

2021 Medium-Term Business Plan Progress (FY2021-2023)

October 29, 2021

Seiji Izumisawa, President & CEO

- 2021 Medium-Term Business Plan is progressing smoothly
- Business environment recovering. Continuing efforts to improve profitability.
- Accelerating growth area initiatives:
 - Working to meet diverse regional needs in the Energy Transition space
 - Making steady progress toward launching New Mobility & Logistics businesses
- MHI Group is proud to declare our commitment to achieve Carbon Neutrality by 2040

I. 2021 MTBP Overview	4
II. Strengthening Profitability	6
III. Developing Growth Areas	12
III-1. Energy Transition	
III-2. New Mobility & Logistics	
IV. Carbon Neutrality Declaration	30
V. Appendix	35

I. 2021 MTBP Overview

2021 MTBP (FY21-23)

Strengthen profitability

Develop growth areas

Profitability

Business profit margin 7%
ROE 12%

Growth -New business revenue-

100 billion yen by FY23
1 trillion yen by FY30

Financial stability

Total assets turnover 0.9
Maintain current level of
interest-bearing debt

Dividends

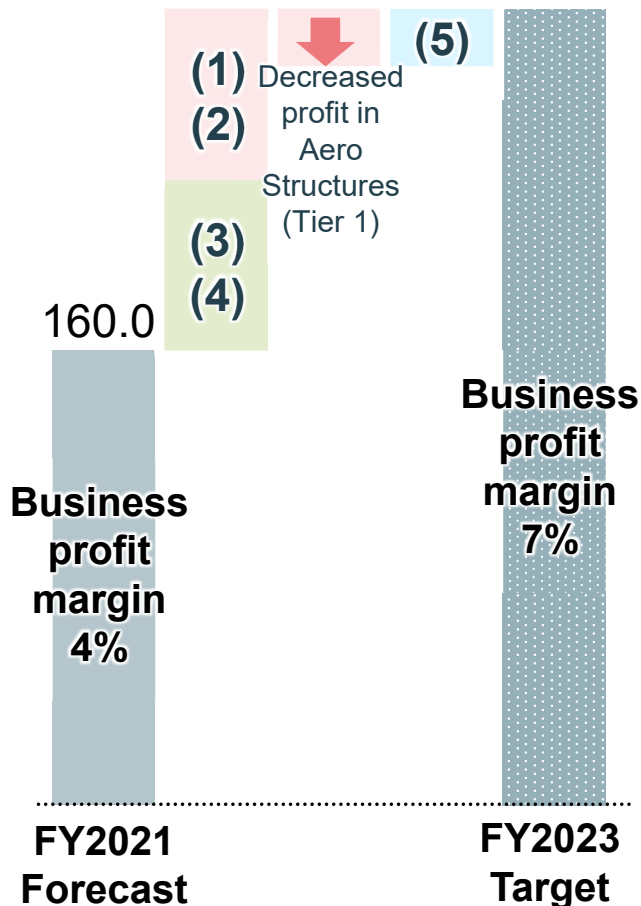
Record-high dividend per
share

II. Strengthening Profitability

Progress Toward FY2023 Targets

- Making good progress in line with plan toward achievement of FY2023 targets [(1) through (4) in the chart below]
- Implement new profitability improvements to compensate for delayed recovery in Commercial Aviation Aero Structures [(5) in the chart below]

Business Profit (bn yen)



	Path to FY2023 Target Achievement
(1) COVID-19 recovery (2) Existing business growth	<p>Logistics, Thermal & Drive Systems:</p> <ul style="list-style-type: none"> • Expecting return to pre-COVID levels during FY21 • Aiming for growth outpacing market recovery in growth areas (Logistics Systems and HVAC) by strengthening sales networks, expanding solutions portfolio, and innovating products <p>Aero Engines:</p> <ul style="list-style-type: none"> • Recovering gradually. Increase in-house manufacturing capability with new Nagasaki Plant. <p>Commercial Aviation Aero Structures:</p> <ul style="list-style-type: none"> • Recovery delayed. Continue fixed cost level optimization.
(3) Profitability improvements & organizational transformation	<ul style="list-style-type: none"> • Reorganize business organizations. Optimize business portfolio. • Grow after-sales service business through such efforts as DX utilization and resource reallocation
(4) SG&A reductions	<ul style="list-style-type: none"> • Streamline corporate functions through integration with Mitsubishi Power • Continue asset management efforts
(5) New profitability improvements	<ul style="list-style-type: none"> • Capture new demand arising from changing markets (Metals Machinery, Machinery Systems, and others) • Expand business opportunities through businesses acquired through M&A (Naval & Governmental Ships, CRJ)

Page 8

Page 9

Page 10

Page 11

(1) COVID-19 Recovery

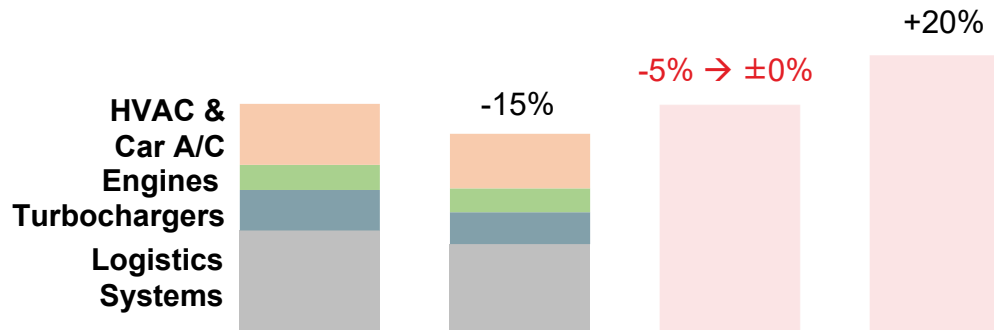
- Aero Engines and Logistics, Thermal & Drive Systems recovering. Implementing profitability improvements in line with recovery.
- Aero Structures recovery delayed. Continue shoring up business fundamentals in anticipation of future recovery.

Business

Revenue (vs. FY2019)

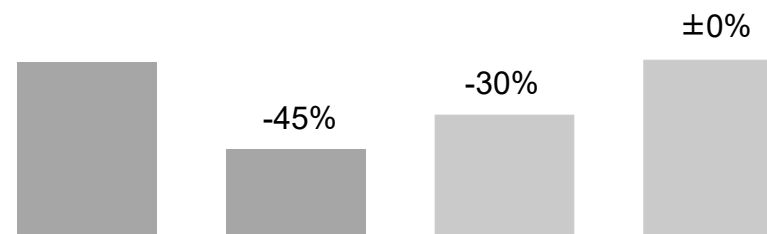
Forecast & Key Activities

Logistics, Thermal & Drive Systems



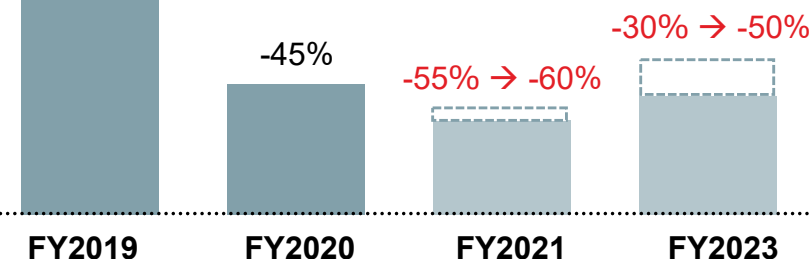
- Forecasted to return to pre-COVID levels in FY21
- Targeting growth outpacing market recovery led by Logistics Systems and HVAC (details on page 9)

Commercial Aviation Aero Engines



- Short-haul travel recovering
- New Nagasaki Components Factory began operation, increasing in-house production capability. Targeting improved profitability in line with market recovery.

Commercial Aviation Aero Structures (Tier 1)



- Profit expected to drop further due to prolonged market stagnation from COVID-19
- Reduce fixed cost levels in line with revenue while pursuing all available options to improve profitability in anticipation of industry recovery

(2) Existing Business Growth

- Top-line already returning to pre-COVID levels. Aiming for growth in FY2023 outpacing market recovery.

Business

Key Initiatives

1H FY21 Actions

Actions in 2H & Beyond

Logistics Systems

Reinforce sales networks

- Deployed EQD¹ sales methodology to existing networks
- Grew equipment rental business

- Increase market coverage by expanding direct sales networks
- Increase lease and rental market share

Expand solutions portfolio

- Launched high-efficiency AGF to high customer interest
- Developed AGF for refrigerated warehouses
- Launched AI-based human detection systems for large forklifts to high customer interest

- Expand application of AGV and AGF²
- Introduce intelligent and AI-enabled components

¹ Equipment Depot became a subsidiary of MHI in 2019

² Automated Guided Vehicle (AGV), Automated Guided Forklift (AGF)

HVAC

Reinforce sales networks

- Strengthened large centrifugal chiller after-sales service organization in Dubai

- Expand sales networks in Europe and other regions

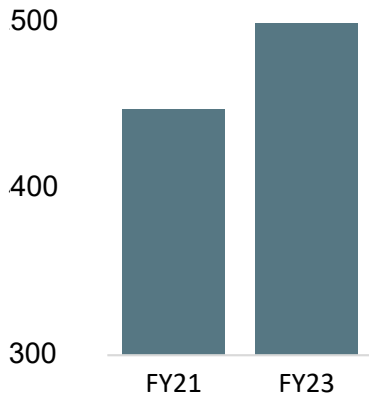
Innovate products

- Launched new VRF³ to high customer interest
- Recognized as the Best Brand of Air Conditioners and received award for most satisfied customers in Australia
- Heat pump chiller product awarded Grand Prize at Protect the Ozone Layer, Prevent Global Warming Awards. Strong customer interest in Europe.

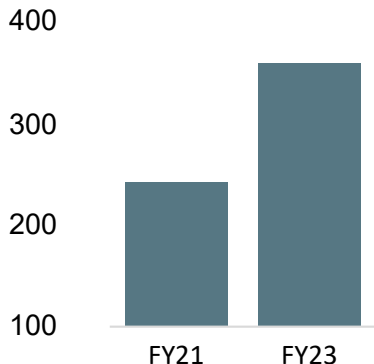
- Grow new VRF³ sales
- Develop new room and package air conditioners

³ Variable Refrigerant Flow

Revenue (bn yen)



Revenue (bn yen)



(3) Profitability Improvements and Organizational Transformation

(4) SG&A Reductions

■ Efforts to achieve FY2023 targets progressing in line with plan

Business	21 MTBP Initiatives	Progress	Actions in 2H & Beyond
Steam Power	<ul style="list-style-type: none"> • Large shift to after-sales service • Fixed cost reductions • Reorganize business organizations 	<ul style="list-style-type: none"> • Transformed into after-sales service-focused organization (Oct 2021) • Consolidating boiler manufacturing at Nagasaki Machinery Works (end FY2022) 	<ul style="list-style-type: none"> • Specialize in services for decarbonization • Optimize manufacturing capacity
Environmental Plants			
Metals Machinery		<ul style="list-style-type: none"> • Strengthened project management and consolidated organizations and locations. Divestiture of French operations completed. 	
Engineering	<ul style="list-style-type: none"> • Stabilize profitability by shifting to after-sales service • Eliminate loss-making EPC projects 	<ul style="list-style-type: none"> • Stabilizing business structure including by participating in Dubai Metro O&M business 	<ul style="list-style-type: none"> • Accelerate deployment of decarbonization businesses and shift to after-sales service
Commercial Ships	<ul style="list-style-type: none"> • Strengthen shipbuilding engineering 	<ul style="list-style-type: none"> • Received multiple orders for LNG Gas Fuel Supply Systems 	
Machine Tools		<ul style="list-style-type: none"> • Completed divestment to Nidec Group (Aug 2021) 	
SG&A	<ul style="list-style-type: none"> • Targeting 20% reduction • Pursue business process optimization, organizational consolidation, and restructuring 	<ul style="list-style-type: none"> • Streamlined corporate functions through integration with Mitsubishi Power • Increased liquidity through asset management initiatives 	<ul style="list-style-type: none"> • Leverage DX to achieve further optimization • Continue asset management efforts

(5) New Profitability Improvements

- Leverage MHI Group's strengths to capture new demand in wake of COVID-19 and drive toward decarbonization
- Grow business opportunities through synergies with businesses acquired through M&A

Business	1H FY21 Order Intake (vs. 1H FY19)	Business Environment	New Initiatives
Metals Machinery	120%	<ul style="list-style-type: none"> • Rebound in capital investment. Increasing investment in solutions that reduce environmental impact. 	<ul style="list-style-type: none"> • Reduce CO₂ emissions and expand sales of high-efficiency production facilities • Grow after-sales service with such tools as digitalization and predictive maintenance
Machinery Systems	110%	<ul style="list-style-type: none"> • Volume of logistics increasing due to economic recovery in U.S. Demand for cardboard increasing 	<ul style="list-style-type: none"> • Increase sales of high-speed, high-volume box making machine EVOL in U.S. and expand into Japanese and European markets
Engines	110%	<ul style="list-style-type: none"> • Demand recovering in emergency power generators for global manufacturers and data centers especially in China 	<ul style="list-style-type: none"> • Expand bidding targets by obtaining TLC certification¹ • Expand sales network in China and increase productivity of MHI Group manufacturing facilities
Naval & Governmental Ships	—	<ul style="list-style-type: none"> • Mitsubishi Heavy Industries Maritime Systems, Ltd. began operation • Demand increasing for minimally-manned and automated technologies including unmanned surface vehicles 	<ul style="list-style-type: none"> • Expand product lineup (auxiliary naval ships) • Increase productivity by promoting PMI • Develop next-generation ships and unmanned marine systems with cross-organizational team
CRJ	—	<ul style="list-style-type: none"> • Demand for CRJ maintenance strong due to rapid recovery of domestic air travel in U.S., a major market 	<ul style="list-style-type: none"> • Expand West Virginia Service Center • Fill out CRJ after-sales service lineup with Regional One partnership in U.S.

III. Developing Growth Areas

III-1. Energy Transition

Major Market Trends

MHI Group Actions

U.S.

- Abundant renewable and fossil fuel resources
- Energy storage demand increasing with growing share of renewables
- Large enterprise activities stimulated by tax credits
- Decarbonization tech startups also active

Europe

- Increasing demand for decarbonization solutions in industrial sectors in EU and surrounding countries
- U.K. leads with CCS and hydrogen projects utilizing the North Sea

Asia (excl. Japan)

- Shift from coal to natural gas in short term
- Renewables, CCS, and low carbon fuel conversion in medium to long term

Japan

- Large expansion of renewables; sustainable utilization of nuclear power; CO₂ emissions reductions in thermal power (including hydrogen/ammonia mixed firing and CCUS)
- Government formulated Green Growth Strategy and kicked off 2 tr yen Green Innovation Fund

Drive technology development toward commercialization

Invest broadly to build hydrogen & CO₂ solutions ecosystems

Contribute to decarbonization in all industries with a tailored approach addressing regional needs

Build an innovative solutions ecosystem to realize a carbon neutral future



Decarbonize existing infrastructure



Build a hydrogen solutions ecosystem



Build a CO₂ solutions ecosystem

Progress of Projects in which MHI is Participating

MHI Technology Development Progress



Decarbonize existing infrastructure

- **Customer needs increasing for decarbonization of existing thermal power plants**
- Needs for upstream oil & gas customers increasing as well

- Developing ammonia combustor (for Thermal Power)
- Successfully tested 35% hydrogen mixed combustion in small and mid-sized engines

Pages 17-18



Build a hydrogen solutions ecosystem

- **Completed first restart of nuclear power plant in operation for over 40 years**
(Mihama Nuclear Power Plant Unit 3)
- **Multiple energy storage projects in development in U.S. showing progress**
- **FEED¹ studies in U.K., Germany, and Australia also progressing**
- Inquiries increasing for hydrogen compressors and liquid hydrogen booster pumps

- **Developing next-generation light water nuclear reactor and small modular reactor technology**
- Validating hydrogen power generation systems at in-house facilities

Page 19

Pages 20-21

¹ Front End Engineering Design, a precursor to EPC during which technical issues and cost estimates are considered



Build a CO₂ solutions ecosystem

- Inquiries for carbon capture increasing in U.S. and Europe
- **New CCUS projects started with TotalEnergies and Suez**
- Kicked off CO₂NNEX™ Proof of Concept working group

- Completed validation of KS-21™ carbon capture absorbent
- Successfully tested offshore CO₂ capture
- Obtained AiP (Approval in Principle) for liquefied CO₂ carrier cargo tank

Page 21

Decarbonizing Existing Infrastructure (1/3)

Global Market Overview

- Offering a diverse portfolio of CO₂ reduction solutions, including fuel conversion and digital solutions (TOMONI™) in order to meet the immediate needs of each country

Europe: Utilizing renewables

Participating in **hydrogen conversion of existing gas turbine facilities** using hydrogen produced from renewables incl. in U.K. and Netherlands

Hydrogen Conversion	TOMONI™ Upgrade
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Japan: Renewables to increase in future

Following Japanese government's Green Growth Strategy, promoting **conversion of existing coal and natural gas thermal power plants to hydrogen, biomass, and ammonia fuels**

Hydrogen Conversion
Biomass/Ammonia Conversion
TOMONI™ Upgrade

North America: Renewables increasing

Energy storage demand increasing. Efforts underway to jointly promote comprehensive decarbonization including **hydrogen conversion of existing gas turbine facilities** with U.S. power utility Entergy

Hydrogen Conversion	TOMONI™ Upgrade
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Middle East: Diversifying out of oil

Promoting **GTCC output and efficiency improvements and hydrogen conversions** for existing natural gas thermal power plants aiming to diversify the region out of oil

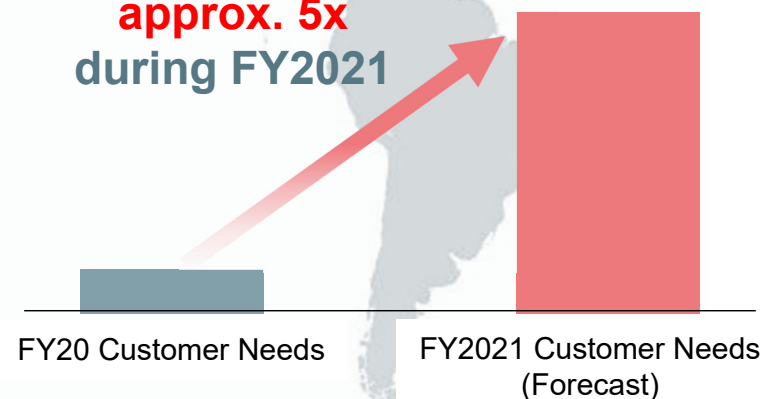
Hydrogen Conversion	TOMONI™ Upgrade
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SE Asia: Coal decreasing

Jointly advising on policy with national power utility PLN and Bandung Institute of Technology regarding **validation of biomass mixed firing** using existing thermal power plants in Indonesia

Hydrogen Conversion
Biomass/Ammonia Conversion
TOMONI™ Upgrade

Customer needs forecasted to increase by **approx. 5x** during FY2021



Decarbonizing Existing Infrastructure (2/3)

Decarbonization of Industrial In-House Power Generation

- In hard to abate industries (including petrochemicals, pulp & paper, steelmaking, and cement), which contribute 1/4 of all CO₂ emissions within Japan, many companies operate in-house power generation systems. Most of these systems use a boiler which produces electricity, heat, and steam.
- Simply replacing a factory's boiler with a renewable power source would remove an important source of heat and steam, which is a critical problem

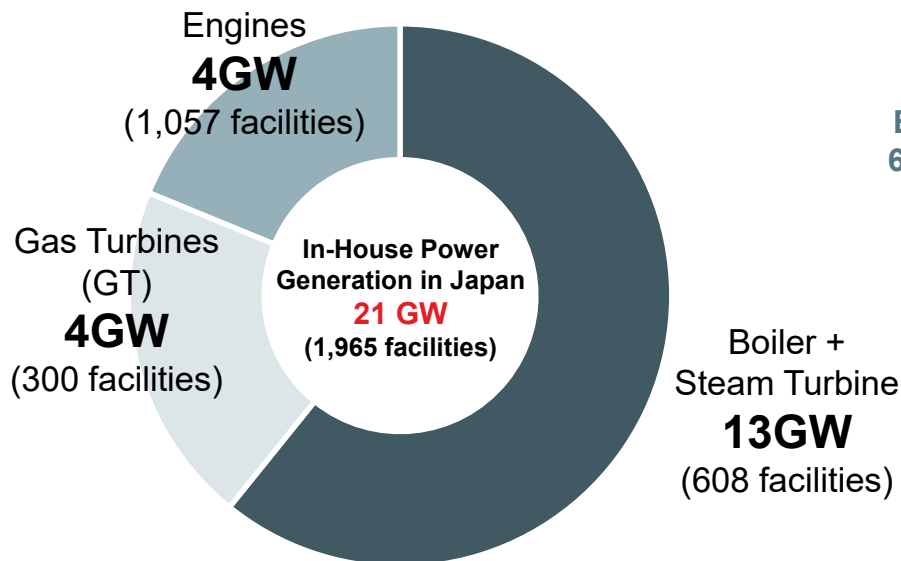
No. 1 market share in Japanese domestic in-house power generation equipment

Broad experience with complex processes supplying heat and steam

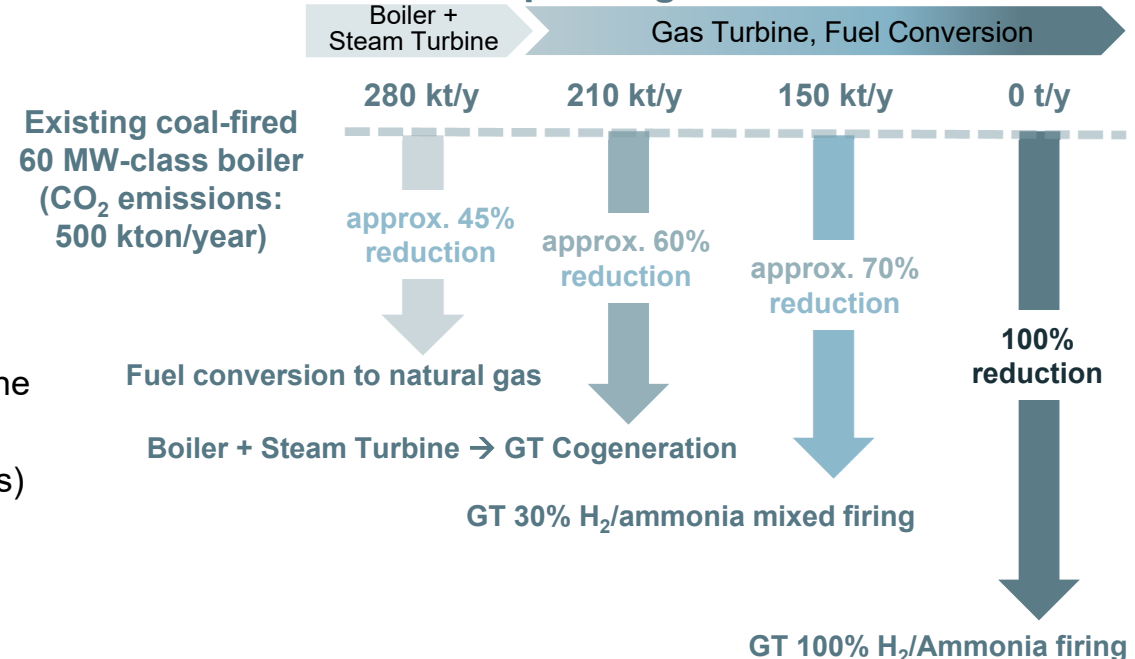
Offering a variety of decarbonization solutions which maintain simultaneous supply of electricity, heat, and steam

- Fuel conversion to natural gas, replacement of boiler with gas turbine
- Fuel conversion to hydrogen or other carbon-free fuels

In-House Power Generation Installed Capacity (Japan)¹



Example of decarbonization of industrial in-house power generation



1: Source: Japan Agency for Natural Resources and Energy survey data (FY2020)

Decarbonizing Existing Infrastructure (3/3)

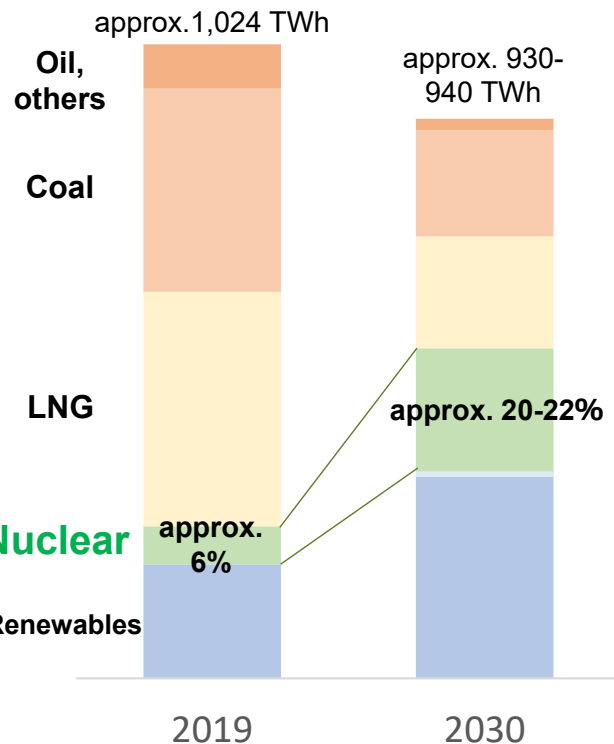
Nuclear Power's Contributions to Decarbonization

- Actively supporting the restart of existing plants, building Specialized Security Facilities¹, and working to complete the nuclear fuel cycle in order to achieve the Japanese government's energy policy, which calls for 20-22% of the country's energy to be generated by nuclear power by 2030.
- Working to develop and commercialize a next-generation light water reactor and small modular reactors in the leadup to 2050
- Also pursuing development of high temperature gas-cooled reactors, fast reactors, and fusion reactors to satisfy the future's diverse energy needs

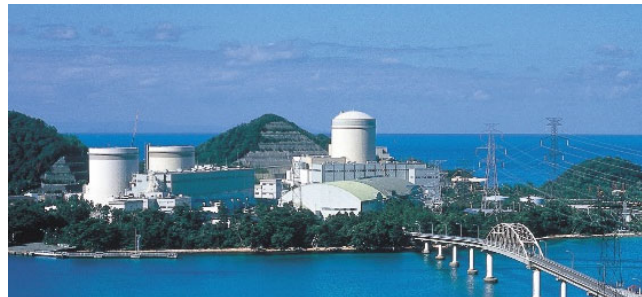
Initiatives through 2030

Initiatives through 2050

Energy Sources in Japan
(Source: 6th Strategic Energy Plan)



Restarts and Specialized Security Facilities



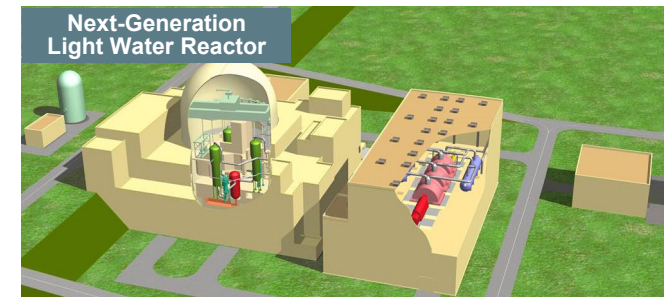
✓ Completed first restart of Japan's first nuclear power plant to remain in service over 40 years

Completing the Nuclear Fuel Cycle

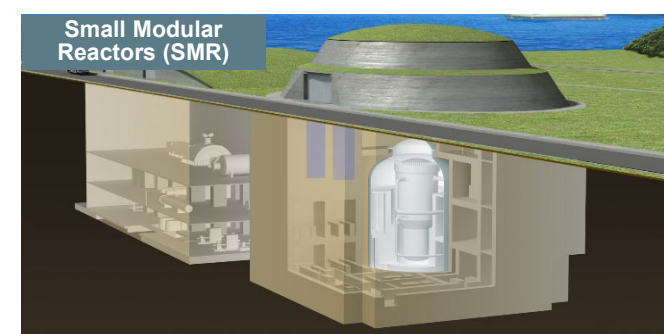


✓ Working to complete construction of nuclear fuel reprocessing and MOX² processing plants

Further Safety Improvements



✓ Targeting commercialization of world's safest nuclear reactor in mid-2030s

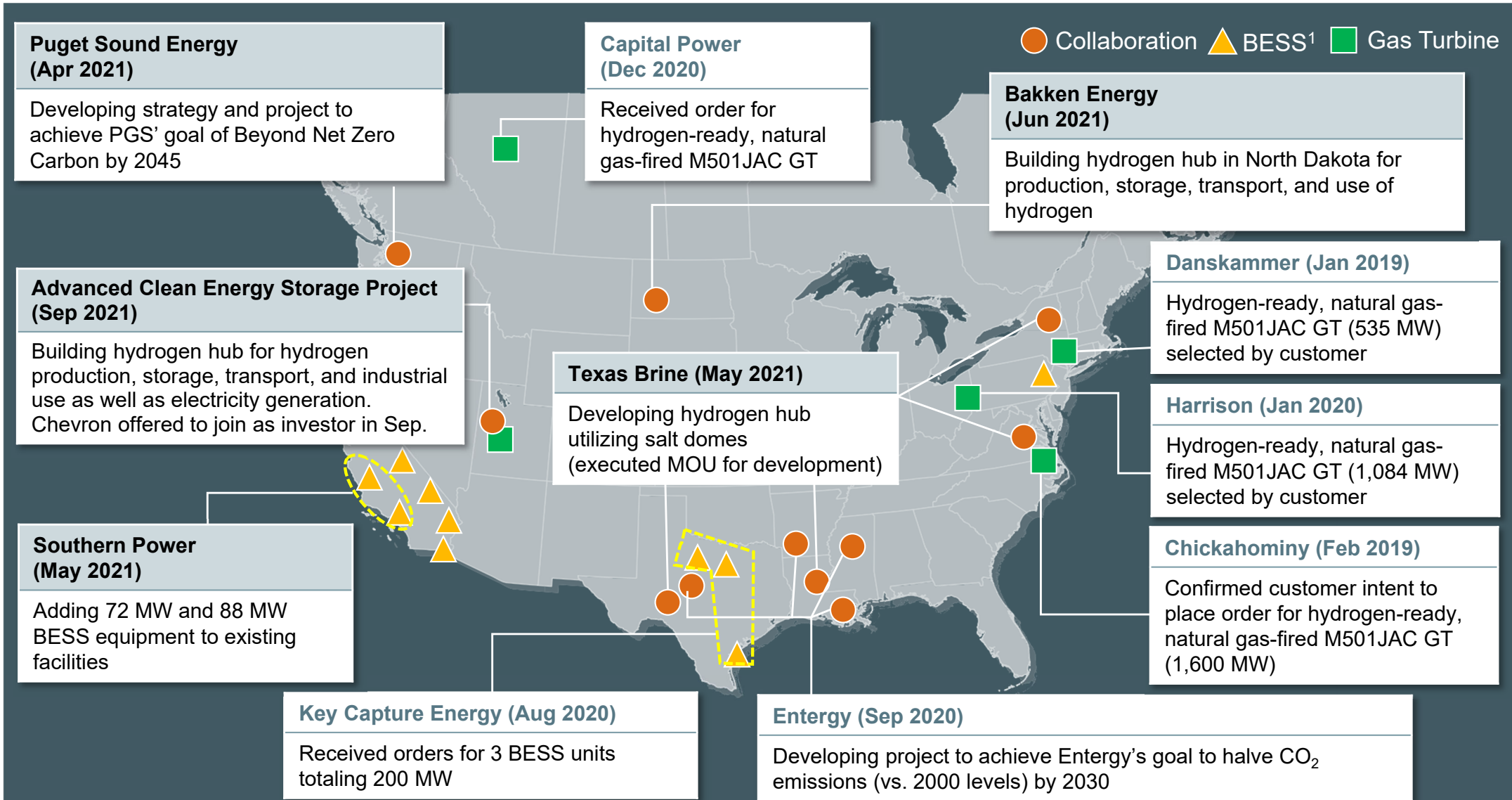


✓ Completed concept design of integrated small modular reactor

¹ Specialized Security Facilities: Isolated facilities used to safely shut down a reactor during a security incident such as an airplane strike or terrorist attack ² MOX: Mixed oxide fuel containing uranium and plutonium

Building a Hydrogen Solutions Ecosystem Projects under Development in U.S.

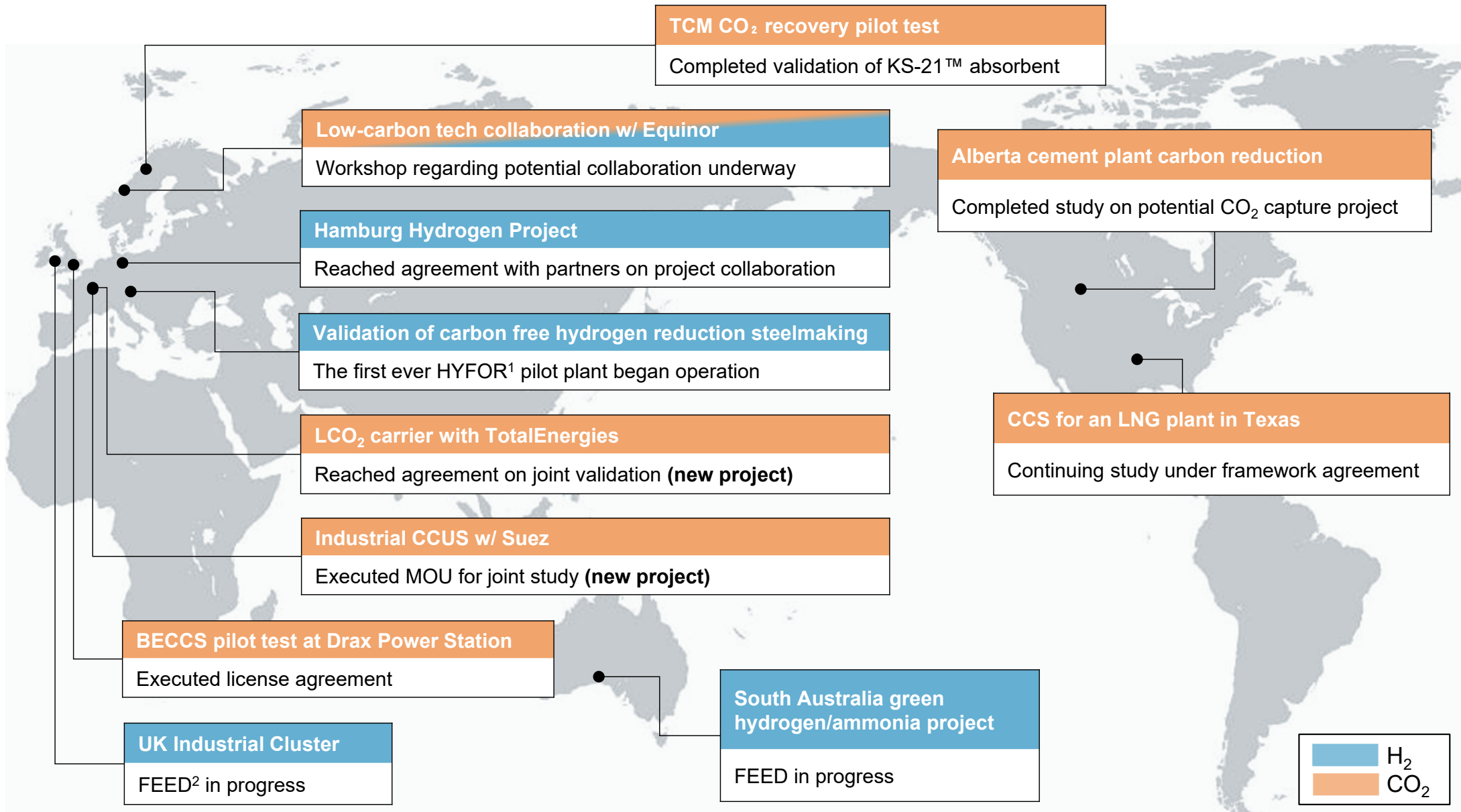
- Need for energy storage needed to ensure reliable power supply increasing as renewable energy share grows
- Participating in both short-term (battery) and long-term (hydrogen storage) energy storage projects with the goal of contributing to creation of a hydrogen solutions ecosystem



Building a Hydrogen/CO₂ Solutions Ecosystem

Progress on Global Projects

- Started new liquefied CO₂ carrier project with TotalEnergies and joint study with Suez for industrial use CCUS

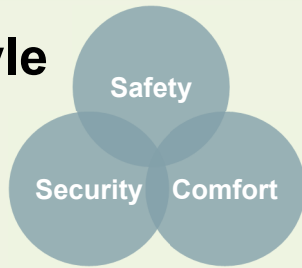


III-2. New Mobility & Logistics

New Mobility & Logistics Positioning

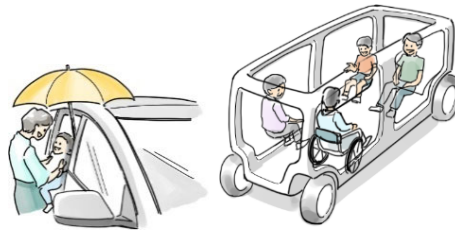
- Energy supply and use are two halves of the whole when it comes to achieving Carbon Neutrality
- Contributing to realizing a safe, secure, and comfortable world by developing intelligent machine systems in the energy use space

Lifestyle



Enhancing people's lives

Mobility that's easy for everyone to use



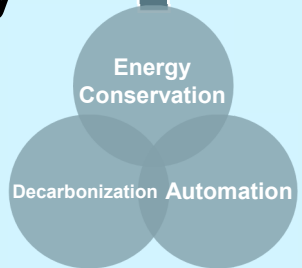
A society where anyone can connect with anyone, anytime



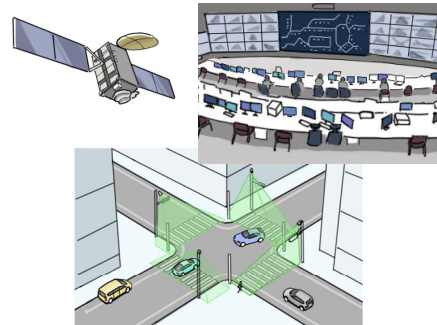
Safety and comfort



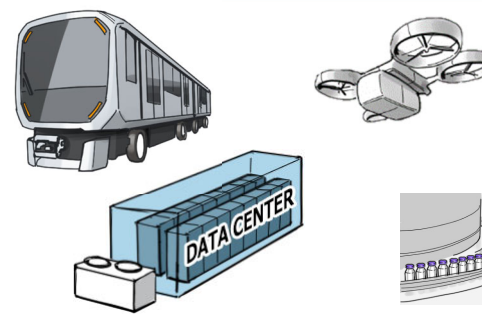
Energy Use



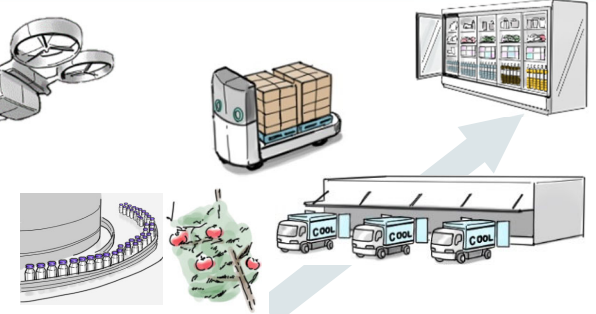
New Mobility & Logistics



Infrastructure to Support CASE Mobility



Electrification Components



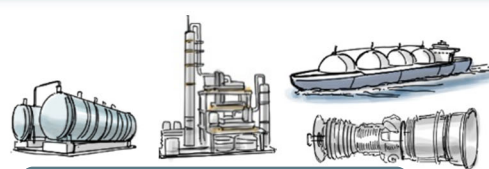
Automated Logistics Cold Chain

(Examples of MHI initiatives)

Energy Supply



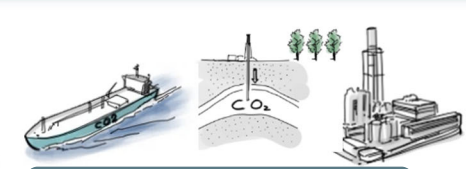
Energy Transition



Hydrogen Solutions Ecosystem



Decarbonization of Existing Infrastructure



CO2 Solutions Ecosystem

- Developing automation, energy conservation, and decarbonization solutions together with our customers by integrating a variety of machinery systems over a common platform

(1) Enhance components

- Achieve automation and energy conservation through autonomous components
- Decarbonize components
- Promote shift from proprietary tech to **open innovation**



Start-up developing high-efficiency gallium oxide semiconductors



Engineering company based in Spain providing design, testing, and certification services to the automotive industry



Expand value and business scope

(3) Collaborate with the customer

Automation

Energy Conservation

Decarbonization

- Identify customers' pain points
- Accelerate concept validation with agile development

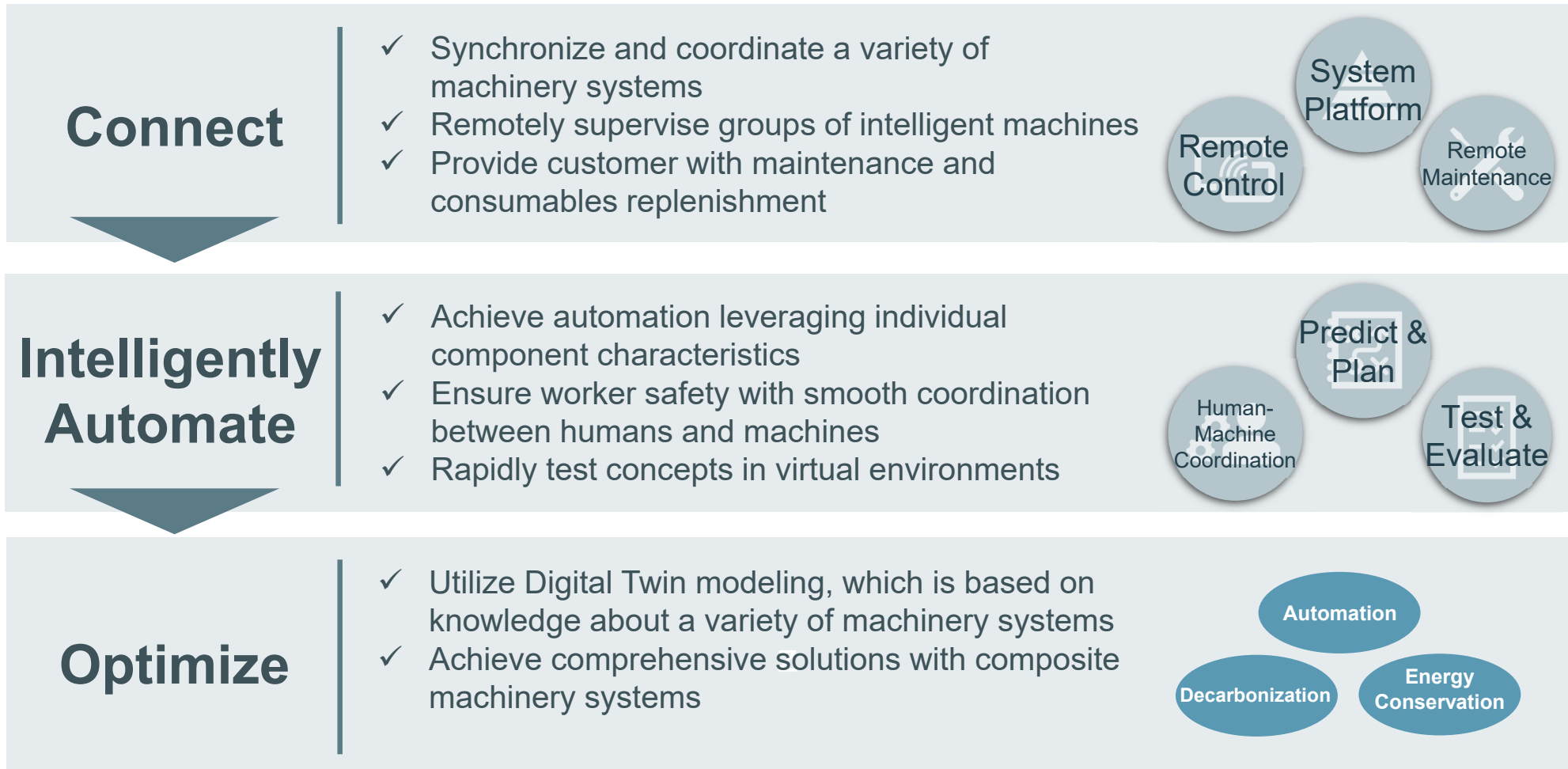
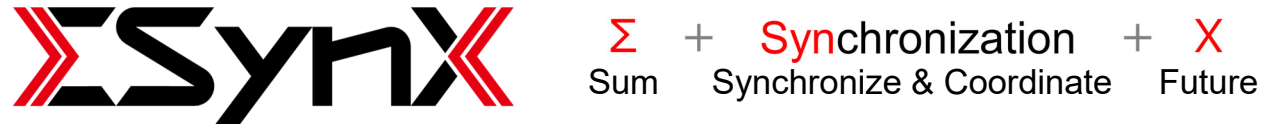


(2) Develop intelligent machinery systems

- Connect groups of machinery systems over a common **platform**
- Leverage individual component characteristics to create intelligent systems
- Optimize operation of complex machinery systems and decrease operators and energy consumption

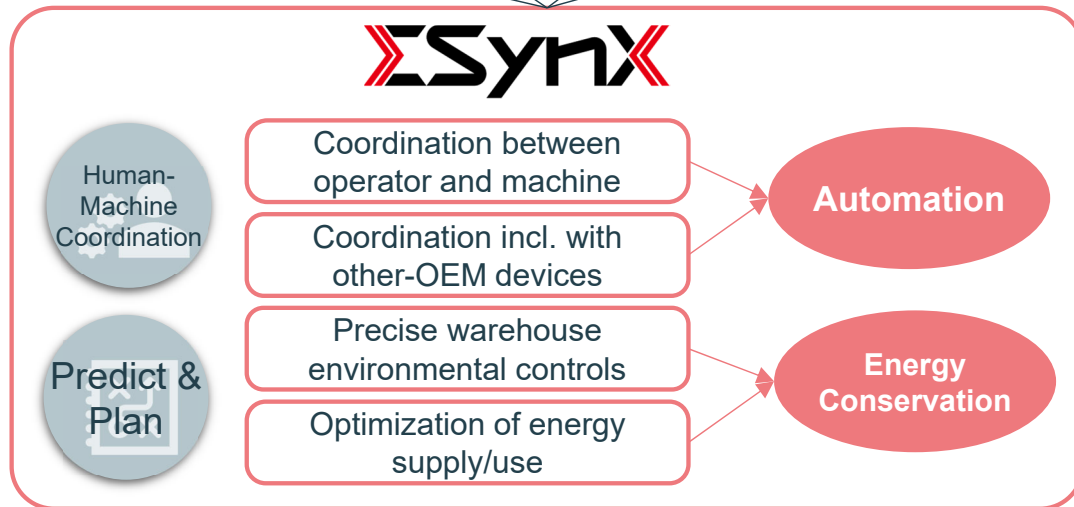
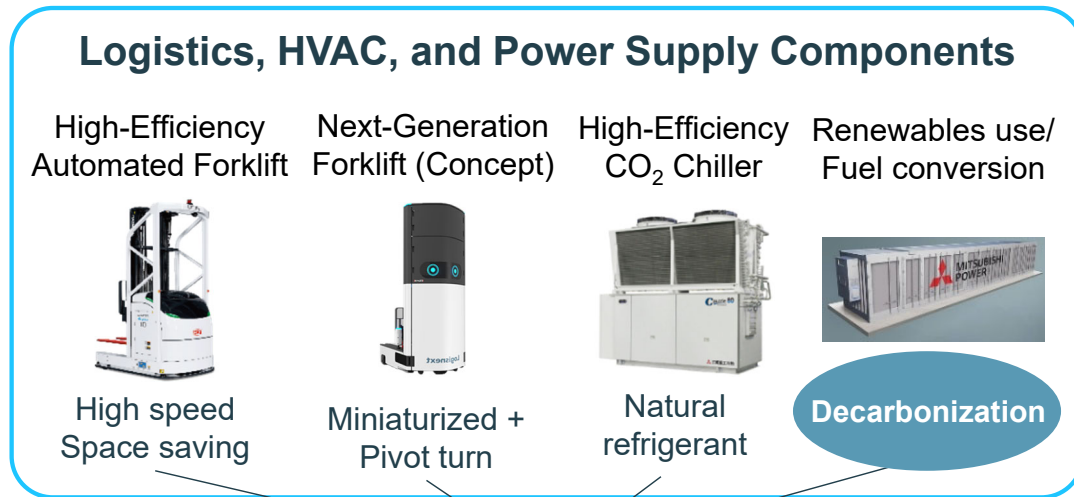


- ΣSynX¹ is MHI's common platform designed to synchronize and coordinate between a variety of machinery components, transforming them into a single, intelligent system

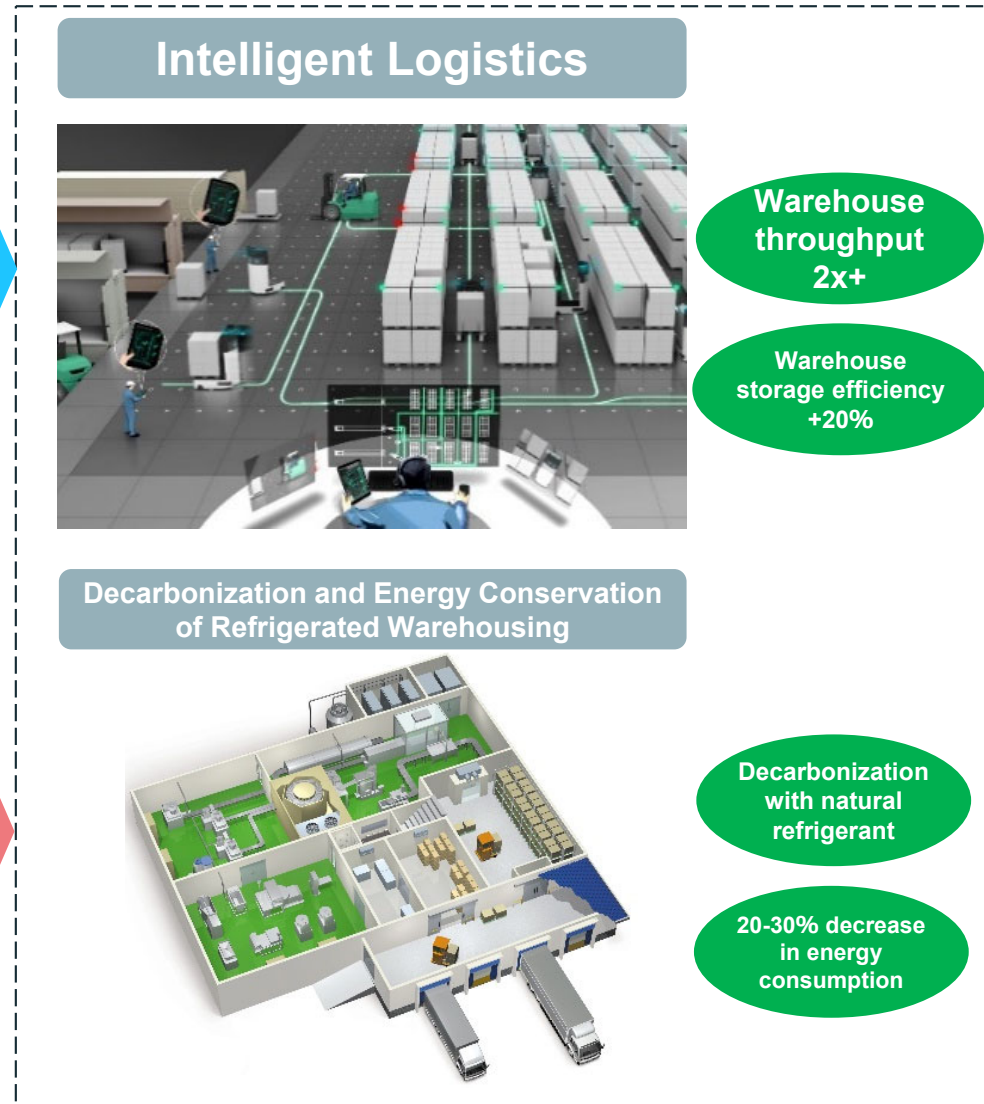


Automated Logistics & Cold Chain Initiatives

- Solve labor shortages with automation and conserve energy by combining HVAC and power supply systems

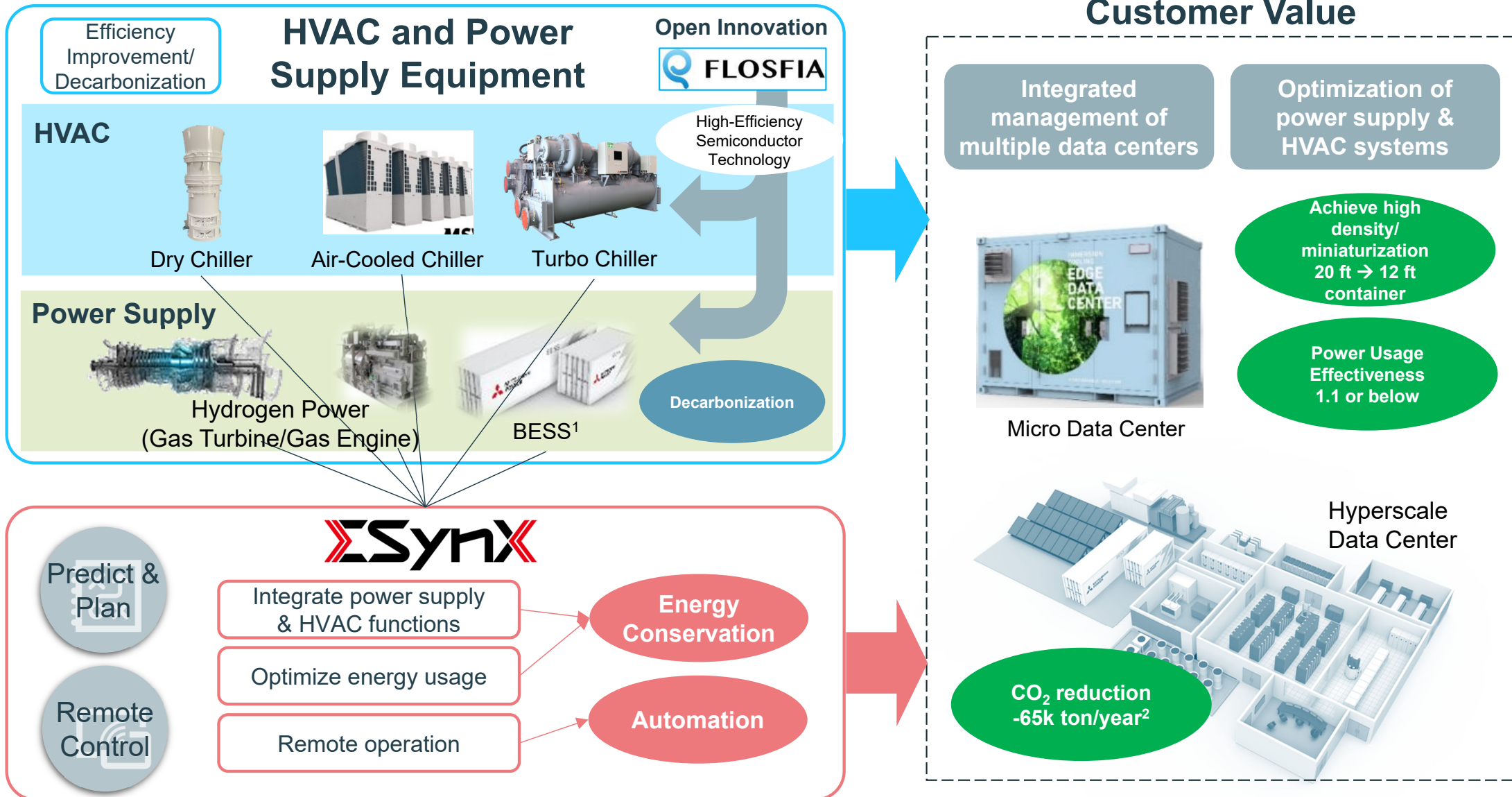


Customer Value



Electrification Components: Usage Cases for Data Centers

- Conserve space and energy while reducing CO₂ emissions by integrating HVAC and power supply systems and increasing efficiency with semiconductor technology acquired through open innovation



Infrastructure to Support CASE Mobility: Initiatives for Autonomous Driving Systems Validation Services

- Develop testing and verification services for autonomous driving systems by combining complementary physical testing and high-fidelity simulations

Integrated Environment Testing System

Testing by freely combining weather and driving conditions

Easily able to reproduce any testing conditions



Customer Value

Highly reliable physical testing

Large reduction in development time and cost



Complementary Virtual and Physical Testing



Simulation

Predict & Plan

Comprehensive validation under diverse conditions

Test & Evaluate

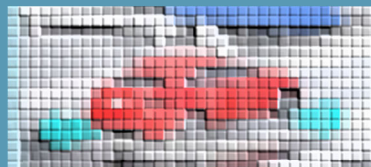
Ensure reliability by calibrating model according to measured results

Digital Twin

Weather Conditions

×

Driving Scenarios



Efficiently test large number of scenarios

Automation

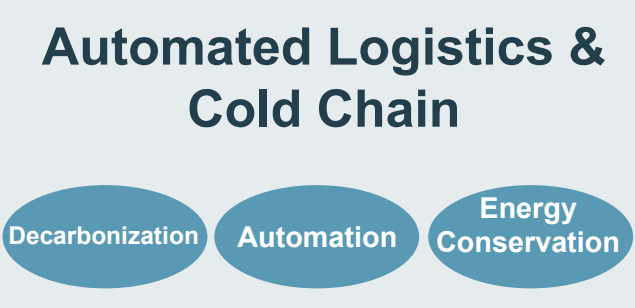
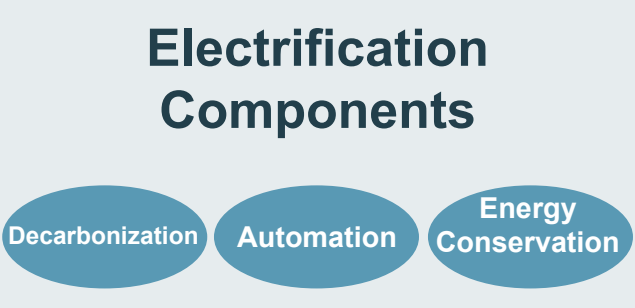
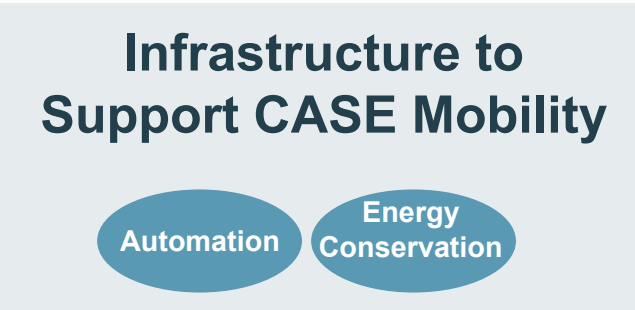
Energy Conservation

Offer expertise in international standards/certification

Assist in execution of efficient, comprehensive verification

New Mobility & Logistics Initiatives: Summary

- Efforts underway to decarbonize, automate, and conserve energy in energy-using businesses with high growth potential

	Market Trends	Examples of New Solutions	FY26 Market Size
<h3>Automated Logistics & Cold Chain</h3> 	<ul style="list-style-type: none"> Automation Energy conservation Ensure safety of food and medicine 	<ul style="list-style-type: none"> Intelligent logistics Refrigerated warehousing Carbon neutral port 	<p>Approx. 2 tr yen</p> <p>(AGF Industrial chiller)</p>
<h3>Electrification Components</h3> 	<ul style="list-style-type: none"> Promote electrification Miniaturization of equipment & systems Energy conservation 	<ul style="list-style-type: none"> Data centers 	<p>Approx. 5 tr yen</p> <p>(data centers)</p>
<h3>Infrastructure to Support CASE Mobility</h3> 	<ul style="list-style-type: none"> C: Connected A: Autonomous S: Shared E: Electric 	<ul style="list-style-type: none"> Autonomous driving systems validation support services Automated transport services for vehicle shipment Automated valet parking 	<p>Approx. 1 tr yen</p> <p>(Autonomous driving systems validation)</p>

IV. Carbon Neutrality Declaration

MISSION NET ZERO

Through our group products, technologies, and services that help reduce CO₂ emissions, as well as new solutions and innovations to be developed with partners around the world, Mitsubishi Heavy Industries Group will contribute to realizing “Net Zero” emissions for the world as a whole.

To this end, each and every one of our employees is embracing and internalizing “Mission Net Zero” and will act to implement a “Net Zero” future.



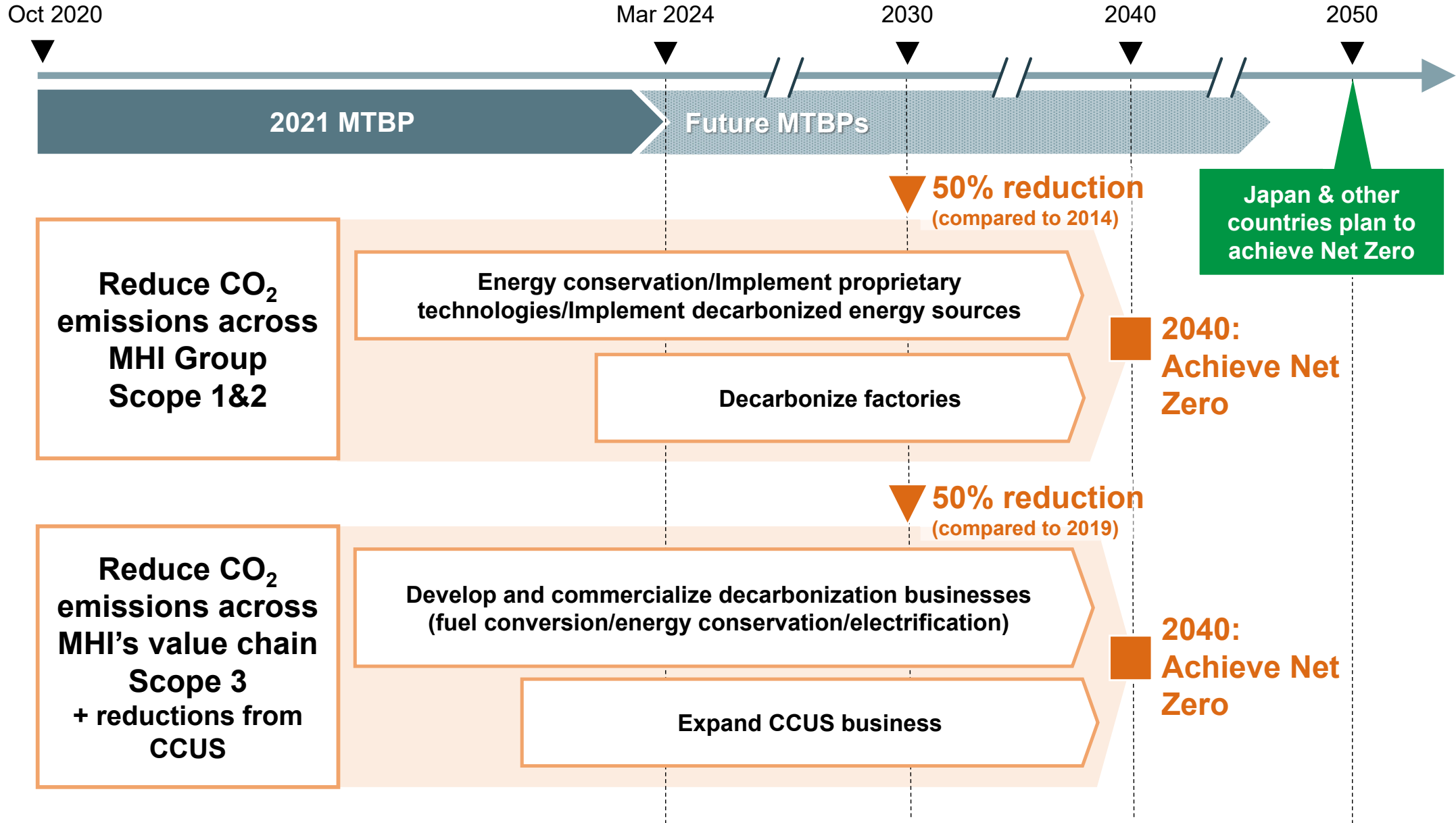
Target Year	Reduce CO ₂ emissions across MHI Group Scope 1&2	Reduce CO ₂ emissions across MHI’s value chain Scope 3 + reductions from CCUS
2030	-50% (compared to 2014)	-50% (compared to 2019)
2040	Net Zero	Net Zero

Scope 1&2: The calculation standard is based on the GHG Protocol.

Scope 3: The calculation standard is based on the GHG Protocol. However, we also account for reductions achieved by CCUS as an MHI original index.

GHG: Greenhouse Gas CCUS: Carbon dioxide Capture, Utilization and Storage

Roadmap to Achieve Carbon Neutrality (1/2)



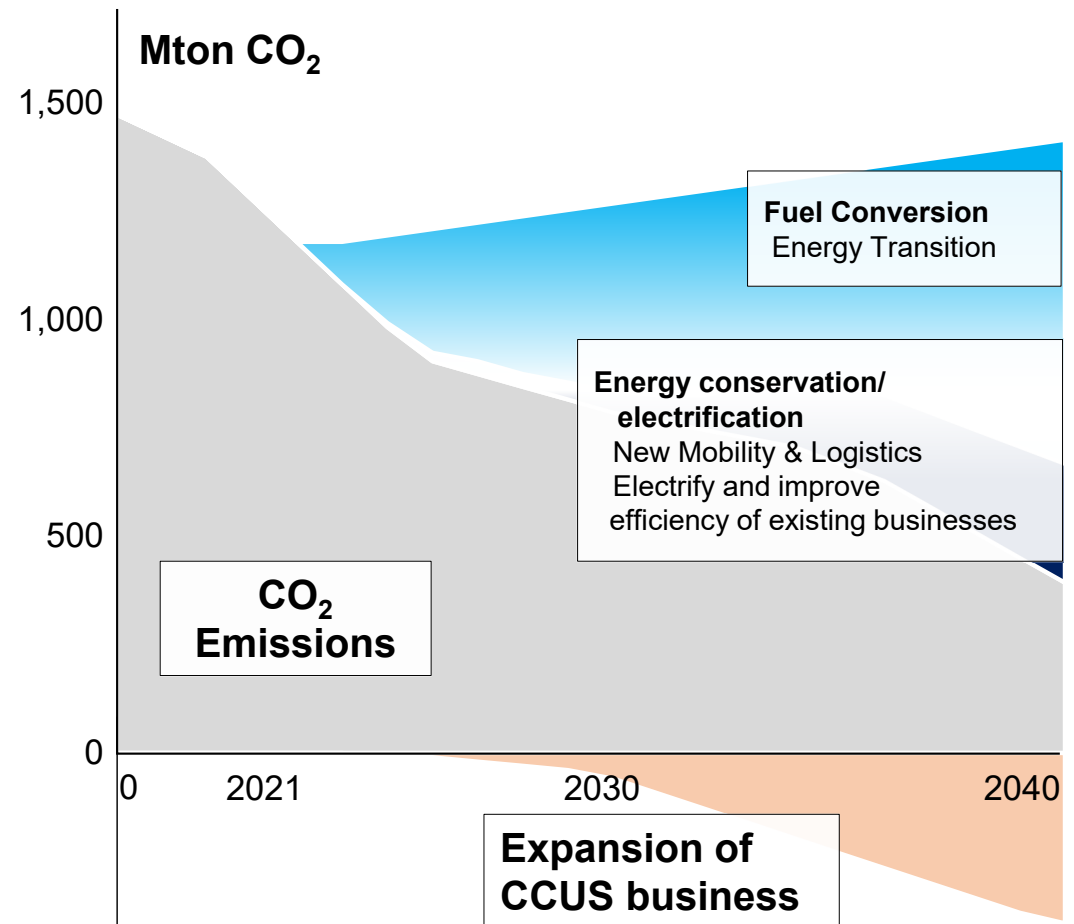
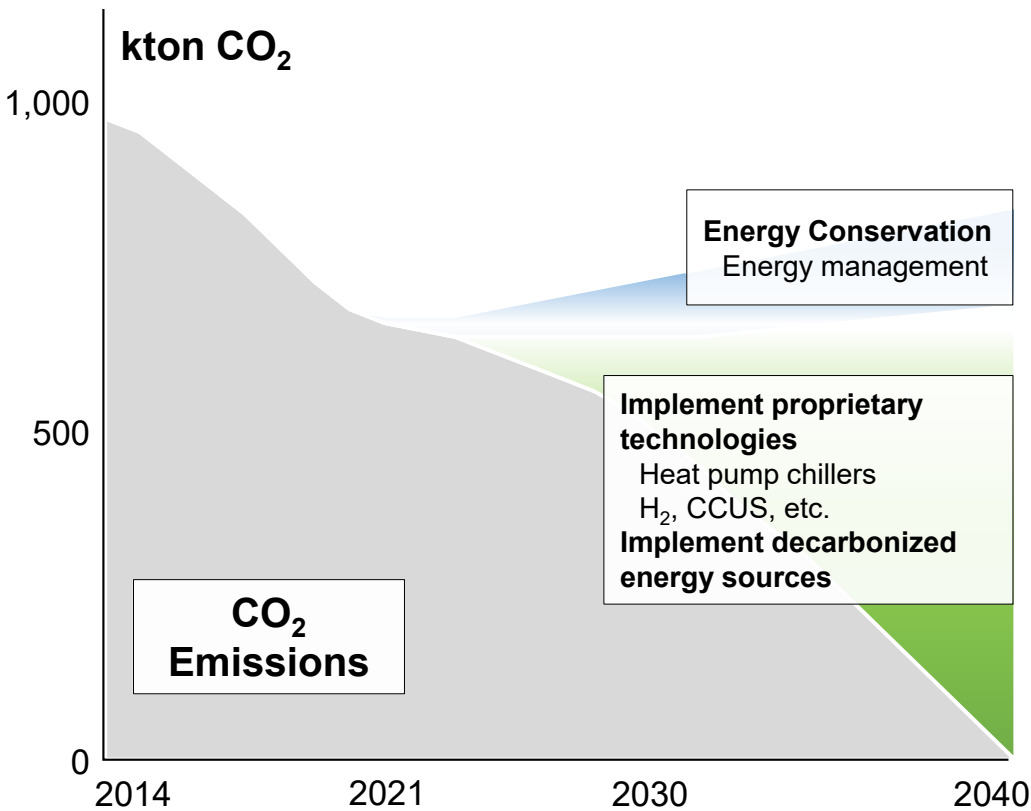
Roadmap to Achieve Carbon Neutrality (2/2)

Reduce CO₂ emissions across MHI Group Scope 1&2

Implement proprietary technologies at MHI factories

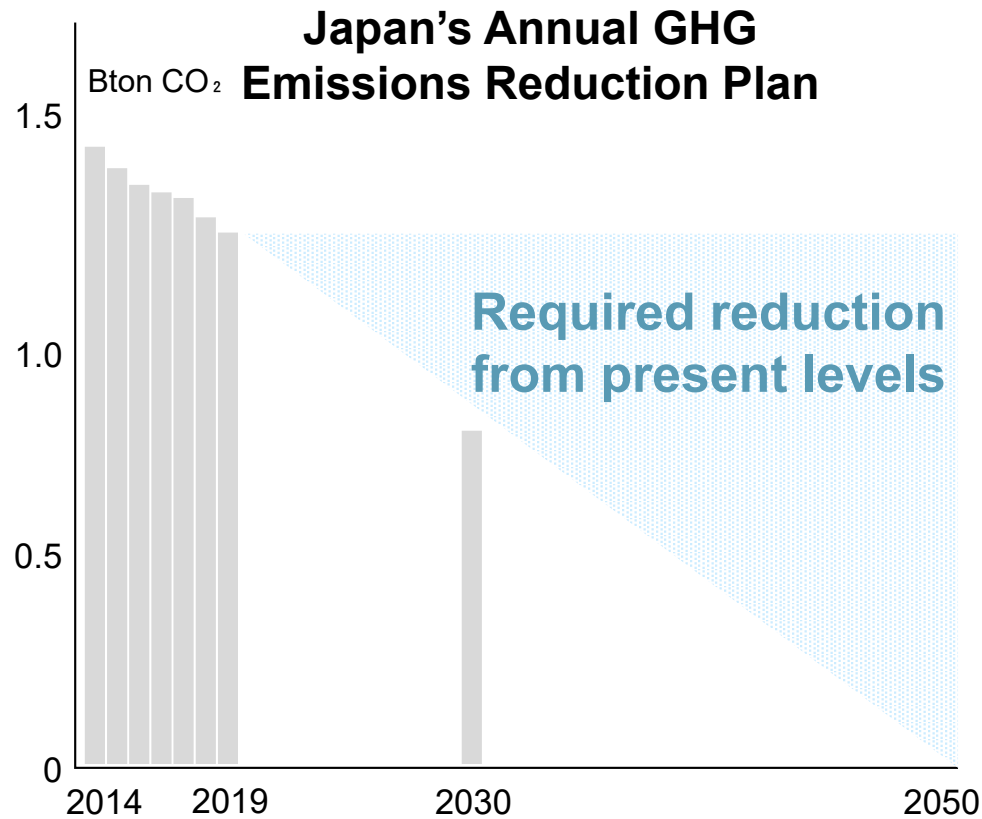
Reduce CO₂ emissions across MHI's value chain Scope 3 + reductions from CCUS

Rapidly establish decarbonization technologies and drive commercialization



Contributions to Customers' Scope 1&2 Reductions

- Contribute to our customers' Scope 1&2 reduction efforts in addition to our own Scope 1, 2, and 3 reductions
- Offer a variety of solutions to reduce CO₂ emissions from our customers' existing facilities

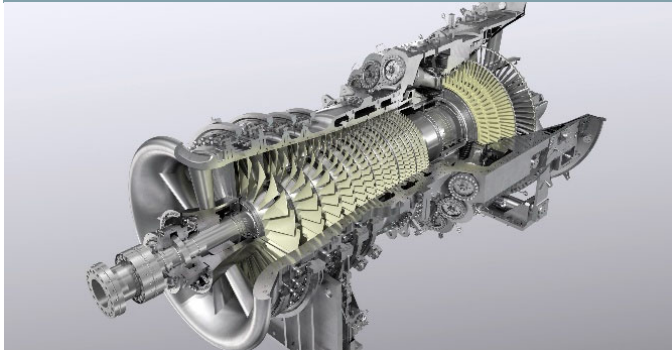


Example of CO ₂ Reduction Solutions for Existing Facilities	Reduction Rate
Replace coal-fired thermal power plant with natural gas GTCC	-60% to -65%
30% mixed hydrogen firing in GTCC/engine	-10%
100% hydrogen firing in GTCC/engine	-100%
20% biomass/ammonia mixed firing in coal-fired thermal power plant	-20%
100% biomass/ammonia firing in coal-fired thermal power plant	-100%
Restart and extend operating life of nuclear power plants (replacement of fossil fuel power generation)	-100%
Hydrogen reduction steelmaking + electric arc furnace	-65%
Replace engine forklift with electric forklift	-65%
Replace boiler with heat pump	-65%

MHI Group is contributing to the realization of a Carbon Neutral world, and through technology we will reduce the cost of this critical transition.

V. Appendix

Grew high-efficiency GTCC business



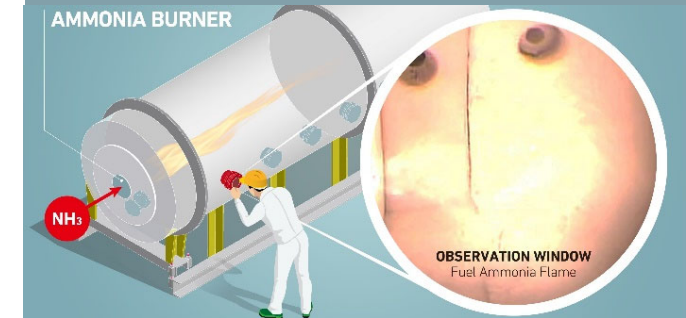
- Received order for 1.5 GW-class GTCC in Uzbekistan
- Contributing to CO₂ reductions with M701JAC, the latest model of high-efficiency GTCC

Completed reactor structure replacement work



- Improved safety of KEPCO Mihama Nuclear Power Plant Unit 3 in accordance with new safety standards
- Contributed to safe operation of Japan's first nuclear reactor to remain in service for over 40 years

Developing ammonia combustor for thermal power plant boilers



- Contributing to CO₂ emissions reduction with ammonia fuel
- Pursuing 100% ammonia combustion utilizing existing facilities

Solar power project in U.S.



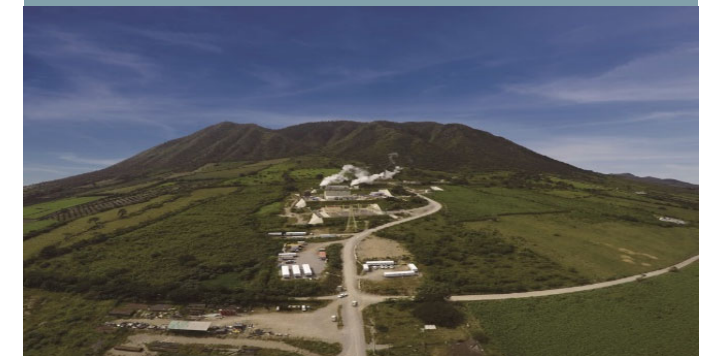
- Acquisition and operation of a solar power project in U.S. with Osaka Gas

Completed TF coils for ITER in Southern France



- Manufactured the fourth toroidal field (TF) coil, the world's largest toroidal superconducting coil, for experimental fusion reactor ITER

Implemented intelligent solutions product TOMONI™



(Photo Source: Grupo Dragón)

- Implemented TOMONI™ at a geothermal power plant in Mexico
- Improved performance and reliability of distributed power sources

Enhancing transportation systems after-sales service business



- Participating for the first time in international urban rail transportation operation businesses:
Dubai Metro: Operation & maintenance
Dubai Tram: Operation services

Developing liquefied CO₂ carrier



- Began study on LCO₂ carrier with TotalEnergies (France)
- Accelerating CCUS value chain technology and market development to contribute to CO₂ emissions reduction

Contributing to CO₂ reduction in steelmaking



- HYFOR pilot plant began operation
- Achieved the world's first fine ore direct reduction process using hydrogen and reduced capital investment amount and operating costs

HYFOR: Hydrogen-based fine-ore reduction

CO₂ capture and storage business



- Executed framework agreement for CCS system at an LNG plant in Texas, U.S.
- Progress toward the world's first system to capture CO₂ from an LNG liquefaction plant's exhaust

Source: NextDecade Corporation

Expanding box making machine sales



- Demand for cardboard is increasing in line with growing distribution volume in the manufacturing sector as a whole. Increasing sales of one of the world's fastest (400 sheets/min) box making machines (EVOL) mainly in North America

Contributing to environmentally friendly cities



- Supplied incinerators to the first non-industrial waste-to-energy plant in Xiaogan City, Hubei Province, China
- The two incinerators were the latest stoker-type with a capacity of 750 tons/day each

Contributing to realization of the carbon neutral port

Tire-type gantry crane

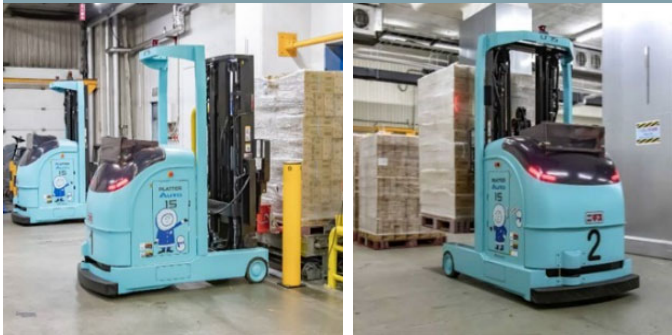


Fuel cell forklift



- Contributing to realization of the carbon neutral port (CNP) through development of new models of cargo handling equipment as well as conversion of existing equipment to hydrogen fuel cells

Laser-guided autonomous forklift for refrigerated warehouses (Japan first)



- Developed Japan's first laser-guided autonomous forklift for use in refrigerated warehouses in collaboration with Nichirei Logistics Group Inc.
- This product aims to reduce the burden on workers in low-temperature environments and eliminate chronic labor shortages

Recognized as Best Brand of Air Conditioners and ranked #1 in customer satisfaction in Australia



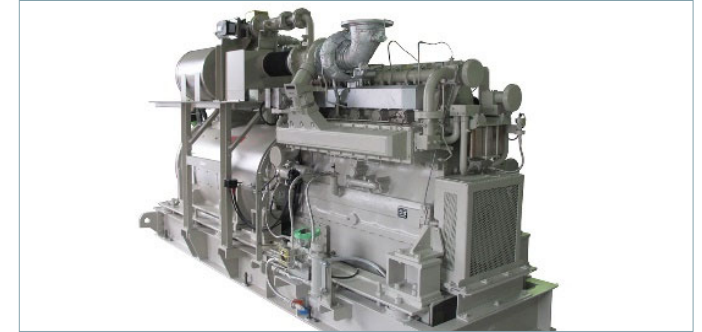
- Named 2021 Best Brand of Air Conditioners by Australian consumer advocacy group CHOICE for fourth year running. Received 2021 Most Satisfied Customer Award in air conditioners category from consumer trends research agency Canstar Blue for third year in a row.

Heat pump chiller awarded Protect the Ozone Layer, Prevent Global Warming Grand Prize



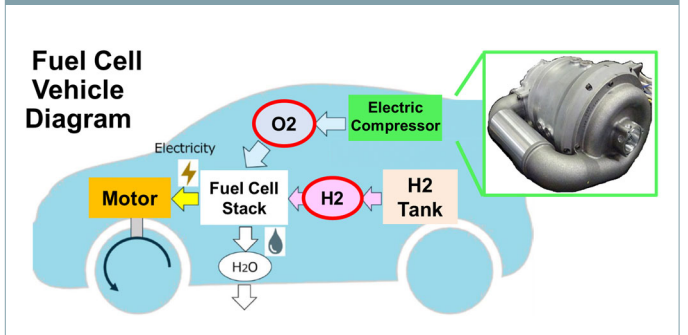
- An air-source circulation heat pump jointly developed with Chubu Electric Power Co., Inc., Q-ton Circulation received Grand Prize at the 24th Protect the Ozone Layer, Prevent Global Warming Awards sponsored by Nikkan Kogyo Shimbun Ltd. The product was praised for its environmentally friendly, energy conserving technology.

Municipal gas + hydrogen combustion test



- Successfully performed municipal gas + hydrogen mixed combustion test using commercial gas engine for cogeneration system use (joint effort with Toho Gas)
- This was the first time that rated power output was produced with 35% mixed hydrogen combustion in Japan

Developed electric compressor for fuel cell vehicles



- Developed products for electric vehicles which will also contribute to decarbonization
- Started testing compressors for fuel cell vehicles

Launched frigate “Noshiro”



- Launched new 3,900-ton-class frigate at Nagasaki Shipyard on contract from Japan Ministry of Defense

Delivered two prototypes of multirole naval helicopter (upgraded variant)



- Cutting-edge naval helicopter with performance upgrades to on-board systems and flight capabilities
- Delivered two prototypes to Japan Ministry of Defense

New naval & governmental ships subsidiary starts business



- Mitsubishi Heavy Industries Maritime Systems, which continues the former Mitsui E&S Holding naval & governmental ships businesses, officially started business on Oct 1

H-IIA launch vehicle



- Successfully launched new replacement quasi-zenith satellite with H-IIA Launch Vehicle No. 44
- Launch of H-IIA Launch Vehicle No. 45 planned in 2H FY2021

Next-generation fighter jet



- Executed contract with Japan Ministry of Defense in 2020
- Developing with other leading Japanese companies

Image source: Defense White Paper 2020

Expanded CRJ after-sales service business



- Expanding West Virginia Service Center (contract signed in June)
- Executed CRJ after-sales service partnership agreement with Regional One (U.S.) (contract signed in Sep)

Reduce CO₂ emissions across MHI Group Scope 1&2

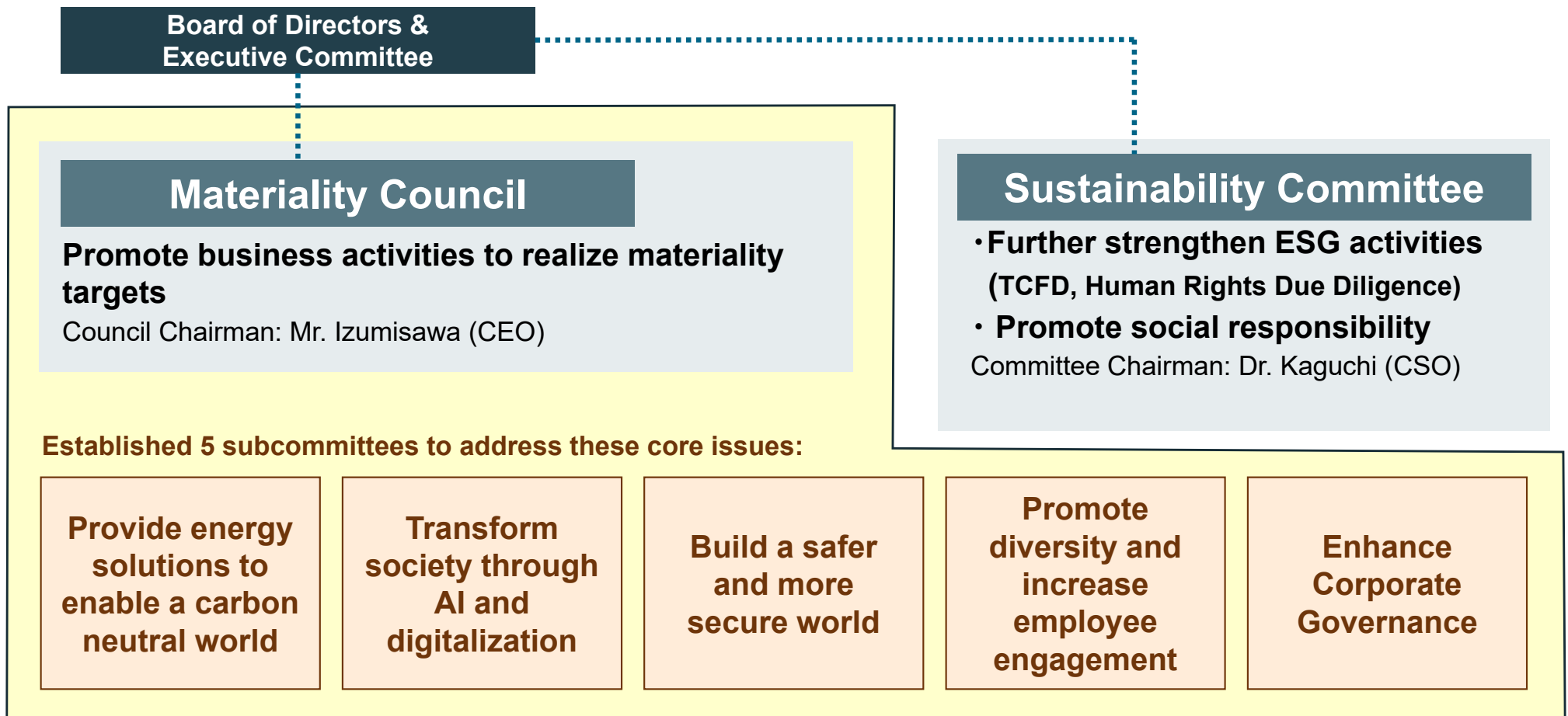
- Scope 1 represents CO₂ emissions arising directly from MHI Group's operations (fuel combustion and industrial processes). Scope 2 represents indirect CO₂ emissions, mainly from electricity consumption.
- Calculations are based on the GHG Protocol. However, emissions from our combined cycle demonstration plant (Takasago Machinery Works) and Nakoso and Hirono IGCC plants are included in Scope 3
- Main assumptions include reduction in electricity emissions in accordance with Japan's CO₂ emissions reduction targets and some degree of hydrogen and CO₂ solutions ecosystems development

Reduce CO₂ emissions across MHI's value chain Scope 3 + reductions from CCUS

- Scope 3 represents indirect CO₂ emissions arising from other companies across our value chain excluding that covered by Scope 1 & 2. This Scope includes 15 categories, approximately 99% of which comprise CO₂ emissions arising from the use of MHI Group products, which are targets for reduction efforts.
- Calculations are based on the GHG Protocol. However, we also account for reductions achieved by CCUS as an MHI original index.
- Based on the GHG Protocol, total CO₂ emissions expected over a product's lifetime are recorded during the year in which it was sold
- Main assumptions include the active adoption of carbon-free products by each company in accordance with each country's CO₂ reduction goals as well as some degree of hydrogen and CO₂ solutions ecosystems development

Strengthening Our Sustainability Management Organization

- Established the Materiality Council whose mission is to address five core issues through MHI Group's business activities
- Transformed the former CSR Committee into the Sustainability Committee and further strengthen our ESG efforts
- The Sustainability Relations Department was established to oversee administration of these efforts as we seek to achieve a sustainable world while increasing corporate value in the medium to long term



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