

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

October 29, 2021

Seiji Izumisawa, President & CEO

Opening Message



- 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

MHI Group has made steady progress on our 2021 Medium-Term Business Plan (MTBP).

COVID-19 has created a difficult business environment, and although the situation is beginning to improve, we will continue to work to strengthen profitability.

Regarding initiatives in growth areas, the trend toward decarbonization is picking up speed as the Energy Transition moves forward. MHI Group already offers a wide range of products and services to meet the needs of each region of the world during this important time.

In the area of New Mobility & Logistics, we are making steady progress toward commercialization through such efforts as pursuing strategic alliances with other companies.

Finally, at the end of today's presentation, I will announce MHI Group's new 2040 Carbon Neutrality Declaration.

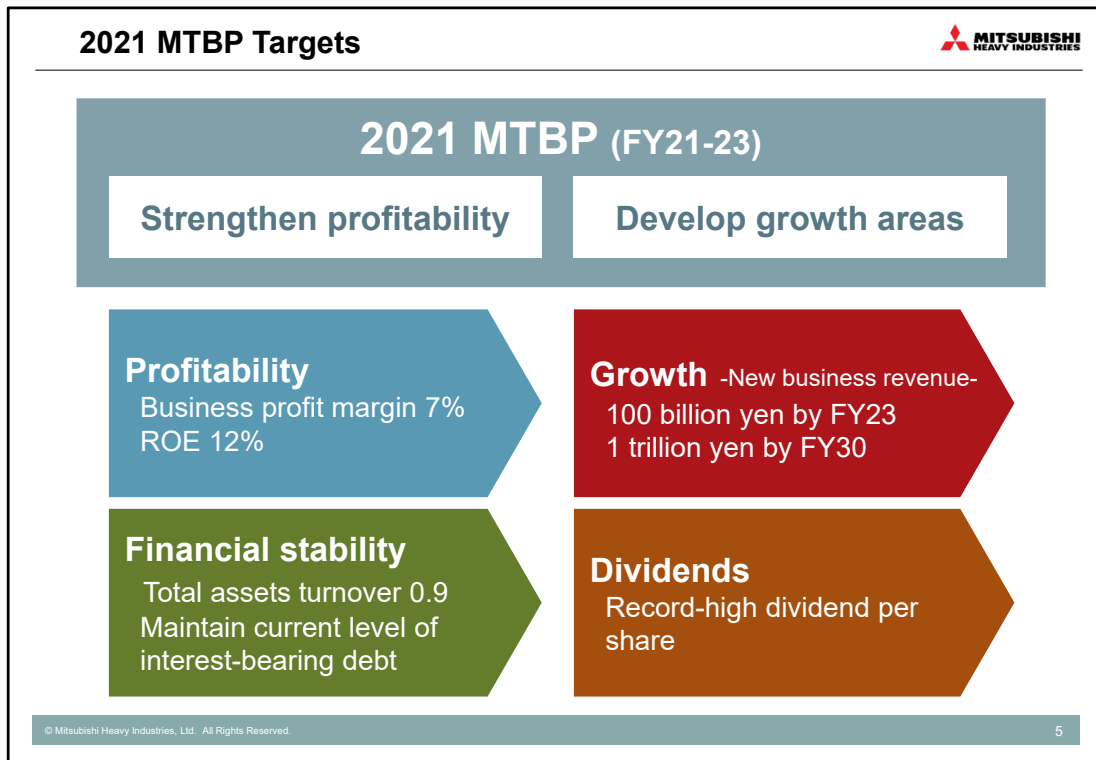
Table of Contents



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

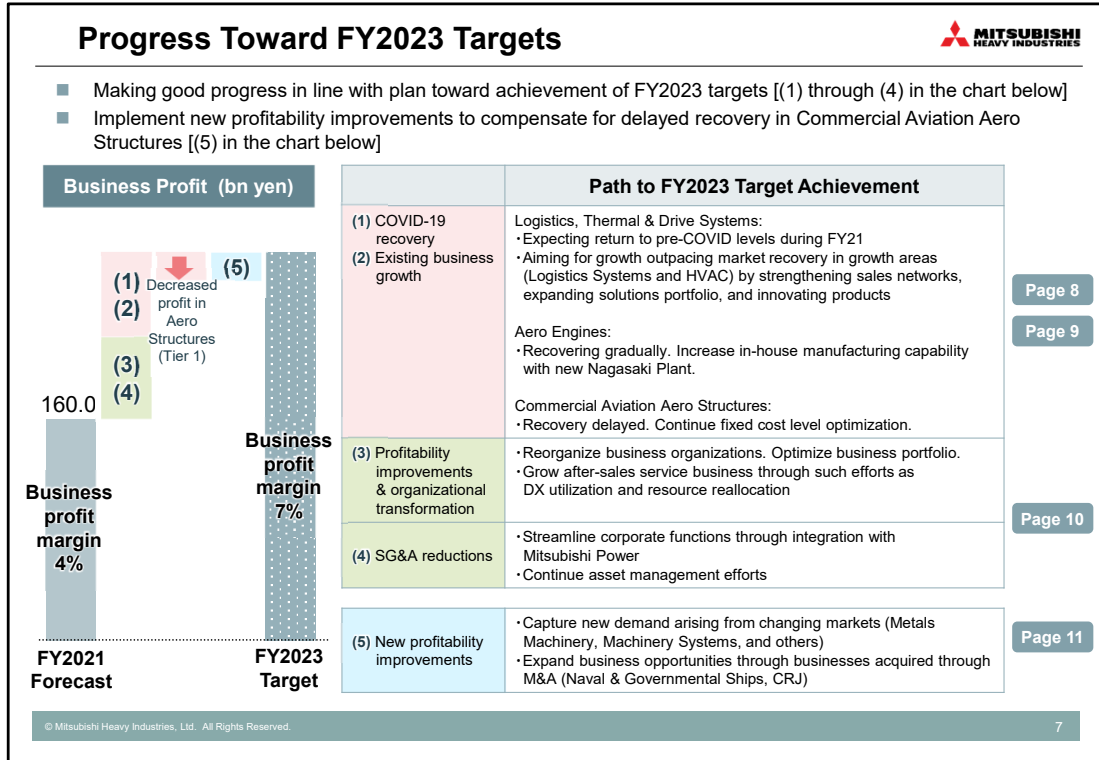
I. 2021 MTBP Overview

2021 MTBP Targets



The two main goals of MHI Group's 2021 Medium-Term Business Plan are to strengthen profitability and develop growth areas. We are working to achieve targets in four major areas: profitability, growth, financial stability, and dividends.

II. Strengthening Profitability



Earlier, Mr. Kozawa explained MHI Group’s business profit forecast for FY2021. Here, I will outline our initiatives to raise business profit from ¥160 billion (4% business profit margin) in FY2021 to the FY2023 target of 7% business profit margin.

In Logistics, Thermal & Drive Systems, business profit is forecasted to recover to pre-COVID levels during this fiscal year and to exceed them in FY2023.

In the growing businesses of Logistics Systems and HVAC, we will strengthen our sales networks, expand solutions portfolios, and innovate products to enable growth outpacing market recovery.

In Aero Engines, we expect business profit to recover to pre-COVID levels by FY2023 and aim to improve profitability by strengthening our in-house production capabilities with the new Nagasaki Plant.

We expect recovery from COVID-19 in Commercial Aviation Aero Structures will require more time. As such, we will continue to optimize fixed cost levels in order to achieve profitability.

Initiatives to improve profitability, transform organizations, and reduce SG&A are

progressing mostly in line with the plan. We have also optimized our business portfolio by reorganizing business organizations in Metals Machinery and divesting the Machine Tools business, among other efforts.

In addition, we are working to expand after-sales services by leveraging DX and shifting resources, mainly in Steam Power. Going forward, we would like to achieve solid results from our after-sales service businesses.

With regard to SG&A, we streamlined corporate functions through integration with Mitsubishi Power in October of this year. We will also continue asset management initiatives.

Please read slides 8 through 10 for more details on these topics.

(1) COVID-19 Recovery



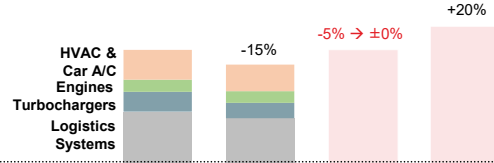
- Aero Engines and Logistics, Thermal & Drive Systems recovering. Implementing profitability improvements in line with recovery.
- Aero Structures recovery delayed. Continue shoring up business fundamentals in anticipation of future recovery.

Business

Revenue (vs. FY2019)

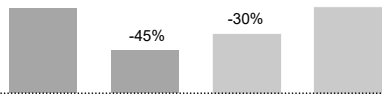
Forecast & Key Activities

Logistics, Thermal & Drive Systems



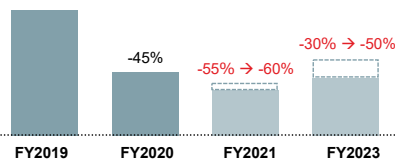
- Forecasted to return to pre-COVID levels in FY21
- Targeting growth outpacing market recovery led by Logistics Systems and HVAC (details on page 9)

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)

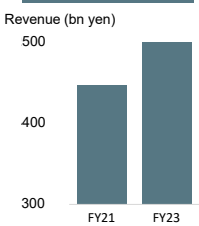
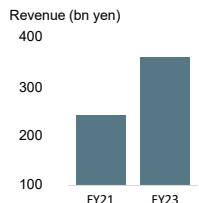


- Profit expected to drop further due to prolonged market stagnation from COVID-19
- Reduce fixed cost levels in line with revenue while pursuing all available options to improve profitability in anticipation of industry recovery

(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 Revenue (bn yen) 	Reinforce sales networks Expand solutions portfolio	<ul style="list-style-type: none"> • Deployed EQD¹ sales methodology to existing networks • Grew equipment rental business • 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 	<ul style="list-style-type: none"> • Increase market coverage by expanding direct sales networks • Increase lease and rental market share • Expand application of AGV and AGF² • Introduce intelligent and AI-enabled components
HVAC Revenue (bn yen) 	Reinforce sales networks Innovate products	<ul style="list-style-type: none"> • Strengthened large centrifugal chiller after-sales service organization in Dubai • 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. 	<ul style="list-style-type: none"> • Expand sales networks in Europe and other regions • Grow new VRF³ sales • Develop new room and package air conditioners

¹ Equipment Depot became a subsidiary of MHI in 2019

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

³ Variable Refrigerant Flow

(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 Environmental Plants	<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
Metals Machinery Engineering Commercial Ships Machine Tools	<ul style="list-style-type: none"> Stabilize profitability by shifting to after-sales service Eliminate loss-making EPC projects Strengthen shipbuilding engineering 	<ul style="list-style-type: none"> Strengthened project management and consolidated organizations and locations. Divestiture of French operations completed. Stabilizing business structure including by participating in Dubai Metro O&M business Received multiple orders for LNG Gas Fuel Supply Systems Completed divestment to Nidec Group (Aug 2021) 	<ul style="list-style-type: none"> Accelerate deployment of decarbonization businesses and shift to after-sales service
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.

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11

¹ A product and manufacturer quality certification for telecommunications equipment sold in China

This page explains MHI Group's new profitability improvement efforts to compensate for delayed recovery in Commercial Aviation Aero Structures.

Order intake has been strong in Metals Machinery, Machinery Systems, and Engines due to changes in the market as a result of decarbonization and increased logistics volume. As one example of how we are attempting to further accelerate this trend, we are working to expand sales of Metals Machinery production equipment that reduces CO₂ emissions and to expand after-sales services through digitalization and predictive maintenance.

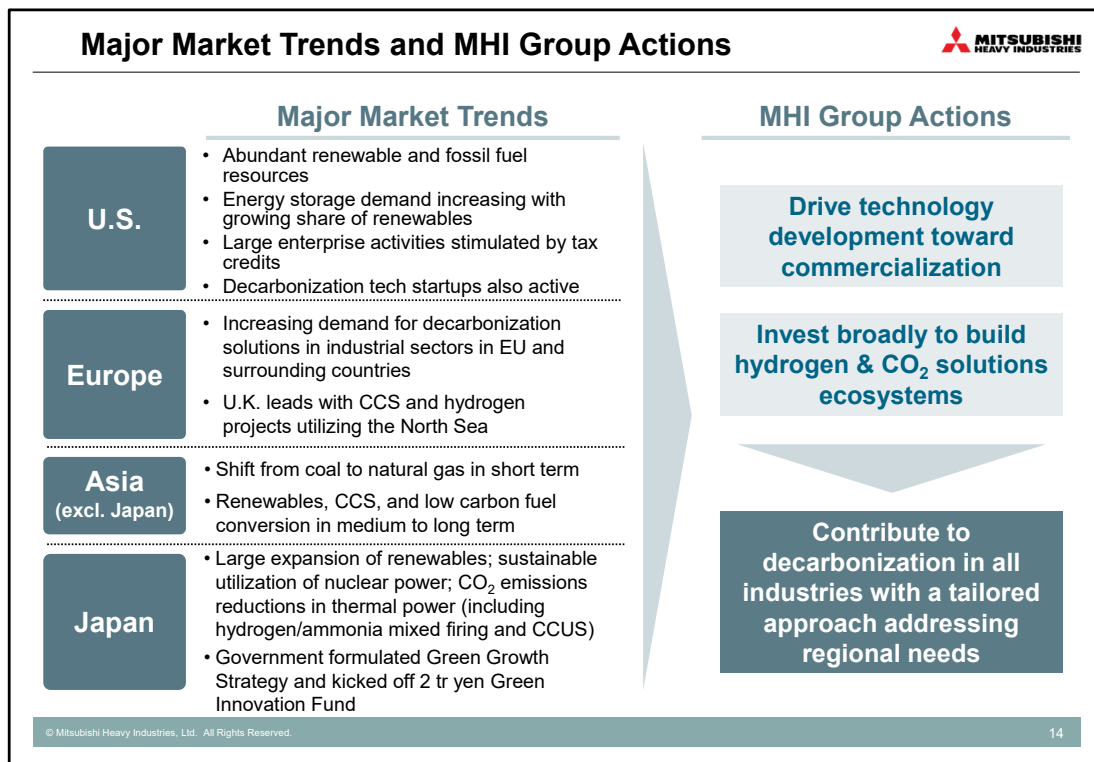
Additionally, we aim to build on the businesses we have acquired through M&A.

In the Naval & Governmental Ships business, Mitsubishi Heavy Industries Maritime Systems began operation on October 1 with the goal of expanding our product lineup and improving our production capability.

CRJ is experiencing strong maintenance demand due to the rapid recovery of domestic air travel in the U.S., its main market. With the expansion of our West Virginia Service Center and the partnership with Regional One, we aim to increase business opportunities by offering a varied portfolio of services.

III. Developing Growth Areas

III-1. Energy Transition



I would now like to provide an update on the development of growth areas.

First, I will speak about the Energy Transition.

In the U.S., the abundance of both renewable energy and fossil fuel resources makes it a market where a balance between the environment and sustainable economic growth is possible. With the expansion of renewable energy, the need for energy storage is also increasing. Tax credits have also stimulated the activities of both large companies and tech startups.

In Europe, the decarbonization needs of customers, especially industrial customers, are increasing against the backdrop of high environment-related targets.




In Asia, I believe that for the time being, the shift from coal to gas will be the main tool for carbon reduction, but I also believe that in the future, it will be essential to move to carbon-free fuel conversions.

Finally, in Japan, I believe that, following the government's energy policy, renewable energy will significantly increase its share, nuclear power will be used sustainably, and the decarbonization of Thermal Power will proceed.

MHI Group will continue to develop technologies and invest extensively in building solutions ecosystems to contribute to decarbonization in line with local needs.

**Build an innovative solutions ecosystem
to realize a carbon neutral future**



Energy Transition Initiatives		MITSUBISHI HEAVY INDUSTRIES
	Progress of Projects in which MHI is Participating	MHI Technology Development Progress
 <p>Decarbonize existing infrastructure</p>	<ul style="list-style-type: none"> • Customer needs increasing for decarbonization of existing thermal power plants • Needs for upstream oil & gas customers increasing as well • Completed first restart of nuclear power plant in operation for over 40 years (Mihama Nuclear Power Plant Unit 3) 	<ul style="list-style-type: none"> • Developing ammonia combustor (for Thermal Power) • Successfully tested 35% hydrogen mixed combustion in small and mid-sized engines <p>Pages 17-18</p>
 <p>Build a hydrogen solutions ecosystem</p>	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Developing next-generation light water nuclear reactor and small modular reactor technology • Validating hydrogen power generation systems at in-house facilities <p>Page 19</p> <p>Pages 20-21</p>
 <p>Build a CO₂ solutions ecosystem</p>	<ul style="list-style-type: none"> • 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 	<p><small>1 Front End Engineering Design, a precursor to EPC during which technical issues and cost estimates are considered</small></p> <ul style="list-style-type: none"> • Completed validation of KS-21™ carbon capture absorbent • Successfully tested offshore CO₂ capture • Obtained AiP (Approval in Principle) for liquefied CO₂ carrier cargo tank <p>Page 21</p>

Regarding the decarbonization of existing infrastructure, customer needs are increasing for the decarbonization of existing thermal power plants. We are also supporting the restart of nuclear power plants in Japan and pursuing the development of next-generation light water reactors and small modular reactors.

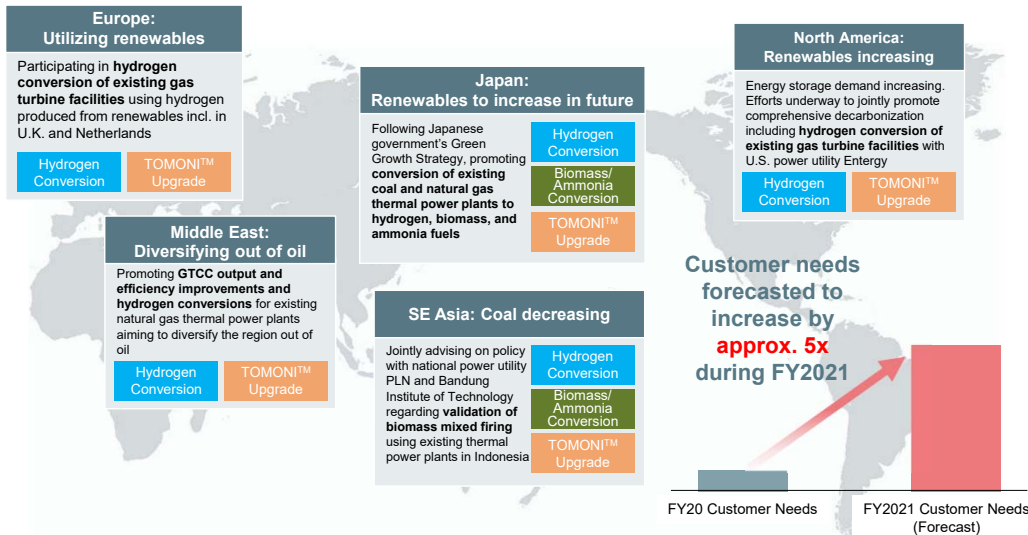
In the hydrogen solutions ecosystem space, multiple energy storage projects currently in development in the U.S. are showing progress. Steady progress is also being made in European projects.

Work on building a CO₂ solutions ecosystem continues to be very active, with two new projects with TotalEnergies and Suez recently kicking off.

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



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17

The market has seen a rapid increase in need for fuel conversion from coal and natural gas to hydrogen, biomass, ammonia, and other fuels, as well as improved operability leveraging digitalization.

As shown in the lower right corner, customer needs have rapidly increased by a factor of 5 compared to last year, and we expect to see more business opportunities in the future.

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

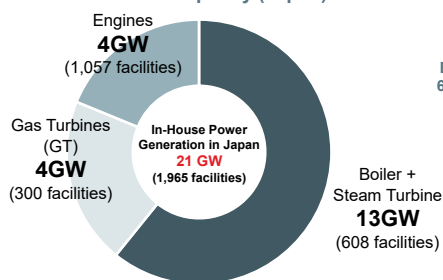
No. 1 market share in Japanese domestic in-house power generation equipment

Broad experience with complex processes supplying heat and steam

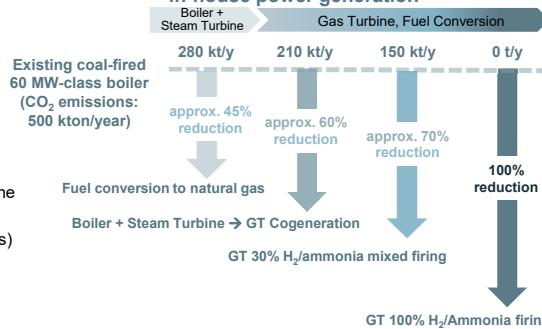
Offering a variety of decarbonization solutions which maintain simultaneous supply of electricity, heat, and steam

- 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



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

18

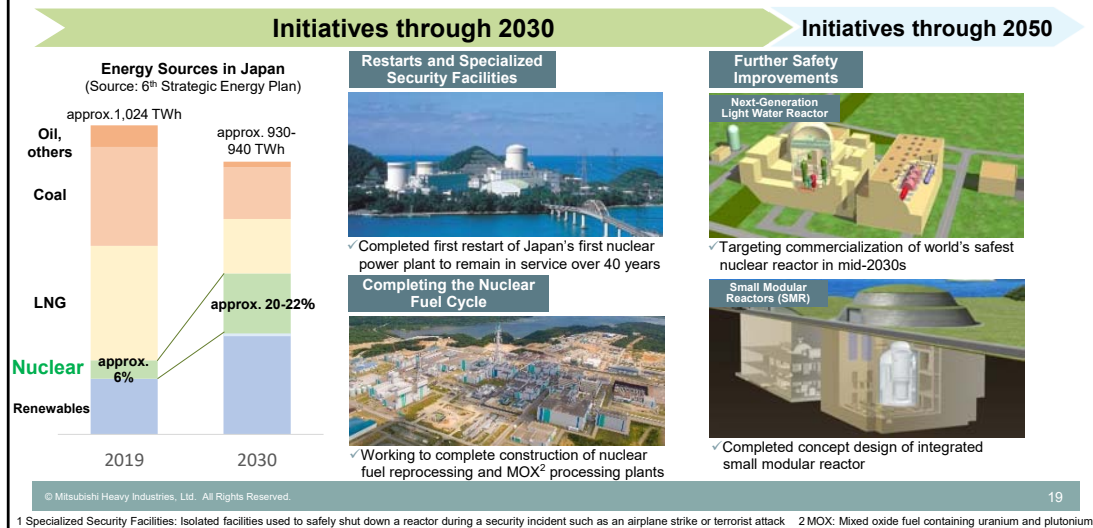
Industrial sectors such as petrochemicals, paper, steel, and cement account for about a quarter of Japan's CO₂ emissions. They have their own power generation facilities, many which are boiler-based systems that supply electricity along with heat and steam.

The challenge with boiler-based systems is that switching to renewable energy alone cannot supply the heat and steam needed to run a plant. MHI has the largest share in the Japanese domestic in-house power generation equipment market, and we have broad experience in thermal processes that supply heat and steam. Leveraging our unique position, we will propose solutions to meet our customers' needs and commercialize these solutions.

Decarbonizing Existing Infrastructure (3/3) Nuclear Power's Contributions to Decarbonization

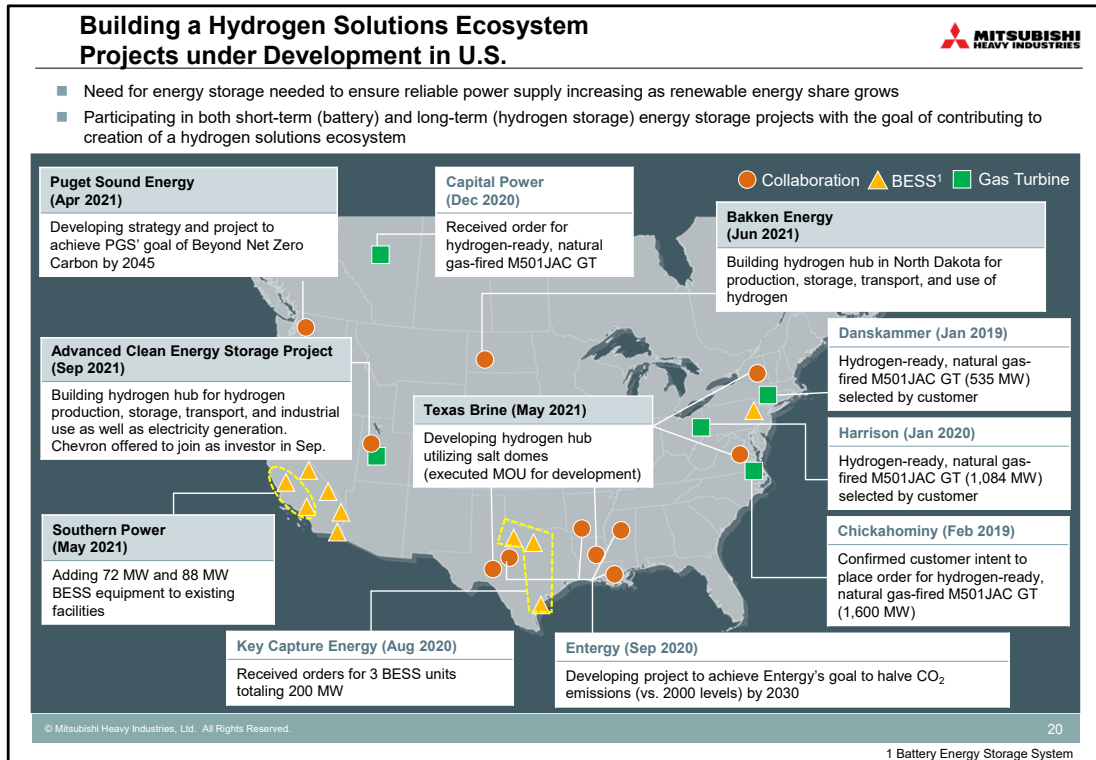


- Actively supporting the restart of existing plants, building Specialized Security Facilities¹, and working to complete the nuclear fuel cycle in order to achieve the Japanese government's energy policy, which calls for 20-22% of the country's energy to be generated by nuclear power by 2030.
- Working 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



In the Nuclear Power space, MHI Group will promote efforts to restart existing plants and complete the nuclear fuel cycle in order to achieve the Japanese government's target to raise nuclear power's share to 20-22% by 2030.

In the first half of this fiscal year, we also supported the restart of a nuclear plant that has been in operation for over 40 years, a first for Japan. Going forward, we will focus on the development and commercialization of next-generation light water reactors and small modular reactors with even higher safety standards in the leadup to 2050. In the future, we will also work on high temperature gas-cooled reactors and fusion reactors.

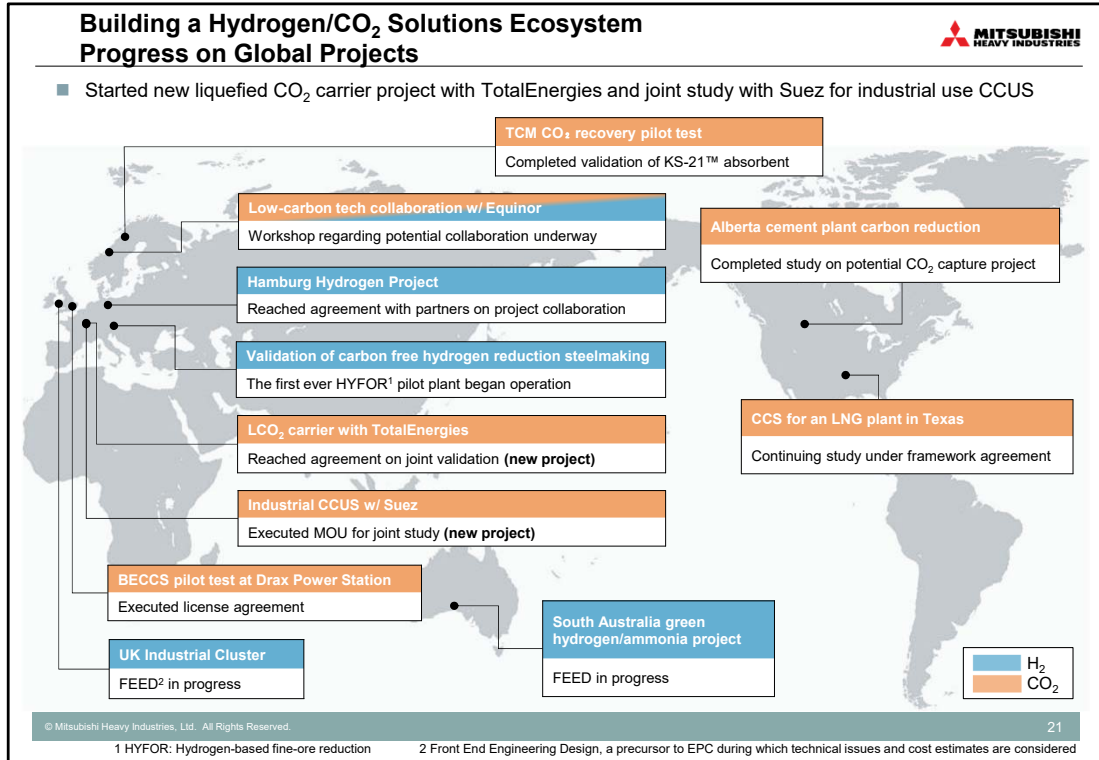


As renewable energy's share increases in the U.S., the need for energy storage to ensure the stability of electric grids is growing.

MHI is participating in two types of energy storage projects: batteries for short-term storage and hydrogen storage for long-term storage.

In the area of hydrogen storage, including the Advanced Clean Energy Storage Project in Utah, four new projects have been launched in the past six months.

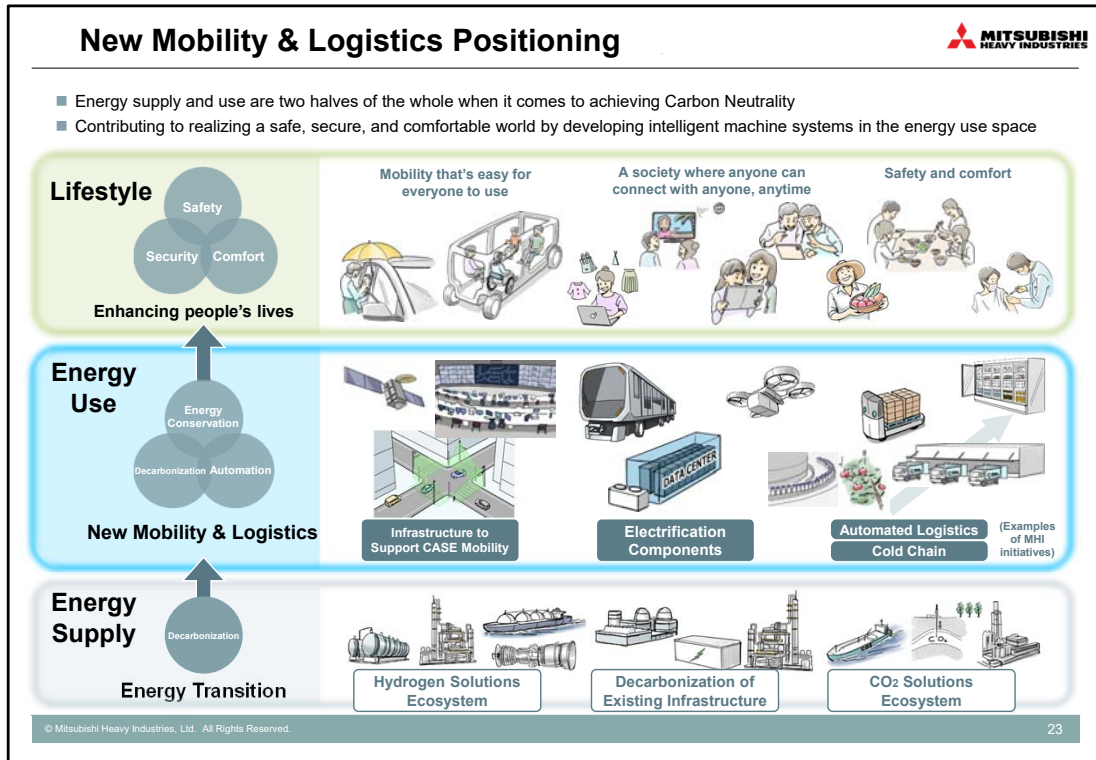
Once hydrogen storage projects are realized, we hope to use these sites as hubs to win business converting both new and existing gas turbine facilities to hydrogen.



We recently added two new MOUs, one with TotalEnergies for joint validation of liquefied CO₂ carriers and another with Suez for a joint study on CCUS for industrial use.

Other projects are also making steady progress.

III-2. New Mobility & Logistics



Rapid realization of a Carbon Neutral world will require not only the Energy Transition, but also efforts by energy users to decarbonize and conserve energy.

We have named this area New Mobility & Logistics. We will promote decarbonization, automation, and energy conservation in energy-using businesses with high potential for growth and/or innovation with the goal of enriching people's lives.

Approach to Commercialization



- 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



In the New Mobility & Logistics space, we will work with our customers to create solutions based on two approaches: the enhancement of components and the development of intelligent machinery systems.

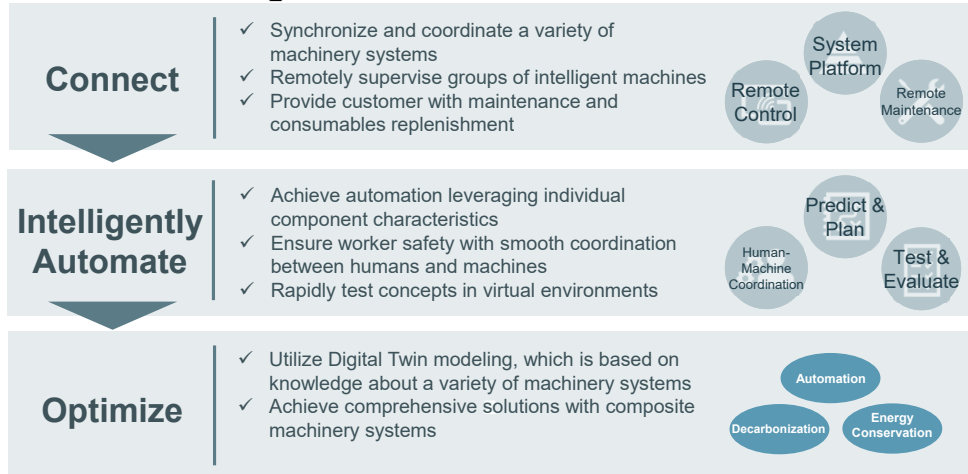
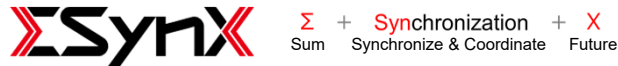
First, we will enhance components using Σ SynX, a common platform, to connect and advance the development of intelligent machinery systems. By doing so, we will create solutions to address our customers' various pain points.

We have already started some technical demonstrations of these technologies with customers at the Hardtech Hub facility in Yokohama.

ΣSynX: Intelligent Machinery Systems Platform



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



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25

¹ Read as "Sigma Syncs"

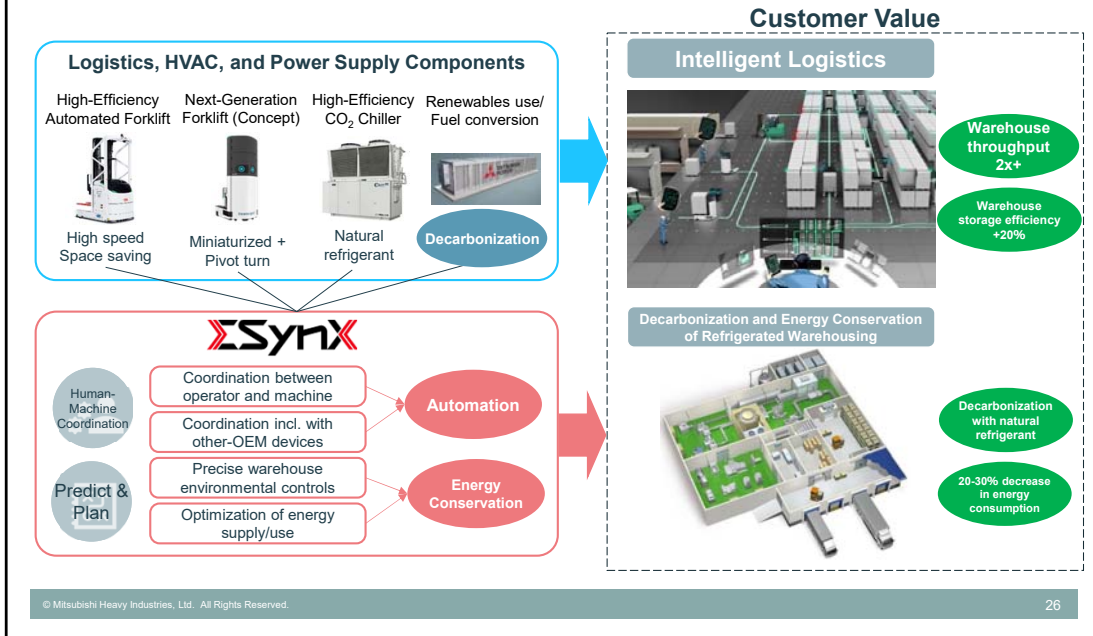
ΣSynX is MHI's common digital technology platform designed to assist the intelligent automation of machinery systems.

ΣSynX connects intelligent machinery systems and leverages their individual characteristics while optimizing them using Digital Twin modeling.

Automated Logistics & Cold Chain Initiatives

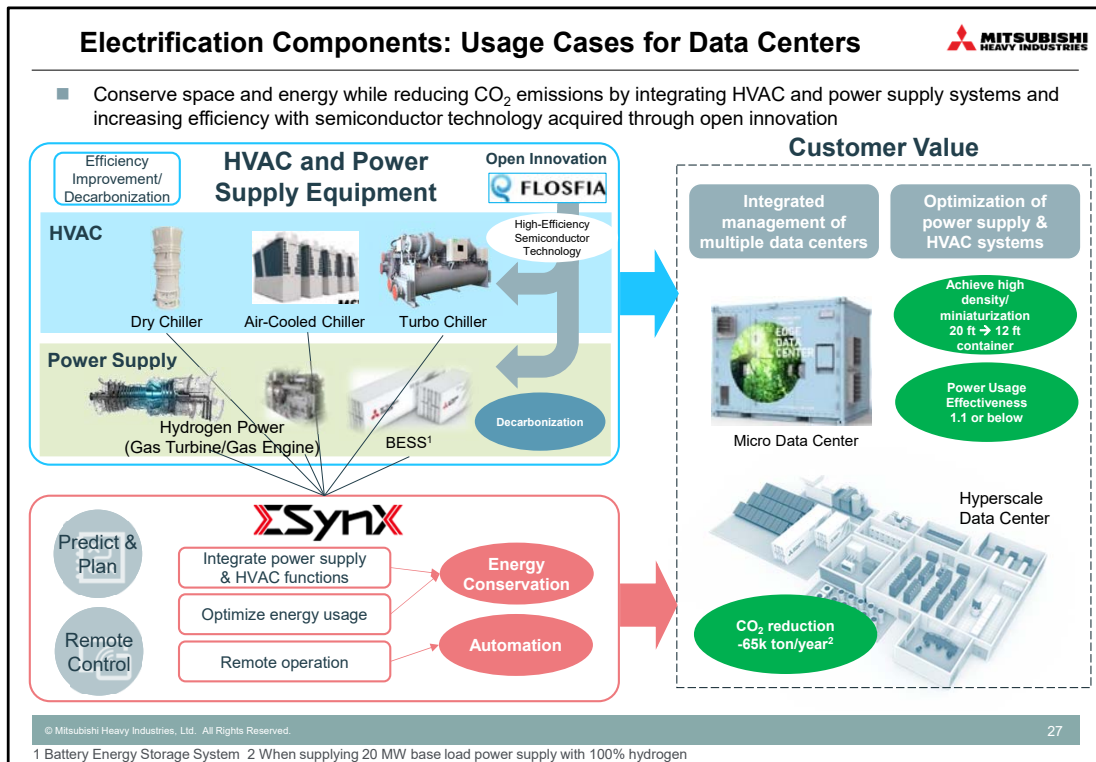


- Solve labor shortages with automation and conserve energy by combining HVAC and power supply systems



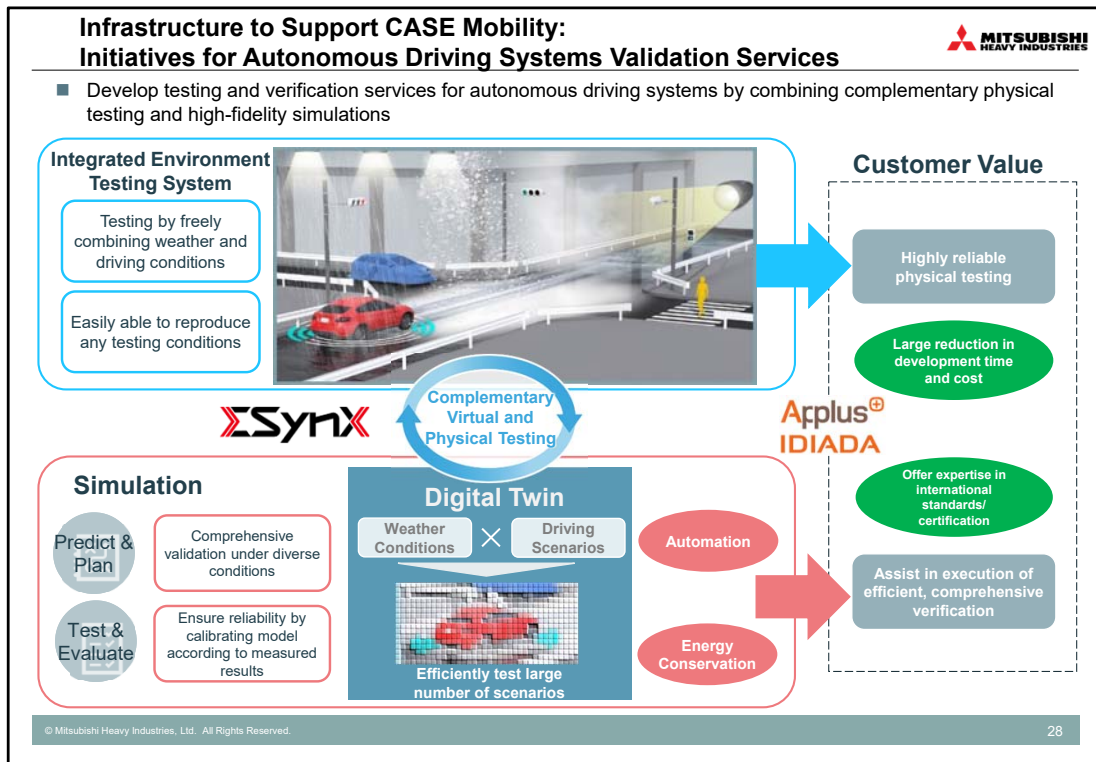
MHI Group has developed key components for automated logistics and Cold Chain, such as an unmanned forklift truck with unprecedentedly high efficiency and a CO₂-based natural refrigerant chiller. By linking these components with ΣSynX, we will be able to provide added value that decreases the number of operators and saves energy.

These components, which we have already begun demonstrating, will realize a more than twofold improvement in warehouse throughput and will raise storage efficiency by 20%.



In our use cases for data centers, a fast-growing market, we are promoting the use of a variety of HVAC equipment and decarbonized power supply systems as key components. By linking these components with ΣSynX, we can optimize energy use and save energy.

With this combination of systems, we can provide our customers with solutions to optimize both power supply and HVAC systems, ultimately enabling data centers to achieve high-density miniaturization while increasing power usage effectiveness.



Autonomous driving systems development involves the testing of various scenarios. MHI Group has developed a testing system that can simulate and reproduce any driving environment in order to provide highly reliable testing services for automated driving systems.

Even with this testing system, it is expensive and time-consuming to test every scenario, so it is necessary to perform digital simulations.

By combining an integrated testing environment system with digital simulation, we can offer our customers a highly efficient validation service for automated driving systems.

We are planning to expand our services through a partnership with Applus+ IDIADA, an engineering company with expertise in certification testing for the European automotive industry.

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
<p>Automated Logistics & Cold Chain</p> <p>Decarbonization Automation Energy Conservation</p>	<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>
<p>Electrification Components</p> <p>Decarbonization Automation Energy Conservation</p>	<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>
<p>Infrastructure to Support CASE Mobility</p> <p>Automation Energy Conservation</p>	<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

2040 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

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31

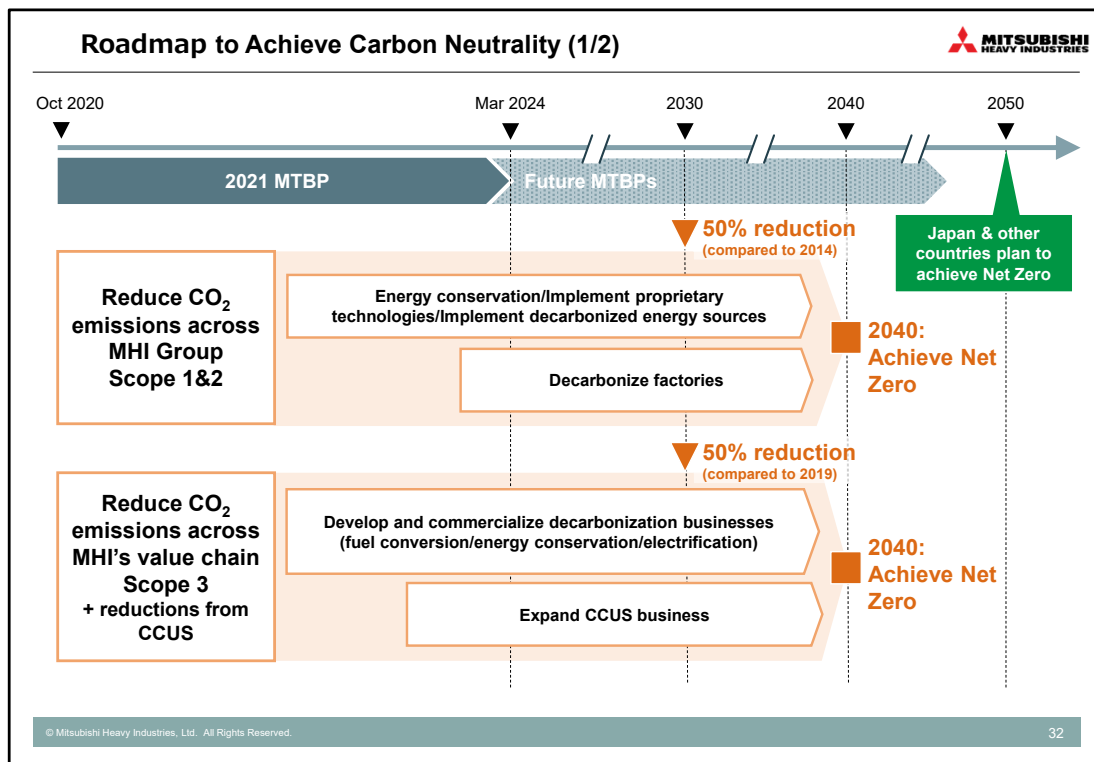
Today, I am happy to announce MHI Group's new 2040 Carbon Neutrality Declaration. Achieving Carbon Neutrality is a global challenge, and as a proven leader in the field of decarbonization, we believe that we have a responsibility to lead the fight against climate change.

Through our products, technologies, and services that help reduce CO₂ emissions, we will join forces with our partners around the world and contribute to the realization of a Net Zero future.

We have created a slogan, "Mission Net Zero," and each and every member of MHI Group, including myself, is determined to put it into action.

Regarding specific targets, we aim to reduce our own CO₂ emissions (Scope 1&2) by 50% in 2030 compared to 2014 and to achieve Net Zero (Scope 3 + reductions from CCUS) by 2040.

Taking the contributions of our carbon capture technologies into consideration, we are aiming for a 50% reduction in CO₂ emissions from our products in 2030 and Net Zero in 2040, compared to 2019.



MHI Group will reduce CO₂ emissions across all of our locations by implementing our proprietary decarbonization technologies and conserving energy, both of which are already underway.

We will demonstrate the Carbon Neutral Factory concept at our own facilities and deploy the results of these initiatives to provide decarbonization solutions to our customers.

Regarding reducing our products' CO₂ emissions, we will achieve Net Zero through fuel conversions, energy conservation, electrification, and expanding carbon capture.

Roadmap to Achieve Carbon Neutrality (2/2)

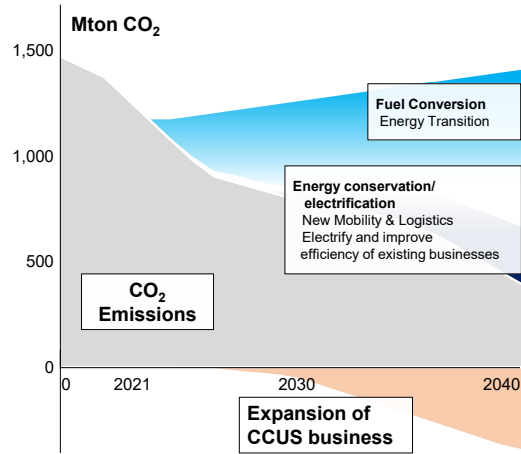
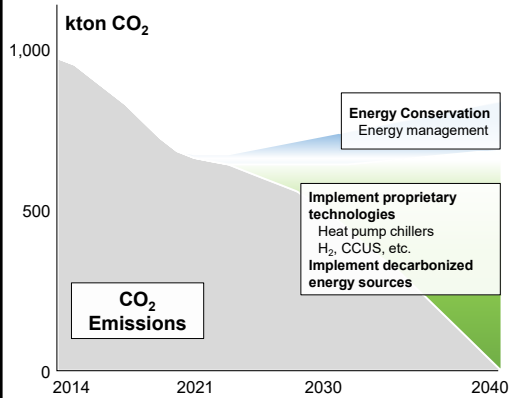


Reduce CO₂ emissions across MHI Group
Scope 1&2

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

Implement proprietary
technologies at MHI factories

Rapidly establish decarbonization
technologies and drive commercialization



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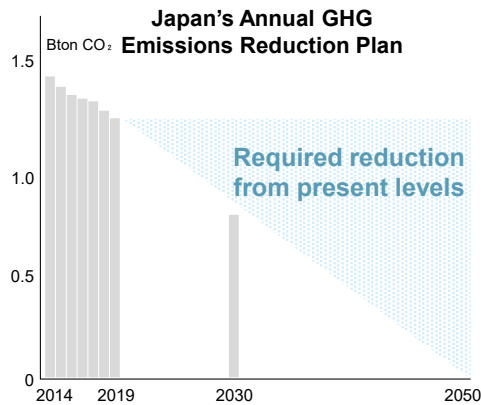
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MHI Group will pursue the decarbonization initiatives outlined previously in order to reduce CO₂ emissions as shown in these graphs.

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.

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34

As a leading energy company, MHI Group will continue to focus on helping our customers reduce their Scope 1&2 CO₂ emissions. This includes contributing to the reduction of CO₂ emissions from our customers' existing facilities in all of our business areas.

MHI continues to offer a broad array of solutions to our customers. For example, we have proposed decarbonization through the replacement of gas turbines, retrofitting of existing facilities, restart of nuclear power plants, and electrification of equipment. By doing so, we hope to contribute to the emission reduction goals of each country and indeed the whole world.

We recognize that achieving Carbon Neutrality requires a long-term approach involving the effective use of existing facilities while implementing innovative technologies and continually updating them.

We at MHI Group are determined to contribute to the realization of a Carbon Neutral world, and through technology we will reduce the cost of this critical transition.

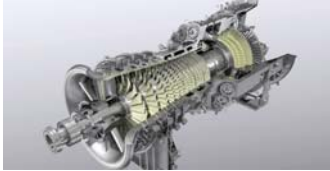
This concludes my presentation. Thank you.

V. Appendix

1H FY2021 Highlights (1/4): Energy Systems



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



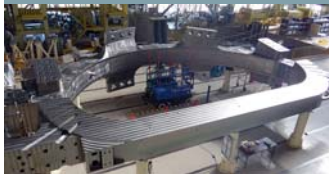
- Contributing to CO₂ emissions reduction with ammonia fuel
- Pursuing 100% ammonia combustion utilizing existing facilities

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™



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

(Photo Source: Grupo Dragón)

1H FY2021 Highlights (2/4): Plants & Infrastructure Systems



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

1H FY2021 Highlights (3/4): Logistics, Thermal & Drive Systems

Contributing to realization of the carbon neutral port



- 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



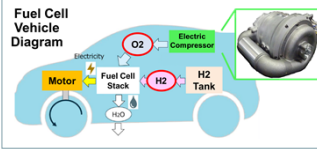
- An air-source circulation heat pump jointly developed with Chubu Electric Power Co., Inc., Q-ton Circulation received Grand Prize at the 24th Protect the Ozone Layer, Prevent Global Warming Awards sponsored by Nikkan Kogyo Shimbun Ltd. The product was praised for its environmentally friendly, energy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

1H FY2021 Highlights (4/4): Aircraft, Defense & Space



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

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)

Targets and Initiatives to Achieve Carbon Neutrality Assumptions & Supplementary Information



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

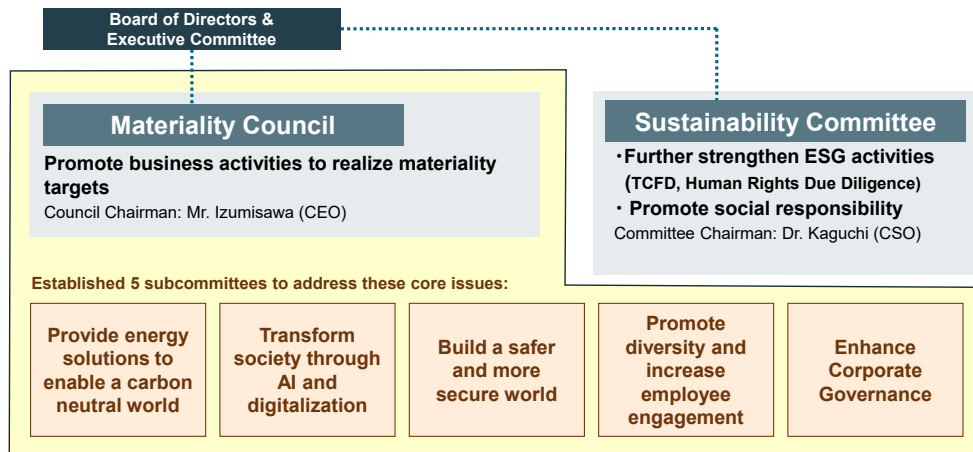
Reduce CO₂ emissions across MHI's value chain Scope 3 + reductions from CCUS

- 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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