

(Note) This is a translation of the Japanese original for reference purpose only. In the event of any discrepancy between this translation and the Japanese original, the Japanese original shall prevail.

Cover

Type of document:	Extraordinary Report
Filed with:	Director of Kanto Local Finance Bureau
Date of filing:	May 12, 2021
Corporate name:	Mitsubishi Heavy Industries, Ltd.
Corporate name in English:	Mitsubishi Heavy Industries, Ltd.
Representative:	Seiji Izumisawa, President and CEO
Location of head office:	2-3, Marunouchi 3-Chome, Chiyoda-ku, Tokyo
Telephone number of head office:	+81-3-6275-6200 (Main)
Contact person at head office:	Tatsuya Sekine, Manager, Legal Group IV, Legal & General Affairs Department
Local point of contact:	2-3, Marunouchi 3-Chome, Chiyoda-ku, Tokyo
Telephone number of above:	+81-3-6275-6200 (Main)
Contact person at above:	Tatsuya Sekine, Manager, Legal Group IV, Legal & General Affairs Department
Places at which copies of this Extraordinary Report are offered for public inspection:	Tokyo Shares Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo) Nagoya Shares Exchange, Inc. (8-20, Sakae 3-chome, Naka-ku, Nagoya) Fukuoka Shares Exchange, securities membership corporation (14-2, Tenjin 2-chome, Chuo-ku, Fukuoka) Sapporo Securities Exchange, securities membership corporation (14-1, Minamiichijo-nishi 5-chome, Chuo-ku, Sapporo)

[1. Reason for Filing]

Mitsubishi Heavy Industries, Ltd. (the “Company”) decided at the Board of Directors on May 10 on a policy to succeed to the thermal power generation business, etc. of its consolidated subsidiary, Mitsubishi Power, Ltd. by absorption-type company split and as a result, this event may have material effects on the financial position, operating results and cash flow conditions of the Company.

According to the above, the Company is filing this Extraordinary Report pursuant to Article 24-5, Clause 4 of Financial Instruments and Exchange Act and Article 19, Clause 2, Item 2 and Item 7 of Cabinet Office Ordinance on Disclosure of Corporate Information.

[2. Text of Report]

1. Details of Mitsubishi Power, Ltd.

(1) Trade Name, Location of Head Office, Representative, Capital, Net Assets, Total Assets and Details of Business

(As of March 31, 2021)

Trade Name: Mitsubishi Power, Ltd.

Head Office: 3-1, Minato Mirai 3-chome, Nishi-ku, Yokohama

Representative: President and CEO Ken Kawai

Capital: ¥ 100,000 million

Net Assets: ¥ 530,811 million

Total Assets: ¥ 964,057 million

Details of Business: Thermal power generation system business (gas turbines, steam turbines, coal gasification generating equipment, boilers, thermal power control systems, generators, etc.), geothermal power system business, environmental equipment business, fuel cell business, electric power sales business (only electric power sales in relation to the demonstration facility for gas turbine combined cycle power generation plant at Takasago Works), and other related businesses

(Note) The financial position for the fiscal year ended March 2021 is based on the Japanese GAAP as of March 2021, but unaudited and may change afterward.

(2) Sales, Operating Profit, Ordinary Profit and Net Profit of the last 3 Fiscal Years

Fiscal Year (FY)	FY ending March 2019	FY ending March 2020	FY ending March 2021
Sales (million yen)	841,646	820,429	754,917
Operating Profit or Operating Loss (△) (million yen)	30,670	17,417	△38,376
Ordinary Profit or Ordinary Loss (△) (million yen)	38,964	48,805	△7,289
Net Profit or Net loss (△) (million yen)	30,079	40,147	△4,221

(Note) The operating results for the fiscal year ended March 2021 are based on Japanese GAAP as of March 2021, but unaudited and may change afterward.

(3) Capital, Personal, and Business Relationship with the Company

Mitsubishi Power, Ltd. is a wholly-owned subsidiary of the Company and an director and an auditor are dispatched by the Company.

In addition, the Company has transactions with Mitsubishi Power, Ltd. such as entrustment of business, entrustment of R&D, and lease contracts.

2. Purpose of Absorption-Type Company Split

Mitsubishi Power, Ltd., a consolidated subsidiary of the Company, is promoting decarbonization of its thermal power generation system, while the Company is driving the development of the eco-system of hydrogen and CO₂. In order to make it possible to manage the resources of the two companies dynamically and integrally, and to further accelerate the Energy Transition, which serves as the growth engine of the Company's group, the Company decided to succeed to the thermal power generation business of Mitsubishi Power, Ltd. by way of absorption-type company split.

3. Method, Allotment and Other Details of the Absorption-Type Company Split

(1) Method of Absorption-Type Company Split

It is an absorption-type company split in which the Company is a succeeding company and Mitsubishi Power, Ltd. is a splitting company.

(2) Details of Allotment relating the Absorption-Type Company Split

Since Mitsubishi Power, Ltd. is a wholly-owned subsidiary of the Company, any of shares, money and other assets will not be allotted.

(3) Other Details of the Absorption-Type Company Split

a. Rights and obligations to Succeed

The Company will succeed to the assets, contracts and other rights and obligations held by Mitsubishi Power, Ltd. relating to the thermal power generation system business, etc. as of the effective date of the absorption-type company split, except those stipulated in the absorption-type company split agreement that the Company will not succeed to.

b. Schedule

May 10, 2021 Resolution of the Board of Directors on a policy of the absorption-type company split

Between July and August 2021 Execution of absorption-type company split agreement (Schedule)

October 1, 2021 (Schedule) Effective date of the company split

(Note) Since the requirements of simplified company split prescribed in Article 796, Clause 2 of the Companies Act will be satisfied at the Company and the requirements of simplified company split prescribed in Article 784, Clause 1 of the Companies Act will be satisfied at Mitsubishi Power, Ltd., the absorption-type company split will be executed without the approval of the shareholders meeting.

- c. The contents of the absorption-type company split agreement is planned and may be changed afterward. The same applies to matters described in 5 below concerning the Company after the absorption-type company split.

4. Basis for Calculating Allotment to the Company relating to Absorption-type Company Split
Not applicable.

5. Trade Name, Location of Head Office, Representative, Capital, Net Assets, Total Assets and Details of the Business of the Succeeding Company after the Company Split

- (1) Trade Name: Mitsubishi Heavy Industries, Ltd.
(2) Head Office: 2-3, Marunouchi 3-chome, Chiyoda-ku, Tokyo
(3) Representative: President and CEO Seiji Izumisawa
(4) Capital: ¥ 265,608 million
(5) Net assets: To be determined
(6) Total assets: To be determined
(7) Details of Business: Manufacturing, installation, sales, services and etc. in the business of shipbuilding & ocean development, power systems, machinery & steel structure systems, aerospace systems, general machinery and special vehicles, and others

6. Effect of the Absorption-Type Company Split on Profit and Loss of non-consolidated financial results

As a result of the absorption-type company split, a gain on the extinguishment of tie-in shares of approximately 50 billion yen is expected to be recorded as extraordinary income in the non-consolidated financial statements of the Company for the fiscal year ending March 2022. However, the amount will change depending on the contents of the rights and obligations the Company will succeed. The effect on profit and loss by the absorption-type company split, including the amount of the gain from the extinguishment of tie-in shares, is currently under scrutiny.

(End of Document)