

Financial Information as of March 31, 2021

(The English translation of the  
“Yukashoken-Houkokusho” for  
the year ended March 31, 2021)

mitsubishi  
MITSUBISHI MOTORS  
CORPORATION

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**[Cover page]**

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## 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 2016	FY 2017	FY 2018	FY 2019	FY 2020
Fiscal year ended		March 31, 2017	March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021
Net sales	Millions of yen	1,906,632	2,192,389	2,514,594	2,270,276	1,455,476
Ordinary profit (loss)	Millions of yen	8,944	110,127	119,850	(3,843)	(105,203)
Profit (loss) attributable to owners of parent	Millions of yen	(198,524)	107,619	132,871	(25,779)	(312,317)
Comprehensive income	Millions of yen	(204,740)	110,713	131,381	(67,458)	(259,691)
Net assets	Millions of yen	703,463	796,562	881,203	788,363	525,251
Total assets	Millions of yen	1,484,413	1,646,240	2,010,309	1,938,123	1,856,279
Net assets per share	Yen	463.37	524.12	585.75	519.15	341.44
Basic earnings (loss) per share	Yen	(164.11)	72.23	89.26	(17.32)	(209.88)
Diluted earnings per share	Yen	–	72.20	89.18	–	–
Equity-to-asset ratio	%	46.51	47.44	43.37	39.87	27.36
Return-on-equity ratio	%	(29.16)	14.63	16.08	(3.14)	(48.78)
Price/earnings ratio	Times	–	10.54	6.59	–	–
Net cash provided by (used in) operating activities	Millions of yen	(45,829)	119,624	146,053	18,786	(41,537)
Net cash provided by (used in) investing activities	Millions of yen	(73,119)	(97,093)	(144,906)	(105,712)	(101,323)
Net cash provided by (used in) financing activities	Millions of yen	210,377	(23,161)	(74,966)	9,624	168,291
Cash and cash equivalents at end of period	Millions of yen	555,906	559,036	489,456	399,588	444,619
Number of employees [Number of temporary employees not included in the above figures]	Number	29,604 (3,892)	30,507 (7,122)	31,314 (8,682)	32,171 (7,558)	30,091 (6,434)

- (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 FY 2016 is not shown because there are no potential shares. Diluted earnings per share for FY 2019 and FY 2020 are not shown even though there are potential shares, because basic loss per share is reported for each of the fiscal years.
  4. Price/earnings ratios for the FY 2016, FY 2019 and FY 2020 are not shown because basic loss per share is reported for each of the fiscal years.
  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 FY 2018. Summary of business results relating to FY 2017 also reflects the retrospective application of these accounting standards, etc.
  6. When calculating the “net assets per share” in FY 2020, the shares of MMC held by the “Board Incentive Plan (BIP) Trust Account,” which are included in treasury shares, have been excluded from the total number of issued shares at the end of the period. Furthermore, when calculating the “basic earnings (loss) per share,” these same shares, which are included in treasury shares, have been excluded from the calculation of the average number of shares during the period.

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

Fiscal year		FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Fiscal year ended		March 31, 2017	March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021
Net sales	Millions of yen	1,567,436	1,721,054	1,999,428	1,802,415	1,092,242
Ordinary profit (loss)	Millions of yen	40,521	23,306	64,312	6,456	(145,996)
Profit (loss)	Millions of yen	(157,387)	44,301	54,750	(7,037)	(273,405)
Common stock	Millions of yen	284,382	284,382	284,382	284,382	284,382
Total number of issued shares	Thousands of shares	1,490,282	1,490,282	1,490,282	1,490,282	1,490,282
Total net assets	Millions of yen	540,427	570,991	594,867	550,106	277,260
Total assets	Millions of yen	1,073,008	1,084,336	1,114,419	1,093,709	985,314
Net assets per share	Yen	362.69	383.13	399.45	369.39	186.15
Dividend per share (Interim dividend per share included in the above amount)	Yen (Yen)	10.00 (5.00)	17.00 (7.00)	20.00 (10.00)	10.00 (10.00)	– (–)
Basic earnings (loss) per share	Yen	(130.11)	29.73	36.78	(4.73)	(183.73)
Diluted earnings per share	Yen	–	29.72	36.75	–	–
Equity-to-asset ratio	%	50.37	52.65	53.35	50.27	28.10
Return-on-equity ratio	%	(31.15)	7.97	9.40	(1.23)	(66.15)
Price/earnings ratio	Times	–	25.60	15.99	–	–
Dividend payout ratio	%	–	57.18	54.38	–	–
Number of employees [Number of temporary employees not included in the above figures]	Number	13,222 [1,793]	13,693 [3,065]	14,171 [3,689]	14,407 [3,276]	13,951 [2,574]
Total shareholder return [Comparative indicator: TOPIX (Dividend-Included)]	% %	80.55 [114.69]	93.48 [132.89]	75.33 [126.20]	43.06 [114.20]	44.13 [162.32]
Highest share price	Yen	880	942	934	649	352
Lowest share price	Yen	412	620	557	268	187

- (Notes)
1. Net sales do not include consumption taxes.
  2. Diluted earnings per share for FY 2016 is not shown because there are no potential shares. Diluted earnings per share for FY 2019 and FY 2020 are not shown even though there are potential shares, because basic loss per share is reported for each of the fiscal years.
  3. Price/earnings ratios and dividend payout ratios for the FY 2016, FY 2019 and FY 2020 are not shown because basic loss per share is reported for each of the fiscal years.
  4. 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 FY 2018. Summary of business results relating to FY 2017 also reflects the retrospective application of these accounting standards, etc.
  5. Highest share price and lowest share price are those recorded on the first section of the Tokyo Stock Exchange.
  6. When calculating the “net assets per share” in FY 2020, the shares of MMC held by the “Board Incentive Plan (BIP) Trust Account,” which are included in treasury shares, have been excluded from the total number of issued shares at the end of the period. Furthermore, when calculating the “basic earnings (loss) per share,” these same shares, which are included in treasury shares, have been excluded from the calculation of the average number of shares during the period.

## 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 Okazaki 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

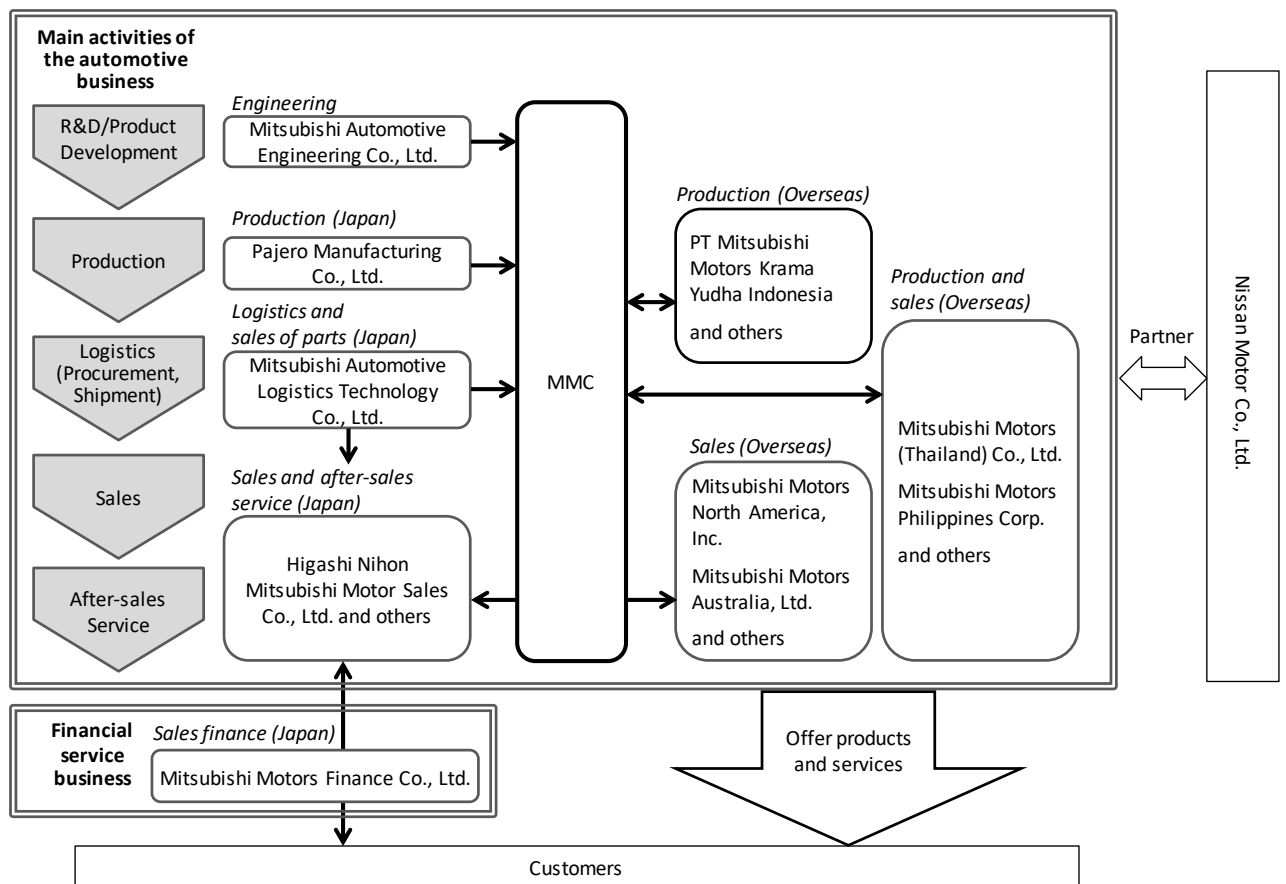
The MMC Group comprises MMC, 35 consolidated subsidiaries and 19 equity-method associates (as at March 31, 2021). The MMC Group is engaged in the development, production and sales of passenger vehicles and their parts and components, as well as in auto financing operations. MMC conducts most of the development 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 Higashi Nihon Mitsubishi Motor Sales Co., Ltd. MMC decided to suspend production at Pajero Manufacturing Co. Ltd. for the reorganization of its production structure. Mitsubishi Automotive Engineering Co., Ltd. undertakes some of the development of MMC products. Mitsubishi Automotive Logistics Technology Co., Ltd. is responsible for the sales of MMC genuine parts and other products, some pre-delivery inspection and maintenance work, and logistics operations, etc. for parts and other products.

Outside Japan, Mitsubishi-brand cars are produced and sold in Thailand by Mitsubishi Motors (Thailand) Co., Ltd., etc. and produced in Indonesia by PT. Mitsubishi Motors Krama Yudha Indonesia, etc. Auto lease and sales financing services, etc. are provided by Mitsubishi Motors Finance Co., Ltd.

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

As of February 1, 2021, MMC's consolidated subsidiary MMC Diamond Finance Corp. was renamed to Mitsubishi Motors Finance Co., Ltd. shown in the diagram.

(Major products)

(i) EVs, PHEVs

Outlander PHEV, i-MiEV, MINICAB-MiEV, Eclipse Cross (PHEV)

(ii) SUVs and pickup trucks

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

(iii) Passenger vehicles and minivans

Mirage/Space Star, Delica D:2,<sup>(2)</sup> Delica D:5, Attrage/Mirage G4,<sup>(1)</sup> XPANDER,<sup>(1)</sup> XPANDER CROSS<sup>(1)</sup>

(iv) Kei-cars

eK X, eK Wagon, eK X space, eK space, Townbox,<sup>(2)</sup> Minicab Truck,<sup>(2)</sup> Minicab Van<sup>(2)</sup>

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, 2021)

Company name	Location	Capital stock (million JPY)	Business lines	Percentage of voting stock holding (%)	Relationship
Higashi Nihon 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
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	100.0	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 Loans: Yes
Mitsubishi Motors Finance Co., Ltd.	Minato-ku, Tokyo	3,000	Auto sales financing, leasing, rentals and sales, etc.	100.0	Sales financing services for MMC products, leasing, rentals and sales, etc. Concurrent positions of corporate officers: Yes Leasing of equipment: Yes Loans: Yes

Company name	Location	Capital stock	Business lines	Percentage of voting stock holding (%)	Relationship
Mitsubishi Motors North America, Inc.*2*3	Franklin, Tennessee, 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.*2	Born, the Netherlands	107,165 thousand EUR	Automobile sales	100.0	Sales of the MMC Group products Concurrent positions of corporate officers: Yes Loans: 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
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	Business lines	Percentage of voting stock holding (%)	Relationship
Mitsubishi Motors Australia, Ltd. *2	Adelaide Airport, 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. *2	Bangkok, 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
MMC Manufacturing Malaysia Sdn. Bhd,	Pekan, Malaysia	20,000 thousand MYR	Automobile parts sales	60.0	Sales of parts of MMC products Concurrent positions of corporate officers: Yes
PT 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
Mitsubishi Motors Vietnam Co., Ltd.	Ho Chi Minh City, Vietnam	410,812,000 thousand VND	Automobile assembly, sales	41.2	Assembly, sales of the MMC Group products Concurrent positions of corporate officers: Yes
10 other subsidiaries in addition to the above					

## (3) Equity-method associates

(As of March 31, 2021)

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
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
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
PT 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
9 other associates in addition to the above					

## (4) Other related companies

(As of March 31, 2021)

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	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 intercompany sales within the MMC Group) of Mitsubishi Motors North America, Inc. exceeded 10% of consolidated net sales. Key profit and loss information for the company is shown below.

Mitsubishi Motors North America, Inc. (Consolidated)

(1) Net sales	167,815	million yen
(2) Ordinary profit (loss)	5,877	
(3) Profit (loss)	(7,571)	
(4) Net assets	61,405	
(5) Total assets	129,606	

\*4. These companies are obliged to file annual securities reports.

5. "Concurrent positions of corporate officers" shown in the "Relationship" column includes 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, 2021)

Name of business segment	Number of employees	
Automobile	29,860	(6,368)
Financial service	231	(66)
Total	30,091	(6,434)

- (Notes)
- The number of employees is the number of employees currently on duty (excluding corporate officers).
  - The number of temporary employees (part-time employees, fixed-term employees, dispatched employees, etc.) as of March 31, 2021 is presented in parentheses and not included in the figures on the left.

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

(As of March 31, 2021)

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	9,597 (1,381)	4,354 (1,193)	13,951 (2,574)	40.7	15.3	6,520,000

- (Notes)
- The number of employees is the number of employees currently on duty (excluding corporate officers).
  - “Shop floor employees” refer 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” refer to employees other than shop floor employees.
  - The number of temporary employees (part-time employees, fixed-term employees, dispatched employees, etc.) as of March 31, 2021 is presented in parentheses and not included in the figures on the above.
  - 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 future business strategies are as stated 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, 2021.

#### (1) Business environment

Global demand for automobiles fell in the fiscal year under review due to the spread of novel coronavirus disease (COVID-19). Although the demand has not recovered to its original level, the MMC group expects to see a specific recovery in FY2021, supported by economic stimulus measures in various countries. However, MMC's business environment continues to be unstable due to the emerging risk of supply chain disruption, mainly caused by uncertainty over the COVID-19 spread, soaring material prices, and a shortage of semiconductor supply.

#### (2) Management policy, business strategies and issues to be addressed

Amid this uncertain external environment, the MMC group will continue to implement structural reforms and other measures in line with the new mid-term business plan, "Small but Beautiful," to strengthen its revenue base and achieve profitability.

#### <Vision of the MMC group>

The MMC group has redefined Mitsubishi Motors' uniqueness, aiming for sustainable growth over the medium to long term. We believe that what the MMC group is aiming for, in other words, Mitsubishi Motors' uniqueness, is to provide safety, security, and comfort with the environment at the core. Specifically, we envision creating vehicles that will allow customers to experience our strengths: (i) electrification technology, (ii) SUV technology with high off-road driving performance, and (iii) comfortable performance in functional and enjoyable spaces.

Plug-in hybrid technology is at the core of the MMC group's electrification technology. It can become a significant weapon as an optimal solution for a rapidly expanding decarbonized society. By incorporating this plug-in hybrid technology into an SUV capable of maintaining high performance in any road environment, we hope to promote it as a unique model with the driving performance to drive anywhere without worrying about running out of electricity.

Another strength of the MMC group is providing various options based on alliances and proprietary technologies. By combining a wide range of component options, we sequentially develop attractive vehicles that meet the needs of each country and region and add a touch of Mitsubishi Motors to them.

In addition, the MMC group intends to provide various values to all users' environmental efforts through products equipped with electric technologies. For example, we can offer our service to companies to reduce CO2 emissions associated with business operations and supply electricity during emergencies. For local governments, we can provide value-added services such as electricity supply sources for disaster and electricity support during vaccine transportation, which is now in full swing. For consumers, our service helps to realize the Sustainable Development Goals (SDGs) on an individual level. It can be used as a source of electricity during disasters.

Furthermore, we are promoting the V2X system as a secondary use to contribute to the community. Specifically, we are experimenting with electric vehicles as a resource to regulate electric power, which we hope to develop into a business in the future.

Global automobile demand is gradually recovering, especially in developed countries. However, the environment surrounding us remains harsh and uncertain. In such an environment, the MMC group will steadily implement the new mid-term business plan, "Small but Beautiful," to further strengthen its management base.

#### <Regional strategies>

In the core regions of ASEAN and Oceania, the MMC group will take initiatives appropriate to each country to increase our market share further and expand sales.

In Thailand and the Philippines, which were exposed to fierce competition in the COVID-19 pandemic during the fiscal year under review, we assume that the severe market environment will continue in FY2021. While we are implementing measures to address each issue, we recognize that it will take a certain period to regain our market share. In these regions, we will accelerate the reinforcement of our sales network in preparation for a counter offensive in the severe environment.

On the other hand, we expect the strong sales momentum to continue in FY2021 in Indonesia, where the market is recovering steadily, in Malaysia, where sales and profits continue to expand due to solid sales of EXPANDER

and Triton, and in Vietnam, where sales reached a record high in the fiscal year under review. In such regions, we will strive to expand sales to capture the increase in demand.

In New Zealand, we achieved our highest ever market share in the fiscal year under review. In Australia, sales have been strong due in part to the impact of foreign exchange rates. In these regions, we aim to increase sales volume by launching the new Outlander and Eclipse Cross PHEV models, which have been highly acclaimed since their launch.

In this way, we will steadily implement measures that need to be taken in countries where the environment remains severe and seize opportunities in countries where opportunities are expected.

<Product strategies>

The MMC group is currently accelerating development to further enhance its product lineup for FY2022 and beyond. In ASEAN, starting with the next-generation Triton, we will upgrade our existing products and strengthen our product lineup. In addition, we will sequentially introduce entirely new products to the market as planned, using the ASEAN platform. With these efforts, we will enhance our lineup in each segment and further strengthen our brand.

<Reducing fixed costs>

Fixed cost reduction made more progress than initially expected. The MMC group achieved its plan to reduce fixed costs by 20% or more in two years in the fiscal year under review, one year ahead of schedule. Many of the measures taken during the fiscal year under review are expected to bring benefits throughout FY2021.

At the same time, the MMC group needs to make investments for growth, such as advertising expenses for the launch of new vehicles by the group and new product development scheduled for launch in and after FY2022. In FY2021, we will actively make these investments and keep total expenses at the same level as the fiscal year under review through the effects of the full-year contribution of fixed cost reductions from structural reforms.



## 2. Business-related risks

Risks that may seriously impact the operating results and/or financial position, and the like of the MMC Group, which the management is currently aware of, are outlined below. The Group, however, is also potentially exposed to risk other than those listed below. Any of risk factors listed below and otherwise might impact its business results and/or financial position.

Matters concerning the future are judged by the MMC Group as of the filing date of this securities report unless otherwise stated.

### (1) Risks related to the market and business (operational risks)

#### (i) Impact of the spread of COVID-19

From the beginning of last year, COVID-19, which spread globally, caused significant impacts on the global economy and automobile demand due to restrictions on economic activity because of measures to prevent the spread, such as regulations on going out.

Recently, peace of mind has steadily been returning as vaccinations have started. However, some countries, such as those in the main ASEAN area, are still unpredictable due to the continuing difficult situation, such as the spread of COVID-19 variants. Going forward, if the suspension of economic activities continues in a manner that exceeds expectations due to the impact of the global resurgence of COVID-19 causing new regulations on going out and impacting the supply chain, the operating results and/or financial position of the MMC Group may be significantly affected.

#### (ii) 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 specific suppliers. There may also be only a limited number of suppliers able to supply materials and parts for which specific technology or performance is required. Consequently, we may have to suspend manufacturing or incur increased costs, and 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.

Furthermore, these risks could materialize due to unexpected events on the side of primary, secondary and subsequent suppliers, and other factors including emergency situations, such as natural disasters and terrorist acts, and outbreaks of infectious diseases such as COVID-19. The MMC Group therefore has made every effort to respond promptly to these risks when they materialize, and to minimize the influence of the risks by gathering and updating information concerning the supply chain, including secondary and subsequent suppliers, in cooperation with primary suppliers.

The recent global shortage of semiconductors is projected to significantly affect the manufacturing of automobiles, including those of the Company. The Company will work to minimize the impact by strengthening the link to the supply chain. However, if the tightening of supply and demand and its impacts are prolonged further in a manner that exceeds expectations, the operating results and/or financial position of the MMC Group may be significantly affected.

#### (iii) 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. Furthermore, the rise of material prices, which are exposed to risks, such as sudden changes to the supply and demand situation, disasters and changes to the political situation in producing countries due to not only low output of palladium, rhodium, etc., but also the use of rare metals whose output is limited by specific country or region, is connected to the rise of the price of parts and manufacturing costs. As for changes in market conditions, the Group predicts the outlook to the extent possible based on analyst and other information and incorporates the predicted influence in its earnings forecasts. Any rise in the manufacturing cost of MMC's products due to changes in demand that exceed estimates and other market conditions may seriously impact the operating results and/or financial position of the MMC Group.

(iv) 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 sued 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.

In order to minimize the impact to the management, the MMC Group has made every effort to rapidly investigate the cause and implement measures based on information from markets in cooperation with relevant departments for improving product quality, and examine potential risks appropriately.

(v) Impact of lawsuits, etc.

In cases where any lawsuits are brought against the MMC Group by customers, trading partners or other third parties in the course of the MMC Group conducting its business, or the MMC Group is investigated by regulatory authorities in relation to alleged non-compliance with laws and regulations and are deemed non-compliant, the operating results and/or financial position of the MMC Group may be seriously impacted.

In addition, in the event that rulings, 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.

Although the MMC Group holds product liability insurance to fully cover compensation for damages and legal costs arising from claims for damages and lawsuits in relation to product liability where the courts ruled in favor of plaintiffs, the ruling requiring the Group to pay the amount of compensation larger than anticipated may seriously impact the operating results and/or financial position of the MMC Group.

With respect to respective lawsuits, etc. 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.

(vi) Impact of laws and regulations, etc.

The MMC Group is subject to various laws and government regulations concerning the environment such as gas emissions, fuel consumption, noise, chemical substances, recycling, and water resources 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.

The MMC Group is subject to a wide range of laws and regulations in Japan and overseas such as consumer protection regulations, approvals and licenses for businesses and investments, labor regulations, foreign exchange regulations, import-export trade regulations including those for security purposes, various tax laws, anti-monopoly laws, and anti-bribery laws, in addition to the above laws and regulations. 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 repatriation of investment principal and dividends, and others.

In order to deal with these laws and regulations, the MMC Group has put in place a system to ensure that the Group complies with laws and regulations, etc.; and each department in charge has implemented measures to prevent potential non-compliance with laws and regulations, etc. Moreover, the MMC Group fosters a corporate culture of compliance with regulations, with the spread and thorough understanding of internal rules such as the stipulation of matters that should be observed by MMC Group employees in the “MMC Global Code of Conduct” and uniform implementation within the Group. To this end, the MMC Group has also enhanced a structure to respond promptly to any compliance-related matters detected by the Group in an effort to minimize the risk that such matters negatively affect 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 compliance reputation, and consequently, on the operating results and/or financial position of the MMC Group.

(vii) 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 unexpected infringement of a third-party intellectual property right by the MMC Group requires a halt in manufacturing or sales or 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.

(viii) Impact of IT and information security

The information that the MMC Group uses in its operations, products, services, etc. and the information technology such as networks and systems where such information is stored come in a wide variety, including those managed by subcontractors. Given the advancement of connected services and IoT technologies, the MMC Group has implemented security management measures for hardware and software. Despite the implementation of such measures, however, cyberattacks from outside the Group, lack of proper maintenance or human errors both inside and outside the Group may lead to leakage of confidential, personal and other information, including the information concerning the Group’s technologies; suspension of the Group’s important operations and services; improper paperwork; or destruction/falsification of important data. Such situations may seriously undermine the Group’s brand and social credibility, lead to decline in sales, give rise to legal claims, lawsuits, liability for damages, obligation to pay penalty or fine; and as a consequence, may seriously impact the operating results and/or financial position of the MMC Group.

(2) Risks related to business strategy and the maintenance of competitiveness (strategic risks)

(i) Impact on the sales strategy and response to competitor trends

In the auto industry, there is fierce competition on a global scale. In addition, against a backdrop of the rise of emerging companies and new entrants from other industries involved in the development of next-generation technologies, the competition could intensify in future. The MMC Group has strived to retain or expand its sales volume and market share by focusing on the development of products and technologies based on the MMC Group’s strength in vehicle electrification and SUV technologies. We have also progressed our regional strategy focused on key areas of ASEAN and Oceania, in line with our basic concept of “selection and concentration,” necessary for sustained growth in the intensely competitive environment. Nevertheless, if such strategy does not progress as planned and we are unable to implement measures that surpass our competitors, it may seriously impact the operating results and/or financial position of the MMC Group.

(ii) Impact of product and technology development

Automobile manufacturers are subject to demands for drastic change in technologies and attitudes due to factors such as the rapid global movement towards decarbonization, the growth in car sharing, and the increasingly older age of drivers, particularly in Japan. Mitsubishi Motors believes it is important to launch useful and realistic, as well as easy to use new technologies and products that incorporate Mitsubishi Motors’ appeal in a timely manner and meet the values and needs of customers and is working every day on the development of such technologies and products. However, even if the research and development is based on fine-tuned research, it is possible that the values and needs of customers have not been adequately captured.

In addition, even if the values and needs of customers have been captured, it is possible that we will be unable to develop and provide customers with new technologies and products in a timely manner due to internal and external factors. In that case, there is a risk that our sales share could decline, causing net sales and profit margins to fall.

In addition, the MMC Group is forecasting the future needs, particularly for its key region of ASEAN, then prioritizing and investing in the development of new technologies. However, it is also possible that such new technologies will not be well received by customers outside such ASEAN regions if there is a mismatch due to environment changes or changes in needs in other regions. Consequently, similar to the above, this may seriously impact sales and profit due to a decline in sales share.

The technology being developed by the MMC Group must be tailored to peoples' needs, be useful and realistic, as well as easy to use. To achieve these goals, the MMC Group is forecasting the future needs, particularly for its key region of ASEAN, then prioritizing and investing in the development of new technologies. However, there is also the possibility that such new technologies will ultimately not be well received by customers if the environment changes more than anticipated, the world's needs change or if our relative development competitiveness declines. Consequently, this may seriously impact the operating results and/or financial position of the MMC Group.

(iii) Impact of the personnel and labor strategy

The MMC Group believes it is extremely important to secure highly-specialized personnel and to provide them with opportunities for success to achieve sustainable growth to deal with severe environment changes facing the industry. Therefore, the MMC Group promotes the creation of a corporate culture that supports diverse working-styles through appropriate assignment of personnel based on having the correct key members and the establishment of a role-based compensation system in addition to the creation of schemes that encourage individual growth.

However, if the recruitment and retention do not proceed as planned due to difficulties in recruitment and increased liquidity in the labor markets, there could be an impact on earnings.

(iv) Influence of climate change

In response to rising temperatures worldwide since the Industrial Revolution, the Paris Climate Agreement was signed in 2015, as a coordinated effort to hold down global average temperature increase. The global movement towards a decarbonized society has recently accelerated as highlighted in the 2050 carbon neutral declaration by countries such as Japan, the United States and countries in Europe.

The MMC Group identified materiality (priority issues) in 2018 and has established responding to climate change and energy issues as one of its most important issues, and thus, the MMC Group formulated the "New Environmental Plan Package" as a medium to long-term policy and goal in October 2020, and has sought to develop low-emission vehicles and electric vehicles, save energy at business locations and promote the use of renewable energies.

If global climate change escalates further, physical risks such as having to suspend the operation of its plants due to weather-related disasters may seriously impact the operating results and/or financial position of the MMC Group. In addition, if global climate change measures advance, and fuel efficiency/CO2 emissions regulations and regulations on the ratio of electric vehicles sold, etc. in the countries and regions that are MMC's markets are further strengthened or introduced, there would be migration risk such as withdrawal from a market due to the investment required to respond to or non-conformity with regulations and this may seriously impact the operating results and/or financial position of the MMC Group.

(3) Risks related to finance and the economy (financial risks)

(i) Impact of foreign exchange rate fluctuations

Fluctuations in the yen and other foreign currencies cause the values of both foreign currency-denominated receivables and payables to vary. Appreciation of the yen drives down the value of foreign-denominated receivables, while depreciation of the yen drives up the value, and vice versa the value of payables. As overseas sales account for around 80 percent of the MMC Group's overall sales, the Group holds receivables denominated in foreign currencies, including US dollars, Euros and Australian dollars. Further, as the MMC Group manufactures products to export globally at a Thai subsidiary, it also holds liabilities denominated in

foreign currencies, primarily the baht. In FY2020, the yen rose by 4 yen against the US dollar year on year, but fell by 3 yen and 2 yen respectively against the Euro and the Australian dollar. In addition, liabilities denominated in foreign currencies denominated in Thai baht also depreciated, which contributed to an improvement in consolidated operating profit by a total of 3.7 billion yen.

At present, the MMC Group has worked on measures to reduce the impact of exchange rates, such as the export of the vehicles manufactured in Indonesia, and sales expansion in Thailand of the vehicles manufactured in the country, to contain the impact of foreign exchange rates over the medium- to long-term. However, significant fluctuations in foreign currencies may still seriously impact the operating results and/or financial position of the MMC Group.

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

The MMC Group is exposed to credit risks in its dealings with dealers and with customers and other trading partners and in its automobile financing business.

The MMC Group has made every effort to preserve receivables appropriately through the continuous evaluation of country risks and trading partners' financial positions to minimize credit risks against dealers and other trading partners, and reduce the occurrence of bankruptcy and control the uncollectible amount by the MMC Group's own examination and collection management for the automobile financing business. However, in the event that losses stemming from such credit risks exceed the MMC Group's estimates due to the deteriorating external environment and other factors, the operating results and/or financial position of the MMC Group may be seriously impacted.

(iii) Impact of the liquidity of funds

In addition to borrowing from financial institutions, the MMC Group issues CP, etc. for financing. However, if unable to finance the required funding at appropriate terms in the financial markets due to an economic or financial crisis, etc. or due to a lowering of the MMC Group's credit ratings, this may seriously impact the operating results and/or financial position of the MMC Group. MMC has secured sufficient liquidity having, in addition to an unused committed line of credit worth about 150.0 billion yen, entered into new financing of 200.0 billion yen on a standalone basis in the current fiscal year while also establishing and drawing down on a financing limit worth about 100.0 billion yen for overseas subsidiaries. To ensure such arrangements, we strive to maintain good relationships with our main bank and other relevant financial institutions.

(4) Risks related to business continuity (hazard risks)

(i) Impact of natural disasters, accidents and outbreak of infectious diseases

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 BCM (Business Continuity Management) Committee has formulated a business continuity plan, while also verifying the effectiveness through regular training and preparing for any emerging threats based on a scenario that such risks are highly likely to materialize, and they would have a serious impact on the MMC Group's operations. In addition, in terms of measures to address infectious diseases such as COVID-19, MMC has created and released response guidelines to ensure health and safety of employees, etc. from the perspective of preventing the spread of infection and maintaining a structure for business continuity. While demanding behavior that is in line with such guidelines, MMC is undertaking measures such as the promotion of working from home and off-peak working, strictly managing business trips and, in principle, prohibiting entertaining and gifts as well as the holding of events.

However, a natural disaster, accident or spread of infection on a scale larger than anticipated may seriously impact the operating results and/or financial position of the MMC Group.

### 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, 2020.

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

##### (i) Operating results

The global slump in automobile demand due to the COVID-19 spread and other factors has become apparent since the beginning of last year. Although the situation has gradually calmed down in developed countries, the recovery in the markets where MMC excels has been delayed, and the severe situation continued.

Under such circumstances, the MMC group formulated a new mid-term business plan, “Small but Beautiful,” to drastically improve profitability and promote structural reforms in line with the basic concept of “selection and concentration.”

As a result, the full-year sales volume decreased from the previous fiscal year to 801,000 units, and the full-year net sales was 1,455.5 billion yen (down 814.8 billion yen year on year, down 36% year on year). However, operating profit improved from the full-year forecast of operating loss of 100.0 billion yen announced in February 2021 to operating loss of 95.3 billion yen (profit of 12.8 billion yen in the previous fiscal year) due to company-wide efforts to reduce overhead and fixed costs and structural reform activities. Earnings momentum bottomed out in the first half of the fiscal year under review and has been steadily recovering. Ordinary profit was a loss of 105.2 billion yen (a loss of 3.8 billion yen in the previous fiscal year), and profit attributable to owners of parent was a loss of 312.3 billion yen (a loss of 25.8 billion yen in the previous fiscal year).

The sales status by major region is as follows:

- ASEAN: 189 thousand units (down 101 thousand units year on year)
- Australia and New Zealand: 72 thousand units (down 16 thousand units year on year)
- Japan: 73 thousand units (down 22 thousand units year on year)
- China and Other: 105 thousand units (down 38 thousand units year on year)
- North America: 113 thousand units (down 47 thousand units year on year)
- Europe: 144 thousand units (down 71 thousand units year on year)
- Central America, Middle East, Africa and Other: 105 thousand units (down 31 thousand units year on year).

In the key ASEAN region, results have been mixed such as with the severe situation continuing in Indonesia, while Vietnam has had success with curbing COVID-19, and overall the recovery pace has been moderate. In addition, in Thailand, where economic activities have stalled due to the resurgence of COVID-19 since the end of the previous fiscal year, the situation remains severe. However, a recent recovery has been evident in Indonesia, where the recovery had been most delayed.

Automobile demand in Australia and New Zealand has continued on a moderate recovery trend. MMC sales have also been in line with the market recovery.

In Japan, automobile demand overall recovered somewhat, but the priority given to structural reforms, such as the suppression of fleet sales and the review of sales prices and the lack of MMC lineup in segments that are leading the market recovery resulted in a decrease of 23% year on year.

China and North America decreased by about 30% year on year as a result of the prioritization to improve the quality of sales, as in Japan, and the actual number of car sales in regions such as Europe, Central America, Middle East and Africa were in line with the market declines.

The operating status by business segment is as shown below.

i) Automobile business

Net sales for the automotive business in the current fiscal year were 1,436.5 billion yen (down 815.4 billion yen year on year) with operating loss of 101.3 billion yen (operating profit of 7.8 billion yen in the previous fiscal year). The decline in operating profit was mainly due to the decline in the number of cars sold.

ii) Financial service business

Net sales for the current fiscal year were 35.8 billion yen (down 4.6 billion yen year on year), and operating profit was 4.8 billion yen (operating profit of 5.6 billion yen in the previous fiscal year).

(ii) Financial position

Total assets as of March 31, 2021 amounted to 1,856.3 billion yen (down 81.8 billion yen from the end of the previous fiscal year). Cash and deposits amounted to 455.7 billion yen (up 56.1 billion yen from the end of the previous fiscal year). Total liabilities amounted to 1,331.0 billion yen (up 181.3 billion yen from the end of the previous fiscal year). Of total liabilities, the interest bearing debt balance was 483.3 billion yen (up 183.9 billion yen from the end of the previous fiscal year). Net assets as of March 31, 2021 amounted to 525.3 billion yen (down 263.1 billion yen from the end of the previous fiscal year).

(2) Cash flows

(i) Basic approach to cash flows

The MMC Group adheres to a basic policy to maintain the stable distribution of profits to shareholders by achieving sound and sustainable growth and enhancing its corporate value, while maintaining financial discipline; the Group has adopted free cash flow as one of its business performance indicators.

Based on the policy above, the MMC Group has centrally managed the funding needs of its business activities, including the development, manufacturing and sale of vehicles (e.g., material costs, personnel expenses, various other overheads and loan funds for its financial service business); for new technologies such as MaaS and CASE and compliance with environmental regulations; and for maintenance and renewal of outdated manufacturing facilities. In principle, these funding needs shall be covered by cash flows the Group newly generate each year. When necessary, however, the Group uses internal funds accumulated over the past fiscal years, borrows from financial institutions, or issues CP to finance additional funding needs.

(Note) The free cash flow is calculated as the sum of cash flows from operating activities and cash flows from investing activities.

(ii) Cash flow status

Cash flows for the current fiscal year consisted of a net outflow of 41.5 billion yen from operating activities (up 60.3 billion yen year on year), a net outflow of 101.3 billion yen from investing activities (down 4.4 billion yen year on year), and a net inflow of 168.3 billion yen from financing activities (improvement of 158.7 billion yen from the previous fiscal year). In addition, the balance of cash and cash equivalents at the end of the current fiscal year increased by 45.0 billion yen from

the end of the previous fiscal year to 444.6 billion yen, partially due to an increase of 19.4 billion yen in effect of exchange rate change on cash and cash equivalents and other factors.

Free cash flow for the current fiscal year ended up with a net outflow of 142.8 billion yen (deterioration of 55.9 billion yen from the previous fiscal year), due to a significant increase in the amount of net outflow from operating activities as a consequence of the impact of business restructuring expenses in addition to both net sales and operating profit decreasing as a result of deterioration of the business environment because of the spread of COVID-19.

*Cash flows from operating activities*

Net cash used in operating activities was 41.5 billion yen, an increase of 60.3 billion yen compared to cash provided by operating activities of 18.8 billion yen for the previous fiscal year. This was primarily due to a decline in both net sales and operating profit caused by the spread of COVID-19 and business restructuring.

*Cash flows from investing activities*

Net cash used in investing activities was 101.3 billion yen, a decrease of 4.4 billion yen compared to cash used in investing activities of 105.7 billion yen in the previous fiscal year. This was primarily due to a decrease in the amount of capital expenditure.

*Cash flows from financing activities*

Net cash provided by financing activities was 168.3 billion yen, an increase of 158.7 billion yen compared to cash provided by financing activities of 9.6 billion yen in the previous fiscal year. This was primarily due to an increase in the amount of borrowings.

(iii) Liquidity of funds and financing

The consolidated balance of deposits and the consolidated balance of interest bearing debt at the end of the current fiscal year were 455.7 billion yen and 483.3 billion yen, respectively. In addition, MMC has entered into a committed credit line agreement worth approximately 150.0 billion yen with domestic financial institutions. The balance of cash and deposits plus the committed line of credit has provided the Company with a liquidity of approximately 600.0 billion yen.

To provide for additional financing needs due to deteriorating business environment amid spread of COVID-19, etc., MMC has raised an additional 200.0 billion yen while also establishing a financing limit and drawing down on new financing at overseas subsidiaries to secure sufficient funds that may be necessary to maintain, expand and operate the MMC Group's business.

The MMC Group obtained credit ratings from two respected domestic rating agencies. The Group's ratings as of the filing date of this securities report are BBB+ from the Rating and Investment Information, Inc., and BB from S&P.



(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	366,772	59.0
Overseas	447,057	62.3
Asia	434,489	62.3
Other	12,568	62.3
Total	813,829	60.8

- (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 received

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	232,144	422,077	88.0	91.6
Overseas	592,109	1,033,399	54.8	57.1
North America	93,261	194,572	59.0	61.7
Europe	89,844	183,281	37.7	38.6
Asia	257,892	336,930	55.8	56.7
Oceania	70,398	173,304	81.8	97.9
Other Regions	80,714	145,309	59.5	58.2
Total	824,253	1,455,476	61.3	64.1

- (Notes) 1. Sales results represent the sales quantity of built-up vehicles and knockdown kits produced by MMC and its consolidated subsidiaries, classified by the geographic location of the external customers.
2. 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 (%)
Nissan Motor Co., Ltd.	–	–	186,853	12.8

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: In addition, liabilities related to market quality measures and impairment of non-current assets are explained in “Significant accounting estimates” of “V. Financial Information, 1. Consolidated financial statements.”

- i) Provision for loss on fuel consumption test  
To provide for losses relating to fuel consumption test, the provision is calculated to the extent that can be reasonably projected and estimated at the end of the current fiscal year.
- ii) Provision for product warranties  
The MMC Group calculates the provision for product warranties 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. The estimates of after sales service cost may need to be revised when actual product defect rate or repair cost differ from the estimates.
- iii) 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 taking into account individual collectability for specific receivables such as doubtful receivables. 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.
- iv) 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.
- v) 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.
- vi) 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.

#### 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. Shenyang Jianhua Motors Engine Co., Ltd. Mitsubishi Corporation MCIC Holdings Sdn. Bhd.	China China Japan Malaysia	Agreement on the establishment of Shenyang Aerospace Mitsubishi Motors Engine Manufacturing Co., Ltd. regarding automobile engine business in China	May 15, 1997
Mitsubishi Motors Corporation (MMC)	Nissan Motor Co., Ltd. Suzuki Motor Corporation	Japan Japan	Agreement on the rights, obligations, etc. between the shareholders concerning Jatco Ltd.	March 15, 2007
Mitsubishi Motors Corporation (MMC)	Fujian Motor Industrial Corporation China Motor Corporation	China Taiwan	Joint venture agreement with South East (Fujian) Motor Co., Ltd. regarding sales and production of vehicles	March 27, 2006
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. Mitsubishi Corporation	China Japan	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 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 Renault Renault-Nissan B.V. Nissan Motor Co., Ltd.	Germany France The Netherlands Japan	Strategic Alliance agreement regarding automobile business	October 3, 2018

(Note) Significant business contracts that ended due to achieving their goals during the current fiscal year, are as follows.

Mitsubishi Motors Corporation (MMC)	Harbin Dong-An Engine Manufacturing Company Harbin Aircraft Manufacturing Corporation Harbin Dongan Auto Engine Co., Ltd. Mitsubishi Corporation MCIC Holdings Sdn. Bhd.	China China China Japan Malaysia	Agreement on the establishment of Harbin Dongan Automotive Engine Manufacturing Co., Ltd. regarding automobile engine business in China	June 16, 1998
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## 5. Research and development activities

The MMC Group has worked on research and development activities in order to realize its mid-term business plan “Small but Beautiful” announced in July 2020.

During the current fiscal year, R&D expenses (the automobile business) for the entire Group amounted to 101,365 million yen.

The Group’s R&D structure, the status of development of next-generation technologies and the new products released from April 2020 through March 2021 are as described below.

### (1) R&D structure

In Japan, the MMC Group conducts early technology development, design, and testing of designs and technologies primarily at the “Research & Development Center” and the “EV Research & Development Center.” Also, in collaboration with MMC’s overseas R&D bases in North America, Europe, China, and Thailand, these facilities develop technologies and products adapted to the market characteristics of each region. MMC also has sought to develop technologies and products, such as vehicle electrification, which is a strength of MMC, and four-wheel control, by leveraging the alliance with Renault and Nissan.

### (2) Development of next-generation technologies

To realize key points in our mid-term business plan of “enhancing growth based on the ASEAN region,” “augmenting our strengths in environmental technologies” and “providing customers with reliable and attractive products by further advancing our 4WD and off-road performance,” and to achieve the goals set for 2030 in our Environmental Plan Package, MMC has promoted the development of environmental technologies that help realize low-carbon emissions and safety technologies that help reduce traffic accidents, as well as technologies that allow MMC to realize attractive vehicles with unique features leveraging our strengths in electrification technologies and four-wheel control systems.

#### i) Development of environmental technologies

In the “New Environmental Plan Package” announced in November 2020, we set a target for 2030 of a 40% reduction in CO<sub>2</sub> emissions from new vehicles compared with FY2010. To achieve such target, MMC has promoted the development of next-generation electric vehicles and engines that help realize low-carbon societies, as well as technologies that help reduce the weight of chassis and components. With regard to vehicle electrification technologies, in particular, “Outlander PHEV” and “Eclipse Cross PHEV,” with MMC’s unique plug-in hybrid EV system (PHEV) which achieves both long distance travel and environmental performance, were launched in December 2020, and have been highly rated by customers. This fiscal year, MMC plans to launch the new model Outlander PHEV and continues to work on development of new technologies with the aim of becoming a leading company in the field of electrification technology. In addition, to facilitate the purchase of electric vehicles by our customers in the ASEAN region, we are developing HEV that utilize PHEV technology, with plans to start selling from FY2023. Note that we are advancing our strong collaboration within our alliances for vehicle electrification technology as the most important issue to quickly and efficiently develop technology for the rapidly evolving vehicle electrification (batteries, motors, etc.). In FY2022, we plan to launch light EV jointly developed with Nissan.

#### ii) Development of technologies providing customers with reliable and attractive products by further advancing our 4WD and off-road performance

MMC has continued to work on advancement of the four-wheel integrated vehicle dynamics control system “S-AWC\*1,” a technology of its special expertise. 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 plans to implement and incorporate this technology into other models including electric vehicles. In addition, to provide safe and comfortable driving for ASEAN

customers as well, MMC also plans to implement and incorporate this technology in 2WD vehicles.

iii) Development of safety technologies

We have made group-wide efforts to develop and spread safety technologies aimed at reducing fatal car accidents to zero, so that our customers feel comfortable and safe riding and driving our vehicles. We have made these efforts under the following safety principles shared group-wide: 1. Develop technologies to pre-empt accidents, 2. Develop technologies to minimize damages from car accidents, and 3. Avoid possible hazards as industrial products. These technologies include primarily the advanced preventative safety technology “Mitsubishi e-Assist<sup>\*2</sup>” and the collision safety technology “RISE.<sup>\*3</sup>” In addition, we are promoting the development of safe technology that can be more effective in the ASEAN traffic environment.

iv) Other

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. MMC is also determined to work on future technologies, such as autonomous driving and connected car technologies, by fully leveraging the benefits of the alliance with Nissan and Renault, to ultimately enhance the attractiveness of our products in an efficient manner.

(Notes)

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

\*2: Mitsubishi e-Assist: Preventative safety technologies that support safe and comfortable driving through radio wave radars and camera, etc.

\*3: RISE: Reinforced Impact Safety Evolution

(3) 2 Main new products announced (in press releases) from April 2020 to March 2021

- 1) Eclipse Cross PHEV – Announced December 2020
- 2) New Outlander – Announced February 2021

The features of each model are as described below.

- 1) The MMC Group launched the new Eclipse Cross PHEV, in addition to the Eclipse Cross gasoline model. The Eclipse Cross is a crossover SUV that carries unique styling and dynamic performance. Launched globally during Mitsubishi Motors’ 100th anniversary in 2017, the vehicle boasts a stylish coupe shape and dynamic power, epitomizing the essence of Mitsubishi cars. The redesign takes SUV dynamics to a new level, while achieving a graceful, flowing form. For the first time, the company introduces a new PHEV variant which incorporates the twin-motor 4WD system from the Outlander PHEV, the world’s top-selling PHEV<sup>\*4</sup>.

\*4: Cumulative number of vehicles sold from January 2013 to September 2020. According to MMC

i) Trim levels

- The PHEV model rolls out with three trim levels; the M comes standard equipped with preventive safety features, the G has additional features including a 100-volt power outlet (max 1,500 watts) and Head Up Display, and the high-end P has its own look while coming standard equipped with smartphone link navigation and other special features.
- The gasoline model has three trim levels; the M comes standard equipped with preventive safety features, the G has additional features including a Head Up Display and the ACC radar cruise control system, and the high-end G Plus Package comes standard equipped with smartphone link navigation and other special features.

ii) Distinctive design that inspires drivers to be more active [common to both PHEV model /gasoline models]

- Developed under the design concept Daring Grace, the extended length of the body and restyled front and rear design create a sleek, classy look with enhanced SUV dynamism in both front and back.
- The front end adopts an evolved version of Dynamic Shield, expressing the powerful performance of an SUV with the security to protect people on board as well as the vehicle. Its refreshed light layout completes the front design with a sharp, sporty look. Skid plates at the bottom of both bumpers add to the powerful SUV presence.
- The elegant yet sporty form continues to the rear. Designers have updated the double rear windshield from the previous model to a single windshield for a sleek styling and graceful shape, at the same time giving a clearer rear visibility. Eclipse Cross' iconic three-dimensional taillights are placed at a higher position for a distinctive look that is also easy to see on the road. The heavy-duty body panels and bumpers project firmness and strength, while combining with the hexagon design reminiscent of a rear-mounted spare tire to express the ruggedness and road handling of an SUV.
- Inside the cabin, high-end trim levels<sup>\*5</sup> are given a new black interior with seats made of a combination of embossed suede-based materials and synthetic leather, while the manufacturer's option of leather seats are now available in light gray in addition to the conventional black. Door trims also coordinate with the car seat color for a high-quality, sporty interior space.
- MMC's trademark high-luminosity Diamond Color series offers two color options for body color - Red Diamond<sup>\*6</sup> and the new White Diamond<sup>\*7</sup>. The latter is a shade that radiates both the white sheen of a pearl and the subtle nuance of metal, reflecting an energetic yet glamorous, mature elegance.

\*5: Standard equipped on the P and G of the PHEV model, and the G Plus Package and G of the gasoline model

\*6: Optional color cost 77,000 yen (including 10% consumption tax)

\*7: Optional color cost 77,000 yen (including 10% consumption tax)

### iii) PHEV to enjoy driving to one's heart's content

- The Eclipse Cross uses a modified twin-motor 4WD PHEV system from the Outlander PHEV. The architecture consists of one front and one rear high-power electric motor, a large-capacity drive battery and a 2.4 L MIVEC engine, allowing for the quick, silent, yet powerful acceleration unique to electric vehicles along with nimble yet stable handling.
- The drive battery is 13.8 kWh with an all-electric range of 57.3 km (WLTC Mode), allowing pure electric driving for most of daily commute. There are three driving modes: EV Mode drives with the electric motors using power from the drive battery, Series Hybrid Mode uses gasoline engine to generate power for the electric motors which drive the vehicle, and Parallel Hybrid Mode uses gasoline engine to drive the vehicle assisted by the electric motors. Automatic switching between these modes according to driving conditions allows drivers to feel the driving pleasure of motor drive in a variety of environments.
- The 100-volt AC on-board outlet with a maximum 1,500 watts can supply power to electronics and appliances<sup>\*8</sup> for outdoor leisure and as a reliable source of electricity in an emergency. The vehicle can also serve as a rechargeable battery that powers an entire household with its stored energy by connecting a V2H<sup>\*9</sup> device to the quick-charging port. Since the vehicle can generate its own power, it can supply up to 10 days<sup>\*10</sup> of power to a general household when fully charged and fueled.

\*8: Cannot be used by some devices even if they have rated power output of 1,500 watts or less). Please read the instruction manual that come with the electronics and appliances, as well as the points of caution written on the devices, before using them with the on-board outlet.

\*9: Vehicle to Home

\*10: Amounts and durations of power supply shown above were calculated by MMC (assuming average household power usage of approx. 10 kWh/day).

### iv) 4WD control for responsive driving feel with peace of mind

- High-rigidity body and optimized front and rear suspension make the S-AWC (Super-All Wheel Control) even more effective, resulting in an improved handling that is true to the driver's intent, and a more comfortable, quieter ride.
- The PHEV model employs the S-AWC system on the twin-motor 4WD that can freely distribute driving force to the front and rear electric motors without transmission loss. Utilizing electric vehicles' characteristic high response, high precision, and high degree of freedom, the system exercises a high level of vehicle's control on driving, cornering, and braking. Engineers also optimized the front-rear weight distribution on the Eclipse Cross and lowered its center of gravity by positioning the high capacity drive battery under the center of the floor. This gave it an even more comfortable ride, with superior steering stability.
- The gasoline model has the S-AWC system which integrates Active Yaw Control (AYC) to adjust braking force between the front left and right wheels for sharper cornering, as well as an Anti-Lock Brake System (ABS) and Active Stability Control (ASC) to regulate braking force on an electronically-controlled 4WD base that distributes torque optimally between the front and rear wheels. Integrated control of these systems produces highly stable vehicle behavior that is true to the driver's intent. Coupled with optimizing the suspension, the Eclipse Cross provides stable and precise handling in daily life and improved handling on slippery roads.
- Driver can select different driving modes of the Eclipse Cross according to road and driving conditions. Normal Mode provides the appropriate steering and stability for a broad range of driving scenarios. Snow Mode maintains stable vehicle movement on slippery surfaces such as snowy roads. Gravel Mode generates superior road handling and stability on poor surfaces. The PHEV model also has Tarmac Mode, which delivers an even higher level of cornering and stability mainly on dry, paved surfaces for drivers to feel the joy of driving with extra peace of mind.

v) Equipped features

- Mitsubishi Motors specially designed Mitsubishi Power Sound System (MPSS)<sup>\*11</sup> for the Eclipse Cross, featuring eight premium speakers acoustically tuned and positioned specifically for the shape of the vehicle. Glass fiber cloth with aluminum vapor cone speakers and carbon cone mid-range tweeters in front with coaxial 2-way speakers on the rear doors aligned with the tweeters to deliver smooth, fluid sound quality.
- New smartphone link navigation offers convenient features including route navigation via built-in maps and compatibility with VICS traffic information, facilitates the full enjoyment of your favorite apps from Android Auto™ and Apple CarPlay® by simply connecting your Android™ smartphone and iPhone® to a USB port. The display screen has also been enlarged to 8 inches, making it clearer to see and operate.

\*11: Available as an option on the P of the PHEV model, and the G Plus Package of the gasoline model.

- 2) We conducted a full model change of the crossover SUV Outlander and launched it in the United States, Canada, and Puerto Rico from April 2021. The Outlander is a crossover SUV that has been released globally with total sales volume of 2.6 million units<sup>\*12</sup> to date. In North America, the Outlander was launched in 2002 as Mitsubishi Motors' first crossover SUV. Through three generations, it has been highly recognized for its utility and road performance as an SUV, as well as its eco-friendliness and economy.

\*12: Including gasoline, diesel and PHEV. Cumulative number of vehicles sold from January 2001 to December 2020. According to MMC

i) Heritage-inspired powerful design

- The design concept of the all-new Outlander is "Bold Stride," representing a bold, adventurous attitude and confidence to move forward. There have been considerable revisions to the package. The strong, horizontal-themed proportion from front to rear, the contrast of broad and powerful surface and character lines with sharp edges, as well as the

large-diameter 20-inch wheels and overhanging fenders that emphasize the wide body express a bold aura and a sense of presence and stability.

- In the front, the next generation Dynamic Shield that expresses strong performance and protection of both the people and the car further emphasizes the all-new Outlander's powerfulness as an SUV. The daytime running lights and turn signals were positioned in the upper part and given a thin, sharp shape to improve their visibility by oncoming vehicles and pedestrians. The headlights were placed beneath them toward the outside to illuminate the road more brightly and emphasize the wide body.
- In the rear, a hexagon motif that appears to have been cut from a single surface ornaments the tailgate. This unique and sophisticated shape was inspired by the rear-mounted spare tire of the PAJERO, and the upper part expresses stability while the lower part shows the high road performance as an SUV. Further, the horizontal-themed T-shaped taillights emphasize the wide look of the body and stability.
- The body colors come in Mitsubishi Motors' unique high-brightness paint Diamond Series, Red Diamond and White Diamond, and Black Diamond is newly added to the lineup. Black Diamond is a special color consisting of three coats, with a high-density shiny layer containing glass added to make the vehicle appear jet black when not lit but then emits a powerful sparkle when struck by light. Also available are six basic colors for a total selection of nine body colors.

ii) Safety and safe driving performance

- The newly developed platform greatly improves collision safety performance and achieves a high level of steering stability. For the first time Mitsubishi Motors has used an ultra-high tensile strength steel sheet with hot stamping around the cabin to create a high-strength cabin structure with little deformation while also achieving weight reduction. Adopting connected cyclic structures around the engine compartment and cabin increased flexural and torsional rigidity of the body over that of the previous model. The multi-link suspension and dual pinion electric power steering achieve high-quality ride comfort while also providing operability with a direct, linear feel. This greatly improves traceability during cornering as well as linear stability and provides driving pleasure.
- The newly developed 2.5 L gasoline engine improves maximum output by 8.9% and fuel efficiency (WLTC mode) by 2.6% over the previous model. Torqueful and powerful at low to medium rpm but smooth and easy-to-handle at high rpm means the driver can enjoy pleasant city trips to fun sporty driving. An 8-speed sport mode CVT is used for the transmission. The step shift control that changes speeds crisply like a multistage automatic transmission is employed for acceleration, and a powerful and agile acceleration can be felt when pressing down on the accelerator. When cruising, the driver can enjoy a quiet and smooth driving using the features of CVT.
- For the 4WD model, electronically-controlled 4WD incorporating a hydraulic clutch driven by an electric motor is used in the center coupling device that conducts front and rear torque distribution. The front and rear wheels can be strongly restrained from when the vehicle is stopped, so the rear wheel drive force is generated at the moment of start off to provide a powerful sensation befitting a 4WD. This in particular generates power under severe conditions, such as starting off uphill on frozen roads.
- The 4WD model is equipped with an improved S-AWC integrated vehicle dynamics control system. The Brake AYC\*<sup>13</sup> is adopted on the rear wheels as well, making it possible to provide front and rear wheel distributed control. Sensors detect the steering angle, yaw rate, driving torque, brake pressure, wheel speed, and other factors to continuously and correctly identify driver operation and vehicle status. When turning, the Brake AYC optimizes the difference in drive force and braking force among the front and rear, right and left wheels to improve tire gripping ability to allow the driver to steer as desired. In the 2WD model, Brake AYC for front and rear wheel distributed control was also employed to achieve integrated control with ASC\*<sup>14</sup> and ABS\*<sup>15</sup> to maintain driving stability on a variety of road surfaces.



- The all-new Outlander is equipped with drive modes that allow the driver to select the vehicle driving characteristics that are optimal for a variety of operation styles and driving situations. There are six modes for 4WD models and five modes for 2WD models. The mode selector in the center console can be used to select the drive mode for choosing the road situation and Eco mode for choosing the operation style. The settings for the drive mode are Normal for normal driving, Tarmac for sporty driving on paved roads, Gravel for high traction performance and stability on unpaved roads, Snow for snowy and other slippery roads, and Mud<sup>\*16</sup> to increase the road handling ability on muddy roads, in deep snow and similar conditions. The drive modes bring out the high road handling of 4WD models and also increase the potential of 2WD models to provide a sense of security and reliability while driving. When a mode is selected, an image representing the driving situation is displayed in the meter to allow the driver to intuitively select a mode.

\*13: Active Yaw Control

\*14: Active Stability Control

\*15: Anti-lock Braking System

\*16: Available for 4WD models only

### iii) High quality spacious interior

- A linear instrument panel with a powerful horizontal tone gives the vehicle a spacious and roomy look while producing a functional form that makes it easy to see the changes in the vehicle position. The upper part is covered with a soft padding wrapped in leather, and stitching has been applied to project a high-quality feel. The door panels feature a large area of door inserts, and the same soft padding as the instrument panel and floor console sides is used to create a high-quality and comfortable space.
- The interior color variations for the P-Line feature genuine leather seats of light gray and black. The instrument panel and door trim are the same color, and real aluminum is used in the shift panel. Saddle tan accent color and semi-aniline leather seats are also available as an option for the P-Line. The H-Line features black suede combination seats and piano black interior material, while the M-Line offers light gray or black fabric material seats and piano black interior material.
- The front seats have a two-layer urethane structure to ensure the seats are comfortable the moment they are sat on and to reduce fatigue during long trips. Roominess and comfortability are enhanced by widening the body and increasing the legroom of the first and second-row seats. In addition, features such as seat heaters, 3-zone automatic climate control, and rear door sunshades are available depending on the trim level to make the rear seats more comfortable for a family SUV.
- There are two types of meters depending on the trim level. The 12.3-inch full digital driver display equipped with a Mitsubishi Motors' first full-screen, full-color liquid crystal display shows a variety of contents on a large screen with clarity without appearing cluttered. The display is also equipped with a customization function that allows a variety of information to be freely combined and displayed. Another high-contrast meter with a 7-inch multi-information display can show simple arrow navigation in the central information display. It utilizes the high recognition advantage of an analog display while producing a high-quality look with a stereoscopic dial and decorated indicator needle.
- For certain trim levels, a large 9-inch screen is used for the center display and is equipped with Smartphone-link Display Audio navigation system. This smoothly provides highly accurate route information using internal maps and navigation functions. A variety of functions including navigation and audio can be easily selected with one touch of the launch menu icon that is always displayed at the bottom of the screen. By connecting to Android<sup>™\*17</sup> smartphone or iPhone<sup>®\*18</sup>, user can also enjoy the Android Auto<sup>™\*17</sup> and Apple CarPlay<sup>\*18\*19</sup> applications. Functions for receiving the latest traffic information or updating software online are also planned for the near future.
- To provide driving information safely and more quickly, for the first time Mitsubishi Motors has installed a windshield-type 10.8-inch Head-Up Display (HUD) to project in full color

the information required for driving. Driver can manually select ON/OFF for this HUD and customize the displayed contents. In addition to driving information and warnings, such as lane departure, the displayed contents include navigation and audio information through a link with the center display, and multiple types of information can be displayed at the same time.

- A BOSE premium sound system is used for the speakers. The all-new Outlander is equipped with a sound system consisting of 10 speakers. Combining large door woofers with dual subwoofers provides powerful deep bass and a high-quality sound like a live performance.
- The all-new Outlander is a family SUV that offers three-row, seven seats, which is unique in its class. The seats can be flexibly arranged with multiple configurations to suit the number of passengers and their luggage. The second-row seats have a sliding and reclining function, as well as a 4:2:4 split division, allowing two adult passengers to comfortably sit in the second row even when carrying long items such as skis.
- Space for storing smartphones is provided in the center console tray, center console side pockets, driver's seat back pocket, and quarter trim pockets. The center console tray also has a wireless phone charging function (15W) that charges smartphones when placed on it. USB charging ports Types C and A are provided, respectively, on the front and back of the center console.

\*17: Android™ and Android Auto™ are trademarks of Google LLC.

\*18: iPhone® and Apple CarPlay® are trademarks of Apple Inc., registered in the US and other countries and regions. The iPhone trademark is used in accordance with a license from Aiphone Co., Ltd.

\*19: Apple CarPlay® allows wireless connection

iv) Advanced driver-assistance system and safety features

- MI-PILOT Assist integrates Adaptive Cruise Control (ACC) and Lane Keep Assist (LKA), and supports driving operation by maintaining the distance between vehicles and keeping the vehicle in the center of the lane. Vehicles equipped with navigation link system can read the speed signs to automatically change the set speed and utilize the navigation map information to automatically adjust the vehicle speed to that appropriate for curves and forks in expressways and other situations. To reduce troublesome setting operations while driving in heavy traffic on expressways, the vehicle can automatically move forward within about 30 seconds after stopping.
- For the airbags, a front center airbag for the driver's seat and side airbags for the second-row seats are standard equipped, and a total of 11 airbags are installed. In case of a side collision, the front center airbag deploys between the driver's seat and front passenger seat.
- Mitsubishi Connect is installed as a car support system that allows users to enjoy a more comfortable car life and a safe driving experience. To protect the safety of the driver, a button can be pressed to request aid from the call center if the vehicle breaks down or is involved in an accident, and it automatically reports when an airbag is deployed. It also handles a variety of incidents, such as generating a vehicle theft warning and reporting vehicle position information to the user if the vehicle is stolen. Further, operation by smartphone can be used to display the vehicle's parked position or to cause the vehicle's lights to flash to show where it is parked. Many convenient functions are provided, such as remote operation that can be used to start the engine and turn on the air conditioner before getting in to make the cabin comfortable during cold winters and hot summers, as well as unlocking the doors from a remote location. To manage driving by family, the user can also receive notices when the vehicle is driven outside of a set time period, above a set speed, or outside a set area.

- 3) In addition to the above, MMC launched certain models with enhanced safety or functional equipment, differentiated 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 76.4 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	39,606
		Development and research equipment of automobiles	3,720
		Equipment of automobile sales outlets	712
		Other	14,920
	Sub total		58,959
Automobile sales companies (two companies)	Automobile	Equipment of automobile sales outlets	947
Mitsubishi Motors Finance Co., Ltd.	Financial service	Investment of systems	114
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
Mitsubishi Motors North America, Inc. and two other companies	Automobile	Equipment of automobile sales outlets, etc.	40
Mitsubishi Motors Europe B.V.	Automobile	Equipment of parts sales outlets, etc.	65
Mitsubishi Motors Australia, Ltd.	Automobile	Equipment of automobile sales outlets, etc.	177
Mitsubishi Motors (Thailand) Co., Ltd. and another company	Automobile	Equipment of automobile sales outlets and production equipment of automobiles, etc.	9,961
Mitsubishi Motors Philippines Corp. and another company	Automobile	Equipment of automobile sales outlets and production equipment of automobiles, etc.	1,264
PT Mitsubishi Motors Krama Yudha Indonesia	Automobile	Production equipment of automobiles, etc.	4,404
Other overseas subsidiaries (18 companies)	Automobile	Equipment of automobile sales outlets and production equipment of parts, etc.	541
Total			76,481

- (Notes) 1. Consumption taxes are excluded from the amount of investment.  
2. Intangible assets and long-term prepaid expenses are included 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, 2021)

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	5,701	8,962	(4) [4] 424	387	33,816	48,868	3,170
	Kyoto Plant (Ukyo-ku, Kyoto-shi, etc.)	Automobile	Production equipment of automobile engines	3,648	14,577	(6) [15] 443	4,915	2,285	25,426	1,560
	Mizushima Plant (Kurashiki-shi, Okayama)	Automobile	Production equipment of automobiles	4,287	9,585	(-) [1] 966	7,486	4,490	25,850	3,493
Other equipment	Research & Development Center (Okazaki-shi, Aichi, Ukyo-ku, Kyoto-shi, etc.) (Note) 4	Automobile	Development and research equipment of automobiles	14,391	13,467	(166) [0] 10,673	11,889	3,953	43,701	3,499
	Parts Center (Takatsuki-shi, Osaka, Ama-gun, Aichi, etc.)	Automobile	Supply of parts and management equipment	1,120	667	(127) [0] 82	5,393	40	7,222	53
	Motor Pool (Minato-ku, Nagoya-shi, Kurashiki-shi, Okayama, etc.)	Automobile	Storage equipment of automobiles	353	0	(88) [92] 596	17,185	5	17,545	-
	Welfare Facility (Okazaki-shi, Aichi, etc.)	Automobile	Company dormitory, company condominium, etc.	2,089	26	(158) [8] 129	7,804	115	10,034	-
	Sales company (Neyagawa-shi, Osaka, Atsuta-ku, Nagoya-shi, etc.)	Automobile	Sales company	960	0	(27) [107] 82	6,308	2	7,271	-
	Others (Takatsu-ku, Kawasaki-shi, etc.)	Automobile	Training facility, etc.	3,496	168	(42) [48] 124	9,048	1,493	14,205	2,176

(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, 2021)

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			
Higashi Nihon Mitsubishi Motor Sales Co., Ltd. and another sales company (Meguro-ku, Tokyo, etc.)	Automobile	Equipment of automobile sales outlets	10,110	3,820	(414) [29] 308	15,152	778	29,861	3,303
Mitsubishi Motors Finance Co., Ltd. (Minato-ku, Tokyo)	Financial service	Car rentals, etc.	26	13,179	—	—	75	13,281	231
Pajero Manufacturing Co., Ltd. (Kamo-gun, Gifu)	Automobile	Production equipment of automobiles and parts, etc.	589	1,665	(60) 162	1,983	441	4,680	898
Mitsubishi Automotive Engineering Co., Ltd. (Okazaki-shi, Aichi)	Automobile	Design and testing equipment of automobiles and parts, etc.	106	2	(10) 1	323	87	520	1,013
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.	118	50	(9) [0] 5	243	42	455	398
Suiryo Plastics Co., Ltd. (Kurashiki-shi, Okayama)	Automobile	Production equipment of parts, etc.	1,238	1,471	(6) [0] 98	1,184	7,062	10,955	666

- (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, 2021)

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.	2,875	1,692	(173) [4] 123	338	98	5,004	412
Mitsubishi Motors Europe B.V. (Netherlands)	Automobile	Equipment of parts sales outlets, etc.	1,497	110	–	–	263	1,871	212
Mitsubishi Motors Australia, Ltd. (Australia)	Automobile	Equipment of automobile sales outlets, etc.	4,017	1,235	–	–	82	5,335	183
Mitsubishi Motors (Thailand) Co., Ltd. (Thailand) and another company	Automobile	Equipment of automobile sales outlets, production equipment of automobiles, etc.	11,367	36,780	(1,072) 219	15,751	10,768	74,667	4,517
Mitsubishi Motors Philippines Corp. (Philippines) and another company	Automobile	Equipment of automobile sales outlets, production equipment of automobiles, etc.	4,526	3,049	301	2,718	1,122	11,416	1,009
PT Mitsubishi Motors Krama Yudha Indonesia (Indonesia)	Automobile	Production equipment of automobiles, etc.	9,083	9,488	509	7,173	18,034	43,779	2,052
Other overseas subsidiaries (18 companies)	Automobile	Equipment of automobile sales outlets, production equipment of parts, etc.	2,639	2,824	(107) [15] 92	3,301	375	9,140	1,246

- (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 (FY2021), the MMC Group is planning to make capital investments totaling 90.0 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, 2021. They do not include consumption tax and so forth.

Company name	Segment	Details of capital expenditure	Planned amount (Millions of yen)	Method of financing
MMC	Automobile	Production equipment of automobiles	35,598	Own capital and loans payable
		Development and research equipment of automobiles	2,599	
		Equipment of automobile sales outlets	2,330	
		Other	12,775	
	Sub total		53,303	
Automobile sales companies (two companies)	Automobile	Equipment of automobile sales outlets	1,222	Own capital and loans payable
Mitsubishi Motors Finance Co., Ltd.	Financial service	Investment of systems, etc.	444	Own capital and loans payable
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.	3,542	Own capital and loans payable
Mitsubishi Motors North America, Inc. and two other companies	Automobile	Equipment of automobile sales outlets, etc.	457	Own capital and loans payable
Mitsubishi Motors Europe B.V.	Automobile	Equipment of parts sales outlets, etc.	32	Own capital and loans payable
Mitsubishi Motors Australia, Ltd.	Automobile	Equipment of automobile sales outlets, etc.	1,452	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.	17,495	Own capital and loans payable
Mitsubishi Motors Philippines Corp. and another company	Automobile	Equipment of automobile sales outlets and production equipment of automobiles, etc.	3,620	Own capital and loans payable



Company name	Segment	Details of capital expenditure	Planned amount (Millions of yen)	Method of financing
PT Mitsubishi Motors Krama Yudha Indonesia	Automobile	Production equipment of automobiles, etc.	7,768	Own capital and loans payable
Other overseas subsidiaries (18 companies)	Automobile	Equipment of automobile sales outlets and production equipment of parts, etc.	659	Own capital and loans payable
Total			90,000	

## 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 authorized shares
Common stock	1,575,000,000
Total	1,575,000,000

##### ii) Issued shares

Class	Number of issued shares (As of March 31, 2021) (Shares)	Number of issued shares (As of the filing date: June 24, 2021) (Shares)	Name of stock listing or the name of authorized financial instruments firms association	Description
Common stock	1,490,282,496	1,490,282,496	Tokyo Stock Exchange (First Section)	Number of shares for share unit: 100 shares
Total	1,490,282,496	1,490,282,496	–	–

#### (2) Share acquisition rights

##### i) Details of stock option program

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 *	842
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 *	67,044 shares (Note) 1
Amount of contribution (issue price) per share acquisition right *	JPY 1 per share
Fair value for a share acquisition right for one share *	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 *	3,884
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 *	311,724 shares (Note) 1
Amount of contribution (issue price) per share acquisition right *	JPY 1 per share
Fair value for a share acquisition right for one share *	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

Share acquisition rights based on the resolution of the Board of Director's meeting held on September 26, 2019 (Third series share acquisition rights)

Resolution date	September 26, 2019
Number of share acquisition rights *	3,783
Category and number of participant	One Member of the Board (excluding Outside Director)
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 *	107 shares (Note) 1-2
Total number of shares that will be issued upon exercise of share acquisition rights *	406,162 shares (Note) 1-2
Amount of contribution (issue price) per share acquisition right *	JPY 1 per share
Fair value for a share acquisition right for one share *	JPY 372.56 (Note) 1-2
Exercise period *	<p>The exercise period will commence on the earliest of the following dates and end on April 30, 2052.</p> <p>i) May 1, 2022</p> <p>ii) If a shareholders' meeting of MMC (or, where no shareholder approval is required, the Board of Directors or Executive Officers 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 or Executive Officers 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 373.56 (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 *	Acquisition by transfer of the share acquisition rights requires approval at the Board of Director's meeting of MMC.
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 November 26, 2020 (Fourth series share acquisition rights)

Resolution date	November 26, 2020
Number of share acquisition rights *	300
Category and number of participant	One Member of the Board (excluding Outside Director) One heir of a former Member of the Board (excluding Outside Director)
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 *	317 shares (Note) 1-2
Total number of shares that will be issued upon exercise of share acquisition rights *	95,146 shares (Note) 1-2
Amount of contribution (issue price) per share acquisition right *	JPY 1 per share
Fair value for a share acquisition right for one share *	JPY 126.12 (Note) 1-2
Exercise period *	The exercise period will commence on the earliest of the following dates and end on April 30, 2053. i) May 1, 2023 ii) If a shareholders' meeting of MMC (or, where no shareholder approval is required, the Board of Directors or Executive Officers 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. iii) If a shareholders' meeting of MMC (or, where no shareholder approval is required, the Board of Directors or Executive Officers 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.
Share issue price and additional paid-in capital per share in the event of issuance of shares upon exercise of share acquisition rights *	Issue price: JPY 127.12 (Note) 2 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.
Conditions to exercise of share acquisition rights *	(Note) 3
Matters concerning transfer of share acquisition rights *	Acquisition by transfer of the share acquisition rights requires approval at the Board of Director's meeting of MMC.
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, 2021). As of the end of the month before the month of the filing date (May 31, 2021) 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 one share acquisition right, total number of shares that will be issued upon exercise of share acquisition rights, and fair value of a share acquisition right for one share  
The number of shares to be issued upon the exercise of one Share Acquisition Right (the “Number of Issued Shares”) shall be calculated by dividing JPY 41,200, which is the issue price for one Share Acquisition Right, (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 a maximum whole part of the number calculated by (i) multiplying the Issue Price by the number of the Share Acquisition Rights that are exercised and then (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.

1-2. Number of shares to be issued upon the exercise of one share acquisition right, total number of shares that will be issued upon exercise of share acquisition rights, and fair value of a share acquisition right for one share  
The number of shares to be issued upon the exercise of one Share Acquisition Right (the “Number of Issued Shares”) shall be calculated by dividing JPY 40,000, which is the issue price for one Share Acquisition Right, (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 a maximum whole part of the number calculated by (i) multiplying the Issue Price by the number of the Share Acquisition Rights that are exercised and then (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: (  $t$  ): 8 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 eight (8) years (the 8 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 (average dividend paid in the last three fiscal years) ÷ 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, paragraph (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, 2021)

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	1	38	62	1,628	347	390	257,501	259,967	–
Number of shares held (Units)	10	1,602,335	210,184	8,534,196	1,303,467	4,950	3,246,362	14,901,504	132,096
Percentage of voting shares (%)	0.00	10.75	1.41	57.27	8.75	0.03	21.79	100	–

- (Notes)
1. The 1,604,136 treasury shares stated in the shareholders register, are presented as follows: 16,041 voting units are included in “Individuals, etc.” and 36 shares are 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, 2021)

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
Mitsubishi Corporation	2-3-1, Marunouchi, Chiyoda-ku, Tokyo	298,012,214	20.01
The Master Trust Bank of Japan, Ltd. (Trust account)	2-11-3, Hamamatsucho, Minato-ku, Tokyo	39,107,900	2.62
Mitsubishi Heavy Industries, Ltd.	3-2-3, Marunouchi, Chiyoda-ku, Tokyo	21,572,455	1.44
Custody Bank of Japan, Ltd. (Trust account)	1-8-12, Harumi, Chuo-ku, Tokyo	15,505,500	1.04
Custody Bank of Japan, Ltd. (Trust account 9)	1-8-12, Harumi, Chuo-ku, Tokyo	15,423,500	1.03
MUFG Bank, Ltd.	2-7-1, Marunouchi, Chiyoda-ku, Tokyo	14,877,512	0.99
BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1 (Standing proxy: MUFG Bank, 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)	12,356,100	0.83
Custody Bank of Japan, Ltd. (Trust account 5)	1-8-12, Harumi, Chuo-ku, Tokyo	11,345,200	0.76
Custody Bank of Japan, Ltd. (Trust account 6)	1-8-12, Harumi, Chuo-ku, Tokyo	10,060,900	0.67
Total	—	944,881,858	63.47

## (7) Voting rights

## i) Issued shares

(As of March 31, 2021)

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

(Notes) 1. The number of “Shares with complete voting rights (Other)” includes 1,152,650 shares (11,526 units of voting rights) of MMC held by Board Incentive Plan (BIP) Trust and 5,700 shares (57 units of voting rights) in the name of Japan Securities Depository Center, Incorporated.

The 11,526 units of voting rights in the officer compensation BIP Trust are not to be exercised.

2. The number of “Shares less than one unit” includes 36 treasury shares held by MMC.

## ii) Treasury shares, etc.

(As of March 31, 2021)

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

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

(8) Details of the Executive and Employee Stock Ownership Plan

i) Overview of the BIP Trust

MMC has introduced a stock compensation plan (hereinafter the “BIP Trust”) that utilizes trusts as an incentive plan for its Executive Officers and Corporate Officers, etc. (hereinafter referred to as “Executive Officers, etc.”) This applies to MMC’s Long-term Performance-linked Compensation and Deferred Retirement Compensation. The BIP Trust is a system whereby the trust obtains the shares of MMC from the stock market funded by the cash contributed by MMC and through such trust, MMC will deliver the shares of MMC or pay money equivalent to the converted value of such shares to Executive Officers, etc., according to their position and degree of achievement of performance targets. The trust period is from December 17, 2020 to August 31, 2023 (planned), but if the trust agreement is amended or if there is an additional trust when the trust period expires, the trust period will be extended. The voting rights of the shares of MMC in the BIP Trust will not be exercised throughout the trust period.

ii) Total number of shares anticipated to be obtained by the BIP Trust and the total amount

BIP Trust obtained 1.16 million shares of MMC valued at 253 million yen in the fiscal year under review. There is no current plan to obtain additional shares of MMC.

iii) Scope of beneficiaries

MMC’s Executive Officers, Corporate Officers and people recognized by the MMC Compensation Committee who meet the beneficiary requirements (However, beneficiaries do not include non-residents of Japan and persons forecast to become non-residents of Japan in future.)

## 2. Acquisition of treasury shares

[Class of shares]

Acquisition of shares of common stock under Article 155, item (vii) of the Companies Act

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

Not applicable.

(2) Acquisition by resolution of the Board of Directors

Not applicable.

(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	136	27,372
Treasury shares acquired during the period from April 1, 2021 to the filing date	–	–

(Note) The number of shares of treasury shares acquired during the period from April 1, 2021 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, 2021 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, 2021 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, share delivery and spin off	–	–	–	–
Other (disposal upon exercise of share acquisition rights)	365,402	320,674,254	–	–
Treasury shares held	1,604,136	–	1,604,136	–

(Notes) 1. The number of “Other (disposal through exercise of share acquisition rights)” and “Treasury shares held” during the period from April 1, 2021 to the filing date does not reflect changes during the period from June 1, 2021 to the filing date of this Annual Securities Report.

2. The number of shares of treasury shares held during the current fiscal year and the period from April 1, 2021 to the filing date does not include the number of shares of MMC held by Board Incentive Plan (BIP) Trust.

### 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.

However, in terms of the end-of-term dividend for the current fiscal year, as a result of the decrease in sales due to the spread of COVID-19 and the loss recorded due to structural reforms, the outlook for securing constant resources to pay dividends remains unclear. Therefore, MMC regrets to inform that it will not pay the end-of-term dividend.

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

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

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

Based on its corporate philosophy (vision and mission), 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 over the medium to long term, by making the ongoing reinforcement and improvement of governance a management priority.

###### **Vision**

Create a vibrant society by realizing the potential of mobility

###### **Mission**

1. Provide new experiences for our customers with creative products and service excellence
2. Make positive contributions to the sustainable development of our society
3. Act sincerely as a trusted company
4. Enhance stakeholder value by leveraging the Alliance

###### 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 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.

###### (i) Board of Directors and Members of the Board

The Board of Directors is responsible for making decisions concerning important management issues and overseeing business execution. As of June 24, 2021, it is comprised of 13 Members of the Board (Chairman of the Board Tomofumi Hiraku (chairperson), Member of the Board Takao Kato, Member of the Board Kozo Shiraji, Outside Director Shunichi Miyanaga, Outside Director Ken Kobayashi, Outside Director Main Kohda, Outside Director Yaeko Takeoka, Outside Director Kenichiro Sasae, Outside Director Kiyoshi Sono, Outside Director Hideyuki Sakamoto, Outside Director Yoshihiko Nakamura, Outside Director Joji Tagawa, and Outside Director Takahiko Ikushima), including 11 Outside Directors with considerable experience, deep insight and so forth, and MMC has submitted notifications, specifying five of Outside Directors (Tomofumi Hiraku, Main Kohda, Yaeko Takeoka, Kenichiro Sasae, and Yoshihiko Nakamura) as Independent Directors to Tokyo Stock Exchange, Inc.

MMC has established the following three legally required committees, the majority of which 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.

###### (A) Nomination Committee

The Nomination Committee makes decisions on proposals for electing and dismissing Members of the Board, which are proposed at the General Meeting of Shareholders, and engages in deliberations regarding matters such as proposals for appointing and removing the Executive Officers and Corporate Officers, which are proposed at the Board of Directors and the succession planning for the Executive Officer, President. (Members: Outside Director Main Kohda (chairperson), Outside Director Ken



Kobayashi, Outside Director Kenichiro Sasae, Outside Director Hideyuki Sakamoto, and Chairman of the Board Tomofumi Hiraku)

(B) 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 Main Kohda, Outside Director Kenichiro Sasae, Outside Director Joji Tagawa, and Member of the Board Takao Kato)

(C) Audit Committee

The Audit Committee audits execution of duties performed by the Members of the Board and Executive Officers and prepares audit report thereof, and implements internal investigation into matters for which the Board of the Directors determined that it unreasonable for business executives to implement investigation. (Members: Outside Director Yaeko Takeoka (chairperson), Outside Director Kiyoshi Sono, Outside Director Yoshihiko Nakamura, Outside Director Takahiko Ikushima, and Member of the Board Kozo Shiraji)

(ii) Executive Officers

Executive Officers make decisions on and conduct business execution and serve as Executive Committee members, who deliberate on important management matters. The Executive Officer, President & CEO, who is delegated to execute the overall business operation by the resolution at the Board of Director's meeting, shall be the responsible person for the business execution departments. MMC has 12 Executive Officers (including the Executive Officer, President & CEO) as of June 24, 2021.

(iii) Corporate Officers

Corporate Officers supervise functions or business of MMC and conduct business execution in a certain range, based on delegation of authority by the Board of Directors or the Executive Officer, President & CEO. MMC has 10 Corporate Officers as of June 24, 2021.

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

MMC has specified the Executive Officer, President & CEO as the major party delegated with authority of business execution by the Board of Directors, and has positioned the Executive Officer, Executive Vice President as the responsible person who has authority and responsibility for the execution of operations on the scope of duty under the direction of the Executive Officer, President & CEO, in addition to the Executive Officer, President & CEO, the responsible person for the business execution departments. MMC has delegated the decision authority of Executive Officer, President & CEO to other Executive Officers and Corporate Officers 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.

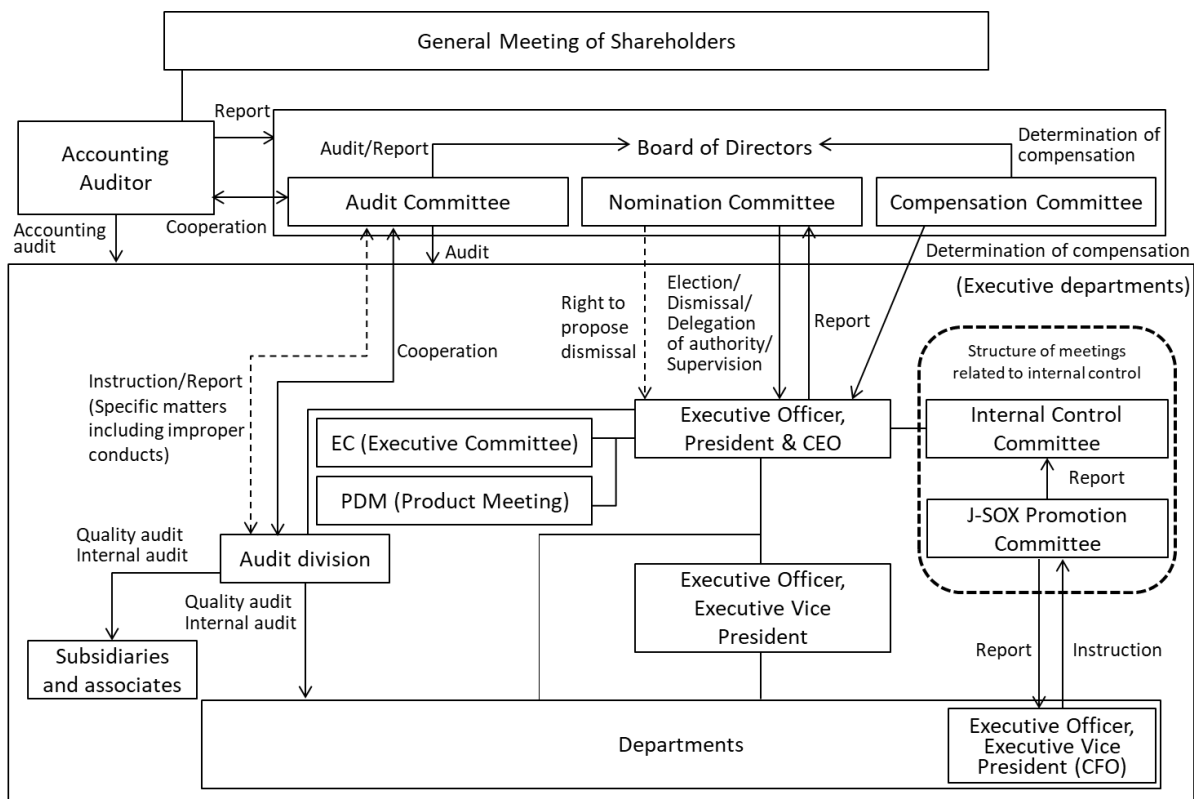
Furthermore, to ensure the proper exercise of business execution rights by the Executive Officer, President & CEO, MMC has established and operates the various committees described below, as an advisory body to the Executive Officer, President & CEO.

- Executive Committee (EC) deliberates on important management issues as an advisory body to the Executive Officer, President & CEO. EC is comprised of the Executive Officer, President & CEO and all the other Executive Officers.
- Product Meeting (PDM) deliberates and confirms important matters related to product development projects as an advisory body on product development to the Executive Officer, President & 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.

- Internal Control Committee, chaired by the Executive Officer, President & CEO, promotes internal controls pursuant to the Companies Act. In addition, J-SOX Promotion Committee was established under Internal Control Committee along with three committees. J-SOX Promotion Committee, chaired by the Executive Officer, Executive Vice President (CFO), handles internal control over financial reporting under the Financial Instruments and Exchange Act.

MMC's functions and internal control relationships as of June 24, 2021 are presented in the figure below.



iii) Other matters related to corporate governance

(i) 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. In compliance with the

internal regulations and other rules, each of the subsidiaries gives prior or subsequent explanations and reports that should be made to MMC concerning its business, results, financial condition and other important information to the supervisory organization and other internal dedicated organizations in accordance with its 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.

(ii) 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 Audit 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 it 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 Executive Officer, President & 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 Executive Committee in each of the rules of the Board of Directors and rules of 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 Executive Committee, etc. shall execute business efficiently based on the rules of the Board of Directors and rules of 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 Affiliates and other internal rules.
  - MMC shall improve Rules for Management of Subsidiaries and Affiliates 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 Audit Committee's audit activities
- A body to assist Audit 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 Audit 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 Audit 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 Audit Committee.
- (h) System to allow the Members of the Board (excluding Members of the Audit Committee), 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 Audit Committee, and other systems related to reporting to Audit Committee
- The Members of the Audit Committee 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 Members of the Audit Committee 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 Audit Committee.

- Executive Officers shall report to Members of the Audit Committee 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 Audit 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 Members of the Audit Committee in executing duties (limited to those related to the execution of duties of Audit Committee), and settlement policy for expenses or debt incurred for other related duties
- In case Members of the Audit Committee 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 Members of the Audit Committee to execute their duties.
- (k) Other systems to ensure that Audit Committee conducts audits effectively
- The Audit Committee of MMC shall periodically conduct exchanges of opinions with the Executive Officer, President & 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.
- (iii) 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 affiliates 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 affiliates risk management includes initiatives for addressing various types of risks encountered by MMC’s subsidiaries and affiliates. 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.

(iv) 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.

(v) 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). MMC has concluded agreements with Members of the Board who do not serve concurrently as Executive Officers limiting their liability for damages to the higher of 7 million yen or the minimum amount of liability stipulated in Article 425, paragraph (1) of the Companies Act for the liability stipulated in Article 423, paragraph (1) of the same Act.

c. Outline of the directors and officers liability insurance policy, etc.

MMC has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance agency, as follows.

<Scope of insureds>

Directors, Executive Officers, Audit & Supervisory Board Members and Corporate Officers (including retired individuals) of MMC and its subsidiaries

<Outline of content of insurance policy>

The insurance policy covers the insured's amount of indemnification and such costs as related litigation expenses incurred from claims for damages arising from acts (including nonfeasance) carried out by the insured as an officer or a person at a certain position of a company. However, losses and costs personally incurred by directors and officers through criminal acts and intentional illegal activities, such as bribery, are not covered by the policy as a measure to ensure that the proper performance of duties of officers, etc., is not impaired. The full amount of insurance premiums are borne by MMC.

d. 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.

(vi) 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: 22; Female: 2 (women account for 8.3% 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)
Member of the Board	Tomofumi Hiraku	March 23, 1956	<p>April 1978 Joined the Ministry of International Trade and Industry (MITI) (present: Ministry of Economy, Trade and Industry (METI))</p> <p>April 1993 Director, Industrial Labor Policy Office, Industrial Policy Bureau, MITI</p> <p>May 1994 Consul, Consulate-General of Japan at Vancouver, Canada, Ministry of Foreign Affairs</p> <p>June 1997 Director, Tariff Division, International Economic Affairs Department, International Trade Policy Bureau, MITI</p> <p>July 1998 Director-General, General Coordination and Policy Planning Department, Kansai Bureau, MITI (present: Ministry of Economy, Trade and Industry (METI))</p> <p>June 2000 Director, Planning Division, Coal and New Energy Department, Agency for Natural Resources and Energy, MITI</p> <p>January 2001 Director, Policy Planning Division, Energy Conservation and Renewable Energy Department, Agency for Natural Resources and Energy, METI</p> <p>July 2002 Director, Economic and Fiscal Management Bureau, Cabinet Office, Government of Japan</p> <p>September 2005 Director-General for Manufacturing Industries Policy, Manufacturing Industries Bureau, METI</p> <p>July 2006 Director-General for Natural Resources and Energy Policy, Agency for Natural Resources and Energy, METI</p> <p>July 2008 Director-General, Kansai Bureau, METI</p> <p>July 2009 Director-General, Manufacturing Industries Bureau, METI</p> <p>October 2010 Joined IBM Japan, Ltd. as an Executive Advisor</p> <p>June 2021 Chairman of the Board, MMC (to the present)</p>	(Note) 2	20,000

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</p> <p>April 2021 Member of the Board, Representative Executive Officer, President &amp; CEO, MMC (to the present)</p>	(Note) 2	8,515
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	13,476

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	15,651

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;</p> <p>Chairman of the Board, Mitsubishi Corporation</p> <p>Outside Director, NISSIN FOODS HOLDINGS CO., LTD.</p> <p>Outside Director (Member of the Board), Mitsubishi Heavy Industries, Ltd.</p>	(Note) 2	11,277

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 as an independent 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, LIXIL Group Corporation</p> <p>June 2016 Outside Director, 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, Japan Exchange Group</p>	(Note) 2	9,249

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</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	14,496

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</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>December 2020    President, The Japan Institute of International Affairs (to the present)</p> <p>&lt;Important concurrent positions&gt;</p> <p>President, The Japan Institute of International Affairs</p> <p>Adviser to the Minister for Foreign Affairs</p> <p>Outside Director, Hotel Okura Co., Ltd.</p> <p>Outside Director, SEIREN CO., LTD.</p> <p>Outside Director, Fujitsu Limited (inauguration planned in June 2021)</p>	(Note) 2	7,364

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.</p> <p>Member of the Board of Directors, Managing Corporate Executive, Mitsubishi UFJ Financial Group, Inc.</p> <p>June 2019 Member of the Board, MMC (to the present)</p> <p>June 2019 Managing Executive Officer, Mitsubishi UFJ Financial Group, Inc.</p> <p>April 2021 Senior Advisor, MUFG Bank, Ltd. (to the present)</p> <p>&lt;Important concurrent positions&gt;</p> <p>Senior Advisor, MUFG Bank, Ltd.</p> <p>Outside Director, Mitsubishi UFJ NICOS Co., Ltd.</p> <p>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 Officer, Nissan PV Product Development Div. No.1, Nissan Motor Co., Ltd.</p> <p>May 2009 Corporate Officer, Alliance Common Platform and Components, Nissan Motor Co., Ltd.</p> <p>April 2012 Corporate 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, Executive Vice President, Product Engineering, Nissan Motor Co., Ltd.</p> <p>January 2018 Director, Executive Vice President, MFG &amp; SCM Operations, Nissan Motor Co., Ltd.</p> <p>June 2018 Chairman of the Board, Nissan Motor Kyushu Co., Ltd. (to the present)</p> <p>August 2018 Board Member, Chairman, 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>June 2019 Executive Officer, Executive Vice President, Manufacturing &amp; SCM Operations, Nissan Motor Co., Ltd.</p> <p>February 2020 Director, Executive Officer, Executive Vice President, Manufacturing &amp; SCM Operations, Nissan Motor Co., Ltd. (to the present)</p> <p>&lt;Important concurrent positions&gt;  Director, Executive Officer, Executive Vice President, Nissan Motor Co., Ltd.  Chairman of the Board, JATCO Ltd  Board Member, Chairman, AICHI MACHINE INDUSTRY CO., LTD.  Chairman of the Board, Nissan Motor Kyushu Co., Ltd.</p>	(Note) 2	7,364

Title and occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)
Member of the Board	Yoshihiko Nakamura	November 28, 1956	<p>November 1979    Joined Peat Marwick Mitchell &amp; Company (present: KPMG AZSA LLC)</p> <p>March 1983    Registered as certified public accountant</p> <p>October 1994   Partner (Representative), Minato Audit Corp. (present: KPMG AZSA LLC)</p> <p>October 2003   Partner, KPMG AZSA LLC</p> <p>June 2019    Substitute Auditor, Seika Corporation</p> <p>July 2019    Started CPA Yoshihiko Nakamura Accounting Office (to the present)</p> <p>June 2020    Member of the Board, MMC (to the present)</p> <p>June 2020    Auditor, Seika Corporation (to the present)</p> <p>&lt;Important concurrent positions&gt;</p> <p>CPA Yoshihiko Nakamura Accounting Office Auditor, Seika Corporation</p>	(Note) 2	4,324

Title and occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)
Member of the Board	Joji Tagawa	July 12, 1960	<p>April 1983 Joined Nissan Motor Co., Ltd.</p> <p>April 2006 Corporate Officer, Treasury Department and Investor Relations Department, Nissan Motor Co., Ltd.</p> <p>April 2010 Corporate Officer, Investor Relations Department and M&amp;A Support Department, Nissan Motor Co., Ltd.</p> <p>April 2014 Corporate Vice President, Investor Relations and M&amp;A Support Department, Nissan Motor Co., Ltd.</p> <p>October 2014 Director, RENAULT JAPON CO., LTD.</p> <p>April 2019 Corporate Vice President, Investor Relations, Nissan Motor Co., Ltd.</p> <p>December 2019 Senior Vice President, Chief Sustainability Officer, Global External &amp; Government Affairs, Environment/CSR, IP promotion, Corporate Management Office, Board of Directors Office, Corporate Service and Investor Relations Department, Nissan Motor Co., Ltd.</p> <p>April 2020 Senior Vice President, Chief Sustainability Officer, Global External &amp; Government Affairs, Environment/CSR, IP promotion, Corporate Service and Investor Relations Department, Nissan Motor Co., Ltd.</p> <p>April 2020 Outside Director, Renault SA (to the present)</p> <p>June 2020 Member of the Board, MMC (to the present)</p> <p>April 2021 Senior Vice President, Chief Sustainability Officer, Global External &amp; Government Affairs, Environment/CSR, Crisis Management and Security Office, IP promotion and Corporate Service, Nissan Motor Co., Ltd. (to the present)</p> <p>&lt;Important concurrent positions&gt;</p> <p>Senior Vice President, Nissan Motor Co., Ltd. Outside Director, Renault SA</p>	(Note) 2	4,324
Member of the Board	Takahiko Ikushima	January 13, 1967	<p>April 1990 Joined Nissan Motor Co., Ltd.</p> <p>November 2019 Division General Manager, Budget and Accounting Department, Global Revenue and Regional Financial Management Group, General Manager, MC-Controller, LCV-BU, Nissan Motor Co., Ltd.</p> <p>December 2019 Corporate Vice President, Global Controller, Accounting, Nissan Motor Co., Ltd. (to the present)</p> <p>June 2020 Member of the Board, MMC (to the present)</p> <p>&lt;Important concurrent positions&gt;</p> <p>Corporate Vice President, Nissan Motor Co., Ltd.</p>	(Note) 2	4,324
Total					120,364

- (Notes) 1. Members of the Board, Mr. Tomofumi Hiraku, Mr. Shunichi Miyanaga, Mr. Ken Kobayashi, Ms. Main Kohda, Ms. Yaeko Takeoka, Mr. Kenichiro Sasae, Mr. Kiyoshi Sono, Mr. Hideyuki Sakamoto, Mr. Yoshihiko Nakamura, Mr. Joji Tagawa and Mr. Takahiko Ikushima are Outside Directors.
2. From the conclusion of the MMC's Ordinary General Meeting of Shareholders held on June 23, 2021 to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2022.
3. MMC is a company with three committees. The structure of each committee is as follows:
- |                        |                                |   |
|------------------------|--------------------------------|---|
| Nomination Committee   | Chairperson: Main Kohda        | Member: Ken Kobayashi, Kenichiro Sasae, Hideyuki Sakamoto and Tomofumi Hiraku |
| Compensation Committee | Chairperson: Shunichi Miyanaga | Member: Main Kohda, Kenichiro Sasae, Joji Tagawa and Takao Kato               |
| Audit Committee        | Chairperson: Yaeko Takeoka     | Member: Kiyoshi Sono, Yoshihiko Nakamura, Takahiko Ikushima 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)
Member of the Board, Representative Executive Officer, President & CEO	Takao Kato	February 21, 1962	See a. Status of Members of the Board	(Note)	8,515
Representative Executive Officer, Executive Vice President (Monozukuri)	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</p> <p>December 2019    Executive Officer, Senior Vice President (Engineering and Assistant to COO), MMC</p> <p>February 2020    Representative Executive Officer, Co-COO and responsible for Engineering, MMC</p> <p>April 2021    Representative Executive Officer, Executive Vice President (Monozukuri), MMC (to the present)</p>	(Note)	7,930

Title and occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)
Representative Executive Officer, Executive Vice President (Sales)	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</p> <p>December 2019    Executive Officer, Senior Vice President (ASEAN Div. and Assistant to COO), MMC</p> <p>February 2020    Representative Executive Officer, Co-COO and responsible for ASEAN, MMC</p> <p>April 2020    Representative Executive Officer, Co-COO and responsible for ASEAN and Oceania, and Division General Manager, Global Sales Development Div., MMC</p> <p>August 2020    Representative Executive Officer, Co-COO and responsible for ASEAN and Oceania</p> <p>April 2021    Representative Executive Officer, Executive Vice President (Sales), MMC (to the present)</p>	(Note)	14,791

Title and occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)	
Representative Executive Officer, Executive Vice President (CFO)	Koji Ikeya	September 27, 1957	April 1981	Joined The Mitsubishi Bank, Ltd.	(Note)	14,097
			April 2008	Executive Officer and General Manager of Corporate Banking Credit Division, The Bank of Tokyo-Mitsubishi UFJ, Ltd.		
			May 2011	Managing Executive Officer and Group Head of Osaka Corporate Banking Group, The Bank of Tokyo-Mitsubishi UFJ, Ltd.		
			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.		
			May 2014	Managing Executive Officer and Group Head of Corporate Banking Group No. 1, The Bank of Tokyo-Mitsubishi UFJ, Ltd.		
			May 2015	Senior Managing Executive Officer and Group Head of Corporate Banking Group No. 1, The Bank of Tokyo-Mitsubishi UFJ, Ltd.		
			June 2016	Member of the Board, Executive Vice President (Finance, Controlling & Accounting), CFO, MMC		
			April 2018	Executive Vice President, (Finance, Controlling & Accounting), CFO, MMC		
			June 2019	Representative Executive Officer, Executive Vice President (Finance, Controlling & Accounting), CFO, MMC		
			April 2020	Representative Executive Officer, CFO, MMC		
			April 2021	Representative Executive Officer, Executive Vice President (CFO), MMC (to the present)		

Title and occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)
Senior Executive Officer (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</p> <p>April 2020     Senior Executive Officer (Corporate Governance), MMC (to the present)</p>	(Note)	16,993



Title and occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)	
Senior Executive Officer (Procurement)	Yukihiro Hattori	January 18, 1958	April 1980	Joined MMC	(Note)	16,993
			June 2002	Expert of Development Strategy Office, MMC		
			July 2004	Expert of Body& Chassis Engineering Group, Vehicle Engineering Dept., Product Development Div., MMC		
			April 2005	Senior Expert of Revitalization Promotion Dept., Corporate Planning Office, MMC		
			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		
			April 2008	Assistant to Executive Vice President and Project Manager of Step Up 2010 Promotion Office, MMC		
			May 2010	Corporate General Manager of Cost Innovation Controlling Office, MMC		
			October 2010	Corporate General Manager of Cost Innovation Controlling Office and Vice Corporate General Manager of Procurement Office, MMC		
			June 2011	Corporate General Manager of Procurement Office and General Manager of Procurement Planning Dept., Procurement Group Headquarters, MMC		
			April 2013	Corporate Vice President, Corporate General Manager of Procurement Office, MMC		
			April 2014	Corporate Vice President, Head Officer of the Headquarters, Procurement Group Headquarters, MMC		
			April 2015	Senior Executive Officer, Head Officer of the Headquarters, Procurement Group Headquarters, MMC		
			June 2016	Senior Vice President, Head Officer of the Headquarters, Procurement Group Headquarters, MMC		
			January 2017	Senior Vice President (Procurement), MMC		
June 2019	Executive Officer, Senior Vice President (Procurement), MMC					
April 2020	Senior Executive Officer (Procurement), MMC (to the present)					

Title and occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)
Senior Executive Officer (Domestic Sales)	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</p> <p>September 2019    Executive Officer, Senior Vice President (Corporate Strategy and Sustainability), MMC</p> <p>February 2020    Executive Officer, Senior Vice President (Corporate Strategy, Sustainability, and Domestic Sales Reformation), MMC</p> <p>April 2020    Senior Executive Officer (Domestic Sales), MMC (to the present)</p>	(Note)	9,617

Title and occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)
Executive Officer, General Manager, Corporate Strategy Management Div.	Noriaki Hirakata	December 7, 1963	<p>April 1986    Joined Meiji Life Insurance Company</p> <p>August 1995    Managing Director, Automotive Industry Analyst, Morgan Stanley Japan</p> <p>October 2011    Head of IR Office, NEXON Co., Ltd.</p> <p>June 2012    General Manager (Corporate Planning Office), MMC</p> <p>April 2014    Deputy General Manager, Strategic Management Office, Strategy Management Div., MMC</p> <p>January 2017    CEO, Hirakata Office Co., Ltd.</p> <p>January 2019    Division General Manager, Strategy Management Div., MMC</p> <p>April 2019    Corporate Vice President, Division General Manager, Strategy Management Div., MMC</p> <p>April 2020    Executive Officer, General Manager, Corporate Strategy Management Office, MMC</p> <p>April 2021    Executive Officer, General Manager, Corporate Strategy Management Div., MMC (to the present)</p>	(Note)	7,930
Executive Officer, Division General Manager, TCS Div.	Koji Yamada	February 28, 1958	<p>April 1982    Joined Nissan Motor Co., Ltd.</p> <p>August 2003    General Manager, Commercial Vehicle Product Planning Office, Dongfeng Motor Co., Ltd.</p> <p>April 2007    Project Manager, Interior and Exterior Engineering Development Department, Nissan Motor Co., Ltd.</p> <p>April 2010    General Manager, Customer Engineering Department, Nissan Motor Co., Ltd.</p> <p>April 2012    General Manager, Field Quality Improvement Department, Nissan Motor Co., Ltd.</p> <p>April 2013    General Manager, Field Quality Assurance Department, Nissan Motor Co., Ltd.</p> <p>April 2014    Deputy Division General Manager, TCS Department, Dongfeng Motor Corporation</p> <p>April 2017    Vice President, Division General Manager, TCS Div., MMC</p> <p>April 2018    Corporate Vice President, Division General Manager, TCS Div., MMC</p> <p>October 2019    Executive Officer, Division General Manager, TCS Div., MMC (to the present)</p>	(Note)	9,617

Title and occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)
Executive Officer (Product Strategy), and Division General Manager, Product Strategy Div.	Koichi Namiki	January 10, 1962	<p>April 1984 Joined OBIC Co., Ltd.</p> <p>August 1986 Joined MMC</p> <p>April 2000 Group Manager, Engine Designing Department, MMC</p> <p>March 2003 Strategic Project Leader, New Product Project, MMC</p> <p>July 2004 Senior Expert, Engine Designing Department, MMC</p> <p>December 2009 General Manager, Alliance Planning and Promotion Office, MMC</p> <p>June 2011 Corporate General Manager, Product Strategy Div., MMC</p> <p>April 2012 Product Executive, PX (RV), MMC</p> <p>October 2013 Corporate General Manager, Global Pick-up Truck Business Promotion Div., MMC</p> <p>January 2017 Program Director, PD (FRAME), MMC</p> <p>April 2020 Executive Officer, Division General Manager, Product Strategy Div., MMC</p> <p>April 2021 Executive Officer (Product Strategy), and Division General Manager, Product Strategy Div., MMC (to the present)</p>	(Note)	5,317
Executive Officer (Production)	Mitsunori Kitao	August 28, 1959	<p>April 1983 Joined MMC</p> <p>April 2006 General Manager, Sheet Metal and Plastics Production Engineering Dept. Production Engineering Div., MMC</p> <p>April 2011 Vice Corporate General Manager, Production Engineering Div., MMC</p> <p>May 2013 Executive Vice President, Mitsubishi Motors (Thailand) Co., Ltd.</p> <p>April 2018 Plant General Manager, Mizushima Plant, MMC</p> <p>April 2021 Executive Officer (Production), MMC (to the present)</p>	(Note)	14,515
Executive Officer (Global Marketing & Sales)	John Signoriello	February 5, 1968	<p>June 1989 Joined Mitsubishi Motors Australia Ltd. (MMA)</p> <p>July 2000 Manager, Production Control, MMA</p> <p>May 2009 Head of Sales Planning &amp; Distribution in Sales &amp; Marketing, MMA</p> <p>July 2011 Network Development Manager, NSW/ACT, MMA</p> <p>April 2013 State Manager of SA/NT, MMA</p> <p>November 2015 Deputy Director of Sales / Head of Fleet, MMA</p> <p>November 2016 Deputy Director of Marketing, MMA</p> <p>July 2017 CEO, MMA</p> <p>April 2020 Executive Officer (Global Marketing &amp; Sales), MMC (to the present)</p>	(Note)	—
Total					126,315

(Note) From April 1, 2021 to March 31, 2022.

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>(\*)</sup> of the Company
2. An executive of a major business partner<sup>(\*\*)</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>(\*\*\*)</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>(\*\*\*\*)</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>(\*\*\*\*)</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 11 Outside Directors, and MMC has no special interest relationship with any of the Outside Directors.

Outside Director Tomofumi Hiraku has extensive experience, knowledge and personal networks across industries at large, having held important posts such as Director-General, Kansai Bureau and Director-General, Manufacturing Industries Bureau at the Ministry of Economy, Trade and Industry, as well as having been involved in energy policy planning at the

Agency for Natural Resources and Energy. As such, MMC has appointed him as an Outside Director with the expectation that with these qualities, he will be able to actively supervise the MMC's management and offer advice and recommendations to MMC. Moreover, MMC recognizes that there is no risk of a conflict of interest arising between Mr. Hiraku and MMC's general shareholders, and considers him to be sufficiently independent. MMC has therefore appointed him as an Independent Director.

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. In light of the fact that he has served as a business executive of Mitsubishi Heavy Industries, Ltd., which was a major shareholder of MMC within the past five years and the current relationship between MMC and Mitsubishi Heavy Industries, Ltd., 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 as an Outside Director with the expectation that with these qualities, he will be able to actively supervise the MMC's management and offer advice and recommendations to MMC.

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 as an Outside Director with the expectation that with these qualities, he will be able to actively supervise the MMC's management and offer advice and recommendations to MMC.

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 with these qualities, she will be able to actively supervise the MMC's management and offer advice and recommendations to MMC. 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. MMC has therefore appointed her as an Independent Director.

Outside Director Yaeko Takeoka has much experience as an Audit & Supervisory Board Member and Director of MMC for many years, 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 with these qualities, she will be able to actively supervise the MMC's management and offer advice and recommendations to MMC. 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 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 with these qualities, he will be able to actively supervise the MMC's management and offer advice and recommendations to MMC. 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 Senior Advisor of the Board of Directors of MUFG Bank, Ltd., which conducts banking transactions with MMC and so forth. Mr. Sono currently serves as Senior Advisor and 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 with these qualities, he will be able to actively supervise the MMC's management and offer advice and recommendations to MMC.

Outside Director Hideyuki Sakamoto serves concurrently as Director, Executive Officer, 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. Since 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 gained as a member of the management team of an automobile manufacturer that operates worldwide. As such, MMC has appointed him as an Outside Director with the expectation that with these qualities, he will be able to actively supervise the MMC's management and offer advice and recommendations to MMC.

Outside Director Yoshihiko Nakamura has worked for many years as a certified public accountant and has considerable knowledge as a specialist in accounting auditing. As such, MMC has appointed him as an Outside Director with the expectation that with these qualities, he will be able to actively supervise the MMC's management and offer advice and recommendations to MMC. Moreover, MMC recognizes that there is no risk of a conflict of interest arising between Mr. Nakamura and MMC's general shareholders, and considers him to be sufficiently independent. MMC has therefore appointed him as an Independent Director.

Outside Director Joji Tagawa serves concurrently as Senior 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. Since Mr. Tagawa has served as a business executive of Nissan Motor Co., Ltd., he has not been appointed as an Independent Director. However, Mr. Tagawa has considerable insight and experience gained as a member of the management team of an automobile manufacturer that operates worldwide, and as such, MMC has appointed him as an Outside Director with the expectation that with these qualities, he will be able to actively supervise the MMC's management and offer advice and recommendations to MMC.

Outside Director Takahiko Ikushima serves concurrently as Corporate 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. Since Mr. Ikushima has served as a business executive of Nissan Motor Co., Ltd., he has not been appointed as an Independent Director. However, Mr. Ikushima has considerable insight and experience gained at an automobile manufacturer that operates worldwide, and as such, MMC has appointed him as an Outside Director with the expectation that with these qualities, he will be able to actively supervise the MMC's management and offer advice and recommendations to MMC.

- iii) Supervision, audits and internal audits by Outside Directors, audits by Audit 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 Audit Committee and accounting audits.

At the Audit Committee meetings and other occasions, the Outside Members of the Audit Committee 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 Audit Committee

1) Structure of audits by Audit Committee

The Audit Committee consists of five members: four Outside Directors and one Internal Director, of which, Chairperson Yaeko Takeoka and one other member are Outside Directors who satisfy the Company's Independence Standards and Qualification. Background and experience of each of the Members of the Audit Committee are as follows:

Name	Background and experience
Yaeko Takeoka (Chairperson of the Audit Committee and Independent Outside Director)	She has extensive experience in the legal sector with a high level of knowledge on laws and compliance as an attorney at law.
Kiyoshi Sono (Outside Director)	He has considerable insight concerning compliance, finance and accounting based on his extensive work experience in governance at financial institutions.
Mitsuko Miyagawa (Independent Outside Director) (Note) 1	She has extensive experience in the legal sector with a high level of knowledge on laws and compliance as an attorney at law.
Yoshihiko Nakamura (Independent Outside Director)	He has worked for many years as a certified public accountant and has abundant specialist knowledge and insight as an expert in accounting audits.
Kozo Shiraji (Full-time Member of the Audit Committee)	He has considerable insight concerning MMC's management and the automotive industry based on his work experience as Vice President at MMC supervising overseas operations.
Takahiko Ikushima (Outside Director) (Note) 2	He has abundant insight and experience gained at an automobile manufacturer that operates worldwide, and considerable insight concerning finance and accounting.

- (Notes)
1. Ms. Mitsuko Miyagawa resigned as Member of the Audit Committee on June 23, 2021.
  2. Mr. Takahiko Ikushima assumed the position of Member of the Audit Committee on June 23, 2021.

In addition, the Audit Committee Office was established as an organization to assist the Audit Committee in executing their duties. As of the end of March 2021, dedicated personnel with



appropriate knowledge, skills and experience were appointed to assist the Audit Committee in executing their duties.

## 2) Status of activities by the Audit Committee and its members

Based on its audit policies and audit plans, the Audit Committee of MMC, collects information by holding its monthly meeting, having meetings with internal audit divisions, and interviewing Executive Officers and Corporate Officers, and performs systematic audits. Such information includes the status of the development and maintenance of the internal control systems (including internal controls over financial reporting) at MMC and its major affiliated domestic and overseas companies, the progress and implementation status of compliance activities, the validation of risk assessment, and the risk management system. In the fiscal year under review, some audits of overseas offices that are usually undertaken by the Audit Committee were suspended due to the spread of COVID-19, but we strived to implement effective audits utilizing telephone lines, the Internet and other communication methods.

In the Audit Committee during the fiscal year under review, there were 16 resolutions approved, 5 matters discussed, and 48 reports made in total concerning the audit policies and audit plans; audit methods; the assignment of audit duties; the status of the improvement and maintenance of the internal control systems; audit plans made, audit methods used, and the suitability of the results of audits performed by the Accounting Auditors; communications in relation to Key Audit Matters (KAM); and the monthly reports on the status of duties executed by the Full-time Member of the Audit Committee. The Audit Committee conducted exchanges of opinions with the Accounting Auditors and business execution departments a total of 12 times for application of KAM in the fiscal year under review.

Attendance of each Member of the Audit Committee at the Audit Committee during the fiscal year under review is as follows:

Name	Attendance at Audit Committee	Attendance Rate (%)
Yaeko Takeoka	Audit Committee: 15/15	100%
Kiyoshi Sono	Audit Committee: 12/15	80%
Mitsuko Miyagawa (Note)	Audit Committee: 14/15	93%
Yoshihiko Nakamura	Audit Committee: 11/11	100%
Kozo Shiraji	Audit Committee: 15/15	100%

In addition, Mr. Yoshitsugu Oba, who resigned as Member of the Audit Committee on June 18, 2020, attended all four meetings of the Audit Committee.

(Note) Ms. Mitsuko Miyagawa resigned as Member of the Audit Committee on June 23, 2021.

In addition to the meetings above, based on its audit policies and audit plans, the Audit Committee held 6 meetings (approximately 90 minutes per meeting) with the internal audit divisions during the year, performed audits, and collected information on the operating status of internal controls through the divisions. The Audit Committee also interviewed Executive Officers and others 11 times during the year (approximately 90 minutes per interview) to confirm how the MMC group's major subsidiaries and affiliates in Japan and overseas as well as divisions address issues on the development and operation of the internal control system, compliance, risk management, etc.

In addition to the meetings above, full-time Members of the Audit Committee attended important meetings including meetings of Executive Committee; inspected important approval/decision documents; interviewed Executive Officers and Corporate Officers; visited and audited, or conducted hearings with MMC's major business locations and its major subsidiaries and affiliates in Japan and overseas; provided training for and had liaison meetings with auditors of subsidiaries and affiliates in Japan; and performed the three-pillar audit system

(i.e., internal audits, auditors' audits, and accounting audits). The status of duties executed by full-time Members of the Audit Committee is reported in the monthly meeting of the Audit Committee.

The status of activities carried out by the Audit Committee is reported to the Board of Directors twice a year. The Audit Committee also exchanges opinions with Executive Officer, President to communicate its findings.

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 Executive Officer, President. These departments conduct planned internal audits based on the annual audit plan.

The Internal Audit Dept. (10 members) conducts internal audits to determine whether operational management of MMC and subsidiaries and affiliates in Japan and overseas is being conducted with transparency using appropriate processes. The Quality Audit Dept. (five members) audits the appropriateness of product quality-related activities by MMC and subsidiaries and affiliates in Japan and overseas.

Audit results by the Internal Audit Div. are reported directly to Executive Officer, President.

In addition, as stated in 2) under i) above, we hold meetings with the Audit Committee six times a year to collaborate, and we also exchange information at the three-way audit meeting with full-time Audit Committee members and the accounting auditor.

iii) Status of accounting audit

a. Name of audit firm

Ernst & Young ShinNihon LLC

b. Continuous audit period

36 years

c. Names of CPAs

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

d. Organization of assistants relating to the audit work

CPAs 22, Others 46

e. 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 Audit Committee shall dismiss the Accounting Auditors based on the agreement of all the Members of the Audit Committee.

Moreover, If the Audit 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 Audit 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 Audit Committee.

f. Valuation of accounting audit by Audit Committee

Based on the Accounting Auditor Assessment Standards, the Audit Committee conducts evaluations every year regarding the status of quality controls of the audit firm, suitability of audit teams, appropriateness of matters such as compensation for audits, effectiveness of communication with the Audit Committee, 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

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	318	1	278	2
Consolidated subsidiary	145	–	109	–
Total	464	1	387	2

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

b. Compensation for the same network (Ernst & Young Global Limited and Ernst & Young Tax Co.) as the MMC's auditing certified public accountants who conduct auditing, etc. (except a.)

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	–	–	–	2
Consolidated subsidiary	303	42	319	30
Total	303	42	319	33

The details of non-audit work for MMC consist of tax consulting services, etc.

In addition, the details of non-audit work for the consolidated subsidiaries consist of tax research service, etc.

c. Details of compensation for other important audit attestation

Not applicable.

d. 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 Audit Committee.

e. The reason why the Audit Committee agreed on the compensation for the Accounting Auditors

The Audit Committee has judged that the FY2020 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 (persons)	
		Monetary compensation			Share-based compensation				Monetary compensation
		Base Compensation	Short-term Performance-linked Compensation	Additional Individual Compensation	Long-term Performance-linked Compensation	Deferred Retirement Compensation	Stock Options Granted Linked to Performance in Previous Fiscal Years		Others
Members of the Board (Excluding Outside Directors)	35	33	-	-	-	-	1	-	3
Executive Officers	533	414	-	-	-	22	0	96	12
Outside Directors and Outside Audit & Supervisory Board Members	187	187	-	-	-	-	-	-	15

- (Notes)
- The number shown in the above table for Outside Directors and Outside Audit & Supervisory Board Members indicates the number of persons who, of the total of 15 persons served as Outside Directors or Outside Audit & Supervisory Board Members during FY2020, received compensation as Members of the Board. In addition, the number includes three Outside Directors who resigned during FY2020.
  - For Members of the Board who serve concurrently as Executive Officers, MMC pays compensation for their service as Executive Officers and does not pay compensation for their service as Members of the Board.
  - Although the compensation system for Executive Officers is designed to pay “Short-term Performance-linked Compensation,” “Additional Individual Compensation” and “Long-term Performance-linked Compensation” as compensation linked to business performance for the fiscal year under review and thereafter, MMC has decided not to pay any of those types of compensation for FY2020.
  - From FY2017 to FY2020, MMC granted Stock Options to Executive Directors as compensation for each fiscal year linked to business performance, etc. in the previous fiscal year. The amounts under “Stock Options Granted Linked to Performance in Previous Fiscal Years” are the amounts that were posted as expenses incurred for granting those share acquisition rights for FY2020.
  - The following compensation, etc. was paid and recorded in the fiscal year under review due to the retirement and death of former Chairman of the Board and Representative Executive Officer Osamu Masuko in August 2020. The total amount of these compensations is 227 million yen. Osamu Masuko and these compensations are not included in the “Number of payees” and “Amount of compensation” in the above table.
    - Base Compensation (monthly basis) during the term of office for FY2020: 30 million yen
    - Cash paid and number of shares delivered as Deferred Retirement Compensation to the term of office for FY2020: 1 million yen in cash, and 5,700 shares of MMC (equivalent to 1 million yen)
    - Lump-sum posted by MMC as accrued expenses of the provisions for Stock Options granted from FY2017 to FY2020: 193 million yen
  - “Deferred Retirement Compensation” is fixed compensation using the Board Incentive Plan Trust (“BIP Trust”), which is the compensation system that MMC introduced starting from the FY2020. The above table shows the total of the 19 million yen posted as expenses for granting 89,850 points (equivalent to 89,850 shares of MMC) during FY2020 for the BIP Trust and the 2 million yen posted as a provision for deferred retirement compensation for FY2020 that MMC plans to pay in cash as a substitute to one non-Japanese officer who is not eligible for the BIP Trust.
  - “Others” is the total of the 90 million yen in “Compensation for Achieving Fixed Cost Reduction Targets” to be paid to Executive Officers only for FY2020 and the 5 million yen equivalent to the tax adjustment allowance, housing allowance and other fringe benefits for one Executive Officer. Note that apart from this, the amount of compensation borne in the fiscal year under review as the amount equivalent to the tax adjustment allowance for compensation for FY2019 paid to two Executive Officers who retired as MMC’s officers in FY2019 was 6 million yen. The above table does not include the said amount. Excluding said amount borne in the fiscal year under review, the amount of this compensation, etc. is included in the amount of compensation disclosed in the “Compensation, etc. of corporate officers” field in MMC’s FY2019 Annual Securities Report.

B. Overview of the Compensation Committee and its activities

MMC is a company with three committees. The Compensation Committee has the authority to determine the policy for determining the content of individual compensation, etc. for Members of the Board and Executive Officers, and the content of individual compensation, etc. for Members of the Board and Executive Officers. The Compensation Committee comprises a total of five members, one Internal Director and four Outside Directors. The Compensation Committee convened a total of nine times in FY2020 and all members had 100% attendance. In FY2020, the Compensation Committee considered and deliberated matters such as the basic policy relating to compensation of Members of the Board and Executive Officers, compensation levels, compensation structure and the introduction of a Board Incentive Plan (BIP) Trust system.

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

Pursuant to the Companies Act, the Compensation Committee establishes the policy for determining the content of individual compensation, etc. for Members of the Board and Executive Officers.

<Basic approach>

- (i) The compensation system shall contribute to MMC group's sustainable growth and medium- to long-term improvement of corporate value.
- (ii) The compensation system shall be linked with corporate results in order to motivate Executive Officers to accomplish management strategies and management plans as well as to achieve targeted corporate results in an appropriate manner.
- (iii) The compensation levels shall contribute to securing professionals who measure up to ideal standards for management personnel that MMC expects for those responsible for corporate operation to have.
- (iv) The compensation system shall increase a shared awareness of profits with shareholders and awareness of shareholder-focused management.
- (v) The decision-making process relating to compensation shall be highly transparent and objective.

- (a) Members of the Board (excluding Members of the Board who serve concurrently as Executive Officers)

Considering the role of Members of the Board in supervising overall execution from a position independent of business execution, MMC established a policy for the compensation of Members of the Board who do not serve concurrently as Executive Officers consisting of only Base Compensation, which is fixed compensation, and an additional fixed amount of compensation according to their duties as the Chairperson or Member of the Nomination Committee, Compensation Committee and Audit Committee.

- (b) Executive Officers

MMC established a policy for the compensation of Executive Officers (including Executive Officers who serve concurrently as Members of the Board) consisting of Base Compensation, Short-term Performance-linked Compensation and Additional Individual Compensation, as well as Long-term Performance-linked Compensation and Deferred Retirement Compensation as share-based compensation (BIP Trust; see the below). 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.

<Compositional breakdown of compensation>

(The compositional breakdown of compensation differs by individual position. The compensation ratios are determined assuming the total compensation for each position is 10.)

Monetary compensation			Share-based compensation	
Base Compensation	Short-term Performance-linked Compensation	Additional Individual Compensation	Long-term Performance-linked Compensation	Deferred Retirement Compensation
5.0 to 6.5	1.5 to 2.0	0 to 0.5	1.0 to 2.0	0.5 to 1.0

- Base Compensation is fixed compensation that has been decided according to position.
- Short-term Performance-linked Compensation is compensation to incentivize the payee to achieve the single-year business performance targets based on annual plans. So that this compensation effectively functions as an incentive to aim for the achievement of management targets, indicators have been established for the Group’s management targets.
- Additional Individual Compensation is calculated as a payment amount corresponding to the level of achievement of targets that have been individually set for each Executive Officer. Separate from the Group’s overall targets, operating division targets are set for each Executive Officer corresponding to the area of business operations they are in charge of, and these have been established as an incentive for the achievement of those targets.
- Long-term Performance-linked Compensation is compensation to incentivize the payee to achieve the long-term targets necessary to realize the future envisaged for MMC. The indicators for this compensation were determined after considering the key performance indicators used in the manufacturing sector, the pressing issues of management, and the sharing of value with shareholders.
- Deferred Retirement Compensation is accrued by deferring a portion of the payment of fixed compensation, and paid upon retirement.

There are no matters to report concerning the targets and actual results for the fiscal year under review because the Compensation Committee determined at the beginning of the fiscal year to not pay Short-term Performance-linked Compensation, Additional Individual Compensation, or Long-term Performance-linked Compensation. That decision was made in consideration of factors including the fact that deterioration of financial performance was already expected from the beginning of the fiscal year, the fact that no dividends were paid, and the deterioration of the business environment due to the impact of COVID-19.

Share-based compensation (BIP trust) refers to a mechanism that operates as follows. In cases where a certain number of points are granted and beneficiary rights are satisfied in accordance with MMC’s share-based compensation rules, the payees receive a delivery of shares of MMC’s common stock amounting to the equivalent of the determined ratio of the number of points that are converted to shares on a conversion ratio of 1 share for every 1 point, and for the shares of common stock of MMC corresponding to the remaining number of points, the payees receive money equivalent to the price to convert the equivalent number of shares of common stock of MMC to money within the trust (hereinafter the “Delivery, etc. of MMC’s Shares etc.”) For the Long-term Performance-linked Compensation, Delivery, etc. of MMC’s Shares etc. is made annually at an amount corresponding to the position of the eligible officer and the level of achievement of business targets, etc. for a three-fiscal-year evaluation period. In the case of Long-term Performance-linked Compensation, however, Delivery, etc. of MMC’s Shares etc. will not be made because of the determination not to make payments for

FY2020 as stated above. In addition, for the Deferred Retirement Compensation, an amount of points corresponding to the officer's position are granted annually and, as a general rule, the Delivery, etc. of MMC's Shares etc. is made in a single lump delivery upon retirement. If it is found that an eligible officer has violated the appointment contract, the entire amount or a portion of the beneficiary rights of the shares scheduled for delivery under the compensation plan may be forfeited by decision of the Compensation Committee (malus clause) or the officer may be required to return the entire amount or a portion of the delivered shares, etc. (clawback clause). The eligible officers must follow the rules to prevent insider trading established by MMC and various related laws and regulations with respect to MMC's shares acquired through the compensation plan.

<Compensation reduction for officers in FY2021>

As we judged that it would be unavoidable to reduce the amount of officer compensation in light of sharing of value with shareholders while sincerely accepting the MMC group's current severe circumstances, such as forgoing of the year-end dividend for FY2020, we have decided to reduce the amounts to be paid to Representative Executive Officers, Executive Officers and Corporate Officers as officer compensation for FY2021 as below. Furthermore, we have been offered by Non-executive Directors including Outside Directors to refund part of their compensation. MMC intends to accept the offer.

Details of the compensation reduction and refund

- (i) Representative Executive Officers, Executive Officers and Corporate Officers:  
Long-term Performance-linked Compensation: not to be paid; Other compensation (including Base Compensation): reduced by 10% to 12%
- (ii) Non-executive Directors including Outside Directors:  
Base Compensation: reduced by 5% to 12%

Period subject to the reduction and refund

Twelve (12) months for each

The compensation reduction and refund proposals were finalized after the deliberations at the Compensation Committee and reported to the Board of Directors. MMC's officers will work hard to achieve management strategies based on "Small but Beautiful" that it is aiming to achieve through company-wide concerted efforts.

(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 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. 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. Individual issues currently held are subject to validation on an annual basis in terms of factors including the necessity of maintaining such holdings in relation to MMC's business operations and the medium- to long-term economic rationale for such holdings, and the results of the validation is reported at meetings of the Board of Directors.

b. Number of issues and balance sheet amount

	Number of issues (Issues)	Total balance sheet amount (Millions of yen)
Unlisted shares	24	6,846
Shares other than unlisted shares	2	743

(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)

	Number of issues (Issues)	Total selling price for the shares decreased (Millions of yen)
Unlisted shares	2	153
Shares other than unlisted shares	0	0



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	2,277,634	2,277,634	(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
	586	203		
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
	157	129		

(Note) Given the nature of cross-shareholdings, MMC does not enlist quantitative criteria in making decisions on such holdings, but instead, as mentioned above, individual issues currently held are subject to validation on an annual basis in terms of factors including the necessity of maintaining such holdings in relation to MMC's business operations and the medium- to long-term economic rationale for such holdings.

## **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).

(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, 2021 (from April 1, 2020 to March 31, 2021) 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, 2020		As of March 31, 2021	
<b>Assets</b>				
Current assets				
Cash and deposits	(*)	399,614	(*)	455,716
Notes and accounts receivable - trade		137,519		154,253
Finance receivables	(*)	268,435	(*)	247,331
Merchandise and finished goods		214,083		182,713
Work in process		23,626		26,657
Raw materials and supplies		35,719		40,585
Short-term loans receivable		726		723
Other	(*)	124,938	(*)	117,880
Allowance for doubtful accounts		(1,802)		(1,921)
Total current assets		1,202,862		1,223,940
Non-current assets				
Property, plant and equipment				
Buildings and structures, net		109,127		83,486
Machinery, equipment and vehicles, net		140,516		120,136
Tools, furniture and fixtures, net		56,983		57,167
Land		126,183		124,963
Construction in progress		46,813		25,227
Total property, plant and equipment	(*)1, (*)2	479,624	(*)1, (*)2	410,982
Intangible assets		49,486		33,918
Investments and other assets				
Investment securities	(*)3	77,005	(*)3	81,895
Long-term loans receivable		4,086		3,439
Retirement benefit asset		3,058		4,548
Deferred tax assets		54,972		40,689
Other	(*)2, (*)3	72,109	(*)2, (*)3	60,790
Allowance for doubtful accounts		(5,083)		(3,925)
Total investments and other assets		206,149		187,437
Total non-current assets		735,260		632,338
Total assets		1,938,123		1,856,279

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	308,378	307,704
Electronically recorded obligations - operating	76,276	77,222
Short-term borrowings (*)	62,426	16,085
Commercial papers	58,300	32,500
Current portion of long-term borrowings (*)	55,661	57,702
Lease obligations	3,422	3,533
Accounts payable - other, and accrued expenses	221,140	249,231
Income taxes payable	11,301	6,747
Provision for product warranties	48,611	48,308
Provision for loss on fuel consumption test	2,304	1,066
Other	70,521	67,845
Total current liabilities	918,344	867,947
Non-current liabilities		
Long-term borrowings (*)	99,388	347,978
Lease obligations	20,197	25,525
Deferred tax liabilities	20,357	16,044
Retirement benefit liability	48,252	28,593
Other	43,220	44,938
Total non-current liabilities	231,415	463,080
Total liabilities	1,149,759	1,331,027
<b>Net assets</b>		
Shareholders' equity		
Share capital	284,382	284,382
Capital surplus	200,072	199,950
Retained earnings	407,547	95,928
Treasury shares	(1,728)	(1,659)
Total shareholders' equity	890,273	578,602
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(562)	511
Deferred gains or losses on hedges	(99)	(554)
Foreign currency translation adjustment	(82,731)	(63,035)
Remeasurements of defined benefit plans	(34,216)	(7,617)
Total accumulated other comprehensive income	(117,610)	(70,696)
Share acquisition rights	345	352
Non-controlling interests	15,354	16,993
Total net assets	788,363	525,251
Total liabilities and net assets	1,938,123	1,856,279

(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, 2020	For the fiscal year ended March 31, 2021
Net sales	2,270,276	1,455,476
Cost of sales	(*3) 1,932,762	(*3) 1,299,021
Gross profit	337,514	156,454
Selling, general and administrative expenses		
Advertising and promotion expenses	48,407	34,891
Freight costs	51,058	29,112
Provision of allowance for doubtful accounts	484	624
Remuneration, salaries and allowances for directors (and other officers)	76,886	68,387
Retirement benefit expenses	3,987	4,959
Depreciation	18,505	14,898
Research and development expenses	(*3) 73,826	(*3) 55,990
Other	51,570	42,912
Total selling, general and administrative expenses	324,726	251,776
Operating profit (loss)	12,788	(95,321)
Non-operating income		
Interest income	5,351	1,846
Dividend income	536	596
Foreign exchange gains	–	3,784
Subsidies for employment adjustment	–	6,048
Other	1,821	2,178
Total non-operating income	7,709	14,454
Non-operating expenses		
Interest expenses	3,889	5,375
Foreign exchange losses	11,277	–
Litigation expenses	1,632	2,581
Share of loss of entities accounted for using equity method	4,263	9,122
Other	3,276	7,255
Total non-operating expenses	24,341	24,335
Ordinary profit (loss)	(3,843)	(105,203)
Extraordinary income		
Gain on sales of non-current assets	(*1) 8,704	(*1) 1,548
Gain on sales of investment securities	199	41
Gain on sales of shares of subsidiaries	413	–
Gain on sales of investments in capital of subsidiaries and associates	–	1,543
Gain on contribution of securities to retirement benefit trust	9,376	–
Other	98	488
Total extraordinary income	18,793	3,621
Extraordinary losses		
Loss on retirement of non-current assets	4,097	3,167
Loss on sales of non-current assets	(*2) 252	(*2) 104
Impairment losses	(*4) 2,292	(*4) 107,747
COVID-19	–	(*5) 2,489
Business restructuring expenses	–	(*4), (*6) 70,286
Foreign withholding taxes on transfer pricing taxation adjustments	–	(*7) 8,604
Loss on sales of facilities	(*4) 2,376	–
Subsidiary transfer cost	(*8) 1,879	(*8) 456
Other	250	3,850
Total extraordinary losses	11,147	196,707

(Millions of yen)

	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021
Profit (loss) before income taxes	3,801	(298,289)
Income taxes - current	19,790	7,599
Income taxes for prior periods	–	(6,674)
Income taxes - deferred	6,067	10,215
Total income taxes	25,857	11,139
Profit (loss)	(22,055)	(309,428)
Profit (loss) attributable to non-controlling interests	3,723	2,888
Profit (loss) attributable to owners of parent	(25,779)	(312,317)

Consolidated statement of comprehensive income

(Millions of yen)

	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021
Profit (loss)	(22,055)	(309,428)
Other comprehensive income		
Valuation difference on available-for-sale securities	(7,916)	1,074
Deferred gains or losses on hedges	8	(407)
Foreign currency translation adjustment	(22,336)	23,775
Remeasurements of defined benefit plans, net of tax	(13,606)	26,679
Share of other comprehensive income of entities accounted for using equity method	(1,551)	(1,384)
Total other comprehensive income	(*1) (45,402)	(*1) 49,737
Comprehensive income	(67,458)	(259,691)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(69,588)	(264,122)
Comprehensive income attributable to non- controlling interests	2,129	4,431

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

(Millions of yen)

For the fiscal year ended March 31, 2020	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	284,382	200,072	463,092	(1,728)	945,818
Cumulative effects of changes in accounting policies			445		445
Restated balance	284,382	200,072	463,538	(1,728)	946,264
Changes during period					
Dividends of surplus			(29,766)		(29,766)
Profit (loss) attributable to owners of parent			(25,779)		(25,779)
Purchase of treasury shares				(0)	(0)
Change in scope of consolidation			(795)		(795)
Change in ownership interest of parent due to transactions with non-controlling interests					-
Change in scope of equity method			350		350
Net changes in items other than shareholders' equity					
Total changes during period			(55,990)	(0)	(55,990)
Balance at end of period	284,382	200,072	407,547	(1,728)	890,273

For the fiscal year ended March 31, 2020	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 period	7,353	652	(61,281)	(20,758)	(74,033)	356	9,062	881,203
Cumulative effects of changes in accounting policies								445
Restated balance	7,353	652	(61,281)	(20,758)	(74,033)	356	9,062	881,649
Changes during period								
Dividends of surplus								(29,766)
Profit (loss) attributable to owners of parent								(25,779)
Purchase of treasury shares								(0)
Change in scope of consolidation								(795)
Change in ownership interest of parent due to transactions with non-controlling interests								-
Change in scope of equity method								350
Net changes in items other than shareholders' equity	(7,916)	(751)	(21,450)	(13,457)	(43,576)	(10)	6,291	(37,295)
Total changes during period	(7,916)	(751)	(21,450)	(13,457)	(43,576)	(10)	6,291	(93,286)
Balance at end of period	(562)	(99)	(82,731)	(34,216)	(117,610)	345	15,354	788,363



(Millions of yen)

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

For the fiscal year ended March 31, 2021	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 period	(562)	(99)	(82,731)	(34,216)	(117,610)	345	15,354	788,363
Changes during period								
Profit (loss) attributable to owners of parent								(312,317)
Purchase of treasury shares								(254)
Disposal of treasury shares								2
Exercise of share acquisition rights								189
Change in scope of consolidation								(23)
Change in ownership interest of parent due to transactions with non-controlling interests								9
Change in scope of equity method								721
Net changes in items other than shareholders' equity	1,074	(455)	19,695	26,598	46,914	7	1,638	48,560
Total changes during period	1,074	(455)	19,695	26,598	46,914	7	1,638	(263,111)
Balance at end of period	511	(554)	(63,035)	(7,617)	(70,696)	352	16,993	525,251

## (d) Consolidated statement of cash flows

(Millions of yen)

	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	3,801	(298,289)
Depreciation	74,789	65,917
Impairment losses	2,292	107,747
Loss (gain) on contribution of securities to retirement benefit trust	(9,376)	–
Loss on COVID-19	–	2,489
Business restructuring expenses	–	70,286
Increase (decrease) in allowance for doubtful accounts	(621)	(1,051)
Increase (decrease) in retirement benefit liability	288	2,263
Interest and dividend income	(5,887)	(2,443)
Interest expenses	3,889	5,375
Foreign exchange losses (gains)	3,366	1,556
Share of loss (profit) of entities accounted for using equity method	4,263	9,122
Gain on sales of investments in capital of subsidiaries and associates	–	(1,543)
Loss (gain) on sales and retirement of non-current assets	(4,354)	1,724
Decrease (increase) in trade receivables	(19,268)	(7,579)
Decrease (increase) in finance receivables	26,202	21,121
Decrease (increase) in inventories	(34,340)	44,160
Increase (decrease) in trade payables	(49,759)	(20,436)
Other, net	36,926	(27,703)
Subtotal	32,212	(27,280)
Interest and dividends received	9,820	6,247
Interest paid	(3,954)	(5,170)
Payments related to fuel consumption test	(1,577)	(1,237)
Income taxes paid	(17,715)	(14,096)
Net cash provided by (used in) operating activities	18,786	(41,537)
<b>Cash flows from investing activities</b>		
Decrease (increase) in time deposits	11,391	(11,071)
Purchase of property, plant and equipment	(111,549)	(79,472)
Proceeds from sales of property, plant and equipment	13,004	2,128
Purchase of intangible assets	(17,830)	(12,388)
Proceeds from sales of investment securities	457	263
Decrease (increase) in short-term loans receivable	(331)	(2)
Long-term loan advances	(1,147)	–
Proceeds from collection of long-term loans receivable	766	838
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	3,739	–
Other, net	(4,212)	(1,618)
Net cash provided by (used in) investing activities	(105,712)	(101,323)

(Millions of yen)

	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021
<b>Cash flows from financing activities</b>		
Increase (decrease) in short-term borrowings	13,624	(48,331)
Increase (decrease) in commercial papers	7,500	(25,800)
Proceeds from long-term borrowings	81,803	320,210
Repayments of long-term borrowings	(60,373)	(70,986)
Dividends paid	(29,738)	(35)
Dividends paid to non-controlling interests	(393)	(2,864)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(329)
Other, net	(2,797)	(3,572)
Net cash provided by (used in) financing activities	9,624	168,291
Effect of exchange rate change on cash and cash equivalents	(18,460)	19,473
Net increase (decrease) in cash and cash equivalents	(95,762)	44,903
Cash and cash equivalents at beginning of period	489,456	399,588
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	5,894	126
Cash and cash equivalents at end of period	(*) 399,588	(*) 444,619

## Notes

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

#### 1. Scope of consolidation

##### (1) Number of consolidated subsidiaries: 35

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: 1

*Company included in the scope of consolidation due to increased materiality*

MMC Manufacturing Malaysia Sdn. Bhd

##### 2) Excluded from the scope of consolidation: 1

*Company excluded from the scope of consolidation due to merger*

Chubu Mitsubishi Motor Sales Co., Ltd.

##### (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: 19

There were no unconsolidated subsidiaries accounted for using the equity method at the end of the fiscal year.

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) Newly included in the scope of equity method: 1

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

FF Sheffe B.V. (the parent company of the sales company in Russia)

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

*Company excluded from the scope of equity method due to the sale of equity interest*

China Harbin Dongan Automotive Engine Manufacturing Co., Ltd.

##### (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 basis and methods for significant assets

##### Securities

Held-to-maturity 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 being 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 for MMC and its domestic consolidated subsidiaries and right-of-use assets for the overseas consolidated subsidiaries 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 taking into account 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 past results 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 past results 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, the 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 calculating retirement benefit obligations, the projected total retirement benefits are allocated to periods until the end of the fiscal year using a benefit formula basis.

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

Prior service cost is 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 the employees commencing from the following fiscal year after incurrence.

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

### (5) Translation of significant foreign currency accounts

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. For overseas consolidated subsidiaries, etc., assets and liabilities are translated into yen at the rates of exchange at the end of the fiscal year, and income and expenses are translated at the average exchange rates during the period. 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 currency swaps

Hedged items: Borrowings denominated in foreign currencies

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 borrowings, 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. Also, with respect to interest rate currency swaps through integrated processing, assessment of effectiveness is omitted.

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) Method and period of goodwill amortization

Goodwill is amortized using the straight-line method over a period of 5 years beginning with the day on which it is realized.

(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.

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

For the transition to the group tax sharing system established by the Act on Partial Revision of the Income Tax Act (Act No. 8 of 2020) and items for which the non-consolidated tax payment system has been revised in conjunction with the transition to the group tax sharing system, MMC and its domestic consolidated subsidiaries have not applied the provisions of paragraph 44 of Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, February 16, 2018), and have recognized the amounts of deferred tax assets and deferred tax liabilities in accordance with the provisions of the tax law prior to revision, based on the treatment of paragraph 3 in Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the

Consolidated Taxation System to the Group Tax Sharing System (ASBJ PITF No. 39, March 31, 2020).



## Significant accounting estimates

### (1) Liabilities related to market quality measures

#### 1) Amount recorded in the consolidated financial statements as of March 31, 2021

	As of March 31, 2021 (Millions of yen)
Liabilities related to market quality measures	41,049

(The above amount is included in accounts payable - other, and accrued expenses in the consolidated balance sheet.)

#### 2) Information on significant accounting estimates for identified items

##### (i) Calculation method

The MMC Group reasonably estimates the future expenses for measures relating to the voluntary recall and repair of sold products that are non-compliant under an individual country's regulatory requirements concerning safety and the environment. In cases where such expenditures are likely to be incurred and can be reasonably estimated, the MMC Group calculates the future expenses, considering the expenses to be incurred per unit, the number of units, the occurrence rate of the recall and repair of subject vehicles, and other factors.

##### (ii) Key assumption

The key assumption used in the calculation of future expenses is the occurrence rate of the recall and repair, which is based on past experiences and the other factors by sales region and vehicle age.

##### (iii) Impact on the consolidated financial statements for the fiscal year ending March 31, 2022

In the event that the actual amount of expenses incurred differs from the estimate due to calculation uncertainties arising primarily from the complexity of the estimated calculation and the long period of time used for the estimate, additional liabilities or reversal of liabilities for market quality measures may be required. In addition, in the event of large-scale recalls, remedial measures, etc., due to product defects or failures, the MMC Group may be required to bear significant costs and record additional liabilities for market quality measures.

### (2) Impairment of non-current assets

#### 1) Amounts recorded in the consolidated financial statements for the fiscal year ended and as of March 31, 2021

	For the fiscal year ended and as of March 31, 2021 (Millions of yen)
Impairment loss	117,973
Property, plant and equipment, and Intangible assets	444,901

(Details of impairment loss are as stated in "Consolidated statement of income (\*4) Impairment losses.")

#### 2) Information on significant accounting estimates for identified items

##### (i) Calculation method

MMC assesses whether to recognize an impairment loss for an asset or a group of assets for which there is an indication of impairment. If MMC determines that an impairment loss should be recognized, the carrying amount will be reduced to its recoverable amount. The recoverable amount is determined by the higher amount of the net selling value or the value in use. The net

selling value is reasonably computed using the appraisal value based on the real estate appraisal standard, the assessed value of the inheritance tax based on the road rating, and other values. The value in use, which is based on the mid-term business plan approved by the Board of Directors, is the discounted present value of estimated future cash flows, given growth rates that take into account future uncertainties. 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.

(ii) Key assumption

The key assumptions used in estimating future cash flows and value in use are forecasts of sales volumes, manufacturing/selling costs, growth rates and discount rates. Forecasts of sales volumes, manufacturing/selling costs and growth rates are based on past conditions in the MMC Group and forecast data by third parties, taking into account related market trends, changes in its business environment expected at present, and other factors. The discount rate is the weighted average cost of capital. In estimating future cash flows, regarding the impact of COVID-19, it is assumed that the recovery trend in demand from the second half of the fiscal year ended March 31, 2021 will continue during the fiscal year ending March 31, 2022 and thereafter.

(iii) Impact on the consolidated financial statements for the fiscal year ending March 31, 2022

The key assumptions in estimating future cash flows and value in use are based on best estimates. However, these are subject to uncertainties, including future market trends and economic conditions. If the estimated future cash flows and value in use are revised, new impairment losses on non-current assets may be recognized or additional impairment losses on non-current assets may be recorded.

*New accounting standards to be applied*

MMC and domestic subsidiaries and associates

- “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020)
- “Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 26, 2021)
- “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020, Accounting Standards Board of Japan)

(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 is applied from fiscal years beginning on or after January 1, 2018, and Topic 606 is applied from 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*

(Application of the Accounting Standard for Disclosure of Accounting Estimates)

The Accounting Standard for Disclosure of Accounting Estimates (ASBJ Statement No. 31, March 31, 2020) has been applied to the consolidated financial statements from the fiscal year ended March 31, 2021, and included in the notes concerning significant accounting estimates in the consolidated financial statements.

However, in accordance with the transitional treatment prescribed in the proviso to paragraph 11 of such Accounting Standard, such notes do not show the details relating to the previous fiscal year.

*Additional information*

(Stock compensation plan)

Based on the resolution of the Compensation Committee meeting held on December 15, 2020, MMC has introduced a stock compensation plan (hereinafter the “Plan”) that utilizes trusts as an incentive plan for its Executive Officers and Corporate Officers, etc. (hereinafter referred to as “Executive Officers, etc.”)

(1) Outline of the transaction

The Plan adopts a structure called the Board Incentive Plan Trust (hereinafter the “Trust”). Through the Trust, MMC will deliver MMC shares or pay money equivalent to the converted value of such shares to Executive Officers, etc., according to their position and degree of achievement of performance targets.

(2) Treasury shares remaining in the Trust

The MMC’s shares remaining in the Trust are recorded as treasury shares in the net assets section at the book value of the trust (excluding the amount of incidental expenses). The book value of the treasury shares as of March 31, 2021, is 251 million yen, and the number of shares is 1,152,650 shares.

Consolidated balance sheet

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

	(Millions of yen)	
	For the fiscal year ended March 31, 2020 (As of March 31, 2020)	For the fiscal year ended March 31, 2021 (As of March 31, 2021)
Accumulated depreciation of property, plant and equipment	898,451	912,293

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

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

	(Millions of yen)	
	For the fiscal year ended March 31, 2020 (As of March 31, 2020)	For the fiscal year ended March 31, 2021 (As of March 31, 2021)
Finance receivables	70,470	107,244
Property, plant and equipment	5,094	-
Other (Note)	2,156	2,467
Total	77,721	109,712

(Note) In the previous fiscal year, accounts receivable - other of 1,227 million yen was pledged based on a liability in a term lease contract relating to a building with Murata Medical Services, Ltd.

In the current fiscal year, accounts receivable - other of 1,061 million yen was pledged based on a liability in a term lease contract relating to a building with Murata Medical Services, Ltd.

(2) Assets pledged as foundation collateral is as follows:

	(Millions of yen)	
	For the fiscal year ended March 31, 2020 (As of March 31, 2020)	For the fiscal year ended March 31, 2021 (As of March 31, 2021)
Consolidated subsidiary (Pajero Manufacturing Co., Ltd.)		
Buildings and structures	2,460	479
Machinery, equipment and vehicles	4,016	1,585
Land	5,680	2,673
Total	12,157	4,737

(3) Liabilities secured by the collateral is as follows:

	(Millions of yen)	
	For the fiscal year ended March 31, 2020 (As of March 31, 2020)	For the fiscal year ended March 31, 2021 (As of March 31, 2021)
Short-term loans payable	1,185	-
Current portion of long-term loans payable	20,468	25,187
Long-term loans payable	44,056	68,201
Total	65,710	93,389

(\*3) Investments in unconsolidated subsidiaries and associates

	(Millions of yen)	
	For the fiscal year ended March 31, 2020 (As of March 31, 2020)	For the fiscal year ended March 31, 2021 (As of March 31, 2021)
Investment securities	69,214	73,929
Other (investments and other assets)	35,009	17,760
(of which investment in joint ventures)	(23,189)	(15,022)

4 Guarantee obligation

(1) Guarantee recipients

For the fiscal year ended March 31, 2020 (As of March 31, 2020)			For the fiscal year ended March 31, 2021 (As of March 31, 2021)		
Guaranteed	Guaranteed amount (Millions of yen)	Description of guaranteed obligation	Guaranteed	Guaranteed amount (Millions of yen)	Description of guaranteed obligation
PT Mitsubishi Motors Krama Yudha Sales Indonesia	5,556	Bank loans	PT Mitsubishi Motors Krama Yudha Sales Indonesia	4,624	Bank loans
MMD Automobile GmbH	7,094	Liquidation of receivables	MMD Automobile GmbH	2,491	Liquidation of receivables
Employees	284	(Note)	Employees	178	(Note)
Total	12,934		Total	7,295	

(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, 2020 (As of March 31, 2020)	For the fiscal year ended March 31, 2021 (As of March 31, 2021)
1,403	-

*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, 2020 (from April 1, 2019 to March 31, 2020)		For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)	
Buildings and structures	659	Buildings and structures	254
Machinery, equipment and vehicles	275	Machinery, equipment and vehicles	162
Tools, furniture and fixtures	1	Tools, furniture and fixtures	7
Land	7,767	Land	1,124
Total	8,704	Total	1,548

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

(Millions of yen)			
For the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)		For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)	
Buildings and structures	95	Buildings and structures	2
Machinery, equipment and vehicles	72	Machinery, equipment and vehicles	68
Tools, furniture and fixtures	21	Tools, furniture and fixtures	0
Land	62	Land	33
Total	252	Total	104

(\*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, 2020 (from April 1, 2019 to March 31, 2020)		For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)	
	130,878		101,365

(\*4) Impairment losses

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

For the previous fiscal year (from April 1, 2019 to March 31, 2020)

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

Location	Usage	Type	Amount (Millions of yen)
Yokohama, Kanagawa, etc. (17 locations)	Sales related assets	Buildings, land, and others	671
Okazaki, Aichi (1 location)	Rental assets	Buildings, land, and others	46
Kyoto, Kyoto, etc. (5 locations)	Idle assets	Machinery, equipment, tools, furniture, fixtures, and others	630
Kyoto, Kyoto, etc. (3 locations)	Production facilities	Buildings, machinery, equipment, tools, furniture, fixtures, and others	1,929

(2) Grouping method of assets

Assets used in production are grouped mainly by 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 amounts of certain assets were reduced to the recoverable amounts.

(4) Method of computing the recoverable amount

The recoverable amount is determined by the higher amount of the net selling value or the value in use. The net selling value is reasonably computed using the appraisal value based on the real estate appraisal standard, the assessed value of the inheritance tax based on the road rating, and other values. The value in use is computed based on the future cash flows (discount rate is mainly 6%).

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

Of the impairment loss of 3,278 million yen, 2,292 million yen is recorded as “impairment losses” under extraordinary losses, while 986 million yen is recorded as “loss on sales of facilities,” and major components are as follows:

	(Millions of yen)
Buildings and structures	1,026
Machinery and equipment	841
Tools, furniture and fixtures	747
Land	411
Other	250
Total	3,278



For the current fiscal year (from April 1, 2020 to March 31, 2021)

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

Location	Usage	Type	Amount (Millions of yen)
Okazaki, Aichi, Kyoto, Kyoto, Kurashiki, Okayama, etc. (6 locations)	Production facilities	Machinery, equipment, buildings, structures, tools, furniture, fixtures, and others	108,000
Kamo, Gifu, etc. (3 locations)	Production assets	Land, machinery, equipment, buildings, structures, and others	9,393
Ishioka, Ibaraki, etc. (29 locations)	Sales related assets	Buildings, structures, and others	469
Kyoto, Kyoto, etc. (3 locations)	Idle assets	Machinery, equipment, and others	110
Total			117,973

(Note) Impairment loss of 117,973 million yen comprises 107,747 million yen of “(\*4) Impairment losses” and 10,225 million yen out of “(\*6) Business restructuring expenses,” both of which were recorded in “Extraordinary losses.”

(2) Grouping method of assets

Assets used in production are grouped mainly by business company and sales related assets are grouped mainly by business unit. In addition, assets leased to others and idle assets are treated as individual asset groups.

(3) Circumstances leading to recognition of impairment losses

As a result of formulating the new mid-term business plan “Small but Beautiful,” which is aimed at quickly reorganizing management through wide-ranging structural reform plans, it was forecasted that some investments would not be recoverable with the change from the initially forecast sales volume. Consequently, the carrying amounts of MMC’s assets used in production were reduced to their recoverable amounts.

Regarding consolidated subsidiaries’ some sales related assets, decisions were made to close some of their dealer stores in line with the reorganization of the sales structure based on the plan, and accordingly, the carrying amounts of such assets were reduced to the recoverable amounts.

Furthermore, as decisions were made to reorganize the production structure and downsize the business according to the plan, some assets used in production of MMC and consolidated subsidiaries’ assets used in production were classified as a distinctive asset group separate from other assets used in production, and the carrying amounts of such asset groups were reduced to their recoverable amounts.

The impairment losses on some of MMC’s assets used in production and consolidated subsidiaries’ assets used in production and the impairment losses on some sales related assets of consolidated subsidiaries were recorded as business restructuring expenses.

(4) Method of computing the recoverable amount

The recoverable amount is determined by the higher amount of the net selling value or the value in use. The net selling value is reasonably computed using the appraisal value based on the real estate appraisal standard, the assessed value of the inheritance tax based on the road rating, and other values. The value in use is computed based on the future cash flows (discount rate is mainly 10.9%).

The recoverable amount of idle assets is computed using the net selling value and those idle assets which are substantially difficult to sell are assessed as net selling value of zero.

(5) Amount of impairment loss

The breakdown of impairment loss of 117,973 million yen is as follows:

	(Millions of yen)
Buildings and structures	34,038
Machinery and equipment	37,668
Tools, furniture and fixtures	16,686
Land	3,462
Other	26,117
Total	117,973

(\*5) COVID-19

For the current fiscal year (from April 1, 2020 to March 31, 2021)

In accordance with the directions issued by governments where key component parts manufacturing factories are located, MMC suspended factory operations to prevent the spread of COVID-19. Similarly, MMC's Philippine subsidiary suspended operations in accordance with government directions to prevent the spread of COVID-19. The deterioration in operating expenses such as fixed costs and direct additional expenses for the respective periods during the suspension was recorded in the amount of 2,489 million yen.

(\*6) Business restructuring expenses

For the current fiscal year (from April 1, 2020 to March 31, 2021)

Business restructuring expenses included 14,346 million yen, which was mainly for an impairment loss on non-current assets at sales and manufacturing sites due to the reorganizing and strengthening of the sales and manufacturing structure in Japan; 46,405 million yen, which was mainly for expenses in relation to the suspension of the launch of new products for Europe; and 9,103 million yen in payment of special retirement benefits at MMC and its consolidated subsidiaries.

(\*7) Foreign withholding taxes on transfer pricing taxation adjustments

For the current fiscal year (from April 1, 2020 to March 31, 2021)

This is a foreign withholding tax related to transfer pricing adjustments from a consolidated subsidiary Mitsubishi Motors (Thailand) Co., Ltd., which results from the mutual agreement procedure by taxing authorities of Japan and Thailand reached an agreement on the bilateral advance pricing arrangement (APA) with regard to the transfer pricing method applied to related party transactions.

(\*8) Subsidiary transfer cost

For the previous fiscal year (from April 1, 2019 to March 31, 2020)

Consists of expenses mainly due to transfer of headquarters by Mitsubishi Motors North America, Inc. (MMNA), a wholly owned subsidiary of MMC in the United States.

For the current fiscal year (from April 1, 2020 to March 31, 2021)

Consists of expenses mainly due to transfer of headquarters by Mitsubishi Motors North America, Inc. (MMNA), a wholly owned subsidiary of MMC in the United States.

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, 2020 (from April 1, 2019 to March 31, 2020)	For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)
Valuation difference on available-for-sale securities:		
Amount arising during the period	(1,651)	1,195
Reclassification adjustments	(9,931)	8
Before tax-effect adjustment	(11,043)	1,203
Amount of tax effects	3,127	(129)
Valuation difference on available-for-sale securities	(7,916)	1,074
Deferred gains or losses on hedges:		
Amount arising during the period	(436)	(798)
Reclassification adjustments	456	409
Before tax-effect adjustment	19	(388)
Amount of tax effects	(11)	(19)
Deferred gains or losses on hedges	8	(407)
Foreign currency translation adjustment:		
Amount arising during the period	(22,336)	23,775
Reclassification adjustments	-	-
Foreign currency translation adjustment	(22,336)	23,775
Remeasurements of defined benefit plans:		
Amount arising during the period	(15,888)	23,667
Reclassification adjustments	2,072	3,758
Before tax-effect adjustment	(13,815)	27,426
Amount of tax effects	209	(747)
Remeasurements of defined benefit plans	(13,606)	26,679
Share of other comprehensive income of entities accounted for using equity method:		
Amount arising during the period	(1,702)	(2,017)
Reclassification adjustments	150	633
Share of other comprehensive income of entities accounted for using equity method	(1,551)	(1,384)
Total other comprehensive income	(45,402)	49,737

*Consolidated statement of changes in net assets*

For the previous fiscal year (from April 1, 2019 to March 31, 2020)

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)	1,969	0	–	1,969
Total	1,969	0	–	1,969

(Note) The increase of 0 thousand shares in the number of shares of common stock under treasury shares is due to the 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	–	–	–	–	345
Total		–	–	–	–	–	345

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 21, 2019	Common stock	14,883	10.0	March 31, 2019	June 24, 2019
Board of Directors Meeting held on November 6, 2019	Common stock	14,883	10.0	September 30, 2019	December 3, 2019

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

Not applicable.

For the current fiscal year (from April 1, 2020 to March 31, 2021)

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)	1,969	1,164	376	2,756
Total	1,969	1,164	376	2,756

(Notes) 1. The number of shares of treasury shares at the end of the period includes the 1,152 thousand shares of MMC held in the “Board Incentive Plan (BIP) Trust Account.”

- The increase of 1,164 thousand shares in the number of shares of common stock under treasury shares is due to the increase of 0 thousand shares from the purchase of shares less than one unit and the increase of 1,163 thousand shares from the purchase of treasury shares by the Board Incentive Plan (BIP) Trust.
- The decrease of 376 thousand shares in the number of shares of common stock under treasury shares is due to the decrease of 365 thousand shares from the exercise of share acquisition rights and the decrease of 11 thousand shares from the delivery of shares from the Board Incentive Plan (BIP) Trust.

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	–	–	–	–	352
Total		–	–	–	–	–	352

3. Dividends

(1) Dividend payment

Not applicable.

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

Not applicable.

*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

	For the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)	For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)
Cash and deposits	399,614	455,716
Time deposits with maturities of more than three months	(25)	(11,097)
Cash and cash equivalents	399,588	444,619

## *Lease transactions*

### *Lessees' accounting*

#### 1. Finance lease transactions and right of use assets

Finance lease transactions without ownership transfer for MMC and its domestic subsidiaries and right of use assets for the overseas consolidated subsidiaries

##### 1) Details of leased assets

Property, plant and equipment

Mainly land for a plant use ("Land") and sales facilities ("Buildings and structures, net") in the automobile business

##### 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, 2020	As of March 31, 2021
Due within one year	2,979	2,902
Due after one year	20,672	17,589
Total	23,652	20,492

### *Lessors' accounting*

#### 1. Operating lease transactions

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

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Due within one year	4,041	4,068
Due after one year	5,472	5,557
Total	9,513	9,626

## *Financial instruments*

### 1. Overview of financial instruments

#### (1) Our policy for managing financial instruments

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 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, but forward foreign exchange contracts and others are used to hedge a portion of 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 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. Some of them are denominated in foreign currency and exposed to foreign currency risk, but forward foreign exchange contracts and others are used to hedge a portion of the position after netting foreign currency denominated receivables.

Floating rate of 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.

Certain intercompany loans are exposed to foreign currency risk, however forward foreign exchange contracts and others may be used as hedging instruments for some of these loans.

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

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

#### (3) Supplementary explanation on fair value of financial instruments

In "2. Fair value of financial instruments," contractual amounts, etc. for derivative transactions themselves do not indicate market risk on the 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, 2020)

(Millions of yen)

	Carrying amount	Fair value	Difference
(1) Cash and deposits	399,614	399,614	–
(2) Notes and accounts receivable - trade	137,519	137,519	–
(3) Finance receivables	268,435	264,503	(3,931)
(4) Investment securities	535	535	–
Total assets	806,105	802,173	(3,931)
(1) Notes and accounts payable - trade	308,378	308,378	–
(2) Electronically recorded obligations - operating	76,276	76,276	–
(3) Short-term borrowings	62,426	62,426	–
(4) Long-term borrowings	155,049	155,081	32
(5) Accounts payable - other, and accrued expenses	221,140	221,140	–
(6) Commercial papers	58,300	58,300	–
Total liabilities	881,571	881,603	32
Derivative transactions (*)	3,338	3,338	–

(\*) The amount of the receivable or payable arising from derivative transactions is presented on a net basis.

For the current fiscal year (as of March 31, 2021)

(Millions of yen)

	Carrying amount	Fair value	Difference
(1) Cash and deposits	455,716	455,716	–
(2) Notes and accounts receivable - trade	154,253	154,253	–
(3) Finance receivables	247,331	243,158	(4,173)
(4) Investment securities	948	948	–
Total assets	858,250	854,077	(4,173)
(1) Notes and accounts payable - trade	307,704	307,704	–
(2) Electronically recorded obligations - operating	77,222	77,222	–
(3) Short-term borrowings	16,085	16,085	–
(4) Long-term borrowings	405,681	406,530	849
(5) Accounts payable - other, and accrued expenses	249,231	249,231	–
(6) Commercial papers	32,500	32,500	–
Total liabilities	1,088,424	1,089,273	849
Derivative transactions (*)	(1,737)	(1,737)	–

(\*) The amount of the receivable or payable arising from derivative transactions is presented on a net basis.

(Note) 1. Method for measuring the fair value of financial instruments, available-for-sale 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 borrowings, (5) Accounts payable - other, and accrued expenses and (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 borrowings

Long-term borrowings is classified by certain terms to maturity, 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 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

(Millions of yen)

Classification	For the fiscal year ended March 31, 2020 (As of March 31, 2020)	For the fiscal year ended March 31, 2021 (As of March 31, 2021)
Unlisted shares and shares of subsidiaries and associates	76,470	80,946

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, 2020)

(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	384,933	–	–	–	–	–
Notes and accounts receivable - trade	137,519	–	–	–	–	–
Finance receivables	77,868	53,140	46,574	38,764	31,408	20,679
Total	600,321	53,140	46,574	38,764	31,408	20,679

For the current fiscal year (as of March 31, 2021)

(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	438,092	–	–	–	–	–
Notes and accounts receivable - trade	154,253	–	–	–	–	–
Finance receivables	74,732	51,492	45,020	37,277	22,956	15,852
Total	667,078	51,492	45,020	37,277	22,956	15,852

(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, 2020)

(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	62,426	–	–	–	–	–
Commercial papers	58,300	–	–	–	–	–
Long-term loans payable	55,661	36,635	34,895	22,176	5,230	450
Total	176,387	36,635	34,895	22,176	5,230	450

For the current fiscal year (as of March 31, 2021)

(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	16,085	–	–	–	–	–
Commercial papers	32,500	–	–	–	–	–
Long-term loans payable	57,702	267,197	42,470	19,415	6,644	12,249
Total	106,287	267,197	42,470	19,415	6,644	12,249

## Securities

### 1. Available-for-sale securities

For the previous fiscal year (as of March 31, 2020)

(Millions of yen)

	Type	Carrying amount	Acquisition cost	Difference
Securities whose carrying amount exceeds their acquisition cost	Stocks	535	198	336
	Subtotal	535	198	336
Securities whose carrying amount does not exceed their acquisition cost	Stocks	–	–	–
	Subtotal	–	–	–
Total		535	198	336

For the current fiscal year (as of March 31, 2021)

(Millions of yen)

	Type	Carrying amount	Acquisition cost	Difference
Securities whose carrying amount exceeds their acquisition cost	Stocks	948	191	757
	Subtotal	948	191	757
Securities whose carrying amount does not exceed their acquisition cost	Stocks	–	–	–
	Subtotal	–	–	–
Total		948	191	757

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

For the previous fiscal year (from April 1, 2019 to March 31, 2020)

(Millions of yen)

Type	Sales proceeds	Total gain	Total loss
Stocks	273	138	–

For the current fiscal year (from April 1, 2020 to March 31, 2021)

(Millions of yen)

Type	Sales proceeds	Total gain	Total loss
Stocks	168	41	8

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

For the previous fiscal year (from April 1, 2019 to March 31, 2020)

Not applicable.

For the current fiscal year (from April 1, 2020 to March 31, 2021)

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, 2020)

(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	10,013	–	(381)	(381)
	Buy:				
	USD	7,099	–	1,136	1,136
	THB	39,987	–	(221)	(221)
	JPY	13,465	–	1,863	1,863
Interest rate currency swap contracts:					
Buy:					
JPY	4,920	–	607	607	
Total		–	–	3,005	3,005

(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, 2021)

(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:				
	USD	29,009	–	(391)	(391)
	AUD	10,149	–	(141)	(141)
	JPY	8,477	–	83	83
	Buy:				
	USD	104	–	0	0
	THB	47,617	–	86	86
	JPY	16,404	–	(366)	(366)
	Interest rate currency swap contracts:				
Sell:					
USD	12,263	12,263	(373)	(373)	
Buy:					
JPY	2,827	–	(83)	(83)	
Total		–	–	(1,185)	(1,185)

(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, 2020)

Not applicable.

For the current fiscal year (as of March 31, 2021)

Not applicable.

2. Derivative transactions for which hedge accounting is applied

(1) Currency-related transactions

For the previous fiscal year (as of March 31, 2020)

(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	Borrowings denominated in foreign currency	4,191	–	333
	Total		–	–	333

(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, 2021)

(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: Sell: USD	Future transactions denominated in foreign currencies	20,015	–	(268)
	AUD		12,189	–	(169)
	Interest rate currency swap contracts: Buy: USD	Borrowings denominated in foreign currency	2,408	–	(113)
Total			–	–	(551)

(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, 2020)

Not applicable.

For the current fiscal year (as of March 31, 2021)

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 benefit obligation

	(Millions of yen)	
	For the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)	For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)
Retirement benefit obligation at beginning of period	192,408	190,765
Service cost	9,095	9,066
Interest cost	3,337	3,068
Actuarial gains and losses generated	3,038	(4,118)
Retirement benefits paid	(14,525)	(17,328)
Prior service cost generated	84	0
Effect of foreign currency translation	(1,491)	2,096
Changes from the effect of business combination	(812)	-
Other	(368)	(1,483)
Retirement benefit obligation at end of period	190,765	182,066

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

	(Millions of yen)	
	For the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)	For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)
Plan assets at beginning of period	145,826	145,571
Expected return on plan assets	7,241	5,511
Actuarial gains and losses generated	(12,583)	18,923
Contribution from employers	2,172	1,907
Retirement benefits paid	(12,882)	(15,576)
Effect of foreign currency translation	(2,154)	1,739
Changes from the effect of business combination	-	-
Contribution to retirement benefit trust	18,009	-
Other	(56)	(56)
Plan assets at end of period	145,571	158,020

(3) Adjustments between the ending balances of retirement benefit 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, 2020 (As of March 31, 2020)	For the fiscal year ended March 31, 2021 (As of March 31, 2021)
Retirement benefits obligation for funded plans	176,302	168,347
Plan assets	(145,571)	(158,020)
	30,730	10,326
Retirement benefits obligation for unfunded plans	14,462	13,719
Net amount of liabilities and assets reported on the consolidated balance sheet	45,193	24,045
Retirement benefit liability	48,252	28,593
Retirement benefit asset	(3,058)	(4,548)
Net amount of liabilities and assets reported on the consolidated balance sheet	45,193	24,045

(4) The amounts of components of retirement benefit expenses

	(Millions of yen)	
	For the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)	For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)
Service cost	9,095	9,066
Interest cost	3,337	3,068
Expected return on plan assets	(7,241)	(5,511)
Amortization of actuarial gains and losses	2,557	4,349
Amortization of prior service cost	(486)	(597)
Other	50	(1,058)
Retirement benefit expenses for defined benefit plans	7,311	9,316

(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, 2020 (from April 1, 2019 to March 31, 2020)	For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)
Prior service cost	557	549
Actuarial gains and losses	13,257	(27,975)
Total	13,815	(27,426)



#### (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, 2020 (As of March 31, 2020)	For the fiscal year ended March 31, 2021 (As of March 31, 2021)
Unrecognized prior service cost	(2,946)	(2,439)
Unrecognized actuarial gains and losses	38,242	10,308
Total	35,295	7,869

#### (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, 2020 (As of March 31, 2020)	For the fiscal year ended March 31, 2021 (As of March 31, 2021)
Bonds	20%	43%
Short-term funds	22	0
Stocks	28	40
Cash and deposits	21	1
Life insurance company accounts	3	2
Other	6	14
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, 2020 (As of March 31, 2020)	For the fiscal year ended March 31, 2021 (As of March 31, 2021)
Discount rate		
Domestic companies	0.0% - 0.8%	0.0% - 0.8%
Overseas companies	2.0% - 8.0%	1.7% - 8.1%
Expected rate of return		
Domestic companies	0.8% - 4.0%	0.8% - 4.0%
Overseas companies	2.2% - 6.8%	2.8% - 5.3%
Expected future salary increase		
Domestic companies	1.0% - 5.0%	1.0% - 6.0%
Overseas companies	2.5% - 9.0%	2.5% - 8.0%

#### 3. Defined contribution plans

The required contribution of MMC and its consolidated subsidiaries to the defined contribution plans is 1,848 million yen for the previous fiscal year and 1,774 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, 2020 (from April 1, 2019 to March 31, 2020)	For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)
Selling, general and administrative expenses	189	196

2. Amount recorded as gain due to forfeiture from non-exercise of the rights

(Millions of yen)

	For the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)	For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)
Selling, general and administrative expenses	(125)	—
Non-operating expenses	(74)	—

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

#### (1) Description of stock options

	The 1st Stock Options	The 2nd Stock Options	The 3rd 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	Members of the Board of MMC (excluding Outside Directors): 1 person
Class and number of stock options (Note)	Common stock: 67,044 shares	Common stock: 311,724 shares	Common stock: 406,162 shares
Date of grant	July 14, 2017	July 13, 2018	October 15, 2019
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.	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	From October 15, 2019 to April 30, 2022
Exercise period	From May 1, 2020 to April 30, 2070	From May 1, 2021 to April 30, 2071	From May 1, 2022 to April 30, 2052

	The 4th Stock Options
Category and number of persons granted	Members of the Board of MMC (excluding Outside Directors): 1 person One heir of a former Member of the Board of MMC (excluding Outside Director)
Class and number of stock options (Note)	Common stock: 95,146 shares
Date of grant	December 16, 2020
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.
Service period	From December 16, 2020 to April 30, 2023
Exercise period	From May 1, 2023 to April 30, 2053

(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	The 3rd Stock Options
Non-vested (shares)			
March 31, 2020- Outstanding	432,446	311,724	406,162
Granted	–	–	–
Forfeited	–	–	–
Vested	432,446	–	–
Balance of non-vested	–	311,724	406,162
Vested (shares)			
March 31, 2020- Outstanding	–	–	–
Vested	432,446	–	–
Exercised	365,402	–	–
Forfeited	–	–	–
Balance of non-exercised	67,044	–	–

	The 4th Stock Options
Non-vested (shares)	
March 31, 2020- Outstanding	–
Granted	95,416
Forfeited	–
Vested	–
Balance of non-vested	95,146
Vested (shares)	
March 31, 2020- Outstanding	–
Vested	–
Exercised	–
Forfeited	–
Balance of non-exercised	–

2) Prices

	The 1st Stock Options	The 2nd Stock Options	The 3rd Stock Options
Exercise price (Yen)	1	1	1
Average share price at exercise (Yen)	302.15	–	–
Fair value price at grant date (Yen)	517.42	513.34	372.56

	The 4th Stock Options
Exercise price (Yen)	1
Average share price at exercise (Yen)	–
Fair value price at grant date (Yen)	126.12

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

The method for estimating the fair value price of the fourth 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 4th Stock Options
Share price volatility (Note) 1	42.94%
Expected remaining period (Note) 2	8 years
Expected dividend (Note) 3	15.67 yen per share
Risk-free interest rate (Note) 4	(0.079)%

(Notes) 1. Calculated based on the actual share price for eight years (from December 2012 to December 2020).

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. Average of actual dividends for the last three fiscal years.

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

#### 5. 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, 2020 (As of March 31, 2020)	For the fiscal year ended March 31, 2021 (As of March 31, 2021)
Deferred tax assets:		
Net operating losses carried forward (Note) 2	287,366	333,861
Retirement benefit liability	31,942	21,439
Excess amount over limitation of taxable allowance for doubtful accounts	1,848	1,430
Self-disallowed accrued expenses	9,945	10,758
Liabilities related to market quality measures	12,093	12,147
Excess amount over limitation of taxable provision for product warranties	14,432	13,902
Non-current assets (including impairment loss)	17,629	47,072
Other	33,373	32,024
Subtotal	408,631	472,636
Valuation allowance related to net operating losses carried forward (Note) 2	(257,780)	(314,458)
Valuation allowance related to total deductible temporary differences	(90,962)	(112,921)
Subtotal valuation allowance (Note) 1	(348,780)	(427,379)
Total deferred tax assets	59,851	45,256
Deferred tax liabilities:		
Valuation difference on available-for-sale securities	(85)	(208)
Appraisal value of land based on the full fair value method	(2,839)	(1,886)
Reserve for advanced depreciation of non-current assets	(156)	(148)
Accelerated depreciation of overseas subsidiaries	(0)	(44)
Retained earnings of subsidiaries, etc.	(14,839)	(11,214)
Other	(7,315)	(7,108)
Total deferred tax liabilities	(25,236)	(20,610)
Net deferred tax assets (liabilities)	34,614	24,645

(Notes) 1. For the previous fiscal year (from April 1, 2019 to March 31, 2020)

Valuation allowance increased by 31,984 million yen. The main component of this increase was due to a change in corporate classifications when determining the recoverability of deferred tax assets of MMC.

For the current fiscal year (from April 1, 2020 to March 31, 2021)

Valuation allowance increased by 78,598 million yen. The main component of this increase was due to an increase of 29,435 million yen in valuation allowance related to non-current assets (including impairment loss) and an increase of 43,833 million yen in valuation allowance related to net operating losses carried forward at MMC.

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

For the previous fiscal year (as of March 31, 2020)

(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)	498	14,477	205	173	144,582	127,429	287,366
Valuation allowance	438	14,386	125	120	144,532	98,176	257,780
Deferred tax assets	59	90	79	53	49	29,253	29,586

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

2. Deferred tax assets of 29,586 million yen have been recorded regarding net operating losses carried forward of 287,366 million yen (multiplied by the effective statutory tax rate). These deferred tax assets are mainly recognized portions of net operating losses carried forward of Mitsubishi Motors North America Inc. of 48,756 million yen. MMC expects to record taxable income in the future, and therefore has judged that part of the net operating losses carried forward will be recoverable.

For the current fiscal year (as of March 31, 2021)

(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)	14,368	333	1,041	144,570	41,201	132,346	333,861
Valuation allowance	14,324	149	131	144,529	41,179	114,144	314,458
Deferred tax assets	43	183	909	41	22	18,202	19,403

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

2. Deferred tax assets of 19,403 million yen have been recorded regarding net operating losses carried forward of 333,861 million yen (multiplied by the effective statutory tax rate). These deferred tax assets are mainly recognized portions of net operating losses carried forward of Mitsubishi Motors North America Inc. of 50,070 million yen. MMC expects to record taxable income in the future, 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, 2020 (As of March 31, 2020)	For the fiscal year ended March 31, 2021 (As of March 31, 2021)
Effective statutory tax rate	30.3%	
Reconciliations:		This information is omitted because it is loss before incomes taxes.
Share of profit of entities accounted for using equity method	34.0	
Permanent differences	45.5	
Difference of applicable tax rates of overseas consolidated subsidiaries, etc.	(143.0)	
Retained earnings of subsidiaries, etc.	(269.3)	
Change in valuation allowance	857.8	
Foreign withholding taxes	156.1	
Foreign tax	(15.2)	
Elimination of unrealized profits on inventories	(21.3)	
Other	5.2	
Actual effective income tax rate after application of tax-effect accounting	680.1	

### *Change in presentation*

1. For the significant components of deferred tax assets and liabilities, “Warranty construction cost,” which was recognized in the fiscal year ended March 31, 2020, has been renamed as “Liabilities related to market quality measures” from the fiscal year ended March 31, 2021 for consistency with the item name stated in “Significant accounting estimates,” to reflect the actual content more clearly.

### *Business combinations, etc.*

This information is omitted because it is immaterial.

### *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 (0.3)% to 4.6%, assuming the estimated available period to be 1 year to 43 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, 2020 (from April 1, 2019 to March 31, 2020)	For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)
Balance at beginning of period	4,944	5,005
Increase due to acquisition of property, plant and equipment	199	518
Adjustments associated with passage of time	63	61
Decrease due to settlement of asset retirement obligations	(133)	(224)
Other changes (decrease)	(68)	622
Balance at end of period	5,005	5,984

### *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

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

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

2. Calculation method of 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 the preparation of 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, 2019 to March 31, 2020)

	(Millions of yen)				
	Automobiles	Financial services	Total	Adjustment (*1)	Grand total (*2)
Net sales					
External customers	2,234,668	35,608	2,270,276	–	2,270,276
Intersegment sales	17,273	4,783	22,056	(22,056)	–
Total	2,251,941	40,391	2,292,333	(22,056)	2,270,276
Segment profit (loss)	7,762	5,641	13,403	(615)	12,788
Segment assets	1,643,699	345,183	1,988,883	(50,760)	1,938,123
Other items					
Depreciation (*3)	70,373	4,416	74,789	–	74,789
Investment in equity method associates	101,877	–	101,877	–	101,877
Increase in property, plant and equipment and intangible assets (*3)	112,982	15,654	128,636	–	128,636

- (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 amortization thereof.

For the current fiscal year (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Automobiles	Financial services	Total	Adjustment (*1)	Grand total (*2)
Net sales					
External customers	1,422,913	32,563	1,455,476	–	1,455,476
Intersegment sales	13,567	3,225	16,793	(16,793)	–
Total	1,436,480	35,788	1,472,269	(16,793)	1,455,476
Segment profit (loss)	(101,288)	4,783	(96,504)	1,182	(95,321)
Segment assets	1,585,839	309,991	1,895,830	(39,551)	1,856,279
Other items					
Depreciation (*3)	63,557	2,359	65,917	–	65,917
Investment in equity method associates	89,619	–	89,619	–	89,619
Increase in property, plant and equipment and intangible assets (*3)	86,965	9,824	96,790	–	96,790

- (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 amortization thereof.

[Related information]

For the previous fiscal year (from April 1, 2019 to March 31, 2020)

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

(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			
460,473	315,060	275,292	474,663	593,645	197,812	176,854	249,579	2,270,276

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

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

(2) Property, plant and equipment

(Millions of yen)

Japan	Thailand	Indonesia	Other	Total
340,439	72,116	37,385	29,683	479,624

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	891,717	306,572	415,913	468,395	176,854	10,824	2,270,276	–	2,270,276
(2) Intersegment sales	994,131	5,452	2,470	547,081	20	–	1,549,157	(1,549,157)	–
Total	1,885,848	312,025	418,383	1,015,476	176,874	10,824	3,819,433	(1,549,157)	2,270,276
Operating profit (loss)	(57,906)	3,266	8,897	50,200	2,843	407	7,710	5,077	12,788

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

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

3. Information on major customers

This information is omitted because net sales to a specific customer did not amount to 10% of the net sales on the consolidated statement of income.

For the current fiscal year (from April 1, 2020 to March 31, 2021)

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

(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			
422,077	194,572	162,677	183,281	336,930	132,859	173,304	145,309	1,455,476

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

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

(2) Property, plant and equipment

(Millions of yen)

Japan	Thailand	Indonesia	Other	Total
261,569	74,372	43,104	31,935	410,982

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	636,137	192,844	155,015	289,549	173,304	8,625	1,455,476	–	1,455,476
(2) Intersegment sales	527,885	4,353	3,902	351,740	10	–	887,892	(887,892)	–
Total	1,164,022	197,197	158,918	641,289	173,315	8,625	2,343,368	(887,892)	1,455,476
Operating profit (loss)	(155,709)	7,371	4,215	34,130	6,345	281	(103,365)	8,043	(95,321)

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

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

3. Information on major customers

(Millions of yen)

Customer	Net sales	Relevant segment
Nissan Motor Co., Ltd.	186,853	Automobiles

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

For the previous fiscal year (from April 1, 2019 to March 31, 2020)

(Millions of yen)

	Automobiles	Financial services	Total	Adjustment	Grand total
Impairment loss	2,292	–	2,292	–	2,292

For the current fiscal year (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Automobiles	Financial services	Total	Adjustment	Grand total
Impairment loss	117,973	–	117,973	–	117,973

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

For the previous fiscal year (from April 1, 2019 to March 31, 2020)

This information is omitted because it is immaterial.

For the current fiscal year (from April 1, 2020 to March 31, 2021)

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, 2019 to March 31, 2020)

Not applicable.

For the current fiscal year (from April 1, 2020 to March 31, 2021)

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, 2019 to March 31, 2020)

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	Nissan Motor Co., Ltd.	Yokohama-city, Kanagawa	605,814	Production and sales of automobiles and related businesses	(Hold) Direct: 34.03	Mutual sharing, etc. of technological resources and mutual sales of products, etc. Concurrent positions of corporate officers Leasing of facilities, etc.	Automobile parts purchasing (*2)	105,823 (*3)	Electronically recorded obligations - operating	31,440
									Notes and accounts payable - trade	20,022

For the current fiscal year (from April 1, 2020 to March 31, 2021)

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	Nissan Motor Co., Ltd.	Yokohama-city, Kanagawa	605,814	Production and sales of automobiles and related businesses	(Hold) Direct: 34.03	Mutual sharing, etc. of technological resources and mutual sales of products, etc. Concurrent positions of corporate officers Leasing of facilities, etc.	Sales of products, etc. (*2)	186,853	Accounts receivable - trade	21,664
							Automobile parts purchasing (*2)	146,773 (*3)	Electronically recorded obligations - operating	44,439
									Notes and accounts payable - trade	18,405

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

For the previous fiscal year (from April 1, 2019 to March 31, 2020)

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 (*2)	66,066	Electronically recorded obligations - operating	16,375
									Notes and accounts payable - trade	6,069

For the current fiscal year (from April 1, 2020 to March 31, 2021)

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 (*2)	41,271	Electronically recorded obligations - operating	13,296
									Notes and accounts payable - trade	9,785

(iii) Officers and major individual shareholders, etc. of MMC

For the previous fiscal year (from April 1, 2019 to March 31, 2020)

Not applicable.

For the current fiscal year (from April 1, 2020 to March 31, 2021)

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)
Officer	Kiyoshi Sono	—	—	Outside Director of MMC, Chairman of the Board of Directors, MUFG Bank, Ltd. (*4)	—	MUFG Bank, Ltd. is a lender to MMC	Borrowings from MUFG Bank, Ltd. (*5)	60,000	Long-term borrowings	60,000

- (Notes) (\*1) The above amount of transactions does not include consumption taxes and year-end balance includes consumption taxes.
- (\*2) 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.  
Purchase prices of products, etc. are determined after examination and negotiations considering estimated costs, prices of current products, etc., and market prices for each product, etc.
- (\*3) The above amounts of transactions do not include transactions with consolidated subsidiaries via Nissan Motor Co., Ltd., which were eliminated in the preparation of consolidated financial statements.
- (\*4) Mr. Kiyoshi Sono assumed office as Senior Advisor of MUFG Bank, Ltd. on April 1, 2021.
- (\*5) Mr. Kiyoshi Sono conducted the transaction on behalf of a third party (MUFG Bank, Ltd.), and the interest rate for the borrowing of funds was reasonably determined in consideration of market interest rates.

Per share information

(Yen)

	For the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)	For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)
Net assets per share	519.15	341.44
Basic earnings (loss) per share	(17.32)	(209.88)
Diluted earnings per share	–	–

- (Notes)
1. Diluted earnings per share is not provided because MMC recorded a basic loss per share, although potential dilutive shares did exist.
  2. When calculating net assets and earnings (loss) per share for the fiscal year ended March 31, 2021, the shares of MMC held by the “Board Incentive Plan (BIP) Trust Account,” which are included in treasury shares, have been excluded from the calculation of the number of shares at the end of the period and the average number of shares during the period. The number of shares of MMC held by the Trust at the end of the period was 1,152,650 shares, and the average number of such shares during the period was 314,444 shares.
  3. Basis for calculation for basic earnings per share and diluted earnings per share are as follows:

	For the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)	For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)
Basic earnings (loss) per share		
Profit (loss) attributable to owners of the parent (Millions of yen)	(25,779)	(312,317)
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)	(25,779)	(312,317)
Average number of shares of common stock outstanding during the period (Thousands of shares)	1,488,312	1,488,068
Diluted earnings per share		
Profit attributable to owners of parent (Millions of yen)	–	–
Increase in number of shares of common stock (Thousands of shares)	–	–
(Of which, share acquisition rights (Thousands of shares))	(–)	(–)
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

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, 2021 (Millions of yen)	Balance at end of the fiscal year ended March 31, 2021 (Millions of yen)	Average interest rate (%)	Due
Short-term loans payable	62,426	16,085	1.6	–
Current portion of long-term loans payable	55,661	57,702	0.7	–
Current portion of lease obligations	3,422	3,533	3.5	–
Long-term loans payable (excluding current portion)	99,388	347,978	0.7	2022 to 2026
Lease obligations (excluding current portion)	20,197	25,525	4.0	2023 to 2052
Other interest-bearing debt				
Other (Commercial papers – current liabilities)	58,300	32,500	0.2	–
Other (Deposits received from employees - current liabilities)	3,393	3,067	0.5	–
Other (Deposits received - current liabilities)	2,938	2,962	0.1	–
Other (Guarantee deposits received - non-current liabilities)	2,219	2,342	0.0	–
<b>Total</b>	<b>307,947</b>	<b>491,697</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	267,197	42,470	19,415	6,644
Lease obligations	2,323	1,776	1,574	1,262

*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, 2020)	Second quarter (Six months ended September 30, 2020)	Third quarter (Nine months ended December 31, 2020)	Full year (Fiscal year ended March 31, 2021)
Net sales (Millions of yen)	229,545	574,874	952,783	1,455,476
Profit (loss) before income taxes (Millions of yen)	(178,699)	(210,345)	(235,942)	(298,289)
Profit (loss) attributable to owners of parent (Millions of yen)	(176,157)	(209,884)	(243,968)	(312,317)
Basic earnings (loss) per share (Yen)	(118.36)	(141.02)	(163.92)	(209.88)

(Accounting period)	First quarter (from April 1, 2020 to June 30, 2020)	Second quarter (from July 1, 2020 to September 30, 2020)	Third quarter (from October 1, 2020 to December 31, 2020)	Fourth quarter (from January 1, 2021 to March 31, 2021)
Basic earnings (loss) per share (Yen)	(118.36)	(22.66)	(22.90)	(45.96)

## 2. Non-consolidated financial statements

### (1) Non-consolidated financial statements

#### (a) Non-consolidated balance sheet

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	152,291	168,090
Accounts receivable - trade	(*) 190,133	(*) 170,781
Finished goods	46,119	26,496
Work in process	20,200	22,752
Raw materials and supplies	14,104	14,207
Prepaid expenses	1,740	1,764
Short-term loans receivable	(*) 43,444	(*) 36,283
Accounts receivable - other	(*) (*) 58,626	(*) (*) 101,098
Other	(*) 14,160	(*) 11,964
Allowance for doubtful accounts	(1,662)	(12,104)
<b>Total current assets</b>	<b>539,160</b>	<b>541,336</b>
Non-current assets		
Property, plant and equipment		
Buildings	(*) 56,127	(*) 31,689
Structures	(*) 7,610	(*) 4,358
Machinery and equipment	(*) 61,790	(*) 46,886
Vehicles	(*) 1,325	(*) 569
Tools, furniture and fixtures	(*) 36,705	(*) 38,318
Land	69,624	70,419
Construction in progress	34,114	7,884
<b>Total property, plant and equipment</b>	<b>267,297</b>	<b>200,126</b>
Intangible assets		
Intangible assets	43,965	29,379
<b>Total intangible assets</b>	<b>43,965</b>	<b>29,379</b>
Investments and other assets		
Investment securities	7,435	7,588
Shares of subsidiaries and associates	186,766	168,851
Long-term loans receivable	(*) 5,298	(*) 1,231
Investments in capital of subsidiaries and associates	12,686	8,897
Guarantee deposits	(*) 6,022	(*) 6,057
Long-term prepaid expenses	16,572	16,881
Prepaid pension costs	3,943	-
Other	5,539	5,417
Allowance for doubtful accounts	(979)	(453)
<b>Total investments and other assets</b>	<b>243,285</b>	<b>214,471</b>
<b>Total non-current assets</b>	<b>554,549</b>	<b>443,978</b>
<b>Total assets</b>	<b>1,093,709</b>	<b>985,314</b>

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
<b>Liabilities</b>		
Current liabilities		
Electronically recorded obligations - operating	(*) 75,300	(*) 76,335
Accounts payable - trade	(*) 221,590	(*) 219,086
Lease obligations	637	485
Accounts payable - other	(*) 127,201	(*) 130,113
Income taxes payable	754	741
Accrued expenses	(*) 7,201	(*) 6,800
Deposits received	(*) 44,095	(*) 9,155
Provision for product warranties	29,483	29,880
Provision for loss on fuel consumption test	2,304	1,066
Other	19,167	19,061
Total current liabilities	527,735	492,726
Non-current liabilities		
Long-term borrowings	–	200,000
Lease obligations	921	501
Guarantee deposits received	(*) 1,593	(*) 1,715
Provision for retirement benefits	167	3,373
Long-term accounts payable - other	2,625	1,092
Deferred tax liabilities	1,183	1,081
Asset retirement obligations	3,435	3,773
Other	5,941	3,788
Total non-current liabilities	15,867	215,328
Total liabilities	543,603	708,054
<b>Net assets</b>		
Shareholders' equity		
Share capital	284,382	284,382
Capital surplus		
Legal capital surplus	118,680	118,680
Other capital surplus	85,257	85,126
Total capital surplus	203,938	203,807
Retained earnings		
Legal retained earnings	5,605	5,605
Other retained earnings		
Retained earnings brought forward	58,229	(215,176)
Total retained earnings	63,834	(209,570)
Treasury shares	(1,728)	(1,659)
Total shareholders' equity	550,427	276,959
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(666)	385
Deferred gains or losses on hedges	–	(437)
Total valuation and translation adjustments	(666)	(52)
Share acquisition rights	345	352
Total net assets	550,106	277,260
Total liabilities and net assets	1,093,709	985,314

## (b) Non-consolidated statement of income

(Millions of yen)

	For the fiscal year ended March 31, 2020		For the fiscal year ended March 31, 2021	
Net sales	(*)	1,802,415	(*)	1,092,242
Cost of sales	(*)	1,653,788	(*)	1,100,889
Gross profit (loss)		148,626		(8,647)
Selling, general and administrative expenses				
Advertising and promotion expenses		29,339		19,965
Transportation costs		43,948		21,943
Provision of allowance for doubtful accounts		475		(240)
Remuneration, salaries and allowances for directors (and other officers)		31,299		27,948
Provision for retirement benefits		1,653		2,942
Depreciation		12,447		8,899
Research and development expenses		73,629		55,787
Other		22,345		19,831
Total selling, general and administrative expenses		215,138		157,078
Operating profit (loss)		(66,512)		(165,725)
Non-operating income				
Interest and dividend income	(*)	87,371	(*)	18,659
Foreign exchange gains		–		4,011
Other		773		4,290
Total non-operating income		88,144		26,961
Non-operating expenses				
Interest expenses	(*)	328	(*)	944
Foreign exchange losses		10,864		–
Other		3,982		6,287
Total non-operating expenses		15,175		7,231
Ordinary profit (loss)		6,456		(145,996)
Extraordinary income				
Gain on sales of non-current assets		132	(*)	61
Transfer pricing taxation adjustments		–	(*)	54,089
Gain on contribution of securities to retirement benefit trust		9,376		–
Other		2,393		1,031
Total extraordinary income		11,902		55,182
Extraordinary losses				
Loss on retirement of non-current assets		2,864		2,451
Impairment losses	(*)	482	(*)	107,619
COVID-19		–	(*)	1,540
Business restructuring expenses		–	(*)	26,164
Loss on valuation of shares of subsidiaries and associates		540		20,275
Provision of allowance for doubtful accounts		–		10,667
Foreign withholding taxes on transfer pricing taxation adjustments		–	(*)	8,604
Other		6,295		6,386
Total extraordinary losses		10,183		183,708
Profit (loss) before income taxes		8,176		(274,522)
Income taxes - current		2,689		(1,983)
Income taxes for prior periods		–		1,091
Income taxes - deferred		12,524		(224)
Total income taxes		15,213		(1,116)
Profit (loss)		(7,037)		(273,405)

## (c) Non-consolidated statement of changes in net assets

(Millions of yen)

For the fiscal year ended March 31, 2020	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at beginning of period	284,382	118,680	85,257	203,938	5,605	95,032	100,638	(1,728)	587,231
Changes during period									
Dividends of surplus						(29,766)	(29,766)		(29,766)
Profit (loss)						(7,037)	(7,037)		(7,037)
Purchase of treasury shares								(0)	(0)
Net changes in items other than shareholders' equity									
Total changes during period	-	-	-	-	-	(36,803)	(36,803)	(0)	(36,803)
Balance at end of period	284,382	118,680	85,257	203,938	5,605	58,229	63,834	(1,728)	550,427

For the fiscal year ended March 31, 2020	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 period	7,280	7,280	356	594,867
Changes during period				
Dividends of surplus				(29,766)
Profit (loss)				(7,037)
Purchase of treasury shares				(0)
Net changes in items other than shareholders' equity	(7,946)	(7,946)	(10)	(7,957)
Total changes during period	(7,946)	(7,946)	(10)	(44,761)
Balance at end of period	(666)	(666)	345	550,106

(Millions of yen)

For the fiscal year ended March 31, 2021	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at beginning of period	284,382	118,680	85,257	203,938	5,605	58,229	63,834	(1,728)	550,427
Changes during period									
Profit (loss)						(273,405)	(273,405)		(273,405)
Purchase of treasury shares								(254)	(254)
Disposal of treasury shares								2	2
Exercise of share acquisition rights			(131)	(131)				320	189
Net changes in items other than shareholders' equity									
Total changes during period	-	-	(131)	(131)	-	(273,405)	(273,405)	69	(273,467)
Balance at end of period	284,382	118,680	85,126	203,807	5,605	(215,176)	(209,570)	(1,659)	276,959

For the fiscal year ended March 31, 2021	Valuation and translation adjustments			Share acquisition rights	Total net assets
	Valuation difference on available-for- sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at beginning of period	(666)	-	(666)	345	550,106
Changes during period					
Profit (loss)					(273,405)
Purchase of treasury shares					(254)
Disposal of treasury shares					2
Exercise of share acquisition rights					189
Net changes in items other than shareholders' equity	1,051	(437)	613	7	621
Total changes during period	1,051	(437)	613	7	(272,845)
Balance at end of period	385	(437)	(52)	352	277,260

## Notes

### *Significant accounting policy*

#### 1. Valuation basis and methods for assets

##### (1) Securities

Shares of subsidiaries and associates:

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) Derivative financial instruments

Market price method

##### (3) 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 (5 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 under 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., 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 taking into account individual collectability for specific receivables such as doubtful receivables.

### (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, the 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 benefit 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 (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 (10 years) within the estimated average remaining service years of the employees commencing from the following fiscal year after incurrence.

When calculating retirement benefit obligation, the benefit calculation formula standard was used for attributing the expected retirement benefits to the period until the end of the 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.

7. Application of tax effect accounting in relation to the transition from the consolidated taxation system to the group tax sharing system

For the transition to the group tax sharing system established by the Act on Partial Revision of the Income Tax Act (Act No. 8 of 2020) and items for which the non-consolidated tax payment system has been revised in conjunction with the transition to the group tax sharing system, MMC has not applied the provisions of paragraph 44 of Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, February 16, 2018), and has recognized the amounts of deferred tax assets and deferred tax liabilities in accordance with the provisions of the tax law prior to revision, based on the treatment of paragraph 3 in Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System (ASBJ PITF No. 39, March 31, 2020).

### *Significant accounting estimates*

#### (1) Liabilities related to market quality measures

##### 1) Amount recorded in the financial statements as of March 31, 2021

	As of March 31, 2021 (Millions of yen)
Liabilities related to market quality measures	37,414

(The above amount is included in accounts payable - other in the balance sheet.)

##### 2) Information on significant accounting estimates for identified items

Notes are omitted as they are identical to those made in the “Notes to Consolidated Financial Statements, Significant accounting estimates (1) Liabilities related to market quality measures 2) Information on significant accounting estimates for identified items.”

#### (2) Impairment of non-current assets

##### 1) Amounts recorded in the financial statements for the fiscal year ended and as of March 31, 2021

	For the fiscal year ended and as of March 31, 2021 (Millions of yen)
Impairment loss	108,148
Property, plant and equipment, and Intangible assets	229,506

(Details of impairment loss are as stated in “Non-consolidated statement of income (\*3) Impairment losses.”)

##### 2) Information on significant accounting estimates for identified items

Notes are omitted as they are identical to those made in the “Notes to Consolidated Financial Statements, Significant accounting estimates (2) Impairment of non-current assets 2) Information on significant accounting estimates for identified items.”

### *Change in presentation*

#### (Statement of income)

“Gain on sales of shares of subsidiaries and associates,” which was separately presented in “Extraordinary income” for the fiscal year ended March 31, 2020, has been included in “Other” of “Extraordinary income” from the fiscal year ended March 31, 2021, due to the decreased importance of the amount. The financial statements for the fiscal year ended March 31, 2020 have been reclassified to reflect this change in presentation method.

Consequently, 2,254 million yen of “Gain on sales of shares of subsidiaries and associates” and 138 million yen of “Other” of “Extraordinary income” in the statement of income for the fiscal year ended March 31, 2020, have been reclassified as 2,393 million yen of “Other” of “Extraordinary income.”

“Loss on valuation of investments in capital of subsidiaries and associates” and “Loss on sales of facilities,” which were separately presented in “Extraordinary losses” for the fiscal year ended March 31, 2020, have been included in “Other” of “Extraordinary losses” from the fiscal year ended March 31, 2021, due to the decreased importance of the amount.

In addition, “Impairment loss” and “Loss on valuation of shares of subsidiaries and associates,” which were included in “Other” of “Extraordinary losses” for the fiscal year ended March 31, 2020, have been presented separately from the fiscal year ended March 31, 2021, due to the increased importance of the amount. The financial statements for the fiscal year ended March 31, 2020 have been reclassified to reflect these changes in presentation method.

Consequently, 3,707 million yen of “Loss on valuation of investments in capital of subsidiaries and associates,” 2,376 million yen of “Loss on sales of facilities” and 1,234 million yen of “Other” of “Extraordinary losses” in the statement of income for the fiscal year ended March 31, 2020, have been reclassified as 482 million yen of “Impairment losses,” 540 million yen of “Loss on valuation of shares of subsidiaries and associates” and 6,295 million yen of “Other” of “Extraordinary losses.”

(Application of the Accounting Standard for Disclosure of Accounting Estimates)

The Accounting Standard for Disclosure of Accounting Estimates (ASBJ Statement No. 31, March 31, 2020) has been applied to the financial statements from the fiscal year ended March 31, 2021, and included in the notes concerning significant accounting estimates in the financial statements.

However, in accordance with the transitional treatment prescribed in the proviso to paragraph 11 of such Accounting Standard, such notes do not show the details relating to the previous fiscal year.

*Additional information*

(Stock compensation plan)

Notes to the stock compensation plan for MMC’s Executive Officers and Corporate Officers, etc. are omitted as they are identical to those made in the “Notes to Consolidated Financial Statements, Additional information.”

*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, 2020 (As of March 31, 2020)	For the fiscal year ended March 31, 2021 (As of March 31, 2021)
Accounts receivable - other (Note)	1,227	1,061
(Note) Accounts receivable - other was pledged based on a liability in a term lease contract relating to a building with Murata Medical Services, 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, 2020 (As of March 31, 2020)	For the fiscal year ended March 31, 2021 (As of March 31, 2021)
Short-term monetary receivables	208,659	234,519
Long-term monetary receivables	4,393	601
Short-term monetary payables	192,813	181,745
Long-term monetary payables	415	404

(\*3) Accumulated depreciation of property, plant and equipment is as follows:

	(Millions of yen)	
	For the fiscal year ended March 31, 2020 (As of March 31, 2020)	For the fiscal year ended March 31, 2021 (As of March 31, 2021)
Accumulated depreciation of property, plant and equipment	591,320	580,840

#### 4 Guarantee obligation

##### (1) Guarantee obligation

For the fiscal year ended March 31, 2020 (As of March 31, 2020)			For the fiscal year ended March 31, 2021 (As of March 31, 2021)		
Guaranteed	Guaranteed amount (Millions of yen)	Description of guaranteed obligation	Guaranteed	Guaranteed amount (Millions of yen)	Description of guaranteed obligation
PT Mitsubishi Motors Krama Yudha Sales Indonesia	5,556	Bank loans	PT Mitsubishi Motors Krama Yudha Sales Indonesia	4,624	Bank loans
MMD Automobile GmbH	7,094	Liquidation of receivables	MMD Automobile GmbH	2,491	Liquidation of receivables
Employees	283	(Note)	Employees	177	(Note)
Total	12,933		Total	7,293	

(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, 2020 (As of March 31, 2020)	For the fiscal year ended March 31, 2021 (As of March 31, 2021)
	1,719	770

Non-consolidated statement of income

(\*1) Transactions with subsidiaries and associates are as follows:

	(Millions of yen)	
	For the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)	For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)
Operating transactions:		
Sales	1,558,523	927,371
Purchase	769,650	575,185
Non-operating transactions	90,300	21,963

(\*2) Transfer pricing taxation adjustments

For the current fiscal year (from April 1, 2020 to March 31, 2021)

This is transfer pricing adjustments from a consolidated subsidiary Mitsubishi Motors (Thailand) Co., Ltd., which results from the mutual agreement procedure by taxing authorities of Japan and Thailand reached an agreement on the bilateral advance pricing arrangement (APA) with regard to the transfer pricing method applied to related party transactions.

(\*3) Impairment losses

MMC recognized an impairment loss on the following asset group:

For the previous fiscal year (from April 1, 2019 to March 31, 2020)

This information is omitted because it is immaterial.

For the current fiscal year (from April 1, 2020 to March 31, 2021)

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

Location	Usage	Type	Amount (Millions of yen)
Okazaki, Aichi, Kyoto, Kyoto, Kurashiki, Okayama, etc. (6 locations)	Production assets	Buildings, machinery, equipment, tools, furniture, fixtures, and others	108,040
Kyoto, Kyoto, etc. (3 locations)	Idle assets	Machinery, equipment, and others	107
Total			108,148

(Note) Impairment loss of 108,148 million yen comprises 107,619 million yen of “(\*3) Impairment losses” and 529 million yen out of “(\*5) Business restructuring expenses,” both of which were recorded in “Extraordinary losses.”

(2) Grouping method of assets

Asset groupings are determined based on assets used in production, assets leased to others and idle assets. Assets leased to others and idle assets are treated as individual asset groups.

(3) Circumstances leading to recognition of impairment losses

As a result of formulating the new mid-term business plan “Small but Beautiful,” which is aimed at quickly reorganizing management through wide-ranging structural reform plans, it was forecasted that some investments would not be recoverable with the change from the initially forecast sales volume. Consequently, the carrying amounts of assets used in production were reduced to their recoverable amounts.

Furthermore, as decisions were made to reorganize the production structure and downsize the business according to the plan, some assets used in production were classified as a distinctive asset

group separate from other assets used in production, and the carrying amounts of such asset groups were reduced to their recoverable amounts.

The impairment losses on some assets used in production were recorded as business restructuring expenses.

(4) Method of computing the recoverable amount

The recoverable amount is determined by the higher amount of the net selling value or the value in use. The net selling value is reasonably computed using the appraisal value based on the real estate appraisal standard, the assessed value of the inheritance tax based on the road rating, and other values. The value in use is computed based on the future cash flows (discount rate is 10.9%).

The recoverable amount of idle assets is computed using the net selling value and those idle assets which are substantially difficult to sell are assessed as net selling value of zero.

(5) Amount of impairment loss

The breakdown of impairment loss of 108,148 million yen is as follows:

	(Millions of yen)
Buildings	27,287
Machinery and equipment	35,069
Tools, furniture and fixtures	16,386
Other	29,404
Total	108,148

(\*4) COVID-19

For the current fiscal year (from April 1, 2020 to March 31, 2021)

In accordance with the directions issued by governments where key component parts manufacturing factories are located, MMC suspended factory operations to prevent the spread of COVID-19. The deterioration in operating expenses such as fixed costs and direct additional expenses for the period during the suspension was recorded in the amount of 1,540 million yen.

(\*5) Business restructuring expenses

For the current fiscal year (from April 1, 2020 to March 31, 2021)

Business restructuring expenses included 18,172 million yen, which was mainly for expenses in relation to the suspension of the launch of new products for Europe, and 7,157 million yen in payment of special retirement benefits.

(\*6) Foreign withholding taxes on transfer pricing taxation adjustments

For the current fiscal year (from April 1, 2020 to March 31, 2021)

This is a foreign withholding tax related to transfer pricing adjustments from a consolidated subsidiary Mitsubishi Motors (Thailand) Co., Ltd., which results from the mutual agreement procedure by taxing authorities of Japan and Thailand reached an agreement on the bilateral advance pricing arrangement (APA) with regard to the transfer pricing method applied to related party transactions.

*Securities*

Stocks of subsidiaries and associates (amounts on the non-consolidated balance sheet for the current fiscal year are 145,244 million yen in stocks of subsidiaries and 23,606 million yen in stocks of associates and amounts for the previous fiscal year are 165,191 million yen in stocks of subsidiaries and 21,575 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, 2020 (As of March 31, 2020)	For the fiscal year ended March 31, 2021 (As of March 31, 2021)
Deferred tax assets:		
Net operating losses carried forward	238,293	282,127
Excess amount over limitation of taxable allowance for doubtful accounts	799	3,802
Excess amount over limitation of taxable provision for retirement benefits	18,166	16,963
Denial of loss on valuation of subsidiaries and associates' stocks	110,283	116,386
Liabilities related to market quality measures	12,093	11,329
Provision for product warranties	8,930	9,047
Provision for loss on fuel consumption test	697	322
Non-current assets (including impairment loss)	14,320	43,755
Other	19,283	21,644
Subtotal	422,869	505,378
Valuation allowance related to net operating losses carried forward	(238,293)	(282,127)
Valuation allowance related to total deductible temporary differences	(184,576)	(223,250)
Subtotal valuation allowance	(422,869)	(505,378)
Total deferred tax assets	-	-
Deferred tax liabilities:		
Valuation difference on available-for-sale securities	(59)	(182)
Other	(1,124)	(899)
Total deferred tax liabilities	(1,183)	(1,081)
Net deferred tax assets (liabilities)	(1,183)	(1,081)

### 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, 2020 (As of March 31, 2020)	For the fiscal year ended March 31, 2021 (As of March 31, 2021)
Effective statutory tax rate	30.3%	This information is omitted because it is loss before incomes taxes.
Reconciliations:		
Non-deductible items (entertainment expenses, etc.)	12.9	
Non-taxable items (dividend income)	(302.1)	
Foreign withholding taxes	72.6	
Foreign tax	(7.1)	
Change in valuation allowance	383.3	
Other	(3.9)	
Actual effective income tax rate after application of tax-effect accounting	186.1	



*Change in presentation*

1. For the significant components of deferred tax assets and liabilities, “Warranty construction cost,” which was recognized in the fiscal year ended March 31, 2020, has been renamed as “Liabilities related to market quality measures” from the fiscal year ended March 31, 2021 for consistency with the item name stated in “Significant accounting estimates,” to reflect the actual content more clearly.

In addition, “Non-current assets (including impairment loss),” which was included in “Other” in the fiscal year ended March 31, 2020, has been presented separately from the fiscal year ended March 31, 2021, due to the increased importance of the amount.

*Subsequent events*

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	162,504	6,618	(*5) 28,728 (27,287)	140,394	108,705	3,619	31,689
	Structures	38,102	1,127	4,014 (3,680)	35,215	30,857	686	4,358
	Machinery and equipment	377,130	(*1) 32,028	(*6) 64,647 (35,069)	344,511	297,624	11,639	46,886
	Vehicles	5,640	232	1,352 (560)	4,519	3,950	305	569
	Tools, furniture and fixtures	171,501	(*2) 30,151	(*7) 23,631 (16,386)	178,021	139,703	6,166	38,318
	Land	69,624	823	27 (21)	70,419	—	—	70,419
	Construction in progress	34,114	(*3) 20,319	46,549	7,884	—	—	7,884
Total property, plant and equipment		858,617	91,300	168,951 (83,005)	780,967	580,840	22,416	200,126
Intangible assets	Patent right	892	—	284 (279)	608	341	71	267
	Software	39,110	5,968	(*8) 13,080 (10,056)	31,998	20,642	4,912	11,356
	Other	23,102	(*4) 12,050	17,258 (10,421)	17,894	138	35	17,755
Total intangible assets		63,106	18,019	30,623 (20,757)	50,501	21,122	5,020	29,379

(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 machinery and equipment

Passenger car production facilities 3,416 million yen  
Minicar production facilities 2,428 million yen  
Engine production facilities 13,695 million yen  
Research and development facilities 10,258 million yen

(\*2) Major increases in tools, furniture and fixtures

Passenger car production facilities 26,447 million yen  
Minicar production facilities 436 million yen  
Engine production facilities 690 million yen  
Research and development facilities 1,539 million yen

(\*3) Major increases in construction in progress

Passenger car production facilities 2,561 million yen  
Minicar production facilities 3,670 million yen  
Engine production facilities 7,633 million yen  
Research and development facilities 3,309 million yen  
Other construction in progress 3,146 million yen

(\*4) Major increases in other intangible assets

Development of systems and other 11,356 million yen

(\*5) Major decreases in buildings

Passenger car production facilities 4,859 million yen  
Minicar production facilities 4,534 million yen  
Engine production facilities 3,919 million yen  
Research and development facilities 4,678 million yen  
Other facilities 10,738 million yen

(\*6) Major decreases in machinery and equipment

Passenger car production facilities 17,831 million yen  
Minicar production facilities 7,052 million yen  
Engine production facilities 38,145 million yen  
Research and development facilities 562 million yen

- (\*7) Major decreases in tools, furniture and fixtures  
 Passenger car production facilities 17,794 million yen  
 Minicar production facilities 1,554 million yen  
 Engine production facilities 2,034 million yen  
 Research and development facilities 318 million yen
- (\*8) Major decreases in software  
 Development of systems and other 12,271 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	2,641	10,446	530	12,557
Provision for product warranties	29,483	11,691	11,294	29,880
Provision for loss on fuel consumption test	2,304	–	1,238	1,066

(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, 2020 (from April 1, 2019 to March 31, 2020)

Submitted to the Director-General of the Kanto Local Finance Bureau on June 25, 2020

#### (2) Amendment Report of Annual Securities Report and Confirmation Letter

Submitted to the Director-General of the Kanto Local Finance Bureau on June 24, 2021

The Amendment Report of Annual Securities Report for the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020) and Confirmation Letter thereof.

#### (3) Internal Control Report and Accompanying Documents

Submitted to the Director-General of the Kanto Local Finance Bureau on June 25, 2020

#### (4) Quarterly Securities Reports and Confirmation Letter

First Quarter of FY2020 (from April 1, 2020 to June 30, 2020)

Submitted to the Director-General of the Kanto Local Finance Bureau on August 4, 2020

Second Quarter of FY2020 (from July 1, 2020 to September 30, 2020)

Submitted to the Director-General of the Kanto Local Finance Bureau on November 6, 2020

Third Quarter of FY2020 (from October 1, 2020 to December 31, 2020)

Submitted to the Director-General of the Kanto Local Finance Bureau on February 5, 2021

#### (5) Extraordinary Report

Submitted to the Director-General of the Kanto Local Finance Bureau on June 22, 2020

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 (ix)-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 July 27, 2020

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 (xii) and (xix) (events giving significant impact on financial position, operating results and conditions of cash flow) of the Cabinet Office Order on Disclosure of Corporate Affairs.

Submitted to the Director-General of the Kanto Local Finance Bureau on August 7, 2020

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 (ix) (changes of the representative executive officers) of the Cabinet Office Order on Disclosure of Corporate Affairs.

Submitted to the Director-General of the Kanto Local Finance Bureau on April 6, 2021

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 (xii) (events giving significant

impact on financial position, operating results and conditions of cash flow) of the Cabinet Office Order on Disclosure of Corporate Affairs.

Submitted to the Director-General of the Kanto Local Finance Bureau on May 12, 2021

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 (xii) and (xix) (events giving significant impact on financial position, operating results and conditions of cash flow) of the Cabinet Office Order on Disclosure of Corporate Affairs.

**B. Information on Guarantors for the Company**

Not applicable

## **Independent Auditors' Audit Report and Internal Control Audit Report**

(English Translation)

June 24, 2021

The Board of Directors

MITSUBISHI MOTORS CORPORATION

Ernst & Young ShinNihon LLC  
Tokyo, Japan

Yoji Murohashi  
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>

### *Opinion*

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, 2021 (April 1, 2020 through March 31, 2021).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company and its consolidated subsidiaries as of March 31, 2021, and their consolidated financial performance and cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in Japan.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Key audit matters*

Key audit matters are matters which in the auditor's professional judgement are considered to be particularly important in the audit of the consolidated financial statements for the fiscal year under review. Key audit matters are matters that were dealt with in the process of undertaking the audit and forming the opinion for the entire consolidated financial statements, and we do not represent the individual opinion of such matters.

Liabilities related to market quality measures	
Description of the Key Audit Matter and Reason for Determining the Matter	How We Addressed the Matter in Our Audit
As stated in the Notes "Significant accounting estimates," the Company recorded 41,049 million yen of liabilities related to market quality measures in the fiscal year ended March 31, 2021. Such liabilities related to market quality measures are included in accounts payable - other, and accrued expenses in the consolidated balance sheet.	The Accounting Auditors primarily conducted the following audit procedures in relation to the liabilities related to market quality measures. <ul style="list-style-type: none"><li>Evaluated the comprehensive recording of liabilities related to market quality measures and the effectiveness of the preparation and operations for</li></ul>



<p>The Company reasonably estimates the future expenses for measures relating to the voluntary recall and repair of sold products that are non-compliant under an individual country’s regulatory requirements concerning safety and the environment. In cases where such expenditures are likely to be incurred and can be reasonably estimated, the Company calculates the future expenses, considering the expenses to be incurred per unit, the number of units, the occurrence rate of the recall and repair of subject vehicles, and other factors.</p> <p>The significant assumption used in the calculation of future expenses is the occurrence rate which is based on past experiences and the other factors by sales region and vehicle age. However, the complexities and uncertainties of the estimated calculations are high and based on significant judgements of management. In addition, in the event of large-scale recalls, remedial measures, etc., due to product defects or failures, the recording of significant liabilities due to market quality measures may seriously impact the consolidated financial statements. Furthermore, to comprehensively reflect the expenses relating to market quality measures determined following the end of the fiscal year and up until the day on which the consolidated financial statements are submitted, whether or not there are such cases need to be promptly identified with the impact on the consolidated financial statements evaluated.</p> <p>Therefore, the Accounting Auditors determined that such matters are key audit matters.</p>	<p>internal controls relating to the evaluation of such estimates.</p> <ul style="list-style-type: none"> <li>• To investigate the completeness of liabilities related to market quality measures, asked questions of the quality control division, inspected minutes of meetings for bodies such as the Board of Directors and important approval/decision documents relating to market quality measures, and inspected public information such as submissions to the Ministry of Land, Infrastructure, Transport and Tourism and press releases, etc.</li> <li>• To evaluate the assumptions used in calculating future expenses, investigated the consistency of the occurrence rate and the expenses per unit with materials that substantiate estimates such as for the results of similar projects.</li> <li>• To evaluate the effectiveness of the process for recording liabilities related to market quality measures, compared the amount recorded for liabilities related to market quality measures at the end of the previous fiscal year and the actual expense.</li> <li>• Investigated the assumptions used in calculating the completeness of the liabilities related to market quality measures and future expenses in light of the details for the market quality measures determined following the end of the fiscal year and up until the day on which the consolidated financial statements were submitted.</li> </ul>
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Impairment of non-current assets	
Description of the Key Audit Matter and Reason for Determining the Matter	How We Addressed the Matter in Our Audit
<p>As stated in the Notes “Consolidated statement of income (*4) Impairment losses,” as a result of formulating the new mid-term business plan, which is aimed at quickly reorganizing management through wide-ranging structural reform plans, the Company recorded an impairment loss of 108,000 million yen for non-current assets held as assets used in production in the fiscal year ended March 31, 2021 with the change from the initially forecast sales volume and forecast that some investments would not be recoverable.</p> <p>The Company assesses whether to recognize an impairment loss for an asset or a group of assets for which there is an indication of impairment. If the Company determines that an impairment loss should be recognized, the carrying amount will be reduced to its recoverable amount and an impairment loss will be recorded. When</p>	<p>The Accounting Auditors primarily conducted the following audit procedures in relation to the impairment of non-current assets held by the Company as assets used in production.</p> <ul style="list-style-type: none"> <li>• Compared with the remaining number of years of useful economic life of key assets for the period of estimated future cash flows.</li> <li>• Investigated consistency of the future cash flows with the mid-term business plan approved by the Board of Directors.</li> <li>• For the forecasts of sales volumes, manufacturing/selling costs that are significant assumptions that form the basis of the mid-term business plan, discussion was held with management as well as trend analysis from past results. In addition, comparison with available external data and market</li> </ul>

<p>considering the amount of impairment loss on non-current assets held by the Company as assets used in production, the Company measures the recoverable amount in such asset group from the value in use. The value in use is calculated as the discounted present value of future cash flows; and the future cash flows, which are generated from sustainable use of the asset group, is based on the mid-term business plan approved by the Board of Directors, given growth rates that take into account future uncertainties for the period extending beyond the period set in the mid-term business plan.</p> <p>Significant assumptions used in estimating future cash flows and value in use are, as explained in the Notes “Significant accounting estimates,” forecasts of sales volumes, manufacturing/selling costs that form the basis of the mid-term business plan, growth rates, and discount rates.</p> <p>The aforementioned significant assumptions in estimating the recoverable amount are uncertain and require the judgement of management, so the Accounting Auditors determined that such matters are key audit matters.</p>	<p>forecast in relation to the number of vehicle sales, while comparison with similar companies was conducted for manufacturing/selling costs.</p> <ul style="list-style-type: none"> <li>• The evaluation of future uncertainty by management was investigated concerning the growth rate in the mid-term business plan.</li> <li>• Experts in evaluation from the Accounting Auditors corporate network were brought in to consider the method of evaluation and discount rate used in calculating the value in use, and the consistency with the evaluation method and accounting standards and the consistency between the input information used in calculating the discount rate and external information were investigated.</li> <li>• To investigate the effectiveness of the estimation process used by the management in formulating the business plan, the mid-term business plan formulated in the fiscal year ended March 31, 2021 was compared with the actual results for the fiscal year ended March 31, 2021.</li> </ul>
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#### *Responsibilities of Management and Audit Committee for the Consolidated Financial Statements*

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

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

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

#### *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In making those risk assessments, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current fiscal year and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulations precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Internal control audit>

*Opinion*

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, 2021 of the Company.

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, 2021 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.

*Basis for Opinion*

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under auditing standards for internal control over financial reporting are described in the Auditor's Responsibilities for Audit of the Internal Control section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the ethical requirements that are relevant to our audit of the internal control report in Japan, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that we have obtained sufficient and appropriate audit evidence to support our audit opinion.

*Responsibilities of Management and Audit Committee 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.

The Audit & Supervisory Board is responsible for supervising and inspecting the provision and status of operation of internal control over financial reporting.

Internal control over financial reporting may not prevent or detect misstatements.

*Auditor's Responsibilities for Audit of the Internal Control*

Our responsibilities are to obtain reasonable assurance about whether the internal control report is free from material misstatement and to issue an auditor's report of internal control that expresses our opinion on the internal control report based on our audit from an independent point of view.

In accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. Our audit of the internal control involves the following:

- We perform auditing procedures to obtain audit evidence about the results of the assessment of internal control over financial reporting in the internal control report. The procedures selected depend on our judgment as the Independent Auditor, including the significance of effects on reliability of financial reporting.
- We evaluate the overall internal control report presentation, including the appropriateness of the scope, procedures and result of the assessment determined and presented by management.
- We obtain sufficient and appropriate audit evidence about the results of the assessment of internal control over financial reporting in the internal control report. We are responsible for the direction, supervision and performance of the audit of the internal control report. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding the planned scope and timing of the audit of the internal control and significant findings of the audit of the internal control, significant deficiencies in internal control that we identified requiring disclosure, results of the correction of such deficiencies and other matters required by auditing standards for internal control.

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

*Conflict of Interest*

We have no interest in the Company and its consolidated subsidiaries which should be disclosed in accordance with the Certified Public Accountants Act.

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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 24, 2021

The Board of Directors

MITSUBISHI MOTORS CORPORATION

Ernst & Young ShinNihon LLC  
Tokyo, Japan

Yoji Murohashi  
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

*Opinion*

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, 2021 (April 1, 2020 through March 31, 2021).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position and results of operations applicable to the fiscal year ended March 31, 2021, in accordance with accounting principles generally accepted in Japan.

*Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Key audit matters*

Key audit matters are matters which in the auditor's professional judgement are considered to be particularly important in the audit of the financial statements for the fiscal year under review. Key audit matters are matters that were dealt with in the process of undertaking the audit and forming the opinion for the entire financial statements, and we do not represent the individual opinion of such matters.

*Liabilities related to market quality measures*

As stated in the Notes "Significant accounting estimates," the Company recorded 37,414 million yen of liabilities related to market quality measures in the fiscal year ended March 31, 2021.

Description of the Key Audit Matter and Reason for Determining the Matter as well as How We Addressed the Matter in Our Audit for this matter are omitted since the details are the same as the key audit matters (Liabilities related to market quality measures) described in the auditor's report to the consolidated financial statements.

*Impairment of non-current assets*

As stated in the Notes "Non-consolidated statement of income (\*3) Impairment losses," the Company recorded an impairment loss of 108,040 million yen for non-current assets held as assets used in production in the fiscal year ended March 31, 2021.

Description of the Key Audit Matter and Reason for Determining the Matter as well as How We Addressed the Matter in Our Audit for this matter are omitted since the details are the same as the key audit matters (Impairment of non-current assets) described in the auditor's report to the consolidated financial statements.

*Responsibilities of Management and Audit Committee for the Financial Statements*

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

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

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

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In making those risk assessments, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the financial statements is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current fiscal year and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulations precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### *Conflict of Interest*

We have no interest in the Company which should be disclosed in accordance with the Certified Public Accountants Act.

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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 (“ <i>Naibutousei-Houkokusho</i> ”)
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 24, 2021
Company name:	三菱自動車工業株式会社 ( <i>Mitsubishi Jidosha Kogyo Kabushiki Kaisha</i> )
Company name in English:	MITSUBISHI MOTORS CORPORATION
Title and name of representative:	Takao Kato, Representative Executive Officer, President & CEO
Title and name of chief financial officer:	Koji Ikeya, Representative Executive Officer, Executive Vice President (CFO)
Address of registered headquarters:	3-1-21, Shibaura, Minato-ku, Tokyo, Japan
Place for public inspection:	Tokyo Stock Exchange, Inc. 2-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo, Japan

## 1. Basic framework of internal control over financial reporting

Takao Kato, Representative Executive Officer, President & 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, 2021 (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, 16 consolidated subsidiaries, and three entities accounted for using equity method. Also, 19 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 nine 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 24, 2021
Company name:	三菱自動車工業株式会社 ( <i>Mitsubishi Jidosha Kogyo Kabushiki Kaisha</i> )
Company name in English:	MITSUBISHI MOTORS CORPORATION
Title and name of representative:	Takao Kato, Representative Executive Officer, President & CEO
Title and name of chief financial officer:	Koji Ikeya, Representative Executive Officer, Executive Vice President (CFO)
Address of registered headquarters:	3-1-21, Shibaura, Minato-ku, Tokyo, Japan
Place for public inspection:	Tokyo Stock Exchange, Inc. 2-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo, Japan

1. Appropriateness of the descriptions in this Annual Securities Report

Takao Kato, Representative Executive Officer, President & CEO and Koji Ikeya, Representative Executive Officer, Executive Vice President (CFO) of MITSUBISHI MOTORS CORPORATION, have confirmed that this annual securities report for the FY2020 (April 1, 2020 through March 31, 2021) is reasonably and fairly stated in accordance with the Financial Instruments and Exchange Act and related regulations.

2. Special notes

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