

# Business Segment IR Meeting

# Mitsubishi Corporation



# Power Solution Group



# Power Solution Group: Attendees

**Katsuya Nakanishi: Group CEO**

**Yasuyuki Asakura: General Manager, Group CEO Office**

**Gaku Yaguchi: General Manager, Group Administration Dept.**

**Satoshi Hamada: Division COO, International Power Div.**

**Yuji Okafuji: Division COO, Energy Service Solution Div.**

**Yasuhiko Okabe: Division COO, Utility Retail Div.**

# Today's Agenda

## 1. Group Overview

- Group Mission
- Group Organization

## 2. Group Policy

- Market environment surrounding the Group, and our strategies
- Overview of Group strategy in FY2021
- Plans for investments and asset replacements
- Profit plan

## Reference Material

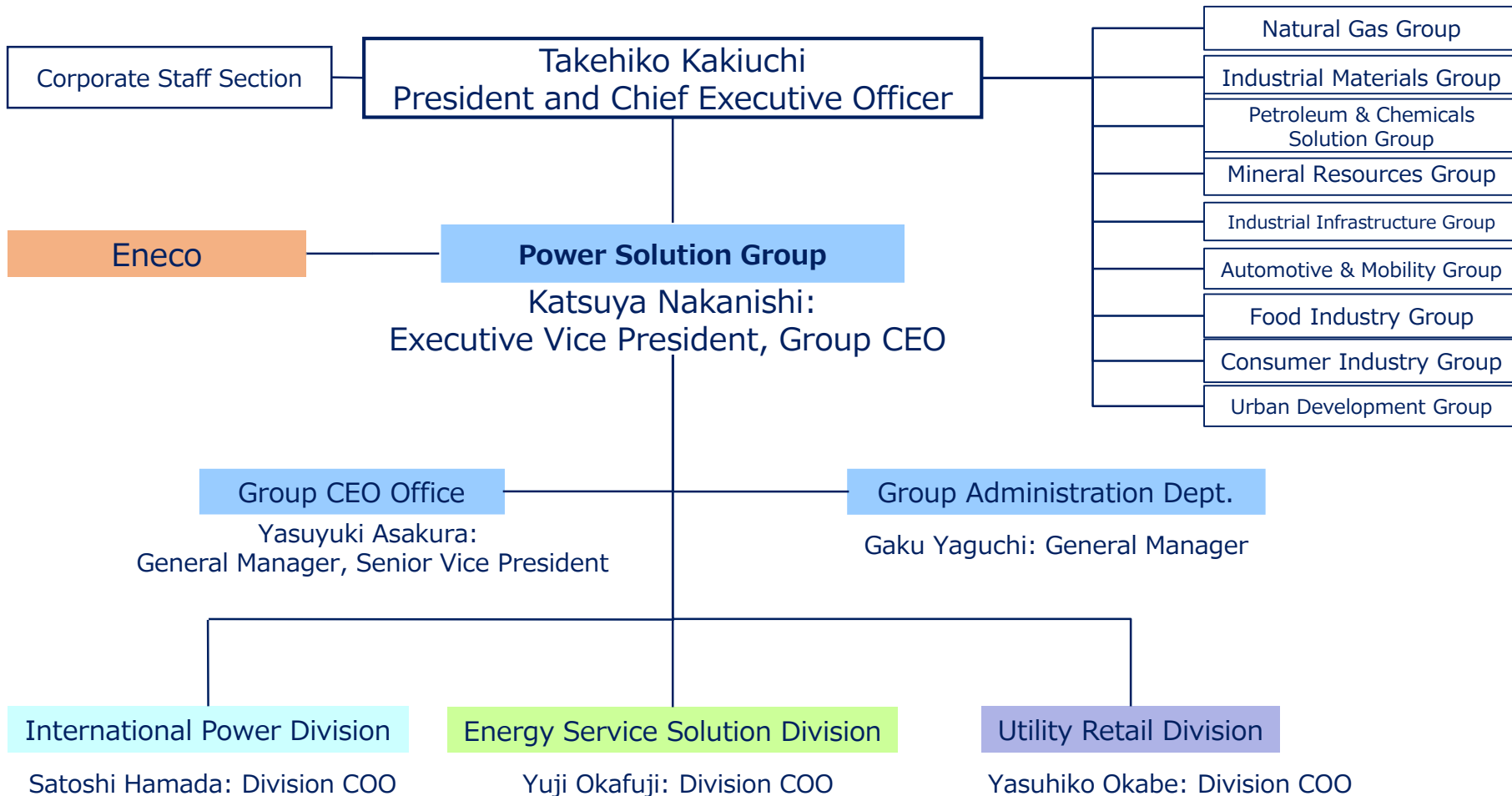
- Divisions and Office Mission
- Eneco
- Nexamp (Distributed solar power generation business)
- Power/Retail services
- Concept of Microgrid Platform with NTT

## 1.-① Group Overview : Group Mission

By combining **low-emission power sources, such as renewable energy, with digital technologies**, we not only contribute to the stable supply of electricity, but also **provide new added value to customers**, such as the integration of supply and demand.

# 1.-② Group Overview : Group Organization

(As of April 1, 2021)



## 2.-① Group Policy : Market environment surrounding the Group, and our strategies

### Market environment

### Strategies

#### Shift toward a low carbon society

- ✓ Shift to a carbon-neutral society
- ✓ Renewable energy becoming the main source of power, and shift to clean energy
- ✓ Concerns over thermal power generation facilities becoming stranded assets
- ✓ Shift to distributed power generation, demand/supply adjustment initiated from the demand-side, penetration of EVs and batteries

- ✓ Further strengthen renewable energy power generation
- ✓ Strategic divestment of thermal power assets, as well as switching to zero-emission facilities
- ✓ Reinforce efforts to build local and distributed power infrastructure

#### Changes in electric supply system, with renewable energy becoming the Main Power Source

#### Developments in digital technology (utilizing DX)

- ✓ Sophistication of power generation capacity and demand/supply projections using digital technologies
- ✓ Paradigm shift in retail business, through advancements in digital marketing

- ✓ Strengthen energy management businesses comprehensively, both on supply side and demand side
- ✓ Develop new kWh+a services



**Secure opportunities and develop businesses in paradigm shift taking place in the energy and electricity segment (low / zero carbon, renewable energy, hydrogen society)**

# 2.-② Group Policy : Overview of Group strategy in FY2021

## Strategy

- ✓ Develop clean energy (renewable energy such as off-shore wind power generation)
- ✓ Initiatives for a new Power Retail business: proposing optimal services for daily life and events through customer base deeply rooted in the local community and digital marketing experience.
- ✓ Promote energy service business through distributed power infrastructure (contribute to society that generates the power it needs themselves, and coexists with the local economy)

### Eneco

- Further promote “power generation through retail strategy”, initiated by renewable energy
- Stabilize and expand customer base, by differentiating through green power

Details ▶ P.12

“Deliver”

Demand/  
customer  
base

DX

“Generate”

Renewable  
(zero emission)  
power  
generation

EX

Integration

(Energy management,  
community infrastructure,  
micro-grid platform)

“Integrate”

### Utility Retail Division

- Maximize value of power customer platform
- Develop and provide new kWh+a services, by making use of digital marketing

Details ▶ P.14

### International Power Division

- Overseas / renewable power generation, water businesses
- Distributed solar power generation
- Green hydrogen initiatives

Details ▶ P.13

### Energy Service Solution Division

- Domestic renewable power generation
- Establish distributed power infrastructure (micro-grid concept with NTT)

Details ▶ P.15

## 2.-③ Group Policy : Plans for investments and asset replacements

### Accelerate shift in portfolio, to realize strategy of unified power generation and sales

Reform Group business portfolio: shift resources to **Strategic Focus Areas** / shift portfolio from **thermal to renewable energy**

Generation capacity of renewable energy : 3.3GW (FY2019) → aim to double to **6.6GW (FY2030)**

**Aim for 100% non-fossil fuel ratio by 2050**, by reducing existing thermal power capacity and switching to zero emission thermal

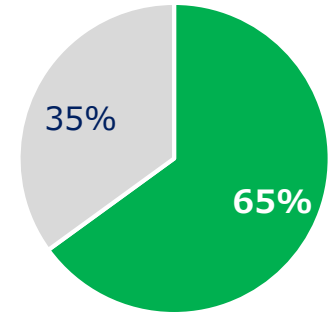
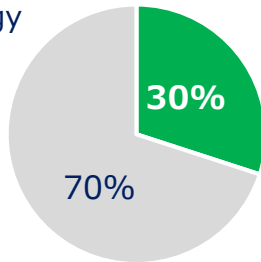


# 2.-④ Group Policy : Profit plan

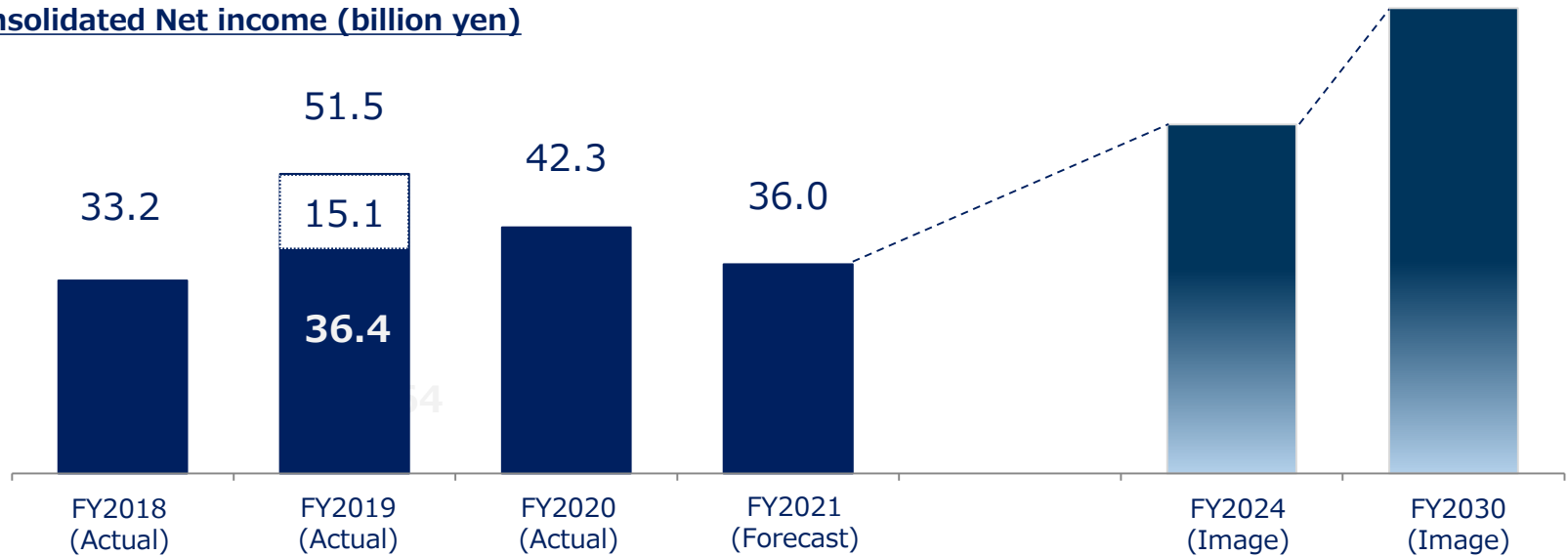
## Business Performance trend and profit target

### Breakdown of power source (MW)

- Renewable energy
- Thermal



### Consolidated Net income (billion yen)



(Includes one-off profit of 15.1 from Eneco becoming a subsidiary)

# Reference Material

# Reference-① : Divisions and Office Mission

<b>International Power Division</b>	<ul style="list-style-type: none"> <li>✓ Promote power &amp; utility business, centered around renewable energy, in focus markets around the world                             <ul style="list-style-type: none"> <li>• U.S. : Distributed solar power / offshore wind power generation business, and promotion of demand-side business using renewable energy sources</li> <li>• Asia : Promote renewable energy based power generation, centered around distributed solar power / onshore wind power generation</li> <li>• Strategic divestment of existing thermal power assets, and promotion of zero emission initiatives</li> </ul> </li> </ul>
<b>Energy Service Solution Division</b>	<ul style="list-style-type: none"> <li>✓ Through domestic renewable energy development and supply-side business centered around renewable energy, together with initiatives for local and distributed power infrastructure using batteries etc., promote solution-based energy service business, by proposing to customers a package of renewable energy based power generation and the sale of electricity</li> </ul>
<b>Utility Retail Division</b>	<ul style="list-style-type: none"> <li>✓ Develop and provide “assisted-living services”, through digital marketing leveraging on the customer platform</li> <li>✓ Contribute to the integration of generation and sales of renewable energy based electricity, by strengthening the new utility retail business through renewable energy and advanced technologies, creating the Group’s original customer base (demand), and the VPP business (adjustment functions)</li> <li>✓ Pursue utility service business initiatives, by achieving synergies between the water business and the retail business</li> </ul>
<b>Eneco Office</b>	<ul style="list-style-type: none"> <li>✓ Promote power generation business in Europe through Eneco, while implementing its innovative strategies in Europe to other parts of the world</li> </ul>

# Reference-② : Eneco

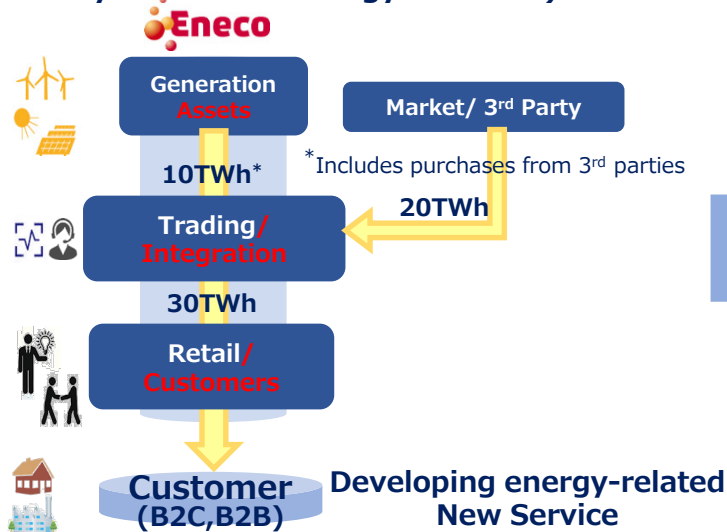
## “Power generation through retail strategy”



- ✓ Support and strengthen green brand, through expansion of renewable energy assets (“Generate”)
- ✓ Establish and reinforce vertically integrated model (optimization of sourcing/sales portfolio) (“Integrate”/“Deliver”)
- ✓ Further strengthen management platform (risk management structure, etc.)
- ✓ Deploy Eneco’s expertise to Japan and the U.S.

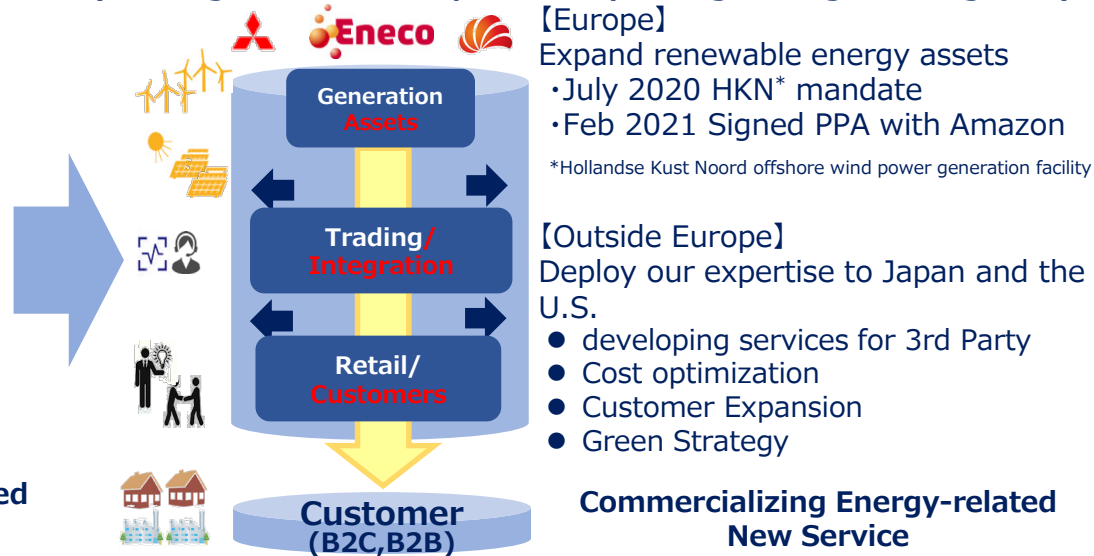
### Present

(Vertically integrated energy business)



### Future

(Building solid business portfolio by strengthening each segment)



#### 【Europe】

- Expand renewable energy assets
- July 2020 HKN\* mandate
- Feb 2021 Signed PPA with Amazon

\*Hollandse Kust Noord offshore wind power generation facility

#### 【Outside Europe】

Deploy our expertise to Japan and the U.S.

- developing services for 3rd Party
- Cost optimization
- Customer Expansion
- Green Strategy

Business portfolio from generation to customers  
Green power supply to meet growing customer demand

Strengthening well-balanced business portfolio  
⇒ profit increase + flexibility for dynamic market change

# Reference-③ : Nexamp (Distributed solar power generation business)

## Nexamp's community solar business

- By setting up solar power generation systems in the local communities, allows households / offices that cannot install solar panels to use solar-generated electricity through a simple registration process.
- Subsidy from State Government enables lower electricity bills.
- ➔ **Allow everyone to benefit from renewable energy, enhancing the installation of renewable energy.**

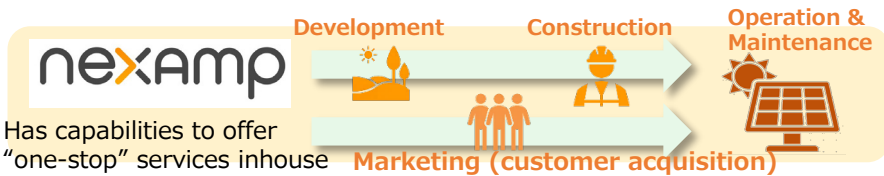


Solar power generation facilities owned by Nexamp

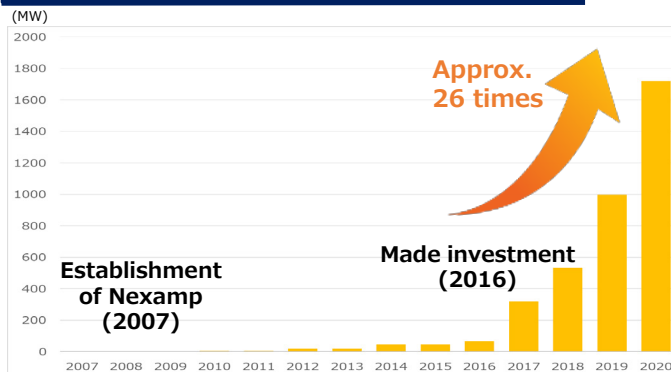
Supply electricity to customers

## Business overview

- Capable of **development, construction and operation of** distributed solar power generation systems. **Find customers and selling power directly**, bypassing the wholesale market.
- **Utilizing digital marketing**, and have numerous contracts with B2C (household) and B2B (major retailers such as Walmart having business nationwide) customers.



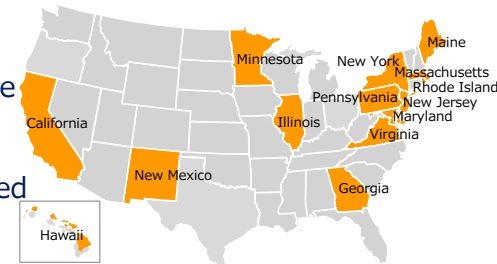
## Size of business



- Since the initial investment in 2016, size of business grew approx. 26 times in 4 years.
- Became leading company in the U.S. community solar industry.

## Locations

- Currently focused in the north east area of the U.S., which has incentive plan for the community solar business.
- Incentive plan is expected to expand nationwide.

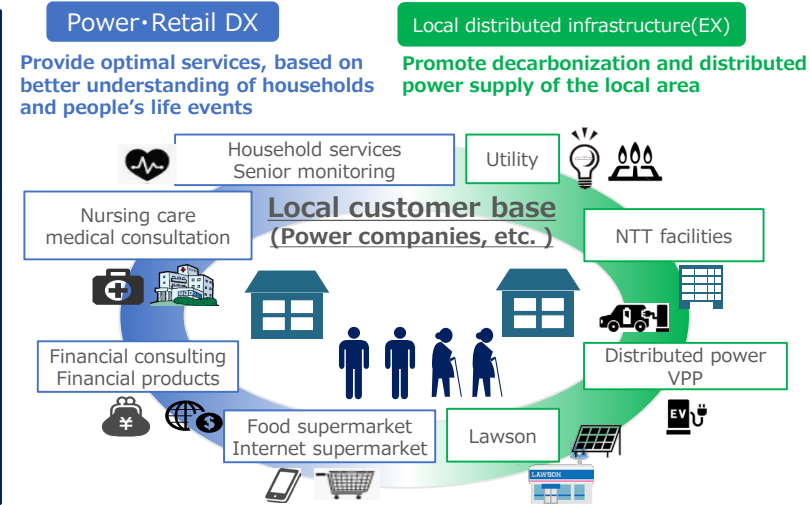


Solar power generation business that coexists with nature (using sheep for weeding)

# Reference-④ : Power/Retail Services

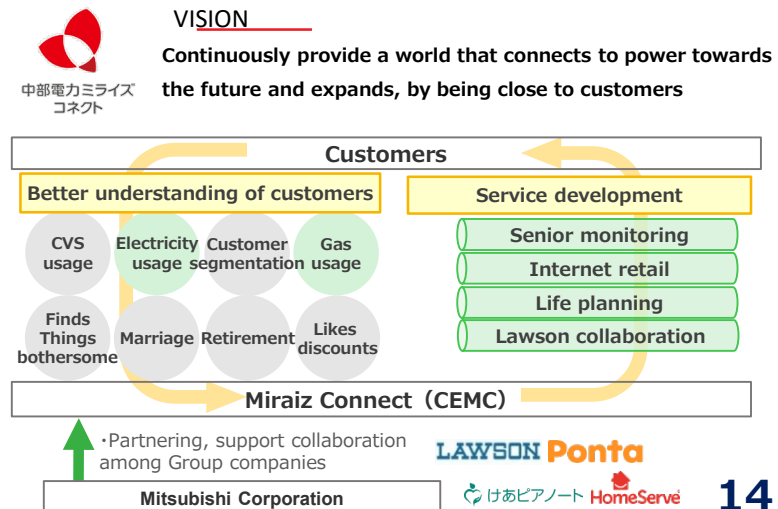
## Group-wide DX initiatives

- Initiatives leveraging the comprehensive strengths of the Group, to promote DX strategies that match the dynamically changing power market environment (Power Solution, Consumer Industry, Urban Development, Automotive & Mobility, etc.)
- Aim to innovate the energy retail business into a “Comprehensive Service”, broadly offering “services that support the everyday lives of consumers”, utilizing the customer base of a utilities company and the Group’s service and network
- Together with EX initiatives towards a decarbonized society, provide services and measures to support local communities



## Chubu Electric Power Miraiz Connect, Inc.

- April 2021: established Chubu Electric Power Miraiz Connect, Inc. (Chubu Miraiz 51%, MC 49%)
- Through a virtuous cycle of developing services that cater to customer needs, building up customer data through service provision, and offering better services, improve quality of Chubu Electric’s customer platform (6 million customers), and bring in other partners as well as provide similar services in other areas
- Utilize our expertise and network in service development and partnering (Lawson, loyalty marketing (Ponta), food supermarkets, etc.)



# Reference-⑤ : Concept of Microgrid platform with NTT

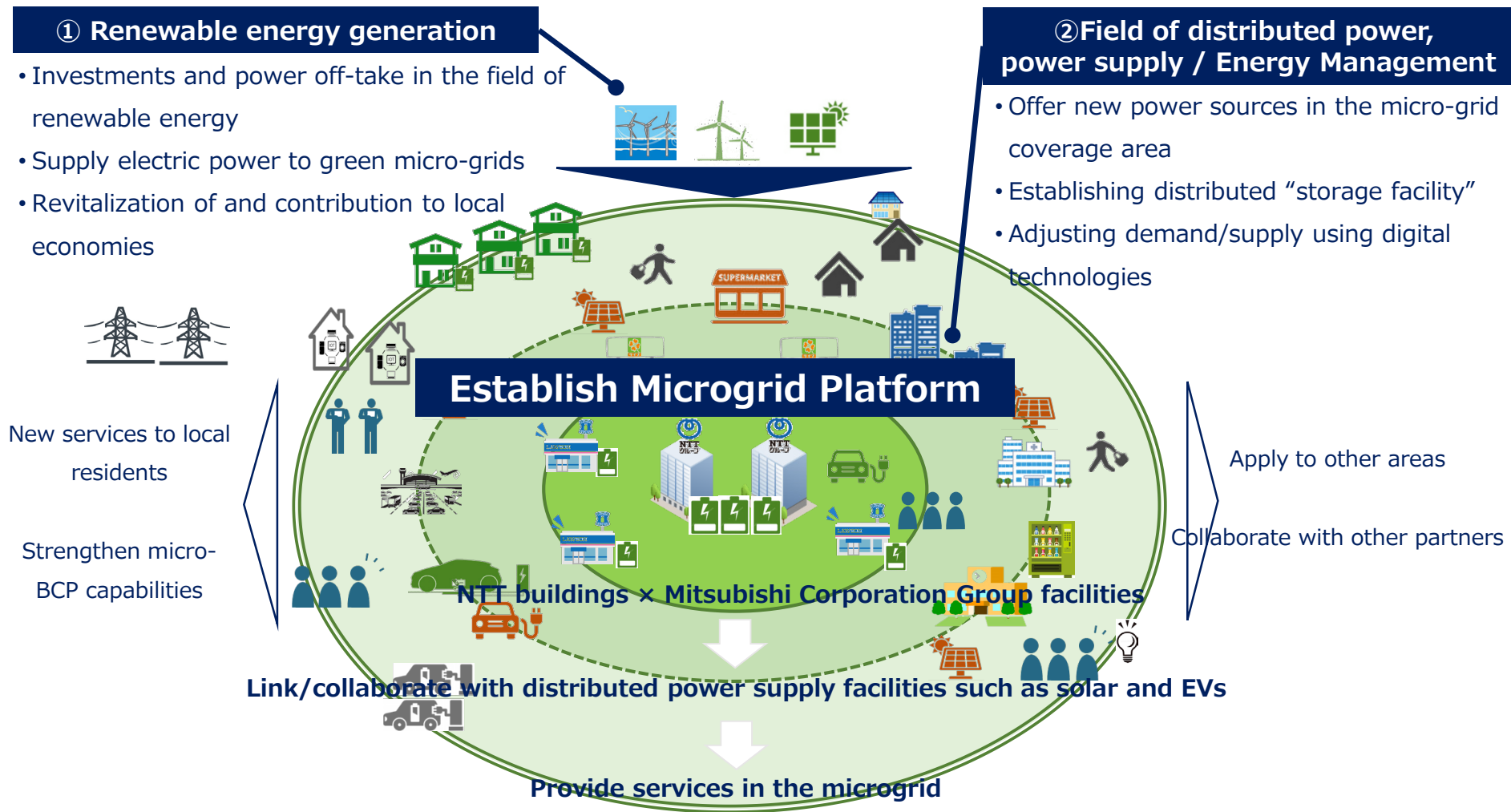
Promote Microgrid Platform business, combining renewable energy based power generation, EVs and Storage Batteries

## ① Renewable energy generation

- Investments and power off-take in the field of renewable energy
- Supply electric power to green micro-grids
- Revitalization of and contribution to local economies

## ② Field of distributed power, power supply / Energy Management

- Offer new power sources in the micro-grid coverage area
- Establishing distributed "storage facility"
- Adjusting demand/supply using digital technologies



(Notes on forward-looking statements etc.)

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