



## FY2023-2025 Mid-Term Business Plan "Challenge 2025"

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March 10, 2023



**"2023 – 2025"**

A Turning Point to a Major Transition Era



**The Challenge** for  
Further Growth & the Next Generation

## ■ Review of Current Mid-Term Business Plan

### ■ Long-term Road Map

### ■ Challenge 2025 Overview

### ■ Challenge 2025 Key Strategy

## Achieved a Swift Shift to a Lean and Agile Business Structure

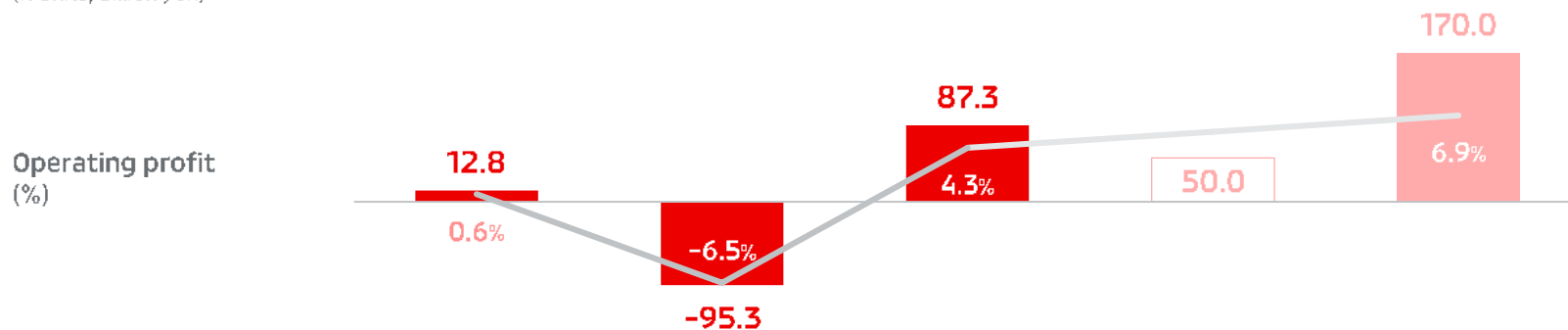
### Significant Profit Improvement Achieved through Fixed Cost Reduction and Revenue Improvement

Initiative Items	Results
Reduce fixed cost by 20% within 2 years by consolidating investments into core regions and products	<b>Achieved in 1 year</b>
Concentrate management resources in ASEAN Reform business structure in developed countries	Boosted product rollouts for ASEAN in new MTP* Reformed European business with Alliance support
Enhance xEV lineup Enhance technology development for xEVs	2 PHEVs / Production restart of Kei commercial EV / Kei EV (Nissan) / EV for China (Guangzhou Automobile Gr.) / Took PHEV/HEV/BEV technology into the next generation
Optimize production structure	Restructured domestic production
Strengthen Partnerships	Utilized new technologies from the Alliance (CMF-CD platform / E-Architecture / ADAS / Kei EV technology, etc.)

# Review of Current Mid-Term Business Plan "Small but Beautiful"

## Significant Profit Improvement Achieved through Fixed Cost Reduction and Revenue Improvement

(K Units, Billion yen)



	FY2019	FY2020	FY2021	FY2022 MTP Target	FY2022 (forecast)
Free Cash Flow	-82.8	-178.8	25.6	31.0	-
Sales Volume (Retail)	1,127	801	937	1,054	866
R&D Expenses	130.9	101.4	90.7	99.0	102.0
CAPEX	103.9	76.4	62.7	100.0	90.0
Depreciation	74.8	65.9	53.6	80.0	59.0

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# Long-Term Road Map

	2020	2025	2030	2035
Societal Changes	Increased awareness of CN			
	Initiatives to achieve CN / Battery evolution			
	Generation Z (prioritize Experience, Empathy, and Time Performance) To Generation α ...			
	Digital Technology Evolution (Comms(5G/6G), DX, AI, Robotics, and Metaverse)			
Mid-Term Business Plan	<div> <div>"Small but Beautiful"</div> <div><b>"Challenge 2025"</b></div> </div>			
Vehicle Electrification	Mainly ICE	ICE / HEV / PHEV / BEV mixed		Mainly HEV / PHEV / BEV
DX / New Business	Use of digital tech in business	<div> <div>- System upgrade</div> <div>- DX</div> </div>		
Business Form	- Vehicle sales - After sales	<div> <div>- Value chain expansion</div> <div>- New business challenges</div> </div>		
Regional Strategy	Global rollout	<div> <div>Focus area selection and role clarification</div> <div>Clarifying regional roles and securing profit for each region</div> </div>		

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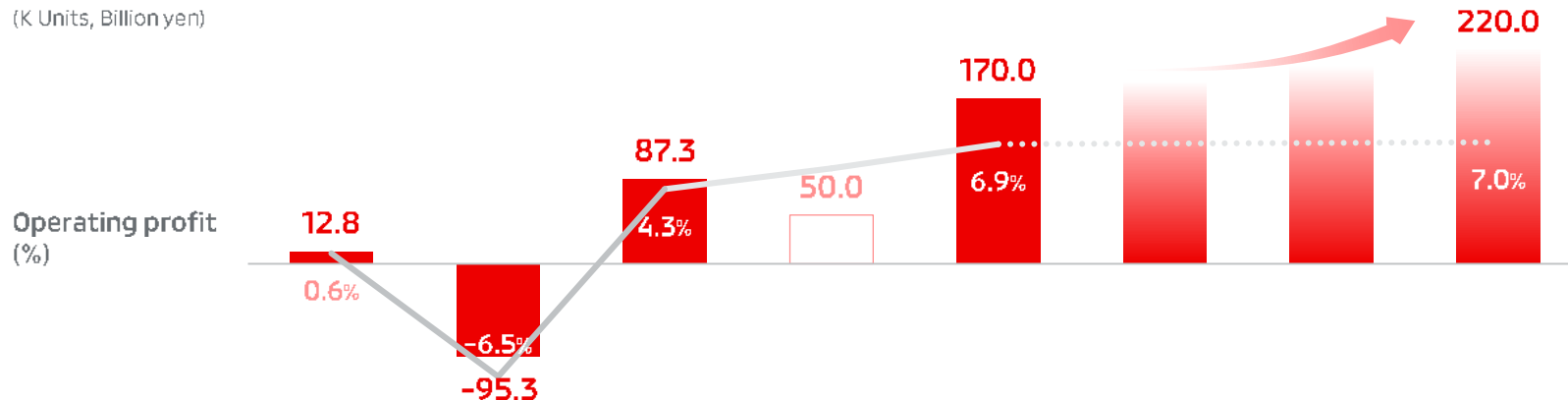


# Challenge 2025 Management KPIs

Sales KPIs	Financial KPIs	Investment KPIs
FY2025	FY2025	FY2025
Net Sales per Vehicle ¥2,500 <sub>k</sub>	Operating Profit (%) ¥220.0 <sub>bn</sub> 7%	R&D Expenses (Electrification) ¥150.0 <sub>bn</sub> ¥70.0 <sub>bn</sub>
Sales Volume (Retail) 1,100 <sub>k units</sub>	EBITDA* (%) ¥300.0 <sub>bn</sub> 10%	CAPEX (Electrification) ¥130.0 <sub>bn</sub> ¥55.0 <sub>bn</sub> (IT/New Business) ¥15.0 <sub>bn</sub>
	Free Cash Flow ¥150.0 <sub>bn</sub>	Depreciation ¥85.0 <sub>bn</sub>
	Shareholders' Equity (Equity ratio) ¥1.0 <sub>trn</sub> 45%	
	* Earnings Before Interest, Taxes, Depreciation, and Amortization	

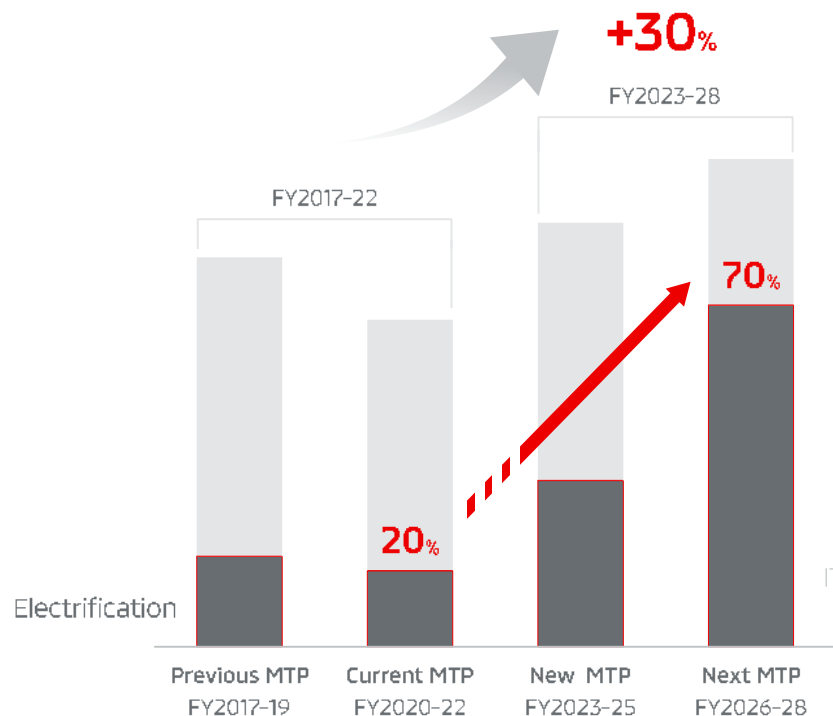
# Challenge 2025 Management KPIs

(K Units, Billion yen)

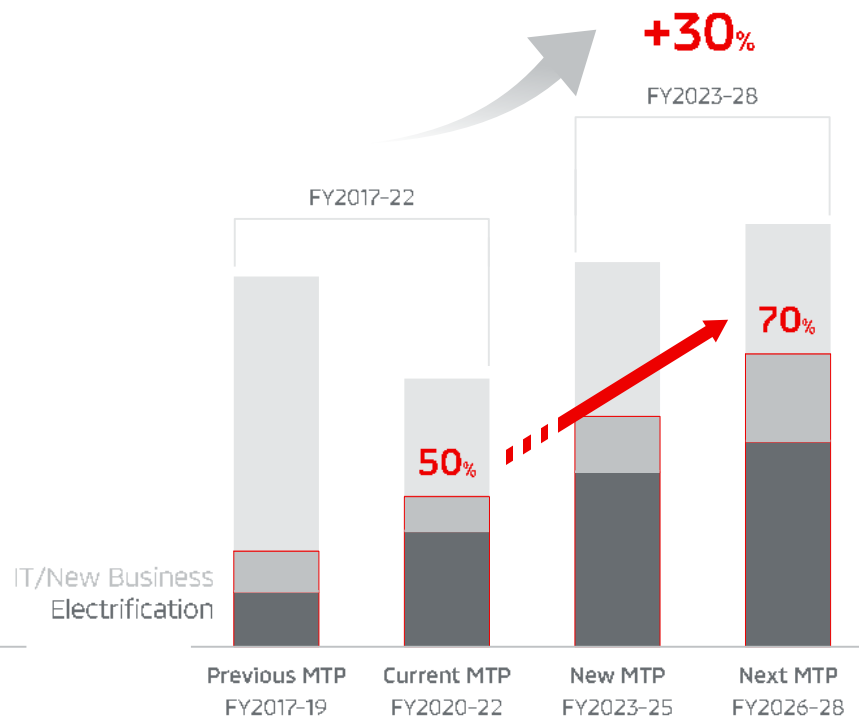


		FY2019	FY2020	FY2021	FY2022 Current MTP Target	FY2022 (Forecast)		FY2025 New MTP Target
Free Cash Flow		-82.8	-178.8	25.6	31.0	-	→	150.0
Sales Volume (Retail)		1,127	801	937	1,054	866	→	1,100
R&D Expenses		130.9	101.4	90.7	99.0	102.0	→	150.0
CAPEX		103.9	76.4	62.7	100.0	90.0	→	130.0
Depreciation		74.8	65.9	53.6	80.0	59.0	→	85.0
FX Rate (Yen)	USD	109	105	112	107	135		127
	THB	3.52	3.41	3.44	3.47	3.83		3.88

## R&D Expenses



## CAPEX



# The 3 Major Challenges in Challenge 2025

**Establishment/Strengthening  
of Absolutely Stable  
Revenue Base**



**Enhance profitability  
in ASEAN / Oceania**

**Enhance profitability in other  
regions with ASEAN products**  
(Latin America, Middle East/Africa)

**Business improvement in Advanced  
Technology Promotion Regions**  
(Japan / North America /  
Europe / China)

**Working toward  
Carbon Neutrality**



**Strengthening electrification  
development and Alliance  
for the 2nd phase of  
xEV lineup enhancement**  
(FY2026-2028)

**Boosting action for  
Scope1-3 of CO2 reductions**  
(Production/Procurement)

**Digitalization / Expansion  
into New Business Areas**



**In-house IT infrastructure renewal  
/ Digital HR development**

**Energy Management**

**Battery Reuse**

**Data Sales**

**Mitsubishi Motors-ness** - To be the company of choice for our customers



## 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, Security and Comfort"



**Boosting the Mitsubishi Motors brand and Value-Oriented business**

# The Product Vision of Mitsubishi Motors-ness



Environmentally friendly  
and enable activities  
close to nature



Contribute to carbon  
neutrality with  
Commercial EVs



Enable anyone to  
experience an exciting  
adventure with confidence



Enable people to get  
home safely with their  
family from any adventure



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

# The Compositional Technologies of Mitsubishi Motors-ness



The world's first mass-produced BEV and globally recognized PHEV as a core

## Electrification



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

## Durability and Reliability



Provide overwhelming driving performance and reliability on any road surface

## Four-wheel control (S-AWC)



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

## Comfortability

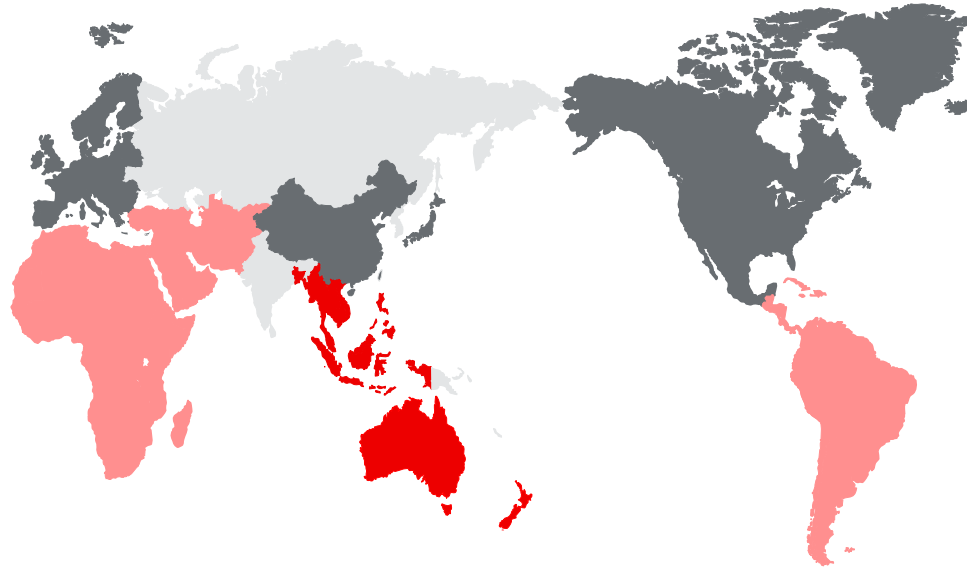
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## Growth Drivers

### ASEAN, Oceania

Concentrate management resources into these core business regions, and aim to grow sales volume, market share and revenue

## Leverage Regions

### Latin America, Middle East /Africa

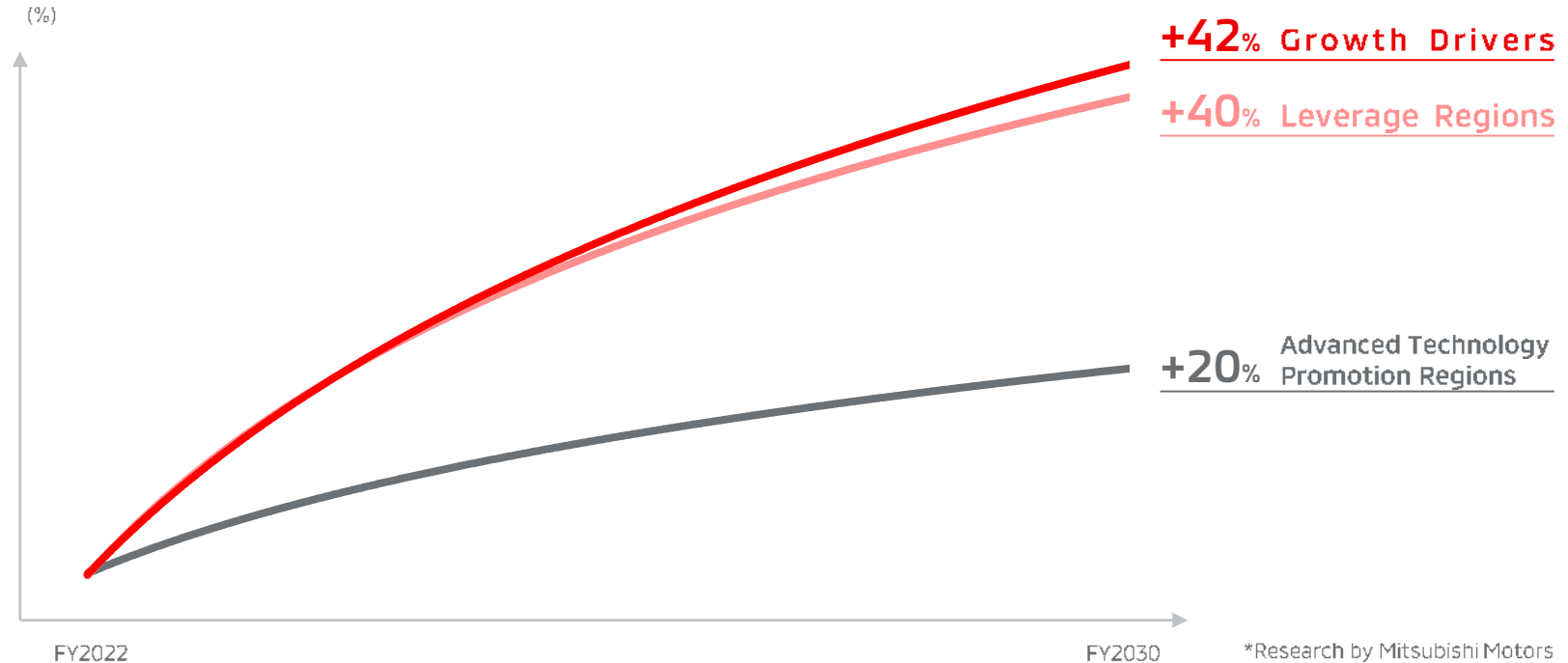
Second pillar of business development maximizing use of ASEAN products

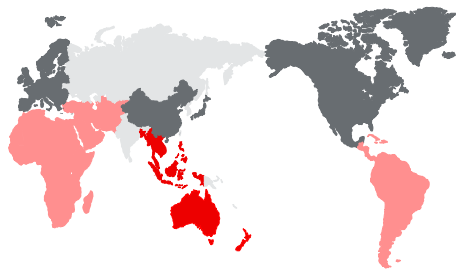
## Advanced Technology Promotion Regions

### Japan, North America, Europe, China

Move to advanced technologies by leveraging the Alliance / partners

## Major growth in Growth Drivers/Leverage Regions\*





## Growth Drivers

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## Leverage Regions

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Second pillar of business development maximizing use of ASEAN products

## Advanced Technology Promotion Regions

### Japan, North America, Europe, China

Move to advanced technologies by leveraging the Alliance / partners

+42%

Market Growth (FY2022 - 2030)

+20%

Revenue Contribution

Management Resource Allocation

Utilization of the Alliance

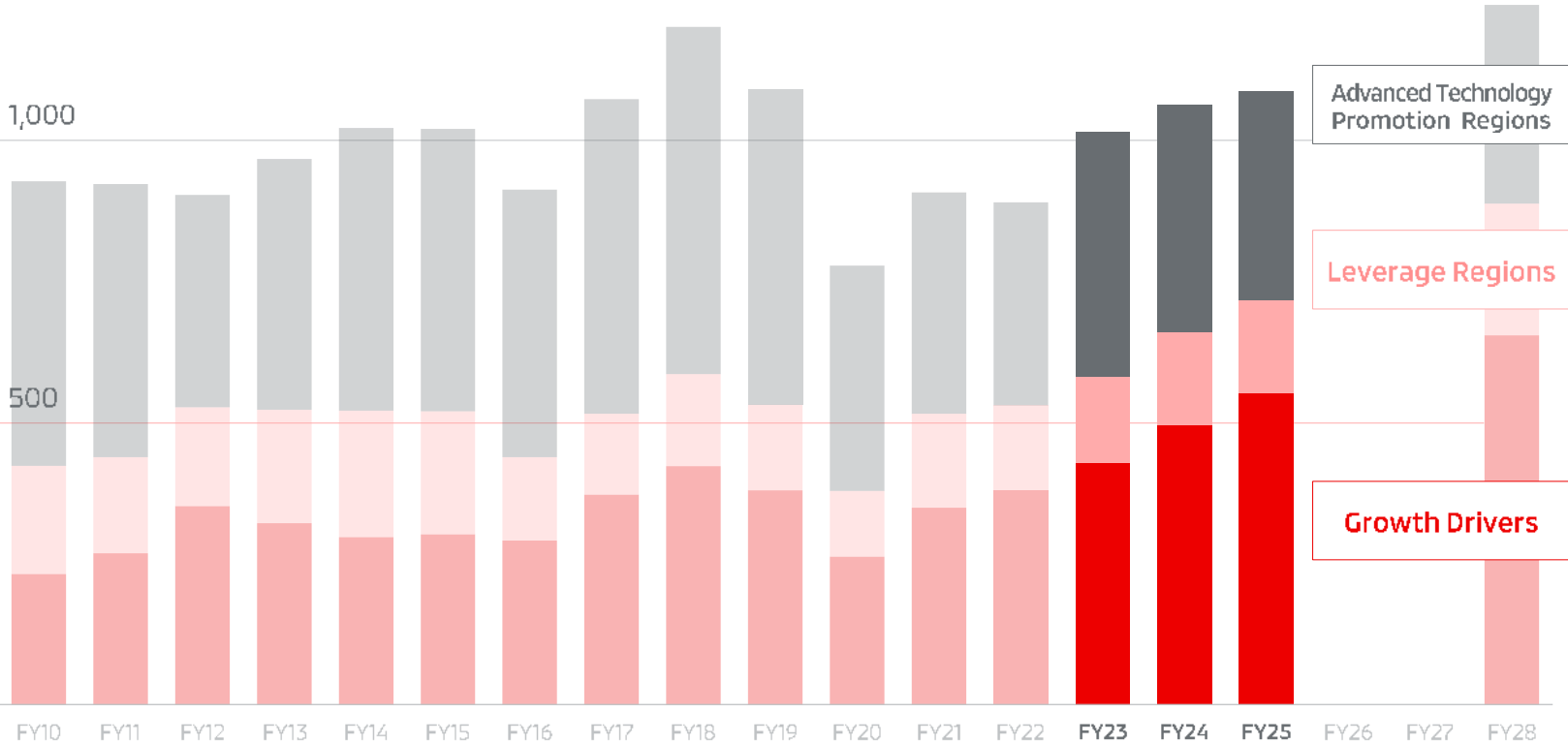


Evolution / Strengthening of Advanced Technology

# Regional Strategy | Sales Forecast by Regional Category



(K units)



## Building of Long-term Relationships of Trust with Customers based on Products with Mitsubishi Motors-ness

### Purchasing / Service Experience



- Global rollout of a new standard for stores
- Smooth customer experience through improvement of productivity of store/sales staff in purchasing
- Reassuring and smooth personalized customer experience in after sales with total care

### CX with Digital tech/IT



- Safety, security, and comfort in services with digital tech/IT such as connected car services, apps, etc.

### Provision of New Value through Dealers



- Brand value-oriented activities in unison with dealers
- Provision of new value through dealers, such as a new lifestyle with xEVs and energy management

### Activities to Spread Mitsubishi Motors-ness



- Events to experience Mitsubishi Motors-ness (Star Camp, etc.)
- Provision of customer experience through Asia Cross Country Rally and RALLIART

## Spread Value-Oriented Sales by Leveraging the Products with Mitsubishi Motors-ness

Growth Drivers	ASEAN	<ul style="list-style-type: none"><li>■ Consecutive rollouts of new products</li><li>■ Enhancing experience events and touchpoints with customers</li><li>■ Production and rollout of xEVs suited to the market in each country</li></ul>
	Oceania	<ul style="list-style-type: none"><li>■ Expanding sales in large cities with Outlander PHEV</li><li>■ Providing best warranty and total care</li><li>■ Strengthening value chain for increased vehicle lifecycle profit</li></ul>
Leverage Regions	Latin America Middle East Africa	<ul style="list-style-type: none"><li>■ Strengthening sales network</li><li>■ Digging deeper into private market with new ASEAN products</li><li>■ Gaining early adopters of xEVs through Outlander PHEV rollout</li></ul>
Advanced Technology Promotion Regions	North America Europe China	<ul style="list-style-type: none"><li>■ Strengthening cooperation with Alliance members</li><li>■ Expanding xEV lineup</li><li>■ Improving CX by strengthening digital tools</li></ul>
	Japan	<ul style="list-style-type: none"><li>■ Brand boost through plentiful xEV lineup and products with Mitsubishi Motors-ness</li><li>■ Creating seamless and efficient touchpoints with customers through DX</li><li>■ Strengthening value chain for maximized vehicle lifecycle profit</li></ul>

## Roll out 16 models (inc. 9 xEV models) over the next 5 years

ICE models

xEV models



Expand Segment Coverage in Growth Drivers and Leverage Regions

**Roll out 12 models (inc. 7 xEV models)**  
over the next 5 years

ICE models

xEV models



PPV

Pickup



Pickup  
BEV

2-row SUV  
BEV

2-row SUV  
HEV



MPV

3-row SUV

XFC CONCEPT



ASX

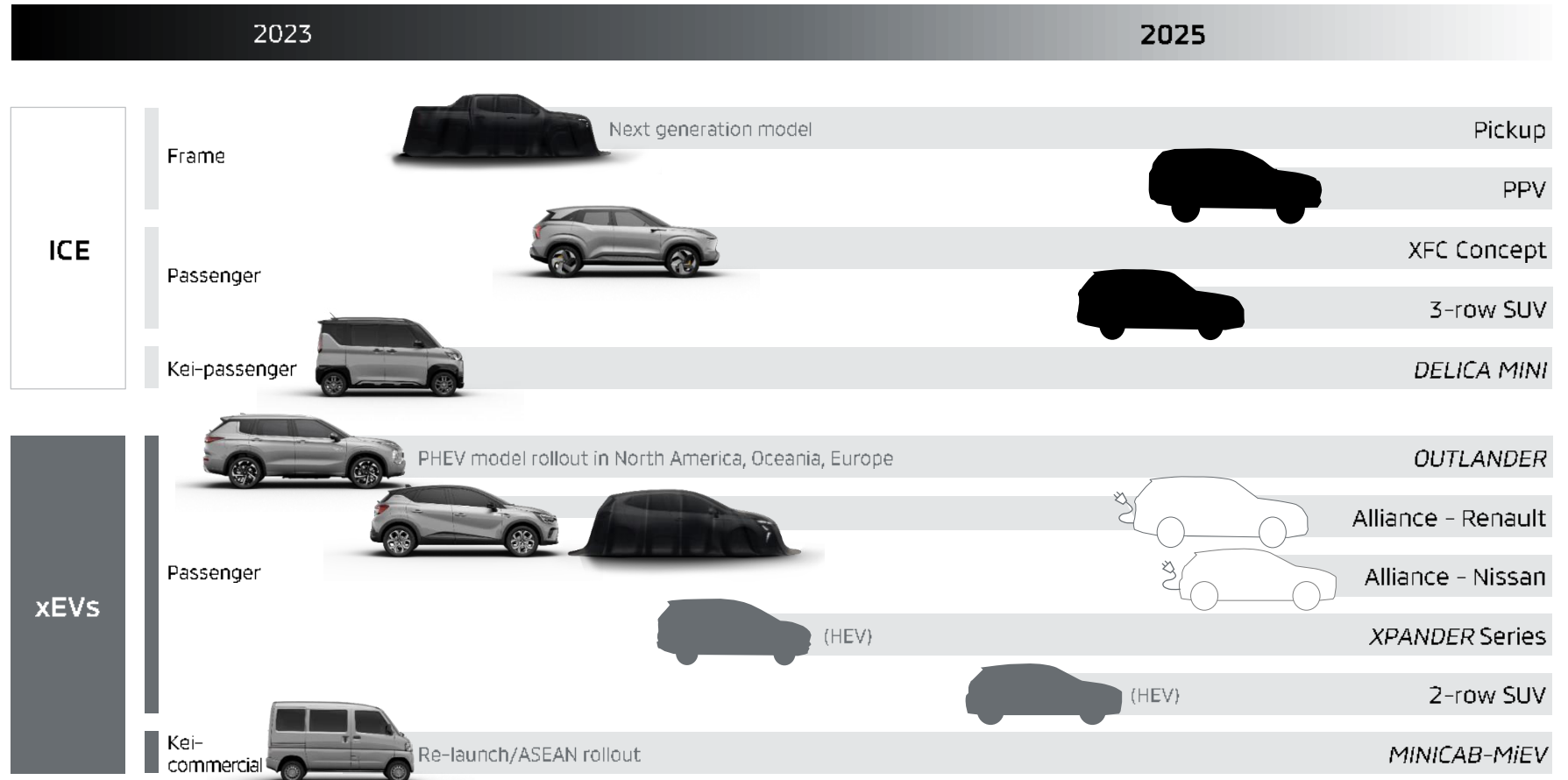
Alliance  
BEV

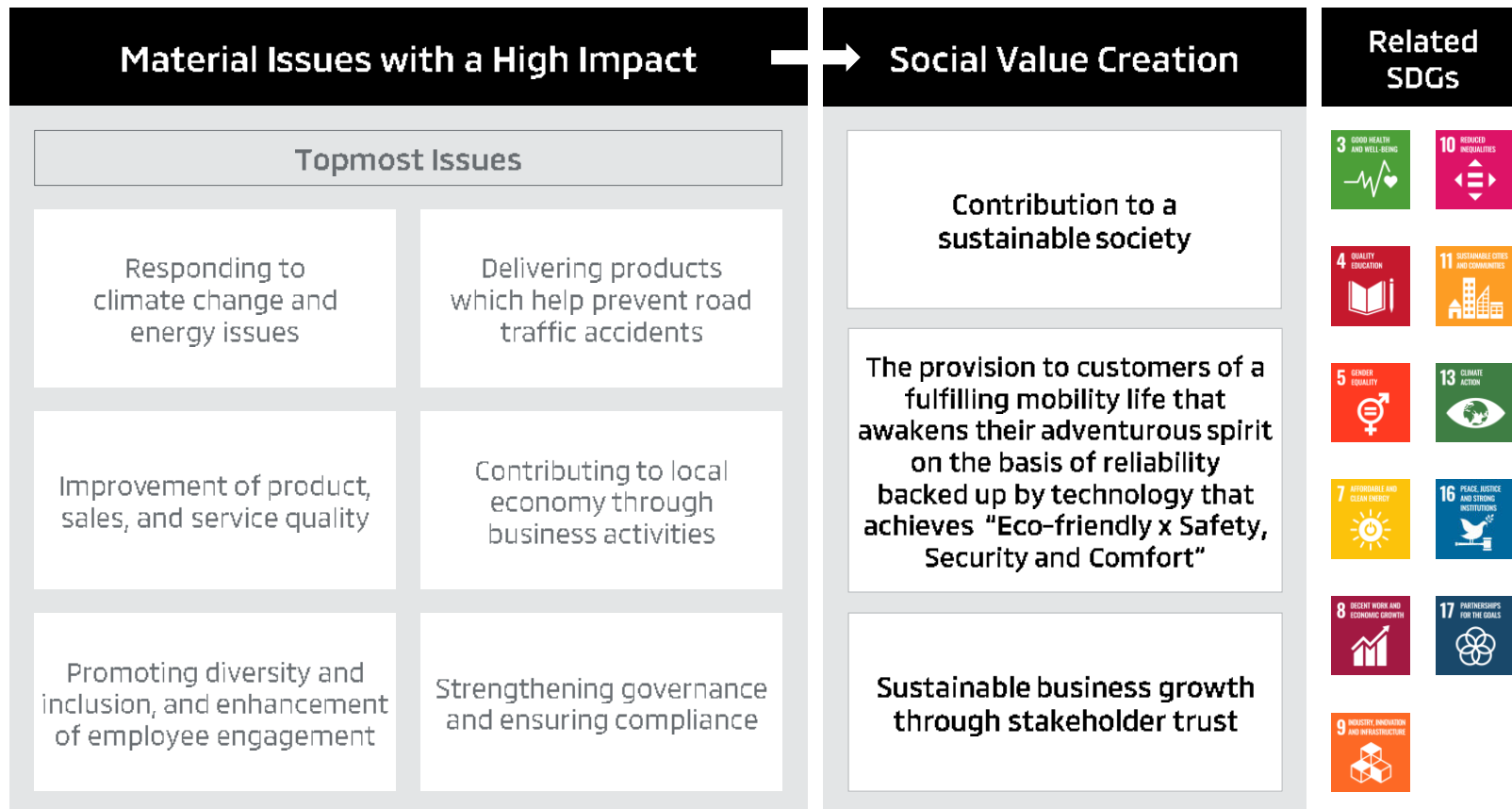
XPANDER  
HEV

MPV  
HEV



# Product Rollout | Schedule (Challenge 2025 Period)





## Accelerate Initiatives to Achieve Carbon Neutrality

### Environmental Targets 2030 (update)

Average CO2 emissions  
from new vehicles

**-40%**

(Tank to Wheel, compared to FY2010)

xEVs  
sales mix

**50%**

FY2035  
**100%**

CO2 emissions  
from business activities

**-50%**

(Scope 1 and 2 total emissions,  
compared to FY2018)



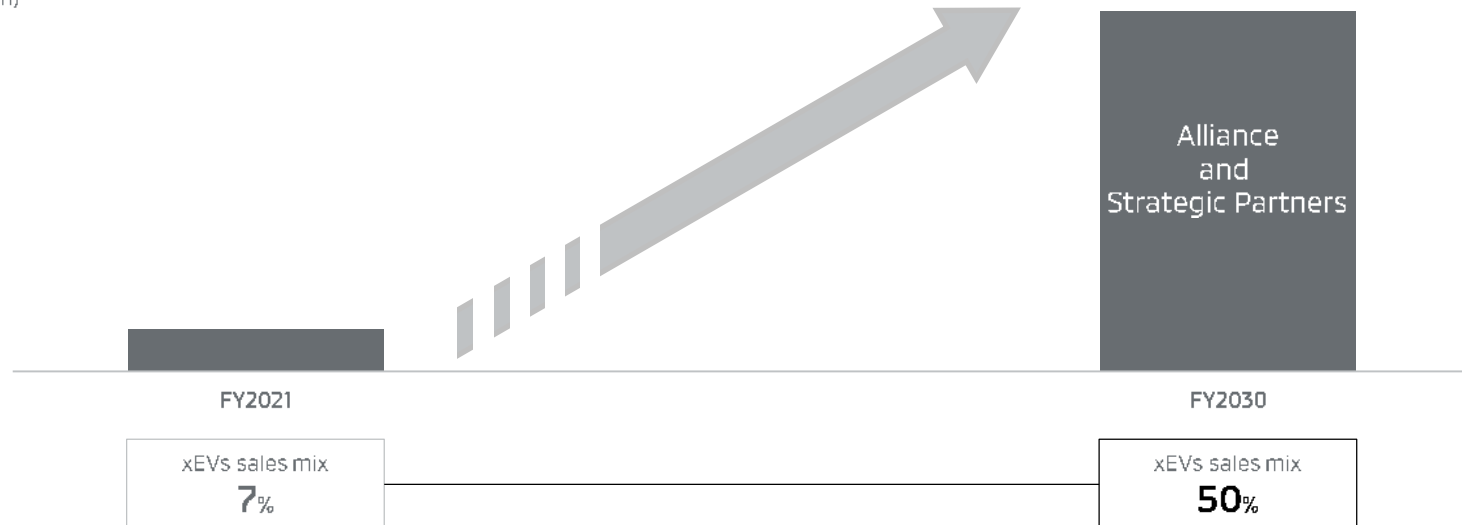
CO2 emission reduction activities through collaboration with suppliers/transporters  
in the fields of procurement and distribution

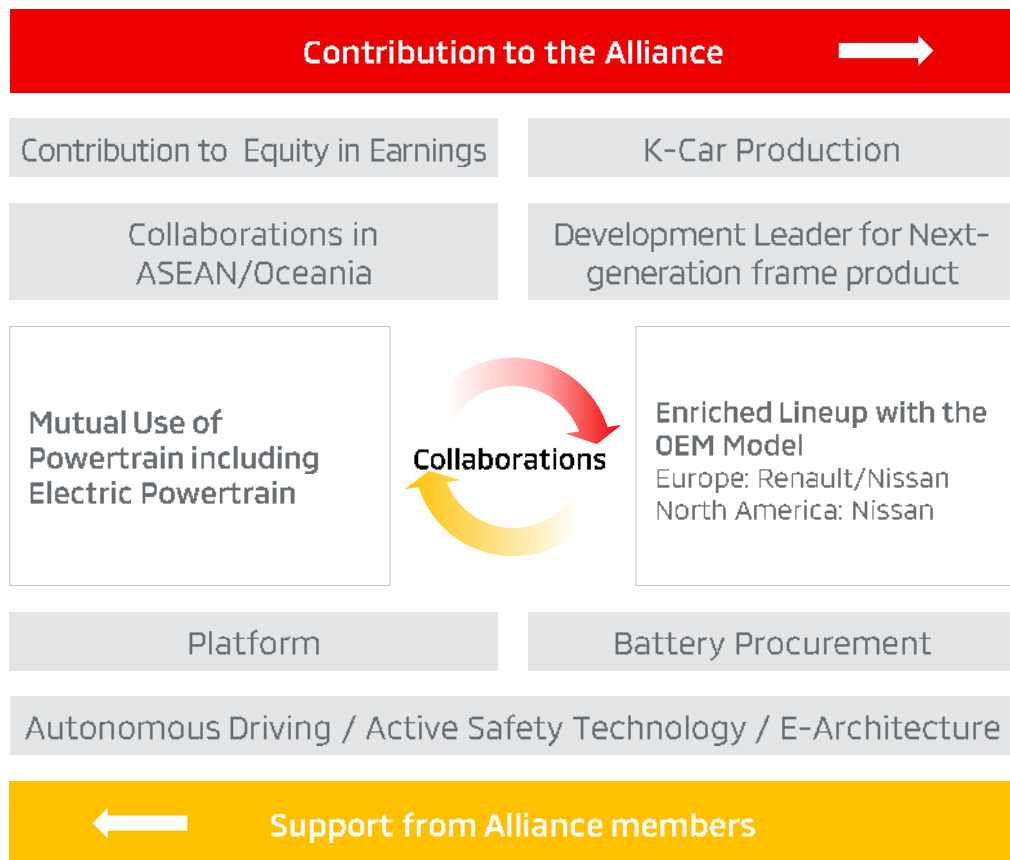
## Battery Procurement for Carbon Neutrality

Target for **15GWh** (up to 2030)

Total Investment **¥210.0bn**

(GWh)



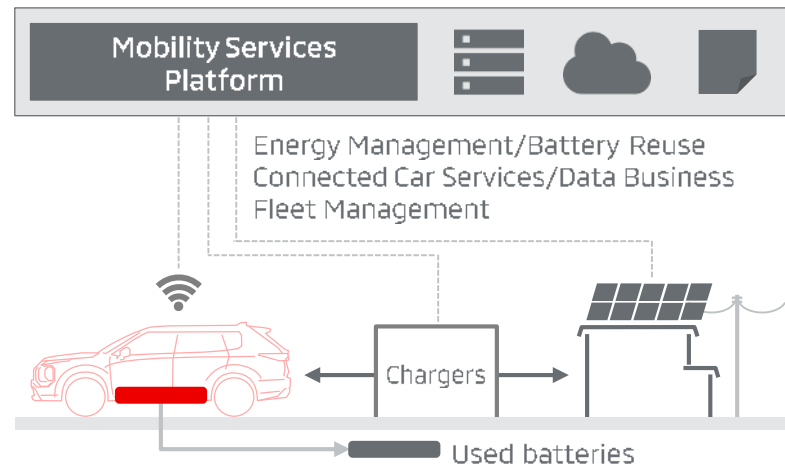


## An Important Pillar of Revenue after Existing Business

- 1 Vehicle Sales
- 2 Financing (Leasing)
- 3 After Sales
- 4 Mobility Business**

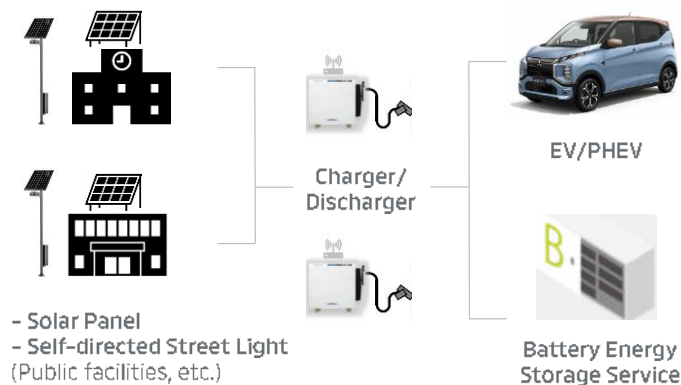
- Utilize vehicle data / vehicle remote operation functions / used traction batteries as unique assets of automotive manufacturers
- Collaborate with partners / municipalities, and grow the mobility business into a fourth pillar of revenue after vehicle sales, financing (leasing), and after sales

## Initiatives for Energy Management / Battery Reuse / Data Business



- Initiatives for energy management and reuse of used battery toward carbon neutrality
- Business rollout using vehicle data
- Provision of total mobility solutions combining leasing and after sales

## Energy Management (Advance Decarbonization Regions / Collaboration with GI Fund\*)



- Collaboration with municipalities and the Japan Post Group on carbon neutrality using traction batteries/ used batteries, and use as a power supply in natural disasters (power cuts, etc.)
- Collaboration with government measures such as Advance Decarbonization Regions and GI Fund in these initiatives
- First initiative in Okazaki City, and aim to expand this going forward

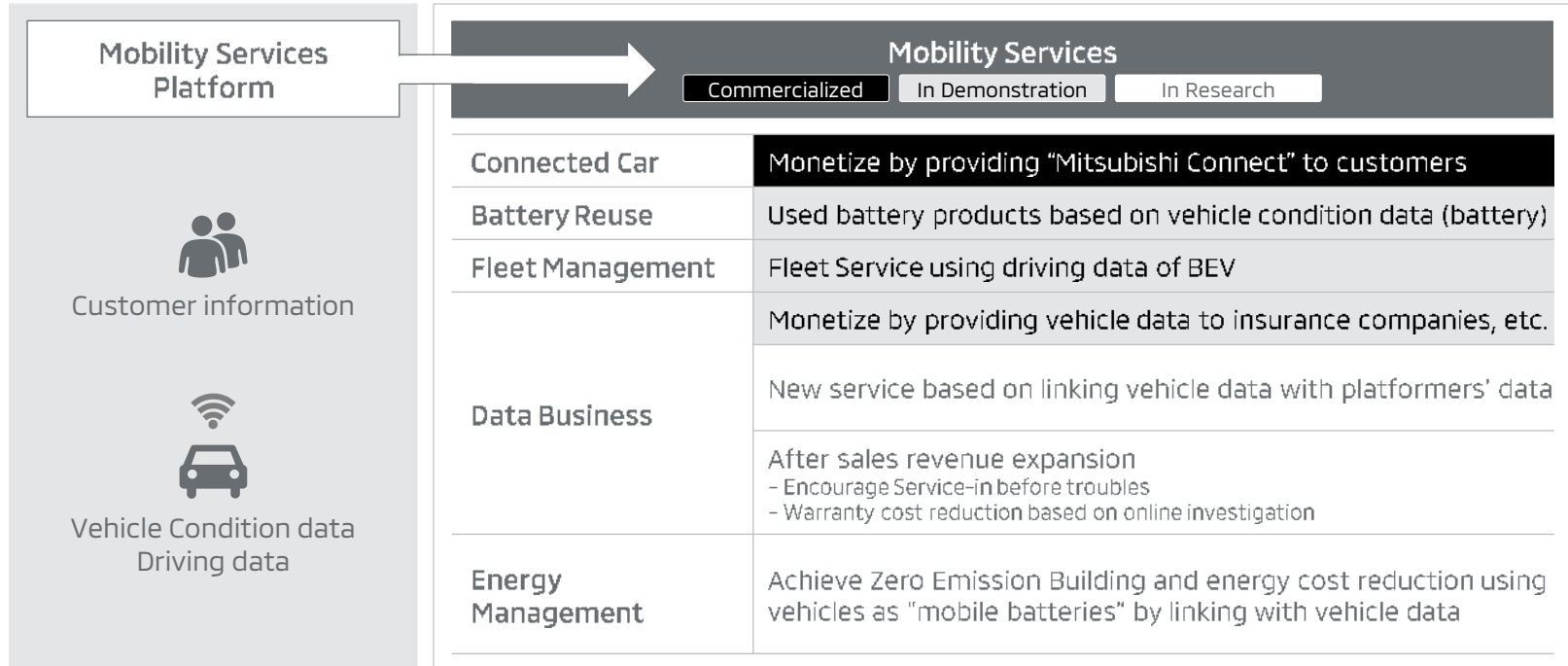
\*Green Innovation Fund from the Ministry of Economy, Trade and Industry

## Battery Reuse (Self-directed Street Light with Used Batteries)



- Developing Self-directed Street Light utilizing battery modules with MIRAI-LABO (to be set up in FY2022)
- Start testing to evaluate CO2 reductions for manufacturing through reuse, and possibility to run without an external electricity supply
- Expansion to public facilities in municipalities, factories, etc.

## Combining Vehicle Data and Customer Information to Enhance Value Chain including After Sales and Marketing and to Develop New Businesses such as Data Sales and Linking with Third Parties





## Establish Great Workplace to Nurture Employee Engagement and HR Development as the Base for Action Guidelines "MMC WAY"

### Action Guidelines "MMC WAY" (Updated in FY22)



#### THINK OF OUR CUSTOMERS, STRENGTHEN TRUST

お客様を第一に考え、常に信頼を得続ける



#### ENRICH SOCIETY

社会の発展に貢献する



#### WELCOME ALL FACTS, SHARE DIFFICULT NEWS FIRST

事実を直視し、悪い情報ほど迅速に共有する



#### CONDUCT AND CHALLENGE YOURSELF PROFESSIONALLY

プロとして、自ら行動し枠を超えて挑戦する



#### RESPECT ALL, WORK AS A BROADER TEAM

互いに敬意を払い、組織や属性を超えて共働する

### Strategic HR Priorities

#### Build Better Place to Work

- Adopt location-free work arrangements
- Introduce flexible working style in consideration of childcare and family nursing care

#### Enhance Learning Opportunities/Reskilling Programs

- Expand mutual talent exchanges between Japan and overseas and global career development programs
- Launch digital reskilling programs to support DX
- Embed technical expertise into HR system and processes

#### Secure/Cultivate Diverse Workforce

- Implement flexible total rewards strategy and structure
- Develop vibrant workplaces in which employees appreciate the differences to fulfill their potential



**MITSUBISHI  
MOTORS**

Drive your Ambition

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