

LOGISTICS, THERMAL & DRIVE SYSTEMS

Overview of FY2024

Consolidated orders received totaled ¥1,330.5 billion, slightly above the previous year. Driven by growing demand in Southeast Asia and other regions, orders for HVAC systems increased, and engine orders also rose, mainly for data centers.

Revenue totaled ¥1,307.1 billion, mostly unchanged year on year. Sales of HVAC systems and engines increased, while sales of material handling systems declined.

Profit from business activities was ¥49.3 billion, below the previous year, in part due to a decline in material handling systems and turbochargers.



ARTsmf



Multi-Split system air-conditioner for building use (LXZ Series)

Engines and Turbochargers ¥279.1 billion

Key products and services

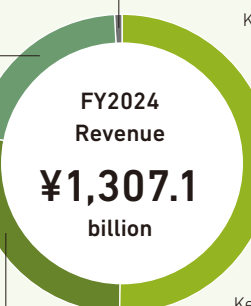
- Industrial engines
- Engine generator sets
- Cogeneration systems
- Turbochargers

Others ¥7.8 billion

Material Handling Systems ¥666.0 billion

Key products and services

- Forklifts
- Port cargo handling machinery
- Logistics systems and peripheral equipment



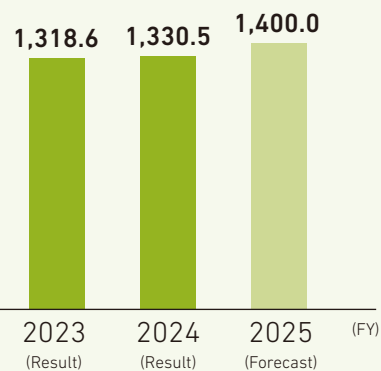
HVAC & Automotive Air-Conditioning System ¥369.8 billion

Key products and services

- Residential and commercial use air conditioners
- Centrifugal chillers
- Transport refrigeration units
- Electric Driven and Belt Driven Compressor

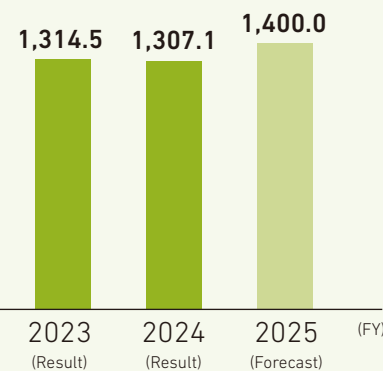
Orders Received

(Billion yen)



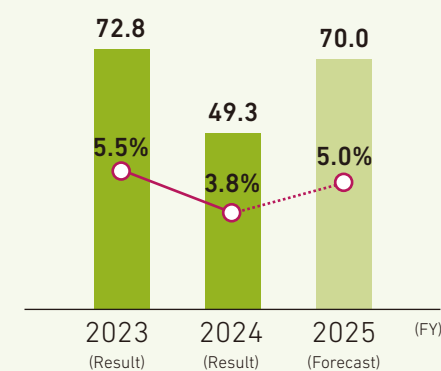
Revenue

(Billion yen)



Business Profit / Profit Margin

(Billion yen)



Note: This report does not reflect the impact of our announcement on September 30, 2025, entitled "Notice Regarding the Execution of a Contract to take the Company's Consolidated Subsidiary Mitsubishi Logisnext Co., Ltd. Private and the (Planned) Transfer of a Consolidated Subsidiary."

LOGISTICS, THERMAL & DRIVE SYSTEMS

Business Environment and Key Strategies in the Medium to Long Term

We provide technologies and services that contribute to richer living and the realization of a sustainable society across the various stages of people's lives. In addition to pursuing revenue growth in the markets targeted by each business, we will focus on such areas as decarbonization, energy saving, and intelligence/automation in response to rising environmental awareness and technological innovation.

Domestic demand for material handling systems has remained stable and firm. Overseas, we had expected demand in the United States to recover as inventory adjustments were nearly complete, but demand is trending downward due to economic uncertainty stemming from tariff policies. Meanwhile, demand in Europe is gradually recovering, while demand in Asia and China remains relatively firm. However, competition in these regions is intensifying due to the proliferation of Chinese products. In this environment, we are working to improve profitability by strengthening our services business, reducing fixed costs, and optimizing pricing. We are also taking steps to meet logistics market needs in such areas as safety and security, automation and autonomy, and decarbonization. These include supporting safety at customer logistics sites, providing logistics solutions, and expanding our lineup of battery-powered vehicles.

In thermal systems, demand for air-conditioning equipment has been sluggish in certain regions due to changes in Europe's energy demand and a downturn in China's real estate sector. However, demand is expanding in Asian markets outside of China. Demand for large-scale refrigeration systems is also growing, driven by increased capital investment in semiconductor plants, district heating and cooling, and other large facilities. Over the medium to long term, the thermal systems market is expected to expand, supported by economic growth in emerging countries, tighter environmental regulations, and rising energy-saving awareness. We will broaden our lineup of products tailored to the needs of each region and develop natural refrigerants and low-impact products. By doing so, we aim to expand our business while meeting social needs.

In automotive air conditioners, the global progress of environmental

measures is expected to drive market expansion for electrified vehicles over the medium to long term. Accordingly, we anticipate growth in demand for high-value-added electric compressors, an area in which we are actively engaged. By focusing on high efficiency, low noise, high-speed operation, and low cost, we will enhance the value of existing products while meeting customer needs.

In engines, the global increase in data traffic is driving demand for backup power systems for data centers. To help realize a low- and zero-carbon society, we are expanding sales of gas engines for the global market and hybrid power generation systems combined with renewable energy. We recently launched hydrogen-natural gas co-firing cogeneration systems that contribute to low- and zero-carbonized distributed power. In addition, we are advancing development aimed at commercializing 100% hydrogen engines.

Meanwhile, demand for turbochargers is recovering, particularly in China and North America, as global demand for electric vehicles slows. In emerging markets, meanwhile, the number of vehicles equipped with turbochargers is expected to increase for environmental reasons. In the medium to long term, we expect stricter environmental regulations to drive wider adoption of electric vehicles and fuel cell vehicles. In addition to turbochargers for hybrid vehicles, including plug-ins, we are leveraging turbocharger technology to develop electric air compressors for fuel cell vehicles.

In the solutions business, we are leveraging our Σ SynX (Sigma SynX) platform to deploy "smart connections" and "intelligent and automated solutions" in the logistics field. In particular, the logistics industry is facing challenges such as the so-called 2024 logistics crisis and labor shortages. We are contributing to society by gradually providing solutions focused on picking, loading and unloading, and warehouse in/out operations.



Emergency generation



Picking solution

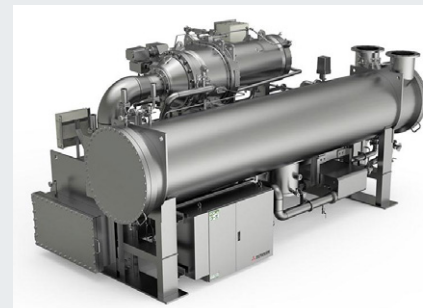
FOCUS

MHI's evolving centrifugal chiller business in Japan and overseas

Mitsubishi Heavy Industries Thermal Systems, Ltd. (MTH) provides environmentally conscious thermal solutions for everything from homes and buildings to factories and district heating and cooling systems. In recent years, its centrifugal chiller business has been expanding. In Japan, we hold the top market share, backed by many years of experience and strong technological capabilities. With the development of the large-capacity JHT-Y/JHT-YI Series centrifugal chillers using low-GWP* refrigerants, we received the Minister of the Environment Award for Climate Action 2024. Among centrifugal chillers using low-GWP refrigerants, this is the first product in Japan to achieve a capacity of up to 5,400 refrigeration tons. Overseas, we have a track record of deliveries in Singapore, Thailand, South Korea, and Saudi Arabia, and in 2024 we received an order for large centrifugal chillers for a district cooling plant in Dubai, United Arab Emirates. In addition to high refrigeration efficiency and environmental performance, our strong track record and reliable after-sales service helped secure the order.

MTH will continue providing highly energy-efficient centrifugal chillers to meet growing demand in Japan and overseas.

* GWP (global warming potential): A measure of global warming impact using CO₂ as 1; the smaller the value, the lower the greenhouse effect and the better the environmental performance.



Centrifugal chiller
(JHT-Y/JHT-YI Series)