment of automobiles, etc.	1,840	Own capital and loans payable
P.T. Mitsubishi Motors Krama Yudha Indonesia	Automobile	Production equipment of automobiles, etc.	5,710	Own capital and loans payable
Other overseas subsidiaries (16 companies)	Automobile	Equipment of automobile sales outlets and production equipment of parts, etc.	640	Own capital and loans payable
Total			142,500	



#### IV. 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
Common stock	1,575,000,000
Total	1,575,000,000

###### ii) Issued shares

Class	Number of issued shares (As of March 31, 2019) (Shares)	Number of issued shares (As of the filing date: June 21, 2019) (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

MMC has adopted a stock option program. The program is operated by means of issuing share acquisition rights in accordance with the Companies Act. The details of the program are as below.

MMC resolved that it will issue its share acquisition rights to its Members of the Board (excluding Outside Directors) for stock options as equity-linked compensation, in accordance with the Companies Act.

Share acquisition rights based on the resolution of the Board of Director's meeting held on April 24, 2017 (First series share acquisition rights)

Resolution date	April 24, 2017
Number of share acquisition rights *	9,800
Category and number of participant	Five Members of the Board (excluding Outside Directors)
Type of shares that will be issued upon exercise of share acquisition rights *	Common stock
Number of shares to be issued upon the exercise of one share acquisition right *	79 shares (Note) 1
Total number of shares that will be issued upon exercise of share acquisition rights *	780,331 shares (Note) 1
Amount of contribution (issue price) per share acquisition right *	JPY 1 per share
Fair value for one share acquisition right *	JPY 517.42 (Note) 1
Exercise period *	<p>The exercise period will commence on the earliest of the following dates and end on April 30, 2070.</p> <p>i) May 1, 2020</p> <p>ii) If a shareholders' meeting of MMC (or, where no shareholder approval is required, the Board of Directors of MMC) approves a merger agreement that provides that MMC shall cease to exist, or a share exchange agreement for a statutory share exchange (<i>kabushiki koukan</i>) agreement or a plan for a statutory share-transfer (<i>kabushiki iten</i>) that will result in MMC becoming a wholly-owned subsidiary, the date of such approval.</p> <p>iii) If a shareholders' meeting of MMC (or, where no shareholder approval is required, the Board of Directors of MMC) approves a transfer of all or substantially all of MMC's business, or a spin-off agreement or spin-off plan (<i>kaisha bunkatsu</i>) that results in all or substantially all of MMC's business being assumed by a successor company, the date of such approval.</p>
Share issue price and additional paid-in capital per share in the event of issuance of shares upon exercise of share acquisition rights *	<p>Issue price: JPY 518.42 (Note) 2</p> <p>Additional paid-in capital per share shall be the amount obtained by multiplying the maximum limit of capital increase (as calculated in accordance with the provisions of Article 17, paragraph 1 of the Regulation on Corporate Accounting) by 0.5, and any fraction of less than JPY 1 arising as a result of such calculation shall be rounded up to the nearest yen.</p>
Conditions to exercise of share acquisition rights *	(Note) 3
Matters concerning transfer of share acquisition rights *	MMC and each of the grantees will enter into a share acquisition right grant agreement. Under such agreement, the grantees will be prohibited from transferring any Share Acquisition Rights to a third party.
Matters concerning treatment of the replacement share acquisition rights in a corporate reorganization by the successor *	(Note) 4

Share acquisition rights based on the resolution of the Board of Director's meeting held on May 9, 2018 (Second series share acquisition rights)

Resolution date	May 9, 2018
Number of share acquisition rights *	9,800
Category and number of participant	Two Members of the Board (excluding Outside Directors)
Type of shares that will be issued upon exercise of share acquisition rights *	Common stock
Number of shares to be issued upon the exercise of one share acquisition right *	80 shares (Note) 1
Total number of shares that will be issued upon exercise of share acquisition rights *	786,534 shares (Note) 1
Amount of contribution (issue price) per share acquisition right *	JPY 1 per share
Fair value for one share acquisition right *	JPY 513.34 (Note) 1
Exercise period *	<p>The exercise period will commence on the earliest of the following dates and end on April 30, 2071.</p> <p>i) May 1, 2021</p> <p>ii) If a shareholders' meeting of MMC (or, where no shareholder approval is required, the Board of Directors of MMC) approves a merger agreement that provides that MMC shall cease to exist, or a share exchange agreement for a statutory share exchange (<i>kabushiki koukan</i>) agreement or a plan for a statutory share-transfer (<i>kabushiki iten</i>) that will result in MMC becoming a wholly-owned subsidiary, the date of such approval.</p> <p>iii) If a shareholders' meeting of MMC (or, where no shareholder approval is required, the Board of Directors of MMC) approves a transfer of all or substantially all of MMC's business, or a spin-off agreement or spin-off plan (<i>kaisha bunkatsu</i>) that results in all or substantially all of MMC's business being assumed by a successor company, the date of such approval.</p>
Share issue price and additional paid-in capital per share in the event of issuance of shares upon exercise of share acquisition rights *	<p>Issue price: JPY 514.34 (Note) 2</p> <p>Additional paid-in capital per share shall be the amount obtained by multiplying the maximum limit of capital increase (as calculated in accordance with the provisions of Article 17, paragraph 1 of the Regulation on Corporate Accounting) by 0.5, and any fraction of less than JPY 1 arising as a result of such calculation shall be rounded up to the nearest yen.</p>
Conditions to exercise of share acquisition rights *	(Note) 3
Matters concerning transfer of share acquisition rights *	MMC and each of the grantees will enter into a share acquisition right grant agreement. Under such agreement, the grantees will be prohibited from transferring any Share Acquisition Rights to a third party.
Matters concerning treatment of the replacement share acquisition rights in a corporate reorganization by the successor *	(Note) 4

\* These details are based on the end of the current fiscal year (March 31, 2019). As of the end of the month before the month of the filing date (May 31, 2019) there has been no change in the details required to be described since the end of the current fiscal year, so the description related to the end of the month before the month of the filing date has been omitted.

(Notes) 1. Number of shares to be issued upon the exercise of share acquisition right, the number of shares to be issued upon exercise of share acquisition rights, and fair value for one share acquisition right

Number of shares to be issued upon exercise of one Share Acquisition Right (the "Number of Issued Shares") shall be calculated by dividing JPY 41,200 (the "Issue Price") by the fair value of a Share Acquisition Right for one share. If a grantee simultaneously exercises his/her multiple share acquisition rights, the Number of Issued Shares shall be calculated by (i) multiplying the Issue Price by number of the Share Acquisition Rights that are exercised and (ii) dividing the multiplied number by the fair value of a Share Acquisition Right for one share.

The fair value of a Share Acquisition Right for one share shall be calculated on the grant date by using the following Black-Scholes formula:

$$C = Se^{-\lambda t} N(d_1) - e^{-rt} XN(d_2)$$

Where:

$$d_1 = \frac{\ln\left(\frac{S}{X}\right) + \left(r - \lambda + \frac{\sigma^2}{2}\right)t}{\sigma\sqrt{t}}, d_2 = d_1 - \sigma\sqrt{t}$$

- (i) Option price per share: (  $C$  )
- (ii) Share price (  $S$  ): Closing price of the regular trading of the shares of common stock (*futsū kabushiki*) of MMC on the Tokyo Stock Exchange on the day on which share acquisition rights are granted (if there is no such closing price, the base price of the immediately following trading day)
- (iii) Exercise price: (  $X$  ): one (1) yen
- (iv) Expected time to maturity: (  $t$  ): 28 years
- (v) Volatility (  $\sigma$  ): Share price volatility calculated using the closing price of the regular trading of the shares of common stock (*futsū kabushiki*) of MMC on each trading day during the period of twenty-eight (28) years (the 28-year period leading up to the day on which share acquisition rights are granted)
- (vi) Risk-free interest rate (  $r$  ): Interest rate of national government bonds whose remaining years to maturity corresponds to the expected time to maturity
- (vii) Dividend yield (  $\lambda$  ): Dividend amount per share (actual dividends for the fiscal year in which the share acquisition rights are granted) ÷ Share price set forth in (ii) above
- (viii) Cumulative distribution function for the standard normal distribution (  $N(\cdot)$  )

After the issuance of the share acquisition rights, if MMC conducts a stock split (including a gratis allotment of MMC's common stock. The same applies for stock splits mentioned below), or a stock consolidation, the number of shares subject to unexercised Share Acquisition Rights shall be adjusted using the formula described below, and any fractional shares arising from the adjustment shall be rounded down.

(Adjusted number of shares) = (number of shares prior to adjustment) x (ratio of the stock split/consolidation)

In addition to the above, if it becomes necessary to adjust the number of shares subject to unexercised Share Acquisition Rights, MMC may adjust it within a rational range, and any fractional shares arising from the adjustment shall be rounded down.

2. Price of shares issued in the event of the issuance of shares as a result of the exercise of share acquisition rights

The total of the fair value per share of the share acquisition right and the issue price per share (1 yen) at the time the share acquisition right is exercised

3. Conditions for the exercise of share acquisition rights

- (i) The exercise of fragments of share acquisition rights that fall short of one unit shall not be possible.
- (ii) In the event that the share acquisition rights are transferred, the recipient of the transfer shall be unable thereafter to exercise the share acquisition rights that were transferred.
- (iii) In the event that the share acquisition right grantee dies, the heir to the grantee shall be able to inherit the share acquisition rights, and to exercise the share acquisition rights, as prescribed by the terms of the share acquisition right grant agreement concluded between the grantee and MMC. However, in the event that said heir dies, the heir of said heir shall be unable to exercise the share acquisition rights.
- (iv) Other conditions shall be as prescribed in the share acquisition right grant agreement concluded between MMC and the grantee.

4. Matters concerning the granting of share acquisition rights following a corporate reorganization

If MMC conducts a merger (in which MMC will cease to exist), a statutory share exchange (*kabushiki koukan*) or a statutory share-transfer (*kabushiki iten*) (in which MMC will become a wholly-owned subsidiary) or a spin-off (*kaisha bunkatsu*) (in which MMC will transfer its business) (each, a "Corporate Reorganization"), replacement share acquisition rights of the other party to the Corporate Reorganization (the "Replacement Share Acquisition Rights") as stipulated in Article 236, paragraphs 1, item (viii) (a) through (e) of the Companies Act (the "Successor Company") shall be granted to any grantee that holds Share Acquisition Rights immediately before the effective date of the Corporate Reorganization in accordance with conditions pursuant to the issuance guidelines for share acquisition rights. In such event, the Share Acquisition Rights held by such grantee (the "Old Share Acquisition Rights") shall be terminated in exchange for the Replacement Share Acquisition Rights. However, such termination will not occur unless the relevant merger agreement, share exchange agreement, share transfer plan, spin-off agreement or spin-off plan provides that the Successor Company issues the Replacement Share Acquisition Rights in accordance with conditions pursuant to the issuance guidelines for share acquisition rights.

- (a) Number of the Replacement Share Acquisition Rights that will be granted to a holder of the Old Share Acquisition Rights

The same number as the number of the Old Share Acquisition Rights held by the relevant grantee

- (b) Type of shares that will be issued upon exercise of the Replacement Share Acquisition Rights

Common stock of the Successor Company

- (c) Number of shares to be issued upon exercise of one Replacement Share Acquisition Right  
Such number shall be determined in accordance with total number of shares that will be issued upon exercise of share acquisition rights above (Formula to calculate number of shares to be issued upon exercise of one Share Acquisition Right) taking into consideration the terms of the Corporate Reorganization.

- (d) Amount of Contribution at exercise (exercise price)

The amount payable to the Successor Company upon exercising a Replacement Share Acquisition Right shall be determined by multiplying (a) the exercise price for one share of the Successor Company by (b) the number of shares of the Successor Company to be issued or transferred upon the exercise of the Replacement Share Acquisition Rights as determined in accordance with (c) above. The exercise price for one share is JPY 1.

- (e) Exercise Period

(a) The exercise period shall be from the later of the commencement of the exercise period described in the table ("Exercise period"), or (b) the effective date of the corporate reorganization, to the end of the exercise period described in the table ("Exercise period")

- (f) Amount of Capital Stock and Capital Surplus to be increased by the issuance of shares upon exercise of the Replacement Share Acquisition Right

Such amounts shall be determined in accordance with Amount of Capital Stock and Capital Surplus Increased by Issuance of Shares upon Exercise of Share Acquisition Right below.

The amount of capital stock increased by the issuance of shares upon the exercise of a Share Acquisition Right shall be the amount obtained by multiplying the maximum limit of capital increase (as calculated in accordance with the provisions of Article 17, paragraph 1 of the Regulation on Corporate Accounting) by 0.5, and any fraction of less the one (1) yen arising as a result of such calculation shall be rounded up to the nearest one (1) yen. The amount of capital surplus increased by the issuance of shares upon the exercise of share acquisition rights shall be the amount obtained by deducting the capital stock to be increased from the maximum limit of capital increase.

- (g) Prohibition on Transfer of Replacement Share Acquisition Rights

The Successor Company and each of the grantees will enter into a share acquisition right grant agreement. Under such agreement, the grantees will be prohibited from transferring any Replacement Share Acquisition Rights to a third party.

- (h) Conditions to exercise of the Replacement Share Acquisition Rights  
Such conditions shall be substantially equivalent to those applicable to exercise of the Old Share Acquisition Rights.
- (i) Treatment of the Replacement Share Acquisition Rights in a Corporate Reorganization by the Successor  
Such treatment will be substantially equivalent to that of the Old Share Acquisition Rights as set forth in this section.

ii) Description of rights plan

Not applicable.

iii) Other share acquisition rights

Not applicable.

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

Not applicable.

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

Date	Change in total number of issued shares (Shares)	Balance of total number of issued shares (Shares)	Change in capital stock (Millions of yen)	Balance of capital stock (Millions of yen)	Change in legal capital surplus (Millions of yen)	Balance of legal capital surplus (Millions of yen)
October 20, 2016 (Note) 1	Common stock 506,620,577	Common stock 1,490,282,496	118,680	284,382	118,680	118,680

(Note) 1. Paid-in third-party allotment 506,620,577 shares  
Issue price 468.52 yen  
Amount incorporated into capital 234.26 yen  
Allottee Nissan Motor Co., Ltd.

(5) Shareholder composition

(As of March 31, 2019)

Category	Status of shares (Number of shares constituting one voting unit: 100 shares)								Shares less than one unit (Shares)
	Public sector	Financial institutions	Financial instruments business operators	Other corporations	Foreign investors		Individuals, etc.	Total	
					Companies, etc.	Individuals			
Number of shareholders	-	52	68	1,757	634	199	252,206	254,916	-
Number of shares held (Units)	-	1,663,454	268,882	8,443,244	2,228,840	1,534	2,295,914	14,901,868	95,696
Percentage of voting shares (%)	-	11.16	1.80	56.66	14.96	0.01	15.41	100	-

- (Notes) 1. The 1,969,401 treasury shares stated in the shareholders register, are presented as follows: 19,694 voting units are included in "Individuals, etc." and share is included in "Shares less than one unit." All treasury shares are actually held.
2. In "Other corporations," 57 voting units under the name of the Japan Securities Depository Center, Inc. are included.

## (6) Major shareholders

(As of March 31, 2019)

Name	Address	Number of shares held (Shares)	Percentage of total number of shares issued (excluding treasury shares) (%)
Nissan Motor Co., Ltd.	2, Takara-cho, Kanagawa-ku, Yokohama-shi, Kanagawa	506,620,577	34.03
MAI Corporation	2-3-1, Marunouchi, Chiyoda-ku, Tokyo	160,329,338	10.77
Mitsubishi Corporation	2-3-1, Marunouchi, Chiyoda-ku, Tokyo	137,682,876	9.25
The Master Trust Bank of Japan, Ltd. (Trust account)	2-11-3, Hamamatsucho, Minato-ku, Tokyo	34,258,300	2.30
Japan Trustee Services Bank, Ltd. (Trust account)	1-8-11, Harumi, Chuo-ku, Tokyo	31,879,100	2.14
Mitsubishi Heavy Industries, Ltd.	3-2-3, Marunouchi, Chiyoda-ku, Tokyo	21,572,455	1.44
BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1 (Standing proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	VERTIGO BUILDING - POLARIS 2-4 RUE EUGENE RUPPERT L-2453 LUXEMBOURG GRAND DUCHY OF LUXEMBOURG (2-7-1, Marunouchi, Chiyoda-ku, Tokyo, Transaction Services Division)	16,439,600	1.10
Japan Trustee Services Bank, Ltd. (Trust account 9)	1-8-11, Harumi, Chuo-ku, Tokyo	14,916,200	1.00
MUFG Bank, Ltd.	2-7-1, Marunouchi, Chiyoda-ku, Tokyo	14,877,512	0.99
Japan Trustee Services Bank, Ltd. (Trust account 5)	1-8-11, Harumi, Chuo-ku, Tokyo	14,520,700	0.97
Total	-	953,096,658	64.03

## (7) Voting rights

## i) Issued shares

(As of March 31, 2019)

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.)	Common stock 1,969,800	-	Number of shares for share unit: 100 shares
Shares with complete voting rights (Other)	Common stock (Note) 1 1,488,217,000	14,882,170	Same as above
Shares less than one unit	Common stock (Note) 2 95,696	-	Same as above
Total number of issued shares	1,490,282,496	-	-
Total number of voting rights	-	14,882,170	-

(Notes) 1. The number of "Shares with complete voting rights (Other)" includes 5,700 shares (57 units of voting rights) in the name of Japan Securities Depository Center, Incorporated.

2. The number of "Shares less than one unit" includes 1 treasury share held by MMC.

## ii) Treasury shares, etc.

(As of March 31, 2019)

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	1,969,400	-	1,969,400	0.13
<Reciprocal holding> Nagano Mitsubishi Motor Sales Co., Ltd.	865-1, Aza-Imuraminamioki, Higashiwada, Nagano-shi, Nagano	400	-	400	0.00
Total	-	1,969,800	-	1,969,800	0.13



## 2. Acquisition of treasury shares

### [Class of shares]

Acquisition of shares of common stock under Article 155, item (3) of the Companies Act and acquisition of shares of common stock under Article 155, item (7) of the said act.

#### (1) Acquisition by resolution of the General Meeting of Shareholders

Not applicable.

#### (2) Acquisition by resolution of the Board of Directors

Classification	Number of shares (Shares)	Total value (Yen)
Resolution status at the meeting of Board of Directors (held on May 9, 2018) (Acquisition period: from May 18, 2018 to June 15, 2018)	1,747,200 (Maximum)	1,800,000,000 (Maximum)
Treasury shares acquired prior to the current fiscal year	-	-
Treasury shares acquired during the current fiscal year	1,747,200	1,507,930,600
Total number and amount of the remaining shares by a resolution at the meeting of Board of Directors	-	292,069,400
Ratio of unexecuted rights at the end of the current fiscal year (%)	-	16.2
Treasury shares acquired during the period from April 1, 2018 to the filing date	-	-
Ratio of unexecuted rights on the date of the filing date (%)	-	-

#### (3) Items not based on resolution of the General Meeting of Shareholders or Board of Directors

Classification	Number of shares (Shares)	Total value (Yen)
Treasury shares acquired during the current fiscal year	15	13,305
Treasury shares acquired during the period from April 1, 2018 to the filing date	-	-

(Note) The number of shares of treasury shares acquired during the period from April 1, 2019 to the filing date does not include the number of shares acquired through purchase of shares less than one unit during the period from June 1, 2019 to the filing date of this Annual Securities Report.

(4) Status of disposal and ownership of acquired treasury shares

Classification	The current fiscal year		From April 1, 2019 to the filing date	
	Number of shares (Shares)	Total disposal value (Yen)	Number of shares (Shares)	Total disposal value (Yen)
Acquired treasury shares offered for subscription	-	-	-	-
Acquired treasury shares that were disposed	-	-	-	-
Acquired treasury shares transferred for merger, share exchange and spin off	-	-	-	-
Other (-)	-	-	-	-
Treasury shares held	1,969,401	-	1,969,401	-

(Note) The number of shares of treasury shares held during the period from April 1, 2019 to the filing date does not include the number of shares acquired through purchase of shares less than one unit during the period from June 1, 2019 to the filing date of this Annual Securities Report.

### 3. Dividend policy

MMC considers returning profits to its shareholders one of the most important tasks of management. In the automobile industry, there is great demand for capital in order for companies to achieve sustainable growth, such as through further promotion of technological innovations and environmental efforts; therefore, it is our basic policy to maintain the stable distribution of profits to shareholders after comprehensively considering cash flows and business performance.

Furthermore, regarding the number of dividend payments to be made each fiscal year, MMC's basic policy is to conduct two dividends – an interim dividend and a year-end dividend. The organs that decide on these dividends are the General Meeting of Shareholders for the year-end dividend and the Board of Directors for the interim dividend. MMC's Articles of Incorporation stipulate that it may conduct an interim dividend in accordance with the provisions of Article 454, paragraph 5 of the Companies Act.

MMC would like to set the end-of-term dividend at 10 yen per share based on the above policy. Including the interim dividend of 10 yen, this will make the dividend for the term 20 yen per share.

MMC plans to use internal reserves primarily for the capital investment and research and development expenses needed to establish a foundation for achieving future sustainable growth.

(Note) Dividends of which record dates are during the current fiscal year are as follows:

Resolution date	Total dividends (Millions of yen)	Cash dividends per share (Yen)
Board of Directors Meeting held on November 6, 2018	14,883	10
Ordinary General Meeting of Shareholders held on June 21, 2019	14,883	10

#### 4. Information about corporate governance, etc.

##### (1) Overview of corporate governance

###### i) MMC's basic policy regarding corporate governance

In addition to past quality issues, MMC recognizes as a serious issue the matter of improper conduct with respect to MMC's vehicle fuel consumption testing, which came to light in April 2016. As such, MMC considers compliance to be of topmost importance and accordingly aims to meet the expectations of shareholders, customers and all other stakeholders, while achieving sustainable growth and increases in corporate value, by making the ongoing reinforcement and improvement of governance a management priority.

###### ii) Overview of corporate governance system and reason for adoption of the system

As of June 21, 2019, MMC has transitioned to a company with three committees, as part of its efforts to enhance its corporate governance in order to achieve swift execution of business in quick response to environmental changes by clearly separating supervisory and execution function and ensuring the soundness and transparency of management through further strengthening of supervision and implementation of more thorough risk management.

##### (A) Board of Directors

The Board of Directors is responsible for making decisions concerning important management issues and overseeing business execution. As of June 21, 2019, it is comprised of 15 Members of the Board (Chairman of the Board Osamu Masuko, Member of the Board Takao Kato, Member of the Board Kozo Shiraji, Outside Director Shunichi Miyanaga, Outside Director Ken Kobayashi, Outside Director Hitoshi Kawaguchi, Outside Director Hiroshi Karube, Outside Director Setsuko Egami, Outside Director Main Kohda, Outside Director Yaeko Takeoka, Outside Director Yoshitsugu Oba, Outside Director Kenichiro Sasae, Outside Director Kiyoshi Sono, Outside Director Hideyuki Sakamoto, Outside Director Mitsuko Miyagawa), including 12 Outside Directors with considerable experience, deep insight and so forth, and MMC has submitted notifications, specifying six of Outside Directors (Setsuko Egami, Main Kohda, Yaeko Takeoka, Yoshitsugu Oba, Kenichiro Sasae, Mitsuko Miyagawa) as Independent Directors to Tokyo Stock Exchange, Inc.

MMC has established the following three legally required committees, the majority of the committees are Outside Directors, in the Board of Directors to develop the system that ensures the supervision of the Directors and Executive Officer by the Board of Directors and effective functioning of corporate governance.

###### (i) Nomination Committee

The Nomination Committee makes decisions on proposals for electing and dismissing Members of the Board, and engages in deliberations regarding matters such as standards for appointing and removing the Members of the Board, Executive Officers and Corporate Vice Presidents, appointing and removing the Executive Officer CEO, and the succession planning for the Executive Officer CEO. (Members: Outside Director Main Kohda (chairperson), Outside Director Ken Kobayashi, Outside Director

Hitoshi Kawaguchi, Outside Director Kenichiro Sasae, Chairman of the Board Osamu Masuko)

(ii) Compensation Committee

The Compensation Committee deliberates and makes decisions regarding policy with respect to determining compensation, etc. of Members of the Board and Executive Officers, and regarding details of compensation, etc. per individual. (Members: Outside Director Shunichi Miyanaga (chairperson), Outside Director Hiroshi Karube, Outside Director Setsuko Egami, Outside Director Main Kohda, Member of the Board Takao Kato)

(iii) Auditor Committee

The Auditor Committee audits execution of duties performed by the Members of the Board and Executive Officers and prepares audit report thereof, and implements internal investigation based on the decision of the Board of the Directors. (Members: Outside Director Yaeko Takeoka (chairperson), Outside Director Yoshitsugu Oba, Outside Director Kiyoshi Sono, Outside Director Mitsuko Miyagawa, Member of the Board Kozo Shiraji)

(B) Executive Officers

Executive Officers make decisions on the matters related to business operation and conduct business execution, and the Executive Officer CEO, whom the Board of Directors delegated the authority of business execution, shall be the responsible person for the business execution departments.

The members of the Executive Officers are 12 persons as of June 21, 2019. (Including the Executive Officer CEO)

(C) Corporate Vice Presidents

Corporate Vice Presidents supervise functions or business of MMC and conduct business execution in a certain range, with delegation of authority by the Board of Directors or the Executive Officer CEO.

The members of the Corporate Vice Presidents are 15 persons as of June 21, 2019.

(D) Outline of decision-making process for business execution and various committees

MMC has specified the Executive Officer CEO as the major party delegated with authority of business execution by the Board of Directors, and has positioned the Executive Officer COO as the responsible person of MMC's comprehensive business operation in addition to the Executive Officer CEO, the responsible person for the business execution departments. MMC has delegated the decision authority of Executive Officer CEO to other Executive Officers and Corporate Vice Presidents based on the "Delegation of Authority rules." These initiatives can contribute to enhance the speed of business execution and the highly transparent decision-making process.

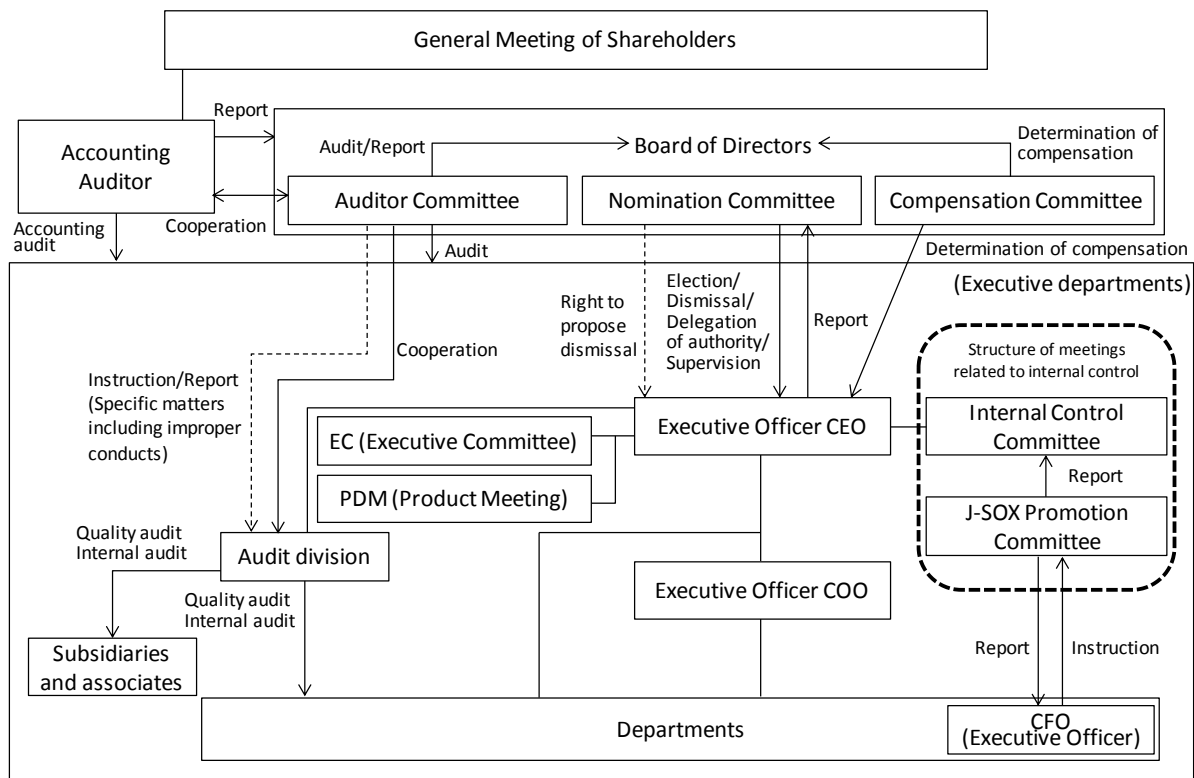
Furthermore, to ensure the proper exercise of business execution rights by the Executive Officer CEO, MMC has established and operates the various committees described below, as an advisory body to the Executive Officer CEO.

- EC (Executive Committee) deliberates on important management issues as an advisory body to the Executive Officer CEO.
- PDM (Product Meeting) deliberates and confirms important matters related to product development projects as an advisory body on product development to the Executive Officer CEO.

In addition, to strengthen and improve the efficiency of the handling of various internal controls pursuant to laws and regulations, MMC created the various committees described below, which have the functions across the corporate group.

- J-SOX Promotion Committee, chaired by CFO (Executive Vice President), handles the internal controls for financial reporting under the Financial Instruments and Exchange Act.
- Internal Control Committee, chaired by the Executive Officer CEO, promotes internal controls pursuant to the Companies Act.

MMC's functions and internal control relationships as of June 21, 2019 are presented in the figure below.



iii) Other matters related to corporate governance

- Status of systems to ensure appropriate business operations of subsidiaries

MMC stipulates the supervisory organization of each of its subsidiaries, and the responsibilities and authority, management method and other matters related to management of its subsidiaries through its internal regulations and other rules. MMC establishes internal regulations and rules so that prior or subsequent explanations and reports are made to MMC concerning its subsidiaries' business, results, financial condition and other important information in accordance with their size, business conditions, and other factors. MMC also provides guidance and management in accordance with regulations and rules through the supervisory organizations. Moreover, the Internal Audit Dept. conducts systematic operation audits of each subsidiary, auditing the status of appropriate business execution and compliance with MMC's code of conduct, and providing countermeasures as needed.

- Information about development of Internal Control Systems

System to ensure appropriate business activities

MMC has set up vision and missions as the basic concept so that the employees of the MMC Group look toward the future, share the same ideas and act as a unit. In addition, MMC has established MMC WAY, which represents the frame of mind and behavior that each one of employees must practice for missions to realize the vision, and moreover the Global Code of Conduct serving as the foundation for these provisions and the norms to be followed by all officers and employees.

Additionally, to develop a system to ensure appropriate business activities, MMC has resolved the Basic Policy on the Establishment of Internal Control Systems at the Board of Directors.

The Basic Policy on the Establishment of Internal Control Systems resolved at the Board of Directors of MMC, in line with its transition from a company with an audit and supervisory board to a company with three committees, is as listed below.

(a) System to ensure that the Executive Officers' and employees' performance of their duties complies with applicable laws and regulations and the Articles of Incorporation of MMC

- To comply with laws and regulations, the Articles of Incorporation and social norms, MMC shall establish a code of conduct, build an organizational structure, and carry out education and training. MMC shall also establish a contact point for reporting internal problems, and shall use the information to prevent and rectify problems and stop them from occurring again.
- To monitor company management, MMC shall appoint Outside Directors, and strengthen the function of audits by the Auditor Committee which includes Outside Directors as its members.
- The internal audit division shall conduct strict audits to check whether MMC's business execution is in violation of laws and regulations, the Articles of Incorporation, internal regulations or others. If a problem is discovered, the internal audit division shall report them to the relevant

Members of the Board or others, and periodically check the status of improvement measures following occurrence.

- As the core organization to address internal control in accordance with the Companies Act, MMC shall establish the Internal Control Committee, with the CEO being the chairperson and the corporate officer in charge of Global Risk Control being the vice chairperson.

(b) Regulations and other systems to manage risk of loss

- To manage business risk, MMC shall clearly prescribe respective standards for making proposals to the Board of Directors and the Executive Committee in each of the rules of the Board of Directors and rules of the Executive Committee, and operate in accordance with these rules.
- MMC shall appoint an employee in charge of risk management at each organization (e.g. division), and shall make efforts to establish and strengthen the risk management structure with the said employee at the core of these efforts.
- MMC shall establish a body in charge of promoting risk management and work to develop and strengthen its overall risk management structure.
- To prepare for the occurrence of unforeseen circumstances, MMC shall develop a system to enable prompt reporting to MMC's Members of the Board and others, and prompt, accurate responses.

(c) System to ensure that the Executive Officers' performance of their duties is executed efficiently

- MMC shall prescribe a management plan throughout the company and clarify detailed business targets and methods of execution at each functional company body in order to achieve the plan. Members of the Board shall periodically receive reports on the plan's implementation, and shall work to maintain and improve management efficiency.
- MMC shall clarify the roles and authorizations of the Members of the Board and Executive Officers, and the Board of Directors and the Executive Committee, etc. shall execute business efficiently based on the rules of the Board of Directors and rules of the Executive Committee, etc.
- In order to develop a system for efficient organizational operation and business execution and to establish a system in which decisions on important matters can be made with speed and agility, the Board of Directors shall widely delegate the authority of decision-making for business execution to the Executive Officers within the scope of the legal limit, thus securing efficient execution of their duties.
- To promote prompt decision-making of MMC and clarify the decision-making process, MMC shall develop clear and highly transparent standards for authority.



- (d) System to store and manage information related to the Executive Officers' performance of their duties
- Based on internal rules, MMC shall prepare information pertaining to execution of duties by Executive Officers as physical documents or electronic data, and shall appoint a person responsible for the management of this information. Preparation methods, retention methods, retention periods, duplication methods, disposal methods and other matters shall be determined in accordance with the relative importance of information, and the information shall be appropriately managed.
- (e) System to ensure appropriate business activities of MMC group which comprises MMC, the parent company and the subsidiaries
- MMC shall determine the bodies with control over MMC's subsidiaries, responsibilities and authorizations for the management of MMC's subsidiaries, management methods and other matters in the internal rules, thus securing proper operation of duties across MMC group.
  - MMC shall supervise and manage its subsidiaries, aiming for appropriate business execution by their officers and employees in line with laws and regulations and the Articles of Incorporation, compliance with its code of conduct, and establishment and improvement of operational audit systems in a manner that is suitable for their sizes, business types, etc.
  - MMC shall establish and strengthen its subsidiaries' risk management systems, depending on their sizes, business types, etc., through giving directions regarding implementation of risk management.
  - MMC shall strengthen, develop and streamline its subsidiaries' business operations, depending on their sizes, business types, etc., through supervising and managing them in accordance with Rules for Management of Subsidiaries and Associates and other internal rules.
  - MMC shall improve Rules for Management of Subsidiaries and Associates and other internal rules so that it can receive explanations and reports from its subsidiaries regarding important information (e.g. business operations, performance, and financial conditions) in advance or in an ex-post facto manner.
  - MMC and its subsidiaries shall ensure the appropriateness of their respective financial information and develop the bodies and internal rules necessary for the preparation and disclosure of reliable financial reporting.
- (f) Matters related to the Members of the Board and employees to support Auditor Committee's audit activities
- A body to assist Auditor Committee with its duties shall be established and dedicated staff shall be allocated to this body.

- (g) Matters related to the independence of Members of the Board and employees in (f) above from the Executive Officers and ensuring the effectiveness of directions given to those Members of the Board and employees
- The employee assigned to assist Auditor Committee with its duties shall only carry out duties under its directions without concurrently performing duties for Executive Officers or other sections.
  - When personnel changes are made to staff assigned to assist Auditor Committee with its duties, opinions shall be sought from the committee in advance. In addition, evaluations of those dedicated staffs shall be carried out by Auditor Committee.
- (h) System to allow the Members of the Board (excluding Auditor Committee Members), Executive Officers and employees of MMC, the Members of the Board, Audit & Supervisory Board Members and employees of MMC's subsidiaries or persons received reports from them to report information to Auditor Committee, and other systems related to reporting to Auditor Committee
- The Auditor Committee Members shall attend meetings of the Board of Directors and other important meetings of MMC.
  - MMC shall develop a framework to steadily provide important internal information regarding management, compliance and other matters of MMC and its subsidiaries to the Auditor Committee Members and ensure that it is thoroughly operated.
  - Officers and employees of MMC and its subsidiaries shall report matters regarding business execution promptly and appropriately when requested to do so by MMC's Auditor Committee.
  - Executive Officers shall report to Audit Committee Members immediately if they find a fact which may cause a serious damage to MMC.
- (i) System to ensure that those who report the matters described in (h) do not face unfavorable treatment on the grounds that such reports are made
- It is prohibited to unfavorably treat officers and employees of MMC and its subsidiaries who report such matters directly or indirectly to Auditor Committee on the grounds that such reports are made. This prohibition shall be notified to all officers and employees of MMC and its subsidiaries.
- (j) Matters related to procedures for the prepayment or reimbursement of expenses incurred for Auditor Committee Members in executing duties (limited to those related to the execution of duties of Auditor Committee), and settlement policy for expenses or debt incurred for other related duties
- In case Auditor Committee Members make requests to MMC for the prepayment of job-related expenses, etc. in accordance with Article 404, paragraph 4 of the Companies Act, these expenses or debts shall be paid promptly or settled after being examined by relevant sections

unless it can be verified that these expenses or debts are not necessary for Auditor Committee Members to execute their duties.

- (k) Other systems to ensure that Auditor Committee conducts audits effectively
  - The Auditor Committee of MMC shall periodically conduct exchanges of opinions with the CEO, and work in cooperation with the internal audit division and the Accounting Auditors, thus facilitating proper communication and effective auditing operations.
- (l) System for eliminating criminal or unethical organizations
  - MMC and its subsidiaries shall, in a unified manner across all companies, respond to unreasonable demands from antisocial forces that pose a threat to the order and safety of society with a resolute stance, and shall ensure that they have absolutely no relations with antisocial forces.

- Information about development of risk management framework

MMC has put in place and works to improve its risk management system for the entire Group through three types of risk management activities: priority risk management, departmental risk management and subsidiaries and associates risk management.

For priority risk management, MMC selects risks that the entire MMC Group faces directly, that have significant potential impact and a high degree of urgency. For each risk, MMC assigns "risk owners" and works as quickly as possible to reduce these risks.

In departmental risk management, MMC has appointed employees in charge of risk management to each division or plant. These employees work to reduce risks through repeated application of the PDCA cycle, which involves identifying and evaluating each risk, devising and implementing countermeasures, and monitoring.

Subsidiaries and associates risk management includes initiatives for addressing various types of risks encountered by MMC's subsidiaries and associates. MMC periodically confirms the status of activities such as improvement of business continuity plans (BCPs), and proposes and directs improvements, as necessary.

These risk management initiatives are regularly reported to the Board of Directors as key internal control measures.

In addition, in order to prepare for unforeseen contingencies MMC operates emergency contact systems that enable the rapid communication of information to the senior management, as well as a swift and accurate response. In particular, in order to create a crisis management system to guide MMC's response when serious incidents occur, MMC has formulated an emergency response manual. This manual outlines the establishment of an emergency response organization and clarifies the chain of command, enabling MMC to put appropriate response systems into place.

MMC's basic policy in times of disaster, such as earthquake or other large-scale natural disaster or an outbreak of infectious disease, is to ensure the

safety of customers and employees and their families, and to assist local communities. MMC prepares disaster countermeasures and business continuity plans (BCPs) to this end.

MMC conducts drills in communicating among individual plants and Group companies on the basis of a presumed emergency.

As preparations against the possibility that employees will be unable to return to their homes and to stay at the headquarters for a three-day period, MMC conducts initiatives for communicating with local municipal authorities in order to ensure means through which they can communicate with their families and emergency supplies.

MMC has formulated plans of operation that assume a large-scale earthquake or major outbreak of infectious disease. MMC works to improve these BCPs through drills and communication among individual regions.

- Conditions for resolution on the election of Members of the Board

MMC's Articles of Incorporation stipulate that Members of the Board are to be elected by a majority vote of the General Meeting of Shareholders where shareholders holding at least one-third of the voting rights of shareholders eligible to exercise their voting rights are in attendance, and that a resolution to elect a Member of the Board is not to be made by cumulative voting.

- Matters for resolution by the General Meeting of Shareholders that may be resolved by the Board of Directors and reason therefor

- a. Acquisition of shares

MMC's Articles of Incorporation stipulate that it may acquire treasury shares through market transactions and so forth by a resolution of the Board of Directors in accordance with the provisions of Article 165, paragraph 2 of the Companies Act so as to enable flexible acquisition of treasury shares in response to its management situation, financial situation, and other situations.

- b. Exemption from liability of Members of the Board and Executive Officers

To enable Members of the Board and Executive Officers to perform their roles as expected, MMC's Articles of Incorporation stipulate that MMC may exempt Members of the Board (including former Members of the Board) and Executive Officers (including former Executive Officers) from their compensation liability in cases where the criteria stipulated by laws and regulations pursuant to Article 423, paragraph 1 of the Companies Act apply by a resolution of the Board of Directors, by limiting the liability to the amount obtained by deducting the minimum liability limit amount stipulated by laws and regulations from the compensation liability amount. Furthermore, MMC's Articles of Incorporation state that MMC may conclude agreements with its Members of the Board (excluding Members of the Board who execute business and so forth) to limit their compensation liability in cases where the criteria stipulated by laws and regulations regarding compensation liability pursuant to Article 423, paragraph 1 of the Companies Act apply (however, the limit of compensation liability based on

the agreements shall be the higher amount of a predetermined amount of 5 million yen or more and the minimum liability limited amount stipulated by laws and regulations).

c. Interim dividend

In order to return profits flexibly to shareholders, MMC's Articles of Incorporation stipulate that MMC may pay an interim dividend as provided by Article 454, paragraph 5 of the Companies Act by a resolution of the Board of Directors to the final shareholder or registered pledgee of shares listed or recorded on the shareholders register as of September 30 each year.

- Changes in criteria for special resolutions of the General Meeting of Shareholders and reason therefor

To ensure that special resolutions of the General Meeting of Shareholders are carried out in a timely and smooth manner, the Articles of Incorporation stipulate that special resolutions of the General Meeting of Shareholders as provided by Article 309, paragraph 2 of the Companies Act are to be carried out by a majority of at least two-thirds, where shareholders holding at least one-third of the voting rights of shareholders eligible to exercise voting rights are in attendance.

(2) Status of corporate officers

i) Corporate officers

Male: 21; Female: 4 (women account for 16.0% of corporate officers)

a. Status of Members of the Board

Title and occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)	
Chairman of the Board	Osamu Masuko	February 19, 1949	April 1972	Joined Mitsubishi Corporation	(Note) 2	24,580
			April 2003	Senior Vice President, Division COO of Motor Vehicle Business Div., Mitsubishi Corporation		
			June 2004	Managing Director, in charge of Overseas Operations Group Headquarters, MMC		
			January 2005	President, Chief Business Ethics Officer, MMC		
			October 2007	President, MMC		
			June 2014	Chairman of the Board and CEO, MMC		
			June 2016	Chairman of the Board, President and CEO, MMC		
			December 2016	President and CEO, MMC		
			June 2017	Member of the Board and CEO, MMC		
December 2018	Chairman of the Board and CEO, MMC					
June 2019	Chairman of the Board, Representative Executive Officer, MMC (to the present)					

Title and occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)
Member of the Board	Takao Kato	February 21, 1962	<p>April 1984 Joined MMC</p> <p>April 2002 Manager of the Body Production Engineering Dept., Vehicle Production Division, Vehicle Production Headquarters, MMC</p> <p>April 2003 Section Manager of the Body Section, Production Dept., Nagoya Plant, MMC</p> <p>April 2007 Vice General Manager of Production Dept., Nagoya Plant, MMC</p> <p>August 2008 Expert of Production Dept., Nagoya Plant, MMC</p> <p>April 2009 Expert of the Russian Assembly Business Promotion Office, MMC</p> <p>April 2010 Senior Expert of the Russian Assembly Business Promotion Office, MMC</p> <p>May 2010 Transferred to PCMA Rus, LLC</p> <p>April 2014 Vice Plant General Manager of Nagoya Plant, MMC</p> <p>April 2015 President, PT Mitsubishi Motors Krama Yudha Indonesia</p> <p>June 2019 Member of the Board, Representative Executive Officer, CEO, MMC (to the present)</p>	(Note) 2	1,105
Member of the Board	Kozo Shiraji	April 22, 1954	<p>April 1977 Joined Mitsubishi Corporation</p> <p>April 2009 Senior Vice President, Division COO of Motor Vehicle Business Div., Mitsubishi Corporation</p> <p>April 2013 Executive Vice President, Group CEO of Machinery Group, Mitsubishi Corporation</p> <p>April 2016 Senior Executive Officer, Assistant to President, MMC</p> <p>June 2016 Member of the Board, Executive Vice President (Overseas Operations, Global After Sales), MMC</p> <p>January 2017 Member of the Board, Executive Vice President (Overseas Operations, Global After Sales), CPO, MMC</p> <p>April 2018 Member of the Board, Assistant CEO, MMC</p> <p>June 2018 Audit &amp; Supervisory Board Member, MMC</p> <p>June 2019 Member of the Board, MMC (to the present)</p>	(Note) 2	5,732

Title and occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)
Member of the Board	Shunichi Miyanaga	April 27, 1948	<p>April 1972    Joined Mitsubishi Heavy Industries, Ltd.</p> <p>June 2008    Member of the Board, Executive Vice President, Mitsubishi Heavy Industries, Ltd.</p> <p>April 2011    Member of the Board, Senior Executive Vice President, Mitsubishi Heavy Industries, Ltd.</p> <p>April 2013    Member of the Board, President, Mitsubishi Heavy Industries, Ltd.</p> <p>April 2014    Member of the Board, President, CEO, Mitsubishi Heavy Industries, Ltd.</p> <p>June 2014    Member of the Board, MMC (to the present)</p> <p>April 2019    Chairman of the Board, Mitsubishi Heavy Industries, Ltd. (to the present)</p> <p>June 2019    Outside Director, Mitsubishi Corporation (to the present)</p> <p>&lt;Important concurrent positions&gt;  Chairman of the Board, Mitsubishi Heavy Industries, Ltd.  Outside Director, Mitsubishi Corporation</p>	(Note) 2	7,840



Title and occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)
Member of the Board	Ken Kobayashi	February 14, 1949	<p>July 1971    Joined Mitsubishi Corporation</p> <p>April 2003    Senior Vice President, General Manager of Singapore Branch, Mitsubishi Corporation</p> <p>June 2004    Senior Vice President, Division COO of Plant Project Div., Mitsubishi Corporation</p> <p>April 2006    Senior Vice President, Division COO of Ship, Aerospace &amp; Transportation Systems Div., Mitsubishi Corporation</p> <p>April 2007    Executive Vice President, Group CEO of Industrial Finance, Logistics &amp; Development Group, Mitsubishi Corporation</p> <p>June 2007    Member of the Board, Executive Vice President, Group CEO of Industrial Finance, Logistics &amp; Development Group, Mitsubishi Corporation</p> <p>June 2008    Executive Vice President, Group CEO of Industrial Finance, Logistics &amp; Development Group, Mitsubishi Corporation</p> <p>April 2010    Senior Executive Vice President, Executive Assistant to President, Mitsubishi Corporation</p> <p>June 2010    Member of the Board, President &amp; CEO, Mitsubishi Corporation</p> <p>April 2016    Chairman of the Board, Mitsubishi Corporation (to the present)</p> <p>June 2016    Member of the Board, MMC (to the present)</p> <p>&lt;Important concurrent positions&gt;  Chairman of the Board, Mitsubishi Corporation  Outside Director, NISSIN FOODS HOLDINGS CO., LTD.  Outside Director (Member of the Board), Mitsubishi Heavy Industries, Ltd.</p>	(Note) 2	3,601

Title and occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)
Member of the Board	Hitoshi Kawaguchi	August 23, 1953	<p>April 1976    Joined Nissan Motor Co., Ltd.</p> <p>April 2005    Senior Vice President in charge of Human Resources, Diversity Development Office, Nissan Motor Co., Ltd.</p> <p>April 2009    Senior Vice President in charge of External and Government Affairs, Intellectual Asset Management, Nissan Motor Co., Ltd.</p> <p>April 2016    Senior Vice President, Chief Sustainability Officer in charge of Global External and Government Affairs, Japan Communication, Corporate Service Management Department, CSR Department, Nissan Motor Co., Ltd.</p> <p>December 2016    Member of the Board, MMC (to the present)</p> <p>May 2019    Executive Vice President, Nissan Motor Co., Ltd. (to the present)</p> <p>&lt;Important concurrent positions&gt; Executive Vice President, Chief Sustainability Officer, Nissan Motor Co., Ltd.</p>	(Note) 2	3,988
Member of the Board	Hiroshi Karube	April 23, 1956	<p>April 1980    Joined Nissan Motor Co., Ltd.</p> <p>April 2010    Corporate Vice President, in charge of Global Controller, Budget and Accounting Dept., Global Asset Management Dept., Nissan Motor Co., Ltd.</p> <p>December 2016    Member of the Board, MMC (to the present)</p> <p>April 2018    Senior Vice President, in charge of Global Controller (MC &amp; Global Function), Accounting, Global Asset Management, Nissan Motor Co., Ltd.</p> <p>May 2018    Chief Financial Officer, Nissan Motor Co., Ltd. (to the present)</p> <p>&lt;Important concurrent positions&gt; Chief Financial Officer, Nissan Motor Co., Ltd.</p>	(Note) 2	3,988

Title and occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)
Member of the Board	Setsuko Egami	July 16, 1950	<p>April 1983 Editor in Chief of <i>Travaille</i> published by Recruit Co., Ltd. (present: Recruit Holdings Co., Ltd.)</p> <p>December 2001 Director, Frontier Service Development Laboratory, East Japan Railway Company</p> <p>April 2006 Visiting Professor, The Okuma School of Public Management, Waseda University</p> <p>November 2006 Member of Government Tax Commission</p> <p>June 2007 Outside Corporate Auditor, Taisho Pharmaceutical Co., Ltd.</p> <p>April 2009 Professor, Graduate School of Humanities, Musashi University (to the present)</p> <p>Professor, Faculty of Sociology, Musashi University (to the present)</p> <p>June 2011 Outside Audit &amp; Supervisory Board Member, Yusen Logistics Co., Ltd.</p> <p>April 2012 Dean, Faculty of Sociology, Musashi University</p> <p>June 2015 Outside Director, Mitsubishi Estate Co., Ltd. (to the present)</p> <p>June 2018 Member of the Board, MMC (to the present)</p> <p>&lt;Important concurrent positions&gt;  Professor, Graduate School of Humanities, Musashi University  Professor, Faculty of Sociology, Musashi University  Outside Director, Mitsubishi Estate Co., Ltd.</p>	(Note) 2	1,635

Title and occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)
Member of the Board	Main Kohda	April 25, 1951	<p>September 1995 Started independently as Novelist (to the present)</p> <p>January 2003 Member of Financial System Council, Ministry of Finance Japan</p> <p>April 2004 Visiting Professor, Faculty of Economics, Shiga University</p> <p>March 2005 Member of the Council for Transport Policy, Ministry of Land, Infrastructure, Transport and Tourism</p> <p>November 2006 Member of Government Tax Commission</p> <p>June 2010 Member of the Board of Governors, Japan Broadcasting Corporation</p> <p>June 2012 Outside Director, Japan Tobacco Inc. (to the present)</p> <p>June 2013 Outside Director and member of the Compensation Committee, LIXIL Group Corporation (to the present)</p> <p>June 2016 Outside Director and member of the Audit Committee, Japan Exchange Group (to the present)</p> <p>June 2018 Member of the Board, MMC (to the present)</p> <p>&lt;Important concurrent positions&gt;</p> <p>Novelist</p> <p>Outside Director, Japan Tobacco Inc.</p> <p>Outside Director, LIXIL Group Corporation (scheduled to retire in June 2019)</p> <p>Outside Director, Japan Exchange Group</p>	(Note) 2	1,635

Title and occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)
Member of the Board	Yaeko Takeoka	May 10, 1957	<p>April 1985 Registered as an attorney-at-law Member of Daini Tokyo Bar Association</p> <p>October 2003 Chairperson of the Sub-Committee on Research, Japan Law Foundation</p> <p>January 2005 Member of Expert Panel on Management of Intellectual Properties under the Council for Science and Technology Policy</p> <p>March 2006 Member of the Council for Small and Medium Enterprise Policy</p> <p>January 2007 Joined Kohwa Sohgo Law Offices (to the present)</p> <p>April 2008 Member of the Administrative Council of The University of Electro-Communications (to the present)</p> <p>March 2011 Member of the Industrial Structure Council</p> <p>December 2014 Member of Committee on Intellectual Property for Innovative structural materials under Cross-Ministerial Strategic Innovation Promotion Program</p> <p>June 2015 Audit &amp; Supervisory Board Member, MMC</p> <p>March 2019 Outside Audit &amp; Supervisory Board Member, AGC Inc. (to the present)</p> <p>June 2019 Member of the Board, MMC (to the present)</p> <p>&lt;Important concurrent positions&gt; Attorney at Law, Kohwa Sohgo Law Offices Outside Audit &amp; Supervisory Board Member, AGC Inc.</p>	(Note) 2	6,720

Title and occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)
Member of the Board	Yoshitsugu Oba	October 7, 1953	November 1975    Joined Tohmatsu Awoki & Co. September 1982    Registered as certified public accountant June 1990          Partner, Tohmatsu & Co. October 2007        Functional Risk Leader-Audit, Deloitte Touche Tohmatsu October 2010        National Professional Practice Director, Deloitte Touche Tohmatsu LLC June 2016          Audit & Supervisory Board Member, MMC October 2017        Supervisory Director, Advance Residence Investment Corporation (to the present) June 2019          Member of the Board, MMC (to the present) <Important concurrent positions> Supervisory Director, Advance Residence Investment Corporation	(Note) 2	5,170

Title and occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)
Member of the Board	Kenichiro Sasae	September 25, 1951	<p>April 1974    Joined Ministry of Foreign Affairs</p> <p>April 2000    Executive Assistant to the Prime Minister for Foreign Affairs</p> <p>April 2001    Deputy Director-General, Foreign Policy Bureau</p> <p>March 2002    Director-General, Economic Affairs Bureau, Ministry of Foreign Affairs</p> <p>January 2005    Director-General, Asian and Oceania Affairs Bureau, Ministry of Foreign Affairs</p> <p>January 2008    Senior Deputy Minister for Foreign Affairs</p> <p>August 2010    Vice-Minister for Foreign Affairs</p> <p>September 2012    Ambassador Extraordinary and Plenipotentiary of Japan to the United States of America</p> <p>April 2018    Adviser to the Minister for Foreign Affairs (to the present)</p> <p>June 2018    President and Director General, The Japan Institute of International Affairs (to the present)</p> <p>August 2018    Outside Director, Hotel Okura Co., Ltd. (to the present)</p> <p>June 2019    Outside Director, SEIREN CO., LTD. (to the present)</p> <p>June 2019    Member of the Board, MMC (to the present)</p> <p>&lt;Important concurrent positions&gt;  President and Director General, The Japan Institute of International Affairs  Adviser to the Minister for Foreign Affairs  Outside Director, Hotel Okura Co., Ltd.  Outside Director, SEIREN CO., LTD.</p>	(Note) 2	-

Title and occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)
Member of the Board	Kiyoshi Sono	April 18, 1953	<p>April 1976 Joined The Sanwa Bank, Limited</p> <p>May 2004 Director, Executive Officer, UFJ Bank Limited</p> <p>January 2006 Executive Officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>May 2006 Managing Executive Officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>May 2010 Senior Managing Executive Officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>May 2012 Managing Executive Officer, Mitsubishi UFJ Financial Group, Inc.</p> <p>June 2012 Deputy President, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>May 2014 Deputy Chairman of the Board of Directors, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>June 2014 Chairman of the Board of Directors, Mitsubishi UFJ Financial Group, Inc.</p> <p>June 2014 Outside Directors, Mitsubishi UFJ NICOS Co., Ltd. (to the present)</p> <p>June 2015 Chairman (Representative Corporate Executive), Mitsubishi UFJ Financial Group, Inc.</p> <p>June 2017 Outside Director, Nankai Electric Railway Co., Ltd. (to the present)</p> <p>June 2017 Deputy Chairman, Executive Officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>April 2018 Deputy Chairman of the Board of Directors, MUFG Bank, Ltd.</p> <p>April 2019 Chairman of the Board of Directors, MUFG Bank, Ltd. Member of the Board of Directors, Managing Corporate Executive, Mitsubishi UFJ Financial Group, Inc. (to the present)</p> <p>June 2019 Member of the Board, MMC (to the present)</p> <p>&lt;Important concurrent positions&gt;</p> <p>Chairman of the Board of Directors, MUFG Bank, Ltd. Member of the Board of Directors, Managing Corporate Executive, Mitsubishi UFJ Financial Group, Inc. Outside Director, Mitsubishi UFJ NICOS Co., Ltd. Outside Director, Nankai Electric Railway Co., Ltd.</p>	(Note) 2	-



Title and occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)
Member of the Board	Hideyuki Sakamoto	April 15, 1956	<p>April 1980 Joined Nissan Motor Co., Ltd.</p> <p>April 2008 Corporate Vice President, Nissan PV Product Development Div. No.1, Nissan Motor Co., Ltd.</p> <p>May 2009 Corporate Vice President, Alliance Common Platform and Components, Nissan Motor Co., Ltd.</p> <p>April 2012 Senior Vice President, Production Engineering Div., Nissan Motor Co., Ltd.</p> <p>April 2014 Executive Vice President, Product Engineering, Nissan Motor Co., Ltd.</p> <p>June 2014 Chairman of the Board, NISSAN AUTOMOTIVE TECHNOLOGY CO., LTD.</p> <p>June 2014 Director and Executive Vice President, Product Engineering, Nissan Motor Co., Ltd.</p> <p>January 2018 Director and Executive Vice President, MFG &amp; SCM Operations, Nissan Motor Co., Ltd. (to the present)</p> <p>June 2018 Chairman of the Board, Nissan Motor Kyushu Co., Ltd. (to the present)</p> <p>August 2018 Chairman of the Board, AICHI MACHINE INDUSTRY CO., LTD. (to the present)</p> <p>September 2018 Chairman of the Board, JATCO Ltd (to the present)</p> <p>June 2019 Member of the Board, MMC (to the present)</p> <p>&lt;Important concurrent positions&gt;  Director and Executive Vice President, Nissan Motor Co., Ltd. (scheduled to retire from the position of Director in June 2019)  Chairman of the Board, Nissan Motor Kyushu Co., Ltd.  Chairman of the Board, AICHI MACHINE INDUSTRY CO., LTD.  Chairman of the Board, JATCO Ltd</p>	(Note) 2	-

Title and occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)
Member of the Board	Mitsuko Miyagawa	February 13, 1960	<p>April 1986 Registered with Daiichi Tokyo Bar Association Joined Nishimura &amp; Sanada LPC (present: Nishimura &amp; Asahi LPC)</p> <p>October 1990 Joined TMI Associates (to the present)</p> <p>March 1994 Qualified as an attorney in New York State, USA</p> <p>April 2005 Lecturer, Keio University Law School (to the present)</p> <p>June 2008 Outside Director, S.T. CORPORATION</p> <p>April 2012 Corporate Auditor, Unilever Japan Holdings K.K.</p> <p>June 2015 Outside Director, S.T. CORPORATION (to the present)</p> <p>June 2016 Outside Audit &amp; Supervisory Board Member, Panasonic Corporation (to the present)</p> <p>June 2019 Member of the Board, MMC (to the present)</p> <p>&lt;Important concurrent positions&gt; Attorneys at law, TMI Associates Lecturer, Keio University Law School Outside Director, S.T. CORPORATION Outside Audit &amp; Supervisory Board Member, Panasonic Corporation</p>	(Note) 2	-
Total					65,994

- (Notes) 1. Members of the Board, Mr. Shunichi Miyanaga, Mr. Ken Kobayashi, Mr. Hitoshi Kawaguchi, Mr. Hiroshi Karube, Ms. Setsuko Egami, Ms. Main Kohda, Ms. Yaeko Takeoka, Mr. Yoshitsugu Oba, Mr. Kenichiro Sasae, Mr. Kiyoshi Sono, Mr. Hideyuki Sakamoto and Ms. Mitsuko Miyagawa are Outside Directors.
2. From the conclusion of the MMC's Ordinary General Meeting of Shareholders held on June 21, 2019 to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2020
3. At the MMC's Ordinary General Meeting of Shareholders held on June 21, 2019, a resolution was made to amend the Articles of Incorporation, whereby MMC transitioned to a company with three committees on the same day. The structure of each committee is as follows:
- |                        |                                |  |
|------------------------|--------------------------------|--|
| Nomination Committee   | Chairperson: Main Kohda        | Member: Ken Kobayashi, Hitoshi Kawaguchi, Kenichiro Sasae and Osamu Masuko |
| Compensation Committee | Chairperson: Shunichi Miyanaga | Member: Hiroshi Karube, Setsuko Egami, Main Kohda and Takao Kato           |
| Auditor Committee      | Chairperson: Yaeko Takeoka     | Member: Yoshitsugu Oba, Kiyoshi Sono, Mitsuko Miyagawa and Kozo Shiraji    |

b. Status of Executive Officers

Title and occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)
Representative Executive Officer	Osamu Masuko	February 19, 1949	<p>April 1972 Joined Mitsubishi Corporation</p> <p>April 2003 Senior Vice President, Division COO of Motor Vehicle Business Div., Mitsubishi Corporation</p> <p>June 2004 Managing Director, in charge of Overseas Operations Group Headquarters, MMC</p> <p>January 2005 President, Chief Business Ethics Officer, MMC</p> <p>October 2007 President, MMC</p> <p>June 2014 Chairman of the Board and CEO, MMC</p> <p>June 2016 Chairman of the Board, President and CEO, MMC</p> <p>December 2016 President and CEO, MMC</p> <p>June 2017 Member of the Board and CEO, MMC</p> <p>December 2018 Chairman of the Board and CEO, MMC</p> <p>June 2019 Chairman of the Board, Representative Executive Officer, MMC (to the present)</p>	(Note)	24,580
Representative Executive Officer, CEO	Takao Kato	February 21, 1962	<p>April 1984 Joined MMC</p> <p>April 2002 Manager of the Body Production Engineering Dept., Vehicle Production Division, Vehicle Production Headquarters, MMC</p> <p>April 2003 Section Manager of the Body Section, Production Dept., Nagoya Plant, MMC</p> <p>April 2007 Vice General Manager of Production Dept., Nagoya Plant, MMC</p> <p>August 2008 Expert of Production Dept., Nagoya Plant, MMC</p> <p>April 2009 Expert of the Russian Assembly Business Promotion Office, MMC</p> <p>April 2010 Senior Expert of the Russian Assembly Business Promotion Office, MMC</p> <p>May 2010 Transferred to PCMA Rus, LLC</p> <p>April 2014 Vice Plant General Manager of Nagoya Plant, MMC</p>	(Note)	1,105

Title and occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)
			<p>April 2015 President, PT Mitsubishi Motors Krama Yudha Indonesia</p> <p>June 2019 Member of the Board, Representative Executive Officer, CEO, MMC (to the present)</p>		
Representative Executive Officer, COO	Gupta Ashwani	September 15, 1970	<p>April 2006 Joined Renault as general manager, purchasing, Renault India</p> <p>May 2008 Global supplier account manager, Renault Nissan Purchasing Organization</p> <p>September 2009 Deputy general manager, global purchasing, Renault Nissan B.V.</p> <p>May 2011 Global program director for Datsun programs, Nissan Motor Co., Ltd.</p> <p>April 2014 Vice President of Renault LCV Division</p> <p>April 2018 Alliance Senior Vice President of Renault-Nissan-Mitsubishi LCV Business</p> <p>April 2019 COO, MMC</p> <p>June 2019 Representative Executive Officer, COO, MMC (to the present)</p>	(Note)	-

Title and occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)
<p style="text-align: center;">Representative Executive Officer, Executive Vice President (Finance, Controlling &amp; Accounting), CFO</p>	<p style="text-align: center;">Koji Ikeya</p>	<p style="text-align: center;">September 27, 1957</p>	<p>April 1981    Joined The Mitsubishi Bank, Ltd.</p>	(Note)	5,170
			<p>April 2008    Executive Officer and General Manager of Corporate Banking Credit Division, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p>		
			<p>May 2011    Managing Executive Officer and Group Head of Osaka Corporate Banking Group, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p>		
			<p>May 2012    Managing Executive Officer in charge of Corporate Banking Credit Division, Credit Division, Credit Supervision Division and CIB Credit Division, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p>		
			<p>May 2014    Managing Executive Officer and Group Head of Corporate Banking Group No. 1, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p>		
			<p>May 2015    Senior Managing Executive Officer and Group Head of Corporate Banking Group No. 1, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p>		
			<p>June 2016    Member of the Board, Executive Vice President (Finance, Controlling &amp; Accounting), CFO, MMC</p>		
			<p>June 2017    Member of the Board, MMC</p>		
			<p>April 2018    Executive Vice President, (Finance, Controlling &amp; Accounting), CFO, MMC</p>		
			<p>June 2019    Representative Executive Officer, Executive Vice President (Finance, Controlling &amp; Accounting), CFO, MMC (to the present)</p>		

Title and occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)
Representative Executive Officer, Executive Vice President (Production)	Takeshi Ando	July 7, 1956	<p>April 1982 Joined MMC</p> <p>May 2007 Executive Vice President, Mitsubishi Motors (Thailand) Co., Ltd. ("MMTh")</p> <p>April 2011 Corporate Vice President, MMC Executive Vice President, MMTh</p> <p>April 2012 Senior Executive Officer, MMC Executive Vice President, MMTh</p> <p>January 2013 Senior Executive Officer, MMC Executive Vice President and COO, MMTh</p> <p>July 2013 Senior Executive Officer, Plant General Manager of Nagoya Plant, MMC</p> <p>June 2014 Member of the Board, Head Officer of the Headquarters, Production Group Headquarters, MMC</p> <p>June 2016 Member of the Board, Senior Managing Executive Officer, Head Officer of the Headquarters, Production Group Headquarters, MMC</p> <p>January 2017 Senior Managing Executive Officer, CCO (Production), MMC</p> <p>April 2018 Executive Vice President (Production), MMC</p> <p>June 2019 Representative Executive Officer, Executive Vice President (Production), MMC (to the present)</p>	(Note)	11,353

Title and occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)
Executive Officer, Senior Vice President (Corporate Governance)	Hitoshi Inada	June 4, 1957	<p>April 1980 Joined Mitsubishi Corporation</p> <p>April 2009 General Manager of Legal Dept., Mitsubishi Corporation</p> <p>July 2010 Senior Vice President (Compliance), Mitsubishi International Corporation</p> <p>October 2011 Vice Corporate General Manager of Corporate Planning Office, MMC</p> <p>April 2013 Corporate Vice President, Vice Corporate General Manager of Corporate Planning Office, MMC</p> <p>April 2015 Corporate Vice President, Corporate General Manager of CSR Promotion Office, MMC</p> <p>July 2016 Senior Executive Officer, Corporate General Manager of CSR Promotion Office, MMC</p> <p>January 2017 Senior Executive Officer (Legal), Corporate General Manager of CEO/COO Office, MMC</p> <p>October 2017 Senior Executive Officer (Corporate Governance), MMC</p> <p>April 2019 Senior Vice President (Corporate Governance), MMC</p> <p>June 2019 Executive Officer, Senior Vice President (Corporate Governance), MMC (to the present)</p>	(Note)	9,168

Title and occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)
Executive Officer, Senior Vice President (Corporate Strategy)	Noboru Tsuji	January 5, 1960	<p>April 1982 Joined Mitsubishi Corporation</p> <p>March 2001 Vice President, Mitsubishi Trucks Australia Pty Ltd</p> <p>January 2005 General Manager of Frankfurt Automobile Business Office, Mitsubishi International GmbH</p> <p>September 2007 Senior Expert of Europe A Dept., Overseas Sales Div., MMC</p> <p>May 2011 Corporate General Manager of Russia Project Promotion Office, Europe &amp; Middle East/Africa Div., MMC</p> <p>January 2012 President, P.T. Krama Yudha Tiga Berlian Motors</p> <p>April 2014 Senior Vice President, Mitsubishi Corporation</p> <p>April 2015 Senior Vice President, Division COO of Motor Vehicle Business Div., Mitsubishi Corporation</p> <p>April 2018 Senior Vice President (Corporate Strategy), MMC</p> <p>September 2018 Senior Vice President (Corporate Strategy), Corporate General Manager of Strategic Management Div., MMC</p> <p>January 2019 Senior Vice President (Corporate Strategy), MMC</p> <p>April 2019 Senior Vice President (Corporate Strategy), Corporate General Manager of Communication Div., MMC</p> <p>June 2019 Executive Officer, Senior Vice President (Corporate Strategy), Corporate General Manager of Communication Div., MMC (to the present)</p>	(Note)	1,992



Title and occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)
Executive Officer, Senior Vice President (Engineering)	Hiroshi Nagaoka	March 16, 1962	<p>April 1986 Joined Nissan Motor Co., Ltd.</p> <p>April 2014 Senior Vice President, Alliance Global Director, Customer Performance &amp; CAE, Test Engineering, Nissan Motor Co., Ltd.</p> <p>April 2018 Senior Vice President, Alliance Global VP, Customer Performance &amp; CAE, Test Engineering, Nissan Motor Co., Ltd.</p> <p>April 2019 Senior Vice President (Engineering), MMC</p> <p>June 2019 Executive Officer, Senior Vice President (Engineering), MMC (to the present)</p>	(Note)	358

Title and occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)
Executive Officer, Senior Vice President (Procurement)	Yukihiro Hattori	January 18, 1958	<p>April 1980    Joined MMC</p> <p>June 2002    Expert of Development Strategy Office, MMC</p> <p>July 2004    Expert of Body&amp; Chassis Engineering Group, Vehicle Engineering Dept., Product Development Div., MMC</p> <p>April 2005    Senior Expert of Revitalization Promotion Dept., Corporate Planning Office, MMC</p> <p>January 2006    Senior Expert of Corporate Affairs Div., Corporate General Manager of Secretariat, Corporate Affairs Div. and Senior Expert of Revitalization Promotion Dept., Corporate Planning Office, MMC</p> <p>April 2008    Assistant to Executive Vice President and Project Manager of Step Up 2010 Promotion Office, MMC</p> <p>May 2010    Corporate General Manager of Cost Innovation Controlling Office, MMC</p> <p>October 2010    Corporate General Manager of Cost Innovation Controlling Office and Vice Corporate General Manager of Procurement Office, MMC</p> <p>June 2011    Corporate General Manager of Procurement Office and General Manager of Procurement Planning Dept., Procurement Group Headquarters, MMC</p> <p>April 2013    Corporate Vice President, Corporate General Manager of Procurement Office, MMC</p> <p>April 2014    Corporate Vice President, Head Officer of the Headquarters, Procurement Group Headquarters, MMC</p> <p>April 2015    Senior Executive Officer, Head Officer of the Headquarters, Procurement Group Headquarters, MMC</p> <p>June 2016    Senior Vice President, Head Officer of the Headquarters, Procurement Group Headquarters, MMC</p> <p>January 2017    Senior Vice President (Procurement), MMC</p> <p>June 2019    Executive Officer, Senior Vice President (Procurement), MMC (to the present)</p>	(Note)	9,168

Title and occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)
Executive Officer, Senior Vice President (Global Marketing & Sales)	Guillaume Cartier	February 22, 1969	<p>March 1995      Joined NISSAN DE FRANCE S.A.</p> <p>July 2008     Marketing Director, Nissan Motor Manufacturing (UK) Ltd.</p> <p>June 2010    Managing Director, Nissan Nordic Europe Oy</p> <p>August 2011   Senior Vice President, Sales &amp; Marketing Europe &amp; Russia Division, Nissan Automotive Europe S.A.S.</p> <p>April 2017    Senior Executive Officer, Corporate General Manager of Global Marketing &amp; Sales Div., MMC</p> <p>April 2018    Senior Vice President (Global Marketing &amp; Sales), Corporate General Manager of Global Marketing &amp; Sales Div., MMC</p> <p>June 2019    Executive Officer, Senior Vice President (Global Marketing &amp; Sales), Corporate General Manager of Global Marketing &amp; Sales Div., MMC (to the present)</p>	(Note)	-

Title and occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)
Executive Officer, Senior Vice President (ASEAN Div.)	Yoichiro Yatabe	January 28, 1958	<p>April 1980 Joined Mitsubishi Corporation</p> <p>June 2004 General Manager of Frankfurt Automobile Business Office, Mitsubishi International GmbH</p> <p>January 2005 Unit Manager of Europe, Middle-East and Africa Automobile Unit and Unit Manager of Veri Code Unit, Mitsubishi Corporation</p> <p>October 2005 Unit Manager of Europe, Middle-East and Africa Automobile Unit, Mitsubishi Corporation</p> <p>May 2013 Assistant Head Officer of the Headquarters, Global After Sales Group Headquarters, MMC</p> <p>April 2014 Senior Vice President ("Riji"), Mitsubishi Corporation Corporate Vice President, Head Officer of the Headquarters, Global After Sales Group Headquarters, MMC</p> <p>April 2016 Senior Executive Officer, Head Officer of the Headquarters, Global After Sales Group Headquarters, MMC</p> <p>January 2017 Senior Executive Officer, Corporate General Manager of ASEAN Div., MMC</p> <p>June 2019 Senior Vice President (ASEAN Div.), MMC Executive Officer, Senior Vice President (ASEAN Div.), MMC (to the present)</p>	(Note)	7,006

Title and occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)
Executive Officer	Kazuaki Iwamoto	December 12, 1963	<p>April 1986 Joined Nissan Motor Co., Ltd.</p> <p>April 2002 Manager of Program Director's Office, Nissan Motor Co., Ltd.</p> <p>April 2005 Deputy Program Director, Nissan Motor Co., Ltd.</p> <p>April 2006 Overseas Program Director, Nissan Automotive Europe S.A.S.</p> <p>April 2008 Vice General Manager of Environmental Strategy Office, Corporate Planning Office, Nissan Motor Co., Ltd.</p> <p>April 2009 Program Director, Nissan Motor Co., Ltd.</p> <p>April 2016 Vice Corporate General Manager of Product Strategy Office, MMC</p> <p>January 2017 Assistant Corporate General Manager of Strategic Management Office, MMC</p> <p>April 2017 Corporate Vice President (Global Risk Control), MMC</p> <p>April 2019 Corporate Vice President, Corporate General Manager of Product Strategy Div., MMC</p> <p>June 2019 Executive Officer, Corporate General Manager of Product Strategy Div., MMC (to the present)</p>	(Note)	3,535
Total					73,435

(Note) From the conclusion of the first Board of Directors meeting to be held after the conclusion of the MMC's Ordinary General Meeting of Shareholders held on June 21, 2019 to March 31, 2020

ii) Status of Outside Directors

With their broad viewpoint based on their experience, MMC expects Outside Directors to supervise its management. MMC appoints individuals only after careful consideration as to whether their character is suited to such a role, and whether they possess sufficient insight, experience and expertise. They are appointed only if MMC comes to the conclusion that they are competent in this regard.

The Company's Independence Standards and Qualification for Outside Directors are as follows.

(Independence Standards and Qualification for Outside Directors)

The Outside Directors of the Company shall not be any of the following and shall be in a neutral position independent from the Company's management.

1. An executive of a major shareholder<sup>(\*1)</sup> of the Company
2. An executive of a major business partner<sup>(\*2)</sup> of the Company, or of a company for which the Company is a major business partner, or the parent company or subsidiary of such a company
3. An executive of a major lender<sup>(\*3)</sup> to the Company or the parent company or subsidiary of such a company
4. A person affiliated with an auditing firm that conducts statutory audits of the Company
5. A consultant, an accounting professional such as a certified public accountant, or a legal professional such as an attorney-at-law who receives a large amount<sup>(\*4)</sup> of monetary consideration or other property other than compensation of corporate officers from the Company (in the event such property is received by a corporation, association or other group, then any person belonging to such group)
6. An executive of a company with which the Company shares a corporate officer
7. An executive of an organization that is receiving a large<sup>(\*4)</sup> donation or grant from the Company
8. A person to whom any of 1 through 7 has applied during the past 3 years
9. A person with a close relative (second degree of kinship) to whom any of 1 through 7 applies
10. A person whose total period in office as an Outside Director exceeds 8 years
11. Other persons for whom the possibility of a relationship with the Company appears strong under substantive and comprehensive consideration of the situation

\*1 a major shareholder: a shareholder who owns a 10% or greater share of voting rights

\*2 a major business partner: a major client of the Company with annual transactions valued at 2% or more of the Company's consolidated net sales in the most recent fiscal year, or a major supplier to the Company with annual transactions valued at 2% or more of the supplier's consolidated net sales in the most recent fiscal year

\*3 a major lender: a financial institution that provides the Company with loans amounting to 2 % or more of the Company's consolidated net sales at the end of the most recent fiscal year

\*4 large (amount): an amount of consideration received from the Company that is 10 million yen or more

As of the filing date, MMC has 12 Outside Directors, and MMC has no special interest relationship with any of the Outside Directors.

Outside Director Shunichi Miyanaga serves concurrently as Chairman of the Board of Mitsubishi Heavy Industries, Ltd., which conducts transactions with MMC related to automobile parts purchasing and so forth. He also serves concurrently as Outside Director of Mitsubishi Corporation, which is a major shareholder and a major business partner of MMC that conducts transactions with MMC related to overseas sales of automobiles and so forth. He serves as a business executive of Mitsubishi Heavy Industries, Ltd., which was a major shareholder of MMC within the past three years, and therefore he has not been appointed as an Independent Director. However, he has considerable experience, achievements and deep insight nurtured through his long-standing career in corporate management at a manufacturing company that operates worldwide, and as such, MMC has appointed him to fulfill the role of an Outside Director described above so that his experience and insight may be reflected in MMC's management.

Outside Director Ken Kobayashi serves concurrently as Chairman of the Board of Mitsubishi Corporation, which is a major shareholder and a major business partner of MMC as described above. Moreover, Mr. Kobayashi serves concurrently as Outside Director of Mitsubishi Heavy Industries, Ltd., which conducts transactions with MMC related to automobile parts purchasing and so forth. Mr. Kobayashi has served in the past as a business executive of Mitsubishi Corporation, which is a major shareholder and a major business partner of MMC, and therefore he has not been appointed as an Independent Director. However, he has considerable experience, achievements and deep insight on global business management nurtured through his career as a corporate manager at a general trading company that operates worldwide, and as such, MMC has appointed him to fulfill the role of an Outside Director described above so that his experience and insight may be reflected in MMC's management.

Outside Director Hitoshi Kawaguchi serves concurrently as Executive Vice President and CSO of Nissan Motor Co., Ltd., which is a major shareholder and a major business partner of MMC that conducts transactions with MMC related to OEM supply of automobiles and so forth. He serves as a business executive of Nissan Motor Co., Ltd., and thus has not been appointed as an Independent Director. However, Mr. Kawaguchi has deep insight and experience concerning the automotive business, and as such MMC has appointed him to fulfill the role of an Outside Director described above so that his experience and insight may be reflected in MMC's management.

Outside Director Hiroshi Karube serves concurrently as Chief Financial Officer of Nissan Motor Co., Ltd., which is a major shareholder and a major business partner of MMC as described above. He serves as a business executive of Nissan Motor Co., Ltd., and therefore he has not been appointed as an Independent Director. However, Mr. Karube has deep insight and experience concerning the automotive business, and as such MMC has appointed him to fulfill the role of an Outside Director described above so that his experience and insight may be reflected in MMC's management.

Outside Director Setsuko Egami has deep insight and experience concerning corporate strategies, marketing strategies, human resources development and others. As such, MMC has appointed her as an Outside Director with the expectation that these qualities may be reflected in MMC's management. Moreover, MMC recognizes that there is no risk of a conflict of interest arising between Ms. Egami and MMC's general shareholders, and considers her to be sufficiently independent. Therefore, she has been appointed as an "Independent Director" as stipulated under Article 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc. (hereinafter "Independent Director").

Outside Director Main Kohda has keen acumen and an objective perspective as a writer in addition to deep insight about international finance as well as considerable knowledge and experience gained as a Member of the Council of the Ministry of Finance and the Ministry of Land, Infrastructure, Transport and Tourism. As such, MMC has appointed her as an Outside Director with the expectation that these qualities may be reflected in MMC's management. Moreover, MMC recognizes that there is no risk of a conflict of interest arising between Ms. Kohda and MMC's general shareholders, and considers her to be sufficiently independent. Therefore, she has been appointed as an Independent Director.

Outside Director Yaeko Takeoka has much experience as an Audit & Supervisory Board Member of MMC, and has worked for many years as an attorney-at-law, and has abundant specialist knowledge and deep insight as an expert in the law. As such, MMC has appointed her as an Outside Director with the expectation that these qualities may benefit MMC's management. Moreover, MMC recognizes that there is no risk of a conflict of interest arising between Ms. Takeoka and MMC's general shareholders, and considers her to be sufficiently independent. MMC has therefore appointed her as an Independent Director.

Outside Director Yoshitsugu Oba has much experience as an Audit & Supervisory Board Member of MMC, and has worked for many years as a certified public accountant and has abundant specialist knowledge and deep insight as an accountant. As such, MMC has appointed him as an Outside Director with the expectation that he can provide appropriate recommendations for adequacy and appropriateness of MMC's business execution. Mr. Oba served as a Partner of Deloitte Touche Tohmatsu LLC, which conducts transactions with MMC related to consulting and so forth. However, since the transactions amount to less than 0.1% of MMC's net sales, they do not affect Mr. Oba's independence, and MMC recognizes that there is no risk of a conflict of interest arising between Mr. Oba and MMC's general shareholders, and considers him to be sufficiently independent. MMC has therefore appointed him as an Independent Director.

Outside Director Kenichiro Sasae has a broad international understanding as a diplomat and considerable insight and experience, holding important posts at the Ministry of Foreign Affairs. As such, MMC has appointed him as an Outside Director with the expectation that these qualities may benefit MMC's management. Mr. Sasae had entered an advisory contract with MMC which terminated in May 2019. However, since the amount of fees under the advisory contract is less than the amount stipulated by the MMC's Independence Standards and Qualification for Outside Directors described above, it does not affect Mr. Sasae's independence, and MMC recognizes that there is no risk of a conflict of interest arising between Mr. Sasae and MMC's general shareholders,



and considers him to be sufficiently independent. Therefore, he has been appointed as an Independent Director.

Outside Director Kiyoshi Sono serves concurrently as Chairman of the Board of Directors of MUFG Bank, Ltd., which conducts banking transactions with MMC and so forth. Mr. Sono has served as a business executive of MUFG Bank, Ltd. in the past, and in light of the current relationship between MMC and MUFG Bank, Ltd., he has not been appointed as an Independent Director. However, Mr. Sono has considerable experience and deep insight as a corporate manager at international financial institutions. As such, MMC has appointed him as an Outside Director with the expectation that his experience and insight may benefit MMC's management.

Outside Director Hideyuki Sakamoto serves concurrently as Executive Vice President of Nissan Motor Co., Ltd., which is a major shareholder and a major business partner of MMC that conducts transactions with MMC related to OEM supply of automobiles and so forth as described above. Mr. Sakamoto has served as a business executive of Nissan Motor Co., Ltd. in the past, he has not been appointed as an Independent Director. However, Mr. Sakamoto has considerable insight and experience concerning the automotive business. As such, MMC has appointed him as an Outside Director with the expectation that these qualities may benefit MMC's management.

Outside Director Mitsuko Miyagawa has considerable expert knowledge and extensive insight as a legal specialist, having been active as an attorney at law for many years. As such, MMC has appointed her as an Outside Director with the expectation that these qualities may benefit MMC's management. Moreover, MMC recognizes that there is no risk of a conflict of interest arising between Ms. Miyagawa and MMC's general shareholders, and considers her to be sufficiently independent. MMC has therefore appointed her as an Independent Director.

- iii) Supervision, audits and internal audits by Outside Directors, audits by Auditor Committee, cooperation with accounting audits, and relationship with the internal control office

The Outside Directors receive reports at the Board of Directors meetings regarding the progress of internal controls, including compliance, as well as the results of audits by the Auditor Committee and accounting audits.

At the Auditor Committee meetings and other occasions, the Outside Auditor Committee Members receive reports on audit results from the internal audit division and the Accounting Auditors for each quarterly financial report, as well as receiving reports on individual matters regarding compliance and so forth, and they offer appropriate opinions.

### (3) Status of audits

- i) Status of audits by Auditor Committee

The Auditor Committee consists of five members: four Outside Directors and one Internal Director. Auditor Committee Member Yoshitsugu Oba has worked for many years as a certified public accountant and has abundant specialist knowledge and insight as an expert in accounting audits.

With regard to audits by Auditor Committee, the committee members attend meetings of the Board of Directors and other important meetings of MMC and

receive reports on the execution status of duties from Members of the Board and Executive Officers. The Auditor committee conducts audits on the status of establishment and operation of the Internal Control Systems in MMC and its Group companies directly or in cooperation with the internal audit division and other divisions as well as the Accounting Auditors. Based on the results, the Auditor Committee audits the legal compliance and appropriateness of execution of duties by Members of the Board and Executive Officers.

ii) Status of internal audits

MMC has established the Internal Audit Dept. and the Quality Audit Dept. as internal audit departments within the Internal Audit Div., an independent organization that reports directly to the CEO. These departments conduct planned internal audits based on the annual audit plan.

The Internal Audit Dept. (11 members) conducts internal audits to determine whether operational management of MMC and subsidiaries and associates in Japan and overseas is being conducted with transparency using appropriate processes. The Quality Audit Dept. (six members) audits the appropriateness of quality-related activities by MMC and subsidiaries and associates in Japan and overseas.

Audit results by the Internal Audit Dept. and the Quality Audit Dept. are reported directly to the CEO.

These departments cooperate with the Auditor Committee.

iii) Status of accounting audit

a. Name of audit firm

Ernst & Young ShinNihon LLC

b. Names of CPAs

Designated and Engagement Partner, Yoji Murohashi , Tomohiro Mizuno, Takeshi Saida, Taichi Muto

c. Organization of assistants relating to the audit work

CPAs 24, Others 31

d. Selection policy for audit firm

If it is deemed that any of the items prescribed in Article 340, paragraph 1 of the Companies Act apply to the Accounting Auditors, the Auditor Committee shall dismiss the Accounting Auditors based on the agreement of all the Auditor Committee Members.

Moreover, If the Auditor Committee judges that it is necessary to dismiss or not reappoint the Accounting Auditors due to an impediment in the Accounting Auditors' execution of their duties or other such reason, the Auditor Committee shall make a proposal on this dismissal or non-reappointment to the General Meeting of Shareholders.

Decisions on selecting Accounting Auditors are made taking into account evaluation results reached on the basis of the above policy and the Accounting Auditor Assessment Standards established by the Auditor Committee.

e. Valuation of accounting audit by Auditor Committee

Based on the Accounting Auditor Assessment Standards, the Auditor Committee conducts evaluations twice per year regarding the status of quality controls of the Accounting Auditors, suitability of audit teams, appropriateness

of matters such as compensation for audits, effectiveness of communication with Auditor Committee Members and others, effectiveness of communication with management and others, appropriateness of MMC Group audits, appropriate assessment of fraud risk, and examination of Accounting Auditors' qualifications.

iv) Details of compensation for the audit

MMC has adopted the transitional measures to the provisions of notes (56) d (f)-i through iii as stated in Form 2 of the "Cabinet Office Order on Disclosure of Corporate Affairs," subsequent to its revision under the "Cabinet Office Order Partially Amending the Cabinet Office Order on Disclosure of Corporate Affairs" (Cabinet Office Order No. 3 of January 31, 2019).

a. Compensation for certified public accountants who conduct auditing, etc.

Classification	Previous fiscal year		Current fiscal year	
	Compensation for audit attestation (Millions of yen)	Compensation for non-audit work (Millions of yen)	Compensation for audit attestation (Millions of yen)	Compensation for non-audit work (Millions of yen)
MMC	435	1	335	2
Consolidated subsidiary	113	28	137	23
Total	549	29	472	26

The details of non-audit work for MMC consist of fact-verification duties concerning the English translation of Financial Statements and other materials.

b. Details of other material compensation

(Previous fiscal year)

MMC's consolidated subsidiaries Mitsubishi Motors North America, Inc. has paid US\$ 734,000 in compensation for audit attestation to Ernst & Young Global Limited which belongs to the same network as the MMC's auditing certified public accountants who conduct auditing, etc.

(Current fiscal year)

MMC's consolidated subsidiaries Mitsubishi Motors North America, Inc. has paid US\$ 707,000 in compensation for audit attestation to Ernst & Young Global Limited which belongs to the same network as the MMC's auditing certified public accountants who conduct auditing, etc.

c. Policy on determination of compensation for audits

The Articles of Incorporation stipulate that the compensation paid to the Accounting Auditors is to be determined by the Representative Director with the consent of the Auditor Committee.

d. The reason why Audit & Supervisory Board agreed on the compensation for the Accounting Auditors

The Audit & Supervisory Board has judged that the FY2018 compensation for the audit paid to MMC's Accounting Auditors is reasonable after having conducted required validation regarding details of the Accounting Auditors' audit plan, audit system, execution status of duties of accounting audit and calculation basis of compensation estimates.

(4) Compensation, etc. of corporate officers

A. Total compensation paid to corporate officers, compensation total by type, and number of payees

Classification	Total compensation (Millions of yen)	Total compensation by type (Millions of yen)			Number of payees
		Base compensation	Performance-based Compensation	Stock options	
Member of the Board (Excluding Outside Director)	479	217	141	121	5
Audit & Supervisory Board Member (Excluding Outside Audit & Supervisory Board Member)	52	52	-	-	2
Outside Director and Outside Audit & Supervisory Board Member	138	138	-	-	12

- (Notes) 1. The monetary compensation consists of base compensation and performance-based compensation, and the maximum amount of monetary compensation for Members of the Board was set at 2 billion yen per year (including a maximum of 200 million yen for Outside Directors). In addition, the maximum amount of equity-linked compensation to be provided to Members of the Board excluding Outside Directors has been set at 1 billion yen per year. (Resolution at the Extraordinary Shareholders Meeting held on December 14, 2016; subsequent to conclusion of the meeting there are 11 Members of the Board, six of whom are Outside Directors)
2. The maximum amount of compensation for Audit & Supervisory Board Members was set at 10 million yen per month. (Resolution at the 45th Ordinary General Meeting of Shareholders held on June 25, 2014; subsequent to conclusion of the meeting there are five Audit & Supervisory Board Members, three of whom are Outside Directors)
3. Performance-based compensation is the amount paid based on business results achieved in the current fiscal year. The amount of performance-based compensation for business results achieved in FY2017 was 193 million yen, paid during the current fiscal year subsequent to conclusion of FY2017. The amount was stated on a payment-basis in the Annual Securities Report for FY2017, but is stated on the basis of a defined amount beginning in the current fiscal year.
4. Stock options shown in the table above are the amounts that were posted as expenses for the current fiscal year. Furthermore, the stock options that have already been allocated to Carlos Ghosn, Member of the Board, were terminated with the expiration of his term of office at the conclusion of the 50th Ordinary General Meeting of Shareholders held on June 21, 2019.

B. Corporate officer whose total consolidated compensation, etc., exceeds 100 million yen

Name	Classification	Category	Total compensation (Millions of yen)	Base compensation (Millions of yen)	Performance-based compensation (Millions of yen)	Stock options (Millions of yen)
Osamu Masuko	Member of the Board	MMC	339	99	141	98

- (Notes)1. Performance-based compensation is the amount paid based on business results achieved in the current fiscal year. The amount of performance-based compensation for results achieved in FY2017 was 99 million yen, paid during the

current fiscal year subsequent to conclusion of FY2017. The amount was stated on a payment-basis in the Annual Securities Report for FY2017, but is stated on the basis of a defined amount beginning in the current fiscal year.

2. Stock options shown in the table above are stated at the amounts that were posted as expenses for the current fiscal year.

C. The contents and method for determining the policy for setting the amount of compensation of corporate officers or the calculation method

Since the resolution passed at the Extraordinary Shareholders Meeting held on December 14, 2016, the authority to decide the allocation and amount of compensation for Members of the Board has been granted to the Chairman of the Board within the framework of the approach and amounts approved at that Extraordinary Shareholders Meeting, pursuant to resolution of the Board of Directors.

To ensure the transparency and objectivity of the procedures relating to decisions on the compensation of corporate officers, on December 17, 2018, MMC established a voluntary Nomination and Compensation Committee as an advisory body to the Board of Directors. The majority of the Committee members were Outside Directors, and an Outside Director served as the Committee's Chairman. The Committee deliberated overall compensation-related items including the basic policy, levels, structure, and performance-based compensation schemes regarding compensation for Members of the Board, Corporate Vice Presidents and others considering the future direction of business, formulated plans for new compensation systems, and provided reports and recommendations to the Board of Directors on the process and results of those deliberations.

Following its transition to a company with three committees, MMC aims to create even more robust corporate governance and continue deliberations on overall compensation-related items at the Compensation Committee.

The policy for determining amounts and calculation methods for the compensation for Members of the Board and Audit & Supervisory Board Members in the current fiscal year is determined as follows by the Board of Directors upon having considered reports and recommendations furnished by the Nomination and Compensation Committee.

(a) Members of the Board

Compensation provided to MMC's Members of the Board (excluding Outside Directors) is composed of base compensation, performance-based compensation, and equity-linked compensation. The goal of this is to strive for sustained improvement of corporate value, while sharing value with shareholders, and to secure skilled professionals including those from outside the company and overseas. The levels and composition ratios of compensation are determined according to the individual contributions of corporate officers to, among other things, corporate results, while referencing the results of a compensation study performed by external experts.

Authority to decide the amount of base compensation has been delegated to the Chairman of the Board as stated above through a resolution of the Board of Directors and the Chairman of the Board decided the amount while referencing the results of a compensation study performed by external experts. Accordingly, the Chairman of the Board has decided on the amount of base compensation and specifics thereof have been confirmed by the previously mentioned Nomination and Compensation Committee.

Regarding the indicators for determining performance-based compensation, in addition to consolidated operating profit and consolidated free cash flow, which are used as business performance indicators, quality control indicators that incorporate the customers' viewpoint are also used.

Specifically, in regard to consolidated operating profit, in order to firmly achieve a target amount of 110.0 billion yen, a framework has been established in which a higher target amount of 115.0 billion yen is set as a performance-based compensation indicator and performance-based compensation is paid. In the current fiscal year, the actual consolidated operating profit achieved was 111.8 billion yen. In regard to consolidated free cash flow, a target amount of 30.0 billion yen was set, and a framework was established in which the amount of performance-based compensation changes in line with the degree to which this target is attained. The actual consolidated free cash flow achieved was 34.0 billion yen. In regard to quality control indicators, the ratio at which vehicles were received for repairs under warranty within three months of being purchased was set as an indicator and the target amount for this was achieved. In the fiscal year under review, amounts of performance-based compensation were deliberated on and determined by the Compensation Committee based on the degree of attainment stated above in relation to the target amount for each indicator.

The indicators used for equity-linked compensation similarly enlist the aforementioned consolidated operating profit and consolidated free cash flow as indicators used in determining performance-based compensation. Amounts of monetary compensation for allocation of stock options linked to operating results of the current fiscal year were deliberated on and determined by the Compensation Committee based on the degree of attainment stated above in relation to the target amount for each indicator.

(b) Compensation for Outside Directors

Authority to decide the individual compensation of Outside Directors within the framework has been delegated to the Chairman of the Board through a resolution of the Board of Directors and the Chairman of the Board decided the individual compensation. Considering their role in supervising overall execution from a position independent of business execution, MMC shall not increase or decrease the amount of compensation for Outside Directors based on the addition of performance-based compensation or the reflection of individual performance and Outside Directors shall receive only base compensation.

(c) Compensation for Audit & Supervisory Board Members

Individual compensation for Audit & Supervisory Board Members is determined through discussions among the Audit & Supervisory Board Members within that framework. Furthermore, because Audit & Supervisory Board Members are responsible for management oversight and supervisory functions from an independent position, Audit & Supervisory Board Members shall receive only base compensation.

Compensation of MMC's Members of the Board and Executive Officers after transition to a company with three committees in FY2019 is determined by the Compensation Committee, taking into consideration the results of a compensation study performed by external experts.

MMC intends to devise compensation for Members of the Board who serve concurrently as Executive Officers and compensation for Executive Officers so that such compensation is composed of base compensation, performance-based compensation, and equity-linked compensation, as was the case in FY2018. The goal of this is to strive for sustained improvement of corporate value, while sharing value with shareholders, and to secure skilled professionals including those from outside the company and overseas.

Considering their role in supervising overall execution from a position independent of business execution, MMC shall not increase or decrease the amount of compensation for Members of the Board who do not concurrently serve as Executive Officers based on the addition of performance-based compensation or the reflection of individual performance and they shall receive only base compensation.

(5) Status of shareholdings

(i) Standard of investment shares division and the policy

MMC classifies its investment shares as either investment shares held for purposes of portfolio investment shares with the aim of generating profit derived from changes in the value of the shares and dividends pertaining to the shares, or otherwise as investment shares held for purposes other than portfolio investment shares. MMC holds investment shares for purposes other than portfolio investment shares only, and accordingly does not hold investment shares for purposes of portfolio investment shares. Moreover, MMC holds investment shares for purposes other than portfolio investment shares only if it deems that such shareholdings are necessary for developing its business with respect to maintaining and strengthening medium- to long-term partnerships, and furthermore essential in order to achieve sustainable growth and to increase medium- to long-term corporate value.

(ii) Investment shares held for purposes other than portfolio investment shares

a. Method for verifying holding policy and rationale for holdings, and description of verification performed by the Board of Directors, etc. regarding propriety of holding individual issues

MMC maintains cross-shareholdings based on the aforementioned policy, and strives to reduce its cross-shareholdings by such means as selling shares deemed no longer necessary to hold for such purposes. The Board of Directors validates current holdings of individual issues on an annual basis in terms of factors that include the appropriateness of maintaining such holdings and the medium- to long-term economic rationale for such holdings.

b. Number of issues and balance sheet amount

	Number of issues (Issues)	Total balance sheet amount (Millions of yen)
Unlisted shares	27	4,336
Shares other than unlisted shares	2	20,039

(Issues of which the number of shares increased in the current fiscal year)

Not applicable.

(Issues of which the number of shares decreased in the current fiscal year)

Not applicable.



c. Information on number of shares, balance sheet amount, etc. of individual issues of specified investment shares

Specified investment shares

Issues	Current fiscal year	Previous fiscal year	Holding purpose, quantitative holding effect and reason for the increase in the number of shares	Share-holding status of MMC
	Number of shares (Shares)	Number of shares (Shares)		
	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of yen)		
China Motor Corporation	193,768,273	193,768,273	(Holding purpose) The company is an important business partner that manufactures and sells MMC's products, and the shares are held to maintain and strengthen a smooth business relationship. (Quantitative holding effect) (Note)	None
	19,833	19,440		
United Motors Lanka PLC	4,937,142	4,937,142	(Holding purpose) The company is an important business partner that sells MMC's products, and the shares are held to maintain and strengthen a smooth business relationship. (Quantitative holding effect) (Note)	None
	207	256		

(Note) Given the nature of cross-shareholdings, MMC does not enlist quantitative criteria in making decisions on such holdings, but instead its Board of Directors validates the appropriateness of such holdings purposes and the medium- to long-term economic rationale thereof on an annual basis.

## V. Financial Information

### 1. Basis of preparation of the consolidated financial statements and non-consolidated financial statements

- (1) The consolidated financial statements of MMC are prepared in accordance with the "Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" (Order of the Ministry of Finance No. 28 of 1976).

Of the comparative information included in the consolidated financial statements for the current fiscal year (from April 1, 2018 to March 31, 2019), the information related to Article 15-5, paragraph 2, items 2 and 3 of the Regulation on Consolidated Financial Statements after the revision due to the "Cabinet Office Order Partially Amending the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements, etc." (Order of the Cabinet Office No. 7 of March 23, 2018) (hereinafter the "Amendment Order") is prepared in accordance with the Regulation on Consolidated Financial Statements before the revision pursuant to Article 3, paragraph 2 of the supplementary provisions of the Amendment Order.

- (2) The non-consolidated financial statements of MMC are prepared in accordance with the "Regulation on Terminology, Forms, and Preparation Methods of Non-consolidated Financial Statements" (Order of the Ministry of Finance No. 59 of 1963) (hereinafter the "Regulation on Financial Statements, etc.").

As MMC falls under the category of a company filing financial statements prepared in accordance with special provisions, the non-consolidated financial statements of MMC are prepared in accordance with Article 127 of the Regulation on Financial Statements, etc.

### 2. Independent audit

The consolidated and the non-consolidated financial statements for the fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019) were audited by Ernst & Young ShinNihon LLC, in accordance with Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act.

### 3. Particular efforts to secure the appropriateness of the consolidated financial statements, etc.

MMC is making particular efforts to ensure the appropriateness of the consolidated financial statements. Specifically, MMC has become a member of the Financial Accounting Standards Foundation (hereinafter the "Foundation") and participates in seminars and other programs sponsored by the Foundation in order to have an appropriate understanding about the contents of the accounting standards, etc., and establish a system so that MMC might be able to properly respond to the changes in the accounting standards, etc.

# 1. Consolidated financial statements

## (1) Consolidated financial statements

### (a) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2018		As of March 31, 2019	
<b>Assets</b>				
Current assets				
Cash and deposits	(*)	571,911	(*)	500,924
Notes and accounts receivable - trade		176,020		126,398
Finance receivables		-	(*)	294,423
Merchandise and finished goods		143,332		175,052
Work in process		21,901		18,553
Raw materials and supplies		38,551		40,803
Short-term loans receivable		806		681
Other	(*)	95,542	(*)	125,410
Allowance for doubtful accounts		(1,229)		(1,790)
Total current assets		1,046,837		1,280,457
Non-current assets				
Property, plant and equipment				
Buildings and structures, net		89,314		106,095
Machinery, equipment and vehicles, net		113,266		131,431
Tools, furniture and fixtures, net		46,237		61,482
Land		94,565		116,201
Construction in progress		33,698		37,306
Total property, plant and equipment	(*)	377,082	(*)	452,517
Intangible assets		29,022		39,786
Investments and other assets				
Investment securities	(*)	97,699	(*)	93,328
Long-term loans receivable		6,218		5,115
Retirement benefit asset		4,198		5,033
Deferred tax assets		20,925		58,772
Other	(*)	70,178	(*)	81,724
Allowance for doubtful accounts		(5,921)		(6,426)
Total investments and other assets		193,298		237,548
Total non-current assets		599,402		729,852
Total assets		1,646,240		2,010,309

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	426,312	391,785
Electronically recorded obligations - operating	22,897	50,311
Short-term loans payable	(*2) 10,589	(*2) 44,419
Commercial papers	-	50,800
Current portion of long-term loans payable	(*2) 15,893	(*2) 50,377
Lease obligations	504	777
Accounts payable - other and accrued expenses	165,963	196,695
Income taxes payable	11,272	11,352
Provision for product warranties	46,733	48,915
Provision for loss on fuel consumption test	15,478	3,758
Other	29,896	74,072
Total current liabilities	745,541	923,267
Non-current liabilities		
Long-term loans payable	(*2) 90	(*2) 83,122
Lease obligations	639	1,499
Deferred tax liabilities	22,601	20,018
Retirement benefit liability	42,596	51,615
Other	38,209	49,582
Total non-current liabilities	104,135	205,838
Total liabilities	849,677	1,129,105
<b>Net assets</b>		
Shareholders' equity		
Capital stock	284,382	284,382
Capital surplus	203,938	200,072
Retained earnings	363,382	463,092
Treasury shares	(220)	(1,728)
Total shareholders' equity	851,482	945,818
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,158	7,353
Deferred gains or losses on hedges	526	652
Foreign currency translation adjustment	(59,966)	(61,281)
Remeasurements of defined benefit plans	(18,232)	(20,758)
Total accumulated other comprehensive income	(70,514)	(74,033)
Share acquisition rights	106	356
Non-controlling interests	15,487	9,062
Total net assets	796,562	881,203
Total liabilities and net assets	1,646,240	2,010,309

(b) Consolidated statement of income and consolidated statement of comprehensive income  
Consolidated statement of income

	(Millions of yen)	
	For the fiscal year ended March 31, 2018	For the fiscal year ended March 31, 2019
Net sales	2,192,389	2,514,594
Cost of sales	(*3)1,730,278	(*3)2,057,340
Gross profit	462,111	457,254
Selling, general and administrative expenses		
Advertising and promotion expenses	110,047	72,971
Freightage expenses	42,316	53,900
Provision of allowance for doubtful accounts	33	395
Remuneration, salaries and allowances for directors (and other officers)	71,758	74,157
Retirement benefit expenses	3,509	4,071
Depreciation	12,506	13,963
Research and development expenses	(*3) 56,066	(*3) 65,920
Other	67,671	60,058
Total selling, general and administrative expenses	363,909	345,439
Operating profit (loss)	98,201	111,815
Non-operating income		
Interest income	3,464	5,045
Dividend income	2,090	1,647
Share of profit of entities accounted for using equity method	20,579	17,005
Other	949	2,996
Total non-operating income	27,084	26,694
Non-operating expenses		
Interest expenses	3,499	3,709
Foreign exchange losses	8,370	6,909
Litigation expenses	1,564	1,996
Other	1,723	6,043
Total non-operating expenses	15,158	18,659
Ordinary profit (loss)	110,127	119,850
Extraordinary income		
Gain on sales of non-current assets	(*1) 306	(*1) 656
Gain on sales of investment securities	328	1
Reversal of provision for fuel consumption test	-	(*7) 2,922
Gain on step acquisitions	-	1,081
Gain on dissolution of employee's pension fund	(*6) 1,434	-
Other	217	216
Total extraordinary income	2,287	4,877
Extraordinary losses		
Loss on retirement of non-current assets	2,418	2,508
Loss on sales of non-current assets	(*2) 139	(*2) 195
Impairment loss	(*4) 2,636	(*4) 854
Loss on disaster	-	2,216
Loss on fuel consumption test	(*5) 2,262	-
Compensation for production transfer	984	-
Other	924	600
Total extraordinary losses	9,365	6,376
Profit (loss) before income taxes	103,049	118,352
Income taxes - current	11,675	22,576
Income taxes for prior periods	(8,616)	(761)
Income taxes - deferred	(6,261)	(38,458)
Total income taxes	(3,203)	(16,644)
Profit (loss)	106,253	134,996
Profit (loss) attributable to non-controlling interests	(1,366)	2,124
Profit (loss) attributable to owners of parent	107,619	132,871

## Consolidated statement of comprehensive income

(Millions of yen)

	For the fiscal year ended March 31, 2018	For the fiscal year ended March 31, 2019
Profit (loss)	106,253	134,996
Other comprehensive income		
Valuation difference on available-for-sale securities	(311)	195
Deferred gains or losses on hedges	330	(79)
Foreign currency translation adjustment	1,332	3,567
Remeasurements of defined benefit plans, net of tax	2,174	(2,599)
Share of other comprehensive income of entities accounted for using equity method	933	(4,699)
Total other comprehensive income	(*1) 4,460	(*1) (3,614)
Comprehensive income	110,713	131,381
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	113,022	129,186
Comprehensive income attributable to non-controlling interests	(2,309)	2,195

## (c) Consolidated statement of changes in net assets

(Millions of yen)

For the fiscal year ended March 31, 2018	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	284,382	203,938	277,281	(220)	765,381
Cumulative effects of changes in accounting policies					
Restated balance	284,382	203,938	277,281	(220)	765,381
Changes of items during period					
Dividends of surplus			(17,880)		(17,880)
Profit (loss) attributable to owners of parent			107,619		107,619
Purchase of treasury shares				(0)	(0)
Change of scope of consolidation			(3,457)		(3,457)
Change in ownership interest of parent due to transactions with non-controlling interests					
Change of scope of equity method			(180)		(180)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	86,101	(0)	86,101
Balance at end of current period	284,382	203,938	363,382	(220)	851,482

For the fiscal year ended March 31, 2018	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	7,480	627	(62,739)	(20,295)	(74,926)	-	13,008	703,463
Cumulative effects of changes in accounting policies								
Restated balance	7,480	627	(62,739)	(20,295)	(74,926)	-	13,008	703,463
Changes of items during period								
Dividends of surplus								(17,880)
Profit (loss) attributable to owners of parent								107,619
Purchase of treasury shares								(0)
Change of scope of consolidation								(3,457)
Change in ownership interest of parent due to transactions with non-controlling interests								
Change of scope of equity method								(180)
Net changes of items other than shareholders' equity	(322)	(101)	2,773	2,062	4,411	106	2,479	6,997
Total changes of items during period	(322)	(101)	2,773	2,062	4,411	106	2,479	93,098
Balance at end of current period	7,158	526	(59,966)	(18,232)	(70,514)	106	15,487	796,562

(Millions of yen)

For the fiscal year ended March 31, 2019	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	284,382	203,938	363,382	(220)	851,482
Cumulative effects of changes in accounting policies			(2,386)		(2,386)
Restated balance	284,382	203,938	360,995	(220)	849,096
Changes of items during period					
Dividends of surplus			(29,783)		(29,783)
Profit (loss) attributable to owners of parent			132,871		132,871
Purchase of treasury shares				(1,507)	(1,507)
Change of scope of consolidation			(991)		(991)
Change in ownership interest of parent due to transactions with non-controlling interests		(3,866)			(3,866)
Change of scope of equity method					-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(3,866)	102,097	(1,507)	96,722
Balance at end of current period	284,382	200,072	463,092	(1,728)	945,818

For the fiscal year ended March 31, 2019	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	7,158	526	(59,966)	(18,232)	(70,514)	106	15,487	796,562
Cumulative effects of changes in accounting policies								(2,386)
Restated balance	7,158	526	(59,966)	(18,232)	(70,514)	106	15,487	794,176
Changes of items during period								
Dividends of surplus								(29,783)
Profit (loss) attributable to owners of parent								132,871
Purchase of treasury shares								(1,507)
Change of scope of consolidation								(991)
Change in ownership interest of parent due to transactions with non-controlling interests								(3,866)
Change of scope of equity method								
Net changes of items other than shareholders' equity	195	126	(1,315)	(2,525)	(3,519)	249	(6,424)	(9,694)
Total changes of items during period	195	126	(1,315)	(2,525)	(3,519)	249	(6,424)	87,027
Balance at end of current period	7,353	652	(61,281)	(20,758)	(74,033)	356	9,062	881,203



## (d) Consolidated statement of cash flows

(Millions of yen)

	For the fiscal year ended March 31, 2018	For the fiscal year ended March 31, 2019
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	103,049	118,352
Depreciation	52,551	62,179
Impairment loss	2,636	854
Loss on fuel consumption test	2,262	-
Increase (decrease) in allowance for doubtful accounts	(16)	431
Increase (decrease) in retirement benefit liability	2,115	4,554
Interest and dividend income	(5,555)	(6,692)
Interest expenses	3,499	3,709
Foreign exchange losses (gains)	5,430	(1,107)
Share of loss (profit) of entities accounted for using equity method	(20,579)	(17,005)
Loss (gain) on sales and retirement of non-current assets	2,251	2,047
Decrease (increase) in notes and accounts receivable - trade	(11,730)	51,237
Decrease (increase) in finance receivables	-	(29,412)
Decrease (increase) in inventories	(37,504)	(20,372)
Increase (decrease) in notes and accounts payable - trade	47,485	(9,495)
Other, net	(384)	8,927
Subtotal	145,510	168,208
Interest and dividend income received	10,982	10,415
Interest expenses paid	(3,507)	(3,757)
Payments related to fuel consumption test	(13,221)	(1,443)
Income taxes paid	(20,140)	(27,370)
Net cash provided by (used in) operating activities	119,624	146,053
<b>Cash flows from investing activities</b>		
Decrease (increase) in time deposits	(11,997)	1,409
Purchase of property, plant and equipment	(72,251)	(123,200)
Proceeds from sales of property, plant and equipment	2,989	5,024
Purchase of intangible assets	(11,497)	(15,363)
Proceeds from sales of investment securities	682	5
Decrease (increase) in short-term loans receivable	155	18
Payments of long-term loans receivable	(1,517)	(5)
Collection of long-term loans receivable	744	413
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(*2) (6,668)
Other, net	(4,401)	(6,539)
Net cash provided by (used in) investing activities	(97,093)	(144,906)
<b>Cash flows from financing activities</b>		
Increase (decrease) in short-term loans payable	(4,510)	(11,609)
Increase (decrease) in commercial papers	-	15,800
Proceeds from long-term loans payable	2,375	53,989
Repayments of long-term loans payable	(301)	(79,943)
Cash dividends paid	(17,938)	(29,750)
Dividends paid to non-controlling interests	(2,085)	(14,191)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(7,197)
Other, net	(700)	(2,063)
Net cash provided by (used in) financing activities	(23,161)	(74,966)

(Millions of yen)

	For the fiscal year ended March 31, 2018		For the fiscal year ended March 31, 2019	
Effect of exchange rate change on cash and cash equivalents		(3,167)		3,896
Net increase (decrease) in cash and cash equivalents		(3,797)		(69,923)
Cash and cash equivalents at beginning of period		555,906		559,036
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation		6,927		232
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries		-		111
Cash and cash equivalents at end of period	(*1)	559,036	(*1)	489,456

## Notes

### *Material basis of the preparation of consolidated financial statements*

#### 1. Scope of consolidation

##### (1) Number of consolidated subsidiaries: 36

The names of major companies are omitted here because they are provided in "I. Overview of the Company, 4. Status of subsidiaries and associates."

Changes in the scope of consolidation

##### 1) Newly included in the scope of consolidation: 2

*Company included in the scope of consolidation due to the acquisition of additional shares*

MMC Diamond Finance Corp.

*Company included in the scope of consolidation due to the increase of importance*

Mitsubishi Motors de México, S.A. de C.V.

##### (2) Names of major unconsolidated subsidiaries

MMC Wing Co., Ltd., etc.

*Reason for exclusion from scope of consolidation*

The amounts of total assets, net sales, profit or loss, and retained earnings of unconsolidated subsidiaries, including the above, are all insignificant in size and do not have a material impact on the consolidated financial statements in aggregate either, therefore such subsidiaries are excluded from the scope of consolidation.

#### 2. Application of the equity method

##### (1) Number of associates to which the equity method is applied: 20

The names of major companies are omitted here because they are provided in "I. Overview of the Company, 4. Status of subsidiaries and associates."

Changes in the scope of equity method

##### 1) Excluded from the scope of equity method: 1

*Associate excluded from the scope of equity method and included in the scope of consolidation due to the acquisition of additional shares*

MMC Diamond Finance Corp.

##### (2) Names of unconsolidated subsidiaries and associates to which the equity method is not applied

*Unconsolidated subsidiaries*

MMC Wing Co., Ltd., etc.

*Associates*

Diamond F.C. Partners, Co., Ltd., etc.

*Reason for non-application of equity method*

The amounts such as profit or loss and retained earnings of unconsolidated subsidiaries and associates to which the equity method is not applied are all insignificant in size and do not have a material impact on the consolidated financial statements in aggregate either, therefore such unconsolidated subsidiaries and associates are excluded from the scope of equity method.

### 3. Fiscal year end dates of consolidated subsidiaries

For those overseas seven consolidated subsidiaries such as Mitsubishi Motors (Thailand) Co., Ltd., for which the fiscal year end date (December 31) is different from the consolidated fiscal year end date (March 31), provisional financial statements are prepared as of March 31, for consolidation purposes.

### 4. Accounting policies

#### (1) Valuation bases and methods of significant assets

##### Securities

Held-to-maturity debt securities:

Stated at amortized cost.

##### Available-for-sale securities

Available-for-sale securities with a readily determinable market value

Stated at fair value based on the market price on the consolidated balance sheet date and the cost of securities sold is computed based on the moving average method. The difference between the acquisition cost and the carrying value of available-for-sale securities, including unrealized gains and losses, is recognized in valuation difference on available-for-sale securities in the accompanying consolidated balance sheet.

Available-for-sale securities without a readily determinable market value

Stated at cost determined by the moving average method.

##### Derivative financial instruments

Market price method (excluding interest rate swaps for which the special treatment is applied)

##### Inventories

Inventories of MMC and its domestic consolidated subsidiaries are principally stated at cost determined by the first in first out method or specific identification method (under either method, the balance sheet carrying value is reduced to recognize any deterioration of recoverability). Inventories of the overseas consolidated subsidiaries are principally stated at the lower of cost or market value. Cost is determined by the specific identification method.

#### (2) Depreciation and amortization method for significant depreciable and amortizable assets

##### Property, plant and equipment (excluding leased assets)

Depreciation of property, plant and equipment (excluding leased assets) is principally calculated using the declining balance method or the straight line method over the estimated useful life of the respective assets for MMC and domestic consolidated subsidiaries. Depreciation is principally calculated using the straight line method for the overseas consolidated subsidiaries.

The useful lives of the assets are based on the estimated lives of assets for MMC and are consistent with the Corporation Tax Act for its domestic consolidated subsidiaries. The useful lives of the assets are determined based on the expected useful lives for the overseas consolidated subsidiaries.

##### Intangible assets (excluding leased assets)

Intangible assets (excluding leased assets) are amortized using the straight line method for MMC and its domestic consolidated subsidiaries and using the straight line method primarily over the period for which each asset is available for use for its overseas consolidated subsidiaries. Software intended for use by MMC and its domestic consolidated subsidiaries is amortized using the straight line method over the period for which each asset is available for use (5 years).

#### Leased assets

Assets recognized under finance leases that do not involve transfer of ownership to the lessee are depreciated using the straight line method based on the contract term of the lease agreement. If a guaranteed residual value is determined in the lease agreement, the said guaranteed residual value is deemed as the residual value of such leased assets. If the residual value is not determined, it is deemed to be zero.

### (3) Significant allowances and provisions

#### Allowance for doubtful accounts

To prepare for losses from bad debts for trade receivables, loans, etc., an estimate of the amount of specific uncollectible accounts is provided as an allowance for doubtful accounts based on the historical default rate for ordinary receivables, and based on the individual collectability for specific receivables such as doubtful receivables.

#### Provision for product warranties

MMC and domestic consolidated subsidiaries calculate the provision for product warranties after taking into account, according to the warranty agreements, future warranty forecasts based on historical experience in order to provide for the products' after-service costs.

Overseas consolidated subsidiaries calculate the provision for product warranties after taking into account future warranty forecasts based on their historical experience in order to provide for the products' after-service costs.

#### Provision for loss on fuel consumption test

To provide for losses relating to fuel consumption test, provision is calculated to the extent that can be reasonably projected and estimated at the end of the current fiscal year.

(4) Accounting method for retirement benefits

Method of attributing estimated retirement benefits to the periods

In computing retirement benefits obligations, the projected retirement benefits obligations are attributed to periods until the end of the current fiscal year using a benefit formula basis.

Method of amortization of actuarial gains and losses and prior service costs

Prior service cost is being amortized using the straight line method over a fixed number of years (mainly 10 years) within the estimated average remaining service years of the employees at the time of incurrence.

Actuarial gains and losses are being amortized using the straight line method over a fixed number of years (mainly 10 years) within the estimated average remaining service years of employees commencing from the following fiscal year after incurrence.

Unrecognized actuarial gains and losses and unrecognized prior service cost are recorded in the remeasurements of defined benefit plans, in accumulated other comprehensive income under net assets after considering tax effects.

(5) Translation of significant foreign currency accounts

Monetary receivables and payables denominated in foreign currencies are translated into yen at the rates of exchange in effect at the end of the fiscal year, and differences arising from the translation are included in the consolidated statement of income. Assets and liabilities and income and expenses of overseas consolidated subsidiaries, etc. are translated into yen at the rates of exchange at the end of the fiscal year and the average exchange rates during the period, respectively, and differences arising from the translation are included in foreign currency translation adjustment and non-controlling interests under net assets.

(6) Significant hedge accounting method

Hedge accounting method

Primarily, deferred hedge accounting is applied for derivative instruments. Interest rate swaps meeting the requirements for special treatment are accounted for using the special treatment.

Hedging instruments and hedged items

Hedging instruments and hedged items to which hedge accounting is applied for the current fiscal year are as follows:

a. Hedging instruments: Forward foreign exchange contracts

Hedged items: Primarily, trade receivables denominated in foreign currencies arising from product exports (on forecast transactions)

b. Hedging instruments: Interest rate swaps

Hedged items: Interest on borrowings

Hedging policy

MMC is conducting hedging activities in order to avoid future foreign exchange fluctuation risk on monetary receivables and payables denominated in foreign currencies arising from normal course of business transactions and interest rate fluctuation risk on borrowing, etc.

Method of assessing of hedge effectiveness

With respect to forward foreign exchange contracts, assessment of hedge effectiveness is omitted, since material conditions are identical with forecast transactions to be hedged and it can be assumed to offset market fluctuations at the time of inception of hedges and afterward.

With respect to interest rate swaps accounted for using special treatment, assessment of hedge effectiveness is substituted by identifying that they meet the requirements.

(7) Amortization method and period for goodwill

Goodwill is amortized over the period during which the influence of the goodwill is estimated to apply, and amortized in even amounts over five years.

(8) Scope of cash and cash equivalents in the consolidated statement of cash flows

Cash and cash equivalents consist of cash on hand, cash in banks which can be withdrawn at any time and short-term investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in value.

(9) Other significant matters serving as the preparation of consolidated financial statements

Accounting for consumption taxes

Consumption tax and local consumption tax are accounted for by tax-exclusion method.

Application of consolidated taxation system

The consolidated taxation system is applied.

### *Changes in accounting policies*

Overseas consolidated subsidiaries:

#### (1) IFRS 9 "Financial Instruments"

IFRS 9 "Financial Instruments" has been adopted from the beginning of the current fiscal year, excluding subsidiaries in North America.

In line with this adoption, classifications and measurement methods for financial instruments have been revised and the expected credit loss model is applied for recognizing impairment loss on financial assets. In accordance with the transition method of this standard, the MMC group recognized the cumulative effect of adopting this standard as an adjustment to the opening balance of retained earnings of the current fiscal year that includes the date of initial application.

The effect of this change in accounting policies on the consolidated financial statements for the current fiscal year was immaterial.

#### (2) IFRS 15 and ASC Topic 606 "Revenue from Contracts with Customers"

IFRS 15 and ASC 606 "Revenue from Contracts with Customers" have been adopted from the beginning of the current fiscal year.

In line with this adoption, revenue is recognized upon the transfer of promised goods or services to customers in an amount that reflects the consideration an entity expects to receive in exchange for those goods or services. In accordance with the transition method of these standards, the MMC group recognized the cumulative effect of adopting these standards as an adjustment to the opening balance of retained earnings of the current fiscal year that includes the date of initial application.

As a result, retained earnings at the beginning of the current fiscal year decreased by 2,386 million yen, and net assets per share in the fiscal year decreased by 1.60 yen. The effect of this change in accounting policies on consolidated profit or loss for the current fiscal year was immaterial.

Certain payments to customers that were recorded as selling, general and administrative expenses in the prior years have been reclassified to deduction of net sales from the beginning of the current fiscal year. As a result, on the consolidated statement of income, net sales and selling, general and administrative expenses for the current fiscal year decreased by 54,447 million yen, respectively, compared with the amounts calculated under the prior accounting standards.



*New accounting standards to be applied*

Overseas subsidiaries and associates

- IFRS 16 "Leases" and FASB Accounting Standards Update (ASU) 2016-02 "Leases"

(1) Outline

The aforementioned standards require a lessee to recognize assets or liabilities generally for all leases on the balance sheet, whereas no significant changes were made in the accounting for a lessor.

(2) Scheduled date of application

The aforementioned standards are scheduled to be applied at the start of the fiscal year ending March 31, 2020.

(3) Effect of application of the accounting standards

The effect of the application of the aforementioned standards on MMC's consolidated financial statements is under evaluation.

MMC and domestic subsidiaries and associates

- "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, issued on March 30, 2018)

"Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, issued on March 30, 2018)

(1) Outline

The International Accounting Standards Board (IASB) and US Financial Accounting Standards Board (FASB) jointly developed comprehensive revenue recognition standards and issued "Revenue from Contracts with Customers" in May 2014 (IASB's IFRS 15 and FASB's Topic 606). Considering that IFRS 15 shall apply to fiscal years beginning on or after January 1, 2018, and Topic 606 shall apply to fiscal years beginning after December 15, 2017, the ASBJ developed a comprehensive accounting standard on revenue recognition and thus issued the accounting standard together with the implementation guidance.

The ASBJ established the accounting standard on revenue recognition by following the basic policies in developing it. The basic policies were: firstly, incorporating the core principle of IFRS 15 as the starting point from the perspective of facilitating comparability among financial statements, which is one of the benefits of ensuring consistency with IFRS 15; secondly, adding alternative treatments, but to the extent not impairing comparability, where consideration should be given to the practice having been used in Japan.

(2) Scheduled date of application

The aforementioned standard and guidance will be applied at the start of the fiscal year ending March 31, 2022.

(3) Effect of application of the accounting standards

The effect of the application of the aforementioned standard and guidance on MMC's consolidated financial statements is under evaluation.

*Change in presentation*

(Changes accompanying the adoption of "Partial Amendments to Accounting Standard for Tax Effect Accounting")

The MMC group has adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) effective from the beginning of the current fiscal year. Accordingly, deferred tax assets were presented under "investments and other assets" and deferred tax liabilities were presented under "non-current liabilities," and changes were also made to notes in "tax-effect accounting."

As a result, on the consolidated balance sheet for the previous fiscal year, "deferred tax assets" in "current assets" decreased by 19,426 million yen and "deferred tax assets" in "investments and other assets" increased by 10,367 million yen. In addition, "deferred tax liabilities" in "current liabilities" decreased by 17 million yen and "deferred tax liabilities" in "non-current liabilities" decreased by 9,041 million yen.

Furthermore, deferred tax assets and deferred tax liabilities for the same taxable entity are presented on a net basis, and therefore total assets decreased by 9,059 million yen compared with the amount before the change.

In addition, the content indicated in (Note 8) (excluding total valuation allowance) and (Note 9) of the explanatory notes to "Accounting Standard for Tax Effect Accounting" has been added to notes in "tax-effect accounting," as provided for in Paragraphs 3 to 5 of the "Partial Amendments to Accounting Standard for Tax Effect Accounting." Of this content, however, content pertaining to the previous fiscal year is not provided, in accordance with the transitional treatment provided for in Paragraph 7 of the "Partial Amendments to Accounting Standard for Tax Effect Accounting."

*Consolidated balance sheet*

(\*1) Accumulated depreciation of property, plant and equipment is as follows:

	(Millions of yen)	
	For the fiscal year ended March 31, 2018 (As of March 31, 2018)	For the fiscal year ended March 31, 2019 (As of March 31, 2019)
Accumulated depreciation of property, plant and equipment	858,496	884,177

(\*2) Assets pledged as collateral and liabilities secured by the collateral

Assets pledged as collateral (excluding factory foundation) is as follows:

	(Millions of yen)	
	For the fiscal year ended March 31, 2018 (As of March 31, 2018)	For the fiscal year ended March 31, 2019 (As of March 31, 2019)
Finance receivables	-	56,659
Property, plant and equipment	17,097	10,712
Other (Note)	2,073	2,412
Total	19,170	69,784

(Note) In the previous fiscal year, accounts receivable - other of 1,268 million yen was pledged based on a liability in a term lease contract relating to a building with Murata Medical Services, Ltd. In addition, MMC pledged investment securities of 46 million yen as collateral for the borrowings of Mizushima Eco-works Co., Ltd.

In the current fiscal year, accounts receivable - other of 1,156 million yen was pledged based on a liability in a term lease contract relating to a building with Murata Medical Services, Ltd. In addition, MMC pledged investment securities of 46 million yen as collateral for the borrowings of Mizushima Eco-works Co., Ltd.

Assets pledged as foundation collateral is as follows:

	(Millions of yen)	
	For the fiscal year ended March 31, 2018 (As of March 31, 2018)	For the fiscal year ended March 31, 2019 (As of March 31, 2019)
Consolidated subsidiary (Pajero Manufacturing Co., Ltd.)		
Buildings and structures	2,454	2,408
Machinery, equipment and vehicles	3,621	4,120
Land	1,540	1,540
Total	7,615	8,069

Liabilities secured by the collateral is as follows:

	(Millions of yen)	
	For the fiscal year ended March 31, 2018 (As of March 31, 2018)	For the fiscal year ended March 31, 2019 (As of March 31, 2019)
Short-term loans payable	7,026	2,755
Current portion of long-term loans payable	145	19,504
Long-term loans payable	90	32,599
Total	7,261	54,858

(\*3) Investments in unconsolidated subsidiaries and associates

	(Millions of yen)	
	For the fiscal year ended March 31, 2018 (As of March 31, 2018)	For the fiscal year ended March 31, 2019 (As of March 31, 2019)
Investment securities	73,166	68,551
Other (investments and other assets) (of which investment in joint ventures)	44,968 (16,413)	46,250 (24,946)

4 Guarantee obligation

(1) Guarantee recipients

For the fiscal year ended March 31, 2018 (As of March 31, 2018)			For the fiscal year ended March 31, 2019 (As of March 31, 2019)		
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	7,396	Bank loans and others	PT.Mitsubishi Motors Krama Yudha Sales Indonesia	6,696	Bank loans
MMD Automobile GmbH	-	-	MMD Automobile GmbH	3,469	Liquidation of receivables
M Motors Automobiles France S.A.S.	-	-	M Motors Automobiles France S.A.S.	2,202	Liquidation of receivables
MM Automobile Schweiz AG	-	-	MM Automobile Schweiz AG	1,066	Liquidation of receivables
PCMA Rus, LLC	1,334	Bank loans and others	PCMA Rus, LLC	252	Bank loans and others
Employees	461	(Note)	Employees	376	(Note)
Other	44	Lease obligations and others	-	-	-
Total	9,237		Total	14,063	

(Note) Bank loans for "Employees' property accumulation residence fund," etc.

(2) Retroactive obligation following liquidation of accounts receivable - trade

(Millions of yen)	
For the fiscal year ended March 31, 2018 (As of March 31, 2018)	For the fiscal year ended March 31, 2019 (As of March 31, 2019)
441	1,632

*Consolidated statement of income*

(\*1) Gain on sales of non-current assets is as follows:

(Millions of yen)			
For the fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)		For the fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)	
Buildings and structures	168	Buildings and structures	89
Machinery, equipment and vehicles	108	Machinery, equipment and vehicles	87
Tools, furniture and fixtures	1	Tools, furniture and fixtures	29
Land	28	Land	450
Total	306	Total	656

(\*2) Loss on sales of non-current assets is as follows:

(Millions of yen)			
For the fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)		For the fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)	
Buildings and structures	46	Buildings and structures	4
Machinery, equipment and vehicles	31	Machinery, equipment and vehicles	142
Tools, furniture and fixtures	3	Tools, furniture and fixtures	35
Land	40	Land	13
Intangible assets	17	Intangible assets	-
Total	139	Total	195

(\*3) Total amount of research and development expenses included in general and administrative expenses and manufacturing cost for the period

For the fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)		For the fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)	
102,488		124,318	

#### (\*4) Impairment loss

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

For the previous fiscal year (from April 1, 2017 to March 31, 2018)

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

Location	Usage	Type	Amount (Millions of yen)
Kawasaki, Kanagawa, etc. (12 locations)	Sales related assets	Buildings, structures, land, and others	158
Muroran, Hokkaido, etc. (2 locations)	Rental assets	Buildings and land	4
Kyoto, Kyoto, etc. (10 locations)	Idle assets	Land, machinery, equipment, tools, furniture, fixtures, and others	2,047
Indonesia (1 location)	Production facilities	Machinery, equipment, tools, furniture, fixtures, and others	425

##### (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.

##### *Changes in grouping of assets with respect to accounting for impairment*

Previously, assets used in production in Japan were divided into vehicle manufacturing plants. However, as effects of strategic alliance with Nissan and Renault, common vehicle platforms had been accelerated and mutual complementary of each vehicle manufacturing plant had been enhanced. Furthermore, as MMC adopted a way of evaluating plants commonly used in the alliance, decision making protocol for capital investments had been changed, adding consideration of total production capacity of all vehicle manufacturing plants. Because of those changes, the grouping of assets used in production in Japan has been changed to the grouping principally by business company from the fiscal year ended March 31, 2018.

Such changes do not have material effects on the Statement of Income.

##### (3) Circumstances leading to recognition of impairment losses

Due to worsening of market environments, etc., the carrying amount of certain assets was written-down to the recoverable amounts.

##### (4) Method of computing the recoverable amount

The recoverable amount is determined by the higher amount of the value in use computed by discounting future cash flows of each asset group by 6%, or the net selling value 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.

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

An impairment loss of 2,636 million yen is recorded as "impairment loss" under extraordinary losses, and major components are as follows:

	(Millions of yen)
Buildings and structures	360
Machinery and equipment	935
Tools, furniture and fixtures	701
Land	460
Other	178
Total	2,636

For the current fiscal year (from April 1, 2018 to March 31, 2019)

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

Location	Usage	Type	Amount (Millions of yen)
Nagoya, Aichi, etc. (31 locations)	Sales related assets	Buildings, land, and others	485
Kyoto, Kyoto, etc. (4 locations)	Idle assets	Machinery, equipment, tools, furniture, fixtures, and others	368

(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

Due to worsening of market environments, etc., the carrying amount of certain assets was written-down to the recoverable amounts.

(4) Method of computing the recoverable amount

The recoverable amount is determined by the higher amount of the value in use computed by discounting future cash flows of each asset group by 6%, or the net selling value 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.

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

An impairment loss of 854 million yen is recorded as "impairment loss" under extraordinary losses, and major components are as follows:

	(Millions of yen)
Buildings and structures	324
Machinery and equipment	337
Tools, furniture and fixtures	62
Land	116
Other	14
Total	854

(\*5) Loss on fuel consumption test

For the previous fiscal year (from April 1, 2017 to March 31, 2018)

Regarding payments to customers and Nissan Motor Co., Ltd. relating to fuel consumption test, a review was performed following changes in conditions.

(\*6) Gain on dissolution of employee's pension fund

For the previous fiscal year (from April 1, 2017 to March 31, 2018)

"Mitsubishi Motors sales employee's pension fund" established by MMC's domestic consolidated subsidiaries, was in the process of finalization of minimum actuarial reserve by the approval of dissolution in the fiscal year ended March 31, 2016. The excess amount of exceptional contribution was determined and recorded as gain on dissolution of employee's pension fund for the fiscal year ended March 31, 2018.

(\*7) Reversal of provision for fuel consumption test

For the current fiscal year (from April 1, 2018 to March 31, 2019)

Regarding payments to customers and Nissan Motor Co., Ltd. relating to fuel consumption test, a review was performed following changes in conditions.



*Consolidated statement of comprehensive income*

(\*1) Reclassification adjustments and tax effects concerning other comprehensive income

	(Millions of yen)	
	For the fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)	For the fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)
Valuation difference on available-for-sale securities:		
Amount arising during the period	(444)	277
Reclassification adjustments	-	-
Before tax-effect adjustment	(444)	277
Amount of tax effects	133	(81)
Valuation difference on available-for-sale securities	(311)	195
Deferred gains or losses on hedges:		
Amount arising during the period	(32)	(1,536)
Reclassification adjustments	458	1,426
Before tax-effect adjustment	426	(109)
Amount of tax effects	(95)	29
Deferred gains or losses on hedges	330	(79)
Foreign currency translation adjustment:		
Amount arising during the period	1,332	3,567
Reclassification adjustments	-	-
Foreign currency translation adjustment	1,332	3,567
Remeasurements of defined benefit plans:		
Amount arising during the period	1,263	(4,037)
Reclassification adjustments	1,132	805
Before tax-effect adjustment	2,396	(3,232)
Amount of tax effects	(221)	632
Remeasurements of defined benefit plans	2,174	(2,599)
Share of other comprehensive income of entities accounted for using equity method:		
Amount arising during the period	591	(4,891)
Reclassification adjustments	341	191
Share of other comprehensive income of entities accounted for using equity method	933	(4,699)
Total other comprehensive income	4,460	(3,614)

*Consolidated statement of changes in net assets*

For the previous fiscal year (from April 1, 2017 to March 31, 2018)

1. Class and total number of issued shares and class and number of treasury shares

(Thousands of shares)

	At the beginning of the period	Increase	Decrease	At the end of the period
Issued shares:				
Common stock	1,490,282	-	-	1,490,282
Total	1,490,282	-	-	1,490,282
Treasury shares:				
Common stock (Note)	222	0	-	222
Total	222	0	-	222

(Note) The increase of 0 thousand shares in the number of shares of common stock under treasury shares is due to purchase of shares less than one unit.

2. Share acquisition rights and treasury share acquisition rights

Classification	Components of share acquisition rights	Type of shares that will be issued upon exercise of share acquisition rights	Number of shares that will be issued upon exercise of share acquisition rights (shares)				Balance at the end of the period (Millions of yen)
			At the beginning of the period	Increase	Decrease	At the end of the period	
Reporting company	Stock option	Common stock	-	-	-	-	106
Total			-	-	-	-	106

3. Dividends

(1) Dividend payment

Resolution	Class of shares	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 23, 2017	Common stock	7,450	5.0	March 31, 2017	June 26, 2017
Board of Directors Meeting held on November 7, 2017	Common stock	10,430	7.0	September 30, 2017	December 4, 2017

(2) Dividends for which record date is in the current fiscal year with effective date in the following fiscal year

Resolution	Class of shares	Total dividends (Millions of yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 22, 2018	Common stock	14,900	Retained earnings	10.0	March 31, 2018	June 25, 2018

For the current fiscal year (from April 1, 2018 to March 31, 2019)

1. Class and total number of issued shares and class and number of treasury shares

(Thousands of shares)

	At the beginning of the period	Increase	Decrease	At the end of the period
Issued shares:				
Common stock	1,490,282	-	-	1,490,282
Total	1,490,282	-	-	1,490,282
Treasury shares:				
Common stock (Note)	222	1,747	-	1,969
Total	222	1,747	-	1,969

(Note) The increase of 1,747 thousand shares in the number of shares of common stock under treasury shares is due to the acquisition of treasury shares by resolution of the Board of Directors, and purchase of shares less than one unit.

2. Share acquisition rights and treasury share acquisition rights

Classification	Components of share acquisition rights	Type of shares that will be issued upon exercise of share acquisition rights	Number of shares that will be issued upon exercise of share acquisition rights (shares)				Balance at the end of the period (Millions of yen)
			At the beginning of the period	Increase	Decrease	At the end of the period	
Reporting company	Stock option	Common stock	-	-	-	-	356
Total		-	-	-	-	-	356

3. Dividends

(1) Dividend payment

Resolution	Class of shares	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 22, 2018	Common stock	14,900	10.0	March 31, 2018	June 25, 2018
Board of Directors Meeting held on November 6, 2018	Common stock	14,883	10.0	September 30, 2018	December 4, 2018

(2) Dividends for which record date is in the current fiscal year with effective date in the following fiscal year

Resolution	Class of shares	Total dividends (Millions of yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 21, 2019	Common stock	14,883	Retained earnings	10.0	March 31, 2019	June 24, 2019

*Consolidated statement of cash flows*

(\*1) Reconciliation of cash and cash equivalents at end of period and the amount recorded in the consolidated balance sheet

	(Millions of yen)	
	For the fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)	For the fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)
Cash and deposits	571,911	500,924
Time deposits with maturities of more than three months	(12,875)	(11,467)
Cash and cash equivalents	559,036	489,456

(\*2) Major components of assets and liabilities of a company that became a new consolidated subsidiary due to the acquisition of shares

MMC Diamond Finance Corp. (hereinafter, "MDF") was formerly an equity-method associate, but was consolidated through the acquisition of additional shares. The components of assets and liabilities at the start of consolidation and the relationship between the acquisition cost of shares of MDF and (net) outflows for the acquisition of MDF in line with this consolidation are as follows.

	(Millions of yen)
Current assets	284,995
Non-current assets	11,555
Goodwill	1,843
Current liabilities	(196,700)
Non-current liabilities	(88,676)
Equity-method appraisal value prior to acquisition of control	(5,028)
Gain on step acquisitions	(1,081)
Acquisition cost of shares of MDF	6,907
Cash and cash equivalents of MDF	(239)
Difference: outflow for the acquisition of MDF	(6,668)

## *Lease transactions*

### *Lessees' accounting*

#### 1. Finance lease transactions

Finance lease transactions without ownership transfer

##### 1) Details of leased assets

Property, plant and equipment

Mainly production facilities in the automobile business ("Machinery, equipment and vehicles, net" and "tools, furniture and fixtures, net")

##### 2) Depreciation method of leased assets

As noted in "4. Accounting policies, (2) Depreciation and amortization method for significant depreciable and amortizable assets" under "Material basis of the preparation of consolidated financial statements."

#### 2. Operating lease transactions

Future minimum lease payments required under non-cancellable operating lease transactions

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Due within one year	1,360	5,221
Due after one year	5,500	32,418
Total	6,861	37,640

### *Lessors' accounting*

#### 1. Operating lease transactions

Future minimum lease payments required under non-cancellable operating lease transactions

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Due within one year	492	4,092
Due after one year	1,710	5,470
Total	2,203	9,563

## *Financial instruments*

### 1. Overview of financial instruments

#### (1) Our policy to manage financial instruments

The MMC Group's capital management policy is to limit its investments to low-risk financial products and to obtain required funds mainly through bank borrowings. We use derivative instruments to hedge interest rate, foreign currency and similar risks, and we do not enter into any speculative transactions.

#### (2) Nature and risks of financial instruments and our risk management structure

Trade receivables, which includes notes and accounts receivable – trade, are exposed to the credit risk of our customers. To manage this risk, in accordance with the MMC Group's credit control rules, each group company monitors the financial condition of its major customers, as well as managing the due dates and outstanding balances of the receivables by customer.

Trade receivables denominated in foreign currency are exposed to foreign currency risk. However, forward foreign exchange contracts are used to hedge the position after netting foreign currency denominated payables.

Some investment securities are exposed to the risk of market price fluctuation. However, such securities are composed of mainly the stocks of companies with which the MMC Group has business relationships.

Trade payables, which include notes and accounts payable – trade, and electronically recorded obligations-operating, are mostly expected to be settled within one year. While trade payables include certain payables denominated in foreign currencies, in principle these are managed by netting against foreign currency denominated receivables.

Floating rate bank borrowings are exposed to interest rate risk. For some of the borrowings, derivative transactions (interest rate swaps) may be used as hedging instruments on an individual loan contract basis to hedge the interest payable fluctuation risk. Such transactions meet the criteria of special treatment for interest rate swaps, and therefore hedge effectiveness assessment is omitted.

Certain intercompany loans are exposed to foreign currency risk, however derivative transactions may be used as hedging instruments for some of these loans.

In order to mitigate counterparty risks, the MMC Group enters into derivative transactions only with highly rated financial institutions.

Trade payables and bank borrowings are exposed to liquidity risk. However, each group company manages these risks, by preparing cash flow projections and other similar tools.

#### (3) Supplemental explanation on the fair value of financial instruments

With respect to notional amounts related to derivative transactions noted in "2. Fair value of financial instruments," the amount itself does not present the market risk related to derivative transactions.

## 2. Fair value of financial instruments

The carrying amount, fair value, and the difference between the carrying amount and the fair value of the financial instruments are as follows. Assets and liabilities for which it is deemed extremely difficult to measure the fair value are not included in the tables below. (Refer to (Note) 2.)

For the previous fiscal year (as of March 31, 2018)

(Millions of yen)

	Carrying amount	Fair value	Difference
(1) Cash and deposits	571,911	571,911	-
(2) Notes and accounts receivable - trade	176,020	176,020	-
(3) Investment securities	19,873	19,873	-
Total assets	767,805	767,805	-
(1) Notes and accounts payable - trade	426,312	426,312	-
(2) Electronically recorded obligations - operating	22,897	22,897	-
(3) Short-term loans payable	10,589	10,589	-
(4) Long-term loans payable	15,983	15,982	(1)
(5) Accounts payable - other and accrued expenses	165,963	165,963	-
Total liabilities	641,746	641,745	(1)
Derivative transactions (*)	1,058	1,058	-

(\*) Net receivables and payables, which were derived from derivative transactions, are presented in net amounts.

For the current fiscal year (as of March 31, 2019)

(Millions of yen)

	Carrying amount	Fair value	Difference
(1) Cash and deposits	500,924	500,924	-
(2) Notes and accounts receivable - trade	126,398	126,398	-
(3) Finance receivables	294,423	288,537	(5,886)
(4) Investment securities	20,252	20,252	-
Total assets	942,000	936,113	(5,886)
(1) Notes and accounts payable - trade	391,785	391,785	-
(2) Electronically recorded obligations - operating	50,311	50,311	-
(3) Short-term loans payable	44,419	44,419	-
(4) Long-term loans payable	133,500	133,574	74
(5) Accounts payable - other and accrued expenses	196,695	196,695	-
(6) Commercial papers	50,800	50,800	-
Total liabilities	867,513	867,587	74
Derivative transactions (*)	(756)	(756)	-

(\*) Net receivables and payables, which were derived from derivative transactions, are presented in net amounts.

(Note) 1. Method for measuring the fair value of financial instruments, and securities and derivative transactions

### Assets

#### (1) Cash and deposits

The carrying amounts are used as fair values as these items are settled within a short period of time and the fair values are approximately equal to the carrying amounts.

#### (2) Notes and accounts receivable - trade

The carrying amounts are used as fair values as these items are generated in the normal course of business operations and principally settled within a short period of time and the fair values are nearly equal to the carrying amounts.

### (3) Finance receivables

Finance receivables are classified by certain terms to maturity, and their fair values are determined based on the present values of the respective future cash flows discounted using appropriate rates, such as the rates of government bonds after adding credit risk premiums based on the credit risk classes.

### (4) Investment securities

The fair values of investment securities are based on their respective market values. Please refer to the notes in "Securities" with regard to the noteworthy matters provided for each type of securities, classified by holding purpose.

### Liabilities

(1) Notes and accounts payable - trade, (2) Electronically recorded obligations - operating, (3) Short-term loans payable, (5) Accounts payable - other and accrued expenses, (6) Commercial papers

The carrying amounts are used as fair values of these items as these items are settled within a short period of time and the fair values are nearly equal to such carrying amounts.

### (4) Long-term loans payable

Long-term loans payable is classified by certain terms to due date, and their fair values are determined based on the respective present values of the total amount of principal and interest discounted using the prevailing interest rates that would be applied if similar loans were newly made at the valuation date.

### Derivative transactions

Please refer to the notes in "Derivative transactions."

(Note) 2. The amounts of financial instruments recorded in the consolidated balance sheet for which it is deemed extremely difficult to measure the fair value

Classification	(Millions of yen)	
	For the fiscal year ended March 31, 2018 (As of March 31, 2018)	For the fiscal year ended March 31, 2019 (As of March 31, 2019)
Unlisted shares and shares of subsidiaries and associates	77,826	73,076

Unlisted shares and shares of subsidiaries and associates are not included in "(4) Investment securities," as it is deemed extremely difficult to measure the fair value because they are nonmarketable and future cash flows cannot be estimated.

(Note) 3. Redemption schedule after the balance sheet date for monetary receivables and securities with maturity dates

For the previous fiscal year (as of March 31, 2018)

	(Millions of yen)					
	Due within one year	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years	Due after five years
Deposits	571,723	-	-	-	-	-
Notes and accounts receivable - trade	176,020	-	-	-	-	-
Total	747,744	-	-	-	-	-



For the current fiscal year (as of March 31, 2019)

(Millions of yen)

	Due within one year	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years	Due after five years
Deposits	496,771	-	-	-	-	-
Notes and accounts receivable - trade	126,398	-	-	-	-	-
Finance receivables	95,850	58,072	45,895	37,228	30,343	27,032
Total	719,021	58,072	45,895	37,228	30,343	27,032

(Note) 4. Repayment schedule after the balance sheet date for short-term loans payable, commercial papers and long-term loans payable

For the previous fiscal year (as of March 31, 2018)

(Millions of yen)

	Due within one year	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years	Due after five years
Short-term loans payable	10,589	-	-	-	-	-
Long-term loans payable	15,893	90	-	-	-	-
Total	26,483	90	-	-	-	-

For the current fiscal year (as of March 31, 2019)

(Millions of yen)

	Due within one year	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years	Due after five years
Short-term loans payable	44,419	-	-	-	-	-
Commercial papers	50,800	-	-	-	-	-
Long-term loans payable	50,377	43,450	21,111	16,968	1,591	-
Total	145,597	43,450	21,111	16,968	1,591	-

## Securities

### 1. Available-for-sale securities

For the previous fiscal year (as of March 31, 2018)

(Millions of yen)

	Type	Carrying amount	Acquisition cost	Difference
Securities whose carrying amount exceeds their acquisition cost	Stocks	19,873	8,991	10,882
	Subtotal	19,873	8,991	10,882
Securities whose carrying amount does not exceed their acquisition cost	Stocks	-	-	-
	Subtotal	-	-	-
Total		19,873	8,991	10,882

For the current fiscal year (as of March 31, 2019)

(Millions of yen)

	Type	Carrying amount	Acquisition cost	Difference
Securities whose carrying amount exceeds their acquisition cost	Stocks	20,250	8,985	11,265
	Subtotal	20,250	8,985	11,265
Securities whose carrying amount does not exceed their acquisition cost	Stocks	1	2	(0)
	Subtotal	1	2	(0)
Total		20,252	8,987	11,264

### 2. Available-for-sale securities sold

For the previous fiscal year (from April 1, 2017 to March 31, 2018)

(Millions of yen)

Type	Sales proceeds	Total gain	Total loss
Stocks	682	328	-

For the current fiscal year (from April 1, 2018 to March 31, 2019)

(Millions of yen)

Type	Sales proceeds	Total gain	Total loss
Stocks	5	1	-

### 3. Securities for which an impairment loss was recognized

For the previous fiscal year (from April 1, 2017 to March 31, 2018)

Not applicable.

For the current fiscal year (from April 1, 2018 to March 31, 2019)

Not applicable.

*Derivative transactions*

1. Derivative transactions for which hedge accounting is not applied

(1) Currency-related transactions

For the previous fiscal year (as of March 31, 2018)

(Millions of yen)

Classification	Transaction type	Notional amounts	Of notional amounts, over one year	Fair value	Valuation gain or loss
Non-market transactions	Forward foreign exchange contracts:				
	Buy:				
	USD	8,396	-	(33)	(33)
	JPY	33,922	-	676	676
Total		-	-	643	643

(Note) The fair value is calculated based on the prices and others presented from the financial institutions with which derivatives are transacted.

For the current fiscal year (as of March 31, 2019)

(Millions of yen)

Classification	Transaction type	Notional amounts	Of notional amounts, over one year	Fair value	Valuation gain or loss
Non-market transactions	Forward foreign exchange contracts:				
	Sell:				
	JPY	4,999	-	(1)	(1)
	Buy:				
	USD	458	-	1	1
	JPY	25,933	-	(117)	(117)
	Interest rate currency swap contracts:				
	Buy:				
	JPY	7,161	-	(296)	(296)
Total		-	-	(414)	(414)

(Note) The fair value is calculated based on the prices and others presented from the financial institutions with which derivatives are transacted.

(2) Interest-related transactions

For the previous fiscal year (as of March 31, 2018)

Not applicable.

For the current fiscal year (as of March 31, 2019)

Not applicable.

## 2. Derivative transactions for which hedge accounting is applied

### (1) Currency-related transactions

For the previous fiscal year (as of March 31, 2018)

(Millions of yen)

Method of hedge accounting	Type of transactions	Major hedged items	Notional amounts	Of notional amounts, over one year	Fair value
Principle method	Forward foreign exchange contracts: Buy: USD	Future transactions denominated in foreign currency	5,015	-	148
	Interest rate currency swap contracts: Buy: USD		9,689	-	121
	JPY		5,464	-	145
Total			-	-	415

(Note) The fair value is calculated based on the prices and others presented from the financial institutions with which derivatives are transacted.

For the current fiscal year (as of March 31, 2019)

(Millions of yen)

Method of hedge accounting	Type of transactions	Major hedged items	Notional amounts	Of notional amounts, over one year	Fair value
Principle method	Interest rate currency swap contracts: Buy: USD	Future transactions denominated in foreign currency	6,098	-	(341)
Total			-	-	(341)

(Note) The fair value is calculated based on the prices and others presented from the financial institutions with which derivatives are transacted.

### (2) Interest-related transactions

For the previous fiscal year (as of March 31, 2018)

(Millions of yen)

Method of hedge accounting	Type of transactions	Major hedged items	Notional amounts	Of notional amounts, over one year	Fair value
Special treatment for interest rate swaps	Interest rate swap contracts: Pay fixed / receive floating	Borrowings	25	-	(Note)
Total			-	-	-

(Note) The fair value of interest rate swaps under the special treatment is accounted for as an integral part of borrowings that are hedged items. Thus, the fair value of the interest rate swaps is included in the fair value of the borrowings.

For the current fiscal year (as of March 31, 2019)

Not applicable.

## Retirement benefits

### 1. Outline of adopted retirement benefit plans

MMC and its consolidated subsidiaries have defined benefit corporate pension plans and lump-sum payment plans as defined benefit plans, and defined contribution pension plans as defined contribution plans. Certain employees may be entitled to additional special retirement benefits, depending on the conditions for the termination of their employment. Certain consolidated subsidiaries apply a simplified method for calculation of retirement benefits obligation.

MMC has established a retirement benefit trust for its lump-sum payment plan.

### 2. Defined benefit plan

#### (1) Adjustments between the beginning and ending balances of retirement benefits obligation

	(Millions of yen)	
	For the fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)	For the fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)
Retirement benefits obligation at beginning of period	188,915	184,857
Service cost	9,172	9,100
Interest cost	3,246	3,490
Actuarial gains and losses generated	1,198	1,377
Retirement benefits paid	(11,961)	(11,582)
Prior service cost generated	(3,371)	646
Effect of foreign currency translation	(3,504)	2,855
Increase due to dissolution of employee's pension fund	1,222	-
Changes from the effect of business combination	-	1,696
Other	(60)	(33)
Retirement benefits obligation at end of period	184,857	192,408

#### (2) Adjustments between the beginning and ending balances of plan assets

	(Millions of yen)	
	For the fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)	For the fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)
Plan assets at beginning of period	150,146	146,459
Expected return on plan assets	6,958	6,742
Actuarial gains and losses generated	(1,506)	(2,519)
Contribution from employers	1,552	1,864
Retirement benefits paid	(10,079)	(10,511)
Effect of foreign currency translation	(3,130)	2,167
Increase due to dissolution of employee's pension fund	2,590	-
Changes from the effect of business combination	-	1,881
Other	(71)	(257)
Plan assets at end of period	146,459	145,826

(3) Adjustments between the ending balances of retirement benefits obligation and plan assets and the retirement benefit liability and retirement benefit asset reported on the consolidated balance sheet

	(Millions of yen)	
	For the fiscal year ended March 31, 2018 (As of March 31, 2018)	For the fiscal year ended March 31, 2019 (As of March 31, 2019)
Retirement benefits obligation for funded plans	172,180	178,289
Plan assets	(146,459)	(145,826)
	25,721	32,462
Retirement benefits obligation for unfunded plans	12,676	14,118
Net amount of liabilities and assets reported on the consolidated balance sheet	38,397	46,581
Retirement benefit liability	42,596	51,615
Retirement benefit asset	(4,198)	(5,033)
Net amount of liabilities and assets reported on the consolidated balance sheet	38,397	46,581

(4) The amounts of components of retirement benefit expenses

	(Millions of yen)	
	For the fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)	For the fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)
Service cost	9,172	9,100
Interest cost	3,246	3,490
Expected return on plan assets	(6,958)	(6,742)
Amortization of actuarial gains and losses	2,501	2,246
Amortization of prior service cost	(1,368)	(1,440)
Other	(56)	-
Retirement benefit expenses for defined benefit plans	6,537	6,654

(\*1) In addition to the above retirement benefit expenses, the excess amount of exceptional contribution for the employee's pension fund was recorded as gain on dissolution of employee's pension fund (1,434 million yen for the previous fiscal year).

(5) Remeasurements of defined benefit plans

The components of remeasurements of defined benefit plans included in other comprehensive income (before tax effects) are as follows:

	(Millions of yen)	
	For the fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)	For the fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)
Prior service cost	(2,099)	1,021
Actuarial gains and losses	(296)	2,209
Total	(2,396)	3,232

## (6) Remeasurements of defined benefit plans

The components of remeasurements of defined benefit plans included in accumulated other comprehensive income (before tax effects) are as follows:

	(Millions of yen)	
	For the fiscal year ended March 31, 2018 (As of March 31, 2018)	For the fiscal year ended March 31, 2019 (As of March 31, 2019)
Unrecognized prior service cost	(4,528)	(3,500)
Unrecognized actuarial gains and losses	23,285	24,980
Total	18,757	21,480

## (7) Plan assets

### 1) Major components of plan assets

Ratio of each major component of plan assets is as follows:

	For the fiscal year ended March 31, 2018 (As of March 31, 2018)	For the fiscal year ended March 31, 2019 (As of March 31, 2019)
Bonds	47%	52%
Short-term funds	1	10
Stocks	44	32
Cash and deposits	2	2
Life insurance company accounts	4	3
Other	2	1
Total	100	100

### 2) Method for determining the long-term expected rate of return on plan assets

The long-term expected rate of return on plan assets is determined considering the expected profile of plan assets both currently and in the future, and the long-term rates of return which are expected currently and in the future from the various components of those plan assets.

## (8) Actuarial assumptions used

Principal actuarial assumptions

	For the fiscal year ended March 31, 2018 (As of March 31, 2018)	For the fiscal year ended March 31, 2019 (As of March 31, 2019)
Discount rate		
Domestic companies	0.0% - 0.8%	0.0% - 0.8%
Overseas companies	2.8% - 7.9%	3.0% - 8.7%
Expected rate of return		
Domestic companies	0.7% - 4.0%	0.0% - 4.0%
Overseas companies	3.9% - 7.9%	3.3% - 6.8%
Expected future salary increase		
Domestic companies	1.0% - 5.0%	1.0% - 5.0%
Overseas companies	2.5% - 8.0%	2.5% - 8.0%

### 3. Defined contribution plans

The required contribution of MMC and its consolidated subsidiaries to the defined contribution plans is 2,216 million yen for the previous fiscal year and 1,834 million yen for the current fiscal year.

## Stock options

### 1. The account and the amount of stock options charged as expenses

(Millions of yen)

	For the fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)	For the fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)
Selling, general and administrative expenses	106	249

### 2. Nature, size and status of changes of stock options

#### (1) Description of stock options

	The 1st Stock Options	The 2nd Stock Options
Category and number of persons granted	Members of the Board of MMC (excluding Outside Directors): 5 persons	Members of the Board of MMC (excluding Outside Directors): 2 persons
Class and number of stock options (Note)	Common stock: 780,331 shares	Common stock: 786,534 shares
Date of grant	July 14, 2017	July 13, 2018
Conditions for vesting	The grantee must hold a position as Member of the Board or Audit & Supervisory Board Member or equivalent position, a position as employee or advisor of MMC or its subsidiaries until the date when his or her share acquisition rights become exercisable.	The grantee must hold a position as Member of the Board or Audit & Supervisory Board Member or equivalent position, a position as employee or advisor of MMC or its subsidiaries until the date when his or her share acquisition rights become exercisable.
Service period	From July 14, 2017 to April 30, 2020	From July 13, 2018 to April 30, 2021
Exercise period	From May 1, 2020 to April 30, 2020	From May 1, 2021 to April 30, 2021

(Note) The figures are shown after converting into the number of shares to be granted.

#### (2) Size and status of changes of stock options

The number of stock options which existed as of the current fiscal year is presented by converting into the number of shares.

##### 1) Number of stock options

	The 1st Stock Options	The 2nd Stock Options
Non-vested (shares)		
March 31, 2018- Outstanding	780,331	-
Granted	-	786,534
Forfeited	-	-
Vested	-	-
Balance of non-vested	780,331	786,534
Vested (shares)		
March 31, 2018- Outstanding	-	-
Vested	-	-
Exercised	-	-
Forfeited	-	-
Balance of non-exercised	-	-



## 2) Prices

	The 1st Stock Options	The 2nd Stock Options
Exercise price (Yen)	1	1
Average share price at exercise (Yen)	-	-
Fair value price at grant date (Yen)	517.42	513.34

### 3. Method for estimating the fair value price of stock options granted

The method for estimating the fair value price of the second stock options granted in the current fiscal year is as follows.

#### 1) Valuation methodology used Black-Scholes formula

#### 2) Main basic figures and method of estimation

	The 2nd Stock Options
Share price volatility (Note) 1	40.22%
Expected remaining period (Note) 2	28 years
Expected dividend (Note) 3	17 yen per share
Risk-free interest rate (Note) 4	0.681%

(Notes) 1. Calculated based on the actual share price for 28 years (from July 1990 to July 2018).

2. As making a reasonable estimate is difficult due to no accumulation of sufficient data, MMC estimates under the assumption that it will be exercised in the middle of the exercise period.

3. Actual dividend for the fiscal year ended March 31, 2018.

4. The yield on government bonds of a maturity corresponding to the expected remaining period.

### 4. Estimation of the number of stock options vested

In principle, as it is difficult to reasonably estimate the future number of forfeitures, MMC adopts the method of only listing forfeitures that have occurred.

## Tax-effect accounting

### 1. Significant components of deferred tax assets and liabilities

	(Millions of yen)	
	For the fiscal year ended March 31, 2018 (As of March 31, 2018)	For the fiscal year ended March 31, 2019 (As of March 31, 2019)
Deferred tax assets:		
Net operating losses carried forward (Note) 2	261,036	274,644
Retirement benefit liability	31,951	32,370
Excess amount over limitation of taxable allowance for doubtful accounts	1,279	1,887
Self-disallowed accrued expenses	10,460	12,003
Accounts payable - trade (warranty work costs)	21,484	14,283
Excess amount over limitation of taxable provision for product warranties	13,288	14,373
Non-current assets (including impairment loss)	16,837	15,496
Other	26,179	25,738
Subtotal	382,519	390,799
Valuation allowance related to net operating losses carried forward (Note) 2	-	(244,084)
Valuation allowance related to total deductible temporary differences	-	(72,711)
Subtotal valuation allowance (Note) 1	(351,822)	(316,796)
Total deferred tax assets	30,697	74,003
Deferred tax liabilities:		
Valuation difference on available-for-sale securities	(3,129)	(3,211)
Appraisal value of land based on the full fair value method	(2,981)	(2,953)
Reserve for advanced depreciation of non-current assets	(173)	(164)
Accelerated depreciation of overseas subsidiaries	(116)	(145)
Retained earnings of subsidiaries, etc.	(22,607)	(25,076)
Other	(3,364)	(3,697)
Total deferred tax liabilities	(32,372)	(35,249)
Net deferred tax assets (liabilities)	(1,675)	38,753

(Notes) 1. Valuation allowance decreased by 35,026 million yen. The main component of this decrease was due to a decrease of 37,111 million yen in valuation allowance related to deductible temporary differences and net operating losses carried forward at consolidated subsidiaries overseas, Mitsubishi Motors North America Inc.

2. Net operating losses carried forward and the amount of related deferred tax assets for each carry-forward period.

For the current fiscal year (as of March 31, 2019)

(Millions of yen)

	Due within one year	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years	Due after five years	Total
Net operating losses carried forward (*1)	5,454	457	14,368	208	245	253,910	274,644
Valuation allowance	5,407	433	14,324	124	107	223,687	244,084
Deferred tax assets	47	23	43	83	137	30,223	30,559

(Notes) 1. Net operating losses carried forward are multiplied by the effective statutory tax rate.

2. Deferred tax asset 30,559 million yen are about net operating losses carried forward 274,644 million yen (are multiplied by the effective statutory tax rate). This deferred tax are mainly recognized parts of net operating losses carried forward of Mitsubishi Motors North America Inc., 50,079 million yen. MMC expects to record taxable income in the fiscal year ending March 31, 2020, and therefore has judged that part of the net operating losses carried forward will be recoverable.

## 2. The reconciliation of significant differences between the effective statutory tax rate and effective income tax rate after application of tax-effect accounting

	For the fiscal year ended March 31, 2018 (As of March 31, 2018)	For the fiscal year ended March 31, 2019 (As of March 31, 2019)
Effective statutory tax rate	30.5%	30.3%
Reconciliations:		
Share of profit of entities accounted for using equity method	(6.1)	(4.4)
Permanent differences	2.5	0.3
Difference of applicable tax rates of overseas consolidated subsidiaries, etc.	(5.0)	(6.4)
Retained earnings of subsidiaries, etc.	6.1	2.1
Change in valuation allowance	(58.2)	(38.9)
Amendments of year-end deferred tax assets due to tax rate change	33.0	-
Income taxes for prior periods	(8.4)	(0.6)
Foreign tax	1.0	3.8
Other	1.4	(0.3)
Actual effective income tax rate after application of tax-effect accounting	(3.1)	(14.1)

### *Change in presentation*

2. In the reconciliation of significant differences between the effective statutory tax rate and effective income tax rate after application of tax-effect accounting, "Foreign withholding taxes" which was included in "Other" in the fiscal year ended March 31, 2018 has been separately presented from the fiscal year ended March 31, 2019 to increase the importance of monetary amount.

Consequently, 2.4%, which was presented in "Other" was reclassified as "Foreign withholding taxes" of 1.0% and "Other" of 1.4%.

*Business combinations, etc.*

Business combination through acquisition

1. Outline of the business combination

(1) Name of the acquired company and its business

Name of the acquired company MMC Diamond Finance Corp. (hereinafter "MDF")

Description of business Financing business, etc.

(2) Primary reason for the business combination

Shares were acquired to realize the strengthening of the domestic sales network by strengthening the value chain, including the provision of attractive financing products tied to new vehicle sales, improved post-sale support following vehicle purchases, and the promotion of new vehicle purchases, as well as by developing sales policies that integrate financing.

(3) Business combination date

April 2, 2018

(4) Legal form of the business combination

Acquisition of shares in exchange for cash

(5) Name of the company after the business combination

No change.

(6) Ratio of voting rights acquired

Ratio of voting rights owned just prior to the business combination 47%

Additional ratio of voting rights acquired on date of business combination 53%

Ratio of voting rights after the acquisition 100%

2. Period during which the financial results of the acquired company are included in the consolidated statements

From April 1, 2018 to March 31, 2019

3. Acquisition cost of the acquired company and breakdown thereof by type of consideration

Consideration for acquisition	Fair value of common stock of MDF owned just before the business combination, on the date of the business combination	6,109 million yen
	Cash and deposits disbursed in the acquisition	6,907 million yen
Acquisition cost		13,017 million yen

4. Acquisition cost of the acquired company, total amount by transaction until acquisition, and differences thereof

Gain on step acquisitions 1,081 million yen

5. Amount of goodwill recognized, reason for recognition of goodwill, and method and period for amortization of goodwill

(1) Amount of goodwill recognized

1,843 million yen

From the first quarter to the third quarter of the current fiscal year, provisional accounting treatment was implemented for the confirmation and allocation of the acquisition cost, based on reasonable available information, but the confirmation and allocation of the acquisition was completed at the end of the current fiscal year.

(2) Reason for recognition of goodwill

The recognition of goodwill was mainly due to the excess earning capability expected from strengthening the domestic sales network in the development of sales policies that integrate financing.

(3) Method and period for amortization of goodwill

Amortized in even amounts over 5 years

6. Assets acquired and liabilities assumed on the business combination date and main components thereof

	(Millions of yen)
Current assets	284,995
Non-current assets	11,555
<hr/> Total assets	<hr/> 296,550
Current liabilities	196,700
Non-current liabilities	88,676
<hr/> Total liabilities	<hr/> 285,377

### *Asset retirement obligations*

Asset retirement obligations recorded in the consolidated balance sheet

#### 1. Outline of asset retirement obligations

Since MMC and the MMC Group enter into real estate lease contracts and have duties of restoration and removal of harmful substances at the termination of the lease term, MMC and the MMC Group record asset retirement obligations regarding contractual and statutory duties.

#### 2. Method of computing the amount of asset retirement obligations

The amount of asset retirement obligations is computed using the discount rate from 0.0% to 4.4%, assuming the estimated available period to be 1 year to 59 years.

#### 3. Changes in total amount of asset retirement obligations

Changes in the outstanding balance of asset retirement obligations are as follows:

	(Millions of yen)	
	For the fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)	For the fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)
Balance at beginning of period	5,145	5,241
Increase due to acquisition of property, plant and equipment	0	2,059
Adjustments associated with passage of time	98	62
Decrease due to settlement of asset retirement obligations	(21)	(35)
Other changes (decrease)	18	(2,384)
Balance at end of period	5,241	4,944

### *Investment properties*

The information on investment properties is omitted because the total amount of investment properties is immaterial.

## Segment information, etc.

[Segment information]

### 1. Overview of reportable segments

#### (1) Method of determining reportable segments

The reportable segments of the MMC 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 MMC Group is automobile business, involving design, manufacturing and sales of automobiles and component parts. In addition, as financial service business, we engage in sales finance and leasing services for the MMC Group products. Accordingly, based on the types of products and services offered, the MMC Group determined "automobile business" and "financial service business" as two reportable segments.

#### (2) Change in reportable segments

The MMC Group's reportable segments previously consisted of a single segment of "automobile business." Effective the first quarter of the current fiscal year, as a result of making MMC Diamond Finance Corp. a subsidiary by purchasing additional shares, the MMC Group changed its reportable segments to two reportable segments which are "automobile business" and "financial service business."

Furthermore, segment information for the previous fiscal year has been prepared using the method of classification after these changes.

### 2. Calculation method of the amounts of net sales, profit or loss, assets and other items by reportable segment

The accounting method for the reportable segments is the same as "Material basis of preparation of the consolidated financial statements." Intersegment sales and transfers are based on the price in the arms-lengths transaction.

### 3. The amounts of net sales, profits or losses, assets and other items by reportable segment

For the previous fiscal year (from April 1, 2017 to March 31, 2018)

	(Millions of yen)				
	Automobiles	Financial services	Total	Adjustment	Grand total (*1)
Net sales					
External customers	2,192,389	-	2,192,389	-	2,192,389
Intersegment sales	-	-	-	-	-
Total	2,192,389	-	2,192,389	-	2,192,389
Segment profit (loss)	98,201	-	98,201	-	98,201
Segment assets	1,646,240	-	1,646,240	-	1,646,240
Other items					
Depreciation (*2)	52,551	-	52,551	-	52,551
Investment in equity method associates	114,786	-	114,786	-	114,786
Increase in property, plant and equipment and intangible assets (*2)	102,807	-	102,807	-	102,807

(Notes) 1. Segment profit (loss) agrees to the amount of operating profit (loss) presented in the consolidated statement of income.

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

For the current fiscal year (from April 1, 2018 to March 31, 2019)

(Millions of yen)

	Automobiles	Financial services	Total	Adjustment (*1)	Grand total (*2)
Net sales					
External customers	2,491,241	23,353	2,514,594	-	2,514,594
Intersegment sales	4,359	732	5,092	(5,092)	-
Total	2,495,601	24,086	2,519,687	(5,092)	2,514,594
Segment profit (loss)	108,380	4,069	112,450	(635)	111,815
Segment assets	1,758,273	338,447	2,096,721	(86,411)	2,010,309
Other items					
Depreciation (*3)	59,271	2,908	62,179	-	62,179
Investment in equity method associates	109,433	-	109,433	-	109,433
Increase in property, plant and equipment and intangible assets (*3)	145,676	5,360	151,036	-	151,036

- (Notes) 1. Adjustment represents the elimination of intersegment transactions.  
 2. Segment profit (loss) agrees to the amount of operating profit (loss) presented in the consolidated statement of income.  
 3. Depreciation, increase in property, plant and equipment and intangible assets, include long-term prepaid expenses and its depreciation.

[Related information]

For the previous fiscal year (from April 1, 2017 to March 31, 2018)

1. Information by products and services

The information is omitted here, as net sales to external customers of "automobile business," single products and services, account for more than 90% of the net sales of consolidated statement of income.

2. Information by geographic region

*Supplementary information about geographic region*

Matters relating to changes in the classification of countries or regions

Same as described in "Matters relating to changes in the classification of countries or regions, *Supplementary information about geographic region*, 2. Information by geographic region, For the current fiscal year (from April 1, 2018 to March 31, 2019)."

(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
		The United States			Thailand			
349,406	352,529	279,131	444,727	586,229	190,337	240,961	218,535	2,192,389

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

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



## (2) Property, plant and equipment

(Millions of yen)

Japan	Thailand	Indonesia	Other	Total
255,374	59,376	40,592	21,738	377,082

*Supplementary information*

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	1,106,023	316,013	85,011	433,204	240,960	11,175	2,192,389	-	2,192,389
(2) Intersegment sales	667,959	8,959	4,321	472,055	39	-	1,153,335	(1,153,335)	-
Total	1,773,982	324,973	89,332	905,260	241,000	11,175	3,345,724	(1,153,335)	2,192,389
Operating profit (loss)	26,399	15,628	6,079	48,603	5,761	429	102,902	(4,700)	98,201

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

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

## 3. Information on major customers

(Millions of yen)

Customer	Net sales	Relevant segment
Mitsubishi Corporation	295,138	Automobiles

For the current fiscal year (from April 1, 2018 to March 31, 2019)

## 1. Information by products and services

The information is omitted here, as the classifications are the same as reportable segments.

## 2. Information by geographic region

*Supplementary information about geographic region*

Matters relating to changes in the classification of countries or regions

Countries and regions are classified based on "geographical proximity and interconnectedness of business activities." However, to ensure consistency with internal management, Turkey and other two countries, which had been included in "Europe," and India and other five countries, which had been included in "Asia" up to the previous fiscal year, is included in "Other" from the first quarter of the current fiscal year.

Pursuant to this change, countries and regions are indicated based on revised classifications for the current fiscal year and the previous fiscal year.

### (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
		The United States			Thailand			
428,674	387,850	271,836	514,070	663,937	210,575	221,617	298,444	2,514,594

(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, France
- (3) Asia.....Thailand, Indonesia, the Philippines, China
- (4) Oceania.....Australia, New Zealand
- (5) Other.....U.A.E., Brazil

### (2) Property, plant and equipment

(Millions of yen)

Japan	Thailand	Indonesia	Other	Total
325,072	60,296	41,860	25,288	452,517

### Supplementary information

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	1,211,792	365,004	225,744	479,491	221,617	10,945	2,514,594	-	2,514,594
(2) Intersegment sales	876,428	7,328	2,693	555,121	30	-	1,441,602	(1,441,602)	-
Total	2,088,220	372,332	228,437	1,034,612	221,647	10,945	3,956,197	(1,441,602)	2,514,594
Operating profit (loss)	20,676	14,094	9,073	62,746	5,084	398	112,074	(258)	111,815

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

### 3. Information on major customers

(Millions of yen)

Customer	Net sales	Relevant segment
Mitsubishi Corporation	319,762	Automobiles

[Information about impairment loss on non-current assets by reportable segment]

For the previous fiscal year (from April 1, 2017 to March 31, 2018)

(Millions of yen)

	Automobiles	Financial services	Total	Adjustment	Grand total
Impairment loss	2,636	-	2,636	-	2,636

For the current fiscal year (from April 1, 2018 to March 31, 2019)

(Millions of yen)

	Automobiles	Financial services	Total	Adjustment	Grand total
Impairment loss	854	-	854	-	854

[Information about amortization and unamortized balance of goodwill by reportable segment]

For the previous fiscal year (from April 1, 2017 to March 31, 2018)

Not applicable.

For the current fiscal year (from April 1, 2018 to March 31, 2019)

This information is omitted because it is immaterial.

[Information about the gain recognized on negative goodwill by reportable segment]

For the previous fiscal year (from April 1, 2017 to March 31, 2018)

Not applicable.

For the current fiscal year (from April 1, 2018 to March 31, 2019)

Not applicable.

## Information on related party transactions

### 1. Transactions with related parties

#### (1) Transactions of MMC with related parties

##### (i) Parent company and major shareholders, etc. of MMC

For the previous fiscal year (from April 1, 2017 to March 31, 2018)

Type	Name	Location	Capital (Millions of yen)	Business	Percentage of voting rights holding (held) (%)	Relation	Transactions	Amount (Millions of yen)	Account item	Year-end balance (Millions of yen)
Other related company	Mitsubishi Corporation (*2)	Chiyoda-ku, Tokyo	204,447	Wholesale trade	(Held) Direct:9.24 Indirect:10.76	Sales of products, etc. and purchase of raw materials Concurrent positions of corporate officers	Sales of products (*3)	13,387	Accounts receivable - trade	22,187

For the current fiscal year (from April 1, 2018 to March 31, 2019)

Type	Name	Location	Capital (Millions of yen)	Business	Percentage of voting rights holding (held) (%)	Relation	Transactions	Amount (Millions of yen)	Account item	Year-end balance (Millions of yen)
Other related company	Mitsubishi Corporation	Chiyoda-ku, Tokyo	204,447	Wholesale trade	(Held) Direct:9.25 Indirect:10.77	Sales of products, etc. and purchase of raw materials Concurrent positions of corporate officers	Sales of products (*3)	319,762 (*4)	Accounts receivable - trade	13,394

##### (ii) Unconsolidated subsidiaries and associates, etc. of MMC

For the previous fiscal year (from April 1, 2017 to March 31, 2018)

Not applicable.

For the current fiscal year (from April 1, 2018 to March 31, 2019)

Type	Name	Location	Capital (Millions of yen)	Business	Percentage of voting rights holding (held) (%)	Relation	Transactions	Amount (Millions of yen)	Account item	Year-end balance (Millions of yen)
Related company	JATCO Ltd	Fuji-city, Shizuoka	29,935	Development, production and sales of transmission and automobile parts	(Hold) Direct:15.04	Automobile parts purchasing	Automobile parts purchasing (*3)	86,538	Electronically recorded obligations - operating	19,313
									Notes and accounts payable - trade	4,840

(2) Transactions of consolidated subsidiaries of MMC with related parties

Parent company and major shareholders, etc. of MMC

For the previous fiscal year (from April 1, 2017 to March 31, 2018)

Not applicable.

For the current fiscal year (from April 1, 2018 to March 31, 2019)

Type	Name	Location	Capital (Millions of yen)	Business	Percentage of voting rights holding (held) (%)	Relation	Transaction s	Amount (Millions of yen)	Account item	Year-end balance (Millions of yen)
Other related company	Mitsubish i Corporati on	Chiyoda-ku, Tokyo	204,447	Wholesale trade	(Held) Direct:9.25 Indirect:10.77	Purchase of raw materials Concurrent positions of corporate officers	Purchase of raw materials	— (*5)	Notes and accounts payable - trade	23,872

(Notes) (\*1) The above amount of transactions does not include consumption taxes and year-end balance includes consumption taxes.

(\*2) Effective from March 20, 2018, MMC became an associate of Mitsubishi Corporation. Accordingly, the above amount of transaction includes transactions took place on or after March 20, 2018.

(\*3) Terms and conditions of transactions and the policies on determination thereof:  
Sales prices of products, etc. are determined after examination and negotiations considering market prices and total costs.

(\*4) The above amounts of transactions do not include transactions which are eliminated in the consolidated with consolidated subsidiaries via Mitsubishi Corporation.

(\*5) The above amounts of transactions do not include transactions which are eliminated in the consolidated with MMC via Mitsubishi Corporation.

*Per share information*

(Yen)

	For the fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)	For the fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)
Net assets per share	524.12	585.75
Basic earnings (loss) per share	72.23	89.26
Diluted earnings per share	72.20	89.18

(Note) Basis of calculation of basic earnings (loss) per share and diluted earnings per share is as follows:

	For the fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)	For the fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)
Basic earnings (loss) per share		
Profit (loss) attributable to owners of parent (Millions of yen)	107,619	132,871
Amounts not attributable to shareholders of common stock (Millions of yen)	-	-
Profit (loss) attributable to owners of parent pertaining to common stock (Millions of yen)	107,619	132,871
Average number of shares of common stock outstanding during the period (Thousands of shares)	1,490,060	1,488,627
Diluted earnings per share		
Profit attributable to owners of parent (Millions of yen)	-	-
Increase in number of shares of common stock (Thousands of shares)	557	1,343
(Of which, share acquisition rights (Thousands of shares))	(557)	(1,343)
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	-	-

*Subsequent events after reporting period*

Not applicable.

5) Consolidated supplementary schedules

*Detailed schedule of bonds payable*

Not applicable.

*Detailed schedule of borrowings*

Classification	Balance at beginning of the fiscal year ended March 31, 2019 (Millions of yen)	Balance at end of the fiscal year ended March 31, 2019 (Millions of yen)	Average interest rate (%)	Due
Short-term loans payable	10,589	44,419	2.6	-
Current portion of long-term loans payable	15,893	50,377	0.3	-
Current portion of lease obligations	504	777	1.3	-
Long-term loans payable (excluding current portion)	90	83,122	0.4	2022 to 2023
Lease obligations (excluding current portion)	639	1,499	1.8	2023 to 2031
Other interest-bearing debt				
Other (Commercial papers - current liabilities)	-	50,800	0.1	-
Other (Deposits received from employees - current liabilities)	3,645	3,587	0.5	-
Other (Deposits received - current liabilities)	2,419	3,283	0.1	-
Other (Guarantee deposits received - non-current liabilities)	2,374	2,282	0.0	-
<b>Total</b>	<b>36,156</b>	<b>240,151</b>	<b>-</b>	<b>-</b>

(Notes) 1. The average interest rate represents the weighted-average rate applicable to the year-end balance of loans payable.

2. The following table shows the payment schedule of long-term loans payable and lease obligations (excluding the current portion) within five years after the consolidated balance sheet date.

(Millions of yen)

	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years
Long-term loans payable	43,450	21,111	16,968	1,591
Lease obligations	478	384	394	6

*Detailed schedule of asset retirement obligations*

In accordance with Article 92-2 of the Regulation on Consolidated Financial Statements, the schedule of asset retirement obligations is omitted because the amounts of asset retirement obligations at the beginning and the end of the current fiscal year were one percent or less of the total amount of liabilities and net assets at the beginning and the end of the current fiscal year.

(2) Other

Quarterly financial information and others for the current fiscal year

(Cumulative period)	First quarter (Three months ended June 30, 2018)	Second quarter (Six months ended September 30, 2018)	Third quarter (Nine months ended December 31, 2018)	Full year (Fiscal year ended March 31, 2019)
Net sales (Millions of yen)	560,045	1,169,328	1,794,082	2,514,594
Profit (loss) before income taxes (Millions of yen)	34,049	67,054	90,331	118,352
Profit (loss) attributable to owners of parent (Millions of yen)	28,186	51,857	69,164	132,871
Basic earnings (loss) per share (Yen)	18.92	34.83	46.46	89.26

(Accounting period)	First quarter (from April 1, 2018 to June 30, 2018)	Second quarter (from July 1, 2018 to September 30, 2018)	Third quarter (from October 1, 2018 to December 31, 2018)	Fourth quarter (from January 1, 2019 to March 31, 2019)
Basic earnings (loss) per share (Yen)	18.92	15.91	11.63	42.80



## 2. Non-consolidated financial statements

### (1) Non-consolidated financial statements

#### (a) Non-consolidated balance sheet

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
<b>Assets</b>		
Current assets		
Cash and deposits	268,731	153,918
Accounts receivable - trade	(*2) 192,944	(*2) 178,025
Finished goods	31,330	36,281
Work in process	18,909	17,312
Raw materials and supplies	14,879	16,273
Prepaid expenses	1,140	2,308
Short-term loans receivable	(*2) 21,668	(*2) 79,583
Accounts receivable - other	(*1), (*2) 63,898	(*1), (*2) 62,796
Other	(*2) 12,140	(*2) 13,187
Allowance for doubtful accounts	(832)	(1,155)
<b>Total current assets</b>	<b>624,812</b>	<b>558,532</b>
Non-current assets		
Property, plant and equipment		
Buildings	(*4) 37,267	(*4) 54,029
Structures	(*4) 6,663	(*4) 7,085
Machinery and equipment	(*4) 41,541	(*4) 51,606
Vehicles	(*4) 1,477	(*4) 1,784
Tools, furniture and fixtures	(*4) 32,470	(*4) 39,711
Land	47,255	70,109
Construction in progress	22,297	26,001
<b>Total property, plant and equipment</b>	<b>188,975</b>	<b>250,330</b>
Intangible assets		
Intangible assets	25,275	34,424
<b>Total intangible assets</b>	<b>25,275</b>	<b>34,424</b>
Investments and other assets		
Investment securities	(*1) 24,136	(*1) 24,376
Shares of subsidiaries and associates	172,509	189,205
Long-term loans receivable	(*2) 2,311	(*2) 7,532
Investments in capital of subsidiaries and associates	16,393	16,393
Guarantee deposits	7,212	(*2) 5,926
Long-term prepaid expenses	6,116	14,853
Deferred tax assets	12,742	8,238
Other	5,029	5,790
Allowance for doubtful accounts	(1,180)	(1,186)
<b>Total investments and other assets</b>	<b>245,273</b>	<b>271,131</b>
<b>Total non-current assets</b>	<b>459,524</b>	<b>555,886</b>
<b>Total assets</b>	<b>1,084,336</b>	<b>1,114,419</b>

(Millions of yen)

	As of March 31, 2018		As of March 31, 2019	
<b>Liabilities</b>				
Current liabilities				
Electronically recorded obligations - operating		22,897	(*)	49,408
Accounts payable - trade	(*)	315,149	(*)	284,694
Lease obligations		400		665
Accounts payable - other	(*)	82,419	(*)	91,788
Income taxes payable	(*)	1,804	(*)	1,078
Accrued expenses	(*)	8,166	(*)	7,408
Deposits received	(*)	12,623	(*)	13,466
Provision for product warranties		21,530		25,732
Provision for loss on fuel consumption test		15,478		3,758
Other		14,045		15,502
Total current liabilities		494,516		493,502
Non-current liabilities				
Lease obligations		380		1,121
Guarantee deposits received	(*)	1,674	(*)	1,643
Provision for retirement benefits		5,650		9,503
Long-term accounts payable - other		98	(*)	4,475
Asset retirement obligations		3,767		3,368
Other		7,258		5,936
Total non-current liabilities		18,829		26,048
Total liabilities		513,345		519,551
<b>Net assets</b>				
Shareholders' equity				
Capital stock		284,382		284,382
Capital surplus				
Legal capital surplus		118,680		118,680
Other capital surplus		85,257		85,257
Total capital surplus		203,938		203,938
Retained earnings				
Legal retained earnings		5,605		5,605
Other retained earnings				
Retained earnings brought forward		70,065		95,032
Total retained earnings		75,671		100,638
Treasury shares		(220)		(1,728)
Total shareholders' equity		563,771		587,231
Valuation and translation adjustments				
Valuation difference on available-for-sale securities		7,112		7,280
Total valuation and translation adjustments		7,112		7,280
Share acquisition rights		106		356
Total net assets		570,991		594,867
Total liabilities and net assets		1,084,336		1,114,419

## (b) Non-consolidated statement of income

(Millions of yen)

	For the fiscal year ended March 31, 2018		For the fiscal year ended March 31, 2019	
Net sales	(*)	1,721,054	(*)	1,999,428
Cost of sales	(*)	1,489,644	(*)	1,761,140
Gross profit		231,409		238,288
Selling, general and administrative expenses				
Advertising and promotion expenses		42,817		44,743
Haulage expenses		37,723		47,617
Provision of allowance for doubtful accounts		49		(60)
Remuneration, salaries and allowances for directors (and other officers)		31,666		30,697
Provision for retirement benefits		1,095		1,306
Depreciation		7,884		8,961
Research and development expenses		56,066		65,797
Other		34,311		28,588
Total selling, general and administrative expenses		211,616		227,651
Operating profit (loss)		19,793		10,636
Non-operating income				
Interest and dividend income	(*)	18,581	(*)	65,164
Other		302		2,318
Total non-operating income		18,884		67,483
Non-operating expenses				
Interest expenses	(*)	152	(*)	86
Foreign exchange losses		12,462		6,883
Other		2,757		6,837
Total non-operating expenses		15,372		13,807
Ordinary profit (loss)		23,306		64,312
Extraordinary income				
Gain on sales of non-current assets	(*)	138	(*)	107
Reversal of provision for fuel consumption test		-	(*) , (*3)	2,922
Reversal of allowance for doubtful accounts		12,807		-
Gain on sales of investment securities		307		-
Other		-		12
Total extraordinary income		13,254		3,042
Extraordinary losses				
Loss on retirement of non-current assets		1,842		2,103
Loss on disaster		-		2,049
Loss on fuel consumption test	(*) , (*2)	2,297		-
Other		1,979	(*)	544
Total extraordinary losses		6,119		4,697
Profit (loss) before income taxes		30,441		62,658
Income taxes - current		(1,099)		3,472
Income taxes - deferred		(12,760)		4,435
Total income taxes		(13,860)		7,907
Profit (loss)		44,301		54,750

## (c) Non-consolidated statement of changes in net assets

(Millions of yen)

For the fiscal year ended March 31, 2018	Shareholders' equity								
	Capital stock	Capital surplus			Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings		
Balance at beginning of current period	284,382	118,680	85,257	203,938	6,097	38,787	44,885	(220)	532,985
Cumulative effects of changes in accounting policies						4,365	4,365		4,365
Restated balance	284,382	118,680	85,257	203,938	6,097	43,153	49,250	(220)	537,351
Changes of items during period									
Dividends of surplus					(491)	(17,389)	(17,880)		(17,880)
Profit (loss)						44,301	44,301		44,301
Purchase of treasury shares								(0)	(0)
Net changes of items other than shareholders' equity									
Total changes of items during period	-	-	-	-	(491)	26,912	26,420	(0)	26,420
Balance at end of current period	284,382	118,680	85,257	203,938	5,605	70,065	75,671	(220)	563,771

For the fiscal year ended March 31, 2018	Valuation and translation adjustments		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of current period	7,442	7,442	-	540,427
Cumulative effects of changes in accounting policies				4,365
Restated balance	7,442	7,442	-	544,793
Changes of items during period				
Dividends of surplus				(17,880)
Profit (loss)				44,301
Purchase of treasury shares				(0)
Net changes of items other than shareholders' equity	(329)	(329)	106	(222)
Total changes of items during period	(329)	(329)	106	26,198
Balance at end of current period	7,112	7,112	106	570,991

(Millions of yen)

For the fiscal year ended March 31, 2019	Shareholders' equity								
	Capital stock	Capital surplus			Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings		
Balance at beginning of current period	284,382	118,680	85,257	203,938	5,605	70,065	75,671	(220)	563,771
Cumulative effects of changes in accounting policies							-		-
Restated balance	284,382	118,680	85,257	203,938	5,605	70,065	75,671	(220)	563,771
Changes of items during period									
Dividends of surplus						(29,783)	(29,783)		(29,783)
Profit (loss)						54,750	54,750		54,750
Purchase of treasury shares								(1,507)	(1,507)
Net changes of items other than shareholders' equity									
Total changes of items during period	-	-	-	-	-	24,967	24,967	(1,507)	23,459
Balance at end of current period	284,382	118,680	85,257	203,938	5,605	95,032	100,638	(1,728)	587,231

For the fiscal year ended March 31, 2019	Valuation and translation adjustments		Share acquisition on rights	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of current period	7,112	7,112	106	570,991
Cumulative effects of changes in accounting policies				-
Restated balance	7,112	7,112	106	570,991
Changes of items during period				
Dividends of surplus				(29,783)
Profit (loss)				54,750
Purchase of treasury shares				(1,507)
Net changes of items other than shareholders' equity	167	167	249	416
Total changes of items during period	167	167	249	23,875
Balance at end of current period	7,280	7,280	356	594,867

## Notes

### *Significant accounting policy*

#### 1. Valuation bases and methods of assets

##### (1) Valuation bases and methods of securities

Subsidiaries and associates' stocks:

Stated at cost determined by the moving average method.

Available-for-sale securities:

Available-for-sale securities with a readily determinable market value:

Stated at fair value based on the market price on the balance sheet date and the cost of securities sold is computed based on the moving average method. The difference between the acquisition cost and the carrying value of available-for-sale securities, including unrealized gains and losses, is recognized in valuation difference on available-for-sale securities in the accompanying non-consolidated balance sheet.

Available-for-sale securities without a readily determinable market value:

Stated at cost determined by the moving average method.

##### (2) Valuation bases and methods of derivative financial instruments

Market price method

##### (3) Valuation bases and methods of inventories

Finished goods and work in process

Principally stated at cost determined by the first in first out method (the balance sheet carrying value is reduced to recognize any deterioration of recoverability)

Raw materials and supplies

Stated at cost determined by the gross average method (the balance sheet carrying value is reduced to recognize any deterioration of recoverability)

#### 2. Depreciation and amortization method for non-current assets

##### (1) Property, plant and equipment (excluding leased assets)

Depreciation of property, plant and equipment is calculated using the declining balance method (however, the straight line method is applied to buildings (excluding building improvements) acquired on or after April 1, 1998). The useful lives of the assets are based on the estimated lives of assets for MMC. The main useful lives of assets are as follows.

Buildings and structures	3 to 60 years
Machinery and equipment, and vehicles	3 to 17 years
Tools, furniture and fixtures	2 to 20 years

##### *Low value depreciable assets*

Assets for which the acquisition cost is equal to or more than 100,000 yen and less than 200,000 yen are depreciated in even amounts over three years pursuant to the provisions of the Corporation Tax Act.

##### (2) Intangible assets (excluding leased assets)

Intangible assets are amortized using the straight line method. Software intended for use by MMC is amortized using the straight line method over the period for which each asset is available for use (five years).

### (3) Leased assets

Assets recognized under finance leases that do not involve transfer of ownership to the lessee are depreciated using the straight line method based on the contract term of the lease agreement. If a guaranteed residual value is determined in the lease agreement, the said guaranteed residual value is deemed as the residual value of such leased assets. If the residual value is not determined, it is deemed to be zero.

### (4) Long-term prepaid expenses

Long-term prepaid expenses are amortized using the straight line method over a fixed period.

## 3. Allowances and provisions

### (1) Allowance for doubtful accounts

To prepare for losses from bad debts for trade receivables, loans, etc., allowance for doubtful accounts is provided based on the historical default rate for ordinary receivables, and taking into account individual collectability for specific receivables such as doubtful receivables. An estimate of the amount of specific uncollectible accounts is calculated.

### (2) Provision for product warranties

The provision for product warranties is calculated after taking into account, according to the warranty agreements, future warranty forecasts based on past results in order to provide for the products' after-service costs.

### (3) Provision for loss on fuel consumption test

To provide for losses relating to fuel consumption test, provision is calculated to the extent that can be reasonably projected and estimated at the end of the current fiscal year.

### (4) Provision for retirement benefits

To prepare for the payment of retirement benefits to employees, provision for retirement benefits for employees are calculated based on the retirement benefits obligation estimated at the end of the current fiscal year.

Prior service cost is being amortized using the straight line method over a fixed number of years (ten years) within the estimated average remaining service years of the employees at the time of incurrence.

Actuarial gains and losses are being amortized using the straight line method over a fixed number of years (ten years) within the estimated average remaining service years of the employees commencing from the following fiscal year after incurrence.

When calculating retirement benefits obligation, the benefit calculation formula standard was used for attributing the expected retirement benefits to the period until the current fiscal year.

## 4. Hedge accounting

Forward foreign exchange contracts:

Deferral hedge accounting (those with forecast transactions)

5. Accounting for consumption taxes

Consumption tax is accounted for by tax-exclusion method.

6. Application of consolidated taxation system

The consolidated taxation system is applied.

*Changes in accounting policies*

(Adoption of "Implementation Guidance on Accounting Standard for Tax Effect Accounting")

MMC has adopted the "Implementation Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018) effective from the current fiscal year and changed the treatment of taxable temporary differences pertaining to shares of subsidiaries and associates. This change in accounting policies has been retrospectively applied, and financial statements for the previous fiscal year are thus presented after retrospective application.

As a result, compared with amounts prior to this retrospective application, deferred tax liabilities decreased by 4,365 million yen and retained earnings brought forward increased by 4,365 million yen on the non-consolidated balance sheet for the previous fiscal year.

As a result of the reflection of the cumulative effect of the change in accounting policies on net assets at the beginning of the previous fiscal year, balance of retained earnings brought forward at the beginning of the fiscal year after reflecting the retrospective application increased by 4,365 million yen on the non-consolidated statement of changes in net assets.

Furthermore, compared with the amount prior to the retrospective application, net assets per share for the previous fiscal year increased by 2.93 yen.



*Change in presentation*

(Changes accompanying the adoption of "Partial Amendments to Accounting Standard for Tax Effect Accounting")

MMC has adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) effective from the beginning of the current fiscal year. Accordingly, deferred tax assets were presented under "investments and other assets" and deferred tax liabilities were presented under "non-current liabilities."

As a result, on the non-consolidate balance sheet for the previous fiscal year, "deferred tax assets" of 16,718 million yen in "current assets" have been included in "deferred tax assets" of 12,742 million yen in "investments and other assets" by offset of "deferred tax assets" of 3,975 million yen in "current assets" and "deferred tax liabilities" of 3,975 million yen in "non-current liabilities."

In addition, the content indicated in (Note 8) (1) (excluding total valuation allowance) of the explanatory notes to "Accounting Standard for Tax Effect Accounting" has been added to notes in "tax-effect accounting," as provided for in Paragraph 4 of the "Partial Amendments to Accounting Standard for Tax Effect Accounting." Of this content, however, content pertaining to the previous fiscal year is not provided, in accordance with the transitional treatment provided for in Paragraph 7 of the "Partial Amendments to Accounting Standard for Tax Effect Accounting."

*Non-consolidated balance sheet*

(\*1) Assets pledged as collateral and liabilities secured by the collateral are as follows:

Assets pledged as collateral

	(Millions of yen)	
	For the fiscal year ended March 31, 2018 (As of March 31, 2018)	For the fiscal year ended March 31, 2019 (As of March 31, 2019)
Accounts receivable - other (Note 1)	1,268	1,156
Investment securities (Note 2)	46	46
<b>Total</b>	<b>1,314</b>	<b>1,202</b>

(Note 1) Accounts receivable - other was pledged based on a liability in a term lease contract relating to a building with Murata Medical Services, Ltd.

(Note 2) MMC provided collateral for the borrowings of Mizushima Eco-works Co., Ltd.

MMC has no obligations for such collateral.

(\*2) Monetary receivables from and payables to subsidiaries and associates (except for those separately disclosed)

	(Millions of yen)	
	For the fiscal year ended March 31, 2018 (As of March 31, 2018)	For the fiscal year ended March 31, 2019 (As of March 31, 2019)
Short-term monetary receivables	156,784	251,570
Long-term monetary receivables	2,011	7,028
Short-term monetary payables	96,392	136,894
Long-term monetary payables	432	579

3. Guarantee obligation

(1) Guarantee obligation

		(Millions of yen)	
For the fiscal year ended March 31, 2018 (As of March 31, 2018)		For the fiscal year ended March 31, 2019 (As of March 31, 2019)	
Guaranteed	Guaranteed amount	Guaranteed	Guaranteed amount
PT.Mitsubishi Motors Krama Yudha Sales Indonesia	7,396	PT.Mitsubishi Motors Krama Yudha Sales Indonesia	6,696
MMD Automobile GmbH	-	MMD Automobile GmbH	3,469
M Motors Automobiles France S.A.S.	-	M Motors Automobiles France S.A.S.	2,202
MM Automobile Schweiz AG	-	MM Automobile Schweiz AG	1,066
PCMA Rus, LLC	1,334	PCMA Rus, LLC	252
Employees	461	Employees	376
<b>Total</b>	<b>9,192</b>	<b>Total</b>	<b>14,063</b>

(2) Retroactive obligation following liquidation of accounts receivable - trade

(Millions of yen)	
For the fiscal year ended March 31, 2018 (As of March 31, 2018)	For the fiscal year ended March 31, 2019 (As of March 31, 2019)
441	2,147

(\*4) Accumulated depreciation of property, plant and equipment is as follows:

(Millions of yen)		
	For the fiscal year ended March 31, 2018 (As of March 31, 2018)	For the fiscal year ended March 31, 2019 (As of March 31, 2019)
Accumulated depreciation of property, plant and equipment	590,963	583,333

### *Non-consolidated statement of income*

(\*1) Transactions with subsidiaries and associates are as follows:

	(Millions of yen)	
	For the fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)	For the fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)
Operating transactions:		
Sales	935,177	1,536,497
Purchase	606,831	709,264
Non-operating transactions	22,548	65,477

(\*2) Loss on fuel consumption test

For the previous fiscal year (from April 1, 2017 to March 31, 2018)

Regarding payments to customers and Nissan Motor Co., Ltd. relating to fuel consumption test, a review was performed following changes in conditions.

(\*3) Reversal of provision for loss on fuel consumption test

For the current fiscal year (from April 1, 2018 to March 31, 2019)

Regarding payments to customers and Nissan Motor Co., Ltd. relating to fuel consumption test, a review was performed following changes in conditions.

### *Securities*

Stocks of subsidiaries and associates (amounts on the non-consolidated balance sheet for the current fiscal year are 167,856 million yen in stocks of subsidiaries and 21,349 million yen in stocks of associates and amounts for the previous fiscal year are 152,539 million yen in stocks of subsidiaries and 19,970 million yen in stocks of associates) do not have market values, and as it has been deemed extremely difficult to measure their fair values, these have been omitted.

## Tax-effect accounting

### 1. Significant components of deferred tax assets and liabilities

	(Millions of yen)	
	For the fiscal year ended March 31, 2018 (As of March 31, 2018)	For the fiscal year ended March 31, 2019 (As of March 31, 2019)
Deferred tax assets:		
Net operating losses carried forward	212,900	224,265
Excess amount over limitation of taxable allowance for doubtful accounts	609	708
Excess amount over limitation of taxable provision for retirement benefits	22,428	21,707
Denial of loss on valuation of subsidiaries and associates' stocks	111,196	111,086
Accounts payable - trade (warranty construction cost)	21,484	14,283
Provision for product warranties	6,523	7,791
Provision for loss on fuel consumption test	4,646	1,138
Other	32,314	28,234
Subtotal	412,104	409,216
Valuation allowance related to net operating losses carried forward	-	(224,265)
Valuation allowance related to total deductible temporary differences	-	(172,230)
Subtotal valuation allowance	(395,385)	(396,495)
Total deferred tax assets	16,718	12,721
Deferred tax liabilities:		
Valuation difference on available-for-sale securities	(3,092)	(3,161)
Other	(883)	(1,321)
Total deferred tax liabilities	(3,975)	(4,482)
Net deferred tax assets	12,742	8,238

### 2. The reconciliation of significant differences between the effective statutory tax rate and effective income tax rate after application of tax-effect accounting

	For the fiscal year ended March 31, 2018 (As of March 31, 2018)	For the fiscal year ended March 31, 2019 (As of March 31, 2019)
Effective statutory tax rate	30.5%	30.3%
Reconciliations:		
Non-deductible items (entertainment expenses, etc.)	7.7	0.2
Non-taxable items (dividends income)	(15.3)	(28.8)
Foreign withholding taxes	3.2	7.2
Foreign tax	-	2.1
Change in valuation allowance	(67.9)	2.1
Other	(3.7)	(0.4)
Actual effective income tax rate after application of tax-effect accounting	(45.5)	12.6

*Change in presentation*

In 2. The reconciliation of significant differences between the effective statutory tax rate and effective income tax rate after application of tax-effect accounting, "tax credits" were presented separately in the previous fiscal year, but they have been included in "other" from the current fiscal year since the significance of the amount has decreased.

As a result, the difference of (3.1)% presented under "tax credits" in the previous fiscal year has been restated as "other."

*Subsequent events after reporting period*

Not applicable.

#### 4) Non-consolidated supplementary schedules

##### *Detailed schedule of non-current assets*

(Millions of yen)

Type of assets		Balance at beginning of current period	Increase in current period	Decrease in current period	Balance at end of current period	Accumulated depreciation or amortization at end of current period	Depreciation or amortization for current period	Carrying amount at end of current period
Property, plant and equipment	Buildings	140,134	(*1) 21,016	2,878	158,272	104,242	3,490	54,029
	Structures	36,750	1,332	795	37,286	30,201	781	7,085
	Machinery and equipment	357,875	(*2) 19,616	(*6) 10,983 (322)	366,509	314,902	8,938	51,606
	Vehicles	5,753	1,087	582 (0)	6,259	4,474	561	1,784
	Tools, furniture and fixtures	169,870	(*3) 21,673	(*7) 22,319 (41)	169,224	129,513	14,097	39,711
	Land	47,255	(*4) 22,873	19	70,109	-	-	70,109
	Construction in progress	22,297	(*5) 54,053	50,349	26,001	-	-	26,001
Total property, plant and equipment		779,938	141,653	87,928 (363)	833,663	583,333	27,869	250,330
Intangible assets	Patent right	899	0	6	892	162	111	730
	Software	29,137	7,359	4,635	31,860	14,113	5,309	17,747
	Other	8,801	14,630	7,397 (1)	16,033	85	39	15,947
Total intangible assets		38,837	21,989	12,040 (1)	48,786	14,362	5,459	34,424

(Notes) 1. The figures in parentheses in the "Decrease in current period" column represent the amounts of impairment loss included.

2. Major changes during the current fiscal year are as follows:

(\*1) Major increases in buildings

Passenger car production facilities 1,450 million yen  
 Minicar production facilities 56 million yen  
 Engine production facilities 1,229 million yen  
 Research and development facilities 1,063 million yen  
 Okazaki Research and Development Building 8,808 million yen  
 New head office building 3,838 million yen

(\*2) Major increases in machinery and equipment

Passenger car production facilities 1,710 million yen  
 Minicar production facilities 3,167 million yen  
 Engine production facilities 6,445 million yen  
 Research and development facilities 7,672 million yen

(\*3) Major increases in tools, furniture and fixtures

Passenger car production facilities 11,525 million yen  
 Minicar production facilities 2,074 million yen  
 Engine production facilities 1,033 million yen  
 Research and development facilities 2,775 million yen  
 Leased office equipment 1,255 million yen

(\*4) Major increases in land

Mizushima Motor Pool 5,722 million yen  
 Gamagori Motor Pool 5,610 million yen  
 Mizushima Parking Facility and Parts Center 4,666 million yen

- Nagoya Parts Center 4,327 million yen
- (\*5) Major increases in construction in progress  
 Passenger car production facilities 7,905 million yen  
 Minicar production facilities 8,829 million yen  
 Engine production facilities 15,229 million yen  
 Research and development facilities 20,324 million yen
- (\*6) Major decreases in machinery and equipment  
 Passenger car production facilities 1,312 million yen  
 Minicar production facilities 2,597 million yen  
 Engine production facilities 5,338 million yen  
 Research and development facilities 1,407 million yen
- (\*7) Major decreases in tools, furniture and fixtures  
 Passenger car production facilities 10,494 million yen  
 Minicar production facilities 7,488 million yen  
 Engine production facilities 1,691 million yen  
 Research and development facilities 1,384 million yen

*Detailed schedule of allowances and provisions*

(Millions of yen)

Account	Balance at beginning of current period	Increase in current period	Decrease in current period	Balance at end of current period
Allowance for doubtful accounts	2,012	385	56	2,341
Provision for product warranties	21,530	11,959	7,757	25,732
Provision for loss on fuel consumption test	15,478	158	11,878	3,758

(2) Details of major assets and liabilities

This information is omitted because MMC prepares consolidated financial statements.

(3) Other

1) Information after the balance sheet date

There are no noteworthy matters to report.

2) Significant lawsuits, etc.

There are no noteworthy matters to report.



## VI. Overview of Operational Procedures for Shares

Fiscal year	From April 1 to March 31 of the following year
Ordinary General Meeting of Shareholders	June of each year
Record date	March 31
Record dates for dividends of surplus	September 30 and March 31
Number of shares per unit	100 shares
Purchases of shares less than one unit	
Address where handling office	(Special account) 1-4-5, Marunouchi, Chiyoda-ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation, Corporate Agency Division
Administrator of shareholders register administrator	(Special account) 1-4-5, Marunouchi, Chiyoda-ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation
Forwarding office	-
Charges for purchases	Amount specifically determined as brokerage fees for the purchase and sale of shares
A method of public notice	Public notices are published electronically. In case the method of electronic public notice is not available due to any troubles or unavoidable circumstances, such a notice will be given by Nihon Keizai Shimbun published in Tokyo.  [MMC's Website Address for Public Notices] ( <a href="https://www.mitsubishi-motors.com/jp/investors/stockinfo/koukoku.html">https://www.mitsubishi-motors.com/jp/investors/stockinfo/koukoku.html</a> )
Special benefits to shareholders	Not applicable

(Note) According to the MMC's Articles of Incorporation, the MMC's shareholders of shares less than one unit shall not be entitled to exercise the rights of shareholders in connection with such shares less than one unit other than those rights listed below:

- (1) The rights stipulated in each item of Article 189, paragraph 2 of the Companies Act
- (2) The rights to request an acquisition of shares with put option
- (3) The rights to receive an allotment of offered shares or offered share acquisition rights

## **VII. Reference Information of Reporting Company**

### 1. Information about parent company, etc. of reporting company

MMC has no parent company, etc. as prescribed in Article 24-7, paragraph 1 of the Financial Instruments and Exchange Act.

### 2. Other reference information

MMC filed the following documents between the beginning of the current fiscal year and the date when this Annual Securities Report was filed.

#### (1) Annual Securities Report and Accompanying Documents and Confirmation Letter

Fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

Submitted to the Director-General of the Kanto Local Finance Bureau on June 22, 2018

#### (2) Internal Control Report and Accompanying Documents

Submitted to the Director-General of the Kanto Local Finance Bureau on June 22, 2018

#### (3) Quarterly Securities Reports and Confirmation Letter

First Quarter of FY2018 (from April 1, 2018 to June 30, 2018)

Submitted to the Director-General of the Kanto Local Finance Bureau on August 3, 2018

Second Quarter of FY2018 (from July 1, 2018 to September 30, 2018)

Submitted to the Director-General of the Kanto Local Finance Bureau on November 9, 2018

Third Quarter of FY2018 (from October 1, 2018 to December 31, 2018)

Submitted to the Director-General of the Kanto Local Finance Bureau on February 8, 2019

#### (4) Extraordinary Report

Submitted to the Director-General of the Kanto Local Finance Bureau on June 26, 2018

The Extraordinary Report according to the provision of Article 24-5, paragraph 4 of the Financial Instruments and Exchange Act and Article 19, paragraph 2, item 9-2 (results of exercise of voting rights at the general meetings of shareholders) of the Cabinet Office Order on Disclosure of Corporate Affairs.

Submitted to the Director-General of the Kanto Local Finance Bureau on November 27, 2018

The Extraordinary Report according to the provision of Article 24-5, paragraph 4 of the Financial Instruments and Exchange Act and Article 19, paragraph 2, item 9 (changes of the representative directors) of the Cabinet Office Order on Disclosure of Corporate Affairs.

#### (5) Report on Purchase of Treasury Stock

Reporting period (from June 1, 2018 to June 30, 2018)

Submitted to the Director-General of the Kanto Local Finance Bureau on July 10, 2018

**B. Information on Guarantors for the Company**

Not applicable.

**Independent Auditors' Audit Report and Internal Control Audit Report**  
(English Translation)

June 21, 2019

The Board of Directors

MITSUBISHI MOTORS CORPORATION

Ernst & Young ShinNihon LLC

Yoji Murohashi  
Designated and Engagement Partner  
Certified Public Accountant

Tomohiro Mizuno  
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

<Financial statements audit>

We have audited, pursuant to the provisions of Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act of Japan, the consolidated financial statements included in "Financial Information," which consist of the consolidated balance sheet, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in net assets, consolidated statement of cash flows, material basis of the preparation of consolidated financial statements and other notes, and consolidated supplementary schedules of MITSUBISHI MOTORS CORPORATION (hereinafter referred to as the "Company") for the fiscal year ended March 31, 2019 (April 1, 2018 through March 31, 2019).

*Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles for 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements independently based on our audit. We conducted our audit in accordance with the auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for

our audit opinion.

*Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its consolidated subsidiaries as of March 31, 2019, and their consolidated financial performance and cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in Japan.

<Internal control audit>

We also have audited, pursuant to the provisions of Article 193-2, paragraph 2 of the Financial Instruments and Exchange Act of Japan, the internal control report as of March 31, 2019 of the Company.

*Management's Responsibility for the Internal Control Report*

Management is responsible for designing and operating internal control over financial reporting, and for the preparation and fair presentation of the internal control report in accordance with standards for assessment of internal control over financial reporting generally accepted in Japan.

Internal control over financial reporting may not prevent or detect misstatements.

*Auditor's Responsibility*

Our responsibility is to express an opinion on the internal control report independently based on our internal control audit. We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the internal control report is free from material misstatement.

An internal control audit involves performing procedures to obtain audit evidence about the result of the assessment on internal control over financial reporting in the internal control report. The procedures selected depend on the auditor's judgment, including the materiality of effect on the reliability of financial reporting. An internal control audit also includes evaluating the overall presentation of the internal control report, including disclosures on scope, procedures and conclusions of management's assessment of internal control over financial reporting.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the internal control report referred to above, which represents that the internal control over financial reporting of the Company as of March 31, 2019 is effective, presents fairly, in all material respects, the result of management's assessment on internal control over financial reporting in conformity with standards for assessment of internal control over financial reporting generally accepted in Japan.

*Conflict of Interest*

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

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(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 Auditors' Audit Report and Internal Control Audit Report. The original report is kept separately by the Company (the filing company of the Annual Securities Report).
3. XBRL data is not included in the scope of audit.

**Independent Auditors' Audit Report**  
(English Translation)

June 21, 2019

The Board of Directors

MITSUBISHI MOTORS CORPORATION

Ernst & Young ShinNihon LLC

Yoji Murohashi  
Designated and Engagement Partner  
Certified Public Accountant

Tomohiro Mizuno  
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

We have audited, pursuant to the provisions of Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act of Japan, the non-consolidated financial statements included in "Financial Information," which consist of the non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets, significant accounting policy and other notes, and non-consolidated supplementary schedules of MITSUBISHI MOTORS CORPORATION (hereinafter referred to as the "Company") for the fiscal year ended March 31, 2019 (April 1, 2018 through March 31, 2019).

*Management's Responsibility for the Non-consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with accounting principles for non-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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these non-consolidated financial statements independently based on our audit. We conducted our audit in accordance with the auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error. The purpose of an audit of the non-consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the non-consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material respects, the non-consolidated financial position of the Company as of March 31, 2019, and its financial performance for the fiscal year then ended in conformity with accounting principles generally accepted in Japan.

*Conflict of Interest*

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

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(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 Auditors' Audit Report. The original report is kept separately by the Company (the filing company of the Annual Securities Report).

3. XBRL data is not included in the scope of audit.



## **[Cover page]**

Document title: Internal Control Report (*"Naibutousei-Houkokusho"*)

Clause of stipulation: Article 24-4-4, paragraph 1 of the Financial Instruments and Exchange Act

Place of filing: Director-General of the Kanto Local Finance Bureau

Filing date: June 21, 2019

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

Title and name of representative: Takao Kato, Representative Executive Officer and 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. Basic framework of internal control over financial reporting

Takao Kato, Representative Executive Officer and CEO, and Koji Ikeya, Representative Executive Officer, Executive Vice President, CFO have the responsibility for the design and operation of internal control over financial reporting of MITSUBISHI MOTORS CORPORATION (the "Company") and manage the design and operation of such internal control in accordance with the basic framework set forth in the document "On the Setting of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" published by the Business Accounting Council.

Internal control aims at achieving its objectives to a reasonable extent given that all individual components of internal control are effectively integrated, and function as a whole. Thus, it is possible that internal control over financial reporting may not be able to completely prevent or detect false statements in financial reporting.

## 2. Scope of assessment, assessment date and assessment procedure

Assessment of internal control over financial reporting was performed as of March 31, 2019 (i.e., the closing date of the current fiscal year) in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In this assessment, evaluation was first made of company-level control which would have a material impact on the reliability of financial reporting on a consolidated basis, and based on such result, business processes to be assessed were then selected. In the business process-level control assessment, the effectiveness of internal control was assessed by analyzing the business processes in scope, identifying key controls that would have a material impact on the reliability of the financial reporting, and evaluating the designs and operations of these key controls.

The scope of internal control assessment for financial reporting was determined by selecting the Company, consolidated subsidiaries and entities accounted for using equity method based on the materiality of their impacts on the reliability of financial reporting. The materiality of the impacts on the reliability of financial reporting was determined in consideration of both financial and qualitative aspects, and the scope of assessment of process-level control was reasonably determined based on the result of the company-level control assessment, which included the Company, 18 consolidated subsidiaries, and four entities accounted for using equity method. Also, 18 consolidated subsidiaries and 16 entities accounted for using equity method were determined to be of minimal financial and qualitative materiality and were not included in the scope of evaluation of company-level control.

For the purpose of determining the scope of process-level control assessment, net sales (after elimination of intercompany transaction) of each business site for the previous fiscal year were totaled in order based on the business site that had the highest net sales amount, and the eight business sites that contributed approximately two-thirds of the Company's consolidated net sales in the previous fiscal year were designated as significant business sites. In selected significant business sites, all business processes related to the accounts that are closely associated with the Company's business objectives, such as net sales, accounts receivable - trade, and inventories were included in the scope of assessment. Furthermore, not only at the selected significant business sites, but also at other business sites, certain other business processes with a high probability of there being major false statements which are related to significant accounts involving estimates and forecasts, or related to businesses or operations dealing with high-risk transactions were added to the scope of assessment as "business processes having greater materiality," taking into account their impacts on financial reporting.

3. Assessment result

Based on the above mentioned assessment results, it was concluded that the internal control over financial reporting at the end of the current fiscal year was effective.

4. Supplementary information

Not applicable.

5. Special affairs

Not applicable.

## **[Cover page]**

Document title:	Confirmation Letter (" <i>Kakuninsho</i> ")
Clause of stipulation:	Article 24-4-2, paragraph 1 of the Financial Instruments and Exchange Act
Place of filing:	Director-General of the Kanto Local Finance Bureau
Filing date:	June 21, 2019
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 and 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 Annual Securities Report

Takao Kato, Representative Executive Officer and CEO and Koji Ikeya, Chief Financial Officer of MITSUBISHI MOTORS CORPORATION, have confirmed that this annual securities report for the FY2018 (April 1, 2018 through March 31, 2019) 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 annual securities report.