

Outline of FY2023 First 9 Months Financial Results
Ended Dec 31, 2023 (Consolidated)

(billions of yen)

	FY2023 First 9 Months From April 1 to December 31, 2023	FY2022 First 9 Months From April 1 to December 31, 2022	Changes (%)
Order intake	4,496.6	2,966.1	51.6
Revenue	3,260.6	2,938.0	11.0
Profit from business activities	191.6	105.2	82.0
Profit before income taxes	207.5	113.6	82.6
Profit attributable to owners of parent	138.0	66.4	107.8
Cash flows from operating activities	(302.1)	(217.7)	/
Cash flows from investing activities	(111.1)	4.5	/
Cash flows from financing activities	347.0	212.9	/
Earnings per share attributable to owners of parent	410.84 yen	197.84 yen	107.7

Figures in parentheses are negative.

Consolidated Financial Results (continued)

Revenue by Operational Segment

(billions of yen)

	FY2023 First 9 Months From April 1 to December 31, 2023	FY2022 First 9 Months From April 1 to December 31, 2022
Energy Systems	1,230.6	1,199.4
Plants & Infrastructure	552.5	457.2
Logistics, Thermal & Drive Systems	956.2	869.7
Aircraft, Defense & Space	526.9	432.0
Corporate and Eliminations	(5.6)	(20.4)
Total	3,260.6	2,938.0

Profit (Loss) From Business Activities by Operational Segment

(billions of yen)

	FY2023 First 9 Months From April 1 to December 31, 2023	FY2022 First 9 Months From April 1 to December 31, 2022
Energy Systems	77.5	38.8
Plants & Infrastructure	34.5	14.4
Logistics, Thermal & Drive Systems	58.8	22.2
Aircraft, Defense & Space	53.6	35.6
Corporate and Eliminations	(33.0)	(5.7)
Total	191.6	105.2

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 4,400 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 = ¥140 and €1.00 = ¥150 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, 2023	As of Dec. 31, 2023
<u>Assets</u>		
Current assets		
Cash and cash equivalents	347,663	312,141
Trade and other receivables	804,613	864,928
Other financial assets	35,382	36,139
Contract assets	731,820	873,360
Inventories	876,878	1,041,919
Other current assets	245,943	316,637
Total current assets	3,042,302	3,445,126
Non-current assets		
Property, plant and equipment	839,813	838,344
Goodwill	131,181	157,612
Intangible assets	70,161	103,807
Right-of-use assets	86,295	88,393
Investments accounted for using the equity method	227,045	263,018
Investments in securities and other financial assets	521,135	514,597
Deferred tax assets	358,758	360,923
Other non-current assets	198,117	246,366
Total Non-current assets	2,432,509	2,573,066
Total assets	5,474,812	6,018,192
<u>Liabilities and Equity</u>		
Current liabilities		
Bonds, borrowings and other financial liabilities	349,075	845,597
Trade and other payables	895,286	842,183
Income taxes payable	19,661	27,006
Contract liabilities	936,765	883,972
Provisions	229,582	188,701
Other current liabilities	193,791	213,399
Total Current liabilities	2,624,163	3,000,861
Non-current liabilities		
Bonds, borrowings and other financial liabilities	843,359	797,753
Deferred tax liabilities	10,465	11,519
Retirement benefit liability	76,146	78,237
Provisions	60,817	73,887
Other non-current liabilities	25,874	27,604
Total non-current liabilities	1,016,663	989,002
Total liabilities	3,640,827	3,989,864
<u>Equity</u>		
Share capital	265,608	265,608
Capital surplus	41,256	41,848
Treasury shares	(5,385)	(4,867)
Retained earnings	1,218,180	1,326,306
Other components of equity	221,314	289,159
Equity attributable to owners of parent	1,740,974	1,918,055
Non-controlling interests	93,010	110,272
Total Equity	1,833,984	2,028,328
Total Liabilities and Equity	5,474,812	6,018,192

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

i) First nine months FY2022 and FY2023

(Millions of Yen)

	FY2022 First 9 Months (From Apr. 1 to Dec. 31, 2022)	FY2023 First 9 Months (From Apr. 1 to Dec. 31, 2023)
Revenue	2,938,046	3,260,667
Cost of sales	2,413,930	2,615,431
Gross Profit	524,116	645,235
Selling, general and administrative expenses	448,538	477,934
Share of profit of investments accounted for using the equity method	10,124	334
Other income	56,018	38,520
Other expenses	36,428	14,530
Profit from business activities	105,292	191,625
Finance income	24,035	28,101
Finance cost	15,665	12,128
Profit before income taxes	113,662	207,599
Income taxes	36,537	51,454
Profit	77,125	156,144
Profit attributable to:		
Owners of parent	66,441	138,050
Non-controlling interests	10,683	18,093

(Yen)

Earnings per share attributable to owners of parent		
Basic earnings per share	197.84	410.84
Diluted earnings per share	197.55	410.59

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

ii) For three months ended Dec.31, 2022 and 2023 (FY2022Q3 & FY2023Q3)

	(Millions of Yen)	
	FY2022 Q3 (From Oct. 1 to Dec. 31, 2022)	FY2023 Q3 (From Oct. 1 to Dec. 31, 2023)
Revenue	1,062,779	1,191,394
Cost of sales	864,662	940,216
Gross Profit	198,117	251,178
Selling, general and administrative expenses	154,946	166,058
Share of profit of investments accounted for using the equity method	1,750	(982)
Other income	20,382	11,363
Other expenses	14,855	4,823
Profit from business activities	50,448	90,676
Finance income	2,961	2,785
Finance expenses	31,138	19,578
Profit before income taxes	22,270	73,884
Income taxes	5,535	22,299
Profit	16,735	51,585
Profit attributable to:		
Owners of parent	12,308	46,106
Non-controlling interests	4,426	5,478

	(Yen)	
Earnings per share attributable to owners of parent		
Basic earnings per share	36.64	137.20
Diluted earnings per share	36.58	137.15

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

i) First nine months FY2022 and FY2023

(Millions of Yen)

	FY2022 First 9 Months (From Apr. 1 to Dec. 31, 2022)	FY2023 First 9 Months (From Apr. 1 to Dec. 31, 2023)
Profit	77,125	156,144
Other comprehensive income (loss)		
Items that will not be reclassified to profit or loss		
Net gains and losses from financial assets measured at FVTOCI	(6,994)	39,196
Remeasurement of defined benefit plans	329	(579)
Share of other comprehensive income (loss) of entities accounted for by the equity method	749	(71)
Total	(5,914)	38,545
Items that may be reclassified to profit or loss		
Cash flow hedges	2,316	(2,159)
Hedging cost	(7)	-
Exchange differences on translating foreign operations	35,774	48,169
Share of other comprehensive income (loss) of entities accounted for by the equity method	5,576	8,790
Total	43,660	54,800
Total other comprehensive income (loss)	37,745	93,346
Comprehensive income	114,871	249,490
Comprehensive income (loss) attributable to		
Owners of parent	103,084	226,668
Non-controlling interests	11,786	22,822

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

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

ii) For three months ended Dec.31, 2022 and 2023 (FY2022Q3 & FY2023Q3)

(Millions of Yen)

	FY2022 Q3 (From Oct. 1 to Dec. 31, 2022)	FY2023 Q3 (From Oct. 1 to Dec. 31, 2023)
Profit	16,735	51,585
Other comprehensive income (loss)		
Items that will not be reclassified to profit or loss		
Net gains and losses from financial assets measured at FVTOCI	22,426	19,952
Remeasurement of defined benefit plans	37	40
Share of other comprehensive income (loss) of entities accounted for by the equity method	(695)	(289)
Total	21,767	19,703
Items that may be reclassified to profit or loss		
Cash flow hedges	4,123	(464)
Hedging cost	(36)	-
Exchange differences on translating foreign operations	(52,490)	(35,638)
Share of other comprehensive income (loss) of entities accounted for by the equity method	(2,065)	(1,685)
Total	(50,468)	(37,788)
Total other comprehensive income (loss)	(28,700)	(18,085)
Comprehensive income	(11,965)	33,500
Comprehensive income (loss) attributable to		
Owners of parent	(10,307)	30,283
Non-controlling interests	(1,658)	3,216

(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				66,441		66,441	10,683	77,125
Other comprehensive income (loss)					36,642	36,642	1,102	37,745
Comprehensive income (loss)	-	-	-	66,441	36,642	103,084	11,786	114,871
Transfer to retained earnings				8,829	(8,829)	-		-
Purchase of treasury shares			(12)			(12)		(12)
Disposal of treasury shares		11	41			53		53
Dividends				(38,616)		(38,616)	(2,587)	(41,204)
Other		(3,280)	480	(1,197)	(1)	(3,998)	(1,209)	(5,208)
Total transactions with owners	-	(3,268)	508	(39,813)	(1)	(42,574)	(3,797)	(46,371)
Balance as of Dec. 31 ,2022	265,608	41,793	(5,437)	1,134,615	200,541	1,637,120	93,908	1,731,029
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				138,050		138,050	18,093	156,144
Other comprehensive income (loss)					88,617	88,617	4,729	93,346
Comprehensive income (loss)	-	-	-	138,050	88,617	226,668	22,822	249,490
Transfer to retained earnings				20,765	(20,765)	-		-
Purchase of treasury shares			(20)			(20)		(20)
Disposal of treasury shares		8	24			33		33
Dividends				(50,398)		(50,398)	(4,584)	(54,982)
Other		583	514	(291)	(7)	798	(975)	(177)
Total transactions with owners	-	592	518	(50,689)	(7)	(49,586)	(5,560)	(55,147)
Balance as of Dec. 31 ,2023	265,608	41,848	(4,867)	1,326,306	289,159	1,918,055	110,272	2,028,328

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

(Millions of Yen)

	FY2022 First 9 Months (From Apr. 1 to Dec. 31, 2022)	FY2023 First 9 Months (From Apr. 1 to Dec. 31, 2023)
Cash flows from operating activities		
Profit before income taxes	113,662	207,599
Depreciation, amortization and impairment loss	103,822	105,357
Finance income and costs (profit)	(4,230)	(24,470)
Share of loss (profit) of investments accounted for using equity method	(10,124)	(334)
Loss (gain) on sale of property, plant and equipment	(24,373)	(10,760)
Loss on disposal of property, plant and equipment, and intangible assets	3,380	2,689
Decrease (increase) in trade receivables	10,271	(32,165)
Decrease (increase) in contract assets	(74,693)	(129,056)
Decrease (increase) in inventories and advanced payments	(162,885)	(153,254)
Increase (decrease) in trade payables	(113,311)	(52,936)
Increase (decrease) in contract liabilities	17,606	(78,896)
Increase (decrease) in provisions	18,303	(29,560)
Increase (decrease) in retirement benefit liabilities	1,673	696
Others	(47,353)	(77,406)
Subtotal	(168,252)	(272,497)
Interest received	4,695	7,121
Dividends received	25,466	14,131
Interest paid	(8,715)	(7,025)
Income taxes refund (paid)	(70,985)	(43,917)
Net cash provided by operating activities	(217,792)	(302,187)
Cash flows from investing activities		
Payments into time deposits	(22,694)	(21,222)
Proceeds from withdrawal of time deposits	22,135	14,785
Purchases of property, plant and equipment and intangible assets	(89,378)	(113,096)
Proceeds from sales of property, plant and equipment and intangible assets	42,343	13,896
Purchases of investments		
(including investments accounted for using equity method)	(7,089)	(7,111)
Proceeds from sales and redemption of investments		
(including investments accounted for using equity method)	58,320	52,994
Payments for acquisition of businesses (including subsidiaries)	(4,404)	(71,839)
Proceeds from acquisition of businesses (including subsidiaries)	1,863	-
Net decrease (increase) in short-term loans	(2,842)	1,540
Disbursement of long-term loans	(38)	(155)
Collection of long-term loans	400	69
Payments for derivative transactions	(24,251)	(44,413)
Proceeds from derivative transactions	31,765	64,804
Others	(1,595)	(1,410)
Net cash used in investing activities	4,535	(111,159)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	191,873	445,446
Proceeds from long-term borrowings	18,033	-
Repayment of long-term borrowings	(5,460)	(22,398)
Payments for acquisition of interests in subsidiaries from non-controlling interests	-	(1,024)
Proceeds from issuance of bonds	20,000	25,000
Payment for redemption of bonds	(10,000)	(15,000)
Dividends paid to owners of the parent	(37,611)	(49,212)
Dividends paid to non-controlling interests	(6,805)	(8,440)
Proceeds from factoring agreements	110,510	135,346
Repayment of liabilities under factoring agreements	(43,597)	(139,583)
Repayment of lease liabilities	(23,833)	(22,163)
Others	(196)	(943)
Net cash provided by (used in) financing activities	212,911	347,028
Effect of exchange rate changes on cash and cash equivalents	15,759	30,795
Net increase (decrease) in cash and cash equivalents	15,414	(35,522)
Cash and cash equivalents at the beginning of the year	314,257	347,663
Cash and cash equivalents at the end of period	329,671	312,141