

MITSUBISHI MOTORS CORPORATION

INTEGRATED REPORT 2021

For the year ended March 31, 2021





Create a vibrant society
by realizing the potential
of mobility

VISION

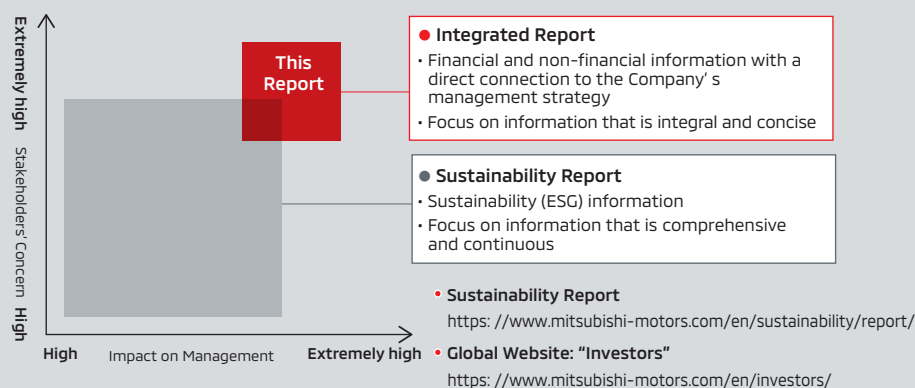
MISSION

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

Contents

■ Message from the President.....	2	■ Stakeholder Engagement	27
■ Message from the CFO.....	4	■ Mitsubishi Motors' History	28
■ Sustainability Management.....	6	■ Introducing Our New Models.....	30
■ Environmental Plan Package.....	8	■ Business and Financial Condition	32
■ Response to the TCFD Recommendations	12	Sales and Production Data	32
■ Safety and Quality	14	Overview of Operations by Region.....	34
■ Contribution to Local Economy through Business Activities	15	Financial and Non-Financial Summary ..	38
■ Promotion of Work Style Reform in Response to the New Normal Conditions...	15	Operational Review	39
■ Message from the Chairman.....	16	Consolidated Financial Statements.....	40
■ Corporate Governance	17	■ Consolidated Subsidiaries and Affiliates ..	46
■ Management	24	■ Principal Production Facilities	48
		■ Investor Information	49

System for Disclosing Information



Forward-looking Statements

Current plans, strategies, beliefs, performance outlook and other statements of Mitsubishi Motors Corporation (sometimes referred to as we, the Company, Mitsubishi Motors or MMC) in this Integrated Report that are not historical facts are forward-looking statements. These forward-looking statements are based on management's beliefs and assumptions drawn from current expectations, estimates, forecasts and projections. These expectations, estimates, forecasts and projections are subject to a number of risks, uncertainties and assumptions that may cause actual results to differ materially from those indicated in any forward-looking statement. Mitsubishi Motors Corporation, therefore, cautions readers not to place undue reliance on forward-looking statements. Furthermore, any forward-looking statements are subject to change as a result of new information, future events or other developments.





Message from the President

By embodying Mitsubishi Motors' redefined uniqueness, we aim to achieve sustainable growth and enhanced corporate value over the medium to long term.



Redefinition of Mitsubishi Motors' Uniqueness

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

Policy on Environmental Initiatives

As our policy for environmental initiatives, in November 2020 we announced the Environmental Plan Package in anticipation of society 30 years in the future. This package includes the Environmental Targets 2030, which clarifies specific initiatives to 2030. Major targets for 2030 are for electric vehicles (EVs) to account for 50% of sales, to reduce average CO₂ emissions from new vehicles by 40% (compared

with fiscal 2010), and to lower CO₂ emissions from our business activities by 40% (compared with fiscal 2014 levels). In addition, we will actively introduce electric vehicles to countries and regions where infrastructure is being developed and regulations are being further strengthened.

Development of Electric Vehicles

As a pioneer in EVs, Mitsubishi Motors has world-class technologies and expertise to be proud of. In 2009, we launched the *i-MiEV*, the world's first mass-produced EV, which opened the door to popularization of EVs. Later, we introduced the *MINICAB-MiEV* to expand the use of EVs to the commercial field.

In plug-in hybrid vehicles (PHEVs), in 2013 we launched the *Outlander PHEV* as the world's first SUV-type PHEV. This model has become the world's best-selling PHEV in terms of total unit sales.

We are working with Nissan to jointly develop mini-car-class EVs, and we plan to further strengthen our EV lineup. In the shift toward EVs, we believe that our



strengths lie in the various options we have through the alliance and our proprietary technologies.

Initiatives toward a Decarbonized Society

We believe that initiatives progressing rapidly toward a decarbonized society represent a major opportunity for Mitsubishi Motors. For example, we think minicar-class commercial EVs are an optimal solution to addressing the "last mile" of delivery in logistics. The *MINICAB-MiEV* has earned a reputation for being an easy-to-handle commercial EV, and the number of sales inquiries is increasing in Japan. We have also begun business negotiations in the ASEAN region, where full-fledged logistics networks are being built. Going forward, we will introduce vehicles to our corporate customers on a trial basis and work with some of those customers to help improve our products.

At the end of 2020, we launched the *Eclipse Cross PHEV*, which was well received. In winter 2021, we will also introduce a PHEV model for the new *Outlander*. In addition to being environmentally friendly, these

SUVs communicate the joy of driving. We have already received reports from customers and dealers who are anticipating the model's arrival.

Going forward, by continuing push forward with these various initiatives to embody Mitsubishi Motors' redefined uniqueness, we aim to provide safety, security and comfort with the environment at the core. As a result, we expect to achieve sustainable growth and enhance corporate value over the medium to long term.

Takao Kato
Member of the Board
Representative Executive Officer,
President & CEO

Message from the CFO

We will continue working to enhance the quality of sales, as well as to manage costs and risks, as we put all our efforts into bringing the Group back into the black and meeting our full-year forecast.

Koji Ikeya
Representative Executive Officer,
Executive Vice President
(CFO)



Fiscal 2020 in Review

Global demand for automobiles has slumped since COVID-19 began affecting the world in earnest in 2020. In developed countries, the situation is gradually beginning to improve. However, recovery is slow and the situation remains problematic in the markets where Mitsubishi Motors excels.

As a result, global sales volume decreased from the previous year, to 801,000 units, and net sales declined ¥814.8 billion (36%), to ¥1,455.5 billion. Amid these circumstances, we formulated a medium-term business plan called "Small but Beautiful." In the aim of drastically improving profitability, we pursued structural reforms based on a policy of selection and concentration.

We succeeded in lowering fixed costs more than expected, meeting our goal to reduce these costs by more than 20% over a two-year period a

year ahead of schedule. Owing to our successes in lowering overhead and fixed costs, as well as with various structural reform activities, we narrowed the operating loss to ¥95.3 billion, compared with the ¥100.0 billion loss we had forecast in February 2021. Earnings momentum bottomed out in the first quarter of fiscal 2020 and is recovering steadily.

Initiatives in Fiscal 2021

In fiscal 2021, we will continue making a steady effort to implement our medium-term business plan, "Small but Beautiful," to further strengthen our management base.

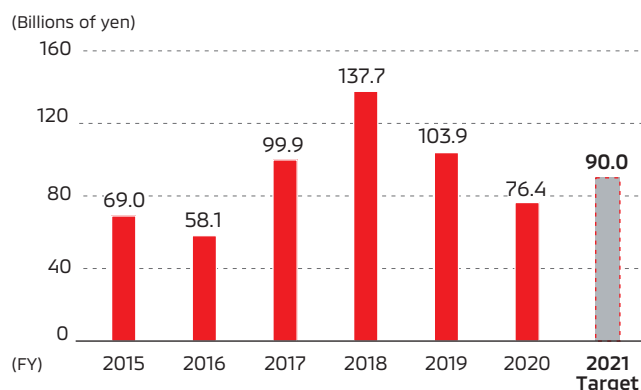
We expect a series of measures we put in place in fiscal 2020 to lower fixed costs to bear fruit throughout fiscal 2021. At the same time, we need to make investments for growth, such as advertising expens-

Operating Performance and Forecast

(Billions of yen, thousands of units)

	FY2020 (Actual)	FY2021 (Forecast)
Sales volume (retail)	801	967
Net sales	1,455.5	2,080.0
Operating profit (loss)	(95.3)	40.0
Ordinary profit (loss)	(105.2)	36.0
Profit (loss) attributable to owners of the parent	(312.3)	15.0

Capital Expenditures



es for the launch of new vehicles, as well as expenses for new product development. In fiscal 2021, we expect the full year's impact of our cost-cutting efforts to cover these forward-looking investments. As a result, we intend to keep overall fixed costs at the same level as in fiscal 2020.

In terms of regional strategies, we will steadily implement necessary measures in countries where the operating environment remains severe. At the same time, we will seize opportunities in countries where the business environment is improving.

Specifically, we expect the operating environment to remain challenging throughout fiscal 2021 in Thailand and the Philippines. We recognize that it will take a certain amount of time to regain our market share in these countries. In these countries, we will step up efforts to strengthen our sales network once COVID-19 gets under control.

On the other hand, we expect strong sales momentum to continue in fiscal 2021 in Indonesia, where the market is recovering steadily; in Malaysia, where revenues and profits continue to expand due to solid sales of the *EXPANDER* and the *Triton*; and in Vietnam, where sales reached a record high in fiscal 2020. In such countries, we will strive to continue boosting sales, taking advantage of the increase in demand.

In New Zealand, we achieved our highest-ever market share in fiscal 2020. In Australia, sales have

been strong due in part to the impact of foreign exchange rates. In these countries, we aim to increase sales volume by launching the new *Outlander* and *Eclipse Cross PHEV* models.

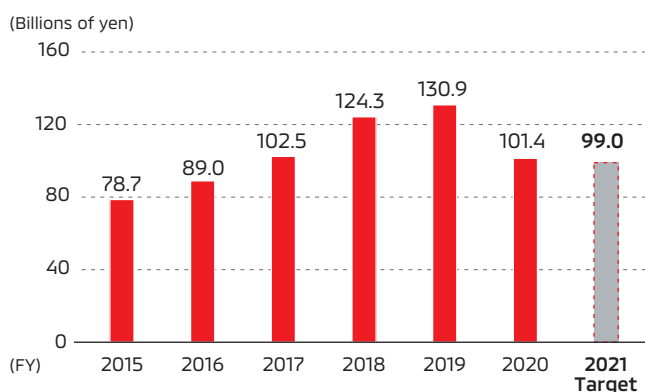
Outlook for Fiscal 2021

In fiscal 2021, we recognize the emerging risk of supply chain disruption, caused mainly by the prolonged impact of COVID-19, surging commodity markets and a shortage in the supply of semiconductors.

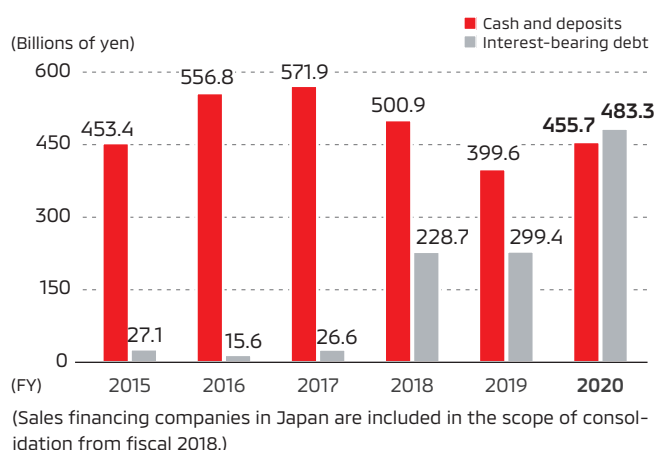
Under these circumstances, we will continue with initiatives aimed at controlling costs. At the same time, we will invest in growth in order to boost sales volume and continue working to enhance the quality of sales. As a result, for fiscal 2021 we forecast net sales of ¥2,080.0 billion, operating profit of ¥40.0 billion, ordinary profit of ¥36.0 billion and profit attributable to owners of the parent of ¥15.0 billion. We anticipate retail sales volume of 967,000 units.

Regretfully, we plan to forego dividend payments for fiscal 2021, as it is unclear whether we will consistently secure sufficient funds for dividend payments. We will endeavor to resume dividend payments as soon as possible. We ask for your understanding and continued support.

R&D Expenses



Cash and Deposits/Interest-Bearing Debt



Sustainability Management

Corporate Philosophy and Policy

■ The Three Principles of the Mitsubishi Group

The Three Principles represent the spirit of Mitsubishi since its founding and embody the fundamental philosophy shared by all Mitsubishi Group companies.

Shoki Hoko

= Corporate Responsibility to Society

Strive to enrich society, both materially and spiritually, while contributing towards the preservation of the global environment.

Shoji Komei

= Integrity and Fairness

Maintain principles of transparency and openness, conducting business with integrity and fairness.

Ritsugyo Boeki

= Global Understanding through Business

Expand business, based on an all-encompassing global perspective.

■ Vision & Mission

We have formulated our corporate vision and mission to serve as common guiding principles for the people of the Mitsubishi Motors Group as we look toward the future. The automobile industry is in a period of major change, and Mitsubishi Motors' business environment is also undergoing substantial changes. Under these circumstances, the Vision (the society we want to create) and Mission (how to realize the Vision) specify how we become more proactive to exert a positive influence on society.

The automobile industries have been creating numerous technologies and innovations including the powertrain diversification, intelligence and

IoT (Internet of Things) into vehicles. The role of the automobile has been and will be transformed from a "car" as a type of hardware currently to "mobility" as a transportation system entirely. Under such a major transition, we are committed to researching the potentialities of mobility broadly and to providing all people with possible opportunities to go wherever they want, to see whatever they want, and meet whomever they want, at any time. Our Vision embraces our desire to encourage individuals to take on new challenges, promote economic activities, and contribute to the revitalization of society by improving the efficiency of and optimizing movement of the people.

Sustainability Management

■ Approach to Sustainability

In recent years, interest toward realizing a sustainable environment, society and economy has grown, as is illustrated by such initiatives as the Sustainable Development Goals (SDGs) adopted by the United Nations, the Paris Agreement going into effect and growing ESG investment. Corporate initiatives have also placed a growing emphasis on these areas.

In particular, the automotive industry is seeing changes on a scale said to occur only once in 100 years. These changes include new technologies, such as connectedness and autonomous driving, as well as car sharing and other new business models.

On the environmental front, climate change and energy problems are growing increasingly severe throughout the world. Mitsubishi Motors is contributing to the sustainable development of society through responsible business management initiatives such as reducing greenhouse gases from its business activities. We are also striving to resolve social issues

Mitsubishi Motors' Philosophy System

The Three Principles, which guide corporate activities, embody the fundamental philosophy shared by Mitsubishi Group companies. Mitsubishi Motors strives to carry out its Mission and realize its Vision through the MMC Way, the minimum necessary preparation and behavior required of each Mitsubishi Motors employee, and the Global Code of Conduct, which is to be observed by all executives and employees.

We contribute to the sustainable development of society while deepening mutual understanding with diverse stakeholders through dialogue, and engaging in business activities in various countries and regions centered on automobiles, which are the products we see and use every day.



For details on the MMC Way and the Global Code of Conduct, please refer to the Sustainability Report.

through our business activities in various countries and regions.

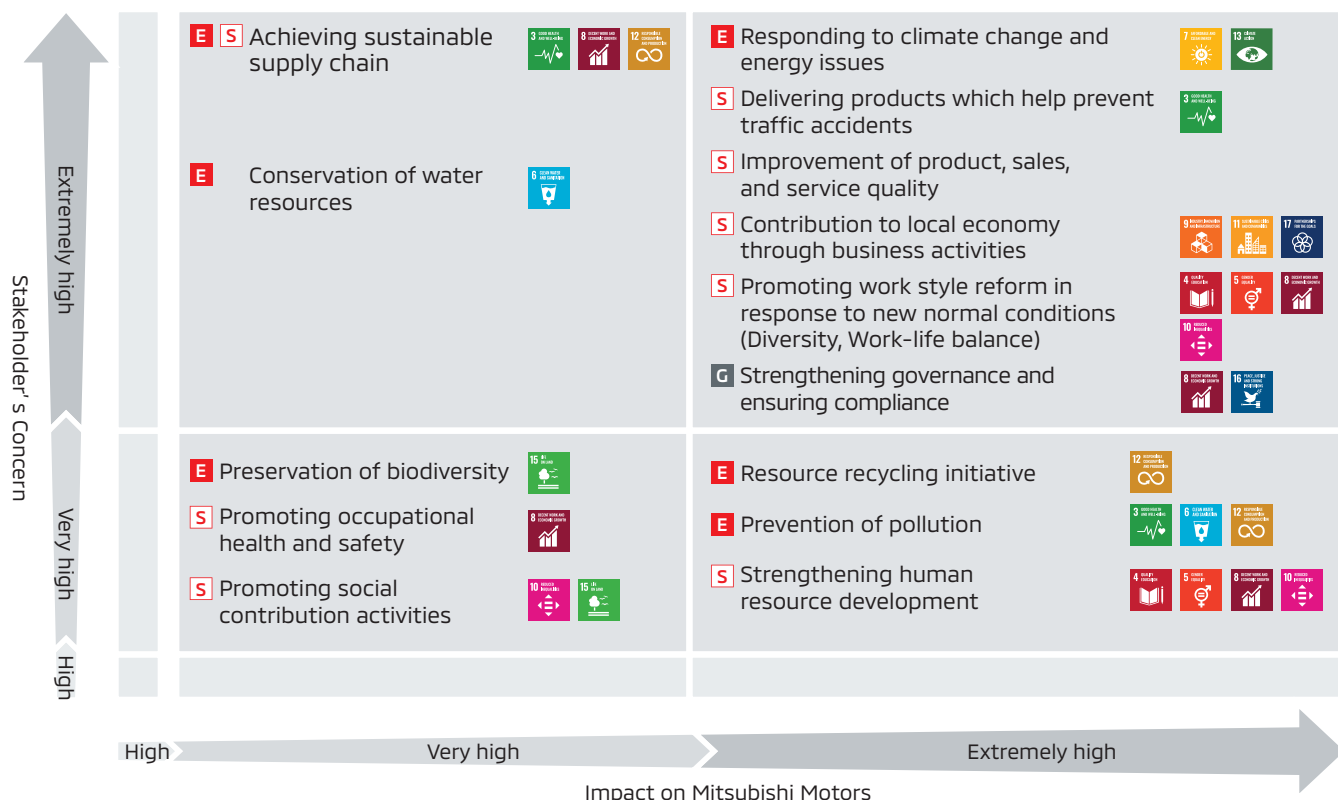
■ Framework for Promoting Sustainability

We have established the Sustainability Committee, which is chaired by the executive officer, president & CEO, to promote sustainability initiatives throughout the Mitsubishi Motors Group. This committee implements a plan-do-check-act (PDCA) cycle that involves discussing and determining activity targets corresponding to material issues and checking progress toward those targets. Structures are in place for deliberating important matters, such as a review of materiality, and reporting them to the Board of Directors.

In April 2019, we established the Sustainability Promotion Department as a dedicated organization that brings together sustainability-related operations that were formerly divided across multiple departments. While strengthening communication with stakeholders, including Sustainability Committee members and other executives and employees, we will help to realize a sustainable society and enhance corporate value.

The Material Issues We Identified

The following materiality issues were resolved at the Board of Directors meeting in October 2020.



E: Environment **S**: Social **G**: Governance

Materiality at Mitsubishi Motors

■ Identifying and Reviewing Materiality Issues

Mitsubishi Motors recognized importance of the United Nations Sustainable Development Goals (SDGs) and identified material issues that we should wrestle from various problems of environment, society and governance fields in 2018.

During the identification process, we considered each issue from the level of importance to stakeholders and the degree of impact on the Company and held interviews with experts. The Sustainability Committee then deliberated the issues, which were decided by the Executive Committee.

In recent years, social trends related to sustainability have changed substantially and rapidly. After assessing the impact of these changes on stakeholders and the Company, we are flexibly reviewing material issues and enacting measures as necessary. We aim to respond to stakeholders' needs and expectations as a result.

Considering our responses to increasingly severe environmental problems and the changing social situation due to the COVID-19 pandemic, in fiscal 2020 we reviewed the materiality items by deliberating them at the Sustainability Committee level before resolving them at a Board of Directors meeting.



Environmental Plan Package

Anticipating a time 30 years in the future, in October 2020 Mitsubishi Motors formulated the Environmental Plan Package, which defines the directions and targets of its environmental initiatives. This package establishes the foundation for our directions on environment-related management strategy, outlining our objectives for realizing a sustainable society, including one that is carbon-neutral, as we conduct our business activities. The Environmental Plan Package comprises the Environmental Policy, which we have revised to incorporate our medium- to long-term perspective; the Environmental Vision 2050, which sets out our vision for society to be achieved by 2050 and directions for our initiatives; and the Environmental Targets 2030, which clarifies specific initiatives to be achieved by 2030 in accordance with this vision.

Environmental Policy

Mitsubishi Motors has been acting in accordance with its Environmental Policy, which was formulated in 1999. However, in the 20 years that have passed since that time the operating environment has changed, prompting us to revise the policy in 2020 to reflect current social trends. We recognize that responding to environmental issues in our business activities is essential, and so have newly incorporated a medium- to long-term outlook into our policy.

Focusing specifically on climate change, resource depletion and environmental pollution, we aim to contribute to the preservation of water resources and biodiversity through initiatives in these areas.

Environmental Policy

Mitsubishi Motors recognizes that responding to environmental issues through its business activities is essential. Accordingly, we will engage proactively in specific and effective measures from a medium- to long-term perspective.

(Directions of initiatives)

1. We will face three specific environmental issues head-on: climate change, resource depletion and environmental pollution.
2. Given that 2050 is an important landmark for climate change on a global scale, we have clarified levels to be achieved, in 10-year increments, and are pursuing initiatives to this end.
3. We will respond to environmental issues through the following activities:
 - Unique environmental contributions through our products
 - Initiatives at each stage of automobile production, sale and use
 - Collaboration with business partners, affiliated institutions, governments and local authorities
 - Initiatives targeting environmental issues rooted in the local community
 - Initiatives to determine and reduce environmental impact of all related business activities

Environmental Vision 2050

Members of the Paris Agreement, adopted in 2015, agreed to limit the rise in average global temperatures to 2°C above levels before the Industrial Revolution and endeavor to keep the increase to 1.5°C. From this basis, we established initiatives to pursue from a long-term perspective, leading up to 2050. In 2018, the IPCC* published the Special Report on Global Warming of 1.5°C, which calls for society as a whole to achieve a net-zero balance between human-caused greenhouse gas emissions and absorption.

As these measures illustrate, awareness of climate change and other environmental issues is rising each year. Companies are also being called upon to undertake more ambitious initiatives.

Against this backdrop, we formulated the Environmental Vision 2050, which sets out our vision for society to be achieved by 2050, as well as directions for our initiatives, with regard to climate change, resource circulation and preventing environmental pollution.

* Intergovernmental Panel on Climate Change

Environmental Vision 2050

In December 2015, the Paris Agreement was adopted at COP21. Members of this accord agreed to curtail the rise in average global temperatures to 2°C above levels before the Industrial Revolution and to work to keep the rise to 1.5°C. Given such social demands, Mitsubishi Motors believes it can contribute toward the realization of a sustainable society, achieving a balance between the progress of humankind and the global environment, through the proliferation of electric vehicles and the promotion of their use in society.

Action to Climate Change

Through electric vehicles and the increased use of renewable energy, we will contribute to net-zero CO₂ emissions and the realization of a society that is resilient to climate change.

Resource Circulation

We will contribute to a resource-recycling-oriented society by minimizing input resources and maximizing resource efficiency.

Pollution Prevention

We will contribute toward a society free of environmental pollution affecting human health and the ecosystem by reducing the environmental impact of our products and the pollution resulting from our business activities.

TOPICS

Launch of Partially Improved *MINICAB-MiEV*, a Minicar-Class Commercial EV

After having made partial improvements, we launched the *MINICAB-MiEV*, a minicar-class commercial electric vehicle, in September 2020.

The *MINICAB-MiEV*, first launched in December 2011, is equipped with the battery and motor used on the *i-MiEV*. In addition to the superior environmental performance inherent to an electric vehicle, it excels in power, silence, comfort and more. The *MINICAB-MiEV* helps provide clean last-mile logistics.

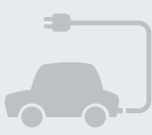


Environmental Plan Package

Environmental Targets 2030

Environmental Vision 2050 sets out our vision for society in 30 years' time, as well as the directions for our

initiatives. In line with this vision, we have formulated Environmental Targets 2030, which sets forth items to be addressed in the next 10 years.

Targets 2030		Main Initiatives
Action to Climate Change 	CO ₂ emissions from new vehicles* ¹ : -40% (compared with fiscal 2010)	- Promotion of electric vehicles, centering on PHEVs (percentage of electric vehicles*²: 50%) - Improved fuel efficiency of ICE vehicles
	CO ₂ emissions from business activities* ³ : -40% (compared with fiscal 2014)	- Promotion of energy conservation - Introduction of renewable energy
	Implementation of measures to address climate change	- Promotion of V2X*⁴ (DENDO DRIVE STATION/HOUSE) - Contribution to adaptation through agreements in times of disaster
Resource Circulation 	Expanding adoption of plastic materials not derived from oil	- Development of material technologies - Proactive use in parts
	Achievement of zero direct landfill waste (less than 0.5%)	- Reduction of waste generation and promotion of reuse as resources - Appropriate waste treatment
	Reuse of batteries used in electric vehicles	- Promotion of recovery and use (BESS*⁵, etc.) - Technology development with a view to reuse (battery packs, systems)
Pollution Prevention 	Conformance to regulations on use of substances of concern in products	- Obtaining information on laws and regulations, enhancing the internal management structure - Collaboration with suppliers
Environmental Management - Promotion of LCA*⁶ - Expanded environmental information disclosure - Collaboration with suppliers - Promotion of environmental management within the Group and at sales outlets - Promotion of employee education and awareness activities - Promotion of grass-roots community environmental preservation activities		

*1: CO₂ emissions per new vehicle while driving *2: Electric vehicles, plug-in hybrid electric vehicles (PHEVs), and hybrid electric vehicles

*3: Scope 1 (direct emissions) and Scope 2 (indirect emissions)

*4: A general term encompassing vehicle to home (V2H) and vehicle to grid (V2G), among others.

*5: BESS stands for Battery Energy Storage System.

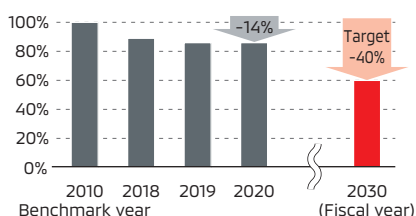
*6: LCA stands for life cycle assessment, which is a technique for calculating the environmental impact of a product from manufacturing to disposal.

Environmental Targets 2030: Principal Targets and Results

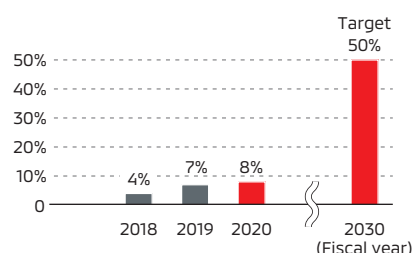
Our principal targets and results for fiscal 2020 are outlined below.

The substantial reduction in CO₂ emissions from our business activities was affected by a downturn in the number of vehicles produced, due to the COVID-19 pandemic.

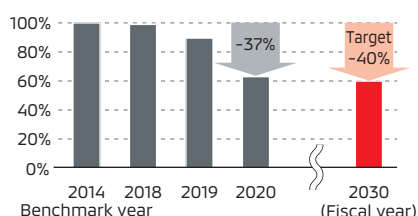
CO₂ emissions from new vehicles



Ratio of electric vehicles sold



CO₂ emissions from business activities



Framework for Consideration

We formed the Environmental Working Group, made up of members from across the Company, and proceeded with considerations.

After certain directions had been determined, a small circle chaired by the then-CEO moved forward to specifics. These were proposed to the Executive Committee and Board of Directors and approved.

<July 2018 to December 2019>



<January–October 2020>



^{*7} Positions as of March 2020

Steps to Formulation

The Environmental Working Group we set up in fiscal 2018 gathered data related to global social changes, such as economic growth and population increase, as well as environmental issues. In particular, the group looked for information on regions of importance to Mitsubishi Motors' business, ascertaining the status of local communities and government environmental policies. The working group also looked at our business data, such as unit sales and the number of vehicles owned in each country, and results of environmental initiatives, to once again clarify the Company's business characteristics. The group also summarized its efforts to date.

Using this data, we then verified each of the environmental issues and our relationship to them. We identified three environmental issues to face head-on: action to climate change, resource circulation and pollution prevention. We considered the long-term outlook for these environmental issues by studying external

scenarios from the IEA^{*8} and IPCC, as well as by running our own simulations. We then analyzed the issues to be addressed by thinking about how to contribute in a manner tailored to local communities while maximizing our strengths, looking at each market from a regional perspective and considering plug-in hybrid electric vehicles (PHEVs) and other business characteristics.

Based on this analysis, we clearly spelled out the directions for initiatives indicated in the Environmental Policy and Environmental Vision and set numerical targets for the items in the Environmental Targets. In this way, we formulated the New Environmental Plan Package, which provides an overall summary of our environmental strategies.

In addition, we had outside experts review the draft package we had formulated, looking at it from a stakeholder perspective.

Going forward, we will continue to accumulate and analyze information on social trends and confirm the appropriateness of our Environmental Plan Package.

^{*8}: International Energy Agency

Gathering of Information

- **Social and economic conditions**
Economic growth, population increase, etc.
- **Status of environmental issues**
Climate change, resource depletion, environmental pollution, loss of biodiversity and shortage of water resources
- **Trends in key regions**
(Japan, ASEAN region, Oceania, others)
Changes in GDP and population, government environmental policies, etc.
- **Data on the automobile industry and the Company**
<Business>
Unit sales and number of vehicles owned, globally and by region
<Results of Environmental Initiatives>
CO₂ emissions (Scope 1, 2, 3), amount of waste generated, etc.

Analysis

- **Verify relationships between environmental issues and the Company**
Identify environmental issues to face head-on
- **Consider long-term outlook for environmental issues**
Gather external scenarios on CO₂ emissions, run our own simulations
- **Analyze initiatives to be taken, given our business characteristics (markets and products)**

Formulation

- **Clearly spell out the Environmental Policy and Environmental Vision 2050**
- **Consider initiatives in the Environmental Targets 2030, as well as numerical targets**

Review

- **Conduct review via outside experts**

Responding to the TCFD Recommendations

With the issue of climate change growing increasingly serious, the Financial Stability Board (FSB) established the Task Force on Climate-related Financial Disclosures (TCFD), which in June 2017 announced its Recommendations of the Task Force on Climate-related Financial Disclosure (TCFD Recommendations). These recommendations encourage companies to disclose information related to climate change so that investors can appropriately assess climate-related risks and opportunities.

Recognizing the potential of climate change to present medium- to long-term risks and opportunities that affect its business domains, in July 2021 Mitsubishi Motors expressed its endorsement of the TCFD Recommendations. Accordingly, we are analyzing the impact of climate change on our businesses and finances (scenario analysis). Going forward, we will enhance our disclosure in line with the TCFD Recommendations.



Principal Risks and Opportunities the Company Recognizes, and their Response Measures

Global changes	Risks to the Company	Opportunities for the Company	Principal response measures
Strengthening of requirements for fuel economy and zero-emission vehicles^{*1}	- Fines for failing to meet fuel economy requirements - Additional costs to respond to requirements	Increased sales of EVs	- Promote EVs, centering on plug-in hybrid electric vehicles (PHEVs) - Reduce costs by taking advantage of the alliance, such as by standardizing components
Introduction of carbon taxes and carbon pricing	Higher costs to procure electricity and raw materials	—	Promote energy conservation activities and introduce renewable energy
Increasing frequency and intensity of meteorological disasters	Production stoppages due to damage to production facilities and disruption of supply chains	Increased sales of EVs in line with a growing need to secure emergency power sources	- Implement BCM-related systems and operating procedures - Promote EVs, centered on PHEVs - Promote V2X^{*2}

^{*1}: Zero emission vehicles (ZEVs) are EVs and fuel cell vehicles that emit no exhaust gases. Automotive regulations in the US State of California state that for manufacturers that sell more than a certain number of units in the state, a certain percentage of those units must be ZEVs.

^{*2}: A catch-all term including vehicle to home (V2H) and vehicle to grid (V2G)



Scenario in Which Climate Change Countermeasures Are Successful

In the countries and regions that are the Company's target markets, EVs and zero emission vehicles (ZEVs) are expected to become more commonplace as regulations on fuel economy, CO₂ emissions and ZEVs are introduced or further strengthened. Failure to comply with these regulations could affect the Company by making it susceptible to fines or increasing costs for regulatory compliance. Also, the Company could incur higher costs at the production and procurement stages due to the introduction of carbon taxes and carbon pricing.

At the same time, measures to counter regulations on fuel economy, CO₂ emissions and ZEVs could present opportunities in the form of increased sales of EVs.

The Company will seek to respond to these conditions by lowering costs (by standardizing components through the alliance) and promoting the adoption of EVs, centered on PHEVs. At the production and procurement stages, we will seek to reduce risks by promoting energy conservation activities and introducing renewable energy.

Scenario in Which Climate Change Countermeasures Are Not Successful

Typhoons, flooding and other meteorological disasters are forecast to become more frequent and intense. Accordingly, the Company faces the growing risk that damage to production facilities or supply chain interruptions could halt production. At the time, increasingly frequent and intense meteorological disasters could present an opportunity in the form of higher sales of EVs as demand rises for emergency power sources that can be used in

times of disaster.

The Company's BCM (Business Continuity Management) Committee has formulated a business continuity plan and is seeking to mitigate risk by putting in place systems and operating procedures in anticipation of natural disasters. In addition, we are responding to the opportunity to increase sales by promoting EVs, centering on PHEVs, which can serve as V2X units.

Given the circumstances outlined above, the Company is promoting climate change countermeasures based on its Environmental Plan Package. We are currently moving forward with vehicle development employing plug-in hybrid technology, which is at the core of our electrification technology. Among our efforts to achieve a decarbonized society, we will work to

address the so-called "last mile problem" in logistics with the *MINICAB-MiEV*, which we believe is ideally suited to this application. This combination of options based on alliance and proprietary technologies should enable us to respond flexibly to uncertain future scenarios and the differing needs of individual countries and regions.

Safety and Quality (Efforts to Provide Products That Offer Safety and Security)

Through dialogue with its stakeholders, Mitsubishi Motors energetically pursues initiatives to resolve social issues through the provision of safe and secure products. We aim to achieve sustainable growth in harmony with the community by leveraging characteristics unique to Mitsubishi Motors.

Delivering Products which Help Prevent Traffic Accidents

■ Basic Approach

Mitsubishi Motors is aware of its responsibility towards traffic safety as an automaker, and we have set "Delivering products which help preventing traffic accidents" as a key part of our sustainability activities.

Approximately 1.35 million people are lost in traffic accidents worldwide every year* As vehicle ownership increases in emerging countries in particular, traffic accident fatalities are also on the rise. Reducing the number of traffic accidents is an urgent matter globally. A new target was adopted for Target 3.6 of the Sustainable Development Goals (SDGs) at the 74th UN General Assembly in 2020. This target calls for halving the number of global deaths and injuries from road traffic accidents between 2021 and 2030.

Mitsubishi Motors is upholding a safety philosophy towards a car society with zero traffic accidents. To this end, we are taking action from two perspectives: developing safety technologies and promoting traffic safety education.

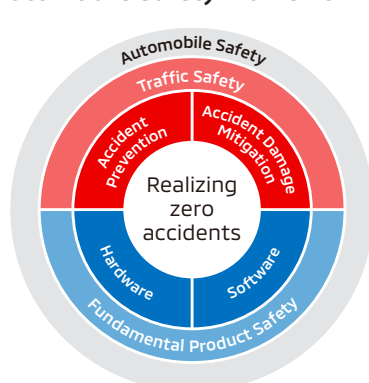
*2018 World Health Organization (WHO) survey

■ Management Structure

With regard to product development, the product safety committee has established guidelines and a strategy for safe development based on the Company's safety philosophy. The committee also formulated an automobile safety framework as our approach to safety technology. We are conducting initiatives based on three points: 1. technology to prevent traffic accidents (active safety), 2. technology to mitigate damage from traffic accidents (passive safety) and 3. avoidance of dangers, both in hardware and software, assumed as industrial products (fundamental product safety).

We are also working to enhance the management structure by educating R&D personnel to increase awareness of the safety philosophy and automobile safety framework.

Automobile Safety Framework



Improvement of Product, Sales, and Service Quality

■ Quality Policy

Mitsubishi Motors revised the following quality policy on April 1, 2019.

Quality Policy

Quality is the fundamental requirement to support our business.

1. Commit to excellence in Product, Sales, and Service Quality exceeding customer expectations
2. Focus on Quality of Management to continuously improve overall company performance.
3. Comply with laws and global regulations to gain trust on MMC quality.

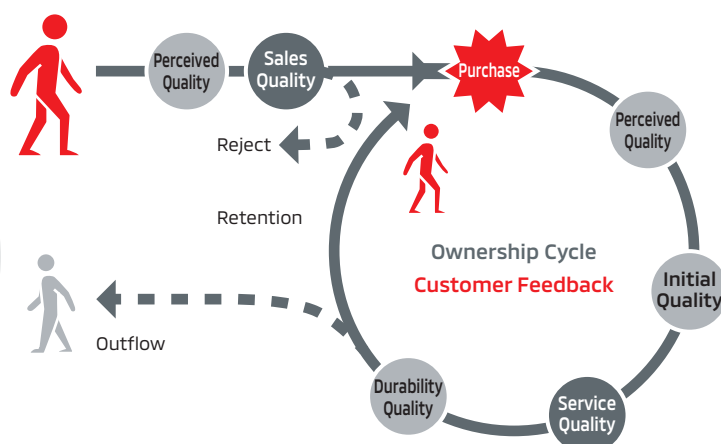
On the basis of this policy, in order to enhance quality in all stages from when a customer first considers purchasing a product through the vehicle ownership period, we are taking measures to improve quality in four categories: product quality, perceived quality, sales quality, and service quality.

Product quality includes the initial quality that customers experience immediately after purchasing a new car, and durability that customers experience throughout the entire period of use and so we sincerely take various problems arising in the market and listen to the opinions of customers so that we can promptly make improvements.

In addition, we are working to improve perceived quality in terms of aspects such as the usability, comfort, and appearance that customers perceive when they observe, feel, and use our products.

With regard to sales quality and service quality demonstrated at sales companies that have direct contact with customers, we listen closely to customers and make timely proposals and responses to customer requests to achieve high levels of customer satisfaction.

We strive to achieve the highest levels of quality from the customer's viewpoint so that we can achieve customer satisfaction during every point of contact with customers.



Contribution to Local Economy through Business Activities

The ASEAN region represents a key market for Mitsubishi Motors. We aim to achieve a further leap forward, putting in place foundations that will contribute to future growth.

■ Basic Approach

Mitsubishi Motors has been developing business in the ASEAN region since prior to the rise of motorization, and we have grown up alongside these countries while developing close ties with the region based on the idea that “regional development” is “Mitsubishi Motors development.”

By working to resolve social issues in region where we have conducted business for many years and growing together, we invigorate the community, cultivate markets, ascertain consumer needs, and strengthen corporate brand power. In these ways, we believe we can build value for society along with

our own corporate value. Our current medium-term business plan, “Small but Beautiful,” calls for the concentration of management resources on the ASEAN region—a core area of business—and providing customers with the products that they need in order to achieve further growth. In line with the materiality issue of “contribution to the local economy through business activities,” we are taking part in initiatives aimed at contributing to local economies through employment, human resource development, investment, technology transfer and export by developing business in the ASEAN region.*¹

In addition, by responding to social needs unique to the ASEAN region we leverage our distinctive technologies and services in the areas of environmental and social contribution.*²

*¹ For details on identifying materiality issues, please see page 7.

*² For specific examples, please refer to “Contribution to Local Economy through Business Activities” of the Sustainability Report 2021.

Contribution to Local Economy

Employment	Through ongoing business development, we strive to create employment in the community.
Human Resource Development	We support the growth of personnel responsible for the development of the local economy by furnishing them with specialist knowledge and skills through their experience of work.
Investment	We contribute to local economies through capital investment in our plants as our business expands.
Technology Transfer	In addition to increasing local production, we work to enhance the competitiveness of plants promoting reforms to local manufacturers’ value chains.
Export	We strengthen complementary production structures within the ASEAN region and contribute to the regional economy through sustained exports, both to other ASEAN countries and outside the region.
Environmental and Social Contribution	Mitsubishi Motors leverages its technologies and expertise in EVs, its forte, to promote EV adoption in various countries and help resolve the issues regional communities face.

Promotion of Work Style Reforms in Response to the New Normal Conditions

Mitsubishi Motors is developing an environment where diverse employees can maximize their abilities as it strives to achieve sustainable growth and enhanced corporate value.

■ Basic Approach

Mitsubishi Motors views people as the key to creating sustainable growth and improving corporate value in the ever-changing automobile industry. We therefore believe in the importance of realizing an environment where each and every person can perform meaningful work and demonstrate his or her abilities, and where

people can work enthusiastically and in good health, both physically and mentally.

The COVID-19 pandemic has prompted us to challenge the conventional approach toward “going to the office” to work, instead encouraging more flexible work styles that are less location- and time-dependent. To leverage diverse human resources to create value, we are creating a working environment that helps individuals realize a work-life balance and maximize their capabilities. In these ways, we aim to achieve both work productivity and quality of life.

Message from the Chairman of the Board

By encouraging allocation of management resources and selection of a business portfolio in a way that leverages Mitsubishi Motors' unique strengths, as well as steady execution of our business plan, we will strive to achieve sustainable growth and enhance corporate value over the medium term.



Reinforcing Corporate Governance

Around the world, uncertainty and opaqueness persists on several fronts. Contributing factors include the worldwide economic chain, increasingly severe environmental problems, rapid technological innovation, a growing gap between regions in terms of development, mounting geopolitical conflict and the COVID-19 pandemic. The automotive industry is experiencing a major transition of the sort that occurs only once every 100 years.

Amid such uncertainty and opaqueness, reinforcing corporate governance is more important than ever before. Based on a clear corporate philosophy, companies need to respect the standpoints of a range of stakeholders, including shareholders, customers, employees and local communities. At the same time, companies need to make decisions swiftly and boldly through an organization that is transparent and fair. In these ways, companies are expected to grow sustainably and enhance corporate value over the medium to long term.

Mitsubishi Motors follows the Three Principles of the Mitsubishi Group, which represent the spirit of Mitsubishi since its founding. These principles are *shoki hoko* (corporate responsibility to society), *shoji komei* (integrity and fairness) and *ritsugyou boeki* (global understanding through business). In addition, we have our own vision and mission, to "create a vibrant society by realizing the potential of mobility." As a result, we have aimed to provide sustainable value and contribute to society.

Learning from our past, we place topmost priority on compliance. We consider the ongoing strengthening and improvement of corporate governance as a priority issue for management.

In line with this focus, in June 2019 we transitioned to a company with three committees. As of June 2021, the Board of Directors has 13 members, 11 of whom are outside directors, each with considerable experience, specialized knowledge and a high level of insight. Five of the outside directors are independent directors.

Ongoing Growth and Increases in Corporate Value over the Medium to Long Term

I am the first independent outside director to be appointed as chairman of the Company's Board of Directors. I will ensure sufficient awareness of the responsibilities that the Board of Directors needs to fulfill and engage in highly effective supervision over the management team and directors from an independent and objective perspective. I will also proactively discuss the Company's management strategies and business plans with the executive team from a comprehensive viewpoint and aid in the allocation of management resources and selection of a business portfolio that leverages the Company's unique strengths and the steady execution of business plans in order to enable sustainable growth and increases in corporate value over the medium to long term.

Now, as we are faced with uncertainty and opaqueness, we must respond swiftly to changes in our environment and circumstances. We must be able to flexibly revise management strategy and business plans. Making changes takes courage, and it is important to have the environment in place in order to support the management team in taking risks appropriately. At the same time, directors, members of the management team and individual employees should hone their sensitivities to changes from their respective perspectives, and always consider, discuss and implement optimal responses and transformations. I'd like to embed this process into our corporate culture.

I will strive to give full consideration to the perspectives of our shareholders and other stakeholders and engage in proactive disclosure and constructive dialogue in an effort to enhance transparency and maintain trust.

Chairman of the Board
Tomofumi Hiraku

Corporate Governance

Basic Views and Policy on Corporate Governance

Based on its corporate philosophy (vision and mission), MMC considers compliance to be of topmost importance and accordingly aims to meet the expectations of shareholders, customers and all other stakeholders, while achieving sustainable growth and increases in corporate value over the medium to long term, by making the ongoing reinforcement and improvement of governance a management priority.

In addition, the Company has put together its basic framework for and views on corporate governance in the form of "Corporate Government Guidelines" and publishes these guidelines on the Company's website.

Overview of Corporate Governance System

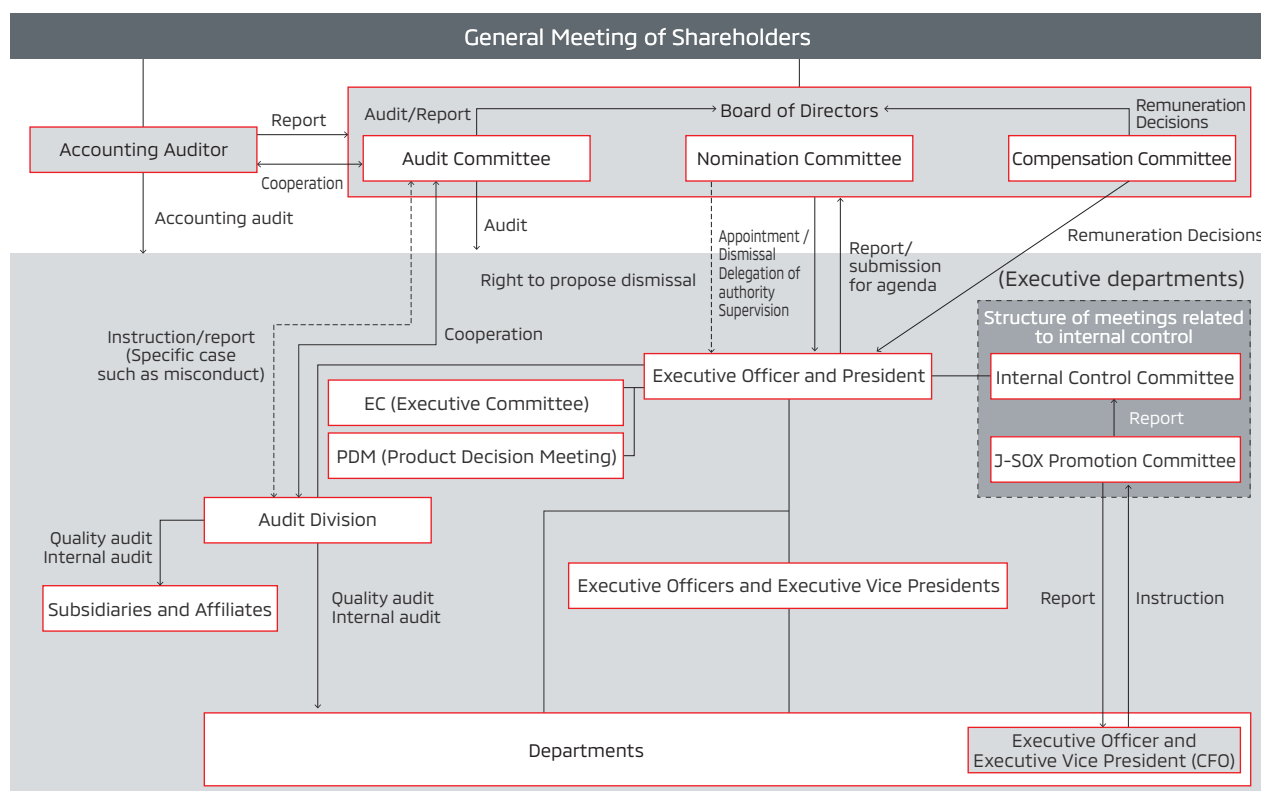
As of June 21, 2019, MMC has transitioned to a company with three committees in order to achieve swift execution of business in quick response to environmental changes by clearly separating supervisory and execution function and ensuring the soundness and transparency of management through further strengthening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

The Board of Directors is responsible for making decisions concerning important management issues and overseeing business execution. As of June 23, 2021, it is comprised of 13 Members of the Board, including 11 Outside Directors with considerable experience, deep insight and so forth, and MMC has submitted notifications, specifying five of Outside Directors

as Independent Directors to Tokyo Stock Exchange, Inc. MMC has established the following three legally required committees, the majority of which are Outside Directors, in the Board of Directors to develop the system that ensures the supervision of the Directors and Executive Officers by the Board of Directors and effective functioning of corporate governance. The Nomination Committee makes decisions on proposals for electing and dismissing Members of the Board, which are proposed at the General Meeting of Shareholders, and engages in deliberations regarding matters such as proposals for appointing and removing the Executive Officers and Corporate Officers, which are proposed at the Board of Directors and the succession planning for the Executive Officer, President. The Compensation Committee deliberates and makes decisions regarding a policy with respect to determining compensation, etc. of Members of the Board and Executive Officers, and regarding details of compensation, etc. per individual. The Audit Committee audits the execution of duties by Directors and Executive Officers, prepares audit reports, and implements internal investigations based on the judgment of the Board.

Executive Officers make decisions on the execution of business and execute the business of the Company, with the Executive Officer and President as the head of the executive departments entrusted with execution of business in general by resolution of the Board. The Executive Officer and President delegates his or her authority to Executive Officers and Executive Vice

Corporate Governance Framework (As of June 23, 2021)



Corporate Governance

Presidents and other Executive Officers in charge of important functions and holds control over the shared business execution framework. As of June 23, 2021, there were 12 Executive Officers (including the Executive Officer and President).

Corporate Officers manage the functions or business of the Company within a certain scope, pursuant to delegation by the Board or the Executive Officer and President, and carry out business. As of June 23, 2021, there were 10 Corporate Officers.

For the outline of decision-making process for business execution and various committees, MMC has in place a management framework under which the Board chiefly delegates the authority to make decisions on the execution of business to the Executive Officer and President, who is the head of the executive departments, and in addition to the Executive Officer and President, Executive Officers and Executive Vice Presidents have authority and responsibilities with respect to the execution of business within the scope of their duties based on the instructions of the Executive Officer and President. Each Executive Officer and Corporate Officer receives sub-delegation of the Executive Officer and President's decision-making authority, pursuant to the Company's DOA Regulations. These mechanisms are aimed at accelerating the execution of business and improving the transparency of the decision-making process.

Analysis and Evaluation of the Effectiveness of the Board

To improve the effectiveness of corporate governance, the Company annually evaluates the effectiveness of its Board through a questionnaire survey of

all Directors. In FY2020, the Company evaluated the effectiveness of the Board based mainly on the four elements "composition of the Board and each committee," "matters for deliberation by the Board and each committee," "oversight functions of the Board and each committee," and "status of deliberations by the Board and each committee" from the perspective of enhancing the Board's oversight function. As a result of the evaluation, the Company has judged that there are no serious concerns or other issues regarding the effectiveness of the Board. The main issues revealed in the evaluation were as follows.

- Coordination of agenda items and matters to be reported in order to emphasize broader deliberation from the perspective of the Board's oversight functions
- Provision of information regarding examination and decision-making processes on the management side that form a basis for the Board's determinations, corporate and business information that enables the Board to perform its oversight functions, and opportunities to acquire knowledge

The Company will work to continue to strengthen corporate governance by further improving the effectiveness of the Board, including initiatives for major issues recognized through analysis and evaluation of the Board.

Executive Compensation, etc.

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 com-

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

Classification	Total compensation (Millions of yen)	Total compensation by type (Millions of yen)							Number of payees (persons)
		Monetary compensation			Share-based compensation			Monetary compensation	
		Base Compensation	Short-term Performance-linked Compensation	Additional Individual Compensation	Long-term Performance-linked Compensation	Deferred Retirement Compensation	Stock Options Granted Linked to Performance in Previous Fiscal Years	Others	
Members of the Board (Excluding Outside Directors)	35	33	—	—	—	—	1	—	3
Executive Officers	533	414	—	—	—	22	0	96	12
Outside Directors and Outside Audit & Supervisory Board Members	187	187	—	—	—	—	—	—	15

Notes: The number shown in the above table for Outside Directors and Outside Audit & Supervisory Board Members indicates the number of persons who, of the total of 15 persons served as Outside Directors or Outside Audit & Supervisory Board Members during FY2020, received compensation as Members of the Board. In addition, the number includes three Outside Directors who resigned during FY2020. For Members of the Board who serve concurrently as Executive Officers, MMC pays compensation for their service as Executive Officers and does not pay compensation for their service as Members of the Board.

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

For the contents and method for determining the policy for setting the amount of Executive Compensation 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 as follows.

1. The compensation system shall contribute to MMC group's sustainable growth and medium- to long-term improvement of corporate value.
2. 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.
3. 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.
4. The compensation system shall increase a shared awareness of profits with shareholders and awareness of shareholder-focused management.
5. The decision-making process relating to compensation shall be highly transparent and objective.

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.

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). 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.

Note: For details of executive remuneration, please see the section of our annual securities report entitled "Executive Compensation."

Internal Control Systems

Basic Approach, Policies and Organization

Based on the "Basic Policy on the Establishment of Internal Control Systems" established by resolution of the Board of Directors, Mitsubishi Motors monitors the status of operations and strives to improve and reinforce internal control systems.

Mitsubishi Motors recognizes the gravity of its improper conduct in fuel consumption testing, on top of past quality problems, and in fiscal 2017 made profound reforms to its internal control system as one of its priority measures aimed at regaining trust.

First, it appointed a Vice President in charge of Global Risk Control to manage compliance and operation risk and regularly report on governance improvement measures to the Board of Directors. Furthermore, in order to reinforce, and improve the efficiency of, its handling of internal controls based on laws and regulations, it revised its internal control system. In the revised system, the J-SOX Promotion Committee, under the direct control of the Executive Officer and Executive Vice President (CFO), handles internal control related to financial reporting in accordance with the Financial Instruments and Exchange Act. The Internal Control Committee, chaired by the Executive Officer, President and vice-chaired by the Vice President in charge of Global Risk Control, promotes internal control related to the Companies Act. This Internal Control Committee confirms and evaluates the reports and resolution contents decided on by subcommittees in each internal control field, such as compliance, information security, business continuity management, and J-SOX, in accordance with the "Basic Policy on the Establishment of Internal Control Systems." From fiscal 2018 and onwards, the company will proceed to create a global internal control system through establishing and operating internal control committees at its major affiliates in Japan and overseas.

Mitsubishi Motors has also positioned the Internal Audit Division as independent of business execution. The Internal Audit Division coordinates with other committees, including the Internal Control Committee, with the aim of achieving effective and efficient internal control system operation.

Going forward, we will continue with initiatives to further reinforce governance by working to ensure compliance with laws and regulations and to promote proper, effective business execution in line with changes in the domestic and overseas environments.

Compliance

Basic Approach and Policies

Corporate activities are closely interlinked with various laws and public systems such as those related to the environment, labor, and consumer protection.

Corporate activities must be carried out in compliance with these laws and systems. Mitsubishi Motors recognizes that the failure to appropriately comply with these laws, regulations, and systems would not only impede its business continuity, but would also place significant burdens on society and the environment.

In order to fulfill its social responsibilities as a company by not only complying with laws, international rules, and internal regulations but also by respecting changing social norms to the greatest degree possible, Mitsubishi Motors has issued a "Global Code of Conduct" to serve as a standard of conduct for all executives and employees. We are also redoubling our efforts to enhance our compliance framework and employee training, including those at our major affiliates in Japan and overseas.

■ Establishment of Internal and External Consultation Offices

Mitsubishi Motors has established a contact point for reporting internal problems that employees of MMC and Group companies in Japan can use for notification and consultation to prevent and promptly detect fraud or other improper conduct as well for use in self-correction. In addition, we have set up the Mitsubishi Motors Global Whistleblowing Office, which is available for use by employees in Japan and overseas and works with outside attorneys. In the year ended March 31, 2021, the office fielded 132 notifications and consultations.

■ Education and Training

Every fiscal year we formulate compliance-related education and training programs and provide them for each job rank. Each division also draws up and conducts its own measures under the direction of the compliance officer.

■ Anti-Corruption

The "Global Code of Conduct" clearly stipulates that Mitsubishi Motors executives and employees shall comply with laws and regulations and shall maintain fair and equitable relationships with public servants and business partners. Moreover, we have built and operate a system that is designed to prevent corruption.

■ Political Involvement (Political Contributions)

Recognizing that reasonable expenditures are required to appropriately maintain a democratic government, the Company considers making political contributions to be one aspect of its social responsibility. When making such contributions, we do so in accordance with the Public Offices Election Act, the Political Funds Control Act, and other laws and regulations related to politics. We are also careful to follow our own internal rules for approval.

■ Information Security

Mitsubishi Motors is putting in place and reviewing internal regulations, managing information assets, strengthening measures to combat computer viruses and cyberattacks, providing education to employees via e-learning and other measures, and monitoring information security activities by the Information Security Committee.

■ Protection of Personal Information

Based on our Privacy Policy, we have built a management framework by establishing internal rules and taking other measures. We also conduct ongoing education, such as through the use of e-learning for employees. In addition, rules on personal information protection are being strengthened around the world. We coordinate with our bases in individual countries, putting in place systems to respond appropriately with their laws and regulations on the protection of personal information.

■ Security Export Controls

The Company sincerely believes in the importance of strict security trade controls to prevent the proliferation of weapons of mass destruction and the excessive accumulation of conventional weapons in order to maintain international peace and security. To conduct strict export controls, we have established Security Export Control Regulations. We ensure the legality of our export transactions through our management system, with its The Security Export Control Committee, led by the executive officer, president & CEO, who serves as chief security trade control officer.

Management Structure

In order to prevent compliance infractions, including information security infractions, from a global internal control perspective, each division or function appoints a compliance officer and department heads serve as code leaders, with the Vice President in charge of Global Risk Control providing overall leadership. Major subsidiaries and associates in Japan and overseas also appoint compliance officers. To help prevent compliance infractions, in fiscal 2018 we established and started operating Mitsubishi Motors Global Hotline.

Procedures are in place for reporting of serious compliance concerns ultimately to the Board of Directors via code leaders and compliance officers. As required, compliance officers give their departments appropriate instructions for dealing with problems, taking corrective action and preventing a recurrence.

The Board of Directors is provided with regular reports on these compliance structures, efforts related to education and the formulation or revision of the Global Code of Conduct, as well as the status of any compliance infractions and their countermeasures. Members of the Board of Directors, including outside directors, deliberate on and supervise these matters.

As for internal controls related to financial reporting, we verify compliance structures and procedures for financial summaries. If inadequate controls are found at a company being evaluated, we request reporting on the nature of the problem and improvements being made. In fiscal 2020, we checked the status of 20 Group companies (Mitsubishi Motors, 7 domestic affiliates, and 12 overseas affiliates).

In fiscal 2020, we experienced no compliance infractions requiring disclosure.

Risk Management

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 re-

duce risks through repeated application of the PDCA cycle, which involves identifying and evaluating each risk, devising and implementing countermeasures, and monitoring.

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

These risk management initiatives are regularly reported to the Board of Directors as key internal control measures, and the effectiveness of these initiatives is confirmed.

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.

Given our recent experience of the COVID-19 pandemic, in fiscal 2020 we established the BCM (Business Continuity Management) Committee to promote BCM activities in regular (non-crisis) times.

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.

Please see our securities report for more details on the risks we face and our responses. Matters concerning the future are judged by the MMC Group as of the filing date of securities report unless otherwise stated.

Risks related to the market and business (operational risks)	
Impact of the spread of COVID-19	We face the risk that a global resurgence of COVID-19 could lead to new restrictions on going out and affect the supply chain, continuing to hamper economic activity more than anticipated.
Impact of dependence on particular suppliers	We face the risk of having to suspend manufacturing or incur increased costs in the event that some unforeseen situation arises and interrupts deliveries from suppliers or in the event that it is not possible to procure materials and parts at competitive prices in a timely manner.
Impact of changes in manufacturing cost	We purchase materials and parts from multiple business partners and use these inputs to manufacture products. However, we face the risk that sudden shifts in supply/demand conditions, disasters or changes to the political situation in producing countries could cause the price of materials to rise, increasing the cost of manufacturing the Company's products.
Impact of product quality and safety	We face the risk of incurring major costs and damage to the reputation of our products and consequent drop in demand in the event that the Company has to issue a recall or implement countermeasures on a large scale due to product defects or failures, or in the event that the Company is sued in a large-scale product liability action.
Impact of lawsuits, etc.	We face the risk of lawsuits being brought against the MMC Group by customers, trading partners or other third parties, or of investigation by regulatory authorities in relation to alleged non-compliance with laws and regulations and being deemed non-compliant. In addition, we face the risk that rulings in legal actions currently under dispute could go against the MMC Group's claims or predictions.
Impact of laws and regulations, etc.	The MMC Group is subject to various laws and government regulations concerning the environment, such as gas emissions, fuel consumption, noise, chemical substances, recycling and water resources in the countries where it operates. In the event that the MMC Group fails to conform to or is unable to comply with such laws and regulations, or should such failure lead to sanctions against it, then the Group faces the risk of incurring substantial costs for the purpose of conforming to or complying with any revision, strengthening of or additions to, these laws and regulations. The MMC Group has put in place legal and other compliance structures to respond to a wide range of laws and regulations in Japan and overseas, including those outlined above. However, we face the risk that a legal violation or insufficiencies in the content and promptness of the MMC Group's response could have a negative impact on the Group's compliance reputation.
Impact of infringement of intellectual property rights	We face the risk of a fall in sales or of incurring legal costs 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 of limitations in the legal system in certain countries in relation to the protection of the MMC Group's intellectual property rights. We also face the risk that, in the event of an unexpected infringement of a third-party intellectual property right by the MMC Group, we must halt manufacturing or sales, pay compensation, or experience damage to the reputation of the MMC Group's products and a consequent drop in demand.
Impact of IT and information security	Cyberattacks from outside the Group, lack of proper maintenance or human errors both inside and outside the Group may lead to leakage of confidential, personal and other information, including information concerning the Group's technologies; suspension of the Group's important operations and services; improper paperwork; or destruction/falsification of important data. Such situations may seriously undermine the Group's brand and social credibility, lead to decline in sales, or give rise to legal claims, lawsuits, liability for damages or obligations to pay penalties or fines.

Risks related to business strategy and the maintenance of competitiveness (strategic risks)	
Impact on the sales strategy and response to competitor trends	The MMC Group has strived to retain or expand its sales volume and market share by focusing on the development of products and technologies based on the MMC Group's strength in vehicle electrification and SUV technologies. We have also progressed our regional strategy focused on the key ASEAN and Oceania regions, in line with our basic concept of "selection and concentration," necessary for sustained growth in the intensely competitive environment. However, we face the risk that such strategy may not proceed as planned and that we may be unable to implement measures that surpass our competitors.
Impact of product and technology development	Automobile manufacturers are subject to demands for drastic change in attitudes and technologies. If we are unable to sufficiently satisfy customers' values and needs, or if (due to internal or external factors) we are unable to develop and provide new technologies and products to customers in a timely manner, we face the risk of a decline in our share of sales, leading to decreased sales and profitability. We also face the risk that new technologies we have developed may 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.
Impact of the personnel and labor strategy	The MMC Group believes it is extremely important to secure highly specialized personnel and to provide them with opportunities for success to achieve sustainable growth to deal with severe environment changes facing the industry. However, we face the risk that recruitment and retention may not proceed as planned due to difficulties in recruitment and increased liquidity in the labor markets.
Influence of climate change	If global climate change escalates further, we face physical risks such as having to suspend the operation of plants due to weather-related disasters. If global climate change measures advance, and fuel efficiency/CO ₂ emissions regulations and regulations on the ratio of electric vehicles sold in the countries and regions that are MMC's markets are further strengthened or introduced, we could face migration risk such as withdrawal from a market due to the investment required to respond to or non-conformity with regulations.
Risks related to finance and the economy (financial risks)	
Impact of foreign exchange rate fluctuations	Fluctuations in the yen and foreign currencies cause changes in the values of receivables and payables that are denominated in foreign currencies. The Company faces the risk that changes in yen-based profits resulting from major foreign currency fluctuations could substantially impact the Group's operating performance and the realization of its business plans.
Impact of credit risks of customer, trading partner and others	The MMC Group is exposed to credit risks in its transactions with dealers and with customers and other trading partners, as well as in its automobile financing business. The Group also faces the risk that losses stemming from such credit risks could exceed its estimates due to deterioration in the external environment or other factors.
Impact of the liquidity of funds	The MMC Group faces the risk of being unable to raise the required funding at appropriate terms in the financial markets owing to an economic or financial crisis, or due to the lowering of its credit rating.
Risks related to business continuity (hazard risks)	
Impact of natural disasters, accidents and outbreak of infectious diseases	The MMC Group faces the risk that a major natural or other disaster, including earthquakes, typhoons, floods, fires and epidemics, could result in the suspension or other serious interruption in the operations of the Group or its suppliers.

Members of the Board

Tomofumi Hiraku
Chairman of the Board
(Outside Director)



Apr. 1978 Joined the Ministry of International Trade and Industry (MITI) (present: Ministry of Economy, Trade and Industry (METI))
Apr. 1993 Director, Industrial Labor Policy Office, Industrial Policy Bureau, MITI
May 1994 Consul, Consulate-General of Japan at Vancouver, Canada, Ministry of Foreign Affairs
Jun. 1997 Director, Tariff Division, International Economic Affairs Department, International Trade Policy Bureau, MITI
Jul. 1998 Director-General, General Coordination and Policy Planning Department, Kansai Bureau, MITI (present: Ministry of Economy, Trade and Industry (METI))
Jun. 2000 Director, Planning Division, Coal and New Energy Department, Agency for Natural Resources and Energy, MITI
Jan. 2001 Director, Policy Planning Division, Energy Conservation and Renewable Energy Department, Agency for Natural Resources and Energy, METI
Jul. 2002 Director, Economic and Fiscal Management Bureau, Cabinet Office, Government of Japan
Sep. 2005 Director-General for Manufacturing Industries Policy, Manufacturing Industries Bureau, METI
Jul. 2006 Director-General for Natural Resources and Energy Policy, Agency for Natural Resources and Energy, METI
Jul. 2008 Director-General, Kansai Bureau, METI
Jul. 2009 Director-General, Manufacturing Industries Bureau, METI
Oct. 2010 Joined IBM Japan, Ltd. as an Executive Advisor
Jun. 2021 Chairman of the Board, MMC (to the present)

Takao Kato
Member of the Board



Apr. 1984 Joined MMC
Apr. 2002 Manager of the Body Production Engineering Dept., Vehicle Production Division, Vehicle Production Headquarters, MMC
Apr. 2003 Section Manager of the Body Section, Production Dept., Nagoya Plant, MMC
Apr. 2007 Vice General Manager of Production Dept., Nagoya Plant, MMC
Aug. 2008 Expert of Production Dept., Nagoya Plant, MMC
Apr. 2009 Expert of the Russian Assembly Business Promotion Office, MMC
Apr. 2010 Senior Expert of the Russian Assembly Business Promotion Office, MMC
May 2010 Transferred to PCMA Rus, LLC
Apr. 2014 Vice Plant General Manager of Nagoya Plant, MMC
Apr. 2015 President, PT Mitsubishi Motors Krama Yudha Indonesia
Jun. 2019 Member of the Board, Representative Executive Officer, CEO, MMC
Apr. 2021 Member of the Board, Representative Executive Officer, President & CEO, MMC (to the present)

Kozo Shiraji
Member of the Board



Apr. 1977 Joined Mitsubishi Corporation
Apr. 2009 Senior Vice President, Division COO of Motor Vehicle Business Div., Mitsubishi Corporation
Apr. 2013 Executive Vice President, Group CEO of Machinery Group, Mitsubishi Corporation
Apr. 2016 Senior Executive Officer, Assistant to President, MMC
Jun. 2016 Member of the Board, Executive Vice President (Overseas Operations, Global After Sales), MMC
Jan. 2017 Member of the Board, Executive Vice President (Overseas Operations, Global After Sales), CPO, MMC
Apr. 2018 Member of the Board, Assistant CEO, MMC
Jun. 2018 Audit & Supervisory Board Member, MMC
Jun. 2019 Member of the Board, MMC (to the present)

Shunichi Miyanaga
Member of the Board
(Outside Director)



Apr. 1972 Joined Mitsubishi Heavy Industries, Ltd.
Jun. 2008 Member of the Board, Executive Vice President, Mitsubishi Heavy Industries, Ltd.
Apr. 2011 Member of the Board, Senior Executive Vice President, Mitsubishi Heavy Industries, Ltd.
Apr. 2013 Member of the Board, President, Mitsubishi Heavy Industries, Ltd.
Apr. 2014 Member of the Board, President, CEO, Mitsubishi Heavy Industries, Ltd.
Jun. 2014 Member of the Board, MMC (to the present)
Apr. 2019 Chairman of the Board, Mitsubishi Heavy Industries, Ltd. (to the present)
Jun. 2019 Outside Director, Mitsubishi Corporation (to the present)

Ken Kobayashi
Member of the Board
(Outside Director)



Jul. 1971 Joined Mitsubishi Corporation
Apr. 2003 Senior Vice President, General Manager of Singapore Branch, Mitsubishi Corporation
Jun. 2004 Senior Vice President, Division COO of Plant Project Div., Mitsubishi Corporation
Apr. 2006 Senior Vice President, Division COO of Ship, Aerospace & Transportation Systems Div., Mitsubishi Corporation
Apr. 2007 Executive Vice President, Group CEO of Industrial Finance, Logistics & Development Group, Mitsubishi Corporation
Jun. 2007 Member of the Board, Executive Vice President, Group CEO of Industrial Finance, Logistics & Development Group, Mitsubishi Corporation
Jun. 2008 Executive Vice President, Group CEO of Industrial Finance, Logistics & Development Group, Mitsubishi Corporation
Apr. 2010 Senior Executive Vice President, Executive Assistant to President, Mitsubishi Corporation
Jun. 2010 Member of the Board, President & CEO, Mitsubishi Corporation
Apr. 2016 Chairman of the Board, Mitsubishi Corporation (to the present)
Jun. 2016 Member of the Board, MMC (to the present)

Main Kohda
Member of the Board
(Outside Director)



Sep. 1995 Started as an independent Novelist (to the present)
Jan. 2003 Member of Financial System Council, Ministry of Finance Japan
Apr. 2004 Visiting Professor, Faculty of Economics, Shiga University
Mar. 2005 Member of the Council for Transport Policy, Ministry of Land, Infrastructure, Transport and Tourism
Nov. 2006 Member of Government Tax Commission
Jun. 2010 Member of the Board of Governors, Japan Broadcasting Corporation
Jun. 2012 Outside Director, Japan Tobacco Inc. (to the present)
Jun. 2013 Outside Director, LIXIL Group Corporation
Jun. 2016 Outside Director, Japan Exchange Group (to the present)
Jun. 2018 Member of the Board, MMC (to the present)

Yaeko Takeoka
Member of the Board
(Outside Director)



Apr. 1985 Registered as an attorney at law Member of Daini Tokyo Bar Association
Oct. 2003 Chairperson of the Sub-Committee on Research, Japan Law Foundation
Jan. 2005 Member of Expert Panel on Management of Intellectual Properties under the Council for Science and Technology Policy
Mar. 2006 Member of the Council for Small and Medium Enterprise Policy
Jan. 2007 Joined Kohwa Sohgo Law Offices (to the present)
Apr. 2008 Member of the Administrative Council of The University of Electro-Communications
Mar. 2011 Member of the Industrial Structure Council
Dec. 2014 Member of Committee on Intellectual Property for Innovative structural materials under Cross-Ministerial Strategic Innovation Promotion Program
Jun. 2015 Audit & Supervisory Board Member, MMC
Mar. 2019 Outside Audit & Supervisory Board Member, AGC Inc. (to the present)
Jun. 2019 Member of the Board, MMC (to the present)

Kenichiro Sasae
Member of the Board
(Outside Director)



Apr. 1974 Joined Ministry of Foreign Affairs
Apr. 2000 Executive Assistant to the Prime Minister for Foreign Affairs
Apr. 2001 Deputy Director-General, Foreign Policy Bureau
Mar. 2002 Director-General, Economic Affairs Bureau, Ministry of Foreign Affairs
Jan. 2005 Director-General, Asian and Oceania Affairs Bureau, Ministry of Foreign Affairs
Jan. 2008 Senior Deputy Minister for Foreign Affairs
Aug. 2010 Vice-Minister for Foreign Affairs
Sep. 2012 Ambassador Extraordinary and Plenipotentiary of Japan to the United States of America
Apr. 2018 Adviser to the Minister for Foreign Affairs (to the present)
Jun. 2018 President and Director General, The Japan Institute of International Affairs
Aug. 2018 Outside Director, Hotel Okura Co., Ltd. (to the present)
Jun. 2019 Outside Director, SEIREN CO., LTD. (to the present)
Jun. 2019 Member of the Board, MMC (to the present)
Dec. 2020 President, The Japan Institute of International Affairs (to the present)

Kiyoshi Sono
Member of the Board
(Outside Director)



Apr. 1976 Joined The Sanwa Bank, Limited
May 2004 Director, Executive Officer, UFJ Bank Limited
Jan. 2006 Executive Officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd.
May 2006 Managing Executive Officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd.
May 2010 Senior Managing Executive Officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd.
May 2012 Managing Executive Officer, Mitsubishi UFJ Financial Group, Inc.
Jun. 2012 Deputy President, The Bank of Tokyo-Mitsubishi UFJ, Ltd.
May 2014 Deputy Chairman of the Board of Directors, The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Jun. 2014 Chairman of the Board of Directors, Mitsubishi UFJ Financial Group, Inc.
Jun. 2014 Outside Directors, Mitsubishi UFJ NICOS Co., Ltd. (to the present)
Jun. 2015 Chairman (Representative Corporate Executive), Mitsubishi UFJ Financial Group, Inc.
Jun. 2017 Outside Director, Nankai Electric Railway Co., Ltd. (to the present)
Jun. 2017 Deputy Chairman, Executive Officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Apr. 2018 Deputy Chairman of the Board of Directors, MUFG Bank, Ltd.
Apr. 2019 Chairman of the Board of Directors, MUFG Bank, Ltd. Member of the Board of Directors, Managing Corporate Executive, Mitsubishi UFJ Financial Group, Inc.
Jun. 2019 Member of the Board, MMC (to the present)
Jun. 2019 Managing Executive Officer, Mitsubishi UFJ Financial Group, Inc.
Apr. 2021 Senior Advisor, MUFG Bank, Ltd. (to the present)

Hideyuki Sakamoto
Member of the Board
(Outside Director)



Apr. 1980 Joined Nissan Motor Co., Ltd.
Apr. 2008 Corporate Officer, Nissan PV Product Development Div. No.1, Nissan Motor Co., Ltd.
May 2009 Corporate Officer, Alliance Common Platform and Components, Nissan Motor Co., Ltd.
Apr. 2012 Corporate Vice President, Production Engineering Div., Nissan Motor Co., Ltd.
Apr. 2014 Executive Vice President, Product Engineering, Nissan Motor Co., Ltd.
Jun. 2014 Chairman of the Board, NISSAN AUTOMOTIVE TECHNOLOGY CO., LTD.
Jun. 2014 Director, Executive Vice President, Product Engineering, Nissan Motor Co., Ltd.
Jan. 2018 Director, Executive Vice President, MFG & SCM Operations, Nissan Motor Co., Ltd.
Jun. 2018 Chairman of the Board, Nissan Motor Kyushu Co., Ltd. (to the present)
Aug. 2018 Board Member, Chairman, AICHI MACHINE INDUSTRY CO., LTD. (to the present)
Sep. 2018 Chairman of the Board, JATCO Ltd (to the present)
Jun. 2019 Member of the Board, MMC (to the present)
Jun. 2019 Executive Officer, Executive Vice President, Manufacturing & SCM Operations, Nissan Motor Co., Ltd.
Feb. 2020 Director, Executive Officer, Executive Vice President, Manufacturing & SCM Operations, Nissan Motor Co., Ltd. (to the present)

Yoshihiko Nakamura
Member of the Board
(Outside Director)



Nov. 1979 Joined Peat Marwick Mitchell & Company (present: KPMG AZSA LLC)
Mar. 1983 Registered as certified public accountant
Oct. 1994 Partner (Representative), Minato Audit Corp. (present: KPMG AZSA LLC)
Oct. 2003 Partner, KPMG AZSA LLC
Jun. 2019 Substitute Auditor, Seika Corporation
Jul. 2019 Started CPA Yoshihiko Nakamura Accounting Office (to the present)
Jun. 2020 Member of the Board, MMC (to the present)
Jun. 2020 Auditor, Seika Corporation (to the present)

Joji Tagawa
Member of the Board
(Outside Director)



Apr. 1983 Joined Nissan Motor Co., Ltd.
Apr. 2006 Corporate Officer, Treasury Department and Investor Relations Department, Nissan Motor Co., Ltd.
Apr. 2010 Corporate Officer, Investor Relations Department and M&A Support Department, Nissan Motor Co., Ltd.
Apr. 2014 Corporate Vice President, Investor Relations and M&A Support Department, Nissan Motor Co., Ltd.
Oct. 2014 Director, RENAULT JAPON CO., LTD.
Apr. 2019 Corporate Vice President, Investor Relations, Nissan Motor Co., Ltd.
Dec. 2019 Senior Vice President, Chief Sustainability Officer, Global External & Government Affairs, Environment/CSR, IP promotion, Corporate Management Office, Board of Directors Office, Corporate Service and Investor Relations Department, Nissan Motor Co., Ltd.
Apr. 2020 Senior Vice President, Chief Sustainability Officer, Global External & Government Affairs, Environment/CSR, IP promotion, Corporate Service and Investor Relations Department, Nissan Motor Co., Ltd.
Apr. 2020 Outside Director, Renault SA (to the present)
Jun. 2020 Member of the Board, MMC (to the present)
Apr. 2021 Senior Vice President, Chief Sustainability Officer, Global External & Government Affairs, Environment/CSR, Crisis Management and Security Office, IP promotion and Corporate Service, Nissan Motor Co., Ltd. (to the present)

Takahiko Ikushima
Member of the Board
(Outside Director)



Apr. 1990 Joined Nissan Motor Co., Ltd.
Nov. 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.
Dec. 2019 Corporate Vice President, Global Controller, Accounting, Nissan Motor Co., Ltd. (to the present)
Jun. 2020 Member of the Board, MMC (to the present)

Executive Officers

Takao Kato

Representative Executive Officer
President & CEO

Hiroshi Nagaoka

Representative Executive Officer,
Executive Vice President
(responsible for Monozukuri)

Yoichiro Yatabe

Representative Executive Officer,
Executive Vice President
(responsible for Sales)

Koji Ikeya

Representative Executive Officer,
Executive Vice President
(CFO)

Hitoshi Inada

Senior Executive Officer
(responsible for Corporate
Governance)

Yukihiro Hattori

Senior Executive Officer
(responsible for Procurement)

Noboru Tsuji

Senior Executive Officer
(responsible for Domestic Sales)

Noriaki Hirakata

Executive Officer
Division General Manager,
Corporate Strategy Management
Division

Koji Yamada

Executive Officer
Division General Manager,
TCS Division

Koichi Namiki

Executive Officer
(responsible for Product Strategy)
and Division General Manager,
Product Strategy Division

Mitsunori Kitao

Executive Officer
(responsible for Production)

John Signoriello

Executive Officer
(responsible for Global
Marketing & Sales)

Corporate Officers

Ryugo Izumida

Corporate Officer
Division General Manager,
Human Resources Division

Yasuko Takazawa

Corporate Officer
Assistant to Senior Executive Officer
and General Manager,
Legal Department

Yosuke Wakabayashi

Corporate Officer
(responsible for General Administra-
tion, Communication, Sustainability)
and Assistant to Executive Officer
for Domestic Sales (responsible for
Public Procurement)

Masao Kuruma

Corporate Officer
CIO
Division General Manager,
Global IT Division

Tomonori Tanaka

Corporate Officer
Division General Manager,
Controlling &
Accounting Division

Takashi Fukuzumi

Corporate Officer
Division General Manager,
Finance Division

Kazuaki Iwamoto

Corporate Officer
Division General Manager,
Mobility Business Division

Takashi Shirakawa

Corporate Officer
Division General Manager,
EV・Powertrain Engineering
Development Division

Seiji Watanabe

Corporate Officer
Division General Manager,
Design Division

Tomoo Yoshida

Corporate Officer
Division General Manager,
Procurement Communication
Division

Stakeholder Engagement

Basic Approach

Through dialogue with stakeholders that are important for the sustainable growth of the company, Mitsubishi Motors clarifies the responsibilities and issues of the Mitsubishi Motors Group and works on its daily operations while making efforts for improvement.

For example, if a customer points out issues related to quality or defects, we seek to resolve this customer issue in collaboration with sales companies and drive further quality enhancements. In addition, feedback and opinions about product functionality or specifications are shared with relevant divisions and

used to improve product capabilities even further.

We make video recordings of this feedback available via our intranet to employees, giving them access to firsthand customer opinions. Particularly important comments and opinions are periodically reported to management.

By strengthening dialogue with stakeholders, we strive to sincerely address society's expectations and face any issues, reflecting this input in our future initiatives.

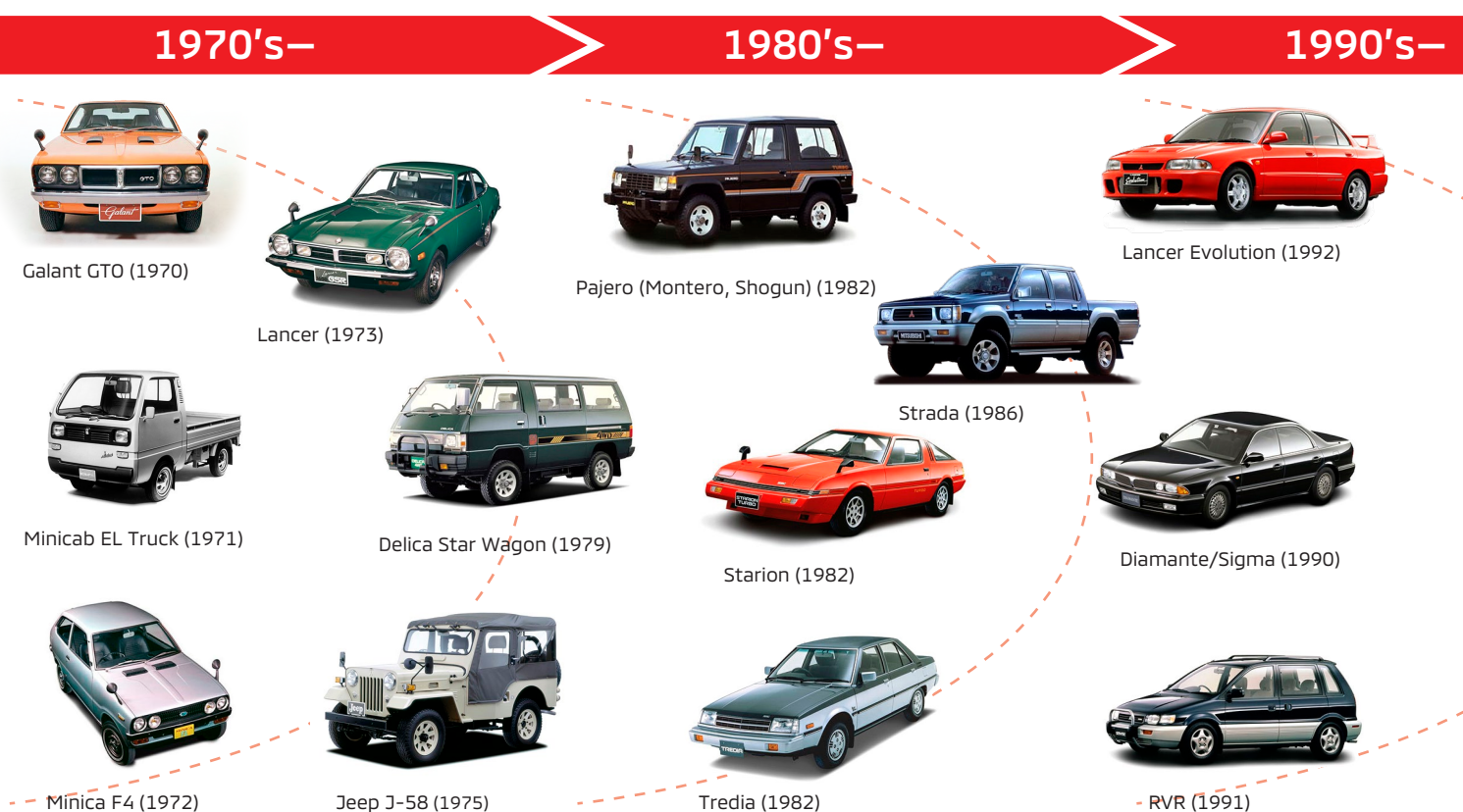
Dialogue with Stakeholders

Stakeholders	Policies on Dialogue	Opportunities for Dialogue	Frequency	Reflecting Input in Our Business
Consumers and customers	Promote activities that better reflect customer input in our products and services.	Customer Contact Center, sales companies, after-sales services	Ongoing	Promoting customer satisfaction activities
		Website, social networks	Ongoing	Improving products and services
		Customer satisfaction surveys	As necessary	
		Events, TV/newspaper/magazine advertising, email magazine	As necessary	
Business partners	Engage in communication aimed at coexistence and coprosperity based on mutual trust.	Contact for inquiries, Business Partner Helpline	Ongoing	Building relationships aimed at coexistence and coprosperity based on mutual trust
		Suppliers Meeting, presentations, events, specialized websites	As necessary	
		Participation in industry organizations	As necessary	
Shareholders and investors	Disclose business and financial information and results in a timely and appropriate manner. Conduct constructive dialogue aimed at sustainable growth and enhanced corporate value.	IR inquiry contacts	Ongoing	Promoting initiatives targeting sustainable growth and enhanced corporate value
		Interviews	As necessary	
		Financial results briefings	Four times per year	
		Mid-term business plan briefings	As necessary	
		Individual initiative briefings	As necessary	
		Shareholders' Meeting	Once per year	
		IR websites	Ongoing	
		Events, email magazines	As necessary	
		Integrated report	Once per year	
Employees	Engage in bilateral communication to cultivate a sense of teamwork and unity based on relationships of mutual trust and mutual responsibility between labor and management.	Labor management discussions	As necessary	Creating a working environment that is safe and rewarding
		Consultation offices (Employee Consultation Office, MMC Hotline, Mitsubishi Motors Global Hotline)	Ongoing	
		Town hall meetings with senior management	As necessary	
		Internal websites	Ongoing	
		Employee surveys	Every two years	
Local communities	Build good relations with local communities. Engage in dialogue with diverse stakeholders to resolve social and environmental issues.	Local community consultation desks, websites	Ongoing	Promoting initiatives to resolve social and environmental issues
		Collaborations with local government bodies	As necessary	
		Social contributions	As necessary	
		Community events	As necessary	
		Plant tours	Ongoing	

Mitsubishi Motors' 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 (presently Okazaki Plant) -Okazaki Plant
December 1979	MMC commissioned Kyoto Works - Shiga Plant
October 1980	MMC and Mitsubishi Corporation jointly established Mitsubishi Motors Australia Ltd. (MMAL) (MMC subsequently acquired all MMAL shares in December 2001)
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)

Major Successive Models



Date	Outline
November 1996	MMC commissioned Tokachi Proving Ground in Hokkaido.
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)
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)
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)
June 2019	MMC made the transition to a company with three committees



Introducing Our New Models

**We have restyled our crossover SUV,
the *Eclipse Cross*, and introduced a new PHEV model.**

The architecture consists of one front and one rear high-power electric motor, a large-capacity drive battery and a 2.4 L MIVEC engine, allowing for the quick, silent, yet powerful acceleration unique to electric vehicles along with nimble yet stable handling.

The *Eclipse Cross* is a crossover SUV that vehicle boasts a stylish coupe shape and dynamic power, epitomizing the essence of Mitsubishi cars. The redesign takes SUV dynamics to a new level, while achieving a graceful, flowing form. At the same time, we have introduced a new PHEV variant.

The drive battery is 13.8 kWh with an all-electric range of 57.3 km (WLTC Mode), allowing pure electric driving for most daily commutes. There are three driving modes: EV Mode drives with the electric motors using power from the drive battery, Series Hybrid Mode uses the gasoline engine to generate power for the electric motors that drive the vehicle, and Parallel Hybrid Mode uses the gasoline engine to drive the vehicle, assisted by the electric motors. Automatic switching between these modes according to driving conditions allows drivers to feel the driving pleasure

of motor drives in a variety of environments.

The 100-volt AC on-board outlet with a maximum 1,500 Watts can supply power to electronics and appliances* for outdoor leisure and is a reliable source of electricity in an emergency. The vehicle can also serve as a rechargeable battery that powers an entire household with its stored energy by connecting a vehicle-to-home (V2H) device to the quick-charging port. Since the vehicle can generate its own power, it can supply up to 10 days of power to a general household when fully charged and fueled. (We assume average household power usage of around 10kWh/day.)

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



Eclipse Cross PHEV

We conducted a full model change of the *Outlander*, a crossover SUV, which we are launching globally.

Featuring a heritage-inspired powerful design, safety and safe driving performance, and a high-quality spacious interior, this reliable crossover SUV offers an extended travel range and is poised to meet whatever challenges a customer offers it.

The design concept of the all-new *Outlander* is "Bold Stride," representing a bold, adventurous attitude and confidence to move forward. A next-generation Dynamic Shield in the front, large-diameter 20-inch wheels (for certain trim levels) and overhanging fenders that emphasize the wide body express a profound boldness and proportion that simultaneously provides a strong sense of presence.

The newly developed platform greatly improves collision safety performance and achieves a high level of steering stability. The newly developed 2.5 L gasoline engine improves maximum output by 8.9% and fuel efficiency (WLTC mode) by 2.6% over the previous model. Torquey and powerful at low to medium rpms

but smooth and easy to handle at high rpms means the driver can enjoy pleasant city trips to fun sporty driving. The 4WD model is equipped with an improved S-AWC integrated vehicle dynamics control system. Brake Active Yaw Control (AYC) is used on the rear wheels as well, making it possible to provide front and rear wheel distributed control.

Careful attention to the sense of feel and materials used create a high-quality interior that is spacious enough for seven people in three rows of seating. Easy to see and operate LCD meter indicators, as well as wireless charging for smartphones substantially increase the sense of quality and convenience.



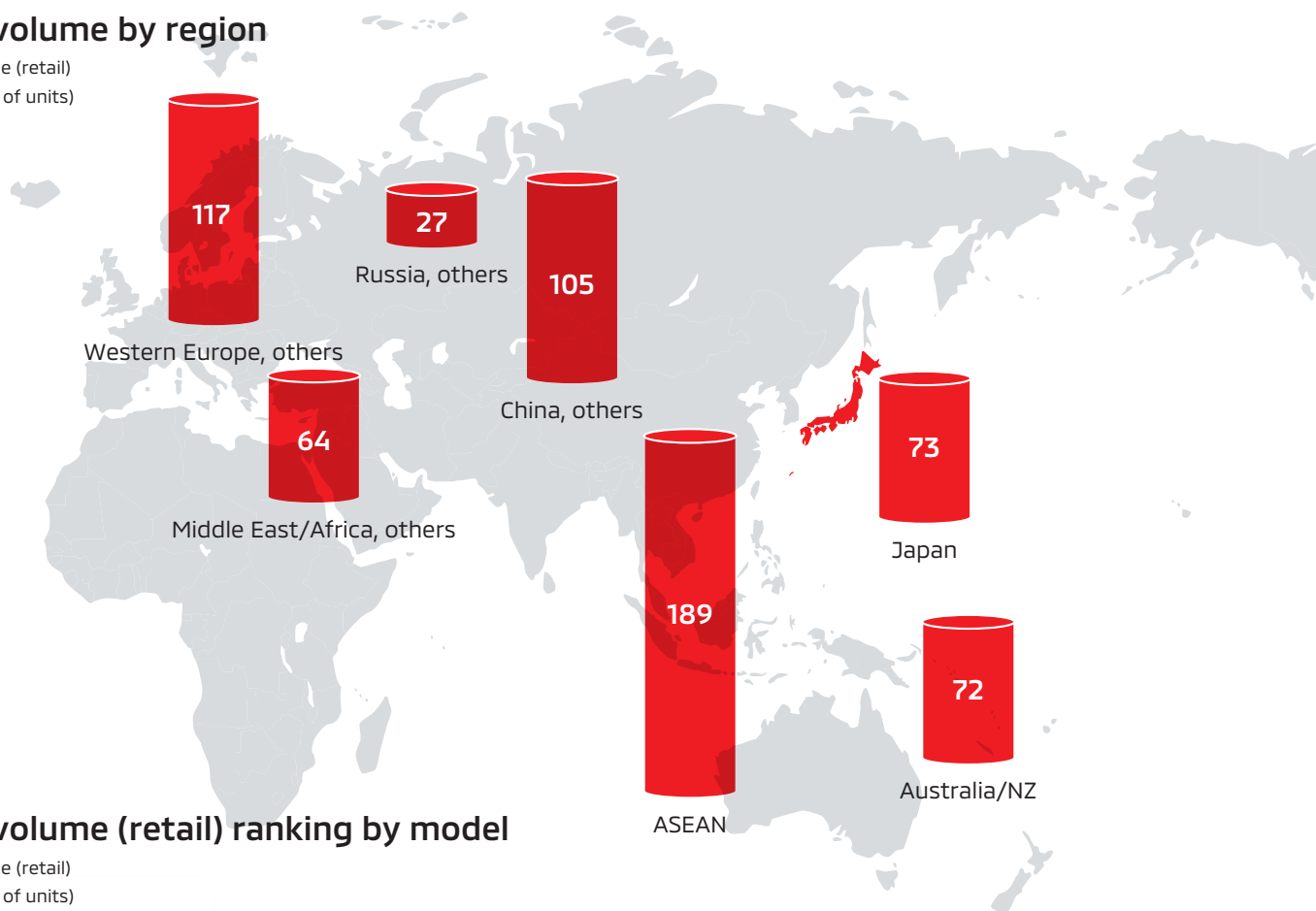
Business and Financial Condition

Sales and Production Data

Fiscal 2020 Sales volume (retail): **801,000** units;
production volume: **814,000** units

Sales volume by region

Sales volume (retail)
(Thousands of units)



Sales volume (retail) ranking by model

Sales volume (retail)
(Thousands of units)



Outlander

172 (PHEV 31)



Triton/L200

145



RVR

97

(ASX, Outlander Sport)

12.1%

3rd



XPANDER

69

8.6%

4th



Mirage
(Space Star)

57

7.1%

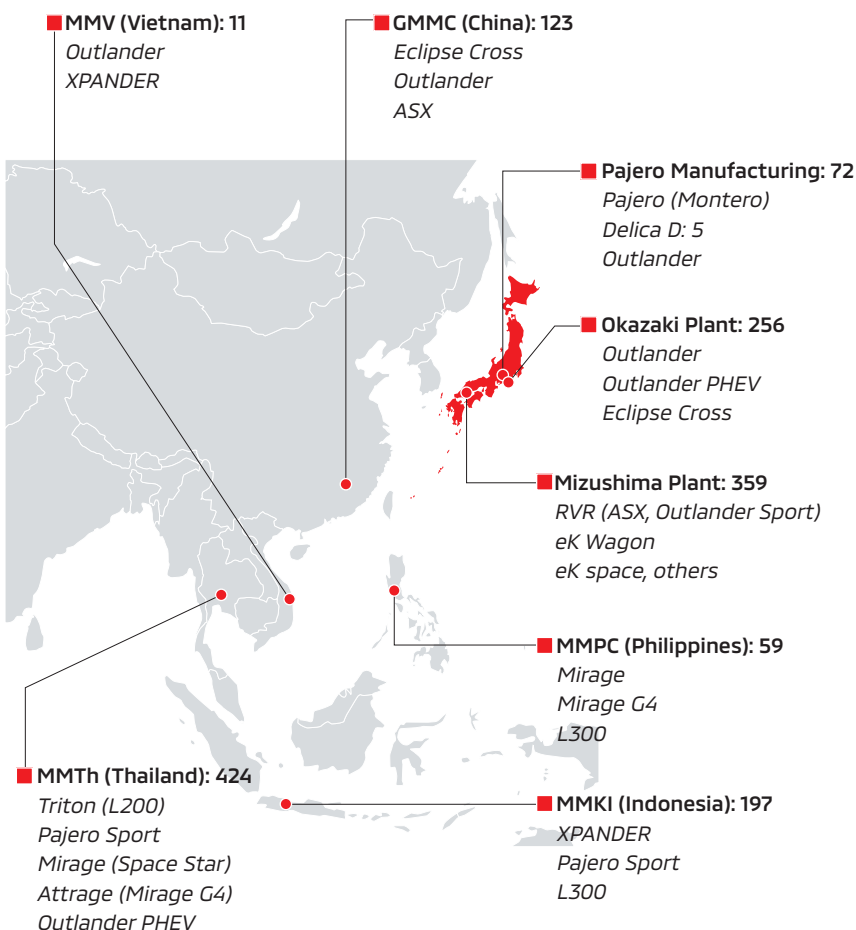
5th



Production capacity

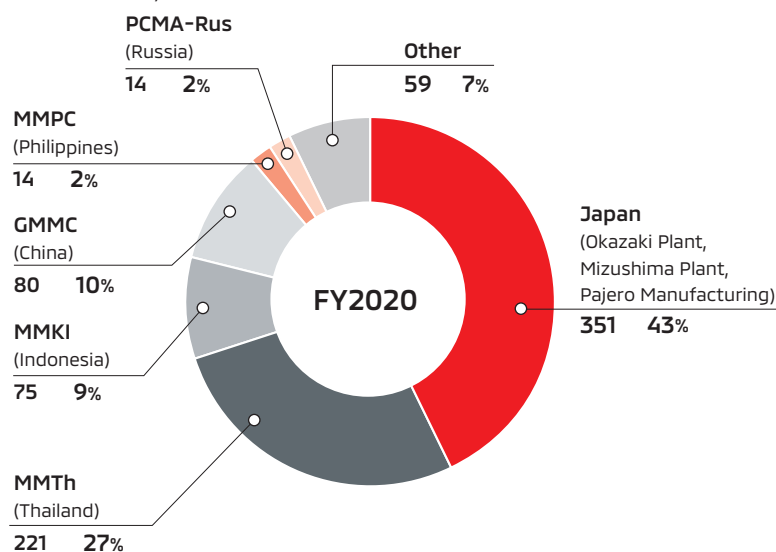
(Thousands of units)

For fiscal 2020, based on standard operation



Production results

(Thousands of units)



The count of the number of vehicles produced by plant is based on their site of final assembly, so statistical data may vary from that of the Japan Automobile Manufacturers Association.

Overview of Operations by Region

Sales Volume

(Thousands of units)

	FY2017	FY2018	FY2019	FY2020	FY2021 (Forecast)
ASEAN	272	318	290	189	273
Oceania	95	102	88	72	97
Latin America/Middle East/Africa, others	135	148	136	105	121
China, others	157	162	143	105	97
Japan	98	105	95	73	94
North America	155	173	160	113	155
Europe	189	236	215	144	130
Total	1,101	1,244	1,127	801	967

Net Sales

(Billions of yen)

	FY2017	FY2018	FY2019	FY2020	FY2021 (Forecast)
ASEAN	500.8	562.5	551.9	317.7	510.0
Oceania	241.0	221.6	176.8	173.3	255.0
Latin America/Middle East/Africa, others	218.6	298.5	249.6	145.3	220.0
China, others	85.4	101.4	41.7	19.2	15.0
Japan	349.4	428.7	460.5	422.1	465.0
North America	352.5	387.8	315.1	194.6	380.0
Europe	444.7	514.1	474.7	183.3	235.0
Total	2,192.4	2,514.6	2,270.3	1,455.5	2,080.0

Operating Profit

(Billions of yen)

	FY2017	FY2018	FY2019	FY2020
ASEAN	47.2	64.2	63.6	9.3
Oceania	18.6	13.3	(4.4)	(7.4)
Latin America/Middle East/Africa, others	18.7	17.9	4.0	(11.4)
China, others	16.1	13.1	(1.5)	(3.0)
Japan	(14.1)	4.1	(12.6)	(29.5)
North America	1.0	3.5	(18.2)	(33.3)
Europe	10.7	(4.3)	(18.1)	(20.0)
Total	98.2	111.8	12.8	(95.3)

Note: From FY2018, certain countries in Europe and ASEAN have been reclassified to Latin America/Middle East/Africa, others. Figures for FY2017 have been retroactively adjusted to account for this change. Regarding retail sales in China, we changed the calculation method for retail sales volume from FY2019. As a result, retail sales recorded in FY2019 may include retail sales recorded in or before FY2018.

ASEAN (Thailand, Vietnam, the Philippines, Indonesia and Other Countries)

Performance in the year ended March 31, 2021

In fiscal 2020, within the ASEAN region the situation varied by country, and the overall pace of recovery was modest. Another wave of COVID-19 infections in Thailand dampened economic activity and led to a difficult conditions. Meanwhile, Indonesia (where recovery had been slow) showed signs of a rebound. As a result, sales volume in the region fell 101,000 units year on year, to 189,000 vehicles.

Sales amounted to ¥317.7 billion year on year, down ¥234.2 billion, and operating profit decreased from ¥63.6 billion to ¥9.3 billion.

Outlook for the year ending March 31, 2022

Although recovery has been slow, we anticipate a market rebound in the ASEAN region. In addition, we are renovating existing models and strengthening our sales network. Consequently, we expect sales volume for the region to be 273,000 vehicles, up 84,000 units from fiscal 2020, and forecast sales of ¥510.0 billion, up ¥192.3 billion.



Pajero Sport



XPANDER CROSS

Oceania (Australia, New Zealand)

Performance in the year ended March 31, 2021

Sales volume declined 16,000 units year on year in fiscal 2020, to 72,000 vehicles. However, automobile demand continued to gradually recover, and Mitsubishi Motors' sales turned upward as well. In New Zealand, we garnered our highest market share to date.

In line with the drop in sales volume, sales declined ¥3.5 billion year on year, to ¥173.3 billion, and the operating loss widened to ¥7.4 billion, from ¥4.4 billion in the preceding fiscal year.

Outlook for the year ending March 31, 2022

We expect the recovery trend to continue in fiscal 2021, and we believe the launch of the new *Outlander* will provide a boost. Accordingly, we anticipate sales volume of 97,000 vehicles, up 25,000 units from fiscal 2020 levels, and sales of ¥255.0 billion, up ¥81.7 billion.



New Outlander



Triton

Latin America/Middle East/Africa, others

Performance in the year ended March 31, 2021

In fiscal 2020, a shrinking market led to lower sales volume, falling 31,000 units year on year, to 105,000 vehicles.

Owing to the decreased sales volume, sales fell ¥104.3 billion year on year, to ¥145.3 billion. The region generated an operating loss of ¥11.4 billion, compared with operating profit of ¥4.0 billion in fiscal 2020.

Outlook for the year ending March 31, 2022

In fiscal 2021, we expect the sales volume to expand by 16,000 units from fiscal 2020 levels, to 121,000 units. We forecast a year-on-year sales increase of ¥74.7 billion, to ¥220.0 billion.



Triton/L200

China, others

Performance in the year ended March 31, 2021

In fiscal 2020, sales volume fell 38,000 units, to 105,000 vehicles, as we prioritized initiatives to enhance the quality of sales, such as improving prices.

Sales fell ¥22.5 billion year on year, to ¥19.2 billion, due to the drop in sales volume. The operating loss increased, from ¥1.5 billion to ¥3.0 billion.

Outlook for the year ending March 31, 2022

The Chinese market is already in a state of recovery. In fiscal 2021, we expect sales volume to fall by 8,000 units, to 97,000 vehicles. We forecast sales of ¥15.0 billion, down ¥4.2 billion from fiscal 2020 levels.



Outlander

Japan

Performance in the year ended March 31, 2021

In fiscal 2020, second-half launches of new *Eclipse Cross* and *Delica D:2* models helped sales recover. However, performance in the first half was affected by the COVID-19 pandemic, leading to the suspension of operations at some plants and curtailed sales activities. As a result, sales volume fell by 22,000 units year on year, to 73,000 vehicles.

This decrease hampered sales, which declined ¥38.4 billion, to ¥422.1 billion. The operating loss grew from ¥12.6 billion in fiscal 2019 to ¥29.5 billion in fiscal 2020.

Outlook for the year ending March 31, 2022

Despite the spreading and prolonged COVID-19 pandemic, as well as the uncertainty caused by semiconductor shortages, we believe consumer confidence is rebounding. Centering on the new *Outlander PHEV* that launched in Japan this year, we forecast fiscal 2021 sales volume of 94,000 units, up 21,000 vehicles from fiscal 2020. We anticipate sales of ¥465.0 billion, up ¥42.9 billion.



eK X space



Delica D:5

North America (United States, Mexico, Puerto Rico, others)

Performance in the year ended March 31, 2021

In fiscal 2020, sales volume decreased by 47,000 units year on year, to 113,000 vehicles. This decline was a result of our decision to prioritize initiatives that improve the quality of sales through such measures as optimizing inventories.

In line with the lower sales volume, sales fell ¥120.5 billion year on year, to ¥194.6 billion. The operating loss expanded, from ¥18.2 billion to ¥33.3 billion.

Ahead of the model launch for the new *Outlander*, we unveiled the model in an online event on Amazon Live in the United States.

Outlook for the year ending March 31, 2022

The North American launch of the new *Outlander* model has started out well, and we anticipate sales volume of ¥155,000 vehicles in fiscal 2021, up 42,000 units from fiscal 2020. We forecast sales of ¥380.0 billion, up ¥185.4 billion.



New Outlander



Outlander Sport

Europe (Germany, Russia, France, Netherlands, Italy, others)

Performance in the year ended March 31, 2021

In Europe, a shrinking market led to a decrease in sales volume in fiscal 2020, falling 71,000 units year on year, to 144,000 vehicles.

This reduction caused sales to decline ¥291.4 billion, to ¥183.3 billion. The operating loss grew from ¥18.1 billion to ¥20.0 billion.

We have frozen new-vehicle development in Europe. We have reached the decision to begin sourcing two vehicle models from Renault, an alliance partner, by around 2023. We have also resolved to withdraw from new vehicle sales in some parts of Europe.

Outlook for the year ending March 31, 2022

In fiscal 2021, we forecast sales volume of 130,000 vehicles, down 14,000 units from fiscal 2020. However, we expect sales to rise ¥51.7 billion, to ¥235.0 billion.



Outlander PHEV



Eclipse Cross PHEV

Financial and Non-Financial Summary

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
For the year:	(In billions of yen)					
Net sales	2,267.8	1,906.6	2,192.4	2,514.6	2,270.3	1,455.5
Operating profit (loss)	138.4	5.1	98.2	111.8	12.8	(95.3)
Ordinary profit (loss)	141.0	8.9	110.1	119.9	(3.8)	(105.2)
Profit (loss) attributable to owners of the parent	72.6	(198.5)	107.6	132.9	(25.8)	(312.3)
Sales volume (retail) (Thousands of units)	1,048	926	1,101	1,244	1,127	801
R&D expenses	78.7	89.0	102.5	124.3	130.9	101.4
Capital expenditures	69.0	58.1	99.9	137.7	103.9	76.4
Depreciation	53.6	46.2	52.0	61.6	74.8	65.9
Return on equity (ROE) (%)	10.9	(29.2)	14.6	16.1	(3.1)	(48.8)
Per share data:	(In yen)					
Earnings per share	73.80	(164.11)	72.23	89.26	(17.32)	(209.88)
Diluted earnings per share*1	—	—	72.20	89.18	—	—
Dividends per share	16.00	10.00	17.00	20.00	10.00	0.00
At year-end:	(In billions of yen)					
Total assets	1,433.7	1,484.4	1,655.3	2,010.3	1,938.1	1,856.3
Net assets	685.3	703.5	796.6	881.2	788.4	525.3
Cash and deposits	453.4	556.8	571.9	500.9	399.6	455.7
Interest-bearing debt	27.1	15.6	26.6	228.7	299.4	483.3
Equity ratio (%)	46.8	46.5	47.2	43.4	39.9	27.4
Number of shares outstanding (Thousands)	983,661	1,490,282	1,490,282	1,490,282	1,490,282	1,490,282
CO₂ Emissions*2						
Scope 1 (direct emissions)*3 (x10 ³ t-CO ₂)	109	102	119	119	110	79
Scope 2 (indirect emissions)*3 (x10 ³ t-CO ₂)	414	359	436	469	416	289
Scope 3 (x10 ³ t-CO ₂ eq)	35,711	32,592	38,721	42,580	35,429	20,286
Energy input*2 (Primary and secondary energy) (PJ)	9.2	8.3	9.9	10.2	9.5	6.9
Generated waste*2 (x10 ³ t)	162	150	162	187	202	109
Withdrawn water volume*2 (x10 ³ m ³)	5,452	5,606	6,727	6,211	5,915	4,420
Number of female managers (Persons)	—	49	58	68	74	80
Ratio of annual paid leave taken (%)	79.9	81.6	82.6	86.6	100.6	99.2
Accident rate*4	—	0.54	0.60	0.41	0.42	0.30
Number of reports to or consultations with the internal employee consultation office (Instances)	110	153	170	194	166	112

(Note) Changes in accounting methods have not been retroactively applied to previous fiscal years.

*1 Diluted net income per share is not indicated for fiscal 2015, 2016, 2019 and 2020 because no dilutive shares existed.

*2 Target site: 21 management target companies (As of March 31, 2021)

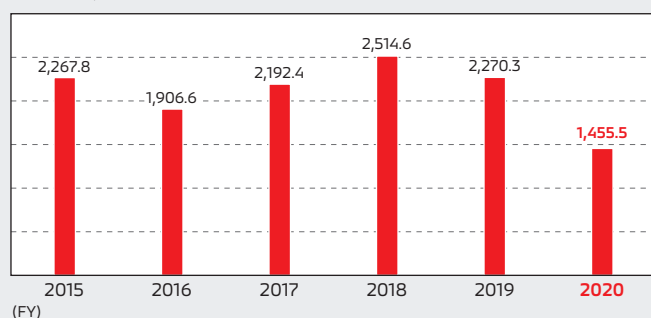
*3 CO₂ emission factors are based on "Greenhouse Gas Emissions Conversion, Reporting, and Announcement System based on the Act on Promotion of Global Warming Countermeasures."

Electric power conversion factors are provided by individual utilities. The IEA's "CO₂ Emissions from Fuel Combustion" or "Emission Factors" are used for some overseas locations.

*4 Number of accidents with or without loss of workdays per 1 million working hours

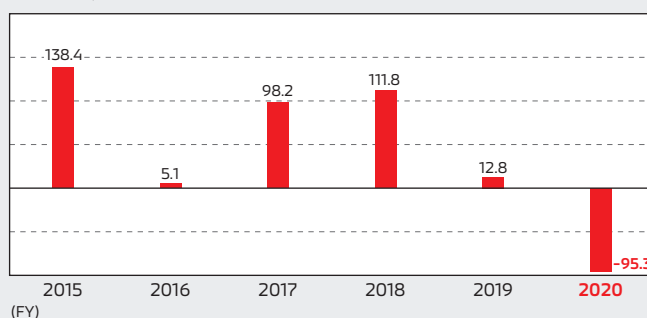
Net Sales

(Billions of yen)



Operating Profit

(Billions of yen)



Operational Review

Results of Operations

The global slump in automobile demand due to the COVID-19 spread and other factors has become apparent since the beginning of 2020. Although the situation has gradually calmed down in developed countries, the recovery in the markets where MMC excels has been delayed, and the severe situation continued.

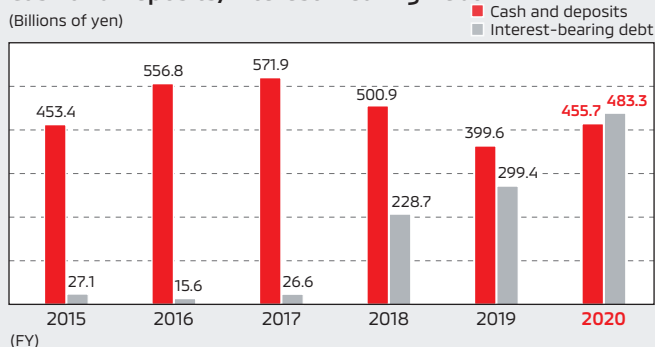
Under such circumstances, the MMC group formulated a new mid-term business plan, "Small but Beautiful," to drastically improve profitability and promote structural reforms in line with the basic concept of "selection and concentration."

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

Financial position

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

Cash and Deposits/Interest-Bearing Debt



Cash flows

Cash flows for the current fiscal year consisted of a net outflow of ¥41.5 billion from operating activities (up ¥60.3 billion year on year), a net outflow of ¥101.3 billion from investing activities (down ¥4.4 billion year on year), and a net inflow of ¥168.3 billion from financing activities (improvement of ¥158.7 billion from the previous fiscal year). In addition, the balance of cash and cash equivalents at the end of the current fiscal year increased by ¥45.0 billion from the end of the previous fiscal year to ¥444.6 billion, partially due to an increase of ¥19.4 billion in effect of exchange rate change on cash and cash equivalents and other factors.

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

Overview of Cash Flow

(FY)	2016	2017	2018	2019	2020
Shareholders' equity ratio (%) ^{*1}	46.5	47.2	43.4	39.9	27.4
Shareholders' equity ratio (fair value basis) ^{*2}	67.2	68.5	43.5	23.5	25.2
Cash flows/Interest-bearing debt ratio ^{*3}	(0.3)	0.2	1.6	15.9	(11.6)
Interest coverage ratio ^{*4}	(38.7)	34.1	38.9	4.8	(8.0)

^{*1} The shareholders' equity ratio is shareholders' equity divided by total assets.

^{*2} The shareholders' equity ratio (fair value basis) is market capitalization divided by total assets.

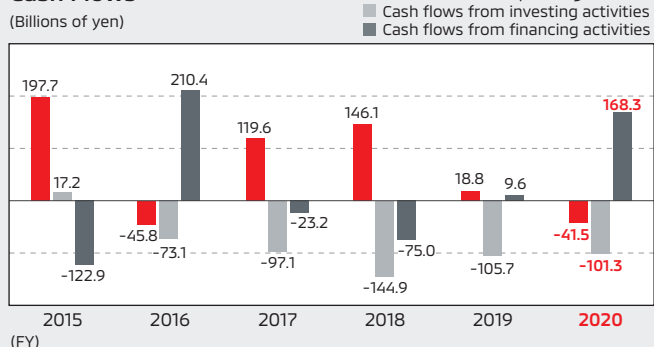
^{*3} The cash flows/interest-bearing debt ratio is interest-bearing debt divided by cash flow.

^{*4} The interest coverage ratio is cash flow divided by interest paid.

Notes:

- Each indicator is calculated from consolidated financial figures.
- Market capitalization is calculated based on the number of issued shares excluding treasury stock.
- Cash flow refers to operating cash flow.
- Interest-bearing debt includes all liabilities recorded on the balance sheet for which interest is paid. From fiscal 2018, lease obligations are included in this figure.

Cash Flows



Consolidated Balance Sheet

(Millions of yen)

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

(Millions of yen)

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

Consolidated statement of income

(Millions of yen)

	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021
Net sales	2,270,276	1,455,476
Cost of sales	1,932,762	1,299,021
Gross profit	337,514	156,454
Selling, general and administrative expenses		
Advertising and promotion expenses	48,407	34,891
Freight costs	51,058	29,112
Provision of allowance for doubtful accounts	484	624
Remuneration, salaries and allowances for directors (and other officers)	76,886	68,387
Retirement benefit expenses	3,987	4,959
Depreciation	18,505	14,898
Research and development expenses	73,826	55,990
Other	51,570	42,912
Total selling, general and administrative expenses	324,726	251,776
Operating profit (loss)	12,788	(95,321)
Non-operating income		
Interest income	5,351	1,846
Dividend income	536	596
Foreign exchange gains	—	3,784
Subsidies for employment adjustment	—	6,048
Other	1,821	2,178
Total non-operating income	7,709	14,454
Non-operating expenses		
Interest expenses	3,889	5,375
Foreign exchange losses	11,277	—
Litigation expenses	1,632	2,581
Share of loss of entities accounted for using equity method	4,263	9,122
Other	3,276	7,255
Total non-operating expenses	24,341	24,335
Ordinary profit (loss)	(3,843)	(105,203)
Extraordinary income		
Gain on sales of non-current assets	8,704	1,548
Gain on sales of investment securities	199	41
Gain on sales of shares of subsidiaries	413	—
Gain on sales of investments in capital of subsidiaries and associates	—	1,543
Gain on contribution of securities to retirement benefit trust	9,376	—
Other	98	488
Total extraordinary income	18,793	3,621
Extraordinary losses		
Loss on retirement of non-current assets	4,097	3,167
Loss on sales of non-current assets	252	104
Impairment losses	2,292	107,747
COVID-19	—	2,489
Business restructuring expenses	—	70,286
Foreign withholding taxes on transfer pricing taxation adjustments	—	8,604
Loss on sales of facilities	2,376	—
Subsidiary transfer cost	1,879	456
Other	250	3,850
Total extraordinary losses	11,147	196,707
Profit (loss) before income taxes	3,801	(298,289)
Income taxes - current	19,790	7,599
Income taxes for prior periods	—	(6,674)
Income taxes - deferred	6,067	10,215
Total income taxes	25,857	11,139
Profit (loss)	(22,055)	(309,428)
Profit (loss) attributable to non-controlling interests	3,723	2,888
Profit (loss) attributable to owners of parent	(25,779)	(312,317)

Consolidated statement of comprehensive income

(Millions of yen)

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

Consolidated statement of changes in net assets

(Millions of yen)

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

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	7,353	652	(61,281)	(20,758)	(74,033)	356	9,062	881,203
Cumulative effects of changes in accounting policies								445
Restated balance	7,353	652	(61,281)	(20,758)	(74,033)	356	9,062	881,649
Changes during period								
Dividends of surplus								(29,766)
Profit (loss) attributable to owners of parent								(25,779)
Purchase of treasury shares								(0)
Change in scope of consolidation								(795)
Change in ownership interest of parent due to transactions with non-controlling interests								—
Change in scope of equity method								350
Net changes in items other than shareholders' equity	(7,916)	(751)	(21,450)	(13,457)	(43,576)	(10)	6,291	(37,295)
Total changes during period	(7,916)	(751)	(21,450)	(13,457)	(43,576)	(10)	6,291	(93,286)
Balance at end of period	(562)	(99)	(82,731)	(34,216)	(117,610)	345	15,354	788,363

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

	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

Consolidated statement of cash flows

(Millions of yen)

	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit (loss) before income taxes	3,801	(298,289)
Depreciation	74,789	65,917
Impairment losses	2,292	107,747
Loss (gain) on contribution of securities to retirement benefit trust	(9,376)	—
Loss on COVID-19	—	2,489
Business restructuring expenses	—	70,286
Increase (decrease) in allowance for doubtful accounts	(621)	(1,051)
Increase (decrease) in retirement benefit liability	288	2,263
Interest and dividend income	(5,887)	(2,443)
Interest expenses	3,889	5,375
Foreign exchange losses (gains)	3,366	1,556
Share of loss (profit) of entities accounted for using equity method	4,263	9,122
Gain on sales of investments in capital of subsidiaries and associates	—	(1,543)
Loss (gain) on sales and retirement of non-current assets	(4,354)	1,724
Decrease (increase) in trade receivables	(19,268)	(7,579)
Decrease (increase) in finance receivables	26,202	21,121
Decrease (increase) in inventories	(34,340)	44,160
Increase (decrease) in trade payables	(49,759)	(20,436)
Other, net	36,926	(27,703)
Subtotal	32,212	(27,280)
Interest and dividends received	9,820	6,247
Interest paid	(3,954)	(5,170)
Payments related to fuel consumption test	(1,577)	(1,237)
Income taxes paid	(17,715)	(14,096)
Net cash provided by (used in) operating activities	18,786	(41,537)
Cash flows from investing activities		
Decrease (increase) in time deposits	11,391	(11,071)
Purchase of property, plant and equipment	(111,549)	(79,472)
Proceeds from sales of property, plant and equipment	13,004	2,128
Purchase of intangible assets	(17,830)	(12,388)
Proceeds from sales of investment securities	457	263
Decrease (increase) in short-term loans receivable	(331)	(2)
Long-term loan advances	(1,147)	—
Proceeds from collection of long-term loans receivable	766	838
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	3,739	—
Other, net	(4,212)	(1,618)
Net cash provided by (used in) investing activities	(105,712)	(101,323)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	13,624	(48,331)
Increase (decrease) in commercial papers	7,500	(25,800)
Proceeds from long-term borrowings	81,803	320,210
Repayments of long-term borrowings	(60,373)	(70,986)
Dividends paid	(29,738)	(35)
Dividends paid to non-controlling interests	(393)	(2,864)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(329)
Other, net	(2,797)	(3,572)
Net cash provided by (used in) financing activities	9,624	168,291
Effect of exchange rate change on cash and cash equivalents	(18,460)	19,473
Net increase (decrease) in cash and cash equivalents	(95,762)	44,903
Cash and cash equivalents at beginning of period	489,456	399,588
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	5,894	126
Cash and cash equivalents at end of period	399,588	444,619

Consolidated Subsidiaries and Affiliates

(As of March 31, 2021)

Company Name	Location
Consolidated subsidiaries	
Higashi Nihon Mitsubishi Motor Sales Co., Ltd.	Japan
Nishi Nihon Mitsubishi Motor Sales Co., Ltd.	Japan
Pajero Manufacturing Co., Ltd.	Japan
Mitsubishi Automotive Logistics Technology Co., Ltd.	Japan
Mitsubishi Automotive Engineering Co., Ltd.	Japan
Suiryo Plastics Co., Ltd.	Japan
Mitsubishi Motors Finance Co., Ltd.	Japan
Mitsubishi Motors North America, Inc. (MMNA)* ²	U.S.A
Mitsubishi Motors R&D of America, Inc. (MRDA)	U.S.A
Mitsubishi Motor Sales of Canada, Inc. (MMSCAN)	Canada
Mitsubishi Motor Sales of Caribbean, Inc. (MMSC)	Puerto Rico
Mitsubishi Motors de Mexico S.A. de C.V.	Mexico
Mitsubishi Motors Europe B.V. (MME)* ²	Netherlands
Mitsubishi Motor R&D Europe GmbH (MRDE)	Germany
Mitsubishi Motor Sales Netherlands B.V.	Netherlands
Mitsubishi Motors Australia, Ltd. (MMAL)* ²	Australia
Mitsubishi Motors New Zealand Ltd. (MMNZ)	New Zealand
Mitsubishi Motors (Thailand) Co., Ltd. (MMTh)* ²	Thailand
MMTh Engine Co., Ltd.	Thailand
Mitsubishi Motors Philippines Corp. (MMPC)	Philippines
Asian Transmission Corp. (ATC)	Philippines
Mitsubishi Motors Middle East and Africa FZE	U.A.E.
MMC Manufacturing Malaysia Sdn. Bhd,	Malaysia
P.T. Mitsubishi Motors Krama Yudha Indonesia	Indonesia
Mitsubishi Motors Vietnam Co., Ltd.	Vietnam
10 other subsidiaries in addition to the above	
Equity-method associates	
Tokachi Mitsubishi Motor Sales Co., Ltd.	Japan
Nagano Mitsubishi Motor Sales Co., Ltd.	Japan
Mie Mitsubishi Motor Sales Co., Ltd.	Japan
Kagawa Mitsubishi Motor Sales Co., Ltd.	Japan
Miyazaki Mitsubishi Motor Sales Co., Ltd.	Japan
Higashi Kanto MMC Parts Sales Co., Ltd.	Japan
NMKV Co., Ltd	Japan
MMD Automobile GmbH	Germany
GAC Mitsubishi Motors Co., Ltd. (GMMC)	China
PT Mitsubishi Motors Krama Yudha Sales Indonesia	Indonesia
9 other associates in addition to the above	
Other related companies	
Company Name	Location
Nissan Motor Co., Ltd. * ³	Japan
Mitsubishi Corporation* ³	Japan

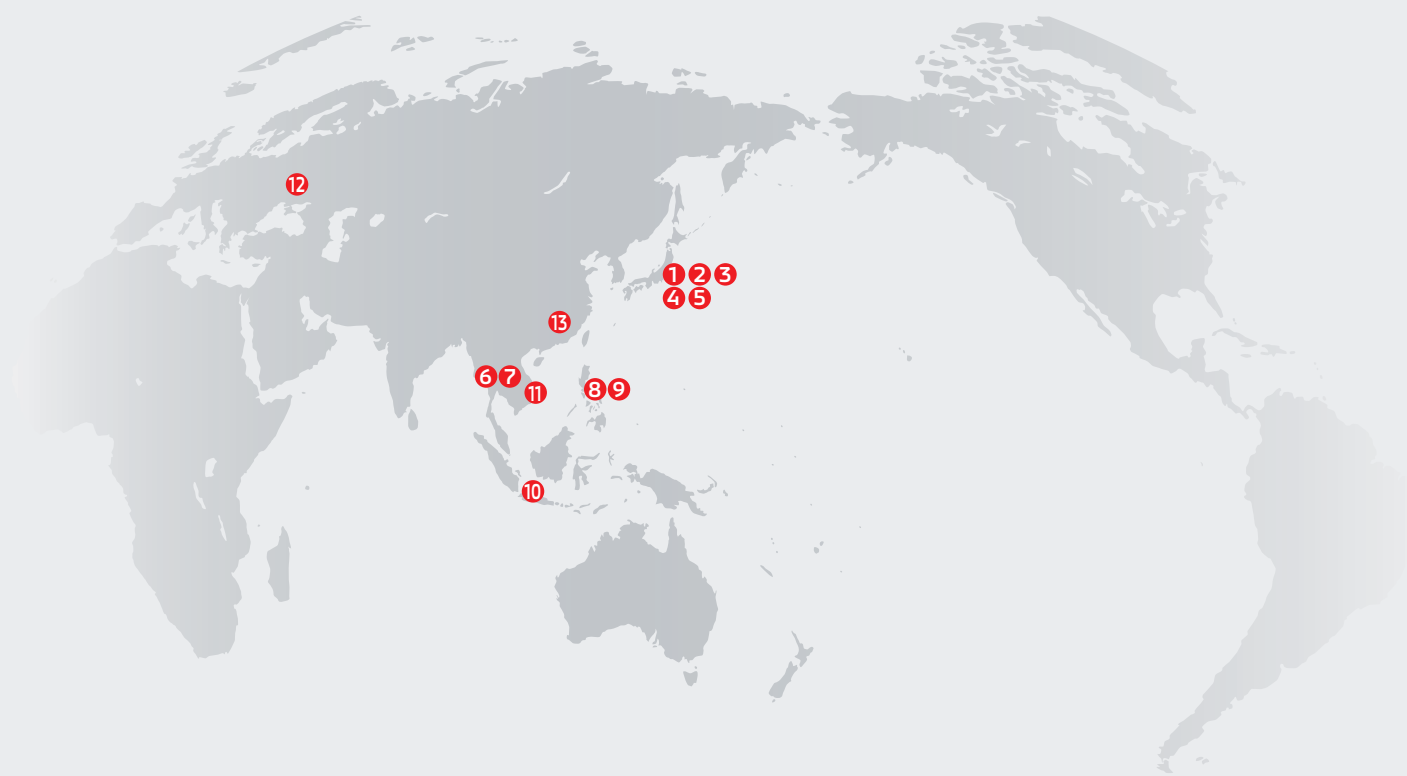
* 1 Figures in parentheses represent indirect shares.

* 2 Specified subsidiaries. (Mitsubishi Motors North America, Inc. (MMNA), Mitsubishi Motors Europe B.V. (MME), Mitsubishi Motors Australia, Ltd. (MMAL), Mitsubishi Motors (Thailand) Co., Ltd. (MMTh))

* 3 A company submitting an annual securities report.

Capital Stock (In millions)	Business Lines	Percentage of Voting Stock Holding (%) *1
JPY 100	Automobile sales	100.0
JPY 100	Automobile sales	100.0
JPY 610	Automobile manufacture	100.0
JPY 436	Automobile transport, maintenance and sales of parts	100.0
JPY 350	Automobile development	100.0
JPY 100	Manufacture of automobile parts	100.0
JPY 3,000	Auto sales financing, leasing, rentals and sales, etc.	100.0
USD 398.8	Automobile sales	100.0
USD 2.0	Investigation, testing and research related to automobiles	100.0 (100.0)
CAD 2.0	Automobile sales	100.0 (100.0)
USD 47.5	Automobile sales	100.0
MXN 92.0	Automobile sales	100.0
EUR 107.2	Automobile sales	100.0
EUR 0.8	Investigation, testing and research related to automobiles	100.0
EUR 6.8	Automobile sales	100.0
AUD 1,789.9	Automobile sales	100.0
NZD 48.0	Automobile sales	100.0
THB 7,000.0	Automobile assembly, sales	100.0
THB 20.0	Manufacturing of automobile engines and press parts	100.0 (100.0)
PHP 1,640.0	Automobile assembly, sales	100.0
PHP 770.0	Manufacturing of automobile transmissions	100.0
UAD 10.0	Automobile parts sales	100.0
MYR 20.0	Automobile parts sales	60.0
IDR 2,200,000	Automobile assembly	51.0
VND 410,812	Automobile assembly, sales	41.2
JPY 60	Automobile sales	35.0
JPY 40	Automobile sales	49.86
JPY 58	Automobile sales	24.8
JPY 50	Automobile sales	23.0
JPY 60	Automobile sales	38.8
JPY 100	Automobile parts sales	33.0 (10.0)
JPY 10	Automobile planning and development	50.0
EUR 30.0	Automobile sales	24.99
CNY 1,947.0	Automobile assembly, sales	30.0
IDR 1,300,000	Automobile sales	30.0
Capital Stock (In millions)	Business Lines	Percentage of Voting Stock Held (%)
JPY 605,814	Automobile assembly, sales and related business	34.0
JPY 204,447	Wholesale trade	20.0

Principal Production Facilities



Country	Name	Major Products
Japan	① Okazaki Plant	Eclipse Cross, Outlander PHEV, Outlander
	② Mizushima Plant	eK Wagon, eK space, ASX (RVR, Outlander Sport), MINICAB-MiEV
	③ Kyoto Plant-Kyoto	Engines
	④ Kyoto Plant-Shiga	Engines
	⑤ Pajero Manufacturing Co., Ltd.	Pajero (Montero), Delica D:5, Outlander
Thailand	⑥ Mitsubishi Motors (Thailand) Co., Ltd. (MMTh)	Triton (L200, Strada), Pajero Sport (Montero Sport), Mirage (Space Star), Attrage (Mirage G4), Outlander PHEV
	⑦ MMTh Engine Co., Ltd. (MEC)	Engines
Philippines	⑧ Mitsubishi Motors Philippines Corporation (MMPC)	Mirage, Mirage G4, L300
	⑨ Asian Transmission Corporation (ATC)	Transmissions
Indonesia	⑩ P.T. Mitsubishi Motors Krama Yudha Indonesia (MMKI)	XPANDER, Pajero Sport, L300
Vietnam	⑪ Mitsubishi Motors Vietnam Co., Ltd. (MMV)	Outlander, XPANDER
Russia	⑫ PCMA Rus, LLC	Outlander, Pajero Sport
China	⑬ GAC Mitsubishi Motors Co., Ltd. (GMMC)	Eclipse Cross, Outlander, ASX

Investor Information

(As of March 31, 2021)

Company Name	MITSUBISHI MOTORS CORPORATION
Head Office	3-1-21, Shibaura, Minato-ku, Tokyo 108-8410, Telephone: +81-3-3456-1111
Established	April 22, 1970
Capital	¥284,382 million
Number of Employees	Consolidated: 30,091 Non-consolidated: 13,951
Stock Listing	Tokyo Stock Exchange (First Section)
Securities Code	7211
Number of Shares for Share Unit	100 shares
Number of Issued Shares	1,490,282,496
Number of Shareholders	264,761
Major Shareholders	

Name	Number of shares held (Share)	Ratio of shareholding (%)
Nissan Motor Co., Ltd.	506,620,577	34.03
Mitsubishi Corporation	298,012,214	20.01
The Master Trust Bank of Japan, Ltd. (Trust account)	39,107,900	2.62
Mitsubishi Heavy Industries, Ltd.	21,572,455	1.44
Custody Bank of Japan, Ltd. (Trust account)	15,505,500	1.04
Custody Bank of Japan, Ltd. (Trust account 9)	15,423,500	1.03
MUFG Bank, Ltd.	14,877,512	0.99
BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1	12,356,100	0.83
Custody Bank of Japan, Ltd. (Trust account 5)	11,345,200	0.76
Custody Bank of Japan, Ltd. (Trust account 6)	10,060,900	0.67

(Note) The ratio of shareholding is calculated in proportion to the number of issued shares excluding treasury stock (1,604,136 shares).
The number of "Treasury shares" does not include shares of MMC held by Board Incentive Plan (BIP) Trust (1,152,650 shares).

Administrator of shareholders register	Mitsubishi UFJ Trust and Banking Corporation
Address of handling office	1-4-5, Marunouchi, Chiyoda-ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation, Corporate Agency Division Toll-free telephone (Japan only) 0120-232-711



Published in September, 2021

MITSUBISHI MOTORS CORPORATION **IR Office**

1-21, Shibaura 3-chome, Minato-ku, Tokyo 108-8410 Japan

TEL. +81-3-3456-1111

<https://www.mitsubishi-motors.com/en/>