



July 30, 2021

Notice Concerning Conclusion of Absorption-type Split Agreement
Whereby MHI will Succeed to the Thermal Power Generation Systems Business, etc.
of Wholly-owned Subsidiary

On May 10, 2021, Mitsubishi Heavy Industries, Ltd. (MHI) announced intent to succeed to the business operations in thermal power generation systems, etc. conducted by its wholly-owned subsidiary Mitsubishi Power, Ltd., by means of an absorption-type split arrangement. We hereby give notice that the agreement pertaining to this split operation was concluded today between the two companies, as described below. Because the procedure involved a spinoff of the business segment of a wholly-owned subsidiary, some disclosure items and contents have been omitted.

1. Purpose of the company split

Effective October 1, 2021, MHI will take over the business operations in thermal power generation systems, etc. of Mitsubishi Power, a wholly-owned MHI subsidiary, under an absorption-type split arrangement to enable the resources of both companies to be unified and managed dynamically, in order to further accelerate the “Energy Transition” – a core MHI Group growth engine – by simultaneously and expeditiously advancing the decarbonization of thermal power generation systems promoted by Mitsubishi Power and the development of hydrogen and CO₂ ecosystems promoted by MHI.

2. Company split summary

a. Company split schedule (subject to change)

Contract signing date	July 30, 2021
Planned implementation date (effective date)	October 1, 2021

Note: As this company split qualifies, for MHI, as a “simplified absorption-type company split” as stipulated in Paragraph 2, Article 796 of Japan’s Companies Act, and, for Mitsubishi Power, as a “summary absorption-type company split” as stipulated in Paragraph 1, Article 784 of said Companies Act, it will be carried out without having to acquire approval at the two companies’ respective general meetings of shareholders.

b. Company split method

An absorption-type split will be adopted, with MHI as the succeeding company and Mitsubishi Power as the company being split and absorbed.

c. Company split-based allocations

Because Mitsubishi Power is a wholly-owned subsidiary of MHI, no allocations of shares, cash or other assets will occur.

d. Treatment of share options and bonds with share options

The splitting company has issued neither share options nor bonds with share options.

e. Change in capitalization arising from the company split

As a result of the split action, MHI will register no increase in either its capitalization or capital reserve.

f. Rights and obligations taken over by the succeeding company

- ① The succeeding company will take over the assets and liabilities pertaining to the target businesses of the splitting company, any rights and liabilities auxiliary thereto, and target shares owned by the splitting company. Excluded, however, are any such rights, liabilities, etc. stipulated as non-succeeding in the absorption-type split agreement.
- ② Succession of any debts or other obligations taken over by the succeeding company from the splitting company under this split action shall be cumulatively assumed in their entirety.

g. Outlook on fulfillment of obligations

The succeeding company in this split arrangement projects no difficulties in fulfilling obligations it is obliged to fulfill.

3. Summary of companies involved in this company split action (as of March 31, 2021)

	Splitting Company		Succeeding Company	
(1) Name	Mitsubishi Power, Ltd.		Mitsubishi Heavy Industries, Ltd.	
(2) Address	3-3-1, Minatomirai, Nishi-ku, Yokohama 220-8401, Japan		2-3, Marunouchi 3-chome, Chiyoda-ku, Tokyo 100-8332, Japan	
(3) Representative	Ken Kawai, President and CEO		Seiji Izumisawa, President and CEO	
(4) Business areas	Thermal power generation systems (gas turbines, steam turbines, coal gasification power plants, boilers, thermal power control systems, generators, etc.), geothermal power plants, environmental systems, fuel cells, electricity sales (limited to GTCC plant demonstration facility at Takasago Works), other auxiliary businesses		Ships & marine systems, engines, machinery & steel structures, aircraft & aerospace systems, industrial machinery & special-purpose vehicles, other manufacturing, etc.	
(5) Capital	100,000 million JPY		265,608 million JPY	
(6) Establishment	June 17, 2013		January 11, 1950	
(7) Shares outstanding	1,000		337,364,781	
(8) Fiscal year-end	March 31		March 31	
(9) Major shareholders and shareholding ratios	Mitsubishi Heavy Industries, Ltd.	100%	<ul style="list-style-type: none"> • The Master Trust Bank of Japan, Ltd. (Trust Account) 8.20% • Custody Bank of Japan, Ltd. (Trust Account) 5.23% • Meiji Yasuda Life Insurance Company 2.37% • The Nomura Trust and Banking Co., Ltd. (Retirement Benefit Trust Account for The Bank of Mitsubishi UFJ, Ltd.) 1.93% • Custody Bank of Japan, Ltd. (Trust Account 7) 1.81% 	

	Splitting Company	Succeeding Company
(10) Financial status and operating results for the previous fiscal year		
Equity	527,679 million JPY	913,618 million JPY
Total assets	963,514 million JPY	2,827,472 million JPY
Equity per share	527 million JPY	2,715.44 JPY
Revenue	754,917 million JPY	916,770 million JPY
Profit from business activities	(38,376 million JPY)	24,528 million JPY
Profit before income taxes	(7,289 million JPY)	144,350 million JPY
Profit (loss) attributable to owners of parent	(7,353 million JPY)	104,934 million JPY
Profit (loss) attributable to owners of parent per share	(7 million JPY)	312.23 JPY

Note: Figures in parentheses are negative.

4. Summary of businesses being succeeded

a. Scope of businesses being succeeded

Assets, liabilities, and all other rights and obligations relating to businesses operated by Mitsubishi Power immediately prior to the effective date of the split operation (excluding: contracts currently entered with overseas customers; overseas offices; some but not all intellectual properties registered, or registration pending, overseas; shares owned in some but not all overseas group companies; etc.)

b. Operating results of businesses being succeeded

	Results of businesses being succeeded (a)	Total results in FY2021 (b)	Ratio (a/b)
Revenue	646,055 million JPY	916,770 million JPY	70.5%

c. Assets and liabilities of businesses being succeeded (Planned)

Assets	900 billion JPY
Liabilities	400 billion JPY

5. Status of listed company (succeeding company) after split operation

(1) Name	Mitsubishi Heavy Industries, Ltd.
(2) Address	2-3, Marunouchi 3-chome, Chiyoda-ku, Tokyo 100-8332, Japan
(3) Representative	Seiji Izumisawa, President & CEO
(4) Business areas	Ships & marine systems, engines, machinery & steel structures, aircraft & aerospace systems, industrial machinery

	& special-purpose vehicles, other manufacturing, etc.
(5) Capital	265,608 million JPY
(6) Fiscal year-end	March 31

6. Future outlook

This split and succession operation will have no impact on MHI's consolidated earnings. In its non-consolidated financial statements for FY2021, the Company plans to book approximately 50 billion JPY in gain on extinguishment of tie-in shares as extraordinary profit.

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