

2021 Medium-Term Business Plan (MTBP)

(FY2021 – 2023)

October 30, 2020

Seiji Izumisawa, President and CEO

[Presentation made by Mr. Seiji Izumisawa, President & CEO of Mitsubishi Heavy Industries, Ltd.]

I will now explain our 2021 Medium-Term Business Plan (“MTBP”).

To begin...



■ Issuing 2021 MTBP six months early

- Due to the COVID-19 impact, adverse changes in the thermal power business environment, and a strategic change in commercial aviation, we have decided to make a full update to 2018 MTBP with the publishing of 2021 MTBP

■ Main points of 2021 MTBP

- Rapidly return to and strengthen profitability
- Clear direction for strong growth going forward

■ Return to and strengthen profitability

- In addition to recovering from COVID-19 impact, address challenged businesses, decrease SG&A and achieve 7% business profit margin in FY2023

■ Opening up growth areas

- Focus primarily on Energy Transition and New Mobility & Logistics, invest 180 billion yen during 2021 MTBP into these areas, expand new businesses to 1 trillion yen by FY2030

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This time, we formulated our MTBP six months ahead of our regular schedule. In the background, a number of major changes in the business environment from the 2018 MTBP led to our broad-based review, including the impact of COVID-19, adverse changes in the thermal power business environment, and a strategic change in commercial aviation.

2021 MTBP focuses on two points.

First point is how to anticipate our future markets and return to profitability while also considering the impact of COVID-19.

The second point is how to determine the direction of the MHI Group's future growth as many businesses mature.

For the first point, in addition to the recovery of the market from COVID-19, we will take measures to address challenged businesses and decrease SG&A, aiming to achieve 7% business profit margin in FY2023.

As for the second point, focusing on "Energy Transition" and "New Mobility & Logistics", we will invest ¥180 billion during 2021 MTBP and expand the scale of these new businesses to ¥1 trillion.

- I . MHI Group Vision**
- II . 2021 MTBP Positioning & Targets**
- III . Measures for Commercial Aviation Systems**
- IV . Plan to Strengthen Profitability**
- V . Developing High Growth Businesses**
- VI . Summary**

I . MHI Group Vision

MHI Group Mission

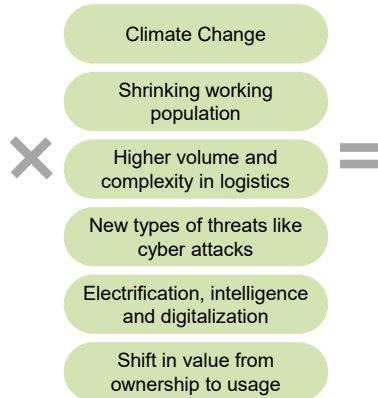


Integrate cutting-edge technology into expertise built up over many years to provide solutions to some of the world's most pressing issues and provide better lives

Core strengths

- Infrastructure systems that support our modern lives
- Defense products that protect us on land, at sea and in the air
- Space and deep sea systems that open up unknown parts of our world and universe
- High performance, high reliability products
 - High temperature, high speed, high pressure
 - Complex and large-scale structures and systems
 - Optimized control of large-scale systems

Global Issues & Trends



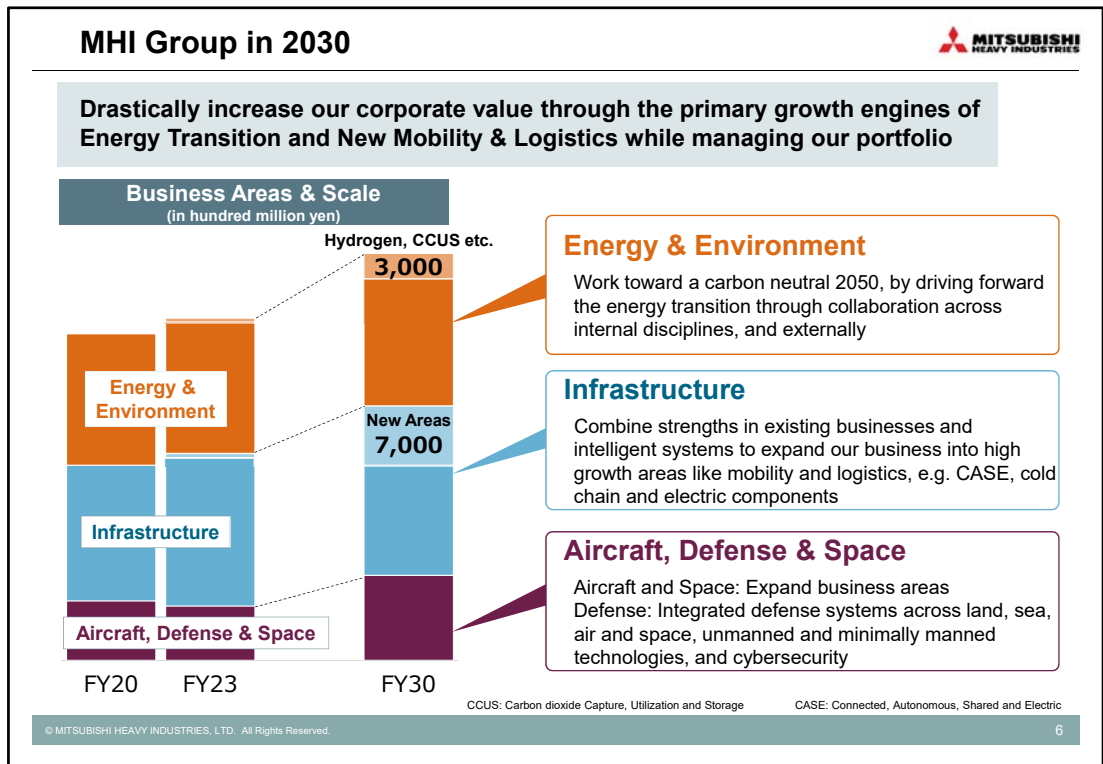
MHI Group's Key Focal Themes

- **Realize a carbon neutral world**
 - Upgrading of current infrastructure
 - Decarbonization and diversification of fuels
 - CO₂ conversion and usage
 - Air conditioning and chilling with natural refrigerant
- **Improve quality of life**
 - Smart and networked machinery systems
 - Automation of logistics
 - Electrified and intelligent mobility and industry
- **Build a safer world**
 - Integrated defense
 - Cybersecurity

The MHI Group mission is to "Integrate cutting-edge technology into expertise built up over many years to provide solutions to some of the world's most pressing issues and provide better lives".

Our Group's DNA, or "core strengths", lies in our actual business activities and achievements such as providing infrastructure systems that support our modern lives, defense products that protect us on land, at sea and in the air, and space, and deep sea systems that open up unknown parts of our world and universe.

At the same time, there is a need to respond to new global issues and trends such as climate change, digitalization, and the threat of cyber attacks. Looking ahead, we will strive to create a carbon neutral world, improve quality of life, and build a safer society.



A picture of our Group envisioned 10 years from now is illustrated here.

In our three main business areas: Energy & Environment, Infrastructure, and Aircraft, Defense and Space, we will accelerate structural reforms of existing businesses and aim for growth with new areas such as Energy Transition and New Mobility & Logistics as growth engines.

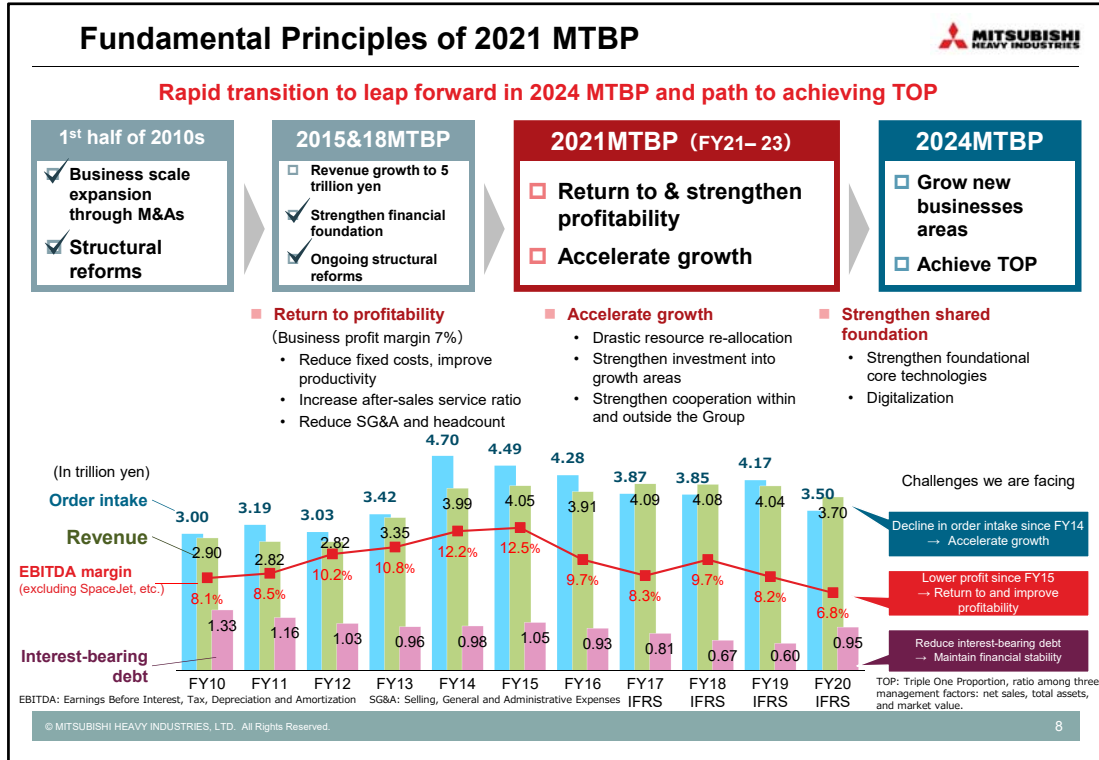
In Energy & Environment, we will contribute to a major shift in society toward a carbon neutral 2050. Our Group has a wide range of technologies and knowledge, including the use of hydrogen and other fuels and carbon recycling, and I am confident that we are well positioned to advance the Energy Transition.

A new paradigm is being created in the Infrastructure field, brought about by such developments as intelligent machinery systems using AI, innovations in logistics through automation and networking, and the spread of automated driving. We will provide new value in this broad field by integrating machinery systems and digital technologies.

In the fields of aircraft, defense and space, we will develop new products and services in areas such as cyber security in addition to traditional businesses supporting national security.

In 2030, we expect to have new businesses worth ¥1 trillion by promoting innovation and strengthening collaboration with companies outside of MHI Group.

II. 2021 MTBP Positioning & Targets



In the first half of the 2010s, order intake and revenue expanded and EBITDA increased as a result of business scale expansion through M&A and structural reforms.

Based on such achievements, in the 2015 MTBP and 2018 MTBP, we have worked to expand our business scale further and strengthen our financial foundation. Although we successfully strengthened our financial footing, we faced a deterioration in profitability due to sluggish growth caused by intensifying price competition, delays in SpaceJet development, and a lack of growth investment.

In addition, as the overall business environment has deteriorated due to the impact of COVID-19, and, in particular, the commercial aircraft industry is suffering from a structural downturn, we view structural reform as an issue of urgency.

Under these circumstances, 2021 MTBP aims to return to and improve profitability instead of pursuing business scale for the sake of scale itself, and sets a path to advance growth initiatives. In doing so, we will strengthen our footing for the leap forward in 2024 MTBP.

2021 MTBP Targets – FY2023 Targets



FY2023 Targets

Profitability

Business Profit Margin 7%
ROE 12%

Growth

Create new businesses worth 100 billion yen in revenue through strengthened investment in growth
→ Expand to 1 trillion yen in revenue in FY30

Primary investment areas

Energy Transition

New Mobility & Logistics

Balance Sheet Financial Stability

Total assets turnover 0.9
Maintain interest-bearing debt level

Dividend

Record-high level of dividend per share

ROE: Return On Equity

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This slide shows FY2023 targets, the final year of the 2021 MTBP.

As for profitability, we aim to achieve a business profit margin of 7% and ROE of 12%.

In terms of growth, we will focus investment on new areas such as energy transition and new mobility & logistics, aiming to create new businesses in FY2023 generating approximately ¥100 billion in annual revenues.

Financial stability and shareholder returns are described here. We plan to increase dividends to record-high levels.

2021 MTBP Targets – Financial indicators over time



(In trillion yen)

	FY2018	FY2020	FY2023
Revenue	4.1	3.7	4.0
Business profit margin	5%	1%	7%
ROE	7%	2%	12%
Total Assets	5.1	4.8	4.5
Interest-bearing debt	0.67	0.95	0.9
Equity	1.7	1.3	1.5
D/E ratio	0.4	0.8	0.6
Equity ratio	34%	25%	33%
Dividend per share	150 yen	75 yen	160 yen

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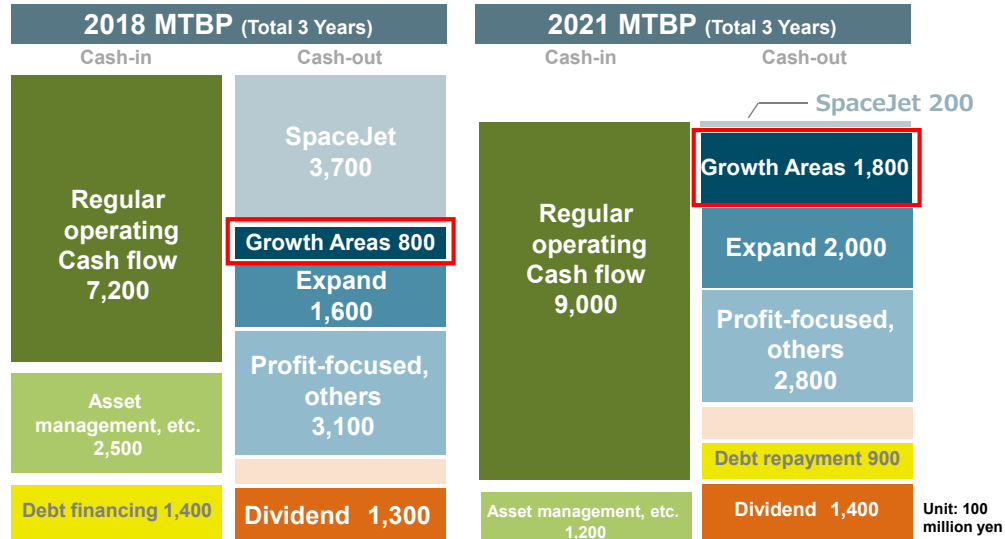
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Financial indicators over time are shown on this slide.

2021 MTBP Targets – Capital allocation plan



- Strengthen operating cash flow by improving profitability, continue to monetize through asset management
- Shift investment away from SpaceJet and into priority growth areas (energy transition, new mobility & logistics)



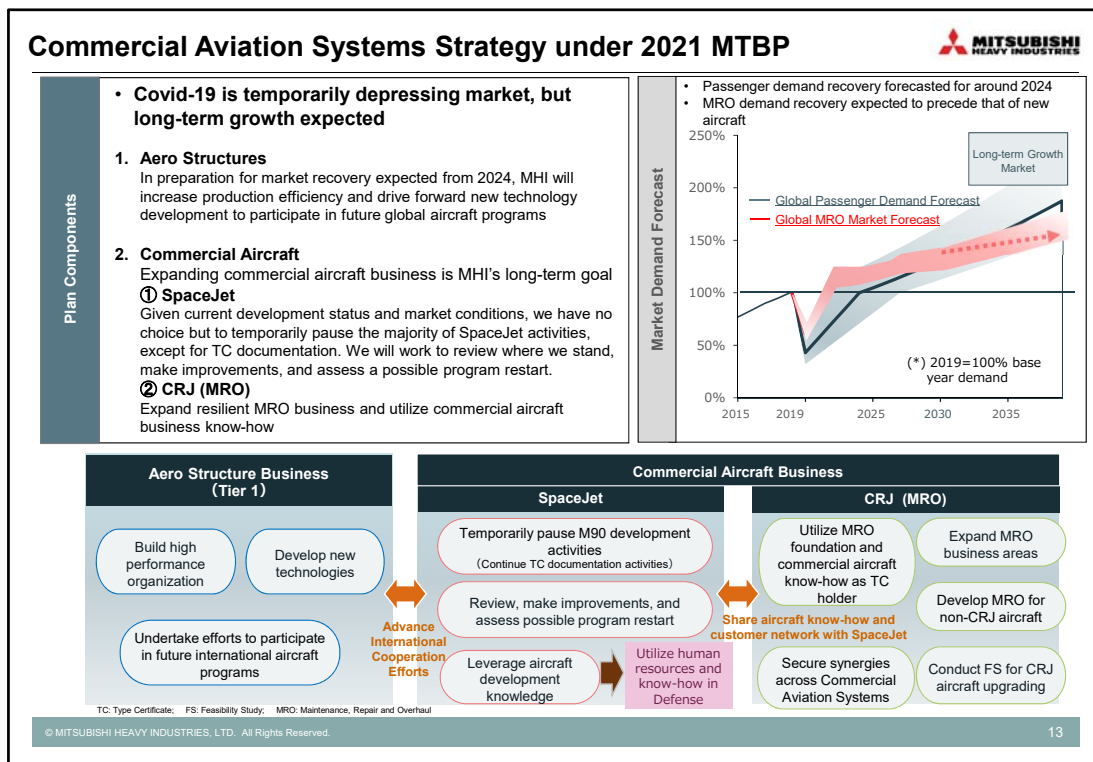
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The right side shows the capital allocation plan for the three year period of the 2021 MTBP, while the left side represents that of the 2018 MTBP.

By increasing profitability and operating cash flow, and reducing our investment in SpaceJet, we will be able to shift invest to growth areas and business expansion. At the same time, we will repay interest-bearing debt and strengthen our financial foundation.

III. Measures for Commercial Aviation Systems



With regard to SpaceJet, we announced in February this year that we would postpone the delivery of the first commercial SpaceJet aircraft. Then, in May of this year, we announced the following:

- The status of our review of the development schedule
- Our intention to continue a detailed review of the schedule in view of the impact of COVID-19
- Our decision to set an appropriate budget considering challenging financial headwinds for MHI Group

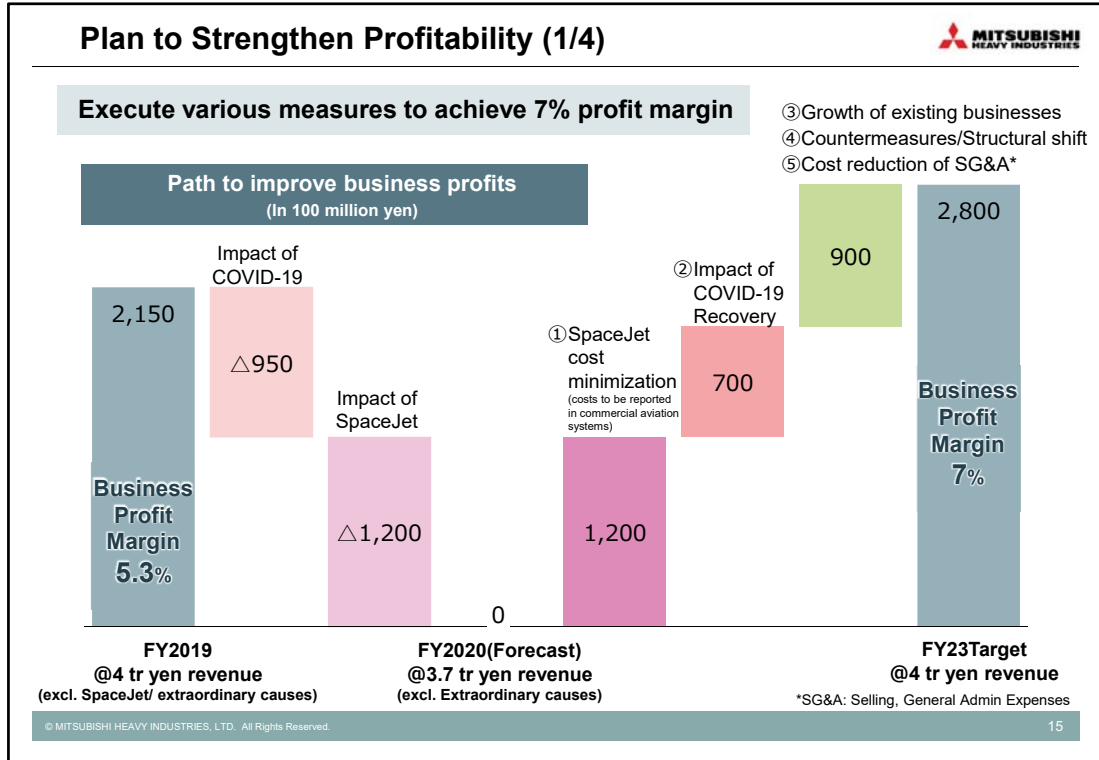
Subsequently, a new chief engineer was appointed (at Mitsubishi Aircraft Corporation, effective June 2020) to validate and verify the current aircraft design, and to work on verifying flight test data exceeding 3,900 hours.

As to commercial aircraft in general, the market has temporarily declined due to the impact of COVID-19, and as a result we have been forced to reduce production in our commercial aero structures business (Tier 1). However, over the long term, we see this as a growth area. We will continue to improve the efficiency of production processes and develop new technologies towards the expected full-scale recovery in and after 2024.

Our commercial aircraft business includes the SpaceJet and CRJ businesses. Given the current market conditions and development status, we have no choice but to temporarily pause the majority of SpaceJet activities, except for TC documentation. We will work to review where we stand, make improvements, and assess a possible program restart.

We expect the MRO business for the CRJ regional jet fleet to recover relatively quickly, and we intend to expand the MRO business and utilize the commercial aircraft business know-how as a TC holder.

IV. Plan to Strengthen Profitability



The bar graph on the far left shows business profit for FY2019 excluding the impact of SpaceJet and other extraordinary items.

In FY2020, we expect business profit of zero, excluding extraordinary factors such as a decline in profits due to COVID-19, investment in SpaceJet, and a gain on the transfer of MVOW (MHI Vestas Offshore Wind A/S) shares.

In order to achieve a business profit margin of 7% in FY2023, we will take various measures in areas that will improve profit such as (1) SpaceJet cost minimization, (2) Recovery from the COVID-19 impact, (3) Growth of existing businesses, (4) Countermeasures/Structural shift, and (5) Cost reduction in SG&A. SpaceJet costs during the 2021 MTBP are not separately shown in this graph because they are included in the commercial aircraft segment.

Plan to Strengthen Profitability (2/4)



Overcoming COVID-19 Impact		Business Environment Outlook	Measures
		Business	
Measure 1: Minimize SpaceJet Costs +120 billion yen	SpaceJet	<ul style="list-style-type: none"> Real aerospace recovery likely in or after FY24 	<ul style="list-style-type: none"> Minimize SpaceJet Costs
	Commercial Aviation CRJ Aero Engines	<ul style="list-style-type: none"> Recovery of narrowbody aircraft will lead to faster recovery of CRJ and aeroengine businesses 	<ul style="list-style-type: none"> Reduce fixed costs Drive forward manpower saving and automation during COVID period
Measure 2: Recover from COVID-19 Impact +70 billion yen	Turbochargers	<ul style="list-style-type: none"> Recovery to Pre-COVID levels expected by FY23 	<ul style="list-style-type: none"> Optimize overseas production bases Prepare for market recovery by improving productivity
	Engines		
	Car Aircon		
	Logistics Equipment		
	HVAC		

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While the aircraft related business is one of the areas that is strongly affected by COVID-19, we expect a full-scale recovery in market conditions from FY2024 (and we believe the recovery of narrow-body aircraft operations will be slightly earlier).

In addition to reducing SpaceJet costs and fixed costs, we will drive forward manpower saving and automation in response to reduced production in order to increase profits when the market recovers.

We expect the market for turbochargers, logistics equipment, and HVAC to recover by FY2023. We will prepare for market recovery by reviewing business processes and improving productivity.

Plan to Strengthen Profitability (3/4)



Grow existing businesses and solve pre-COVID challenges

	Business	Business Environment Outlook	Measures
Measure 3: Grow existing businesses +20 billion yen	Logistics Equipment HVAC	<ul style="list-style-type: none"> Quick recovery from COVID impact Growing market in environment-responsive and automation technologies 	<ul style="list-style-type: none"> Proactively invest in environment-responsive and automation technologies Strengthen sales network
	Measure 4: Address challenged businesses, structural transformation; (including portfolio optimization) +30 billion yen	Steam Power Environmental Plants Metals Machinery Engineering Commercial Ships Machine Tools	<ul style="list-style-type: none"> Steep reduction in new-build coal power plants COVID has frozen customer investment, competition is growing and profitability hit
Measure 5: Reduce SG&A +40 billion yen	HQ Corporate Business Units & Group Companies	<ul style="list-style-type: none"> Aim for 20% reduction in SG&A Improve work processes, integrate organization, reduce headcount Diversify employment formats, reduce external expenditure 	

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In addition to the expected recovery from the impact of COVID-19, we are also focusing on expanding sales of logistics equipment and HVAC, where we can expect market expansion due to, for example, advances in automation of logistics equipment and systems and an increase in the use of natural refrigerants.

As the number of new coal-fired thermal power plants will be reduced significantly, we will shift resources to service businesses and continue efforts to reorganize and integrate our organizational structure and bases of operation.

We will also advance structural changes in commercial ships by strengthening our marine engineering capacity.

One of our Group's common challenges is to reduce SG&A, and we are already working to reduce SG&A by 20% during the 2021 MTBP from the FY2019 level.

Plan to Strengthen Profitability (4/4)



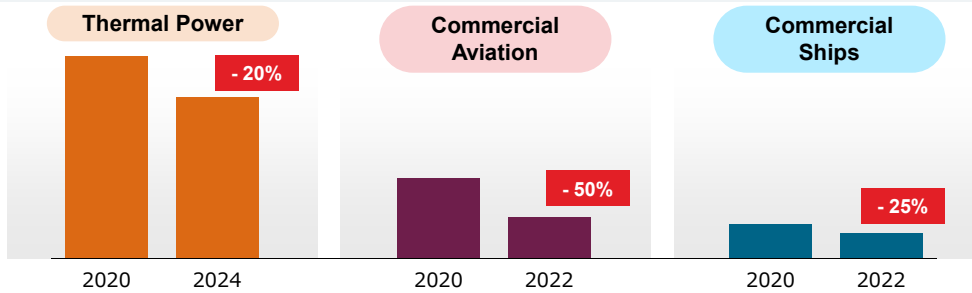
Reduce workforce in line with business environment and embark on significant shift in workforce deployment

Global

- Reduced workforce due to lower production in steam power, metals machinery, turbochargers, logistics equipment, HVAC, commercial aerospace etc. (around 2,000 jobs)

Domestic

- Reallocate around 3,000 of workforce due to expected reduction in steam power, commercial aerospace, commercial shipping
- Undergoing program to reassign workforce to growth areas, transfer to organizations outside of Group (approx. 1,000 in H1 FY20)



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In response to declines in production overseas, we have reduced the number of employees by approximately 2,000.

In Japan, we plan to reallocate around 3,000 employees, and we are undertaking efforts not only in internal reassignment but also in various other programs, including external transfers. By the end of the first half of this fiscal year, we have completed transfer of approximately 1,000 employees.

V. Developing high growth businesses

Energy Transition

New Mobility & Logistics

Expansion of Services Businesses

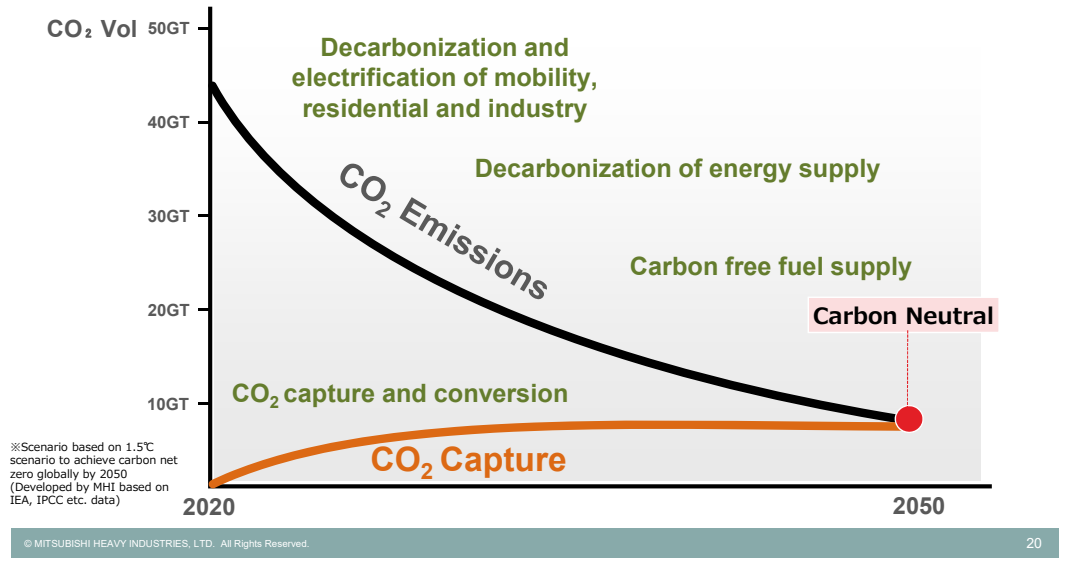
Cybersecurity & Security

Technological Foundation to Support Growth Areas

Energy Transition (1/3)



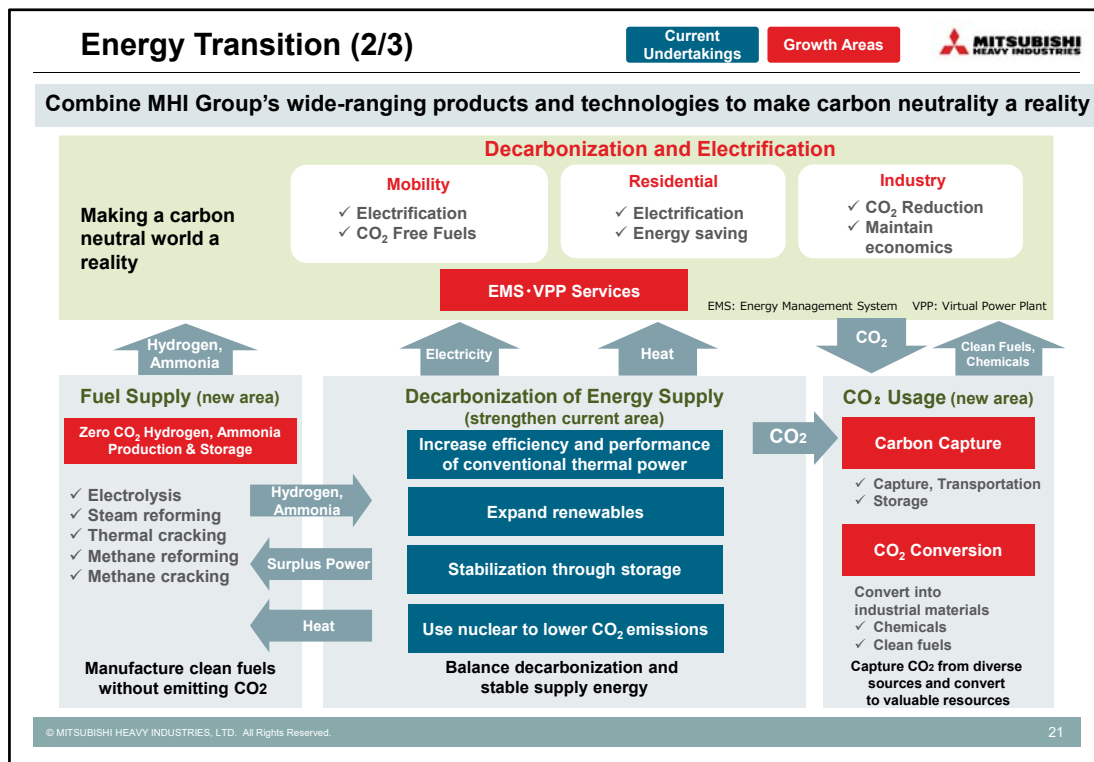
MHI Group will use its technological strengths to lower and capture CO₂ emissions and achieve a carbon neutral 2050



In order to achieve a carbon neutral 2050, it is essential to reduce CO₂ emissions and promote CO₂ recovery.

In terms of reducing CO₂ emissions, it is necessary to advance decarbonization and electrification in the areas of mobility, residential and industry, as well as decarbonization in energy supply, and provision of carbon free fuels.

At the same time, we will work to expand and develop CO₂ capture and conversion.



We will combine our Group's wide-ranging products and technologies to make carbon neutrality a reality.

We expect to see advances in electrification and CO₂-free fuel in the field of mobility, in electrification and energy saving in the area of residential, and decarbonization and energy saving solutions in factories. The MHI Group will contribute to the improvement of energy efficiency by diversifying fuels in mobility and proposing energy management systems for factories and residential communities.

It is expected that the use of CO₂ free hydrogen and ammonia will increase in the area of fuel supply, and we will enter into the business fields of production and storage of these fuels.

As for decarbonization of energy generation and storage, in addition to our proven capability improving the efficiency of existing thermal power plants, we will offer low carbon and decarbonized solutions through fuel conversion technologies, such as hydrogen gas turbines, and introduction of renewable energy systems. We will also promote the use of nuclear power, which emits no CO₂.

In CO₂ recovery, we will build out businesses based on a portfolio of technologies that boast the world's top references.

As a leading energy and industrial company, we will work to contribute to the realization of the roadmap toward achieving carbon neutrality.

New measures to achieve carbon neutrality

Measures

**CO₂ free hydrogen,
ammonia production
and storage**

- Develop efficient production technology (including venture investment)
- Build value chain

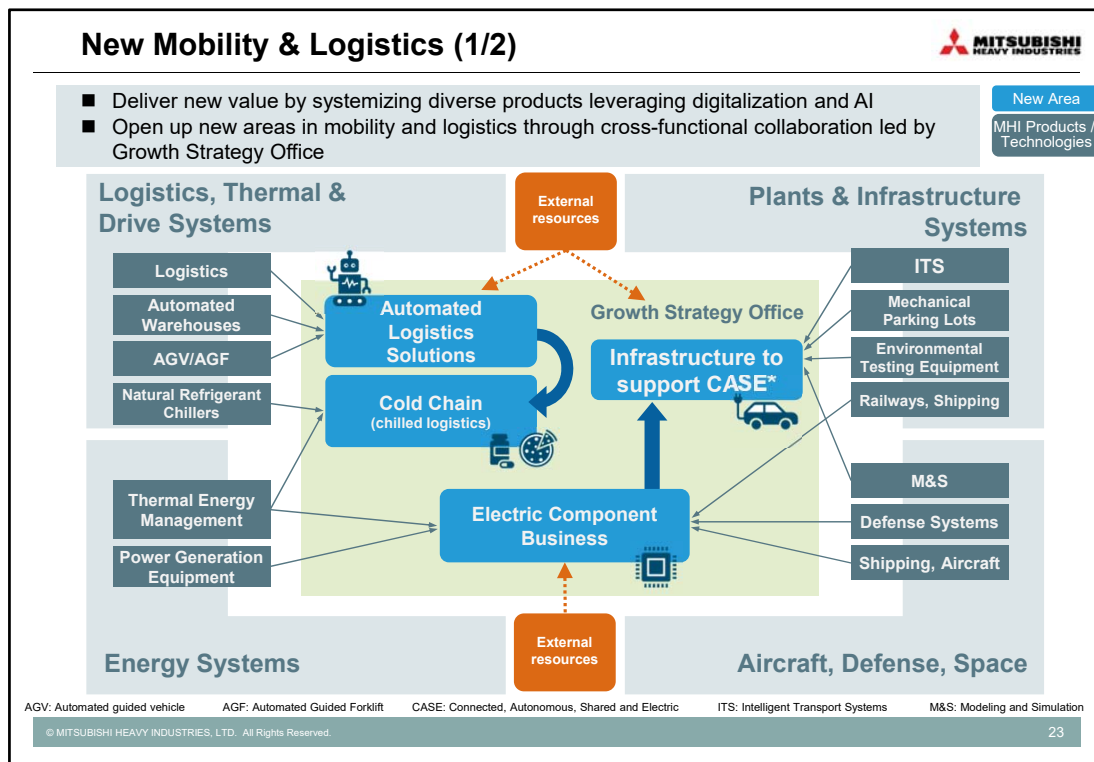
**CO₂ Capture and
Conversion**

- Build out business based on our lead as global No.1 in volume of CO₂ captured
- Build out products and develop conversion technology

**Increase Efficiency
and Performance of
Thermal Power
(Hydrogen Gas
Turbines)**

- Develop and test world's first pure hydrogen fueled advanced gas turbine

New initiatives include the production of CO₂ free hydrogen and ammonia, the capture and conversion of CO₂, the development of hydrogen-fired advanced gas turbines, and also direct participation in projects to expand business areas.



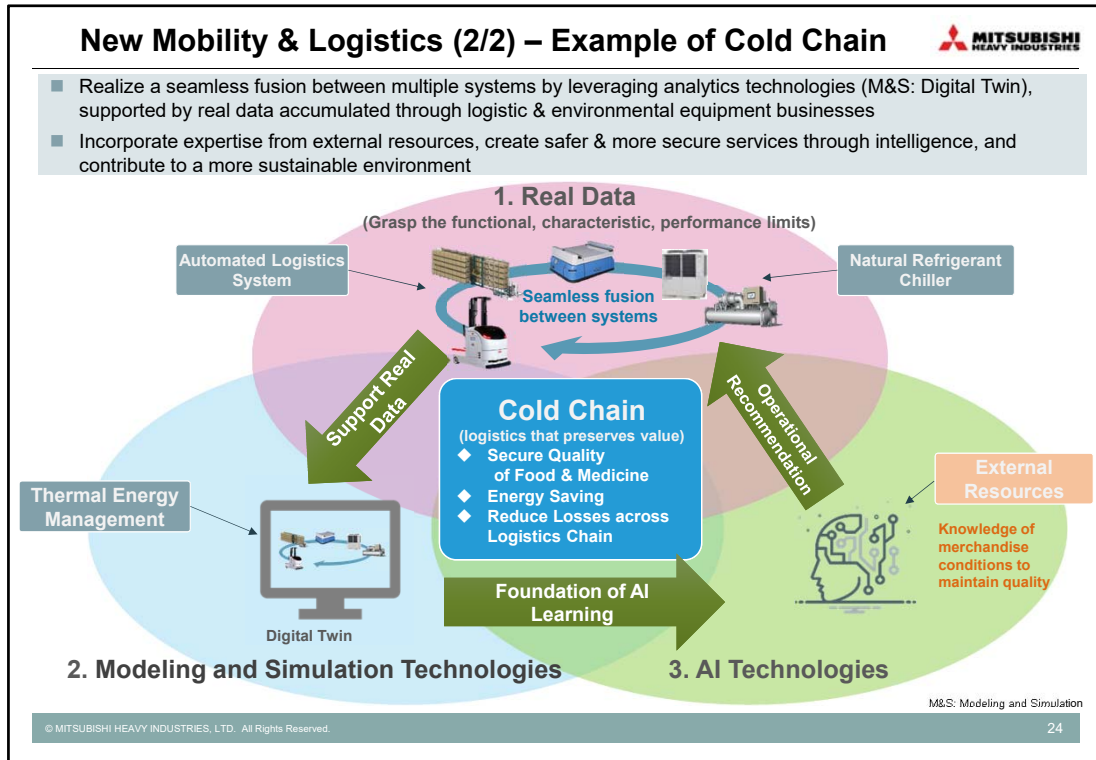
In New Mobilities & Logistics, the second growth area, we will provide new value-added solutions through development of systems incorporating a wide-range of products and technologies through digitalization and AI.

We will propose to customers advanced cold chain systems, products and services by combining logistics automation solutions based on integration and automation of logistics equipment and refrigeration and thermal energy management technologies.

In addition, in the automotive field, which is undergoing a period of major change due to trends in CASE (Connected/ Autonomous/ Shared/ Electric) technologies, we will push collaboration among our existing businesses like ITS (Intelligent Transport Systems), fully-automated mechanical parking facilities, and environmental testing equipment, which have operated separately in the past. Furthermore, by leveraging expertise such as our modeling and simulation (M&S) technologies, proven in fields including our industrial plant business, we can apply AI technologies even with relatively small amounts of data to contribute to the development of advanced infrastructure needed to support automotive trends in CASE.

In the area of electrification, we will focus on the development of core components that will enhance the competitiveness of a variety of products, including power generation equipment, railways, ships, aircraft, and defense systems.

In order to advance these development activities, we recognized the need for an organization that reaches across business fields. The Growth Strategy Office, established in April this year, will play a central role in implementing these initiatives.



Let me explain our Group's growth strategies in more detail using the cold chain as an example.

The MHI Group has established logistics equipment and environmental equipment businesses such as chillers. In order to integrate these diverse solutions and maximize the efficiency of the entire system, it is necessary to optimize the combined system by taking advantage of its unique functions, characteristics and performance.

I believe that we are well positioned to develop this optimized integrated system by combining accumulated operational data from multiple systems with our modeling and simulation technologies.

In addition, by collaborating with external partners, we can trace the storage status of products to achieve safety and security, reduce losses across the logistics chain, and create value that contributes to a more sustainable relationship between us and our environment.

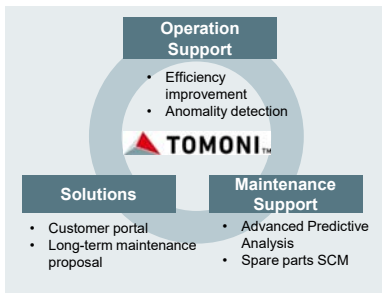
Expansion of Services Businesses



Leverage Digital Transformation (DX) to increase service business portfolio

Strengthen common platforms

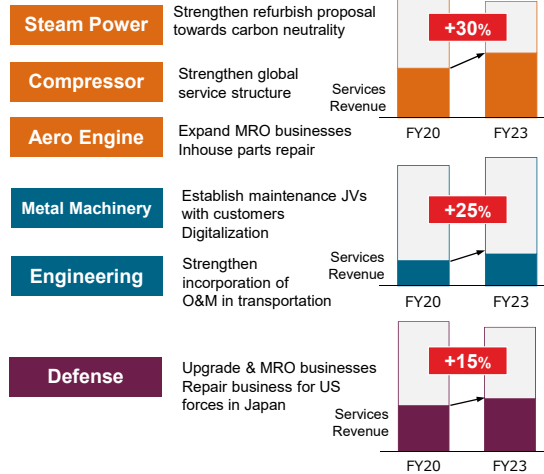
Advanced DX examples within MHI Group



Expand services business through DX

- Establish a taskforce to aggregate expertise within MHI Group, share best practices, and promote adoption of digital tools

Activities of each businesses









We will leverage developments in Digital Transformation (DX) to increase our service business portfolio.

Our Group has proven systems providing operational support and maintenance management, as well as a variety of simulation technology solutions, which are utilized today in our broad services offerings. We are now working to expand the service business ratio of each segment by establishing task forces and sharing innovative in-house examples across the Group.

Cybersecurity & Security



- Promote measures adapted to changes in trends in defense and space, and expand dual use for private sector

Environment Trend	Measures in Defense/Space areas	Dual Use for Private Sector
Leverage Space <ul style="list-style-type: none"> Utilization of information using space becoming more sophisticated 	<ul style="list-style-type: none"> Strengthen the analytic technology of wide-area image data, "BRAINS" 	<ul style="list-style-type: none"> Utilize analytic technologies for areas like disaster mitigation to contribute to a safer and more secure world 
Defend Cyberspace <ul style="list-style-type: none"> Cyber threats becoming more apparent Urgent need to strengthen cybersecurity of defense equipment 	<ul style="list-style-type: none"> Develop and expand the application of "InterSePT", a system to monitor the operation of defense equipment and detect anomalies 	<ul style="list-style-type: none"> Provide more sophisticated services by applying systems to protect important infrastructure 
Utilize Unmanned Systems <ul style="list-style-type: none"> More difficulty in securing workforce due to declining birth rate Utilizing unmanned systems to maintain or strengthen the defense capability 	<ul style="list-style-type: none"> Develop "CoasTitan", an integrated control system for unmanned vehicles (UAVs, USVs and UUVs) 	<ul style="list-style-type: none"> Utilize to monitor, inspect, and strengthen services for important infrastructure 

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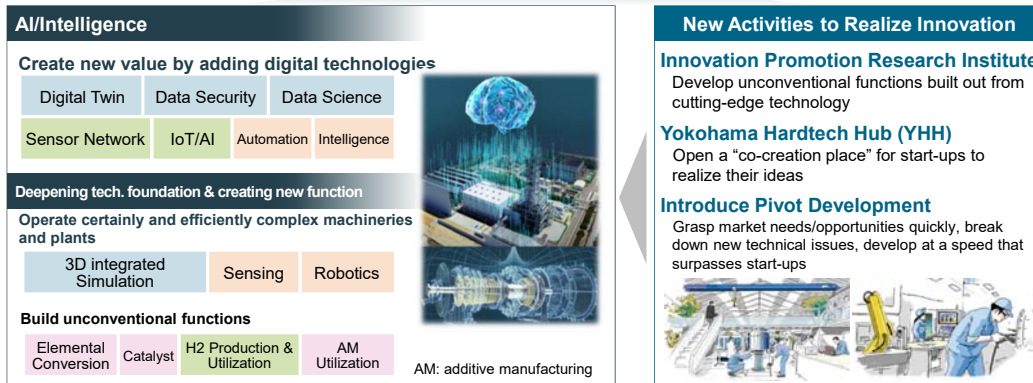
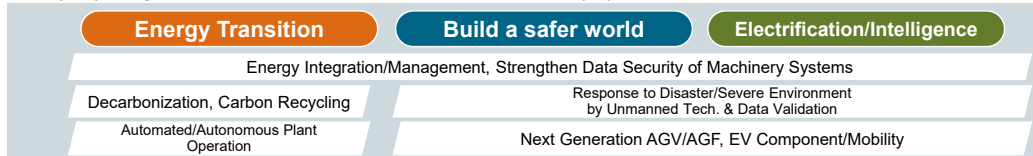
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The area of cybersecurity is being addressed in response to new types of threats. MHI Group will apply technologies developed in the fields of defense and space to the private sector and develop solutions in areas such as disaster prevention, protection from threats to infrastructure, and monitoring and inspection of vitally important facilities.

Technological Foundation to Support Growth Areas



- Utilize and incorporate technologies accumulated from across broad business areas into strategic growth products by adjusting to the transition in customer needs and machinery systems



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The utilization of technologies developed and proven across our broad business areas is one of our unique strengths.

We will also develop advanced technologies such as AI and intelligent systems through open innovation and apply them to products and systems to foster innovation.

As a new initiative, in addition to the Innovation Promotion Research Institute, whose task is to search for innovative technologies, we established YHH (Yokohama Hardtech Hub) as a "co-creation" place to support start-ups. We are committed to accelerate innovation by utilizing these development resources.

VI. Summary

Summary



■ 2021 MTBP focuses on strengthening profitability, investing in and developing high growth businesses

- Return to and strengthen profitability coming out of COVID-19
- Invest 180 billion yen in growth areas and create 100 billion yen in new businesses

■ Energy Transition and New Mobility & Logistics represent our primary growth engines

- Drive forward energy transition aiming for a carbon neutral 2050
- Open and embed new business areas in mobility etc.
- Nurture 1 trillion yen revenue in new businesses by 2030
- Cross-functional measures led by Growth Strategy Office

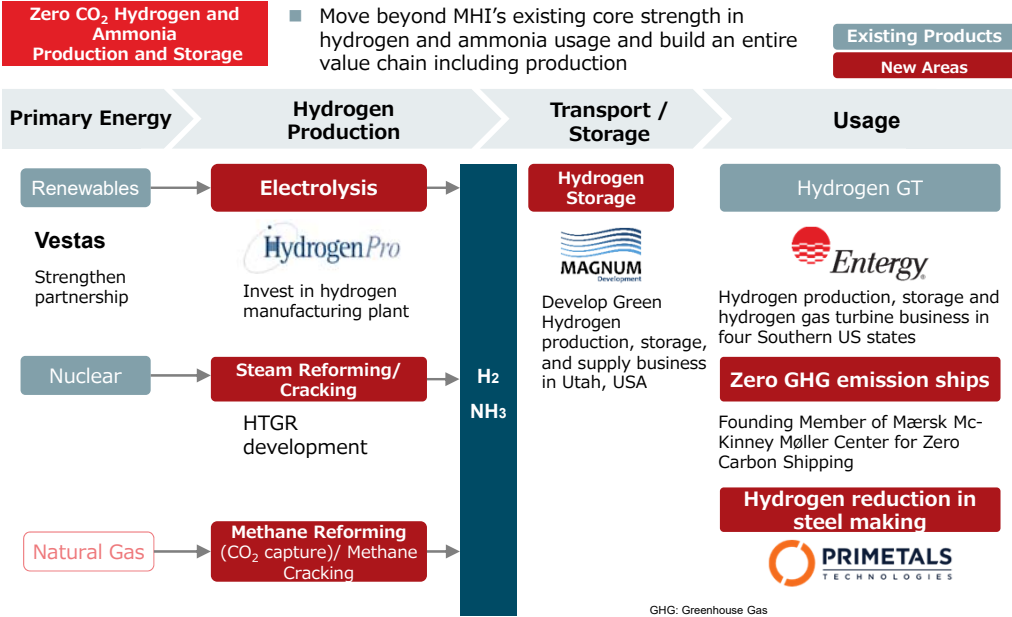
The MHI Group's 2021 MTBP focuses on strengthening profitability and investing in and developing high growth businesses. As growth engines, we will accelerate activities in Energy Transition and New Mobilities & Logistics.

This concludes my presentation.

Appendix

1. Energy Transition
2. Shared Foundation and Business Area
3. Energy & Environment
4. Aircraft, Defense & Space
5. Industry & Infrastructure (mass and medium lot manufacturing)
6. Industry & Infrastructure (build to order)
7. Materiality
8. TOP (Triple One Proportion)

1. Energy Transition Zero CO₂ Fuels



1. Energy Transition Carbon Capture, transport and converted usage



Carbon Capture

Carbon Conversion & Usage

- MHI Group is global No.1 in volume of CO₂ captured
- MHI will expand its product lineup and invest in conversion technologies to expand business

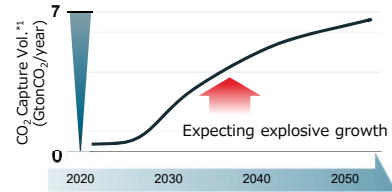
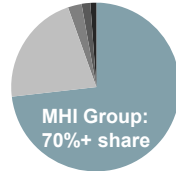
2016: World's largest Carbon Capture plant at steam power plant in Texas, USA



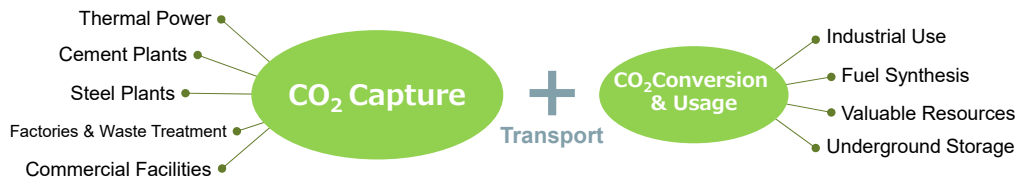
2020: World's largest bioenergy with carbon capture and storage (BECCS) pilot facility with Drax, UK



As of 2020, MHI has largest global installed base market share in carbon capture



*1: Predicted CO₂ capture vol. needed to achieve global carbon net zero at the earliest later than 2050, in accordance with the "1.5 °C Scenario"



1. Energy Transition Renewables, energy efficiency



Renewables

Storage

Increased energy-use efficiency

EMS: Energy Management System VPP: Virtual Power Plant

Increased energy-use efficiency

- ✓ Build energy solution provider business by combining large domestic market share in private industrial power generation and ENERGY CLOUD



EMS Services
Demand prediction and IPP

VPP Services
Aggregate market transactions and regional resources

IPP: Independent Power Producer

Energy Storage

- ✓ **BESS** (Battery Energy Storage Systems)
US orders totaling 220MW
(20MW in South California, 200MW in Texas)
Roll out to other regions



- ✓ **EBLOX** (triple hybrid stand-alone power generation system)
Expand renewables-linked products



Offshore Wind

Strengthen Partnership with Vestas

- Improve competitiveness through integration of offshore and onshore wind
- Exchange MHI's shares in MVOW to Vestas shares, gain seat on Vestas board
- Focus on MHI's areas of strength
 - Japan, APAC sales JV
 - Japan production and supply chain

MVOW: MHI Vestas Offshore Wind

Expand into New Areas

- Explore joint development with Vestas in hydrogen
- Project development for offshore wind in Hokkaido with Copenhagen Infrastructure Partners (CIP)

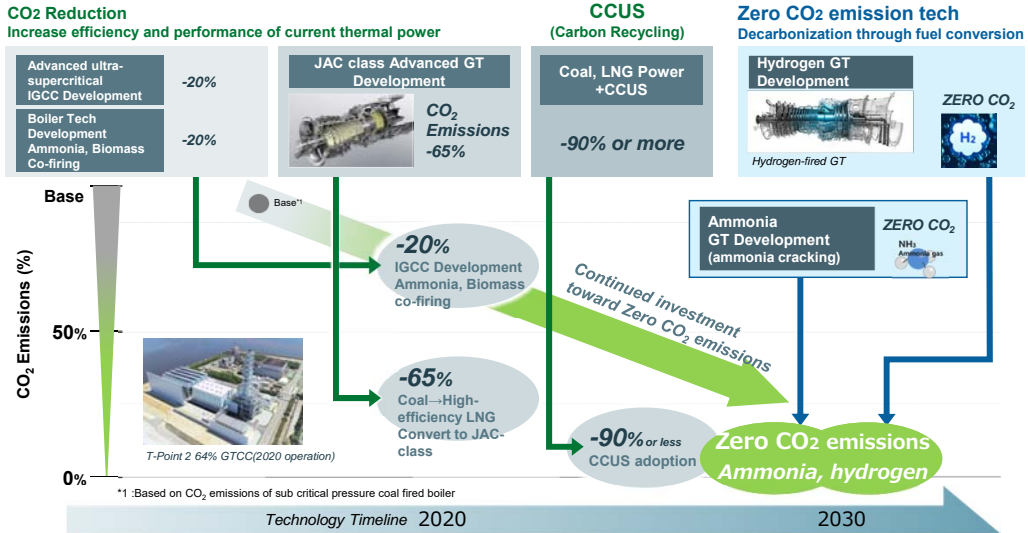


1. Energy Transition Investments and CO₂ reduction track record



Increase efficiency and performance of existing thermal power

- CCUS (carbon recycling) and conversion to hydrogen/ammonia fuels leading to zero CO₂ emissions
- Hydrogen Gas Turbines are catalyst for hydrogen demand (GT400MW=2 million FCVs)

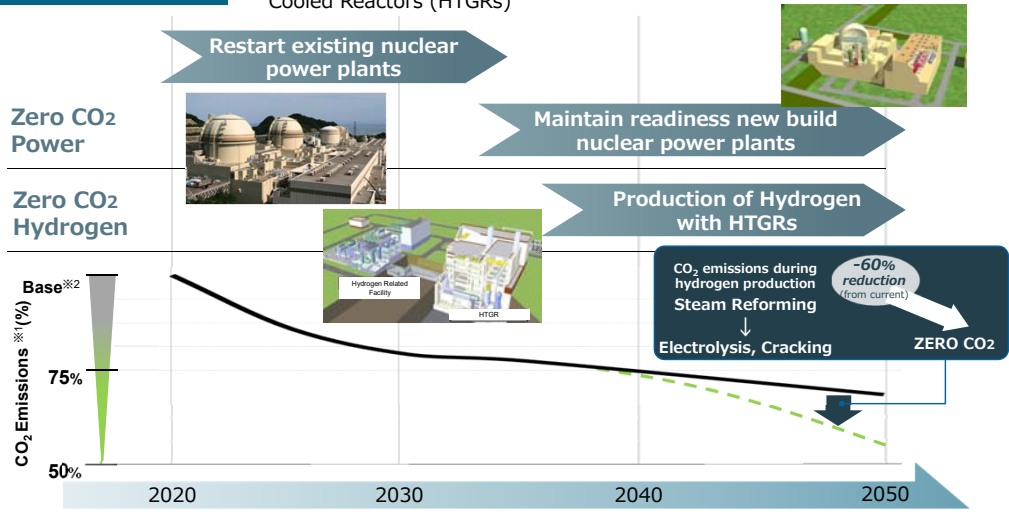


1. Energy Transition Reducing CO₂ emissions with nuclear



Reducing CO₂ emissions with nuclear

- Drastically reduce CO₂ emissions from power generation sector by restarting existing nuclear power plants and building new ones
- Stable and high volume production of Hydrogen with High Temperature Gas Cooled Reactors (HTGRs)

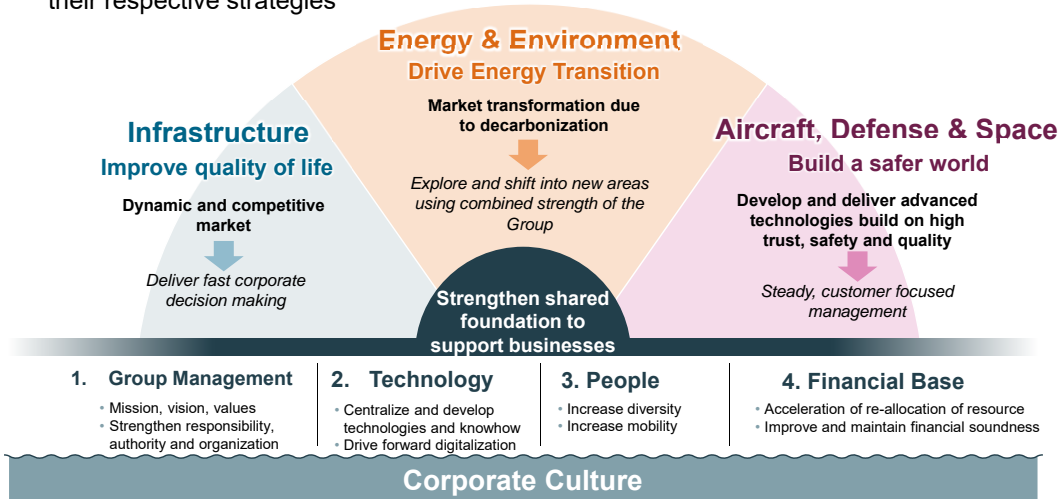


※1: Predicted CO₂ emission reduction if nuclear replaced steam power ※2: Total CO₂ emissions in power generation

2. MHI Group Shared Foundation & Business Areas



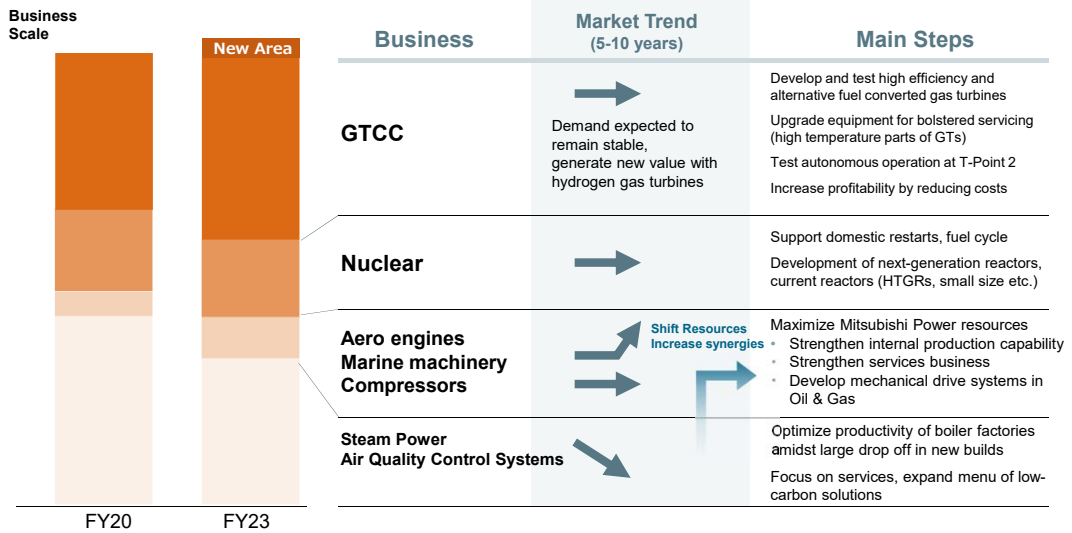
- Accumulate technologies, expertise and personnel cultivated across a broad range of businesses in shared foundation
- Businesses will leverage strengths of the shared foundation to drive growth based on their respective strategies



3. Energy & Environment



- Balance profitability and growth potential to adjust portfolio and achieve a carbon neutral world by 2050
- Maximize global foundation and resources within Mitsubishi Power across MHI Group

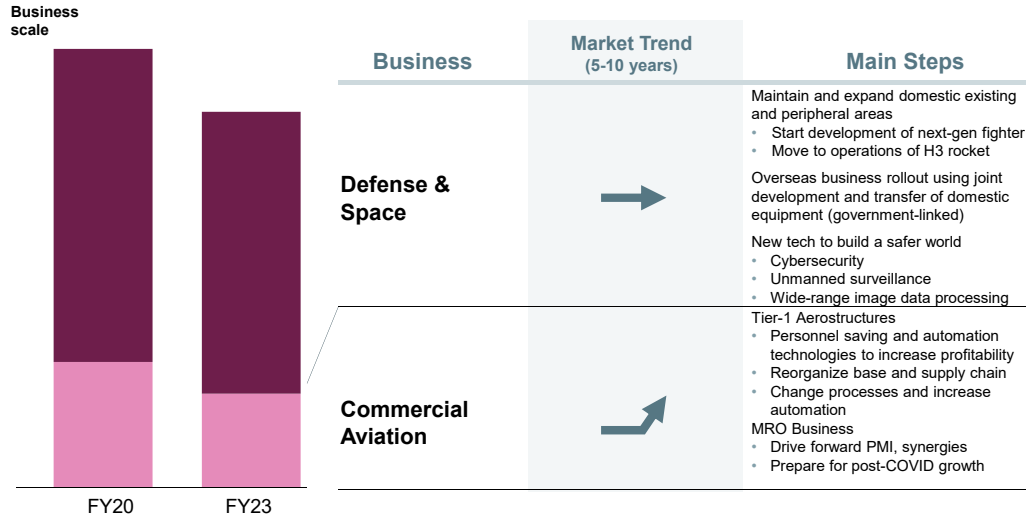


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4. Aircraft, Defense & Space



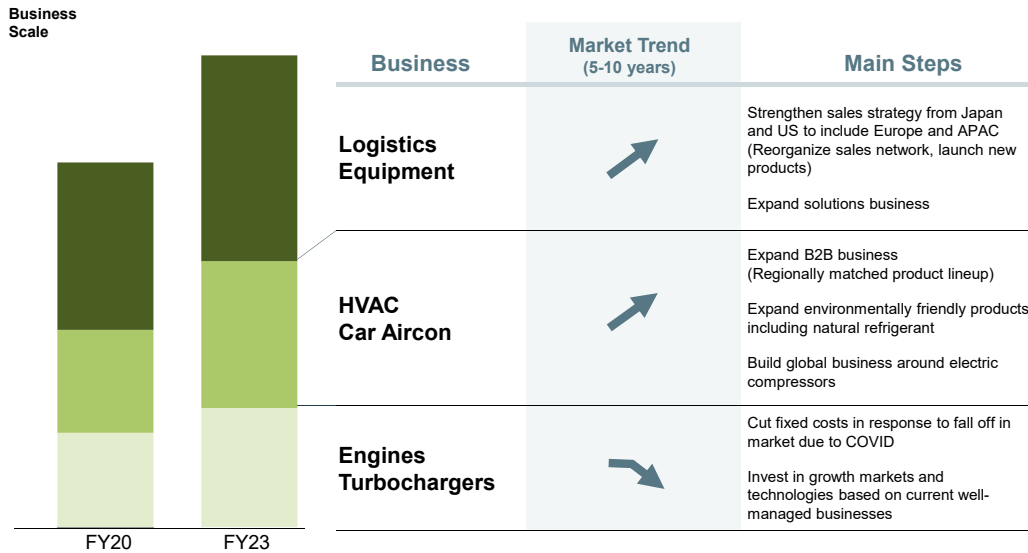
- Maintain and expand dominant position in Defense & Space business, proactively develop new technologies
- Expect longer-term drop in aircraft market due to COVID-19, strengthen organization for future growth



5. Infrastructure (Mass and Medium Lot Products)



- Recover from COVID crisis quickly and increase investment in growth businesses



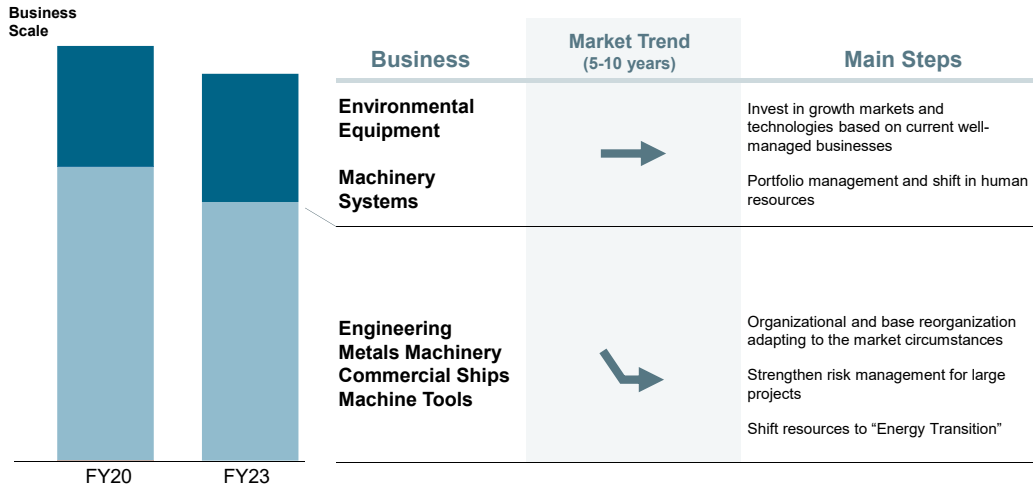
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6. Infrastructure (Build To Order Business)



- Respond to change in market environment after COVID, and make structural improvements to increase profitability



7. Merging Non-Financial and Financial – Materiality



■ Defining Materiality for MHI Group

- Streamlined and analyzed the issues which MHI Group should prioritize to deal with, from both a “Social perspective” (e.g. recent rising focus on SDGs and climate change), and “Our perspective” (MHI Group’s vision). Through dialogue with stakeholders, the Materiality that MHI Group should tackle have now been defined
- Materiality progress will be monitored by mid- to long-term “targets” and “KPIs” set as milestones, and by linking business activities and non-financial indexes. In addition, we will communicate with a broad range of stakeholders our contribution to building a sustainable world

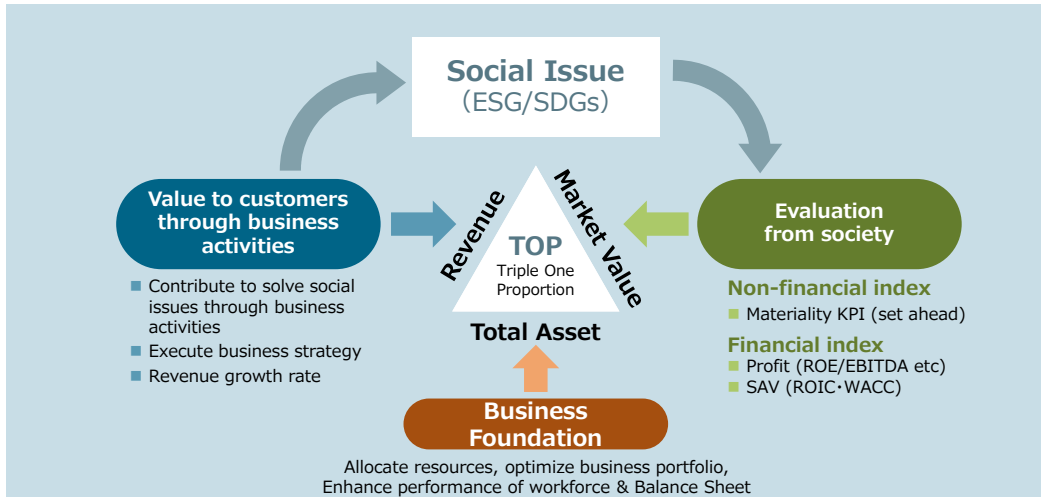
	Materiality	Social Issues	SDGs
Business Contribution (Business)	① Provide energy solutions to enable decarbonized world	<ul style="list-style-type: none"> Mitigate climate change Reduce GHG emission Stable energy/electricity supply 	<ul style="list-style-type: none"> Improve energy efficiency Popularize renewable energy Promote 3R*/circulation economy
	② Transform society through AI and digitalization	<ul style="list-style-type: none"> Promote AI/digitalized society Enhance productivity to react to labor shortages Update outdated facilities 	<ul style="list-style-type: none"> Enhance transportation safety/convenience Decarbonize mobility Diversify transportation needs React to increased logistics
	③ Build a safer and more secure world	<ul style="list-style-type: none"> National security by defense Adapt to climate change Enhance function/durability of infrastructure Rationalize infrastructure 	<ul style="list-style-type: none"> Interfere with cyber attacks on industrial systems / IoT Prevent pandemics & take appropriate measures
Foundation to support Business (Corporate)	④ Promote diversity and uplift employee engagement	<ul style="list-style-type: none"> Nurture/secure workforces Respect human rights Promote diversity 	<ul style="list-style-type: none"> Enhance labor productivity Labor safety & hygiene Promote health management
	⑤ Enhance Corporate Governance	<ul style="list-style-type: none"> Corporate governance Comply with law/international order 	<ul style="list-style-type: none"> Fair competition/business compliance Grasp overall corporate risk/management Timely disclosure

*3R: Reduce, Reuse, Recycle

8. MHI Group Management KPI - Triple One Proportion (TOP)



- "TOP" is MHI Group's overall management Key Performance Index(KPI) to evaluate the balance among value provision to customers, business foundation, and evaluation from society, aiming the equal balance -1:1:1- among three management factors: net sales, total assets, and market value.



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