MOVE THE WORLD FORWARD MITSUBISHI HEAVY INDUSTRIES GROUP

FY2020 Financial Results and 2021 Medium-Term Business Plan Progress

May 10, 2021

MITSUBISHI HEAVY INDUSTRIES

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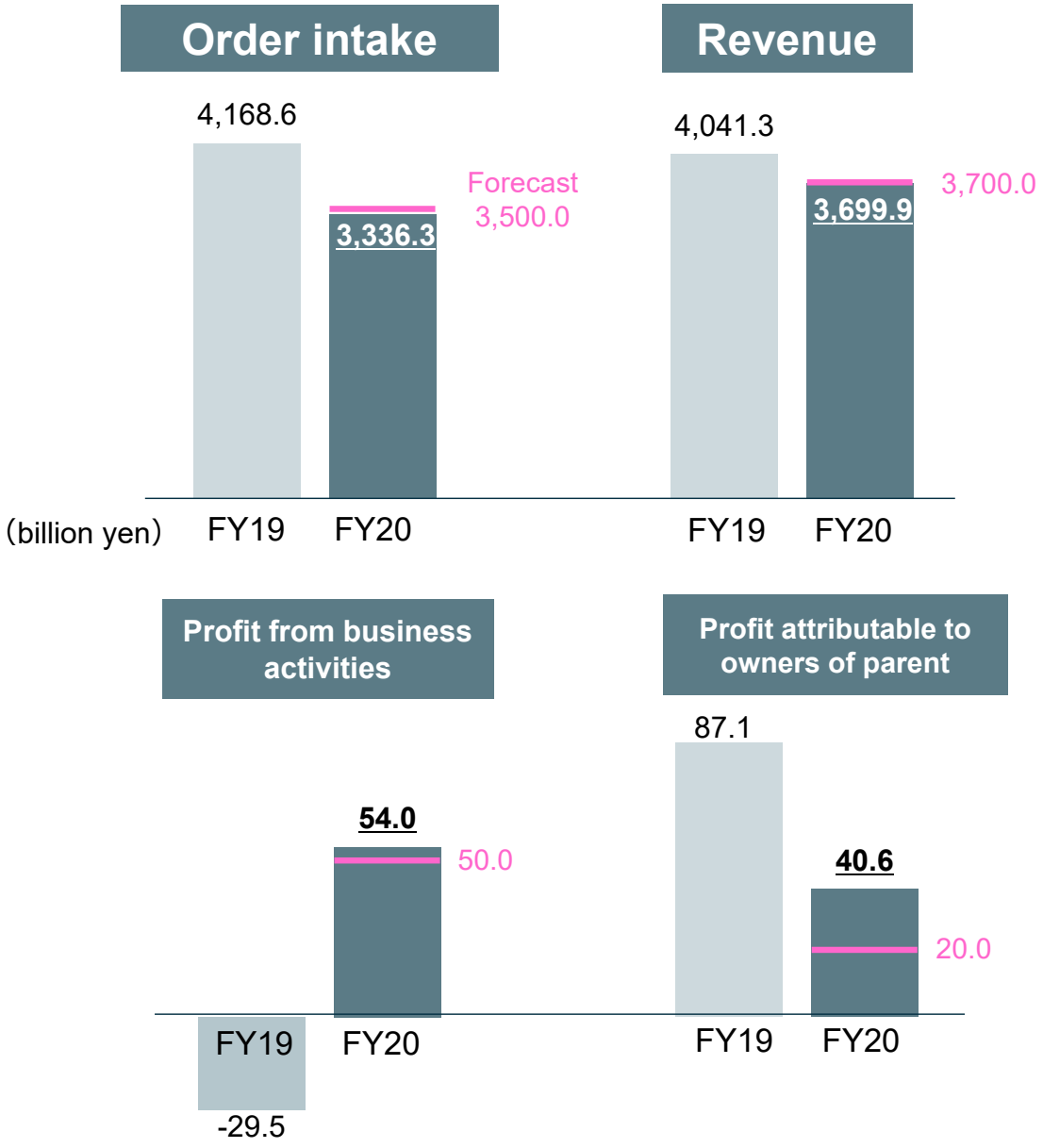
I. FY2020 Financial Results

Financial Results Overview



- Order intake and revenue

  Order intake and revenue were both generally according to plan
  - Nuclear Power and Defense & Space showed strong performance
  - Logistics, Thermal & Drive Systems exceeded the forecast due to steady market recovery
  - Energy Systems and Plants & Infrastructure Systems saw some push-outs to FY21 caused by COVID-19

- Profit

  Both profit from business activities and profit attributable to owners of parent finished strong exceeding the forecast

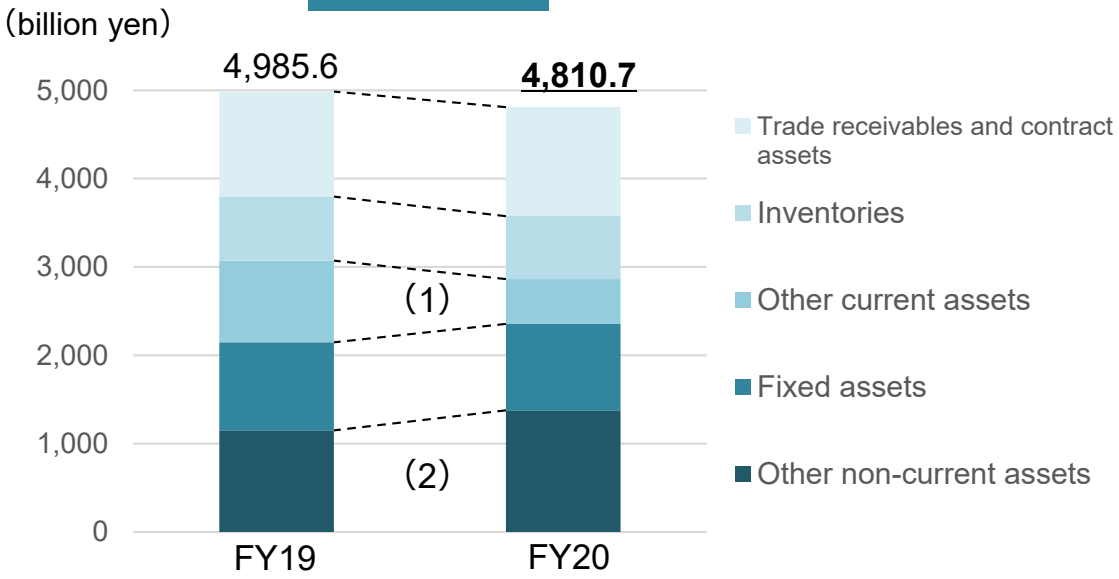
Financial Results Overview

(billion yen)

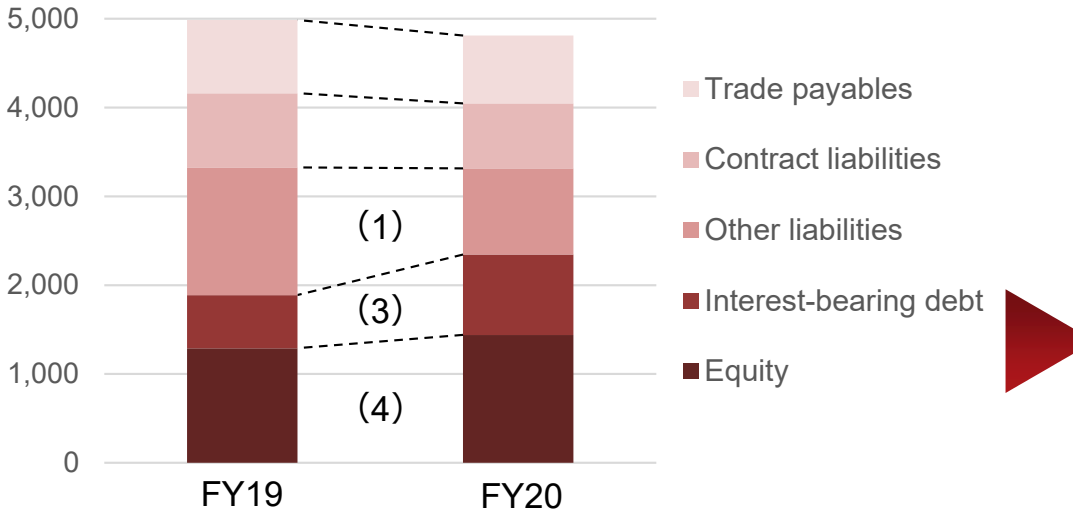
	FY2019 (Profit margin)		(1) FY2020 (Profit margin)		YoY		(2) SpaceJet	(1) - (2) Businesses excl. SpaceJet (Profit margin)	
Order intake		4,168.6		3,336.3	-832.3	(-20.0%)	-		3,336.3
Revenue		4,041.3		3,699.9	-341.4	(-8.4%)	-		3,699.9
Profit from business activities	(-0.7%)	-29.5	(1.5%)	54.0	+83.5	-	-116.2	(4.6%)	170.3
Profit attributable to owners of parent	(2.2%)	87.1	(1.1%)	40.6	-46.5	(-53.4%)	-83.2	(3.3%)	123.9
ROE		6.6%		3.1%	-3.5pt		-	-	
EBITDA	(2.8%)	115.1	(5.2%)	193.3	+78.2	(+68.0%)	-115.9	(8.4%)	309.2
Free cash flow		212.9		-277.1	-490.0	-	-129.4		-147.7

Financial Position Overview

Assets



Liabilities & Equity



- Streamlined the balance sheet and improved financial health (total assets -¥174.9 bn)
- Executed business portfolio optimizations (incl. Vestas share acquisition and MHPS change to wholly owned subsidiary) and asset management initiatives
- Interest-bearing debt (¥905.6 bn) finished under forecast (¥950 bn)

Main causes of increases/decreases:

(1) Recovery of South Africa project indemnification assets (-¥407.8 bn)

(2) Vestas share transfer associated with Off-Shore Wind Systems business structure transformation (+¥114.7 bn)

(3) Increases in borrowings (+¥141.3 bn), corporate bonds (+¥55.0 bn), and commercial paper (+¥111.0 bn)

(4) Profit attributable to owners of parent (+¥40.6 bn), dividends (-¥25.1 bn), valuation differences etc. (+¥132.4 bn)

	FY19	**FY20**	YoY
Interest-bearing debt	598.2	905.6	+307.3
Equity ratio	24.4%	28.4%	+4.0pt
D/E ratio	0.46	0.63	+0.17

Financial Position Overview

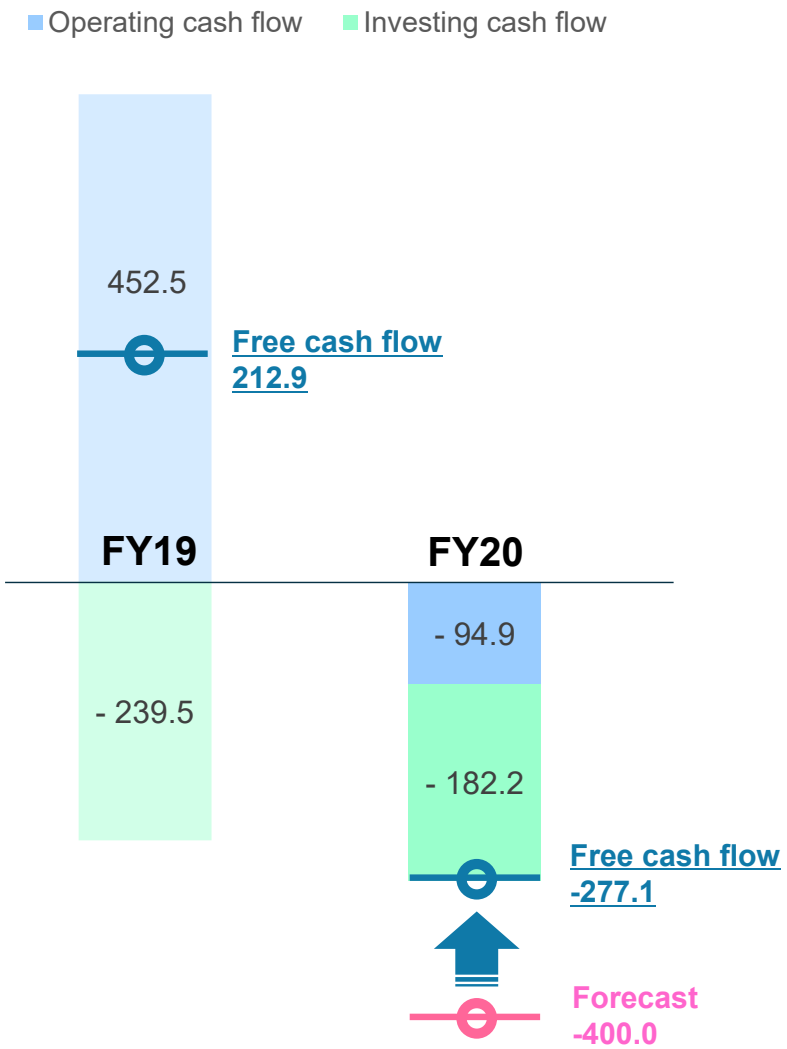
(billion yen)

	FY19	FY20	YoY
Trade receivables and contract assets	1,188.0	1,234.1	+46.1
Inventories	726.2	713.4	-12.8
Other current assets	924.2	507.0	-417.2
(Cash and cash equivalents)	(281.6)	(245.4)	(-36.2)
Total fixed assets	996.3	978.9	-17.4
Other non-current assets	1,150.8	1,377.1	+226.3
Total assets	4,985.6	4,810.7	-174.9

Trade payables	824.0	763.7	-60.3
Contract liabilities	835.4	731.8	-103.6
Other liabilities	1,437.8	970.1	-467.7
Interest-bearing debt	598.2	905.6	+307.4
Equity	1,290.0	1,439.3	+149.3
(Equity attributable to owners of the parent)	(1,218.3)	(1,366.3)	(+148.0)
Total liabilities and equity	4,985.6	4,810.7	-174.9

Cash Flows

(billion yen)



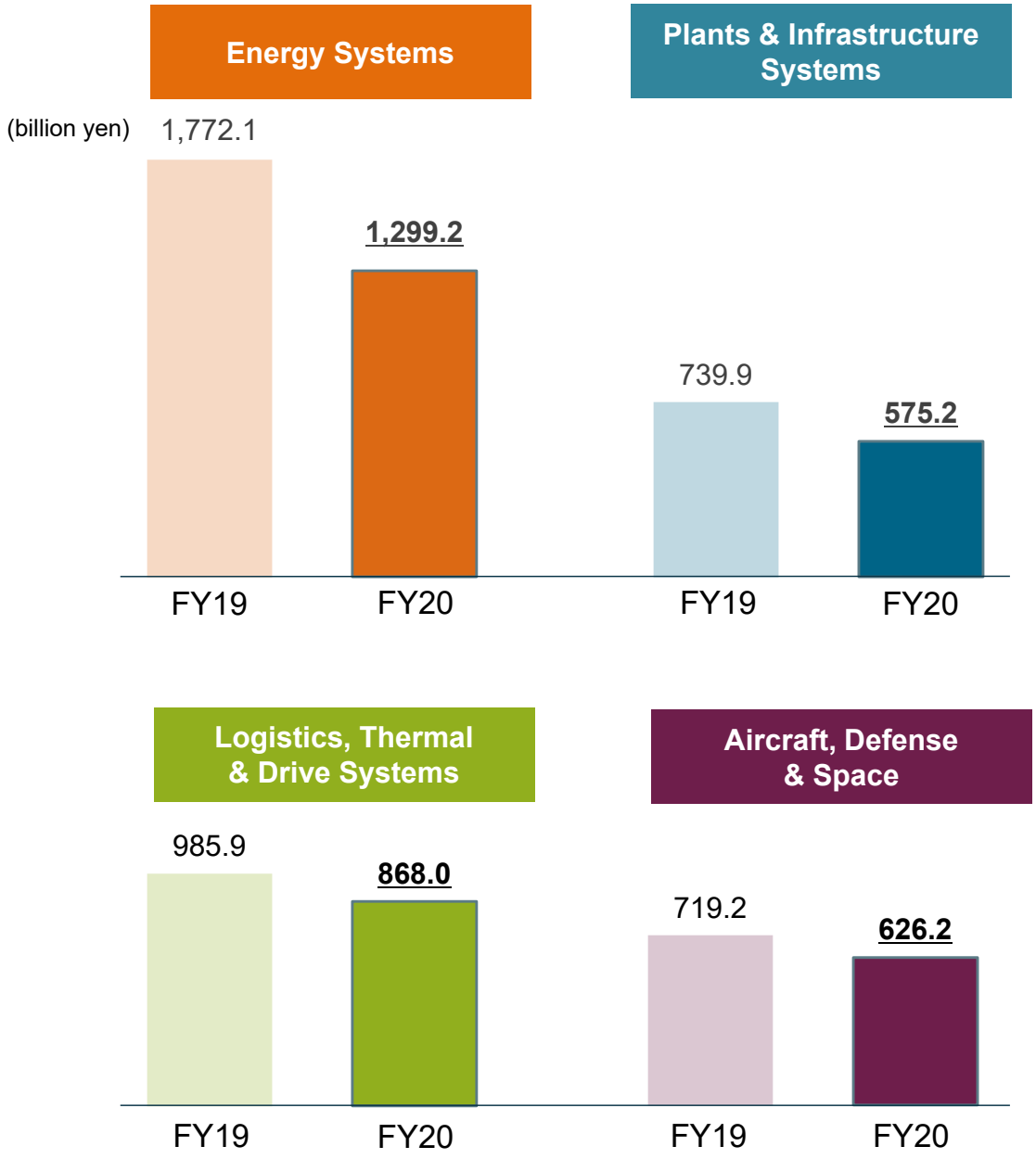
- Free cash flow
  Improved ¥122.9 bn vs. the forecast (-¥400 bn)

- Operating cash flow
  Working capital initially increased* but improved vs. the forecast due to advances received

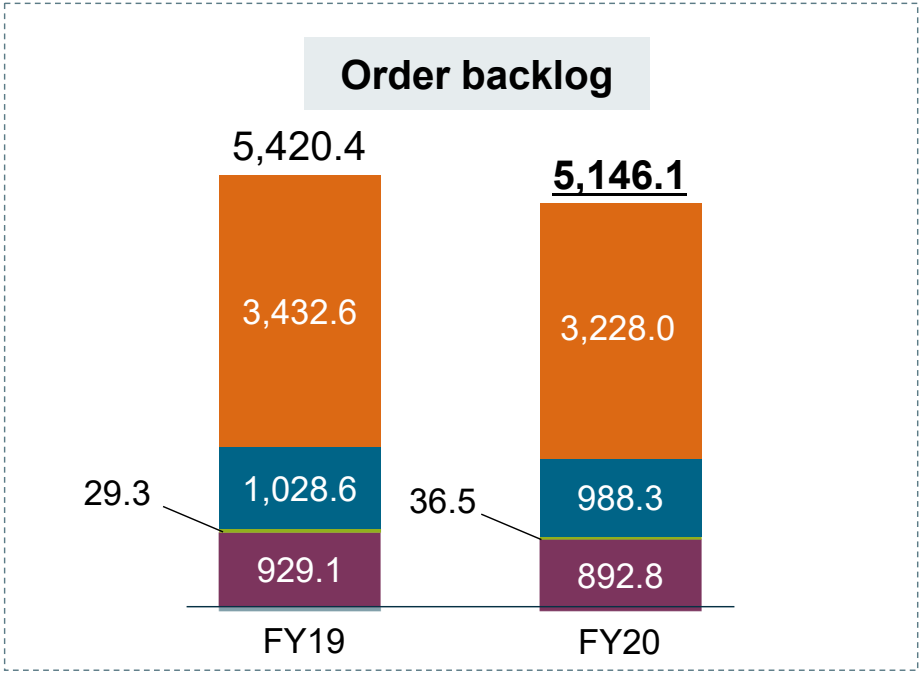
  *Causes of working capital increases:
  - Decreased cash inflows in Commercial Aviation due to lower revenues caused by COVID-19
  - Increased cash outflows in Energy Systems and Plants & Infrastructure Systems from construction work progress in line with advances received in previous fiscal years

- Investing cash flow
  Despite expenditures related to CRJ acquisition, the decrease in SpaceJet investment and cash flow produced by asset sales contributed to curbing total investment cash outflows

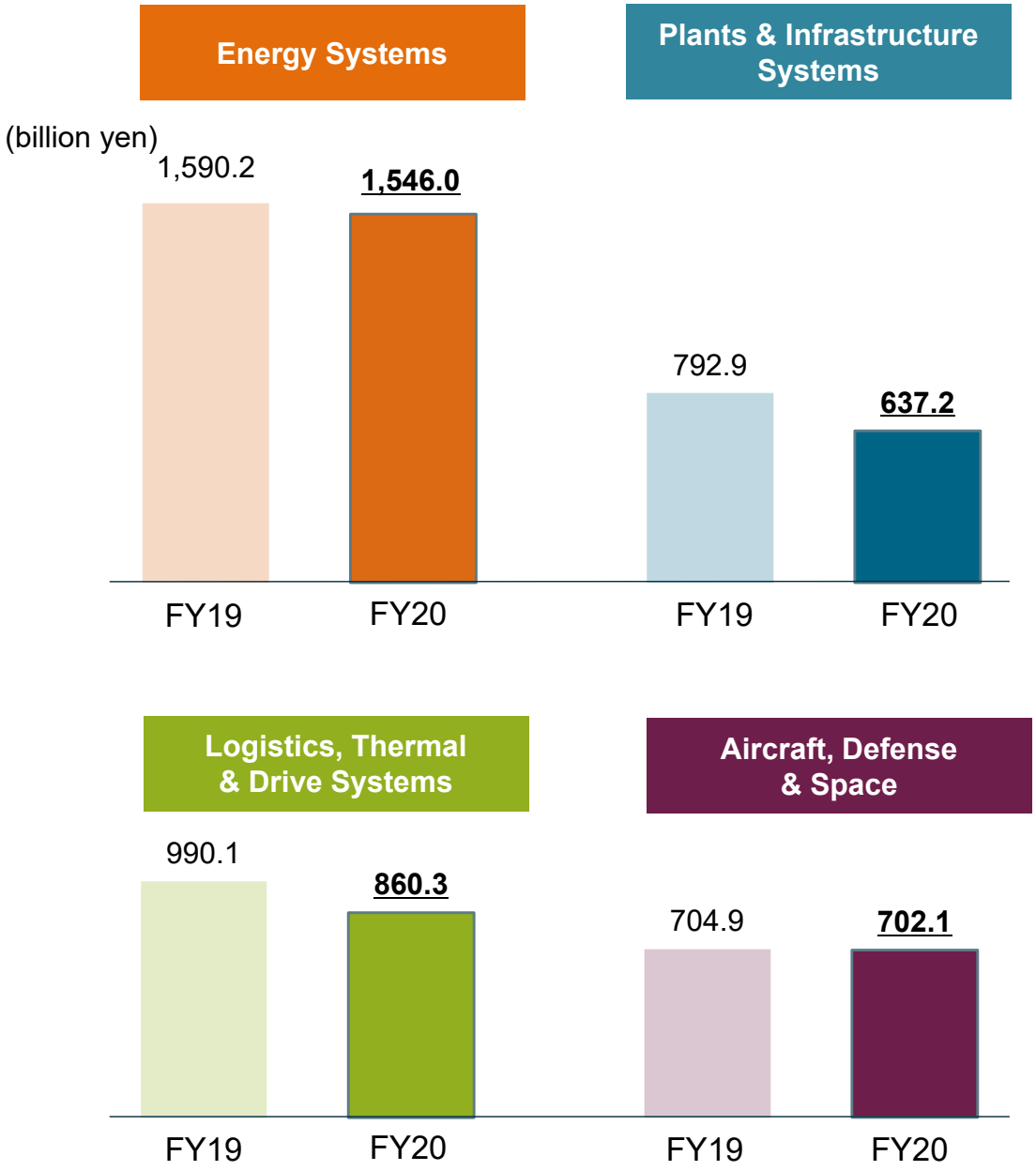
Order Intake & Order Backlog by Segment



- Energy Systems
  Decrease: Steam Power
- Plants & Infrastructure Systems
  Decrease: Commercial Ships, Engineering
- Logistics, Thermal & Drive Systems
  Decrease: Turbochargers, Material Handling Systems, Car Air-Conditioners
- Aircraft, Defense & Space
  Increase: Defense Aviation, Missile Systems
  Decrease: Commercial Aviation

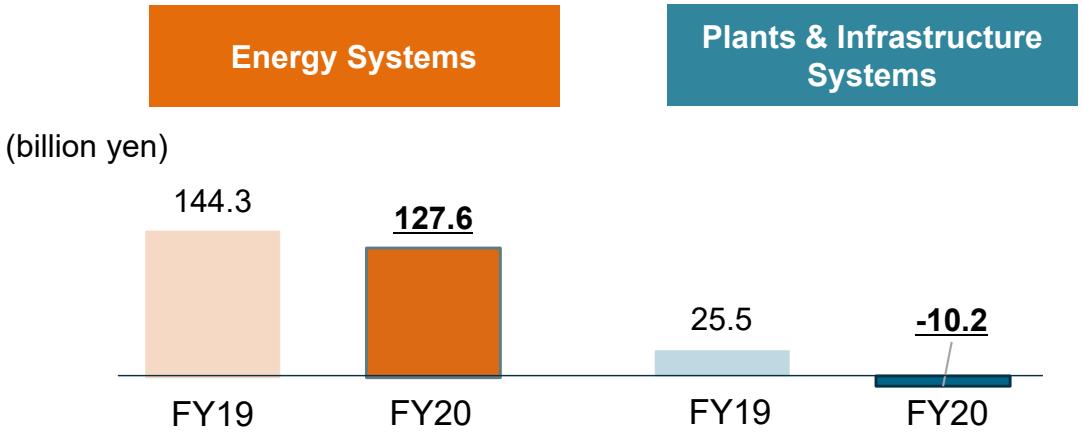


Revenue by Segment

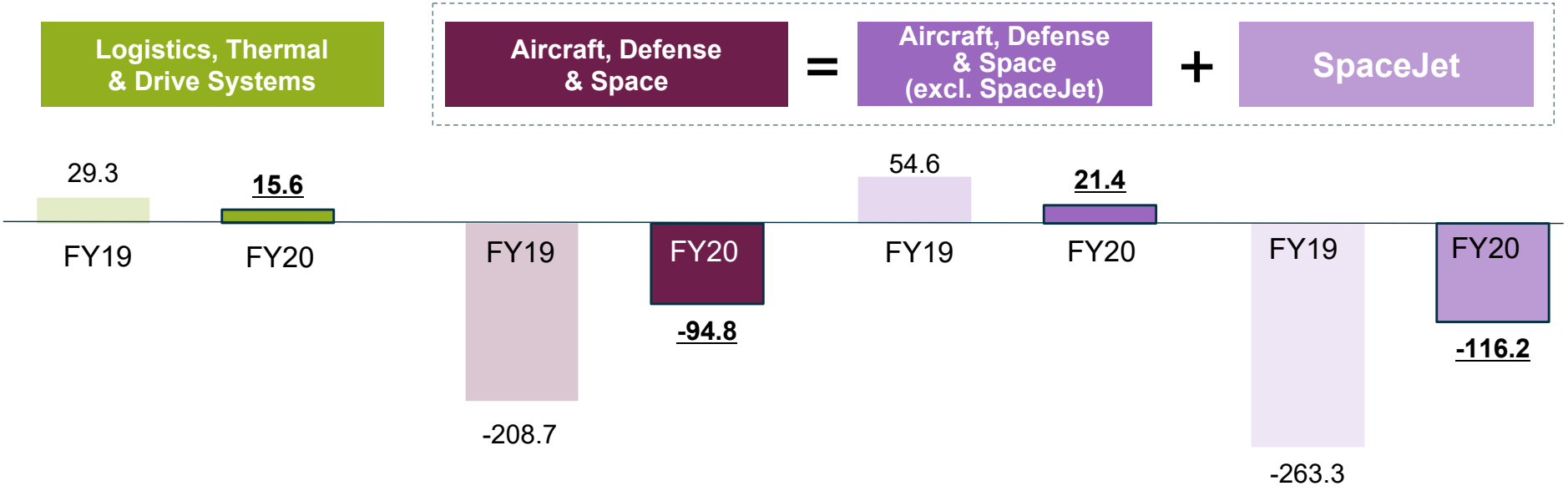


- Energy Systems
  Increase: GTCC, Nuclear Power
  Decrease: Steam Power, Aero Engines
- Plants & Infrastructure Systems
  Decrease: Metals Machinery, Engineering
- Logistics, Thermal & Drive Systems
  Decrease: Turbochargers, Material Handling Systems, Car Air-Conditioners
- Aircraft, Defense & Space
  Increase: Defense Aviation, Missile Systems
  Decrease: Commercial Aviation

Profit from Business Activities by Segment

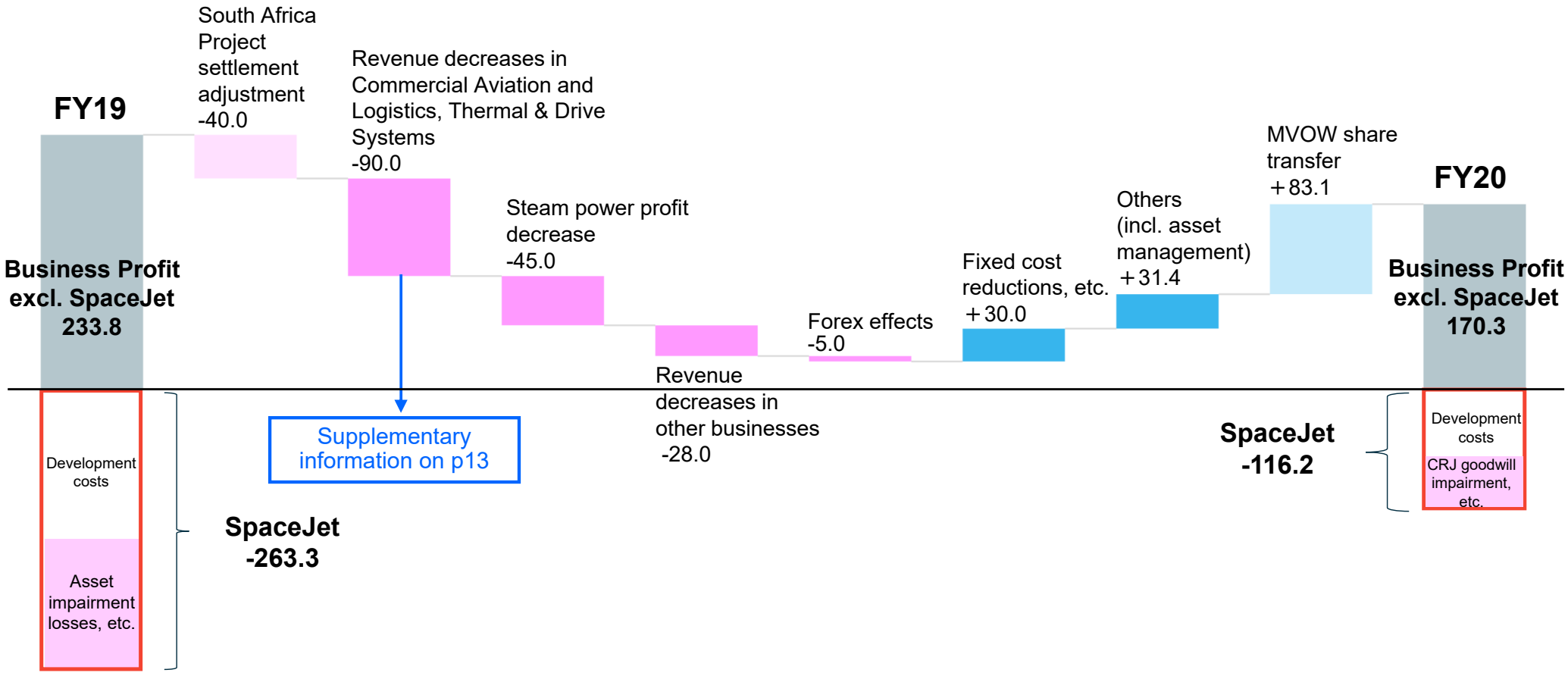


- Energy Systems
  Increase: GTCC, Nuclear Power (revenue increase),
  Off-Shore Wind Systems (MVOW share transfer)
  Decrease: Steam Power (revenue decrease,
  profitability decrease in construction work),
  Aero Engines (revenue decrease)
- Plants & Infrastructure Systems
  Decrease: Engineering (revenue decrease)
- Logistics, Thermal & Drive Systems
  Decrease: Turbochargers, Material Handling Systems,
  Car Air-Conditioners (revenue decrease)
- Aircraft, Defense & Space
  Increase: Defense Aviation, Missile Systems (revenue increase)
  Decrease: Commercial Aviation (revenue decrease)

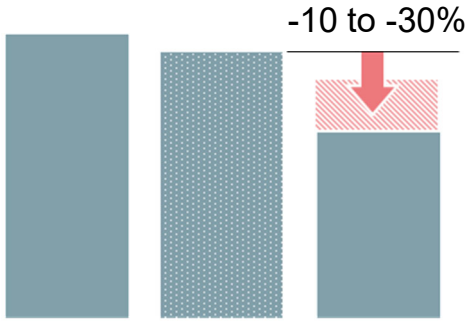
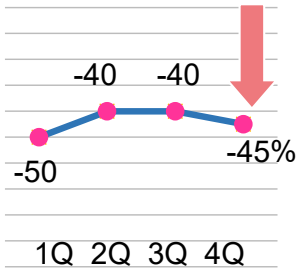
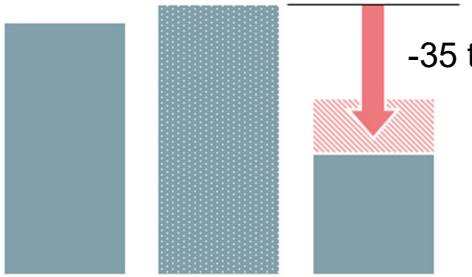
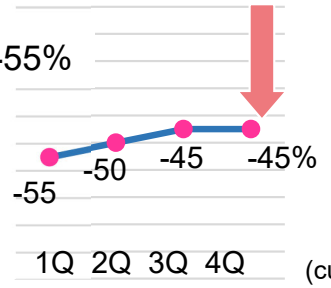
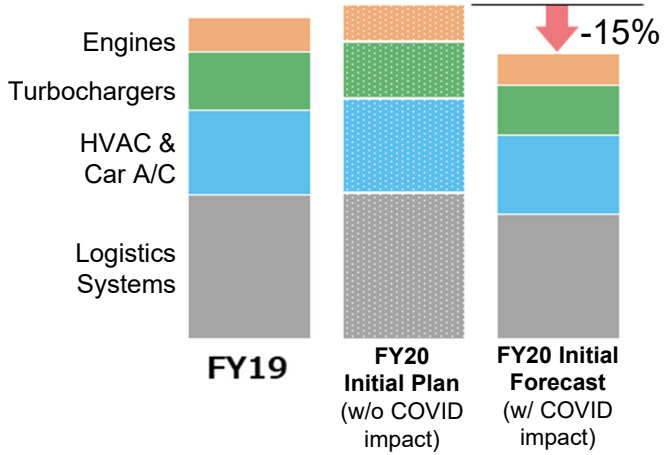
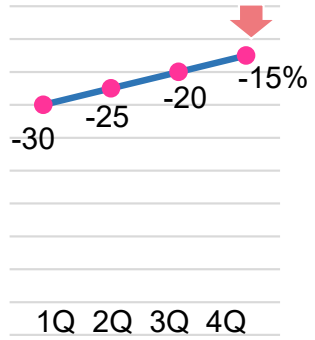


Profit Bridge

- COVID-19 impact: Recovery seen in Logistics, Thermal & Drive Systems after bottoming out in Q1. Commercial Aviation recovery slowed due to market contraction after a resurgence of COVID-19 beginning in Q3.
- Combatting COVID-19 downturn: Improvements from fixed cost reductions and asset management exceeded the initial target of ¥45.0 bn
- SpaceJet: Losses (¥116.2 bn) finished slightly less than the forecast (¥120.0 bn)



COVID-19 Impact

Business	FY20 Revenue Forecast	Revenue (vs. FY20 Plan)	Status as of FY20 Closing
Commercial Aviation - Aero Structures (Tier 1)		 (cumulative figures)	■ Revenue recovery slowed due to market contraction after a resurgence of COVID-19 beginning in Q3 despite a slight upturn in Q2. Full year totals lower than initial forecast.
Commercial Aviation - Aero Engines		 (cumulative figures)	■ Due to a sluggish market caused by COVID-19, revenue remained flat in Q3-4 but finished within the range of the initial forecast
Logistics, Thermal & Drive Systems		 (cumulative figures)	■ Revenue recovered steadily in each quarter and finished generally in line with the initial forecast ■ Profit significantly exceeded the initial forecast as a result of better than plan fixed cost reductions

Summary of FY2020 Results

- Achieved profit forecast
  - Profit from business activities and profit attributable to owners of parent both exceeded the forecast
  - Strong profits from GTCC, Nuclear Power, Logistics, Thermal & Drive Systems, and Defense & Space despite both positive and negative nonrecurring items

- Financial position
  - Streamlined the balance sheet and moved forward with asset optimization
  - Interest-bearing debt and D/E ratio improved vs. the forecast

- Business portfolio
  - Optimizing the business portfolio to focus on company strengths

    (Optimization of Off-Shore Wind Systems, sale of Machine Tools business, acquisition of Naval and Governmental Ships business, and sale of Koyagi Shipyard)
  - Made mid- to long-term investments in the Energy Transition space, a strategic growth area for MHI Group. This included start-up investment and participation in international development projects.

II. FY2021 Forecast

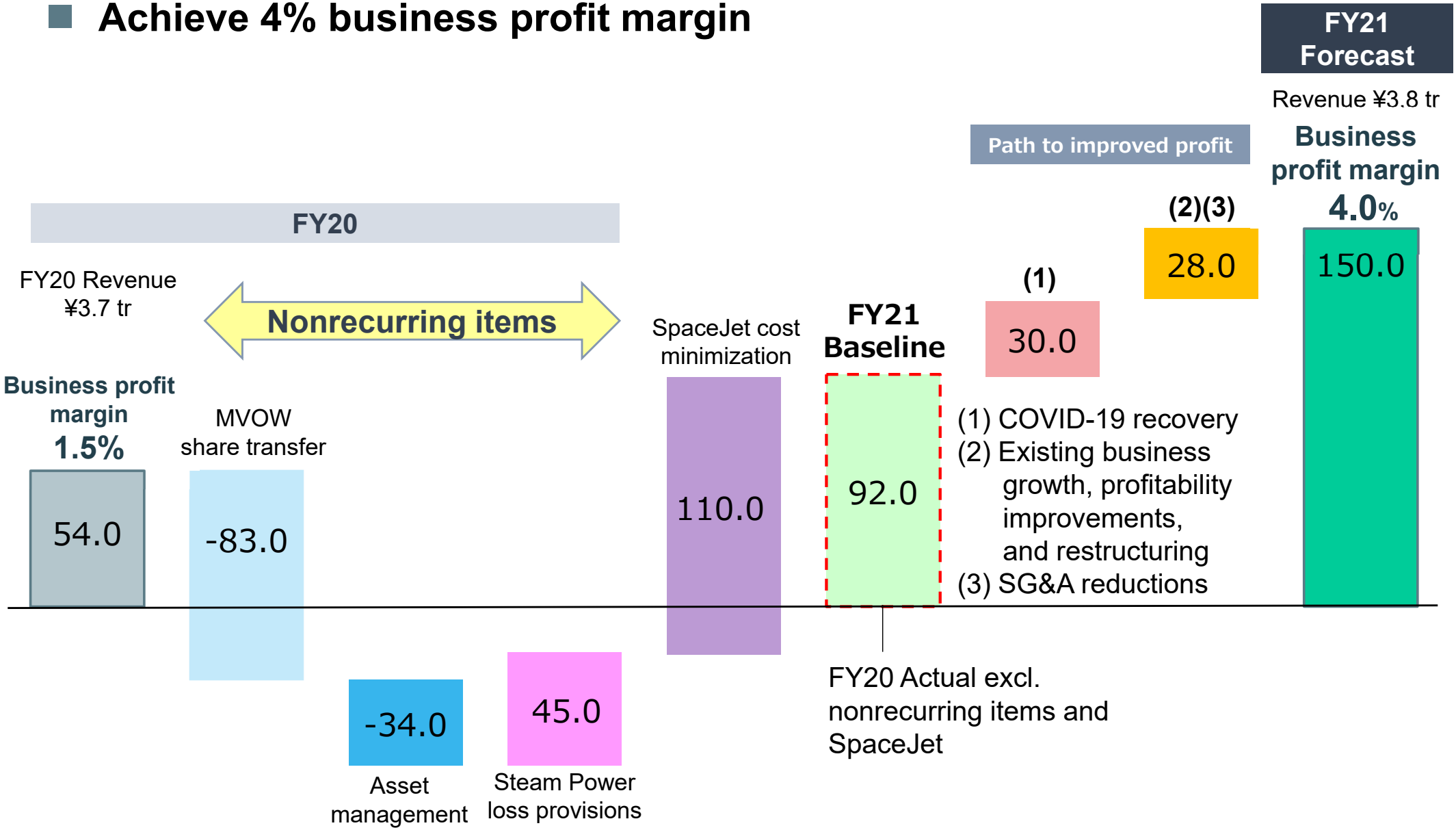
Regarding forward-looking statements:
The forward-looking statements contained in these materials are based on judgments made in accordance with information available at the time of creation and include risks and uncertainties. As such, investors are recommended not to depend solely on these projections when making investment decisions. Actual results may vary significantly from these projections due to a number of factors, including but not limited to: economic trends affecting the Company's business environment, currency exchange rate fluctuations, and stock market trends in Japan. These financial projections should not be construed in any way as a guarantee by the Company.

FY2021 Targets

	FY2020	FY2021	2021 MTBP FY2023
Revenue	¥3.7 tr	¥3.8 tr	¥4.0 tr
Business profit margin	1.5%	4%	7%
ROE	3.1%	7%	12%
Total assets	¥4.8 tr	¥4.7 tr	¥4.5 tr
Interest-bearing debt	¥0.9 tr	¥0.9 tr	¥0.9 tr
Equity	¥1.4 tr	¥1.5 tr	¥1.5 tr
D/E Ratio	0.6	0.6	0.6
Shareholder equity ratio	28%	30%	33%
Dividend per share	¥75	¥90	¥160

FY2021 Targets and Main Actions

Achieve 4% business profit margin



SG&A: Selling, General and Administrative Expenses

FY2021 Forecast Overview

(billion yen)

	FY2020 Actual (profit margin)		FY2021 Forecast (profit margin)		YoY	(profit margin)
Order intake		3,336.3		3,600.0	+263.7	(+7.9%)
Revenue		3,699.9		3,750.0	+50.1	(+1.4%)
Profit from business activities	(1.5%)	54.0	(4.0%)	150.0	+96.0	(+177.4%)
Profit attributable to owners of parent	(1.1%)	40.6	(2.4%)	90.0	+49.4	(+121.5%)
ROE		3.1%		6.5%	+3.4pt	-
EBITDA	(5.2%)	193.3	(7.5%)	280.0	+86.7	(+44.8%)
FCF		-277.1		0.0	+277.1	-
Dividends		75 yen Interim: 0 yen Final: 75 yen		90 yen Interim: 45 yen Final: 45 yen		

Exchange rate assumptions
USD 1.00 = ¥110
EUR 1.00 = ¥130

Undetermined foreign currency amounts
USD 3.3 bn
EUR 0.5 bn

FY2021 Forecast by Segment

(billion yen)

	Order intake			Revenue			Profit from business activities		
	FY20 Actual	FY21 Forecast	YoY	FY20 Actual	FY21 Forecast	YoY	FY20 Actual	FY21 Forecast	YoY
Energy Systems	1,299.2	1,400.0	+100.8	1,546.0	1,600.0	+54.0	127.6	100.0	-27.6
Plants & Infrastructure Systems	575.2	700.0	+124.8	637.2	650.0	+12.8	-10.2	20.0	+30.2
Logistics, Thermal & Drive Systems	868.0	950.0	+82.0	860.3	950.0	+89.7	15.6	30.0	+14.4
Aircraft, Defense & Space	626.2	600.0	-26.2	702.1	600.0	-102.1	-94.8	20.0	+114.8
Others	-32.4	-50.0	-17.6	-45.7	-50.0	-4.3	15.8	-20.0	-35.8
Total	3,336.3	3,600.0	+263.7	3,699.9	3,750.0	+50.1	54.0	150.0	+96.0

III. 2021 MTBP Progress

MHI Group Mission

2021 MTBP Targets

2021 MTBP (FY21-23)

Develop growth areas

Strengthen profitability

Growth -New business revenue-
100 billion yen by FY23
1 trillion yen by FY30

Profitability
Business profit margin 7%
ROE 12%

Dividends
Record-high dividend per share

Financial stability
Total assets turnover 0.9
Maintain current level of interest-bearing debt

2021 MTBP Targets

2021 MTBP (FY21-23)

Develop growth areas

Strengthen profitability

Growth -New business revenue-
100 billion yen by FY23
1 trillion yen by FY30

Energy Transition

Decarbonization is accelerating around the World

	2030 GHG Emissions	Carbon Neutrality Target
Japan	-46% (vs. 2013 levels)	2050
USA	-50-52% (vs. 2005 levels)	-
China	-65% (vs. 2005 levels per unit GDP)	2060
EU	-55% (vs. 1990 levels)	2050
UK	-78% (vs. 1990 levels by 2035)	2050

Combine MHI Group's wide-ranging technologies to overcome challenges and help achieve the world's ambitious decarbonization targets

GHG: Greenhouse Gases

Build an innovative solutions ecosystem to realize a carbon neutral future

Decarbonize existing infrastructure

Build a hydrogen solutions ecosystem

Build a CO_2 solutions ecosystem

The Path to achieving Carbon Neutrality

Decarbonize existing infrastructure

Build a hydrogen solutions ecosystem

Build a CO_2 solutions ecosystem

Decarbonization Solutions Ecosystem

Stabilize power supplies and **minimize costs to the broader community** by effectively **utilizing existing infrastructure** during the expansion of renewable energy

Renewable Energy

- ✓ **Carbon-free energy**
- ✓ **Large fluctuations in power supply (short- and long-term)**

Energy Storage

- ✓ **Carbon-free energy**
- ✓ **Compensate for power supply fluctuations (short-term)**

Nuclear Power

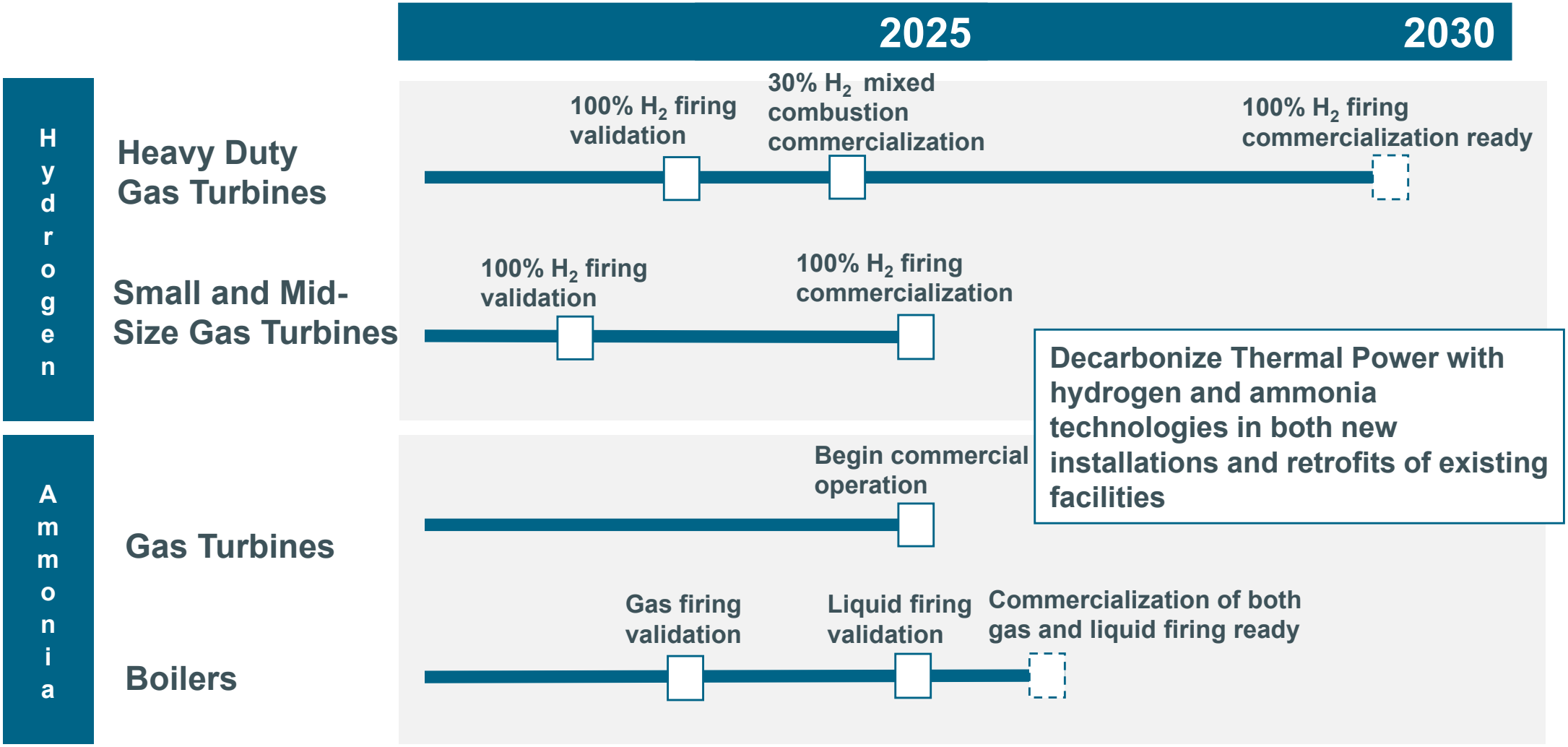
- ✓ **Carbon-free energy**
- ✓ **Stable power supply**

Thermal Power

- ✓ **Decarbonization (hydrogen and CO_2 capture)**
- ✓ **Compensate for power supply fluctuations (long-term)**

Decarbonizing Thermal Power

Validate and begin commercializing carbon-free power generation using hydrogen and ammonia by 2025



Part of this presentation includes development results from the National Laboratory New Energy and Industrial Technology Development Organization (NEDO) program.

Decarbonizing Thermal Power

Completed integration of development processes from R&D to validation and testing on in-house equipment

Technical validation on in-house facilities

Mitsubishi Power Takasago Works

JAC-class (heavy duty GT) demonstration plant

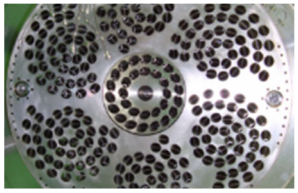
H-25 series (mid-size GT) validation testing facility

Hydrogen loader

Hydrogen production test equipment

*Photo of SOFC unit

Premix combustor (DLN)



Multi-cluster combustor

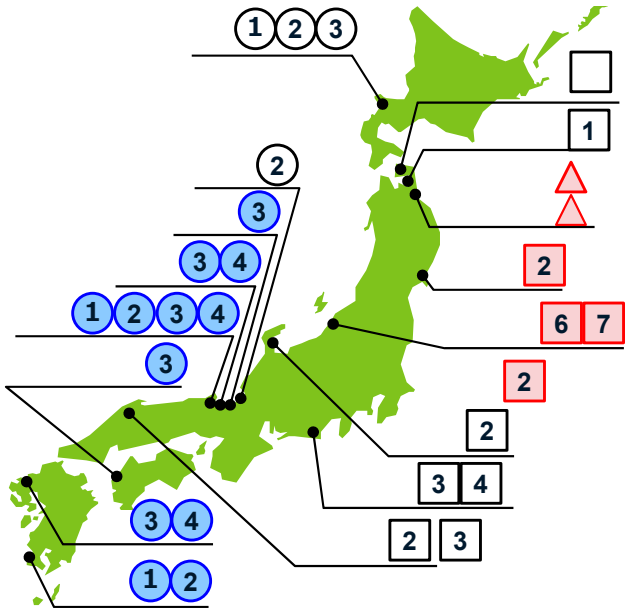
Increase reliability through validation testing and apply to commercialization

Part of this presentation includes development results from the National Laboratory New Energy and Industrial Technology Development Organization (NEDO) program.

Nuclear Power Contributions to Carbon Neutrality

- Supporting restart efforts for existing plants, building Specialized Security Facilities (SSF), and completing the nuclear fuel cycle
- Develop and commercialize a next-generation light water reactor with the world's highest level of safety

Status of Plant Restarts



PWR
BWR
Fuel Reprocessing Plant
Restart Planned
Construction Permission Obtained

- ✓ Supporting restart efforts for 12 PWRs and working to support restart of other plants including BWRs
- ✓ Working to complete construction of a nuclear fuel reprocessing and MOX processing plant as the lead company

MOX: A mixture of plutonium and uranium

New Light Water Reactor

- ✓ Reinforce safety measures and increase resilience to natural disasters
- ✓ Introduce new safety concepts leveraging cutting-edge technology

The world's safest nuclear reactor

Specialized Security Facilities (SSF): Large-scale facilities isolated from the main plant used to safely shut down a reactor in the event of a severe security incident

The Path to achieving Carbon Neutrality

Decarbonize existing infrastructure

Build a hydrogen solutions ecosystem

Build a CO_2 solutions ecosystem

Build a Hydrogen Solutions Ecosystem

- Create a solutions ecosystem covering production, transport, storage, and use
- Develop key decarbonization technologies targeting 2025

	2020	2025	2030
Production	**Gray Hydrogen** (derived from fossil fuels)		
	Blue Hydrogen (derived from fossil fuels and CO_2 capture)		
	Turquoise Hydrogen (solid carbon capture) MONOLITH C||ZERO		
	Green Hydrogen (produced with renewable energy) Hydrogen pro Starfire Energy		
Transport & Storage	**Multigas Carrier** Ammonia transport 		
Use	 **Heavy Duty GT** 100% H2 firing validation	30% H_2 mixed firing commercialization	100% H_2 firing commercialization
	 **Small and Mid-Size GT** 100% H_2 firing validation	100% H_2/ammonia firing	
	Heavy Duty Boilers Gas and liquid firing validation	Gas and liquid firing commercialization	
	Hydrogen Reduction Steelmaking Build a pilot plant and run trials		

Part of this presentation includes development results from the National Laboratory New Energy and Industrial Technology Development Organization (NEDO) program.

Build a CO_2 Solutions Ecosystem

- Create a solutions ecosystem covering carbon capture, transport, storage, and conversion/use
- Expand carbon capture product lineup by 2023

2020 2025 2030

Capture

KS-1™ CO_2 Capture Plant
Large volume CO_2 capture

KS-21™ High Performance CO_2 Capture Plant
High efficiency, large volume CO_2 capture

Modular CO_2 Capture System
Solid Type CO_2 Capture System
Industrial use CO_2 capture technology

Transport & Storage

CO_2 Carrier
Large volume CO_2 transport

CO_2NNEX™ CCUS Platform (digital platform for CO_2 logistics)
Seamless connection with value chain visualization

Conversion/ Use

Clean Fuel Production INFINIUM™

KS-1, KS-21: A proprietary amine absorbent jointly developed with Kansai Electric Power

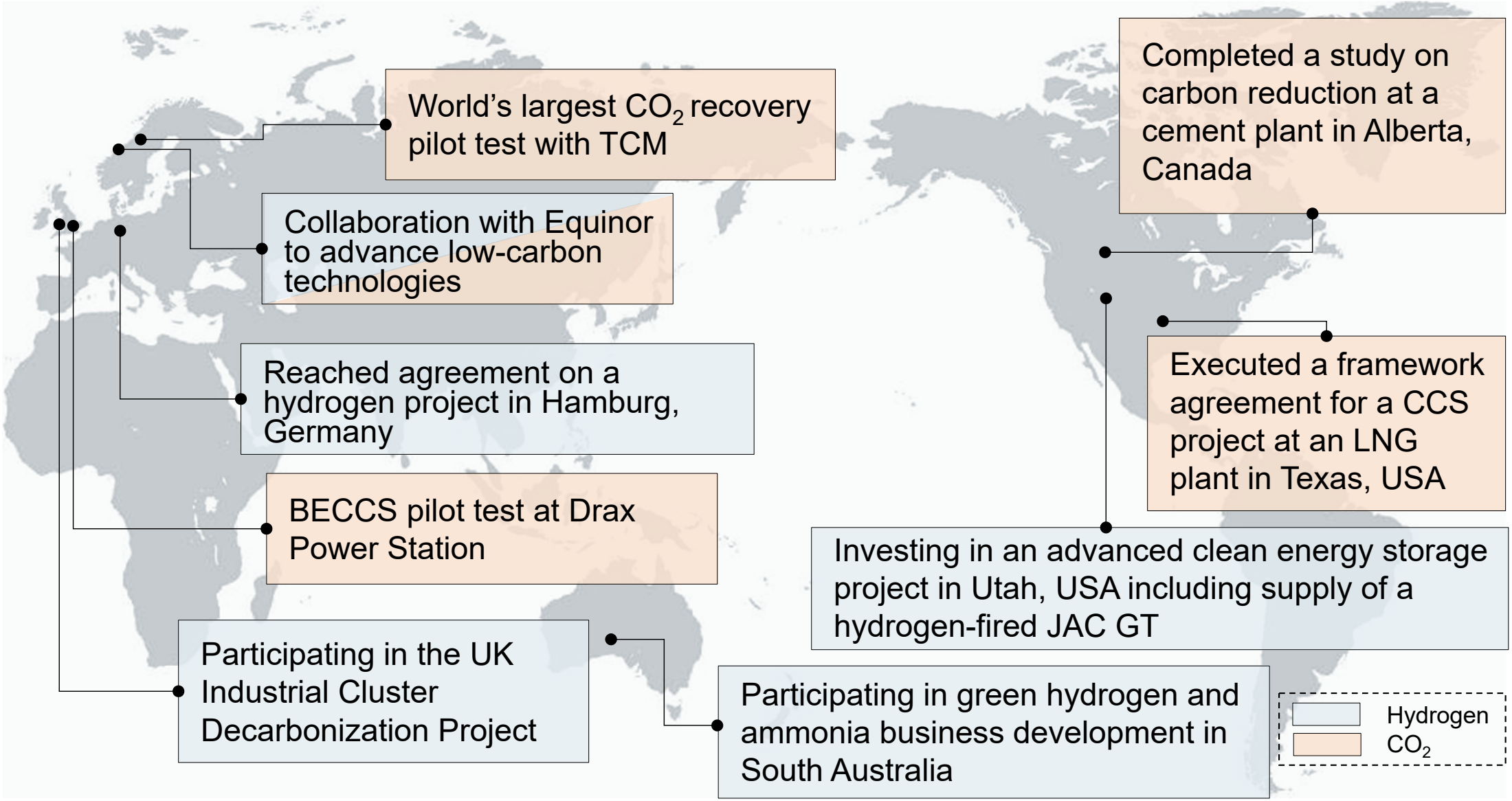
CO_2NNEX™: A digital platform for visualizing CO_2 logistics to be jointly developed with IBM Japan

CCUS : Carbon dioxide Capture, Utilization and Storage

Global Joint Hydrogen/CO_2 Business Development

MITSUBISHI HEAVY INDUSTRIES

Engaging in projects in leading regions, advancing commercialization efforts



BECCS: Bio Energy with Carbon dioxide Capture and Storage

Participating in advanced projects in North America

Build a hydrogen solutions ecosystem by connecting hydrogen users with production, storage, and transport

Invest in technology development and form strategic partnerships


Production

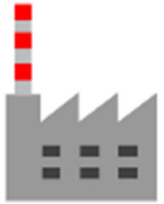

Storage


Transport

Off-takers


Power Generation


Transportation


Industry

Production → **Storage & Transport** → **Use**

Active projects

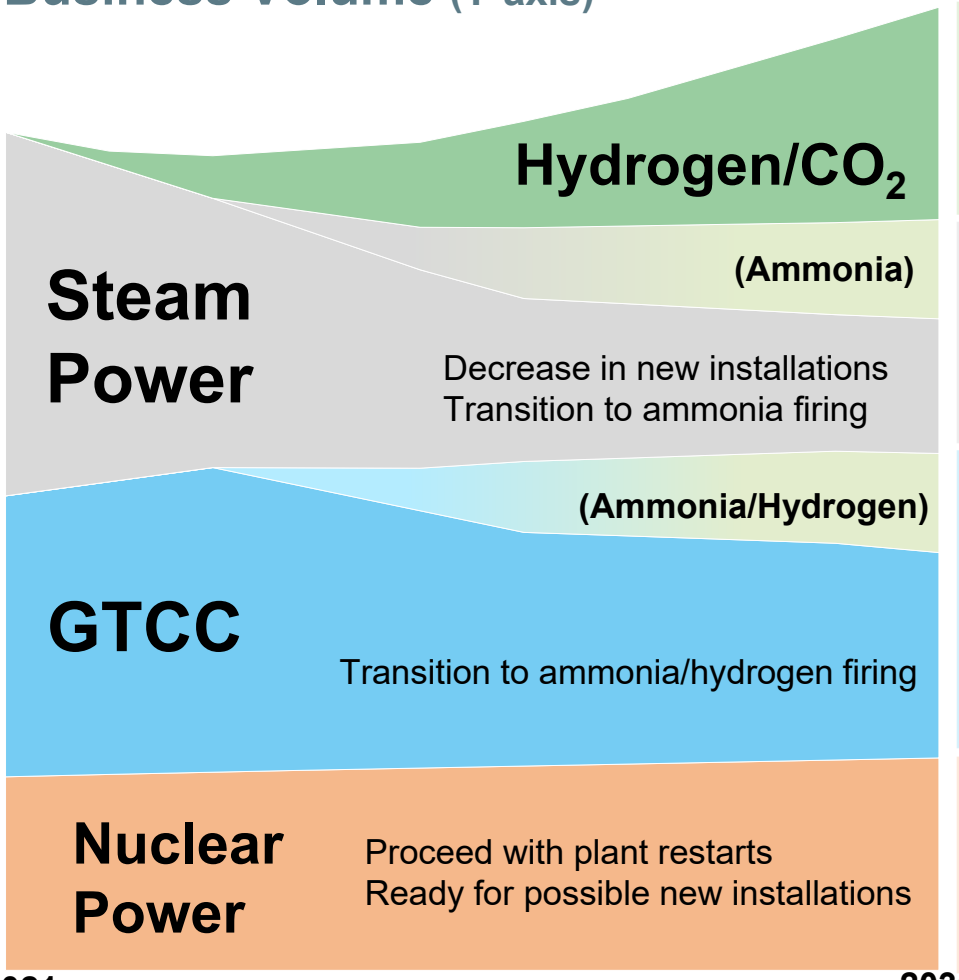
Advanced Clean Energy Storage:
Developing a 1,000 MW energy storage facility

Intermountain Power Agency: Won order for 840 MW hydrogen-fired JAC-class GT

Entergy: Executed a Joint Development Agreement for hydrogen production, storage, and use

Grow Businesses through the Energy Transition

Build hydrogen and CO_2 solutions business scale in addition to decarbonizing existing infrastructure

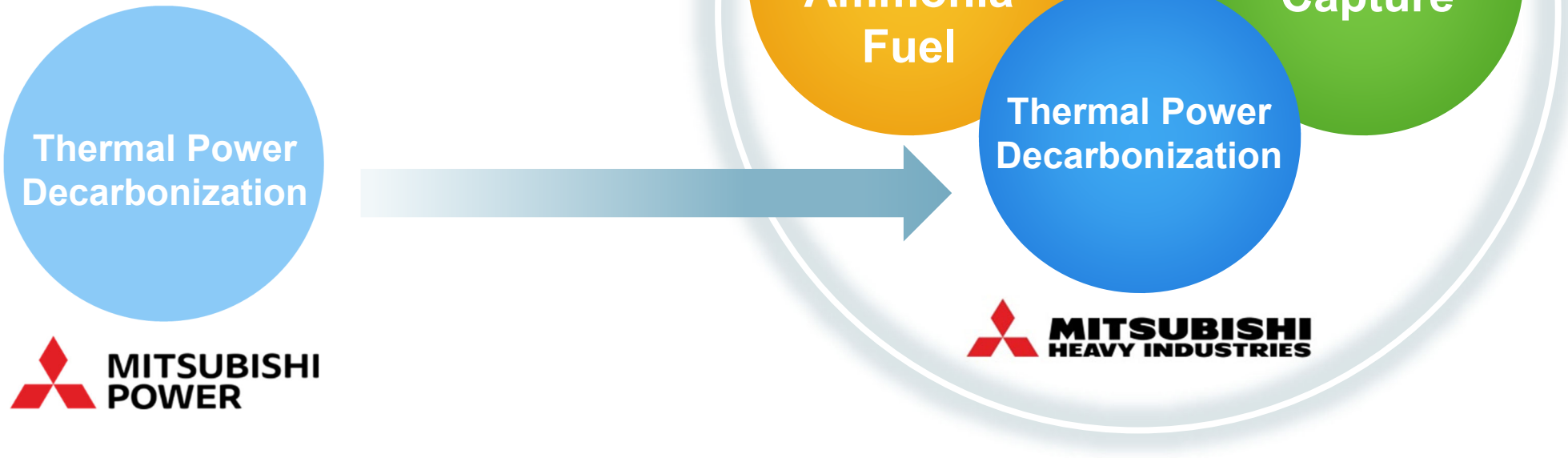


	Social Impact	Strategy
Hydrogen/CO_2	Carbon-free fuels Capture and use remaining CO_2 emissions	Leverage MHI strengths Form strategic partnerships Technical validation to commercialization
Steam Power	Decrease social burden by utilizing existing assets	Develop ammonia-fired boilers Innovate in maintenance
GTCC	Stable peaking power source	Develop and validate hydrogen- and ammonia-fired gas turbines
Nuclear Power	Carbon-free base load power source	Restart existing plants and construct SSFs Develop a next-generation light water reactor

Mitsubishi Power to be integrated into MHI (Oct 2021)

Contribute to the achievement of Carbon Neutrality as a

total energy solutions company



Strengthen MHI Group to build hydrogen and CO_2 solutions ecosystems

- Dynamically integrate MHI and Mitsubishi Power resources
- Rapidly advance decarbonization of the existing Thermal Power business in parallel with hydrogen and CO_2 solutions ecosystems efforts

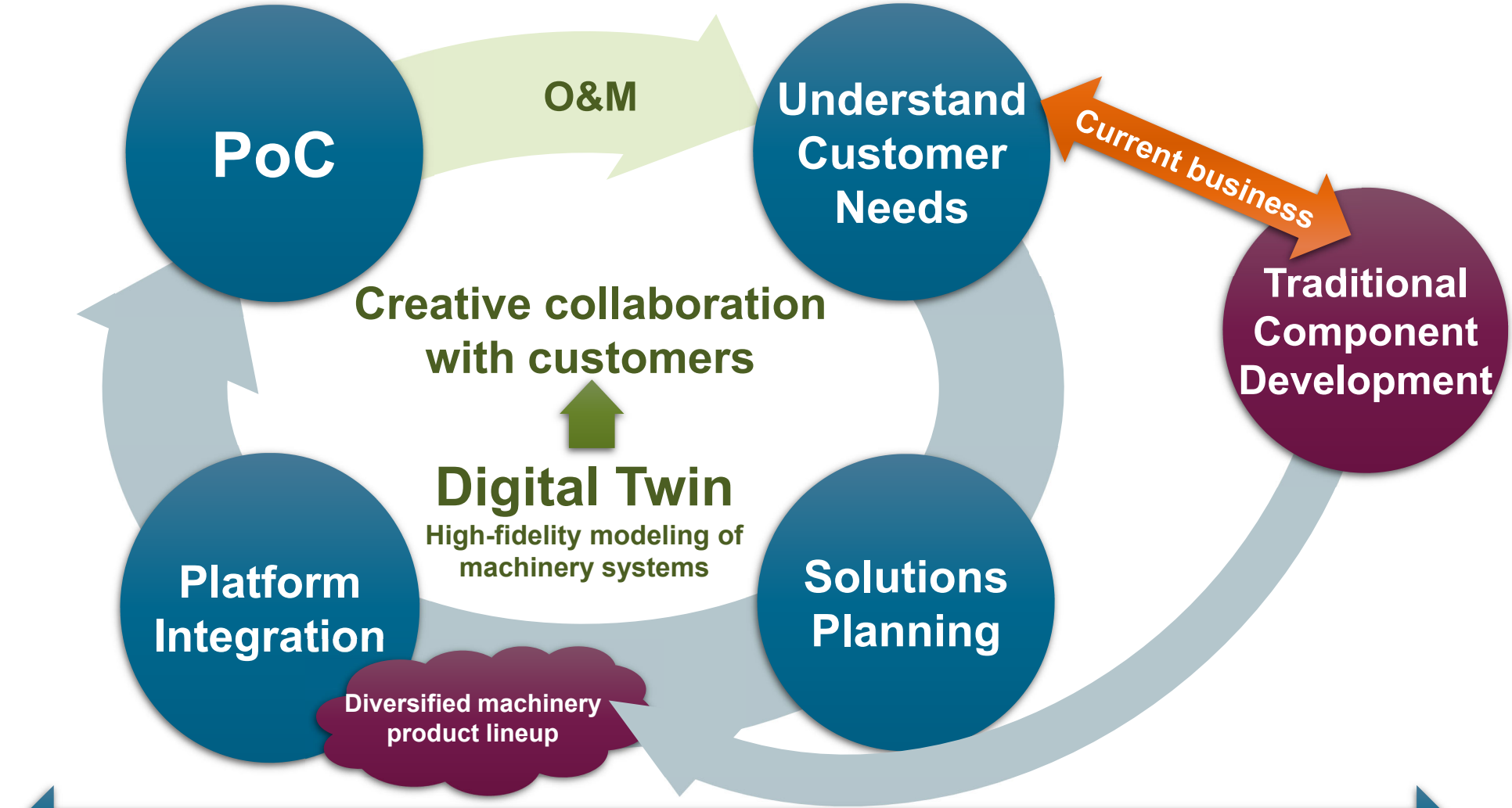
Transform the Thermal Power business structure to focus on decarbonization

- Steam Power will take the following actions in the transition to decarbonization
  - ✓ Transform into an advanced maintenance and service business
  - ✓ Optimize production and increase competitiveness of steam turbines
- Consolidate functions from planning to execution in each business line, allowing streamlined organizations to improve operational flexibility

New Mobility & Logistics

New Mobility & Logistics: Strengthening Solutions Business

Provide integrated, autonomous, intelligent machinery systems while shifting from component sales business



PoC: Proof of Concept

New Mobility & Logistics: Launching Logistics Solutions

Developing comprehensive logistics solutions

✓ **Automated logistics solutions**
(Business volume: ¥50 bn by FY26)
✓ **Cold Chain solutions**
(Business volume: ¥100 bn by FY26)

Known customer pain points
✓ Volatility
✓ Harsh working environments
✓ Safety/quality assurance

Developing PoCs with industry leaders in beverages and refrigerated warehousing

Concept demonstration

Seamless integration

Automated & Intelligent Technology Package
Remote Control | Human-Machine Collaboration | Env. Control | Energy Mgmt. | .....

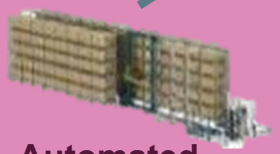
Standardized Platform

Analyze customer needs

SynX

Automated & Intelligent Technology Solutions (Sigma SynX)

AGF



Automated Warehouse

AGV

Chiller

AGF: Automated Guided Forklift AGV: Automated Guided Vehicle

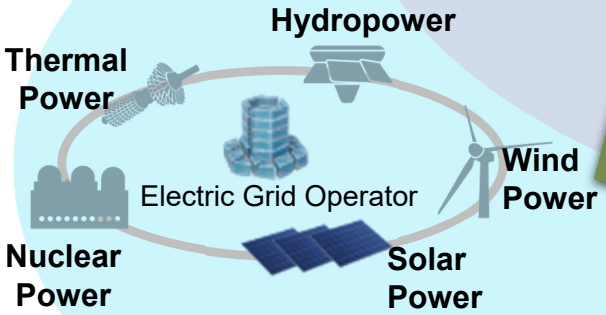
Expand the solutions business to cover all product areas

Cold Chain
(environmental controls and quality assurance)

Lifestyle

Automated Logistics
(efficient and flexible)

Solutions Business



Energy Grid
(Clean energy for all)

Energy

Regional Mobility
(stress-free transportation)

Mobility

2021 MTBP Targets

2021 MTBP (FY21-23)

Develop growth areas

Strengthen profitability

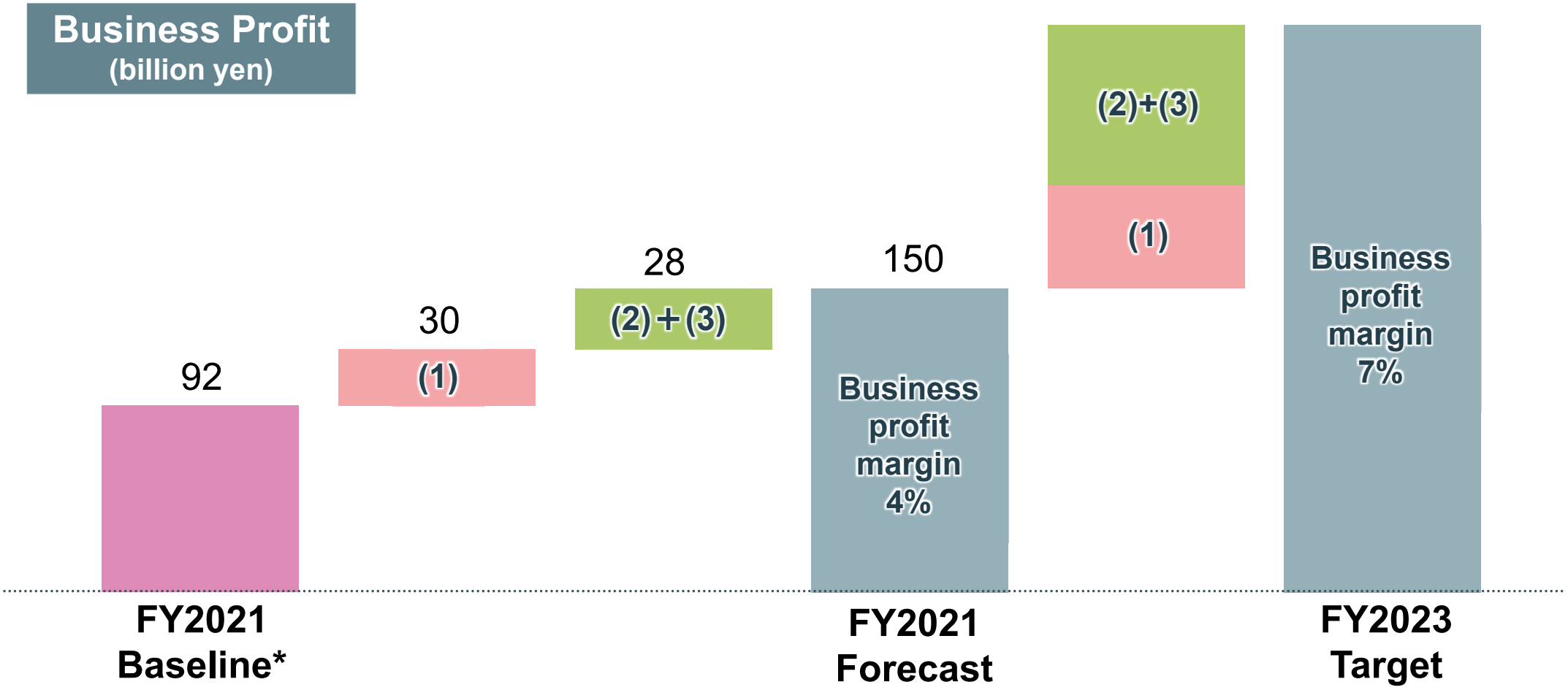
Profitability

Business profit margin 7%

ROE 12%

Strengthen Profitability

Strengthen profitability to achieve FY2023 targets



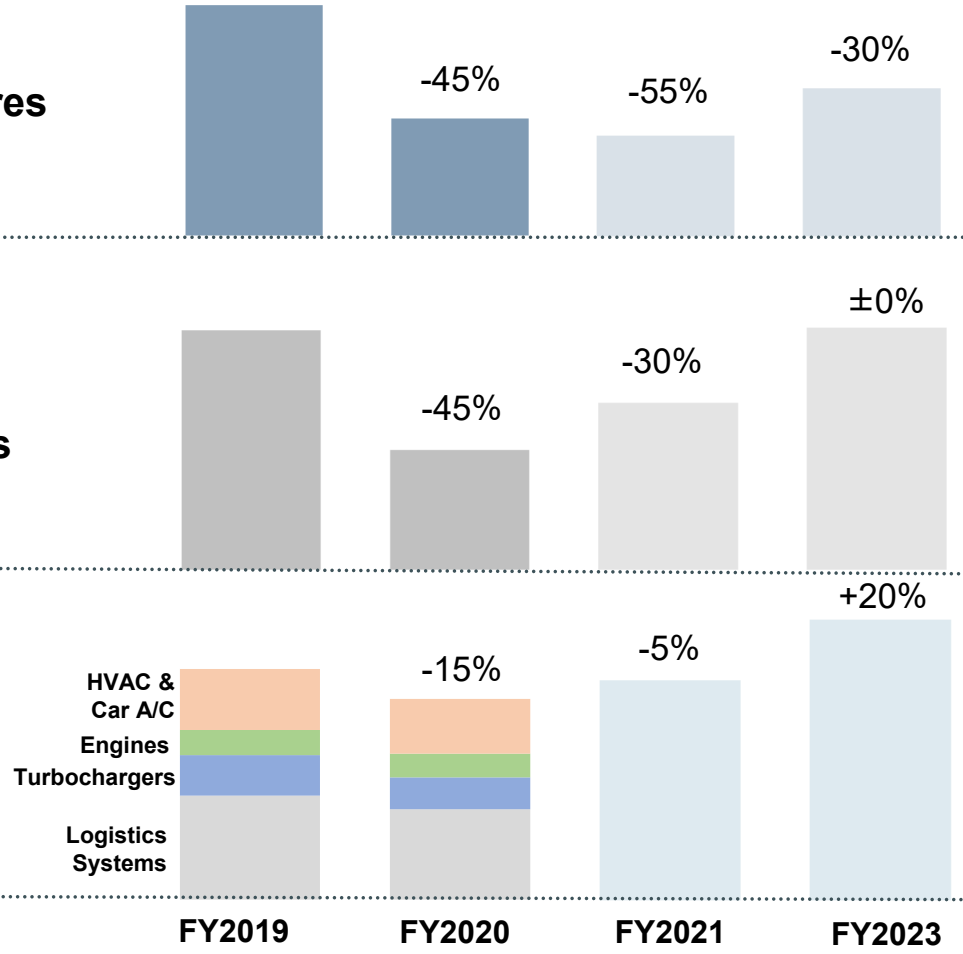
(1) COVID-19 recovery
(2) Existing business growth, profitability improvements, and restructuring
(3) SG&A reductions

*As defined on page 17

(1) COVID-19 Recovery

- Aero Engines and Logistics, Thermal & Drive Systems are recovering steadily and expected to return to pre-COVID levels by 2023
- Aero Structures business will take time to recover; manufacturing process optimizations to continue

Business	Revenue (vs. FY2019)	Forecast and Key Activities
Commercial Aviation - Aero Structures (Tier 1)		■ Continued short-term stagnation with recovery after FY24 ■ Continue fixed cost reductions and process optimizations to stop declining profits
Commercial Aviation - Aero Engines		■ Short-haul flight recovery on track ■ Organizational changes in anticipation of COVID-19 recovery and return to growth
Logistics, Thermal & Drive Systems		■ Recovery to pre-COVID levels in FY21 followed by new growth ■ Maintain a streamlined organization while growing the business



(2) Existing Business Growth, Profitability Improvements, and Restructuring:
Portfolio Optimization

- Executed the following transactions to optimize the business portfolio in FY2020
- Portfolio optimization to continue in FY2021 and beyond to strengthen profitability

Wind Power Systems	Maximize synergies through a wide-ranging partnership with Vestas	← **Acquisition of 2.5% stake in Vestas**
Naval & Governmental Ships	Further strengthen the Defense Equipment business across air, land, and sea	← **Acquisition from Mitsui E&S Shipbuilding**
Machine Tools	Agreed to sale expecting synergies with Nidec Group businesses	→ **Divestment to Nidec Group**
Koyagi Shipyard	Agreed to sale after concluding that Oshima Shipbuilding is better able to utilize the facility	→ **Divestment to Oshima Shipbuilding**

Implementing headcount adjustments in response to rapid market contraction

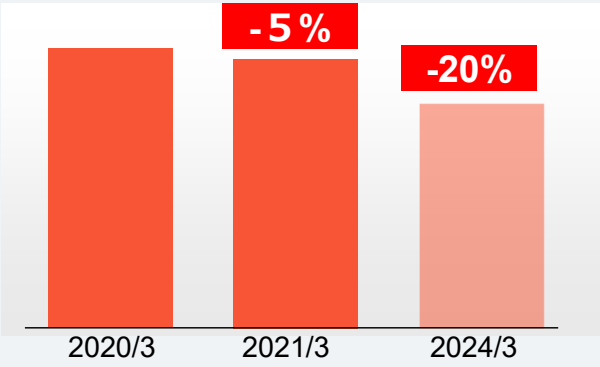
Inter-national

- **Reduced headcount by approx. 3,000** (Sep 2019 – Mar 2021)

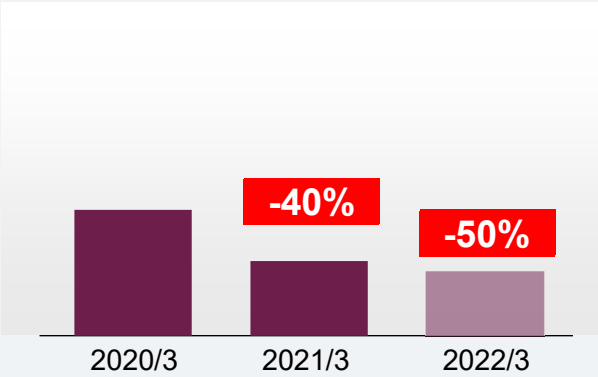
Japan

- **1,500+ headcount adjustment** achieved as of March 2021
- Planning to **reallocate a further 1,500 personnel**, mainly in Thermal Power, shifting resources to growth areas

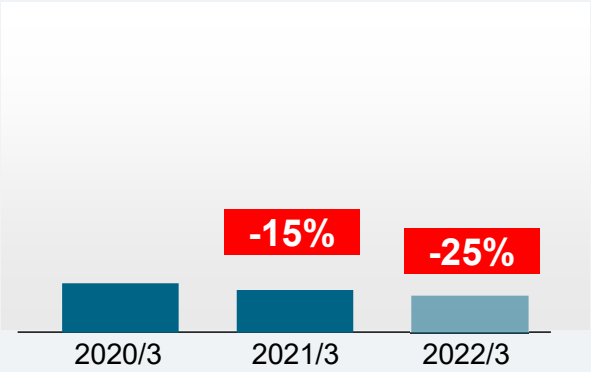
Thermal Power



Commercial Aviation



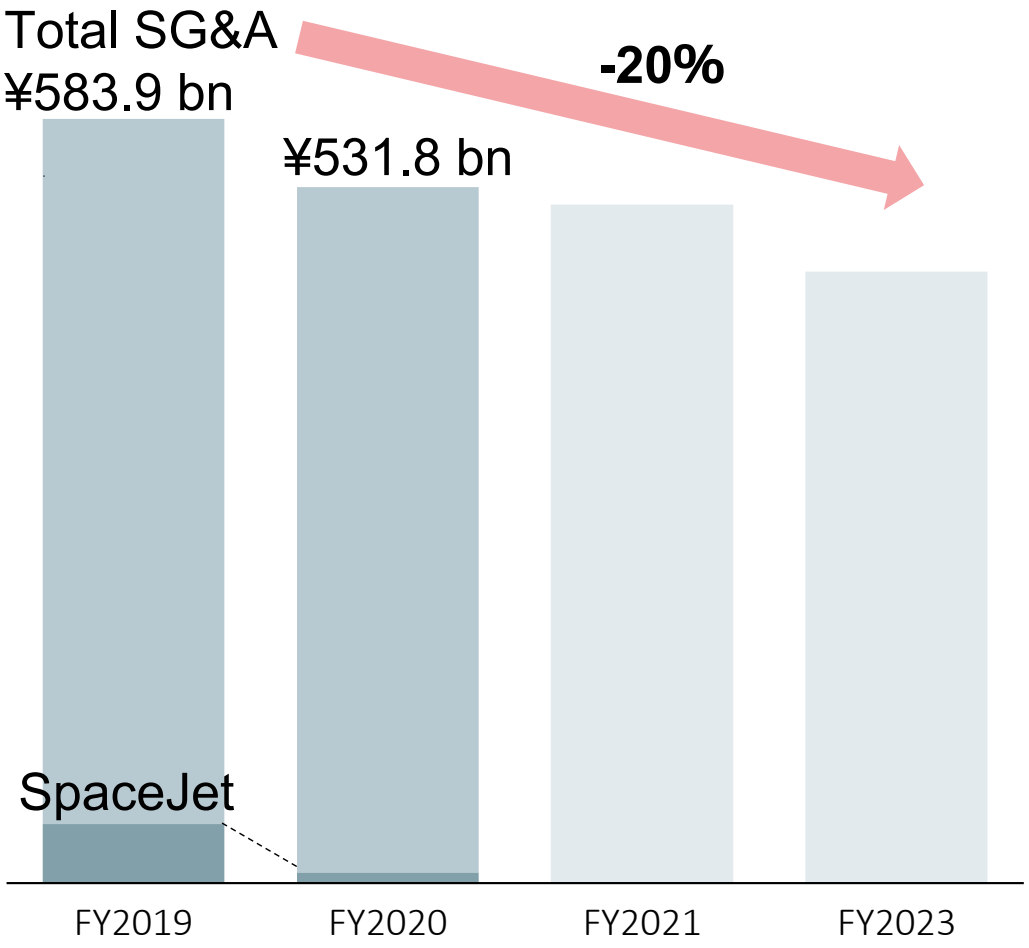
Commercial Ships



(3) SG&A Reductions

FY2020: **Reduced SG&A by 52.1 billion yen (9%)** vs. FY2019 levels

FY2021: Further reductions planned through integration of Mitsubishi Power and asset management



FY2020	SpaceJet reductions
	Fixed & variable cost reductions
FY2021	Mitsubishi Power integration (corporate function efficiencies)
	Reductions from asset management • Saiwaimachi Factory sale • Iwatsuka Factory sale • Koyagi Shipyard sale

MOVE THE WORLD FORWARD MITSUBISHI HEAVY INDUSTRIES GROUP

Social Responsibility and Community Engagement

SDGs Initiatives

Social Responsibility and Community Engagement

Addressing humanity's problems through business

Fostering innovation through creative collaboration

Opened Yokohama Hardtech Hub to support startups

MHI Sports Challenge

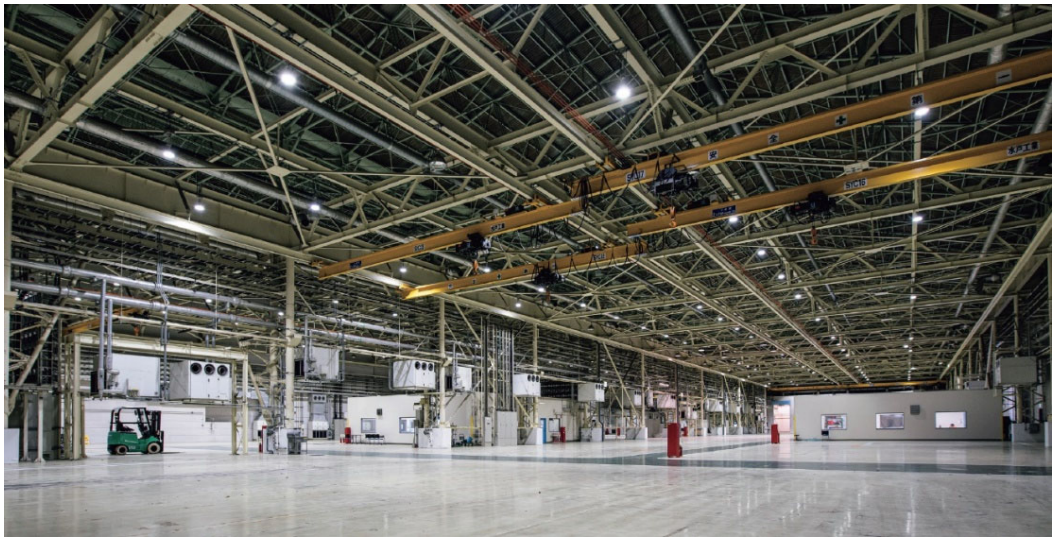
Contributing to society with company-led sports activities while promoting the MHI Group brand

Yokohama Hardtech Hub（YHH）

- Incubating hardtech startups and facilitating efforts to innovate
- Opened in Oct 2020 at Honmoku Plant. 7 startups are active in the space. (Now accepting applications)

Large, open space for prototyping and testing

- Total floor space: **20,000 m²**
- Fully equipped with power supply, compressed air, cranes, A/C, and WiFi



7 Tenant Startups (as of April 2021)

Digitally integrated construction of wooden structures	Design, testing, & manufacture of equipment for use in space
Development of automated injection mold exchange	Vibration test services
Materials development using computational science and machine learning	Development and implementation of battery control systems

Development of coating materials for semiconductor manufacturing equipment parts

YHH Creative Collaboration Events

Raising creative collaboration awareness

- First YHH Creative Collaboration Event “The Reality of Manufacturing in the Space Sector and the Value of Creative Collaboration”
- Planning the next event

MHI Sports Challenge

MHI promotes giving back to society, social responsibility, employee engagement, and brand recognition through our corporate sports activities

Kids Soccer

MHI Marathon Team

Urawa Red Diamonds Ladies (soccer)

Mitsubishi Dynaboars (rugby)

IV. Summary

Summary

- **Surpassed profit forecasts in FY2020**
- **Accelerating Energy Transition initiatives as decarbonization efforts take off around the globe**
- **Integrate Mitsubishi Power into MHI and drive forward as a total energy solutions company**
- **Expand into new areas while shifting from component sales to solutions in the New Mobility & Logistics space**
- **Further increase profitability in FY2021, and gain a foothold for achieving FY2023 targets**

V. Appendix A
FY2020 Financial Results

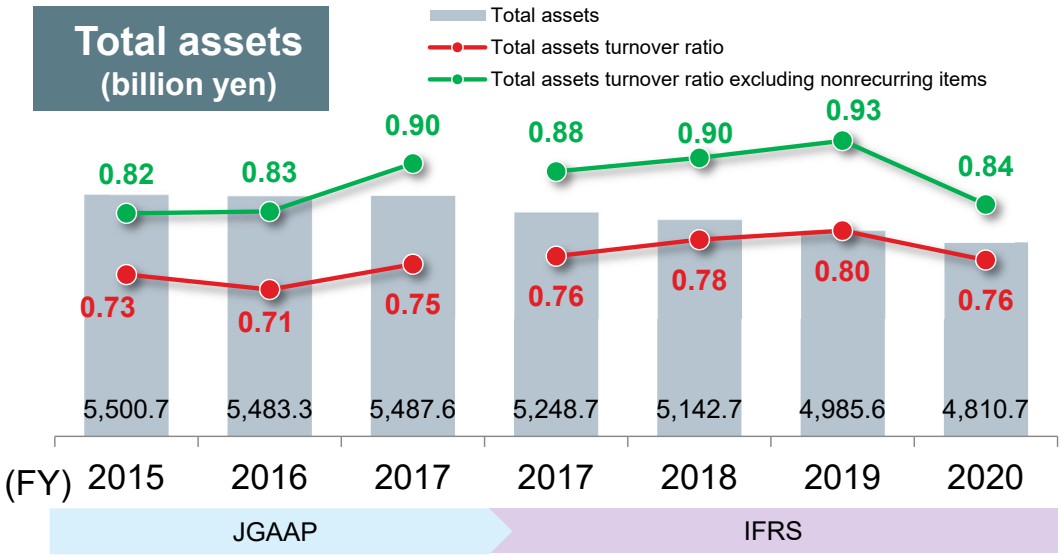
1. FY2020 Financial Results by Segment

(billion yen)

	Order intake			Revenue			Profit from business activities		
	FY19	FY20	YoY	FY19	FY20	YoY	FY19	FY20	YoY
Energy Systems	1,772.1	1,299.2	-472.9	1,590.2	1,546.0	-44.2	144.3	127.6	-16.7
Plants & Infrastructure Systems	739.9	575.2	-164.7	792.9	637.2	-155.7	25.5	-10.2	-35.7
Logistics, Thermal & Drive Systems	985.9	868.0	-117.9	990.1	860.3	-129.8	29.3	15.6	-13.7
Aircraft, Defense & Space	719.2	626.2	-93.0	704.9	702.1	-2.8	-208.7	-94.8	+113.9
Others	-48.5	-32.4	+16.1	-36.9	-45.7	-8.8	-20.0	15.8	+35.8
Total	4,168.6	3,336.3	-832.3	4,041.3	3,699.9	-341.4	-29.5	54.0	+83.5

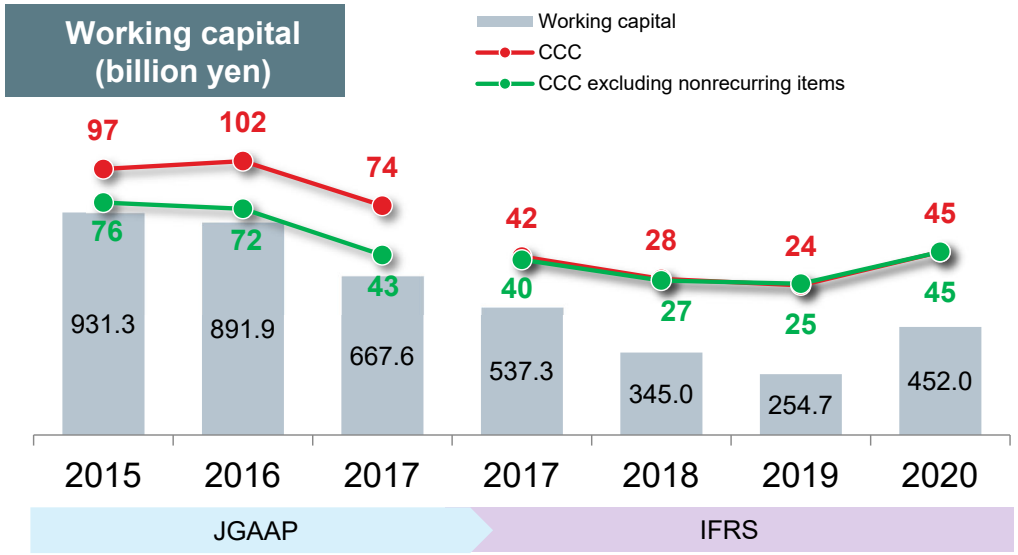
2. Financial Position

Total assets (billion yen)



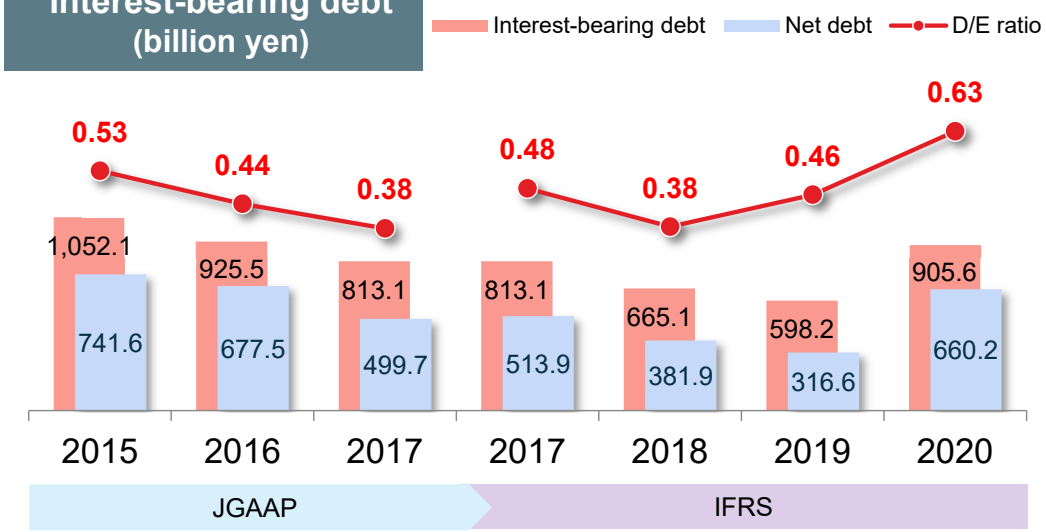
Total asset turnover ratio = Revenue / Total assets (average of beginning and end of period)

Working capital (billion yen)

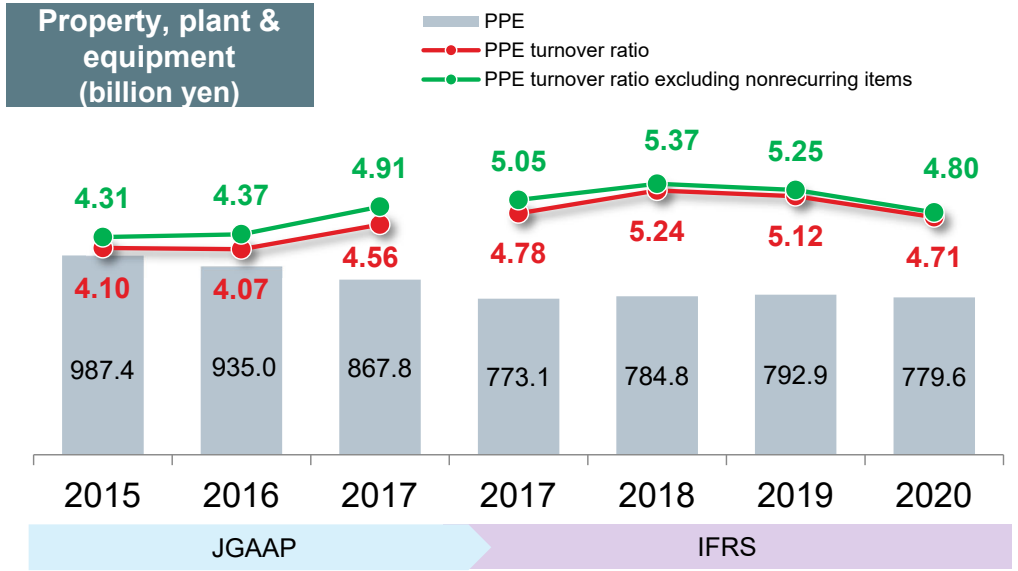


Working capital = Trade receivables (incl. Contract assets) + Inventories – Trade payables – Contract liabilities (Advance received)
CCC calculated based on segment working capital (including Advance received) and Revenue

Interest-bearing debt (billion yen)



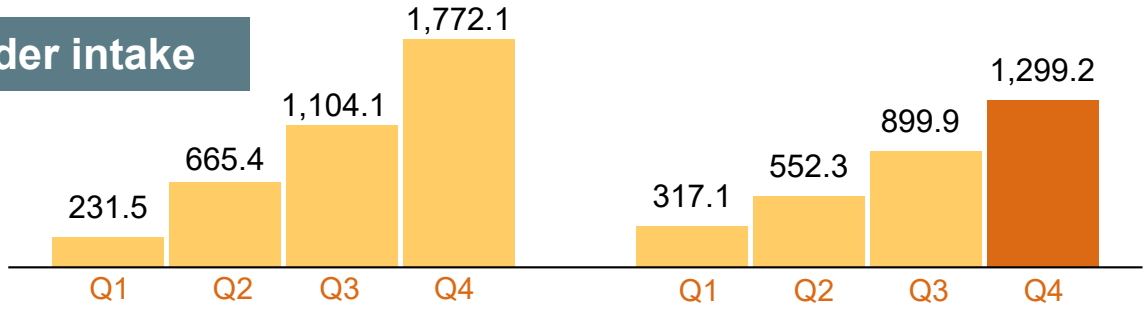
Property, plant & equipment (billion yen)



3. FY2020 Financial Results by Segment
Energy Systems

(billion yen; all figures cumulative totals)

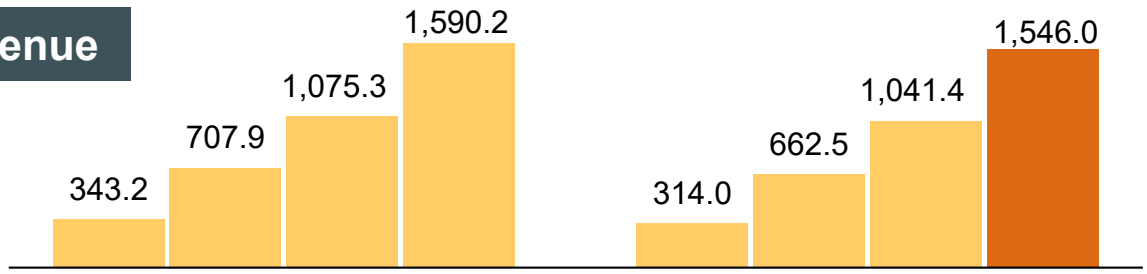
Order intake



(Order intake for major businesses)

	FY2019	FY2020
GTCC	744.6	552.2
Steam Power	446.4	246.2
Nuclear Power	308.0	236.0

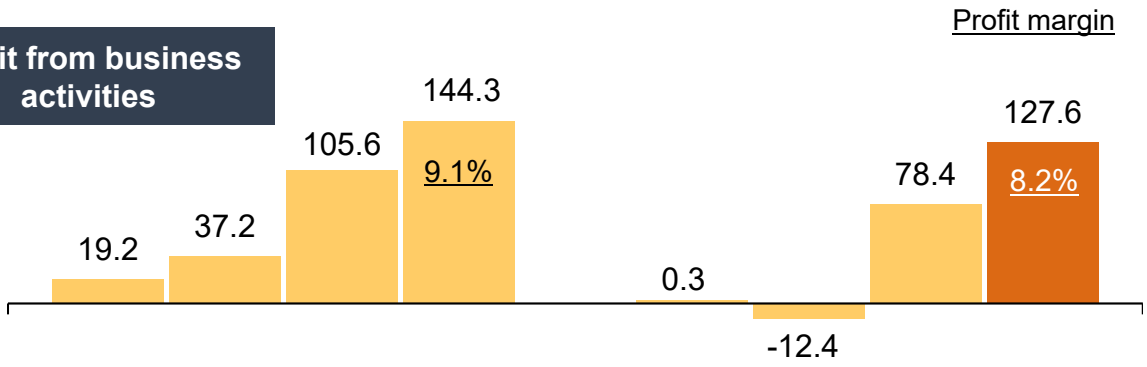
Revenue



(Revenue for major businesses)

	FY2019	FY2020
GTCC	478.8	538.2
Steam Power	579.1	502.5
Nuclear Power	256.7	292.6

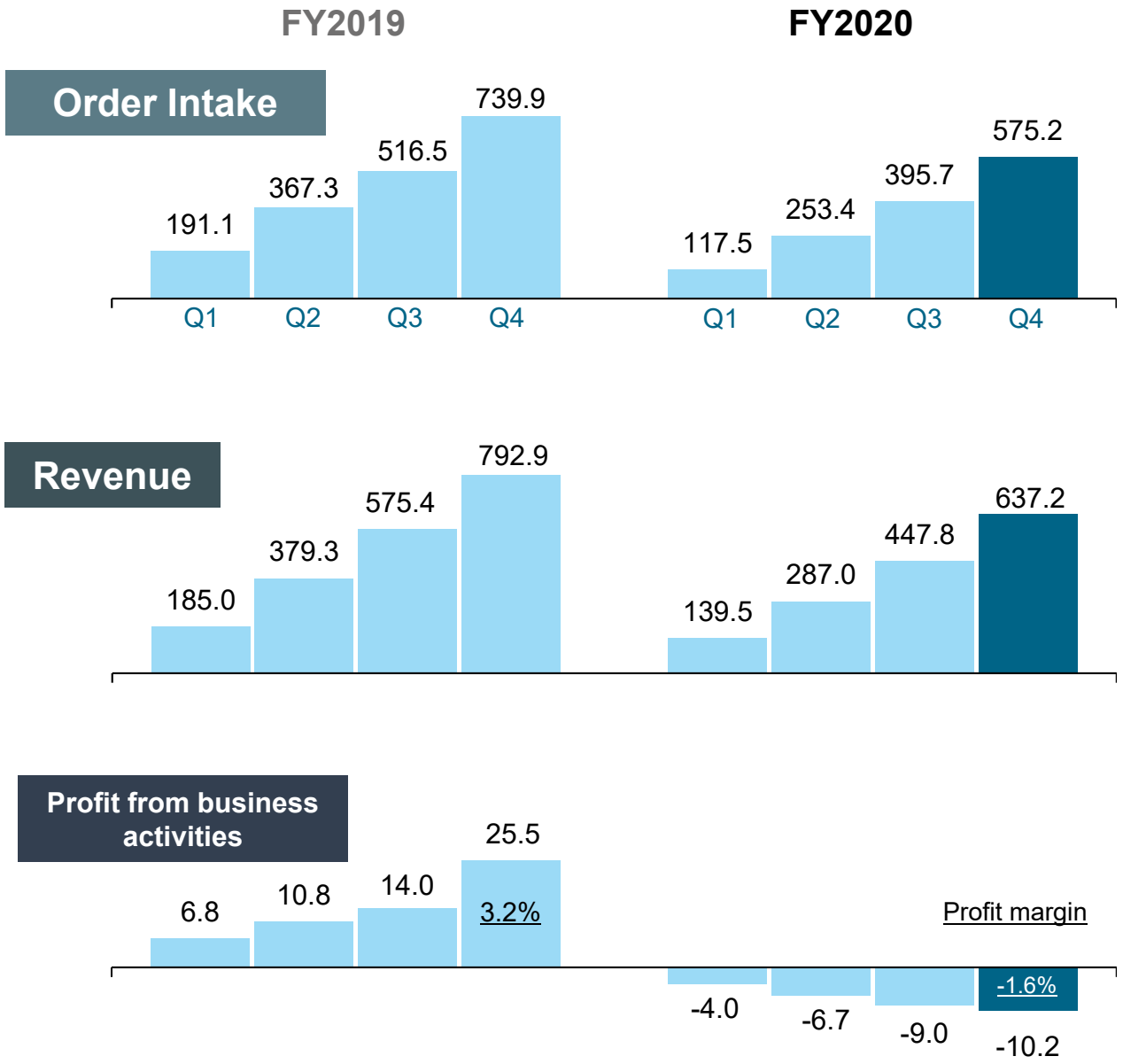
Profit from business activities



- Items with significant P/L impact:
  - Gain on MVOW share transfer (+¥83.1 bn)
  - Push-out of Thermal Power after-sales service work due to COVID-19 and Steam Power loss provisions (total -¥45.0 bn)
- Strong performance by GTCC and Nuclear Power contributed to revenue and profit generally in line with the forecast

3. FY2020 Financial Results by Segment
Plants & Infrastructure Systems

(billion yen; all figures cumulative totals)



(Order intake for major businesses)

	FY2019	FY2020
Engineering	174.6	119.2
Metals Machinery	245.5	207.7
Machinery Systems	147.9	132.1

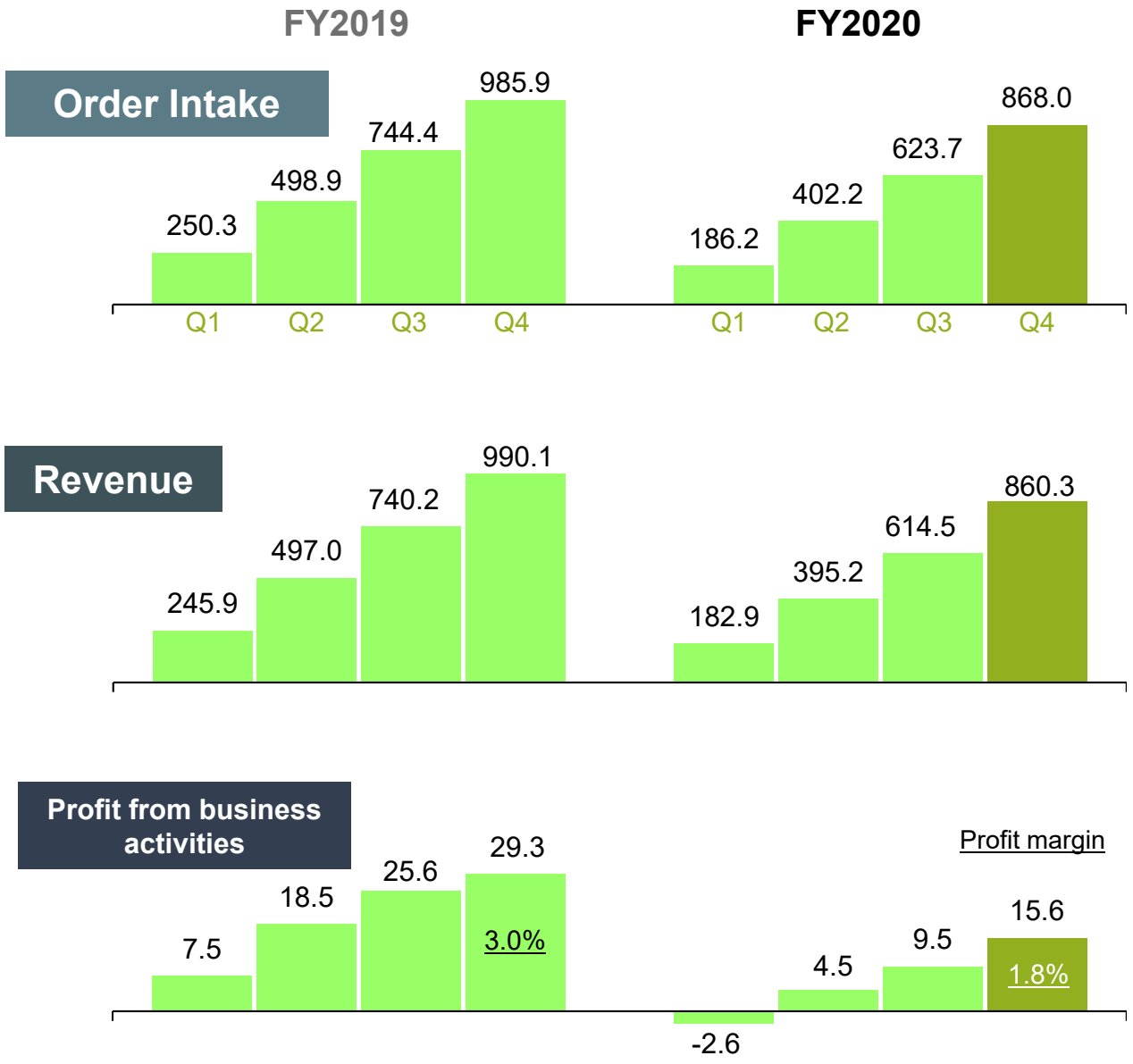
(Revenue for major businesses)

	FY2019	FY2020
Engineering	202.6	152.1
Metals Machinery	245.5	196.7
Machinery Systems	166.9	142.1

- Initial projections showed only minimal COVID-19 impact, however order intake decreased YoY due to slow contract negotiation progress
- Revenue decreased YoY due to construction delays in Engineering and Metals Machinery
- Finished at a loss due to the settlement of expenses for a completed international project and nonrecurring expenses such as restructuring costs

3. FY2020 Financial Results by Segment
Logistics, Thermal & Drive Systems

(billion yen; all figures cumulative totals)



(Order intake for major businesses)

	FY2019	FY2020
Material Handling Systems	449.3	390.7
Engines & Turbochargers	286.2	243.3
HVAC & Car A/C	255.8	239.8

(Revenue for major businesses)

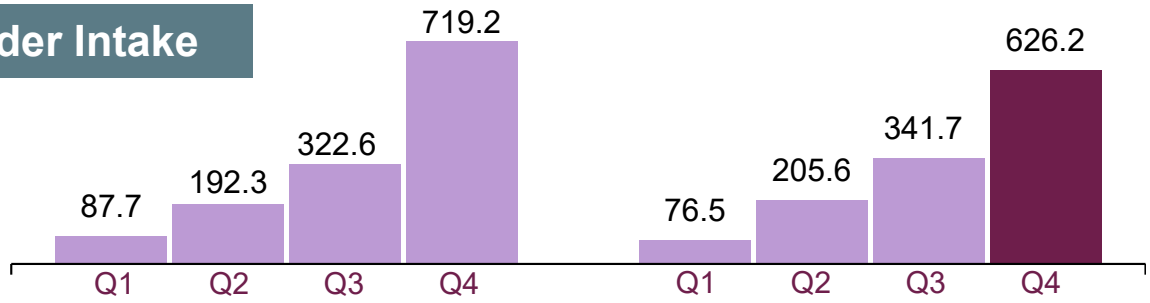
	FY2019	FY2020
Material Handling Systems	449.3	390.7
Engines & Turbochargers	283.4	239.9
HVAC & Car A/C	263.0	235.7

- Revenue recovered steadily in each quarter after 25% YoY downturn in Q1 due to COVID-19 impact
- After bottoming out in Q1, profit finished above forecast as a result of better than planned fixed cost reductions

3. FY2020 Financial Results by Segment
Aircraft, Defense & Space

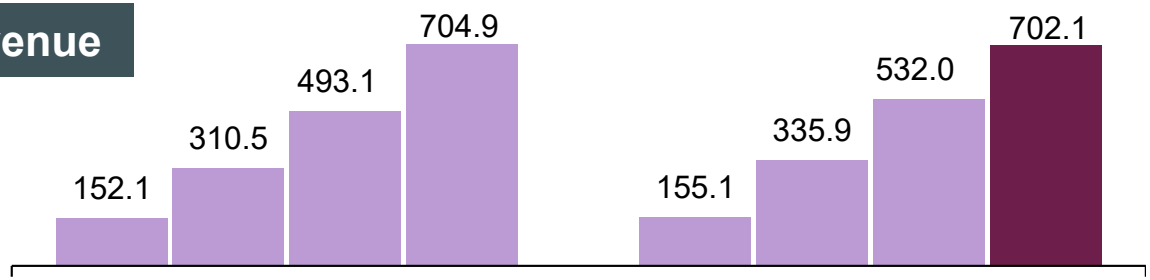
(billion yen; all figures cumulative totals)

Order Intake



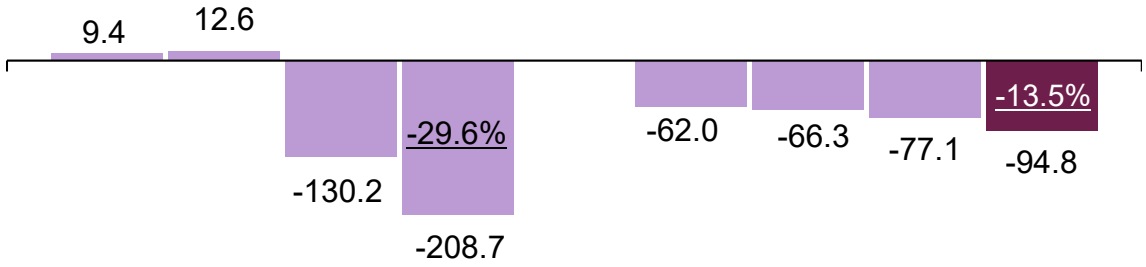
	FY2019	FY2020
Defense & Space	493.8	487.5
Commercial aviation	225.3	138.7

Revenue



	FY2019	FY2020
Defense & Space	474.2	524.4
Commercial aviation	230.6	177.6

Profit from business activities



- Aero Structures (Tier 1) revenue finished below the initial forecast after revenue recovery slowed due to market contraction after a resurgence of COVID-19 beginning in Q3
- Overall revenues from Aircraft, Defense & Space remained at FY19 levels due to strong Defense & Space sales and contribution from CRJ, the acquisition of which was completed in Q1
- SpaceJet losses (including impairment of goodwill from CRJ acquisition) were ¥116.2 bn, within the range of the initial forecast

4. FY2020 Financial Results
Other data

Gas turbine orders booked and contract backlog (units)

Heavy Duty	FY2019	FY2020	
		Year	Q4
North America	7	4	-
Asia	10	4	2
EMEA	2	3	-
Other regions	2	2	2
Total	21	13	4
Contract backlog	47	48	

Small & Mid-Size	FY2019	FY2020	
		Year	Q4
North America	3	6	6
Asia	2	-	-
EMEA	6	-	-
Other regions	-	-	-
Total	11	6	6
Contract backlog	13	5	

Commercial Aviation deliveries (units)

777	Q1	Q2	Q3	Q4	Tot.
FY2019	12	13	10	9	44
FY2020	3	10	7	4	24

777X	Q1	Q2	Q3	Q4	Tot.
FY2019	4	1	3	2	10
FY2020	3	3	0	1	7

787	Q1	Q2	Q3	Q4	Tot.
FY2019	43	42	38	43	166
FY2020	18	32	20	14	84

5. Reference Data

R&D Expenses, depreciation & amortization, and capital expenditures

(billion yen)

	FY2018	FY2019	FY2020	FY2021 Forecast
R&D expenses	152.1	146.8	125.7	130.0
Depreciation & amortization	124.9	144.6	139.2	130.0
Capital expenditures	147.3	161.5	125.5	120.0

Cash flows

(billion yen)

	FY2018	FY2019	FY2020	FY2021 Forecast
Operating cash flow	404.9	452.5	-94.9	-
Investing cash flow	-161.8	-239.5	-182.2	-
Free cash flow	243.0	212.9	-277.1	0
Financing cash flow	-255.5	-204.4	-221.7	-

Interest-bearing debt, D/E ratio

	FY2018	FY2019	FY2020	FY2021 Forecast
Interest debt balance (billion yen)	665.1	598.2	905.6	900.0
D/E ratio	0.38	0.46	0.63	0.6

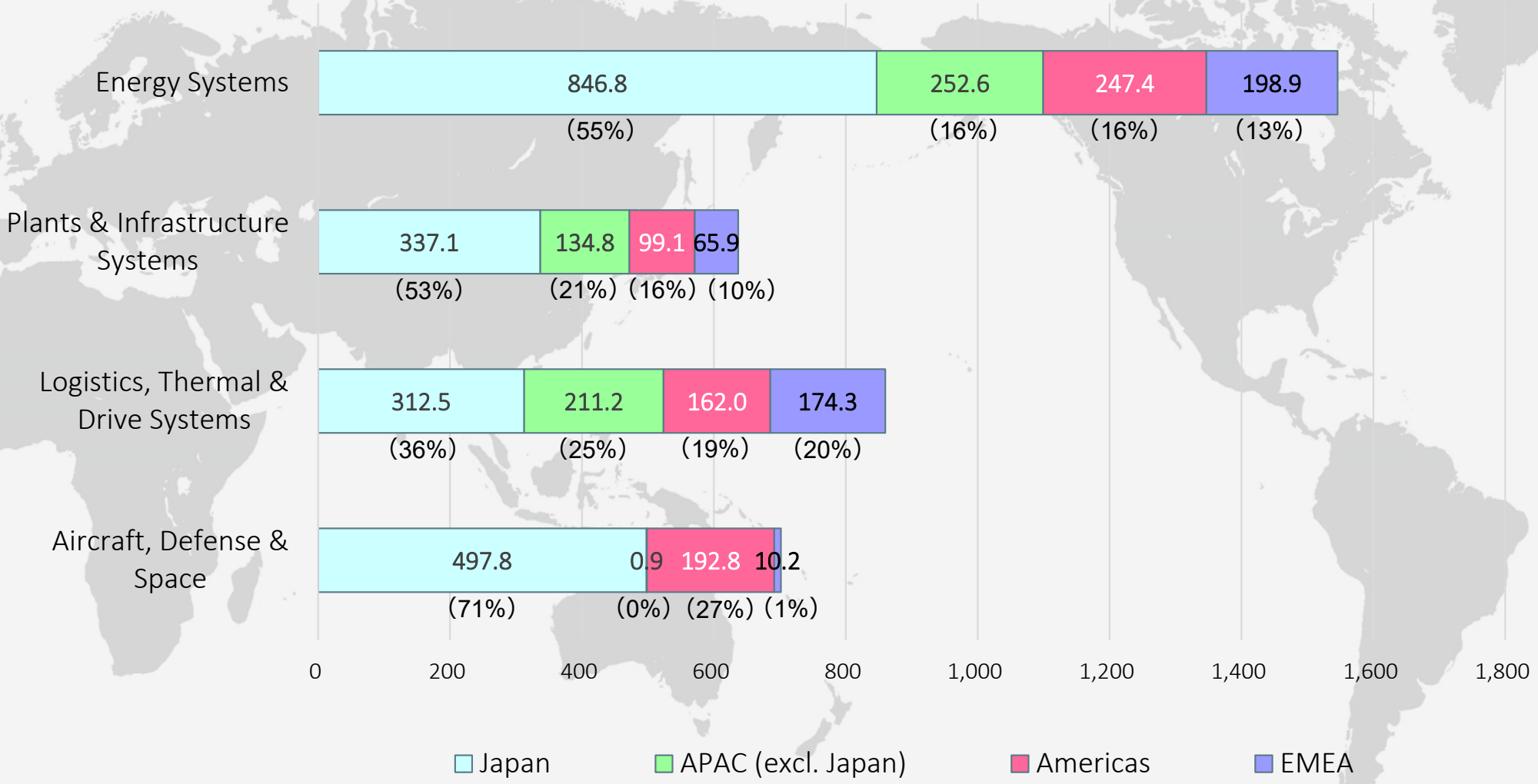
JPY/USD exchange rates

(JPY/USD)

	FY2018	FY2019	FY2020	FY2021 Forecast
Revenue recognition rate average	110.7	108.7	106.3	110
(Reference) Fiscal year end rate	111.0	108.8	110.7	-

5. Reference Data

Revenue by Segment and Region (billion yen)



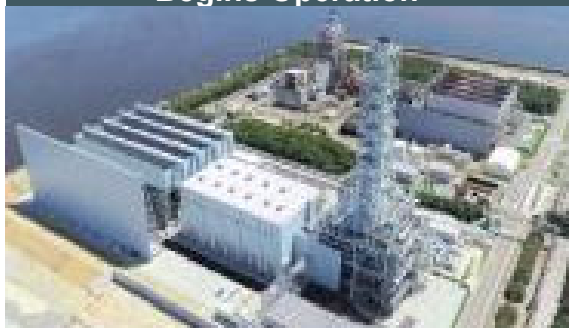
VI. Appendix B
2021 MTBP Progress

1. FY2020 Achievements and Key Activities in FY2021 (1/4)

Energy Systems

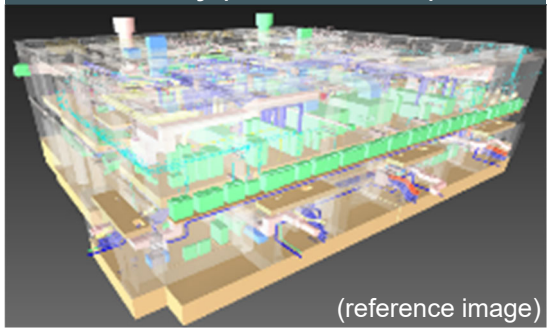
	FY2020 Achievements	Key Activities in FY2021
GTCC	New GTCC demonstration power plant completed at Takasago Works (T-Point 2)	Take back No. 1 GT market share and reduce costs Improve profitability
Steam Power	Profits decreased due to domestic project cost increases Established taskforce for decarbonization proposals	Accelerate transformation into an after-sales service-focused organization Grow industrial business with energy solutions
Nuclear Power	Progress on restart efforts for light water reactors and construction of Specialized Security Facilities and nuclear fuel reprocessing plant	Continue reactor restarts and construction of Specialized Security Facilities and the nuclear fuel reprocessing plant Expand development of next-generation reactors
Off-Shore Wind Power	Strengthened partnership with Vestas Launched MHI Vestas Japan	Begin marketing and business development of on- and offshore wind power within Japan
Aero Engines	Completed new Nagasaki Plant for combustor manufacturing	Strengthen in-house production capabilities and cost competitiveness with the new state-of-the-art plant
Compressors	Worked to grow after-sales services to stabilize and increase profits	Develop and grow global after-sales services operations

T-Point 2 Demonstration Plant Begins Operation



Facility for long-term validation of next-generation high-efficiency JAC* class GTs, which were the first in the world to achieve inlet temperatures of 1,650°C
*JAC: J-series Air-Cooled

Completed Specialized Security Facility (Nuclear Power)



Completed major equipment installation at Japan's first Specialized Security Facility for a nuclear power plant

New Aero Engines Factory Begins Operation

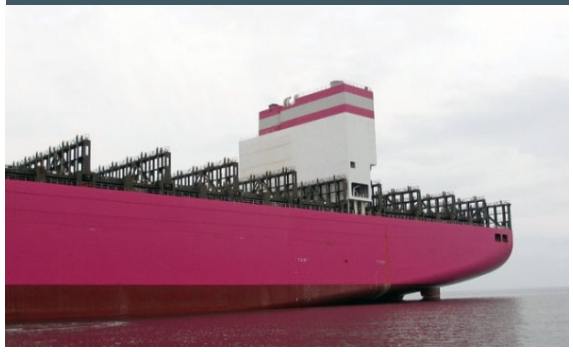
MHIAEL's new Nagasaki Plant completed at Nagasaki Shipyard & Machinery Works

1. FY2020 Achievements and Key Activities in FY2021 (2/4)

Plants & Infrastructure Systems

	FY2020 Achievements	Key Activities in FY2021
Commercial Ships	Marine SOx Scrubber Systems installed on 26 vessels	Strengthen maritime transport decarbonization and automation/electrification initiatives
Engineering	Received orders for carbon capture systems for a variety of CO_2 sources from customers in the U.S., Canada, and the U.K. (Basic design, pilot testing, etc.)	Strengthen carbon capture business and develop the decarbonization market
Metals Machinery	Grew sales for Endless Strip Production (ESP) equipment	Differentiate products through technological innovation with a focus on macro trends
Environmental Plants	Increased orders for life extension work on existing facilities	Increase orders for domestic projects
Machinery Systems	The first new models of box making and antiseptic filling machines entered service	Grow sales of new models and develop New Mobility businesses

DIA-SOx® Series



Completed installation of Marine SOx Scrubber Systems on 26 vessels of 3 classes

CO_2 Capture Test Equipment

Pilot testing of CO_2 capture equipment started at Drax Power Plant (U.K.)

ESP Equipment

Rizhao Steel (China) launches its fifth ESP plant with equipment supplied by Primetals

1. FY2020 Achievements and Key Activities in FY2021 (3/4)

Logistics, Thermal & Drive Systems

	FY2020 Achievements	Key Activities in FY2021
Material Handling Systems	Strengthened organization by promoting PMI activities including restructuring and merger of distributors	Achieve growth in Engineering and Solutions businesses
Turbochargers	Responded quickly to rapid changes in demand in the consumer automotive market	Strengthen development of products for electric vehicles
Engines	Developed a 2 MW unit for data centers and other applications Began hydrogen engine development	Concentrate on core businesses Promote data center power source products for distributed generation in Southeast Asia
HVAC Systems	Improved development capabilities and received awards for the MSV2 series of high-efficiency, air-cooled heat pump chillers	Expand product lineup and sales network to meet local needs
Car Air Conditioners	Began cooperation with European turbocharger business Restructured manufacturing and supply organizations	Respond to customer needs by expanding product lineup

Q-ton Circulation

The MSV2 series high-efficiency, air-cooled heat pump chiller, which received the 2020 Agency for Natural Resources and Energy Commissioner's Award from the Energy Conservation Center, Japan

Hydrogen Engine

Joint research with the National Institute of Advanced Industrial Science and Technology achieved stable combustion with 100% hydrogen

1. FY2020 Achievements and Key Activities in FY2021 (4/4)

Aircraft, Defense & Space

	FY2020 Achievements	Key Activities in FY2021
Aero Structures (Tier 1)	Took such actions as headcount reductions in reaction to a significant decrease in aviation demand Implemented emergency fixed cost reductions	Improve productivity and prepare for market recovery by promoting minimally-manned and automated technologies
SpaceJet	Paused SpaceJet development	Continue type certification documentation activities and assess possible program restart
Defense	Executed contract with the Japan Ministry of Defense to lead development of next-generation fighter jet Completed development of a new class of multimission frigate and launched the first two ships of this class, “Mogami” and “Kumano”	Strengthen organization for the development of the next-generation fighter jet Steady execution of continuous new class frigate construction Complete construction of “Mogami” and “Kumano” Launch third and fourth ships of this class
Space	Made progress in development of the H3 Launch Vehicle	Successfully launch the first H3 Launch Vehicle

Next-Generation Fighter Jet

Image source: Defense White Paper 2020

Executed contract with the Japan Ministry of Defense to lead development of next-generation fighter jet

New Class Frigate

Launch ceremony for the new frigate “Mogami”

H3 Launch Vehicle

©JAXA

Progress in development of the H3 Launch Vehicle

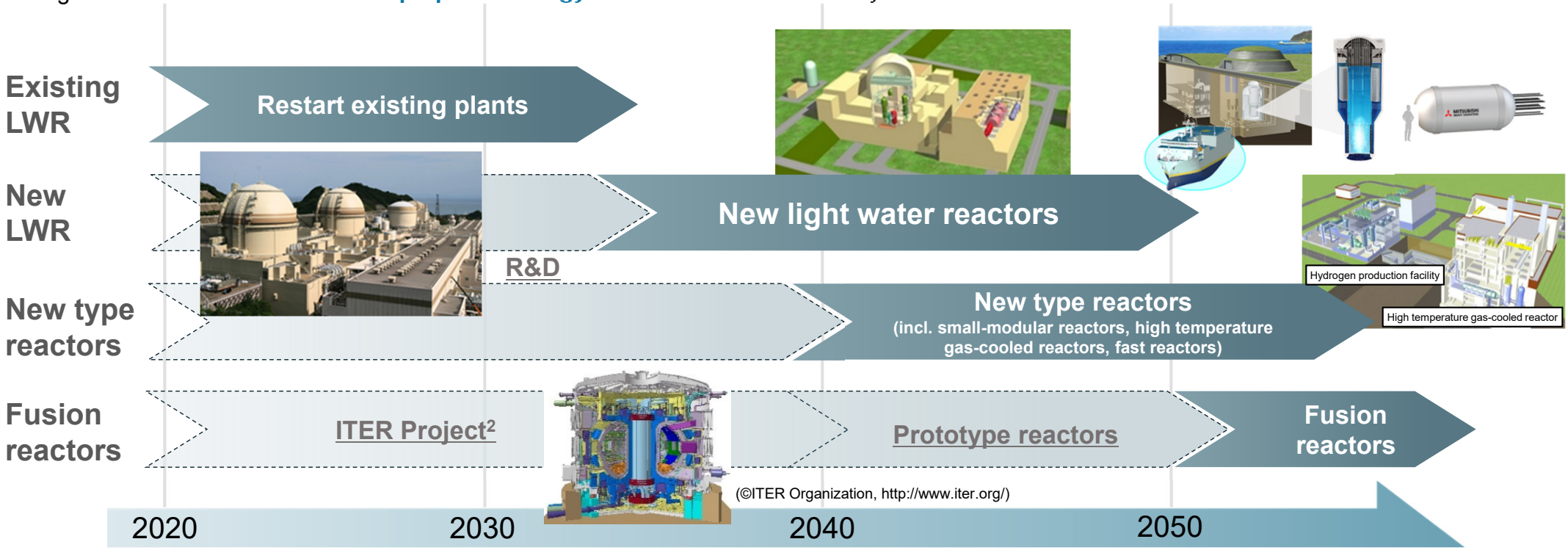
2. Nuclear Power Contributions to Carbon Neutrality

- Nuclear power is a **carbon-free, large-scale, stable power source** and is an **important source of base load power** including **from the viewpoint of energy security. Nuclear power will continue to be essential for the achievement of Carbon Neutrality by 2050.**
- **Short-term as well as medium- and long-term development plans** are under consideration for the continued use of nuclear power technology

Short-term: Restart existing plants (PWR, BWR). Build Specialized Security Facilities[1]. Complete the nuclear fuel cycle.
Significantly reduce CO_2 emissions in the power sector with next-generation light water reactors.

Mid-term: Develop and commercialize small-modular reactors, high temperature gas-cooled reactors, and fast reactors to **satisfy diversifying market needs**

Long-term: Make nuclear fusion–**the perpetual energy source of dreams**–a reality



1 Specialized Security Facilities: Isolated, large-scale facilities used to safely shut down a reactor in the event of such security incidents as airplane strikes or terrorist attacks
2 ITER project: Large international project to realize experimental fusion reactor supported by governments (Japan, EU, US, Russia, China, Korea, India)

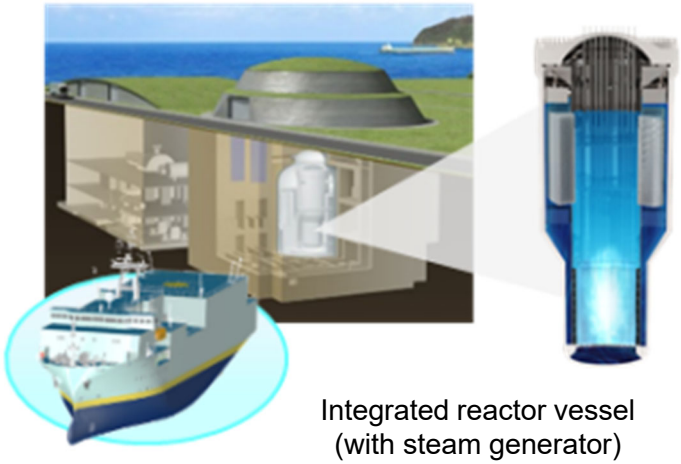
3. Future Nuclear Reactors: Meeting Society's Diversifying Needs

- Nuclear energy has **many potential uses** other than power generation, including heat utilization and energy sources for isolated areas including remote islands and space
- Pursuing development of new-type reactors to **satisfy diversifying market needs**

Small/Miniature Reactors (multi-purpose power source)

- Develop mobile reactors to supply power to isolated, remote areas, islands, and space

Small Light Water Reactors
(for power generation or marine use)



Integrated reactor vessel (with steam generator)

Miniature Reactors
(container type)

Areas stricken by natural disasters

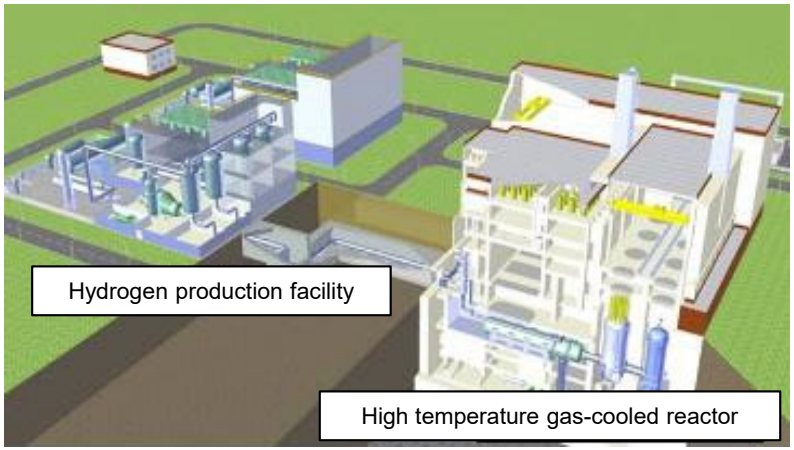
Energy Security (energy storage)

Space

Isolated areas/polar regions

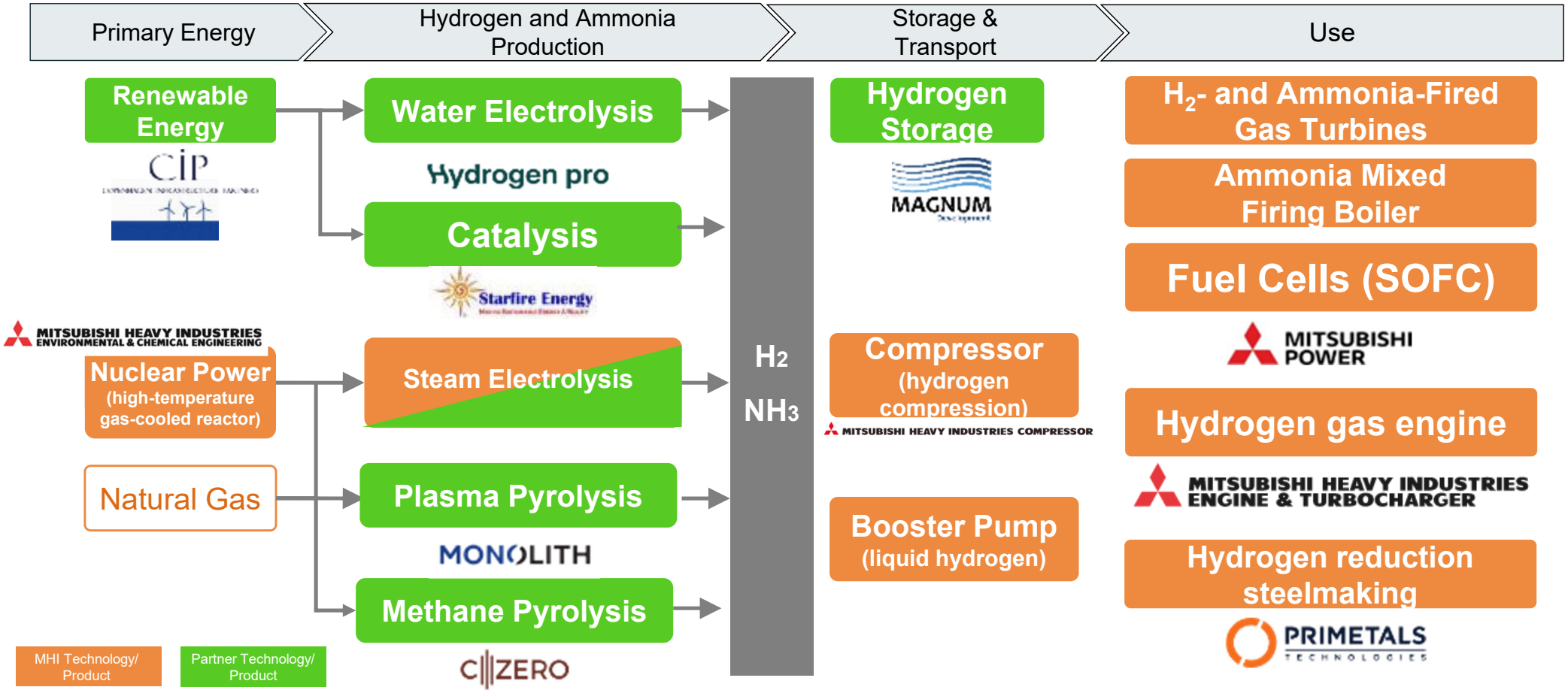
High Temperature Gas-Cooled Reactors (for hydrogen production)

- Stably produces high volumes of hydrogen at temperatures of 900°C and above
- Prevent CO_2 emissions in steelmaking through hydrogen reduction



4. Green Hydrogen and Ammonia: Value Chain Initiatives

- Expanding the scope of activities including strategic partnerships in order to develop a market for green hydrogen and ammonia
- Participating in FEED activities and pursuing business feasibility studies in the lead up to commercialization using these technologies as a jumping off point

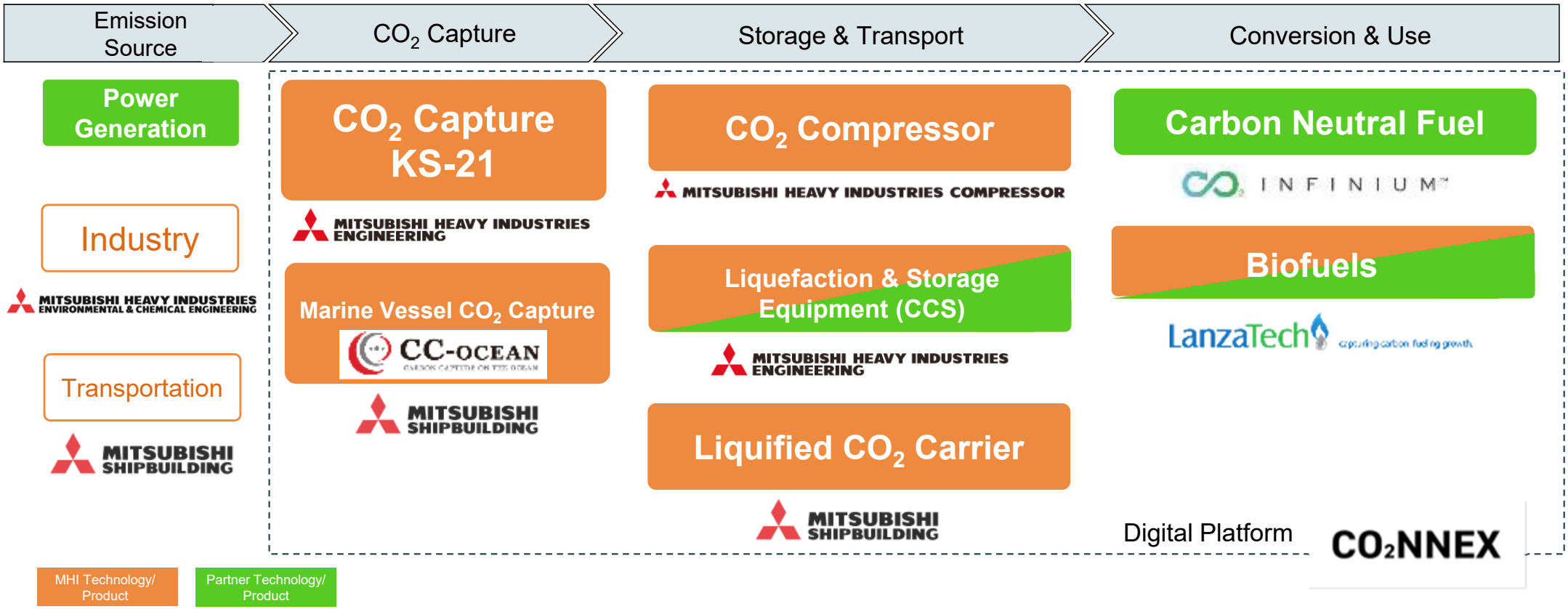


Participating in FEED* (including Australia, Germany, and U.K.)

*FEED: Front End Engineering Design, a precursor to EPC during which technical issues and cost estimates are considered

5. CO_2 Capture and Use: Value Chain Initiatives

- MHI is growing the carbon value chain including carbon capture and storage with our proprietary technologies. We also boast the world's largest number of CO_2 capture installations.
- Interest from customers has taken off in recent years. Commercialization to follow successful validation in the field.



Participate in feasibility studies, Pre-FEED, and FEED

6. Technological Foundation to Support Growth Areas

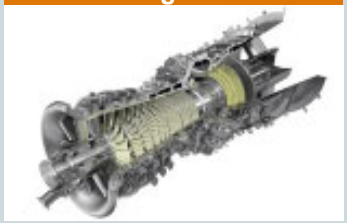
- Building a technological foundation to support growth areas and to promote innovation

Energy Transition

Electrified & Intelligent Mobility

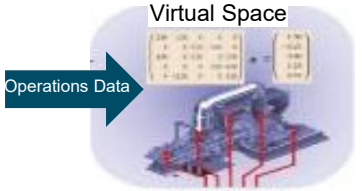
Building a Safer World

Hydrogen & Ammonia Firing Tech



Next-Generation AGV/AGF

Automated & Smart Plants



Robots for Harsh Environments

AGV: Automated Guided Vehicle AGF: Automated Guided Forklift

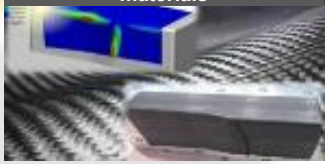
Advancement of Basic Technologies & Creation of New Functions

- Hydrogen & ammonia combustion
- Thermal coating
- Testing of components and equipment
- Experimental measurement

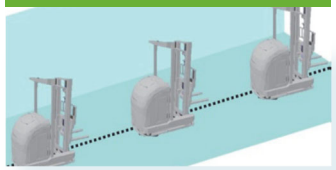
Combustion test

- Autonomous action & swarm intelligence
- Automated machine health checks
- Human-robot collaboration
- Diagnostic imaging

Multilayer integrated molding of composite materials



Swarm intelligence with multiple unmanned machines



- Flexible molding of composite materials
- Innovative design & manufacturing (AM)
- Mechanical, electrical, thermal and chemical coupled analysis

- Encrypted controls
- Secure operation
- High-speed image processing

Initiatives Fostering Innovation

Innovation Laboratory

Develop cutting-edge, outside-the-box technologies
R&D of innovative technologies that have a major impact on people's lives

Yokohama Hardtech Hub (YHH)

Make a space for creative collaboration where startups can make their ideas reality

Introduce Pivot Development

Develop faster than startups
Explored over 500 research topics in FY2020

MOVE THE WORLD FORWARD

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