

Message from the President & CEO



Takao Kato

Member of the Board
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In today's increasingly complex and uncertain business environment, we will enhance both corporate and social value, and maximize returns to our shareholders, by relentlessly pursuing what makes us unique—our "Mitsubishi Motors-ness."

Our Vision and Mid-Term Business Plan, "Challenge 2025"

In an unpredictable business climate, I believe the keyword for Mitsubishi Motors to deliver value creation is "uniqueness"—in other words, the pursuit of "Mitsubishi Motors-ness."

Mitsubishi Motors has set forth the vision to "Create a vibrant society by realizing the potential of mobility." This expresses our desire, at a time when the role of automobiles is shifting toward mobility as an integrated transportation system, to make people's movement more efficient, optimized, and exciting—thereby stimulating individual challenges and economic activity, and revitalizing society as a whole.

To achieve sustainable growth, we have identified 14 material issues and redefined "Mitsubishi Motors-ness" as the key to realizing our vision. For Mitsubishi Motors—a company smaller in scale relative to competitors—to prevail in a rapidly changing industry and market, nothing is more important than strengthening our brand value: building long-term trust with customers through distinctive products, technologies, and services.

With the pursuit of "Mitsubishi Motors-ness" as the foundation, we formulated the mid-term business plan "Challenge 2025" by backcasting from our vision of the world 15 years from now. Under this plan, we are implementing regional strategies grouped into three categories—"growth drivers" (ASEAN and Oceania), "leverage regions" (Latin America, Middle East and Africa), and "advanced technology promotion regions" (Japan, North America, Europe, and China). We aim to reinforce product strategies that communicate Mitsubishi-style value, and to establish a stable earnings base through revenue improvement activities.

Review of Fiscal 2024 and Policy for Fiscal 2025

Fiscal 2024, the second year of "Challenge 2025," was, in a word, turbulent—marked by simultaneous, wide-ranging changes in the operating environment, especially in the latter half. Beyond sluggish auto demand in key markets such as Thailand and Indonesia, we faced rapid yen appreciation starting mid-year,

Pursuing "Mitsubishi Motors-ness"

What is **Mitsubishi Motors-ness**?

The provision to customers of a fulfilling mobility life that awakens their adventurous spirit on the basis of reliability backed up by technology that achieves "Eco-friendly x Safety Technology, Peace of Mind and Comfort"



Environmentally friendly and enable activities close to nature



Help contribute to carbon neutrality with Commercial EV



Enable our customers to experience an exciting adventure with confidence



Return home from every adventure together with your loved ones, with peace of mind



Reliable and useful when needed in natural disasters, power cuts, etc.



Electrification

The world's first mass-produced BEV and globally recognized PHEV at the core



Durability and Reliability

Reliable even in adverse conditions thanks to a design philosophy nurtured on almost all road surfaces and in almost all environments around the world



Four-wheel control (S-AWC)

Provide innovative driving performance and reliability on almost any road surface



Comfortability

Excite drivers and passengers with a comfortable and advanced interior with ever-advancing IT

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HEV model of the *Xforce* compact SUVAll-new *Destinator* midsize SUVPlug-in hybrid EV model of the *Outlander* crossover SUVNew *eK Space*New *Delica Mini*

intensified competition as global vehicle supply constraints eased, and rising geopolitical risks and conflicts.

Amid these shifts, Mitsubishi Motors responded agilely, expanding market share in major countries through model renewals and accelerated electrification, allowing us to keep net sales roughly on par with the previous year. However, despite cost-reduction efforts, operating profit declined mainly due to intensified competition and inflationary pressures, underscoring the need for further profitability enhancement.

The business environment in fiscal 2025 is expected to become even more uncertain and complex. Our most urgent issue is how to respond to the additional U.S. tariffs. Taking Mitsubishi Motors' business structure into account, we will work in cooperation with partners such as Nissan and Honda to minimize their impact, while also focusing on measures to address indirect effects such as the intensification of global sales competition. As for regional strategies, we will expand our share, strengthen brand power, and improve our product mix by deploying agile sales and service operations tailored to local needs and by strategically introducing new models. At the same time, in order to secure profitability that could be undermined by tariff-related factors, we are prepared to implement thorough cost-reduction measures.

Regarding the introduction of new models, in addition to the significantly improved plug-in hybrid

EV model of the *Outlander* crossover SUV and the HEV model of the *Xforce* compact SUV launched in fiscal 2024, we have high expectations for the new mid-size SUV *Destinator* introduced in fiscal 2025, as well as the new kei super-height wagons for the Japanese market, *Delica Mini* and new *eK Space*. We are also working to enhance our product lineup through the use of collaborations and partnerships.

Progress on Key "Challenge 2025" Initiatives

Since announcing "Challenge 2025" in March 2023, market conditions have changed dramatically, and we have been responding accordingly.

First, let us consider electrified vehicle development. Initially, we planned to strengthen development of electric vehicles including in-house BEVs. However, recognizing the temporary global slowdown in BEV growth, we decided to focus on hybrid electric vehicles (HEVs) and plug-in hybrid electric vehicles (PHEVs)—segments expected to expand and deliver profitability—while sourcing BEVs from partners through OEM supply for the time being. Acting early on this decision has enabled smooth rollouts of PHEV/hybrid models for the *Outlander*, *Xforce*, and *XPANDER*.

Looking next at our ASEAN operations, recovery in automotive demand in the ASEAN region—especially in

Progress on Key Initiatives of the Mid-Term Business Plan

	Key Initiatives under "Challenge 2025"	Changes since the Announcement of the Mid-Term Business Plan	Results and Actions	
①	Promoting development of electric vehicles, including in house BEVs	<ul style="list-style-type: none"> • BEV growth has plateaued • Reevaluation of PHEV/HEV 	<ul style="list-style-type: none"> • Focusing on the development of our brand's PHEV/HEV • Utilizing partners for BEV 	○
②	Strengthening profitability in the ASEAN through continuous introduction of new ASEAN products	<ul style="list-style-type: none"> • Delayed recovery in the ASEAN market • Rapid increase in Chinese BEVs in Thailand, causing market disruption 	<ul style="list-style-type: none"> • Expansion of business in Vietnam and the Philippines • Introduction and deployment of HEV models 	×
③	Strengthening brand power through the introduction of models that embody "Mitsubishi Motors-ness"	<ul style="list-style-type: none"> • The proliferation of many new brands, including those from China 	<ul style="list-style-type: none"> • Increased awareness and sales volume in Japan through "Delica Mini" and "TRITON" 	△

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Thailand and Indonesia—has been slower than expected, with economic headwinds and oversupply fueling intense price competition in Thailand. We strengthened our presence in relatively stable markets like the Philippines and Vietnam, significantly increasing share, but competition across the ASEAN region has intensified. We will maintain competitiveness by emphasizing our long-cultivated brand strength and service quality rather than excessive price cuts.

As part of our mid-term regional strategy, our withdrawal from the Chinese market—a decisive move—has been progressing steadily in line with our plan. Although this was a management decision that involved significant pain, we regard it as an appropriate shift in policy given the fiercely competitive environment and the current uncertainty of the Chinese automobile market.

Third, we have worked to strengthen brand power through the introduction of vehicles that are unmistakably Mitsubishi Motors. We have achieved share expansion in ASEAN and Latin America. The Japanese market share has grown along with increased recognition of the *Delica Mini* and *TRITON*. We believe that the accumulation of such brand strength will be an extremely important source of competitive advantage for us as we face an increasingly severe competitive environment in the future.

In addition to expanding these existing businesses, we are working on developing new businesses through various partnerships, aiming to diversify and stabilize revenue sources and strengthen our relationships with markets and customers. In sales financing, we established a new joint venture company in the Philippines, which began operations in fiscal 2025, and we have invested in a major automotive-related financial services company in Australia. In Japan, we are also developing businesses such as smart charging services through collaborations with other companies.

Medium- to Long-Term Outlook and Management Direction

We are currently formulating our next mid-term business plan. Among the important issues under discussion

are the pursuit of “Mitsubishi Motors-ness,” the strengthening of partnerships, agile management and business operations, and investments that are both sensitive to changes and firmly grounded.

Forecasting the business environment is extremely difficult, but maintaining a long-term perspective is essential. Our thinking on management over the medium to long term, which forms the premise for the next mid-term business plan, is as follows.

Regional and Product Strategy

We should assume that unpredictable economic, social, and geopolitical changes will continue to occur worldwide. While some regions will perform well, others will inevitably see their markets decline. This reality calls for flexible management.

In such circumstances, it is difficult for us to address all regions and business areas on our own. We must compete through our uniqueness and focus our efforts on regions, products, and services where we can maximize customer and social value. By leveraging our high agility compared with other companies, we will further strengthen our flexible and responsive capabilities, evolve our global portfolio strategy, and make even more selective and prioritized allocations of management resources.

Collaboration and Partnerships

We must continue to monitor industry trends, including domestic corporate restructuring and the rise of Chinese companies. However, in an uncertain and rapidly changing environment, there is no doubt that inter-company collaboration—complementing each other’s strengths—will become increasingly important. As exemplified by our fiscal 2024 agreement with Hon Hai Precision Industry (Foxtron) for OEM supply for the Oceania region, strategic and agile collaborations are indispensable. At the same time, we must refine our strengths based on “Mitsubishi Motors-ness” so that we become the kind of partner others wish to collaborate with. Indeed, the evolution of product and regional strategies grounded in the pursuit of “Mitsubishi Motors-ness” is the key to expanding our lineup and creating value.

Technological Innovation and Investment

Not only BEVs but also areas such as autonomous driving, car sharing, and environmental regulations—once the focus of great attention—have so far shown limited global progress, and in some cases have not brought about the level of change initially anticipated. At Mitsubishi Motors, we have continued research and verification from the perspective of true customer benefits, avoiding a rush to follow such trends and instead maintaining calm judgment. At the same time, building up research is important. For example, our know-how from successfully mass-producing BEVs ahead of other companies has enabled us to construct a flexible development platform capable of supporting all powertrains. Among the trends we regard as unavoidable is the utilization of AI. We intend to incorporate it into various processes and activities to enhance added value and improve efficiency.

In terms of business structure, the era may be coming when simply developing, producing, and selling vehicles as in the traditional business model will make profit growth difficult. To build the foundation for future earnings, we are actively engaged in creating new businesses and conducting proof-of-concept studies, including the financial services and charging services we are currently undertaking.

Organizational Culture and Human Capital

To respond swiftly to changes in markets and customer needs and to make calm, well-grounded investment decisions, it is vital to thoroughly implement our valued principle of *Sangen Shugi* (the “three realities” principle: go to the site, see the actual item, grasp the reality). Without going to the site, inspecting the item, understanding the facts, and having diverse personnel discuss them, accurate information analysis is impossible. At Mitsubishi Motors, we value opportunities for discussions across multiple regions and divisions, and by combining diverse expertise and perspectives, we aim to discover genuine customer and social value.

In enhancing human capital as well, we believe that the pursuit of “Mitsubishi Motors-ness” is the key. While initiatives such as talent development and opti-

mal placement are taken as a matter of course, what is most important is gathering people who have a clear desire to “do this at Mitsubishi Motors” and supporting those clearly defined challenges. We believe this will drive the execution of our strategies and the creation of value. By emphasizing individuality, we have recently seen an increase in applicants and strengthened our recruitment capability. We will continue to pursue “Mitsubishi Motors-ness” in every respect.

Dialogue with Capital Markets and Enhancing Shareholder Value

In our dialogue with shareholders and investors, we are often evaluated as “a nice-niche company with ASEAN operations and distinctive products and technologies.” These dialogues, while sometimes involving candid criticism, also provide hints and positive insights that deepen our thinking, and they are extremely valuable opportunities for me.

Through these conversations with shareholders and investors, I have once again recognized the importance of enhancing corporate value and maximizing returns to shareholders by pursuing “Mitsubishi Motors-ness”—this is the proper sequence for value creation. Rather than short-term or volatile growth, we aim to achieve steady and robust growth based on our unique strengths, thereby sustainably improving social and corporate value and expanding stable shareholder returns. To give our stakeholders confidence in this growth, we must continue to present visible results and enhance both the execution of our current strategies and our careful quantitative disclosures.

I ask for your continued support of Mitsubishi Motors as we continue to embrace challenges and strive toward growth.



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