MITSUBISHI MOTORS

FY2022 First-Quarter Financial Results

July 27, 2022

1. FY2022 First-Quarter Financial Results

2. FY2022 Financial Forecast

3. Business Highlights

1Q/FY2022 Financial Results Summary (vs. 1Q/FY2021)

(Billion yen, 000 units)	1Q/FY2021 (APR-JUN 2021)	1Q/FY2022 (APR-JUN 2022)	Variance	
			Amount	Ratio
Net Sales	431.9	528.7	+96.8	+22%
Operating Profit (OP Margin)	10.6 (2.5%)	30.8 (5.8%)	+20.2	+191%
Ordinary Profit	11.2	49.5	+38.3	+342%
Net Income*	6.1	38.6	+32.5	+533%
Sales Volume (Retail)	230	217	-13	-6%

* Net income attributable to owners of the parent

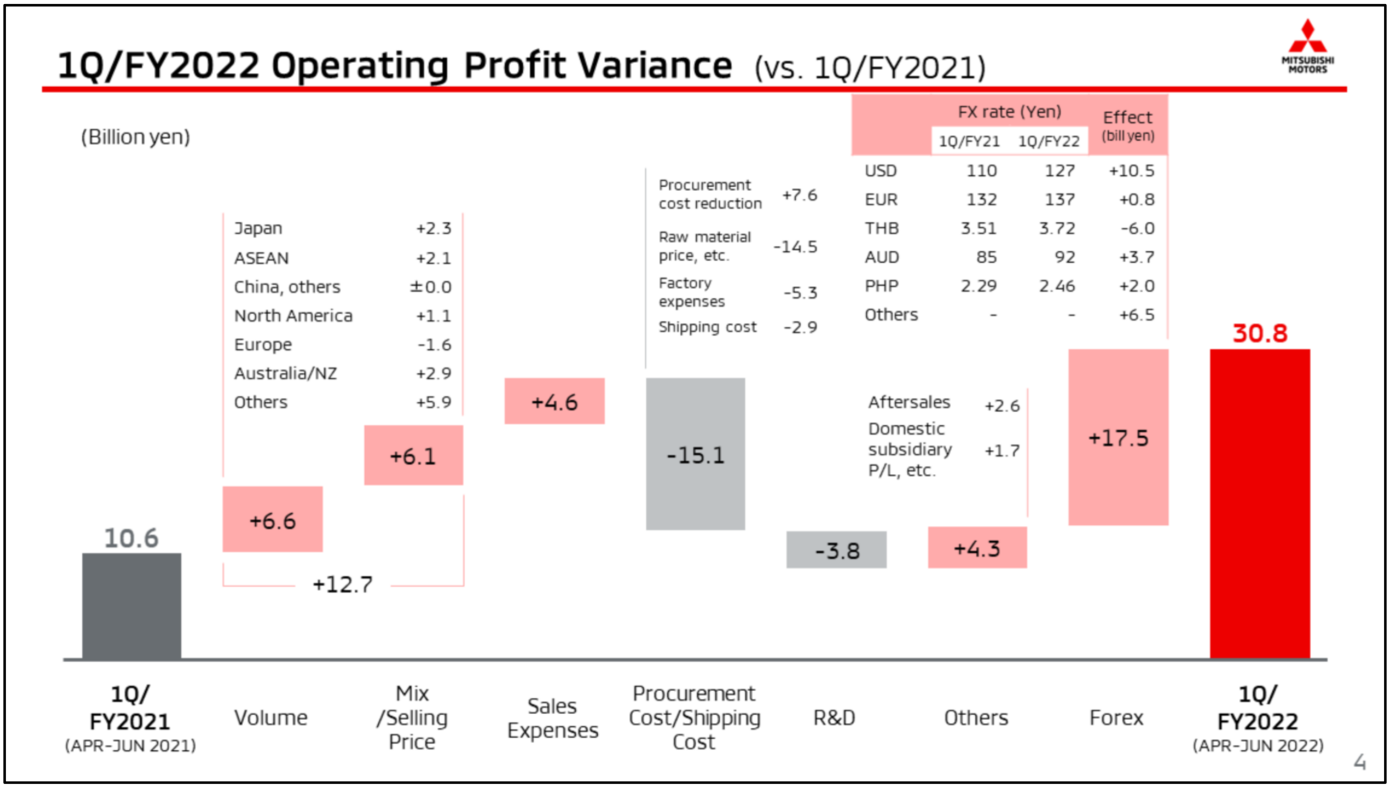
3

In FY2022, we started in an uncertain business environment due to lock-downs in the Shanghai region of China, a worldwide shortage of parts supply, and logistics disruptions. On the other hand, our performance improved significantly YoY due to the gradual actualization of our efforts to improve sales quality and gross profit, which we have been promoting since the previous fiscal year, and the addition of favorable currency exchange rates.

Net sales for the first quarter increased 22% YoY to ¥528.7 billion. Operating profit improved significantly YoY to ¥30.8 billion due to the big contribution of new models launched in the previous fiscal year, normalization of sales activities in the ASEAN market and improvements in mix and selling prices. The OP margin improved to 5.8%.

Ordinary profit was ¥49.5 billion due in part to the impact of foreign exchange rates and net income was ¥38.6 billion.

Sales volume came to 217,000 units globally.



The slide which you can see explains the factors behind year-on-year changes in operating profit for the first quarter of fiscal 2022.

Volume and Mix/Selling Price improved by ¥12.7 billion YoY. Mainly in ASEAN, Australia and New Zealand, and Japan, we saw an increase in unit sales and an improvement in MIX/ selling prices.

With regard to Sales Expenses, Incentives improved by ¥5.6 billion, while advertising expenses increased in line with plans, including the introduction of new models. As a result, total sales expenses improved by ¥4.6 billion.

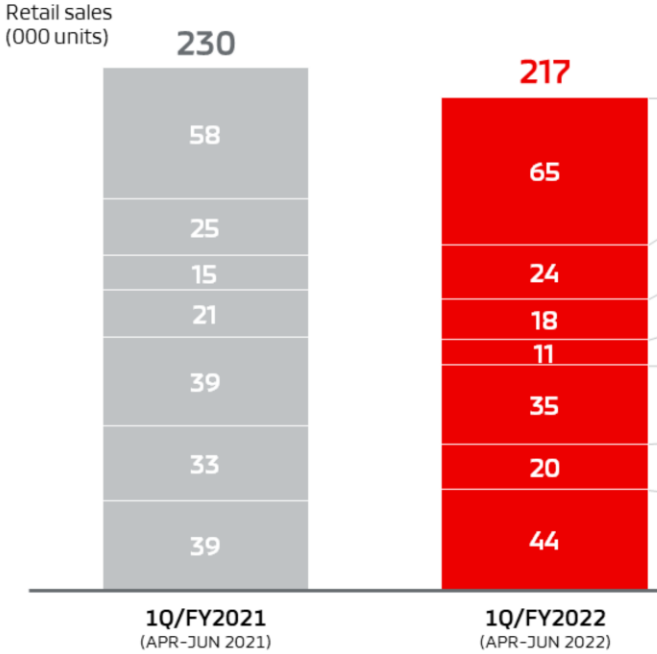
In Cost Reduction etc., a ¥14.5 billion deterioration in material costs due to rising raw material prices as well as product enhancement was partially offset by a ¥7.6 billion improvement in cost reduction activities. However, in addition to transportation costs, factory expenses increased due to operation losses associated with the Shanghai lock-down, resulting in an overall deterioration of ¥15.1 billion.

R&D expenses increased as planned to prepare for the introduction of new models from the next fiscal year onward, with a year-on-year increase of ¥3.8 billion. In Others, an improvement in after-sales and subsidiary performance resulted in a positive impact of ¥4.3 billion.

With regard to foreign exchange rates, the overall depreciation of the yen, particularly the impact of the U.S. dollar and the Australian dollar, had a positive effect of 17.5 billion yen year on year.

In total, operating profit increased by ¥20.2 billion year on year.

1Q/FY2022 Sales Volume Results (vs. 1Q/FY2021)



GLOBAL	**-13**	**(-6%)**
ASEAN	+7	(+12%)
Australia/NZ	-1	(-4%)
Japan	+3	(+20%)
China, others	-10	(-48%)
North America	-4	(-10%)
Europe	-13	(-39%)
Latin America, Middle East/Africa, etc.	+5	(+13%)

From FY2022, the regional classification of some countries in Europe was changed to "Middle East/Africa, etc.". FY2021 actual numbers above were changed accordingly.

5

Next, I would like to explain our global sales volume for 1Q/FY2022.

Overall, due to delays in the delivery of parts caused by the Shanghai lock-down, production volume was constrained, resulting in a 6% decrease YoY to 217,000 units.

Compared to FY2021, there has been a significant decrease in Europe due to a decline in the model lineup, and the impact of the halted car supply due to the Russian and Ukrainian issues, and in China where economic activity itself had been stagnant due to the impact of Shanghai lockdowns.

From the next page, I would like to discuss the sales status of our core markets and North America and Japan.

Sales in Our Core Market: ASEAN

ASEAN

Sales Volume / Market Share
According to research

	1Q/FY2021		1Q/FY2022
ASEAN	58k units	➡	65k units
Thailand	11k units (6.4%)	➡	13k units (6.8%)
Indonesia	26k units (12.6%)	➡	24k units (10.8%)
Philippines	8k units (12. 3%)	➡	10k units (12.7%)
Vietnam	8k units (10.7%)	➡	9k units (8.9%)

- Market conditions continue to recover due to the relaxation of strict travel restriction measures in each country
- Production and sales were unable to keep pace with the recovery in total demand due to the impact of semiconductor supply constraints and Shanghai lock-down
  On the other hand, orders for mainstay models were strong in the region including Indonesia

➡ Continuously strengthen sales and marketing according to conditions (sales events at shopping malls, test-drive promotion, and digital tools), while paying close attention to the uncertainty about the future due to supply constraints, the impact of high crude oil and commodity prices, etc.

6

First of all, I would like to explain our mainstay ASEAN region.

In Thailand, the number of new infections of the COVID has been decreasing since April, with gradual relaxation of behavioral restrictions and resumption of tourist acceptance. On the other hand, the impact of the shortage of semiconductor and other parts has not been resolved significantly, which affected overall automotive demand. We were affected by semiconductor shortages and a shortage of parts due to Shanghai lock-down, particularly for *"XPANDER"*, *"TRITON"*, and *"PAJERO SPORT"*, which are our core models. Incidentally, the new *"XPANDER"*, launched this spring, has been well received, and we have achieved the top market share in the segment.

Similarly, in Indonesia, *"XPANDER"* in particular has been severely affected by production constraints due to parts supply constraints and Shanghai lock-down. However, the number of orders itself has been favorable, and we have prioritized handling to back-order. It is predicted that the supply of components will remain unstable in the future. So, we will boosting the sales volume of models and grades with less supply constraints, and at the same time will focus on follow-up for customers who are waiting for our products.

Sales in Our Core Market: ASEAN

ASEAN

Sales Volume / Market Share
According to research

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6

In the Philippines, where a recovery in economic activity has emerged due to the relaxation of behavior restrictions, bank loan screening, which was a bottleneck in sales, is moving toward normalization. We saw a recovery in sales of *"MIRAGE"* since May, which had been struggling with stricter loan approval standards, and the launch of the new *"XPANDER"* in May. As a result, unit sales grew along with market share.

In Vietnam, transportation demand has recovered, particularly for *"XPANDER"* and *"ATTRAGE"*, due to the revitalization of domestic tourism demand and the impact of deregulation of inbound travelers from mid-March. In addition, the market expanded significantly due in part to a last-minute surge in demand thanks to the government's economic stimulus measures implemented until May. After that, although there was a reactionary decline in June, the market began to recover again. On the other hand, due in part to the impact of the Shanghai lock-down, we were unable to fully accommodate growing demand.

Similarly, the Malaysian market is recovering steadily, and our sales are also firm.

Although we anticipate that demand will continue to recover in all countries, the outlook remains uncertain due to the impact on consumer purchasing motivation due to high crude oil prices and consumer goods price hikes triggered by the worsening of the Ukrainian situation, and production constraints stemming from the problem of component shortages. We will continue to promote sales measures in each country while closely monitoring these factors.

Sales in Our Core Market: Australia/NZ

Australia/NZ

Sales Volume / Market Share
According to research

	1Q/FY2021		1Q/FY2022
Australia /NZ	25k units	➡	24k units
Australia	20k units (6.7%)	➡	18k units (7.0%)
NZ	5k units (13.1%)	➡	6k units (16.4%)

- TIV was sluggish due to persistent vehicle supply constraints
- Increased market share by recovering sales of models that are not constrained by supply, preferentially supplying new *OUTLADNER* (Australia), and expanding sales of PHEV models that leverage the Clean Car Discount program (NZ)

➡ Aim to minimize the impact of production constraints and maximize the effect of new models, while paying close attention to the risk of a decline in sales momentum materializing

7

In Australia, overall demand was sluggish due to the persistent vehicle supply constraints. Our sales were focused on "Outlander" and *"PAJERO SPORT"*, which we were able to keep in stock, enabling us to secure unit sales to maintain market share.

Total demand for PHEV/EV models and other electric vehicles in New Zealand was robust due to the "Clean Car Discount" program, but this was not enough to compensate for the decline from April 2022 due to the launch of a billing system based on carbon dioxide emissions. In such circumstances, our market share increased year-over-year through strengthened sales of *"ECLIPSE CROSS"* PHEV model and *"OUTLANDER"* PHEV model which are subsidized by the CCD program.

Going forward, in Australia, we anticipate the risk of a decline in sales momentum materializing due to a decline in business sentiment and consumer confidence index. Even in New Zealand, which is currently firm, an increase in the inflation rate could weaken consumer sentiment. While closely monitoring the situation, we will minimize the impact of the shortage of semiconductors on production volume and maximize the sales of new models.

Sales in North America

North America

Sales Volume

	1Q/FY2021		1Q/FY2022
North America	39k units	➡	35k units
out of *OUTLANDER*	(9.6k units Old + New model	➡	12.5k units) New model

- Growth in total demand was sluggish due to a failure to keep up with supply in response to robust demand for new cars
- New *OUTLANDER* continues to drive sales, achieving monthly sales of more than 3,000 units for 13 consecutive months until June this year

➡ **Initiative to improve sales efficiency by strengthening digital marketing and to shift to sales that do not rely on incentives by appealing product strength**

8

Next, I would like to discuss the current status of our North American business.

In the North American market, total demand has been sluggish because supply of vehicles substantially lags robust demand due to a shortage of semiconductors and delays in parts supply affected by the Shanghai lock-downs.

Although sales of the new *"OUTLANDER"* remain robust and we are prioritizing supply to dealer retailers, we are unable to accommodate strong demand.

Due to these disruptions, the new vehicle inventory remains at historically low levels and we anticipate that it will take some time to improve supply and demand balance. On the other hand, due to falling used car prices and sharp rises in interest rates, we need to closely monitor the risks of increased incentives and economic slowdown.

We will continue to strive to achieve a shift to sales that do not rely on incentives by enhancing the quality of our products through further sales promotions of the strong new *"OUTLANDER"*, which achieved monthly sales of more than 3,000 units for the 13th consecutive month.

Sales in Japan

Japan

Sales Volume

	1Q/FY2021		1Q/FY2022
Japan	15k units	➡	18k units
Registered car	6k units	➡	10k units
Kei car	9k units	➡	8k units

- TIV was low due to the short supply of vehicles by a shortage of semiconductors and Shanghai lock-down
- In addition to strong orders for new *OUTLANDER PHEV* and *eK X EV* , Production delays have improved more than expected

➡ Aim to penetrate the image of electric vehicles = Mitsubishi Motors by expanding sales centered on electric vehicles; focus on improving the quality of our servicing and the way we serve our customers, thus raising the quality of overall sales

9

Finally, I would like to explain the status of our domestic market.

Overall demand in Japan remained at a low level due to continued production constraints caused by the shortage of semiconductors and the impact of Shanghai lock-downs, as in other countries.

In this environment, sales of the new *"OUTLANDER"* PHEV model and the *"eK X EV"* were robust, and production delays improved more than anticipated. As a result, sales were firm in the first quarter.

Going forward, while the business environment surrounding us is uncertain due to chronic shortages of semiconductors and concerns about an economic slowdown caused by inflation, we will strive to maximize the effect of new models, which are performing well, and also focus on improving the quality of customer service in order to improve the quality of overall sales.

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FY2022 Financial Forecast (vs. FY2021)

(Billion yen, 000 units)	FY2021 (APR 2021 - MAR 2022)	FY2022 (APR 2022 - MAR 2023)	Variance		Variance from Previous Forecast
			Amount	Ratio	
Net Sales	2,038.9	2,350.0	+311.1	+15%	+60.0
Operating Profit (OP Margin)	87.3 (4.3%)	110.0 (4.7%)	+22.7 (+0.4pp)	+26%	+20.0
Ordinary Profit	101.0	120.0	+19.0	+19%	+27.0
Net Income*	74.0	90.0	+16.0	+22%	+15.0
Sales Volume (Retail)	937	938	+1	+0%	±0

* Net income attributable to owners of the parent

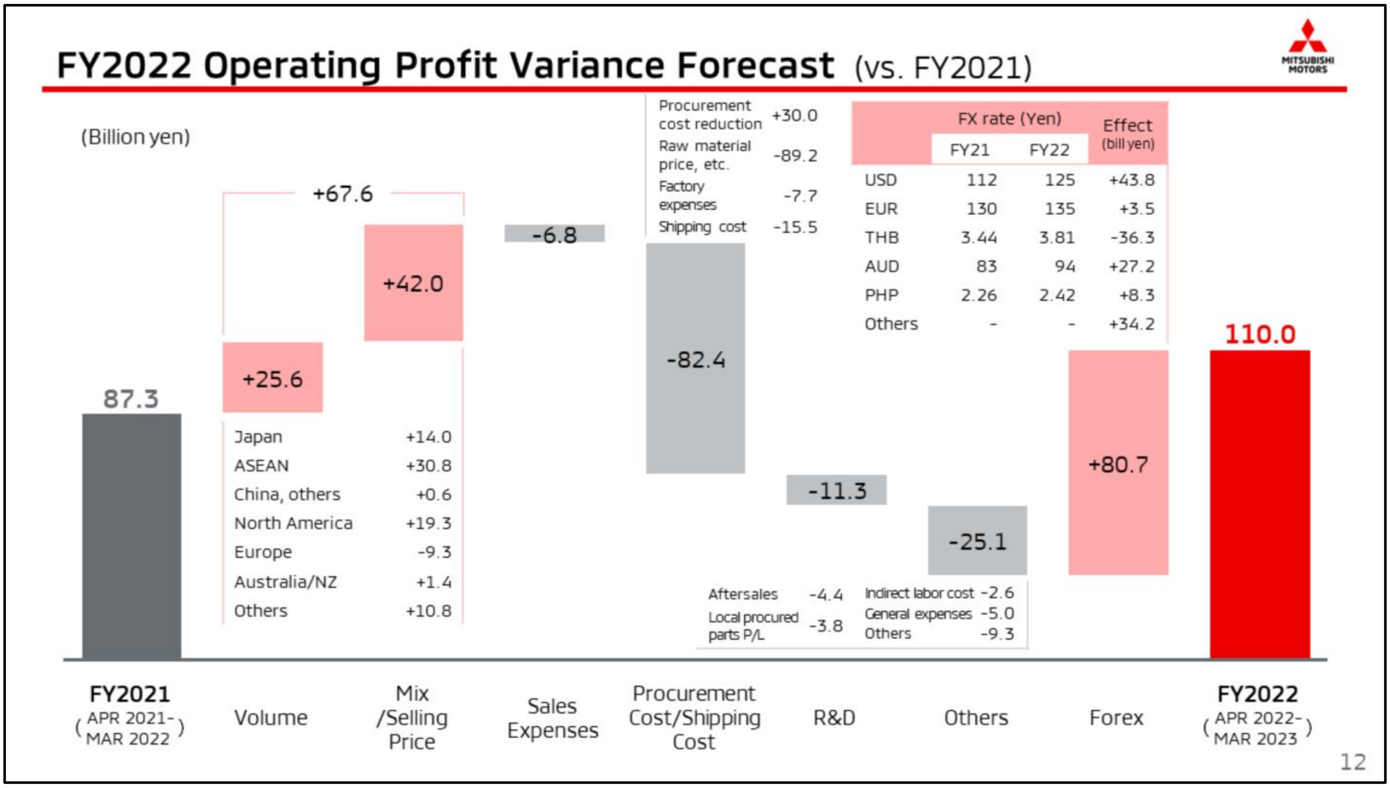
11

In the 1Q/FY2022, many were helped by favorable exchange rates, but we recognize that we have made a good start in the first quarter.

In light of the fact that the 1Q/FY2022 exceeded our initial forecast, we have revised the full-year forecast for FY2022 as shown in the slide. We have revised our net sales from ¥2.29 trillion to ¥2.35 trillion, operating profit from ¥90.0 billion to ¥110.0 billion, ordinary profit from ¥ 93.0 billion to ¥120.0 billion, and net income from ¥ 75.0 billion to ¥ 90.0 billion.

On the other hand, we anticipate that the unstable business environment that had been anticipated since the beginning of the fiscal year will continue for the time being, and we understand that the situation requires us to incorporate the risk of a global economic downturn. We believe that we must make adequate preparations for those uncertain futures, and we have decided to keep our initial forecasts for the second quarter onward almost unchanged.

We will continue to do our utmost to achieve our revised full-year target by implementing each of the measures we should take in the second quarter and beyond without being satisfied with current conditions.



The factors behind changes in the Operating profit forecast for FY2022 compared to the previous fiscal year are shown in the slide.

Regarding the impact of Volume and Mix/Selling Price, although the impact of the shortage of car supply remains, we anticipate a total positive impact of ¥67.6 billion by achieving the targeted unit sales as well as improving the quality of sales as planned at the beginning of the fiscal year.

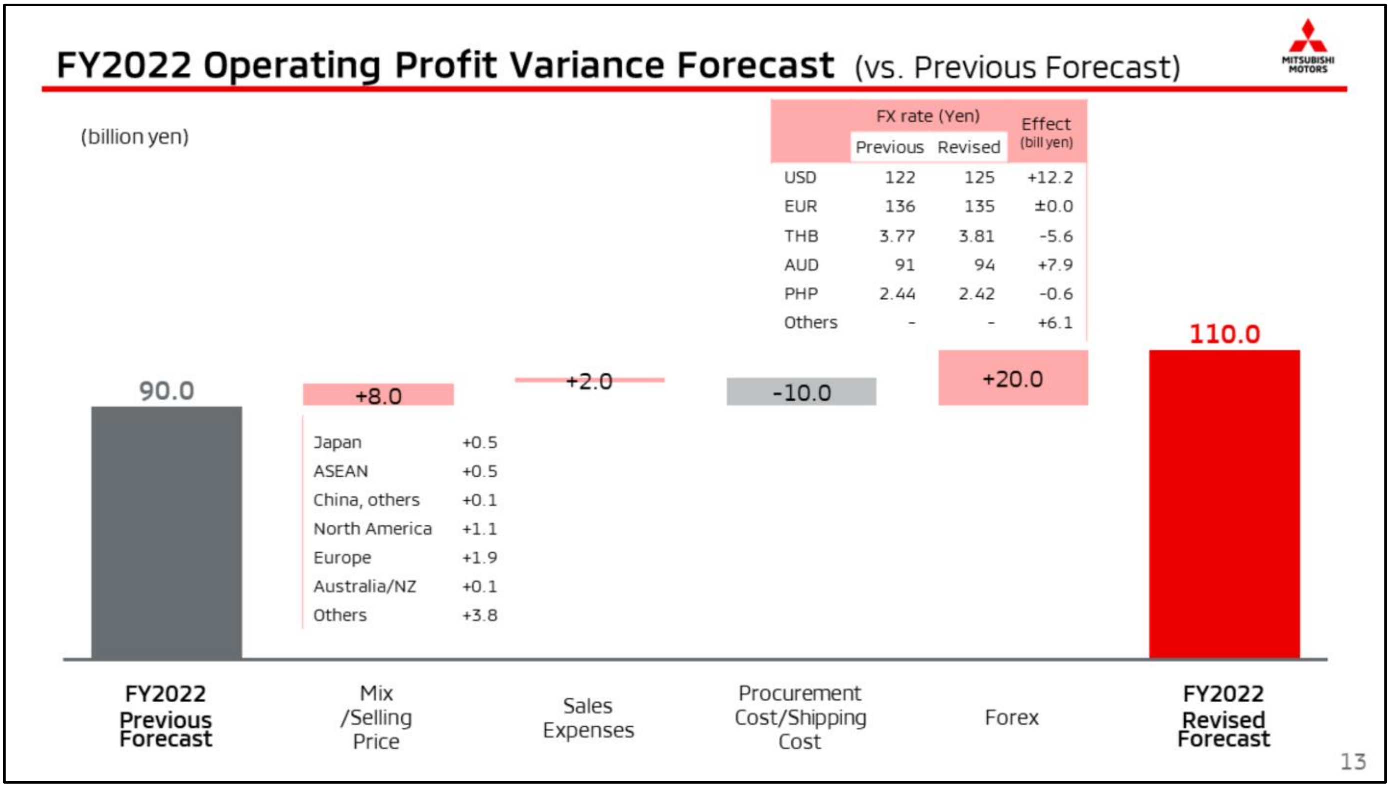
With regard to Sales Expenses in the first quarter we were able to curtail the amount of incentives that exceeded expectations. While incorporating this amount, we assume that advertising expenses will be used as planned while constantly considering cost effectiveness, resulting in a decrease of ¥6.8 billion in profits.

In Materials/Transportation, we will absorb the raw material price hike and soaring materials costs, including semiconductors, in part through procurement cost reduction activities. However, due to soaring transportation costs and worsening factory-related expenses, we expect a total deterioration of ¥82.4 billion.

R&D expenses are on an increasing trend toward the introduction of new models scheduled for the coming fiscal years, and we anticipate a deterioration of ¥11.3 billion.

In addition, we assume an increase in personnel expenses and general expenses due to worldwide inflation, and expect a deterioration of ¥25.1 billion.

As you can see, the impact of exchange rates has been revised in line with the current exchange rate level, and an upturn of ¥80.7 billion is expected.



Regarding the latest outlook for operating profit in FY2022, factors behind changes from the initial forecast are shown in this slide.

Regarding the impact of Volume and Mix/Selling Price, although we do not anticipate fluctuations in sales volume, we anticipate an upturn of ¥8.0 billion by taking the portion of improved selling prices that exceeds our expectations.

With regard to Sales Expenses, we anticipate an upturn of ¥2.0 billion, taking in the portion improved in the first quarter.

Materials/Transportation costs are expected to deteriorate by ¥10.0 billion due to a raw material price hike and soaring materials costs including semiconductors.

With regard to the impact of foreign exchange rates, given that the yen depreciated more than initially expected, we have incorporated an upturn in the U.S. dollar, the Australian dollar and other currencies, and reflected the deterioration in the Thai baht, and we forecast an improvement of ¥20.0 billion.

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Core Model: *XPANDER*

Expansion of sales territories for the new *XPANDER*

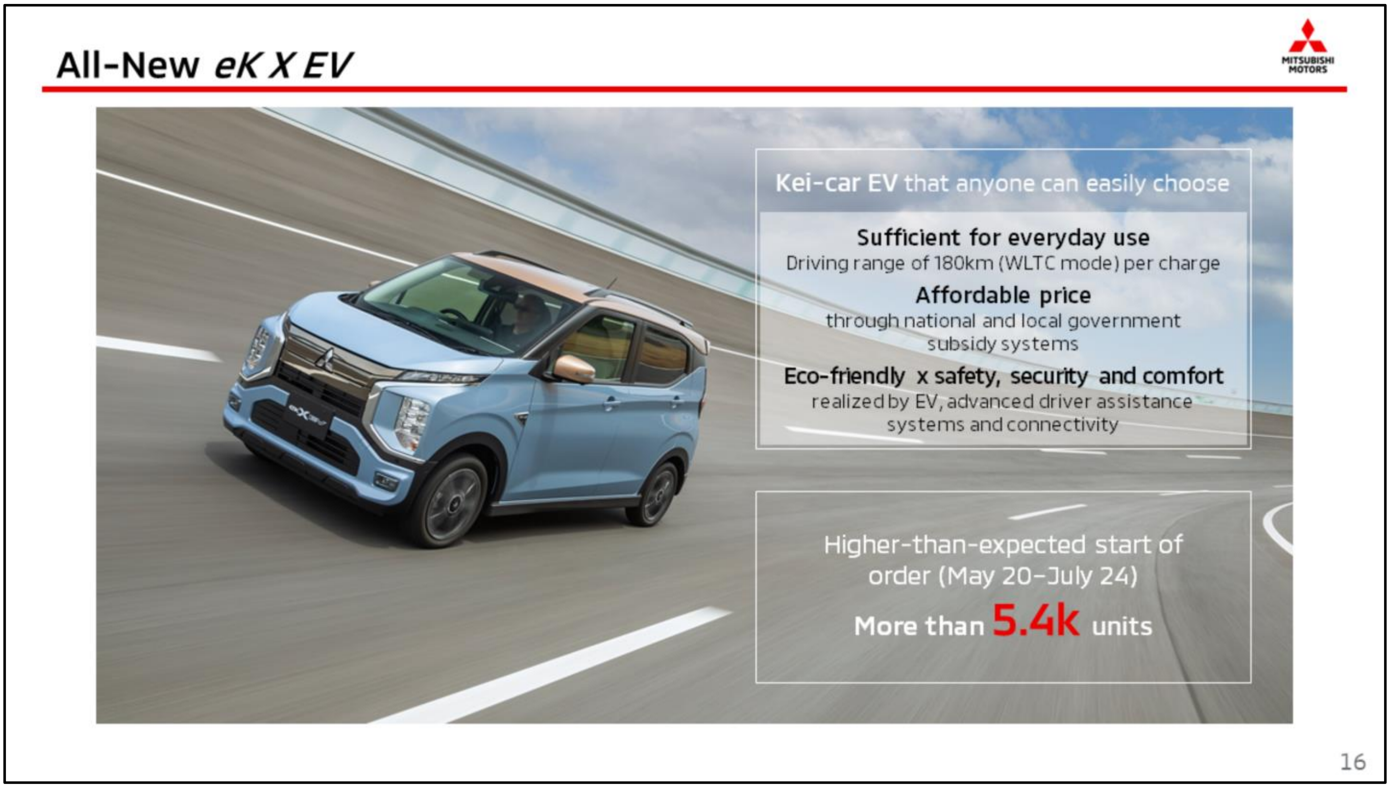
- **Good start in ASEAN**
  - Following Indonesia (November 2021-), launching in Thailand (March 2022-), Philippines (May -) and Vietnam (July -)
  - Both orders and sales are strong in each country
  - Highly acclaimed for its luxury interior and exterior, further refined driving performance and quietness

Focus on expanding sales with quality of sales as our core model

15

The new *"XPANDER"*, launched in Indonesia in November last year, with strong orders and sales, is highly regarded by many customers for its premium design and quietness of driving.

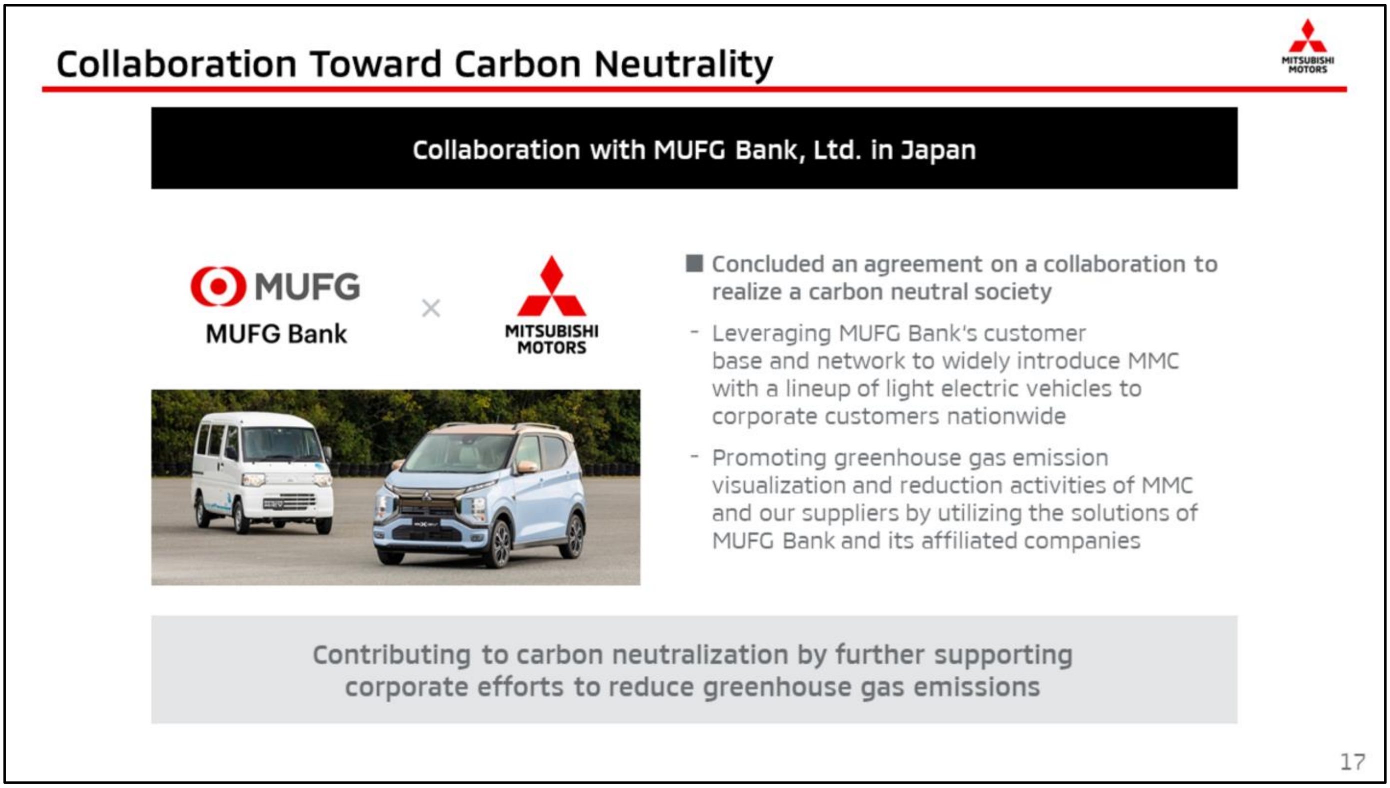
The new *"XPANDER"* is gradually being rolled out in the ASEAN region, and has been launched in Thailand in March, in the Philippines in May, and in Vietnam in July, 2022. And the product has been well received in all of these countries, and their responses have greatly exceeded our expectations.



The automotive industry as a whole is encouraging broad use of electric vehicles toward the realization of carbon neutrality. We believe that the new *"eK X EV"* is not a special vehicle, and should be a familiar EV that everyone can easily choose as an EV to introduce for such an era. To this end, the EV was designed to be a mini-car type that is easy for everyone to drive and handle, achieving a sufficient driving range for everyday use, as well as adopting advanced driver assistance systems. Its full-fledged sales were launched on June 16.

Fortunately, our new EV has been well received by many customers, and orders as of July 24 exceeded 5,400 units, a pace that is significantly higher than our expectation.

In addition, the *"ECLIPSE CROSS"* PHEV model and the new *"OUTLANDER"* PHEV model, which have already been launched, have also been well received by many customers. In order to realize carbon neutrality, we will aim for further dissemination in order to fulfill our responsibilities as a pioneer in electric vehicles.



We recently signed an agreement with MUFG Bank, Ltd. regarding collaboration for the realization of a carbon neutral society. We concluded this agreement based on the belief that by combining our "lineup of electrification technologies and light EVs" with MUFG Bank's "broad customer network and knowledge as a comprehensive financial group", we can bring impacts to society that cannot be achieved by each company alone.

Specifically, first of all, we will utilize the customer base and network of MUFG Bank and be introduced to corporate customers interested in our kei-EVs, such as *"eK X EV"* and *"MINICAB-MiEV"*.

A shift to EVs is one of the powerful means to promote carbon neutralization in Japan. To this end, it is important for not only some large companies, but also SMEs, in particular, to consider our EVs widely. We believe that switching to a Kei-EV, which has a competitive cost advantage, could be a concrete and easy-to-undertake option for MUFG Bank's customers to achieve carbon neutrality.

Furthermore, based on the "MUFG Carbon Neutrality Declaration", we will continue our efforts toward decarburization throughout our supply chain while receiving the wide range of solutions offered by MUFG Bank and its affiliates. I hope that you understand that this alliance is not just a vehicle sales alliance, but a tie-up from a bigger perspective.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APPENDIX

19

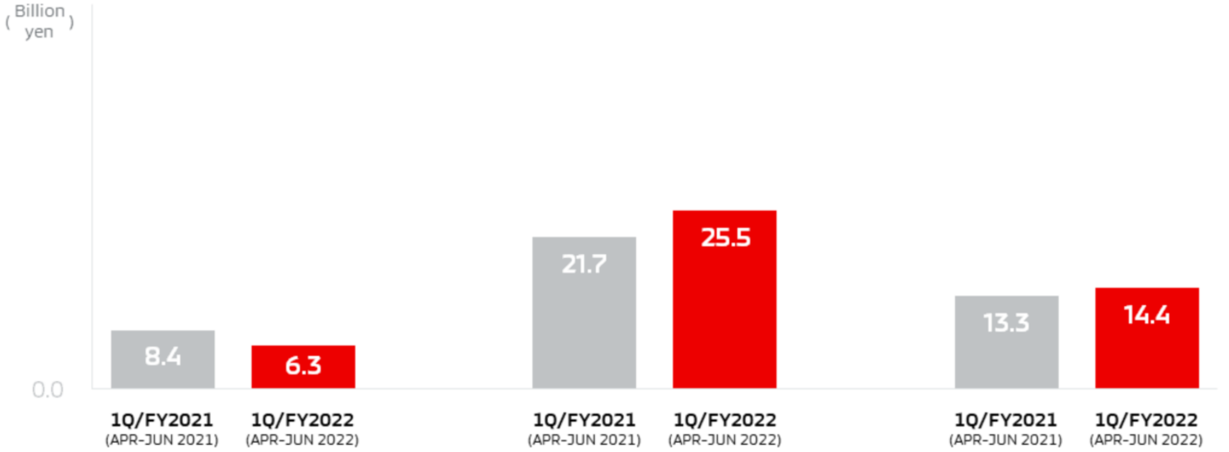
1Q/FY2022 Balance Sheet (vs. FY2021)

(billion yen)	FY2021 (As end of MAR 2022)	1Q/FY2022 (As end of JUN 2022)	Variance
Total Assets	1,928.4	1,914.8	-13.6
Cash & Deposits	511.5	479.5	-32.0
Total Liabilities	1,298.1	1,211.2	-86.9
Interest-bearing Debt	480.5	433.4	-47.1
Total Net Assets	630.3	703.6	+73.3
Shareholders' Equity (Equity Ratio)	606.8 (31.5%)	677.5 (35.4%)	+70.7
Net Cash 【Automobiles & Eliminations】	249.7	295.0	+45.3

20

1Q/FY2022 Capital Expenditure, R&D Expense and Depreciation

CAPEX	R&D Expense	Depreciation
¥6.3bn	¥25.5bn	¥14.4bn
-25% (YoY)	+18% (YoY)	+8% (YoY)



1Q/FY2022 Regional Performance (vs. 1Q/FY2021)

(Billion yen)	Net Sales			Operating Profit		
	1Q/FY2021 (APR-JUN 2021)	1Q/FY2022 (APR-JUN 2022)	Variance	1Q/FY2021 (APR-JUN 2021)	1Q/FY2022 (APR-JUN 2022)	Variance
GLOBAL	**431.9**	**528.7**	**+96.8**	**10.6**	**30.8**	**+20.2**
- Japan	75.5	112.3	+36.8	-1.8	-7.1	-5.3
- ASEAN	103.4	124.1	+20.7	6.2	7.4	+1.2
- China, others	4.5	2.2	-2.3	0.9	1.2	+0.3
- North America	84.5	106.2	+21.7	2.4	16.0	+13.6
- Europe	48.9	27.4	-21.5	-0.3	0.8	+1.1
- Australia /NZ	57.8	74.8	+17.0	5.0	10.8	+5.8
- Others	57.3	81.7	+24.4	-1.8	1.7	+3.5

From FY2022, the regional classification of some countries in Europe was changed to "Others". FY2021 actual numbers above were changed accordingly.

FY2022 Regional Sales Forecast (vs. FY2021)

(Billion yen)	FY2021 (APR 2021 - MAR 2022)	FY2022 (APR 2022 - MAR 2023)	Variance
GLOBAL	**2,038.9**	**2,350.0**	**+311.1**
- Japan	393.9	580.0	+186.1
- ASEAN	466.1	595.0	+128.9
- China, others	16.7	15.0	-1.7
- North America	397.2	520.0	+122.8
- Europe	235.1	110.0	-125.1
- Australia/NZ	254.7	280.0	+25.3
- Others	275.2	250.0	-25.2

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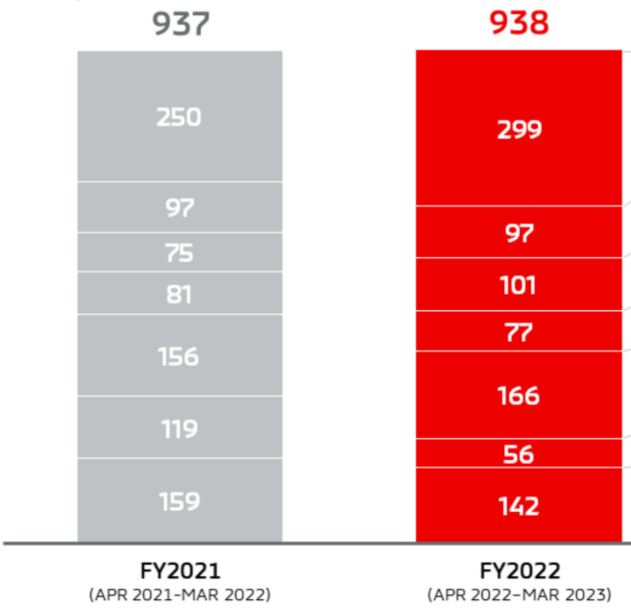
FY2022 Sales Volume Forecast (vs. FY2021)

Retail sales
(000 units)

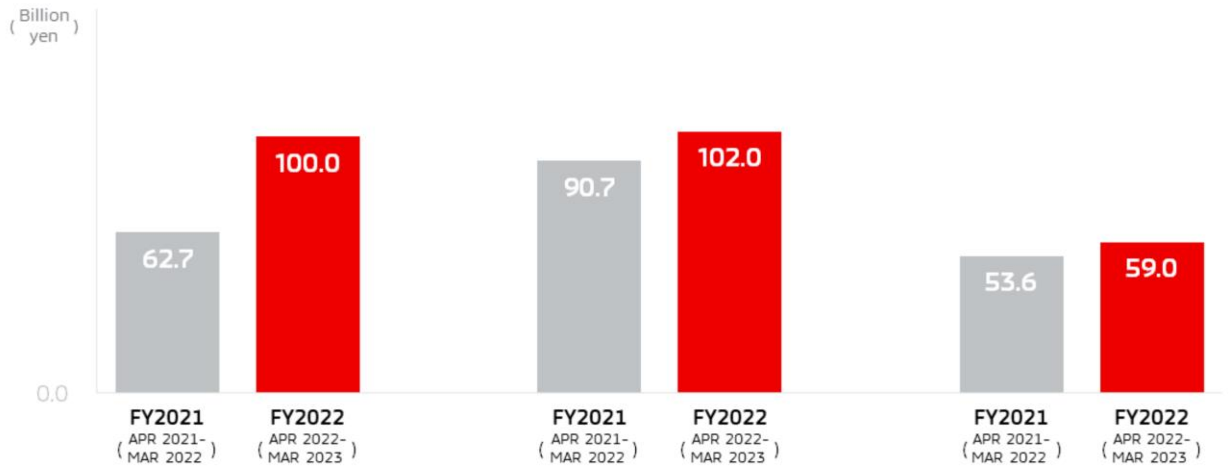


GLOBAL	**+1**	**(+0%)**
ASEAN	+49	(+20%)
Australia/NZ	±0	(±0%)
Japan	+26	(+35%)
China, others	-4	(-5%)
North America	+10	(+6%)
Europe	-63	(-53%)
Latin America, Middle East/Africa, etc.	-17	(-11%)

From FY2022, the regional classification of some countries in Europe was changed to "Middle East/Africa, etc.". FY2021 actual numbers above were changed accordingly.

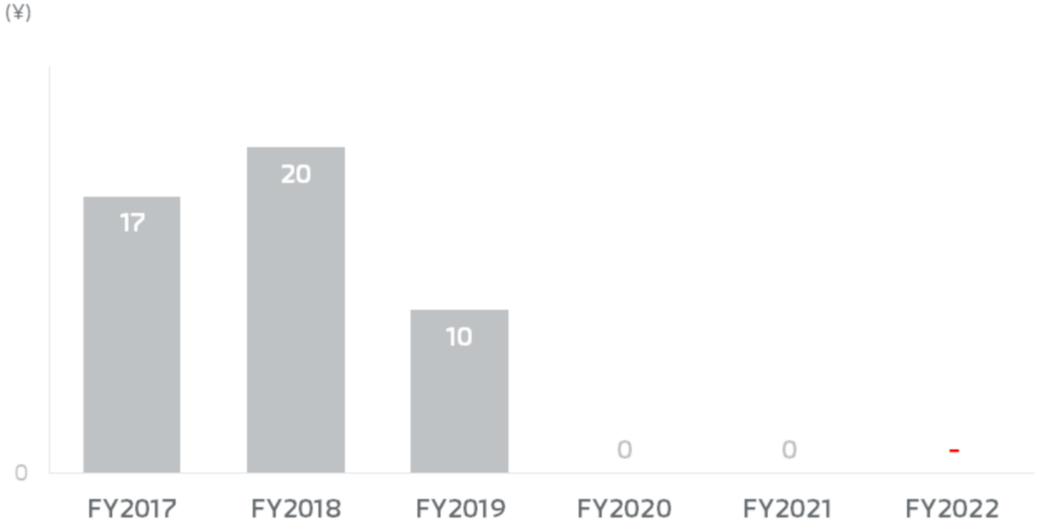
FY2022 Capital Expenditure, R&D Expense and Depreciation Forecast

CAPEX	R&D Expense	Depreciation
¥100.0bn	¥102.0bn	¥59.0bn
+59% (YoY)	+12% (YoY)	+10% (YoY)



FY2022 Shareholder Returns Forecast

Dividend per share: TBD (Forecast)



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