By accelerating selection and concentration in our areas of strength and profitability, we will focus our unwavering resolve on turning operating performance around and achieving sustainable growth.

My heart goes out to all who have been affected by COVID-19. I would also like to express my deep-felt gratitude to those who have worked hard to keep the medical system going and stem the pandemic's spread.

Mitsubishi Motors launched its previous mid-term business plan, "Drive for Growth," in fiscal 2017. While maintaining a focus on core regions and products, this plan also set its sights on increasing sales volume in the mega-markets of Europe, North America and China. To meet this goal, we reinforced our products and sales networks and enhanced human resources. As a result, by fiscal 2019 fixed costs were around 30% higher than fiscal 2015 levels. Although we succeeded in boosting sales volume in those mega-markets, earnings growth fell below expectations, and we were unable to sustain profits due to the rise in fixed costs. In addition, COVID-19 caused a major upheaval in our operating environment and surrounding society.

Against this backdrop, Mitsubishi Motors proposes to bolster earnings by pursuing business development in a manner that emphasizes contribution to all stakeholders and society. To do so, we recognize the need to accelerate selection and concentration on the areas where we have strengths and can generate profits. To this end, we have unveiled a new mid-term business plan, "Small but Beautiful," to guide us to fiscal 2022. Specific points of focus are:

1. **steadily implementing structural reforms,**
2. **enhancing growth based on the ASEAN region,**
3. **augmenting our strengths in environmental technologies and**
4. **providing customers with reliable and attractive products by further advancing our genetic, 4WD and off-road performance.**

First, we will position the next two years as a period for reducing fixed costs through structural reforms. Thereafter, we will gradually pursue selection and concentration by rolling out regional and product strategies. From fiscal 2022, we expect to begin steadily seeing the effects of improved profitability. This period will segue into further sustainable growth from fiscal 2023.

Our regional strategy is to start by concentrating management resources on regions that drive growth, such as our mainstay—the ASEAN region. We will roll

out products generated in the ASEAN region into other areas, such as Oceania, South Asia, South America, the Middle East and Africa, positioning these regions as our second pillar of growth. Meanwhile, low levels of profitability persist in some regions, which we have cited as regions for improving profitability. There, we are building structures to ensure steady earnings.

On the product front, we will integrate our proprietary technologies with those of our alliance partners to enhance our lineup of environment-friendly vehicles and our array of products for future rollout in the ASEAN region. In technology, we will pursue concentration and selection in development categories centered on the ASEAN region and leverage new technologies from the alliance.

Through these strategies, we will expand and deepen collaboration leveraging the alliance. At the same time, we will further strengthen operations with Mitsubishi Corporation on both the production and sales fronts and pursue a stronger partnership in China with the Guangzhou Automobile Group.

Although we are operating under extremely difficult conditions, to secure stable future earnings, we consider focusing our unwavering resolve on achieving structural reforms based on selection and concentration and building a solid foundation to turn operating performance around to be the topmost priority of our current mid-term business plan. For the foreseeable future, we will concentrate on ensuring the stability of our financial underpinnings. After we pass through this difficult period, we will endeavor to respond to all stakeholders' expectations by restoring corporate value. I ask for your ongoing support as we undertake this task.

Beginning this fiscal year, we have produced this report as an "integrated report," aimed at conveying to stakeholders Mitsubishi Motors' management strategies and financial information, as well as non-financial information related to environmental and social areas. I hope this report will aid your understanding of the Mitsubishi Motors Group.

T. Kato

Takao Kato
Member of the Board
Representative Executive Officer, CEO

We will conduct structural reforms to earn the trust of our stakeholders.

Koji Ikeya
Representative Executive Officer,
CFO

Fiscal 2019 in Review

In fiscal 2019, automobile demand was lackluster amid mounting concerns about a worldwide economic slowdown. In the fourth quarter, the COVID-19 pandemic paralyzed economic activity in various countries. Sales volume, which typically increases in all regions toward the end of the fiscal year, decelerated sharply. As a result, global sales volume declined 9% year on year, to 1,127,000 units.

In addition to sluggish sales volume, fixed costs had risen due to an omni-directional sales expansion strategy under our previous mid-term business plan, "Drive for Growth." Net sales consequently decreased to ¥2,270.3 billion, and operating profit fell to ¥12.8 billion (operating profit margin of 0.6%). We posted an ordinary loss of ¥3.8 billion, mainly as the result of deterioration in the share of profit or loss of entities accounted for using the equity method. In addition, we recorded a ¥25.8 billion loss attributable to owners of the parent, mainly due to the reversal of deferred tax assets.

Initiatives in Fiscal 2020

In fiscal 2020, we will undertake groupwide initiatives targeting cost reforms, which are one pillar of our structural reforms. Based on a policy of selection and concentration, we will invest in necessary regions and products. At the same time, we will institute a thorough revision of fixed costs, which have been rising.

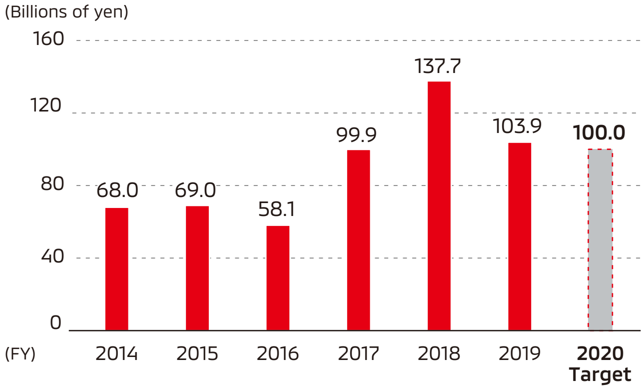
Under our mid-term business plan, "Small but

Operating Performance and Forecast

(Billions of yen, thousands of units)

	FY2019 (Actual)	FY2020 (Forecast)
Sales volume (retail)	1,127	845
Net sales	2,270.3	1,480.0
Operating (loss) profit	12.8	(140.0)
Ordinary (loss) profit	(3.8)	(160.0)
Profit (loss) attributable to owners of the parent	(25.8)	(360.0)

Capital Expenditures



Beautiful," we will suspend production and close our plant at Pajero Manufacturing Co., Ltd., a Japanese production subsidiary, and freeze the launch of new products for Europe. Our forecast for fiscal 2020 incorporates these and other expenses related to our various structural reforms.

On the financial front, in addition to currently available commitment lines we have secured working capital of more than ¥300.0 billion. This includes loan facilities provided by financial institutions in Japan and overseas that coincided with the unveiling of our new mid-term business plan. As a result, we have been able to sustain operations without experiencing any major cash flow issues.

With regard to COVID-19, we are giving topmost priority to the safety of our customers and employees and operating in accordance with individual national and regional government policies. On the other hand, we are responding in various ways to minimize the impact on our business, such as by implementing supplier support and strategic sales measures. Going forward, while continuing to monitor our supply chain and sales momentum we will maintain our resolve to undertake structural reforms.

Outlook for Fiscal 2020

It will be some time before the COVID-19 pandemic subsides, but we are seeing a pickup in automobile demand as economic activity steadily begins to recommence in individual countries.

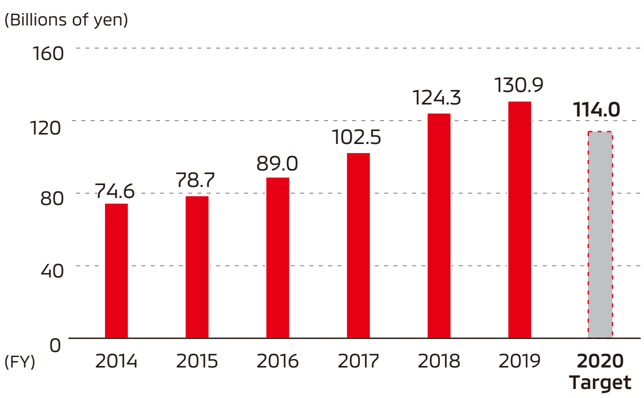
Under these circumstances, we expect sales volume in fiscal 2020 to amount to 845,000 vehicles, down 25% from the fiscal 2019 figure. This forecast includes the impact of COVID-19, concentrated on the first half of the year, as well as efforts to strategically reduce inventories in preparation for a resurgence in operating performance in fiscal 2021.

We forecast net sales of ¥1,480.0 billion, an operating loss of ¥140.0 billion and an ordinary loss of ¥160.0 billion. We expect to record a ¥360.0 billion loss attributable to owners of the parent. This figure includes extraordinary losses of ¥220.0 billion, including structural reform expenses.

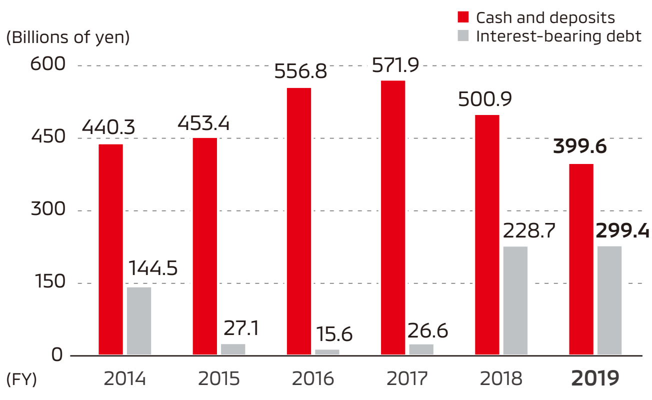
Regretfully, we plan to forego dividend payments for fiscal 2020. We expect to post substantial losses for the year, due to the impact of COVID-19 and the implementation of structural reforms. Due to this reality, plus unforeseen circumstances going forward, we believe we need to conserve cash on hand. We ask our shareholders for their understanding.

We are firmly resolved to undertake the series of structural reforms we have outlined, thereby building Mitsubishi Motors back into a robust company. Our executives and employees will all work together toward this end, in the aim of earning the trust of stakeholders both inside and outside the Group.

R&D Expenses



Cash and Deposits/Interest-Bearing Debt



(Sales financing companies in Japan are included in the scope of consolidation from fiscal 2018.)