[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 during 2021 MTBP into these areas, expand new businesses to ¥1 trillion by FY2030

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.
## Contents

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
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.
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

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

Financial indicators over time are shown on this slide.
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 investment 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.
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.
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.
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
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 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
  - Operation Support
    - Efficiency improvement
    - Anomaly detection
  - Solutions
    - Customer portal
    - Long-term maintenance proposal
  - Maintenance Support
    - Advanced Predictive Analysis
    - Spare parts SCM

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

- Steam Power
  - Strengthen refurbish proposal towards carbon neutrality
  - Services Revenue
  - FY20: +30%
  - FY23: +30%

- Compressor
  - Strengthen global service structure
  - Services Revenue
  - FY20: +25%
  - FY23: +25%

- Aero Engine
  - Expand MRO businesses
  - Inhouse parts repair
  - Services Revenue
  - FY20: +15%
  - FY23: +15%

- Metal Machinery
  - Establish maintenance JVs with customers
  - Digitalization
  - Services Revenue
  - FY20: +15%
  - FY23: +15%

- Engineering
  - Strengthen incorporation of O&M in transportation

- Defense
  - Upgrade & MRO businesses
  - Repair business for US forces in Japan

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.
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.
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
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

### Zero CO₂, Hydrogen and Ammonia Production and Storage

- Move beyond MHI’s existing core strength in hydrogen and ammonia usage and build an entire value chain including production.

### Primary Energy

<table>
<thead>
<tr>
<th>Renewables</th>
<th>Vestas</th>
<th>Nuclear</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electrified</td>
<td>Strengthen partnership</td>
<td>Steam Reforming/ Cracking</td>
</tr>
<tr>
<td>NH₃</td>
<td>HTGR development</td>
<td>MHI’s existing core strength</td>
</tr>
</tbody>
</table>

### Hydrogen Production

<table>
<thead>
<tr>
<th>Primary Energy</th>
<th>Hydrogen Production</th>
<th>Transport / Storage</th>
<th>Usage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renewables</td>
<td>Electrolysis</td>
<td>Hydrogen Storage</td>
<td>Hydrogen GT</td>
</tr>
<tr>
<td>Vestas</td>
<td>Invest in hydrogen manufacturing plant</td>
<td></td>
<td>Hydrogen production, storage and hydrogen gas turbine business in four Southern US states</td>
</tr>
<tr>
<td>Nuclear</td>
<td>Steam Reforming/ Cracking</td>
<td></td>
<td>Zero GHG emission ships</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Founding Member of Maersk McKinney Møller Center for Zero Carbon Shipping</td>
</tr>
<tr>
<td>Natural Gas</td>
<td>Methane Reforming (CO₂ capture)/ Methane Cracking</td>
<td></td>
<td>Hydrogen reduction in steel making</td>
</tr>
</tbody>
</table>

### Existing Products

- Hydrogen production, storage and hydrogen gas turbine business in four Southern US states
- Founding Member of Maersk McKinney Møller Center for Zero Carbon Shipping
- Hydrogen reduction in steel making

### New Areas

- Move beyond MHI’s existing core strength in hydrogen and ammonia usage and build an entire value chain including production.

### Existing Products

- Hydrogen production, storage and hydrogen gas turbine business in four Southern US states
- Founding Member of Maersk McKinney Møller Center for Zero Carbon Shipping
- Hydrogen reduction in steel making

### New Areas

- Move beyond MHI’s existing core strength in hydrogen and ammonia usage and build an entire value chain including production.

GHG: Greenhouse Gas
1. Energy Transition  Carbon Capture, transport and converted 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

<table>
<thead>
<tr>
<th>CO₂ Capture</th>
<th>CO₂ Conversion &amp; Usage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thermal Power</td>
<td>Industrial Use</td>
</tr>
<tr>
<td>Cement Plants</td>
<td>Fuel Synthesis</td>
</tr>
<tr>
<td>Steel Plants</td>
<td>Valuable Resources</td>
</tr>
<tr>
<td>Factories &amp; Waste Treatment</td>
<td>Underground Storage</td>
</tr>
<tr>
<td>Commercial Facilities</td>
<td></td>
</tr>
</tbody>
</table>

CO₂ Capture + CO₂ Conversion & Usage

Expecting explosive growth

*Predicted CO₂ capture vol. needed to achieve global carbon net zero at the latest before 2050, in accordance with the "1.5°C Scenario"
1. Energy Transition  Renewables, energy efficiency

- **Renewables**
- **Storage**
- **Increased energy-use efficiency**

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

**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

**Expand into New Areas**
- Explore joint development with Vestas in hydrogen
- Project development for offshore wind in Hokkaido with Copenhagen Infrastructure Partners (CIP)

**EMS Services**
- Demand prediction and IPP

**VPP Services**
- Aggregate market transactions and regional resources

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### 1. Energy Transition

**Investments and CO₂ reduction track record**

- 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)

<table>
<thead>
<tr>
<th>CO₂ Reduction</th>
<th>Increase efficiency and performance of existing thermal power</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advanced ultra-supercritical IGCC Development</td>
<td>-20%</td>
</tr>
<tr>
<td>Solar Tech Development Ammonia, Biomass Co-firing</td>
<td>-20%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CCUS</th>
<th>(Carbon Recycling)</th>
</tr>
</thead>
<tbody>
<tr>
<td>JAC-class Advanced GT Development</td>
<td>CO₂ Emissions -65%</td>
</tr>
<tr>
<td>Coal, LNG Power +CCUS</td>
<td>-90% or more</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Zero CO₂ emission tech</th>
<th>Decarbonization through fuel conversion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ammonia, hydrogen</td>
<td>Hydrogen-fired GT</td>
</tr>
</tbody>
</table>

#### Technology Timeline

- **2020**
  - JAC class Advanced GT Development
  - IGCC Development Ammonia, Biomass Co-firing
  - 20% CO₂ Emissions

- **2030**
  - Continued investment toward zero CO₂ emissions
  - Ammonia GT Development (ammonia cracking)
  - Ammonia, hydrogen: Zero CO₂ emissions

*1 Based on CO₂ emissions of sub critical pressure coal fired boiler

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1. Energy Transition  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)

* Zero CO₂ Power
  - Restart existing nuclear power plants
  - Maintain readiness new build nuclear power plants

* Zero CO₂ Hydrogen
  - Production of Hydrogen with HTGRs
  - CO₂ emissions during hydrogen production
  - Steam Reforming → Electrolysis, Cracking
  - 60% reduction from current

**Base**

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

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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

1. Group Management
   - Mission, vision, values
   - Strengthen responsibility, authority and organization

2. Technology
   - Centralize and develop technologies and knowhow
   - Drive forward digitalization

3. People
   - Increase diversity
   - Increase mobility

4. Financial Base
   - Acceleration of re-allocation of resource
   - Improve and maintain financial soundness

Energy & Environment
   Drive Energy Transition
   Market transformation due to decarbonization
   Explore and shift into new areas using combined strength of the Group

Aircraft, Defense & Space
   Build a safer world
   Develop and deliver advanced technologies build on high trust, safety and quality
   Steady, customer focused management

Infrastructure
   Improve quality of life
   Dynamic and competitive market
   Deliver fast corporate decision making

Corporate Culture
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

<table>
<thead>
<tr>
<th>Business</th>
<th>Market Trend (5-10 years)</th>
<th>Main Steps</th>
</tr>
</thead>
<tbody>
<tr>
<td>GTCC</td>
<td>Demand expected to remain stable, generate new value with hydrogen gas turbines</td>
<td>Develop and test high efficiency and alternative fuel converted gas turbines Upgrade equipment for bolstered servicing (high temperature parts of GTs) Test autonomous operation at T-Point 2 Increase profitability by reducing costs</td>
</tr>
<tr>
<td>Nuclear</td>
<td>Support domestic restarts, fuel cycle Development of next-generation reactors, current reactors (HTGRs, small size etc.)</td>
<td>Maximize Mitsubishi Power resources - Strengthen internal production capability - Strengthen service business - Develop mechanical drive systems in Oil &amp; Gas</td>
</tr>
<tr>
<td>Aero engines Marine machinery Compressors</td>
<td>Shift Resources Increase synergies</td>
<td>Optimize productivity of boiler factories amidst large drop off in new builds Focus on services, expand menu of low-carbon solutions</td>
</tr>
<tr>
<td>Steam Power Air Quality Control Systems</td>
<td></td>
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</tr>
</tbody>
</table>
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

**Business scale**

<table>
<thead>
<tr>
<th>FY20</th>
<th>FY23</th>
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</table>

**Defense & Space**

- Maintain and expand domestic existing and peripheral areas
  - Start development of next-gen fighter
  - Move to operations of H3 rocket
- Overseas business rollout using joint development and transfer of domestic equipment (government-linked)
  - New tech to build a safer world
  - Cybersecurity
  - Unmanned surveillance
  - Wide-range image data processing

**Commercial Aviation**

- Tier-1 Aerostructures
  - Personnel saving and automation technologies to increase profitability
  - Reorganize base and supply chain
  - Change processes and increase automation
- MRO Business
  - Drive forward PMI synergies
  - Prepare for post-COVID growth

**Main Steps**

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<td></td>
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<td>Cybersecurity</td>
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<td>Unmanned surveillance</td>
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<td>Wide-range image data processing</td>
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<td></td>
<td>Tier-1 Aerostructures</td>
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<td></td>
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<td>Personnel saving and automation technologies to increase profitability</td>
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<tr>
<td></td>
<td></td>
<td>Reorganize base and supply chain</td>
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<td></td>
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<td>Change processes and increase automation</td>
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<td></td>
<td></td>
<td>MRO Business</td>
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<td></td>
<td></td>
<td>Drive forward PMI synergies</td>
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<td></td>
<td></td>
<td>Prepare for post-COVID growth</td>
</tr>
</tbody>
</table>
## 5. Infrastructure (Mass and Medium Lot Products)

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

<table>
<thead>
<tr>
<th>Business</th>
<th>Market Trend (5-10 years)</th>
<th>Main Steps</th>
</tr>
</thead>
<tbody>
<tr>
<td>Logistics Equipment</td>
<td>Strengthen sales strategy from Japan and US to include Europe and APAC (Reorganize sales network, launch new products)</td>
<td>Expand solutions business</td>
</tr>
<tr>
<td>HVAC Car Aircon</td>
<td>Expand B2B business (Regionally matched product lineup)</td>
<td>Expand environmentally friendly products including natural refrigerant</td>
</tr>
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<td></td>
<td></td>
<td>Build global business around electric compressors</td>
</tr>
<tr>
<td>Engines Turbochargers</td>
<td>Cut fixed costs in response to fall off in market due to COVID</td>
<td>Invest in growth markets and technologies based on current well-managed businesses</td>
</tr>
</tbody>
</table>

FY20 FY23

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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

<table>
<thead>
<tr>
<th>Business</th>
<th>Market Trend (5-10 years)</th>
<th>Main Steps</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Equipment</td>
<td>Invest in growth markets and technologies based on current well-managed businesses</td>
<td>Portfolio management and shift in human resources</td>
</tr>
<tr>
<td>Machinery Systems</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Engineering Metals Machinery Commercial Ships Machine Tools</td>
<td>Organizational and base reorganization adapting to the market circumstances Strengthen risk management for large projects Shift resources to &quot;Energy Transition&quot;</td>
<td></td>
</tr>
</tbody>
</table>

Business Scale

FY20 FY23
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.

<table>
<thead>
<tr>
<th>Materiality</th>
<th>Social Issues</th>
<th>SDGs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>① Provide energy solutions to enable decarbonized world</strong></td>
<td>Mitigate climate change</td>
<td>Improve energy efficiency</td>
</tr>
<tr>
<td></td>
<td>Reduce GHG emission</td>
<td>Popularize renewable energy</td>
</tr>
<tr>
<td></td>
<td>Stable energy/electricity supply</td>
<td>Promote 3R*/circulation economy</td>
</tr>
<tr>
<td><strong>② Transform society through AI and digitalization</strong></td>
<td>Promote AI/digitized society</td>
<td>Enhance transportation safety/convenience</td>
</tr>
<tr>
<td></td>
<td>Enhance productivity to react to labor shortages</td>
<td>Decarbonize mobility</td>
</tr>
<tr>
<td></td>
<td>Update outdated facilities</td>
<td>Diversify transportation needs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>React to increased logistics</td>
</tr>
<tr>
<td><strong>③ Build a safer and more secure world</strong></td>
<td>National security by defense</td>
<td>Interfere with cyber attacks on industrial systems / IoT</td>
</tr>
<tr>
<td></td>
<td>Adapt to climate change</td>
<td>Prevent pandemics &amp; take appropriate measures</td>
</tr>
<tr>
<td></td>
<td>Enhance function/durability of infrastructure</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rationalize infrastructure</td>
<td></td>
</tr>
<tr>
<td><strong>④ Promote diversity and uplift employee engagement</strong></td>
<td>Nurture/secure workforces</td>
<td>Enhance labor productivity</td>
</tr>
<tr>
<td></td>
<td>Respect human rights</td>
<td>Labor safety &amp; hygiene</td>
</tr>
<tr>
<td></td>
<td>Promote diversity</td>
<td>Promote health management</td>
</tr>
<tr>
<td><strong>⑤ Enhance Corporate Governance</strong></td>
<td>Corporate governance</td>
<td>Far competition/business compliance</td>
</tr>
<tr>
<td></td>
<td>Comply with law/international order</td>
<td>Grasp overall corporate risk/management</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Timely disclosure</td>
</tr>
</tbody>
</table>

*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 for an equal balance -1:1:1- among three management factors: net sales, total assets, and market value.

Allocate resources, optimize business portfolio, enhance performance of workforce & Balance Sheet.

- Value to customers through business activities
  - Contribute to solve social issues through business activities
  - Execute business strategy
  - Revenue growth rate

- Social Issue (ESG/SDGs)

- Evaluation from society
  - Non-financial index
    - Materiality KPI (set ahead)
  - Financial index
    - Profit (ROE/EBITDA etc)
    - SAV (ROIC-WACC)

- Business Foundation
  - Revenue
  - Market Value
  - Total Asset
  - TOP (Triple One Proportion)

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MOVE THE WORLD FORWARD

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