

Feature: "Challenge 2025," Our New Mid-Term Business Plan

We think the three years beginning in fiscal 2023 will mark a major turning point for Mitsubishi Motors. Our new mid-term business plan sets the challenge for Mitsubishi Motors itself to change and the challenge of further reinforcing our management base so we can respond to the new era. These two challenges begot the plan's name: "Challenge 2025." Under this plan, we aim to realize a sustainable society and sustainable growth for the Mitsubishi Motors Group.

Long-Term Road Map

When formulating our new mid-term business plan, Challenge 2025, we started by coming up with several scenarios for how the world might look 15 years hence in the fields of technology, regional communities and the mobility business. We then performed backcasting to arrive at a plan for what we need to work on in the next three years.

Based on our scenarios, we imagined three changes that would bring about a period of major transformation. The first is mounting efforts across society to achieve carbon neutrality. We think the evolution of batteries and biofuels will support this in the automotive industry. The second is our target customer segment. Our marketing and sales activities will change to focus on Generation Z, who are digital

natives. Finally, we believe it will be essential to adopt evolving digital technology as we strengthen our competitiveness in the areas of autonomous driving, connected car services and the mobility business.

Based on these scenarios, the Mitsubishi Motors Group will strengthen its development of electrification technology and work to reduce greenhouse gas emissions. Also, as we anticipate that Generation Z will become core purchasers and users of automobiles, we will renew our IT infrastructure and go forward with digital transformation (DX). Furthermore, we will explore new business opportunities created by electrification and the evolution of digital technology and build a foundation to expand them.

| | 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 | "Small but Beautiful" | "Challenge 2025" | | |
| Vehicle Electrification | Mainly ICE | ICE / HEV / PHEV / BEV mixed | Mainly HEV / PHEV / BEV | Mainly BEV |
| DX/ New Business | Use of digital tech in business | System upgrade DX | Fully fledged rollout of new business using digital tech | |
| Business Form | Vehicle sales After sales | Value chain expansion New business challenges | Vehicle sales + securing profit in new business areas Deeper collaboration with partners (energy management, etc.) | |
| Regional Strategy | Global rollout | Focus area selection and role clarification | Clarifying regional roles and securing profit in each region | |

* Internal combustion engine vehicles

Main Management KPIs

Looking at the main management KPIs of the new mid-term business plan, by leveraging the rollout of new products for the ASEAN region, we aim to grow retail sales volume by around 300,000 units over three years, targeting the 1.1 million vehicle range by fiscal

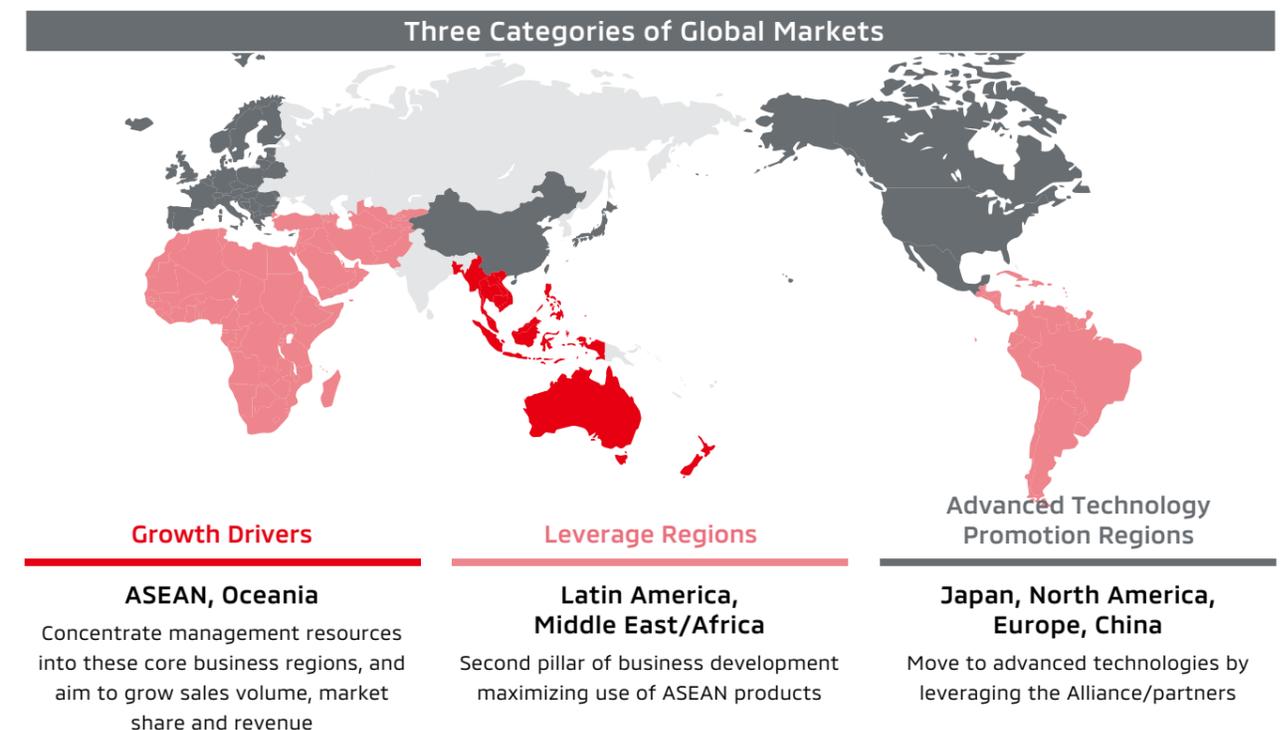
2025. Our operating profit target for fiscal 2025 is ¥220 billion with a profit margin of 7%, which we aim to achieve even while substantially ramping up R&D and capital expenditures as we focus on electrification and IT ahead of the transition phase from fiscal 2026.

| | | |
|------------|-----------------------|----------------------|
| Sales KPIs | Sales Volume (Retail) | 1,100,000 units |
| | Operating Profit (%) | ¥220.0 billion 7% |

Regional Strategy

To address one of the main challenges set forth for the period of our new mid-term business plan, we have set a regional strategy that divides the world's markets into three categories. After clarifying the role of each region, we will work to establish and reinforce

our revenue base. Particularly important are the ASEAN and Oceania regions, which we have defined as our "growth drivers." We will concentrate our management resources into these core business regions, where we aim to grow sales volume, market share and revenue.



Addressing Carbon Neutrality

As part of our efforts to achieve carbon neutrality, which is a global issue, we have set the goal of achieving a 50% ratio of electrified vehicles in our sales mix by 2030. We will work on the development of electrified vehicles and bolster collaboration with other Alliance members ahead of the phase of accelerated electrification after the new mid-term business plan.

Environmental Targets 2030

(update)

| | | |
|---|---|--|
| Average CO ₂ emissions from new vehicles -40% (Tank to Wheel, compared to FY2010) | xEVs sales mix 50% FY2035 100% | CO ₂ emissions from business activities -50% (Scope 1 and 2 total emissions, compared to FY2018) |
|---|---|--|

Mitsubishi Motors-ness

To make Mitsubishi Motors the automaker of choice for customers, we need to thoroughly refine the idea of Mitsubishi Motors-ness and promote this to the market in an appropriate way so customers will understand this and feel a connection with it. We define Mitsubishi Motors-ness as "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." This also applies to existing models that have been well received by customers. We will continue to deliver vehicles that convey Mitsubishi Motors-ness more effectively strengthen the Mitsubishi Motors brand, and promote the spread of a value-oriented business.

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 Technology, Peace of Mind and Comfort"

Boosting the Mitsubishi Motors brand and value-oriented business

Digital Transformation and Initiatives towards New Business

To survive in an era of major transition, we will renew our in-house IT infrastructure, develop digital talent, and make other moves to shore up our internal foundation. Also, we will put in place the base for new businesses in areas that automakers are in a unique position to exploit, such as energy management, the reuse of used batteries and the external sale of vehicle data.

Digitalization/Expansion into New Business Areas

In-house IT Infrastructure Renewal/
Digital Talent Development

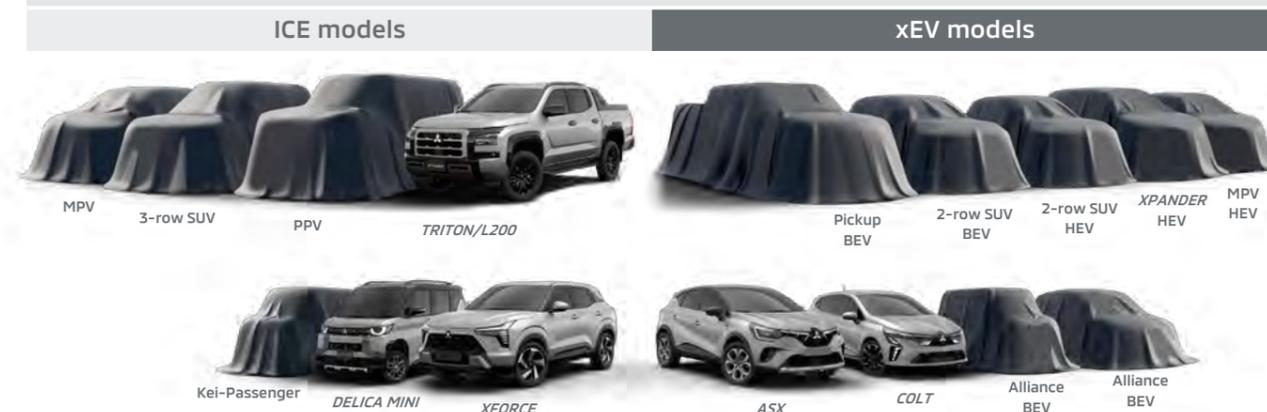
Energy Management

Battery Reuse

Data Sales

Roll out 16 models (inc. 9 xEV models)

over the next 5 years



Product Rollout

Over the next five years, the Mitsubishi Motors Group will roll out 16 new vehicles, including EVs. Our forays into new segments include the launch of an all new compact SUV "the Xforce" and a new three-row SUV. We will steadily roll out products for our core regions.

To ensure sustainable growth, the Alliance with Renault and Nissan is extremely important to the Mitsubishi Motors Group. In Japan and other developed countries, we will accelerate the rollout of a range of EVs with the cooperation of our Alliance partners.

Contribution to the Alliance

The Mitsubishi Motors Group will also contribute substantially to the Alliance. In the Kei-car business, we are jointly planning and producing a Kei-car at NMKV, our joint venture with Nissan. The Mizushima Plant, which is a joint production hub, handles the mixed production of gasoline engine vehicles and electric vehicles with only a small amount of capital expenditures. This plant has earned high marks from external parties. In the area of product development, we will take the lead in developing frame products, as these are mainstay products for the Mitsubishi Motors Group. We have also started looking into new collaborations in the ASEAN and Oceania markets. In our Alliance, we will continue with a mutually complementary system where we take mutual advantage of electrification technology and components or enhance each other's product line-ups through OEM collaboration models.

Mobility Business

In the automotive industry, we expect to face a period of major transition, centering on the mobility business. Against this backdrop, the Mitsubishi Motors Group will work to build its mobility business by leveraging digital technologies, automakers' vehicle data, vehicle remote operation functions, and reused batteries taken from used vehicles. As an automaker, the Mitsubishi Motors Group is uniquely positioned to develop the mobility business into a fourth pillar of revenue to follow vehicle sales, financing and after sales services. We are already working on a demonstration experiment in energy management with the city of Okazaki in Aichi Prefecture, and the Japan Post Group. In this experiment, we use traction batteries as mobile batteries to help coordinate the supply and demand of electricity and provide an emergency power source in case of power cuts due to natural disasters. We are also promoting wide-ranging initiatives to utilize batteries, such as self-directed street lights, to reduce CO₂ emissions during manufacturing. In pursuing these business activities, the Mitsubishi Motors Group will place the highest priority on compliance and will strengthen its consideration for society and the environment as an honest company that earns the trust of customers and society.