Financial Foundation
Supporting Energy Transition

Hisato Kozawa
Director, Senior Vice President
Chief Financial Officer
### Significant Change in Capital Allocation – Financial Foundation

- **Significant increase in capital allocation into growth areas including energy transition**

#### 2018 MTBP (Total 3 Years)

<table>
<thead>
<tr>
<th>Cash-in</th>
<th>Cash-out</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Regular operating Cash flow</strong></td>
<td><strong>7,200</strong></td>
</tr>
<tr>
<td><strong>Growth Areas 800</strong></td>
<td><strong>Expand 1,600</strong></td>
</tr>
<tr>
<td><strong>Asset management, etc. 2,500</strong></td>
<td><strong>Dividend 1,300</strong></td>
</tr>
</tbody>
</table>

#### 2021 MTBP (Total 3 Years)

<table>
<thead>
<tr>
<th>Cash-in</th>
<th>Cash-out</th>
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</thead>
<tbody>
<tr>
<td><strong>Regular operating Cash flow</strong></td>
<td><strong>9,000</strong></td>
</tr>
<tr>
<td><strong>Growth Areas 1,800</strong></td>
<td><strong>Expand 2,000</strong></td>
</tr>
<tr>
<td><strong>Asset management, etc. 1,200</strong></td>
<td><strong>Debt repayment 900</strong></td>
</tr>
</tbody>
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- **Energy transition**
  - New areas + existing areas for further growth
  - **2,000**

**Unit:** 100 million yen
Objectives of Green Bond Issuance

- MHI is a unique company possessing a combination of wide ranging business opportunities and investment capabilities in the Energy Transition field.
- Issued our first Green Bond in an effort to match the strong investment needs of the market in this field with the experience and unique position of the MHI Group.

**MHI’s Business Opportunities**

**[Wind power generation facility and business]**

**MHI’s solutions and products contributing to energy transition**

**Investment Needs for Decarbonization**

**【Investment Demand】**

**Use of proceeds**

- Wind
- Hydrogen
- Geothermal power generation facilities and businesses

**【Issuance amount, Maturity】**

- 25 bn yen, 5 years

**Initiatives Uniting Investors and MHI**

**【Green Bond Issuance】**

**MHI’s Investment Capabilities**

**【Finance】**

- Investment of 180 bn yen into growth areas in 2021 MTBP

**[Hydrogen power generation facility and business]**
Green finance and transition finance are not just means of raising funds, but also a valuable opportunity for communication with investors and broader society.

We will continue dialogue with all stakeholders and consider expanding our Energy Transition-related portfolio as well as suitable funding for these businesses.
Closing Remarks

- Economically feasible energy transition is essential to achieve a carbon neutral world

- We will accelerate growth by continuously providing proven solutions while leveraging external resources in addition to our own technology and experience

- Measures including reduction of selling, general and administrative expenses (SG&A) are being implemented to return to and strengthen profitability

- Drive forward Energy Transition while balancing short, medium and long-term profitability and financial stability to improve corporate value and contribute to achieving a carbon neutral 2050
MOVE THE WORLD FORWARD