(Note) This is a translation of the official Japanese original for reference purposes only. In the event of any discrepancy between this translation and the official Japanese original, the Japanese original shall prevail. Please note that differences between this translation and those in the previous years may not necessarily mean that there have been changes in the official Japanese original, since the translation differences may stem only from a more accurate translation.

[Security Code: 7011]

Commencement Date of Electronic Provision Measures: May 28, 2026

Date of Issuance: June 9, 2026

To the Shareholders:

Eisaku Ito, President and CEO
Mitsubishi Heavy Industries, Ltd.
2-3, Marunouchi 3-chome,
Chiyoda-ku, Tokyo

NOTICE OF THE 101ST ANNUAL GENERAL MEETING OF SHAREHOLDERS

We are pleased to announce that the 101st Annual General Meeting of Shareholders of Mitsubishi Heavy Industries, Ltd. ("MHI") will be held as described below.
For this General Meeting of Shareholders, you may exercise your voting rights in writing or via the Internet (as indicated in the following "INSTRUCTIONS FOR VOTING").
Please examine the Reference Materials Relating to the General Meeting of Shareholders and exercise your voting rights in advance, by 5:30 p.m. on Thursday, June 25, 2026 (Japan time).

1. **Date and Time:** Friday, June 26, 2026 at 10:00 a.m. (Japan time)

2. **Place:** Tokyo Kaikan, 3F "Rose"
2-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo

3. **Purposes:**

To report on the following items:

Item No. 1: Business Report, Consolidated Financial Statements for the 2025 fiscal year (from April 1, 2025 to March 31, 2026), and Audit Report on the Consolidated Financial Statements by the Financial Auditor and Audit and Supervisory Committee.

Item No. 2: Non-consolidated Financial Statements for the 2025 fiscal year (from April 1, 2025 to March 31, 2026).

To consider and resolve the following proposals:

Proposal No. 1: Appropriation of Surplus

Proposal No. 2: Election of 7 Directors (Excluding Directors Who Are Serving as Audit and Supervisory Committee Members)

Proposal No. 3: Election of 1 Director Who Is Serving as an Audit and Supervisory Committee Member

4. **Matters Concerning Measures for Electronic Provision, Etc.:**

- When convening this General Meeting of Shareholders, MHI takes measures for electronic providing information that constitutes the content of the Reference Materials Relating to the General Meeting of Shareholders, etc. (items subject to measures for electronic provision), and posts this information as “Notice of the 101st Annual General Meeting of Shareholders” on each of the following websites. Please access either of those websites to review the information.

Website of MHI	Website Posting Informational Material for a General Meeting of Shareholders
https://www.mhi.com/jp/finance/stock/meeting/ (in Japanese)	https://d.sokai.jp/7011/teiji/ (in Japanese)

In addition to posting items subject to measures for electronic provision on the aforementioned websites, MHI also posts this information on the website of Tokyo Stock Exchange, Inc. (TSE) (Listed Company Search). To access this information, enter the issue name (Mitsubishi Heavy Industries) or security code (7011), and click “Search,” and then click “Basic information” and select “Documents for public inspection/PR information.”

Website of TSE
https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show (in Japanese)

- Among the items subject to measures for electronic provision, pursuant to the provisions of the laws of Japan and MHI’s Articles of Incorporation, the following items are not provided in the paper-based documents delivered to shareholders who have made a request for delivery of such documents.
  (i) “Establishing a Framework for Ensuring Appropriate Business Conduct” of Business Report
  (ii) “Consolidated Statement of Changes in Equity” and “Notes to the Consolidated Financial Statements” of Consolidated Financial Statements and “(Reference) Consolidated Statement of Cash Flows”
  (iii) “Non-consolidated Statement of Changes in Net Assets” and “Notes to the Non-consolidated Financial Statements” of Non-consolidated Financial Statements
- If revisions to the items subject to measures for electronic provision arise, a notice of the revisions and the details of the items before and after the revisions will be posted on each of the aforementioned websites.
- For other matters to be resolved in this notice of convocation, please refer to “INSTRUCTIONS FOR VOTING” below.

(End)

INSTRUCTIONS FOR VOTING

You are kindly requested to exercise your voting right by either of the following methods.

Exercise of Voting Rights in Writing

Please examine the Reference Materials Relating to the General Meeting of Shareholders and indicate whether you are for or against each proposal on the voting card sent together with this notice and post it without affixing a postage stamp.

If neither the "agree" nor "against" box on the voting card is checked, it will be deemed to be a vote to "agree" to the proposal.

Exercise due date: No later than 5:30 p.m., on Thursday, June 25, 2026 (Japan time)

Guidance for filling in the voting card

Proposal No. 1 and Proposal No. 3:

- When you are for the proposal, mark ○ in the "agree" box.
- When you are against the proposal, mark ○ in the "against" box.

Proposal No. 2:

- When you are for all of the proposed persons in the proposal, mark ○ in the "agree" box.
- When you are against all of the proposed persons in the proposal, mark ○ in the "against" box.
- If you are against certain candidates, mark ○ in the "agree" box, and also write the candidate number for each candidate you are against inside the parentheses on the right side of the "agree" box (a consecutively ordered number has been given to each candidate in the Reference Materials Relating to the General Meeting of Shareholders).

Exercise of Voting Rights via the Internet

Please examine the Reference Materials Relating to the General Meeting of Shareholders and indicate whether you are for or against each proposal by accessing the site "Procedures for Shareholders' Meetings" (https://evote.tr.mufg.jp/) (in Japanese).

For details, please refer to the "Instructions for Voting Right via the Internet" on the following.

Exercise due date: No later than 5:30 p.m., on Thursday, June 25, 2026 (Japan time)

Attend the General Meeting of Shareholders

Please present the voting card sent together with this notice to the reception desk on the day of the General Meeting of Shareholders.

Date and Time:	Friday, June 26, 2026 at 10:00 a.m. (The reception desk will open at 9:00 a.m.) (Japan time)
Place:	Tokyo Kaikan, 3F "Rose" 2-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo

- If you exercise your voting right by proxy, the proxy shall be limited to one other shareholder who has the voting right, pursuant to the provisions of Article 18 of MHI's Articles of Incorporation. In this case, in addition to the voting card for exercising voting rights as proxy and the letter of attorney, the proxy should submit the proxy's own voting card.

Handling of the Duplicated Exercises of Voting Rights for the Same Proposal

- If the voting right is exercised multiple times both in writing and via the Internet, the exercise of the voting right via the Internet will be deemed effective.
- If the voting right is exercised multiple times other than as described above, the last exercise of the voting right will be deemed effective.

Instructions for Voting Right via the Internet

1. Access to the Website for Exercise of Voting Rights

Access by scanning the QR code

Using a smartphone to scan the “Login QR code” printed on the voting card will result in you being taken automatically to the website for the exercise of voting rights. Please follow the directions that appear on the screen to indicate whether you are for or against each proposal.

> Depending on the model of smartphone used, it may not be possible to login using the QR code. If this is the case, please exercise your voting rights in accordance with “Access by entering a login ID and password,” below.
>
> * QR Code is a registered trademark of DENSO WAVE INCORPORATED.

Access by entering a login ID and password

Please indicate whether you are for or against each proposal by accessing the site “Procedures for Shareholders’ Meetings” (https://evote.tr.mufg.jp/) (in Japanese) in accordance with instructions on the screen.

Enter the login ID and temporary password printed on the voting card (or the password registered by the shareholder) and click Login button

2. Notes regarding the Exercise of the Voting Rights via the Internet

(1) When voting by a computer, please read the site’s “Terms of Use” and “Usage Guide.” When voting by a smartphone, please read the “Terms of Use” and “Usage Guide.”

(2) Please note that the website will be unavailable every day from 2:30 a.m. to 4:30 a.m. (Japan time).

(3) Shareholders will be responsible for the Internet connection charges and the communication charges, etc. arising when exercising their voting rights via the Internet.

(4) Please contact the following if you have questions about the site “Procedures for Shareholders’ Meetings”:

> Mitsubishi UFJ Trust and Banking Corporation, Corporate Agency Division (Help Desk)
> Telephone: 0120-173-027 (toll free)
> Service Hours: 9:00 a.m. to 9:00 p.m. (Japan time)

Shareholders participating in the “Electronic Proxy Voting Platform” managed by ICJ, Inc. may place their votes through this platform.

REFERENCE MATERIALS
RELATING TO THE GENERAL MEETING OF SHAREHOLDERS

Proposal No. 1: Appropriation of Surplus

MHI has set a basic policy of implementing returns to shareholders with a dividend on equity ratio (DOE: Dividends paid ÷ Shareholder equity (excluding OCI[*])) of 4% or above while considering a balance between "business growth" and "financial soundness."

Based on this policy and taking full account of our business results for the fiscal year under review, financial position as of the end of the fiscal year under review and others, MHI proposes to pay a dividend of ¥13 per share as the Year-end Dividend defined in Article 45 of the Articles of Incorporation. Combined with the Interim Dividend of ¥12 per share paid in December 2025, the total annual dividend will be ¥25 per share, an increase of ¥2 over that of the previous fiscal year (FY2024).

*OCI: Other comprehensive income (foreign currency translation adjustments, other valuation adjustments, etc.)

1. Kind of Dividend Property
   Cash

2. Dividend Allocation and Total Amount of Dividends
   Dividend allocation: ¥13 per share of MHI's common stock
   Total amount of dividends: ¥43,805,203,793

3. Effective Date of Dividend Allocation
   June 29, 2026

Proposal No. 2: Election of 7 Directors (Excluding Directors Who Are Serving as Audit and Supervisory Committee Members)

The terms of the 7 current Directors (excluding Directors who are serving as Audit and Supervisory Committee Members) will expire at the conclusion of this General Meeting of Shareholders. Accordingly, MHI proposes to elect 7 Directors (excluding Directors who are serving as Audit and Supervisory Committee Members).

Candidates for Directors (excluding Directors who are serving as Audit and Supervisory Committee Members) are as follows:

No.	Name		Position and Responsibility in MHI	The Number of Attendance at the Board of Directors Meetings (FY2025)	The Number of Years in Office as Director (as of the conclusion of this General Meeting of Shareholders)
1	Seiji Izumisawa	Re-election	Chairman of the Board	14 out of 14 times	9 years
2	Eisaku Ito	Re-election	*President and CEO*1 (Member of the Board)	10 out of 10 times	1 year
3	Masayuki Suematsu	Re-election	*Director (Member of the Board), Executive Vice President, CSO*2, President and CEO, Industrial Solution Systems	10 out of 10 times	1 year
4	Hiroshi Nishio	Re-election	*Director (Member of the Board), Senior Vice President, CFO*3	10 out of 10 times	1 year
5	Ken Kobayashi	Re-election Outside Independent	Director (Member of the Board)	13 out of 14 times	10 years
6	Nobuyuki Hirano	Re-election Outside Independent	Director (Member of the Board)	14 out of 14 times	7 years
7	Mitsuhiro Furusawa	Re-election Outside Independent	Director (Member of the Board)	14 out of 14 times	3 years

*1 CEO (Chief Executive Officer)
*2 CSO (Chief Strategy Officer)
*3 CFO (Chief Financial Officer)

(Notes)

1. An asterisk mark (*) indicates a Representative Director.
2. As Mr. Eisaku Ito, Mr. Masayuki Suematsu and Mr. Hiroshi Nishio took up their position as of June 27, 2025 (on the date of the 100th Annual General Meeting of Shareholders), the number of times they attended the Board of Directors meetings for the year is different from that of the other candidates.

1	**Seiji Izumisawa** (September 3, 1957: 68 years old) [Re-election]

Position and responsibility in MHI

Chairman of the Board

Number of MHI shares owned

398,100

Number of years in office as Director
(as of the conclusion of this General Meeting of Shareholders)

9 years

Number of times attended Board of Directors meetings in FY2025

14 out of 14 times

Career summary

April 1981	Joined Mitsubishi Heavy Industries, Ltd.
April 2008	Senior General Manager, Technology Management Department of Technical Headquarters
April 2011	Senior General Manager, Technology Management Department of Technology & Innovation Headquarters
April 2013	Senior Executive Officer, Mitsubishi Motors Corporation
June 2013	Director, Mitsubishi Motors Corporation
April 2016	Senior Vice President, Senior General Manager of Technology Strategy Office
June 2017	Director (Member of the Board), Full-time Audit and Supervisory Committee Member
June 2018	*Director (Member of the Board), Executive Vice President, CSO
April 2019	*President and CEO (Member of the Board) and CSO
April 2020	*President and CEO (Member of the Board)
April 2025	Chairman of the Board (Present position)

(Note) An asterisk mark (*) indicates a Representative Director.

Important concurrent positions

Director, Mitsubishi Research Institute, Inc.

Reason for nomination as a candidate for Director

Mr. Seiji Izumisawa has engaged in such areas as research and development, technology management and operations related to strategic technology development, and has made significant contributions to strengthening and developing MHI’s technology infrastructure. From June 2017 to June 2018, he filled the role of Director who is serving as an Audit and Supervisory Committee Member. From April 2019 to March 2025, he has served as President and CEO (Member of the Board), demonstrating superior management skills by drawing up and promoting strategy for MHI as a whole, and driving the development of a global structure. From April 2025, he has been serving as Chairman of the Board and conducting MHI’s management oversight as Chairman of Meetings of the Board of Directors. Based on these experiences and achievements, MHI judges that he will contribute to the sustained growth of MHI and improvement of its corporate value in the medium and long term through participation in MHI’s management decision-making, playing a leading role in management oversight, and hence MHI re-nominates Mr. Seiji Izumisawa as a candidate for Director.

Special interest between the candidate and MHI

There is no special interest between Mr. Seiji Izumisawa and MHI.

2	**Eisaku Ito** (October 19, 1963: 62 years old) [Re-election]

Position and responsibility in MHI

*President and CEO (Member of the Board)

Number of MHI shares owned

178,700

Number of years in office as Director
(as of the conclusion of this General Meeting of Shareholders)

1 year

Number of times attended Board of Directors meetings in FY2025

10 out of 10 times

Career summary

April 1987	Joined Mitsubishi Heavy Industries, Ltd.
April 2016	General Manager, Business Intelligence & Innovation Department of Marketing & Innovation Headquarters
April 2018	Fellow, Deputy Head of Research & Innovation Center
April 2019	Senior Vice President, CoCTO
April 2020	Executive Vice President, CTO
April 2022	Executive Vice President, CTO, CoCSO
April 2025	President and CEO
June 2025	*President and CEO (Member of the Board) (Present position)

(Note) An asterisk mark (*) indicates a Representative Director.

Important concurrent positions

None

Reason for nomination as a candidate for Director

Mr. Eisaku Ito has extensive business experience in MHI, including having been involved in operations related to research and development and marketing and innovation, and in addition has made significant contributions to development and process reforms across all of MHI's products. He has served as President and CEO since April 2025 and as President and CEO (Member of the Board) since June 2025, spearheading the formulation and implementation of MHI's overall strategy centered on "Group-Wide Optimization" and "Reach Expansion." He serves as CEO in charge of the system for execution of business of MHI. Based on these reasons, MHI judges that he will contribute to the sustained growth of MHI and improvement of its corporate value in the medium and long term through participation in MHI's management decision-making, providing management direction, and hence MHI re-nominates Mr. Eisaku Ito as a candidate for Director.

Special interest between the candidate and MHI

There is no special interest between Mr. Eisaku Ito and MHI.

* CTO (Chief Technology Officer)

3	**Masayuki Suematsu** (August 25, 1963: 62 years old) [Re-election]

Position and responsibility in MHI

*Director (Member of the Board), Executive Vice President, CSO, President and CEO, Industrial Solution Systems

Number of MHI shares owned

84,000

Number of years in office as Director
(as of the conclusion of this General Meeting of Shareholders)

1 year

Number of times attended Board of Directors meetings in FY2025

10 out of 10 times

Career summary

April 1986	Joined Mitsubishi Heavy Industries, Ltd.
January 2016	CEO, President, Mitsubishi Mahindra Agricultural Machinery Co., Ltd.
April 2019	Senior Vice President, Head of Business Strategy Office
April 2022	Senior Vice President, Head of Business Strategy Office, Vice President, Logistics, Thermal & Drive Systems
April 2023	Executive Vice President, CSO
June 2025	*Director (Member of the Board), Executive Vice President, CSO
April 2026	*Director (Member of the Board), Executive Vice President, CSO, President and CEO, Industrial Solution Systems (Present position)

(Note) An asterisk mark (*) indicates a Representative Director.

Important concurrent positions

None

Reason for nomination as a candidate for Director

Mr. Masayuki Suematsu has extensive global experience as CEO of MHI Group companies, and other roles. He became Head of Business Strategy Office in April 2019, and has worked as CSO under the CEO since April 2023, drawing up and promoting strategy for MHI as a whole. Based on these reasons, MHI judges that he will contribute to the sustained growth of MHI and improvement of its corporate value in the medium and long term through participation in MHI's management decision-making, playing a leading role in the overall planning of MHI's management policies, and hence MHI re-nominates Mr. Masayuki Suematsu as a candidate for Director.

Special interest between the candidate and MHI

There is no special interest between Mr. Masayuki Suematsu and MHI.

4	**Hiroshi Nishio** (January 5, 1968: 58 years old) [Re-election]

Position and responsibility in MHI

*Director (Member of the Board), Senior Vice President, CFO

Number of MHI shares owned

6,100

Number of years in office as Director
(as of the conclusion of this General Meeting of Shareholders)

1 year

Number of times attended Board of Directors meetings in FY2025

10 out of 10 times

Career summary

April 1990	Joined Mitsubishi Heavy Industries, Ltd.
January 2020	Executive Vice President, Mitsubishi Heavy Industries America, Inc.
April 2022	Senior General Manager, Financial Planning Division
April 2025	Senior Fellow, CoCFO
June 2025	*Director (Member of the Board), Senior Vice President, CFO (Present position)

(Note) An asterisk mark (*) indicates a Representative Director.

Important concurrent positions

None

Reason for nomination as a candidate for Director

Mr. Hiroshi Nishio has extensive business experience in MHI, including having been involved in financial and accounting operations for many years, as well as serving as leader of the finance departments of MHI’s major overseas Group companies. In April 2022 he became Senior General Manager, Financial Planning Division, and took up his role as CoCFO in April 2025 and CFO in June 2025, promoting financing activities that respond to economic conditions and the business environment. Based on these reasons, MHI judges that he will contribute to the sustained growth of MHI and improvement of its corporate value in the medium and long term through participation in MHI’s management decision-making as a person with expertise in the finances of MHI, and hence MHI re-nominates Mr. Hiroshi Nishio as a candidate for Director.

Special interest between the candidate and MHI

There is no special interest between Mr. Hiroshi Nishio and MHI.

5	**Ken Kobayashi** (February 14, 1949: 77 years old) [Re-election] [Outside] [Independent]

Position and responsibility in MHI

Director (Member of the Board)

Number of MHI shares owned

24,400

Number of years in office as outside director
(as of the conclusion of this General Meeting of Shareholders)

10 years

Number of times attended Board of Directors meetings in FY2025

13 out of 14 times

Career summary

July 1971	Joined Mitsubishi Corporation
June 2007	Member of the Board, Executive Vice President, Mitsubishi Corporation
June 2008	Executive Vice President, Mitsubishi Corporation
April 2010	Senior Executive Vice President, Mitsubishi Corporation
June 2010	Member of the Board, President and CEO, Mitsubishi Corporation
April 2016	Chairman of the Board, Mitsubishi Corporation
June 2016	Director (Member of the Board), Mitsubishi Heavy Industries, Ltd. (Present position)
April 2022	Member of the Board, Corporate Advisor, Mitsubishi Corporation
June 2022	Corporate Advisor, Mitsubishi Corporation (Present position)

Important concurrent positions

Corporate Advisor, Mitsubishi Corporation
Director, NISSIN FOODS HOLDINGS CO., LTD.
Chairman, The Japan Chamber of Commerce and Industry

Reason for nomination as a candidate for outside director and overview of expected roles

Mr. Ken Kobayashi is expected to perform supervision of MHI's overall management, because he has expertise in various fields, having served as a Member of the Board, President and CEO, and Chairman of the Board of Mitsubishi Corporation, and extensive knowledge and experience gained as top executive of global companies, and he will provide insightful views and frank assessments to the Board of Directors meetings and Nomination and Remuneration Committee, etc., as an outside director. As MHI judges that his election will contribute to the improvement of the soundness and transparency of MHI's management decision-making, and also help MHI achieve sustained growth and improvement of its corporate value in the medium and long term, MHI re-nominates Mr. Ken Kobayashi as a candidate for outside director.

Special interest between the candidate and MHI

There is no special interest between Mr. Ken Kobayashi and MHI.

Matters concerning the independence of outside director

Since Mr. Ken Kobayashi meets the "Independence Criteria for Outside Directors" (listed below) provided by MHI, MHI judges him to be independent from its management. Accordingly, MHI has notified Tokyo Stock Exchange, Inc. and other listed financial instruments exchanges in Japan that he is an independent director.

6	**Nobuyuki Hirano** (October 23, 1951: 74 years old) [Re-election] [Outside] [Independent]

Position and responsibility in MHI

Director (Member of the Board)

Number of MHI shares owned

38,700

Number of years in office as outside director
(as of the conclusion of this General Meeting of Shareholders)

7 years

Number of times attended Board of Directors meetings in FY2025

14 out of 14 times

Career summary

April 1974	Joined The Mitsubishi Bank, Limited
June 2005	Managing Executive Officer, The Bank of Tokyo-Mitsubishi, Ltd.
	Member of the Board of Directors, Mitsubishi Tokyo Financial Group, Inc.
October 2008	Member of the Board of Directors, Senior Managing Executive Officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd.
June 2009	Member of the Board of Directors, Deputy President, The Bank of Tokyo-Mitsubishi UFJ, Ltd.
	Managing Executive Officer, Mitsubishi UFJ Financial Group, Inc.
June 2010	Member of the Board of Directors, Mitsubishi UFJ Financial Group, Inc.
October 2010	Member of the Board of Directors, Deputy President, Mitsubishi UFJ Financial Group, Inc.
April 2012	President and CEO, The Bank of Tokyo-Mitsubishi UFJ, Ltd.
	Member of the Board of Directors, Mitsubishi UFJ Financial Group, Inc.
April 2013	President and CEO, Mitsubishi UFJ Financial Group, Inc.
June 2015	Member of the Board of Directors, President & Group CEO (Representative Corporate Executive), Mitsubishi UFJ Financial Group, Inc.
April 2016	Chairman of the Board of Directors, The Bank of Tokyo-Mitsubishi UFJ, Ltd.
April 2019	Member of the Board of Directors, Chairman (Corporate Executive), Mitsubishi UFJ Financial Group, Inc.
	Member of the Board of Directors, MUFG Bank, Ltd. (until April 2020)
June 2019	Director (Member of the Board), Audit and Supervisory Committee Member, Mitsubishi Heavy Industries, Ltd.
April 2021	Member of the Board of Directors, Mitsubishi UFJ Financial Group, Inc. (until June 2021)
	Senior Advisor, MUFG Bank, Ltd. (Present position)
June 2021	Director (Member of the Board), Mitsubishi Heavy Industries, Ltd. (Present position)

Important concurrent positions

Senior Advisor, MUFG Bank, Ltd.

Director, Mitsubishi Research Institute, Inc.

Reason for nomination as a candidate for outside director and overview of expected roles

Mr. Nobuyuki Hirano is expected to perform supervision of MHI's overall management, because he has extensive knowledge and experience gained as a top executive at international financial institutions, including holding the positions of President & Group CEO and Chairman (Corporate Executive) of Mitsubishi UFJ Financial Group, Inc. and President and Chairman of the Board of Directors of MUFG Bank, Ltd. and he will provide insightful views and frank assessments to the Board of Directors meetings and Nomination and Remuneration Committee, etc., as an outside director. As MHI judges that his election will contribute to the improvement of the soundness and transparency of MHI's management decision-making, and also help MHI achieve sustained growth and improvement of its corporate value in the medium and long term, MHI re-nominates Mr. Nobuyuki Hirano as a candidate for outside director.

Special interest between the candidate and MHI

There is no special interest between Mr. Nobuyuki Hirano and MHI.

Matters concerning the independence of outside director

Since Mr. Nobuyuki Hirano meets the "Independence Criteria for Outside Directors" (listed below) provided by MHI, MHI judges him to be independent from its management. Accordingly, MHI has notified Tokyo Stock Exchange, Inc. and other listed financial instruments exchanges in Japan that he is an independent director. Although Mitsubishi Memorial Foundation for Educational Excellence, at which he served as Chairman, receives donations from MHI, the amount of donations given to the foundation does not exceed the criteria amount set forth in the "Independence Criteria for Outside Directors," and this is deemed not to have any impact on his independence.

7	**Mitsuhiro Furusawa** (February 20, 1956: 70 years old) [Re-election] [Outside] [Independent]

Position and responsibility in MHI
Director (Member of the Board)

Number of MHI shares owned
6,900

Number of years in office as outside director
(as of the conclusion of this General Meeting of Shareholders)
3 years

Number of times attended Board of Directors meetings in FY2025
14 out of 14 times

Career summary

April 1979	Joined Ministry of Finance
August 2012	Director-General of the Financial Bureau, Ministry of Finance
March 2013	Vice Minister of Finance for International Affairs, Ministry of Finance
July 2014	Special Advisor to the Prime Minister, Special Advisor to the Minister of Finance
March 2015	Deputy Managing Director, the International Monetary Fund (IMF)
December 2021	President, Institute for Global Financial Affairs, Sumitomo Mitsui Banking Corporation (Present position)
June 2023	Director (Member of the Board), Mitsubishi Heavy Industries, Ltd. (Present position)

Important concurrent positions
President, Institute for Global Financial Affairs, Sumitomo Mitsui Banking Corporation
Director, TIS Inc.

Reason for nomination as a candidate for outside director and overview of expected roles
Mr. Mitsuhiro Furusawa is expected to perform supervision of MHI's overall management, even though he has not been involved in corporate management, except for acting as an outside director or outside statutory auditor, because he has wide range of insights related to financial policy gained as a regulator and a global perspective gained as an international institution executive when he served as Vice Minister of Finance for International Affairs and Deputy Managing Director of the International Monetary Fund (IMF), and he will provide insightful views and frank assessments to the Board of Directors meetings and Nomination and Remuneration Committee, etc., as an outside director. As MHI judges that his election will contribute to the improvement of the soundness and transparency of MHI's management decision-making, and also help MHI achieve sustained growth and improvement of its corporate value in the medium and long term, MHI re-nominates Mr. Mitsuhiro Furusawa as a candidate for outside director.

Special interest between the candidate and MHI
There is no special interest between Mr. Mitsuhiro Furusawa and MHI.

Matters concerning the independence of outside director
Since Mr. Mitsuhiro Furusawa meets the "Independence Criteria for Outside Directors" (listed below) provided by MHI, MHI judges him to be independent from its management. Accordingly, MHI has notified Tokyo Stock Exchange, Inc. and other listed financial instruments exchanges in Japan that he is an independent director.

(Notes)

1. Mr. Ken Kobayashi, Mr. Nobuyuki Hirano and Mr. Mitsuhiro Furusawa are the candidates for outside directors as defined in Article 2, paragraph (3), item (vii) of the Regulations for Enforcement of the Companies Act.
2. MHI has entered into a liability limitation agreement with Mr. Ken Kobayashi, Mr. Nobuyuki Hirano and Mr. Mitsuhiro Furusawa, which provides a limitation on their liabilities to compensate for damages under Article 423, paragraph (1) of the Companies Act, the amount of which is the higher of ¥10 million or the minimum amount of liability defined in Article 425, paragraph (1) of the Companies Act. Should Mr. Ken Kobayashi, Mr. Nobuyuki Hirano and Mr. Mitsuhiro Furusawa be elected, MHI is bound to continue the above-mentioned agreement with each of them.
3. MHI plans to enter into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The policy will cover indemnification and the litigation expenses arising from the legal liability of damages that are assumed by an insured in a case where the insured receives a claim etc. relating to the pursuit of liability arising from the performance of duties. However, the aforementioned policy does not cover losses, etc. arising from intentional misconduct or fraudulent acts by the aforementioned insured.
   MHI's Directors are insureds under the aforementioned policy, and the full amount of the insurance premiums for all insureds is borne by MHI. For every candidate, if their election to the position of a Director is approved, they will become an insured under the aforementioned policy. During the terms of office, MHI plans to renew the aforementioned policy with the same terms and conditions.

4. On August 22, 2024, NISSIN FOOD PRODUCTS CO., LTD., a wholly owned subsidiary of NISSIN FOODS HOLDINGS CO., LTD., where Mr. Ken Kobayashi serves as Outside Director, received a warning from the Japan Fair Trade Commission for behavior likely to be in violation of the provisions of the Antimonopoly Act (resale price maintenance). Mr. Ken Kobayashi was not aware of the fact and has, by making use of meetings of the Board of Directors and other opportunities, called for greater vigilance from the viewpoint of ensuring compliance. Furthermore, since this behavior came to light, he has been fulfilling his responsibilities by thoroughly investigating the facts and offering advice to ensure that there is no recurrence of such situations.

■ Opinions of the Audit and Supervisory Committee

In regard to the election, etc. and remuneration, etc. of Directors who are not serving as Audit and Supervisory Committee Members, all three outside directors who are serving as Audit and Supervisory Committee Members attended the “Nomination and Remuneration Committee” and provided their respective opinions, and the full-time Audit and Supervisory Committee Members confirmed, such matters as the approach to remuneration structure and the specific computation method of remuneration, as well as the basic framework and approach relating to the Board of Directors and Directors of MHI and the policy for nominating the candidates for such Directors and made reports and participated in mutual discussions at a meeting of the Audit and Supervisory Committee.

Accordingly, the Audit and Supervisory Committee has determined that there are no special matters or opinions that need to be stated at the General Meeting of Shareholders with regard to the election, etc. and remuneration, etc. of Directors who are not serving as Audit and Supervisory Committee Members, based on the provisions of the Companies Act.

Proposal No. 3: Election of 1 Director Who Is Serving as an Audit and Supervisory Committee Member

The term of the current Director who is serving as an Audit and Supervisory Committee Member, Mr. Masayuki Fujisawa, will expire at the conclusion of this General Meeting of Shareholders.

Accordingly, MHI proposes to elect 1 Director who is serving as an Audit and Supervisory Committee Member.

The candidate for Director who is serving as an Audit and Supervisory Committee Member is as follows.

In addition, the consent of the Audit and Supervisory Committee has been obtained for this proposal.

Mr. Hisato Kozawa, Mr. Hiroo Unoura, Ms. Noriko Morikawa and Ms. Masako Ii will continue in their role as Directors who are serving as Audit and Supervisory Committee Members.

Katsunori Tanaka

(May 28, 1962: 64 years old)

[Newly nominated]

Position and responsibility in MHI

(Newly nominated)

Number of MHI shares owned

14,200

Number of years in office as Director
(as of the conclusion of this General Meeting of Shareholders)

–

Number of times attended Board of Directors meetings in FY2025

–

Number of times attended the Audit and Supervisory Committee meetings in FY2025

–

Career summary

April 1988	Joined Mitsubishi Heavy Industries, Ltd.
October 2021	General Manager, GTCC Business Division, Energy Transition & Power Headquarters, Energy Systems
April 2023	Senior Fellow, General Manager, GTCC Business Division, Energy Systems
April 2024	Senior Fellow, Deputy Head of GX Solutions
April 2026	Senior Fellow, General Manager, Plants & Infrastructure Systems (Present position)

Important concurrent positions

None

Reason for nomination as a candidate for Director

Mr. Katsunori Tanaka has extensive business experience in MHI, including having been involved in design work for the GTCC business and management of the GX business. As MHI judges that his participation in its management decision-making as a person who has expertise in MHI’s technology will contribute to ensuring effective audits and ensuring soundness and appropriateness and improving transparency of its management decision-making, and also help MHI achieve sustained growth and improvement of its corporate value in the medium and long term, MHI nominates Mr. Katsunori Tanaka as a candidate for Director who is serving as an Audit and Supervisory Committee Member.

Special interest between the candidate and MHI

There is no special interest between Mr. Katsunori Tanaka and MHI.

(Note)

MHI plans to enter into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The policy will cover indemnification and the litigation expenses arising from the legal liability of damages that are assumed by an insured in a case where the insured receives a claim etc. relating to the pursuit of liability arising from the performance of duties. However, the aforementioned policy does not cover losses, etc. arising from intentional misconduct or fraudulent acts by the aforementioned insured.

MHI’s Directors are insureds under the aforementioned policy, and the full amount of the insurance premiums for all insureds is borne by MHI. For Mr. Katsunori Tanaka, if his election to the position of a Director is approved, he will become an insured under the aforementioned policy. During the term of office of the elected Director, MHI plans to renew the aforementioned policy with the same terms and conditions.

Matters for Consideration for Proposals No. 2 and No. 3

■ **Policy and Procedures for Nominating Candidates for Directors**

As a company that provides the infrastructure that forms the foundation of society, MHI will work toward separating management oversight and execution in order to pursue the realization of supervision with a high degree of soundness and transparency, which includes an external point of view, and to improve the efficiency and flexibility concerning execution of business, which will promote sustained growth and improved corporate value in the medium and long term.

To realize this, it will be MHI’s policy to nominate as candidates to be Directors (excluding Directors who are serving as Audit and Supervisory Committee Members) of the individuals from MHI who are active in the core of MHI’s management, who have extensive experience in executing MHI’s business, and who see things from the perspective of a senior management; and in addition, to invite more than one individual as candidates for the role of outside directors to perform supervision from an objective standpoint while giving consideration to external stakeholders. Furthermore, from the perspective of ensuring effective audits, as Directors who are serving as Audit and Supervisory Committee Members, MHI’s policy is to select individuals who have extensive knowledge and experience in various fields such as corporate management, legal, finance and accounting in a well-balanced manner.

When selecting Director candidates, the “Nomination and Remuneration Committee” constituted by the outside directors, the Chairman of the Board and the President and CEO, prepares a proposed list of candidates based on the above policy, from which the Board of Directors selects the final Director candidates.

■ Independence Criteria for Outside Directors

Anyone who meets any of the following criteria, in addition to the independence criteria prescribed by Tokyo Stock Exchange, Inc. and other listed financial instruments exchanges in Japan, shall not be deemed to be independent by MHI.

1. A person who is currently:

(i) A major shareholder of MHI (i.e., a shareholder who holds 10% or more of voting rights), or any executive (a person who executes operations) of such shareholder;

(ii) A counterparty with whom MHI transacts in cases when MHI's transaction amount with said counterparty in the last business year exceeded 2% of MHI's annual consolidated gross sales in amount, or any executive of said counterparty;

(iii) A counterparty that transacts with MHI in cases when said counterparty's transaction amount with MHI in the last business year exceeded 2% of said counterparty's annual consolidated gross sales in amount, or any executive of said counterparty;

(iv) A financial institution or any large creditor on which MHI is dependent to the extent that it is indispensable for MHI's financing and is not substitutable, or any executive of said financial institution or large creditor;

(v) A certified public accountant or employee, partner or staff of an audit corporation serving as the financial auditor of MHI (excluding staff serving as an assistant);

(vi) Any executive of an organization that received a donation or subsidy from MHI exceeding ¥10 million or 30% of said organization's average annual total expenses in the last business year, whichever is higher;

(vii) An attorney, certified public accountant, certified tax accountant or any other consultant who received ¥10 million or more in the form of money or other financial benefits on average in the past three business years from MHI, other than remuneration as an MHI officer; or

(viii) Anyone who belongs to a law firm, audit corporation, tax accountant corporation, consulting firm or any other expert advisory firm that received payments accounting for 2% or more of its annual consolidated gross sales on average in the past three business years from MHI (excluding staff serving as an assistant).

2. A person who corresponded to any of the items from (i) to (vi) above at any point in time over the past three years.

Structure of the Board of Directors After the Election and the Directors' Skill Matrix

If Proposals No. 2 and No. 3 are approved as submitted, the Board of Directors is scheduled to be comprised as shown in the table below.
MHI Group has set out Our Principles as the fundamental management philosophy and objectives and periodically formulates business plans in order to steadily fulfill these. MHI Group states that the mission is to integrate cutting-edge technology into expertise built up over many years to provide solutions to the changing social issues and provide better lives.
Under this mission, for oversight of the management of MHI Group that is globally operating diverse businesses, it is necessary to appropriately track "social issues and trends" including relationships with all stakeholders based on the assumption of a deep understanding of the Group's basic philosophy and business, and discuss from diverse perspectives such as "strengthening the technological foundation, human resource foundation and financial foundation", and "risk management".
For these reasons, we believe it is important that there be knowledge, experience and expertise in "socio-economic issues", "risk management and compliance", "global enterprise management", "technology and digitalization", "marketing", "finance and accounting", and "human resource development". MHI Board of Directors requires a good balance of these attributes.
The knowledge, experience and expertise possessed by each Director is as shown in the table below and we believe the Board of Directors has an appropriate mix of such knowledge, experience and expertise.

Name	Gender	Position and Responsibility in MHI	Number of years in office (as of the conclusion of this General Meeting of Shareholders)	Outside Director	Independent Director	Knowledge, experience and expertise						
						Socio-Economic Issues	Risk Manage-ment / Compli-ance	Global Enterprise Manage-ment	Technology /Digitaliza-tion	Marketing	Finance Accoun-ting	Human Resource Development
Seiji Izumisawa	Male	Chairman of the Board	9			○	○	○	○	○		
Eisaku Ito	Male	President and CEO (Member of the Board)	1			○	○	○	○	○		○
Masayuki Suematsu	Male	Director (Member of the Board), Executive Vice President, CSO, President and CEO, Industrial Solution Systems	1			○	○	○		○		
Hiroshi Nishio	Male	Director (Member of the Board), Senior Vice President, CFO	1			○	○	○		○	○	
Ken Kobayashi	Male	Director (Member of the Board)	10	○	○	○	○	○		○		
Nobuyuki Hirano	Male	Director (Member of the Board)	7	○	○	○	○	○			○	
Mitsuhiro Furusawa	Male	Director (Member of the Board)	3	○	○	○	○				○	
Hisato Kozawa	Male	Director (Member of the Board) Full-time Audit and Supervisory Committee Member	6			○	○	○			○	
Katsunori Tanaka	Male	Director (Member of the Board) Full-time Audit and Supervisory Committee Member	Newly nominated			○	○		○			
Hiroo Unoura	Male	Director (Member of the Board) Audit and Supervisory Committee Member	7	○	○	○	○	○		○		○
Noriko Morikawa	Female	Director (Member of the Board) Audit and Supervisory Committee Member	6	○	○	○	○	○			○	○
Masako Ii	Female	Director (Member of the Board) Audit and Supervisory Committee Member	5	○	○	○	○					○

(Note) Sections marked with "○" in the table do not indicate all the knowledge, experience and expertise of such Directors.

Status of holdings and reduction of shares held for purposes other than pure investment

MHI acquires and holds shares of other companies for the purpose of developing its business strategies, creating business opportunities, and establishing, maintaining and strengthening business relationships that leads to the development and creation, only upon having judged that such holdings will facilitate MHI’s sustainable growth and medium- to long-term improvement in social and economic value. MHI acquired 2 issues/¥0.1 billion (including additional acquisition) and sold, etc. 6 issues/¥91.4 billion (including partial sales) in FY2025. As a result, the total amount recorded on the balance sheet as of the end of FY2025 was ¥227.8 billion (up ¥14.4 billion from the end of FY2024; increased as a whole since the share prices of shares held rose in FY2025), thereby constituting 7.1% of total equity on a consolidated basis (down 1.5% from the end of FY2024).
While continuing to make investments to build partnerships in such growth areas, MHI will work to keep them to less than 10% of total equity on a consolidated basis.
Please see the “Corporate Governance Guidelines of Mitsubishi Heavy Industries, Ltd." for MHI’s policy on holding shares for purposes other than pure investment, the method of verifying the rationality of holdings, and the approach to exercising voting rights.
(https://www.mhi.com/finance/management/governance/pdf/corporate_governance.pdf)

Number of Issues and Amount Recorded on the Balance Sheet

	As of the end of FY2025	
	Number of issues	Total amount recorded on balance sheet (Billions of Yen)
Non-listed shares	144	57.8
Shares other than non-listed shares	30	169.9
Total	174	227.8

(End)

BUSINESS REPORT FOR THE 2025 FISCAL YEAR
(April 1, 2025 to March 31, 2026)

OVERVIEW OF MITSUBISHI HEAVY INDUSTRIES, LTD. (MHI) GROUP

1 REVIEW AND THE RESULTS OF BUSINESS ACTIVITIES

OVERVIEW

During the fiscal year under review, the global economy continued to grow steadily overall, driven by increased investments such as in AI-related technologies. The Japanese economy also maintained a moderate recovery trend, led primarily by corporate investment in digital technologies and personal consumption. On the other hand, the outlook remained uncertain due to factors such as uncertainty surrounding economic policies and instability in international politics, including the situation in the Middle East.

■ Orders, Sales and Profits/Losses

In this operating environment, consolidated orders received by MHI Group in the fiscal year under review increased by ¥1,248.4 billion year on year to ¥7,653.6 billion amid significant gains posted by Energy Systems in particular.

Revenue increased by ¥613.0 billion year on year to ¥4,974.1 billion amid gains posted by Aircraft, Defense & Space, Energy Systems, and Plants & Infrastructure Systems.

Profit from business activities recorded a gain of ¥77.2 billion year on year to ¥432.2 billion, due to gains in Energy Systems, Aircraft, Defense & Space, Plant & Infrastructure Systems, and other segments.

Profit before income taxes increased by ¥122.6 billion year on year to ¥474.6 billion, while profit attributable to owners of parent increased by ¥86.6 billion year on year to ¥332.1 billion.

As a result, and in a continuation of the previous fiscal year, the MHI Group achieved record highs across the board with respect to consolidated orders received, profit from business activities, and profit attributable to owners of parent.

(Note) The business operations related to Mitsubishi Logisnext Co., Ltd. (currently LOGISNEXT CO., LTD.) and its subsidiaries and affiliates have been classified as discontinued operations. Accordingly, consolidated orders received, revenue, profit from business activities, and profit before income taxes for the current and prior fiscal years are presented excluding discontinued operations.

■ MHI Group Initiatives in FY2025

Under the current 2024 Medium-Term Business Plan ("2024 MTBP"), we have set targets for FY2026 (ending March 31, 2027), including revenue of ¥5.7 trillion or higher, profit from business activities of ¥450.0 billion (business profit margin of 8%) or higher, and ROE upwards of 12%, while concurrently pursuing shareholder returns in a manner that involves maintaining stable dividends and increasing dividends in alignment with profit growth. To achieve these targets, we continued to focus on "steadfastly engaging in growth business" and "promoting commercialization in growth areas," while also promoting business portfolio optimization and the utilization of digital technologies such as AI.

In addition, we established "a virtuous cycle of high profitability and growth investments" as our new management policy in May 2025. To achieve this, we are promoting "Innovative Total Optimization (ITO)," which involves working toward "Group-Wide Optimization" and "Reach Expansion" at an unprecedented pace.

"Group-Wide Optimization" refers to pursuing synergies by strengthening the value chain optimization on the vertical axis and interdepartmental collaboration on the horizontal axis. We are enhancing our business execution capabilities to reliably deliver products and services in a timely manner by improving throughput through shorter lead times on the vertical axis and leveraging specialized technologies and insights company-wide on the horizontal axis.

"Reach Expansion" refers to the creation of new value by anticipating potential needs and intelligently connecting different fields, while expanding business domains by approaching new customers and regions through the use of licenses, partnerships and IT.

As a result of these initiatives, we achieved our business profit margin and ROE targets one year ahead of schedule.

- Status of growth business

In the energy field, gas turbines saw significant global market growth driven by factors such as rising electricity demand. We continued to receive many orders in North America, Asia, and other regions, primarily for our cutting-edge JAC Series*1. In the nuclear power field, we provided support for the restarting of existing plants and conducted construction work to establish nuclear fuel cycles. In addition, the basic design for our Advanced Light Water Reactor SRZ-1200 has been largely completed, and we are currently exchanging opinions with regulatory authorities regarding design items.

In the field of defense, we continued to receive many orders for naval ships and missiles, including a contract for three upgraded Mogami-class frigates as part of Australia's next-generation general-purpose frigate program. We also made progress in developing technologies in cutting-edge fields, including the development of AI for unmanned aerial vehicles and successful flight demonstration of them.

*1 J-series Air-Cooled

- Status of promoting commercialization in growth areas

In the 2024 MTBP, we identified the data center related business and Energy Transition as growth areas and moved forward with commercializing these initiatives.

In the data center related business, we established a new business base in the U.S., a key market, and strengthened our engineering, sales, and service offerings. In April this year, we incorporated related organizations into our business divisions to accelerate commercialization.

In the field of Energy Transition, we also received orders for multiple projects, including a CO_2 capture facility for a cement plant in the U.K. that will capture approximately 800,000 tonnes of CO_2 annually.

- **Optimizing the business portfolio**

We made proactive and priority investments to achieve “steadfastly engaging in growth business” and “promoting commercialization in growth areas,” while also optimizing the allocation of management resources. We determined that for Mitsubishi Logisnext Co., Ltd. (currently LOGISNEXT CO., LTD.) in particular, entrusting the company to an external partner capable of making the necessary investments would contribute to enhancing the company’s corporate value, and consequently revised our capital relationship in May 2026.

- **Utilization of digital technologies such as AI**

We also focused on enhancing competitiveness by utilizing digital technologies, such as AI, to ensure the sustainable growth of our Group’s diverse businesses.

For our value chain, we are establishing an environment for the use of generative AI and working to improve daily operations, among other initiatives. In addition, we are expanding the number of internal AI users through various activities, while also redesigning business processes such as collaboration with AI to improve productivity.

To enhance product competitiveness, in our paper converting machinery service business in North America, we provided digital services using AR*2,, , improved service processes through DX, and utilized AI in the customer portal. As a result, we realized a virtuous cycle of improvement in construction performance through labor saving and speed-up, and an increase in the number of contracts.

*2 Augmented Reality

REVIEW OF BUSINESS SEGMENTS

Energy Systems

Consolidated order intake totaled ¥3,936.7 billion, up from the previous fiscal year, due to increases in GTCC arising from growing demand for electricity stemming from decarbonization and data centers, etc., as well as an increase in nuclear power systems driven by construction work related to the nuclear fuel cycle, etc.

Revenue and profit from business activities came to ¥2,062.6 billion and ¥267.2 billion respectively, both up from the previous fiscal year and driven mainly by growth in GTCC and nuclear power systems.

Main Businesses
Thermal power systems (GTCC[*1], steam power), nuclear power systems (light water reactors, nuclear fuel cycle, advanced solutions), wind power systems, aero engines, compressors, marine machinery *1: Gas Turbine Combined Cycle

Plants & Infrastructure Systems

Consolidated orders received increased year on year to ¥1,158.0 billion, due to factors such as an EPC contract received for a large-scale fertilizer plant, and an order received for CO_2 capture plant projects in the United Kingdom.

Revenue from business activities came to ¥880.8 billion, up from the previous fiscal year and driven by increases in engineering and machinery systems.

Profit from business activities came to ¥84.1 billion, up from the previous fiscal year and driven by increases in metals machinery, machinery systems, and engineering.

Main Businesses
Metals machinery, commercial ships, engineering (transportation systems, chemical plants), environmental systems, machinery systems (paper converting machinery, ITS[*2], test equipment) *2: Intelligent Transport Systems

Logistics, Thermal & Drive Systems

Consolidated orders received decreased year on year to ¥638.1 billion, despite growth in engines, centered on those bound for data centers, due to factors including a decline in air-conditioning & refrigeration systems caused by the slump in China’s real estate market and stagnation in the European heat pump market.

Revenue came to ¥630.8 billion, below the level of the previous fiscal year, despite an increase in engines, mainly due to a decrease in air-conditioning & refrigeration systems.

Profit from business activities came to ¥33.0 billion, up from the previous fiscal year, mainly due to increases in engines and turbochargers.

Main Businesses
Air-conditioning & refrigeration systems, engines, turbochargers, automotive thermal systems

Aircraft, Defense & Space

Consolidated orders received declined year on year to ¥1,929.4 billion, despite an increase in naval ships, such as the frigates for Australia, and commercial aviation, primarily due to a decline in orders for missile systems following a large order received in the previous fiscal year.

Revenue surpassed the level of the previous fiscal year to hit ¥1,393.8 billion, buoyed by increases in missile systems, defense aircraft, commercial aviation, and other products. Profit from business activities rose year on year to ¥151.5 billion as a result of increases in missile systems, defense aircraft, and other products.

Main Businesses
Commercial aviation, defense aircraft, missile systems, naval ships, maritime systems (torpedoes), special vehicles (tanks), space systems

Others

Although consolidated orders received fell year on year to ¥77.1 billion, revenue rose year on year to ¥75.9 billion. Profit or loss from business activities deteriorated year on year to loss of ¥26.8 billion.

Main Businesses
The businesses categorized in growth areas such as data center & energy management, asset businesses, etc.

2 KEY ISSUES FOR MHI GROUP

The environment in which the MHI Group operates continues to undergo significant changes.

There is growing instability in international politics and increased risks of supply chain disruptions, and the manufacturing industry's infrastructure is weakening in many countries. Furthermore, while social issues such as natural disasters and labor shortages are becoming more pronounced, technological innovation centered on AI is advancing at a remarkable pace.

In this business environment, we are seeing an expansion in areas where we can contribute to solving these issues, and more business opportunities than ever before are being created.

Specifically, business opportunities in the perspective of resilience are anticipated in areas such as realizing a safe and secure society, supplying energy in a stable manner, rebuilding the foundation of the manufacturing industry, addressing diversification in social infrastructure needs, strengthening customers' BCM*1, and achieving a balance between the economy and environment. It is an urgent priority that we formulate growth strategies to reliably capture these opportunities while enhancing business execution capabilities at a pace that outstrips that of change.

To this end, we will continue to accelerate various initiatives based on ITO's two pillars of "Group-Wide Optimization" and "Reach Expansion." While strengthening our human capital base and advancing DX, we will focus on items such as "steadfastly engaging in growth business" and "promoting commercialization in growth areas."

*1 Business Continuity Management

- ITO initiatives centering on growth business

In the energy (GTCC*2 and nuclear power) and defense fields, we will steadily and timely fulfill the numerous orders we have won against a backdrop of booming demand while maintaining high quality.

As our "Group-Wide Optimization" vertical axis initiative, we will expand production capacity through an efficient, waste-free system, by means such as the optimization of GTCC production processes. Furthermore, as the horizontal axis initiative, we will work to improve production capacity by applying other businesses' know-how and AI, etc. to missile systems business. We will also ensure the reliable execution of projects by intensively deploying personnel with overseas plant experience and plant engineers from across business departments from the early stages of construction such as Australia's next-generation general-purpose frigate program and GTCC projects. We will realize a transformation to high-profitability structure through the implementation of these " Group-Wide Optimization."

Furthermore, as our "Reach Expansion" initiative, we will invest in growth to create new customer value from a long-term perspective that is free from stereotypes.

In pursuing these initiatives, we will create synergies by flexibly utilizing the abundant technology, experience, and human resources that our group has cultivated over the years as a common platform across divisions and product fields.

*2 Gas Turbine Combined Cycle.

- Promoting commercialization in growth areas

While demand in the data center related market is expanding due to advancements in generative AI and IoT, challenges remain, such as shortages in the supply of equipment for power supply, cooling, and power distribution, etc. We will contribute to achieving both efficiency and stability in data center operations by modularizing these systems, providing optimized utility services, and offering equipment maintenance and support. Furthermore, in response to growing customer demand for high-security environments, we will promote the development of products compatible with distributed digital infrastructure.

For Energy Transition, we are proceeding along a realistic path that takes into account energy security and the maintenance of industrial competitiveness. We are advancing product development in areas such as CO_2 capture and ORC*3 for next-generation geothermal power generation from the perspective of providing solutions that are both realistic and economically viable, and are focusing on the achieving S+3E*4.

MHI Group acknowledges that the growth areas will change in accordance with social needs, and will formulate and promote strategies while focusing on our wide “Resilience infrastructure”.

*3 Organic Rankine Cycle

*4 Safety, Energy security, Economic efficiency, Environment

- Strengthening the human capital base and promoting DX

In order to steadfastly engage in business and support sustainable growth, it is essential that we build a robust human capital base while simultaneously improving productivity. We will steadily expand our human resources and provide optimal training that fits the particular business to help new employees adapt to the organization quickly and perform effectively.

Furthermore, we will promote codification of expert knowledge using AI to ensure that manufacturing technologies and skills—the source of the MHI Group’s competitiveness—are reliably passed on to the next generation.

Moreover, by utilizing design support IT tools applicable to a wide range of products and by consolidating systems, we will achieve both faster operations and maximized efficiency of IT investments.

In order to cultivate DI*5 talent that is the core of our DX initiatives, we will continue our efforts to visualize growth through a tiered certification system, share insights through community activities, and foster practical application.

*5 Digital Innovation

MHI Group seeks to contribute to solving social problems through the various measures described above. In developing and growing our business in this way, we will continue to manage our operations as we have thus far based on our awareness that compliance is a prerequisite for our operations. Accordingly, we ask our shareholders for their continued understanding and support in these endeavors.

■ OPERATING RESULTS AND FINANCIAL CONDITIONS

Item	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
(Billions of Yen)						
Orders received	3,336.3	4,067.7	4,501.3	6,684.0	6,405.1	7,653.6
Revenue	3,699.9	3,860.2	4,202.7	4,657.1	4,361.1	4,974.1
Overseas revenue ratio	47.4%	51.1%	57.0%	58.1%	54.1%	52.7%
Profit from business activities	54.0	160.2	193.3	282.5	354.9	432.2
Profit from business activities to revenue ratio	1.5%	4.2%	4.6%	6.1%	8.1%	8.7%
Profit before income taxes	49.3	173.6	191.1	315.1	352.0	474.6
Profit attributable to owners of parent	40.6	113.5	130.4	222.0	245.4	332.1
Total assets	4,810.7	5,116.3	5,474.8	6,256.2	6,658.9	8,269.7
Total equity	1,439.3	1,662.5	1,833.9	2,360.6	2,469.8	3,228.4
Return on equity (ROE)	3.1%	7.7%	7.9%	11.1%	10.7%	12.2%
Cash flows from operating activities	(94.9)	285.5	80.8	331.1	530.4	942.6
Cash flows from investing activities	(182.2)	16.3	(45.5)	(131.0)	(187.7)	(49.1)
Free cash flows	(277.1)	301.8	35.3	200.1	342.7	893.4
Cash flows from financing activities	221.7	(255.7)	(18.9)	(158.9)	(114.1)	(274.5)
Research and development expenses	125.7	113.6	127.4	178.3	210.9	289.0
Capital investment	116.5	115.0	142.3	193.9	144.7	178.3
Per share information of common stock (Yen)						
Basic earnings per share	12.09	33.82	38.84	66.07	73.04	98.86
Diluted earnings per share	12.08	33.81	38.83	66.04	73.02	98.84
Equity attributable to owners of parent per share	406.47	469.64	518.31	667.86	698.91	919.16

(Notes)

1. MHI has adopted the International Financial Reporting Standards (IFRS).
2. On April 1, 2024, MHI conducted a split of its shares on a 10 for 1 basis. The per share information is calculated on the assumption that said split was carried out at the beginning of FY2020.
3. In the fiscal year under review, the business operations related to Mitsubishi Logisnext Co., Ltd. (currently LOGISNEXT CO., LTD.) and its subsidiaries and affiliates have been classified as discontinued operations. Accordingly, “orders received,” “revenue,” “overseas revenue ratio,” “profit from business activities,” “profit from business activities to revenue ratio,” “profit before income taxes,” “research and development expenses,” and “capital investment” for FY2024 and FY2025 are presented excluding discontinued operations, reflecting amounts for continuing operations only.

Orders Received and Revenue by Segment

(Millions of Yen)

Segment	FY2020		FY2021	
	Orders Received	Revenue	Orders Received	Revenue
Energy Systems	1,299,213	1,546,003	1,444,358	1,651,086
Plants & Infrastructure Systems	575,281	637,258	890,982	651,886
Logistics, Thermal & Drive Systems	868,095	860,307	992,305	986,534
Aircraft, Defense & Space	626,243	702,109	774,248 [774,248]	605,292 [605,292]
Corporate or Elimination	(32,442)	(45,732)	(34,164) [(34,164)]	(34,516) [(34,516)]
Total	3,336,392	3,699,946	4,067,730	3,860,283

(Millions of Yen)

Segment	FY2022		FY2023	
	Orders Received	Revenue	Orders Received	Revenue
Energy Systems	1,791,797	1,738,676	2,428,035	1,761,569
Plants & Infrastructure Systems	845,400	675,665	867,364	795,274
Logistics, Thermal & Drive Systems	1,215,016	1,203,776	1,318,647	1,314,588
Aircraft, Defense & Space	703,694	619,442	2,068,709	791,547
Corporate or Elimination	(54,597)	(34,762)	1,277	(5,831)
Total	4,501,311	4,202,797	6,684,035	4,657,147

(Millions of Yen)

Segment	FY2023		FY2024		FY2025	
	Orders Received	Revenue	Orders Received	Revenue	Orders Received	Revenue
Energy Systems	2,412,186	1,723,665	2,622,466	1,815,796	3,936,728	2,062,600
Plants & Infrastructure Systems	883,214	833,215	1,000,207	852,112	1,158,062	880,893
Logistics, Thermal & Drive Systems	1,318,647	1,314,588	664,459	641,035	638,148	630,826
Aircraft, Defense & Space	2,068,709	791,547	2,100,144	1,030,646	1,929,472	1,393,858
Others	38,010	33,174	84,628	74,474	77,139	75,994
Corporate or Elimination	(36,732)	(39,043)	(66,712)	(52,938)	(85,913)	(70,005)
Total	6,684,035	4,657,147	6,405,193	4,361,127	7,653,637	4,974,168

(Notes)

1. The orders received and revenue for each segment include inter-segment transactions, which are all canceled for their respective segments using the “Corporate or Elimination” term.
2. In FY2022, the segment category was changed from “Aircraft, Defense & Space” to “Corporate or Elimination,” with respect to certain businesses. Both orders received and revenue in FY2021 are presented for those two categories as two figures with the restated figure based on the new categorization shown in square brackets.
3. During FY2024, “Others” was newly established and the segment category of certain businesses was changed. Both orders received and revenue for FY2023 have been restated to show figures based on segment categories after the changes.
4. In the fiscal year under review, the business operations related to Mitsubishi Logisnext Co., Ltd. (currently LOGISNEXT CO., LTD.) and its subsidiaries and affiliates have been classified as discontinued operations. Accordingly, orders received and revenue for FY2024 and FY2025 are presented excluding discontinued operations, reflecting amounts for continuing operations only.

■ FINANCING CONDITIONS

(Millions of Yen)

Item	Change from the End of FY2024 (Figures in parentheses denote decrease)	Outstanding Balance at the End of FY2025
Short-term and Long-term borrowings	(114,796)	253,132
Bonds	(25,000)	200,000
Subtotal	(139,796)	453,132
Non-recourse loans	4,143	62,601
Total	(135,653)	515,734

■ MAIN BANK LOANS

(Millions of Yen)

Lender	Outstanding Balance at the End of FY2025
MUFG Bank, Ltd.	107,946
Mizuho Bank, Ltd.	41,424
Meiji Yasuda Life Insurance Company	35,000
Sumitomo Mitsui Banking Corporation	28,000
Sumitomo Mitsui Trust Bank, Limited	24,924

■ CAPITAL INVESTMENT

Capital investment (based on reported figures for property, plant and equipment) during FY2025 amounted to ¥178,367 million. For the business expansion in the future, MHI mainly invested in the fields where it is strengthening technological capabilities and competitiveness and in which it needs proactive action.

Capital Investment by Business Segment

(Millions of Yen)

Segment	Amount	Main Items
Energy Systems	54,085	Expansion of facilities related to GTCC
Plants & Infrastructure Systems	13,575	Expansion of facilities related to metals machinery
Logistics, Thermal & Drive Systems	16,719	Expansion of facilities related to air-conditioning & refrigeration systems
Aircraft, Defense & Space	70,957	Expansion of facilities related to missile systems
Others	1,601	Expansion of office building facilities
Corporate or Elimination	21,427	Expansion of IT infrastructure facilities
Total	178,367	

(Note)
In the fiscal year under review, the business operations related to Mitsubishi Logisnext Co., Ltd. (currently LOGISNEXT CO., LTD.) and its subsidiaries and affiliates have been classified as discontinued operations. Accordingly, amounts above are presented excluding discontinued operations, reflecting amounts for continuing operations only.

■ EMPLOYEES

1. EMPLOYEES OF MHI GROUP
   (INCLUDING ITS CONSOLIDATED SUBSIDIARIES)

(Persons)

Segment	Number of Employees
Energy Systems	21,918
Plants & Infrastructure Systems	14,981
Logistics, Thermal & Drive Systems	22,025
Aircraft, Defense & Space	12,048
Others	1,269
Corporate	6,552
Total	78,793

(Notes)

1. The number of employees is presented based on the number of actual workers. However, the number of employees above does not include Senior Vice Presidents, temporary employees (employees who were re-employed following compulsory retirement, temporary contract employees, part-time employees, etc.), or employees of non-consolidated subsidiaries.
2. The number of employees above includes the number of employees related to Mitsubishi Logisnext Co., Ltd. (currently LOGISNEXT CO., LTD.) and its consolidated subsidiaries having been classified as discontinued operations in the fiscal year under review.

2. EMPLOYEES OF MHI

Number of Employees	Change from the End of FY2024	Average Age	Average Number of Years of Service
23,373 persons	increase of 1,026 employees	42.3 years old	18.5 years

(Notes)

1. The number of employees and change from the end of FY2024 are presented based on the number of actual workers. However, the number of employees above does not include Senior Vice Presidents or temporary employees (employees who were re-employed following compulsory retirement, temporary contract employees, part-time employees, etc.).
2. Average age and average number of years of service are calculated based on actual workers excluding Senior Vice Presidents, temporary employees (employees who were re-employed following compulsory retirement, temporary contract employees, part-time employees, etc.), and secondees to MHI from external entities.

■ MAIN OFFICES & MANUFACTURING FACILITIES

Head Office	Chiyoda-ku, Tokyo
Research & Innovation Centers	Nagasaki City, Hiroshima City, Mihara City Hiroshima Prefecture, Takasago City Hyogo Prefecture, Kobe City, Nagoya City, Sagamihara City, Yokohama City, Chiyoda-ku Tokyo
Works, Plant, and Center	Nagasaki Shipyard & Machinery Works (Nagasaki City), Shimonoseki Shipyard & Machinery Works (Shimonoseki City, Yamaguchi Prefecture), Hiroshima Machinery Works (Hiroshima City), Mihara Machinery Works (Mihara City, Hiroshima Prefecture), Kobe Shipyard & Machinery Works (Kobe City), Takasago Machinery Works (Takasago City, Hyogo Prefecture), Nagoya Aerospace Systems Works (Nagoya City), Nagoya Guidance & Propulsion Systems Works (Komaki City, Aichi Prefecture), Yokohama Dockyard & Machinery Works (Yokohama City), Sagamihara Machinery Works (Sagamihara City), Hitachi Works (Hitachi City, Ibaraki Prefecture), Kure Works (Kure City, Hiroshima Prefecture), Meirei District (Kiyosu City, Aichi Prefecture)
Domestic Offices	Hokkaido Office (Sapporo City), Tohoku Office (Sendai City), Hokuriku Office (Toyama City), Chubu Office (Nagoya City), Kansai Office (Osaka City), Chugoku Office (Hiroshima City), Shikoku Office (Takamatsu City), Kyushu Office (Fukuoka City)
Main Bases Overseas	[Offices] Middle East Office (UAE), Taipei Office (Taiwan), Kuala Lumpur Office (Malaysia)
	[Head Offices and Networks] Mitsubishi Heavy Industries America, Inc. (U.S.A.), Mitsubishi Heavy Industries EMEA, Ltd. (United Kingdom), Mitsubishi Heavy Industries France S.A.S. (France), MHI Russia LLC (Russia), Mitsubishi Heavy Industries (China) Co., Ltd. (China), Mitsubishi Heavy Industries (Shanghai) Co., Ltd. (China), Mitsubishi Heavy Industries, (Hong Kong) Ltd. (China), Mitsubishi Heavy Industries India Private Ltd. (India), Mitsubishi Heavy Industries Asia Pacific Pte. Ltd. (Singapore), Mitsubishi Heavy Industries Vietnam Co., Ltd. (Vietnam), Mitsubishi Heavy Industries (Thailand) Ltd. (Thailand), PT Mitsubishi Heavy Industries Indonesia (Indonesia), Mitsubishi Heavy Industries Australia, Pty. Ltd. (Australia)

(Note)

The main subsidiaries and their addresses are as presented below in “OUTLINES OF MAIN SUBSIDIARIES.”

■ OUTLINES OF MAIN SUBSIDIARIES

Segment	Name of Company	Address	Capital	Percentage of Voting Rights (%)	Main Business
Energy Systems	Mitsubishi Power Aero LLC	U.S.A.	624.5 million US dollars	*100.0	Thermal power systems-related business
	Mitsubishi Power Americas, Inc.	U.S.A.	352.5 million US dollars	*100.0	Thermal power systems-related business
	Mitsubishi Power India Pvt. Ltd.	India	18,457.9 million Indian rupee	*100.0	Thermal power systems-related business
	Mitsubishi Heavy Industries Aero Engines, Ltd.	Komaki City, Aichi Prefecture	6,000 million Yen	100.0	Aero engines-related business
	Mitsubishi Heavy Industries Compressor Corporation	Hiroshima City	4,000 million Yen	100.0	Compressors-related business
	Mitsubishi Heavy Industries Marine Machinery & Equipment Co., Ltd.	Nagasaki City	1,000 million Yen	100.0	Marine machinery-related business
Plants & Infrastructure Systems	Mitsubishi Heavy Industries Environmental & Chemical Engineering Co., Ltd.	Yokohama City	3,450 million Yen	100.0	Environmental systems-related business
	Mitsubishi Shipbuilding Co., Ltd.	Minato-ku, Tokyo	3,000 million Yen	100.0	Commercial ships-related business
	Mitsubishi Heavy Industries Machinery Systems, Ltd.	Kobe City	2,005 million Yen	100.0	Machinery systems-related business
	Mitsubishi Heavy Industries Transportation and Construction Engineering, Ltd.	Minato-ku, Tokyo	300 million Yen	100.0	Engineering-related business
	Primetals Technologies, Limited	United Kingdom	0.1 million Euros	*100.0	Metals machinery-related business

Segment	Name of Company	Address	Capital	Percentage of Voting Rights (%)	Main Business
Logistics, Thermal & Drive Systems	Mitsubishi Heavy Industries Thermal Systems, Ltd.	Chiyoda-ku, Tokyo	12,000 million Yen	100.0	Air-conditioning and refrigeration systems-related business, Automotive thermal systems-related business
	Mitsubishi Heavy Industries Engine & Turbocharger, Ltd.	Sagamihara City	5,000 million Yen	100.0	Engines-related business, Turbochargers-related business
Aircraft, Defense & Space	Mitsubishi Heavy Industries Maritime Systems Co., Ltd.	Tamano City, Okayama Prefecture	500 million Yen	100.0	Naval ships-related business
	MHI RJ Aviation Inc.	U.S.A.	0.2 million US dollars	*100.0	Commercial aviation-related business
Others, Corporate	MHI International Investment B.V.	Netherlands	245.0 million Euros	100.0	Investment for projects, financial operation within the MHI Group
	Mitsubishi Heavy Industries America, Inc.	U.S.A.	15.0 million US dollars	100.0	MHI products-related business in U.S.A.
	Concentric, LLC	U.S.A.	(648.5 million US dollars)	*100.0	Data center & energy management-related business

(Notes)

1. The item marked with an asterisk (*) denotes the percentage including voting rights held by MHI's subsidiaries.
2. For subsidiaries with no monetary amount with respect to capital, capital reserve (or an equivalent amount) is presented in parentheses as an amount equivalent to capital.

STOCKS OF MHI

■ TOTAL NUMBER OF SHARES AUTHORIZED TO BE ISSUED:

6,000,000,000 shares

■ TOTAL NUMBER OF THE SHARES ISSUED:

3,373,647,810 shares

■ NUMBER OF SHAREHOLDERS:

768,674 persons (increase of 266,729 persons from the end of FY2024)

■ MAJOR SHAREHOLDERS

Name of Shareholder	Number of Shares	Ratio of Shareholding (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	528,890,400	15.6
Custody Bank of Japan, Ltd. (Trust Account)	176,303,000	5.2
THE BANK OF NEW YORK MELLON AS DEPOSITARY BANK FOR DEPOSITARY RECEIPT HOLDERS	114,775,714	3.4
STATE STREET BANK AND TRUST COMPANY 505001	107,527,908	3.1
THE BANK OF NEW YORK MELLON AS DEPOSITARY BANK FOR DR HOLDERS	56,894,859	1.6
GOVERNMENT OF NORWAY	51,594,346	1.5
Meiji Yasuda Life Insurance Company	48,670,040	1.4
JP MORGAN CHASE BANK 385781	46,825,790	1.3
BNYM AS AGT/CLTS 10 PERCENT	39,710,334	1.1
Mitsubishi Heavy Industries Employee Shareholding Association	34,462,545	1.0

(Note)

The ratios of shareholding are calculated excluding 4,016,749 treasury shares. The number of treasury shares does not include the amount of shares owned by the Employee Stock Ownership Plan Trust (285,576 shares), Board Incentive Plan Trust I (2,283,200 shares) and Board Incentive Plan Trust II (6,774,600 shares).

■ STATUS OF SHARES GRANTED TO OFFICERS AS COMPENSATION FOR EXECUTION OF DUTIES DURING FY2025

	Number of Shares	Number of Persons Eligible for Grants
Director (Member of the Board) (excluding Directors who are serving as Audit and Supervisory Committee Members and Outside Directors)	1,162,000	5
Outside Directors (excluding Directors who are serving as Audit and Supervisory Committee Members)	–	–
Directors who are serving as Audit and Supervisory Committee Members	97,000	2

(Notes)

1. The number of shares includes shares granted to retired officers, and shares granted to officers as compensation for execution of duties during their term as Senior Vice Presidents of MHI, or as directors or senior vice presidents of its subsidiaries.
2. The number of shares in the table includes shares that were liquidated to provide payment in cash (581,000 shares of the 1,162,000 shares, and 48,500 shares of the 97,000 shares).

OFFICERS

■ NAMES OF DIRECTORS, ETC.

Position	Name	Responsibility	Important Concurrent Positions in Other Entities
Chairman of the Board	Seiji Izumisawa		Director, Mitsubishi Research Institute, Inc.
*President and CEO (Member of the Board)	Eisaku Ito	CEO[*1]	
*Director (Member of the Board), Executive Vice President	Masayuki Suematsu	CSO[*2]	Director, Mitsubishi Logisnext Co., Ltd.
*Director (Member of the Board), Senior Vice President	Hiroshi Nishio	CFO[*3]	
Director (Member of the Board)	Ken Kobayashi		Corporate Advisor, Mitsubishi Corporation Director, NISSIN FOODS HOLDINGS CO., LTD. Chairman, The Japan Chamber of Commerce and Industry
Director (Member of the Board)	Nobuyuki Hirano		Senior Advisor, MUFG Bank, Ltd. Director, Mitsubishi Research Institute, Inc.
Director (Member of the Board)	Mitsuhiro Furusawa		President, Institute for Global Financial Affairs, Sumitomo Mitsui Banking Corporation Director, TIS Inc.
Director (Member of the Board) Full-time Audit and Supervisory Committee Member	Masayuki Fujisawa		
Director (Member of the Board) Full-time Audit and Supervisory Committee Member	Hisato Kozawa		
Director (Member of the Board) Audit and Supervisory Committee Member	Hiroo Unoura		Senior Advisor, NTT, Inc. Member of the Board, KADOKAWA CORPORATION
Director (Member of the Board) Audit and Supervisory Committee Member	Noriko Morikawa		Member of the Board, BRIDGESTONE CORPORATION
Director (Member of the Board) Audit and Supervisory Committee Member	Masako Ii		Professor, School of International and Public Policy, Hitotsubashi University Professor, Graduate School of Economics/Faculty of Economics, Hitotsubashi University

*1 CEO: Chief Executive Officer
*2 CSO: Chief Strategy Officer
*3 CFO: Chief Financial Officer

(Notes)

1. The positions, the responsibilities, and the important concurrent positions in other entities are shown as of March 31, 2026.
2. An asterisk mark (*) indicates a Representative Director.

3. Mr. Ken Kobayashi, Mr. Nobuyuki Hirano and Mr. Mitsuhiro Furusawa, each a Director, and Mr. Hiroo Unoura, Ms. Noriko Morikawa and Ms. Masako Ii, each a Director who is serving as an Audit and Supervisory Committee Member, are outside directors as defined in Article 2, item (xv) of the Companies Act.
4. MHI has submitted notifications, specifying all MHI's outside directors as independent directors, to Tokyo Stock Exchange, Inc. and other listed financial instruments exchanges in Japan.
5. Mr. Masayuki Fujisawa, a Director, Full-time Audit and Supervisory Committee Member, has extensive knowledge of finance and accounting, having business experience in the fields of accounting and finance including serving as CFO for MHI's major subsidiary. In addition, Mr. Hisato Kozawa, a Director, Full-time Audit and Supervisory Committee Member, has extensive knowledge of finance and accounting, having business experience in the fields of accounting and finance including serving as CFO for MHI.
6. Based on the judgment that given the size, characteristics, etc. of MHI's business, audit by full-time personnel is necessary for ensuring the effectiveness of the activities of the Audit and Supervisory Committee, and MHI has prescribed in the Articles of Incorporation that Full-time Audit and Supervisory Committee Members shall be appointed. Pursuant to this provision, Mr. Masayuki Fujisawa and Mr. Hisato Kozawa have been appointed as Full-time Audit and Supervisory Committee Members.
7. Mr. Mitsuhiro Furusawa, a Director, took up his position as a Director, TIS Inc. as of June 24, 2025.
8. Mr. Eisaku Ito, Mr. Masayuki Suematsu and Mr. Hiroshi Nishio, each a Director, and Mr. Hisato Kozawa, a Director who is serving as a Full-time Audit and Supervisory Committee Member, took up their position as of June 27, 2025 (on the date of the 100th Annual General Meeting of Shareholders).
9. Mr. Ken Kobayashi, a Director, retired from his position as Director, Mitsubishi Research Institute, Inc. on December 17, 2025.
10. Ms. Masako Ii, a Director who is serving as an Audit and Supervisory Committee Member, retired from her positions as Professor, School of International and Public Policy, Hitotsubashi University and Professor, Graduate School of Economics/Faculty of Economics, Hitotsubashi University as of March 31, 2026. In addition, she took up her positions as Specially Appointed Professor, School of International and Public Policy, Hitotsubashi University and Specially Appointed Professor, Graduate School of Economics/Faculty of Economics, Hitotsubashi University as of April 1, 2026.
11. Mr. Masayuki Suematsu, a Director, resigned from his position as Director, LOGISNEXT CO., LTD. (its company name was changed from Mitsubishi Logisnext Co., Ltd. as of April 30, 2026) as of May 1, 2026.

The following change was instituted in the responsibilities of a Director as of April 1, 2026.

Position	Name	Responsibility
*Director (Member of the Board), Executive Vice President	Masayuki Suematsu	CSO, President and CEO, Industrial Solution Systems

(Note)
An asterisk mark (*) indicates a Representative Director.

■ **Outline of Liability Limitation Agreement**

MHI has entered into liability limitation agreements with Directors: Mr. Ken Kobayashi; Mr. Nobuyuki Hirano; and Mr. Mitsuhiro Furusawa, and Directors who are serving as Audit and Supervisory Committee Members: Mr. Hiroo Unoura; Ms. Noriko Morikawa; and Ms. Masako Ii, respectively, which provide a limitation on their liabilities to compensate for damages under Article 423, paragraph (1) of the Companies Act, the amount of which is the higher of ¥10 million or the minimum liability amount defined in Article 425, paragraph (1) of the Companies Act.

■ **Outline of the Directors and Officers Liability Insurance Policy**

MHI plans to enter into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The policy will cover indemnification and the litigation expenses arising from the legal liability of damages that are assumed by an insured in a case where the insured receives a claim etc. relating to the pursuit of liability arising from the performance of duties. However, the aforementioned policy does not cover losses, etc. arising from intentional misconduct or fraudulent acts by the aforementioned insured.

In addition to MHI's Directors, Senior Vice Presidents, etc., and the directors, senior vice presidents, etc. of MHI's subsidiaries in which MHI directly or indirectly owns a majority of the outstanding shares or otherwise has a controlling interest (including persons seconded as directors, senior vice presidents, etc. to corporations other than MHI and its subsidiaries) are insured under the insurance policies, and the insurance premiums for all the insured are paid in full by MHI or its subsidiaries, etc., in which the insured are serving as directors, senior vice presidents, etc.

■ OUTSIDE OFFICERS

1. ENTITIES WHERE OUTSIDE OFFICERS HOLD IMPORTANT CONCURRENT POSITIONS AND THEIR RELATIONS WITH MHI

Position	Name	Name of Entity	Relations with MHI
Director	Ken Kobayashi	NISSIN FOODS HOLDINGS CO., LTD.	No notable relations
		The Japan Chamber of Commerce and Industry	No notable relations
	Nobuyuki Hirano	Mitsubishi Research Institute, Inc.	Outsourcing of research operations, etc.
	Mitsuhiro Furusawa	TIS Inc.	No notable relations
Director, Audit and Supervisory Committee Member	Hiroo Unoura	KADOKAWA CORPORATION	No notable relations
	Noriko Morikawa	BRIDGESTONE CORPORATION	Purchase of tires, etc.
	Masako Ii	Hitotsubashi University	No notable relations

(Notes)

1. The entities above are those listed in “NAMES OF DIRECTORS, ETC.” where an MHI outside officer serves as an “Executive” as defined in Article 124, paragraph (1), item (i) of the Regulations for Enforcement of the Companies Act or as an “Outside Officer” etc. as defined in item (ii) of the same paragraph.
2. Mr. Ken Kobayashi, a Director, retired from his position as Director, Mitsubishi Research Institute, Inc. on December 17, 2025. Mitsubishi Research Institute, Inc. has a trading relationship with MHI for outsourcing of research operations, etc.

2. PRINCIPAL ACTIVITIES

Position	Name	The Number of Attendance at the Board of Directors Meetings	The Number of Attendance at the Audit and Supervisory Committee Meetings	Overview of the Duties Undertaken in Relation to the Role Expected to Be Fulfilled as Outside Director
Director	Ken Kobayashi	13 out of 14 times	–	Mr. Ken Kobayashi performs supervision of MHI's overall management by providing views and assessments to the Board of Directors meetings and Nomination and Remuneration Committee, etc. based on his extensive knowledge and experience gained as a top executive of a global company because he has expertise in various fields, having served as a Member of the Board, President and CEO, and Chairman of the Board of Mitsubishi Corporation.
	Nobuyuki Hirano	14 out of 14 times	–	Mr. Nobuyuki Hirano performs supervision of MHI's overall management by providing views and assessments to the Board of Directors meetings and Nomination and Remuneration Committee, etc. based on his extensive knowledge and experience gained as a top executive at international financial institutions including holding the positions of President & Group CEO (Representative Corporate Executive) and Chairman (Corporate Executive) of Mitsubishi UFJ Financial Group, Inc. and President and Chairman of the Board of Directors of MUFG Bank, Ltd.
	Mitsuhiro Furusawa	14 out of 14 times	–	Mr. Mitsuhiro Furusawa performs supervision of MHI's overall management by providing views and assessments to the Board of Directors meetings and Nomination and Remuneration Committee, etc. based on his wide range of insights related to financial policy gained as a regulator and a global perspective gained as an international institution executive when he served as Vice Minister of Finance for International Affairs and Deputy Managing Director of the International Monetary Fund (IMF).
Director, Audit and Supervisory Committee Member	Hiroo Unoura	14 out of 14 times	16 out of 16 times	Mr. Hiroo Unoura performs supervision of MHI's overall management by providing views and assessments to the Board of Directors meetings and Nomination and Remuneration Committee, etc. based on his extensive knowledge and experience gained as a top executive at a company that is engaged in cutting-edge businesses, having been the driver of initiatives to strengthen the competitiveness and profitability of the domestic business of NTT, Inc. and expand the overseas business as the former President & CEO of NTT, Inc. In addition, based on his considerable knowledge and experience, Mr. Hiroo Unoura has expressed his views at the Audit and Supervisory Committee meetings in relation to the overall activities of the Committee, including auditing, and he has also conducted interviews with various departments, etc., exchanged opinions with the financial auditor, and provided necessary proposals.

Position	Name	The Number of Attendance at the Board of Directors Meetings	The Number of Attendance at the Audit and Supervisory Committee Meetings	Overview of the Duties Undertaken in Relation to the Role Expected to Be Fulfilled as Outside Director
Director, Audit and Supervisory Committee Member	Noriko Morikawa	14 out of 14 times	16 out of 16 times	Ms. Noriko Morikawa performs supervision of MHI's overall management by providing views and assessments to the Board of Directors meetings and Nomination and Remuneration Committee, etc. based on her extensive knowledge and experience related to business management and organizational operation in global companies, such as overseeing administration departments in the role of manager, in addition to her experience in internal audit and accounting operations at foreign companies operating in Japan. In addition, based on her considerable knowledge and experience, Ms. Noriko Morikawa has expressed her views at the Audit and Supervisory Committee meetings in relation to the overall activities of the Committee, including auditing, and she has also conducted interviews with various departments, etc., exchanged opinions with the financial auditor, and provided necessary proposals.
	Masako Ii	14 out of 14 times	16 out of 16 times	Ms. Masako Ii performs supervision of MHI's overall management by providing views and assessments to the Board of Directors meetings and Nomination and Remuneration Committee, etc. based on her advanced knowledge cultivated as a researcher in the field of health economics, as a professor at a graduate school and abundant global experience as a researcher at The World Bank and as a governor of the Japan Broadcasting Corporation. In addition, based on her considerable knowledge and experience, Ms. Masako Ii has expressed her views at the Audit and Supervisory Committee meetings in relation to the overall activities of the Committee, including auditing, and she has also conducted interviews with various departments, etc., exchanged opinions with the financial auditor, and provided necessary proposals.

■ REMUNERATION, ETC. TO OFFICERS

1. AMOUNT OF REMUNERATION, ETC.

Position	Monetary Remuneration: Basic Remuneration: Figures (persons)	Monetary Remuneration: Basic Remuneration: Total Amount (Millions of Yen)	Monetary Remuneration: Performance-linked Remuneration: Figures (persons)	Monetary Remuneration: Performance-linked Remuneration: Total Amount (Millions of Yen)	Monetary Remuneration: Total (Millions of Yen)	Stock Remuneration: Figures (persons)	Stock Remuneration: Total number (Thousand point)
Directors (excluding Directors who are serving as Audit and Supervisory Committee Members)	10	414	6	522	936	4	584
(Outside Directors)	(3)	(51)	(–)	(–)	(51)	(–)	(–)
Directors who are serving as Audit and Supervisory Committee Members	6	185	–	–	185	–	–
(Outside Directors)	(3)	(64)	(–)	(–)	(64)	(–)	(–)
Total	16	599	6	522	1,121	4	584
(Outside Directors)	(6)	(116)	(–)	(–)	(116)	(–)	(–)

(Notes)

1. The figures include three Directors (excluding Directors who are serving as Audit and Supervisory Committee Members) and one Director who is serving as an Audit and Supervisory Committee Member who retired during FY2025.
2. The total number of stock remuneration shown in the table above is Stock Award Points granted during FY2025. Directors who fulfill the beneficiary requirements may receive delivery or provision of, after three years have passed, in principle, since the granting of Stock Award Points (however, at the point of retirement from office in cases where a Director retires from office before the relevant number of years has passed), shares of MHI corresponding to the Stock Award Points granted and money in the amount equivalent to liquidation value of shares of MHI, upon the performance of the prescribed beneficiary confirmation procedure. The fair value per point used for accounting purposes is ¥3,558 (the most recent fair values were ¥625 in FY2023 and ¥1,670 in FY2024).

2. MATTERS CONCERNING BASIC REMUNERATION

Basic remuneration for Directors (excluding Directors who are serving as Audit and Supervisory Committee Members) (excluding outside directors) is determined after taking into account the roles and duties of each Director, and is based on the following formula.

Standard amount based on role + Additional amount based on duties

The standard amount based on role is determined in accordance with roles and duties, etc., and the additional amount based on duties varies, depending on said duties, etc., by up to ¥500,000 per month.

Basic remuneration for Directors who are serving as Audit and Supervisory Committee Members and outside directors is set at a reasonable level of fixed remuneration.

3. MATTERS CONCERNING PERFORMANCE-LINKED REMUNERATION

The indicator used as the basis for calculating performance-linked remuneration is consolidated profit from business activities (“profit from business activities”), which was chosen to reflect the results of business activities in this type of remuneration. (However, there may be partial adjustments to the compensation computation depending on our assessment of the impact of changes in accounting principles, etc.)

Performance-linked remuneration shall be determined with reference to consolidated earnings for the fiscal year under review, and shall also take into account the roles of each Director and the earnings and achievements, etc. of the business for which they are responsible, based on the following calculation method.

Role-based payment coefficient × Profit from business activities for the given fiscal year ÷ 10,000 × Coefficient of business results

Furthermore, performance-linked remuneration shall be paid in cases where there is a profit from business activities for the fiscal year under review (where adjustments have been made, the adjusted figure) and where dividend payments are made.

The role-based payment coefficient shall be determined in accordance with roles and duties, etc., and the coefficient of business results shall vary from 1.3 to 0.7, after assessing the earnings and achievements, etc. of the business for which they are responsible.

In FY2025, profit from business activities was ¥432.2 billion, against a target (initial forecast) of ¥420.0 billion. In the fiscal year under review, the business operations related to Mitsubishi Logisnext Co., Ltd. (currently LOGISNEXT CO., LTD.) and its subsidiaries and affiliates have been classified as discontinued operations. Accordingly, the aforementioned actual profit from business activities is presented excluding discontinued operations, reflecting amounts for continuing operations only.

4. DETAILS OF NON-MONETARY REMUNERATION (STOCK REMUNERATION)

In terms of non-monetary remuneration, MHI utilizes a Board Incentive Plan (BIP) trust mechanism, which is based on Stock Award Points granted to Directors (excluding Directors who are serving as Audit and Supervisory Committee Members) (excluding outside directors) using the calculation below, and in accordance with the role of each Director and the financial results of MHI. In principle, when three years have elapsed since the granting of the Stock Award Points, shares of MHI and money in the amount equivalent to liquidation value of shares of MHI are then delivered or provided to these Directors.

Role-based standard points × Coefficient of business results

Role-based standard points are determined in accordance with roles and duties, etc., and the basis for determining the coefficient of business results is profit from business activities for the previous fiscal year and an external evaluation by major ESG rating agencies. In the event that a Director engages in extremely improper conduct, etc., MHI may withhold the granting of Stock Award Points and the delivery of shares, or demand a payment equivalent to the value of shares that have already been delivered to them.

The indicator used as the basis for calculating stock remuneration is profit from business activities, which was chosen to reflect the results of business activities in stock remuneration. (However, there may be partial adjustments to the compensation computation depending on our assessment of the impact of changes in accounting principles.)

In FY2024, MHI had a profit from business activities of ¥383.1 billion, against a target (initial forecast) of ¥350.0 billion.

The reason that an external evaluation by major ESG rating agencies is incorporated into calculations for stock remuneration is to gain an objective evaluation of MHI’s wide-ranging ESG initiatives, and to reflect this in stock remuneration.

5. MATTERS CONCERNING RESOLUTIONS OF THE GENERAL MEETING OF SHAREHOLDERS IN RELATION TO REMUNERATION, ETC.

- The maximum permitted monetary remuneration amount for Directors (excluding Directors who are serving as Audit and Supervisory Committee Members) (including outside directors) was set at ¥1.2 billion per fiscal year by resolution of the 90th Annual General Meeting of Shareholders held on June 26, 2015. The number of Directors (excluding Directors who are serving as Audit and Supervisory Committee Members) as of the conclusion of the Annual General Meeting of Shareholders in question was nine, including two outside directors.
- The maximum permitted amount of Stock Award Points that may be granted to Directors (excluding Directors who are serving as Audit and Supervisory Committee Members) (excluding outside

directors) was set at 1,500,000 points (equivalent to 1,500,000 shares of MHI) per fiscal year by resolution of the 99th Annual General Meeting of Shareholders held on June 27, 2024. The number of Directors (excluding Directors who are serving as Audit and Supervisory Committee Members) (excluding outside directors) as of the conclusion of the Annual General Meeting of Shareholders in question was four.

- The maximum permitted monetary remuneration amount for Directors who are serving as Audit and Supervisory Committee Members was set at ¥0.3 billion per fiscal year by resolution of the 90th Annual General Meeting of Shareholders held on June 26, 2015. The number of Directors who are serving as Audit and Supervisory Committee Members as of the conclusion of the Annual General Meeting of Shareholders in question was five, including three outside directors.

6. POLICY USED TO DETERMINE DETAILS OF INDIVIDUAL REMUNERATION, ETC. FOR DIRECTORS AND METHOD TO DETERMINE THE POLICY

(1) Directors (excluding Directors who are serving as Audit and Supervisory Committee Members)

The Board of Directors of MHI decides the policy used to determine details of individual remuneration, etc. for Directors (excluding Directors who are serving as Audit and Supervisory Committee Members).

- Remuneration of Directors (excluding Directors who are serving as Audit and Supervisory Committee Members) (excluding outside directors) consists of basic remuneration, performance-linked remuneration, and stock remuneration, with the aim of reflecting financial results in compensation and aligning the interests of Directors with shareholders.
- Outside directors are expected to provide objective opinions and suggestions from an external standpoint. In view of the nature of this role, they are provided only with basic remuneration (fixed remuneration commensurate with their duties).
- An overview of the policy used to determine details of individual remuneration, etc. for Directors is provided below.

Basic Remuneration	Reasonable amount shall be determined in consideration of each Director's roles and duties.
Performance-linked Remuneration	Reasonable amount shall be determined based on consolidated earnings for the fiscal year under review, while also taking into account the roles of each Director and the earnings and accomplishments, etc. of the business that he/she is in charge of.
Stock Remuneration	Shares of MHI and money in the amount equivalent to liquidation value of shares of MHI shall be delivered or provided based on Stock Award Points calculated and granted in accordance with, among other factors, the role of each Director and financial results of MHI using the system of Board Incentive Plan Trust to raise the motivation of Directors to contribute to the medium- to long-term improvement of financial results and enhancement of the corporate value of the entire MHI Group.
Policy on the proportions of different types of remuneration	The standard for the remuneration of MHI's President and CEO was set at roughly 20% basic remuneration, 25% performance-linked remuneration, and 55% stock remuneration (in the event that profit from business activities reached ¥400.0 billion; calculated based on the fair value of Stock Award Points granted during FY2024). In addition, if profit from business activities exceeds ¥200.0 billion, stock remuneration will be increased to provide a medium- to long-term incentive, and to more closely align the interests of Directors with shareholders by encouraging the holding of shares of MHI. The increase in performance-linked remuneration will be tapered off gradually.
Policy on the timing and conditions for granting remuneration	Basic remuneration is paid every month. Performance-linked remuneration is paid in cases where there is a profit from business activities for the fiscal year under review (where adjustments have been made, the adjusted figure) and where dividend payments are made. In principle, stock remuneration is provided when three years have elapsed since the granting of the Stock Award Points.

- The amount of remuneration shall be set at appropriate levels while also giving consideration to the situation in other companies and other factors.

- For the purpose of further enhancing the transparency and fairness concerning the determination of remuneration, etc. of Directors (excluding Directors who are serving as Audit and Supervisory Committee Members), MHI holds meetings of the Nomination and Remuneration Committee, consisting of the outside directors, Chairman of the Board and President and CEO and chaired by an independent outside director. This Committee formulates the policy used to determine details of individual remuneration, etc. for Directors, etc. and submits proposals to the Board of Directors. For reference, during FY2025, MHI held six Nomination and Remuneration Committee meetings.

(2) Directors who are serving as Audit and Supervisory Committee Members

The policy for determining the details of remuneration, etc. for Directors who are serving as Audit and Supervisory Committee Members is determined through discussion among Directors who are serving as Audit and Supervisory Committee Members.

- Remuneration of Directors who are serving as Audit and Supervisory Committee Members shall consist only of basic remuneration. The amount of remuneration shall be fixed at levels that are commensurate with their roles and duties determined separately for full-time and non-full-time categories. However, the amount of remuneration of full-time Audit and Supervisory Committee Members may be reduced in consideration of the business conditions of MHI and other factors.

7. MATTERS CONCERNING THE DELEGATION OF AUTHORITY TO DETERMINE DETAILS OF INDIVIDUAL REMUNERATION, ETC. FOR DIRECTORS

President and CEO Eisaku Ito is delegated by the Board of Directors to determine the specific allocation of individual remuneration amounts (details of the calculation, additional amount based on duties used for the basic remuneration of each Director, the coefficient of business results used for performance-linked remuneration, etc.) for Directors (excluding Directors who are serving as Audit and Supervisory Committee Members), within the limit of the total amount resolved at the General Meeting of Shareholders, and based on the policy used to determine details of individual remuneration, etc. for Directors, and reports back to the Board of Directors on the results of this allocation.

The Board of Directors delegates this authority because it judges that the President and CEO, who is in charge of and responsible for the execution of overall business operations, is the appropriate person to make final decisions in relation to the allocation of remuneration to individual Directors, while also taking into account the overall performance of MHI.

The Board of Directors has put in place measures to ensure that the authority delegated to the President and CEO is being executed appropriately, such as ensuring that the Nomination and Remuneration Committee deliberates the allocation, including whether the allocation is in accordance with the above-mentioned policy used to determine details of individual remuneration, etc. for Directors, and reports the result of such deliberation, before the results of the allocation are reported to the Board of Directors. Because remuneration amounts for individual Directors are decided only after passing through this procedure, the Board of Directors deems that it is conducted in accordance with the policy for determining the details of remuneration, etc. for Directors.

FINANCIAL AUDITOR

■ NAME OF FINANCIAL AUDITOR

KPMG AZSA LLC

■ AMOUNT OF REMUNERATION, ETC. PAID TO FINANCIAL AUDITOR

¥556 million

(Notes)

1. In the audit contract between MHI and its financial auditor, remuneration, etc. paid for audits under the Companies Act and audits under the Financial Instruments and Exchange Act are not clearly distinguished and cannot be practically separated. Therefore, the amount of payment for both is shown above.
2. In addition to the aforementioned, there is an additional remuneration amount of ¥54 million for the previous fiscal year.

■ REASONS FOR AGREEMENT BY THE AUDIT AND SUPERVISORY COMMITTEE CONCERNING THE AMOUNT OF REMUNERATION, ETC. TO BE PAID TO FINANCIAL AUDITOR

The Audit and Supervisory Committee confirmed the policy and content of the audit plan, the basis for calculation of estimates, etc., which constitute the basis for remuneration of the financial auditor, and verified them by receiving necessary reports on them from internal departments concerned. As a result, the Audit and Supervisory Committee determined that they were appropriate for the financial auditor to conduct financial audit of MHI and agreed to the amount of remuneration shown in “AMOUNT OF REMUNERATION, ETC. PAID TO FINANCIAL AUDITOR” above.

■ SUM OF THE AMOUNT OF MONEY AND OTHER ECONOMIC BENEFIT TO BE PAID BY MHI AND ITS SUBSIDIARIES

¥1,048 million

(Notes)

1. Part of MHI’s subsidiaries are audited by certified public accountants, etc. other than the financial auditor of MHI.
2. In addition to the aforementioned, there is an additional remuneration amount of ¥85 million for the previous fiscal year.

■ CONTENTS OF NON-AUDITING SERVICES

In terms of non-auditing services, MHI has outsourced operations for the support of sustainability disclosure and so on to the financial auditor, and has provided consideration accordingly.

■ POLICY FOR DETERMINATION OF DISMISSAL OF OR REFUSAL TO REELECT THE FINANCIAL AUDITOR

If there are circumstances which give rise to reasonable expectations that the auditing of financial statements will suffer great interference due to an event such as the financial auditor come under any of the provisions set forth in each item of Article 340, paragraph (1) of the Companies Act, the financial auditor shall be dismissed by unanimous consent of the Audit and Supervisory Committee Members.

In addition, if the Audit and Supervisory Committee has determined that the system for the execution of duties, audit capability, expertise, etc. of the financial auditor is insufficient for MHI or that MHI can put in place an audit system that is more appropriate for MHI by replacing the financial auditor, the Audit and Supervisory Committee will determine a proposal not to re-elect the financial auditor, and MHI will submit it to the General Meeting of Shareholders.

ESTABLISHING A FRAMEWORK FOR ENSURING APPROPRIATE BUSINESS CONDUCT

■ RESOLUTIONS OF THE BOARD OF DIRECTORS FOR THE ESTABLISHMENT OF A FRAMEWORK FOR ENSURING APPROPRIATE BUSINESS CONDUCT

In accordance with the applicable laws and ordinances, MHI has prepared a system to ensure appropriate operations by resolution of the Board of Directors. We promote fair and solid management. The content of the resolution is as follows:

1. Matters regarding Directors and employees who are assigned to support duties of the Audit and Supervisory Committee
   For the purpose of supporting the duties of the Audit and Supervisory Committee, MHI shall establish the Audit and Supervisory Committee's Office with dedicated employees to assist the smooth performance of its duties. MHI will not appoint any Director who is assigned to support duties of the Audit and Supervisory Committee.

2. Matters regarding independence of employees in 1. above from Directors (excluding Directors who are serving as Audit and Supervisory Committee Members) and to ensure the effectiveness of instructions by the Audit and Supervisory Committee to employees
   The staff of the Audit and Supervisory Committee's Office shall be assigned to said office on an exclusive basis. They shall not receive any instructions or orders from Directors (excluding Directors who are serving as Audit and Supervisory Committee Members) and shall obey the instructions and orders of the Audit and Supervisory Committee. Any personnel transfers and evaluation of said staff shall be subject to the consent of the Audit and Supervisory Committee to ensure the independence of them from the departments engaging in business execution and the effectiveness of instructions by the Audit and Supervisory Committee to them.

3. System for reporting to the Audit and Supervisory Committee by Directors and employees and other systems for reporting to the Audit and Supervisory Committee
   (1) Directors, etc. of MHI shall implement arrangements concerning reporting to and communication with the Audit and Supervisory Committee (or the Audit and Supervisory Committee Members designated by the Audit and Supervisory Committee; the same shall apply hereinafter) including reporting matters concerning MHI Group companies. In addition, Directors, etc. of MHI shall ensure adequate mutual understanding through regular exchange of opinions and make reports upon request of the Audit and Supervisory Committee.
   (2) Directors, etc. of MHI Group companies shall carry out reporting to and communication with the Audit and Supervisory Committee in accordance with the operational procedures prescribed in Item 12 and make reports upon request of the Audit and Supervisory Committee.
   (3) The department in charge of the whistleblower system shall report the matters reported to it through the whistleblower system and other compliance-related matters reported to it to the Audit and Supervisory Committee.

4. System to ensure that the person who made a report in 3. above shall not be subject to any unfavorable treatment for reason of having made such report
   It shall be prescribed in company regulations that a person who made a report through the whistleblower system shall not be treated disadvantageously in any way on the grounds of such report and this rule shall be internally informed and appropriately operated.

5. Matters concerning the policy on the treatment of expenses or debts arising in the course of the execution of duties of Audit and Supervisory Committee Members including the procedure for advance payment and reimbursement of expenses arising in the course of the execution of said duties
   A certain amount of annual budget shall be secured for the payment of expenses arising in the course of the execution of duties of Audit and Supervisory Committee Members based on the request of the Audit and Supervisory Committee. If the payment of other expenses is requested by an Audit and Supervisory Committee Member, it shall be handled appropriately pursuant to Article 399-2, paragraph (4) of the Companies Act.

6. Other systems to ensure effectiveness of audits by the Audit and Supervisory Committee
   Consideration to ensure the effectiveness of audits shall be given to any exchange of opinions with internal departments concerned, financial auditor, etc., information gathering and research that are conducted by the Audit and Supervisory Committee.

7. System to ensure that the Directors' execution of their duties is in compliance with laws and ordinances and MHI's Articles of Incorporation
   (1) Directors shall lead by example in realizing MHI's fundamental principle of fair and honest business activities that comply with all laws and ordinances and emphasize social norms and business ethics.
   (2) The Board of Directors shall fully discuss all matters raised and reported by Directors and oversee MHI's operations from the perspectives of sound and efficient management. The views of outside officers shall be employed to introduce greater objectivity and enhance the effectiveness of oversight.

8. System to store and manage information related to the Directors' execution of their duties
   (1) Principle matters related to the management of documents shall be specified in company regulations, and information related to the Directors' execution of their duties shall be appropriately recorded, stored and managed.
   (2) Directors (including Audit and Supervisory Committee Members) shall be given access to such information at any time where it is deemed necessary to supervise and audit actions by Directors.

9. Regulations and other systems to manage risk of loss
   (1) Systems designed to manage each type of risk shall be implemented and responsibilities shall be clearly defined to ensure the appropriate management of risk.
   (2) Risk shall be regularly evaluated and analyzed and necessary avoidance or mitigating measures taken; internal audits shall monitor the effectiveness and appropriateness of these measures and reports shall be regularly submitted to the Board of Directors and Audit and Supervisory Committee.
   (3) To prepare for cases where significant risk may materialize, MHI shall ensure the means to immediately communicate information to senior management to respond promptly and accurately to emergency situations; individuals responsible for crisis management shall also be appointed in each business division.

10. System to ensure that Directors execute their duties efficiently
   (1) The Board of Directors shall formulate business plans and establish companywide management policy and objectives; business execution, led by the President, shall be conducted with the aim of achieving these objectives.
   (2) MHI's organizational structure, division of duties, and lines of authority shall be specified in company regulations to ensure steps to achieve management objectives are conducted efficiently.

11. System to ensure that the duties and actions of employees comply with laws and ordinances and MHI's Articles of Incorporation
   (1) MHI shall create a framework comprising the Compliance Committee and other bodies to raise awareness of compliance among employees by formulating a code of conduct, implementing various training programs and taking other steps.
   (2) MHI shall establish a whistleblower system and other mechanisms to enhance the effectiveness of compliance, conduct internal audits of the compliance framework, and report the results to the Board of Directors and Audit and Supervisory Committee.

12. System to ensure appropriate business activities of MHI Group
   (1) Each MHI Group company shall operate autonomously as an independent enterprise and its president shall be responsible for the management of the company. At the same time, in order to ensure that the MHI Group as a whole is operated soundly and efficiently and in a manner to contribute to the improvement of its consolidated financial performance, MHI shall support and provide guidance to MHI Group companies by establishing the division of management responsibilities between MHI and Group companies and operational procedures stipulating, among others, matters that should be requested or reported by Group companies to MHI.
   (2) In order to ensure that the MHI Group as a whole is operated appropriately and various risks existing within the MHI Group as a whole are managed appropriately, various measures concerning compliance and risk management shall be promoted on a group-wide basis and each company shall put in place an internal control system that is appropriate for its size and characteristics. The operating status of these internal control systems shall be audited by the department of MHI responsible for their management.
   (3) MHI and MHI Group companies shall ensure the accuracy of their respective financial information, and arrange the organization, company regulations and other matters required for the preparation and disclosure of reliable financial reports.

■ SUMMARY OF THE OPERATION STATUS OF A FRAMEWORK FOR ENSURING APPROPRIATE BUSINESS CONDUCT

The operation status of a framework for ensuring appropriate business conduct for FY2025 is as summarized below.

1. Initiatives to ensure the effectiveness of audits by the Audit and Supervisory Committee
   - Based on company regulations, MHI has established the Audit and Supervisory Committee's Office with the staff assigned on an exclusive basis to support the audit activities of the Audit and Supervisory Committee. It is also prescribed in the same company regulations that the independence of the exclusively assigned staff from the departments engaging in business execution shall be secured.
   - A budget necessary for audit activities is appropriately secured based on the request of the Audit and Supervisory Committee and expenses, etc. are paid from the budget.
   - MHI responds appropriately to any requests of Full-time Audit and Supervisory Committee Members received in advance for the attendance at an important meeting and the provision of documents. In addition, any projects that are important from the audit perspective, etc. are reported to Full-time Audit and Supervisory Committee Members or the Audit and Supervisory Committee on an individual basis.
   - On a regular basis, information is shared among Full-time Audit and Supervisory Committee Members, officers of execution of business department and the internal auditing department. In addition, the Audit and Supervisory Committee regularly and whenever necessary exchanges opinions with financial auditor.
   - All cases that have been reported through the whistleblower system are reported to Full-time Audit and Supervisory Committee Members. It is prescribed in company regulations that a person who made a report through the whistleblower system shall not be treated disadvantageously in any way on the grounds of such report and this rule is internally informed and strictly enforced.

2. Initiatives to ensure legal compliance in the execution of duties by Directors and employees and the appropriateness of decision-making processes
   - Regarding compliance, MHI established the "Corporate Governance Guidelines of Mitsubishi Heavy Industries, Ltd.," and the "MHI Group Global Code of Conduct" which applies to all officers and employees of the MHI Group both in Japan and overseas. MHI also strives to conduct

several activities including regular Compliance Committee meetings, the establishment of various company regulations, the provision of messages from management about thorough legal compliance, and the provision of education to promote legal compliance.

- In FY2025, 14 meetings of the Board of Directors were held to thoroughly deliberate on each agenda. In addition, the Nomination and Remuneration Committee consisting of outside directors, the Chairman of the Board and the President and CEO and the meetings consisting of independent outside directors were held to hear broadly the opinions of outside directors particularly on matters related to corporate governance as the initiatives to increase the soundness and transparency of the management of MHI. Moreover, MHI looks back at the activities of the Board of Directors over the fiscal year under review at the evaluation of the effectiveness of the Board of Directors, and works to ensure the effectiveness of the Board of Directors by selecting matters and agenda items that should be discussed in the format of an annual plan for the following fiscal year, and identifying operational issues that should be improved.

3. Initiatives concerning the preservation and management of information about the execution of duties by Directors
    - The minutes of the Board of Directors and other information about the execution of duties by Directors are appropriately recorded in accordance with company regulations and managed in a manner to make them available for inspection any time upon request of a Director. In addition, appropriate measures have been taken to prevent information leakage, loss, etc. and checks, etc. on these measures are regularly conducted.

4. Initiatives concerning the management of risk of loss
    - For business risk management, MHI holds business risk management committee meetings based on company regulations governing business risk management systems and processes, at which members discuss policies and exchange information.
    - In addition to conducting pre-order risk discussions concerning project negotiations and monitoring during project execution, the dedicated organization for risk management concerning the businesses cooperates with related departments and takes appropriate actions to resolve problems in relation to major risks that are identified.
    - For business investment projects, a dedicated M&A support organization controls and manages evaluation and execution processes and conducts risk discussions and monitoring before contracts are signed.

5. Initiatives to ensure the efficiency of the execution of duties by Directors
    - Business plans, which set forth group-wide management policies and targets, are developed by the Board of Directors. Under the business execution framework headed by President and CEO, MHI strives to achieve the targets set forth in the plans and the progress status is regularly reported at the meetings of the Board of Directors.
    - Part of decisions on important business execution has been delegated to President and CEO, etc. pursuant to the provisions of the Articles of Incorporation. In addition, criteria for matters that should be deliberated by the Board of Directors have been prescribed in the bylaw of the Board of Directors to improve the efficiency and agility of the execution of duties by Directors.
    - MHI practices portfolio management based on the strategic business assessment system to allocate management resources as appropriate to the business.

6. Initiatives to ensure appropriate business conduct of an enterprise group
    - Each MHI Group company is also included in initiatives for the abovementioned “2. Initiatives to ensure legal compliance in the execution of duties by Directors and employees and the appropriateness of decision-making processes” and “4. Initiatives concerning the management of risk of loss.”
    - Company regulations on the system to define the management responsibilities for MHI Group companies and other relevant matters have been established and important management matters within Group companies are reported to MHI.

(End)

CONSOLIDATED FINANCIAL STATEMENT [IFRS]
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Millions of Yen)

	As of March 31, 2026	As of March 31, 2025 (Reference)
ASSETS		
Current assets:		
Cash and cash equivalents	1,334,874	657,816
Trade and other receivables	1,108,557	984,684
Other financial assets	56,836	41,959
Contract assets	1,019,196	791,871
Inventories	1,041,899	1,062,532
Assets held for sale	548,409	3,718
Other current assets	330,652	369,048
Total current assets	**5,440,426**	**3,911,632**
Non-current assets:		
Property, plant and equipment (“PPE”)	794,467	935,096
Goodwill	106,394	172,947
Intangible assets	77,471	87,269
Right-of-use assets	62,849	86,996
Investments accounted for using the equity method	326,932	295,172
Other financial assets	489,341	470,907
Deferred tax assets	84,810	259,942
Other non-current assets	887,018	438,960
Total non-current assets	**2,829,285**	**2,747,292**
TOTAL ASSETS	**8,269,711**	**6,658,924**
LIABILITIES AND EQUITY		
Current liabilities:		
Bonds, borrowings and other financial liabilities	255,067	280,528
Trade and other payables	1,000,863	930,281
Income taxes payable	86,557	25,282
Contract liabilities	2,161,881	1,443,983
Provisions	244,851	229,032
Liabilities directly associated with assets held for sale	281,931	-
Other current liabilities	230,058	237,191
Total current liabilities	**4,261,212**	**3,146,299**
Non-current liabilities:		
Bonds, borrowings and other financial liabilities	621,173	850,746
Deferred tax liabilities	11,099	9,594
Retirement benefit liabilities	56,701	72,042
Provisions	54,905	72,102
Other non-current liabilities	36,218	38,315
Total non-current liabilities	**780,098**	**1,042,801**
TOTAL LIABILITIES	**5,041,310**	**4,189,101**
EQUITY		
Share capital	265,608	265,608
Capital surplus	48,274	44,742
Treasury shares	(12,915)	(16,452)
Retained earnings	1,880,339	1,588,643
Other components of equity	907,258	464,159
Equity attributable to owners of the parent	**3,088,566**	**2,346,702**
Non-controlling interests	139,834	123,121
TOTAL EQUITY	**3,228,400**	**2,469,823**
TOTAL LIABILITIES AND EQUITY	**8,269,711**	**6,658,924**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(Millions of Yen)

	FY2025 (From April 1, 2025 to March 31, 2026)	FY2024 (From April 1, 2024 to March 31, 2025) (Reference)
Continuing operations		
Revenue	4,974,168	4,361,127
Cost of sales	3,891,494	3,490,008
Gross profit	**1,082,674**	**871,119**
Selling, general and administrative expenses	632,810	584,085
Share of profit (loss) of investments accounted for using the equity method	16,690	(2,607)
Other income	35,619	91,967
Other expenses	69,954	21,427
Profit from business activities	**432,218**	**354,965**
Finance income	59,460	12,779
Finance costs	16,984	15,672
Profit before income taxes	**474,694**	**352,073**
Income taxes	116,306	106,409
Profit from continuing operations	**358,387**	**245,663**
Discontinued operations		
Profit (loss) from discontinued operations	**(12,445)**	**16,333**
Profit	**345,942**	**261,997**
Profit attributable to:		
Owners of the parent	332,129	245,447
Non-controlling interests	13,812	16,549

(Yen)

Earnings per share attributable to owners of the parent		
Basic earnings (loss) per share	98.86	73.04
Continuing operations	104.68	69.95
Discontinued operations	(5.82)	3.10
Diluted earnings (loss) per share	98.84	73.02
Continuing operations	104.66	69.93
Discontinued operations	(5.82)	3.10

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(From April 1, 2025 to March 31, 2026)

(Millions of Yen)

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	Total		
Balance as of April 1, 2025	**265,608**	**44,742**	**(16,452)**	**1,588,643**	**464,159**	**2,346,702**	**123,121**	**2,469,823**
Profit				332,129		332,129	13,812	345,942
Other comprehensive income					483,240	483,240	9,760	493,000
Comprehensive income (loss)	**-**	**-**	**-**	**332,129**	**483,240**	**815,370**	**23,572**	**838,943**
Transfer to retained earnings				40,137	(40,137)	-		-
Purchase of treasury shares			(6)			(6)		(6)
Disposal of treasury shares		11	33			44		44
Dividends				(80,615)		(80,615)	(7,755)	(88,371)
Others		3,520	3,510	43	(3)	7,070	895	7,966
Total transactions with owners	**-**	**3,531**	**3,537**	**(80,571)**	**(3)**	**(73,506)**	**(6,860)**	**(80,366)**
Balance as of March 31, 2026	**265,608**	**48,274**	**(12,915)**	**1,880,339**	**907,258**	**3,088,566**	**139,834**	**3,228,400**

(REFERENCE)
CONSOLIDATED STATEMENT OF CASH FLOWS

(Millions of Yen)

	FY2025 (From April 1, 2025 to March 31, 2026)	FY2024 (From April 1, 2024 to March 31, 2025)
Cash flows from operating activities:		
Profit before income taxes	474,694	352,073
Profit (loss) before income taxes from discontinued operations	(5,550)	22,458
Depreciation, amortization and impairment loss	211,214	160,643
Finance income and costs	(73,730)	6,623
Share of loss (profit) of investments accounted for using the equity method	(16,717)	2,754
Loss (gain) on sale of PPE, and intangible assets	(8,690)	(70,510)
Loss on disposal of PPE, and intangible assets	9,625	10,399
Decrease (increase) in trade receivables	(201,178)	(29,668)
Decrease (increase) in contract assets	(208,901)	(56,725)
Decrease (increase) in inventories and advanced payments	(37,675)	(147,467)
Increase (decrease) in trade payables	107,671	13,481
Increase (decrease) in contract liabilities	663,533	361,023
Increase (decrease) in provisions	3,274	8,094
Increase (decrease) in retirement benefit liabilities	33,258	17,821
Others	8,556	(26,260)
Subtotal	959,382	624,739
Interest received	14,010	10,804
Dividends received	25,769	15,796
Interest paid	(11,546)	(14,457)
Income taxes paid	(44,997)	(106,424)
Net cash provided by operating activities	**942,619**	**530,459**
Cash flows from investing activities:		
Payments into fixed-term deposits	(23,526)	(26,780)
Proceeds from withdrawal of fixed-term deposits	23,826	24,825
Purchases of PPE and intangible assets	(181,064)	(240,692)
Proceeds from sales of PPE and intangible assets	14,612	76,474
Purchases of investments (including investments accounted for using the equity method)	(7,493)	(63,885)
Proceeds from sales and redemption of investments (including investments accounted for using the equity method)	101,609	58,672
Proceeds from sales of businesses (including subsidiaries)	4,894	—
Payments for sales of businesses (including subsidiaries)	—	(1,475)
Payments for acquisition of businesses (including subsidiaries)	(27,054)	(1,509)
Net decrease (increase) in short-term loans	(348)	519
Disbursement of long-term loans	(353)	(15,675)
Collection of long-term loans	312	121
Payments for derivative transactions	(43,649)	(100,520)
Proceeds from derivative transactions	98,972	108,484
Others	(9,912)	(6,273)
Net cash provided by (used in) investing activities	**(49,175)**	**(187,714)**
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	(16,162)	(9,389)
Proceeds from long-term borrowings	1,000	9,012
Repayment of long-term borrowings	(66,546)	(76,629)
Proceeds from issuance of bonds	10,000	30,000
Payment for redemption of bonds	(35,000)	(30,000)
Payments for acquisition of interests in subsidiaries from non-controlling interests	—	(1,806)
Dividends paid to owners of the parent	(80,481)	(77,165)
Dividends paid to non-controlling interests	(7,796)	(7,659)
Purchase of treasury shares	(184)	(12,366)
Proceeds from factoring agreements	85,243	283,678
Repayment of liabilities under factoring agreements	(135,557)	(192,643)
Repayment of lease liabilities	(27,855)	(27,834)
Others	(1,212)	(1,318)
Net cash provided by (used in) financing activities	**(274,553)**	**(114,123)**
Effect of exchange rate changes on cash and cash equivalents	**79,518**	**(2,091)**
Net increase (decrease) in cash and cash equivalents	**698,407**	**226,529**
Cash and cash equivalents at beginning of the year	**657,816**	**431,287**
Cash and cash equivalents included in assets held for sale	**(21,350)**	—
Cash and cash equivalents at end of the year	**1,334,874**	**657,816**

Notes to the Consolidated Financial Statements

Basis of Preparation of Consolidated Financial Statements

1. Accounting standard applied to consolidated financial statements
   The accompanying consolidated financial statements of the Mitsubishi Heavy Industries Group ("the Group"), which consists of Mitsubishi Heavy Industries, Ltd. ("MHI") and its consolidated subsidiaries ("Subsidiaries"), have been prepared in accordance with Rules of Corporate Accounting Article 120 (1), based on International Financial Reporting Standards ("IFRS"). Some disclosures articles required under IFRS have been omitted as stipulated in the latter part of Article 120 (1).

2. Scope of consolidation
   Number of consolidated subsidiaries: 246
   Principal consolidated subsidiaries are described in "OVERVIEW OF MHI GROUP OUTLINES OF MAIN SUBSIDIARIES" of the business report.

3. Application of the equity method
   Number of affiliated companies accounted for using the equity method: 37 *1,2,3
   Principal affiliated companies accounted for using the equity method:
   Framatome S.A.S., Nakoso IGCC Power GK, Hirono IGCC Power GK

   *1 The Group classified Framatome S.A.S as an affiliated company accounted for using the equity method even though the Group owns less than 20% of the voting rights as significant influence over the company is held when considering the member of officers of Framatome S.A.S.

   *2 The Group classified Nakoso IGCC Power GK and Hirono IGCC Power GK as joint ventures accounted for using the equity method even though the Group owns the majority of interests in both companies, when considering the contents of the joint venture agreement.

   *3 The Group classified Mitsubishi Mahindra Agricultural Machinery CO., LTD as an affiliated company accounted for using the equity method even though the Group owns the majority of voting rights, when considering the percentage of holdings (including preferred stocks) and the contents of shareholders' agreement.

4. Accounting Policies
   (1) Financial instruments
   Financial instruments are recognized on the date when the Group becomes a contracting party to the financial instruments. Financial assets purchased in the common ways are recognized on the transaction date.

   a) Non-derivative financial assets
   Non-derivative financial assets which are classified as debt instruments are measured at amortized cost since all these instruments satisfy both of the following conditions:
   ・ The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
   ・ The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
   After initial recognition, financial assets measured at amortized cost are measured at amortized cost using the effective interest method.
   Equity instruments are measured at fair value.
   Non-derivative financial assets are measured at fair value plus transaction costs at initial recognition, unless the assets are measured at fair value through profit or loss. However, trade receivables that do not contain a significant financing component are initially measured at the transaction price.
   For financial assets measured at fair value, except for equity instruments held for trading that must be measured at fair value through profit or loss (FVTPL), the Group determines, for each equity instrument, whether the instrument is measured at FVTPL or if it irrevocably designates the instrument as measured at fair value through other comprehensive income (FVTOCI).
   For assets designated as financial assets at FVTOCI at initial recognition, any changes in fair value after the initial recognition are recognized as other comprehensive income. If a financial asset at FVTOCI is derecognized, or the fair value decreases significantly, the amount accumulated in other components of equity is transferred to retained earnings. Dividends from financial assets at FVTOCI are recognized as profit or loss in principle.
   When the contractual right to cash flows from a financial asset expires or the Group transfers a financial asset and substantially all the risks and rewards of ownership of the financial asset, the financial asset is derecognized.

   b) Non-derivative financial liabilities
   Non-derivative financial liabilities are classified as financial liabilities measured at amortized cost. Financial

liabilities measured at amortized cost are measured at fair value less transaction costs at initial recognition. After initial recognition, such liabilities are measured at amortized cost using the effective interest method.
When the obligation specified in the contract for a non-derivative financial liability is discharged, canceled or expires, the non-derivative financial liability is derecognized.

c) Derivative transactions and hedge accounting
The Group uses derivative instruments including forward exchange contracts, currency swap contracts, interest rate swap contracts and forward contracts to hedge foreign currency risks, interest rate risks and commodity price risks.
Derivative transactions are initially recognized at fair value on the date when the Group becomes a party to the contract, and related transaction costs are expensed as incurred. After the initial recognition, they are measured at fair value with changes in the fair value recognized in profit or loss, unless they are designated as the hedging instrument in a cash flow hedge.
When applying hedge accounting, the Group formally designates and documents the hedging relationship and the risk management objective and strategy at the inception of a hedge. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged, and the methods of assessing hedge effectiveness. The Group assesses whether the hedging relationship is effective prospectively on an ongoing basis.
The Group applies the following accounting treatment for derivative transactions that meet the requirements for hedge accounting.

(i) Fair value hedge
Changes in the fair value of derivative transactions that are designated as fair value hedges are recognized in profit or loss together with changes in the fair value of the hedged assets or liabilities that correspond to the hedged risk.
When derivative transactions are designated as the hedging instrument for equity instruments that are designated as financial assets measured at FVTOCI, changes in the fair value of the hedging instrument and hedged assets are recognized in other comprehensive income.

(ii) Cash flow hedge
When a derivative transaction is designated as the hedging instrument in a cash flow hedge, the effective portion of changes in the fair value of the derivative is recognized as other comprehensive income and the ineffectiveness is recognized immediately as profit or loss.
When applying a cash flow hedge to a currency swap contract, the Group designates the portion other than the currency basis spread as the hedging instrument and treats the currency basis spread as costs of hedging, and recognizes changes in its fair value in other components of equity through other comprehensive income.

The cash flow hedge accumulated in other components of equity is transferred to profit or loss in the same period during which cash flows of the hedged item affect profit or loss. However, when the hedged item is associated with acquisition of a non-financial asset, such amount is accounted for as an adjustment to the initial acquisition cost of the non-financial asset.
When the Group recognizes the costs of hedging for a derivative transaction entered into in order to hedge a time-period related hedged item, it transfers the cumulative costs of hedging accumulated in other components of equity to profit or loss on a systematic and rational basis over the period during which the hedge adjustment from the hedging instrument could affect profit or loss.

When a forecast transaction is no longer highly probable to occur, hedge accounting is discontinued. When the forecast transaction is no longer expected to occur, the amount accumulated in other components of equity is transferred to profit or loss.

d) Impairment of financial assets
For financial assets measured at amortized cost, the Group determines, at the end of each reporting period, whether credit risk on the asset has increased significantly since initial recognition. If the credit risk has increased significantly, a loss allowance at an amount equal to lifetime expected credit losses is recognized. If no significant increase in the credit risk is identified, a loss allowance at an amount equal to 12-month expected credit losses is recognized.
However, for trade receivables and contract assets, loss allowance for doubtful accounts is recognized at an amount equal to the lifetime expected credit losses, regardless of whether or not the credit risk has increased significantly since the initial recognition.
Evidence indicating a significant increase in credit risk includes default or delinquency by a debtor, extension of the due date provided by the Group for a debtor on terms that the Group would not implement under other circumstances, and indications that a debtor or issuer will enter bankruptcy. Provision of loss allowance is recognized in profit or loss.

e) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the consolidated statement of financial position only if the Group currently has a legally enforceable right to set off the recognized amounts and intend either to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(2) Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is the amount including costs of purchase, costs of conversion and all costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to sell.

The inventory valuation method is as follows:

Merchandise and finished goods: principally weighted average method
Work in process: principally specific identification method
Raw materials and supplies: principally weighted average method

(3) Assets held for sale and Discontinued operations

Non-current assets or disposal groups for which recovery is considered highly probable principally through sale rather than through continuing use are classified as assets held for sale.

Assets held for sale are not depreciated or amortized and are measured at the lower of their carrying amount and fair value less costs to sell.

Discontinued operations include non-current assets or disposal groups that have been disposed of or classified as held for sale, and are recognized when they constitute a major business or geographical area of the Group and there is a plan to dispose of such business or geographical area.

(4) PPE

PPE are presented at cost less accumulated depreciation and impairment losses, using the cost model. Cost includes any costs directly attributable to the acquisition of assets, dismantling costs, removal costs, and restoration costs for the site where the PPE have been located.

Except for assets that are not depreciated, such as land, PPE are depreciated using the straight-line method over the estimated useful lives.

The estimated useful lives of major PPE are as follows:

Buildings and structures:	2 to 70 years
Machinery and vehicles:	2 to 20 years
Tools, furniture and fixtures:	2 to 20 years

The depreciation method, estimated useful lives and residual value are reviewed at the end of the fiscal year and revised where necessary.

(5) Intangible assets

Intangible assets are presented at cost less accumulated amortization and impairment losses, using the cost model. Intangible assets are amortized over the estimated useful lives using the straight-line method. The estimated useful lives of major intangible assets are as follows:

Software: 3 to 10 years
Technologies recognized through business combination: 7 to 25 years
Customer relationship recognized through business combination: 2 to 25 years
Others: 3 to 15 years

Intangible assets with indefinite useful lives are presented at cost less accumulated impairment losses.

Expenses incurred with respect to development activities of the Group are capitalized only when it can be proved that the expenses satisfy all the following conditions:

・ The technical feasibility of completing the intangible asset so that it will be available for use or sale.
・ Its intention to complete the intangible asset and use or sell it.
・ Its ability to use or sell the intangible asset.
・ How the intangible asset will generate probable future economic benefits.
・ The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
・ Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development expenses that do not satisfy the above requirements for capitalization and expenditures on research activities are expensed as incurred. The amortization method, estimated useful lives and residual value are reviewed at the end of the fiscal year and revised where necessary.

(6) Leases

a) Leases as lessor

Leases in which substantially all the risks and rewards of ownership of the asset are transferred to the lessee under the contract are classified as finance leases. Leases other than finance leases are classified as operating leases.

With regard to the amount received from lessees under finance leases, the net investment in leases is recorded as

“Trade and other receivables,” and unearned finance income is allocated to the net investment at a constant rate over the lease term and recognized in the fiscal year to which the profit is attributed. Lease revenues under operating leases are recognized on a straight-line basis over the lease term.

b) Leases as lessee

For leases as lessee, the Group recognizes assets and liabilities under an on-balance sheet accounting model. Under this model, leases are recognized as a right-of-use asset representing the Group’s right to use the underlying leased asset and as a lease liability representing the Group’s obligation to make lease payments for all leases at the lease commencement date. The Group measures right-of-use assets and lease liabilities as follows:
For short-term leases with a lease term of 12 months or less and leases of low value, however, the Group has elected to apply to the recognition exemption.

・ Right-of-use assets

Right-of-use assets are measured at cost, which mainly comprises the amount of the initial measurement of the lease liability adjusted for any initial direct costs incurred and any prepaid lease payments made at or before the commencement date. After initial recognition, right-of-use assets are measured, at cost less any accumulated depreciation and any accumulated impairment losses, using the cost model.
Right-of-use assets are depreciated on a straight-line basis over the period until the earlier of the end of the useful life or the end of the lease term.

・ Lease liabilities

Lease liabilities are initially recognized at the lease commencement date and are measured at the present value of the lease payments that are not paid at that date. To calculate the present value, the interest rate implicit in the lease is used as the discount rate. If that rate cannot be readily determined, the Group’s incremental borrowing rate is used. Lease liabilities are remeasured, if each lease contract contains an option to purchase the underlying asset or an option to extend or terminate the lease and there is a change in possibilities to exercise such options.

The Group presents “Right-of-use assets” separately from other assets and lease liabilities in “Bonds, borrowings and other financial liabilities” in the consolidated statement of financial position.

(7) Impairment of non-financial assets

With regard to PPE, intangible assets and other assets, the Group determines, at the end of the reporting period, whether or not there is any indication of impairment. If any such indication exists, the Group performs an impairment test by estimating the recoverable amount of the asset. With regard to goodwill and intangible assets with indefinite useful lives, the Group periodically conducts an impairment test once a year or whenever there is any indication of impairment.
The recoverable amount is the higher of the fair value less costs of disposal of the asset or cash-generating unit, or its value in use. Value in use is determined as the present value of future cash flows that are expected to arise from the asset or cash-generating unit. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of cash inflows from other assets or groups of assets. When the recoverable amount of an individual asset cannot be estimated, the recoverable amount of the cash-generating unit to which the asset belongs is determined. If the recoverable amount of an asset or cash-generating unit is lower than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to the recoverable amount.
For non-financial assets for which an impairment loss was recognized, except for goodwill, the Group reassesses the possibility that the impairment loss will be reversed at the end of the reporting period.

(8) Provisions

The Group recognizes a provision when there is a present legal or constructive obligation arising from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably. In doing so, if the period up to the settlement of the obligation is expected to be a long term and the time value of money is material, a provision is measured based on the present value of expenditure expected at the time of settlement.
If some or all of the expenditure required for the Group to settle the provisions is expected to be reimbursed, the reimbursement is recognized as a separate asset only when it is virtually certain that the Group will receive the reimbursement.
If provisions and external reimbursements are recognized in the same reporting period, these amounts are presented on a net basis in the consolidated statement of profit or loss.

(9) Post-employment benefits

The Group has adopted lump-sum payment on retirement and pension plans as post-employment benefit plans for employees. These plans are roughly classified as defined benefit plans or defined contribution plans. Accounting policies for respective plans are as follows.

a) Defined benefit plans

In defined benefit plans, the present value of defined benefit obligations is calculated separately for each plan by estimating the amount of future benefits that employees have earned in exchange for their service rendered in the prior fiscal years and the current fiscal year. The amount used to settle the obligations less fair value of plan assets is recognized as defined benefit liability (asset). The asset ceiling in this calculation is the present value of future economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of defined benefit obligations is calculated using the projected unit credit method, and the discount rate is determined by reference to the market yield on high quality corporate bonds at the end of the fiscal year corresponding to the estimated timing for future benefit payments.
Service cost and net interest cost on net defined benefit liability (asset) are recognized in profit or loss, and remeasurement of defined benefit liability (asset) is recognized in other comprehensive income.

b) Defined contribution plans
Contributions for retirement benefits under defined contribution plans are recognized as expenses in profit or loss as the related service is provided.

(10) Business combinations
Business combinations are accounted for by applying the acquisition method. The consideration of acquisition is measured as the aggregate of the acquisition-date fair value of the assets transferred, liabilities assumed and equity securities issued by the Group in exchange for control of the acquiree. Transaction costs directly attributable to acquisition are accounted for as expenses when they are incurred. Identifiable assets and liabilities of the acquired entity are recognized at their fair value on the acquisition date.
Goodwill is measured at the fair value of consideration for the acquisition of the acquired entity measured on the acquisition date less the net recognized amount of identifiable assets acquired and liabilities assumed on the acquisition date (usually, fair value). If the fair value of consideration for the acquisition is lower than the net recognized amount of assets acquired and liabilities assumed, the difference is recognized as profit. In the business combination, when consideration for the business combination transferred from the Group includes assets or liabilities arising from a contingent consideration arrangement, the contingent consideration is measured at fair value on the acquisition date and included as part of the above consideration for acquisition.
For the measurement of non-controlling interests, the method based on the proportionate share of non-controlling interests in the acquired entity’s identifiable net assets is employed principally.

(11) Foreign currency translation
Foreign currency transactions are translated into the functional currencies of the Group at the exchange rates at the dates of the transactions or an approximation of the rate.
Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated at the exchange rates at the end of the reporting period.
Exchange differences arising from translation or settlement are recognized as profit or loss. On the other hand, exchange differences arising from financial assets at FVTOCI are recognized as other comprehensive income.
Assets and liabilities of foreign operations are translated into Japanese yen using the exchange rates at the end of the reporting period, whereas revenue and expenses are translated using the average exchange rate during the period unless there is significant fluctuation in the exchange rates.
Exchange differences arising from the translation of financial statements of foreign operations are recognized in other comprehensive income. At the time of disposal of a foreign operation, cumulative exchange differences recognized in other comprehensive income are transferred to profit or loss.

(12) Revenue
The Group recognizes revenue at an amount that reflects consideration to which the Group expects to be entitled in exchange for the transfer of goods or services to customers based on the following five-step approach, except for interest and dividend income, etc. which are accounted for under IFRS 9.

Step 1: Identify the contract with the customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the separate performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Revenue is recognized to the extent that an inflow of economic benefits to the Group is probable and its amount can be measured reliably, regardless of the timing of receiving the payment, and measured at a fair value of the consideration received or receivable after taxes in light of contractual payment terms.
Of incremental costs of obtaining contracts with customers and fulfillment costs directly related to contracts, the portion that is expected to be recoverable is recognized as assets and is regularly amortized over the transfer of related goods or services to customers. Incremental costs of obtaining contracts with customers are costs that would not be incurred if the contract is not obtained.
Requirements for revenue recognition of the Group are as follows.

a) Sale of products

For this transaction, the Group typically recognizes revenue at the time of the delivery of the goods, as the performance obligations in the contracts with customers are principally considered to be satisfied at the time that the products are delivered and control of the relevant goods is transferred to the customer.

Revenue from the sale of goods is measured at an amount of consideration promised in the contract with the customer less sales returns, discounts, rebates, and taxes collected on behalf of third parties and others.

b) Rendering of services and construction contracts

For these transactions, the control of the goods and services included in the contracts is deemed to be transferred to customers over a certain period specified in the contract. Therefore, the Group recognizes revenue by estimating total revenue for each construction contract, measuring progress towards completion of the performance obligation included in the contract with the customer, and calculating the portion of total revenue corresponding to the progress. The progress is measured by a method that depicts the satisfaction of the performance obligation, and principally estimated based on the proportion of costs already incurred to satisfy the performance obligation against the expected total costs to the complete satisfaction of the performance obligation.

(13) Profit from business activities

"Profit from business activities" on the consolidated statement of profit or loss is presented as a measure that enables continuous comparison and assessment of the Group's business performance. "Profit from business activities" is calculated by subtracting "Cost of sales", "Selling, general and administrative expenses" and "Other expenses" from "Revenue" and adding "Share of profit of investments accounted for using the equity method" and "Other income" to the resulting amount.

"Other income" and "Other expenses" consist of dividend income, gains or losses on the sales of PPE and intangible assets, impairment losses on PPE and intangible assets, and others. Dividend income from shares and investments in capital held by the Group, where the investment is held by the Group over the long term due to business operation requirements, such as collaborating with other companies, is included in profit from business activities as the results of the business. Dividend income is recognized when the Group's right to receive the dividend income is established.

(14) Finance income and costs

"Finance income" and "Finance costs" consist of interest income, interest expenses, foreign exchange gains or losses, gains or losses on derivatives (except for gains or losses recognized in other comprehensive income) and others. Interest income and expenses are recognized using the effective interest method when they arise.

(15) Income taxes

Income taxes consist of current taxes and deferred taxes. Except for income taxes related to the initial recognition of business combinations and those which are recognized directly in equity or other comprehensive income, income taxes are recognized as profit or loss.

Current taxes are measured as the amount that is expected to be paid to or refunded from tax authorities. The amount of these taxes is calculated based on tax rates and tax laws that are enacted or substantively enacted at the end of the reporting period.

Deferred taxes are recognized in relation to temporary differences arising from differences between the carrying amounts of assets and liabilities for accounting purposes and the related carrying amounts for tax purposes, unused tax losses and unused tax credits. Based on management plans taking into account tax implications and others, deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for all taxable temporary differences in principle. However, taxable temporary differences relating to investments in subsidiaries, affiliates and interests in joint ventures are not recognized if the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not be reversed in the foreseeable future. With regard to taxable temporary differences arising from the initial recognition of goodwill, deferred tax liabilities are also not recognized.

Deferred tax assets are reviewed at the end of each reporting period, and a reduction is made for the portion for which it is probable that taxable profits sufficient to utilize all or part of the deferred tax assets will not be available. On the other hand, unrecognized deferred tax assets are also reassessed at the end of each reporting period, and such deferred tax assets are recognized to the extent that the assets are recoverable if it becomes probable that the assets will be recovered due to future taxable profits.

Deferred tax assets and liabilities are measured based on tax rates and tax laws that are enacted or substantively enacted by the end of the reporting period and are anticipated to be applied in the period when the temporary difference is expected to be reversed.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to set off current tax assets against current tax liabilities and related taxes are levied by the same tax authority on the same taxable entity.

With regard to uncertain tax position of income taxes, a reasonably estimated amount is recognized as asset or liability when it is probable to pay or refund income taxes based on interpretations for the purpose of tax law.

(Income Tax Treatment under the Global Minimum Tax)

The Group applies the temporary exception stipulated in the IAS 12 “Income Taxes” regarding the introduction of the Pillar Two model rules. In accordance with this exception, deferred tax assets and liabilities arising from tax laws enacted or substantively enacted by national governments to introduce the Pillar Two model rules are not recognized, and the income taxes arising from the Pillar Two model rules are accounted for as current tax expenses when incurred.

Notes on Changes in Presentation

(CONSOLIDATED STATEMENT OF FINANCIAL POSITION, CONSOLIDATED STATEMENT OF PROFIT OR LOSS and CONSOLIDATED STATEMENT OF CASH FLOWS)

During the fiscal year ended March 31, 2026, the Group has classified the business operations related to Mitsubishi Logisnext Co., Ltd. (currently Logisnext Co., Ltd.) and its subsidiaries and affiliates, as discontinued operations. As a result, the Consolidated statement of profit or loss and the related Notes to the Consolidated Financial Statements for the fiscal year ended March 31, 2025 have been partially reclassified.

Assets and liabilities related to such business in the Consolidated statement of financial position have been classified as a disposal group held for sale and presented as “Assets held for sale” and “Liabilities directly associated with assets held for sale.”

In the Consolidated statement of cash flows, cash flows from operating activities, investing activities and financing activities are presented as the aggregate amounts of cash flows arising from both continuing operations and discontinued operations. Cash flows arising from discontinued operations are as described in Other Notes 3. Discontinued operations.

Notes on Accounting Estimates

Items whose amounts were recorded in the consolidated financial statements for the fiscal year ended March 31, 2026, based on accounting estimates, and that could have a material impact on the consolidated financial statements for the fiscal year ending March 31, 2027, are as follows.

1. Recoverable amount of non-financial assets
   - Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2026:

     Non-financial assets: ¥ 1,054,969 million
   - Other information that contributes to users of the consolidated financial statements to understand the content of accounting estimates:

     For details, refer to Basis of Preparation of Consolidated Financial Statements, 4. Accounting Policies, (7) Impairment of non-financial assets. Although the above mentioned accounting policy is established for MHI and Subsidiaries, with regard to PPE and intangible assets for affiliated companies accounted for using the equity method, the Group also performs an impairment test by estimating the recoverable amount of the asset based on the same accounting policy. The amount of investments accounted for using the equity method recognized in the consolidated financial statements for the fiscal year ended March 31, 2026 was ¥326,932 million.

2. Provisions
   - Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2026:

     Provisions: ¥ 299,757 million
   - Other information that contributes to users of the consolidated financial statements to understand the content of accounting estimates:

     For details, refer to Basis of Preparation of Consolidated Financial Statements, 4. Accounting Policies, (8) Provisions.

     The provision recognized in the fiscal year ended March 31, 2026, includes a provision for losses on construction contracts on long-term service agreements associated with the plant facilities that were delivered in the past fiscal year. The Group recognizes the provision based on the reasonable estimates of costs necessary to fulfill the long-term service agreements.

3. Measurement of defined benefit obligations
   - Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2026:

     Retirement benefit assets: ¥ 795,095 million

     Retirement benefit liabilities: ¥ 56,701 million
   - Other information that contributes to users of the consolidated financial statements to understand the content of accounting estimates:

     For details, refer to Basis of Preparation of Consolidated Financial Statements, 4. Accounting Policies, (9) Post-employment benefits.

4. Recognition and measurement of revenue
   ・ Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2026:
      For details, refer to Notes on Revenue Recognition.
   ・ Other information that contributes to users of the consolidated financial statements to understand the content of accounting estimates:
      For details, refer to Basis of Preparation of Consolidated Financial Statements, 4. Accounting Policies, (12) Revenue.

5. Recoverability of deferred tax assets
   ・ Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2026:
      Deferred tax assets: ¥ 84,810 million
   ・ Other information that contributes to users of the consolidated financial statements to understand the content of accounting estimates:
      For details, refer to Basis of Preparation of Consolidated Financial Statements, 4. Accounting Policies, (15) Income taxes.

Notes to the Consolidated Statement of Financial Position

1. Pledged assets and related liabilities
   None of borrowings for which collateral was pledged when the loan agreements were entered into as of March 31, 2026.
   The Group converts trade receivables and other receivables into cash pursuant to asset transfer contracts as a measure of financing. The amounts of trade receivables and contract assets transferred without qualifying for derecognition as of March 31, 2026, were 57,845 million yen and 113,904 million yen, respectively. Liabilities under factoring agreements (Bonds, borrowings and other financial liabilities) recognized for current and non-current liabilities were 92,677 million yen and 81,933 million yen, respectively.

2. Provision for losses which were directly deducted from the assets.

Trade and other receivables	¥ 20,450 million
Other financial assets(current)	¥ 1,877 million
Contract assets	¥ 1,090 million
Other financial assets(non-current)	¥ 1,649 million

3. Accumulated depreciation of PPE ¥ 2,110,032 million
   The above accumulated depreciation of PPE amounts includes accumulated impairment losses.

4. Guarantee obligations
   The Group primarily guarantees affiliated companies' loans from financial institutions. The total of guarantees was 48,028 million yen at the end of the fiscal year ended March 31, 2026.

5. Commitments
   The Group may make commitments to third parties to provide capital injections or other forms of funding to affiliated companies, subject to certain conditions. As of March 31, 2026, the total amount of such commitments was 20,155 million yen.

Notes to the Consolidated Statement of Profit or Loss

(Major items included in profit from business activities in the fiscal year ended March 31, 2026)

Other income

・ Dividend income
  Other income includes dividend income. The amount of dividend income included in the fiscal year ended March 31, 2026, was 14,013 million yen.

・ Gains on sale of PPE and intangible assets
  Gains on sales of owned property (e.g. Land), which arises when an asset is sold for more than its carrying amount are recognized as income in connection with sales to third parties.

Other expenses

・ Impairment losses
  These losses of 29,550 million yen were mainly recognized based on an estimate of the recoverable amount of goodwill and other non-financial assets recognized in the Industrial power solutions business.

・ Losses on disposal of PPE and intangible assets

These losses were recognized in connection with the disposal of PPE and intangible assets that were no longer in use for business purposes.

Notes to the Consolidated Statement of Changes in Equity

1. Type and number of the shares issued
   Common stock 3,373,647,810 shares

2. Type and number of shares subject to the share subscription rights
   Common stock 695,000 shares

3. Cash dividends
   (1) Cash dividends paid

Resolution	Type of shares	Total cash dividends paid *1,2	Cash dividends per share	Record date	Effective date	Resource of dividends
Jun 27, 2025 Annual General Meeting of Shareholders	Common Stock	¥ 40,434 million	¥ 12	Mar 31, 2025	Jun 30, 2025	Retained earnings
Nov 7, 2025 Board of Directors Meeting	Common Stock	¥ 40,434 million	¥ 12	Sep 30, 2025	Dec 5, 2025	Retained earnings

*1 Total cash dividends paid in accordance with the resolution by Ordinary General Meeting of Shareholders held on Jun 27, 2025, include 141 million yen of cash dividends for the stocks held by the Stock Grant ESOP Trust and the Officer Remuneration BIP Trust I&II.

*2 Total cash dividends paid in accordance with the resolution by the Board of Directors meeting held on Nov 7, 2025, include 112 million yen of cash dividends for the stocks held by the Stock Grant ESOP Trust and the Officer Remuneration BIP Trust I&II.

(2) Dividends of which the record date is within this fiscal year which take effect in the next fiscal year

Resolution	Type of shares	Total cash dividends to be paid *	Cash dividends per share	Record date	Effective date	Resource of dividends
Jun 26, 2026 Annual General Meeting of Shareholders	Common stock	¥ 43,805 million	¥ 13	Mar 31, 2026	Jun 29, 2026	Retained earnings

* Total cash dividends to be paid in accordance with the resolution by the ordinary general meeting of shareholders to be held on June 26, 2026, include 121 million yen of cash dividends for the stocks held by the Stock Grant ESOP Trust and the Officer Remuneration BIP Trust I&II.

Notes on Financial Instruments

1. Condition of financial instruments
   The Group is exposed to credit risk, liquidity risk, and market risk (foreign currency risk, interest rate risk and share price risk) in the course of operating activities and conducts risk management in accordance with certain policies to avoid or reduce these risks.

   (1) Credit risk management
   The Group's "Trade and other receivables," "Other financial assets," and financial assets measured at amortized cost under "Contract assets" and financial guarantee contracts are exposed to the credit risk of the customers.
   The Group regularly manages due dates and balances of receivables from each customer, and assesses their credit status. The Group has accepted collateral with respect to specific transactions with customers to deal with them for the credit enhancement purpose. The Group also tries to reduce the credit risk by utilizing letter of credit, trade insurance, etc. The Group has no excessive credit risk concentrated on a single customer.
   The credit risks related to deposits and derivative transactions that the Group has entered into are limited because all transactions entered into are with highly creditworthy financial institutions.
   Loss allowances for "Trade and other receivables" and "Contract assets" presented in the Consolidated statement of financial position are always measured at an amount equal to lifetime expected credit losses.

(2) Liquidity risk management

The Group's "bonds, borrowings, and other financial liabilities" and "trade payables and other payables" are exposed to liquidity risk. However, each company of the Group manages the risk by, for example, preparing its cash budget every month.

The Group finances working capital and capital expenditures primarily by using net cash provided by operating activities, and any shortage of funds is covered mainly by borrowings from banks and issuing bonds.

As one of the financing methods, the Group liquidates trade receivables under receivable transfer contracts.

The Group has some unused commitment line agreements with highly creditworthy banks. Some bank loan agreements require the Group to maintain a certain level of specific financial ratios and net assets.

(3) Market risk management

a) Foreign currency risk management

The Group develops its business on a global scale, and is exposed to the risk caused by fluctuations in exchange rates. Foreign currency risk arises from receivables and payables denominated in foreign currencies that are already recognized and forecast transactions such as future purchases and sales.

Based on the natural hedge concept, the Group keeps a balance between receivables and payables in the same currency to hedge the risk in accordance with its basic policy, but enters into forward exchange contracts as necessary for some of the receivables and payables and forecast transactions denominated in foreign currencies.

Forward exchange contracts are mainly used to hedge the foreign currency risk on trade receivables and trade payables denominated in foreign currencies. The Group enters into derivative transactions to the extent corresponding to actual business in accordance with its internal control policy, and does not carry out any speculative transactions. The Group also applies cash flow hedges to some forward exchange contracts.

b) Interest rate risk management

The Group has borrowings with variable interest rates, and is exposed to the interest rate risk. The Group enters into derivative transactions (interest rate swaps) for some of long-term borrowings in order to avoid the risk of variability in interest payments and attempt to fix interest expenses. The Group applies hedge accounting to the interest rate swaps, and adopts cash flow hedges.

c) Share price risk management

The Group holds shares in other companies such as its suppliers and other business partners, and is exposed to the risk of changes in share prices. The primary purpose of such investments is to strengthen and maintain relationships with such companies. The Group regularly reviews the status of shareholdings according to the business relationships with its suppliers and other business partners since shares in such companies are held mainly out of the necessity that arises from business operations such as collaboration with other companies.

2. The breakdown of financial instruments by each fair value level

The inputs to valuation techniques used to measure fair value are categorized into either of the following three based on the observability in the market.

Level 1 inputs: Quoted prices in active markets for identical assets or liabilities.

Level 2 inputs: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: Inputs that are not based on observable market data.

The following is the breakdown of measurements of assets and liabilities measured at fair value.

(Millions of yen)

	Level1	Level2	Level3	Total
Assets:				
Securities and investments in capital	199,778	-	183,451	383,230
Derivatives	-	16,156	-	16,156
Total	199,778	16,156	183,451	399,386
Liabilities:				
Derivatives	-	11,646	686	12,332
Total	-	11,646	686	12,332

The fair value of marketable shares and investments in capital is measured at market price. The fair value of non-marketable shares and investments in capital is measured based on market multiples derived from the PBR (price-to-book ratio) of comparable companies. For derivative assets and liabilities, the fair value of forward foreign exchange contracts is determined based on the forward exchange rate at the market as of the end of each reporting period. The fair value of interest rate swaps is determined by discounting the estimated future cash flows to the present value at the interest rate as of the end of each reporting period.

Financial assets measured at fair value are separately presented as “Other financial assets” in both the Current assets and Non-current assets sections of the consolidated statement of financial position. Similarly, financial liabilities measured at fair value are separately presented as “Bonds, borrowings and Other financial liabilities” in both the Current liabilities and Non-current liabilities sections.

MHI determines at the end of each reporting period whether there are transfers between levels of the fair value. There were no such transfers between levels as of the transition date, March 31, 2025, and March 31, 2026.

3. Other financial instruments

The carrying amount and fair value of financial instruments at the end of the current fiscal year are as follows.

	Carrying amount (Millions of yen)	Fair value (Millions of yen)
Financial assets:		
Service concession receivables *	77,322	80,399
Deposits	12,128	8,905
Financial liabilities:		
Bonds	200,000	187,388
Long-term borrowings	238,429	223,148
Non-recourse borrowings	62,601	62,601

* A service concession arrangement is an arrangement between the “grantor” (national and local governments) and the “operator” (a private sector entity) to provide services that give the access to public services to the operator. For the group, service concession receivables are recognized as the financial assets measured at amortized cost and separately presented as "Other financial assets" in both current and non-current.

Financial liabilities measured at amortized cost, which are included in this table, are classified as either current or non-current under “Bonds, borrowings and other financial liabilities.”

Non-recourse borrowings classified as non-current include borrowings for which the Group has obtained consent from the counterparty financial institutions to waive the right to demand lump-sum repayment in relation to financial covenants.

For financial assets and liabilities measured at amortized cost that are not included in this table, liabilities under factoring agreements, and lease receivables, the carrying amount approximates the fair value. Fair values of marketable bonds are based on the market price. Fair values of non-marketable bonds and long-term borrowings include non-recourse borrowings are calculated by discounting the expected future cash flows to the present value, based on the interest rate that would be used for borrowings with the same remaining maturity and on the same terms and conditions. The fair value of service concession receivables is calculated by discounting expected future cash flows to the present value, based on the latest market interest rates.

In terms of fair value measurement, bonds are categorized within Level 2, and all others are categorized within Level 3.

Notes on Revenue Recognition

1. Disaggregation of revenue

The Group is composed of four business domains and segments: Energy; Plants & Infrastructure; Logistics, Thermal & Drive and Aircraft, Defense & Space. The operating results of these business domains and segments are regularly reviewed by the Board of Directors of MHI for making decisions about resource allocation and assessing their performance. Therefore, turnover recognized from these businesses is presented as revenue.

The Group further disaggregates revenue from contracts with customers for the Aircraft, Defense & Space business domains into “commercial aircraft” and “defense and space equipment” based on the type of markets or customers.

The Group has classified the business operations related to Mitsubishi Logisnext Co., Ltd. (currently Logisnext Co., Ltd.) and its subsidiaries and affiliates, which were included in “Logistics, Refrigeration and Drive Systems” as discontinued operations for the fiscal year ended March 31, 2026 as described in Other Notes 3. Discontinued operations and has deducted them from the amounts for the fiscal year ended March 31, 2026.

Revenue from external customers*1 (Millions of yen)

	FY2025
Energy Systems	2,053,956
Plants & Infrastructure Systems	814,757
Logistics, Thermal & Drive Systems	624,860
Aircraft, Defense & Space	
Commercial aircraft	249,095
Defense & space equipment	1,143,802
Subtotal	1,392,898
Reporting segments total	4,886,472
Others *2	74,467
Total	4,960,939
Corporate & Eliminations *3	13,228
Consolidation	4,974,168

*1 Most of the revenue is recognized from contracts with customers under IFRS 15, and the amount of lease revenue recognized under IFRS 16 and revenue recognized from other sources is not material.

*2 “Others” includes businesses related to growth areas such as data center & energy management and asset businesses, which are not included in the reporting segments.

*3 “Corporate & Eliminations” includes general services not included in any of the reporting segments.

The Group is engaged in the sales of products, the performance of constructions and the rendering of services in the Energy, Plants & Infrastructure, Logistics, Thermal & Drive and Aircraft, Defense & Space business domains. For details of the revenue recognition in each transaction, refer to Basis of Preparation of Consolidated Financial Statements, 4. Accounting Policies, (11) Revenue.

Of these, Energy Systems, Plants & Infrastructure Systems, and Defense and space equipment businesses are engaged in construction work in which performance obligations are satisfied over a long period exceeding one year. The revenue of these three businesses is set forth above. These amounts include revenue recognized over time based on the progress towards completion and determining the total transaction price for each construction contract.

The progress is measured using the method that depicts the satisfaction of performance obligation and is principally estimated based on the proportion of costs incurred to satisfy the performance obligation against the expected total costs of satisfying the performance obligation.

The estimated total revenue and costs are subject to change due to the factors set out below, among others, which could arise from contracts with customers and suppliers. There were certain construction contracts which involved significant management judgment.

(1) Factors that may cause changes in the estimated total revenue

- Claims for damage or other requests by customers arising from delivery delays, the underperformance of the product and other reasons

(2) Factors that may cause changes in the estimated total costs

- Changes in product specifications
- Responses to process delays
- Fluctuations of procurement costs such as materials and parts
- Responses to underperformance
- Events that were not considered in the planning of construction

The consideration of a transaction is received based on the progress for each performance obligation satisfied over time, such as a milestone in the case of a construction contract. The consideration for the sale of goods or rendering of services is received within one year after the performance obligation is satisfied. In either case, the contract does not include a significant financing component. In addition, within consideration from contracts with customers, no significant amounts have been excluded from the transaction price.
Further, the Group provides warranties assuring that a product satisfies specifications as provided in the contract. However, the Group does not identify this warranty as a separate performance obligation because it does not provide a distinct service. For certain products and construction contracts, under which warranties on performance and delivery guarantees are provided, revenue is reduced to the extent a refund liability to customers is deemed to be incurred, as a result of unsatisfied obligations.

2. The breakdown of revenue by geographical market
Revenue from external customers is classified based on their geographical location into a country or region depending on geographical proximity.

Revenue from external customers (Millions of yen)

	FY2025
Japan	2,352,063
U.S.A	1,094,694
Asia	660,156
Europe	404,099
Central and South America	144,326
Africa	25,239
Middle East	156,840
Others	136,747
Total	4,974,168

The major countries or regions in the category of the above table are as follows:
(1) Asia... China, India, Taiwan, Singapore, Korea, Thailand, Vietnam, Philippines, Indonesia, Malaysia, Hong Kong, and Macau
(2) Europe... Germany, United Kingdom, Uzbekistan, Spain, Austria, Poland, Netherlands, France, Italy, Kazakhstan, Turkmenistan, Ireland, Sweden, Serbia, Belgium, and Finland
(3) Central and South America... Mexico, Brazil, Puerto Rico, and Panama
(4) Africa... Morocco, Algeria, South Africa, and Egypt
(5) Middle East... Saudi Arabia, Qatar, Turkey, United Arab Emirates, Kuwait, Israel, Oman, and Bahrain
(6) Others... Canada and Australia

3. Transaction price allocated to the remaining performance obligations
   The aggregate amount of the transaction price allocated to the remaining performance obligations as of March 31, 2026, and the balance by reporting segment are as follows.

(Millions of yen)

	As of March 31, 2026
Energy Systems	6,983,230
Plants & Infrastructure Systems	2,102,859
Logistics, Thermal & Drive Systems	68,566
Aircraft, Defense & Space	4,063,214
Reporting segments total	13,217,870
Others *1	19,006
Total	13,236,877
Corporate & Eliminations *2	810
Consolidation	13,237,688

*1 "Others" includes businesses related to growth areas such as data center & energy management and asset businesses which are not included in the reporting segments.

*2 "Corporate & Eliminations" includes general services not included in any of the reporting segments.

The transaction amounts allocated to the remaining performance obligations in the three reporting segments, namely Energy Systems, Plants & Infrastructure Systems and Aircraft, Defense & Space, are mainly attributable to the individual made-to-order products business. As such, many of such transactions are for construction contracts that have performance obligations to be satisfied over a long period exceeding one year. On the other hand the transaction amounts allocated to the remaining performance obligations in the Logistics, Thermal & Drive Systems, are mainly attributable to medium-volume production business, and are mainly related to the sale of the products and rendering of the service for which the performance obligation is completed within one year.

The remaining performance obligations for each reporting segment are expected to be satisfied and recognized as revenue within the number of years from the end of each fiscal year as stated below.

- Energy Systems: Within 7 years
- Plants & Infrastructure Systems: Within 4 years
- Logistics, Thermal & Drive Systems: Within 1 year
- Aircraft, Defense & Space: Within 3 years

Per Share Information

Shareholders' equity per share	¥	919.16
Basic income per share	¥	98.86
Continuing operations	¥	104.68
Discontinued operations	¥	(5.82)

Significant Subsequent Events

As described in Other Notes 3. Discontinued operations, MHI entered into the basic transaction agreement on September 30, 2025 in order to take Mitsubishi Logisnext Co., Ltd. (currently Logisnext Co., Ltd.) private and subsequently proceeded with the procedures for a tender offer and other related procedures. These procedures were completed on May 1, 2026. The impact of the completion of the transaction on the Group's consolidated financial results for the fiscal year ending March 31, 2027 is expected to be minimal.

Other Notes

1. Major lawsuits

   There was a temporary dispute between a consortium composed of MHI and Daewoo Engineering & Construction Co., Ltd. ("MHI and Daewoo") and El Sharika El-Djazairia El-Omania Lil Asmida SPA ("AOA") regarding a chemical fertilizer plant construction contract in Algeria whose orders had been received by MHI and Daewoo, but a settlement was reached in 2017 (the "Settlement Agreement"), and the consortium delivered the plant to AOA. However, AOA subsequently refused to make some of the outstanding payment under the Settlement Agreement. Therefore, MHI and Daewoo filed for arbitration against AOA and one of its shareholders, Societe Nationale pour la Recherche, la Production, le Transport, la Transformation et la Commercialisation des Hydrocarbures SPA ("SONATRACH"). In March 2021, MHI and Daewoo received a counterclaim from AOA which mainly consists of the cancellation of the Settlement Agreement and the refund of the payment already made under the Settlement Agreement. In October 2022, a decision was made by the arbitral tribunal to remove SONATRACH as a party to the arbitration. MHI and Daewoo will assert that there are no reasonable grounds for AOA's refusal to make the outstanding payment and that the counterclaim should be dismissed.

2. Assets Held for Sale

   Assets held for sale and liabilities directly associated with assets held for sale are comprised of the following.

   (i) Assets held for sale

(Millions of Yen)

	As of March 31, 2026
Cash and cash equivalents	21,350
Trade and other receivables	113,043
Contract assets	1,261
Inventories	109,256
Property, plant and equipment ("PPE")	196,356
Goodwill	27,186
Intangible assets	16,673
Right-of-use assets	28,567
Investments accounted for using the equity method	1,439
Other financial assets	10,767
Deferred tax assets	7,998
Other assets	14,509
Total	548,409

(ii) Liabilities directly associated with assets held for sale

(Millions of Yen)

	As of March 31, 2026
Bonds, borrowings and other financial liabilities	129,843
Trade and other payables	70,500
Income taxes payable	2,011
Contract liabilities	11,759
Retirement benefit liabilities	12,655
Provisions	10,010
Deferred tax liabilities	1,831
Other current liabilities	43,318
Total	281,931

Assets held for sale and associated liabilities, which are mainly related to the business of Mitsubishi Logisnext Co., Ltd. (currently Logisnext Co., Ltd.) and its subsidiaries and affiliates, are measured at fair value less costs to sell because, as of March 31, 2026, the fair value less costs to sell is lower than the carrying amount as of March 31, 2026. Fair value is calculated based on the share price.

In addition, the fair value is measured based on the share price as of March 31, 2026, and is categorised within Level 1 of the fair value hierarchy.

Accumulated other comprehensive income related to the relevant business (mainly foreign currency translation differences of overseas operations) of ¥26,968 million is included in "Other components of equity" in the consolidated statement of financial position as of March 31, 2026.

3. Discontinued Operations

MHI, at the meeting of its board of directors held on September 30, 2025, resolved to enter into the basic transaction agreement concerning the following matters with LVJ Holdings 2 LLC (the "Tender Offeror"), which is wholly owned by JIP Fund VI, for which all the issued shares are held by Japan Industrial Partners, Inc. and the agreement was executed on the same day:

(a) A non-participation in a tender offer by the Tender Offeror for the Mitsubishi Logisnext shares and share subscription rights.

(b) A share consolidation to be conducted by Mitsubishi Logisnext in order to make the Tender Offeror and MHI the only shareholders of Mitsubishi Logisnext if the Tender Offeror is unable to acquire all the Mitsubishi Logisnext shares and share subscription rights through the Tender Offer

(c) Subject to the effectiveness of the share consolidation, a provision of funds to Mitsubishi Logisnext by the Tender Offeror and a reduction in Mitsubishi Logisnext's capital stock, capital reserve and legal reserve based on Article 447, Paragraph 1 and Article 448, Paragraph 1 of the Companies Act for the purpose of securing the funds and distributable amount for Mitsubishi Logisnext to acquire the Mitsubishi Logisnext shares held by MHI (the "Non-Tendered Shares")

(d) A share repurchase by Mitsubishi Logisnext of the Non-Tendered Shares, and a series of transactions for the purposes of taking Mitsubishi Logisnext private through (a) to (d)

(e) MHI to underwrite Class B Preferred Shares and Class D Shares issued by the Tender Offeror following the effectiveness of the share repurchase

Through the transaction, Mitsubishi Logisnext shall cease to be a consolidated subsidiary of MHI. Therefore, the businesses related to Mitsubishi Logisnext Co., Ltd. and its subsidiaries and affiliates are classified as discontinued operations in the fiscal year ended March 31, 2026. This transaction was completed on May 1, 2026.

(i) Profit or loss from discontinued operations

(Millions of Yen)

	FY2025
Revenue	643,558
Expenses	649,109
Profit (loss) before income taxes from discontinued operations	(5,550)
Income taxes	6,894
Profit (loss) from discontinued operations	(12,445)

Expenses for the fiscal year ended March 31, 2026 include a write-down of ¥32,117 million resulting from measuring the disposal group constituting discontinued operations at fair value less costs to sell.

(ii) Cash flows from discontinued operations

(Millions of Yen)

	FY2025
Cash flows from operating activities	49,979
Cash flows from investing activities	(38,704)
Cash flows from financing activities	(5,355)
Total	5,919

NON-CONSOLIDATED BALANCE SHEET (1/2)

(Millions of Yen)

	As of March 31, 2026	As of March 31, 2025 (Reference)
ASSETS		
Current assets:		
Cash and deposits	1,156,058	505,265
Trade notes receivable	82	43
Trade accounts receivable	378,434	285,777
Contract assets	672,209	328,593
Merchandise and finished products	45,990	42,415
Work in progress	295,783	271,234
Raw materials and supplies	66,408	60,834
Income taxes receivable	—	19,002
Advances to suppliers	182,756	182,014
Prepaid expenses	2,256	2,490
Short-term loans receivable	279	15
Short-term loans receivable from subsidiaries and affiliates	380,088	294,425
Other current assets	138,323	134,617
Allowance for doubtful accounts	(125)	(88)
Total current assets	**3,318,544**	**2,126,642**
Non-current assets:		
PPE :		
Buildings	222,252	216,183
Structures	28,424	26,435
Docks and facilities for shipbuilding	3,128	2,309
Machinery	102,190	94,124
Vessels	21	25
Aircraft	0	0
Vehicles and transportation equipment	486	855
Tools, equipment and furniture	28,531	22,137
Land	121,860	127,993
Leased assets	9,391	5,135
Construction in progress	20,390	28,569
Subtotal	**536,678**	**523,768**
Intangible assets:		
Software	3,535	3,974
Right of using facilities	811	846
Leased assets	213	304
Others	170	174
Subtotal	**4,730**	**5,300**
Investments and advances:		
Investment securities	238,652	232,145
Investments in shares of subsidiaries and affiliates	639,910	699,701
Investments in capital	1,058	1,058
Investments in capital of subsidiaries and affiliates	50,808	67,097
Long-term loans receivable	31	47
Long-term loans receivable from employees	0	0
Long-term loans receivable from subsidiaries and affiliates	16,090	93,460
Claims provable in bankruptcy, claims provable in rehabilitation and other	732	939
Long-term prepaid expenses	8,598	7,618
Prepaid pension cost	90,955	33,664
Deferred tax assets	171,985	226,126
Long-term receivables	4,160	9,480
Others	26,667	30,045
Allowance for doubtful accounts	(2,994)	(2,914)
Subtotal	**1,246,658**	**1,398,473**
Total non-current assets	**1,788,067**	**1,927,542**
TOTAL ASSETS	**5,106,612**	**4,054,184**

NON-CONSOLIDATED BALANCE SHEET (2/2)

(Millions of Yen)

	As of March 31, 2026	As of March 31, 2025 (Reference)
LIABILITIES		
Current liabilities:		
Trade accounts payable	461,126	345,899
Short-term borrowings	1,212,738	863,418
Current portion of long-term borrowings	48,500	31,000
Current portion of bonds	25,000	35,000
Lease obligations	7,517	9,465
Accrued payables	42,010	34,027
Accrued expenses	32,382	30,833
Income taxes payable	43,529	-
Contract liabilities	1,236,690	841,999
Deposits received	26,746	16,476
Provision for product warranties	3,287	4,216
Provision for construction warranties	64,869	44,499
Provision for losses on construction contracts	39,959	39,541
Provision for business structure improvement	1,126	1,502
Provision for stock benefits	1,345	782
Asset retirement obligations	1,447	1,107
Other current liabilities	2,328	4,785
Total current liabilities	**3,250,606**	**2,304,556**
Non-current liabilities:		
Bonds	175,000	190,000
Long-term borrowings	188,400	264,900
Lease obligations	7,886	8,889
Provision for product warranties	12,816	10,742
Provision for construction warranties	6,450	7,750
Provision for business structure improvement	4,305	3,602
Provision for stock benefits	12,197	6,275
Provision for losses on guarantees	52,150	36,108
Provision for treatment of PCB waste	45	637
Provision for environmental measures	8,004	8,000
Asset retirement obligations	5,923	6,577
Long-term income taxes payable	11	365
Other non-current liabilities	27,422	26,261
Total non-current liabilities	**500,612**	**570,108**
TOTAL LIABILITIES	**3,751,218**	**2,874,665**
NET ASSETS		
Stockholders' equity:		
Common stock	**265,608**	**265,608**
Capital surplus:		
Capital reserve	203,536	203,536
Other capital reserve	950	1,951
Total capital surplus	**204,486**	**205,487**
Retained earnings:		
Legal reserve	66,363	66,363
Revenue reserve:		
Reserve for reduction in costs of fixed assets	88,896	88,815
Earned surplus brought forward	645,927	499,117
Total revenue reserve	**734,824**	**587,933**
Total retained earnings	**801,187**	**654,297**
Treasury stock	**(1,240)**	**(1,267)**
Total stockholders' equity	**1,270,043**	**1,124,126**
Valuation, translation adjustments and others:		
Unrealized holding gain (loss) on investment securities	**89,529**	**56,438**
Unrealized gain (loss) from hedging instruments	**(4,473)**	**(1,384)**
Total valuation, translation adjustments and others	**85,056**	**55,053**
Share subscription rights	**294**	**339**
TOTAL NET ASSETS	**1,355,393**	**1,179,519**
TOTAL LIABILITIES AND NET ASSETS	**5,106,612**	**4,054,184**

NON-CONSOLIDATED STATEMENT OF INCOME

(Millions of Yen)

	FY2025 (From April 1, 2025 to March 31, 2026)	FY2024 (From April 1, 2024 to March 31, 2025) (Reference)
Net sales	**2,396,273**	**1,947,178**
Cost of sales	**1,908,361**	**1,588,201**
Gross profit	**487,911**	**358,977**
Selling, general and administrative expenses	**248,485**	**213,904**
Operating income	**239,426**	**145,072**
Non-operating income:		
Interest income	6,860	2,609
Dividend income	62,552	58,115
Foreign exchange gains	30,288	5,326
Other income	1,898	8,526
Total non-operating income	**101,599**	**74,577**
Non-operating expenses:		
Interest expenses	24,103	15,476
Interests on bonds	1,075	989
Losses on disposal of fixed assets	8,048	9,046
Other expenses	14,336	6,880
Total non-operating expenses	**47,563**	**32,392**
Ordinary income	**293,462**	**187,257**
Extraordinary gains:		
Gains on sales of investment securities	52,643	18,577
Gains on liquidation of subsidiaries and affiliates	25,013	-
Gains on sales of fixed assets	7,670	64,521
Gains on extinguishment of tie-in shares	1,302	-
Total extraordinary gains	**86,630**	**83,098**
Extraordinary losses:		
Losses on revaluation of investment securities	30,488	79,756
Losses on impairment of fixed assets	4,486	-
Provision for losses on guarantees	47,156	26,092
Total extraordinary losses	**82,132**	**105,849**
Profit before income taxes	**297,960**	**164,506**
Income taxes:		
Current	29,730	(20,827)
Deferred	40,471	65,478
Profit	**227,759**	**119,855**

NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
(From April 1, 2025 to March 31, 2026)

(Millions of Yen)

	Stockholders' equity								
		Capital surplus			Retained earnings				
						Revenue reserve			
	Common stock	Capital reserve	Other capital reserve	Total capital surplus	Legal reserve	Reserve for reduction in costs of fixed assets	Earned surplus brought forward	Total revenue reserve	**Total retained earnings**
Balance as of April 1, 2025	**265,608**	**203,536**	**1,951**	**205,487**	**66,363**	**88,815**	**499,117**	**587,933**	**654,297**
Changes in the period	-	-	-	-	-	-			
Provision of reserve for reduction in costs of fixed assets	-	-	-	-	-	3,499	(3,499)	-	-
Reversal of reserve for reduction in costs of fixed assets	-	-	-	-	-	(3,419)	3,419	-	-
Cash dividends	-	-	-	-	-	-	(80,868)	(80,868)	(80,868)
Profit (loss)	-	-	-	-	-	-	227,759	227,759	227,759
Purchase of treasury stock	-	-	-	-	-	-	-	-	-
Disposal of treasury stock	-	-	(1,001)	(1,001)	-	-	-	-	-
Net changes in items other than stockholders' equity	-	-	-	-	-	-	-	-	-
Total changes in the period	**-**	**-**	**(1,001)**	**(1,001)**	**-**	**80**	**146,809**	**146,890**	**146,890**
Balance as of March 31, 2026	**265,608**	**203,536**	**950**	**204,486**	**66,363**	**88,896**	**645,927**	**734,824**	**801,187**

	Stockholders' equity		Valuation, translation adjustments and others			Share subscription rights	**Total net assets**
	Treasury stock	Total stockholders' equity	Unrealized holding gain (loss) on investment securities	Unrealized gain (loss) from hedging instruments	Total valuation, translation adjustments and others		
Balance as of April 1, 2025	**(1,267)**	**1,124,126**	**56,438**	**(1,384)**	**55,053**	**339**	**1,179,519**
Changes in the period							
Provision of reserve for reduction in costs of fixed assets		-			-		-
Reversal of reserve for reduction in costs of fixed assets		-			-		-
Cash dividends		(80,868)			-		(80,868)
Profit (loss)		227,759			-		227,759
Purchase of treasury stock	(6)	(6)			-		(6)
Disposal of treasury stock	33	(967)			-		(967)
Net changes in items other than stockholders' equity		-	33,091	(3,088)	30,002	(44)	29,957
Total changes in the period	**26**	**145,916**	**33,091**	**(3,088)**	**30,002**	**(44)**	**175,873**
Balance as of March 31, 2026	**(1,240)**	**1,270,043**	**89,529**	**(4,473)**	**85,056**	**294**	**1,355,393**

Notes to the Non-Consolidated Financial Statements

Significant Accounting Policies

1. Asset valuation standards and methods
   (1) Securities
   Investments in shares of subsidiaries and affiliates
   …Historical cost method (moving average method).
   Available-for-sale securities
   Securities other than shares that do not have a market value
   …Fair value method (with the entire amount of valuation differences inserted directly into net assets, and the cost of sales calculated using the moving average method)
   Shares that do not have a market value
   …Historical cost method (moving average method).

   (2) Inventories
   Merchandise and finished products
   …Historical cost method (moving average method).
   (Balance sheet amounts are determined by reflecting a decline in the profitability of the assets through write-downs).
   Work in progress
   …Historical cost method (specific identification method).
   (Balance sheet amounts are determined by reflecting a decline in the profitability of the assets through write-downs).
   Raw materials and supplies
   …Historical cost method (moving average method).
   (Balance sheet amounts are determined by reflecting a decline in the profitability of the assets through write-downs).

2. Depreciation methods for non-current assets
   (1) PPE (excluding leased assets)
   The straight-line method is applied.

   (2) Intangible assets (excluding leased assets)
   The straight-line method is applied.

   (3) Leased assets
   The straight-line method (where useful lives are equal to the lease terms and residual values are assumed to be zero) is applied.

3. Allowance and provision
   (1) Allowance for doubtful accounts
   An allowance for doubtful accounts is provided for possible losses on the collection of receivables. The amount of the allowance for general receivables is based on the historical write-off ratio. As for certain receivables such as the ones from the debtors whose solvency is in doubt and claims provable in bankruptcy, claims provable in rehabilitation and other, the collectability of each receivable is examined individually, and the estimated unrecoverable amounts are recognized as allowance.

   (2) Provision for product warranties
   A provision for product warranties is provided for the expenditure of product warranty expenses after the work is performed, and is equal to the estimated amount of future product warranty expenses based on the past experience.

   (3) Provision for construction warranties
   A provision for construction warranties is provided for the expenditure of guarantee work expenses after the construction work is performed, and is equal to the individually estimated amount of future guarantee expenses.

   (4) Provision for losses on construction contracts
   A provision for losses on construction contracts is provided for the expected total losses to be realized in the following fiscal years on the construction contracts if (i) those losses are judged to be inevitable at current fiscal year and (ii) the amount of such losses can be reasonably estimated.
   With regard to the construction contracts for which this provision is recognized, if the fiscal year-end balances of their work-in-progress already exceed their respective total contract revenues at the end of the fiscal years, the exceeding portion is recognized as the loss on devaluation of the work-in-progress and, accordingly, is not included in the provision for losses on construction contracts.

(5) Provision for business structure improvement
A provision for business structure improvement is provided for the expenses and losses in association with business structure improvement at an amount expected to be incurred.

(6) Provision for losses on disputes
A provision for losses on disputes is provided for possible losses related to litigation, and is equal to the estimated amount of losses to be incurred.

(7) Provision for stock benefits
A provision for stock benefits is provided in relation to the plan to grant stocks of MHI to officers and executive management personnel through a trust. The estimated value of MHI's stocks corresponding to the Stock Grant Points held by the eligible persons as at the balance sheet date is recognized.

(8) Provision for losses on guarantees
In order to provide for losses due to contingent liabilities such as guarantees for subsidiaries and affiliates and others, MHI records losses for the amount deemed necessary, taking into account the financial position and other factors of the guaranteed parties.

(9) Provision for treatment of PCB (Poly Chlorinated Biphenyl) waste
A Provision for the treatment of PCB waste is provided based on the estimated costs of treating PCB products and equipment.

(10) Provision for environmental measures
A provision for environmental measures is provided for the estimated amount of expenditures to be incurred for the purpose of environmental measures.

(11) Provision for losses on subsidiaries and affiliates
In order to provide for losses related to investments in subsidiaries and affiliates, MHI records the amount deemed necessary, taking into account the financial position and other factors of the companies concerned.

(12) Provision for retirement allowance
A provision for retirement allowance is provided for employees' retirement benefits. The amounts are based on the balances of retirement benefit obligations and estimated pension fund assets (including a retirement benefit trust) at the end of the fiscal year.
When calculating retirement benefit obligations, the benefit formula basis is mainly used to attribute estimated retirement benefits to the period through the end of the current fiscal year. Past service costs are either expensed as incurred or amortized by the straight-line method over a period shorter than the average remaining service period of employees.
Past service costs are expensed as incurred and actuarial gains and losses for each fiscal year are amortized by the straight-line method, starting in the following fiscal year of incurrence, over the average remaining service period of employees.
If pension assets to be recognized at the end of the current fiscal year exceed the amount that the unrecognized actuarial gains or losses are deducted from the retirement benefit obligations, the excess amount shall be recorded in investments and advances as prepaid pension cost.

4. Recognition of revenue and costs
MHI engages in the sales of products, the performance of construction works and rendering of services. Requirements for revenue recognition of the Group are as follows.

・ Sale of products
For this transaction, MHI typically recognizes revenue at the time of the delivery of the goods, as the performance obligations in the contracts with customers are considered to be satisfied principally at the time that the products are delivered and control of the relevant goods is transferred to the customer. Revenue from the sale of goods is measured at an amount of consideration promised in the contract with the customer less sales returns, discounts, rebates, taxes collected on behalf of third parties and others.

・ Rendering of services and construction contracts
For these transactions, the control of the goods and services included in the contracts is deemed to be transferred to customers over a certain period specified in the contract. Therefore, MHI recognizes revenue by estimating total revenue for each construction contract, measuring progress towards completion of the performance obligation included in the contract with the customer, and calculating the portion of total revenue corresponding to the progress. The progress is measured by a method that depicts the satisfaction of the performance obligation, and principally estimated based on the proportion of costs already incurred to satisfy the performance obligation against the expected total costs to the complete satisfaction of the performance obligation.

Notes on Accounting Estimates

Items whose amounts were recorded based on accounting estimates on the non-consolidated financial statements for the fiscal year ended March 31, 2026, and could have a material impact on the non-consolidated financial statements for the fiscal year ending March 31, 2027, are as follows.

1. Impairment of PPE and intangibles assets
   - Amount recorded in the non-consolidated financial statements for the fiscal year ended March 31, 2026:

Total of PPE and Intangible assets:	¥	550,007 million

   - Other information that contributes to users of the non-consolidated financial statements to understand the content of accounting estimates:

     With regard to assets (or asset groups) identified any indication of impairment, the amount of undiscounted future cash flows is estimated and compared with the carrying amount of the relevant assets (or asset groups), and if the amount of the undiscounted future cash flow is less than the carrying amount, an impairment loss is recognized.

     An asset group determined for impairment test is the smallest unit that generates cash flows that are largely independent of cash flows from other assets (or asset groups). The undiscounted future cash flows are calculated based on the business plans approved by management, reflecting historical experience and external information and the growth rate. MHI establishes the business plans consist of the key points such as trends of future revenue and the reduction of fixed costs, which would have significant impacts on the projection. These are based on factors considered reasonable by management.

2. Recoverable amount of investment securities, investments in shares of subsidiaries and affiliates, and investments in capital of subsidiaries and affiliates
   - Amount recorded in the non-consolidated financial statements for the fiscal year ended March 31, 2026:

Investment securities:	¥	238,652 million
Investments in shares of subsidiaries and affiliates:	¥	639,910 million
Investments in capital of subsidiaries and affiliates:	¥	50,808 million

   - Other information that contributes to users of the non-consolidated financial statements to understand the content of accounting estimates:

     For securities other than shares that do not have a market value, MHI uses such price as the balance sheet amount. When a significant decline in such price is noted, MHI recognizes the valuation difference as a loss in the current fiscal year, unless it is deemed to be recoverable.

     For shares and other securities without market price, such as investments in non-listed subsidiaries and affiliates, MHI uses the acquisition cost as the balance sheet amount. However, when a significant decline in net asset value is noted due to a deterioration in the financial position of the issuer of the shares, MHI records an appropriate reduction in the balance sheet amount and recognizes the valuation difference as a loss in the current fiscal year, except for when sufficient evidence supports the possibility of recovery.

3. Provisions
   - Amount recorded in the non-consolidated financial statements for the fiscal year ended March 31, 2026:

Allowance for doubtful accounts	¥	3,119 million
Provision for product warranties	¥	16,103 million
Provision for construction warranties	¥	71,319 million
Provision for losses on construction contracts	¥	39,959 million
Provision for business structure improvement	¥	5,432 million
Provision for stock benefits	¥	13,543 million
Provision for losses on guarantees	¥	52,150 million
Provision for treatment of PCB waste	¥	45 million
Provision for environmental measures	¥	8,004 million

   - Other information that contributes to users of the non-consolidated financial statements to understand the content of accounting estimates:

     For details, refer to Significant Accounting Policies, (3) Allowance and provision.

   The aforementioned provision includes a provision for losses on construction contracts on long-term service agreements associated with the plant facilities that were delivered in the past fiscal year. MHI recognizes the provision based on reasonable estimates of costs necessary to fulfill the long-term service agreements and compensation for losses arising from equipment-related non-operational periods.

4. Measurement of defined benefit obligations
・Amount recorded in the non-consolidated financial statements for the fiscal year ended March 31, 2026:
Prepaid pension cost: ¥ 90,955 million
・ Other information that contributes to users of the non-consolidated financial statements to understand the content of accounting estimates:
The details of estimates are omitted as they are the same as for the Notes to the Consolidated Financial Statements.

5. Recognition and measurement of revenue
・ Amount recorded in the non-consolidated financial statements for the fiscal year ended March 31, 2026:
Sales: ¥ 2,396,273 million
・ Other information that contributes to users of the non-consolidated financial statements to understand the content of accounting estimates:
The details of estimates are omitted as they are the same as for the Notes to the Consolidated Financial Statements.

6. Recoverability of deferred tax assets
・ Amount recorded in the non-consolidated financial statements for the fiscal year ended March 31, 2026:
Deferred tax assets: ¥ 171,985 million
・Other information that contributes to users of the non-consolidated financial statements to understand the content of accounting estimates:
The details of estimates are omitted as they are the same as for the Notes to the Consolidated Financial Statements.

Notes to the Non-Consolidated Balance Sheet

1. Accumulated depreciation
Accumulated depreciation of PPE ¥ 1,524,355 million

2. Guarantee obligations
(1) Guarantee obligations on such debts as borrowings from financial institutions

Hirono IGCC Power GK	¥	19,483 million
Nakoso IGCC Power GK	¥	19,359 million
Employees (Residence fund loan, etc.)	¥	5,934 million
Primetals International Trading Shanghai Ltd.	¥	2,845 million
Others	¥	4,700 million
Total	¥	52,322 million

(2) Guarantee obligations related to advance received which subsidiaries received from customers

Mitsubishi Shipbuilding Co., Ltd.	¥	3,310 million
Mitsubishi Heavy Industries Asia Pacific Pte. Ltd.	¥	1,909 million
Mitsubishi Heavy Industries Environmental & Chemical Engineering Co., Ltd.	¥	1,687 million
Mitsubishi Heavy Industries Compressor Corporation	¥	819 million
Others	¥	1,678 million
Total	¥	9,405 million

3. Commitments
MHI may make commitments to third parties to provide capital injections or other forms of funding to affiliated companies, subject to certain conditions. As of March 31, 2026, the total amount of such commitments was 20,155 million yen.

4. Monetary receivables from / payables to subsidiaries and affiliated companies

Short-term monetary receivables	¥	186,007 million
Long-term monetary receivables	¥	2,415 million
Short-term monetary payables	¥	1,311,690 million
Long-term monetary payables	¥	506 million

Notes to the Non-Consolidated Statement of Income

1. Transactions with subsidiaries and affiliated companies

Sales	¥ 323,539 million
Purchases	¥ 419,143 million
Transactions other than operating transactions	¥ 90,356 million

2. Losses on revaluation of investment securities
   Losses on revaluation of investment securities include 12,233 million yen of losses on the revaluation of shares of subsidiaries and affiliates and 17,804 million yen of losses on the revaluation of capital of subsidiaries and affiliates.

3. Provision for losses on guarantees
   In accordance with the accounting policy as described in Significant Accounting Policies, 3. Allowance and provision, (8) Provision for losses on guarantees, MHI recorded a provision for the amount deemed necessary.
   The provision recognized during the fiscal year ended March 31, 2026 was primarily related to guarantees provided to financial institutions in connection with affiliated companies' loans.

4. Gains on sales of investment securities
   Gains on sales of investment securities, which arise when investment securities are sold for more than their carrying amounts, were recognized as income in connection with sales to third parties.

5. Gains on liquidation of subsidiaries and affiliates
   Gains on liquidation of subsidiaries and affiliates, which arise mainly when liquidation dividends received are more than the carrying amounts of investment securities held, were recognized as income in connection with the liquidation of such companies.

Notes to the Non-Consolidated Statement of Changes in Net Assets

The type and number of treasury stock

Common stock	4,016,749 shares

Notes on Tax Effect Accounting

Deferred tax assets are principally caused by unused tax losses. Deferred tax liabilities are principally caused by gain on contribution of securities to retirement benefit trust.
MHI has applied the Group Tax Sharing System. The accounting treatment and disclosure of corporate tax, local corporation tax and tax effect accounting are in accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (Practical Solution No. 42, August 12, 2021).

Notes on Revenue Recognition

MHI engages in the sale of products as well as the execution of construction works and rendering of services. For details, refer to Significant Accounting Policies, 4. Recognition of revenue and costs.

Notes on Related Party Transactions

Subsidiaries and affiliated companies

Category	Name	Percentage of Voting Rights held by the Issuer	Relation with the Related Parties	Contents of the Transactions	Transaction Amounts	Account	Ending Balance
Subsidiary	Mitsubishi Power, Ltd.	Direct 100.0%	Interlocking officers	Deals as an agent under the Service Agreement, etc. (*1)	¥ 2,353 million	Trade accounts receivable Contract liabilities	¥ 19,325 million ¥ 192,293 million
Subsidiary	Mitsubishi Power Americas, Inc.	Indirect 100.0%	Sales of product Interlocking officers	Sales of product (*2)	¥ 79,425 million	Contract assets Trade accounts receivable Contract liabilities	¥ 32,933 million ¥ 5,533 million ¥ 75,018 million
Subsidiary	MHI Holding Denmark Aps	Direct 100.0%	Interlocking officers	Receipt of dividends (*3)	¥ 70,693 million	-	-

Terms and conditions of the transaction and the policy for determining terms and conditions

*1 Prices and other transaction terms and conditions are determined based on, among other factors, the nature of the services and associated expenses for execution.

*2 Prices and other transaction terms and conditions are determined based on, among other factors, market conditions.

*3 MHI received loans to MHI held by the company in the form of in-kind dividends and offset the loans against the corresponding borrowings in the accounts. Since MHI liquidated the company during the fiscal year ended March 31, 2026, the ownership of voting rights and other information is presented based on the status just before the company ceased to be a related party, and the transaction amount presents the amount for the period during which the company was a related party.

Per Share Information

Book value per share	¥ 403.27
Net income per share	¥ 67.79

Significant Subsequent Events

As described in Other Notes 3. Discontinued operations in the Notes to the Consolidated Financial Statements, MHI entered into the basic transaction agreement on September 30, 2025 in order to take Mitsubishi Logisnext Co., Ltd. (currently Logisnext Co., Ltd.) private and subsequently proceeded with the procedures for a tender offer and other related procedures. These procedures were completed on May 1, 2026.

As a result of the completion of this transaction, MHI expects to record Extraordinary gains of approximately 40 billion yen for the fiscal year ending March 31, 2027.

Other Notes

1. Major lawsuits

   There was a temporary dispute between a consortium composed of MHI and Daewoo Engineering & Construction Co., Ltd. (“MHI and Daewoo”) and El Sharika El-Djazairia El-Omania Lil Asmida SPA (“AOA”) regarding a chemical fertilizer plant construction contract in Algeria whose orders had been received by MHI and Daewoo, but a settlement was reached in 2017 (the “Settlement Agreement”), and the consortium delivered the plant to AOA. However, AOA subsequently refused to make some of the outstanding payment under the Settlement Agreement. Therefore, MHI and Daewoo filed for arbitration against AOA and one of its shareholders, Societe Nationale pour la Recherche, la Production, le Transport, la Transformation et la Commercialisation des Hydrocarbures SPA (“SONATRACH”). In March 2021, MHI and Daewoo received a counterclaim from AOA which mainly consists of the cancellation of the Settlement Agreement and the refund of the payment already made under the Settlement Agreement. In October 2022, the decision was made by the arbitral tribunal to remove SONATRACH as a party to the arbitration. MHI and Daewoo will assert that there are no reasonable grounds for AOA’s refusal to make the outstanding payment and that the counterclaim should be dismissed.

Independent Auditor's Report

May 19, 2026

To the Board of Directors of Mitsubishi Heavy Industries, Ltd.:

KPMG AZSA LLC
Tokyo Office, Japan

Hirotaka Tanaka
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Shin Suzuki
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Masataka Kunimoto
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the consolidated financial statements, which comprise the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of changes in equity and the related notes of Mitsubishi Heavy Industries, Ltd. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), as at March 31, 2026 and for the year from April 1, 2025 to March 31, 2026 in accordance with Article 444-4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, in accordance with the latter part of Article 120-1 of the Rules of Corporate Accounting that prescribes some omissions of disclosure items required under International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements of public interest entities in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. The Audit and Supervisory Committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the latter part of Article 120-1 of the Rules of Corporate Accounting that prescribes some omissions of disclosure items required under International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with the latter part of Article 120-1 of the Rules of Corporate Accounting that prescribes some omissions of disclosure items required under International Financial Reporting Standards.

The Audit and Supervisory Committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The selection and application of audit procedures depends on the auditor's judgement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a

going concern.

- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with the latter part of Article 120-1 of the Rules of Corporate Accounting that prescribes some omissions of disclosure items required under International Financial Reporting Standards, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company and its subsidiaries which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor’s Report:
The Independent Auditor’s Report herein is the English translation of the Independent Auditor’s Report as required by the Companies Act for the conveniences of the reader.

Independent Auditor's Report

May 19, 2026

To the Board of Directors of Mitsubishi Heavy Industries, Ltd.:

KPMG AZSA LLC
Tokyo Office, Japan

Hirotaka Tanaka
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Shin Suzuki
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Masataka Kunimoto
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the financial statements, which comprise the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in net assets and the related notes, and the accompanying supplementary schedules ("the financial statements and the accompanying supplementary schedules") of Mitsubishi Heavy Industries, Ltd. ("the Company") as at March 31, 2026 and for the year from April 1, 2025 to March 31, 2026 in accordance with Article 436-2-1 of the Companies Act.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and the accompanying supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements of public interest entities in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. The Audit and Supervisory

Committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the financial statements and the accompanying supplementary schedules does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements and the accompanying supplementary schedules, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the accompanying supplementary schedules or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit and Supervisory Committee for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit and Supervisory Committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our objectives are to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the accompanying supplementary schedules.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the accompanying supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The selection and application of audit procedures depends on the auditor's judgment.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the accompanying supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit

evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures in the financial statements and the accompanying supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the accompanying supplementary schedules, including the disclosures, and whether the financial statements and the accompanying supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor’s Report:
This is an English translation of the Independent Auditor’s Report as required by the Companies Act of Japan for the conveniences of the reader.

Audit Report of the Audit and Supervisory Committee

AUDIT REPORT

The Audit and Supervisory Committee of the Company has audited the Directors' execution of their duties during the 2025 fiscal year, from April 1, 2025, to March 31, 2026. The Committee hereby reports the methods and results of the audit as follows:

1. Methods of the Audit and Details Thereof

(1) The Audit and Supervisory Committee received reports regularly from Directors, employees, etc. on the resolutions of the Board of Directors concerning the matters listed in Article 399-13, paragraph (1), items (i)(b) and (i)(c) of the Companies Act as well as the development and operation status of the system that has been put in place based on said resolutions (internal control system), requested explanation as necessary and expressed its opinion. The Committee also received reports from Directors, etc. and KPMG AZSA LLC on the status of the evaluation and audit of internal controls over financial reporting under the Financial Instruments and Exchange Act and requested explanation as necessary.

(2) In accordance with the audit policy, audit plan, etc., established by the Audit and Supervisory Committee, the Committee, in coordination with the internal auditing department and other departments concerned, attended important meetings, received reports from Directors, employees, etc. on the status of their execution of duties, requested explanation as necessary, inspected important documents, etc., and conducted investigations regarding the status of the business operations and properties of the Company at Head Office and Works, etc. Regarding the Company's subsidiaries, the Audit and Supervisory Committee sought to facilitate communication and exchange information with directors, statutory auditors and others of the Company's subsidiaries and, when necessary, received reports from these subsidiaries on the status of their businesses.

(3) The Audit and Supervisory Committee monitored and examined whether the financial auditor maintained its independence and carried out its audits in an appropriate manner, received reports from the financial auditor on the status of the execution of its duties and, when necessary, attended its audits and requested explanations.

(4) The Audit and Supervisory Committee received a notification from the financial auditor that it has established the "system for ensuring appropriate execution of duties" (matters specified in the items under Article 131 of the Regulations on Corporate Accounting) in accordance with the "Quality Control Standards for Auditing" (Business Accounting Council) and other standards, and requested explanations when necessary.

Based on the foregoing methods, the Audit and Supervisory Committee examined the Business Report and the related supplementary schedules for the 2025 fiscal year, non-consolidated financial statements for the same fiscal year (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets, and notes to the non-consolidated financial statements) and the related supplementary schedules as well as consolidated financial statements for the same fiscal year (consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of changes in equity, and notes to the consolidated financial statements).

2. Results of audit:

(1) Result of audit of the Business Report, etc.

In our opinion:

a. the Business Report and the related supplementary schedules fairly represent the conditions of the Company in accordance with the applicable laws and ordinances and with the Company's Articles of Incorporation;
b. with respect to the Directors' execution of their duties, there are no fraudulent acts or material facts of violation of applicable laws and ordinances or of the Company's Articles of Incorporation; and
c. the contents of the resolutions of the Board of Directors regarding internal control systems are appropriate. Furthermore, there are no matters that we should point out regarding the contents of the Business Report and Directors' execution of their duties related to internal control systems, including internal control systems over financial reporting.

(2) Result of audit of the non-consolidated financial statements and the related supplementary schedules

In our opinion, the methods and results of the audit conducted by the financial auditor, KPMG AZSA LLC, are appropriate.

(3) Result of audit of the consolidated financial statements

In our opinion, the methods and results of the audit conducted by the financial auditor, KPMG AZSA LLC, are appropriate.

May 25, 2026

The Audit and Supervisory Committee
Mitsubishi Heavy Industries, Ltd.

Masayuki Fujisawa (seal)
Full-time Audit and Supervisory Committee Member

Hisato Kozawa (seal)
Full-time Audit and Supervisory Committee Member

Hiroo Unoura (seal)
Audit and Supervisory Committee Member

Noriko Morikawa (seal)
Audit and Supervisory Committee Member

Masako Ii (seal)
Audit and Supervisory Committee Member

(Note)
Mr. Hiroo Unoura, Ms. Noriko Morikawa and Ms. Masako Ii are outside directors as defined in Article 2, item (xv) and Article 331, paragraph (6) of the Companies Act.

(End)