MOVE THE WORLD FORWARD

MITSUBISHI HEAVY INDUSTRIES GROUP



MHI REPORT 2025

MITSUBISHI HEAVY INDUSTRIES GROUP INTEGRATED REPORT

For the Year Ended March 31, 2025

MITSUBISHI HEAVY INDUSTRIES

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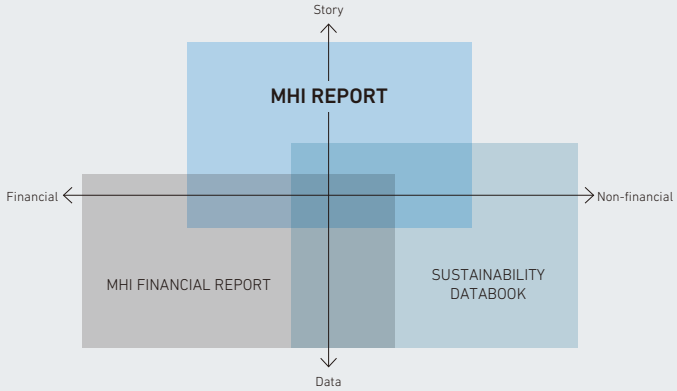

Editorial Policy

MHI Group aims to provide value to customers and society by contributing to the resolution of societal issues through a diverse range of technologies, while also seeking to enhance corporate value.

To help stakeholders, including shareholders and investors, understand our value creation story, we have published this MHI REPORT since FY2013 (ended March 31, 2014). It is an Integrated Report that presents financial information, such as management strategy and performance, alongside non-financial information, including management resources, corporate governance, and environmental initiatives that support our strategies and performance. This report has been prepared with reference to the International Integrated Reporting Framework by the IFRS Foundation and the Guidance for Collaborative Value Creation 2.0 by Japan's Ministry of Economy, Trade and Industry.

Disclosure Framework

This MHI REPORT contains information that is important for readers to better understand MHI Group. For more detailed information, please visit our corporate website.



For further details, please visit our corporate website.

Reporting Scope

Period: April 1, 2024–March 31, 2025 (includes information about some activities after this target period)

Organizations: Mitsubishi Heavy Industries, Ltd. and its consolidated subsidiaries

Forward-Looking Statements

Forecasts regarding future performance in these materials are based on judgments made in accordance with information available as of September 2025. As such, these projections involve risks and uncertainties. It is possible that actual results might differ significantly from these projections for a number of factors.

Philosophy

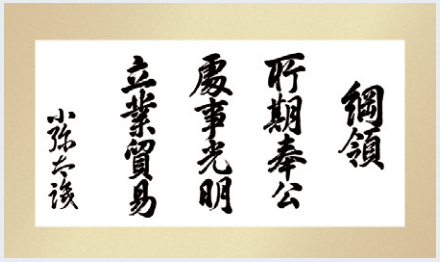
Mission

Announced on October 30, 2020

Combine cutting-edge technology with many years of expertise to provide solutions to the evolving challenges facing the world while enriching people's lives

The Three Principles of Mitsubishi Group

This is the common philosophy of Mitsubishi Group established by Koyata Iwasaki, the fourth president of Mitsubishi. It represents the spirit that has been handed down continuously throughout Mitsubishi's history.



"Shoki Hoko"

Corporate Responsibility to Society

Strive to enrich society, both materially and spiritually, while contributing towards the preservation of the global environment.

"Shoji Komei"

Integrity and Fairness

Maintain principles of transparency and openness, conducting business with integrity and fairness.

"Ritsugyo Boeki"

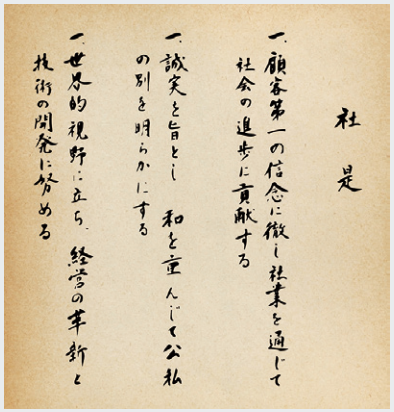
Global Understanding through Business

Expand business, based on an all-encompassing global perspective.

Our Principles

Established on the 100th anniversary of Mitsubishi's founding, Our Principles are a concise expression of the Three Principles of Mitsubishi Group from the three perspectives: the basic stance of MHI, the mindset of our employees, and the future direction to which MHI should aspire.

Formulated on June 1, 1970



1. We deliver reliable and innovative solutions that make a lasting difference to customers and communities worldwide.
2. We act with integrity and fairness, always respecting others.
3. We constantly strive for excellence in our operations and technology, building on a wide global outlook and deep local insights.

History

MHI Group is one of the world's leading industrial groups, spanning energy, smart infrastructure, industrial machinery, aerospace and defense. We combine cutting-edge technology with deep experience to deliver innovative, integrated solutions that help to realize a carbon-neutral world, improve the quality of life and ensure a safer world.

1884–1945

Evolution from a foundation in shipbuilding to the manufacture of transportation infrastructure

In 1884, our founder, Yataro Iwasaki, leased the Nagasaki Shipyard from the Meiji government and began the business. Leveraging its technological expertise, including from the production of Japan's first iron steamship, MHI diversified its business by expanding into various machinery, such as turbines, internal combustion engines, aircraft, and automobiles. In that era of global uncertainty, the most advanced technology of the time was being used for military purposes.

1946–1963

Shift to producing consumer goods to support postwar reconstruction

After the war, MHI shifted its focus to the development and manufacture of various consumer products to support Japan's reconstruction. In 1950, MHI was split into three entities under the GHQ policy to dissolve Japan's largest conglomerates. This enabled us to further expand and diversify our product lines and enhance our technological competitiveness. It also laid the foundation for MHI to grow into a leading player in heavy industry.

1964–1999

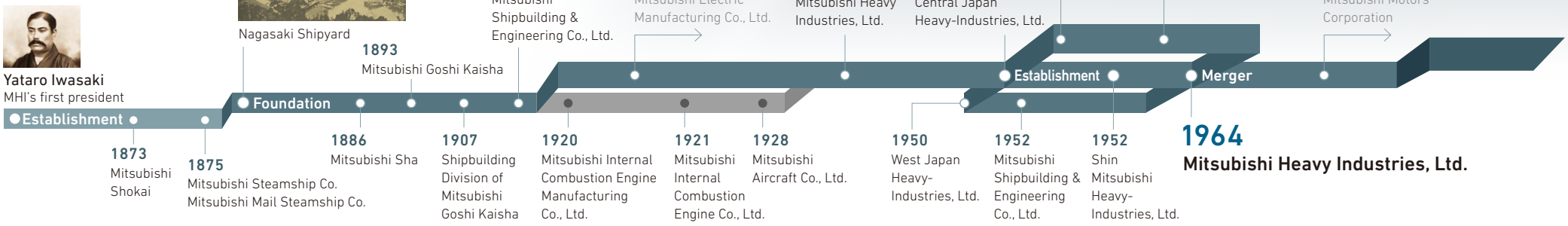
Entry into large-scale project development following the reunification

In 1964, MHI completed the reunification of its former companies, resulting in the birth of the new Mitsubishi Heavy Industries. By addressing the soaring energy demand and robust private-sector investment, we supported Japan's ensuing period of rapid economic growth. Subsequently, faced with a severe downturn in the shipbuilding industry, we focused on growth areas, such as power systems and aviation, while pursuing global expansion as a means of finding new opportunities abroad. We also leveraged our advanced technologies to enter the space development sector, ushering in a new era.

2000–

Contribution to a sustainable society

To meet the challenge of balancing growing energy demand with the need to reduce environmental impact, we provide a range of products and solutions, including the world's most efficient gas turbines, nuclear power plants, and CO_2 capture systems. In these ways, we help realize a sustainable society. In 2021, we announced our Carbon Neutrality declaration, MISSION NET ZERO.





1908
Made shipbuilding history with the construction of *Tenyo Maru*, Japan's first passenger ship exceeding 10,000 gross tons



1908
Manufacture of Japan's first steam turbine



1939
Successfully completes the "Nippon" round-the-world goodwill flight



1970
Kansai Electric Power's Mihama Unit 1 (PWR nuclear power plant) begins operation



1986
Successful launch of first H-I rocket



2011
World's most-efficient J-series gas turbine achieves record turbine inlet temperature of 1,600°C during demonstration test



2016
World's largest CO_2 capture plant (for enhanced oil recovery) completed in the United States

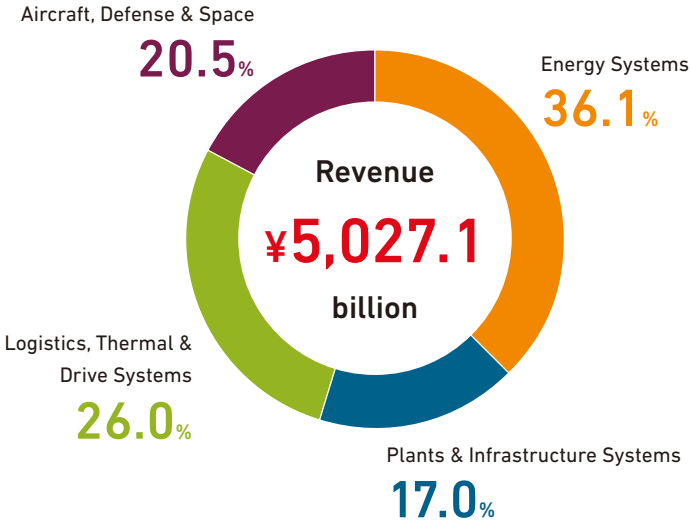


2019
Doha Metro, a fully automated unmanned urban rail system, begins operation in Qatar

Group Profile

MHI Group manages its operations through three business domains and five segments. We have grouped these business domains and segments based on the similarity of their respective customers and product characteristics into four reporting segments: Energy Systems; Plants & Infrastructure Systems; Logistics, Thermal & Drive Systems; and Aircraft, Defense & Space.

Composition of Revenue by Segment (FY2024)



Energy Systems

Main Businesses
- Gas & steam power systems*
- Nuclear power systems
- Aero engines
- Compressors
- Marine machinery

* Includes GTCC, steam power, and air quality control system

Internal Organizations and Major Subsidiaries

Energy Systems
Nuclear Energy Systems

- Mitsubishi Heavy Industries Aero Engines, Ltd.
- Mitsubishi Heavy Industries Compressor Corporation
- Mitsubishi Heavy Industries Marine Machinery & Equipment Co., Ltd.



Plants & Infrastructure Systems

Main Businesses
- Metals machinery
- Commercial ships
- Environmental systems
- CO_2 capture systems
- Engineering
- Machinery systems

Internal Organizations and Major Subsidiaries

Plants & Infrastructure Systems
GX Solutions
Machinery Systems

- Primetals Technologies, Limited
- Mitsubishi Shipbuilding Co., Ltd.
- Mitsubishi Heavy Industries Environmental & Chemical Engineering Co., Ltd.
- Mitsubishi Heavy Industries Machinery Systems, Ltd.



Logistics, Thermal & Drive Systems

Main Businesses
- Material handling systems
- Engines
- Turbochargers
- HVAC systems
- Automotive air-conditioning system

Internal Organizations and Major Subsidiaries

Logistics, Thermal & Drive Systems

- Mitsubishi Logisnext Co., Ltd.
- Mitsubishi Heavy Industries Engine & Turbocharger, Ltd.
- Mitsubishi Heavy Industries Thermal Systems, Ltd.



Aircraft, Defense & Space

Main Businesses
- Commercial aviation
- Defense aircraft
- Missile systems
- Naval ships
- Maritime systems (torpedoes)
- Special vehicles (tanks)
- Space systems

Internal Organizations and Major Subsidiaries

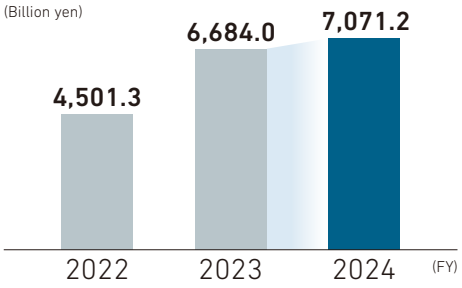
Commercial Aviation Systems
Integrated Defense & Space Systems

- MHI RJ Aviation Inc.

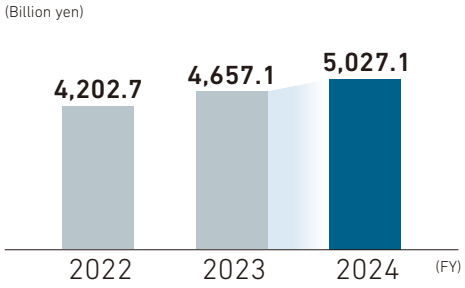


At a Glance (For the Year Ended March 31, 2025)

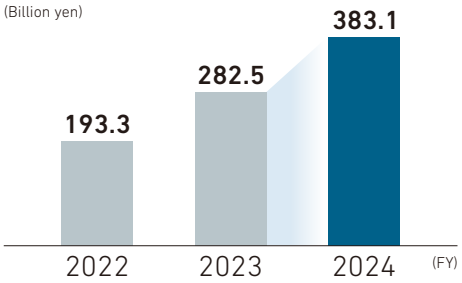
Orders Received



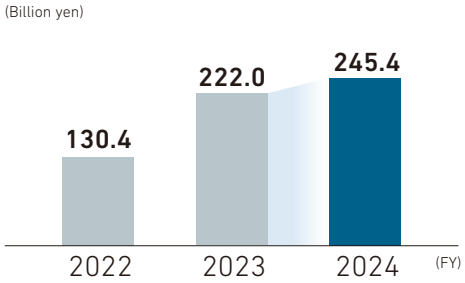
Revenue



Profit from Business Activities



Profit Attributable to Owners of the Parent



External Evaluations[3]

Long-Term Credit Ratings

Standard & Poor's (S&P)	Japan Credit Rating Agency, Ltd. (JCR)	Rating and Investment Information, Inc. (R&I)
A-	AA	AA-

Status of Inclusion in ESG Indexes

Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA

FTSE Blossom Japan Index

2025 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

THE INCLUSION OF MITSUBISHI HEAVY INDUSTRIES, LTD. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF MITSUBISHI HEAVY INDUSTRIES, LTD. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

S&P/JPX Carbon Efficient Index

FTSE Blossom Japan Sector Relative Index

2025 Sompo Sustainability Index

EBITDA

¥541.3 billion

(+¥108.7 billion YoY)

Free Cash Flow

¥342.7 billion

(+¥142.6 billion YoY)

ROE

10.7%

(–0.4 pts YoY)

DOE

4.28%

Annual dividend: ¥23.00 per share

(+¥3.00 YoY)[1]

R&D Expenses

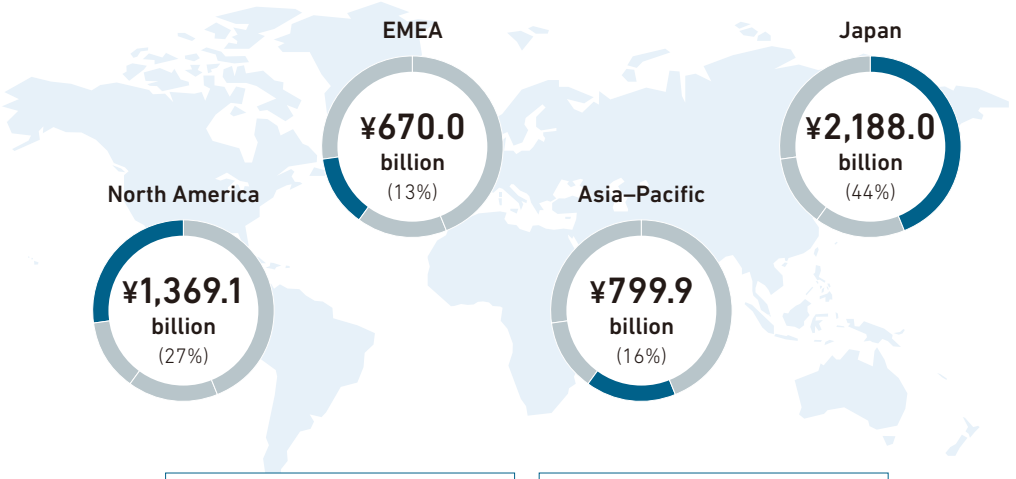
¥218.6 billion

(+¥40.3 billion YoY)

Number of Patents Held[2]

25,649

Sales by Region



No. of Group Companies[2]

256

No. of Employees (consolidated)[2]

77,274

1 After adjustment for the stock split enacted on April 1, 2024 2 As of March 31, 2025 3 As of July 1, 2025

A Message from the President and CEO

Achieve Group-Wide Optimization and Reach Expansion

Unlocking growth potential to establish a virtuous cycle of high profitability and growth investments by creating new value



Eisaku Ito
President and CEO

A Message from the President and CEO

Toward a Bold New Start

Bolstered by strong performance, now is the time for ambitious change

My name is Eisaku Ito, and I assumed the role of President and CEO in April 2025. I would like to express my sincere gratitude to all of our stakeholders, including shareholders and other investors, for their continued support.

In 1987, I joined Mitsubishi Heavy Industries driven by the ambition to contribute to the world in the field of gas turbines, which I had studied at university. I spent around 30 years engaged in the R&D of gas turbines at MHI's research institute and business divisions in Takasago City, Hyogo Prefecture, in Western Japan. In 2016, the Technology & Innovation Headquarters, ICT Solution Headquarters, and Value Chain Headquarters were consolidated to form the Shared Technology Framework. Beginning in 2016, I spent two years in our Marketing & Innovation Headquarters, a department within the Shared Technology Framework. From 2020, I served as CTO and led our Shared Technology Framework.

As a member of the executive team, I now oversee the entire company, but back during my days at our research institute, I had opportunities to engage broadly with products other than gas turbines. The purpose of the Shared Technology Framework is to effectively deploy technology across MHI Group. In that sense, I have always been mindful of the Group's overall direction from a technological perspective.

Since our founding, MHI Group has contributed to the progress of society with our businesses. Upon assuming the role of CEO, I considered the dual issues of how we can achieve sustained growth going forward and how we can help resolve the various challenges facing humanity. As my answer to these questions, I launched our new corporate strategy, Innovative Total Optimization (ITO), to unlock our inherent potential.

Allow me to share my thoughts on leading MHI Group—including the ITO concept—with you, the stakeholders reading this report.

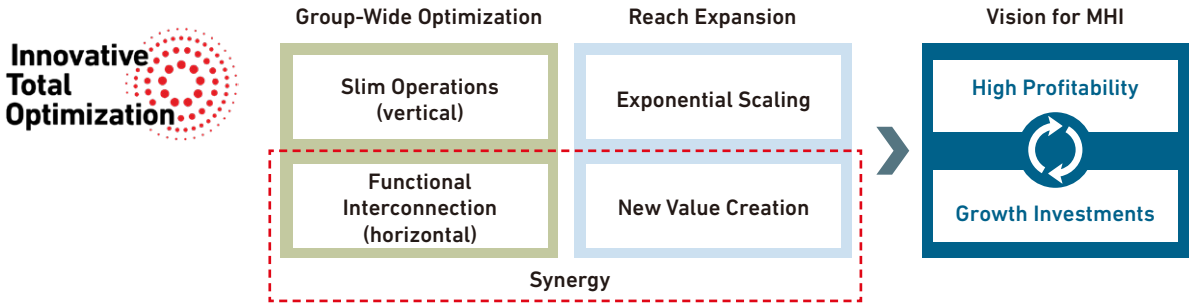
Approach to Change

Innovative Total Optimization

In FY2024, MHI Group posted record-high figures for orders received, revenue, and profit. Notably, our growing core businesses, such as Energy Systems and Defense, significantly exceeded our plan, contributing to an order backlog exceeding ¥10 trillion.

Leading MHI during a time of such strong performance is a privilege, but I also feel a great sense of responsibility. I believe our excellent performance in FY2024 presents a rare and valuable opportunity for transformation. Therefore, I decided to implement the ITO concept, aiming to fundamentally transform how we work and think. This management methodology pursues two goals to fully unlock our potential: Group-Wide Optimization and Reach Expansion.

Basic Concept of ITO



By creating a virtuous cycle comprised of two steps—1) Transition to a high-profitability business model, and 2) Reallocating resources to growth investments—we will target sustained enhancement of corporate value. The three-letter acronym ITO also matches my last name, so I hope it will be easy for everyone to remember.

First Pillar of ITO: Group-Wide Optimization

Two perspectives to ensure reliable business execution

The first pillar of ITO is the implementation of Group-Wide Optimization. This means strengthening vertical and horizontal collaboration within the organization to improve productivity and increase profitability.

Regarding vertical optimization, our goal is to streamline the entire value chain of each business as much as possible. This involves strengthening collaboration across operational processes, such as development, technical design, manufacturing, sales, and services to streamline the flow of goods and information, with the aim of improving quality, cost, and delivery (QCD) and halving lead times. Maintaining functions like R&D and IT as shared Group-wide platforms will also enable each business to operate in a slim, streamlined manner.

Horizontal optimization refers to the functional integration of knowledge and technologies across multiple organizations. By sharing best practices, lessons learned from past failures, and early signs of change in the business environment throughout the Group, we can significantly enhance our productivity and risk management capabilities.

To provide a simple example, MHI Group has around 30 Strategic Business Units (SBUs). If each SBU were to stop building similar IT tools independently, and instead the entire Group adopted one superior tool, we could achieve equal or better results with a single effort. I believe that one effort is enough. For example, when an SBU faces what seems to be a new problem, other SBUs may have already experienced that problem and established solutions to it. In such cases, rather than tackling the issue within a single SBU, gathering experienced personnel from other departments for a short-term,

intensive response would allow us to solve the problem at an early stage while it is still manageable.

MHI has accumulated expertise in a variety of forms, including core technologies, digital techniques, and intellectual property, which are housed in our technical and corporate departments as shared assets. While our SBUs work to streamline their operations as much as possible during normal operations, our ability to execute concentrated deployment of resources during critical phases is a key strength of the Group.

This Group-Wide Optimization will enable us to significantly reduce unnecessary work and costs, and in so doing, I believe we will be able to cut internal expenses by one percentage point or more relative to total revenue. By improving our fundamental cost structure, we will succeed in lowering the barriers to launching promising new products and increasing the likelihood of their success.

Second Pillar of ITO: Reach Expansion

Making significant contributions to the advancement of society by providing new value to exponentially more customers

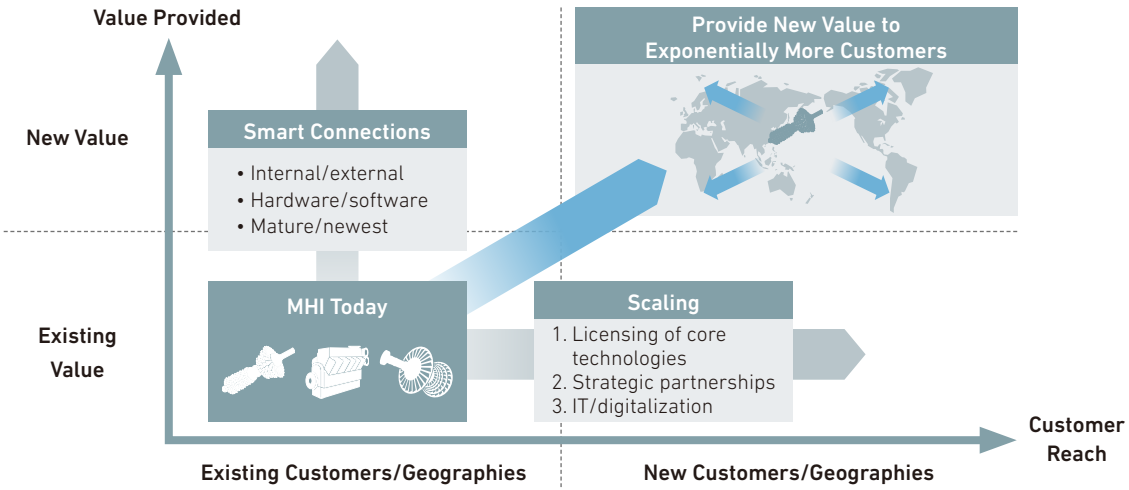
The second pillar of ITO is Reach Expansion, which involves quickly delivering new value to an exponentially greater number of geographies and customers, thereby expanding our reach. This entails dramatically increasing both the value we offer and the customer segments we target, ignoring existing boundaries. Key concepts for Reach Expansion are Exponential Scaling and Smart Connections.

The first key concept, Exponential Scaling, means dramatically increasing the number of customers and regions we reach by combining the licensing of core technologies, strategic partnerships, and the leveraging of IT. In our efforts to faithfully meet each customer's needs, we have often responded to individual requests by designing custom solutions and sourcing different parts for each case. While this attentive approach has helped us build customer trust, responding to individual requests in the traditional way limits the reach of even the best products and technologies. By anticipating social needs and preparing standardized, broadly applicable designs, we can meet the requirements of multiple customers and proactively make optimal proposals to them. Moreover, delivering our products to a wider customer base allows us to increase our contributions to the advancement of society.

As we expand globally, we aim to reach customers previously beyond our reach by licensing our products to partners in various countries. While we focus on core components, increasing sales volume through our licensees will allow us to generate new revenue from after-sales services.

The second key concept, Smart Connections, means combining the diverse technologies and products within the Group to create new value. With over 500 products and more than 700 technologies, we possess an unparalleled diversity of offerings. When developing new products, we can meet 95% of our requirements by combining existing technologies within the Group, while addressing the remaining 5% with new development or open innovation. This overwhelming technological platform is the source of both our fast development speed and quality, and I believe this is a capability unique to MHI Group.

Image of Reach Expansion



Addressing Global Challenges

Combining technologies to deliver practical solutions

The world faces various challenges, including the need for stable energy supplies, as well as climate change, other global environmental issues, and increasing geopolitical risks.

Major natural disasters caused by global warming remain a pressing issue, and efforts to achieve decarbonization are still essential. At the same time, there has been growing recognition in recent years of the need for solutions tailored to the regional characteristics of each country. MHI Group has consistently advocated for a realistic Energy Transition incorporating the S + 3E (Safety + Energy security, Economic efficiency, and Environment) concept. We are proud that this has been effective and gained wider acceptance. One example of this is thermal power, where transitioning from coal to gas can reduce CO_2 emissions to around one-third of previous levels. As such, orders for gas turbine combined cycle (GTCC) systems are extremely strong. We see similar trends toward the recommissioning and new construction of nuclear power plants in Japan.

Meanwhile, many countries experiencing rapid growth require infrastructure development to keep pace with population increases

and urbanization. At MHI Group, we possess numerous technologies and products that can help resolve municipal issues and realize a circular society in emerging countries. These include cutting-edge AI-based control technology for waste-to-energy plants and hydrolysis technology for converting food waste into biological raw materials. By partnering with leading local companies and licensing our core technologies, we can make an even greater social impact.

One example of this is Prismo, a next-generation Automated Guideway Transit (AGT) system—announced in May 2025—which combines electrification technologies with our existing automated guideway transit system. Prismo cars can be rapidly charged during station stops, eliminating the need for power rails and offering advantages in terms of cost and aesthetics. Moreover, this new system overcomes time and location constraints, and can effectively utilize renewable energy.

We are also excited about the potential of intelligent mechanical systems. One of our strengths is running complex, high-performance machines with exceptional precision backed by many years of experience in hardware control technology. Incorporating AI technologies will allow us to automate plant operations and coordinate among multiple machinery systems to optimize performance—capabilities that have become our core competencies. We are also preparing to provide various solutions to address the severe labor shortages expected in the near future.



Through our MHI FUTURE STREAM initiative—which continuously monitors around 100 megatrends—we work to formulate solutions to the many challenges facing the world by combining our proprietary technologies and products.

While I often use the term Group-Wide Optimization, we are not pursuing an omnidirectional approach to business strategy. Rather, in our approach to business portfolio management, we are deliberately prioritizing certain businesses, offering solutions that address the challenges facing society.

2024 MTBP Progressing as Planned

Efficiently executing future-oriented capital investments and R&D

As I mentioned earlier, MHI Group posted record-high results in FY2024, and as such, our 2024 Medium-Term Business Plan (MTBP), ending in FY2026, is progressing as planned, giving us confidence in our ability to balance business growth with further profitability improvements.

In our growing core businesses, the current challenge is to enhance business execution capabilities by increasing resource deployment to meet an unprecedented volume of customer orders, while reliably delivering products and services to our customers. With this in mind, we will aggressively and rationally execute R&D and capital expenditures to prepare our company for the future. For example, we are expanding production in GTCC to meet strong demand. Even when making capital expenditures in similar amounts to past disbursements, today, we can greatly enhance the effectiveness of those investments by conducting factory production simulations beforehand. Moreover, we can increase production volume by 20%–30% by improving manufacturing techniques and optimizing processes, even without expanding our facilities.

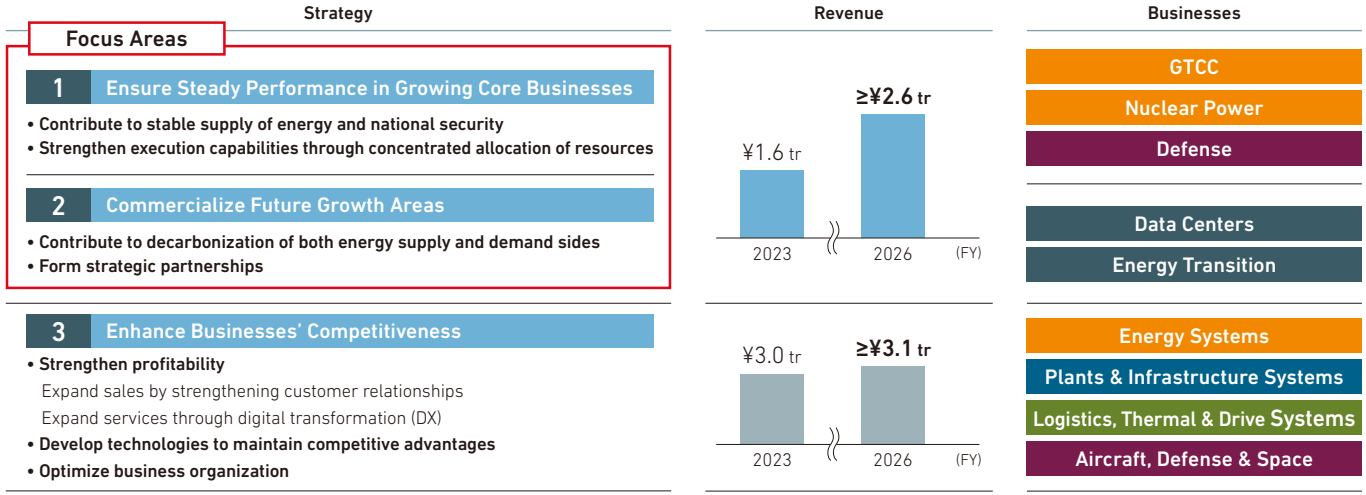
In our future growth areas, our strategy is to interpret changes in the market and make adequate preparations to move forward with commercialization. Due to uncertainties regarding government policies, there is a global trend toward stagnation in projects involving hydrogen and ammonia. The greatest challenge lies in investment economics that make sense from the customers' perspective. If we can offer proposals with greatly improved economics, projects with forward momentum will definitely emerge. In the meantime, we will go back to the R&D phase in order to resolve barriers to real-world implementation.

Regarding businesses requiring competitiveness enhancements, we are working to shift our perspective, seeking out the true value required by the end-users beyond our customers. By putting ourselves in their shoes and delivering features and value that satisfy the users' needs, we might open up entirely new markets different from those in which we have operated before. As a first step, each SBU will engage in rigorous brainstorming to explore new possibilities for value creation. If we find a clear path to significant growth, we may redefine that SBU as a future growth area and execute focused deployment of resources accordingly. If, however, we find a best owner outside of the Group, which is capable of successfully growing that business, we will not hesitate to entrust it to them.

While our policy to focus investments on growing core businesses and future growth areas remains unchanged, we will also actively invest in promising opportunities outside these focus areas where good ideas emerge and opportunities exist, and where we are confident that solid growth is possible. One example is Prismo, which I mentioned earlier.

A Message from the President and CEO

Policies and Objectives of Portfolio Management



Based on the presentation materials from the 2024 Medium-Term Business Plan Progress Briefing (May 28, 2025)



Working with Internal and External Partners Who Share Common Goals

Aiming to be a company where employees contribute to society and enjoy their work

I hope that all 80,000 employees of MHI Group will take pride in knowing that their work makes a significant contribution to the advancement of society and enjoy doing so. The Group is active in a wide range of areas, from those with a global impact, to those closely connected to everyday life. The way in which our employees engage with our products and businesses varies by division and job description. When we work with an awareness that our efforts contribute to the advancement of society, we can deliver excellent products and services to our customers. This, in turn, encourages our customers to choose our Group's products again. I believe that my greatest mission as CEO is to draw out the full potential of each and every employee.

Moreover, I intend to actively promote our vision and our future aspirations, and we welcome people for whom these resonate to join our Group. Even if they do not, I hope to increase the number of external partners who will work with us toward the same goals.

MHI Group's 140-Year History of Transformation and Growth

Delivering results that exceed expectations

Our share price has shown strong performance recently. This reflects the high expectations of the capital markets, which instills in me a strong sense of responsibility. Our market capitalization is now over ¥10 trillion, which indicates that society expects great things from us.

While this record-high performance is certainly gratifying, this is only the beginning. We have yet to unlock our full potential, and I believe we can grow even more.

MHI has a proud history of more than 140 years, but if we consider that a single employee's career lasts only around 40 years, 140 years is not even four times that. During that time, products like launch vehicles and nuclear power plants—which did not exist at our founding—were created, and businesses that we started with licenses from European and American companies grew to make world-leading products utilizing our own technologies. When I joined the company, the gas turbine business was like an in-house start-up project, but in just 40 years it has grown into a trillion-yen business. The history of Mitsubishi Heavy Industries is one of bold efforts to pursue new opportunities, transformative change, and sustained growth.

The Group still has ample potential for growth. By unlocking that potential, meeting the needs of exponentially more customers, and making a greater contribution to global progress, I believe we can also deliver exceptional outcomes in terms of business performance.

By putting ITO into practice, we will establish a virtuous cycle of growth investments and high profitability, delivering on the shareholder returns promised in our 2024 MTBP. We invite you to follow our progress in this ambitious endeavor.

A Message from the CFO



Now that we have solidified our financial foundation, we will deploy a proactive financial strategy to create a virtuous cycle of high profitability and growth investments.

Hiroshi Nishio
Director, Senior Vice President,
and CFO

A Message from the CFO

Review of FY2024

Strong results supported by successful past initiatives

MHI Group posted record-high results in FY2024. Our orders received exceeded ¥7 trillion, while figures for revenue, business profit, and free cash flow also reached historical highs. In particular, figures for orders received and free cash flow came in well above our initial expectations. My assessment is that we are making steady progress toward the targets set out in our 2024 Medium-Term Business Plan (MTBP).

While results improved in many businesses in FY2024, the main drivers of this strong performance were our growing core businesses: Gas Turbine Combined Cycle (GTCC), Nuclear Power, and Defense. Even during challenging business conditions, these businesses have maintained focus, refining their technologies, developing talent, and building strong relationships of trust with their customers. I feel that these factors—combined with growing demand throughout society for the Group's products, technologies, and expertise—have resulted in our strong performance.

The marked improvement in free cash flow is the result of management and business divisions working together to boost profitability and enhance working capital efficiency. These efforts enabled us to rebuild our financial foundation, which was weakened by losses related to SpaceJet and the impact of the COVID-19 pandemic. This demonstrates that our ability to generate cash has been steadily improving.

My View as CFO

Shifting course toward growth investments to shape the company's future

Our previous CFO focused on two key priorities: strengthening profitability and rebuilding our financial foundation. While increasing profitability, we reduced interest-bearing debt, improving the debt-to-equity ratio to 0.26 and regaining an A rating from S&P for long-term credit. I believe we have reached a milestone in terms of improving our financial position. Into the future, we will continue forging ahead without allowing ourselves to become complacent.

As the newly appointed CFO, I aim to pursue our next stage of growth—an opportunity made possible by our newly strengthened financials—through proactive investments in our future. I see my most important mission to figure out how to leverage the investment capacity accrued through many years of effort to drive sustained growth into the future.

Under our management policy emphasizing financial discipline, each business division has operated with a strong focus on return on invested capital and, especially, cash flows. While this has contributed greatly to the improvement of our financial base, it also carried the risk of our business operations' becoming somewhat over-cautious or short-sighted. I would like to swing the pendulum back from an area of restraint toward one of investments to drive future growth. Of course, this does not mean allowing discipline to slip. We will focus on investments that enable profit growth and enhance corporate value, carefully selecting projects that can deliver high returns over the medium to long term. To this end, we will provide support so that all of our business divisions can seize opportunities and boldly take on new challenges.

CEO Eisaku Ito is a bold and decisive leader who works with strong conviction and pursues ambitious goals. As CFO, I sometimes take on the role of safeguarding the financial side as I strive to maintain a well-balanced management approach.

Key Financial Indicators

Meeting the expectations of the capital markets

In terms of financial indicators, I place particular emphasis on ROE. Our ROE in FY2024 was 10.7%, and our targets are 11% in FY2025 and 12% or above in FY2026, the final year of the 2024 MTBP.

Looking further ahead, we also have our sights on FY2027 and beyond. We believe our current targets—ROE of 12% or higher and a DOE ratio[1] of at least 4%—are aligned with our policy of realizing a

1 Dividends paid ÷ Shareholders' equity (excluding other comprehensive income)

Evolution of Financial Indicators over Time

	FY2023 (Result)	FY2024 (Result)	FY2026 (Plan)
Revenue	¥4.6 tr	¥5.0 tr	≥¥5.7 tr
Business Profit	¥282.5 bn	¥383.1 bn	≥¥450.0 bn
Business Profit Margin	6.1%	7.6%	≥8%
ROE	11.1%	10.7%	≥12%
Total Assets	¥6.3 tr	¥6.7 tr	¥6.3 tr
Total Asset Turnover	0.8	0.8	0.9
Debt/EBITDA Ratio	1.7x	1.2x	≤1.7x
Dividend per Share[2]	¥20	¥23	¥26

2 Historic dividends shown here retroactively adjusted to 1/10 original value to reflect 10-for-1 stock split effective April 1, 2024

A Message from the CFO

virtuous cycle of high profitability and growth investments. Specific numerical targets for FY2027 and beyond will be set out in our next medium-term business plan.

Capital Allocation Plan

Capital allocation to drive a virtuous cycle of growth

As for capital allocation, there is no change to the general framework set out in the 2024 MTBP. However, we will flexibly adjust the allocation of funds in response to changes in our business environment. In the Energy Transition area, for example, demand is rising for practical, short-term options, such as GTCC and nuclear power. Globally, however, progress in developing institutional frameworks for the real-world implementation of hydrogen and ammonia technologies appears to be slowing. Responding to these changes, we will allocate capital in a focused and flexible manner to areas with greater growth potential while steadily pursuing technology development in new domains.

Flexible investment requires a sound financial foundation. To achieve an optimal capital structure, we will also consider a more appropriate balance between debt and equity.

Disciplined Portfolio Management

Focused investment in growth areas

CEO Eisaku Ito has set forth a new management approach called Innovative Total Optimization (ITO). This is designed to fully unlock the Group's potential and achieve sustained growth through Group-Wide Optimization and Reach Expansion.

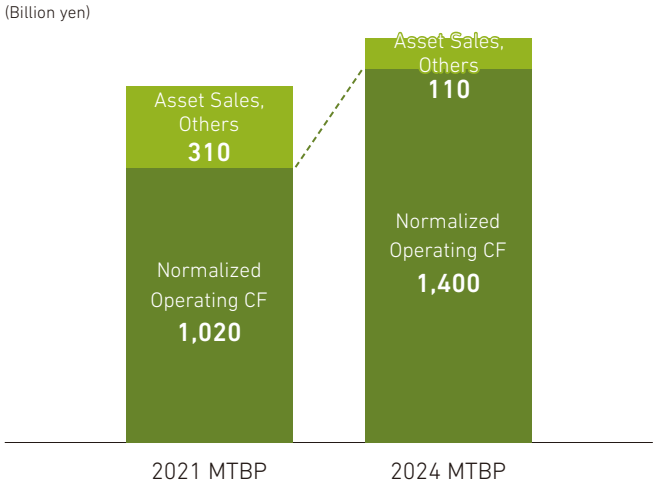
At first glance, it may appear that we are expanding our business in all directions, but in fact, we are working to focus our efforts with clear priorities and strict discipline. Our top capital allocation priorities are our three growing core businesses—GTCC, Nuclear Power, and Defense—followed by our future growth areas, including data centers and the Energy Transition. Within our businesses requiring competitiveness enhancements, technologies and businesses that leverage our core competencies and show potential for growth will also be eligible for investment. There are numerous other areas that require investment as well, such as the utilization of Group-wide shared digital technologies, the upgrade and reinforcement of manufacturing infrastructure, and resilience enhancements for our supply chains. This may lead to competition for investment within the Group. In this context, a key role for management will be to clearly prioritize where our limited resources should be allocated. The key criteria here will be whether we possess leverageable core competencies that can help solve the issues facing society, and whether a potential investment could lead to profit growth in the future. We will make sure that—above all else—investments contribute to a virtuous cycle of high profitability and growth investments.

At MHI Group, we treat each of our approximately 30 business units as independent companies and individually monitor the state of their businesses and financial performance. This approach aims to optimize our portfolio of businesses. Even as we move on to

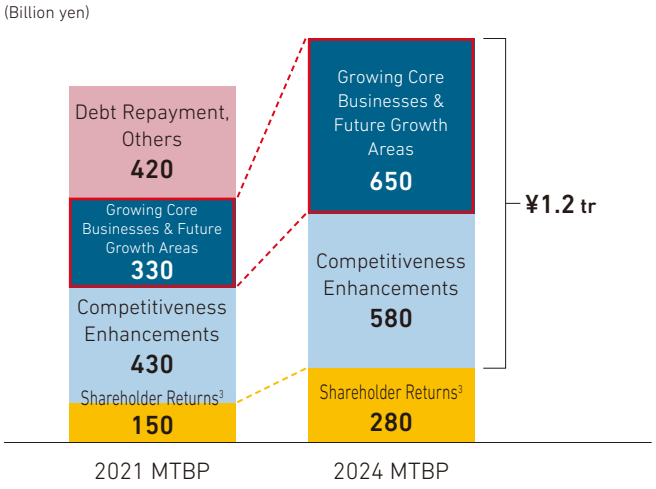


Capital Allocation Plan

Cash Inflows (3-year total)



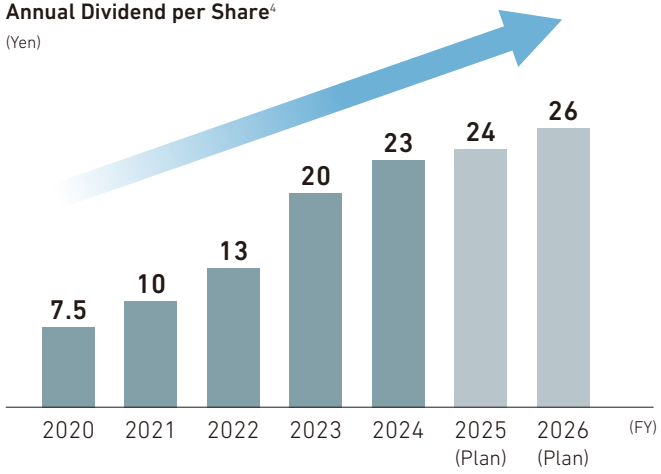
Capital Allocation (3-year total)



3 Includes dividends to non-controlling interests



Annual Dividend per Share[4]



Targeting ≥4% DOE

- Adopt DOE based on shareholder capital (excl. OCI)
- Planning a ¥24 full-year dividend in FY2025, a ¥1 increase over FY2024
- Planning a ¥26 full-year dividend in FY2026

4 A stock split was enacted on April 1, 2024. To facilitate comparison, dividends through FY2023 are shown here retroactively adjusted to reflect the stock split.

future stages of growth, we will continue to assess our businesses based on objective data as we work to optimize the portfolio.

For businesses identified as requiring competitiveness enhancements, it is important to look beyond current profitability levels to assess whether they can generate new value in combination with our other businesses—or, by changing our approach, whether we can unlock growth potential to reach an exponentially greater number of customers. If we feel we are not the best owner of a particular business, we will not hesitate to entrust it to an external party. In so doing, rather than basing our decisions solely on financial indicators, we will take a medium- to long-term perspective unique to the Group, assessing true growth potential from both technological and business viability standpoints.

Improving Asset Efficiency

Improving the balance sheet to support business growth

The Group's order backlog currently exceeds ¥10 trillion, representing an unprecedented volume of orders. Our first priority is to fulfill such orders with utmost diligence. As total assets will expand during this phase of business growth, we will focus particularly on improving asset efficiency.

We will also accelerate efforts to improve production efficiency, one of the main pillars of ITO. Moreover, we will continue to monitor cash conversion cycle (CCC) as a KPI while promoting awareness of cash efficiency on the frontlines of our businesses.

Shareholder Return

Attaining an optimal balance between sustained growth investments and dividends

Our most critical challenge today is to prioritize growth investments in order to seize the wealth of business opportunities that present themselves to us. Based on this understanding, our basic approach to shareholder return is to balance sustained growth with stable, progressive dividend payments. As indicated in the 2024 MTBP, we are targeting ROE of 12% or above and a DOE of 4% or higher. We are committed to distributing the benefits of growth in a balanced manner that supports both development of the business and shareholder return.

Dialogue with the Capital Markets

Delivering tangible results in line with expectations

We believe that a company's share price is comprised of the value generated by its current operations (current operating value) and the value created through future growth (future growth value). MHI's share price has risen significantly over the past year. This reflects the capital markets' high expectations for the Group's future and brings with it a deep sense of responsibility.

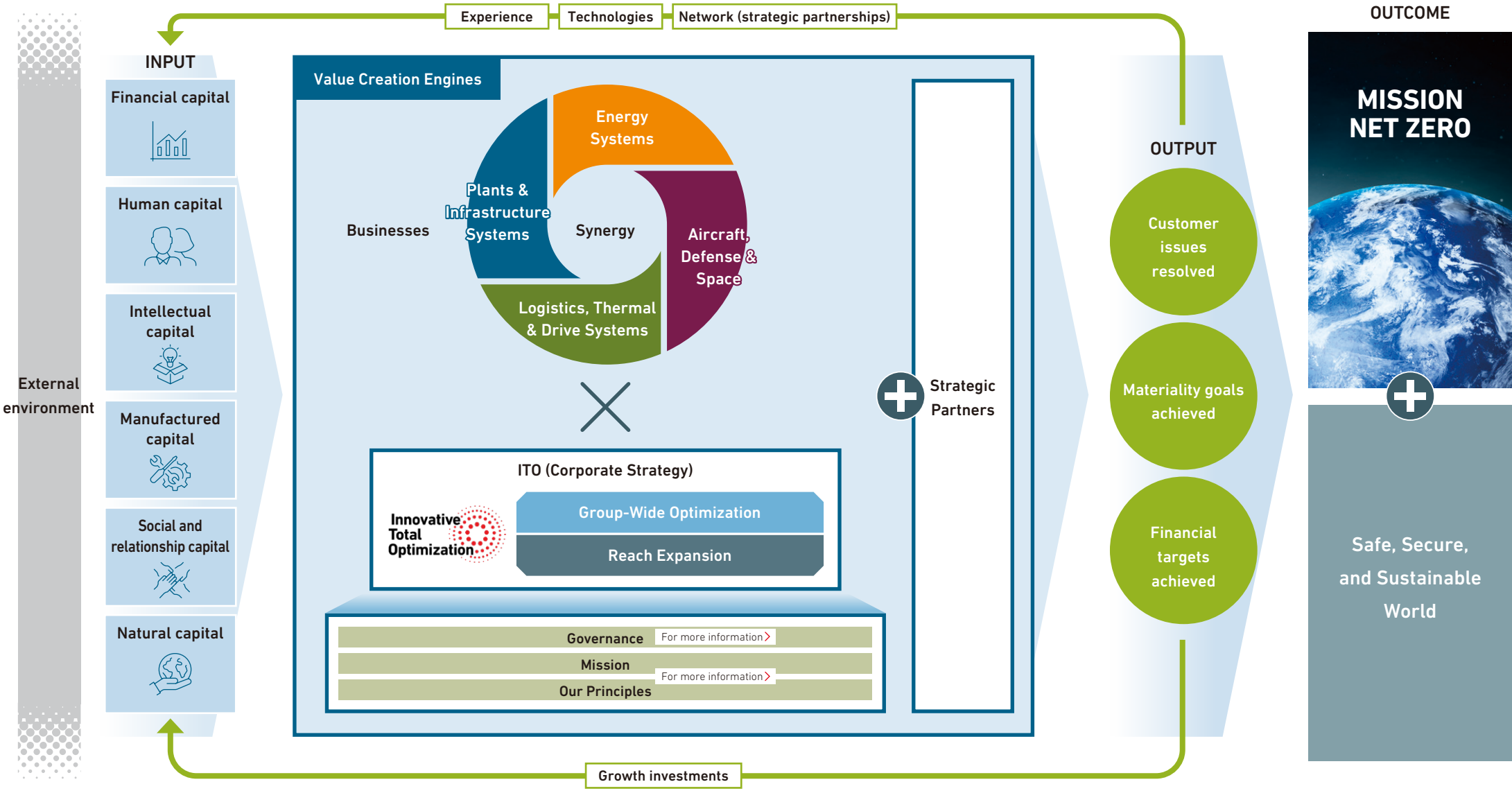
With 140 years of history behind us, we are reaffirming our position as a growing company. As such, we will continue making future-oriented investments and push forward one step at a time to meet the high expectations of our shareholders.

In the area of investor and shareholder relations, my responsibility is to clearly explain to investors how we aim to realize a virtuous cycle of high profitability and growth investments, thereby enhancing future growth value. Fortunately, I feel that many investors have high expectations for the Group and share our medium- to long-term perspective. Through ongoing dialogue, we aim to deepen our investor base's understanding of our efforts to enhance corporate value, and we look forward to showing them tangible results in the future. Please follow MHI Group as we forge ahead with these bold plans.

Value Creation Process

Through Innovative Total Optimization (ITO), MHI Group unlocks its growth potential and provides value to customers and society.

Furthermore, by repeating a cycle that leads to new value creation through reinvestment, we will achieve MISSION NET ZERO and realize a safe, secure, and sustainable world.



Special Feature 01

At the Forefront of Our Future Growth Areas

A Message from the CSO

We are seeing progress in our efforts to expand the future growth areas that will drive MHI Group's sustained development in the future. In the growing data center market, we are considering M&A as a means to accelerate early-stage business expansion. In this section, Masayuki Suematsu, CSO, explains MHI Group's growth strategies.



Unlock growth potential and create new value

Masayuki Suematsu
Director, Executive Vice President, and CSO

Special Feature 01 At the Forefront of Our Future Growth Areas



Record-High Results in FY2024

Past efforts now bearing fruit

In FY2024, we posted record-high figures for orders received, revenue, and business profit. We see this outcome as the fruition of our long-standing efforts to improve profitability. For example, we have worked for several years to increase profitability by expanding the proportion of after-sales services in our Strategic Business Units (SBUs). Now, we are seeing tangible results from these steady efforts, and we feel confident in the progress being made.

Strengthening portfolio management is one of the goals of our 2024 Medium-Term Business Plan (MTBP), so this is not a new development. Indeed, there are many examples of M&As that have helped optimize our portfolio of businesses. Under our 2024 MTBP, we classified our businesses into three categories: growing core businesses, future growth areas, and businesses requiring competitiveness enhancements. Going forward, we will continue strengthening the Group by carefully considering business cycles and market positioning in each of these categories, applying clear priorities within them.

At the Forefront of Our Future Growth Areas

Power generation, cooling, and control systems—one-stop-shop solutions for data centers

To realize sustained growth in MHI Group, we are working to commercialize our future growth areas, leveraging them as potential drivers of performance.

In the data center sector, the rapid proliferation of generative AI, particularly in North America, is expected to spur additional data center construction, accompanied by increased demand for power generation, cooling, and other equipment. MHI Group has a strong track record of deliveries and customer trust in these areas, and by combining them with our expertise in energy management—including control and monitoring—we aim to provide one-stop-shop solutions to data center customers. Our goal is to be a partner that can respond to our customers' diverse needs in one stop, going beyond simple equipment supply to become a player in the integrated solutions space.

An important step toward this goal was our acquisition of U.S.-based Concentric, LLC—a power solutions provider with a nationwide customer network—in 2023. We are working to accelerate development of our data center business, with Concentric at its core. In May 2025, we established a new strategic business hub in the United States, the world's largest market. From this location in Dallas, Texas, we will collaborate with major U.S. industry players and leading technology providers to speed up the development of next-generation products. We will continue actively pursuing M&As as we expand our operations, aiming to grow the data center business into a multi-hundred-billion-yen operation as soon as possible. We will also build a framework to address advanced customer needs in not only our main market, the United States, but also Japan and Southeast Asia.

In the Energy Transition, another future growth area, real-world implementation is progressing more slowly than expected. Economic feasibility is clearly the main challenge, but the need for decarbonization to secure the planet's future remains unchanged. Therefore, we believe it is vital to persist in technology development to resolve issues related to implementation, preparing for future needs.

In the hydrogen and ammonia area, we are driving forward with technology development across the entire value chain, from production to utilization. Some technologies are approaching the practical application phase, including hydrogen co-firing and 100% hydrogen firing in gas turbines, as well as 100% hydrogen combustion in reciprocating gas engines. In the CO_2 capture, utilization, and storage (CCUS) area, we are building a wide product lineup to address demand, ranging from compact, standardized capture units to large-scale, tailor-made carbon capture plants.

Special Feature 01 At the Forefront of Our Future Growth Areas

We cannot promise results overnight, but at the same time, we are not sitting back and waiting for progress to materialize over, for example, a 10-year timeframe. Rather, we will swiftly propose cost-effective solutions that make it easier for customers to make investment decisions.

In our growing core businesses—GTCC, Nuclear Power, and Defense—we are booking numerous orders on the back of robust demand. In response to this situation, we are proactively expanding production capacity, strengthening human capital, pushing forward with R&D, and reinforcing the supply chain. Based on the CEO's Innovative Total Optimization (ITO) approach to managing the company, we are working to shorten lead times, raise productivity, and make sufficient investments as needed, in a flexible manner.

We are also driving forward initiatives in the businesses that require competitiveness enhancements, aiming to further improve the profitability of existing operations. For example, in the Box Making Machine* business within the Plants & Infrastructure Systems segment, we offer remote maintenance services using augmented reality (AR) technology, which saw rising demand during the COVID-19 pandemic. We provide these services through a subscription model as part of our effort to enhance services offerings by leveraging digital technologies. In the Steam Power business within the Energy Systems segment, we have carried out structural reforms over many years, transforming it into a highly profitable business specializing in after-sales services.

* A machine that processes corrugated sheets into cardboard boxes for packaging, transport, and storage

MHI Is in Growth Mode

Unlocking our full potential, rather than playing defense

While I have spoken about the steady progress MHI is making, I must point out that running a business resembles a sailboat pressing forward even against headwinds. Risk—like the wind—is a constant force, evolving in nature and impact, with the potential to drive both gains and setbacks. To win a yacht race, for example, you must first know the latest rules and regulations, then accurately predict the wind and topography from forecasts and charts. Running a corporation is no different. As a company, we must understand global policy trends, gather and analyze information on uncertainties in the business environment, and anticipate their impact on our businesses at an early stage. This will enable us to turn changes in our environment to our advantage and press forward.

CEO Eisaku Ito, who took office in April 2025, introduced a new corporate strategy and methodology called ITO. This is a management approach that seeks to create significant innovation by drawing out the potential of MHI Group from the perspective of Group-Wide Optimization, while achieving Reach Expansion in our businesses in terms of both quality and quantity. The essence of ITO lies not in mere cost reductions or efficiency improvements. By sharing knowledge, successes, and lessons learned from past failures across organizational boundaries and working together, we can create new value beyond what was previously thought possible.

Thorough implementation of ITO is also one of my key missions. To this end, I will use new digital media to convey ITO more widely and clearly to our employees. By staying true to



fundamental practices, working diligently, and continuing to challenge ourselves without setting self-imposed limits, we will gain the rewarding experience of delivering new value. I want employees to recognize that we are in growth mode, and I will work to create an environment that allows them to enjoy their work while fully utilizing their abilities.

As CSO, I will help lead MHI Group to unlock its growth potential and create new value, with the aim of enhancing overall corporate value.

Special Feature 01

At the Forefront of Our Future Growth Areas

Roundtable Discussion on the Data Center Business

MHI Perfectly Poised to Deliver for Data Center Growth

We invited three U.S.-based senior executives to discuss the significance of MHI's involvement in the burgeoning data center business, and the opportunities the company is pursuing in that market space. The primary catalyst for this dialogue was the rapid increase in electricity demand driven in part by data center expansion and artificial intelligence (AI) workloads. Also adding valuable insights to the discussion was Tokyo-based Senior General Manager Shin Gomi from Global Data Center & Energy Management, part of the MHI Growth Strategy Office, formed in 2020.



John Winter
President & CEO,
Concentric, LLC



Bill Newsom
President and CEO,
Mitsubishi Power Americas, Inc.



Dr. Xiufang Gao
Senior Director of Market Intelligence & Strategy,
Mitsubishi Power Americas, Inc.



Shin Gomi
Senior General Manager of Global Data Center & Energy Management,
Growth Strategy Office

Special Feature 01 At the Forefront of Our Future Growth Areas

2024 saw record transaction volume in the U.S. data center sector, and in early 2025, MHI established a new U.S. base in Dallas, Texas, to drive its data center business there. As a lead-in for our readers, could I ask the three of you based in the United States to provide some U.S. market perspectives?

Newsom For the last two decades, we have seen flat growth in the power sector. According to McCoy Power Reports, two years ago, there were only 3 GW of large gas turbines ordered in North and South America; however, in calendar year 2025, that number is expected to be in the 25 GW range. Three factors are driving what is the largest power infrastructure expansion in U.S. market history: AI and machine learning, which account for 40%–50% of the overall growth; the electrification of everything that is possible to electrify; and the reshoring of manufacturing facilities.

On average in the United States, we're now seeing demand growth of about 3% year over year, and in some pockets up to 6%–8%. For example, in 2022, Georgia Power—one of our key customers—conducted its integrated resource planning, which indicated that it would need 400 MW through 2030. One year later, they updated their plan to 6.6 GW due to the immense demand in their service territory. That's a 15-fold increase, and 80% of that is due to data center growth in the state of Georgia. That's just one customer in one state; we are seeing this across the entire United States. I have been in the industry for over 30 years, and with Mitsubishi Power for 21 years. I've never seen power generation demand this significant. Power is urgently needed today to meet this demand. It's like a modern-day gold rush. Everybody wants to get their power plant up and running as quickly as they can to meet this immense growth. It's an interesting time in the market, to say the least.

Gao Today, data centers in the United States represent 45% of the global market, and with all the investments from hyperscalers and major U.S. tech companies, that share is expected to increase in the years to come. The scale and speed of this transformation are unlike anything any industry has ever seen before. ChatGPT launched in late 2022, and by February 2025, ChatGPT had surpassed 400 million weekly active users. The rapid adoption of AI and cloud computing is leading to an increase in demand and higher rack power densities.

Data centers are evolving to support the powerful chips needed for AI. A few years ago, the average rack density was below 10 kW per rack. The AI chips being deployed today are over 40 kW per rack and projected to reach 1 MW per rack by the end of the decade. This has changed the importance of power and cooling, which were once regarded as supporting systems and now represent the main challenges.

There is no AI without energy. As a company involved in solutions on both the supply and demand sides of the energy market, we can provide unique value to our customers.

Winter As a top provider of power solutions in North America and an MHI Group company since 2023, we at Concentric are laser-focused on the data center market. The key foundation that will drive data center growth is the transition from the current generative AI stage to agentic AI—systems that can autonomously make decisions, take actions, and adapt to new situations without constant human supervision—the applications for which range from design and business processes to transportation. McKinsey projects that agentic AI will touch 70% of enterprise workflows by 2030. So, we're not just expanding infrastructure, we're laying the foundation for a new digital economy. This moment is not about doing what worked in the last cycle; it's about adapting for the one that's already under way.

Gomi It's anticipated that the global data center market will be worth over $600 billion by 2030. A similar situation to that in the United States is unfolding in other markets. To provide specific examples, in the Asia-Pacific market, Japan is booming and other countries are investing more aggressively, while Singapore is reaching its maximum capacity. Likewise, in the Europe, Middle East, and Africa region, the Frankfurt, London, Amsterdam, Paris, and Dublin, or FLAPD, axis of data hubs will gain in importance.

Winter A key difference there is that while the United States sets



technological and procurement standards, customers in Europe, Middle East, Africa, and Asia-Pacific expect localized execution and region-specific regulatory and reliability considerations.

Newsom MHI is undergoing a significant transformation to meet the demands of a global digital economy. Hyperscalers, with multi-trillion-dollar market caps, are in an AI technology race, revolutionizing how we live our day-to-day lives. While estimates vary on how much global data is currently in the cloud, the explosive pace of data creation means there's enormous room for growth as cloud adoption continues to accelerate. MHI is at the forefront through its involvement in manufacturing power generation equipment that provides firm, reliable electricity to power data centers, which are key enablers for AI. As regards gas turbine supply capacity in response to the growing global demand for computing power, Mitsubishi Power—a power solutions brand of Mitsubishi Heavy Industries—will continue to work to meet the needs of the growing market while maintaining a lean business structure.

Turning now to MHI-specific aspects, what do you perceive as the market requirements, and to what extent do the aims of MHI's strategy dovetail with them?

Gao Suppliers across the value chain—original equipment

Special Feature 01 At the Forefront of Our Future Growth Areas



manufacturers (OEMs), integrators, and even component manufacturers—are moving quickly to position themselves as full-solution providers. The shift reflects a broader change in how customers procure infrastructure: They want fewer vendors, more integration, faster deployment, and post-commissioning continuity. To compete in the U.S. data center market, OEMs are expected to provide fully integrated infrastructure solutions that are engineered for quick delivery, flexibility, and life cycle reliability. MHI stands out by having built for this market from the outset. It's a native strategy built around performance, integration, and execution. MHI's current strategy aligns with these imperatives across cooling, power distribution, and emergency power.

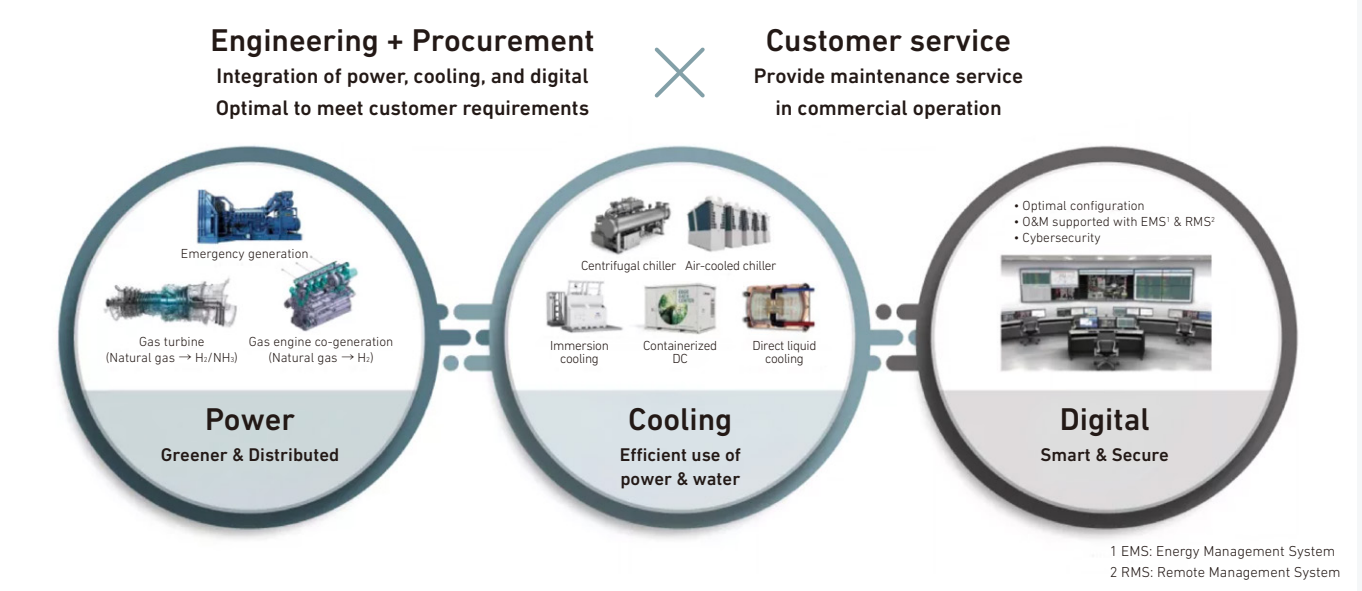
Newsom I want to emphasize the life cycle reliability, because MHI's DNA is all about reliability; from the way we serve our customers, to the way we conduct research and development, test, and fully validate our solutions. We are the only gas turbine manufacturer operating a grid-connected combined-cycle power plant to test and verify that our products and technologies meet the highest level of reliability through long-term verification. This approach is hyper-aligned with what data centers want—unequivocal reliability, or as they say in the data center community, five nines.

Winter To pick up on the power generation angle, MHI was architecting this strategy years ago and is positioning ourselves to capitalize on this growth by offering solutions for both utility-side decarbonization and high efficiency. U.S. buyers want solutions that are engineered for high density, not retrofitted. Procurement teams no longer want equipment; they want life cycle partners, and buyers expect OEMs to provide support from design engineering to commissioning to post-sale service. MHI delivers all aspects of that life cycle service under the watchwords of "end-to-end control," "architected for scale," and "speed without compromise" in a customer-aligned commercial model.

Gomi Yes, we're not chasing this wave—we strategized for it before it hit and are thus in a position to ride it and gain the full benefits of it. As the only OEM offering the full powertrain and cooling, from generation to rack, MHI is positioned to provide full-stack, vertically integrated solutions for high-density computer environments.

Computing volatility is changing how operators approach power and cooling architecture. Historically, power systems around data centers were designed to handle stable, predictable loads. That assumption no longer holds. AI workloads introduce sharp spikes in draw, partial utilization patterns, and dual-redundancy demands that legacy systems weren't designed for. Our power generation and distribution systems, together with our cooling systems, are built for AI-specific load variability and redundancy.

Newsom Today, data centers in the United States are focusing on winning the AI race by developing and deploying the technology ahead of other countries. To meet the demand, we need those electrons today, with a path to clean energy in the future. MHI is well-positioned to support this goal. The power systems we are deploying can utilize low-carbon fuels on the front end—in the form of green hydrogen, blue hydrogen, or ammonia—or install carbon capture technology on the back end, delivering future-proof solutions that can be deployed now without disrupting or requiring reinvestment in a new asset.



Special Feature 01 At the Forefront of Our Future Growth Areas

Data centers consume vast amounts of power, not only to run the servers themselves but also to cool them—the latter accounting for 10%–30% of a large data center's power consumption. How are MHI's power generation competitors doing today? Are they making aggressive investments?

Gao Traditional industrial players are addressing power from a bottleneck perspective, but few are focusing on delivering a comprehensive solution. Everybody is very busy addressing power capacity within their portfolio, but we are the only OEM focusing on being a one-stop-shop solution provider that also provides solutions addressing cooling and other parts of data centers.

Gomi In the United States, go-to-market strategies are focused on speed, technical trust, and direct engineering alignment. I think that, compared to our competitors, we possess the product lineups and bring the partners together. This is why I believe we are uniquely positioned.

Newsom All the players in the market are trying to ramp up as quickly as they can to be able to meet with—and say yes to—all their customers. However, it's a step-by-step process, and we're making very methodical decisions intentionally regarding approach. In the early 2000s, the bubble in the combined cycle gas turbine market burst because it was predicated on very small independent power producers chasing spark spreads with merchant plants. Today, the business fundamentals are totally different. You have the hyperscalers, which have multi-trillion market caps and enough capital to deploy to win the AI race in the United States. Because the market factors are so different, we don't see this as a bubble, but rather as a long-term, sustainable market. Our goal as a company is to ramp up and provide support as effectively as possible. We're making great strides in securing our supply chain, enabling us to ramp up production and meet this demand.

Winter OEMs with limited-service capabilities will face procurement challenges. Whereas others are retrofitting, MHI was architected for this from day one. Major OEMs are rapidly expanding into high-density, AI-ready infrastructure, investing in cooling innovations, integrated life cycle services, and software bundling to stay competitive. Others are using M&A, strategic alliances, and power electronics innovation to reposition for hyperscale demand and grid-interactive capabilities. What makes MHI stand out from the crowd is that we design and manufacture full powertrains, from backup generation to thermal systems. There is no bolt-on product strategy; everything is designed with engineered interlocks and backed by a legacy of high-reliability engineering. There is zero reliance on third-party service networks; MHI can go direct and offer tightly integrated life cycle packages.

In order to seize this incredible market opportunity, M&A is a must and a key pillar in our strategy to create a one stop shop and effective commercial operation. Fortunately, we've had this model for a decade and have executed 25+ acquisitions to date—we are ready. This will allow MHI to accelerate penetration into a rapidly growing customer base; additionally, it fuels the expansion of capabilities.

You've built a clear picture of the opportunities, but what are the challenges from a technology-wise, best-in-class perspective that MHI is facing in the data center market, and what changes need to be made? Could you pick out aspects you consider key in this regard?

Newsom Rather than performance specs, it is speed, trust, and commercial readiness that now win the deal, and there is real cost in delays. Sales cycles are compressing, so our teams must move rapidly from the inquiry to proposal stages. As I mentioned earlier, this expansion cycle is already under way. Hyperscalers and developers are locking in key supply chain partners, and the pace of transactions—particularly those involving critical infrastructure OEMs, system integrators, and service providers—is making it difficult for late movers to catch up. Execution speed is no longer a preference; it is a gatekeeper. MHI presents a strong value proposition. We are optimizing processes, streamlining approvals, and identifying opportunities that will enable us to remain agile in meeting the



dynamic needs of the market. Every missed opportunity increases the future entry cost.

Winter For me, the greatest challenge would have to be market recognition. Known for quality, reliability, and engineering excellence, particularly in traditional power generation markets, MHI is still building a name for itself in the U.S. data center market, where success now depends on showing up as a trusted engineering partner, rather than merely a product vendor. Winning OEMs are those that come in with integration-ready pre-designs and plans encompassing complete life cycles. We are continuing to establish a foothold in the market as a strategic partner in this ecosystem, delivering a one-stop-shop solution. That is a reputational gap the company must quickly close by raising its profile—on design calls, requests for proposal responses, and site walk-throughs—and by maintaining an on-the-ground presence that provides proof positive that MHI fully understands how this space operates. That includes fluency in data center project workflows, terminology, procurement dynamics, and installation practices.

Gao I agree that we must show that we can shorten lead times, and I want to add on to John's comments on market recognition. These are opportunities for us to work together with customers to solve those problems and to develop a collaborative partnership. Every data center is engineered to spec, and the design

Special Feature 01 At the Forefront of Our Future Growth Areas



tolerances for power and cooling are often site-specific and shaped by AI and high-performance computing workloads. MHI must be comfortable with this dynamic and ensure we are not only capable of supporting customized packages but also enabling integration alongside third-party equipment. This includes control systems, monitoring platforms, installation sequencing, and the delivery of performance-optimized data centers and modules to the site. This is where our one-stop-shop strategy gives us leverage, but only if we execute at the right speed, work closely with customers, and offer clarity on the value we are bringing.

Lastly, what does all that demand represent? What will the world be like after date center infrastructure has been built, and where will MHI be participating?

Newsom AI's impact has been primarily through customer-facing tools, such as chatbots and content generators; however, its impact will be more profound at the enterprise level. According to McKinsey, only a small fraction of its potential value has been realized thus far. The most transformative value of AI is in functions such as procurement, R&D, engineering, fraud detection, clinical trials, and supply chain optimization. These aren't experiments; they are business models that require immense computing power, extremely low latency, and operational continuity on a global scale. And they are evolving at such a pace that infrastructure cannot keep up. This is where MHI comes in, building on its more than 140-year track record in mission-critical engineering by delivering fully integrated power, cooling, and monitoring solutions.

Gomi To use the wave analogy again, yes, the real AI wave has yet to hit. AI's footprint in digital infrastructure today is still nascent. Data centers of 100 MW+, with some reaching for GW scale capacity to support high-intensity AI workloads, are purpose-built from the ground up. Aligning our strengths with this next generation of infrastructure—namely in liquid cooling solutions, high-capacity gensets, integrated controls, and in our unique selling point of powertrain and cooling integration—MHI possesses benefits of scale with the agility of a new, purpose-built division. The future of AI is a digital society, and as a company that makes contributions to the world with technology, MHI is participating in systematic change by building necessary infrastructure in collaboration with our partners and customers, with integrated liquid cooling, software-defined control layers, and power architectures designed to accommodate load variability. Those that can support this level of demand will form the backbone of how AI reshapes industry. Those who cannot will be left behind. Rather than chasing and riding the wave, MHI is working to help shape the ocean. Stating where MHI will be playing its part requires no crystal ball-gazing. Execution is the gap in today's market and represents the barrier for many traditional OEMs. The global supply chain, engineering base, and reputation are already in place; the focus now is on internal decision-making agility to move in lockstep with the market, something the team is actively building. MHI is building its data center strategy in a deliberate manner, without inherited silos or legacy friction. This will enable alignment between product development, engineering teams, and field deployment at the speed the market demands.

Winter This is not about storage servers, it's about building the substrate for a global digital society, about powering a new way of life. Global demand for computing and storage will continue to grow—as Shin stated, this is not a single wave, it is a sustained shift. Entire industries—from healthcare to finance—are shifting toward layers of automated intelligence. Infrastructure built now will enable a generation of self-operating digital systems. Forming part of the AI wave are two converging undercurrents: the explosion of digital transactions and the emergence of autonomous systems. The former ranges from smart contracts to digital currencies to micro-payments in gaming, streaming, and embedded commerce. These shifts are not just speculative. They are reshaping how business is transacted, how value is stored, and how networks are secured. The latter, ranging from the aforementioned agentic AI applications managing workflows across departments to real-world robotics and logistics automation, are data-hungry, latency-sensitive systems. They need distributed infrastructure, not just centralized hyperscale. We in MHI Group are not chasing trends—we're fulfilling our mission. And right now, that mission is digital infrastructure.

I think the final message is clear: The infrastructure of tomorrow must be fast, clean, intelligent, and inclusive, and MHI intends to lead in making that vision a reality. Thank you all for contributing such valuable insights into such a complex, thought-provoking topic.



Special Feature 02

Technology Platform Supporting MHI Group

A Message from the CTO

Our technology platform—which we have built up over many years—is a key management resource supporting value creation at MHI Group. In this section, Tomoaki Omura, who assumed the position of CTO in April 2025, details how he will leverage these technologies to realize Innovative Total Optimization (ITO) and achieve sustained growth.



Implementing ITO with unwavering focus on staying ahead of trends and acting with speed

Tomoaki Omura

Senior Vice President and CTO

Special Feature 02 Technology Platform Supporting MHI Group



The CTO's Mission

Revolutionizing our technology platform for the future

In addition to contributing to the ongoing business operations of MHI Group, the CTO's mission is to transform our technology platform and lay the groundwork for businesses that can underpin growth in the future. As the newly appointed CTO, my first priority must be to implement our corporate strategy of Innovative Total Optimization (ITO). CEO Eisaku Ito tested this methodology over a five-year period in his previous role as CTO, and he has already demonstrated its effectiveness. Building on those results, I will work to establish a virtuous cycle of high profitability and growth investments.

During my first 10 years at MHI, I worked on foundational research at the former Advanced Technology Research Center, focusing on the exploration of fundamental principles and theories. I subsequently moved to another research institute supporting product development, where I oversaw the start-up of the first plant utilizing a new design. Although I struggled at first in this role, I studied hard, and by verifying my hypotheses and applying the results at a commercial plant, I made a positive contribution to our customer's operations. This experience became a cornerstone of my career. After that, I was transferred to the Technology Planning & Management Department at our corporate headquarters, where I became involved in the Group's overall technology strategy. There, I engaged in many discussions with visionary members on how to create technologies applicable across multiple businesses and deploy them across the Group. As a result, I developed a strong sense of identity and responsibility as a member of MHI Group. That mindset continues to serve me well today as I oversee our Shared Technology Framework in my role as CTO.

The Key to Realizing ITO

Information sharing and foresight

Let me begin by addressing two essential prerequisites for the realization of ITO: information sharing and foresight.

The first pillar of ITO, Group-Wide Optimization, has two perspectives—vertical and horizontal—and the free sharing of information is indispensable to both. Given the diversity of our businesses and the size of our organizations, information sharing definitely remains an issue for the Group. To address this issue, we aim to eliminate rework and redundant tasks across value chains—in such areas as sales, development, and engineering—by building a digital information platform to enable the instantaneous sharing of important information. While this falls under the category of vertical Group-Wide Optimization, it also supports optimization in the horizontal direction, i.e., the sharing of information across multiple businesses.

In addition to information sharing, foresight is essential. If we anticipate macro trends and underlying market needs, develop the necessary technologies, and standardize them in advance—rather than responding after changes occur—we can launch products in the market ahead of other companies. Standardization reduces human error, and using the same components in assembly can also lower procurement costs, resulting in numerous benefits and helping to create a virtuous cycle. By delivering value to more customers in this way, we will achieve Reach Expansion, which is the second pillar of ITO.

Here, it will be essential to make sure that the means do not become the end. When looking to improve production process efficiencies, for example, we must not allow automation to become a foregone conclusion. In other words, automation should serve an objective, not become the objective itself. We need to identify what the actual bottlenecks are in a process and resolve them using the optimum method. The same applies to the development of human capital. Our aim is not to simply educate and develop talent; we must determine how to increase competitiveness, identifying what kinds of technology and talent are required to do so. Unless we break down issues into their component parts, we will not be able to formulate a human capital strategy that truly raises our competitiveness. By continuously seeking out the core essence of each issue, we will strive to realize ITO.

Accelerating ITO Implementation and Enhancing Competitiveness

Promoting digital transformation

Digital transformation (DX) will be indispensable in the drive to implement ITO. Digital technology may not be the first thing that comes to mind when people think of MHI Group, but we actually have a robust internal suite of these kinds of technologies, such as communications, sensors, and control systems, which are core capabilities of ours.

In 2022, we established the Digital Innovation Headquarters under the Shared Technology Framework. Under the ΣSynX (Sigma Syncs) concept—which seeks to create new value through smart connections among a wide range of machinery products and services using digital technologies—we are implementing DX across diverse business areas, including logistics, energy management, and e-commerce. Due to our strong DX capabilities, combined with

Special Feature 02 Technology Platform Supporting MHI Group



management's high level of commitment and engagement with stakeholders, we were selected for two consecutive years (2024 and 2025) as a DX Stock by Japan's Ministry of Economy, Trade and Industry, the Tokyo Stock Exchange, and the Information-technology Promotion Agency.

We are also focused on developing human capital to support our forward-looking DX initiatives. To this end, we are working to raise the digital literacy of all employees through e-learning and other methods. At the same time, we have outlined the criteria for the digital talent needed to lead product development and process reforms, deploying education programs company-wide. Our aim is to cultivate more than 20,000 digital professionals by 2030.

As part of our DX initiatives, we are working to apply AI to both products/services and internal operations with the aim of enhancing their added value and competitiveness—while improving the efficiency of internal operations. Machine learning techniques have already been applied widely across our manufacturing and services. Furthermore, we are proactively introducing generative AI into internal operations to improve efficiency in such areas as information gathering and document drafting/summarization. Furthermore, we have developed internal guidelines for the utilization of generative AI, ensuring that output accuracy is thoroughly checked, confidential and personal information is appropriately managed, and copyright and ethical considerations are taken into account.

MHI FUTURE STREAM

Continuing to explore business opportunities to support future growth

Our MHI FUTURE STREAM program has been a touchstone for our efforts to explore business opportunities since 2018.

MHI FUTURE STREAM consists of three initiatives: Mega Scan, which outlines medium- to long-term scenarios regarding changes in the macro environment; Shift the Path, which explores business opportunities based on hypotheses regarding innovation in markets and technologies; and Technology Scouting, which searches for disruptive technologies with major impact and fosters co-creation with external partners. Through this program, we have identified around 100 megatrends and 18 undercurrents with major implications for the company. We are now exploring the direction of shifts occurring in the Group's businesses in response to these key megatrends. Based on this research, we are working to formulate and deploy R&D strategies. To date, we have tested more than 2,000 hypotheses and are currently pursuing around 20 new projects.

Megatrends may vary in terms of speed of evolution, but these are generally not abrupt changes. When comparing 2018 and 2023, around 90% of the megatrends remained the same. Incidentally, pandemics were included as a megatrend in 2018. Using MHI FUTURE STREAM as a jumping off point, we are preparing the Group to flexibly address sudden changes in society.

Enhancing Corporate Value

Harnessing cutting-edge technologies to strengthen competitiveness

Looking back over our 140-year history, MHI Group began by adopting advanced technologies from overseas, eventually improving and localizing them to build our current technology platform. In addition to preserving and continuously improving on these technologies, we are developing new technologies in anticipation of future societal and market trends. In recent years, we have increased investments in R&D, with R&D expenses in FY2024 totaling around ¥220 billion (including commissioned projects), which is equivalent to 4.3% of consolidated revenue. We allocate these expenditures in a well-balanced manner to our growing core businesses of GTCC, Nuclear Power, and Defense; to future growth areas, such as data centers and the Energy Transition; and to digital technology initiatives aimed at enhancing the competitiveness of our businesses.

As CTO and leader of the Shared Technology Framework, I will focus on identifying cutting-edge technologies and further strengthening the competitiveness of the Group's products. That said, even if we succeed in developing products that help solve the issues facing society, we cannot expect to receive orders unless there are customers who actually need those products. Therefore, we must create offerings that both respond to society's needs and deliver value to the customer. Moreover, if we were to plan to launch a product a year from now—for example—a competitor could bring an offering to market sooner than us. Thus, it is essential for us to remain keenly aware of developments in our operating environment as well as customer needs, ensuring that we can respond quickly to both. As CTO, I am fully committed to this mission.

Special Feature 02

Technology Foundation Supporting MHI Group

Shared Technology Framework and ITO Promotion

Under its new corporate strategy, Innovative Total Optimization (ITO), MHI Group seeks to create significant innovation by drawing out the potential of MHI Group with Group-Wide Optimization and Reach Expansion of value provided by our diverse businesses in terms of both quality and quantity. The Shared Technology Framework, overseen by the CTO, works in close partnership with the business divisions to drive ITO.

Shared Technology Framework: Driving ITO

As its name suggests, the Shared Technology Framework is designed to serve as a Group-wide hub for technology, and it is overseen by the CTO. It consists of four organizations—the Technology Strategy Office, Research & Innovation Center, Digital Innovation Headquarters, and Value Chain Headquarters—and is staffed by around 2,500 personnel.

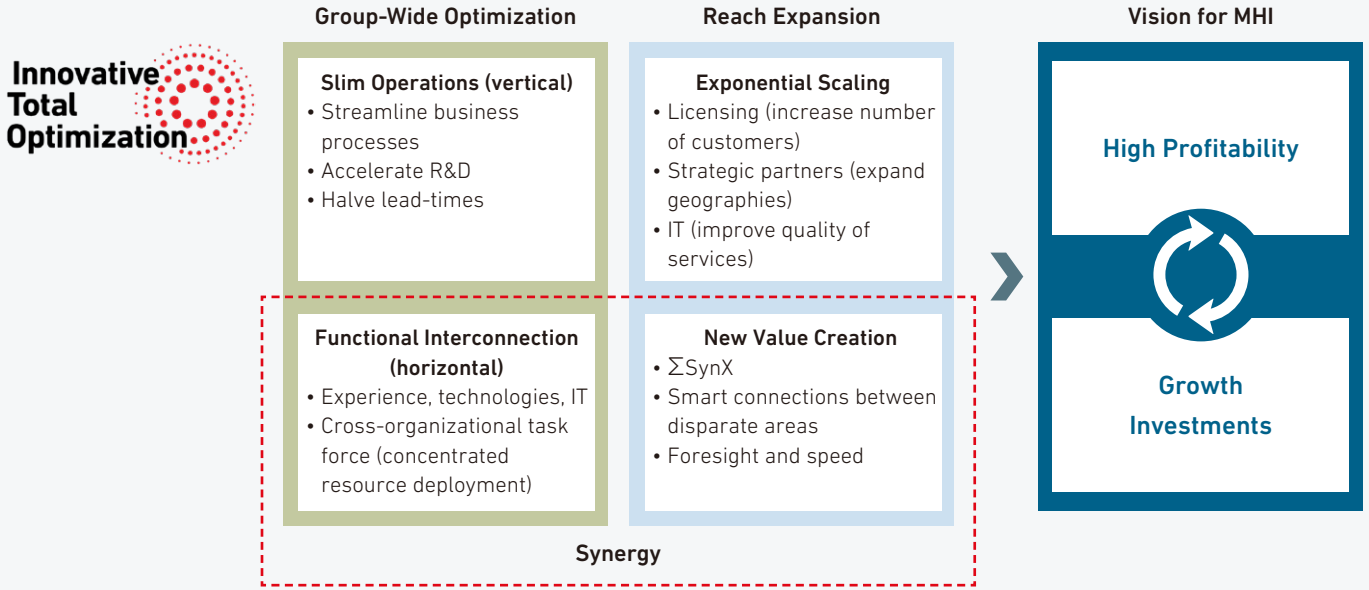
As shown in the diagram on the right, the Shared Technology Framework brings together specialists with advanced expertise across the entire value chain, including marketing, IT/digital, procurement, and manufacturing. It serves as a driving force in promoting both Group-Wide Optimization and Reach Expansion aimed at realizing ITO.

Organizational Structure of the Shared Technology Framework

CTO

- **Technology Strategy Office**
  Technology planning, intellectual property, design, and marketing research
- **Research & Innovation Center**
  Research across diverse technical fields, such as fluid dynamics, combustion, mechanical engineering, and structural integrity
- **Digital Innovation Headquarters**
  IT and digital technologies, IT infrastructure development, and information security
- **Value Chain Headquarters**
  Technical design, procurement, manufacturing, and supply chain management

Basic Concept of ITO



Special Feature 02 Technology Platform Supporting MHI Group

ITO Pillar 1: Group-Wide Optimization

Vertical Optimization

In ITO, Group-Wide Optimization means maximizing efficiency and productivity across the entire organization. Within this, vertical optimization focuses on optimizing all value chains within business units. Across all businesses, we aim to expand profits by pursuing slim operations while accelerating R&D and halving lead-times.

Slim operations means running each business with the minimum necessary resources, eliminating overlapping management and tasks within the value chain, and operating the business efficiently. To this end, it is essential that all stakeholders share the objectives and requirements of the project or development from the outset and proceed in parallel. The key is to not merely to convey information but share it. By building a system for centrally managing and sharing information flowing along the value chain, we can ensure that the right people have immediate access to the information they need, thereby preventing duplication in management and operations.

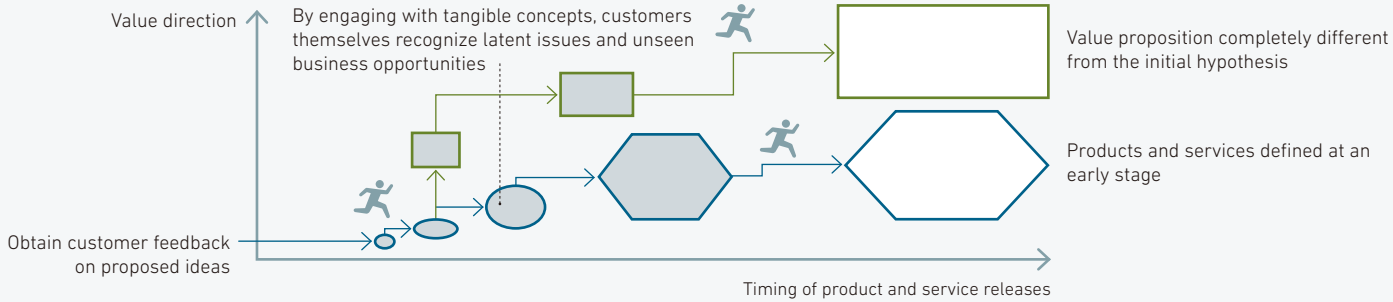
On that basis, we work to accelerate R&D and halve lead-times. To accelerate R&D, our key approaches are problem decomposition, pivot development, and minimum viable product (MVP). In development, the first stage requires formulating hypotheses and validating them. To run this cycle efficiently, it is effective to break down the problem into smaller components, reduce them to minimum-unit hypotheses, and flexibly adjust direction in line with the validation results. This approach assumes the possibility of failure, a process referred to as pivot development. By breaking issues down into smaller units, each task becomes a small-scale R&D project. As many such tasks fall under different technical fields, they can be tackled simultaneously using different resources. This enables development to move forward quickly and within a short timeframe.

In development, pursuing MVP is the fundamental premise. An MVP refers to a product equipped with only the minimum functions necessary to meet customer needs. By developing an MVP and bringing it to market ahead of competitors, we can quickly test market reactions. Based on the results, we set the next targets and repeat the cycle of pivot development, enabling us to consistently pursue development and product launches faster and with greater agility than other companies.

To halve lead-times, the key is to break free from fixed ideas, envision the ideal form of manufacturing, and pursue initiatives that encompass the entire value chain. One measure to achieve this is "Design for X (DfX)," which covers all downstream processes in the value chain—including procurement, manufacturing, quality assurance, inspection, logistics and transportation, assembly, and maintenance. By developing and designing with the X processes in mind, we can reduce rework and wasted effort, thereby contributing to halving lead-times.

Pivot Development





Special Feature 02 Technology Platform Supporting MHI Group

Horizontal Optimization

Horizontal optimization aims to strengthen functional integration between businesses. By sharing expertise across business divisions, we seek to generate synergies and enhance the overall value of the Group. The Group has adopted a strategic business unit (SBU) structure. While this system offers the advantage of enabling each SBU to consistently formulate and execute its own business strategies, it also tends to weaken horizontal collaboration, such as the sharing of information and resources across businesses.

For example, instead of each business division separately owning similar operational systems, we can establish standardized systems that can be used Group-wide. This reduces duplication of system development across divisions. At the same time, using common platforms improves the efficiency of the entire organization. Moreover, advancing digitalization enables real-time data sharing across processes, thereby reinforcing interconnection between businesses and allowing faster decision-making.

Codifying tacit knowledge is also an important element of horizontal optimization. Within the organization, there exists tacit knowledge that depends on individuals or specific teams. By clarifying this as codified knowledge, we can share it to improve operational efficiency. For example, codifying the knowledge of veteran employees makes it easier to transfer it to the next generation of staff and to apply that expertise across other businesses and products.

ITO Pillar 2: Reach Expansion

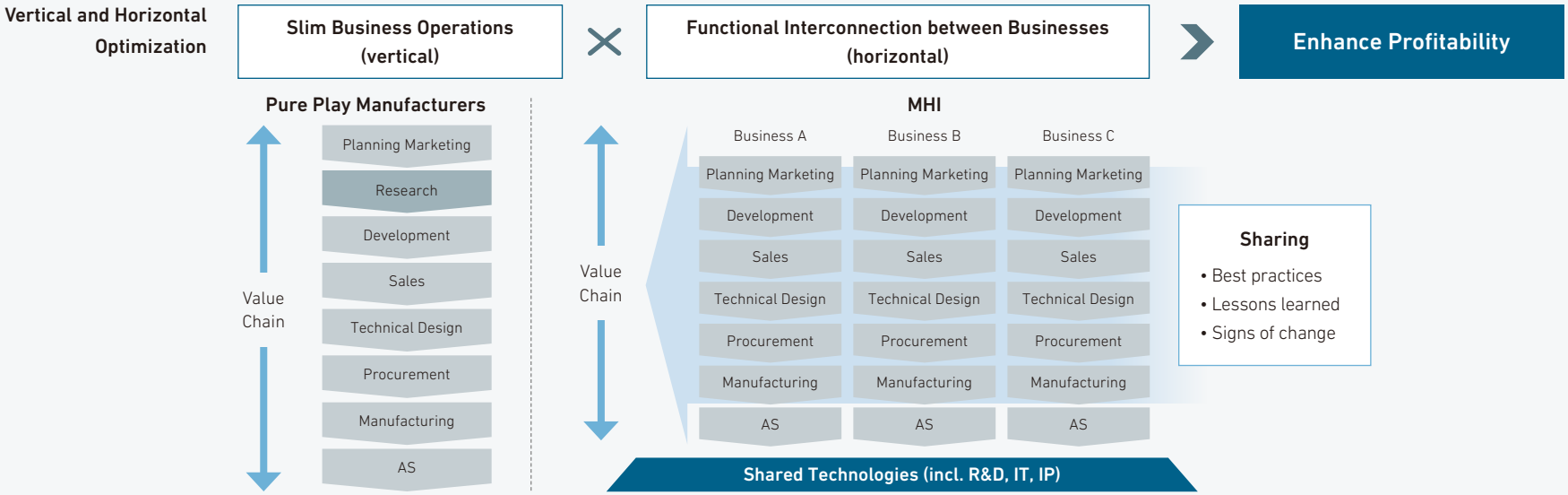
Reach Expansion is another growth strategy set forth under ITO, its key themes being exponential scaling and new value creation.

Through licensing, strategic partners, and IT, we aim for exponential scaling, while under the concept of ΣSynX (Sigma Syncs) we smartly connect different fields to create new value and expand our business areas.

Exponential Scaling through Licensing and Strategic Partnerships

MHI Group actively leverages licensing and strategic partnerships. In gas turbine technology, for example, we license our technologies to partners in China, while in carbon capture technology we have entered into collaboration agreements and technology licensing contracts with partners both in Japan and overseas to drive scaling. Moreover, even in mature fields like deck cranes, marine turbochargers, and hydraulic pumps, we leverage the brand value of our Group—built on a record of performance and trust—to provide technology to partners.

In building a licensing network based on our IP strategy, we leverage partnerships to achieve scale, thereby delivering products and services to customers and regions we had not previously been able to reach. Starting with manufacturing, and by forming strong partnerships, we aim to become a hub for ecosystems to change. To this end, it is important to conduct R&D and IP activities with



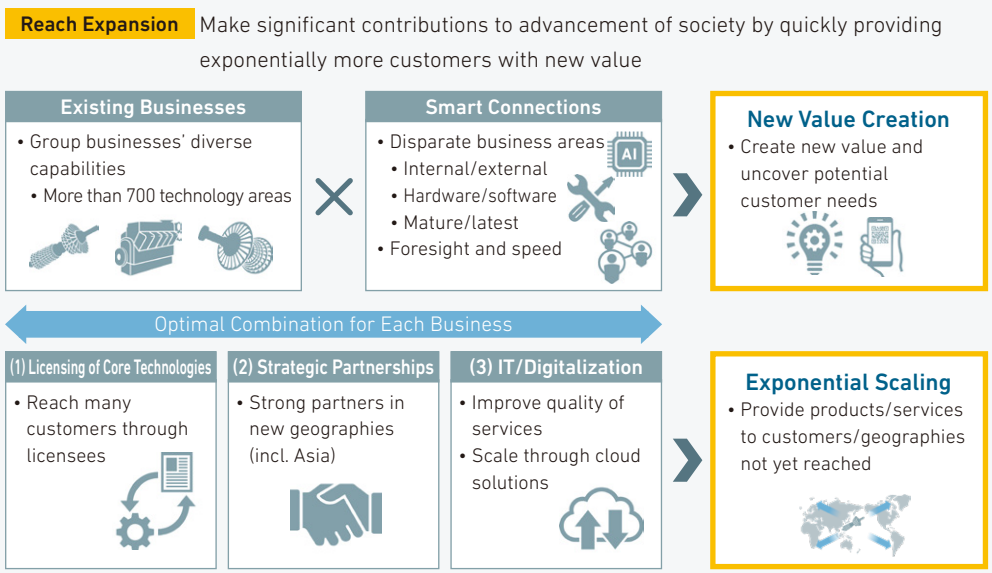
strategic partners in mind from the outset, while strategically acquiring core technologies and shaping a vision for scaling. By supplying parts that are difficult for licensees to manufacture, for example, we can broaden our licensing base and expand our reach to new customers and regions.

ΣSynX—Smartly Connecting Diverse Fields to Create New Value

ΣSynX (Sigma Syncs) is a concept put forth by MHI Group to create new value through the fusion of diverse fields. By smartly connecting diverse products and services, we aim to fully leverage the people, organizations, and technologies of MHI Group to deliver new value to society.

Combining expertise from different technologies and industries, we aim to create new value that transcends conventional boundaries. The key is to build on the diverse products and technologies we have accumulated and collaborate with fields different from our own. By smartly connecting different disciplines, we see unlimited possibilities for creating new value. In mechanical engineering, for instance, integrating AI with the analysis of extensive operational data leads to advances in intelligent mechanical systems, thereby enabling more efficient operation and maintenance. In addressing environmental challenges, moreover, we can create new value by integrating energy management systems—designed for the intelligent use of energy—into existing products. This approach of making smart connections between diverse product areas is the key to addressing rapidly changing social needs and achieving sustainable growth.

Reach Expansion



Technology Innovation and Succession

MHI Group's mission is to combine cutting-edge technology with many years of expertise to provide solutions to the evolving challenges facing the world while enriching people's lives. By simultaneously innovating and passing down technologies that support manufacturing, we will maintain and strengthen our technological foundation.

Innovation of Technological Foundation

Since its founding in 1884, MHI Group has built up technologies required for product development over many years. Having once introduced technologies from Europe and the United States as a licensee, we have built upon the knowledge we acquired to conduct further research and elevate this into proprietary technologies. Here, we have focused particular attention on technological development in essential manufacturing-related fields—such as fluid dynamics, heat, vibration, and structural integrity, which are rooted in classical mechanics—while ensuring their reliable transfer. At the same time, we have continued refining our strengths in such areas as manufacturing, control, and simulation technologies.

We apply these technologies to develop diverse products and services. Through the Shared Technology Framework, we manage the deployment of knowledge and expertise gained in certain R&D projects to other initiatives.

Special Feature 02 Technology Platform Supporting MHI Group

Technology Succession

MHI Group emphasizes long-established fundamental technologies essential to product development, passing them down while adapting them to present-day reality. Some technologies have matured to the point where it is difficult to generate new research themes, making them less likely to be embraced by universities or other institutions. Nevertheless, they remain indispensable in product manufacturing. By firmly preserving and continually refining these technologies in-house, we will sustain our technological foundation.

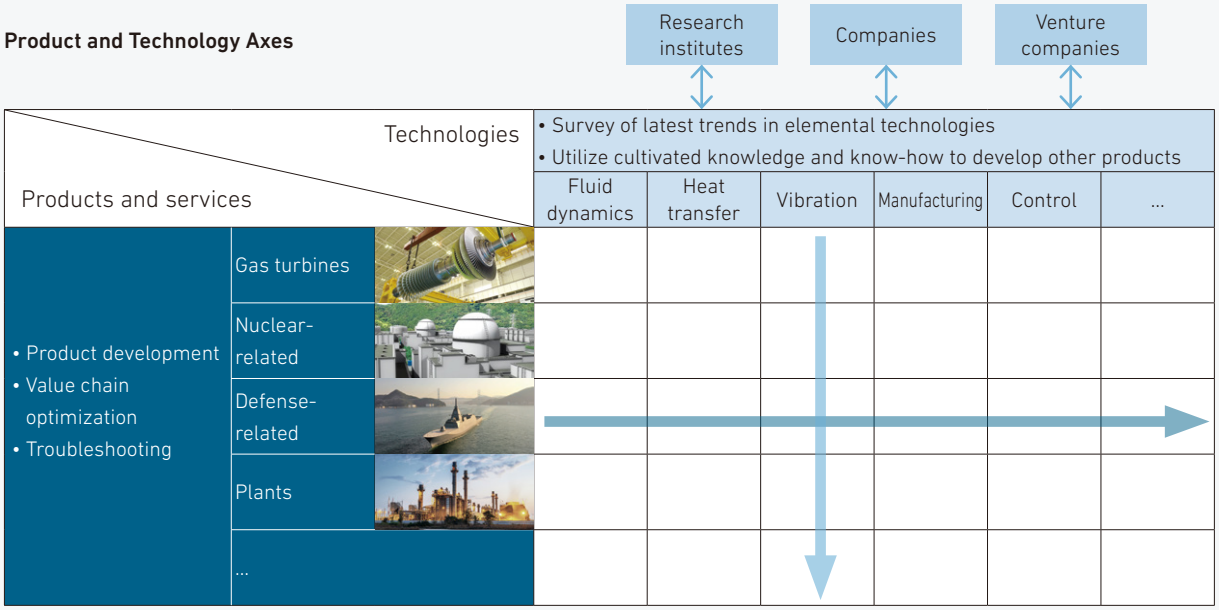
We have defined around 50 core technologies and more than 700 technology areas and are pursuing technological development accordingly. For each core technology and classification, we appoint leaders who work simultaneously on succession and development, thereby strengthening our competitiveness.

We are also committed to open innovation. Here, we collaborate with universities, research institutes, companies, and venture companies around the world to explore the frontiers of technology and enhance the capabilities needed for product development. At the same time, we promote initiatives that complement the Group's "missing pieces." In the fields of fluid dynamics and turbomachinery, for example, we conduct joint research with institutions like the University of Cambridge and the Massachusetts Institute of Technology as we strive continuously to raise our technological standards.

In generative AI and other fast-moving fields, we closely monitor the latest technological trends and focus on developing application and implementation technologies that enhance the added value of our products and services.

In this way, we will continue delivering new value to a constantly changing society through the succession and evolution of technologies and forward-looking product development.

Product and Technology Axes





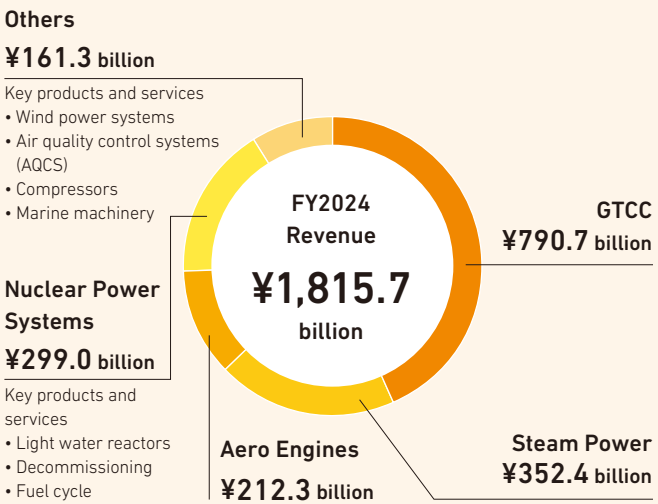
ENERGY SYSTEMS

Overview of FY2024

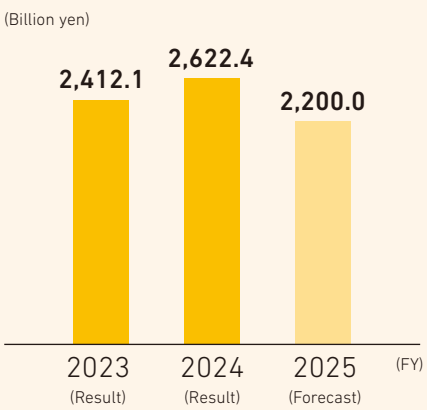
Amid rising power demand and decarbonization, orders for GTCC expanded in line with market growth. Orders also increased related to steam power, supported by steady maintenance service demand, as well as for aero engines alongside recovery in demand related to commercial aviation. As a result, consolidated orders received came to ¥2,622.4 billion, up from the previous year. Revenue amounted to ¥1,815.7 billion, and profit from business activities was ¥205.3 billion, both higher than the prior fiscal year thanks to growth in GTCC and aero engines. Demand for GTCC and nuclear power systems is expected to remain strong, and we will continue expanding production capacity.



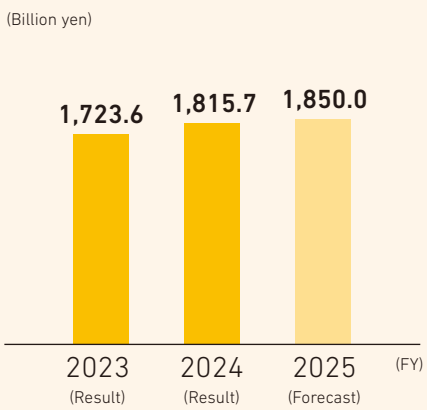
GTCC power plant in Rayong Province (Thailand)



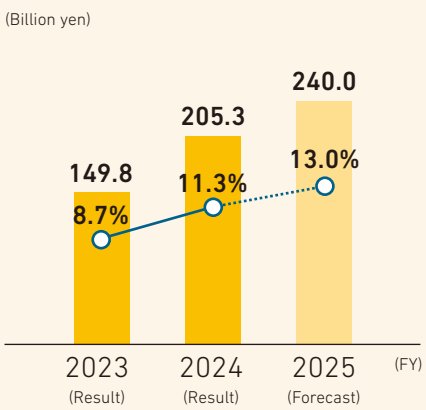
Orders Received



Revenue



Business Profit / Profit Margin



Note: FY2023 results adjusted retroactively to reflect establishment of GX Solutions on April 1, 2024

ENERGY SYSTEMS

Business Environment and Key Strategies in the Medium to Long Term

Business Environment

With the spread of renewable energy, hydrogen, and ammonia showing signs of slowdown, people are looking at pragmatic energy transition, heightening the role of natural gas. Demand for power supply to data centers is also rising, driving growth in the gas turbine market.

In Nuclear Power, the Japanese Cabinet approved the Seventh Strategic Energy Plan in February 2025. It articulates a policy of making maximum use of nuclear energy, while moving forward with concrete plans for the development and deployment of next-generation advanced reactors. MHI Group is responding flexibly to market changes through a wide range of solutions, including high-efficiency gas turbines, hydrogen-fired gas turbines, biomass boilers, and nuclear power systems. By doing so, we are capturing and creating new business opportunities and actively promoting pragmatic energy transition tailored to regional characteristics.

Business Status

Gas & Steam Power Business

Against the backdrop of rising electricity demand and the trend toward decarbonization, demand for gas-fired power has been increasing. We have received many orders for gas turbines from multiple regions, including North America and the Middle East. Our gas turbines boast world-class levels of efficiency and output. The J-Series, for example, has accumulated more than three million operating hours, and customers value their high reliability. It is also scalable, allowing for future installation of CO_2 capture equipment and conversion to hydrogen-firing. In large gas turbines (over 100 MW) and across all capacity ranges, we secured the world's top market share over the three-year period from 2022 to 2024. Going forward, we will expand production facilities and other resources to meet growing market needs.

At the GTCC validation facility (rated output: 566 MW) in Takasago Hydrogen Park, we successfully conducted demonstration tests using the latest JAC gas turbine with a turbine inlet temperature of 1,650˚C. The tests, conducted at both partial and full loads, utilized a mixed fuel containing 30% hydrogen blended with natural gas. Going forward, we will also conduct demonstration tests of hydrogen co-firing at levels exceeding 30%, with the goal of commercializing 100% hydrogen-fueled gas turbines from 2030 onward. We will continue making full use of Takasago Hydrogen Park, which enables integrated demonstration tests, from hydrogen production to storage and utilization (power generation). In the process, we will establish next-generation hydrogen production technologies and hydrogen-fired gas turbine technology to help realize a future carbon-neutral society.

Meanwhile, demand for services related to steam power has been firm. As the need for stable electricity supply and decarbonization differs from region to region, we propose solutions tailored to local conditions. In FY2024, we completed development of ammonia single-fuel burners for boilers, aimed at reducing CO_2 emissions from coal-fired power plants. We will continue targeting social applications for this technology. We are also making proposals for efficiency upgrades and other maintenance services to help reduce CO_2 emissions.

Nuclear Power Business

In the domestic nuclear power business, we are working to restart existing light water reactor plants, install specified severe accident management facilities (Specialized Security Facilities), and prepare for the completion of a fuel cycle facility's construction. With 12 PWR[1] plants already commissioned and in stable operation, we are contributing to the stable and low-cost supply of electric power.
In FY2024, we received an order to manufacture and replace reactor internals for Kansai Electric Power's Takahama Nuclear Power Station (Unit 1 and Unit 2). Recently, based on our track record in restarting PWR plants and installing Specialized Security Facilities, we have received a number of requests from BWR[2] electric utilities for support in regard to restarting BWR plants and installing Specialized Security Facilities. In addition, with a view to helping realize carbon neutrality and stable energy supply, we have been working with four PWR electric utilities[3] on the joint development and design of the Advanced Light Water Reactor SRZ-1200, which will achieve the world's highest standards of safety, aiming for practical implementation in the 2030s. The basic design for the standard plant has been largely completed. Once a specific construction site is determined, we will proceed with basic and detailed designs of individual plants, with the aim of achieving early commercialization.

To meet increasingly diverse social needs in the future, we are proceeding with development of various technologies. These include small light water reactors as distributed power sources, high-temperature gas-cooled reactors that can contribute to large-scale and stable hydrogen production, and fast reactors that help reduce both the volume and toxicity of radioactive waste. With government

ENERGY SYSTEMS

assistance, we are aiming for practical implementation of these technologies around 2040. In FY2023, MHI was selected as the core company for the design and development of a demonstration fast reactor and a high-temperature gas-cooled demonstration reactor, both promoted by the Japanese government.

1 PWR: Pressurized water reactor
2 BWR: Boiling water reactor
3 Hokkaido Electric Power, Kansai Electric Power, Shikoku Electric Power, and Kyushu Electric Power

Aero Engines/Compressors/Marine Machinery

The aftermarket for aero engines is expanding, supported by strong air travel demand. The second phase of the Nagasaki Plant expansion was completed in February 2024 to meet growing demand for engine components for short- and medium-haul passenger aircraft. We are beginning operations with the introduction of cutting-edge automation and labor-saving technologies, as we work toward achieving integrated manufacturing of combustors and expanding annual capacity to 1,500 units.

In compressors, we look forward to growth, particularly in such decarbonization fields as CCS and fuel ammonia. Backed by our strong track record in supplying compressors for oil and gas and petrochemical plants, we are actively addressing demand for decarbonized ethylene, ammonia, and LNG plants, particularly in North America and the Middle East. At the same time, we are advancing product development to address new needs related to CCS and hydrogen.

In the marine machinery sector, we are managing our business by maintaining and increasing our market share in the new building market and expanding our after-sales business.

In response to the introduction of energy-efficiency regulations for vessels in service and the International Maritime Organization's adoption of an accelerated zero greenhouse gas (GHG) emissions target, we promote solutions for the energy-saving systems market and the fuel conversion retrofitting market to meet growing demand for reducing CO_2 and other GHG emissions.

FOCUS

Successful completion of the world's largest 50% hydrogen blending demonstration with Georgia Power in the United States

In June 2025, Mitsubishi Power Americas, Inc., our U.S. subsidiary, together with Georgia Power, successfully conducted a combustion demonstration using 50% hydrogen blended fuel. The test was carried out at Georgia Power's Plant McDonough-Atkinson in Smyrna, Georgia, with an M501GAC natural-gas-fired gas turbine, under both partial- and full-load conditions. This represents the world's largest-scale achievement for high-efficiency, large-scale GTCC power generation facilities. Blending with 50% hydrogen enables CO_2 emissions to be reduced by around 22% compared with burning 100% natural gas.

Together with its partners, MHI Group is accelerating the development and demonstration of hydrogen power generation technologies. By delivering highly reliable products, we aim to foster stable power supplies worldwide and the early realization of a carbon-neutral society.



Plant McDonough-Atkinson (photo courtesy of Georgia Power)

Completion of outer vertical target prototype for the ITER fusion experimental reactor divertor

Since June 2020, together with the National Institutes for Quantum Science and Technology (QST), we have been working on the production of a prototype of the outer vertical target (OVT), a key component of the divertor for the ITER fusion experimental reactor currently under construction in southern France. In 2023, the OVT's high-heat load test specimen was certified by the ITER Organization. MHI has now completed a prototype that will be a full-scale mock-up of the OVT and is ready for series production. The divertor is one of the most crucial components in magnetic field confined fusion reactors, such as tokamaks. It plays an important role in sustaining stable fusion reactions by removing unburned fuel from the plasma core, as well as impurities, such as helium, generated in the fusion process.

MHI is proceeding with the production of the OVT that QST will supply to ITER, with plans to deliver six units starting in FY2025. With the completion of this prototype, we aim to further contribute to the ITER project—an important initiative for the sustainable development of the world—through collaboration among Japan's industry, academia, and government.



Exterior view of OVT prototype

PLANTS & SYSTEMS INFRASTRUCTURE



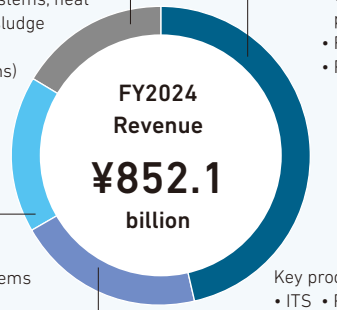
Overview of FY2024

Amid the trend towards decarbonization, consolidated orders received amounted to ¥1,000.2 billion, surpassing the previous year's figure, owing to factors such as increased demand for metals machinery in Europe and overall demand for machinery systems and commercial ships. Revenue totaled ¥852.1 billion, up from the previous year, driven by growth in sales of metals machinery, commercial ships, and machinery systems.

Profit from business activities rose to ¥59.6 billion, reflecting higher profit from metals machinery, machinery systems, and engineering.



Large electric arc furnace (EAF Ultimate)



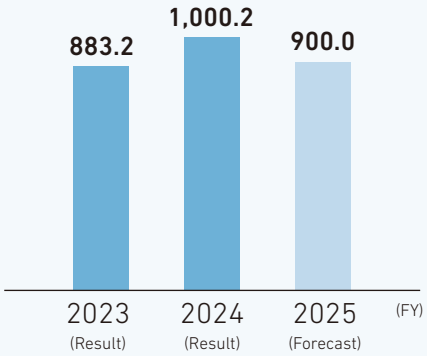
Others
¥146.8 billion
Key products and services
- (Commercial ships) Ferries, general commercial ships, special purpose ships, shipbuilding engineering
- (Environmental systems) Air quality control systems, waste-to-energy systems, heat recovery systems, sludge treatment systems
- (CO_2 capture systems) CO_2 capture plants

Metals Machinery
¥395.2 billion
Key products and services
- Ironmaking plants
- Steelmaking plants
- Continuous casting plants
- Rolling mills
- Processing lines

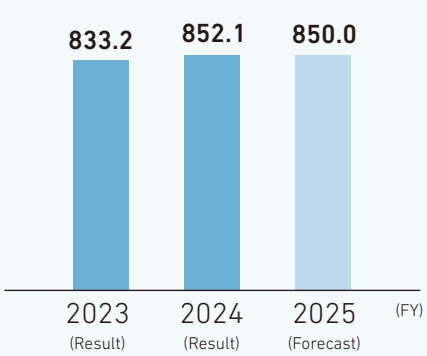
Engineering
¥137.8 billion
Key products and services
- Transportation systems
- Chemical plants

Machinery Systems
¥172.3 billion
Key products and services
- ITS
- Parking systems
- Machinery systems & Hydraulic machinery
- Structures
- Precision mechanics
- Paper converting machinery

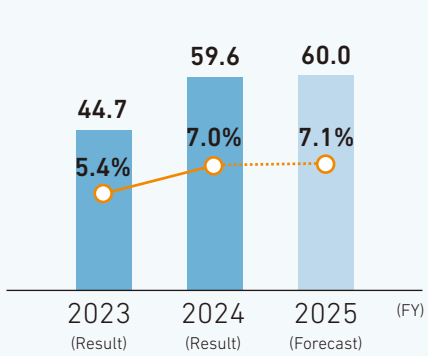
Orders Received



Revenue



Business Profit / Profit Margin



Note: FY2023 results adjusted retroactively to reflect establishment of GX Solutions on April 1, 2024

PLANTS & INFRASTRUCTURE SYSTEMS

Business Environment and Key Strategies in the Medium to Long Term

To address growing expectations about realizing a carbon-neutral society and the need for efficiency, automation, and manpower-saving through digital transformation (DX), we are developing a diverse range of products and expanding our business to address environmental challenges and meet social needs. We will also create new business opportunities by licensing core technologies, forming partnerships, promoting IT and digitalization, and responding flexibly to the rapidly changing market.

In metals machinery, we anticipate investment growth in the United States, driven by large-scale projects, as well as in India and Southeast Asia, where manufacturers are strengthening production. As a decarbonization solution, we are developing proprietary technologies, such as a direct reduction process that enables production of steel using 100% hydrogen. At the same time, we are expanding our product lineup to meet wide-ranging customer needs.

In machinery systems, we are focusing our efforts on mobility and testing equipment, as well as industrial solutions. With respect to mobility and testing equipment, we are engaged in infrastructure essential for supporting autonomous driving, as well as in various testing facilities that aid mobility development. In industrial solutions, we are deploying DX to promote manpower-saving and automation while working to expand after-sales services.

In engineering, we are working to attract new orders for transportation systems, focusing on growing demand in North America and Asia. At the same time, we are strengthening our O&M and service capabilities through proposal-based sales for systems already delivered. In chemical plants, we are focusing on conventional plants, such as fertilizers and ammonia, as well as on high-performance chemicals. At the same time, we are developing key technologies, including ammonia decomposition systems and bioethanol membrane separation and dehydration systems.

In commercial ships, we are working to provide LNG fuel supply systems and develop ammonia fuel handling systems and liquefied CO_2 handling systems in response to tightening environmental regulations aimed at decarbonization. We are also working to build environmentally friendly vessels fueled by LNG and methanol to replace heavy oil. To address expected growth in demand for patrol vessels used in coastal security in light of international circumstances, we are working to enhance our shipbuilding capacity and otherwise expand our business in this area.

In environmental systems, we are striving to realize a recycling-oriented society. We have a proven track record in delivering waste-to-energy plants that achieve high-efficiency power generation by utilizing steam generated during waste incineration. We are also developing CCU[1], methane fermentation, and other technologies at waste-to-energy plants. To address social issues such as labor shortages arising from the declining birth rate and aging population in developed countries including Japan and Singapore, we will deploy our MaiDAS® AI-based remote monitoring and operation support system for waste-to-energy plants to optimize their operation and maintenance.

In CO_2 capture systems, we have commenced operations at a plant in Europe using our licensed technology. To strengthen our ability to address Japan's expanding CCUS[2] market, we concluded a collaboration agreement with a major engineering company concerning the licensing of our technology. At a newly established CO_2 capture pilot plant at Kansai Electric Power's Himeji No. 2 Power Station, we are accelerating the development and demonstration of next-generation CO_2 capture technologies. Through these efforts, we aim to strengthen the competitiveness of our proprietary technologies and products while driving business growth.

1 CCU: Carbon dioxide Capture and Utilization
2 CCUS: Carbon dioxide Capture, Utilization and Storage

FOCUS

Launch of "Prismo," a new brand eco-friendly next generation AGT[1]

In May 2025, we launched our new Prismo fully automated driverless vehicle system. Prismo features our newly developed energy management system for the first time, combining rapid charging at stations with regenerative energy storage during operation to enhance energy efficiency. By incorporating a next-generation storage module, Prismo achieves approximately 10% lower energy consumption and about 10% lower CO_2 emissions compared with our conventional systems. Even during power outages, it can continue running and safely carry passengers to the next station without disruption. In addition, the adoption of a center guidance system[2] reduces infrastructure construction costs while improving visual appeal. Furthermore, the vehicle bodies are manufactured at our Mihara Machinery Works[3], enabling us to reduce CO_2 emissions during manufacturing and construction by more than 40% compared with conventional methods.

Through the provision of Prismo, we will enhance urban transportation to help realize a carbon-neutral society.

1 AGT: Automated Guideway Transit
2 In a center guidance system, the guide rails are located underneath the vehicle in the center, rather than at the sides. This halves the number of guide rails installed during construction, while also allowing for a slimmer track width and reduced costs.
3 Called "Carbon Neutral Transition Hub Mihara," this plant covers all of its electricity needs with on-site solar power generation, thereby reducing its CO_2 emissions by 97.5%.



LOGISTICS, THERMAL & DRIVE SYSTEMS



Overview of FY2024

Consolidated orders received totaled ¥1,330.5 billion, slightly above the previous year. Driven by growing demand in Southeast Asia and other regions, orders for HVAC systems increased, and engine orders also rose, mainly for data centers.

Revenue totaled ¥1,307.1 billion, mostly unchanged year on year. Sales of HVAC systems and engines increased, while sales of material handling systems declined.

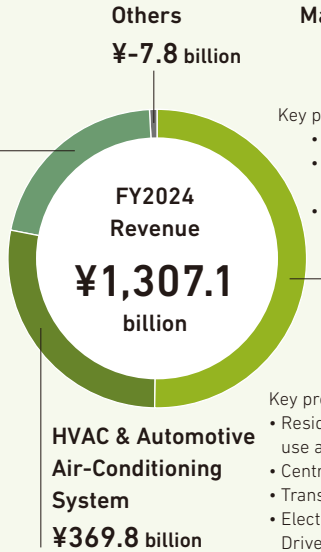
Profit from business activities was ¥49.3 billion, below the previous year, in part due to a decline in material handling systems and turbochargers.



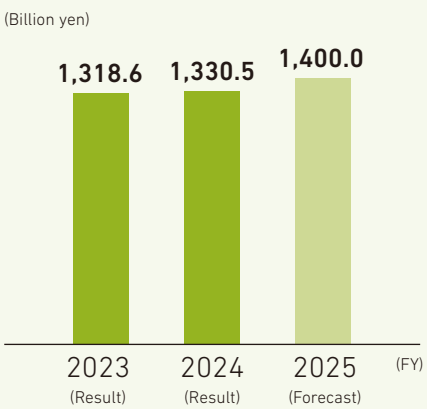
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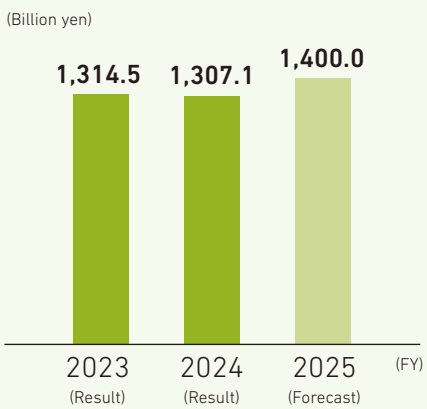
Multi-Split system air-conditioner for building use (LXZ Series)



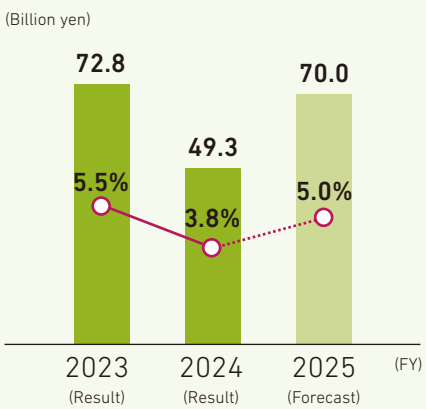
Orders Received



Revenue



Business Profit / Profit Margin



Note: This report does not reflect the impact of our announcement on September 30, 2025, entitled "Notice Regarding the Execution of a Contract to take the Company's Consolidated Subsidiary Mitsubishi Logisnext Co., Ltd. Private and the (Planned) Transfer of a Consolidated Subsidiary."

LOGISTICS, THERMAL & DRIVE SYSTEMS

Business Environment and Key Strategies in the Medium to Long Term

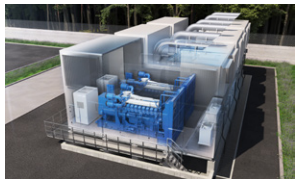
We provide technologies and services that contribute to richer living and the realization of a sustainable society across the various stages of people's lives. In addition to pursuing revenue growth in the markets targeted by each business, we will focus on such areas as decarbonization, energy saving, and intelligence/automation in response to rising environmental awareness and technological innovation.

Domestic demand for material handling systems has remained stable and firm. Overseas, we had expected demand in the United States to recover as inventory adjustments were nearly complete, but demand is trending downward due to economic uncertainty stemming from tariff policies. Meanwhile, demand in Europe is gradually recovering, while demand in Asia and China remains relatively firm. However, competition in these regions is intensifying due to the proliferation of Chinese products. In this environment, we are working to improve profitability by strengthening our services business, reducing fixed costs, and optimizing pricing. We are also taking steps to meet logistics market needs in such areas as safety and security, automation and autonomy, and decarbonization. These include supporting safety at customer logistics sites, providing logistics solutions, and expanding our lineup of battery-powered vehicles.

In thermal systems, demand for air-conditioning equipment has been sluggish in certain regions due to changes in Europe's energy demand and a downturn in China's real estate sector. However, demand is expanding in Asian markets outside of China. Demand for large-scale refrigeration systems is also growing, driven by increased capital investment in semiconductor plants, district heating and cooling, and other large facilities. Over the medium to long term, the thermal systems market is expected to expand, supported by economic growth in emerging countries, tighter environmental regulations, and rising energy-saving awareness. We will broaden our lineup of products tailored to the needs of each region and develop natural refrigerants and low-impact products. By doing so, we aim to expand our business while meeting social needs.

In automotive air conditioners, the global progress of environmental measures is expected to drive market expansion for electrified vehicles over the medium to long term. Accordingly, we anticipate growth in demand for high-value-added electric compressors, an area in which we are actively engaged. By focusing on high efficiency, low noise, high-speed operation, and low cost, we will enhance the value of existing products while meeting customer needs.

In engines, the global increase in data traffic is driving demand for backup power systems for data centers. To help realize a low- and zero-carbon society, we are expanding sales of gas engines for the global market and hybrid power generation systems combined with renewable energy. We recently launched hydrogen–natural gas co-firing cogeneration systems that contribute to low- and zero-carbonized distributed power. In addition, we are advancing development aimed at commercializing 100% hydrogen engines.



Emergency generation

Meanwhile, demand for turbochargers is recovering, particularly in China and North America, as global demand for electric vehicles slows. In emerging markets, meanwhile, the number of vehicles equipped with turbochargers is expected to increase for environmental reasons. In the medium to long term, we expect stricter environmental regulations to drive wider adoption of electric vehicles and fuel cell vehicles. In addition to turbochargers for hybrid vehicles, including plug-ins, we are leveraging turbocharger technology to develop electric air compressors for fuel cell vehicles.

In the solutions business, we are leveraging our ΣSynX (Sigma Syncs) platform to deploy "smart connections" and "intelligent and automated solutions" in the logistics field. In particular, the logistics industry is facing challenges such as the so-called 2024 logistics crisis and labor shortages. We are contributing to society by gradually providing solutions focused on picking, loading and unloading, and warehouse in/out operations.



Picking solution

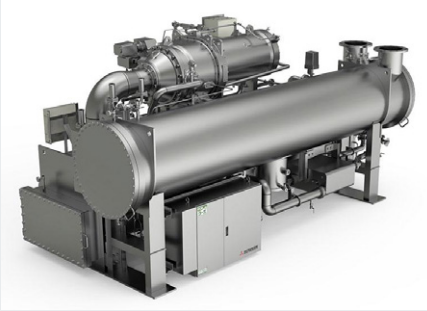
FOCUS

MHI's evolving centrifugal chiller business in Japan and overseas

Mitsubishi Heavy Industries Thermal Systems, Ltd. (MTH) provides environmentally conscious thermal solutions for everything from homes and buildings to factories and district heating and cooling systems. In recent years, its centrifugal chiller business has been expanding. In Japan, we hold the top market share, backed by many years of experience and strong technological capabilities. With the development of the large-capacity JHT-Y/JHT-YI Series centrifugal chillers using low-GWP* refrigerants, we received the Minister of the Environment Award for Climate Action 2024. Among centrifugal chillers using low-GWP refrigerants, this is the first product in Japan to achieve a capacity of up to 5,400 refrigeration tons. Overseas, we have a track record of deliveries in Singapore, Thailand, South Korea, and Saudi Arabia, and in 2024 we received an order for large centrifugal chillers for a district cooling plant in Dubai, United Arab Emirates. In addition to high refrigeration efficiency and environmental performance, our strong track record and reliable after-sales service helped secure the order.

MTH will continue providing highly energy-efficient centrifugal chillers to meet growing demand in Japan and overseas.

* GWP (global warming potential): A measure of global warming impact using CO_2 as 1; the smaller the value, the lower the greenhouse effect and the better the environmental performance.



Centrifugal chiller (JHT-Y/JHT-YI Series)

AIRCRAFT, DEFENSE & SPACE



©JAXA

Overview of FY2024

Consolidated orders received totaled ¥2,100.1 billion, up from the previous year, mainly due to an increase in orders for naval ships and space systems in response to expansion of Japan's Defense Buildup Program, as well as higher orders for commercial aviation.

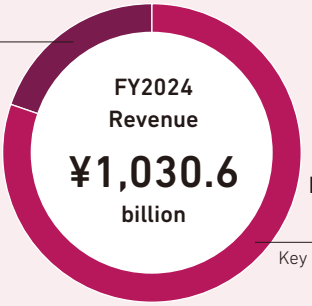
Revenue totaled ¥1,030.6 billion, up year on year, driven by increased sales of defense-related offerings, such as missile systems and defense aircraft, as well as higher sales of commercial aviation.

Profit from business activities was ¥99.9 billion, surpassing the previous year's figure, driven by higher sales of defense-related products, such as missile systems and defense aircraft.


Main wings of Boeing 787

Commercial Aviation
¥203.0 billion

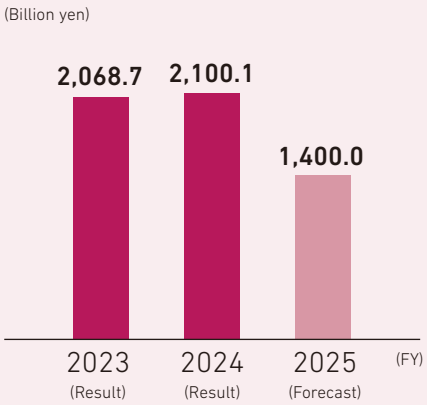
Key products and services
- Commercial aviation (Aerostructure Tier 1 business, Aftermarket business)



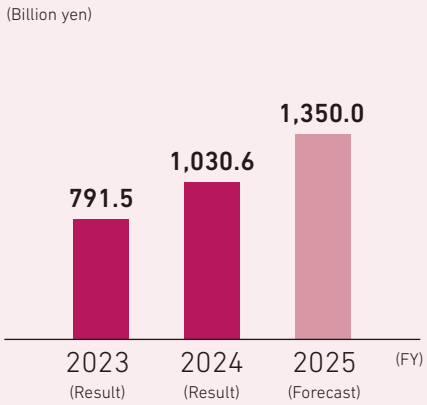
Integrated Defense & Space
¥827.6 billion

Key products and services
- Defense aircraft
- Missile systems
- Naval ships
- Maritime systems (torpedoes)
- Special vehicles (tanks)
- Space systems

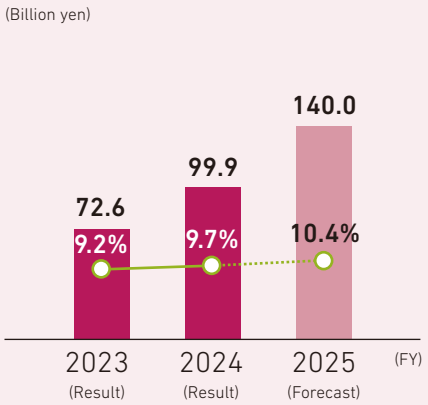
Orders Received



Revenue



Business Profit / Profit Margin



AIRCRAFT, DEFENSE & SPACE

Business Environment and Key Strategies in the Medium to Long Term

Business Environment

In the commercial aviation field, passenger demand is expected to expand over the long term in line with economic growth. Due to production restrictions on certain models stemming from quality issues, as well as supply chain constraints caused by industry-wide labor shortages, the number of aircraft produced has stagnated, causing aircraft manufacturers' order backlogs to reach record-high levels. Despite concerns about government policies in various countries, we expect the numbers of aircraft in production and operation to increase, backed by strong demand. In addition, we anticipate progress in the industry, including the introduction of SAF[1] and electrification in response to carbon-reduction efforts, as well as the social implementation of advanced air mobility, such as unmanned aerial vehicles and passenger drones.

In the defense field, in response to the growing momentum for strengthening national security, Japan's Defense Buildup Program has been significantly expanded. To fundamentally reinforce the nation's defense capabilities, the Japanese government is concentrating budget allocations on seven priority areas set out in the Defense Buildup Program. These include fields where MHI has traditionally held a very high market share, as well as areas where our products and technological expertise can make contributions.

In the space field, demand for launch vehicles is expanding against the backdrop of growing utilization of space worldwide. Expectations are high among domestic and overseas satellite operators particularly with respect to the H3, Japan's latest mainstay launch vehicle.

1 SAF: Sustainable Aviation Fuel

Business Status

In the aerostructure Tier 1 business of the commercial aviation sector, we will continue digitalization of the design, manufacturing, and certification processes of aircraft. We will also pursue participation in new programs by promoting R&D in such areas as advanced composite materials and automation to achieve high-rate production. In the aftermarket business, we will further improve the productivity of our existing MRO[2] operations, primarily focused on CRJ. We will also work to expand business scale and improve profitability by capturing demand for services for other aircraft models, expanding our CR&O[3] business, increasing the sales of used parts, and deploying AI to support airline operations. In addition, we will accelerate the integration of our multiple operations in North America, the largest market in the aviation industry, so that we can capture a pool of new customers, including through collaboration with start-up companies, and expand our business beyond our current boundary. We are also working to pioneer new business domains. Leveraging technologies cultivated through our past aircraft development and manufacturing activities, we are advancing the development of dual-use unmanned aerial vehicles that can serve both civilian and defense applications.

In the defense business, we received several major orders, including for stand-off defense capabilities, an Aegis system equipped vessel (ASEV), and new frigates—testament to the role we are expected to play in strengthening national security. In addition, we will continue supporting a safe and secure society by enhancing unmanned defense capabilities, improving the performance of existing equipment, and expanding into peripheral fields.

In the space business, the H3 Launch Vehicle No. 3 successfully placed a practical satellite into orbit for the first time, marking an important step toward full-scale deployment. We will continue working in cooperation with our partners to build on this success and contribute to society.

2 MRO: Maintenance, Repair and Overhaul
3 CR&O: Component Repair and Overhaul

FOCUS

Transition from Japan's mainstay launch vehicle H-IIA to the H3

The H-IIA Launch Vehicle No. 50 (H-IIA F50), the final flight of the H-IIA program, carrying the "Global Observing SATellite for Greenhouse gases and Water cycle," IBUKI-GW (GOSAT-GW), was launched at 1:33:03 a.m. JST on Sunday, June 29, 2025. The H-IIA flew as planned and successfully placed IBUKI-GW into its designated orbit, bringing the H-IIA program to a fitting conclusion. Since the first launch in 2001, the H-IIA/H-IIB program has achieved 53 consecutive successful launches for a 98.3% success rate, a level that exceeds international standards.

With the retirement of H-IIA, Japan's mainstay large-scale launch vehicle program will transition to its successor, the H3. Since its Test Flight No. 2 in February 2024, the H3 has achieved four consecutive successful launches. Going forward, the H3 will support Japan's increasingly important space activities, including intelligence gathering, Earth observation, broadcasting and communications, scientific exploration, and international cooperation. In addition to domestic missions, we aim to become a key player in the expanding global satellite launch services market by consistently delivering successful launches and earning the trust of our customers.



H-IIA Launch Vehicle No. 50

Introducing Members of the Board As of July 1, 2025



Chairman of the Board

Seiji Izumisawa

(DOB: September 3, 1957)

Number of years in office: 8 years
Number of MHI shares owned:
315,800 shares

Career summary

Apr. 1981 Joined MHI
Apr. 2008 Senior General Manager, Technology Management Department of Technical Headquarters
Apr. 2011 Senior General Technology Management Department of Technology & Innovation Headquarters
Apr. 2013 Senior Executive Officer, Mitsubishi Motors Corporation
Jun. 2013 Director, Mitsubishi Motors Corporation
Apr. 2016 Senior Vice President, Senior General Manager, Technology Strategy Office
Jun. 2017 Director (Member of the Board), Full-time Audit and Supervisory Committee Member
Jun. 2018 Director (Member of the Board), Executive Vice President, CSO[1]
Apr. 2019 President and CEO[2] (Member of the Board), CSO
Apr. 2020 President and CEO (Member of the Board)
Apr. 2025 Chairman of the Board (Present position)



President and CEO

Eisaku Ito

(DOB: October 19, 1963)

Number of years in office: Newly appointed
Number of MHI shares owned:
148,100 shares

Career summary

Apr. 1987 Joined MHI
Apr. 2016 General Manager, Business Intelligence & Innovation Department of Marketing & Innovation Headquarters
Apr. 2018 Fellow, Deputy Head of Research & Innovation Center
Apr. 2019 Senior Vice President, CoCTO
Apr. 2020 Executive Vice President, CTO[3]
Apr. 2022 Executive Vice President, CTO, CoCSO
Apr. 2025 President and CEO
Jun. 2025 President and CEO (Member of the Board) (Present positions)



Director, Executive Vice President, CSO

Masayuki Suematsu

(DOB: August 25, 1963)

Number of years in office: Newly appointed
Number of MHI shares owned:
65,300 shares

Career summary

Apr. 1986 Joined MHI
Jan. 2016 CEO, President, Mitsubishi Mahindra Agricultural Machinery Co., Ltd.
Apr. 2019 Senior Vice President, Head of Business Strategy Office
Apr. 2022 Senior Vice President, Head of Business Strategy Office, Vice President, Logistics, Thermal & Drive Systems
Apr. 2023 Executive Vice President, CSO
Jun. 2025 Director (Member of the Board), Executive Vice President, CSO (Present positions)



Director, Senior Vice President, CFO[4]

Hiroshi Nishio

(DOB: January 5, 1968)

Number of years in office: Newly appointed
Number of MHI shares owned:
4,600 shares

Career summary

Apr. 1990 Joined MHI
Jan. 2020 Executive Vice President, Mitsubishi Heavy Industries America, Inc.
Apr. 2022 Senior General Manager, Financial Planning Division
Apr. 2025 Senior Fellow, CoCFO
Jun. 2025 Director (Member of the Board), Senior Vice President, CFO (Present positions)



Director Outside Independent

Ken Kobayashi

(DOB: February 14, 1949)

Number of years in office: 9 years
Number of MHI shares owned:
24,000 shares

Career summary

Jul. 1971 Joined Mitsubishi Corporation
Jun. 2007 Member of the Board, Executive Vice President, Mitsubishi Corporation
Jun. 2008 Executive Vice President, Mitsubishi Corporation
Apr. 2010 Senior Executive Vice President, Mitsubishi Corporation
Jun. 2010 Member of the Board, President and CEO, Mitsubishi Corporation
Apr. 2016 Chairman of the Board, Mitsubishi Corporation
Jun. 2016 Director (Member of the Board), MHI (Present position)
Apr. 2022 Member of the Board, Corporate Advisor, Mitsubishi Corporation
Jun. 2022 Corporate Advisor, Mitsubishi Corporation (Present position)



Director Outside Independent

Nobuyuki Hirano

(DOB: October 23, 1951)

Number of years in office: 6 years
Number of MHI shares owned:
37,200 shares

Career summary

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

1 CSO: Chief Strategy Officer
2 CEO: Chief Executive Officer
3 CTO: Chief Technology Officer
4 CFO: Chief Financial Officer

Note: "Number of years in office" is calculated as of the conclusion of the General Meeting of Shareholders on June 27, 2025; "Number of MHI shares owned" is as of May 31, 2025

Introducing Members of the Board



Director Outside Independent

Mitsuhiro Furusawa

(DOB: February 20, 1956)

Number of years in office: 2 years
Number of MHI shares owned:
5,500 shares

Career summary

Apr. 1979	Joined Ministry of Finance
Aug. 2012	Director-General of the Financial Bureau, Ministry of Finance
Mar. 2013	Vice Minister of Finance for International Affairs, Ministry of Finance
Jul. 2014	Special Advisor to the Prime Minister, Special Advisor to the Minister of Finance
Mar. 2015	Deputy Managing Director, the International Monetary Fund (IMF)
Dec. 2021	President, Institute for Global Financial Affairs, Sumitomo Mitsui Banking Corporation (Present position)
Jun. 2023	Director (Member of the Board), MHI (Present position)



Director
Full-time Audit and Supervisory Committee Member

Masayuki Fujisawa

(DOB: August 23, 1960)

Number of years in office: 1 year
Number of MHI shares owned:
68,400 shares

Career summary

Apr. 1983	Joined MHI
Apr. 2017	Vice President, Power Systems
Oct. 2018	Senior Vice President, Vice President, Power Systems
Apr. 2020	Director, Executive Vice President, CFO and CAO[5], Mitsubishi Hitachi Power Systems, Ltd.
Sept. 2020	Director, Executive Vice President, CFO and CAO, Mitsubishi Power, Ltd.
Apr. 2021	Director, Executive Vice President, CSO, CFO and CAO, Mitsubishi Power, Ltd.
Oct. 2021	Senior Vice President, Vice President, Energy Systems
Jun. 2024	Director (Member of the Board), Full-time Audit and Supervisory Committee Member (Present positions)



Director
Full-time Audit and Supervisory Committee Member

Hisato Kozawa

(DOB: April 2, 1962)

Number of years in office: 5 years
Number of MHI shares owned:
97,500 shares

Career summary

Apr. 1986	Joined MHI
Oct. 2019	Senior Vice President, CoCFO
Apr. 2020	Senior Vice President, CFO
Jun. 2020	Director (Member of the Board), Senior Vice President, CFO
Apr. 2021	Director (Member of the Board), Executive Vice President, CFO
Jun. 2025	Director (Member of the Board), Full-time Audit and Supervisory Committee Member (Present positions)



Director Outside Independent
Audit and Supervisory Committee Member

Hiroo Unoura

(DOB: January 13, 1949)

Number of years in office: 6 years
Number of MHI shares owned:
43,900 shares

Career summary

Apr. 1973	Joined Nippon Telegraph and Telephone Public Corporation (NTT)
Jun. 2002	Senior Vice President, Member of the Board, NTT
Jun. 2007	Executive Vice President, Member of the Board, NTT
Jun. 2008	Senior Executive Vice President, Representative Member of the Board, NTT
Jun. 2012	President and Chief Executive Officer, Representative Member of the Board, NTT
Jun. 2018	Advisor, NTT
Jun. 2019	Director (Member of the Board), Audit and Supervisory Committee Member, MHI (Present positions)
Jul. 2021	Senior Advisor, NTT
Jul. 2025	Senior Advisor, NTT, Inc. (Present position)



Director Outside Independent
Audit and Supervisory Committee Member

Noriko Morikawa

(DOB: October 18, 1958)

Number of years in office: 5 years
Number of MHI shares owned:
6,100 shares

Career summary

Apr. 1981	Joined CHORI CO., LTD.
Aug. 1988	Joined Daiwa Securities America, Inc.
Sept. 1991	Joined ARTHUR ANDERSEN & CO.
Mar. 1995	Joined Motorola Inc.
Mar. 2005	Director of the Board, Motorola Inc.
Jun. 2009	Joined Bosch Corporation
Aug. 2010	Executive Vice President and Director, Bosch Corporation (until December 2018)
Jun. 2020	Director (Member of the Board), MHI
Jun. 2021	Director (Member of the Board), Audit and Supervisory Committee Member, MHI (Present positions)



Director Outside Independent
Audit and Supervisory Committee Member

Masako Ii

(DOB: February 8, 1963)

Number of years in office: 4 years
Number of MHI shares owned:
7,800 shares

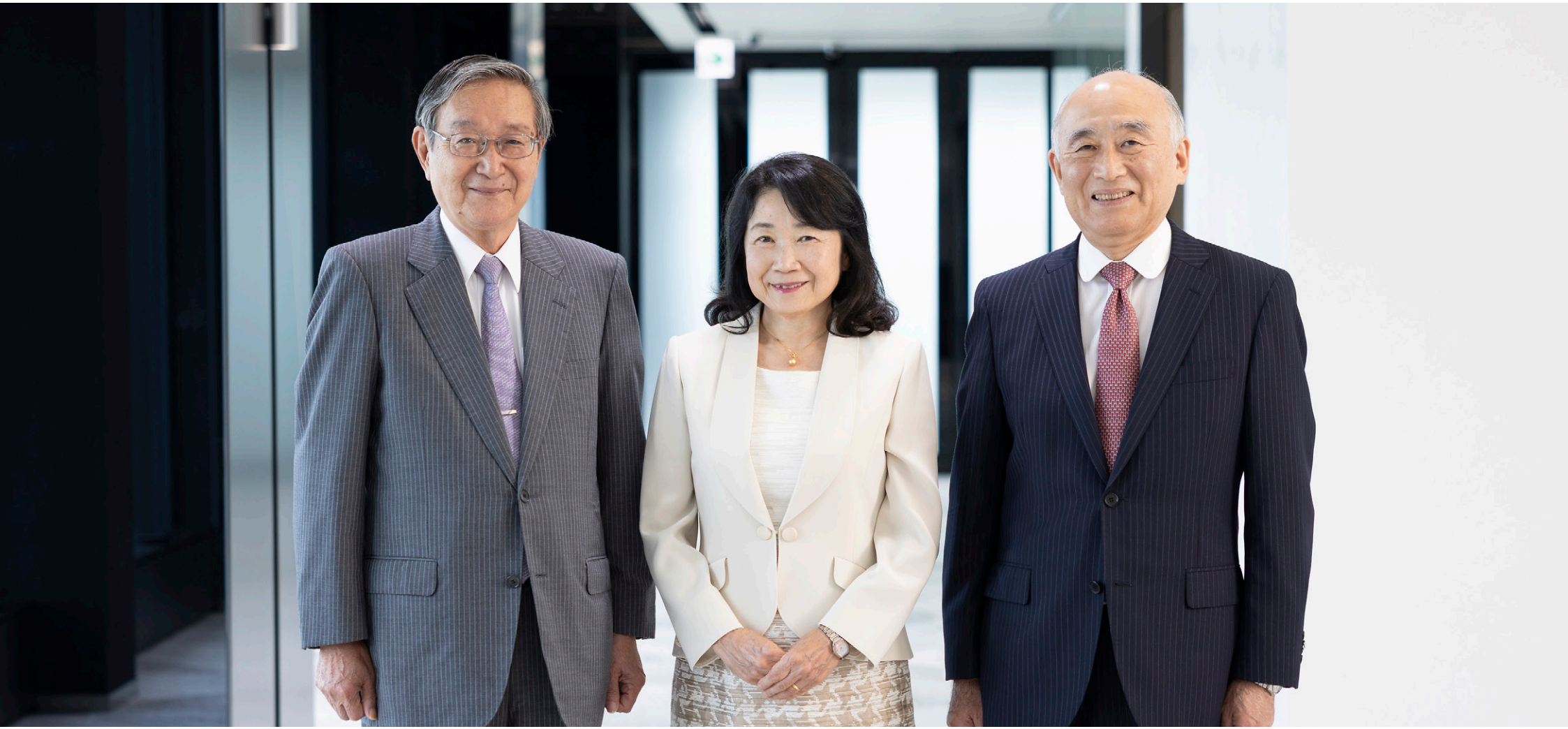
Career summary

Jul. 1990	Researcher, The World Bank
Apr. 1995	Associate Professor, Department of Economics, Yokohama National University
Apr. 2004	Professor, Graduate School of International Corporate Strategy, Hitotsubashi University Business School
Apr. 2005	Professor, School of International and Public Policy, Hitotsubashi University (Present position) Professor, Graduate School of Economics/Faculty of Economics, Hitotsubashi University (Present position)
Jun. 2021	Director (Member of the Board), Audit and Supervisory Committee Member, MHI (Present positions)

5 CAO: Chief Administrative Officer

Roundtable Discussion with Outside Directors

Ten years since transitioning to an Audit and Supervisory Committee structure, MHI continues to pursue a governance framework that supports sustained growth and the enhancement of corporate value



Hiroo Unoura
Director
Audit and Supervisory Committee Member

Noriko Morikawa
Director
Audit and Supervisory Committee Member

Mitsuhiro Furusawa
Director

Roundtable Discussion with Outside Directors

In 2015, MHI became one of the first companies to transition to the Audit and Supervisory Committee structure. Ten years on, the governance framework of MHI Group has continued to evolve. To mark this milestone, we held a roundtable with three outside directors to reflect on the journey so far, and to discuss the outlook going forward.



Facilitator

Hideo Tsukamoto

(Partner Attorney, Anderson Mori & Tomotsune)

Profile

2004: Registered as an attorney
2010–2013: Seconded to Civil Affairs Bureau of Ministry of Justice (where he was involved in drafting provisions related to companies with an Audit and Supervisory Committee as part of the planning and formulation of the 2014 amendment to the Companies Act)
2017–2022: Served as member of the Ministry of Economy, Trade and Industry's (METI's) Corporate Governance System (CGS) Study Group (Phase II and III)
2024–2025: Serves as a member of METI's Study Group on Corporate Governance toward the Enhancement of Earning Power

Early Transition to the Audit and Supervisory Committee Structure
Faster decision-making to succeed on the global stage

Tsukamoto June 2025 marks the 10th anniversary of MHI's transition to the Audit and Supervisory Committee structure. Today, among the three types of governance structure available in Japan, companies adopting the Audit and Supervisory Committee structure now make up the majority of TSE Prime Market listings. However, few companies—particularly global players like MHI—chose to make the transition at that time, which was immediately after the amended Companies Act came into effect. As such, MHI's decision had a significant impact on many Japanese companies. Could you tell us how your approach to governance has changed since then, including the background and objectives of the transition?

Morikawa Around 10 years ago, MHI Group was at a turning point, shifting from a business largely centered on the domestic market to pursuing global expansion in search of new growth opportunities. To compete on equal or better terms with domestic and international rivals, they transitioned to the Audit and Supervisory Committee structure with the primary objective of accelerating decision-making processes.

Because this was a new system that of course had no precedents, our management team at the time—together with the outside directors—was determined to become a role model for other companies. I understand they engaged in repeated discussions and, based on the new structure, formulated intelligent management decision processes, as well as an approach to auditing that differed from the conventional statutory auditor system.

Tsukamoto Under the Audit and Supervisory Committee structure, important business execution decisions may be delegated by the Board of Directors to individual directors if stipulated as such in the Articles of Incorporation. I understand that MHI has delegated authority in this way to accelerate decision-making, preferring a monitoring model in which the Board focuses primarily on supervising management. Is that correct?

Unoura Even before making the transition to the current structure, they sought to separate supervision and execution functions while accelerating management decision-making, but there were limits to what could be achieved.

For this reason, when the transition was made in 2015, they also undertook a major revision of the criteria for matters that require Board approval. To accelerate decision-making, the Board limited its decisions to especially important matters. Contrastingly, the scope of reporting items was significantly expanded to maintain and strengthen the Board's supervisory function. Around the same time, they reduced the total number of directors while increasing the proportion of outside directors, which I believe has helped enhance the Board's effectiveness.

At Board meetings since the transition, each Chief Officer responsible for business or corporate functions provides status reports, accompanied by detailed explanations of the strategic direction of their organization. These are followed by lively discussions among the participants. Compared to six years ago when I first joined the Board, I feel that the content of the meetings has become even more substantial.

Furusawa Discussing medium- to long-term strategies and setting basic management policies remain important roles for the Board of Directors. In the process of formulating and announcing the 2024 Medium-Term Business Plan (MTBP), the key points were presented to the Board at an early stage. As an outside director, I was given several opportunities to provide my input during this process. Rather than waiting until the plan was finalized to seek approval, a rough outline was presented to the outside directors for

Roundtable Discussion with Outside Directors



discussion at the conceptual stage. Management took our views seriously and adjusted the plan accordingly. I believe this was an important part of the process.

Morikawa In line with Japan's Corporate Governance Code, which came into effect in 2015, the MHI Corporate Governance Guidelines were established and basic frameworks and rules related to governance were developed.

Based on the Corporate Governance Guidelines, we conduct annual evaluations of the effectiveness of the Board of Directors. These evaluations incorporate the views and concerns of each director, and a summary of the results is discussed by the Board. This has created an effective process whereby evaluations of the Board are used to improve its functionality.

In recent years, in addition to the main agenda items handled by the Board, topics for discussions held outside of Board meetings have been set out in an annual schedule. In addition to statutory matters, such as financial reporting and convening the General Meeting of Shareholders, each division submits regular status reports as Mr. Unoura mentioned. Other than Board meetings, there are various opportunities for us to deepen our understanding of MHI's businesses. These include meetings attended only by independent outside directors, roundtable sessions where engineers directly explain the company's latest technological developments, and site visits in Japan and abroad. There are also numerous opportunities for in-depth discussions on key issues. When visiting domestic and overseas sites, there are opportunities for us to interact exclusively with local young employees. This allows us, as outside directors, to gain a real understanding of the situation on the ground while providing young employees with some positive encouragement in return.

Tsukamoto How would you describe the atmosphere of Board meetings?

Furusawa While the atmosphere is quite informal, outside directors offer sharp insight and questions from diverse perspectives. In response, management provides sincere and well-considered answers, maintaining a healthy sense of constructive tension.

Briefings for outside directors, held a few days before Board meetings, play an important role in enhancing the quality of discussions. For each agenda item, the proposing division provides a detailed explanation, and outside directors ask thorough questions. By the time of the Board meeting, minutes from these briefings have been shared with the relevant parties. This enables the responsible officers to provide precise answers to outside directors' questions and clarify key points, enabling the Board to focus on only the most substantive of discussions.

Our support staff provide extensive and detailed materials that fully support discussions at Board meetings. As MHI regards transparency and accountability as its core governance principles, I feel that information is shared freely with the outside directors, and efforts are continuously made to improve this process.

Strengthening governance to drive growth

Tsukamoto MHI made the transition to the Audit and Supervisory Committee structure soon after the amended Companies' Act came into effect and has since established itself as a model case for this type of governance framework. Could you tell us about what makes MHI's Audit and Supervisory Committee unique, such as the role it plays and how it operates?

Unoura The Audit and Supervisory Committee has two full-time members who were originally MHI employees, which I feel is highly significant. In addition to attending important meetings—including those of the Executive Committee—these full-time members conduct numerous hearings with business divisions and Group companies, reporting their findings at monthly Audit and Supervisory Committee meetings. As outside members, we are able to hear these detailed reports from the full-time members. This helps deepen our understanding of MHI and our awareness of the challenges it faces.

For a company like MHI—which operates multiple businesses with complex structures—full-time Committee members are indispensable for maintaining the quality of audits. I would also like to mention that the Committee is supported by dedicated support staff drawn from different departments, who provide us with thorough assistance.

Tsukamoto How does the Audit and Supervisory Committee coordinate with the internal audit departments and the accounting auditor?

Morikawa We maintain close coordination with all of the related parties. The Audit and Supervisory Committee receives regular reports from the Management Audit Department on internal audit plans and results, and full-time Committee members exchange information with them on a monthly basis. The Committee also

receives reports on compliance and risk management from the relevant departments.

The full-time Committee members receive monthly reports from the accounting auditor, and the Committee as a whole also meets with them regularly for direct discussions. As an outside member, I find it extremely valuable to hear at length the accounting auditor's views on ongoing projects.

The Committee operates according to the annual audit plan, setting important topics each year and holding direct hearings nearly every month with the relevant departments.

Unoura At Board meetings, we tend to devote more time to growth-oriented discussions, such as the company's future vision and growth strategy, while in the Audit and Supervisory Committee, we focus more on governance matters like the monitoring of risk.

Moreover, the Board of Directors discusses issues from a broad perspective, while the Audit and Supervisory Committee examines matters from a more specific and detailed standpoint. In the case of risk management, for example, the Board identifies risks that could significantly affect the business from a management perspective and implements initiatives to enhance overall management control. Meanwhile, the Audit and Supervisory Committee delves into individual cases to assess the situation and consistently follows up on issues reported to the Board. This is just one example, but I believe these complementary roles are balanced in a way that enables MHI to take healthy risks in pursuit of sustained growth.

Nomination and remuneration process emphasizing objectivity and transparency

Tsukamoto Let's talk about the nomination and remuneration of directors. In September 2024, MHI changed the name of the Nomination and Remuneration Advisory Council—established as a non-statutory body—to the Nomination and Remuneration Committee, reviewing the body's function. What is the significance of this change?

Unoura Under the review you mentioned, it was decided that an independent outside director would serve as chairperson of the Nomination and Remuneration Committee, who would be responsible for convening and presiding over its meetings. I was appointed as the first chairperson by consensus of the members. The Committee also has the authority to draft and submit Board proposals concerning the appointment, dismissal, and remuneration of directors and key officers.

The change from an advisory council to a committee reflects the growing demand for greater transparency and objectivity in director nomination and compensation, and I believe this action appropriately addresses those needs.

Tsukamoto Mr. Ito assumed office as President and CEO in April 2025. How was the Nomination and Remuneration Committee involved in his selection?

Unoura I cannot go into detail as this concerns individual personnel matters, but even before the former advisory council was reorganized into a committee, we had been holding discussions—at the request of then-President and CEO, Mr. Izumisawa—on the qualities we should look for in a CEO. We also arranged opportunities for Committee members to have direct dialogue with prospective successors. Through this process, we reached a decision that was highly satisfactory to everyone, including the outside directors.

Furusawa I am satisfied that we devoted sufficient time and followed the necessary procedures in selecting the new CEO, ultimately appointing the best candidate. To the best of my knowledge, the process was on par with those used to appoint heads of international organizations.

Unoura I believe top management has the responsibility to identify and develop not only their immediate successor but also the



candidate who should take on the role after that. The Nomination and Remuneration Committee, led by outside directors, plays the role of appropriately monitoring whether this responsibility is being fulfilled under normal operating conditions.

At the same time, the Committee would like to make the qualities required of future outside directors a subject of discussion. As the business environment continues to change significantly, the expectations placed on MHI are also evolving. Therefore, I believe we need to discuss the skills required of the Board of Directors as well.

Enhancing governance to remain a trusted and valued company

Tsukamoto Upon assuming office, Mr. Ito announced a new management strategy, Innovative Total Optimization (ITO). As outside directors, how do you view this approach?

Unoura I regard ITO as the culmination of a management philosophy Mr. Ito has consistently pursued since his time as CTO. ITO is a strong statement of intent that reflects his personality. It is

not a mere concept, but rather a concrete methodology for achieving the 2024 MTBP and moving MHI forward to the next stage of growth. As outside directors, we will firmly support this strategy to ensure it is embraced throughout the company, enabling the creation of new value.

Morikawa In this era of complex, global-scale challenges, expectations for our technological capabilities and business domains have never been higher. I believe it is timely that Mr. Ito, someone who has a deep understanding of MHI's technologies, has assumed the presidency now. The essence of ITO lies in breaking down the internal barriers that remain in the organization in order to fully leverage the capabilities of each business to strengthen the Group as a whole. I appreciate Mr. Ito's approach, which seeks to drive this transformation not only from the top down but also through direct dialogue with frontline staff and younger employees.

Furusawa I also have a positive opinion of ITO. I can feel Mr. Ito's distinctive touch in the forward-looking message about "unlocking growth potential."



In today's age of growing uncertainty, leaders need the ability to communicate clearly with internal and external stakeholders about their companies' directions, inspiring their understanding and support. As outside directors, and as Board members, we intend to support Mr. Ito's leadership.

Tsukamoto **Finally, after 10 years of progress, could you share your views on the essence of governance at MHI Group as you see it today, as well as your aspirations for the future?**

Morikawa Over the past 10 years, both the Board of Directors and the Audit and Supervisory Committee have continued to evolve through open and honest dialogue with the executive side. The relationships of trust among the outside directors are also very strong, and there is an open atmosphere where we can immediately reach out to one another whenever needed. I believe this contributes to sound governance across the company. Looking ahead, I hope to continue supporting the new management team while serving as a conduit between external stakeholders and management, thereby assisting in the enhancement of corporate value.

Furusawa MHI Group has grown into a global organization with revenues exceeding the ¥5 trillion target set 10 years ago. Along the way, MHI has faced various headwinds—including the COVID-19 pandemic—but thanks to the governance framework established by our predecessors, MHI has overcome many challenges to become what it is today.

As a director, I aim to contribute to management by drawing from my own experience. At the same time, I hope to further enhance governance systems so that MHI Group may remain a company trusted and valued by society for many years to come.

Unoura With respect to the three types of corporate governance structure defined under the Companies Act, I do not believe any one is inherently superior to another. What is important is that each company selects the form best suited to its circumstances and continues to evolve it in its own way. A distinguishing feature of the Audit and Supervisory Committee structure is its simplicity and the high degree of flexibility available for organizational design. In MHI's case, with no precedents or hard and fast rules to constrain it, the company has evolved its governance systems into an optimal form. In that sense, I believe choosing the Audit and Supervisory Committee structure 10 years ago was the right decision.

I hope that MHI will continue pursuing governance practices best suited to the business environment and challenges facing management at any given moment. In so doing, the Group will ensure healthy growth and further enhancement of corporate value.

Tsukamoto **Thank you very much for your time today. It has become clear that over the last 10 years, MHI has leveraged the features of the Audit and Supervisory Committee structure to build an optimal governance framework. I am confident that MHI Group's journey will provide valuable insights into the future of corporate governance in Japan.**



Corporate Governance

As a company responsible for developing infrastructure that forms the foundation of society, it shall be MHI's basic policy to manage the company in consideration of all stakeholders and to make efforts to enhance corporate governance on an ongoing basis in pursuit of sustained growth of MHI Group and improvement of its corporate value in the medium and long term. In accordance with such basic policy, by, among other ways, working to enhance its management oversight function through separating management oversight and execution, and inviting outside directors onto the Board, MHI shall endeavor to improve its management system and work to develop "Japanese-style global management" focusing on the improvement of the soundness and transparency of its management as well as on diversity and harmony.

Corporate Governance System

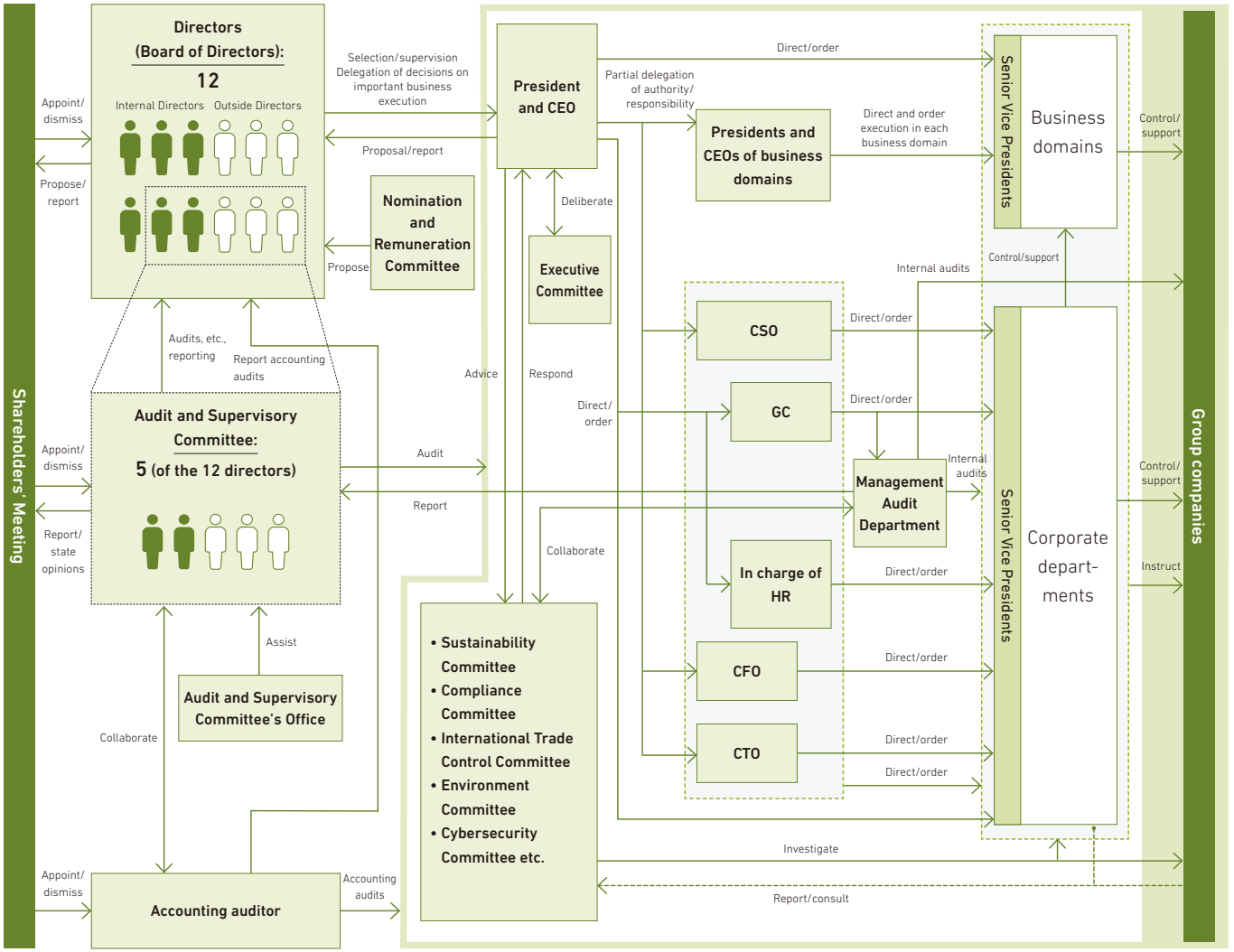
In order to compete alongside major global players in the international market, it is essential for us to ensure more efficient and agile business execution through prompt decision-making, while further strengthening our oversight of management. To achieve this, we have adopted the structure of a company with an Audit and Supervisory Committee, which allows us to enhance the Board of Directors' supervisory function by leveraging the extensive experience and broad insight of outside directors, and to promote the separation of supervision and execution through the delegation of authority to executive directors, including the Representative Director.

Outside Director Ratio



Female Director Ratio





Note: CEO (Chief Executive Officer), CSO (Chief Strategy Officer), CFO (Chief Financial Officer), CTO (Chief Technology Officer), GC (General Counsel), In charge of HR (Chief HR Officer)

Corporate Governance

Main Bodies Supporting Corporate Governance

Board of Directors

In accordance with the provisions of our Articles of Incorporation and the resolutions of the Board of Directors, MHI has delegated the authority to make decisions regarding business operations to the President and CEO or a director that is specified separately, except for matters exclusively decided by the Board of Directors as stipulated by laws and regulations; business plans; the election, dismissal, and remuneration of directors, chief officers, and executive officers with titles; and other particularly important individual business plans or investments. This enables swift decision-making and flexible business operations, while also ensuring that the Board of Directors can focus its main attention on supervising the executive officers.

Audit and Supervisory Committee

The Audit and Supervisory Committee consists of five directors, the majority of whom (three) are outside directors. To ensure the effectiveness of the Committee's activities, two of its members are full-time directors. Additionally, the Committee includes individuals with a considerable amount of insight on financial and accounting affairs. The Audit and Supervisory Committee's Office has been set up with its own dedicated staff of seven to facilitate the work carried out by the Audit and Supervisory Committee.

The Audit and Supervisory Committee monitors and verifies the execution of business by directors, the appropriateness of business reports, the adequacy of the accounting auditor's audits, and the effectiveness of the internal control system. The results of its activities are provided to shareholders as an audit report. The Committee expresses opinions on selection and remuneration for directors who are not Committee members and determines the content of proposals regarding the appointment of the accounting auditor for the General Meeting of Shareholders.

Nomination and Remuneration Committee

The Company's Nomination and Remuneration Committee is responsible for formulating and submitting proposals to the Board of Directors. These cover such matters as the appointment and dismissal of executives (including nomination of director candidates and selection or dismissal of the CEO and other executive management), as well as executive remuneration (such as determining remuneration for directors who are not Audit and Supervisory Committee members). Previously, the Nomination and Remuneration Advisory Council served as an advisory body to the Board, helping it obtain the opinions and advice from independent outside directors before deliberations on the above matters. However, to further enhance the transparency and soundness of the process, this was reorganized into the Nomination and Remuneration Committee in September 2024.

The Committee consists of six independent outside directors, the Chairman of the Board, and the President and CEO. The chairperson, who is selected from among the outside directors, convenes and presides over the Committee meetings.

Chief Officers and Standing Executives in Charge of Operations

MHI has introduced a chief officer system. Specifically, portions of the responsibilities and authority of the CEO (President) are delegated to a number of chief officers reporting to the CEO. These chief officers consist of President and CEOs of individual business domains, as well as the CSO, CFO, and CTO. The CSO, CFO, and CTO have command and control authority over the entire company with respect to their respective functions, and are organized to provide support for business domains. The GC and standing executive in charge of HR are also in place as executive officers who assist the CEO in their duties.

Key Initiatives to Strengthen Corporate Governance

2005	• Introduced an executive officer system
2014	• Introduced a chief officer system
2015	• Transitioned to company with Audit and Supervisory Committee • Ratio of outside directors surpassed one-third • Introduced new stock remuneration system for officers
2016	• Established Nomination and Remuneration Advisory Council • Commenced Board evaluations
2019	• Abolished advisor system
2020	• Outside director ratio reached 50%
2024	• Changed Nomination and Remuneration Advisory Council to Nomination and Remuneration Committee

Corporate Governance

Director Skills Matrix

MHI Group has set out Our Principles as its fundamental management philosophy and objectives and periodically formulates business plans in order to steadily fulfill these. MHI Group states that its mission is to integrate cutting-edge technology into expertise built up over many years to provide solutions to changing social issues and improve people's lives.

Overseeing the management of MHI Group as it pursues this mission requires knowledge. Accordingly, we believe it is important that directors have knowledge, experience and expertise in "socioeconomic issues," "risk management and compliance," "global enterprise management," "technology and digitalization," "marketing," "finance and accounting," and "human resource development." The 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	Inside/ outside	Audit and Supervisory Committee Members	Number of years in office[1]	Number of shares owned (Unit: hundred)[2]	Knowledge, experience and expertise[3]						
						Socio-Economic Issues	Risk Management/ Compliance	Global Enterprise Management	Technology/ Digitalization	Marketing	Finance/ Accounting	Human Resources Development
Seiji Izumisawa	Male	Inside		8	3,158	●	●	●	●	●		
Eisaku Ito	Male	Inside		Newly appointed	1,481	●	●		●	●		●
Masayuki Suematsu	Male	Inside		Newly appointed	653	●	●	●		●		
Hiroshi Nishio	Male	Inside		Newly appointed	46	●	●			●	●	
Ken Kobayashi	Male	Outside		9	240	●	●	●		●		
Nobuyuki Hirano	Male	Outside		6	372	●	●	●			●	
Mitsuhiro Furusawa	Male	Outside		2	55	●	●				●	
Masayuki Fujisawa	Male	Inside	●	1	684	●	●			●	●	
Hisato Kozawa	Male	Inside	●	5	975	●	●	●			●	
Hiroo Unoura	Male	Outside	●	6	439	●	●	●		●		●
Noriko Morikawa	Female	Outside	●	5	61	●	●	●			●	●
Masako Ii	Female	Outside	●	4	78	●	●					●

Notes: 1. As of the conclusion of the General Meeting of Shareholders on June 27, 2025
2. As of May 31, 2025
3. Sections marked with ● in the table do not indicate all the knowledge, experience and expertise of such directors.

Knowledge, experience and expertise	Reasons knowledge, experience and expertise are thought to be important
Socio-Economic Issues	Because knowledge, experience and expertise on constantly changing social and economic trends and the issues MHI Group should prioritize for medium- to long-term growth are essential for supervising the management of MHI Group, which has a mission to provide solutions to some of the world's most pressing issues and provide better lives.
Risk Management/ Compliance	Because knowledge, experience and expertise on risk management and compliance in general corporate management including business risks are essential for supervising the management of MHI Group through the preparedness and implementation of internal control systems and the management of serious risks in management.
Global Enterprise Management	Because knowledge, experience and expertise on global enterprise management are necessary for supervising the management of MHI Group in operating diverse businesses globally amid accelerating global competition.
Technology/ Digitalization	Because understanding of the latest technology including digitalization, in addition to knowledge, experience and expertise on technology and digitalization such as the applications and trends thereof are necessary for supervising the management of MHI Group in strengthening its technology base to provide solutions to socio-economic issues.
Marketing	Because knowledge, experience and expertise on marketing for ascertaining the needs of diverse customers and stakeholders including growth areas are necessary for supervising the management of MHI Group in operating diverse businesses globally.
Finance/Accounting	Because knowledge, experience and expertise on finance and accounting are necessary for supervising the management of MHI Group including checking the appropriateness of various measures such as allocation of management resources and strengthening of the financial base.
Human Resources Development	Because knowledge, experience and expertise on human resource development and cultivation are necessary for supervising the management of MHI Group including confirmation of the appropriateness of measures to strengthen the human resource base such as cultivation of management personnel contributing to sustained growth and development of MHI Group, promotion of diversity and improvement of engagement.

Corporate Governance

Board of Directors' Main Deliberation Items

The main items deliberated by the Board of Directors in FY2024 are presented in the table below.

General Meeting of Shareholders	• Resolution on matters for calling the Annual General Meeting of Shareholders
Items related to financial results	• Financial results • Shareholder return policy
Items related to executives and Board members	• Board Evaluation • Remuneration of directors, and executive appointments (including chief officers) • Director and officer liability (D&O) insurance policies
Internal controls	• Status of internal control systems operation
Resolutions on and status of execution of important operations	• Status of business in individual domains and segments • Status of execution of operations by individual chief officers • Status of progress of growth strategy • Sustainability initiatives
Others	• Key risk identification and management process • Capital markets' perception of MHI's management • Cybersecurity strategy • Study of the appropriateness of strategic shareholding

Providing Support for Outside Directors

The Company has assigned dedicated staff to serve as the secretariat for the Board of Directors. Prior to Board meetings, they send out materials and provide explanations on important matters to outside directors. They also conduct tours of manufacturing sites to help outside directors gain a deeper understanding of our business.



Manufacturing site visit by outside directors

Board Evaluation Results and Future Initiatives

MHI has implemented an annual analysis and evaluation of the effectiveness relating to the Board of Directors as a whole (hereinafter, "Board Evaluation") with the aim of further improving the effectiveness of the Board of Directors and adequately fulfilling MHI's accountability to stakeholders. The process and results of the FY2024 Board Evaluation, the status of activity based on the results of the Board Evaluation conducted in the previous fiscal year (FY2023), and future responses based on this year's evaluation results are as presented in the table below.

Process and Results of the FY2024 Board Evaluation

Evaluation item	Composition of the Board of Directors, Operation of the Board of Directors, Supervisory Function of the Board of Directors, Structure to Support Outside Directors			
Process	**Questionnaire survey** Questionnaires sent to all directors	**Exchange of opinions** Exchanged opinions in meetings among outside directors	**Discussions** Discussions held by the Board of Directors based on the results of the questionnaire survey	**Resolutions** Resolutions by the Board of Directors on the results of the Board Evaluation
Results	The Board Evaluation using the above process in FY2024 revealed that the overall effectiveness of the Board has been ensured with no major concerns.			

FY2024 Initiatives

1. We discussed the status of progress of the 2024 Medium-Term Business Plan at Board of Directors meetings. Additionally, we held discussions about MHI's material issues, including "growth strategy," "capital policy," and "HR strategy," set as our annual topics.
2. We held two meetings of independent outside directors to enable outside directors to exchange information and share awareness of issues.
3. In addition to fostering a deeper understanding of our business through continued visits to our production sites by outside directors, we revitalized communication by creating opportunities for dialogues between outside directors and Senior Vice Presidents/employees.

Planned Actions for FY2025

1. **Discuss growth strategy and business portfolio**
   We will create opportunities to hold discussions regarding growth strategy and the business portfolio and add them to the annual schedule.
2. **Discuss the composition of the Board of Directors**
   We will discuss the ideal composition for the Board of Directors in the Nomination and Remuneration Committee meetings.
3. **Provide opportunities for outside directors to exchange information and share awareness of issues**
   In addition to various meetings, we will create several opportunities in advance where meetings among independent outside directors can be held, as well as maintain a system where said meetings can be held as needed.
4. **Provide opportunities to help outside directors understand our business**
   We will continue providing opportunities for outside directors to visit production sites and engage in dialogue with Senior Vice Presidents, etc.

Status of Audit and Supervisory Committee Activities

In FY2024, the Audit and Supervisory Committee focused on priority areas, such as the progress of the 2024 MTBP, our sustainability efforts, and our risk management.

Directors who are Audit and Supervisory Committee members attend Board meetings as directors. In addition, the full-time Audit and Supervisory Committee members participate in important meetings, such as Executive Committee meetings, MTBP meetings, and Compliance Committee meetings. They also engage in discussions with the representative directors, conduct hearings with business and corporate departments, and arrange site visits to domestic and international business locations.

The Audit and Supervisory Committee fully utilizes the results of the comprehensive and regular audits conducted by the Management Audit Department. Full-time Audit and Supervisory Committee members hold regular information exchange meetings (generally once a month) with this department to confirm the formulation and progress of audit plans by the department and receive reports on audit results in a timely manner.

The Audit and Supervisory Committee and the accounting auditor regularly exchange opinions on the accounting auditor's auditing plans and results, and full-time Audit and Supervisory Committee members hold monthly meetings to exchange information with the accounting auditor to ensure close communication.

Furthermore, full-time Audit and Supervisory Committee members regularly hold information exchange meetings attended by the full-time auditors of MHI Group companies to confirm the status of creation and implementation of internal control systems in major subsidiaries.

As a result of these activities, the Audit and Supervisory Committee submitted an audit report to the General Meeting of Shareholders held on June 27, 2025, stating the following:

(1) The business report and the related supplementary schedules fairly represent the status of the Company in accordance with applicable laws and ordinances and the Company's Articles of Incorporation.
(2) With respect to the Directors' execution of duties, there are no material facts of violation of applicable laws, ordinances, and the Company's Articles of Incorporation.
(3) The contents of the resolutions of the Board of Directors regarding internal control systems are appropriate, and there are no matters that need to be pointed out in its operation.
(4) The methods and results of the accounting auditor's audit concerning the non-consolidated and consolidated financial statements are appropriate.

Officers' Remuneration Structure

Remuneration of Directors Who Are Not Audit and Supervisory Committee Members (excluding outside directors)

Remuneration for directors who are not Audit and Supervisory Committee members (excluding outside directors) consists of base remuneration, performance-linked remuneration, and stock-based remuneration from the viewpoint of reflecting business performance and sharing value with shareholders.

The remuneration standard for the Company's President is set at roughly 30% base remuneration, 40% performance linked remuneration, and 30% stock-based remuneration (assuming that consolidated profit from business activities reaches ¥200 billion). This is calculated based on the fair value of stock award points granted during FY2018, making for a remuneration structure in which the higher a director's position is, the greater his or her performance-linked remuneration will be. To promote MHI stock ownership that better aligns with the interests of shareholders, once profit from business activities exceeds ¥200 billion, stock-based remuneration increases as a medium- to long-term incentive. At the same time, performance-linked remuneration's rate of increase will gradually taper off.

The benchmark used to calculate performance-linked remuneration is profit from business activities. Profit from business activities was chosen to reflect the results of business operations in performance-linked remuneration. (However, there may be a partial adjustment in terms of remuneration computation based on assessment of the impact of changes in accounting principles; the same applies below.)

The benchmark used to calculate stock-based remuneration is profit from business activities. Profit from business activities was chosen to reflect the results of business operations in stock-based remuneration.

- **Incorporating ESG Perspectives into Stock-Based Remuneration Calculation Criteria**

With respect to stock-based remuneration, we have introduced a

Methods for Calculating Each Type of Remuneration (remuneration for directors who are not Audit and Supervisory Committee members (excluding outside directors))

	Base remuneration	Performance-linked remuneration	Stock-based remuneration
Overview	Monthly payment based on the following formula (taking into consideration each director's position and the nature of his/her duties):	• The amount is determined based on the following formula, taking into account the consolidated business results for the fiscal year, the position of each director, and the performance and achievements of the business for which he/she is responsible. • Paid if profit from business activities for the fiscal year (after any adjustments, if applicable) is in the black and dividends are distributed from retained earnings	As a general rule, through the Board Incentive Plan (BIP) Trust, directors receive MHI shares and/or cash in an amount equivalent to MHI shares' liquidation value three years after being granted stock award points, based on stock award points granted to directors in accordance with, among other factors, the position of each director and the financial results of MHI. The calculation formula is described below.
Calculation Formula	**(1) Standard amount based on position + (2) Additional amount based on performance**	**(3) Position-based payment coefficient × Profit from business activities for the fiscal year ÷ 10,000 × (4) Coefficient of business results**	**(5) Position-based standard points × (6) Coefficient of business results**
Calculation Standards	**(1) Standard amount based on position** Based on position, duties, etc. **(2) Additional amount based on performance** Up to ¥500,000/month	**(3) Position-based payment coefficient** Based on position, duties, etc. **(4) Coefficient of business results** Within a range from 1.3 to 0.7, based on the performance and results of the business of which the director is in charge	**(5) Position-based standard points** Based on position, duties, etc. **(6) Coefficient of business results** Based on previous year's business profit and an external evaluation by major ESG rating agencies

system to determine stock award points that takes into account the status of ESG-related initiatives. The system incorporates the external evaluation results from major ESG rating agencies into the calculation formula for stock-based remuneration (coefficient of business results). This enables us to objectively reflect our wide-ranging ESG initiatives in such remuneration.

● Clawback System

With regard to stock-based remuneration, we have introduced a system in which, in the event that a director engages in improper conduct, the Company suspends the granting of stock award points and the issuance of shares to said director. There are also cases where the Company asks such a director to submit a payment equivalent to the number of shares that has been issued to him or her. (This is comparable to a clawback system or malus clause.)

Remuneration for Outside Directors

The Company expects outside directors to offer their objective opinions and guidance, primarily on their vision for the Company over the medium to long term, from an independent standpoint. Accordingly, the outside directors are only paid base remuneration, which is set at an appropriate amount.

Remuneration for Directors Who Are Audit and Supervisory Committee Members

The amount of remuneration for directors who are serving as Audit and Supervisory Committee members and the policy for deciding its calculation method are determined through discussions by those directors.

Directors who serve as Audit and Supervisory Committee members are only paid base remuneration. The amount for this base remuneration is determined in consideration of each member's roles and responsibilities and based on whether he/she is a full-time or part-time member.

However, the base remuneration for full-time Audit and Supervisory Committee members can be reduced in consideration of the status of the Company's management and other factors.

Policy and Trends of Strategic Shareholdings

We will continue investing in growth areas to ensure sustained business expansion. At the same time, we will promote initiatives to hold only the minimum necessary level of strategic shareholdings.

Reduction in Strategic Shareholdings

We achieved our FY2030 target of reducing the ratio of strategic shareholdings to total equity (consolidated) to 10% or less ahead of schedule in FY2024 (8.6% at fiscal year-end). We will maintain the ratio below 10% by continuously reviewing our strategic shareholdings.

Status of Investments in Growth Areas

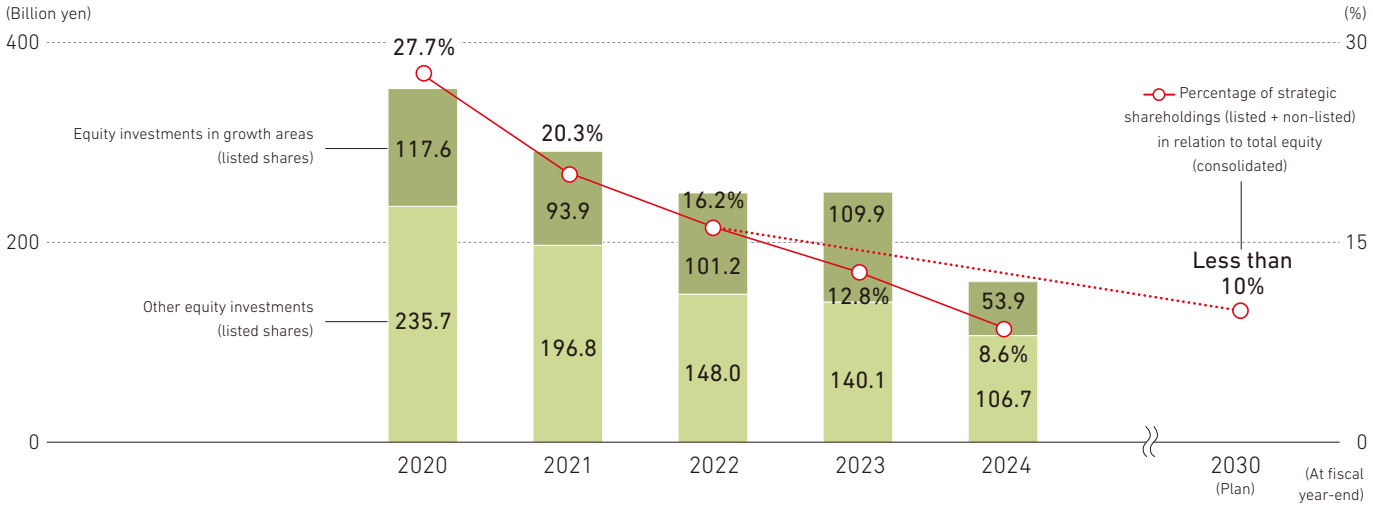
We have acquired and currently hold shares in three publicly listed strategic partners in growth areas (totaling ¥53.9 billion) aimed at promoting Energy Transition toward a carbon-neutral society.

Breakdown of Directors' Remuneration (FY2024)

Classification	Number of subjects (persons)	Total amount of remuneration (Million yen)	Base remuneration	Performance-linked remuneration	Stock-based remuneration
Directors who are not Audit and Supervisory Committee members (excluding outside directors)	4	2,006	231	574	1,200
Directors who are Audit and Supervisory Committee members (excluding outside directors)	3	103	103	—	—
Outside directors	6	100	100	—	—
Total	13	2,210	435	574	1,200

Notes: 1. The recipients include one director who was an Audit and Supervisory Committee member and who stepped down during the fiscal year in review.
2. The total amount of stock-based remuneration represents the recorded expense for stock delivery points granted under the Board Incentive Plan (BIP) trust during the fiscal year, totaling 719,000 points (equivalent to 719,000 shares of the Company's stock).

Balance Sheet Value of Strategic Shareholdings and Ratio to Total Equity (Consolidated)



Risk Management

MHI Group: Risks and Responses

Key risks that could, in the assessment of MHI Group's management, materially affect the Group's financial condition and/or operating performance, including cash flows, are listed below.

Key Risks

Changes in the business environment	Intellectual property disputes
Disasters	Cybersecurity problems
Product/service-related problems	Legal/regulatory violations

For details, please refer to MHI Financial Report (pages 4–8)

We have established management processes for identifying, assessing, and cataloging operational risks on an annual basis. To identify relevant risks, we prepare a comprehensive list of risks that covers the risks generally relevant for companies, including changes in the external environment. Based on this list, we identify specific risks that have the potential to occur within the next 10 years. For quantifiable risks, we assess the probability of such risks occurring and the magnitude of impact when they materialize, taking into account the effectiveness of countermeasures, and organize them into a risk map. Other risks are identified and organized qualitatively. The identified and visualized risks are utilized as opportunities for creating new business opportunities. They are reported to the Board of Directors and incorporated into the business planning process and its follow-up cycle.

In addition to addressing major risks, the Group works to avoid and mitigate risks at the individual business–unit level, taking into account the type and nature of each risk. At the same time, we strive to minimize the impact should any risk materialize.

Basic Approach to Business Risk Management

Throughout its history, MHI Group has achieved sustained growth by taking up diverse new challenges and initiatives in numerous business areas. At the same time, on occasion we have experienced losses on a large scale.

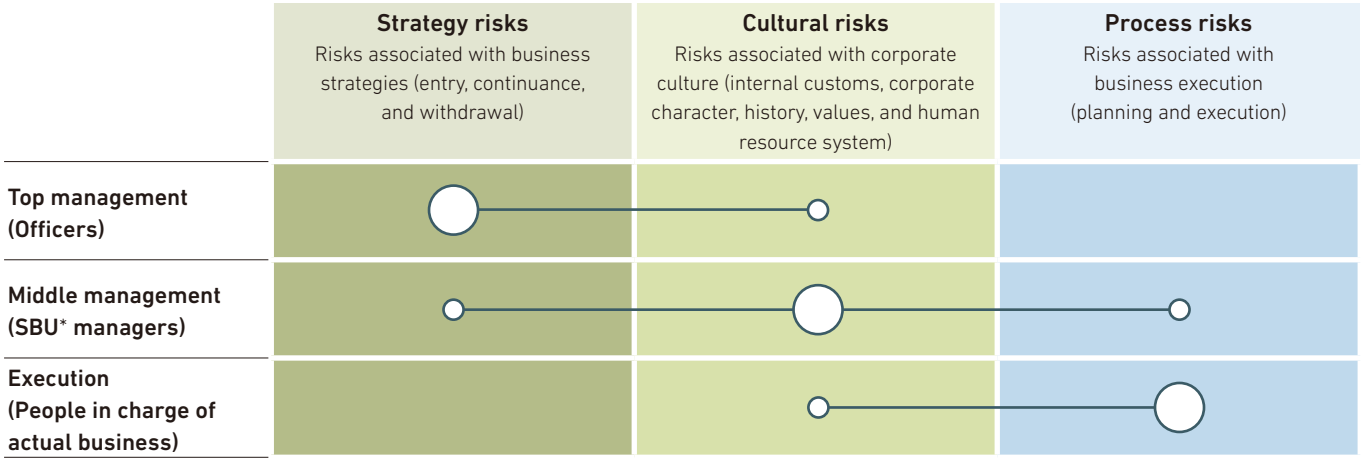
For the Group to mark sustained growth amid an everchanging business environment, it is necessary to continue to take up challenges in new fields, new technologies, new regions, and new customers as well as to improve and strengthen operations in its existing business markets. Such challenges will entail business risks, and a company's ability to curb risks wields significant influence on its business results and growth potential.

To link challenges of this kind to the next leap into the future, MHI Group, applying its past experience and lessons learned, has established the "Business Risk Management Charter" and will promote the creation of mechanisms that will ensure the effective execution of business risk management and the cultivation of a culture responsive to risks. We will also reinforce advanced, intelligent systems and process monitoring, both of which support top management's strategy decisions. Through these approaches, we will pursue "controlled risk-taking" that will enable us to carry out carefully planned challenges toward expanding our business.

When it comes to business risk management, attention often focuses on risks within business processes, such as costs and commercial terms. However, based on lessons learned from past loss incidents, we believe that risks stemming from business strategy and corporate culture—which are handled at the management level—should also be addressed through risk management.

Risk management is a part of governance and functions only when the elements of systems and processes, corporate culture, and human resources are in place. For the Group to succeed in the global market, we need to take bold and daring risks, but we also need to manage those risks. That is the perfect combination for continually increasing our corporate value. In this sense, it is important that all business participants, from people engaged in the actual business to management, comprehend and control risks in business, from processes to strategies. For details, please see the chart below (Matrix of Business Risk Management).

Matrix of Business Risk Management



* SBU: Strategic Business Unit (business unit in the Strategic Business Assessment System)

Risk Management

Business Risk Management Structure

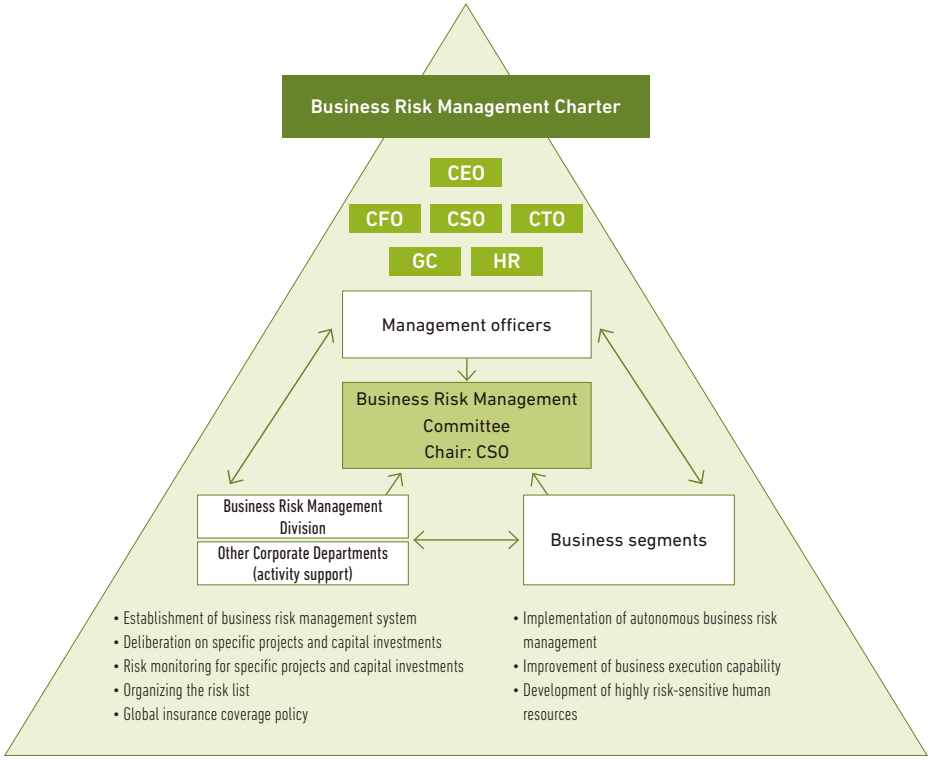
Through the following measures, MHI Group is pursuing more organized business risk management and clarifying the roles of management officers, business segments, and corporate departments. In addition, the Business Risk Management Department is responsible for business risk management, with management officers, business segments, and corporate departments working in unison.

1 Observe and practice the Business Risk Management Charter as the Company's foremost set of rules

- Clarify, observe, and practice risk management targets, etc.

2 Hold meetings of the Business Risk Management Committee

- Share information on important risks and discuss response policy by top management
- Report particularly important matters to the Board of Directors
- Held four meetings in FY2024

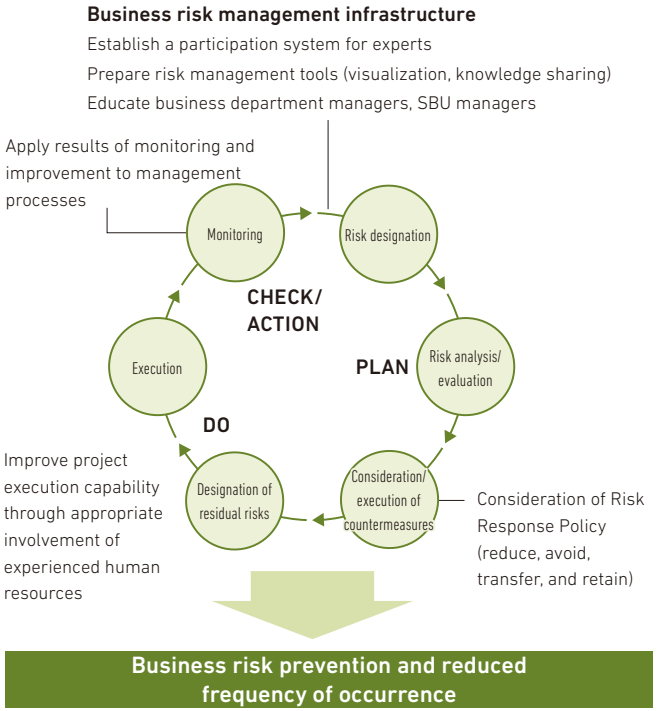


Business Risk Management Process

With the Business Risk Management Division acting as the responsible department, MHI Group engages in business risk management activities bringing together management, business segments, and corporate departments.

The chart below (Business Risk Management Process) outlines specific activities. In addition to improving systems and processes to prevent business risks, reduce the frequency with which such risks manifest themselves, and consider and implement measures, we develop human resources in charge of business risk management and cultivate a culture of responding to risks through such efforts as providing training for SBU manager candidates.

Business Risk Management Process



Risk Management

Cybersecurity

MHI Group, which provides critical infrastructure to society, recognizes cybersecurity risk as one of its most important risks. With this in mind, we established a cybersecurity basic policy and a cybersecurity strategy.

The Group regularly monitors this risk. The President and CEO supervises the cybersecurity strategy, and the CTO reports the results of discussion in the Cybersecurity Committee at least once a year to the Executive Committee and Board of Directors. Based on the policy and strategy, a cybersecurity program has been implemented under the control of the CTO to minimize the risk of cyber incidents. Cybersecurity governance, incident response, and education and training are maintained and performed under this program. At the same time, we are contributing to the establishment of a global cybersecurity framework.

Cybersecurity Governance

Based on the NIST CSF 2.0[1], MHI Group has established cybersecurity standards and implemented multilayered defense measures against cyberattacks. We also perform periodic self-assessments and internal audits.

Emergency responses are taken immediately and without hesitation when signs of a security risk are found. Furthermore, we are revising standards based on the Group's issues by referring to the state of formulation and revision of guidelines by governments and organizations, such as the Cybersecurity Management Guidelines announced by the Ministry of Economy, Trade and Industry. With respect to control systems for our products and services, we have built a framework that controls cybersecurity risk and will work with business partners to upgrade the cybersecurity capabilities and capacity of our products and services on a regular basis. By driving the development of next-generation cybersecurity solutions, we will help build a safe, secure society.

1 NIST CSF 2.0: National Institute of Standards and Technology Cyber Security Framework 2.0

Response to Cybersecurity-Related Incidents

In the event of a cybersecurity incident, a SIRT (Security Incident Response Team) immediately reacts to the incident, handles analysis and examination of the incident, recovers systems, and carries out further preventive measures. Incidents are reported to stakeholders as needed, including concerned government agencies. Serious incidents are internally reported to directors, and measures are taken in accordance with our crisis management system to swiftly recover operations according to our business continuity plan.

Due to the increased frequency of ransomware attacks requiring swifter management decisions and communication, we confirm and revise the response capabilities and issues of organizations in an emergency through incident response drills that include management.

Cybersecurity Education and Training

MHI Group regularly provides cybersecurity education and training to all employees as warranted by their respective roles with the aim of maintaining and improving their cybersecurity literacy. We also aim to cultivate engineers capable of both safety- and security-minded product and service development.

Contributing to the Establishment of a Global Cybersecurity Framework

Through participation in the Study Group for Industrial Cybersecurity[2], the Charter of Trust[3], promotion of the Declaration of Cyber Security Management 2.0, and other cybersecurity initiatives, MHI Group is contributing to the establishment of a global cybersecurity framework.

2 An initiative by the Ministry of Economy, Trade and Industry to examine industrial cybersecurity measures.

3 An initiative by private corporations to build trust in cybersecurity.

Compliance

MHI Group attaches importance to complying with applicable laws and social norms and is promoting fair and honest business practices. For the promotion of such practices, we established the Compliance Committee, which is chaired by the General Counsel (Senior Vice President). The Compliance Committee draws up and implements Group-wide compliance promotion plans and confirms their progress. In addition, the Committee works to strengthen compliance on a continuous basis through such means as sharing compliance-related initiatives and cases within the Group.

In addition, we have set up whistleblowing hotlines in Japan and overseas in an effort to swiftly respond to various compliance-related risks, including compliance violations or actions that run the risk of becoming compliance violations.

As a global organization, the Group employs thousands of individuals from different backgrounds, nationalities, and cultures. Such diversity of talent and perspectives is one of our greatest assets. Having diverse backgrounds, it is important to work together and promote our business under a common corporate culture.

To that end, we have formulated the MHI Group Global Code of Conduct. Through such efforts as education through e-learning and the distribution of booklets, we strive to disseminate this code of conduct among our employees around the world. At the same time, we have formulated the Compliance Promotion Global Policy, clarifying basic matters and rules for promoting compliance, such as the organizational framework, roles, and administration standards.

Number of Whistleblowing Cases (Cases)

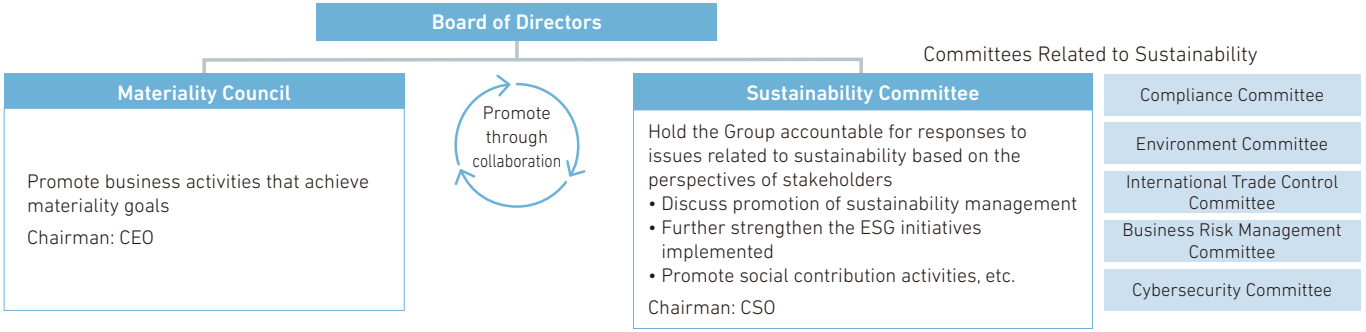
	FY2023	FY2024
Labor and the work environment	87	72
Overall discipline and breaches of manners	27	21
Transaction-related laws	35	44
Consultations and opinions	1	1
Others	13	3
Total	163	141

Sustainability

MHI Group serves as a manufacturer that contributes to societal progress through its business endeavors of delivering products and technologies in support of social and industrial infrastructure worldwide. MHI Group shall not only make contributions through its products and technologies to resolve social issues such as environmental problems but also work on resolving a wide range of social challenges through various activities in the process of its overall business and conduct sustainability management in tandem with its business activities.

Sustainability Promotion System

Matters of importance concerning the challenges involved in approaching sustainability are discussed at the Sustainability Committee, with reports then provided to the Board of Directors in relation to the relevant matters. The contents of activities undertaken in relation to Material Issues are also the subject of reports to be provided to the Board of Directors on a periodic basis and serve as important themes for us to consider when it comes sustainability management.



Key Initiatives in FY2024

Responses to Risks and Opportunities Caused by Climate Change

MHI Group has endorsed the Task Force on Climate-related Financial Disclosures' (TCFD) recommendations and discloses climate-related information in accordance with the TCFD recommendations. In our FY2024 review, we added the data center business—earmarked for significant future growth—to the scope of scenario analysis.

Disclosure in Accordance with the TCFD Recommendations

Promoting Respect for Human Rights

MHI Group is committed to respecting human rights and workers' rights of employees in accordance with international treaties and other guidelines relating to human rights. Through the MHI Group Global Code of Conduct, which was compiled making reference to the UN Guiding Principles on Business and Human Rights, we aim to cultivate a shared corporate culture. MHI Group values the individual contributions of all people, irrespective of race, color, religion, political convictions, gender, age, nationality, sexual orientation, marital status, or disability status.

As a human rights risk assessment, potential human rights risks across the value chain, including our own operations, were investigated for the 39 countries where MHI Group has business locations.

Based on this, we identified the following two salient human rights issues as priorities for the Group to address.

1. Human rights violation risks within our supply chain in high-risk regions
2. Human rights violation risks concerning migrant workers (particularly foreign technical intern trainees) within Japan

In FY2024, we conducted in-depth investigations into these two issues. As a result, forced labor, labor conditions (working hours, wages, occupational health and safety, harassment, discrimination, etc.), and displacement of residents and impacts on local communities due to land grabbing and pollution were identified as potentially significant risks. Going forward, we will continue to advance prevention and mitigation activities based on the findings of this in-depth survey.

We also conduct sustainability surveys with major Tier 1 suppliers. In FY2024, we carried out additional on-site assessments of nine companies, mainly in Asia, to help prevent and mitigate human rights risks.

Preserving Natural Capital and Biodiversity

MHI Group's business activities both depend on and have potential to impact biodiversity and natural capital in various ways. In keeping with the Kunming-Montreal Global Biodiversity Framework, the Group profoundly recognizes the importance of adopting nature-positive initiatives and realizing a world that lives in harmony with nature by 2050. MHI Group will undertake the initiatives to conserve and restore biodiversity and natural capital.

In FY2024, Wadaoki Forest, a forested area cultivated near the site of the company's Wadaoki Plant at the Mihara Machinery Works in Mihara, Hiroshima Prefecture, has been certified as a Nationally Certified Sustainably Managed Natural Site by Japan's Ministry of the Environment. Wadaoki Forest is an 8.3-hectare forest cultivated by MHI, started in 1974 when the company began planting trees on land that originally had no vegetation. Over the last 50 years, through proper maintenance and management, MHI has created a landscape that is in harmony with the natural environment around the plant, as well as a healthy ecosystem where about 40 species of birds can be seen throughout the year. Wadaoki Forest was recognized for its value as an "area for provision of ecosystem services, where there exists a healthy ecosystem consisting of a variety of plant and animal species, mainly native species."

Material Issues

To enhance corporate value and grow in the medium to long term through solutions to social issues, in FY2020 we identified Material Issues that MHI Group should be addressing. The progress of each Material Issue is managed with progress monitoring indicators (KPIs), and the PDCA cycle is steadily applied.

Activities involving engagement with Material Issues embody sustainability management in terms of business. To make the activities effective, we have established subcommittees with managers and departments for each Material Issue, and the person responsible and organizing department consider specific measures and roadmaps.

In October 2021, we established the Materiality Council, chaired by the CEO and attended by corporate officers together with domain and segment heads. Its role is to follow up on business activities aimed at realizing company-wide goals for Material Issues and to instruct business divisions addressing the goals to take necessary measures. By June 2025, the Council had convened eight times, facilitating active discussions and exchanges of views, including reporting progress on each Material Issue and sharing related project cases from business divisions. We are making progress with R&D projects in such areas as Carbon Neutrality and digital platform services, and our efforts are starting to bear fruit. These activities are important themes in sustainability management and are regularly reported to the Board of Directors

Process of Identifying Material Issues

Step 1 Prioritizing Social Issues

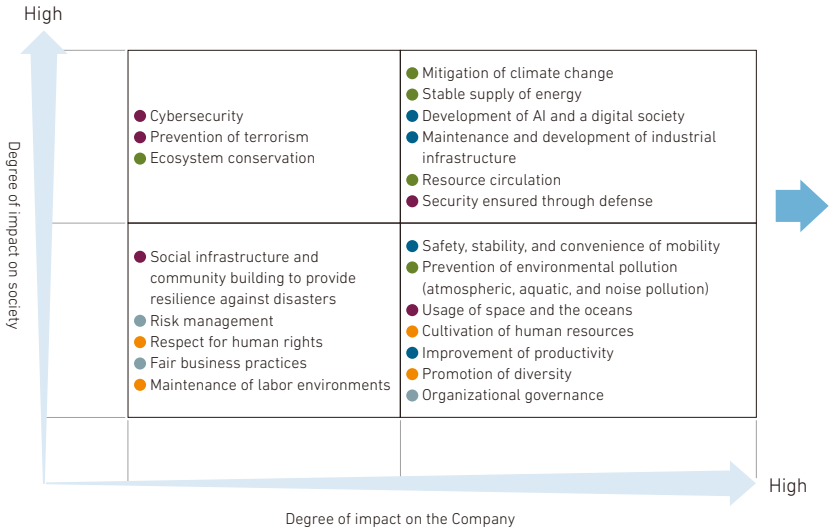
Step 2 Creating a Materiality Matrix

Step 3 Verifying Appropriateness

Step 4 Identifying Material Issues

Step 5 Setting Company-Wide Goals and Progress Monitoring Indicators (KPIs)

Approach to Identifying Material Issues



Five Material Issues identified based on social issues important to MHI Group

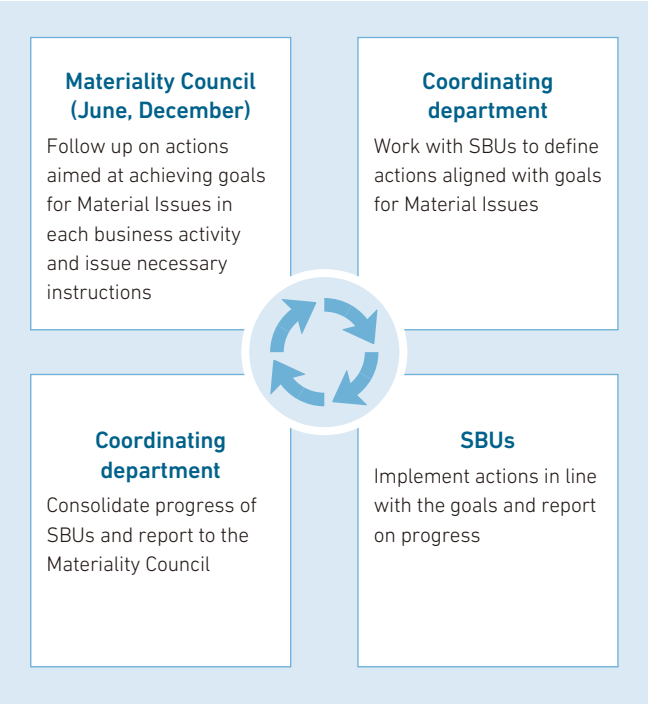
Business Contribution (business-related)

- Provide energy solutions to enable a carbon neutral world
- Transform society through AI and digitalization
- Build a safer and more secure world

Foundation to Support Business (corporate-related)

- Promote diversity and improve employee engagement
- Enhance corporate governance

Materiality Promotion Cycle



For further details, please refer to this website.

Material Issues

For information on the progress of Material Issues, please visit our website.

Material Issues for MHI Group: Company-Wide Goals and Progress Monitoring Indicators (KPI)

Material Issues (Officer in Charge)	Company-wide Goals	Progress Monitoring Indicator (KPI)
Provide energy solutions to enable a carbon neutral world ▶ Head of GX Solutions	Reduce the CO_2 emissions of MHI Group Achieve Net Zero CO_2 emissions from its operations by 2040 (Scopes 1 and 2)	Reduce total CO_2 emissions from business activities (Scopes 1 and 2) by 50% by 2030 (compared to 2014 levels), and achieve net zero by 2040
	Contribution to society throughout the value chain by 2040 Achieve Net Zero CO_2 emissions from its entire value chain by 2040 (Scope 3 + reduction through CCUS)	Reduce CO_2 emissions across the entire value chain (Scope 3 + CCUS contribution for CO_2 reduction) by 50% by 2030 (compared to 2019 levels) and achieve Net Zero by 2040
		Develop products and services that contribute to decarbonization of the energy supply by 2040 (Energy Transition)
		Develop products and services that contribute to conservation, decarbonization, and automation of energy use by 2040 (Smart Infrastructure)
		Develop and prove new products and services that contribute to the carbon cycle
Transform society through AI and digitalization ▶ CTO	Expand lineup of useful and sustainable AI/digital products meeting needs of customers and users	Advanced AI and digital solutions for solving customer issues (optimizing the operation of energy supply and demand facilities, etc.) step up the number of new developments (services, products, R&D)
	Creating an environment for creating creative AI and digital products	Creative time for employees; raising environmental awareness
Build a safer and more secure world ▶ CTO	Making products, businesses, and infrastructure more resilient	Evaluating the impact of disasters and promoting the development and practical application of designs and technologies that pursue the development of designs and technologies that pursue resilience
	Unmanned and man-saving products, businesses, and infrastructure	Remote/automatic operation and remote/automatic inspection and inspection of products, businesses, and infrastructure technology development and practical application
	Continuous cybersecurity of all MHI products deepening of countermeasures	Cybersecurity technology Promoting development and commercialization
Promote diversity and improve employee engagement ▶ In charge of HR	Project new value through participation of diverse human resources	Increase the ratio of women on the Board of Directors to at least 30% by 2030 (MHI)
		Double the ratio of women in management positions by 2030 (compared to FY2021)
		In accordance with the MHI Group Human Rights Policy, raise awareness of diversity among Group employees through education and other efforts
	Ensure safe and comfortable workplaces	Reduce the number of serious accidents to zero
		Maintain a labor (work absence) accident frequency at a rate that is equal to or lower than the industry average
	Improve our environment that maximizes employee performance, and develop human resources who are healthy, energetic and able to contribute to society	Raise the employee awareness survey's "engagement" score above the global average by FY2030
Enhance corporate governance ▶ GC	Further enhance deliberations by the Board of Directors	Maintain the ratio of independent outside directors on the Board of Directors at 50% or more (MHI)
		Assess the effectiveness of the Board of Directors annually to ensure and improve it (MHI)
	Promote legal compliance and honest and fair business practices	Maintain the number of serious laws/regulation violations at zero
		Continue activities that promote an open organizational culture
	Further promote responsible (CSR) procurement in the global supply chain	Promote sustainability and CSR procurement activities with partners to build a sustainable supply chain
		Offer continuous educative information to suppliers/business partners in order to establish and maintain a sustainable supply chain
	Create opportunities to explain non-financial information	Conduct Sustainability briefings to investors at least once a year

MISSION NET ZERO

Since announcing its Carbon Neutrality Declaration, MISSION NET ZERO, in October 2021, MHI Group has been steadily promoting it as a key growth strategy for both solving social issues and achieving sustained growth.

MISSION NET ZERO = Growth Strategy

MISSION NET ZERO is a core growth strategy of the Group that organically links initiatives to reduce Scopes 1, 2, and 3 emissions. Rather than viewing CO_2 reduction as a management challenge, we see it as a growth opportunity and a means of driving business expansion.

As decarbonization remains a major social challenge in addressing climate change, the Group is working to reduce Scope 3 emissions by providing products and services that foster decarbonization on both the energy supply and demand sides. On the supply side, we have identified the gas turbine and nuclear power businesses as growing core businesses. Here, we are promoting the social adoption of solutions that balance S+3E[1]. At the same time, we are developing conversion technologies for carbon-neutral fuels including hydrogen, and expanding our CCUS business to prepare for future progress in decarbonization. On the demand side of energy, there is still significant potential to reduce CO_2 emissions using existing products and technologies, such as heat pumps and cogeneration systems. Accordingly, we will strive to provide attractive products that enable more customers to adopt these solutions. In light of the worldwide expansion of data centers, we will also leverage our cooling technologies and engineering expertise to help address the energy challenges of data centers. Meanwhile, in industrial sectors where reducing CO_2 emissions from process heat is particularly challenging, we are focusing on developing high-temperature heat pumps that help lower energy consumption.

Scopes 1 and 2 emissions primarily refer to CO_2 emissions generated from the use of energy, such as gas and electricity, associated with the manufacturing of products in our factories. Through further energy conservation and streamlining efforts, we will work to reduce Scopes 1 and 2 emissions. At the same time, we will establish technology development topics for the challenges we face in reducing Scopes 1 and 2 emissions to acquire the technologies needed to advance decarbonization. We view the reduction of CO_2 emissions as an excellent opportunity to improve productivity and develop new technologies, so we will forge ahead without simply treating decarbonization as an additional cost. By sharing expertise gained from tackling Scopes 1 and 2 emissions with customers and business partners, we will also foster substantial CO_2 reduction across the entire value chain.

We will continue to broadly provide the decarbonization technologies and expertise we have cultivated through our businesses to deliver exponentially greater contributions to society.

1 S+3E: Safety + Energy security, Economic efficiency, and Environment

CO_2 Emissions: Trends and Targets

Under MISSION NET ZERO, MHI Group will reduce CO_2 emissions (Scopes 1 & 2 and Scope 3 + reductions from CCUS) throughout the value chain by 50% by 2030 (versus 2014 levels for Scopes 1 & 2 and 2019 levels for Scope 3 + reductions from CCUS) and achieve Net Zero by 2040.

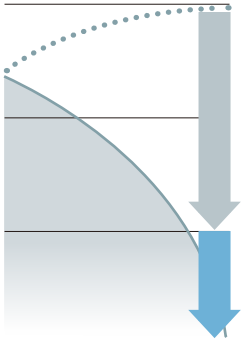
In FY2024, Scopes 1 and 2 emissions totaled 518 kton, down 16 kton from the previous year. This reduction was achieved primarily

Decarbonization as a Growth Strategy

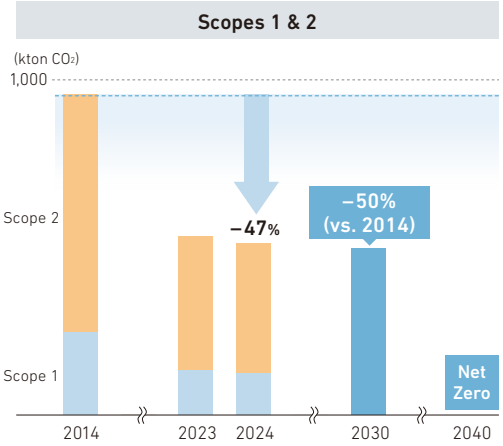
Scopes 1 & 2 (internal)	Scope 3 (external) ≒ Society
Productivity improvement (Energy conservation and streamlining)	**Energy transition**
Manufacturing without CO_2 emissions (Electrification, fuel conversion, and procurement of non-fossil electricity)	**Build smarter social infrastructure**
Challenging initiatives at factories (New technologies and production methods)	**Next-generation decarbonization technologies** (New products and production methods)

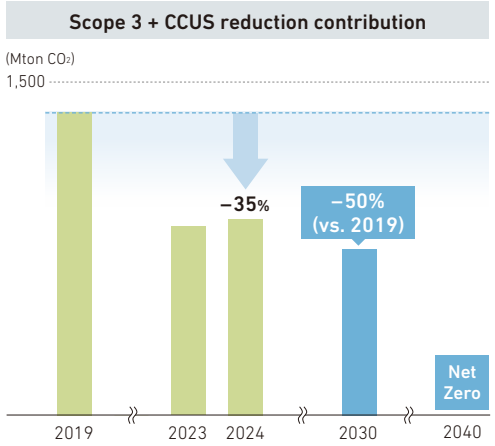
Pursue decarbonization as a business to deliver exponentially greater contributions to society

Rising CO_2 emissions expected in the future



CO_2 Emissions: Trends and Targets





Note: CCUS: Carbon dioxide Capture, Utilization and Storage

through two initiatives: energy conservation and streamlining (5-kton reduction) and the installation of solar power generation facilities (11-kton reduction). At the beginning of FY2024, we expected CO_2 emissions to rise due to higher energy use associated with increased production. However, the reduction effects from our unique, globally implemented energy conservation and streamlining initiatives more than offset this. Combined with the lower CO_2 emission factor for Japanese domestic electricity, this led to a net emission reduction of 5 kton. In addition, the solar power generation facility that commenced operation in March 2024 at our Mihara Machinery Works (Wadaoki Plant) in Hiroshima Prefecture operated as planned throughout the year, contributing to CO_2 reduction for the first time on a full-year basis. The electricity generated by this plant enabled us to decarbonize all the power used at Mihara Works and part of the power used at nearby Company sites, resulting in year-on-year emissions reduction of 11 kton. Meanwhile, Scope 3 plus reductions from CCUS totaled 882 Mton, up 32 Mton from the previous year. This increase was due to higher product sales volumes and aligns with the rise in revenue. Scope 3 emissions per ¥1 million of revenue were 175 tons, down steadily from 183 tons in FY2023. This demonstrates that, by realizing S+3E, our products are making steady progress toward the decarbonization of society.

Future Outlook and Utilization of the MAC Curve

At present, the Group is receiving a large number of orders, particularly in the gas turbine, nuclear power, and defense-related businesses. In response, we are planning production increases that exceed the levels initially assumed when we announced MISSION NET ZERO. With the increase in production, we expect energy use to rise by around 40% from current levels, bringing Scopes 1 and 2 emissions to an estimated 700 ktons in FY2030. This indicates that the CO_2 emissions outlook underlying MISSION NET ZERO has increased.

To effectively control and reduce the anticipated increase in Scopes 1 and 2 emissions associated with business growth, MHI Group uses the MAC Curve[2] at its factories and sites. The MAC Curve is a graphical representation of the effectiveness of individual reduction measures to reduce CO_2 emissions and the costs associated with them. It can serve as a roadmap for decarbonizing factories.

We have already established guidelines for creating MAC Curves and have been gradually rolling them out across the Group since FY2023. We have completed MAC Curve–based analysis of emission sources covering 62% of the projected emissions for FY2030. Of this, 130 kton (18% of projected emissions) are expected to be reduced through energy conservation and streamlining measures. By applying MAC Curves across the Group to refine energy-saving and streamlining ideas and solutions at each factory and site, and by broadly deploying them within the Group, we believe we can achieve MISSION NET ZERO.

2 MAC Curve: Marginal Abatement Cost Curve

TOPIC

Carbon Neutral Transition Hub Mihara

Since 2022, we have engaged in the Mihara Machinery Works' Advanced Carbon Neutrality Project, positioning our Mihara Machinery Works as a model facility for reducing Scopes 1 and 2 emissions. When the project began, annual Scopes 1 and 2 emissions at the facility totaled 10,410 tons. Thanks to the operation of the solar power plant installed at the site, along with energy-conservation and streamlining initiatives, we reduced emissions to 220 tons in FY2024.

In May 2025, we commercially launched Prismo, a more environmentally friendly next-generation Automated Guideway Transit (AGT) system, at Mihara Machinery Works. Prismo is a groundbreaking offering that reduces CO_2 emissions during both construction and operation utilizing a center guidance system and a proprietary energy management system. Prismo has earned high recognition by being manufactured with low CO_2 emissions at Mihara Machinery Works, our model plant for Scopes 1 and 2 reductions. By organically linking Scope 3 with Scopes 1 and 2 emissions in practice in this way, our Mihara Machinery Works has evolved from being a model plant for Scopes 1 and 2 reductions into a model plant for MISSION NET ZERO.

Going forward, we will continue our efforts by experimentally gathering and introducing technologies and expertise that enable more effective use of energy based on six key concepts: utilize, separate, consolidate, exchange, circulate, and synthesize. We will also further develop Mihara Machinery Works as a site for co-creation among internal and external stakeholders working to achieve factory decarbonization.



MHI Group's HR Strategy: Launching the Future

MHI Group has sought to combine cutting-edge technology with many years of expertise to provide solutions to the evolving challenges facing the world while enriching people's lives. In accordance with this Group mission, we strive to create a safe, secure, and sustainable world with the goals to strengthen portfolio management, strengthen technologies and human capital, and promote MISSION NET ZERO in the 2024 Medium-Term Business Plan (MTBP).

To achieve these goals, we are required to have business strategies that embody value creation and close coordination among HR strategies to maximize human capabilities more than ever. Furthermore, it is the heart of each one of us that launches the future. We can build strong momentum if each and every employee, including management leaders, pictures the future to be achieved, envisions it along with the future goal for MHI Group, and establishes an organization where we can collaborate.

At MHI Group, with management, business departments, and HR departments functioning as one, we will promote initiatives to launch the future that we envision, along with all of our Group employees.

Management strategy of MHI Group

2024 MTBP: Strengthen portfolio management, Strengthen technologies and human capital, and Promote MISSION NET ZERO

HR strategy to realize the management strategy



Leadership

Development of future management candidates

Developing leaders who can steer the Group's future

» Management Talent Pool P64
» Development Programs for Management Candidates P64



Talent

Human resource acquisition/ development

Bringing together future-oriented personnel

» Strengthening Recruitment P65
» Human Resource Development P66



Organization

Strengthening organizational capabilities

Building organizations that can adapt to change

» Strengthening and Passing on Our Manufacturing Expertise P67
» HR Data-Driven Management P67



Engagement

Employee engagement

Creating environments for the future

» Engagement Score P67
» Health and Safety P68



HR Responsibility Strengthening HR departments: For HR to build the future together

Establish a structure to execute the HR strategy to achieve the management strategy

MHI Group's HR Strategy: Launching the Future

Leadership

Development of Top Management Human Resources:

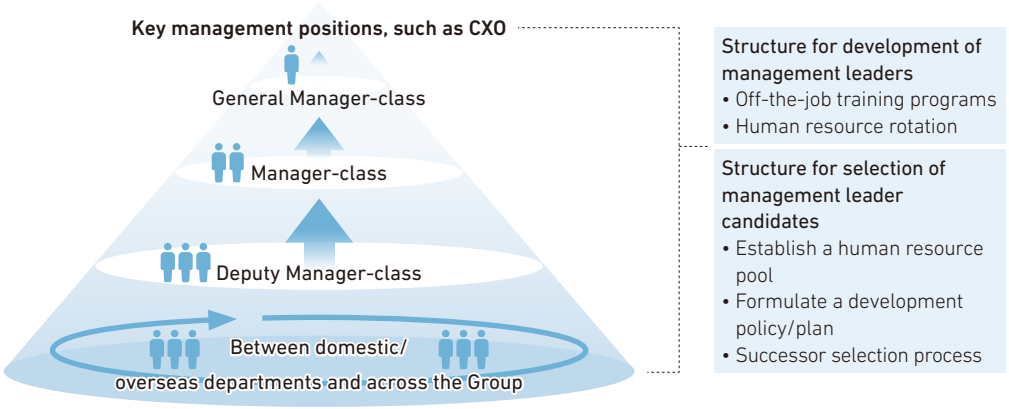
Developing Leaders Who Can Steer the Group's Future

Environments surrounding our businesses continuously change, including the shift to a decarbonized society, rapid development for digital transformation, and increased geopolitical risks. In light of such changes, the development of management leaders that can steer the overall Group is the most important theme for the entire Group. MHI Group will build a management structure that can cope with changes in any environment by establishing a system that continues to create management leaders on a global scale. We strive to introduce to society leaders who can respond to various global social issues, envision a new future, and pave the way to its achievement as a result.

Management Talent Pool

Our management talent pool is in principle formed through nominations from each division, but in some cases we also allow self-nomination. To foster talent pools, we hold human resource review meetings in each department to discuss personnel development policies from a long-term perspective. For candidates in these pools, we provide the necessary managerial experience by implementing assessments, creating individual development plans, assigning employees to broaden their experience, and having them participate in management leadership development programs. We also seek to strengthen their management literacy and foster a leadership mindset.

Development of Management Leaders to Shape Personnel, Businesses, and Society



Development Programs for Management Candidates

For those selected for the management talent pools, we run off-the-job programs in collaboration with business schools in Japan, the United States, the United Kingdom, and China. These programs are designed to cultivate management knowledge and skills and inspire leadership ambition. In FY2024, more than 150 participants took part in these programs. We also assign candidates to roles that expand their range of experience as executive leaders based on their individual development plans.

Among these, the "Inter-Regional Talent Management Program (IRTM)" targets leadership candidates from Group companies worldwide and is offered in partnership with the University of Oxford in the United Kingdom and Rice University in the United States. The program is designed around our philosophy and business direction and is structured into two tiers by management level.

- Program for senior managers: MHI Leadership Program (MLP)
  (Program leader: Saïd Business School, University of Oxford)
- Program for middle managers: Regional Advanced Management Program (RAMP)
  (Program leader: Rice Business, Rice University)

INTERVIEW

Interview with leaders of the MHI Leadership Program (MLP)

The Senior Leader Programme is a cornerstone of MHI Group's global talent strategy, developing leaders who can drive international growth and lead across cultures. Bringing together senior leaders from across Group companies, it expands global perspective, strengthens cultural competence, and enhances the ability to lead diverse teams.
The programme also fosters collaboration and knowledge exchange, aligning leaders behind MHI's growth and sustainability priorities. Through targeted learning in risk management, digital transformation, and leading in uncertainty, participants build the agility and vision needed to shape MHI's sustainable, forward-looking future.



Aileen Thomson
Client Director
Saïd Business School,
University of Oxford



Dr. Sally Bonneywell
Associate Fellow
Saïd Business School,
University of Oxford

MHI Group's HR Strategy: Launching the Future

Talent

Human Resource Acquisition/Development:

Bringing Together Future-Oriented Personnel

MHI Group promotes a wide range of businesses supporting current society and takes on challenges to create a future society in a multifaceted manner. This is precisely the reason we want to be a corporation that attracts people with the ambition and responsibility to proactively create and support society. We hope to support the challenges and growth of employees with such vision.

Strengthening Recruitment

Diversification of Hiring Channels

Across the Group, we are broadening our recruitment approaches to attract talent with diverse experiences and values. In 2023, we introduced our "Welcome Back" program to rehire former employees who had left the Group and gained experience outside before returning. In 2024, we launched referral hiring, a hiring scheme based on employee introductions.

Strengthening Internships

For science and engineering university and graduate students, we hold workplace-based internships twice a year, in summer and winter. Each session offers more than 400 diverse themes and attracts around 1,000 participants. By giving them hands-on experience, we provide participants with opportunities to discover the appeal and excitement of working within the Group while deepening their understanding of the organization.



An intern at work

Strengthening Skilled Worker Recruitment

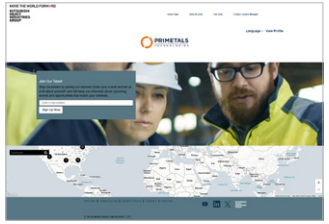
To secure skilled talent to underpin the Group's manufacturing, we are strengthening recruitment activities through school visits. We have also released dedicated brochures, videos, and a recruitment website for high school students to showcase the appeal of working in teams to create products.



Skilled worker recruitment brochure

Global Recruitment System

To strengthen talent acquisition, we have launched a dedicated website that consolidates recruitment information from across Group companies. Under a global framework coordinated between our bases in Europe and the United States, we have introduced a unified recruitment platform and are promoting hiring activities that leverage the strength of our Group brand. We are also promoting branding through social media and video content to broaden our reach beyond regional boundaries and attract talent with the necessary skills, thereby expanding our recruitment pool.



Global recruitment system website

Onboarding Program for Mid-Career Hires

For mid-career employees who join the Group, we hold an onboarding program called "MHI Linkup Session" to promote understanding of the Group and help them quickly adapt to their workplace. We also host tours of the Mitsubishi Minatomirai Industrial Museum and hands-on workshops. These enable participants to experience the Group's history and the breadth of its businesses and products while also reaffirming the significance of their own roles and work. It also gives employees an opportunity to build horizontal connections across departments.



MHI Linkup Session workshop

MHI Group's HR Strategy: Launching the Future

Talent

Human Resource Acquisition/Development:

Bringing Together Future-Oriented Personnel

Human Resource Development

Talent Development Guidelines

We view the growth of individual employees as the source of the Group's sustainable development. Based on the three values of Ownership, Collaboration, and Challenge, we develop human resources in a planned and continuous manner from a medium- to long-term perspective. We will also support the advancement of each employee's abilities and career development, fostering an environment where everyone can learn and grow.



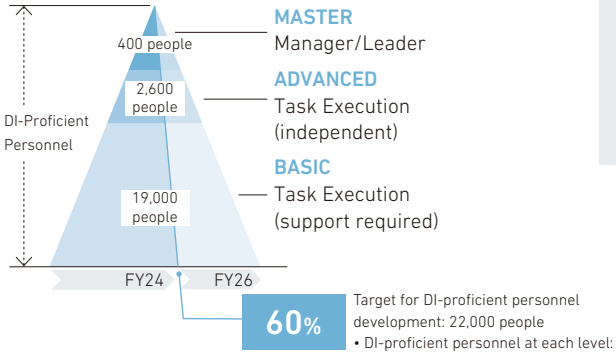
Values Cherished by MHI Group

Seeking to realize the mission of MHI Group, we share three values to guide the actions of every Group member.

Digital Innovation Education

We have set "Transform society through AI and digitalization" as one of our Material Issues and are working across the Group to foster talent that drives digital innovation (DI). Aiming to develop more than 20,000 DI-proficient personnel, we have established training programs based on a standardized skill framework. At our in-house training center, we offer around 240 courses—including on AI and IoT business applications—holding more than 500 sessions annually. We have also introduced external training programs, offering around 2,000 courses ranging from introductory to practical levels to all employees. This provides an environment where both technical and administrative staff can learn at their own level. In addition, we provide digital literacy education for all Group employees to strengthen the fundamental capabilities needed to drive business and organizational transformation. At the same time, we are expanding programs tailored to business needs to foster value creation and sustained growth through DI.

Developing DI-Proficient Personnel



Target for DI-proficient personnel development: 22,000 people
- DI-proficient personnel at each level: develop a total of 14,000 people

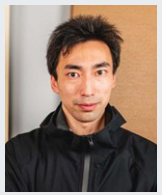
System to Support New Challenges for Employees

We have integrated cross-border learning into our education system to encourage employees to step outside their own organization, rediscover their own and the Group's strengths, gain a broader perspective through collaboration, and develop the ability to take initiative and think independently to overcome the status quo. We also support employees' autonomy and willingness to embrace new challenges by offering a variety of opportunities. These include "Cross-Border Challenge," which involves temporary assignments to venture companies or other internal departments, and "MHI Global Training (MGT)," which provides training at overseas sites.

INTERVIEW

Interview with Cross-Border Program participant

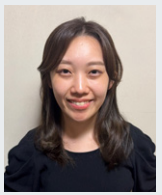
For six months, I worked at a venture company engaged in planning, developing, and operating cross-reality (XR) services, where I gained experience in launching new services, planning, and project management. Through this challenge, I developed the ability to create from scratch and to think abstractly, which helped me gain confidence and grow. I came to appreciate the differences in values and work styles across organizations, and I hope to apply these insights to provide a positive influence on those around me.



Takashi Suzuki
Equipment Engineering Department, GX Solutions
(Seconded to venture company)

Interview with MGT participant

For six months, I worked in the HR department at our U.K. base, where I was involved in recruitment and related activities. This training was my first overseas assignment, and it enabled me to understand work styles and ways of thinking in a completely different cultural environment, greatly broadening my perspective. The communication skills, language ability, and personal connections I gained by participating in MGT continue to benefit my work today.



Asahi Yatsuyanagi
Aircraft & Missile Systems Division, Defense & Space
(Seconded to Mitsubishi Heavy Industries EMEA, Ltd.)

MHI Group's HR Strategy: Launching the Future

Organization

Strengthening Organizational Capabilities:

Building Organizations That Can Adapt to Change

Delivering unwavering, reliable manufacturing remains a core mission of the Group despite ongoing changes in our business environment. We are committed to building a solid business foundation for the future by developing people with true manufacturing excellence who combine skills and knowledge with the wisdom to apply them.

Strengthening and Passing on Our Manufacturing Expertise

• Skills education/training centers

To develop manufacturing talent with solid skills and knowledge, together with the wisdom to apply them, we provide one-year foundational training for newly assigned employees at three skills training centers in Japan. For mid-level employees, we offer Core Skills Training. This program aims to broaden their knowledge and perspective to address advancements in manufacturing technologies, while also cultivating the leadership needed to lead on the front lines.



Training at a skills training center

• World Skills Competition

To raise motivation among young workers to improve their technical expertise and raise overall skill levels, we actively support their participation in the World Skills Competition. At the 62nd National Skills Competition held in FY2024, we won gold medals in the Welding and Construction Steel Work categories.



World Skills Competition training

HR Data-Driven Management

We operate a global HR database covering more than 170 Group companies in Japan and overseas. In Japan, we have also unified our core HR systems and developed dashboards that organize the data underpinning decision-making. By visualizing and analyzing HR data, we are enhancing the accuracy of our strategies and improving the speed of execution.

Engagement

Improving Employee Engagement:

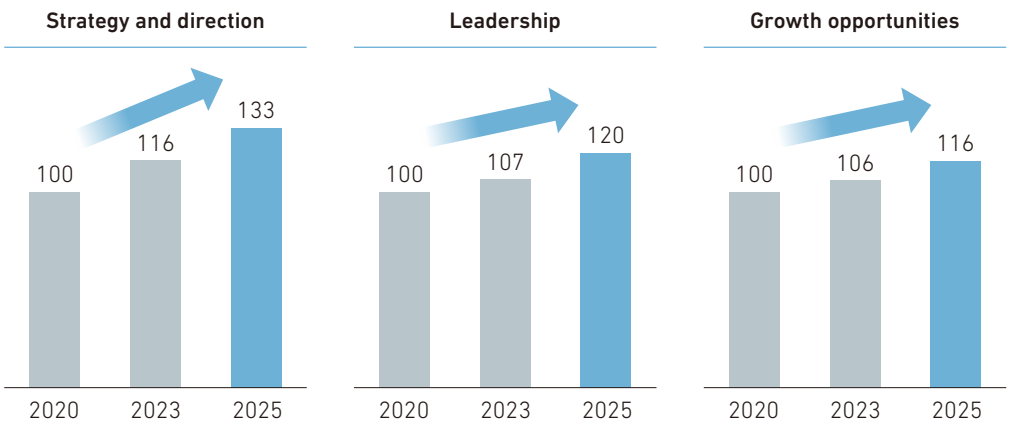
Creating Environments for the Future

To create future social value, it is essential that each employee feels a sense of purpose in their work that fosters intrinsic motivation. As a prerequisite, employees need to work with peace of mind in a safe and healthy environment. In this context, we continue providing workplace conditions that balance fulfillment with ease of work.

Engagement Score

Since FY2017, the Group has conducted regular employee surveys covering all employees to monitor engagement levels and the overall work environment on an ongoing basis. Based on past survey results, we identified Strategy and direction, Leadership, and Growth opportunities as priority issues and have been working to make improvements in these areas. We have rolled out a range of initiatives, including town hall meetings led by the President, business briefings by senior management, and an expanded internal job posting system that encourages employees to build their careers autonomously. In the most recent survey conducted in 2025, overall engagement scores rose, with notable improvements in the three aforementioned priority areas. We will continue conducting regular surveys and pursuing further improvements going forward.

Results of Initiatives to Address Group-Wide Priority Issues



Note: Average scores of multiple questions related to each item were indexed using the 2020 survey result as 100.

MHI Group's HR Strategy: Launching the Future

Engagement

Improving Employee Engagement:

Creating Environments for the Future

Health and Safety

Under our fundamental policy of upholding a spirit of respect for human life and giving top priority to safety and health, we have established the "MHI Group Safety and Health Policy," which represents a code of conduct employees are expected to follow. To make clear that safety is the top priority, we have specified that all employees are vested with Stop Work Authority (SWA*). On the health front, under the President's health declaration, we formulated the Well-being Strategy Map and Wellness Action 24–26, which are being rolled out across the Group. Since FY2023, we have been certified as a Health and Productivity Management Outstanding Organization for three consecutive years.

* SWA: The authority to stop work and demand corrective action upon identifying unsafe behavior or equipment, regardless of one's position or department

Workplaces Where Everyone Can Work Comfortably

We have around 80,000 employees from diverse backgrounds, nationalities, and cultures working across the Group. Therefore, a corporate culture in which everyone is respected is an essential prerequisite for all initiatives. With this in mind, we have established childcare and nursing care support systems to ensure that all employees can continue their careers regardless of gender, while also developing guidelines on LGBTQ issues and expanding job opportunities for people with disabilities.

INTERVIEW

Interview with foreign national employee of MHI Group

After graduating from a university in Thailand, I came to Japan and joined Mitsubishi Heavy Industries Compressor (MCO) as a new graduate. At first, I faced major challenges, not only as it was my first job but also because working in Japanese presented a significant barrier. Fortunately, MCO's global environment and supportive colleagues made a significant difference. Everyone was genuinely willing to communicate in English, and their encouragement helped me through this difficult transition. The company also offers ongoing weekly Japanese lessons, which have greatly boosted my language skills and confidence. Another aspect I truly value is the company's commitment to a work-life balance, which enables employees to maintain a healthy personal life while remaining productive. Looking ahead, my goal is to continuously contribute to MCO and help ensure that we maintain our status as a valuable partner for our customers.



Phanthitra Phornwisetsirikun
Engineering and Design Division,
Mitsubishi Heavy Industries Compressor Corporation

Practicing "HR Innovation 2030" in MHI Group

Mitsubishi Heavy Industries Machinery Systems



Hiroto Nakamura
Director, Senior Managing Executive Officer
Mitsubishi Heavy Industries Machinery Systems, Ltd.

We are pursuing unique initiatives as part of our forward-looking HR strategy. For mid-level employees, particularly those in their 30s, we provide workshops and consulting sessions led by in-house career consultants to support deeper self-understanding and help clarify desired career paths and goals. We also encourage veteran employees to consolidate their experience and skills and supervisors to clarify the roles and expectations they assign, thereby connecting both parties to promote the active participation of veteran employees. For managers, we hold seminars to strengthen their listening skills and thus enhance overall management capabilities. We also provide expertise and services related to human resource management tailored to the needs of each department, supporting the smooth operation of departments.

We will continue advancing HR strategies that support each employee's growth and challenges, building the future of MHI Group under the concept of "HR Innovation 2030."

Primetals Technologies



Richard Barcoe
Primetals Technologies, Limited
Head of Human Resources

As part of the HR Innovation 2030 initiative to enhance employee engagement, our company participated in the MHI Employee survey. The results exceeded the benchmark global norms provided by the consulting firm, however, they also identifying three key areas for improvement: "Collaboration," "Training," and "Development Opportunities."

To address these areas for improvement, we will progress our corporate culture "Ways of Working (WOW) Program" by training additional WOW facilitators. This will enable us to further embed the program and in particular foster a stronger culture of collaboration. To help employees independently develop their careers, we have launched our internal "Talent Hub" platform so they can record their skills, experiences, and career goals. In the future, we will add further functionality that will enable employees to analyze the gaps between their current and future required skills and build a development plan to close the gap. Through Talent Hub, our goal is to make development opportunities more tangible and transparent to develop a stronger learning culture that promotes employee development and improves business performance.

Eleven-Year Financial Data

(Years ended March 31 or as of March 31) Billion yen	2015/3	2016/3	2017/3	2018/3 ← JGAAP	2018/3 IFRS →	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3	2025/3	Million US dollars[1] 2025/3
Orders received	¥4,699.1	¥4,485.5	¥4,275.6	¥3,875.7	¥3,868.7	¥3,853.4	¥4,168.6	¥3,336.3	¥4,067.7	¥4,501.3	¥6,684.0	**¥7,071.2**	**$47,292**
Revenue	3,992.1	4,046.8	3,914.0	4,110.8	4,085.6	4,078.3	4,041.3	3,699.9	3,860.2	4,202.7	4,657.1	**5,027.1**	**33,621**
Profit (loss) from business activities	296.1	309.5	150.5	126.5	58.1	200.5	(29.5)	54.0	160.2	193.3	282.5	**383.1**	**2,562**
Profit (loss) before income taxes	232.6	132.6	169.7	128.0	39.2	195.0	(32.6)	49.3	173.6	191.1	315.1	**374.5**	**2,504**
Profit (loss) attributable to owners of the parent	110.4	63.8	87.7	70.4	(7.3)	110.2	87.1	40.6	113.5	130.4	222.0	**245.4**	**1,641**
Research and development expenses	¥ 145.5	¥ 150.6	¥ 160.7	¥ 176.8	¥ 176.8	¥ 152.1	¥ 146.8	¥ 125.7	¥ 113.6	¥ 127.4	¥ 178.3	**¥ 218.6**	**$ 1,462**
Capital expenditures	156.1	175.5	204.4	158.4	158.4	147.3	161.5	125.5	122.8	150.7	200.4	**194.5**	**1,300**
Depreciation and amortization	157.0	158.7	172.7	176.1	176.1	135.6	144.6	139.2	132.1	137.8	150.1	**158.1**	**1,057**
Total assets	¥5,520.3	¥5,500.7	¥5,481.9	¥5,487.6	¥5,248.7	¥5,240.3	¥4,985.6	¥4,810.7	¥5,116.3	¥5,474.8	¥6,256.2	**¥6,658.9**	**$44,535**
Total equity	2,120.0	1,999.7	2,104.1	2,164.4	1,693.8	1,728.6	1,290.0	1,439.3	1,662.5	1,833.9	2,360.6	**2,469.8**	**16,518**
Interest-bearing debt	975.5	1,052.1	925.5	813.1	813.1	665.1	598.2	905.6	734.9	742.4	728.9	**651.3**	**4,355**
Cash flow from operating activities	¥ 212.8	¥ 270.0	¥ 95.9	¥ 345.1	¥ 405.7	¥ 420.3	¥ 452.5	¥ (94.9)	¥ 285.5	¥ 80.8	¥ 331.1	**¥ 530.4**	**$ 3,547**
Cash flow from investing activities	(174.1)	(262.4)	8.7	(137.1)	(238.1)	(161.8)	(239.5)	(182.2)	16.3	(45.5)	(131.0)	**(187.7)**	**(1,255)**
Free cash flow	38.6	7.5	104.6	207.9	167.5	258.4	212.9	(277.1)	301.8	35.3	200.1	**342.7**	**2,292**
Cash flow from financing activities	(45.8)	(23.1)	(162.0)	(152.1)	(112.3)	(271.0)	(204.4)	221.7	(255.7)	(18.9)	(158.9)	**(114.1)**	**(763)**
Per share information of common stock[2] Yen													US dollars
Basic earnings (losses) per share	¥ 32.90	¥ 19.02	¥ 26.12	¥ 20.98	¥ (2.18)	¥ 32.84	¥ 25.94	¥ 12.09	¥ 33.82	¥ 38.84	¥ 66.07	**¥ 73.04**	**$ 0.488**
Total equity	530.65	500.30	529.91	543.10	415.35	420.47	362.77	406.47	469.64	518.31	667.86	**698.91**	**4.674**
Cash dividend	11.00	12.00	12.00	12.00	12.00	13.00	15.00	7.50	10.00	13.00	20.00	**23.00**	**0.153**
Ratios													
Overseas sales ratio	53.4%	55.4%	53.5%	54.2%	55.1%	54.0%	52.0%	47.4%	51.1%	57.0%	58.1%	**56.5%**	
Ratio of profit (loss) from business activities	7.4%	7.6%	3.8%	3.1%	1.4%	4.6%	(0.7)%	1.5%	4.2%	4.6%	6.1%	**7.6%**	
Return on equity[3]	6.5%	3.7%	5.1%	3.9%	(0.5)%	7.9%	6.6%	3.1%	7.7%	7.9%	11.1%	**10.7%**	
Return on assets[4]	2.1%	1.2%	1.6%	1.3%	(0.1)%	2.1%	1.7%	0.8%	2.3%	2.4%	3.5%	**3.7%**	
D/E ratio[5]	46%	53%	44%	38%	48%	38%	46%	63%	44%	40%	31%	**26%**	
Equity ratio[6]	32.3%	30.5%	32.5%	33.3%	26.6%	26.9%	24.4%	28.4%	30.8%	31.8%	35.9%	**35.2%**	
Dividend payout ratio[7]	33.4%	63.1%	45.9%	57.2%	—	39.6%	57.8%	62.0%	29.6%	33.5%	30.3%	**31.5%**	

MHI Group has adopted the International Financial Reporting Standards (IFRS) from FY2018. Actual financial figures for FY2017 are also shown here in accordance with IFRS. The IFRS categories under Japanese GAAP are as follows: revenue corresponds to net sales; profit from business activities corresponds to operating income; profit (loss) attributable to owners of the parent corresponds to net income (loss) attributable to owners of the parent; total equity corresponds to total net assets; basic earnings (losses) per share correspond to profit (loss) per share; and equity ratio corresponds to shareholders' equity ratio.
"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 (loss) 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 sales of fixed assets, impairment losses on fixed assets, and others.

1 US dollar amounts in this report are translated from yen, for convenience only, at the rate of ¥149.52 = US $1, the exchange rate prevailing at March 31, 2025.

2 The Company conducted a 1-for-10 reverse stock split of common shares on October 1, 2017, and a 10-for-1 stock split of common shares on April 1, 2024. Figures for FY2017 to FY2023 assume that the stock splits occurred at the beginning of the respective periods, and "Per Share Information" is calculated accordingly.

3 Return on equity = profit (loss) attributable to owners of the parent / (total equity – share subscription rights – non-controlling interests)

4 Return on assets = profit (loss) attributable to owners of the parent / total assets

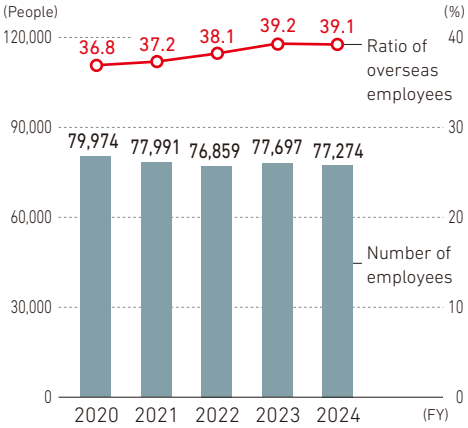
5 D/E ratio = interest-bearing debt / total equity

6 Equity ratio = (total equity – share subscription rights – non-controlling interests) / total assets

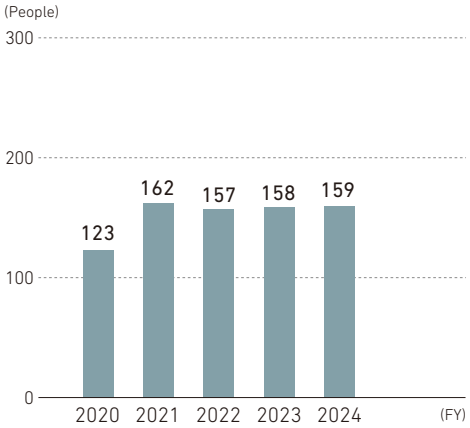
7 Dividend payout ratio = dividends / profit attributable to owners of the parent

Five-Year Non-Financial Data

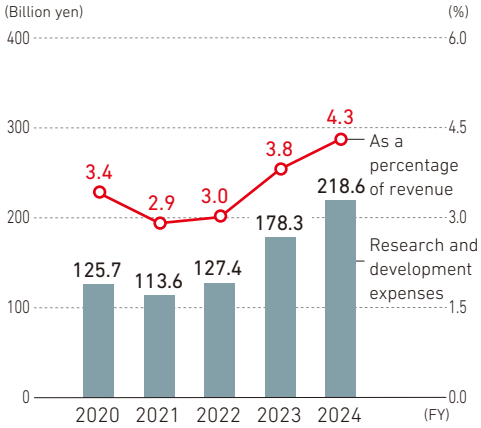
Number of Employees/ Ratio of Overseas Employees[1]



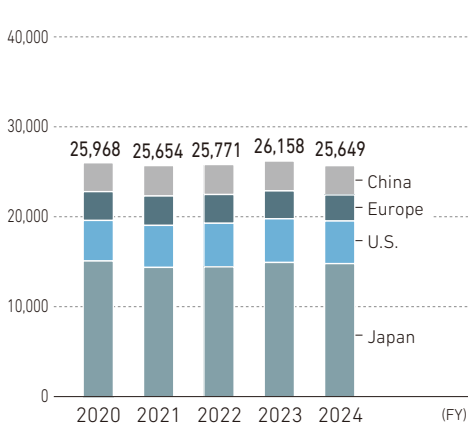
Number of Female Employees Among All Section Manager or Higher Positions[2]



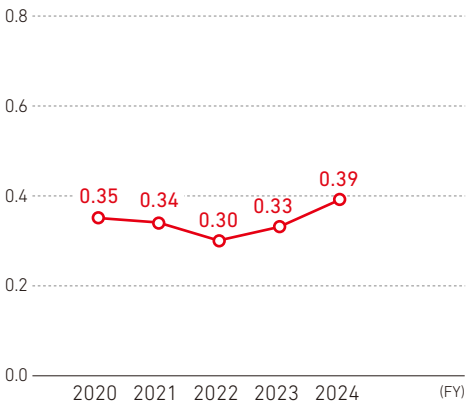
Research and Development Expenses/ As a Percentage of Revenue[1]



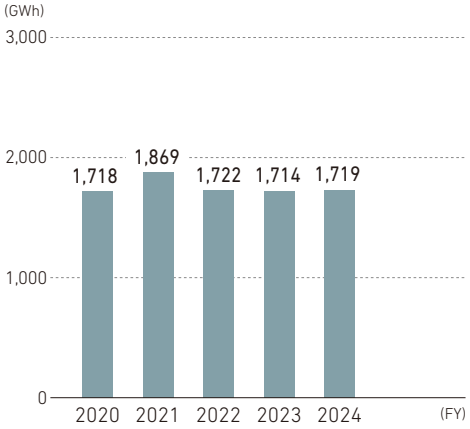
Number of Patents Held[1]



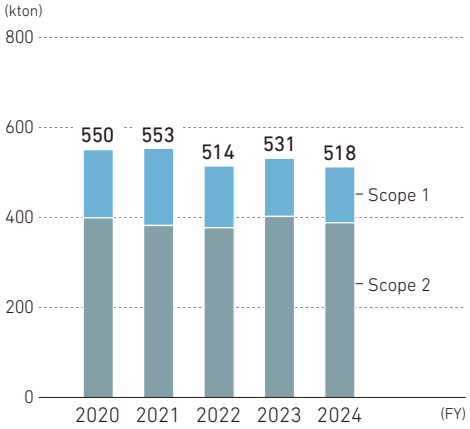
Industrial Accident Frequency Rate[3]



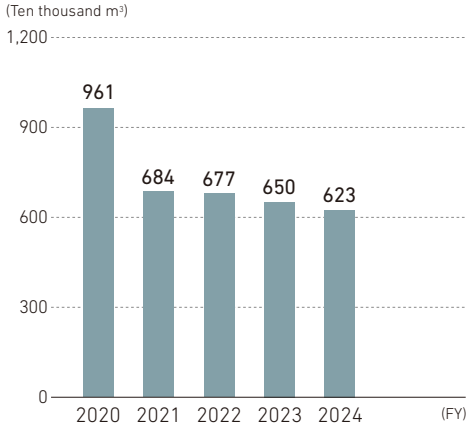
Total Energy Consumption[4]



Greenhouse Gas (CO_2) Emissions (Scopes 1 & 2)[4]



Water Intake[5]



Coverage:
1 MHI Group
2 MHI on a non-consolidated basis
3 MHI on a non-consolidated basis and Group companies (FY2020: 44, FY2021: 56, FY2022: 56, FY2023: 51, FY2024: 49 (Employee coverage ratio: 72.3%))
4 MHI on a non-consolidated basis and Group companies (FY2020: 156, FY2021: 158, FY2022: 163, FY2023: 156, FY2024: 170 (Revenue coverage ratio: 98%))
5 MHI on a non-consolidated basis and Group companies (FY2020: 139, FY2021: 144, FY2022: 143, FY2023: 141, FY2024: 150 (Revenue coverage ratio: 95%))

Corporate Data

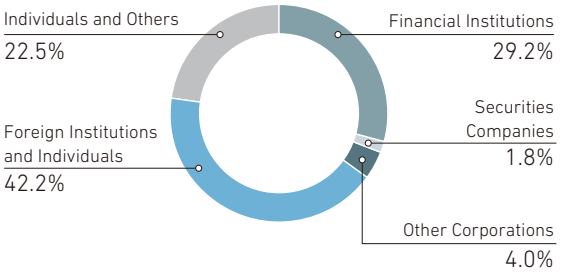
As of March 31, 2025

Head Office:	2-3, Marunouchi 3-chome, Chiyoda-ku, Tokyo 100-8332, Japan Phone: +81-3-6275-6200
Established:	January 11, 1950
Paid-in Capital:	¥265.6 billion
Total Number of Issuable Shares:	6,000,000,000
Total Number of Shares Issued:	3,373,647,810
Number of Shareholders:	501,945
Number of Employees:	77,274 (Consolidated) 22,347 (Non-consolidated)
Stock Listings:	Tokyo, Nagoya, Fukuoka, and Sapporo Stock Exchanges
Ticker Code:	7011
Manager of the Register of Shareholders:	Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8212, Japan
Independent Auditor:	KPMG AZSA LLC 1-2 Tsukudo-cho, Shinjuku-ku, Tokyo 162-8551, Japan

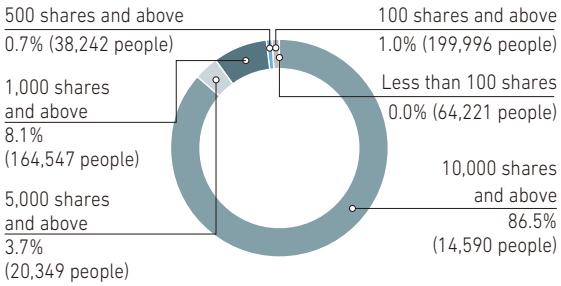
Major Shareholders

	Number of shares	Composition rate (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	529,180,600	15.7
Custody Bank of Japan, Ltd. (Trust Account)	188,481,300	5.5
STATE STREET BANK AND TRUST COMPANY 505001	88,964,090	2.6
Meiji Yasuda Life Insurance Company	80,022,740	2.3
STATE STREET BANK WEST CLIENT - TREATY 505234	64,814,650	1.9
THE BANK OF NEW YORK MELLON AS DEPOSITARY BANK FOR DEPOSITARY RECEIPT HOLDERS	52,189,820	1.5
GOVERNMENT OF NORWAY	51,974,142	1.5
THE BANK OF NEW YORK MELLON AS DEPOSITARY BANK FOR DR HOLDERS	46,922,966	1.3
JP MORGAN CHASE BANK 385781	45,327,990	1.3
Mitsubishi Heavy Industries Employee Shareholding Association	39,036,205	1.1

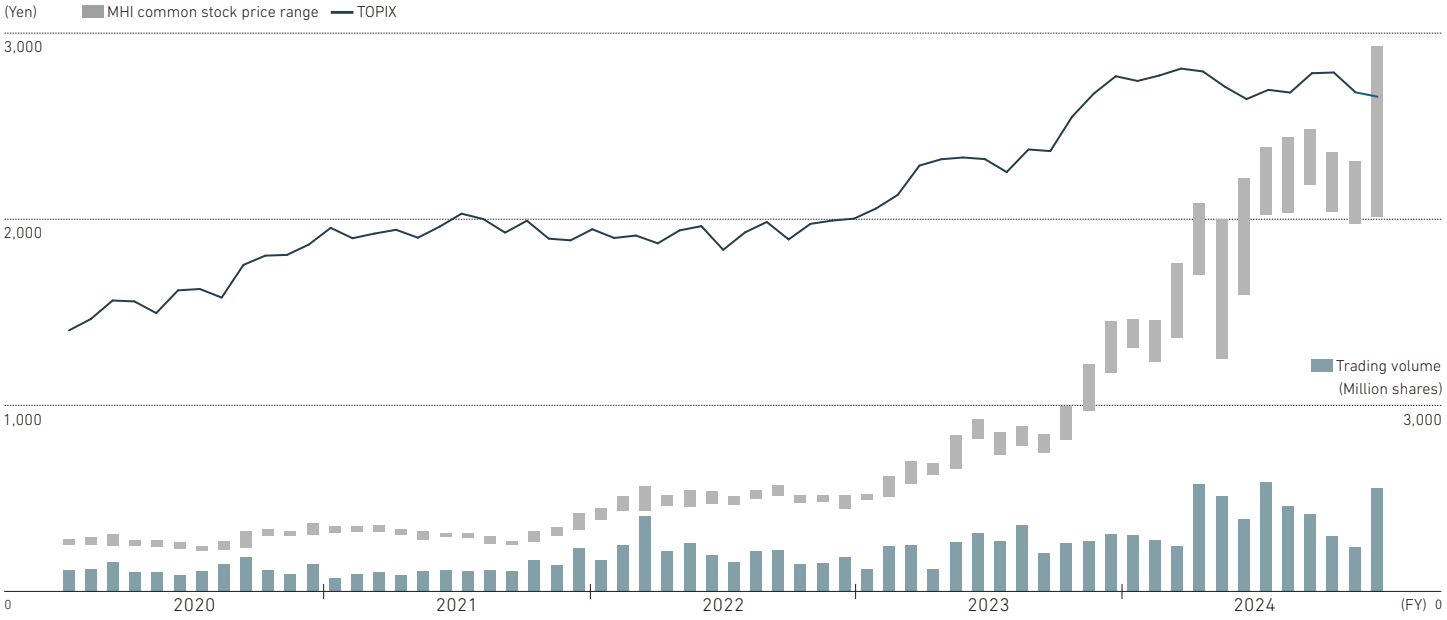
Shareholder Composition by Type



Shareholder Composition by Number of Shares Held



Stock Price Range and Trading Volume (Tokyo Stock Exchange)



Note: The Company conducted a 10-for-1 stock split of common stock on April 1, 2024. Figures up to and including FY2023 assume that the stock splits occurred at the beginning of the respective periods.


MITSUBISHI
HEAVY INDUSTRIES