Message from the CFO

Amid significant changes in the business environment, we will continue to pursue greater stability of our business foundation by responding swiftly and flexibly to change.

Kentaro Matsuoka
Representative Executive Officer, Executive Vice President (CFO)

Fiscal 2024 in Review

In fiscal 2024, the second year of our mid-term business plan “Challenge 2025,” I felt that the changes in the environment surrounding the automobile industry were extraordinarily significant. Although we performed steadily through the first half, supported in part by favorable foreign-exchange conditions, the latter half brought a reversal: the effects of interest rate cuts had run their course, the yen began appreciating, and the announcement of U.S. tariff policy triggered turmoil in the global economy. Even under such conditions, I believe that by responding swiftly and flexibly to change, we were able to gradually strengthen the stability of our business foundation.

Specifically, while demand recovery in Thailand and Indonesia lagged and competition intensified worldwide as vehicle supply constraints eased, in the first half we succeeded in firmly increasing earnings—despite higher fixed costs to address inflation—thanks also to foreign-exchange tailwinds. However, entering the second half, the Thai baht—our cost currency—rose sharply on its own, and foreign-exchange effects turned negative. Despite this difficult situation, we steadily translated increased unit sales—driven mainly by new models—into profits, and through thorough cost and expense reductions, we closed the fiscal year above the full-year operating profit forecast revised in the third quarter. Net sales were ¥2,788.2 billion, nearly level with the previous fiscal year (down ¥1.4 billion year on year). Operating profit was ¥138.8 billion (down ¥52.2 billion), with an operating profit margin of 5.0%. Ordinary profit was ¥98.6 billion (down ¥110.4 billion), and profit attributable to owners of the parent was ¥41.0 billion (down ¥113.7 billion). Although sales volume fell slightly short of the revised forecast, it totaled 842 thousand units—an increase of 27 thousand units compared with the previous fiscal year.

Future Outlook

In fiscal 2025, the business environment is expected to remain challenging—particularly for the automotive industry—with continued headwinds and significant changes. Going forward, we intend to respond swiftly, maximize the benefits of new model launches, and exercise thorough cost control to maintain our business performance.

The Japan-U.S. tariff negotiations have reached an agreement on the focal issue of automobile tariffs. The agreement stipulates that the 25% additional tariff, in effect since April of 2025, will be adjusted to 15%, inclusive of the existing base rate. This agreement itself contains a positive element, as the tariff rate is lower than initially feared. However, the impact of these tariffs on our business has been multifaceted, and we are not in a position to be unilaterally optimistic. Specifically, in the first quarter when the additional tariffs took effect, we incurred significant tariff payments. Furthermore, as an indirect consequence, global sales competition has intensified as many companies shifted their export focus to other regions.

Under these circumstances, in the ASEAN market—which we are working to strengthen as a growth driver—we have begun sales of our new mid-size SUV *Destinator*, in Indonesia. Positioned as a global strategic vehicle originating in Indonesia, this model will be rolled out sequentially across the ASEAN region, South Asia, Latin America, the Middle East, and Africa. Furthermore, we have added a hybrid electric vehicle (HEV) model to the compact SUV *Xforce* lineup and are ramping up full-scale sales. We intend to leverage this model to capture new growth opportunities in our Thailand operations.

In addition to launching these new models, we will deploy various sales strategies, such as strengthening collaboration with local dealers and sales finance companies in each country. Going forward, through careful and deliberate sales activities—as well as the timely and strategic introduction of new models in market segments expected to grow—we aim to expand our market share and improve profitability.

Based on these conditions, in fiscal 2025 we forecast net sales of ¥2,860.0 billion, operating profit of ¥70.0 billion, ordinary profit of ¥60.0 billion, and profit attributable to owners of the parent of ¥10.0 billion. Given the current uncertain state of the global economy, we plan to update our performance forecasts quarterly throughout the year.

Shareholder Returns

Mitsubishi Motors understands that capital is in high demand, in order to achieve sustainable growth through the further promotion of technological innovations and environmental efforts. On this foundation, it is our basic policy to maintain the stable distribution of profits to shareholders after comprehensively considering cash flows, financial condition, and business performance.

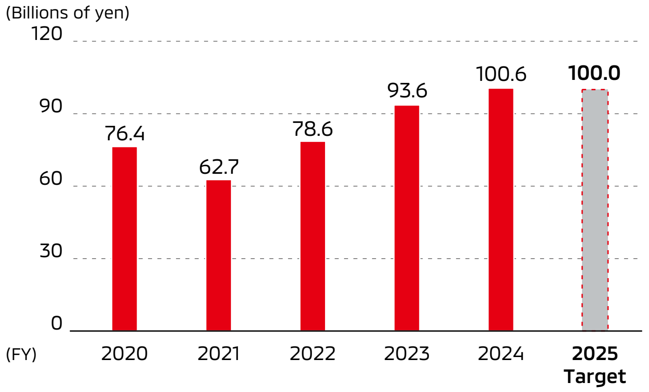
On that basis, we intend to continue strengthening shareholder return measures as appropriate. As a step toward enhancing shareholder returns, in fiscal 2024 we conducted a share buyback in November for a portion of the shares held by Nissan Motor Co., Ltd., and paid an annual dividend of ¥15 per share (an increase of ¥5). In fiscal 2025, at the start of the fiscal year we plan to pay dividends of ¥10 per share. Although it is difficult to assess the impact of U.S. tariffs, we aim to maintain at least an annual dividend of ¥10 per share while steadily implementing concrete measures for future earnings recovery.

Operating Performance and Forecast

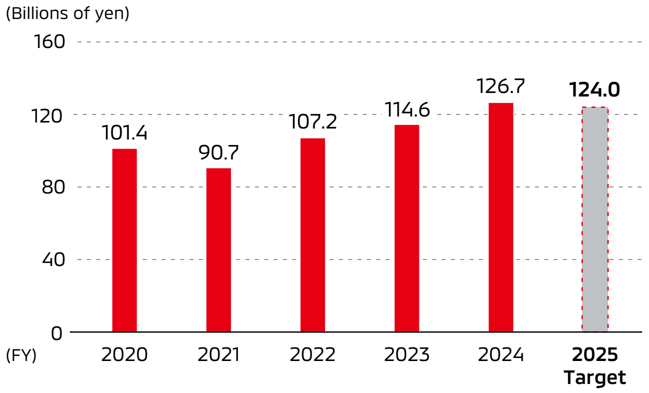
(Billions of yen, thousands of units)

	FY2024 (Actual)	FY2025 (Forecast)
Sales volume	842	869
Net sales	2,788.2	2,860.0
Operating profit	138.8	70.0
Ordinary profit	98.6	60.0
Profit attributable to owners of the parent	41.0	10.0

Capital Expenditures



R&D Expenses



Cash and Deposits/Interest-Bearing Debt