I am Hisato Kozawa, Chief Financial Officer of MHI.

So far, we have explained various business initiatives and our strategies in the area of “Energy Transition”. In this part, I will explain the financial strategies we have put in place to support and accelerate our efforts in the Energy Transition.
As shown on this slide, which was used in the 2021 MTBP announced on October 30th, MHI Group will focus its investment on new areas such as energy transition in the amount of 180 billion yen during the three years of the MTBP starting from next fiscal year.

To give some perspective, our investment into growth areas excluding the SpaceJet business in the preceding three years (FY18-20) was 80 billion yen; so we are planning to more than double investment into growth areas in this next business plan.

In the energy transition-related investment that we talked about today, 90 billion yen will be spent in new areas such as hydrogen production technologies and CCUS (Carbon dioxide Capture, Utilization and Storage). If we include investment towards efficiency and performance improvements of generation technologies which are part of our existing businesses that will also grow, our total investment into the energy transition area would be approximately 200 billion yen over the next three years.
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.

We are proud that MHI is among the very few companies that have both a wide range of business opportunities in the area of energy transition and the capability to invest into those areas at the same time.

This month, we have issued our first-ever Green Bond which connects investors who are deeply interested in this energy transition area with MHI’s unique position and experience in this field.

The proceeds from this bond will be used to develop business opportunities in energy transition, including Wind, Hydrogen, and Geothermal power generation facilities and businesses.
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.

We believe Green Finance such as this Green Bond and Transition Finance are not merely means of financing for investments but present us with valuable opportunities for dialogue and communication with investors and society at large.

Through continuous dialogue with investors and our broader stakeholders we will enhance corporate value by accelerating our energy transition efforts and utilizing financing arrangements appropriate to these areas.
Now that we have explained the main components of our Energy Transition strategy, I would like to conclude with a summary of key points. In order to realize a carbon neutral world, it is essential that we develop energy transition solutions that are economically viable.

In addition to the technological capabilities and successful commercial references that MHI Group has cultivated over many years, we will also utilize external partners to continue providing practical solutions to globally pressing issues and thereby achieve growth.

The energy-related divisions, including thermal power (primarily advanced gas turbines) and nuclear power, are main pillars of MHI Group’s earnings. One of the most important factors for our future growth will be how to respond to the Energy Transition, which is aimed primarily at addressing global climate issues, and through our response how to generate business opportunities and profits.

Looking ahead, we will continue to execute the steps covered by today’s presentation to achieve growth. Through these initiatives we will also drive forward the reorganization of our business portfolio.

Importantly, as for the recovery and strengthening of profitability, we are already implementing SG&A reduction effects including reduction of fixed costs.

As CFO, I am committed to supporting our Energy Transition efforts and to contribute to the realization of a carbon neutral 2050 while enhancing corporate value by effectively allocating funds and actively investing while balancing short, medium and long-term profitability and financial stability.

Thank you for joining us today. This concludes our presentations.
MOVE THE WORLD FORWARD