

**Mitsubishi Heavy Industries, Ltd. 38th Unsecured Corporate Bond
(2nd series MHI Green Bond) Reporting (FY2022)**

1. Allocation Reporting (As of March 31, 2023)

MHI Group has been engaged in renewable energy/clean energy business (wind, hydrogen, and geothermal power generation facilities/businesses) defined by qualified criteria for the realization of a decarbonized society. All of the funds raised by the 38th unsecured corporate bond of Mitsubishi Heavy Industries, Ltd. (2nd series MHI Green Bond) issued on September 1, 2021, were used for the renewable energy business (a part of the refinancing of the investment in offshore wind power generation facilities) and the clean energy business (a part of the refinancing of the investment in hydrogen power generation facilities/businesses). And there is no unallocated balance (Date of allocation: September 1, 2021).

(Unit: million Yen)

Section	Amount
Proceeds raised (Amount Excluding Issuance Costs from the Issue Amount of the Bonds)	14,931
Proceeds used	14,931
The renewable energy business (a part of the refinancing of the investment in offshore wind power generation facilities)	13,931
The clean energy business (a part of the refinancing of the investment in hydrogen power generation facilities/businesses)	1,000
Proceeds to be used	0

2. Impact Reporting

The various indicators of environmental improvement effects in businesses and projects funded by this green bond are as follows.

[Renewable energy business]

(1) Indicators based on MHI Vestas Offshore Wind A/S deliveries

Figures are based on the delivery record of MHI Vestas Offshore Wind A/S, a joint venture established in 2014 with Vestas Wind Systems A/S (Vestas) of Denmark exclusively for offshore wind power generation equipment. (Our company's stake: 50%)

Section	FY2016	FY2017	FY2018	FY2019	FY2020
Deliveries (MW) (Installed power generation capacity)	365	816	864	785	804
Annual power generation (MWh) *1	981,602	3,176,087	5,499,659	7,610,776	9,772,989
Upper row: Single Fiscal Year Lower row: Cumulative Amount	981,602	4,157,689	9,657,348	17,268,124	27,041,113

Annual CO ₂ reduction (million tons) *2	0.49	1.60	2.77	3.84	4.93
Upper row: Single Fiscal Year	0.49	2.09	4.86	8.70	13.63
Lower row: Cumulative Amount					

*1 Calculated using the average operation rate published by the International Renewable Energy Agency (IRENA)

*2 Calculated using the average emission coefficient published by the International Finance Corporation (IFC) and the average operation rate published by the International Renewable Energy Agency (IRENA)

(2) Indicators based on Vestas deliveries

In December 2020, Mitsubishi Heavy Industries, Ltd. (MHI) transferred its total shareholding in the MHI Vestas Offshore Wind (MVOW) joint venture with Vestas Wind Systems A/S (Vestas), equal to 50% shareholding ratio, to Vestas. The transfer was carried out through MHI Holding Denmark ApS, an MHI subsidiary. Simultaneously MHI newly acquired approximately 5 million shares in Vestas, equivalent to about 2.5% ownership.

Accordingly, the various indicators from fiscal 2021 use figures based on Vestas' delivery record. (Our company's stake: about 2.5%)

Section	FY2021	FY2022
Deliveries (MW) (Installed power generation capacity)	16,594	13,328
Annual power generation (MWh) *1	55,819,561	94,362,019
Upper row: Single Fiscal Year	55,819,561	150,181,580
Lower row: Cumulative Amount		
Annual CO ₂ reduction (million tons) *2	28.13	47.56
Upper row: Single Fiscal Year	28.13	75.69
Lower row: Cumulative Amount		

*1 Calculated using the average operation rate published by the International Renewable Energy Agency (IRENA)

*2 Calculated using the average emission coefficient published by the International Finance Corporation (IFC) and the average operation rate published by the International Renewable Energy Agency (IRENA)

[Relevant news]

October 29, 2020, Notice

Notice of Share Transfer of Joint Venture with Vestas and Commencement of New Business Alliance

https://www.mhi.com/notice/notice_20102901.html

December 14, 2020, Notice

MHI Transfers Shareholding in Offshore Wind Turbine JV to Vestas, Acquires Vestas Shares

https://www.mhi.com/notice/notice_201214.html

[Clean energy business]

MHI has made a financial investment in HydrogenPro AS of Norway, a company engaged in the development and manufacture of electrolyzers, devices that produce hydrogen by the process of water electrolysis in 2020. MHI used a portion of the proceeds from the Green Bonds to refinance a part of this investment.

MHI subscribed to newly issued shares placed by HydrogenPro in an initial public offering (IPO) undertaken to fund expansion of its business operations. MHI already provides various decarbonization technologies that allow for a realistic path towards net-zero and will form the strategic partnership with HydrogenPro to further expand its portfolio and provide green hydrogen production plants to the market going forward.

Key Achievement of HydrogenPro

Referenced from: HydrogenPro AS, "Integrated Annual Report 2022"

World's largest electrolyser shipped and validated at Herøya – setting a new industry standard

The world's largest high-pressure alkaline electrolyser was shipped from Tianjin, China to Herøya Industrial Park in July 2022. The 5.5-megawatt electrolyser has been validated to produce 1,100 Nm³/h hydrogen at normal current density. This equals 100 kg of pure green pressurised hydrogen per hour, setting a new standard for the industry. This is proof of concept that our electrolyser and gas separator technologies will produce and process hydrogen on a large scale

300 MW Tianjin factory completed and in production

HydrogenPro completed upgrade of the manufacturing plant in Tianjin, China in late 2022. The company has invested significantly in upgrades and by the end of the year, the factory had approximately 100 employees and an annual capacity of 300 MW. Manufacturing is ramping up from early 2023.

Awarded purchase order for the world's largest green hydrogen project

HydrogenPro has started recognising revenue and progressing on delivery to the Advanced Clean Energy Storage hub (ACES) project, the world's largest green hydrogen project. HydrogenPro has also signed a 10-year service and support agreement on the ACES project. HydrogenPro will complete the manufacturing of the electrolyser systems in H2 2023, followed by on-site work with completion in late 2024

[Relevant news]

October 14, 2020, News release

MHI Group Undertakes Investment in HydrogenPro of Norway, Leading Producer of Advanced Electrolyzers

<https://www.mhi.com/news/201014.html>

April 19, 2022, News release of HydrogenPro

HydrogenPro received Purchase Order for Takasago Hydrogen Park in Japan from Mitsubishi Heavy Industries

HydrogenPro AS (OSE: HYPRO) announced today that it has received a purchase order for a large electrolyser from Mitsubishi Heavy Industries Ltd. (MHI).

<https://hydrogen-pro.com/2022/04/19/hydrogenpro-received-purchase-order-for-takasago-hydrogen-park-in-japan-from-mitsubishi-heavy-industries/>

June 30, 2022, News release of HydrogenPro

\$504 million loan guarantee granted world's largest renewable hydrogen energy project

The Department of Energy (DOE) has granted a \$504.4 million loan guarantee for a project for the storage of clean energy for which HydrogenPro will be delivering 220 MW electrolyser systems.

<https://hydrogen-pro.com/2022/06/30/504-million-loan-guarantee-granted-worlds-largest-renewable-hydrogen-energy-project/>

3. External Review

MHI has received an annual review from Sustainalytics and has posted the review results on our website.