

Outline of FY2023 First 3 Months Financial Results
Ended June 30, 2023 (Consolidated)

(billions of yen)

	FY2023 First 3 Months (From April 1 to June 30, 2023)	FY2022 First 3 Months (From April 1 to June 30, 2022)	Changes (%)
Orders Received	1,606.8	917.8	75.1
Revenue	983.9	871.3	12.9
Profit from business activities	51.9	14.9	248.1
Profit Before Income Taxes	75.7	35.5	112.9
Profit (loss) Attributable to Owners of Parent	53.1	19.1	177.1
Operating Cash Flow	(160.1)	(148.1)	/
Investment Cash Flow	19.8	(11.5)	/
Financing Cash Flow	76.8	201.1	/
Profit (loss) Attributable to Owners of Parent Per Share	158.32 yen	57.16 yen	177.0

Figures in parentheses are negative.

Consolidated financial results (continued)

Revenue by Operational Segment

(billions of yen)

	FY2023 First 3 Months (From April 1 to June 30, 2023)	FY2022 First 3 Months (From April 1 to June 30, 2022)
Energy Systems	366.1	349.5
Plants & Infrastructure	165.7	131.8
Logistics, Thermal & Drive Systems	310.1	265.9
Aircraft, Defense & Space	145.5	129.0
Corporate and Eliminations	(3.6)	(5.0)
TOTAL	983.9	871.3

Profit (Loss) From Business Activities by Operational Segment

(billions of yen)

	FY2023 First 3 Months (From April 1 to June 30, 2023)	FY2022 First 3 Months (From April 1 to June 30, 2022)
Energy Systems	24.5	(2.4)
Plants & Infrastructure	5.9	0.8
Logistics, Thermal & Drive Systems	17.4	2.0
Aircraft, Defense & Space	9.2	7.5
Corporate and Eliminations	(5.2)	6.8
TOTAL	51.9	14.9

Figures in parentheses are negative.

Estimate of Consolidated Financial Results for FY 2023

For the fiscal year 2023 ending March 31, 2024, MHI is expecting 4,300 billion yen in revenue, 300 billion yen in Profit from business activities, 290 billion yen in profit before income tax, and 190 billion yen in profit attributable to owners of parent. This estimate is based on the assumption of currency exchange rate of US\$ 1.00 = ¥130 and €1.00 = ¥140 for the portion yet to be fixed.

We have decided to voluntarily adopt IFRS from beginning with the first quarter ending June 30, 2018 onward, so estimate of consolidated financial results have been made based on IFRS.

Please note that this estimate has been projected with currently available information and data. As such, these projections involve risks and uncertainties. For this reason, investors are recommended not to depend solely on these projections for making investment decisions. The actual results, therefore, may diverge broadly with the influence of a variety of outside factors such as economics surrounding MHI, currency movement of the yen to the U.S. dollar and other foreign currencies, and trends of stock markets in Japan. Also, the results projected here should not be construed in any way as being guaranteed by the company.

(1) Condensed Consolidated Statement of Financial Position [IFRS]

(Millions of Yen)

	As of Mar. 31, 2022	As of Jun. 30, 2023
<u>Assets</u>		
Current assets		
Cash and cash equivalents	347,663	311,400
Trade and other receivables	804,613	809,425
Other financial assets	35,382	36,503
Contract assets	731,820	697,316
Inventories	876,878	974,176
Other current assets	245,943	356,807
Total current assets	3,042,302	3,185,631
Non-current assets		
Property, plant and equipment	839,813	856,993
Goodwill	131,181	133,974
Intangible assets	70,161	72,524
Right-of-use assets	86,295	87,673
Investments accounted for using the equity method	227,045	235,348
Investments in securities and other financial assets	521,135	524,219
Deferred tax assets	358,758	366,843
Other non-current assets	198,117	192,754
Total Non-current assets	2,432,509	2,470,330
Total assets	5,474,812	5,655,962
<u>Liabilities and Equity</u>		
Current liabilities		
Bonds, borrowings and other financial liabilities	349,075	517,649
Trade and other payables	895,286	800,482
Income taxes payable	19,661	23,215
Contract liabilities	936,765	947,425
Provisions	229,582	215,541
Other current liabilities	193,791	198,690
Total Current liabilities	2,624,163	2,703,004
Non-current liabilities		
Bonds, borrowings and other financial liabilities	843,359	823,435
Deferred tax liabilities	10,465	12,243
Retirement benefit liability	76,146	77,735
Provisions	60,817	59,300
Other non-current liabilities	25,874	28,706
Total non-current liabilities	1,016,663	1,001,422
Total liabilities	3,640,827	3,704,427
<u>Equity</u>		
Share capital	265,608	265,608
Capital surplus	41,256	40,821
Treasury shares	(5,385)	(5,156)
Retained earnings	1,218,180	1,261,473
Other components of equity	221,314	289,015
Equity attributable to owners of parent	1,740,974	1,851,761
Non-controlling interests	93,010	99,773
Total Equity	1,833,984	1,951,535
Total Liabilities and Equity	5,474,812	5,655,962

(2) Condensed Consolidated Statement of Profit or Loss [IFRS]

(Millions of Yen)

	FY2022 First 3 Months (From Apr. 1 to Jun. 30, 2022)	FY2023 First 3 Months (From Apr. 1 to Jun. 30, 2023)
Revenue	871,332	983,980
Cost of sales	728,168	791,141
Gross Profit	143,163	192,838
Selling, general and administrative expenses	142,908	156,391
Share of profit of investments accounted for using the equity method	4,884	(202)
Other income	23,715	15,951
Other expenses	13,923	219
Profit from business activities	14,931	51,975
Finance income	25,563	28,654
Finance cost	4,934	4,928
Profit before income taxes	35,560	75,701
Income taxes	14,022	17,128
Profit	21,538	58,573
Profit attributable to:		
Owners of parent	19,193	53,187
Non-controlling interests	2,344	5,385

(Yen)

Earnings per share attributable to owners of parent		
Basic earnings per share	57.16	158.32
Diluted earnings per share	57.07	158.16

(3) Condensed Consolidated Statement of Comprehensive Income [IFRS]

(Millions of Yen)

	FY2022 First 3 Months (From Apr. 1 to Jun. 30, 2022)	FY2023 First 3 Months (From Apr. 1 to Jun. 30, 2023)
Profit	21,538	58,573
Other comprehensive income (loss)		
Items that will not be reclassified to profit or loss		
Net gains and losses from financial assets measured at FVTOCI	(19,028)	20,130
Remeasurement of defined benefit plans	126	(608)
Share of other comprehensive income (loss) of entities accounted for by the equity method	1,471	197
Total	(17,430)	19,719
Items that may be reclassified to profit or loss		
Cash flow hedges	(2,216)	(1,954)
Hedging cost	(123)	-
Exchange differences on translating foreign operations	63,469	61,569
Share of other comprehensive income (loss) of entities accounted for by the equity method	6,207	8,200
Total	67,336	67,815
Total other comprehensive income (loss)	49,906	87,535
Comprehensive income	71,444	146,108
Comprehensive income (loss) attributable to		
Owners of parent	63,354	136,074
Non-controlling interests	8,090	10,033

*FVTOCI means "Fair Value Through Other Comprehensive Income".

(4) Condensed Consolidated Statement of changes in equity [IFRS]

(Millions of Yen)

	Equity attributable to owners of parent					Total	Non-controlling interests	Total Equity
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity			
Balance as of Apr. 1 ,2022	265,608	45,061	(5,946)	1,099,158	172,728	1,576,611	85,918	1,662,529
Profit				19,193		19,193	2,344	21,538
Other comprehensive income (loss)					44,160	44,160	5,745	49,906
Comprehensive income (loss)	-	-	-	19,193	44,160	63,354	8,090	71,444
Transfer to retained earnings				(6,793)	6,793	-		-
Purchase of treasury shares			(5)			(5)		(5)
Disposal of treasury shares		1	12			13		13
Dividends				(18,463)		(18,463)	(776)	(19,240)
Other		(186)	175	(212)	(6)	(229)	(659)	(888)
Total transactions with owners	-	(185)	183	(18,676)	(6)	(18,684)	(1,436)	(20,121)
Balance as of Jun. 30 ,2022	265,608	44,876	(5,763)	1,092,882	223,677	1,621,280	92,572	1,713,853
Balance as of Apr. 1 ,2023	265,608	41,256	(5,385)	1,218,180	221,314	1,740,974	93,010	1,833,984
Profit				53,187		53,187	5,385	58,573
Other comprehensive income (loss)					82,887	82,887	4,647	87,535
Comprehensive income (loss)	-	-	-	53,187	82,887	136,074	10,033	146,108
Transfer to retained earnings				15,179	(15,179)	-		-
Purchase of treasury shares			(5)			(5)		(5)
Disposal of treasury shares		1	4			6		6
Dividends				(23,512)		(23,512)	(2,246)	(25,759)
Other		(436)	229	(1,561)	(7)	(1,776)	(1,023)	(2,799)
Total transactions with owners	-	(435)	229	(25,074)	(7)	(25,287)	(3,270)	(28,557)
Balance as of Jun. 30 ,2023	265,608	40,821	(5,156)	1,261,473	289,015	1,851,761	99,773	1,951,535

(5) Condensed Consolidated Statement of Cash Flows [IFRS]

(Millions of Yen)

	FY2022 First 3 Months (From Apr. 1 to Jun. 30, 2022)	FY2023 First 3 Months (From Apr. 1 to Jun. 30, 2023)
Cash flows from operating activities		
Profit before income taxes	35,560	75,701
Depreciation, amortization and impairment loss	32,306	33,278
Finance income and costs (profit)	(5,039)	(22,498)
Share of loss (profit) of investments accounted for using equity method	(4,884)	202
Loss (gain) on sale of property, plant and equipment	(11,160)	(6,985)
Loss on disposal of property, plant and equipment, and intangible assets	556	638
Decrease (increase) in trade receivables	(665)	12,994
Decrease (increase) in contract assets	35,568	49,659
Decrease (increase) in inventories and advanced payments	(76,885)	(114,080)
Increase (decrease) in trade payables	(102,572)	(61,826)
Increase (decrease) in contract liabilities	24,943	(14,410)
Increase (decrease) in provisions	(5,638)	(20,132)
Increase (decrease) in retirement benefit liabilities	993	48
Others	(45,809)	(74,503)
Subtotal	(122,726)	(141,915)
Interest received	972	3,966
Dividends received	10,794	6,423
Interest paid	(2,260)	(2,523)
Income taxes refund (paid)	(34,958)	(26,138)
Net cash provided by operating activities	(148,177)	(160,187)
Cash flows from investing activities		
Payments into time deposits	(5,921)	(3,926)
Proceeds from withdrawal of time deposits	1,323	3,890
Purchases of property, plant and equipment and intangible assets	(28,384)	(38,535)
Proceeds from sales of property, plant and equipment and intangible assets	13,461	7,684
Purchases of investments (including investments accounted for using equity method)	(1,234)	(2,497)
Proceeds from sales and redemption of investments (including investments accounted for using equity method)	11,056	39,216
Payments for acquisition of businesses (including subsidiaries)	(3,715)	-
Net decrease (increase) in short-term loans	(2,364)	614
Disbursement of long-term loans	(9)	(2)
Collection of long-term loans	35	22
Payments for derivative transactions	(1,418)	(7,027)
Proceeds from derivative transactions	7,014	20,128
Others	(1,428)	266
Net cash used in investing activities	(11,586)	19,834
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	225,403	140,692
Proceeds from long-term borrowings	11	-
Repayment of long-term borrowings	(288)	(469)
Payments for acquisition of interests in subsidiaries from non-controlling interests	-	(1,024)
Dividends paid to owners of the parent	(17,576)	(22,419)
Dividends paid to non-controlling interests	(1,586)	(1,396)
Proceeds from factoring agreements	34,830	47,665
Repayment of liabilities under factoring agreements	(32,437)	(79,470)
Repayment of lease liabilities	(7,674)	(6,271)
Others	431	(462)
Net cash provided by (used in) financing activities	201,114	76,844
Effect of exchange rate changes on cash and cash equivalents	23,511	27,245
Net increase (decrease) in cash and cash equivalents	64,861	(36,262)
Cash and cash equivalents at the beginning of the year	314,257	347,663
Cash and cash equivalents at the end of period	379,119	311,400