

Message from the CFO



Kentaro Matsuoka

Representative Executive Officer,
Executive Vice President
(CFO)

We will continue our value-oriented business and generate cash flow by manufacturing vehicles that embody "Mitsubishi Motors-ness."

Fiscal 2023 in Review

In the second half of fiscal 2023, the competitive environment began to normalize as inventory shortfalls caused by shortages in the supply of semiconductors and other components were generally resolved, and the business environment was generally difficult, as overall automobile demand declined significantly in some countries. Against this backdrop, the Mitsubishi Motors Group focused on improving earnings per unit by clarifying cost priorities, improving the quality of sales, and "quality-of-sales improvement activities."

As a result, in fiscal 2023 global sales volume was down 2% year on year, to 815,000 vehicles, but net sales grew 13%, to ¥2,789.6 billion. Operating profit came to ¥191.0 billion, up ¥0.5 billion, despite sluggish overall demand in some parts of the ASEAN region,

fiercer competition due to alleviation of constraints on the supply of vehicles, and a deterioration in material expenses and transportation expenses, as we overcame these challenges by increasing selling prices in line with improvements in sales quality and benefited from favorable exchange rates. Ordinary profit increased ¥27.0 billion year on year, to ¥209.0 billion, and profit attributable to owners of the parent was ¥154.7 billion, down ¥14.0 billion.

Future Outlook

Looking at the global situation, economic conditions and demand trends vary by region. Even within the ASEAN region, which we are working to strengthen as a growth driver, in some countries the market recovery is being delayed. Exchange rates and stock markets

have been highly volatile due to various countries' announcements on monetary policy and indexes. Furthermore, many countries will hold presidential or general elections in 2024, and incoming administrations could substantially affect policies, regulations, and international affairs. Against this uncertainty, we will embark on the second year of Challenge 2025, our mid-term business plan.

In fiscal 2023, we launched a series of new models as strategic vehicles for the ASEAN market. In fiscal 2024, we will sequentially roll out these vehicles in non-ASEAN regions, leveraging our strategic vehicles for the ASEAN market to strengthen sales on a global scale. These new products will embody our brand value, espousing "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.'" We will continue to build cars that embody this commitment to "Mitsubishi Motors-ness" and engage in value-oriented business supported by customer empathy.

Meanwhile, the automotive industry is working to address global environmental issues by becoming carbon neutral. Meeting this goal will require a variety of options, not just battery EVs (BEVs). The BEV market, which had been growing in China, Europe, and the United States, is now approaching a plateau, partly due to policy support, and the role of hybrids is being reevaluated. Having accumulated electric vehicle technologies through BEVs and PHEVs, we are now ready

to introduce HEV models, starting with the *XPANDER*, and we will continue to further refine these technologies going forward. We will also work to improve profitability by strengthening our value chain, which includes peripheral businesses in addition to the manufacture and sale of automobiles.

By implementing these initiatives as planned, in fiscal 2024 we expect sales volume to grow 10% from the fiscal 2023 level, to 895,000 units. We anticipate net sales of ¥2,880.0 billion, operating profit of ¥190.0 billion, and profit attributable to owners of the parent of ¥144.0 billion.

Shareholder Returns

Mitsubishi Motors understands that capital is in high demand, as it allows companies 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. In light of recent trends in the business environment, by the end of fiscal 2024 we hope to finalize our medium- to long-term investment policy for future growth, including electrification and carbon neutrality. We will then present a specific policy for shareholder returns at an early date. As we move forward with these considerations, for fiscal 2024 we intend to award annual dividends of ¥15 per share (up ¥5 per share), as our next step to improving shareholder returns.

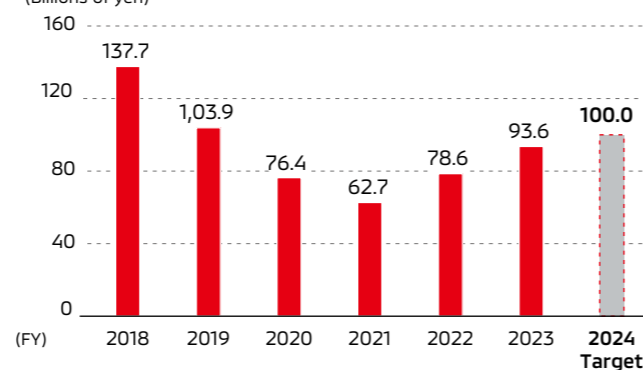
Operating Performance and Forecast

(Billions of yen, thousands of units)

	FY2023 (Actual)	FY2024 (Forecast)
Sales volume (retail)	815	895
Net sales	2,789.6	2,880.0
Operating profit	191.0	190.0
Ordinary profit	209.0	190.0
Profit attributable to owners of the parent	154.7	144.0

Capital Expenditures

(Billions of yen)



R&D Expenses

(Billions of yen)



Cash and Deposits/Interest-Bearing Debt

(Billions of yen)

