

Financial Information as of March 31, 2022

(The English translation of the  
“Yukashoken-Houkokusho” for  
the year ended March 31, 2022)

mitsubishi motors  
corporation

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## [Cover page]

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Clause of stipulation:	Article 24, paragraph (1) of the Financial Instruments and Exchange Act
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Accounting period:	Full-year FY2021 (April 1, 2021 through March 31, 2022)
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
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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		FY2017	FY2018	FY2019	FY2020	FY2021
Fiscal year ended		March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022
Net sales	Millions of yen	2,192,389	2,514,594	2,270,276	1,455,476	2,038,909
Ordinary profit (loss)	Millions of yen	110,127	119,850	(3,843)	(105,203)	100,969
Profit (loss) attributable to owners of parent	Millions of yen	107,619	132,871	(25,779)	(312,317)	74,037
Comprehensive income	Millions of yen	110,713	131,381	(67,458)	(259,691)	106,757
Net assets	Millions of yen	796,562	881,203	788,363	525,251	630,301
Total assets	Millions of yen	1,646,240	2,010,309	1,938,123	1,856,279	1,928,443
Net assets per share	Yen	524.12	585.75	519.15	341.44	407.82
Basic earnings (loss) per share	Yen	72.23	89.26	(17.32)	(209.88)	49.76
Diluted earnings per share	Yen	72.20	89.18	–	–	49.74
Equity-to-asset ratio	%	47.44	43.37	39.87	27.36	31.46
Return-on-equity ratio	%	14.63	16.08	(3.14)	(48.78)	13.28
Price/earnings ratio	Times	10.54	6.59	–	–	6.65
Net cash provided by (used in) operating activities	Millions of yen	119,624	146,053	18,786	(41,537)	118,114
Net cash provided by (used in) investing activities	Millions of yen	(97,093)	(144,906)	(105,712)	(101,323)	(69,123)
Net cash provided by (used in) financing activities	Millions of yen	(23,161)	(74,966)	9,624	168,291	(10,234)
Cash and cash equivalents at end of period	Millions of yen	559,036	489,456	399,588	444,619	511,473
Number of employees [Number of temporary employees not included in the above figures]	Number	30,507 [7,122]	31,314 [8,682]	32,171 [7,558]	30,091 [6,434]	28,796 [7,948]

- (Notes)
1. The number of employees is the number of employees currently on duty.
  2. Diluted earnings per share for FY2019 and FY2020 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 for the FY2019 and FY2020 are not shown because basic loss per share is reported for each of the fiscal years.
  4. When calculating the “net assets per share” in FY2020 and FY2021, 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,” and “diluted earnings 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.
  5. MMC has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations from the beginning of the current fiscal year, and the key management indices for FY2021 are those after applying the accounting standard and relevant revised ASBJ regulations.

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

Fiscal year		FY2017	FY2018	FY2019	FY2020	FY2021
Fiscal year ended		March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022
Net sales	Millions of yen	1,721,054	1,999,428	1,802,415	1,092,242	1,614,787
Ordinary profit (loss)	Millions of yen	23,306	64,312	6,456	(145,996)	52,093
Profit (loss)	Millions of yen	44,301	54,750	(7,037)	(273,405)	40,149
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	570,991	594,867	550,106	277,260	318,125
Total assets	Millions of yen	1,084,336	1,114,419	1,093,709	985,314	985,999
Net assets per share	Yen	383.13	399.45	369.39	186.15	213.68
Dividend per share [Interim dividend per share included in the above amount]	Yen [Yen]	17.00 [7.00]	20.00 [10.00]	10.00 [10.00]	– [–]	– [–]
Basic earnings (loss) per share	Yen	29.73	36.78	(4.73)	(183.73)	26.99
Diluted earnings per share	Yen	29.72	36.75	–	–	26.97
Equity-to-asset ratio	%	52.65	53.35	50.27	28.10	32.24
Return-on-equity ratio	%	7.97	9.40	(1.23)	(66.15)	13.50
Price/earnings ratio	Times	25.60	15.99	–	–	12.26
Dividend payout ratio	%	57.18	54.38	–	–	–
Number of employees [Number of temporary employees not included in the above figures]	Number	13,693 [3,065]	14,171 [3,689]	14,407 [3,276]	13,951 [2,574]	13,829 [3,441]
Total shareholder return [Comparative indicator: TOPIX (Dividend-Included)]	% [%]	116.29 [115.87]	93.42 [110.03]	52.77 [99.57]	54.11 [141.53]	56.50 [144.34]
Highest share price	Yen	942	934	649	352	426
Lowest share price	Yen	620	557	268	187	253

- (Notes)
1. Diluted earnings per share for FY2019 and FY2020 are not shown even though there are potential shares, because basic loss per share is reported for each of the fiscal years.
  2. Price/earnings ratios and dividend payout ratios for FY2019 and FY2020 are not shown because basic loss per share is reported for each of the fiscal years. In addition, the dividend payout ratio for FY2021 is not shown as there is no dividend.
  3. Highest share price and lowest share price are those recorded on the first section of the Tokyo Stock Exchange.
  4. When calculating the “net assets per share” in FY 2020 and FY 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 total number of issued shares at the end of the period. Furthermore, when calculating the “basic earnings (loss) per share” and “diluted earnings 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.
  5. MMC has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations from the beginning of the current fiscal year, and the key management indices for FY2021 are those after applying the accounting standard and relevant revised ASBJ regulations.

## 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 (presently Okazaki Plant), 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 Okazaki Plant (presently Okazaki Works 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. PMC's production ended in August 2021 and factories were closed down.)
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
August 2021	Production suspended at PMC and factories closed down
April 2022	MMC shares that had been listed on the first section of the Tokyo Stock Exchange were transferred to the Prime Market due to a restructuring of the market segments of the Tokyo Stock Exchange.

### 3. Description of business

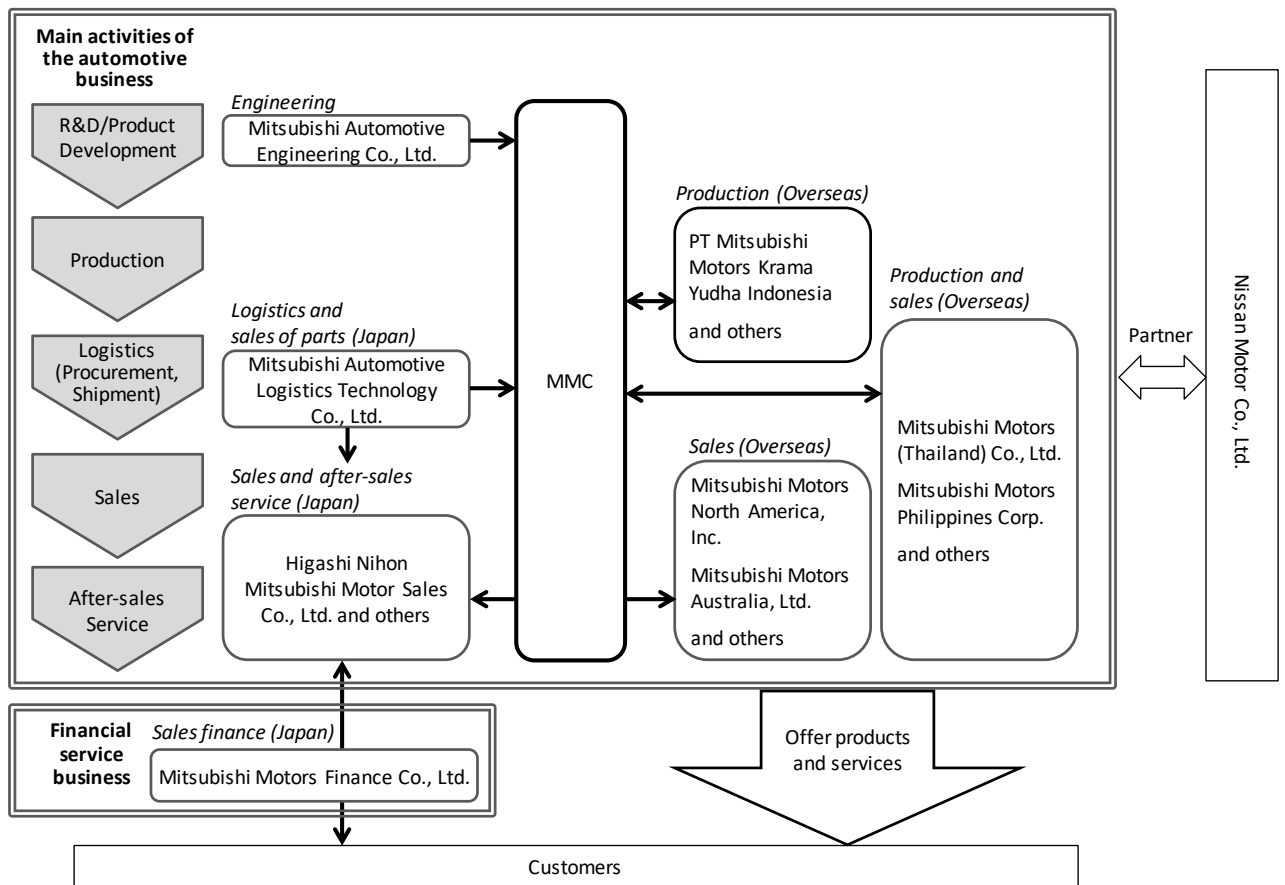
The MMC Group comprises MMC, 35 consolidated subsidiaries and 18 equity-method associates (as at March 31, 2022). The MMC Group is engaged in the development, production and sales of passenger vehicles and their parts and components, as well as in auto financing operations. MMC conducts most of the development work.

In Japan, MMC produces standard and small passenger vehicles and Kei-cars and Mitsubishi-brand vehicles are sold in Japan by Higashi Nihon Mitsubishi Motor Sales Co., Ltd. Pajero Manufacturing Co., Ltd. ended production in August 2021 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

(Major products)

(i) EVs, PHEVs

Outlander PHEV, 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, 2022)

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	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	100	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	237,165 thousand EUR	Automobile sales	100.0	Sales of the MMC Group products Concurrent positions of corporate officers: Yes
Mitsubishi Motor R&D Europe GmbH	Trebur, Germany	767 thousand EUR	Investigation, testing and research related to automobiles	100.0	Development base of the MMC Group automobile in Europe Concurrent positions of corporate officers: Yes
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
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, 2022)

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
8 other associates in addition to the above					

## (4) Other related companies

(As of March 31, 2022)

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	331,035	million yen
(2) Ordinary profit (loss)	9,473	
(3) Profit (loss)	7,845	
(4) Net assets	77,303	
(5) Total assets	168,996	

\*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, 2022)

Name of business segment	Number of employees	
Automobile	28,617	(7,892)
Financial service	179	(56)
Total	28,796	(7,948)

- (Notes)
1. The number of employees is the number of employees currently on duty (excluding corporate officers).
  2. The number of temporary employees (part-time employees, fixed-term employees, dispatched employees, etc.) as of March 31, 2022 is presented in parentheses and not included in the figures on the left.

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

(As of March 31, 2022)

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	9,484 (1,430)	4,345 (2,011)	13,829 (3,441)	41.5	15.4	6,605,000

- (Notes)
1. The number of employees is the number of employees currently on duty (excluding corporate officers).
  2. “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.
  3. The number of temporary employees (part-time employees, fixed-term employees, dispatched employees, etc.) as of March 31, 2022 is presented in parentheses and not included in the figures on the above.
  4. Average annual salary (including tax) includes bonuses and surplus wages.

### (3) Workers Unions

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

## II. Overview of Business

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

MMC's recognition of management issues based on recent changes to the business environment and approach to 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, 2022.

#### (1) Business environment

The novel coronavirus disease (COVID-19) pandemic, which has continued since 2020, has spread in repeated waves due to variant strains, striking a serious blow to the supply chains and sales. Then from the second half of the current fiscal year, cost increases due to soaring material and logistics costs also became apparent. In addition, geopolitical risks, triggered by Russia's military invasion of Ukraine emerged, and the business environment surrounding the MMC Group became more uncertain and changed day by day.

FY2022 was also the year of the overall completion of the current mid-term business plan, "Small but Beautiful." The severe and unstable business environment is expected to continue; however, by constantly identifying issues and resolving them one by one, MMC achieved its earnings target for FY2022 and will implement the next mid-term business plan.

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

- (3) In the past, the MMC has tried to cover a wide range of regions and segments with limited development resources, resulting in a lack of regular product enhancements or prolonged product life. We believe that there has been a tendency to secure sales volume through price discounting in order to maintain factory utilization rates as models age. In the future, we intend to change our approach to sales by introducing attractive products that incorporate Mitsubishi Motors' unique value, carefully managing their life cycles, ensuring that customers fully understand the value of the MMC products, and selling them at prices that are commensurate with their value.

#### <Acceleration of electrification and acceleration of initiatives to strengthen the ASEAN market>

First, during the period of the current mid-term business plan from FY2020 to FY2022, we have been working to strengthen our lineup of environmentally friendly vehicles by integrating our proprietary and alliance technologies. Until FY2021, we have particularly focused on PHEVs and have successively introduced the *Eclipse Cross* PHEV and the *Outlander* PHEV. The trend toward decarbonization and electrification will accelerate, and the MMC group, as a pioneer of electric vehicles, will seize this trend and make a solid contribution to the environment.

In FY2022, we will introduce three BEVs (battery electric vehicles): the new *Airtrek*, which was launched in China in March, a minicar EV to be launched soon through joint development with Nissan, and the *MINICAB-MiEV*, which will resume sales this fall, and by adding these to our model lineup, we will offer customers even more electric vehicle options.

Then from FY2022 onward, we will enter a cycle of strengthening the ASEAN market. As round one to strengthen our product lineup, we are preparing to launch the next Triton, the core model of the MMC group, as the first model to lead the ASEAN new car offensive, and we are fully prepared to start its production.

In addition to products, we have positioned FY2022 as an important year for strengthening sales for the new car offensive, and will steadily implement measures to achieve this goal.

#### <Initiatives to promote the uniqueness of Mitsubishi Motors>

Last year, the MMC group redefined Mitsubishi Motors' uniqueness as "Environment × Safety, Security, and Comfort." We believe that introducing products and conducting promotional activities that enable customers to fully understand the value of Mitsubishi Motors' uniqueness are also important measures.

The response to the new *Outlander* PHEV, which went on sale for the domestic market on December 16, 2021, has far exceeded the MMC group's expectations, and the model has been awarded first place in plug-in hybrid EV sales in Japan for FY2021. It has also received high acclaim for its design and installed equipment, winning the "Technology Car of the Year" award from CAR OF THE YEAR JAPAN, the "iF Design Award 2022," and the "Five Star Award," the highest rating in the "Vehicle Safety Performance 2021" Japan New Car Assessment Program (JNCAP). The new *Outlander* launched from the U.S. and its PHEV model launched initially in Japan will be further expanded globally so that the value of the MMC group can be widely understood by customers.

Next, by expanding our lineup of electric vehicles, such as the minicar EV, we will work to gain a wider understanding of the environmental aspects of Mitsubishi Motors' uniqueness. We are already conducting test introductions and demonstration trials with many companies for the *MINICAB-MiEV*, which is scheduled to

resume sales in the fall of this year, but we are still receiving new requests from many companies to consider introduction or to explore collaboration, and we feel that public interest is extremely high. We will continue to explore the provision of services throughout the value chain as a way to offer new value to our customers.

*RALLIART*, which we declared last year to be revived, is a heritage brand of the MMC group, which has forged its driving and technical skills in the demanding fields of the World Rally Championships and the Paris-Dakar Rally. While cherishing this heritage, we will further evolve it as a brand that leads with the Mitsubishi Motors' uniqueness and "Monozukuri (manufacturing) Spirit" with the highest level of technology. Specifically, we will continue to refine the brand through participation in the Asia Cross Country Rally by "Team Mitsubishi Ralliart" and the sale of exclusive accessories and special edition vehicles.



## 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.

<Risks that are currently of particular concern among business risks>

Of the business risks as described later, risks that have materialized recently and for which there are concerns of impact going forward are as follows:

### (1) Impacts of war, terrorism, political instability, and deteriorating security

On February 24, 2022, Russian troops invaded Ukraine, and, in response to this invasion, several countries and regions, including Japan, have imposed economic sanctions on Russia.

The MMC Group carries out assembly production of finished vehicles and sells them in Russia through a consolidated subsidiary and an equity-method affiliate located in the country, but due to the Russian military invasion of Ukraine, the distribution network was disrupted and parts supplies were frozen, hence production has been temporarily suspended.

If the issues due to military action in Ukraine by Russia continue or are exacerbated more than expected, the operating results and/or financial position of the MMC Group may be affected.

### (2) Impacts of parts and raw material procurement

The MMC Group globally sources raw materials and parts, etc. from the perspective of enhancing product quality and cost competitiveness. But, in addition to the global shortage of semiconductor supplies and the impacts of COVID-19 infections, logistics are being disrupted by Russia's invasion of Ukraine and material prices are currently soaring.

The MMC Group works to mitigate the impacts by preparing the response to be taken at the time of an emergency in advance through the collection of information on supply chains, which include our overseas bases and secondary suppliers, but if market fluctuations that exceed expectations occur, the operating results and/or financial position of the MMC Group may be affected.

### (3) Impacts of changes in the market environment

The MMC Group operates businesses around the world, engaging in production activities and selling products in various regions and countries, but currently, due to the tight supply and demand of shipping space worldwide, it is difficult to secure ships for transportation, there are delays, and there are soaring transportation costs. The MMC Group is taking various measures to secure fleets and reduce the impacts of soaring transportation costs, but in the event that tight supply and demand and higher transportation costs exceed expectations, the operating results and/or financial position of the MMC Group may be affected.

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

COVID-19 infections are gradually falling. While we seek coexistence with the coronavirus, we still need to be vigilant with regard to some regions and countries due to factors such as lockdowns being conducted in China in the current fiscal year based on its "Zero Corona Policy." In the future, if there are any restrictions on on-site production or sales activities or any impact on global logistics due to measures by various countries, the operating results and/or financial position of the MMC Group may be affected.

<Business-related risks>

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

#### (i) Impacts of parts and raw material procurement

The MMC Group globally sources raw materials and parts, etc. from the perspective of enhancing product quality and cost competitiveness.

We procure them from suppliers around the world in order to achieve higher quality and more advanced technologies. Depending on the parts and materials, we make it a rule to place optimal orders, such as through centralized ordering or multiple ordering.

In addition, we also use rare metals such as palladium and rhodium, which are not only produced in low quantities but are also produced only in specific countries and regions.

Therefore, if supplies from those suppliers are stopped, or if it is not possible to procure in a timely way and at competitive prices due to such unexpected reasons as rapid changes in the supply and demand of raw materials, parts, etc., changes in the political situation of the country of procurement, tightening of import/export regulations related to economic security, and occurrence of natural disasters, production of our products will be delayed or stopped, and costs may increase.

Furthermore, if unforeseen human rights violations at a supplier occur and/or are discovered in spite of the MMC Group's human rights initiatives, they will damage the reputation of the MMC Group and the operating results and/or financial position of the MMC Group may be affected.

(ii) Impact of product quality and safety

In order to improve product quality, the MMC Group works to promptly clarify the causes of failures and execute countermeasures through collaboration with related departments based on market information, and appropriately examine potential risks.

If recalls, improvement measures, etc. due to product defects or failures become large scale, or if there is a large-scale liability claim from customers due to product defects or failures in spite of the Group's efforts to improve the quality of products and services and ensure safety, the operating results and/or financial position of the MMC Group may be affected due to the incurring of substantial costs, evaluation of the Company's products, damage to its brand image, decline in sales, etc.

(iii) 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 laws and regulations, or should such failure lead to sanctions against it, large costs may be incurred for the purpose of conforming to and of complying with any revision, strengthening of or additions to these laws and regulations or the procurement of components, manufacture, sale and distribution of products, etc. may be delayed or suspended, and this may 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 (including customs duties), anti-monopoly laws, and anti-bribery laws. 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.; each department in charge has implemented measures to prevent potential non-compliance with laws and regulations, etc., and the MMC Group has also enhanced a structure to respond promptly to any compliance-related matters detected by the Group. 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, effect, 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.

(iv) Impacts of legal procedures

As the MMC Group develops its business around the world, if it is investigated by regulatory authorities in relation to alleged non-compliance with laws and regulations, the operating results and/or financial position of the MMC Group may be affected, depending on the conclusions.

When present or future disputes with users, business partners, third parties result in rulings that cause claims and forecasts of the MMC Group to change, the operating results and/or financial position of the MMC Group may be affected.

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 impact the operating results and/or financial position of the MMC Group.

(v) 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 impacted.

(vi) 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 implements hardware and software safety management measures and gives information security education to MMC Group employees. Nevertheless, due to hacking and cyberattacks on our infrastructure, products, and services, inadequate management or human error within the MMC Group or at contractors, or occurrence of natural disasters, leakage of confidential, personal, and other information including information concerning MMC's technologies, suspension of our important operations and services, improper paperwork or destruction/falsification of important data, impairment of the MMC Group's brand image and social credibility causing sales to decline, legal claims, lawsuits, liability for damages, obligation to pay penalty or fine, or operational problems such as production suspension, the operating results and/or financial position of the MMC Group may be affected.

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

(i) Impact of product and technology development

In the midst of rapid changes in technology and postures required of automobile manufacturers, such as related to the rapid global movement toward de-carbonization, the trend of growth in driving support systems including connected services and preventive safety, and the increasing age of drivers, especially in Japan, the MMC Group believes that it is important to launch useful, realistic, and easy-to-use technologies and new products that meet the values and needs of our customers in a timely manner, adding to the attractiveness unique to Mitsubishi Motors, and are working on their development every day. 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 our sales share could decline due to being unable to develop and provide customers with new technologies and products in a timely manner because of internal and external factors. In that case, the operating results and/or financial position of the MMC Group may be affected.

Moreover, since the MMC Group's business focuses on ASEAN, there is a possibility that our sales share could decline due to products not being accepted by customers outside the ASEAN region due to a mismatch with changes in the environment and needs in other regions. In that case, the operating results and/or financial position of the MMC Group may be affected.

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, 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 impact the operating results and/or financial position of the MMC Group.

(ii) 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 through product strategies based on the MMC Group's strength in vehicle electrification and SUV technologies as well as strategies for strengthening sales collaborations with partners. 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 impact the operating results and/or financial position of the MMC Group.

(iii) Impacts of alliances with other companies

Expecting more efficient management of resources and synergies, the MMC Group operates businesses through alliances and joint ventures with other companies, including joint investment relationships in fields such as research and development, production, and sales. However, due to changes in the business strategy of the other party or inconsistencies between parties, there is a possibility that an alliance/joint venture relationship may change or cannot be maintained, or the expected results may not be achieved. Furthermore, if the expected results are not achieved, or if the financial condition of an alliance/joint venture partner deteriorates, the operating results and/or financial condition of the MMC Group may be affected.

(iv) 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, and it 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, it may impact the operating results and/or financial position of the MMC Group.

Moreover, the MMC Group recognizes that efforts to respect human rights are an indispensable element in fulfilling our social responsibilities in order to expand our business globally and grow sustainably, and works on prohibiting discrimination and eliminating unfair labor practices set out in the "Human Rights Policy." However, if there is a loss of trust and confidence among our customers due to any MMC Group company and related party acting in a way that creates a human rights problem, or if damage to our brand image due to a deterioration of our social trust impacts our business foundations, the operating results and/or financial condition of the MMC Group may be affected.

(v) Influence of climate change

Based on the recognition that the medium- to long-term risks and opportunities posed by climate change may affect our business, the MMC Group supports the recommendations of the Task Force on Climate Related Financial Disclosure (TCFD) and carries out scenario analysis.

As the advance of global climate change measures and further strengthening or introduction of fuel economy/CO<sub>2</sub> emissions regulations and/or zero-emission vehicles (ZEV) regulations, carbon taxes and/or carbon pricing, etc. is predicted in a scenario that seeks to limit rising temperatures to 2 or 1.5°C, the MMC Group has promoted climate change countermeasures based on the Environmental Plan Package that consolidates the policies for the MMC Group's environmental initiatives, set the targets of "40% reduction in CO<sub>2</sub> emissions from new vehicles (compared to FY2010)," "electric vehicles(EVs) sales ratio of 50%,"

and “40% reduction in CO<sub>2</sub> emissions from business activities (compared to FY2014)” in the Environmental Targets 2030, which clarifies initiatives until 2030, and promoted product development, energy saving activities at each base, and the introduction of renewable energy in order to achieve these targets. However, in the event that cost of sales rises to address the further strengthening of fuel economy/CO<sub>2</sub> emissions regulations and other regulations due to climate change countermeasures proceeding more than expected, or if costs of production and procurement rise due to expanding the introduction of carbon pricing, etc., the operating results and/or financial condition of the MMC Group may be affected.

On the other hand, as continuously rising temperatures due not being able to reduce global CO<sub>2</sub> emissions, and more frequent and severe meteorological disasters, such as typhoons and torrential downpours in a wider area than they currently occur, are predicted in a 4°C scenario in which climate change countermeasures do not proceed sufficiently in society overall, the MMC Group works to promote measures to prepare for this, such as the formulation of a Business Continuity Plan (BCP). However, in the event that the procurement of components, manufacture, sale and distribution of products, etc. are delayed or suspended due to more frequent or severe natural disasters, such as flooding, than predicted in countries or regions where manufacturing bases of the MMC Group are located, the operating results and/or financial condition of the MMC Group may be affected.

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

(i) Impacts of changes in the market environment

The MMC Group operates business around the world, and engages in production and sales activities in various regions and countries.

These business activities may be affected by an economic downturn, financial crisis, etc. in an individual region and country, and if transportation costs rise, it is difficult to secure ships for transportation, or ship arrangements are delayed, our production and sales activities may be adversely affected, affecting the operating results and/or financial condition of the MMC Group.

(ii) Impact of foreign exchange rate fluctuations

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. As the values of foreign currency denominated assets (accounts receivable - trade, etc.) and foreign currency denominated liabilities (accounts payable - trade, etc.) change when foreign exchange markets for Japanese yen and foreign currencies fluctuate, the MMC Group’s yen-based profit or loss may be affected.

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, if there are significant fluctuations in foreign currencies, the operating results and/or financial condition of the MMC Group may be affected.

(iii) Credit risk of business partners

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.

Regarding credit risk related to business partners, such as distributors, we strive to control credit risk by maintaining appropriate credit protection, while continuously evaluating country risk and the financial status of business partners. Moreover, we carry out strict credit screening and collection management for risks arising from the sales finance business to control the occurrence of bankruptcies and uncollectible receivables. However, if a loss stemming from such credit risk exceeds the MMC Group’s expectations due to a deterioration of the external environment, etc., the operating results and/or financial condition of the MMC Group may be affected.

(iv) Impact of the liquidity of funds

In addition to borrowing from financial institutions, the MMC Group issues commercial paper, etc. for financing. In order to prepare for increased demand for funds due to deterioration of the business environment, MMC secures sufficient liquidity by setting up commitment lines at overseas subsidiaries in

addition to unused commitment lines of credit worth about 150.0 billion yen, and strives to maintain good relationships with our main bank and other relevant financial institutions. 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.

(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\* 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.

However, if facilities, such as manufacturing bases, are damaged due to a natural disaster, accident or spread of infection on a scale larger than anticipated, or if the procurement of components, manufacture, sale and distribution of products, etc. are delayed or suspended, the operating results and/or financial condition of the MMC Group may be affected.

\*: BCM is an abbreviation for "Business Continuity Management"

(ii) Impacts of war, terrorism, political instability, and deteriorating security

The MMC Group has facilities, such as manufacturing bases, in Japan and around the world, and terrorism, war, civil war, political instability, security instability, or the like may cause serious problems such as interruption of operations of the MMC Group or its business partners.

If such an event occurs, we will hold a countermeasures meeting with the participation of related departments and take measures from a company-wide perspective.

If terrorism, war, civil war, political instability, security instability, or the like occurs on a larger scale than is expected, and when parts procurement, production and sales of products, logistics, etc. are delayed or stopped or costs increase, the operating results and/or financial condition of the MMC Group may be affected.

### 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, 2022.

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

##### (i) Operating results

The COVID-19 pandemic, which has continued since 2020, has spread in repeated waves due to variant strains, striking a serious blow to the supply chain and sales. Then from the second half of the fiscal year, cost increases due to soaring material and logistics costs also became apparent. In addition, geopolitical risks, triggered by Russia’s military invasion of Ukraine emerged, and the business environment surrounding MMC became more uncertain and changed day by day during FY2021.

Despite the difficulties in navigating the difficult business environment, the MMC’s earnings are on a recovery track as a result of the flexible response to the changing environment by the entire MMC, in addition to many customers purchasing products such as new Outlander and XPANDER.

As a result, full-year global sales volume was 937,000 units, up 17% from the previous fiscal year, and full-year net sales were 2,038.9 billion yen, up 40% from the previous fiscal year. Operating profit recovered to 87.3 billion yen (up 182.6 billion yen year on year) due to the increase in sales volume, and the effects of price discount restraint and cost improvement, in addition to the tailwind from exchange rates. The operating profit margin was 4.3%, an improvement of approximately 11 percentage points from the previous fiscal year.

Ordinary profit was 101.0 billion yen (up 206.2 billion yen year on year), and profit attributable to owners of parent was 74.0 billion yen (up 386.3 billion yen year on year).

The sales status by major region is as follows:

- ASEAN: 250 thousand units (up 61 thousand units year on year)
- Australia and New Zealand: 97 thousand units (up 25 thousand units year on year)
- Japan: 75 thousand units (up 2 thousand units year on year)
- China and Other: 81 thousand units (down 24 thousand units year on year)
- North America: 156 thousand units (up 43 thousand units year on year)
- Europe: 131 thousand units (down 13 thousand units year on year)
- Central America, Middle East, Africa and Other: 147 thousand units (up 42 thousand units year on year).

On the ASEAN front, where we focus efforts, restrictions on people’s movements have been relaxed in stages as individual governments shift away from a “Zero COVID-19” policy to a “(live) With COVID-19” policy, and demand has been picking up since the end of 2021, resulting in an increase in sales volume.

In Australia and New Zealand, markets overall were robust due to an increase in households appropriating surplus capital to purchase new cars amid restrictions on various activities. Sales volume increased due to expanded sales of product types that had been affected by relatively small impacts from parts shortages and had steady supplies of parts, as well as to solid sales of the all-new Outlander.

Domestically, in the Japanese market, amid supply pressures caused by a shortage of semiconductors, sales volume increased slightly with our focus on stock car sales and the successful rollout of the new Outlander PHEV.

In North America, sales of the all-new Outlander, whose full-scale sales began in April last year, were strong throughout the fiscal year.

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 2,018.8 billion yen (up 582.3 billion yen year on year) with operating profit of 83.5 billion yen (up 184.8 billion yen year on year). Higher operating profit was due to increased sales volume, reduced discounts, and cost improvement effects.

ii) Financial service business

Net sales for the current fiscal year were 38.0 billion yen (up 2.2 billion yen year on year), and operating profit was 4.6 billion yen (down 0.2 billion yen year on year).

(ii) Financial position

Total assets as of March 31, 2022 amounted to 1,928.4 billion yen (up 72.1 billion yen from the end of the previous fiscal year). Cash and deposits amounted to 511.5 billion yen (up 55.8 billion yen from the end of the previous fiscal year). Total liabilities amounted to 1,298.1 billion yen (down 32.9 billion yen from the end of the previous fiscal year). Of total liabilities, the interest bearing debt balance was 480.5 billion yen (down 2.8 billion yen from the end of the previous fiscal year). Net assets as of March 31, 2022 amounted to 630.3 billion yen (up 105.0 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 inflow of 118.1 billion yen from operating activities (up 159.6 billion yen year on year), a net outflow of 69.1 billion yen from investing activities (down 32.2 billion yen year on year), and a net outflow of 10.2 billion yen from financing activities (down 178.5 billion yen year on year). In addition, the balance of cash and cash equivalents



at the end of the current fiscal year increased by 66.9 billion yen from the end of the previous fiscal year to 511.5 billion yen, partially due to an increase of 28.1 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 inflow of 49.0 billion yen (up 191.8 billion yen year on year), due to an increase in inflow contributed by operating activities increasing sales volume.

*Cash flows from operating activities*

Net cash provided by operating activities was 118.1 billion yen, an increase of 159.6 billion yen compared to cash used in operating activities of 41.5 billion yen for the previous fiscal year. This increase in inflow is due mainly to an increase in sales and profit generated by an increase in unit sales.

*Cash flows from investing activities*

Net cash used in investing activities was 69.1 billion yen, a decrease of 32.2 billion yen compared to cash used in investing activities of 101.3 billion yen in the previous fiscal year. This was primarily due to a decrease in the amount of time deposits.

*Cash flows from financing activities*

Net cash used in financing activities was 10.2 billion yen, an increase of 178.5 billion yen compared to cash provided by financing activities of 168.3 billion yen in the previous fiscal year. This was primarily due to a decrease in inflow from long-term 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 511.5 billion yen and 480.5 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 650.0 billion yen.

In preparation for an increase in demand for funds due to a deterioration of the business environment, we have also set up, in addition to the above liquidity, commitment lines at overseas subsidiaries, and strive to secure the funds necessary for maintaining, expanding, and operating 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	420,588	114.6
Overseas	604,300	135.1
Asia	579,486	133.3
Other	24,814	197.4
Total	1,024,888	125.9

(Note) 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.

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	191,773	393,940	82.6	93.3
Overseas	823,986	1,644,969	139.1	159.1
North America	150,714	397,196	161.6	204.1
Europe	109,720	257,683	122.1	140.5
Asia	332,161	482,776	128.7	143.2
Oceania	95,639	254,681	135.8	146.9
Other Regions	135,752	252,631	168.1	173.8
Total	1,015,759	2,038,909	123.2	140.0

(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. Sales results for the current fiscal year have been omitted as there is no customer from which sales accounts for 10% or more of the total sales results for the current fiscal year.

(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 Russian operations 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 that have no market 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.
- vii) Impairment of non-current assets  
When applying impairment accounting to non-current assets, the MMC Group groups production assets mainly by business company, sales related assets mainly by business unit and lease assets and idle assets as individual asset groups, and estimates future cash flows with each group. If future cash flows fall below the carrying amount, the carrying amount will be reduced to the recoverable amount. If the recoverable amount decreases in the future, impairment loss may occur and have an impact on profit or loss.



#### 4. Critical contracts for operation

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

(Note) Significant business contracts that ended during the current fiscal year, are as follows.

Mitsubishi Motors Corporation (MMC)	Fujian Motor Industrial Corporation	China	Joint venture agreement with South East (Fujian) Motor Co., Ltd. regarding sales and production of vehicles	March 27, 2006 (Ended on April 29, 2021)
	China Motor Corporation	Taiwan		

## 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 90,714 million yen.

The Group’s R&D structure, the status of development of next-generation technologies and the major new products released from April 2021 through March 2022 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 2010. 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. In particular, concerning vehicle electrification technology, in Japan, we rolled out the new Outlander PHEV in December 2021, which was greatly transformed by our proprietary “plug-in hybrid EV system [PHEV],” achieving both improved range and environmental performance. We have received high evaluations from our customers and plan to expand our sales regions globally. In FY2022, we also plan to launch a light EV, which was jointly developed with Nissan. Furthermore, we are developing HEVs utilizing PHEV technology for customers in the ASEAN region, and sales are scheduled from FY2023. In addition, in order to respond to the rapid future evolution of electrification (batteries, motors, etc.), we will collaborate with alliance partners to launch products incorporating advanced technologies at an early stage and concentrate resources on our proprietary technologies. We will continue to work on research and development in order to become a leading company in vehicle electrification technologies.

#### 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\*2” and the collision safety technology “RISE.\*3” 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) Main new products released from April 2021 to March 2022

- 1) New Outlander PHEV model
- 2) New Xpander
- 3) New Airtrek (China-exclusive model)

The features of each model are as described below.

- 1) We have released a PHEV model of the all-new Outlander crossover SUV. The PHEV model of the all-new Outlander is a flagship model that brings together the best of Mitsubishi Motors’ electrification and four-wheel control technologies, and utilizes a new-generation platform developed through an alliance with other companies and advanced technologies. Based on the Majestic concept, the body, chassis, power train, etc. have all been redesigned and greatly evolved in all directions. As a result, both the attractive features of a SUV such as powerful driving performance, comfort and livability, and versatile usability, as well as attractive features of an electric vehicle, such as powerful and smooth acceleration and safe and secure driving in all driving situations, have been greatly enhanced. The main product features are listed below.

- i) Unique new-generation PHEV system that realizes more power and extended range
  - The PHEV components have been redesigned to further enhance the attractiveness of an electric vehicle, EV cruising range has been extended, and acceleration feel that is typical of EVs has been improved. By increasing the outputs of front and rear motors and drive battery by about 40%, we have made it possible to maintain EV driving without starting the engine even when the accelerator pedal is strongly depressed, and have realized a smooth, powerful, and comfortable motor drive unique to a high-output twin motor 4WD. In addition, the drive battery has a large total electric energy of 20 kWh, and EV travel conversion distance (distance that can be electrically driven by external charging) is 87 km (WLTC mode)\*4. So, even when using an air conditioner, etc., it secures a sufficient cruising range and also contributes to reducing charging frequency. Moreover, the capacity of the

gasoline tank has been increased and the total cruising range that combines EV and hybrid driving has also been greatly expanded.

- A new boost function has been adopted for the power drive unit of the front motor. It exerts a powerful driving force by increasing the supply voltage to the front motor and, at the same time, it also contributes to reducing electricity costs by increasing the power generation efficiency of the generator. Furthermore, by integrating the rear motor and the control unit, the floor space required for installing a third seat is secured, and a seat layout for a seven-seater is realized. At the same time, high-frequency noise is shut out by setting the mounting position of the unit outside the cabin, which achieves a very quiet driving environment.
- There is a new innovative pedal operation mode with acceleration and deceleration achieved by operating only the accelerator pedal. There is no need to use the brake pedal to decelerate, and an appropriate braking force is applied with just the accelerator pedal\*<sup>5</sup>, so it is possible to concentrate on steering, increasing the sense of security on slippery roads, such as snow-covered roads, and it also decreases fatigue by reducing the number of times the brake pedal has to be depressed.

\*4: Numerical value in M grade. 83 km for P and G grades

\*5: Brake pedal operation is required when stronger deceleration is needed or when stopping.

ii) Safe, secure, and comfortable driving in all weather and road conditions

- Regarding the vehicle motion integrated control system, S-AWC\*<sup>6</sup>, based on a twin motor 4WD with each one drive motor equipped for front and rear wheels, has a new brake AYC function also added at the rear wheel side. As a result, while the driving force of the front and rear wheels is optimally distributed according to road surface and driving conditions, torque vectoring with brake control for left and right wheels can also be performed for front and rear wheels, and the tire capacity of all four wheels can be maximized in a well-balanced manner, achieving the driver's desired handling characteristics and high steering stability.
- Seven drive modes that can be selected according to road surface conditions and driving style. These are Normal, which is ideal for normal driving on paved roads; Tarmac, which provides a sharp accelerator response on dry paved roads and high turning performance; Gravel, which provides a good balance between maneuverability and road performance on unpaved roads and wet paved roads; Snow, which stabilizes vehicle behavior on slippery roads such as snow-covered roads; and, Mud, which provides high road performance by optimizing tire slip ratio according to vehicle speed on muddy or deep snow-covered roads and demonstrates excellent escape performance when the vehicle becomes stuck, all of which are adjusted according to road surface conditions. We also have modes for driving style such as Power, which is used when powerful acceleration is required, and Eco, which is environmentally friendly and economical. These seven drive modes provide a safe, secure, and comfortable driving experience in a variety of weather and road surface conditions.
- A newly developed platform and a highly rigid collision safety enhanced body called RISE\*<sup>7</sup> achieves high levels of safety and steering stability. A sharp increase in front body rigidity and torsional rigidity contributes greatly to improving steering stability. Mitsubishi Motors' first hot-stamped ultra-high tensile strength steel (1470 MPa), which exceeds the strength of conventional steel plates, is used around the cabin for a highly resistant cabin structure with little deformation. Besides, by adopting the latest e-Assist driving support function, which detects collision risk in advance with multiple sensors and supports safe driving, the risk of accidents is minimized and safety and security are provided.
- This model is equipped with the MI-Pilot advanced highway same lane driving support function. This control, which integrates a radar adaptive cruise control system (ACC) and a lane keeping assist function (LKA), supports the driver by maintaining a set distance between vehicles and keeping the vehicle at the center of a lane. Moreover, in addition to recognizing speed signs and automatically switching the set speed, it automatically adjusts to an appropriate vehicle speed on curves and highway ramps using map information via a navigation link function. It reduces fatigue during long-distance driving on expressways



and in traffic jams by activating automatic starting within about 30 seconds after stopping even in heavy traffic.

- We have adopted MITSUBISHI Connect to support safe, secure, and comfortable driving. You can enjoy functions such as SOS calling in the case of an emergency, confirming mileage of drive battery, setting charging time and notification of forgetting to charge, confirming the location of your own vehicle by displaying the location where the vehicle was parked on the map of a smartphone application, etc. On top of that, we have also adopted a drive monitoring notification function that notifies the driving status of the vehicle.

\*6: Super All Wheel Control

\*7: Reinforced Impact Safety Evolution

iii) Powerful and outstanding exterior, and high-quality and advanced interior

- The all-new Outlander applies the new Bold Stride concept based on Mitsubishi Motors' original SUV design that strongly expresses functional beauty and a dignified appearance. Roadholding and reliability taken to a new level are expressed by the whole body.
- Regarding the exterior, the new-generation Dynamic Shield design concept makes the front body design outstanding. Moreover, 20-inch large-diameter wheels with fender flares having a muscular internal structure are adopted at the side. The D-pillar and floating roof with the motif of the vertical stabilizer of an airplane create the image of powerful and nimble driving. In addition, the rear has a hexagonal tailgate and tail lamps that extend horizontally to the left and right ends of the body for wide and stable styling. The hard, high-brightness, and vivid diamond color series has a total set of 10 body colors, centering on three: white diamond, red diamond, and newly-added black diamond for this model.
- Regarding the interior, to express a feeling of real strength and openness, we have evolved and adopted a Horizontal Axis instrument panel with a horizontal tone and powerful modeling, which makes it easy to adjust for changes in body posture when driving. The floor console is wide, with a strong presence and a luxurious design. We also have adopted soft padding with a comfortable touch and a high texture everywhere, along with high-quality stitching. The monitors and meters are designed for visibility, and the selectors, dials, and switches are based on the Mitsubishi Touch concept focusing on a sense of moderation during operation, which achieves quality by appealing not only to the sense of sight but also to the sense of touch.

2) The all-new Xpander crossover MPV has been released. The new Xpander has new front and rear designs and interior design that enhance SUV-ness. A new high-efficiency CVT has been adopted for the transmission to reduce fuel consumption. The main product features are listed below.

i) Interior/exterior design reinforces SUV-ness and enhances quality

- The front has evolved the Dynamic Shield design concept to express strength and a sense of security, and adopts a horizontal bumper with a low center of gravity image and a three-dimensional skid plate. A new T-shaped headlight is adopted as a new-generation headlight unit shape, and an LED giving excellent visibility is used in the upper grade.
- The rear has wide and stable styling with a new-generation lamp molding and a horizontal rear bumper. The rear combination lamp adopts a T-shaped tail lamp that emits light from the surface. In addition to the conventional tail lamp and reversing lamp, the stop lamp is LED to improve visibility at night.
- The highest grade of tires is mounted on wheels that have been increased in size to 17 inches. The aluminum wheels have a powerful and advanced design adopting a round rim with two-tone cut and brilliant finish. The front overhang has been extended by 75 mm and the size of the rear overhang has been increased by 45 mm to give it high-quality proportions. By raising the vehicle height by 15-20 mm compared to the previous model, we have secured a ground clearance of 220-225 mm<sup>\*8</sup>, which is the highest in its class and improves its ability to drive over rough roads.

- We have added a new blade silver metallic body color that gives a powerful impression with its realistic metallic feel. In addition, we have a color lineup of quartz white pearl, metallic graphite gray, jet black mica, metallic red, and deep metallic bronze.
- For a high-grade interior, the instrument panel has been redesigned with a horizontal tone and good visibility. While the steering has been designed to give a sporty and powerful impression, grip size and shape have been changed to make steering easier. And, soft padding with synthetic leather and real stitching are used for the armrests and door trims for enhanced quality. In addition, an air-conditioning panel with a liquid crystal display makes it easy to grasp air flow level and temperature settings at a glance, and a high-contrast meter with a modified graphic design improves visibility.

\*8: The minimum ground clearance for CVT vehicles is 220 mm, and the minimum ground clearance for MT vehicles is 225 mm, except for some grades.

ii) Driving performance improved while improving environmental performance

- A new high-efficiency CVT has been adopted for the transmission. At a high accelerator opening, the engine speed is controlled like a multi-speed shift to achieve a powerful and sharp acceleration feel, and at a low accelerator opening, the smooth shift unique to a CVT maximizes engine performance and reduces fuel consumption with a high level of quietness. A new external EGR\*<sup>9</sup> has been adopted for the engine to achieve low fuel consumption, while maintaining engine output performance.
- A new electric parking brake\*<sup>10</sup> has been adopted that ensures reliable holding performance by just operating a switch. At the same time, we have adopted a brake with an auto-hold function that allows the vehicle to remain stopped even if you take your foot off the brake pedal when waiting for a traffic light or when the vehicle is stopped due to a traffic jam, and improved comfort by reducing the burden on the driver.
- The suspension has improved rigidity at the front strut mount, and the cylinder size of the rear shock absorber has been increased. And, at the same time, new high-performance valves have been adopted front and the rear to achieve a flat and comfortable ride.

\*9: Exhaust Gas Recirculation. A system that lowers combustion temperature by recirculating part of the exhaust gas to the intake air and suppresses the amount of NOX generated.

\*10: Equipment by grade

iii) Providing comfortable-to-use equipment and various storage spaces for smartphones

- The convenience of storage spaces has been further enhanced considering customer convenience, further increasing comfort when in the car. The center console has been changed to a large-capacity open tray so that smartphones can be placed, and an armrest\*<sup>11</sup> that can store four 600 ml pet bottles has been added to increase storage space.
- We pay particular attention to hospitality even at the rear seats. For cars equipped with armrests, we have added Type A and Type C USB ports at the back of the floor console and have also added a cup holder to the armrest of the two-row seats to improve convenience.

\*11: Equipment by grade

3) All-new SUV Airtrek, a new electric SUV, has been released. (China-exclusive model)

The all-new Airtrek has been designed based on the e-cruising SUV concept consisting of three keywords: “Electric (“electricity” of electric vehicles),” “Expanding (“expansion” of car life)” and “Expressive (“expression” of Mitsubishi Motors’ uniqueness).” The consistent design identity of Mitsubishi Motors represented by the Dynamic Shield on the front grill and the hexagonal motif of the tailgate is adopted, so the styling expresses the driving characteristics of Mitsubishi Motors, which is highly mobile and stable.

In the interior, a horizontal instrument panel is used, which gives a feeling of openness, good front visibility, and makes it easy to grasp driving information. Soft padding is used for parts that people touch to improve the texture, and stitching is used in every detail to create a high-class and high-quality living space. Moreover, the long wheelbase and wide overall width make it a comfortable interior space where you can spend a relaxing time with your family.

It is equipped with a large-capacity drive battery of 70 kWh as an EV component, and achieves a cruising range of up to approximately 520 km (China CLTC standard) \*12. By mounting the battery at the center of the floor, the model achieves a low center of gravity and ideal front-rear weight distribution. A lightweight and highly rigid body, and motor, inverter, and reducer in one lightweight and compact unit are combined with a drive system delivering improved output and torque, with which powerful and smooth driving and sharp maneuverability unique to electric vehicles are further emphasized.

\*12: China's original automobile exhaust gas test driving cycle

- 4) 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 62.7 billion yen, mainly in development and research equipment for new products and technologies and production equipment for new products and sales equipment.

Company name	Segment	Details of capital expenditure	Amount of investment (Millions of yen)
MMC	Automobile	Production equipment of automobiles	23,900
		Development and research equipment of automobiles	2,199
		Equipment of automobile sales outlets	775
		Other	10,464
	Sub total		37,338
Automobile sales companies (two companies)	Automobile	Equipment of automobile sales outlets	1,078
Mitsubishi Motors Finance Co., Ltd.	Financial service	Investment of systems	153
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.	423
Mitsubishi Motors North America, Inc. and two other companies	Automobile	Equipment of automobile sales outlets, etc.	379
Mitsubishi Motors Europe B.V.	Automobile	Equipment of parts sales outlets, etc.	76
Mitsubishi Motors Australia, Ltd.	Automobile	Equipment of automobile sales outlets, etc.	796
Mitsubishi Motors (Thailand) Co., Ltd. and another company	Automobile	Equipment of automobile sales outlets and production equipment of automobiles, etc.	13,319
Mitsubishi Motors Philippines Corp. and another company	Automobile	Equipment of automobile sales outlets and production equipment of automobiles, etc.	2,001
PT Mitsubishi Motors Krama Yudha Indonesia	Automobile	Production equipment of automobiles, etc.	4,518
Other overseas subsidiaries (18 companies)	Automobile	Equipment of automobile sales outlets and production equipment of parts, etc.	2,661
Total			62,747

(Note) 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, 2022)

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	5,692	10,527	(4) [4] 424	387	41,831	58,438	3,392
	Kyoto Plant (Ukyo-ku, Kyoto-shi, etc.)	Automobile	Production equipment of automobile engines	3,728	15,128	(8) [15] 443	4,919	1,528	25,305	1,502
	Mizushima Plant (Kurashiki-shi, Okayama)	Automobile	Production equipment of automobiles	4,364	12,294	[1] 966	7,486	4,270	28,416	3,407
Other equipment	Research & Development Center (Okazaki-shi, Aichi, Ukyo-ku, Kyoto-shi, etc.) (Note) 4	Automobile	Development and research equipment of automobiles	14,357	14,507	[1] 10,673	11,889	2,602	43,357	3,402
	Parts Center (Takatsuki-shi, Osaka, Ama-gun, Aichi, etc.)	Automobile	Supply of parts and management equipment	1,083	690	(127) [0] 82	5,393	31	7,199	61
	Motor Pool (Minato-ku, Nagoya-shi, Kurashiki-shi, Okayama, etc.)	Automobile	Storage equipment of automobiles	300	2	(77) [95] 585	20,288	1	20,593	–
	Welfare Facility (Okazaki-shi, Aichi, etc.)	Automobile	Company dormitory, company condominium, etc.	1,591	32	(115) [7] 129	7,804	76	9,503	–
	Sales company (Neyagawa-shi, Osaka, Atsuta-ku, Nagoya-shi, etc.)	Automobile	Sales company	808	0	(27) [105] 82	6,239	–	7,047	–
	Others (Takatsu-ku, Kawasaki-shi, etc.)	Automobile	Training facility, etc.	2,599	201	(42) [46] 62	4,971	1,226	8,999	2,065

(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.
4. Within the Research & Development Centers, the size and amount of the land in Ukyo-ku, Kyoto, is included within the Kyoto Plant.

## (2) Domestic subsidiaries

(as at March 31, 2022)

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	9,918	4,032	(414) [29] 301	15,046	360	29,357	3,202
Mitsubishi Motors Finance Co., Ltd. (Minato-ku, Tokyo)	Financial service	Car rentals, etc.	26	17,100	—	—	72	17,200	179
Pajero Manufacturing Co., Ltd. (Kamo-gun, Gifu) (Note) 4	Automobile	Production equipment of automobiles and parts, etc.	0	0	162	1,964	0	1,964	11
Mitsubishi Automotive Engineering Co., Ltd. (Okazaki-shi, Aichi)	Automobile	Design and testing equipment of automobiles and parts, etc.	94	0	(10) 1	323	23	441	997
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.	102	17	(9) [0] 5	243	20	384	367
Suiryo Plastics Co., Ltd. (Kurashiki-shi, Okayama)	Automobile	Production equipment of parts, etc.	960	1,252	(9) [0] 98	1,184	5,616	9,014	662

- (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.  
4. Pajero Manufacturing Co., Ltd. discontinued production in August 2021.

## (3) Overseas subsidiaries

(as at March 31, 2022)

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.	2,728	1,568	(173) [4] 123	373	349	5,020	398
Mitsubishi Motors Europe B.V. (Netherlands)	Automobile	Equipment of parts sales outlets, etc.	1,288	61	–	–	205	1,555	194
Mitsubishi Motors Australia, Ltd. (Australia)	Automobile	Equipment of automobile sales outlets, etc.	4,499	1,105	–	–	81	5,686	191
Mitsubishi Motors (Thailand) Co., Ltd. (Thailand) and another company	Automobile	Equipment of automobile sales outlets, production equipment of automobiles, etc.	14,515	40,540	(1,374) 219	14,209	8,951	78,216	4,529
Mitsubishi Motors Philippines Corp. (Philippines) and another company	Automobile	Equipment of automobile sales outlets, production equipment of automobiles, etc.	4,291	2,299	301	2,629	1,570	10,790	981
PT Mitsubishi Motors Krama Yudha Indonesia (Indonesia)	Automobile	Production equipment of automobiles, etc.	9,988	9,880	509	8,012	21,123	49,005	2,031
Other overseas subsidiaries (18 companies)	Automobile	Equipment of automobile sales outlets, production equipment of parts, etc.	2,717	3,369	(36) [15] 22	3,073	478	9,638	1,225

- (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 (FY2022), the MMC Group is planning to make capital investments totaling 100.0 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, 2022.

Company name	Segment	Details of capital expenditure	Planned amount (Millions of yen)	Method of financing
MMC	Automobile	Production equipment of automobiles	21,058	Own capital and loans payable
		Development and research equipment of automobiles	4,658	
		Equipment of automobile sales outlets	2,477	
		Other	10,122	
	Sub total		38,315	
Automobile sales companies (2 companies)	Automobile	Equipment of automobile sales outlets	1,547	Own capital and loans payable
Mitsubishi Motors Finance Co., Ltd.	Financial service	Investment of systems, etc.	427	Own capital and loans payable
Other domestic subsidiaries (4 companies)	Automobile	Production equipment of automobiles and parts, design and testing equipment of automobiles and parts, and transport and storage equipment of automobiles, etc.	1,680	Own capital and loans payable
Mitsubishi Motors North America, Inc. and two other companies	Automobile	Equipment of automobile sales outlets, etc.	454	Own capital and loans payable
Mitsubishi Motors Europe B.V.	Automobile	Equipment of parts sales outlets, etc.	113	Own capital and loans payable
Mitsubishi Motors Australia, Ltd.	Automobile	Equipment of automobile sales outlets, etc.	1,873	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.	36,924	Own capital and loans payable
Mitsubishi Motors Philippines Corp. and another company	Automobile	Equipment of automobile sales outlets and production equipment of automobiles, etc.	3,251	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.	13,758	Own capital and loans payable
Other overseas subsidiaries (18 companies)	Automobile	Equipment of automobile sales outlets and production equipment of parts, etc.	1,653	Own capital and loans payable
Total			100,000	

## 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, 2022) (Shares)	Number of issued shares (As of the filing date: June 24, 2022) (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 (As of March 31, 2022) Prime Market (As of the filing date: June 24, 2022)	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 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, 2023. 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, 2022). As of the end of the month before the month of the filing date (May 31, 2022) 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)	Common stock 506,620,577	Common stock 1,490,282,496	118,680	284,382	118,680	118,680

(Note) 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, 2022)

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	–	31	67	1,532	367	394	243,118	245,509	–
Number of shares held (Units)	–	1,412,541	133,693	8,566,345	1,685,183	4,328	3,099,064	14,901,154	167,096
Percentage of voting shares (%)	–	9.47	0.90	57.49	11.31	0.03	20.80	100	–

- (Notes)
1. The 1,292,512 treasury shares stated in the shareholders register, are presented as follows: 12,925 voting units are included in “Individuals, etc.” and 12 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, 2022)

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	34.02
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	91,864,800	6.16
Mitsubishi Heavy Industries, Ltd.	3-2-3, Marunouchi, Chiyoda-ku, Tokyo	21,572,455	1.44
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)	14,321,500	0.96
Custody Bank of Japan, Ltd. (Trust account)	1-8-12, Harumi, Chuo-ku, Tokyo	10,889,000	0.73
HSBC Asia Equity Finance - Japan Equities (Trading) (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	LEVEL 16, 1 QUEEN'S ROAD CENTRAL, HONG KONG (3-11-1, Nihonbashi, Chuo-ku, Tokyo)	10,062,511	0.67
SANWA SUPPLY INC.	1-10-1, Tamachi, Kita-ku, Okayama-shi, Okayama	10,000,000	0.67
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT (Standing proxy: Citibank, N.A., Tokyo Branch)	BAHNHOFSTRASSE 45, 8001 ZURICH, SWITZERLAND (6-27-30, Shinjuku, Shinjuku-ku, Tokyo)	9,852,773	0.66
Total	—	988,073,342	66.35

## (7) Voting rights

## i) Issued shares

(As of March 31, 2022)

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> Common stock 1,292,500	–	Number of shares per share unit: 100 shares
	<Reciprocal holding> Common stock 400		
Shares with complete voting rights (Other)	Common stock (Note) 1 1,488,822,500	14,888,225	Same as above
Shares less than one unit	Common stock (Note) 2 167,096	–	Same as above
Total number of issued shares	1,490,282,496	–	–
Total number of voting rights	–	14,888,225	–

(Notes) 1. The number of “Shares with complete voting rights (Other)” includes 1,137,600 shares (11,376 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 11,376 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 12 treasury shares held by MMC and 50 shares of MMC held by Board Incentive Plan (BIP) Trust.

## ii) Treasury shares, etc.

(As of March 31, 2022)

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	1,292,500	–	1,292,500	0.08
<Reciprocal holding> Nagano Mitsubishi Motor Sales Co., Ltd.	865-1, Aza- Imuraminamioki, Higashiwada, Nagano-shi, Nagano	400	–	400	0.00
Total	–	1,292,900	–	1,292,900	0.08

(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 FY2020. 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	100	30,900
Treasury shares acquired during the period from April 1, 2022 to the filing date	26	9,362

(Note) The number of shares of treasury shares acquired during the period from April 1, 2022 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, 2022 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, 2022 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)	311,724	273,553,464	–	–
Treasury shares held	1,292,512	–	1,292,538	–

(Notes) 1. The number of “Other (disposal through exercise of share acquisition rights)” and “Treasury shares held” during the period from April 1, 2022 to the filing date does not reflect changes during the period from June 1, 2022 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, 2022 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, regarding the year-end dividend for the current fiscal year, although we achieved positive net income in FY2021, we have not been able to secure sufficient funds for dividends, so we regret to inform you that we will not pay a dividend.

4. Information about corporate governance, etc.

(1) Overview of corporate governance

i) MMC’s basic view regarding corporate governance

MMC considers compliance to be its highest priority, and makes the continual strengthening and improvement of corporate governance a management priority in order to achieve MMC’s sustainable growth and improvement of the MMC’s medium and long-term corporate value so as to meet the expectations of all of its stakeholders, including its shareholders and customers, based on the corporate philosophy (Vision & Mission).

<p><b>Vision</b></p> <p>Create a vibrant society by realizing the potential of mobility</p> <p><b>Mission</b></p> <ol style="list-style-type: none"> <li>1. Provide new experiences for our customers with creative products and service excellence</li> <li>2. Make positive contributions to the sustainable development of our society</li> <li>3. Act sincerely as a trusted company</li> <li>4. Enhance stakeholder value by leveraging the Alliance</li> </ol>
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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.

MMC has established the following basic policy regarding the policy for nominating candidates for Directors and the composition and size of the overall Board of Directors.

As it is important that the appropriate number of Directors, internal or outside, with diversity in terms of knowledge, experience, expertise and background, engage in vigorous discussions from a variety of perspectives in order for the Board to objectively and multi-dimensionally deliberate on management policies and execution of specific matters, and to appropriately supervise the execution status of operation by Executive Officers, candidates for Directors shall be nominated to realize this.

In accordance with the above policy, the independence and diversity of the Board shall be ensured.

In order to strengthen the supervisory function of the Board, the majority of Board members shall be Outside Directors. Furthermore, in order to fulfill their duties from an independent and objective standpoint, at least one-third of the Directors shall be Independent Directors, and consideration shall be given to their total term of office. In addition, the majority of the Nomination, Compensation, and Audit Committees, respectively, shall be Outside Directors, and in principle, the chairperson of each committee shall be an Outside Director.

Outside Directors shall be nominated based on their diverse knowledge, experience, and expertise, which cannot be obtained from Internal Directors alone, for example, specialists in law, accounting, finance, etc., persons with management experience at global companies above



a certain size, and persons with a wealth of knowledge of world affairs or social and economic trends, etc. Importance shall be placed on their eagerness to devote the necessary time and efforts to understand the business of the Company as a group, and discuss the direction the Company as a group should take, and to express their opinions to the management without hesitation. In addition, the diversity of backgrounds such as gender, age, and internationality shall be also taken into account, as it shall be recognized that multiple perspectives contribute to business promotion and appropriate supervision and auditing.

As for Internal Directors, Executive Officer, President & CEO, and a person who can appropriately serve as a member of the Audit Committee based on his or her execution experience of operation at the Company shall be nominated.

It shall be ensured that the Board is composed of the number of people who can openly and constructively discuss and exchange opinions.

As of June 24, 2022, the Board comprised 13 Members (Chairman of the Board (Outside Director) Tomofumi Hiraku (Chairperson), Member of the Board Takao Kato, Member of the Board Hitoshi Inada, Outside Director Shunichi Miyanaga, Outside Director Main Kohda, Outside Director Yaeko Takeoka, Outside Director Kenichiro Sasae, Outside Director Hideyuki Sakamoto, Outside Director Yoshihiko Nakamura, Outside Director Joji Tagawa, Outside Director Takahiko Ikushima, Outside Director Takehiko Kakiuchi, and Outside Director Kanetsugu Mike), and eleven (11) of the thirteen (13) Directors are Outside Directors with extensive experience and high levels of insight, and five (5) of the Outside Directors (Tomofumi Hiraku, Main Kohda, Yaeko Takeoka, Kenichiro Sasae, and Yoshihiko Nakamura) are Independent Outside Directors.

The Board of Directors has the following three statutory committees, which supervise Directors and Executive Officers together with the Board of Directors. Each committee is composed of a majority of Outside Directors, and the Chairpersons of each committee are Outside Directors. Through this, a system is in place in which corporate governance functions in a fair and transparent manner.

(A) Nomination Committee

The Nomination Committee makes decisions on proposals for the appointment and dismissal of Members of the Board to be proposed to the General Meeting of Shareholders, approves proposals for the appointment and dismissal of Executive Officers proposed by Executive Officer, President & CEO to the Board of Directors, and discusses succession planning for MMC's Executive Officer, President & CEO. (Members: Outside Director Main Kohda (chairperson), Outside Director Kenichiro Sasae, Outside Director Hideyuki Sakamoto, Chairman of the Board (Outside Director) Tomofumi Hiraku, and Outside Director Takehiko Kakiuchi)

(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 the execution of duties of the Members of the Board and Executive Officers, supervises the status of implementation and operation of internal control systems, and prepares audit reports; furthermore, it implements internal investigations into matters for which the Board of Directors determined that it is unreasonable for the person who executes the business to conduct an investigation. (Members: Outside Director Yaeko Takeoka (chairperson), Outside Director Yoshihiko

Nakamura, Outside Director Takahiko Ikushima, Outside Director Kanetsugu Mike, and Member of the Board Hitoshi Inada)

(ii) Executive Officers

The Board of Directors decides matters that require resolutions of the Board of Directors pursuant to laws and regulations and provisions of MMC Articles of Incorporation, matters delegated by resolutions of the General Meeting of Shareholders, and certain important matters concerning business management, and authority to make decisions on business execution for items other than these is delegated to Executive Officers.

Executive Officers make decisions on business execution delegated to them by the Board of Directors and are responsible for carrying out their execution. The Executive Officer, President & CEO (hereinafter the “President”), is selected as head of the executive department by resolution of the Board of Directors.

MMC has 12 Executive Officers (including the President) as of June 24, 2022.

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

Important management matters are decided after deliberation at the “Executive Committee (EC),” which is composed of all Executive Officers and chaired by the President.

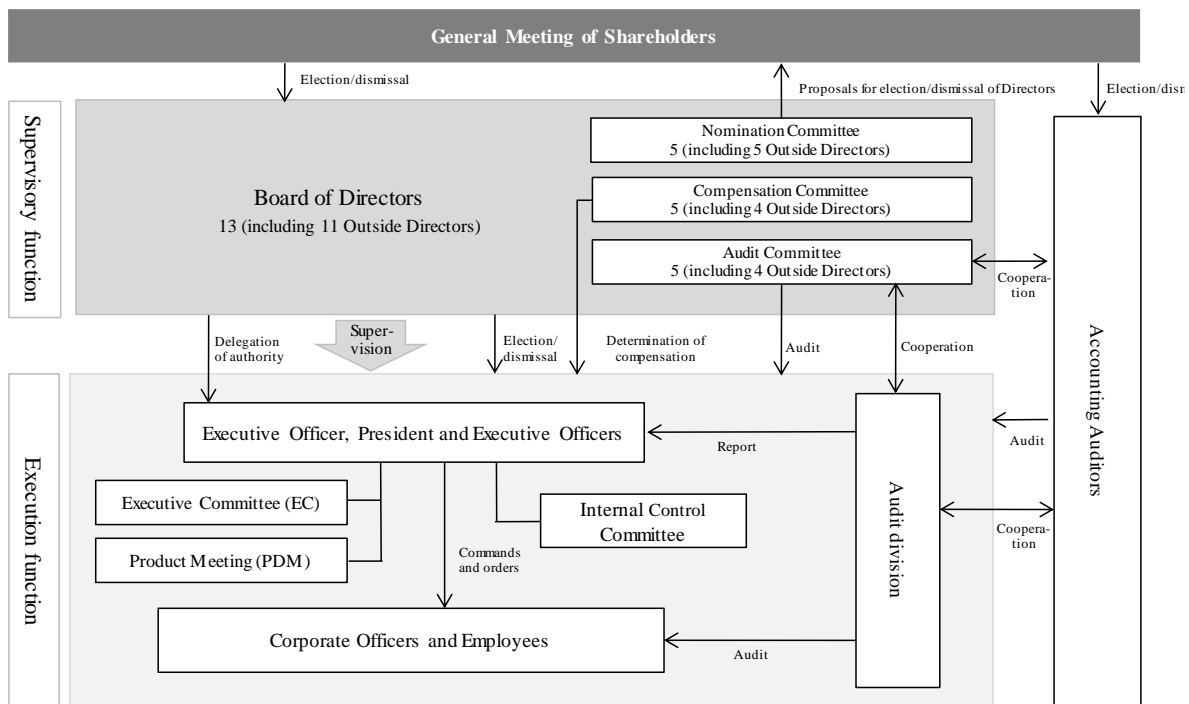
Furthermore, important matters related to product projects are decided after deliberation at the “Product Meeting (PDM).”

Moreover, matters related to internal control are decided after deliberation at the “Internal Control Committee.”

For each of these, the President serves as Chairperson and relevant Executive Officers are members.

When executing business, the Executive Officer, Executive Vice President is positioned as the responsible person with authority and responsibility for business execution within the scope of duties, in addition to the President who is the head of the executive department. In addition, delegation of decision-making authority is systematized based on the Delegation of Authority (DOA) Rules, in which items subject to delegation and their scope are defined, and decision-making procedures for major matters are formulated to speed up business execution and improve the transparency of the decision-making process.

MMC’s corporate governance and business execution systems as of June 24, 2022, 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.
  - MMC shall establish Internal Control Committee within MMC as the core organization for internal controls based on the Companies Act, with the Executive Officer, President & CEO as the chairman and officer in charge of internal control and administration as the vice chairman.
- (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.

In FY2022, we set up the Internal Control Promotion Office as a new measure to strengthen governance. Recently, risks (geopolitical risks, economic security risks, business and human rights risks, etc.) in which strategic, financial, operational, and hazard risks are intricately intertwined have become apparent, and we have a system to expand the scope of risks and manage them.

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.

Furthermore, in response to the COVID-19 pandemic, we established the Business Continuity Management (BCM) Committee in FY2020 to promote BCM activities in normal times.

(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.

c. Interim dividend

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

(vi) Outline of the contents of contracts for limiting liability, etc.

Furthermore, MMC's Articles of Incorporation state that MMC may conclude agreements with Members of the Board (excluding Members of the Board who execute business) 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 of the predetermined amount of 5 million yen or more or the minimum amount of liability 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.

(vii) 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 is borne by MMC.

(viii) 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	23,407

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	12,261
Member of the Board	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</p> <p>April 2022 Advisor, MMC</p> <p>June 2022 Member of the Board, MMC (to the present)</p>	(Note) 2	20,183

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	19,397
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; Novelist Outside Director, Japan Tobacco Inc. Outside Director, Japan Exchange Group</p>	(Note) 2	12,995

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	18,242

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>June 2018    President and Director General, The Japan Institute of International Affairs</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>June 2021    Outside Director, Fujitsu Limited (to the present)</p> <p>March 2022    Outside Director, Asahi Group Holdings, Ltd. (to the present)</p> <p>&lt;Important concurrent positions&gt;</p> <p>President, The Japan Institute of International Affairs</p> <p>Outside Director, SEIREN CO., LTD.</p> <p>Outside Director, Fujitsu Limited</p> <p>Outside Director, Asahi Group Holdings, Ltd.</p>	(Note) 2	11,110

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</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.  Board Member, Chairman, AICHI MACHINE INDUSTRY CO., LTD.  Chairman of the Board, Nissan Motor Kyushu Co., Ltd.</p>	(Note) 2	11,110

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	8,070



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>June 2021 Senior Vice President, Chief Sustainability Officer, Compliance, Corporate Service, Crisis Management and Security, Environment/Sustainability, Global External &amp; Government Affairs, IP Customer Business Development, 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	8,070

Title and occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)
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>August 2021    Corporate Vice president, Global Controller, Global Revenue Control, Regions' Performance Optimization, Accounting, Nissan Motor Co., Ltd. (to the present)</p> <p>&lt;Important concurrent positions&gt; Corporate Vice President, Nissan Motor Co., Ltd.</p>	(Note) 2	8,070
Member of the Board	Takehiko Kakiuchi	July 31, 1955	<p>April 1979    Joined Mitsubishi Corporation</p> <p>April 2010    Senior Vice President, Division COO, Foods (Commodity) Div., Mitsubishi Corporation</p> <p>April 2011    Senior Vice President, General Manager, Living Essential Group CEO Office, (Concurrently) Division COO, Foods (Commodity) Div., Mitsubishi Corporation</p> <p>April 2013    Executive Vice President, Group CEO, Living Essentials Group, Mitsubishi Corporation</p> <p>April 2016    President and CEO, Mitsubishi Corporation</p> <p>June 2016    Member of the Board, President and CEO, Mitsubishi Corporation</p> <p>April 2022    Chairman of the Board, Mitsubishi Corporation (to the present)</p> <p>June 2022    Member of the Board, MMC (to the present)</p> <p>&lt;Important concurrent positions&gt; Chairman of the Board, Mitsubishi Corporation</p>	(Note) 2	—

Title and occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)
Member of the Board	Kanetsugu Mike	November 4, 1956	<p>April 1979 Joined The Mitsubishi Bank, Ltd.</p> <p>June 2005 Executive Officer, The Bank of Tokyo-Mitsubishi, Ltd. Executive Officer, Mitsubishi Tokyo Financial Group, Inc.</p> <p>May 2009 Managing Executive Officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (“BTMU”)</p> <p>May 2011 Managing Officer, Mitsubishi UFJ Financial Group, Inc. (“MUFG”)</p> <p>June 2011 Member of the Board of Directors, Managing Executive Officer, BTMU</p> <p>May 2013 Senior Managing Executive Officer, BTMU</p> <p>October 2015 Executive Chairman of MUFG Americas Holdings Corporation Executive Chairman of MUFG Union Bank, N.A.</p> <p>May 2016 Deputy President, BTMU</p> <p>June 2016 Member of the Board of Directors, Deputy President, BTMU</p> <p>June 2017 President &amp; CEO, BTMU Member of the Board of Directors, Deputy Chairman, MUFG</p> <p>April 2019 Member of the Board of Directors, President &amp; Group CEO, MUFG</p> <p>April 2020 Member of the Board of Directors, Deputy Chairman, MUFG</p> <p>April 2021 Member of the Board of Directors, Chairman, MUFG (to the present)</p> <p>June 2022 Member of the Board, MMC (to the present)</p> <p>&lt;Important concurrent positions&gt; Member of the Board of Directors, Chairman, MUFG Outside Director, Tokio Marine &amp; Nichido Fire Insurance Co., Ltd.</p>	(Note) 2	—
Total					152,915

- (Notes) 1. Members of the Board, Mr. Tomofumi Hiraku, Mr. Shunichi Miyanaga, Ms. Main Kohda, Ms. Yaeko Takeoka, Mr. Kenichiro Sasae, Mr. Hideyuki Sakamoto, Mr. Yoshihiko Nakamura, Mr. Joji Tagawa, Mr. Takahiko Ikushima, Mr. Takehiko Kakiuchi, and Mr. Kanetsugu Mike are Outside Directors.
2. From the conclusion of the MMC’s Ordinary General Meeting of Shareholders held on June 23, 2022 to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2023.
3. MMC is a company with three committees. The structure of each committee is as follows:
- |                        |                                |  |
|------------------------|--------------------------------|--|
| Nomination Committee   | Chairperson: Main Kohda        | Member: Kenichiro Sasae, Hideyuki Sakamoto, Tomofumi Hiraku, and Takehiko Kakiuchi |
| Compensation Committee | Chairperson: Shunichi Miyanaga | Member: Main Kohda, Kenichiro Sasae, Joji Tagawa, and Takao Kato                   |
| Audit Committee        | Chairperson: Yaeko Takeoka     | Member: Yoshihiko Nakamura, Takahiko Ikushima, Kanetsugu Mike, and Hitoshi Inada   |

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)	12,261
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)	11,676

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)	18,537

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	<p>April 1981    Joined The Mitsubishi Bank, Ltd.</p> <p>April 2008    Executive Officer and General Manager of Corporate Banking Credit Division, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>May 2011    Managing Executive Officer and Group Head of Osaka Corporate Banking Group, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>May 2012    Managing Executive Officer in charge of Corporate Banking Credit Division, Credit Division, Credit Supervision Division and CIB Credit Division, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>May 2014    Managing Executive Officer and Group Head of Corporate Banking Group No. 1, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>May 2015    Senior Managing Executive Officer and Group Head of Corporate Banking Group No. 1, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>June 2016    Member of the Board, Executive Vice President (Finance, Controlling &amp; Accounting), CFO, MMC</p> <p>April 2018    Executive Vice President, (Finance, Controlling &amp; Accounting), CFO, MMC</p> <p>June 2019    Representative Executive Officer, Executive Vice President (Finance, Controlling &amp; Accounting), CFO, MMC</p> <p>April 2020    Representative Executive Officer, CFO, MMC</p> <p>April 2021    Representative Executive Officer, Executive Vice President (CFO), MMC (to the present)</p>	(Note)	17,843

Title and occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)
Senior Executive Officer (Corporate Governance)	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</p> <p>January 2022    Senior Executive Officer (Assistant to CEO, Corporate Governance), MMC</p> <p>April 2022    Senior Executive Officer (Corporate Governance), MMC (to the present)</p>	(Note)	13,363

Title and occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)
Senior 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</p> <p>April 2022 Senior Executive Officer (Production), MMC (to the present)</p>	(Note)	18,261
Senior Executive Officer Assistant to Executive Vice President (Sales Strategy /Reformation)	Tatsuo Nakamura	July 27, 1962	<p>April 1986 Joined Mitsubishi Corporation</p> <p>January 2005 Member of the Board (Planning), Krama Yudha Tiga Berlian Motors (Jakarta)</p> <p>February 2010 Unit Manager of ASEAN &amp; Southwest Asia Automotive Unit, Mitsubishi Corporation</p> <p>June 2013 Vice Corporate General Manager of ASIA &amp; ASEAN Office, MMC</p> <p>December 2016 Corporate Vice President, Corporate General Manager of ASEAN Office, MMC</p> <p>December 2016 Senior Vice President, Corporate General Manager of Strategy Planning Office, Automotive Business Div., Mitsubishi Corporation</p> <p>April 2018 Senior Vice President, Division COO of Automotive Business Div., Mitsubishi Corporation</p> <p>April 2022 Senior Executive Officer, Assistant to Executive Vice President (Sales Strategy/Reformation), MMC (to the present)</p>	(Note)	556
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)	11,676



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)	9,063
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)	—

Title and occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)
Executive Officer (Procurement)	Tomoo Yoshida	January 14, 1962	April 1986    Joined MMC April 2002    Expert of Chassis Design Dept., MMC October 2007    Manager of Material Parts Procurement Office, MMC April 2009    General Manager of Parts Procurement Office, MMC September 2013    Vice Corporate General Manager of Procurement Office, MMC April 2016    Corporate General Manager of Procurement Management Office, MMC April 2019    Corporate Vice President, Corporate General Manager of Procurement Management Office, MMC April 2021    Corporate Vice President, Corporate General Manager of Procurement Communication Office, MMC April 2022    Executive Officer (Procurement), MMC (to the present)	(Note)	11,676

Title and occupation	Name	Date of birth	History	Term of office	Number of MMC shares owned (Shares)	
Executive Officer (Internal Control/Corporate Affairs) Division General Manager, Corporate Affairs Division at General Administration, Communication, Sustainability Division (External & Government Relations)	Ikuro Hirozane	November 7, 1961	April 1985	Joined the Ministry of International Trade and Industry (MITI)	(Note)	556
			July 1997	Transferred to National Police Agency, Director of Police Administration Department, Ehime Prefectural Police Headquarters (Assistant Commissioner)		
			December 2000	Corporate General Manager of Industrial Property Legislation Revision Deliberation Office, Policy Planning and Coordination Department, Japan Patent Office		
			July 2002	Director, Culture and IT Industry Division, Commerce and Information Policy Bureau, MITI		
			February 2006	Director, Gas Market Office, Electricity and Gas Industry Department, Agency for Natural Resources and Energy		
			July 2008	Director, General Coordination Division, Policy Planning and Coordination Department, Japan Patent Office		
			July 2011	Director, Trade Control Policy Division, Trade Control Department, Trade and Economic Cooperation Bureau, MITI		
			April 2012	Director-General, Kyushu Bureau of Economy, Trade and Industry		
			July 2014	Senior Managing Executive Officer, Development Bank of Japan Inc.		
			January 2019	Joined MMC Assistant to Corporate General Manager of Corporate Affairs Div., MMC		
			April 2020	Corporate General Manager of Corporate Affairs Div., MMC		
April 2022	Executive Officer (Internal Control/Corporate Affairs) Division General Manager, Corporate Affairs Division at General Administration, Communication, Sustainability Division (External & Government Relations), MMC (to the present)					
Total					125,468	

(Note) From April 1, 2022 to March 31, 2023.

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 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 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.

Outside Director Takehiko Kakiuchi 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. Mr. Kakiuchi has served in the past as a business executive of Mitsubishi Corporation, which is a major shareholder and a business partner of MMC; therefore, he has not been appointed as an Independent Director. However, he has considerable experience, achievements, and deep insights into global business management accumulated 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 MMC's management and offer advice and recommendations to MMC.

Outside Director Kanetsugu Mike serves concurrently as a Member of the Board of Directors and Chairman of Mitsubishi UFJ Financial Group, Inc., a subsidiary of which, MUFG Bank, Ltd., conducts banking transactions with MMC and so forth. Mr. Mike served in the past as a business executive of MUFG Bank, Ltd., and in the light of the current relationship between MMC and MUFG Bank, Ltd., he has not been appointed as an Independent Director. However, Mr. Mike has considerable experience and deep insights gained 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 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) (Note) 1	He has considerable insight concerning compliance, finance and accounting based on his extensive work experience in governance at financial institutions.
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.
Takahiko Ikushima (Outside Director)	He has abundant insight and experience gained at an automobile manufacturer that operates worldwide, and considerable insight concerning finance and accounting.
Kozo Shiraji (Full-time Member of the Audit Committee) (Note) 1	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.
Kanetsugu Mike (Outside Director) (Note) 2	He has considerable insight concerning compliance, finance and accounting based on his extensive work experience in governance at financial institutions.
Hitoshi Inada (Full-time Member of the Audit Committee) (Note) 2	He has a track record in legal affairs, compliance, and corporate governance over many years, extensive experience, and considerable insight.

(Notes) 1. Mr. Kiyoshi Sono and Mr. Kozo Shiraji resigned as Member of the Audit Committee on June 23, 2022.

2. Mr. Kanetsugu Mike and Mr. Hitoshi Inada assumed the position of Member of the Audit Committee on June 23, 2022.

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 2022, 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 meeting once a month in principle, 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 15 resolutions approved, 3 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 Accounting Auditors and business execution departments a total of 8 times when selecting Key Audit Matters (KAM) during 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 (Note) 1	Audit Committee: 15/15	100%
Yoshihiko Nakamura	Audit Committee: 15/15	100%
Takahiko Ikushima (Note) 2	Audit Committee: 12/12	100%
Kozo Shiraji (Note) 1	Audit Committee: 15/15	100%

- (Note) 1. Mr. Kiyoshi Sono and Mr. Kozo Shiraji resigned as Member of the Audit Committee on June 23, 2022.
2. Because the day Mr. Takahiko Ikushima took office as a Committee member was June 23, 2021, the number of committee meetings attended in FY2021 differs from that of other members.

In addition to the meetings above, based on its audit policies and audit plans, the Audit Committee held 6 meetings (approximately 120 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 meeting of the Audit Committee which is to be held once a month in principle.

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 Note) 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. (four members Note) 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.

Note: As of March 31, 2022. As of the filing date of this securities report, the Internal Audit Dept. has 11 members and the Quality Audit Dept. has five members.

iii) Status of accounting audit

a. Name of audit firm

Ernst & Young ShinNihon LLC

b. Continuous audit period

37 years

c. Names of CPAs

Designated and Engagement Partner, Hirohisa Fukuda, Takeshi Saida, Taichi Muto

d. Organization of assistants relating to the audit work

CPAs 17, Others 45

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	278	2	278	1
Consolidated subsidiary	109	–	88	–
Total	387	2	367	1

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	319	30	336	25
Total	319	33	336	25

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 FY2021 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)	34	34	–	–	–	–	–	–	1
Executive Officers	659	464	127	24	–	19	2	20	12
Outside Directors and Outside Audit & Supervisory Board Members	195	195	–	–	–	–	–	–	13

- (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 13 persons served as Outside Directors or Outside Audit & Supervisory Board Members during FY2021, received compensation as Members of the Board. In addition, the number includes two Outside Directors who resigned during FY2021.
  - 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.
  - Based on FY2020 results, compensation for FY2021 has been reduced as follows. The amounts shown in the table above reflect the reduction. Executive Officers are not eligible to receive Long-term Performance-linked Compensation, and compensation other than Long-term Performance-linked Compensation has been reduced by 10% to 12%. Non-executive Directors, including Outside Directors, offered to return part of their compensation. Accordingly, their base compensation is reduced by 5% to 12%.
  - 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 FY2021.
  - The amounts of Short-term Performance-linked Compensation and Additional Individual Compensation are stated at the amount of the respective provisions recorded for FY2021 as the FY2021 performance evaluation has not yet been completed, and the amounts of Short-term Performance-linked Compensation and Additional Individual Compensation to be provided have yet to be decided.
  - “Deferred Retirement Compensation” is fixed compensation using the Board Incentive Plan Trust (“BIP Trust”). The above table shows the total of the 18 million yen posted as expenses for granting 84,780 points (equivalent to 84,780 shares of MMC) during FY2021 for the BIP Trust and the 1 million yen posted as a provision for deferred retirement compensation for FY2021 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 20 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 13 million yen. The above table does not include the said amount. Except for the amount incurred in FY2021, the amounts of compensation, etc. for FY2019 of these two persons are included in the amount of compensation, etc. disclosed under the section “Compensation, etc. of corporate officers” (including Notes) in MMC’s Annual Securities Report for FY2019 and FY2020, as well as the footnote “Compensation, etc. of corporate officers” in MMC’s FY2020 Annual Securities Report.

B. Total amount of consolidated compensation for corporate officers (persons whose total compensation exceeds 100 million yen) by classification

Name	Classification	Company category	Total compensation (Millions of yen)	Total compensation by type (Millions of yen)						
				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
Takao Kato	Executive Officer	MMC	107	72	28	–	–	5	2	–

- (Notes)
1. Based on FY2020 business performance, Executive Officers are not eligible to receive Long-term performance-linked compensation, and compensation other than Long-term performance-linked compensation has been reduced. The amounts after reduction are presented in the table above.
  2. The amount under Stock options granted linked to performance in previous fiscal years is the amount that was posted as expenses incurred for granting the share acquisition rights granted by MMC as compensation linked to the previous fiscal year's results, etc. for each applicable fiscal year from FY2017 to FY2020 for eligible officers.
  3. The amount of Short-term performance-linked compensation is stated at the amount of the respective provisions recorded for FY2021 as the FY2021 performance evaluation has not yet been completed, and the amounts of Short-term performance-linked compensation to be provided have yet to be decided.
  4. The amount of Deferred retirement compensation is the amount of expenses posted that pertain to points granted to eligible officers during the current fiscal year in the BIP trust.

C. 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 FY2021 and all members had 100% attendance. The Compensation Committee for FY2021 examined and deliberated on the current compensation system for corporate officers and the introduction of KPIs for FY2022.

D. 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. Furthermore, as the Company's Compensation Committee sets individual types of compensation in line with this policy, and in accordance with this setting, decides or plans to decide individual compensation for Members of the Board and Executive Officers for the current fiscal year after appropriate deliberation, etc., it has been judged as being consistent with this policy.

<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 a reward provided to each Executive Officer (excluding the President) who achieve targets set individually according to the area of business operations for which they are responsible, besides company-wide targets. The Executive Officer, President & CEO approves and determines the individual targets set by each Executive Officer, such as sales, profit, cost reduction, quality, and productivity improvement targets, and evaluates the degree of achievement. The payment amount is

calculated by multiplying the standard payment amount for additional individual compensation set for each position by the degree of achievement of the targets within the range of 0% to 100%.

- 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.

<Performance-linked Compensation>

- The performance indicators and actual performance of Long-term Performance-linked Compensation for the fiscal year ended March 31, 2022, are not applicable because the Compensation Committee decided at the beginning of the period that the remuneration would not be paid.
- For Short-term Performance-linked Compensation for the fiscal year ended March 31, 2022, consolidated operating profit and consolidated profit after tax are chosen as performance indicators for achieving the required profitability in FY2021 as set in the current and next mid-term business plans. The target values are set higher than the company-wide management targets from the viewpoint of giving incentives to further grow the business. The payment amount is calculated by multiplying the standard payment amount of Short-term Performance-linked Compensation set for each position by the target achievement rate. The overall achievement rate of the targets is the sum of the values obtained by multiplying the target achievement rate for each evaluation indicator, which is calculated based on a threshold (lower limit) corresponding to an achievement rate of 50%, a threshold corresponding to an achievement rate of 80%, or a threshold (upper limit) corresponding to an achievement rate of 100%, by the evaluation weight. Indicators of an achievement rate of less than 50% are treated as 0.

Performance indicator targets, performance, and evaluation weights for Short-term Performance-linked Compensation for the fiscal year ended March 31, 2022 (FY2021)

Performance indicator	Targets (Achievement rate 100%)	Results	Evaluation weights
Consolidated operating profit	50.0 billion yen	87.3 billion yen	50%
Consolidated profit after tax	20.0 billion yen	74.0 billion yen	50%

(Note) The actual amount of each indicator has been determined; however, the payment amount, along with additional individual compensation, etc., are decided through deliberations at a meeting of the Compensation Committee held at a later date.

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 FY2021 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.

(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	23	7,807
Shares other than unlisted shares	2	718

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

	Number of issues (Issues)	Total acquisition price for the shares increased (Millions of yen)	Reason for increase in number of shares
Unlisted shares	1	380	Because MMC acquired shares that it needs to hold for business strategies.
Shares other than unlisted shares	—	—	—

(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	3	94
Shares other than unlisted shares	—	—



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
	595	586		
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
	123	157		

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

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	307,704	324,091
Electronically recorded obligations - operating	77,222	56,612
Short-term borrowings	16,085	21,778
Commercial papers	32,500	43,000
Current portion of long-term borrowings	(*3) 57,702	(*3) 292,134
Lease liabilities	3,533	3,751
Accounts payable - other, and accrued expenses	249,231	204,894
Income taxes payable	6,747	8,487
Provision for product warranties	48,308	50,029
Other	68,911	(*1) 79,393
<b>Total current liabilities</b>	<b>867,947</b>	<b>1,084,173</b>
Non-current liabilities		
Long-term borrowings	(*3) 347,978	(*3) 95,768
Lease liabilities	25,525	24,101
Deferred tax liabilities	16,044	17,127
Retirement benefit liability	28,593	32,240
Other	44,938	(*1) 44,731
<b>Total non-current liabilities</b>	<b>463,080</b>	<b>213,968</b>
<b>Total liabilities</b>	<b>1,331,027</b>	<b>1,298,142</b>
Net assets		
Shareholders' equity		
Share capital	284,382	284,382
Capital surplus	199,950	199,837
Retained earnings	95,928	169,694
Treasury shares	(1,659)	(1,382)
<b>Total shareholders' equity</b>	<b>578,602</b>	<b>652,531</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	511	1,111
Deferred gains or losses on hedges	(554)	(31)
Foreign currency translation adjustment	(63,035)	(32,571)
Remeasurements of defined benefit plans	(7,617)	(14,267)
<b>Total accumulated other comprehensive income</b>	<b>(70,696)</b>	<b>(45,759)</b>
Share acquisition rights	352	195
Non-controlling interests	16,993	23,334
<b>Total net assets</b>	<b>525,251</b>	<b>630,301</b>
<b>Total liabilities and net assets</b>	<b>1,856,279</b>	<b>1,928,443</b>

(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, 2021	For the fiscal year ended March 31, 2022
Net sales	1,455,476	(*1) 2,038,909
Cost of sales	(*4) 1,299,021	(*4) 1,676,459
<b>Gross profit</b>	<b>156,454</b>	<b>362,450</b>
Selling, general and administrative expenses		
Advertising and promotion expenses	34,891	39,147
Freight costs	29,112	49,849
Provision of allowance for doubtful accounts	624	1,834
Remuneration, salaries and allowances for directors (and other officers)	68,387	66,875
Retirement benefit expenses	4,959	3,781
Depreciation	14,898	12,715
Research and development expenses	(*4) 55,990	(*4) 57,507
Other	42,912	43,405
<b>Total selling, general and administrative expenses</b>	<b>251,776</b>	<b>275,118</b>
Operating profit (loss)	(95,321)	87,331
Non-operating income		
Interest income	1,846	1,942
Dividend income	596	567
Foreign exchange gains	3,784	9,241
Share of profit of entities accounted for using equity method	–	8,527
Subsidies for employment adjustment	6,048	919
Other	2,178	3,263
<b>Total non-operating income</b>	<b>14,454</b>	<b>24,462</b>
Non-operating expenses		
Interest expenses	5,375	5,085
Litigation expenses	2,581	1,586
Share of loss of entities accounted for using equity method	9,122	–
Financing expenses	1,603	1,476
Other	5,651	2,675
<b>Total non-operating expenses</b>	<b>24,335</b>	<b>10,824</b>
Ordinary profit (loss)	(105,203)	100,969
Extraordinary income		
Gain on sale of non-current assets	(*2) 1,548	(*2) 2,858
Gain on sale of investment securities	41	99
Gain on sale of investments in capital of subsidiaries and associates	1,543	2,791
Gain on reversal of asset retirement obligations	–	833
Other	488	548
<b>Total extraordinary income</b>	<b>3,621</b>	<b>7,131</b>
Extraordinary losses		
Loss on retirement of non-current assets	3,167	2,887
Loss on sale of non-current assets	(*3) 104	(*3) 23
Impairment losses	(*5) 107,747	(*5) 1,451
Loss related to Russian operations	–	(*9) 8,220
Loss on COVID-19	(*6) 2,489	–
Business restructuring expenses	(*5), (*7) 70,286	–
Foreign withholding taxes on transfer pricing taxation adjustments	(*8) 8,604	–
Other	4,306	827
<b>Total extraordinary losses</b>	<b>196,707</b>	<b>13,411</b>

	(Millions of yen)	
	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Profit (loss) before income taxes	(298,289)	94,689
Income taxes - current	7,599	13,362
Income taxes for prior periods	(6,674)	-
Income taxes - deferred	10,215	2,177
Total income taxes	11,139	15,539
Profit (loss)	(309,428)	79,149
Profit (loss) attributable to non-controlling interests	2,888	5,112
Profit (loss) attributable to owners of parent	(312,317)	74,037

## Consolidated statement of comprehensive income

(Millions of yen)

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

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

(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



(Millions of yen)

For the fiscal year ended March 31, 2022	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	284,382	199,950	95,928	(1,659)	578,602
Cumulative effects of changes in accounting policies			(271)		(271)
Restated balance	284,382	199,950	95,656	(1,659)	578,330
Changes during period					
Profit (loss) attributable to owners of parent			74,037		74,037
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				3	3
Exercise of share acquisition rights		(113)		273	160
Net changes in items other than shareholders' equity					
Total changes during period		(113)	74,037	276	74,201
Balance at end of period	284,382	199,837	169,694	(1,382)	652,531

For the fiscal year ended March 31, 2022	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	511	(554)	(63,035)	(7,617)	(70,696)	352	16,993	525,251
Cumulative effects of changes in accounting policies								(271)
Restated balance	511	(554)	(63,035)	(7,617)	(70,696)	352	16,993	524,980
Changes during period								
Profit (loss) attributable to owners of parent								74,037
Purchase of treasury shares								(0)
Disposal of treasury shares								3
Exercise of share acquisition rights								160
Net changes in items other than shareholders' equity	600	523	30,464	(6,650)	24,937	(157)	6,341	31,120
Total changes during period	600	523	30,464	(6,650)	24,937	(157)	6,341	105,321
Balance at end of period	1,111	(31)	(32,571)	(14,267)	(45,759)	195	23,334	630,301

## (d) Consolidated statement of cash flows

(Millions of yen)

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

(Millions of yen)

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

## 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.”

##### (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 of 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: 18

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 shares*

MMC Rus LLC (the sales company in Russia)

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

*Company excluded from the scope of equity method due to liquidation*

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

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

South East (Fujian) Motor 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

##### Securities, excluding shares without market value:

Carried at fair value 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.

##### Shares without market value:

Carried 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)

MMC and its consolidated subsidiaries apply the straight-line method, in principle. The useful lives of assets of MMC and some of its domestic subsidiaries are based on the estimated lives of the assets, and those for other domestic consolidated subsidiaries are based on the same standard as those provided for in the Corporation Tax Act. 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) Recognition standard for significant revenues and expenses

The main performance obligation of the automobile business is the sale of vehicles and parts. Revenue is recognized when the control of goods or services is transferred to customers, such as when a vehicle is delivered, as is the normal time when performance obligation of sales of vehicles and parts is satisfied (normal time when revenue is recognized.) In addition, alternative treatment provided for in paragraph 98 of the "Implementation Guidance on Accounting Standard for Revenue Recognition" is applied, whereby revenue from some domestic sales, etc., is recognized at the time of shipment; provided that a period from the time of shipment until the time when control of the said merchandise or product is transferred to a customer is deemed to be the normal period. In addition, payments of sales incentives to sales companies are considered to be a variable consideration when calculating transaction prices. The incentive amount expected to be paid in the future is deducted from sales during the period when control of goods or services is transferred.

As the purpose of a product warranty provided in connection with the sale of products, etc., is to guarantee that the product sold conforms to the specifications agreed with the customer, a product warranty allowance is recognized corresponding to the costs associated with the said warranty.

The main performance obligation in the financial business is the provision of services related to sales finance and leasing services (including property sales, etc., associated with expiration or cancellation of lease transactions.) Interest income in sales finance is recorded based on the interest rate method over the contract period. Lease revenue from an operating lease is recorded

proportionately over the lease term, and that from a finance lease for each period is recorded at the lease payment amount received in the respective periods of the lease term.

(6) 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.

(7) 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.

(8) 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.

(9) 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.

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

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

MMC and its consolidated domestic subsidiaries will transition to a group tax sharing system from a consolidated tax payment system from the fiscal year ending March 31, 2023. However, regarding the transition to a 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 a 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).

In addition, from the beginning of the fiscal year ending March 31, 2023, MMC and its consolidated domestic subsidiaries will adopt the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (Practical Solution No. 42, August 12, 2021), which stipulates the accounting and disclosure of corporate tax, local corporation tax, and tax effect accounting when applying the Group Tax Sharing System.



## Significant accounting estimates

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

#### 1) Amount recorded in the consolidated financial statements as of March 31, 2022

	As of March 31, 2021 (Millions of yen)	As of March 31, 2022 (Millions of yen)
Liabilities related to market quality measures	41,049	37,962

(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, 2023

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 related to 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 related to market quality measures.

### (2) Information related to Russian operations

#### 1) Amounts recorded in the consolidated financial statements for the fiscal year ended and as of March 31, 2022

	For the fiscal year ended and as of March 31, 2022 (Millions of yen)
Loss related to Russian operations	8,220

(Details of loss related to Russian operations are described in "Consolidated statement of income (\*9) Loss related to Russian operations")

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

##### (i) Calculation method

On February 24, 2022, Russian forces invaded Ukraine, and in response, several countries and regions, including Japan, have imposed economic sanctions against Russia. In addition, due to the military invasion of Ukraine by Russia, logistics networks have been disrupted and parts supplies have stopped, leading to a temporary halt in production at a subsidiary and affiliates in Russia. In light of this impact on the Group from geopolitical issues caused by the military

invasion of Ukraine by Russia, among the receivables held by the Company against its subsidiary and affiliates in Russia, the amount of receivables for which concerns arose regarding collection has been estimated. Moreover, among the inventory assets for Russia held by the Company and its consolidated subsidiary, the amount of inventory assets whose profitability has declined has been estimated.

(ii) Key assumption

The amounts of receivables for which concerns arose regarding collection and the amounts of inventory assets whose profitability has declined have been estimated assuming that the production halt due to the impact of geopolitical issues caused by the military invasion of Ukraine by Russia will continue for a certain time in the fiscal year ending March 31, 2023.

(iii) Impact on the consolidated financial statements for the fiscal year ending March 31, 2023

The Company has assumed the best estimate of the impact of geopolitical issues caused by the military invasion of Ukraine by Russia; however, the impact of these issues is subject to many uncertainties, and the changes in the situation going forward could have a material impact on the Group's financial position and operating results for the fiscal year ending March 31, 2023 onward.

### *Changes in accounting policies*

(Application of accounting standards, etc. related to revenue recognition)

“Accounting Standards for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020. hereinafter referred to as the “Revenue Recognition Accounting Standards”) and other accounting standards were applied from the beginning of the fiscal year ended March 31, 2022. When control of promised goods or services is transferred to customers, we recognize revenue in the amount expected to be received in exchange for the goods or services.

Accordingly, regarding some transactions for which revenues were previously recognized at the time of vehicle registration based on contracts with customers of MMC and its domestic subsidiaries, MMC recognizes revenues when control of goods or services is transferred to customers at sales companies.

In addition, sales incentive payments to the sales company will be considered to be a variable consideration when calculating transaction price, and estimated sales incentives expected to be paid in the future are deducted during the accounting period when control of goods or services is transferred to the sales company.

Furthermore, concerning transactions in which the MMC Group provides supplies with a consideration, the MMC Group previously wrote off goods supplied with a consideration. However, the MMC Group has changed the method and has adopted a method whereby the MMC Group does not write off inventories for such supplied goods if the MMC Group has an obligation to repurchase the supplied goods.

Application of revenue recognition accounting standards and other accounting standards is in accordance with the transitional handling provided for in the proviso to paragraph 84 of the Revenue Recognition Accounting Standards. When a new accounting policy was applied retroactively before the beginning of the fiscal year ended March 31, 2022, the cumulative amount of the impact was adjusted in retained earnings at the beginning of the fiscal year ended March 31, 2022, so the new accounting policy has been applied from the beginning balance.

In addition, “Notes and accounts receivable – trade” under “Current asset” stated on the consolidated balance sheet of the fiscal year ended March 31, 2021, are included in “Notes and accounts receivable - trade and contract asset” from the fiscal year ended March 31, 2022. However, in accordance with the transitional handling provided for in paragraph 89-2 of the Revenue Recognition Accounting Standards, the balances for the fiscal year ended March 31, 2021, have not been reclassified under a new presentation method.

Consequently, compared to balances prior to application of revenue recognition accounting standards and other accounting standards, work in progress and notes and accounts payable - trade increased by 20,592 million yen and 19,044 million yen, respectively, on the consolidated balance sheet for the fiscal year ended March 31, 2022. On the consolidated statement of income for the fiscal year ended March 31, 2022, net sales decreased by 7,806 million yen, cost of sales increased by 326 million yen, selling, general and

administrative expenses decreased by 8,090 million yen, and non-operating income increased by 81 million yen. As a result, operating profit decreased by 41 million yen, and ordinary profit and profit before income taxes increased by 40 million yen, respectively.

Due to the cumulative impacts reflected in net assets at the beginning of the fiscal year ended March 31, 2022, the beginning balance of retained earnings on the consolidated statement of changes in net assets decreased by 271 million yen.

The impact on per-share information for the fiscal year ended March 31, 2022, is immaterial.

In addition, in accordance with the transitional handling provided for in paragraph 89-3 of the Revenue Recognition Accounting Standards, notes to “Revenue Recognition” pertaining to the fiscal year ended March 31, 2021, are not described.

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

“Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019. Hereinafter referred to as the “Fair Value Measurement Accounting Standards”) and other accounting standards were applied from the beginning of the fiscal year ended March 31, 2022. In accordance with the transitional handling provided for in paragraph 19 of the Fair Value Measurement Accounting Standards and paragraph 44-2 of “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019), the new accounting policy prescribed by the Fair Value Measurement Accounting Standards and other accounting standards have been applied prospectively. There is no impact on the consolidated financial statements.

In addition, matters related to the breakdown, etc., affected by the level of the fair value of financial instruments are stated in the note to “Financial Instruments.” However, in accordance with the transitional handling provided for in paragraph 7-4 of the “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, July 4, 2019), such notes for the fiscal year ended March 31, 2021, are not stated.

*Changes in accounting policies, which are difficult to distinguish from changes in accounting estimates, and changes in accounting estimates*

(Change in the depreciation method for property, plant and equipment)

Previously, MMC and its consolidated domestic subsidiaries adopted the declining balance method as the depreciation method for some property, plant, and equipment, but changed it to the straight-line method from the fiscal year ended March 31, 2022.

The MMC Group has entered into a strategic alliance with Renault S.A. and Nissan Motor Co., Ltd. to strengthen and optimize its production system at a global level. In addition, the MMC Group is promoting the development and sharing of new technologies, standardization of vehicle platforms, and the sharing of purchasing functions and production bases through the alliance.

Given this situation, with the formulation and drafting of the new mid-term business plan in July 2020, the MMC Group has been consolidating the production of domestic plants to implement structural reforms starting in FY2021. As a result of examining the actual use of the property, plant, and equipment of the MMC Group and the contents of capital expenditures, it is expected that stable production will level out the operation of property, plant, and equipment. Therefore, the MMC Group has concluded that adopting the straight-line method to allocate costs evenly over useful life would reflect a more appropriate calculation of profit and loss for the period.

Furthermore, as a result of reexamining the expected period of using property, plant, and equipment to be aligned with the change in depreciation method, the MMC Group has changed the useful lives of some machinery and equipment based on economic usability forecasts that are more in line with actual conditions. In addition, as a result of examining the value of property, plant, and equipment at the point in time of the disposal thereof after their useful lives have elapsed, the MMC Group has changed the residual value of some property, plant, and equipment to 1 yen of the memorandum value.

As a result of the above changes, operating profit, ordinary profit, and profit before income taxes for the fiscal year ended March 31, 2022, each increased by 13,898 million yen, compared to the case where the previous method was applied.

### *Change in presentation*

(Consolidated balance sheet)

“Provision for loss on fuel consumption test,” which was separately presented in “Current Liabilities” for the fiscal year ended March 31, 2021, has been included in “Other” from the fiscal year ended March 31, 2022, due to the decreased importance of the amount. The consolidated financial statements for the fiscal year ended March 31, 2021, have been reclassified to reflect this change in the presentation method.

Consequently, 1,066 million yen of “Provision for loss on fuel consumption test” in “Current liabilities” and 67,845 million yen of “Others” on the consolidated balance sheet for the fiscal year ended March 31, 2021, have been reclassified as 68,911 million yen of “Other.”

(Consolidated statement of income)

“Financing expenses,” which were included in “Other” of “Non-operating expenses” for the fiscal year ended March 31, 2021, have been separately presented from the fiscal year ended March 31, 2022, due to the increased importance of the amount. The consolidated financial statements for the fiscal year ended March 31, 2021, have been reclassified to reflect this change in the presentation method.

Consequently, 7,255 million yen of “Other” of “Non-operating expenses” on the consolidated statement of income for the fiscal year ended March 31, 2021, have been reclassified as 1,603 million yen of “Financing expenses” and 5,651 million yen of “Other.”

“Subsidiary transfer cost,” which was separately presented in “Extraordinary losses” for the fiscal year ended March 31, 2021, has been included in “Other” from the fiscal year ended March 31, 2022, due to the decreased importance of the amount. The consolidated financial statements for the fiscal year ended March 31, 2021, have been reclassified to reflect this change in the presentation method.

Consequently, 456 million yen of “Subsidiary transfer cost” of “Extraordinary losses” and 3,850 million yen of “Other” thereof on the consolidated statement of income for the fiscal year ended March 31, 2021, have been reclassified as 4,306 million yen of “Other.”

(Consolidated statement of cash flows)

“Payments related to fuel consumption test,” which was separately presented in “Cash flows from operating activities” for the fiscal year ended March 31, 2021, have been included in “Other” from the fiscal year ended March 31, 2022, due to the decreased importance of the amount. “Increase (decrease) in accounts payable - other, and accrued expenses,” which were included in “Other” of “Cash flows from operating activities” has been separately presented from the fiscal year ended March 31, 2022, due to the increased importance of the amount. The consolidated financial statements for the fiscal year ended March 31, 2021, have been reclassified to reflect these changes in the presentation method.

Consequently, (1,237) million yen of “Payments related to fuel consumption test” and (27,703) million yen of “Other” in “Cash flows from operating activities” on the consolidated statement of cash flows for the fiscal year ended March 31, 2021, have been reclassified as 21,630 million yen of “Increase (decrease) in accounts payable - other, and accrued expenses” and (50,572) million yen of “Other.”

“Proceeds from sales of investment securities,” “Decrease (increase) in short-term loans receivable,” and “Proceeds from collection of long-term loans receivable,” which were separately presented in “Cash flows from investing activities” for the fiscal year ended March 31, 2021, have been included in “Other” from the fiscal year ended March 31, 2022, due to the decreased importance of the amounts. The consolidated financial statements for the fiscal year ended March 31, 2021, have been reclassified to reflect this change in the presentation method.

Consequently, 263 million yen of “Proceeds from sales of investment securities” and (2) million yen of “Decrease (increase) in short-term loans receivable,” 838 million yen of “Proceeds from collection of long-term loans receivable” and (1,618) million yen of “Other, net” under “Cash flows from investing activities” on the consolidated statement of cash flows for the fiscal year ended March 31, 2021, have been reclassified as (519) million yen of “Other, net.”

*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, 2022, is 248 million yen, and the number of shares is 1,137,650 shares.

Consolidated balance sheet

(\*1) Receivables from contracts with customers, contract assets, and contract liabilities:

Among “Notes and accounts receivable - trade and contract assets,” the amount of receivables and contract assets from contracts with customers, and of “Other” of Current liabilities, and “Other” of Non-current liabilities, the amount of contract liabilities are stated under “Notes (Revenue Recognition) 3. (1) Balance, etc., of contract assets and contract liabilities.”

(\*2) Accumulated depreciation of property, plant and equipment is as follows:

	(Millions of yen)	
	For the fiscal year ended March 31, 2021 (As of March 31, 2021)	For the fiscal year ended March 31, 2022 (As of March 31, 2022)
Accumulated depreciation of property, plant and equipment	912,293	904,758

(\*3) 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, 2021 (As of March 31, 2021)	For the fiscal year ended March 31, 2022 (As of March 31, 2022)
Finance receivables	107,244	92,389
Other (Note)	2,467	1,973
Total	109,712	94,363

(Note) In the previous 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.

In the current fiscal year, accounts receivable - other of 1,206 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, 2021 (As of March 31, 2021)	For the fiscal year ended March 31, 2022 (As of March 31, 2022)
Consolidated subsidiary (Pajero Manufacturing Co., Ltd.)		
Buildings and structures	479	-
Machinery, equipment and vehicles	1,585	-
Land	2,673	-
Total	4,737	-

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

	(Millions of yen)	
	For the fiscal year ended March 31, 2021 (As of March 31, 2021)	For the fiscal year ended March 31, 2022 (As of March 31, 2022)
Current portion of long-term loans payable	25,187	24,233
Long-term loans payable	68,201	56,060
Total	93,389	80,293

(\*4) Investments in unconsolidated subsidiaries and associates

	(Millions of yen)	
	For the fiscal year ended March 31, 2021 (As of March 31, 2021)	For the fiscal year ended March 31, 2022 (As of March 31, 2022)
Investment securities	73,929	89,582
Other (investments and other assets)	17,760	16,202
(of which investment in joint ventures)	(15,022)	(20,405)

5 Guarantee obligation

(1) Guarantee recipients

For the fiscal year ended March 31, 2021 (As of March 31, 2021)			For the fiscal year ended March 31, 2022 (As of March 31, 2022)		
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	4,624	Bank loans	PT Mitsubishi Motors Krama Yudha Sales Indonesia	-	-
MMD Automobile GmbH	2,491	Liquidation of receivables	MMD Automobile GmbH	2,911	Liquidation of receivables
Mitsubishi Corporation	-	-	Mitsubishi Corporation	875	Liquidation of receivables
MM Automobile Schweiz AG	-	-	MM Automobile Schweiz AG	109	Liquidation of receivables
M Motors Automobiles France S.A.S.	-	-	M Motors Automobiles France S.A.S.	19	Liquidation of receivables
Employees	178	(Note)	Employees	160	(Note)
Total	7,295		Total	4,076	

(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, 2021 (As of March 31, 2021)	For the fiscal year ended March 31, 2022 (As of March 31, 2022)
-	1,162

### Consolidated statement of income

(\*1) Revenue from contracts with customers

Net sales are not presented separately from revenue from contracts with customers and other revenues. The amount of revenue from contracts with customers is stated in “Notes (Revenue Recognition) 1. Information on the breakdown of revenue from contracts with customers.”

(\*2) Gain on sale of non-current assets is as follows:

(Millions of yen)			
For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)		For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)	
Buildings and structures	254	Buildings and structures	86
Machinery, equipment and vehicles	162	Machinery, equipment and vehicles	113
Tools, furniture and fixtures	7	Tools, furniture and fixtures	17
Land	1,124	Land	2,641
Total	1,548	Total	2,858

(\*3) Loss on sale of non-current assets is as follows:

(Millions of yen)			
For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)		For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)	
Buildings and structures	2	Buildings and structures	-
Machinery, equipment and vehicles	68	Machinery, equipment and vehicles	21
Tools, furniture and fixtures	0	Tools, furniture and fixtures	1
Land	33	Land	-
Total	104	Total	23

(\*4) 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, 2021 (from April 1, 2020 to March 31, 2021)		For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)	
101,365		90,714	



(\*5) Impairment losses

The MMC Group recognized impairment losses on the following asset group:

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

(1) Outline of asset group on which impairment losses were 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 losses of 117,973 million yen is comprised of 107,747 million yen of “(\*5) Impairment losses” and 10,225 million yen out of “(\*7) 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 losses

The breakdown of impairment losses 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

For the current fiscal year (from April 1, 2021 to March 31, 2022)

This information is omitted because it is immaterial.

(\*6) Loss on COVID-19

For the previous 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.

(\*7) Business restructuring expenses

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

Business restructuring expenses included 14,346 million yen, which was mainly for impairment losses 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.

(\*8) Foreign withholding taxes on transfer pricing taxation adjustments

For the previous 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.

(\*9) Loss related to Russian operations

For the current fiscal year (from April 1, 2021 to March 31, 2022)

The Russian army invaded Ukraine on February 24, 2022, and, in response to this invasion, several countries and regions, including Japan, have imposed economic sanctions against Russia.

The MMC Group engages in assembly, production, and sales of finished vehicles in Russia through consolidated subsidiaries and affiliates in Russia that are accounted for under the equity method;

however, Russia's military invasion of Ukraine has disrupted logistics networks, causing parts supplies to be frozen, hence production has been temporarily suspended.

As a result, doubts have arisen over the collection of some receivables of each company held by MMC, as well as declines in the profitability of some inventories held by MMC and its consolidated subsidiaries.

Accordingly, 6,262 million yen in Provision of allowance for doubtful accounts and 1,958 million yen of Valuation loss from a decline in profitability related to inventories were recorded as Extraordinary losses under Loss related to Russian operations of 8,220 million yen.

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, 2021 (from April 1, 2020 to March 31, 2021)	For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
Valuation difference on available-for-sale securities:		
Amount arising during the period	1,195	832
Reclassification adjustments	8	-
Before tax-effect adjustment	1,203	832
Amount of tax effects	(129)	(232)
Valuation difference on available-for-sale securities	1,074	600
Deferred gains or losses on hedges:		
Amount arising during the period	(798)	(3,395)
Reclassification adjustments	409	3,963
Before tax-effect adjustment	(388)	567
Amount of tax effects	(19)	(29)
Deferred gains or losses on hedges	(407)	537
Foreign currency translation adjustment:		
Amount arising during the period	23,775	26,521
Reclassification adjustments	-	-
Foreign currency translation adjustment	23,775	26,521
Remeasurements of defined benefit plans:		
Amount arising during the period	23,667	(6,187)
Reclassification adjustments	3,758	760
Before tax-effect adjustment	27,426	(5,427)
Amount of tax effects	(747)	(1,102)
Remeasurements of defined benefit plans	26,679	(6,530)
Share of other comprehensive income of entities accounted for using equity method:		
Amount arising during the period	(2,017)	6,989
Reclassification adjustments	633	(511)
Share of other comprehensive income of entities accounted for using equity method	(1,384)	6,477
Total other comprehensive income	49,737	27,607

*Consolidated statement of changes in net assets*

For the previous 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 treasury shares at the end of the fiscal year ended March 31, 2022, includes 1,152 thousand shares of MMC held in the “Board Incentive Plan (BIP) Trust Account.”

2. The increase of 1,164 thousand shares in the number of shares of common stock under treasury shares was due to the increase of 0 thousand shares from the purchase of shares of 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.
3. The decrease in the number of shares of common stock under treasury shares by 376 thousand shares was 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 treasury shares by 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.

For the current fiscal year (from April 1, 2021 to March 31, 2022)

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)	2,756	0	326	2,430
Total	2,756	0	326	2,430

(Notes) 1. The number of shares of treasury shares at the end of the period includes the 1,137 thousand shares of MMC held in the “Board Incentive Plan (BIP) Trust Account.”

2. The increase of 0 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.

3. The decrease of 326 thousand shares in the number of shares of common stock under treasury shares is due to the decrease of 311 thousand shares from the exercise of share acquisition rights and the decrease of 15 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	–	–	–	–	195
Total		–	–	–	–	–	195

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

	(Millions of yen)	
	For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)	For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
Cash and deposits	455,716	511,502
Time deposits with maturities of more than three months	(11,097)	(28)
Cash and cash equivalents	444,619	511,473

## *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, 2021	As of March 31, 2022
Due within one year	2,902	2,902
Due after one year	17,589	14,690
Total	20,492	17,592

### *Lessors' accounting*

#### 1. Operating lease transactions

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

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Due within one year	4,068	5,342
Due after one year	5,557	7,850
Total	9,626	13,193

## *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, and contract assets," 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.

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

(Millions of yen)

	Carrying amount	Fair value	Difference
(1) Finance receivables	247,331	243,158	(4,173)
(2) Investment securities (*2) Available-for-sale securities	948	948	–
Total assets	248,279	244,106	(4,173)
(1) Long-term borrowings	405,681	406,530	849
Total liabilities	405,681	406,530	849
Derivative transactions (*3)	(1,737)	(1,737)	–

(\*1) The fair values of “Cash and deposits,” “Notes and accounts receivable - trade,” “Notes and accounts payable - trade,” “Electronically recorded obligations - operating,” “Short-term borrowings,” “Commercial papers,” and “Accounts payable - other, and accrued expenses,” approximate the carrying amounts as they are settled within a short period of time, hence presentation of the figures is omitted.

(\*2) The following financial instruments are not included in “(2) Investment securities” as their fair values are extremely difficult to determine due to a lack of market price and difficulties in estimating future cash flows. The consolidated balance sheet amounts of these financial instruments are as follows.

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

(\*3) 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, 2022)

(Millions of yen)

	Carrying amount	Fair value	Difference
(1) Finance receivables	222,463	219,328	(3,135)
(2) Investment securities (*2) Available-for-sale securities	978	978	–
Total assets	223,442	220,307	(3,135)
(1) Long-term borrowings	387,903	387,952	49
Total liabilities	387,903	387,952	49
Derivative transactions (*3)	(1,086)	(1,086)	–

(\*1) The fair values of “Cash and deposits,” “Notes and accounts receivable - trade, and contract assets,” “Notes and accounts payable - trade,” “Electronically recorded obligations - operating,” “Short-term borrowings,” “Commercial papers,” and “Accounts payable - other, and accrued expenses,” approximate the carrying amounts as they are settled within a short period of time, hence presentation of the figures is omitted.

(\*2) Stocks, etc., without a readily determinable market price are not included in “(2) Investment securities” The consolidated balance sheet amounts of these financial instruments are as follows.

Classification	For the fiscal year ended March 31, 2022 (As of March 31, 2022)
Unlisted shares and shares of subsidiaries and associates	97,454

(\*3) The amount of the receivable or payable arising from derivative transactions is presented on a net basis.

(Note) 1. Redemption schedule after the balance sheet date for monetary receivables and securities with maturity dates

For the previous 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

For the current fiscal year (as of March 31, 2022)

(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	510,498	–	–	–	–	–
Notes and accounts receivable - trade, and contract assets	119,829	–	–	–	–	–
Finance receivables	63,843	50,783	43,479	29,037	21,900	13,419
Total	694,171	50,783	43,479	29,037	21,900	13,419

(Note) 2. 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, 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

For the current fiscal year (as of March 31, 2022)

(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	21,778	–	–	–	–	–
Commercial papers	43,000	–	–	–	–	–
Long-term loans payable	292,134	54,077	23,416	11,563	6,710	–
Total	356,913	54,077	23,416	11,563	6,710	–

(Note) 3. Matters related to the breakdown, etc., affected by the level of the fair value of financial instruments

The fair value of financial instruments is classified into the following three levels according to the observability and importance of inputs relating to the measurement of fair value.

Level 1 fair value: Of inputs relating to the measurement of observable fair value, fair value measured at the quoted price of assets and liabilities subject to the measurement of the said fair value determined in the active markets

Level 2 fair value: Of inputs relating to the measurement of observable fair value, fair value measured using inputs relating to the measurement of fair value other than level 1 input

Level 3 fair value: Fair value measured using input relating to the measurement of unobservable fair value

When multiple inputs that significantly impact the measurement of fair value are used, fair value is classified as the lowest priority level to which each input belongs when measuring fair value.

(1) Financial instruments recorded on the consolidated balance sheet at fair value

For the current fiscal year (as of March 31, 2022)

(Millions of yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Stocks	978	–	–	978
Derivative transactions				
Currencies	–	76	–	76
Total assets	978	76	–	1,055
Derivative transactions				
Currencies	–	1,162	–	1,162
Total liabilities	–	1,162	–	1,162

(2) Financial instruments other than those recorded on the consolidated balance sheet at fair value

For the current fiscal year (as of March 31, 2022)

(Millions of yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Finance receivables	–	219,328	–	219,328
Total assets	–	219,328	–	219,328
Long-term borrowings	–	387,952	–	387,952
Total liabilities	–	387,952	–	387,952

(Note) Explanation of evaluation techniques used to measure fair value and inputs relating to fair value measurement

Investment securities

Listed stocks are measured using quoted prices. The fair value of listed stocks is classified as level 1 fair value as they are traded in active markets.

Derivative transactions

The fair value of derivatives transactions is classified as level 2 fair value according to the price, etc., quoted by financial institutions with which MMC has transactions.

Finance receivables

The fair value of finance receivables is classified as level 2 fair value and measured at present value, which is calculated by categorizing finance receivables by a certain period of time and

discounting future cash flows by an interest rate obtained by adding credit spread to appropriate indicators, such as government bond yields, for each credit risk category used for credit management.

#### Long-term borrowings

The fair value of long-term borrowings is classified as level 2 fair value measured at present value, which is calculated by categorizing long-term borrowings by a certain period of time and discounting the total amount of principal and interest by an interest rate assumed if a similar new borrowing is made.

## Securities

### 1. Available-for-sale securities

For the previous 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

For the current fiscal year (as of March 31, 2022)

(Millions of yen)

	Type	Carrying amount	Acquisition cost	Difference
Securities whose carrying amount exceeds their acquisition cost	Stocks	978	193	785
	Subtotal	978	193	785
Securities whose carrying amount does not exceed their acquisition cost	Stocks	–	–	–
	Subtotal	–	–	–
Total		978	193	785

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

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

(Millions of yen)

Type	Sales proceeds	Total gain	Total loss
Stocks	168	41	8

For the current fiscal year (from April 1, 2021 to March 31, 2022)

(Millions of yen)

Type	Sales proceeds	Total gain	Total loss
Stocks	302	99	0

### 3. Securities for which impairment losses were recognized

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

Not applicable.

For the current fiscal year (from April 1, 2021 to March 31, 2022)

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, 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)

For the current fiscal year (as of March 31, 2022)

(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	6,400	–	27	27
	Buy:				
	USD	180	–	(0)	(0)
	JPY	24,018	–	(927)	(927)
Interest rate currency swap contracts:					
Sell:					
USD	12,640	–	(185)	(185)	
	Total	–	–	(1,086)	(1,086)

(2) Interest-related transactions

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

Not applicable.

For the current fiscal year (as of March 31, 2022)

Not applicable.

2. Derivative transactions for which hedge accounting is applied

(1) Currency-related transactions

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

For the current fiscal year (as of March 31, 2022)

Not applicable.

(2) Interest-related transactions

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

Not applicable.

For the current fiscal year (as of March 31, 2022)

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, 2021 (from April 1, 2020 to March 31, 2021)	For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
Retirement benefit obligation at beginning of period	190,765	182,066
Service cost	9,066	8,539
Interest cost	3,068	2,633
Actuarial gains and losses generated	(4,118)	(4,508)
Retirement benefits paid	(17,328)	(15,881)
Prior service cost generated	0	0
Effect of foreign currency translation	2,096	6,655
Changes from the termination of plans	-	(374)
Other	(1,483)	5,703
Retirement benefit obligation at end of period	182,066	184,833

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

	(Millions of yen)	
	For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)	For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
Plan assets at beginning of period	145,571	158,020
Expected return on plan assets	5,511	5,449
Actuarial gains and losses generated	18,923	(4,188)
Contribution from employers	1,907	4,797
Retirement benefits paid	(15,576)	(12,537)
Effect of foreign currency translation	1,739	6,121
Changes from the termination of plans	-	(91)
Other	(56)	(203)
Plan assets at end of period	158,020	157,368



(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, 2021 (As of March 31, 2021)	For the fiscal year ended March 31, 2022 (As of March 31, 2022)
Retirement benefits obligation for funded plans	168,347	170,624
Plan assets	(158,020)	(157,368)
	10,326	13,255
Retirement benefits obligation for unfunded plans	13,719	14,208
Net amount of liabilities and assets reported on the consolidated balance sheet	24,045	27,464
Retirement benefit liability	28,593	32,240
Retirement benefit asset	(4,548)	(4,775)
Net amount of liabilities and assets reported on the consolidated balance sheet	24,045	27,464

(4) The amounts of components of retirement benefit expenses

	(Millions of yen)	
	For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)	For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
Service cost	9,066	8,539
Interest cost	3,068	2,633
Expected return on plan assets	(5,511)	(5,449)
Amortization of actuarial gains and losses	4,349	1,249
Amortization of prior service cost	(597)	(435)
Other	(1,058)	550
Retirement benefit expenses for defined benefit plans	9,316	7,087

(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, 2021 (from April 1, 2020 to March 31, 2021)	For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
Prior service cost	549	435
Actuarial gains and losses	(27,975)	4,991
Total	(27,426)	5,427

#### (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, 2021 (As of March 31, 2021)	For the fiscal year ended March 31, 2022 (As of March 31, 2022)
Unrecognized prior service cost	(2,439)	(2,003)
Unrecognized actuarial gains and losses	10,308	15,300
Total	7,869	13,296

#### (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, 2021 (As of March 31, 2021)	For the fiscal year ended March 31, 2022 (As of March 31, 2022)
Bonds	43%	62%
Short-term funds	0	0
Stocks	40	17
Cash and deposits	1	3
Life insurance company accounts	2	2
Other	14	16
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, 2021 (As of March 31, 2021)	For the fiscal year ended March 31, 2022 (As of March 31, 2022)
Discount rate		
Domestic companies	0.0% - 0.8%	0.0% - 0.8%
Overseas companies	1.7% - 8.1%	1.7% - 7.6%
Expected rate of return		
Domestic companies	0.8% - 4.0%	0.8% - 4.0%
Overseas companies	2.8% - 5.3%	4.0% - 5.7%
Expected future salary increase		
Domestic companies	1.0% - 6.0%	1.0% - 6.0%
Overseas companies	2.5% - 8.0%	0.0% - 7.5%

#### 3. Defined contribution plans

The required contribution of MMC and its consolidated subsidiaries to the defined contribution plans is 1,774 million yen for the previous fiscal year and 1,742 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, 2021 (from April 1, 2020 to March 31, 2021)	For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
Selling, general and administrative expenses	196	2

## 2. 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: –	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, 2020	From May 1, 2021 to April 30, 2021	From May 1, 2022 to April 30, 2022

	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, 2023

(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, 2021- Outstanding	–	311,724	406,162
Granted	–	–	–
Forfeited	–	–	–
Vested	–	311,724	–
Balance of non-vested	–	–	406,162
Vested (shares)			
March 31, 2021- Outstanding	67,044	–	–
Vested	–	311,724	–
Exercised	–	311,724	–
Forfeited	–	–	–
Balance of non-exercised	67,044	–	–

	The 4th Stock Options
Non-vested (shares)	
March 31, 2021- Outstanding	95,146
Granted	–
Forfeited	–
Vested	–
Balance of non-vested	95,146
Vested (shares)	
March 31, 2021- 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)	–	320.00	–
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

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

Not applicable.

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

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

*Tax-effect accounting*

1. Significant components of deferred tax assets and liabilities

	(Millions of yen)	
	For the fiscal year ended March 31, 2021 (As of March 31, 2021)	For the fiscal year ended March 31, 2022 (As of March 31, 2022)
Deferred tax assets:		
Net operating losses carried forward (Note) 2	333,861	330,553
Retirement benefit liability	21,439	23,071
Excess amount over limitation of taxable allowance for doubtful accounts	1,430	3,582
Self-disallowed accrued expenses	10,758	10,325
Liabilities related to market quality measures	12,147	10,413
Excess amount over limitation of taxable provision for product warranties	13,902	14,173
Non-current assets (including impairment losses)	47,072	39,305
Other	32,024	41,634
Subtotal	472,636	473,058
Valuation allowance related to net operating losses carried forward (Note) 2	(314,458)	(307,375)
Valuation allowance related to total deductible temporary differences	(112,921)	(113,377)
Subtotal valuation allowance (Note) 1	(427,379)	(420,753)
Total deferred tax assets	45,256	52,305
Deferred tax liabilities:		
Valuation difference on available-for-sale securities	(208)	(442)
Appraisal value of land based on the full fair value method	(1,886)	(1,892)
Reserve for advanced depreciation of non-current assets	(148)	(140)
Accelerated depreciation of overseas subsidiaries	(44)	(502)
Retained earnings of subsidiaries, etc.	(11,214)	(14,730)
Other	(7,108)	(8,055)
Total deferred tax liabilities	(20,610)	(25,764)
Net deferred tax assets (liabilities)	24,645	26,541

(Notes) 1. For the previous fiscal year (from April 1, 2020 to March 31, 2021)

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

For the current fiscal year (from April 1, 2021 to March 31, 2022)

Valuation allowance has decreased by 6,626 million yen. The main component of this decrease was a decrease of 11,203 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, 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.

For the current fiscal year (as of March 31, 2022)

(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)	215	195	144,457	41,193	7,880	136,611	330,553
Valuation allowance	39	139	144,422	41,157	7,543	114,073	307,375
Deferred tax assets	175	56	34	35	336	22,538	23,177

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

2. Deferred tax assets of 23,177 million yen have been recorded regarding net operating losses carried forward of 330,553 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 58,277 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, 2021 (As of March 31, 2021)	For the fiscal year ended March 31, 2022 (As of March 31, 2022)
Effective statutory tax rate		30.3%
Reconciliations:	This information is omitted	
Share of profit of entities accounted for using equity method	because it is loss before incomes taxes.	(2.7)
Permanent differences		1.7
Difference of applicable tax rates of overseas consolidated subsidiaries, etc.		(3.7)
Retained earnings of subsidiaries, etc.		3.7
Change in valuation allowance		(6.8)
Elimination of unrealized profits on inventories		3.6
Foreign tax credit		(6.6)
Other		(3.1)
Actual effective income tax rate after application of tax-effect accounting		16.4

*Business combinations, etc.*

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

This information is omitted because it is immaterial.

For the current fiscal year (from April 1, 2021 to March 31, 2022)

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 42 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, 2021 (from April 1, 2020 to March 31, 2021)	For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
Balance at beginning of period	5,005	5,984
Increase due to acquisition of property, plant and equipment	518	52
Adjustments associated with passage of time	61	59
Decrease due to settlement of asset retirement obligations	(224)	(874)
Other changes (decrease)	622	29
Balance at end of period	5,984	5,250

### *Investment properties*

This information is omitted because it is immaterial.

## Revenue Recognition

### 1. Information on the breakdown of revenue from contracts with customers

Information on the breakdown of revenue from contracts with customers is described in the “Notes (Segment Information, etc.)”

### 2. Information that serves as a basis for understanding revenue from contracts with customers

Information that serves as a basis for understanding revenue from contracts with customers is described in “(Material basis of the preparation of consolidated financial statements)” 4. Accounting Policies (5) Recognition standard for significant revenues and expenses.”

### 3. Information that facilitates understanding the amount of revenue for the fiscal year ended March 31, 2022, and following fiscal years

#### (1) Balance, etc., of contract assets and contract liabilities

(Millions of yen)

	For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)	
	Balance at beginning of period	Balance at end of period
Receivables from contracts with customers	150,780	110,284
contract assets	3,834	9,866
contract liabilities	15,087	19,637

The amount of revenue recognized in the fiscal year ended March 31, 2022, that was included in contract liabilities as of the beginning of the period was 11,327 million yen.

#### (2) Transaction price allocated to remaining performance obligations

MMC and its consolidated subsidiaries apply practical expedient to notes to transaction prices allocated to remaining performance obligations and exclude contracts with an initially anticipated contract period of one year or less from the scope of the provision of notes. Such performance obligations are mainly related to after-sales service and contract development in the automobile business. The total transaction price allocated to the remaining performance obligations and the period during which revenue is expected to be recognized are as follows.

(Millions of yen)

	For the fiscal year ended March 31, 2022 (As of March 31, 2022)
Due within one year	5,803
Due after one year	4,045
Total	9,848

*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, in the financial service business, we engage in sales finance and leasing services (including property sales, etc., associated with expiration or cancellation of lease transactions) for the MMC Group's 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. Matters related to changes in reportable segments, etc.

(1) Application of accounting standards, etc. related to revenue recognition

As stated in "Changes in Accounting Policies," MMC has applied revenue recognition accounting standards and other accounting standards from the beginning of the fiscal year ended March 31, 2022, and has changed the accounting method for revenue recognition and has, therefore, similarly changed the measurement method of profit or loss for business segments.

As a result of the change, net sales and segment income of the automobile business decreased by 8,951 million yen and 105 million yen, respectively, while net sales and segment income of the finance business increased by 1,145 million yen and 64 million yen, respectively, in the fiscal year ended March 31, 2022, compared to the previous method.

(2) Change in the depreciation method for property, plant and equipment

As stated in "Changes in accounting policies that are difficult to distinguish from changes in accounting estimates and changes in accounting estimates," MMC and its domestic consolidated subsidiaries have changed the depreciation method for certain property, plant and equipment from the fiscal year ended March 31, 2022.

As a result of the said change, segment income of the automobile business increased by 13,898 million yen in the fiscal year ended March 31, 2022, compared to the previous method.

4. Information on sales, profit or loss, assets and other items by reportable segment and information on sales breakdown

For the previous 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.

For the current fiscal year (from April 1, 2021 to March 31, 2022)

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

- (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, 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

For the current fiscal year (from April 1, 2021 to March 31, 2022)

### 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

Information on the breakdown of sales and revenue to external customers classified by locations of external customers

(Millions of yen)

	Japan	North America		Europe	Asia		Oceania	Other	Total
			The United States			Thailand			
Net sales									
External customers									
Revenue from contracts with customers	375,521	396,902	257,947	257,683	482,776	129,316	254,590	252,631	2,020,106
Other revenue	18,418	293	257	—	—	—	90	—	18,802
	393,940	397,196	258,205	257,683	482,776	129,316	254,681	252,631	2,038,909

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

- (1) North America.....The United States, Canada, Mexico
- (2) Europe..... Russia, Germany, the Netherlands, Spain, France
- (3) Asia..... Indonesia, Thailand, 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
271,264	77,566	48,471	32,153	429,455

### Supplementary information

Information on the breakdown of net sales and operating profit or profit loss and revenue based on the geographic locations of MMC and its consolidated subsidiaries

(Millions of yen)

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

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

- (1) North America.....The United States, 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

The information is omitted as no sales to any specific customer account for at least 10% of net sales in the consolidated statements of income.

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

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

(Millions of yen)					
	Automobiles	Financial services	Total	Adjustment	Grand total
Impairment losses	117,973	–	117,973	–	117,973

For the current fiscal year (from April 1, 2021 to March 31, 2022)

(Millions of yen)					
	Automobiles	Financial services	Total	Adjustment	Grand total
Impairment losses	1,451	–	1,451	–	1,451

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

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

This information is omitted because it is immaterial.

For the current fiscal year (from April 1, 2021 to March 31, 2022)

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, 2020 to March 31, 2021)

Not applicable.

For the current fiscal year (from April 1, 2021 to March 31, 2022)

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, 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. (*1)	186,853	Accounts receivable - trade	21,664
							Automobile parts purchasing (*1)	146,773 (*2)	Electronical ly recorded obligations - operating	44,439
									Notes and accounts payable - trade	18,405

For the current fiscal year (from April 1, 2021 to March 31, 2022)

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: 34.02	Mutual sharing, etc. of technological resources and mutual sales of products, etc. Concurrent positions of corporate officers Leasing of facilities, etc.	Automobile parts purchasing (*1)	128,467 (*2)	Electronical ly recorded obligations - operating	27,596
									Notes and accounts payable - trade	16,071

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

For the previous 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	Purchase of raw materials (*1)	41,271	Electronical ly recorded obligations - operating	13,296
									Notes and accounts payable - trade	9,785

For the current fiscal year (from April 1, 2021 to March 31, 2022)

Not applicable.

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

For the previous 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. (*3)	—	MUFG Bank, Ltd. is a lender to MMC	Borrowings from MUFG Bank, Ltd. (*4)	60,000	Long-term borrowings	60,000

For the current fiscal year (from April 1, 2021 to March 31, 2022)

Not applicable.

## (2) Transactions between the consolidated subsidiaries of MMC and related parties

Parent company and major shareholders, etc. of MMC

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

Not applicable.

For the current fiscal year (from April 1, 2021 to March 31, 2022)

Type	Name	Location	Capital (Millions of yen)	Business	Percentage of voting rights holding (held) (%)	Relation	Transactions	Amount (Millions of yen)	Account item	Year-end balance (Millions of yen)
Other related company	Mitsubishi Corporation	Chiyoda-ku, Tokyo	204,447	Wholesale trade	(Held)  Direct: 20.01	Purchase of raw materials  Concurrent positions of corporate officers	Purchase of raw materials (*1)	— (*5)	Notes and accounts payable - trade	23,262

(Notes) (\*1) 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.

(\*2) 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.

(\*3) Mr. Kiyoshi Sono assumed office as Senior Advisor of MUFG Bank, Ltd. on April 1, 2021.

(\*4) 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.

(\*5) The above amount of transactions does not include transactions with MMC via Mitsubishi Corporation, which were eliminated in the preparation of consolidated financial statements.

Per share information

(Yen)

	For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)	For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
Net assets per share	341.44	407.82
Basic earnings (loss) per share	(209.88)	49.76
Diluted earnings per share	–	49.74

(Notes) 1. Diluted earnings per share for the fiscal year ended March 31, 2021, are not provided because MMC recorded a basic loss per share, although potential dilutive shares did exist.

2. The shares of MMC held by the “Board Incentive Plan (BIP) Trust” are included in treasury shares that are deducted from the total number of shares outstanding at the end of the period in the calculation of “Net assets per share.” (1,152 thousand shares for the fiscal year ended March 31, 2021, and 1,137 thousand shares for the fiscal year ended March 31, 2022.)

In addition, for the purpose of calculating “Basic earnings (loss) per share” and “Diluted earnings per share,” the shares of MMC held by the “Board Incentive Plan (BIP) Trust” are included in treasury shares that are deducted in the calculation of the average number of shares during the period. (314 thousand shares for the fiscal year ended March 31, 2021 and 1,139 thousand shares for the fiscal year ended March 31, 2022.)

3. Basis for calculation for basic earnings per share and diluted earnings per share are as follows:

	For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)	For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
Basic earnings (loss) per share		
Profit (loss) attributable to owners of the parent (Millions of yen)	(312,317)	74,037
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)	(312,317)	74,037
Average number of shares of common stock outstanding during the period (Thousands of shares)	1,488,068	1,487,792
Diluted earnings per share		
Adjustment to profit attributable to owners of parent (Millions of yen)	–	–
Increase in number of shares of common stock (Thousands of shares)	–	619
(Of which, share acquisition rights (Thousands of shares))	(–)	(619)
Overview of residual shares not included in calculation of diluted earnings per share due to lack of dilutive effect	–	–

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, 2022 (Millions of yen)	Balance at end of the fiscal year ended March 31, 2022 (Millions of yen)	Average interest rate (%)	Due
Short-term loans payable	16,085	21,778	1.9	–
Current portion of long-term loans payable	57,702	292,134	0.8	–
Current portion of lease liabilities	3,533	3,751	3.7	–
Long-term loans payable (excluding current portion)	347,978	95,768	0.3	2024 to 2027
Lease liabilities (excluding current portion)	25,525	24,101	4.7	2023 to 2052
Other interest-bearing debt				
Other (Commercial papers – current liabilities)	32,500	43,000	0.1	–
Other (Deposits received from employees - current liabilities)	3,067	2,915	0.5	–
Other (Deposits received - current liabilities)	2,962	2,614	0.1	–
Other (Guarantee deposits received - non-current liabilities)	2,342	2,302	0.0	–
<b>Total</b>	<b>491,697</b>	<b>488,366</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 liabilities (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	54,077	23,416	11,563	6,710
Lease liabilities	1,564	1,307	952	870

*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, 2021)	Second quarter (Six months ended September 30, 2021)	Third quarter (Nine months ended December 31, 2021)	Full year (Fiscal year ended March 31, 2022)
Net sales (Millions of yen)	431,940	890,567	1,416,131	2,038,909
Profit (loss) before income taxes (Millions of yen)	13,904	31,962	65,350	94,689
Profit (loss) attributable to owners of parent (Millions of yen)	6,091	21,670	44,737	74,037
Basic earnings (loss) per share (Yen)	4.09	14.57	30.07	49.76

(Accounting period)	First quarter (from April 1, 2021 to June 30, 2021)	Second quarter (from July 1, 2021 to September 30, 2021)	Third quarter (from October 1, 2021 to December 31, 2021)	Fourth quarter (from January 1, 2022 to March 31, 2022)
Basic earnings (loss) per share (Yen)	4.09	10.48	15.50	19.69

## 2. Non-consolidated financial statements

### (1) Non-consolidated financial statements

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

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	168,090	169,037
Accounts receivable - trade	(*) 170,781	(*) 211,437
Finished goods	26,496	29,637
Work in process	22,752	33,815
Raw materials and supplies	14,207	19,300
Prepaid expenses	1,764	2,091
Short-term loans receivable	(*) 36,283	(*) 10,670
Accounts receivable - other	(*)1, (*)2 101,098	(*)1, (*)2 46,531
Other	(*) 11,964	(*) 13,984
Allowance for doubtful accounts	(12,104)	(8,887)
<b>Total current assets</b>	<b>541,336</b>	<b>527,619</b>
Non-current assets		
Property, plant and equipment		
Buildings	(*) 31,689	(*) 30,289
Structures	(*) 4,358	(*) 4,237
Machinery and equipment	(*) 46,886	(*) 52,764
Vehicles	(*) 569	(*) 621
Tools, furniture and fixtures	(*) 38,318	(*) 45,187
Land	70,419	69,381
Construction in progress	7,884	6,380
<b>Total property, plant and equipment</b>	<b>200,126</b>	<b>208,862</b>
Intangible assets		
Intangible assets	29,379	34,214
<b>Total intangible assets</b>	<b>29,379</b>	<b>34,214</b>
Investments and other assets		
Investment securities	7,588	8,526
Shares of subsidiaries and associates	168,851	173,006
Long-term loans receivable	(*) 1,231	374
Investments in capital of subsidiaries and associates	8,897	6,321
Guarantee deposits	(*) 6,057	5,342
Long-term prepaid expenses	16,881	16,398
Other	5,417	5,785
Allowance for doubtful accounts	(453)	(452)
<b>Total investments and other assets</b>	<b>214,471</b>	<b>215,302</b>
<b>Total non-current assets</b>	<b>443,978</b>	<b>458,380</b>
<b>Total assets</b>	<b>985,314</b>	<b>985,999</b>

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Liabilities</b>		
Current liabilities		
Electronically recorded obligations - operating	(*) 76,335	(*) 55,407
Accounts payable - trade	(*) 219,086	(*) 201,907
Short-term borrowings	–	200,000
Lease liabilities	485	499
Accounts payable - other	(*) 130,113	(*) 117,902
Accrued expenses	(*) 6,800	(*) 8,891
Income taxes payable	741	2,621
Deposits received	(*) 9,155	(*) 9,696
Provision for product warranties	29,880	28,931
Other	20,127	22,137
<b>Total current liabilities</b>	<b>492,726</b>	<b>647,995</b>
Non-current liabilities		
Long-term borrowings	200,000	–
Lease liabilities	501	73
Guarantee deposits received	(*) 1,715	(*) 1,829
Provision for retirement benefits	3,373	8,577
Deferred tax liabilities	1,081	1,021
Asset retirement obligations	3,773	3,807
Other	4,881	4,568
<b>Total non-current liabilities</b>	<b>215,328</b>	<b>19,878</b>
<b>Total liabilities</b>	<b>708,054</b>	<b>667,873</b>
Net assets		
Shareholders' equity		
Share capital	284,382	284,382
Capital surplus		
Legal capital surplus	118,680	118,680
Other capital surplus	85,126	85,013
<b>Total capital surplus</b>	<b>203,807</b>	<b>203,694</b>
Retained earnings		
Legal retained earnings	5,605	5,605
Other retained earnings		
Retained earnings brought forward	(215,176)	(175,308)
<b>Total retained earnings</b>	<b>(209,570)</b>	<b>(169,702)</b>
Treasury shares	(1,659)	(1,382)
<b>Total shareholders' equity</b>	<b>276,959</b>	<b>316,991</b>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	385	939
Deferred gains or losses on hedges	(437)	–
<b>Total valuation and translation adjustments</b>	<b>(52)</b>	<b>939</b>
Share acquisition rights	352	195
<b>Total net assets</b>	<b>277,260</b>	<b>318,125</b>
<b>Total liabilities and net assets</b>	<b>985,314</b>	<b>985,999</b>

## (b) Non-consolidated statement of income

(Millions of yen)

	For the fiscal year ended March 31, 2021		For the fiscal year ended March 31, 2022	
Net sales	(*)	1,092,242	(*)	1,614,787
Cost of sales	(*)	1,100,889	(*)	1,410,172
Gross profit (loss)		(8,647)		204,614
Selling, general and administrative expenses				
Advertising and promotion expenses		19,965		12,540
Transportation costs		21,943		42,135
Provision of allowance for doubtful accounts		(240)		1,189
Remuneration, salaries and allowances for directors (and other officers)		27,948		26,852
Provision for retirement benefits		2,942		1,699
Depreciation		8,899		6,917
Research and development expenses		55,787		57,464
Other		19,831		21,491
Total selling, general and administrative expenses		157,078		170,291
Operating profit (loss)		(165,725)		34,323
Non-operating income				
Interest and dividend income	(*)	18,659	(*)	10,012
Foreign exchange gains		4,011		10,828
Other		4,290		2,332
Total non-operating income		26,961		23,172
Non-operating expenses				
Interest expenses	(*)	944	(*)	1,026
Other		6,287		4,375
Total non-operating expenses		7,231		5,402
Ordinary profit (loss)		(145,996)		52,093
Extraordinary income				
Gain on sale of non-current assets	(*)	61	(*)	2,700
Gain on sale of investments in capital of subsidiaries and associates		889		1,945
Transfer pricing taxation adjustments	(*)	54,089		–
Other		141		218
Total extraordinary income		55,182		4,864
Extraordinary losses				
Loss on retirement of non-current assets		2,451		2,448
Loss related to Russian operations		–	(*)	6,491
Loss on valuation of investments in capital of subsidiaries and associates		2,706		4,283
Loss on COVID-19	(*)	1,540		–
Business restructuring expenses	(*)	26,164		–
Loss on valuation of shares of subsidiaries and associates		20,275		–
Provision of allowance for doubtful accounts		10,667		–
Foreign withholding taxes on transfer pricing taxation adjustments	(*)	8,604		–
Other		111,298		1,899
Total extraordinary losses		183,708		15,123
Profit (loss) before income taxes		(274,522)		41,835
Income taxes - current		(1,983)		1,971
Income taxes for prior periods		1,091		–
Income taxes - deferred		(224)		(285)
Total income taxes		(1,116)		1,685
Profit (loss)		(273,405)		40,149



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

(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

(Millions of yen)

For the fiscal year ended March 31, 2022	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	85,126	203,807	5,605	(215,176)	(209,570)	(1,659)	276,959
Cumulative effects of changes in accounting policies						(281)	(281)		(281)
Restated balance	284,382	118,680	85,126	203,807	5,605	(215,457)	(209,852)	(1,659)	276,678
Changes during period									
Profit (loss)						40,149	40,149		40,149
Purchase of treasury shares								(0)	(0)
Disposal of treasury shares								3	3
Exercise of share acquisition rights			(113)	(113)				273	160
Net changes in items other than shareholders' equity									
Total changes during period	–	–	(113)	(113)	–	40,149	40,149	276	40,313
Balance at end of period	284,382	118,680	85,013	203,694	5,605	(175,308)	(169,702)	(1,382)	316,991

For the fiscal year ended March 31, 2022	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	385	(437)	(52)	352	277,260
Cumulative effects of changes in accounting policies					(281)
Restated balance	385	(437)	(52)	352	276,978
Changes during period					
Profit (loss)					40,149
Purchase of treasury shares					(0)
Disposal of treasury shares					3
Exercise of share acquisition rights					160
Net changes in items other than shareholders' equity	554	437	991	(157)	834
Total changes during period	554	437	991	(157)	41,147
Balance at end of period	939	–	939	195	318,125

## 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:

Securities, excluding shares without market value:

Carried at fair value 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 balance sheet.

Shares without market value:

Carried 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)

Property, plant and equipment are amortized using the straight line method.

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 23 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. Recognition standard for significant revenues and expenses

The main performance obligation of the automobile business is the sale of vehicles and parts. Revenue is recognized when the control of goods or services is transferred to customers, such as when a vehicle is delivered, as is the normal time when performance obligation of sales of vehicles and parts is satisfied (normal time when revenue is recognized.) In addition, alternative treatment provided for in paragraph 98 of the "Implementation Guidance on Accounting Standard for Revenue Recognition" is applied, whereby revenue is recognized at the time of shipment; provided that a period from the time of shipment until the time when control of the said merchandise or product is transferred to a customer is deemed to be the normal period. In addition, payments of sales incentives to sales companies are considered to be a variable consideration when calculating transaction prices. The incentive amount expected to be paid in the future is deducted from sales during the period when control of goods or services is transferred.

As the purpose of a product warranty provided in connection with the sale of products, etc., is to guarantee that the product sold conforms to the specifications agreed with the customer, a product warranty allowance is recognized corresponding to the costs associated with the said warranty.

5. Hedge accounting

Forward foreign exchange contracts:

Deferral hedge accounting (those with forecast transactions)

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

MMC will transition to a group tax sharing system from a consolidated tax payment system in the fiscal year ending March 31, 2023. However, regarding the transition to a 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 a 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).

In addition, from the beginning of the fiscal year ending March 31, 2023, MMC and its consolidated domestic subsidiaries will adopt the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (Practical Solution No. 42, August 12, 2021), which stipulates the accounting and disclosure of corporate tax, local corporation tax, and tax effect accounting when applying the Group Tax Sharing System.

### *Significant accounting estimates*

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

##### 1) Amount recorded in the financial statements as of March 31, 2022

	As of March 31, 2021 (Millions of yen)	As of March 31, 2022 (Millions of yen)
Liabilities related to market quality measures	37,414	34,369

(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) Information related to Russian operations

##### 1) Amounts recorded in the financial statements for the fiscal year ended and as of March 31, 2022

	For the fiscal year ended and as of March 31, 2022 (Millions of yen)
Loss related to Russian operations	6,491

(Details of loss related to Russian operations are as stated in “Non-consolidated statement of income (\*6) Loss related to Russian operations.”)

##### 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) Information related to Russian operations 2) Information on significant accounting estimates for identified items.”

### *Changes in accounting policies*

#### (Application of accounting standards, etc. related to revenue recognition)

“Accounting Standards for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020, hereinafter referred to as the “Revenue Recognition Accounting Standards”) and other accounting standards were applied from the beginning of the fiscal year ended March 31, 2022. When control of promised goods or services is transferred to customers, we recognize revenue in the amount expected to be received in exchange for the goods or services.

Accordingly, regarding some of the transactions for which revenues were previously recognized at the time of vehicle registration based on contracts with customers, the Company recognizes revenues when control of goods or services is transferred to the customers at sales companies.

In addition, sales incentive payments to the sales company will be considered to be a variable consideration when calculating transaction price, and estimated sales incentives expected to be paid in the future are deducted during the accounting period when control of goods or services is transferred to the sales company.

Application of revenue recognition accounting standards and other accounting standards is in accordance with the transitional handling provided for in the proviso to paragraph 84 of the Revenue Recognition Accounting Standards. When a new accounting policy is applied retroactively before the beginning of the fiscal year ended March 31, 2022, the amount of the cumulative impacts was adjusted in retained earnings

at the beginning of the fiscal year ended March 31, 2022, so that a new accounting policy has been applied from the beginning balance.

Consequently, compared to balances prior to application of revenue recognition accounting standards and other accounting standards, net sales decreased by 10,987 million yen, cost of sales increased by 1,268 million yen and selling, general and administrative expenses decreased by 12,031 million yen, and operating profit, ordinary profit, and profit before income taxes, each decreased by 225 million yen on the Non-consolidated statement of income for the fiscal year ended March 31, 2022.

The beginning balance of Retained earnings brought forward on the Non-consolidated statement of changes in net assets decreased by 281 million yen due to the cumulative impacts reflected in net assets at the beginning of the fiscal year ended March 31, 2022.

The impact on per-share information for the fiscal year ended March 31, 2022, is immaterial.

In addition, in accordance with the transitional handling provided for in paragraph 89-3 of the Revenue Recognition Accounting Standards, notes to “Revenue Recognition” pertaining to the fiscal year ended March 31, 2021, are not provided.

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

“Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019. Hereinafter referred to as the “Fair Value Measurement Accounting Standards”) and other accounting standards were applied from the beginning of the fiscal year ended March 31, 2022. In accordance with the transitional handling provided for in paragraph 19 of the Fair Value Measurement Accounting Standards and paragraph 44-2 of “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019), the new accounting policy prescribed by the Fair Value Measurement Accounting Standards and other accounting standards have been applied prospectively. There is no impact on the financial statements.

*Changes in accounting policies, which are difficult to distinguish from changes in accounting estimates, and changes in accounting estimates*

(Change in the depreciation method for property, plant and equipment)

Previously, MMC adopted the declining balance method as the depreciation method for some property, plant, and equipment, but changed it to the straight-line method from the fiscal year ended March 31, 2022.

MMC has entered into a strategic alliance with Renault S.A. and Nissan Motor Co., Ltd. to strengthen and optimize its production system at a global level. In addition, MMC is promoting the development and sharing of new technologies, standardization of vehicle platforms, and the sharing of purchasing functions and production bases through the alliance.

Given this situation, with the formulation and drafting of the new mid-term business plan in July 2020, MMC has been consolidating the production of domestic plants to implement structural reforms starting in FY2021. As a result of examining the actual use of the property, plant, and equipment of MMC and the contents of capital expenditures, it is expected that stable production will level out the operation of property, plant, and equipment. Therefore, MMC has concluded that adopting the straight-line method to allocate costs evenly over useful life would reflect a more appropriate calculation of profit and loss for the period.

Furthermore, as a result of reexamining the expected period of using property, plant, and equipment to be aligned with the change in depreciation method, MMC has changed the useful lives of some machinery and equipment based on economic usability forecasts that are more in line with actual conditions. In addition, as a result of examining the value of property, plant, and equipment at the point in time of the disposal thereof after their useful lives have elapsed, MMC has changed the residual value of some property, plant, and equipment to 1 yen of the memorandum value.

As a result of the above changes, operating profit, ordinary profit, and profit before income taxes for the fiscal year ended March 31, 2022, each increased by 14,877 million yen, compared to the case where the previous method was applied.

### *Change in presentation*

(Non-consolidated balance sheet)

“Provision for loss on fuel consumption test,” which was separately presented in “Current liabilities” for the fiscal year ended March 31, 2021, has been included in “Other” of “Current liabilities” from the fiscal year ended March 31, 2022, due to the decreased importance of the amount. “Long-term accounts payable - other,” which was separately presented in “Non-current liabilities” for the fiscal year ended March 31, 2021, has been included in “Other” of “Non-current liabilities” from the fiscal year ended March 31, 2022, due to the decreased importance of the amount. The financial statements for the fiscal year ended March 31, 2021, have been reclassified to reflect these changes in the presentation method.

Consequently, on the Non-consolidated balance sheet for the fiscal year ended March 31, 2021, 1,066 million yen of “Provision for loss on fuel consumption test” and 19,061 million yen of “Other” of “Current liabilities” have been reclassified as 20,127 million yen of “Other” of “Current liabilities,” and 1,092 million yen of “Long-term accounts payable - other” and 3,788 million yen of “Other” of “Non-current liabilities” have been reclassified as 4,881 million yen of “Other” of “Non-current liabilities.”

(Non-consolidated statement of income)

“Gain on investment in capital of subsidiaries and associates,” which was included in “Other” of “Extraordinary income” for the fiscal year ended March 31, 2021, has been separately represented from the fiscal year ended March 31, 2022, due to the increased importance of the amount. The financial statements for the fiscal year ended March 31, 2021, have been reclassified to reflect this change in the presentation method.

Consequently, 1,031 million yen of “Other” in “Extraordinary income” has been reclassified as 889 million yen of “Gain on sale of investments in capital of subsidiaries and associates” and 141 million yen of “Other” of “Extraordinary income” on the Non-consolidated statement of income for the fiscal year ended March 31, 2021.

“Impairment losses,” which was separately presented in “Extraordinary losses” for the fiscal year ended March 31, 2021, have been included in “Other” of “Extraordinary losses” from the fiscal year ended March 31, 2022, due to the decreased importance of the amount.

“Loss on valuation of shares of subsidiaries and associates,” which was included in “Other” of “Extraordinary losses” for the fiscal year ended March 31, 2021, has been represented separately from the fiscal year ended March 31, 2022, due to the increased importance of the amount. The financial statements for the fiscal year ended March 31, 2021, have been reclassified to reflect these changes in the presentation method.

Consequently, 107,619 million yen of “Impairment losses” and 6,386 million yen of “Others” of “Extraordinary losses” have been reclassified as 2,706 million yen of “Loss on valuation of investments in capital of subsidiaries and associates” and 111,298 million yen of “Other” of “Extraordinary losses” on the Non-consolidated statement of income for the fiscal year ended March 31, 2021.

### *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, 2021 (As of March 31, 2021)	For the fiscal year ended March 31, 2022 (As of March 31, 2022)
Accounts receivable - other (Note)	1,061	1,206
(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, 2021 (As of March 31, 2021)	For the fiscal year ended March 31, 2022 (As of March 31, 2022)
Short-term monetary receivables	234,519	198,538
Long-term monetary receivables	601	-
Short-term monetary payables	181,745	151,508
Long-term monetary payables	404	404

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

	(Millions of yen)	
	For the fiscal year ended March 31, 2021 (As of March 31, 2021)	For the fiscal year ended March 31, 2022 (As of March 31, 2022)
Accumulated depreciation of property, plant and equipment	580,840	568,735

#### 4 Guarantee obligation

##### (1) Guarantee obligation

For the fiscal year ended March 31, 2021 (As of March 31, 2021)			For the fiscal year ended March 31, 2022 (As of March 31, 2022)		
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	4,624	Bank loans	PT Mitsubishi Motors Krama Yudha Sales Indonesia	-	-
MMD Automobile GmbH	2,491	Liquidation of receivables	MMD Automobile GmbH	2,911	Liquidation of receivables
Mitsubishi Corporation	-	-	Mitsubishi Corporation	875	Liquidation of receivables
MM Automobile Schweiz AG	-	-	MM Automobile Schweiz AG	109	Liquidation of receivables
M Motors Automobiles France S.A.S.	-	-	M Motors Automobiles France S.A.S.	19	Liquidation of receivables
Employees	177	(Note)	Employees	159	(Note)
Total	7,293		Total	4,075	

(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, 2021 (As of March 31, 2021)	For the fiscal year ended March 31, 2022 (As of March 31, 2022)
770	1,162

*Non-consolidated statement of income*

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

(Millions of yen)		
	For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)	For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
Operating transactions:		
Sales	927,371	1,387,078
Purchase	575,185	732,810
Non-operating transactions	21,963	12,086

(\*2) Transfer pricing taxation adjustments

For the previous 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) Loss on COVID-19

For the previous 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.

(\*4) Business restructuring expenses

For the previous 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.

(\*5) Foreign withholding taxes on transfer pricing taxation adjustments

For the previous 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.

(\*6) Loss related to Russian operations

For the current fiscal year (from April 1, 2021 to March 31, 2022)

The Russian army invaded Ukraine on February 24, 2022, and, in response to this invasion, several countries and regions, including Japan, have imposed economic sanctions against Russia.

MMC engages in assembly, production, and sales of finished vehicles in Russia through consolidated subsidiaries and affiliates in Russia that are accounted for under the equity method; however, Russia's military invasion of Ukraine has disrupted logistics networks, causing parts supplies to be frozen, hence production has been temporarily suspended.

As a result, doubts have arisen over the collection of some receivables of each company held by MMC, as well as declines in the profitability of some inventories held by MMC.

Accordingly, 6,262 million yen in Provision of allowance for doubtful accounts and 229 million yen of Valuation loss from a decline in profitability related to inventories were recorded as Extraordinary losses under Loss related to Russian operations of 6,491 million yen.

*Securities*

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

The fair values of the shares of subsidiaries and affiliates (balance sheet amounts of 145,244 million yen and 23,606 million yen for the shares of subsidiaries and those of affiliates, respectively) are not stated as they are deemed to be extremely difficult to determine.

For the current fiscal year (from April 1, 2021 to March 31, 2022)

The fair values of the shares of subsidiaries and affiliates (balance sheet amounts of 151,431 million yen and 21,575 million yen for the shares of subsidiaries and those of affiliates, respectively) are not stated as they are stocks, etc., without a readily determinable market price.

## Tax-effect accounting

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

	(Millions of yen)	
	For the fiscal year ended March 31, 2021 (As of March 31, 2021)	For the fiscal year ended March 31, 2022 (As of March 31, 2022)
Deferred tax assets:		
Net operating losses carried forward	282,127	270,924
Excess amount over limitation of taxable allowance for doubtful accounts	3,802	2,828
Excess amount over limitation of taxable provision for retirement benefits	16,963	17,630
Denial of loss on valuation of subsidiaries and associates' stocks	116,386	119,593
Liabilities related to market quality measures	11,329	9,583
Provision for product warranties	9,047	8,760
Foreign tax credit carried forward	–	8,687
Non-current assets (including impairment losses)	43,755	34,300
Other	21,967	21,994
Subtotal	505,378	494,303
Valuation allowance related to net operating losses carried forward	(282,127)	(270,924)
Valuation allowance related to total deductible temporary differences	(223,250)	(222,021)
Subtotal valuation allowance	(505,378)	(492,945)
Total deferred tax assets	–	1,357
Deferred tax liabilities:		
Valuation difference on available-for-sale securities	(182)	(407)
Other	(899)	(1,971)
Total deferred tax liabilities	(1,081)	(2,379)
Net deferred tax assets (liabilities)	(1,081)	(1,021)

### 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, 2021 (As of March 31, 2021)	For the fiscal year ended March 31, 2022 (As of March 31, 2022)
Effective statutory tax rate	This information is omitted	30.3%
Reconciliations:	because it is loss before	
Non-deductible items (entertainment expenses, etc.)	incomes taxes.	2.3
Non-taxable items (dividend income)		(6.7)
Foreign tax		(0.6)
Tax credit for experimental research expenses		(1.8)
Foreign tax credit		(14.8)
Change in valuation allowance		(4.8)
Other		0.1
Actual effective income tax rate after application of tax-effect accounting		4.0

### *Change in presentation*

In 1. Significant components of deferred tax assets and liabilities, “Provision for loss on fuel consumption test,” which was separately presented in “Deferred tax assets” for the fiscal year ended March 31, 2021, has been included in “Other” of “Deferred tax assets” from the fiscal year ended March 31, 2022, due to the decreased importance of the amount. Notes for the fiscal year ended March 31, 2021, have been restated to reflect this change in the presentation method.

Consequently, 322 million yen of “Provision for loss on fuel consumption test” and 21,644 million yen of “Other” of “Deferred tax assets” have been reclassified as 21,967 million yen of “Other” of “Deferred tax assets” on the Non-consolidated balance sheet for the fiscal year ended March 31, 2021.

### *Revenue Recognition*

Information that serves as a basis for understanding revenue from contracts with customers is as stated in “Notes (Significant accounting policy) 4. Recognition standard for significant revenues and expenses.”

### *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	140,394	1,991	6,375 (0)	136,010	105,721	2,479	30,289
	Structures	35,215	387	641 (1)	34,961	30,723	461	4,237
	Machinery and equipment	344,511	8,751	(*3) 14,081	339,181	286,416	2,679	52,764
	Vehicles	4,519	292	288	4,524	3,902	174	621
	Tools, furniture and fixtures	178,021	(*1) 18,018	8,881 (290)	187,158	141,971	10,757	45,187
	Land	70,419	4	1,042 (109)	69,381	—	—	69,381
	Construction in progress	7,884	(*2) 14,253	15,757	6,380	—	—	6,380
Total property, plant and equipment		780,967	43,698	47,067 (401)	777,598	568,735	16,553	208,862
Intangible assets	Patent right	608	—	0	608	399	58	208
	Software	31,998	5,629	3,854 (0)	33,773	21,893	4,642	11,879
	Other	17,894	9,723	5,345	22,272	146	29	22,126
Total intangible assets		50,501	15,352	9,200 (0)	56,654	22,439	4,730	34,214

(Notes) 1. The figures in parentheses in the “Decrease in current period” column represent the amounts of impairment losses included.

2. Major changes during the current fiscal year are as follows:

(\*1) Major increases in tools, furniture and fixtures

Passenger car production facilities	13,867 million yen
Minicar production facilities	1,936 million yen
Engine production facilities	795 million yen
Research and development facilities	394 million yen
Other facilities	1,026 million yen

(\*2) Major increases in construction in progress

Passenger car production facilities	5,447 million yen
Minicar production facilities	3,174 million yen
Engine production facilities	2,057 million yen
Research and development facilities	2,047 million yen
Other facilities	1,528 million yen

(\*3) Major decreases in machinery and equipment

Passenger car production facilities	2,562 million yen
Minicar production facilities	764 million yen
Engine production facilities	8,972 million yen
Research and development facilities	457 million yen
Other facilities	1,326 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	12,557	7,905	11,122	9,339
Provision for product warranties	29,880	9,868	10,817	28,931

(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, 2021 (from April 1, 2020 to March 31, 2021)

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

#### (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 24, 2021

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

First Quarter of FY2021 (from April 1, 2021 to June 30, 2021)

Submitted to the Director-General of the Kanto Local Finance Bureau on August 4, 2021

Second Quarter of FY2021 (from July 1, 2021 to September 30, 2021)

Submitted to the Director-General of the Kanto Local Finance Bureau on November 10, 2021

Third Quarter of FY2021 (from October 1, 2021 to December 31, 2021)

Submitted to the Director-General of the Kanto Local Finance Bureau on February 4, 2022

#### (5) Extraordinary Report

Submitted to the Director-General of the Kanto Local Finance Bureau on June 25, 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 (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 May 23, 2022

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.

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

Not applicable

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

(English Translation)

June 24, 2022

The Board of Directors

MITSUBISHI MOTORS CORPORATION

Ernst & Young ShinNihon LLC  
Tokyo, Japan

Hirohisa Fukuda  
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, 2022 (April 1, 2021 through March 31, 2022).

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, 2022, 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.

### *Emphasis of Matter*

We draw attention to Note "Changes in accounting policies that are difficult to distinguish from changes in accounting estimates and changes in accounting estimates" to the consolidated financial statements, which describes MMC and its domestic consolidated subsidiaries have changed the depreciation method for property, plant and equipment from the declining balance method to the straight line method and reviewed the useful lives of machinery and equipment, effective from the fiscal year ended March 31, 2022. In addition, the residual value of property, plant and equipment has been changed to the memorandum value.

Our opinion is not modified in respect of these matters.

### *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
<p>As stated in the Notes “Significant accounting estimates,” the Company recorded 37,962 million yen of liabilities related to market quality measures in the fiscal year ended March 31, 2022. Such liabilities related to market quality measures are included in accounts payable - other, and accrued expenses in the consolidated balance sheet. In addition, liabilities related to market quality measures are included in accounts payable - other, and accrued expenses on the Consolidated balance sheet.</p> <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 MMC Group calculates future expenses, considering expenses to be incurred per unit, number of units, occurrence rate of 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 experience and other factors by sales region and vehicle age. However, due to the long estimation period, the complexities and uncertainties of the estimated calculations are high and are based on significant judgements of management. 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>The Accounting Auditors primarily conducted the following audit procedures in relation to the liabilities related to market quality measures.</p> <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 internal controls relating to the evaluation of such estimates.</li> <li>• To investigate the completeness of liabilities related to market quality measures, asked questions to the quality control division of each country overseas in response to market quality measures, 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 estimating liabilities related to market quality measures, the amount recorded for liabilities related to market quality measures at the end of the previous fiscal year is compared to actual expenses.</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>

Justification for the change in depreciation method for property, plant and equipment	
Description of the Key Audit Matter and Reason for Determining the Matter	How We Addressed the Matter in Our Audit
<p>As stated in “Changes in accounting policies, which are difficult to distinguish from changes in accounting estimates, and changes in accounting estimates,” the Company and its domestic consolidated subsidiaries had used the declining balance depreciation method for property, plant and equipment and changed the method to the straight-line method from the fiscal year ended March 31, 2022. As a result of the change, including the effects of changes in the useful lives and residual values of some property, plant and equipment that were implemented in conjunction with the change in depreciation method, operating profit, ordinary profit, and profit before income taxes for the fiscal year ended March 31, 2022, each increased by 13,898 million yen, compared to the case where the previous method was applied.</p> <p>Accounting policies should be applied continuously in principle; however, when there are valid reasons, a change in accounting policies is allowed. A change in accounting policy should be made in response to changes in the nature of the entity’s business or in the business environment inside or outside the entity, and if such a change reflects accounting events, etc., more appropriately on the consolidated financial statements, it is deemed that such a change in accounting policy has been made based on valid reasons.</p> <p>The Company and its consolidated subsidiaries (hereinafter referred to as the “MMC Group”) have formed a strategic alliance with Renault S.A. and Nissan Motor Co., Ltd. to work to strengthen and optimize the production system at a global level. In addition, the alliance is promoting the sharing of new technology development, standardization of vehicle platforms, and the sharing of purchasing functions and production bases. Given this situation, taking the opportunity of formulating and drafting the new mid-term business plan in July 2020, the MMC Group established a plan to consolidate the production of domestic plants to implement structural reforms starting in FY2021. As a result of examining the actual use of the property, plant, and equipment of the MMC Group and the contents of capital expenditures, it is expected that stable production will level out the operation of property, plant, and equipment. Therefore, the Company has judged that adopting the straight-line method to allocate costs evenly over useful life would reflect a more appropriate calculation of profit and loss for</p>	<p>The Accounting Auditors primarily conducted the following audit procedures considering the justification for the change in depreciation method for property, plant and equipment.</p> <ul style="list-style-type: none"> <li>• In order to evaluate whether the change in depreciation method for property, plant and equipment was valid, we asked management about the basis for their judgment that the said change was made in response to changes in the business environment and to more appropriately reflect accounting events, etc., in the consolidated financial statements.</li> <li>• In order to examine whether the trend of production volume at domestic plants is stabilizing, we obtained data on past production volume and new model launches, analyzed trends of production volume based on such data, and verified the fact that new models had been continuously marketed after conclusion of the strategic alliance.</li> <li>• In order to evaluate management’s judgment that stable production would result in leveling out operation of property, plant and equipment, we obtained the long-term product strategy approved by the Management Committee and analyzed the planned production volume of domestic plants based on future car models to be introduced.</li> <li>• In order to evaluate the appropriateness of the change in the depreciation method for the fiscal year ended March 31, 2022, we reviewed relevant documents, including the minutes of the Board of Directors’ meeting on the medium-term business plan formulated in July 2020, regarding the consolidation of production at domestic plants that became the opportunity for the management to review the depreciation method. In addition, we have inspected domestic plants to evaluate implementation of production consolidation.</li> </ul>

<p>the period, and accordingly, the depreciation method has been changed for the fiscal year ended March 31, 2022.</p> <p>The basis of reasons to change the depreciation method for property, plant and equipment mentioned above, in particular, the existence of changes in the business environment associated with the consolidation of production at domestic plants, the likelihood of long-term operation of property, plant and equipment, and the timeliness of the change in the depreciation method, involve subjective judgments by management. Therefore, the auditor needs to exercise significant judgment in assessing whether it is deemed that the change in the depreciation method was based on a valid reason.</p> <p>Therefore, the Accounting Auditors determined that such matters are key audit matters.</p>	
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#### *Other Information*

Other information comprises information contained in the Annual Securities Report other than consolidated financial statements, non-consolidated financial statements, and audit report of the consolidated financial statements and the non-consolidated financial statements. Management is responsible for the preparation and disclosure of the other information. The Audit Committee is responsible for overseeing the Company's reporting process of the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### *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.

The 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.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, 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, 2022 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, 2022 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.

*Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan*

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

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(Notes) 1. The English translation has no legal force and is provided for convenience only.

2. The original version of the Independent Auditors' Audit Report presented above 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, 2022

The Board of Directors

MITSUBISHI MOTORS CORPORATION

Ernst & Young ShinNihon LLC  
Tokyo, Japan

Hirohisa Fukuda  
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, 2022 (April 1, 2021 through March 31, 2022).

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, 2022, 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.

*Emphasis of Matter*

We draw attention to Note “Changes in accounting policies that are difficult to distinguish from changes in accounting estimates and changes in accounting estimates” to the financial statements, which describes MMC has changed the depreciation method for property, plant and equipment from the declining balance method to the straight line method and reviewed the useful lives of machinery and equipment, effective from the fiscal year ended March 31, 2022. In addition, the residual value of property, plant and equipment has been changed to the memorandum value. Our opinion is not modified in respect of these matters.

*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 34,369 million yen of liabilities related to market quality measures in the fiscal year ended March 31, 2022.

Descriptions 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.

#### *Justification for the Change in Depreciation Method for Property, Plant and Equipment*

As stated in “Changes in accounting policies, which are difficult to distinguish from changes in accounting estimates, and changes in accounting estimates,” the Company had used the declining balance depreciation method for property, plant and equipment and changed the method to the straight-line method from the fiscal year ended March 31, 2022. As a result of the change, including the effects of changes in the useful lives and residual values of some property, plant and equipment that were implemented in conjunction with the change in depreciation method, operating profit, ordinary profit, and profit before income taxes for the fiscal year ended March 31, 2022, each increased by 14,877 million yen, compared to the case where the previous method was applied.

Descriptions 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 (Justification for the change in depreciation method for property, plant and equipment) described in the auditor’s report to the consolidated financial statements.

#### *Other Information*

Other information comprises information contained in the Annual Securities Report other than the consolidated financial statements, the non-consolidated financial statements, and the audit report of the consolidated financial statements and the non-consolidated financial statements. Management is responsible for the preparation and disclosure of the other information. The Audit Committee responsible for overseeing the Company’s reporting process of the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### *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.

The 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.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, 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.

*Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan*

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

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2. The original version of the Independent Auditors' Audit Report presented above 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, 2022
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, 2022 (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 15 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

Changes to the core system used by the Company were carried out after the end of the current fiscal year. These changes may significantly affect the evaluation of the effectiveness of internal control over the Company’s financial reporting from the next fiscal year onward.

## 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, 2022
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 FY2021 (April 1, 2021 through March 31, 2022) 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.