

2023-02-07

Outline of FY2022 First 9 Months Financial Results
Ended December 31, 2022 (Consolidated)

(billions of yen)

	FY2022 First 9 Months (From April 1 to December 31, 2022)	FY2021 First 9 Months (From April 1 to December 31, 2021)	Changes (%)
Orders Received	2,966.1	2,492.3	19.0
Revenue	2,938.0	2,645.3	11.1
Profit from business activities	105.2	80.8	30.3
Profit Before Income Taxes	113.6	87.5	29.8
Profit (loss) Attributable to Owners of Parent	66.4	50.0	32.8
Operating Cash Flow	(217.7)	(191.8)	/
Investment Cash Flow	4.5	43.6	/
Financing Cash Flow	212.9	251.9	/
Profit (loss) Attributable to Owners of Parent Per Share	197.84 yen	149.01 yen	32.8

Figures in parentheses are negative.

Consolidated financial results (continued)

Revenue by Operational Segment

(billions of yen)

	FY2022 First 9 Months (From April 1 to December 31, 2022)	FY2021 First 9 Months (From April 1 to December 31, 2021)
Energy Systems	1,199.4	1,073.7
Plants & Infrastructure	457.2	461.2
Logistics, Thermal & Drive Systems	869.7	708.5
Aircraft, Defense & Space	432.0	423.9
Corporate and Eliminations	(20.4)	(22.0)
TOTAL	2,938.0	2,645.3

Profit (Loss) From Business Activities by Operational Segment

(billions of yen)

	FY2022 First 9 Months (From April 1 to December 31, 2022)	FY2021 First 9 Months (From April 1 to December 31, 2021)
Energy Systems	38.8	13.8
Plants & Infrastructure	14.4	12.7
Logistics, Thermal & Drive Systems	22.2	22.7
Aircraft, Defense & Space	31.5	20.4
Corporate and Eliminations	(1.7)	11.0
TOTAL	105.2	80.8

Figures in parentheses are negative.

Estimate of Consolidated Financial Results for FY 2022

For the fiscal year 2022 ending March 31, 2023, MHI is expecting 4,100 billion yen in revenue, 200 billion yen in Profit from business activities, 190 billion yen in profit before income tax, and 120 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 Dec. 31, 2022
<u>Assets</u>		
Current assets		
Cash and cash equivalents	314,257	329,671
Trade and other receivables	744,466	741,272
Other financial assets	70,952	53,161
Contract assets	654,972	740,224
Inventories	798,601	951,258
Other current assets	219,875	314,982
Total current assets	2,803,126	3,130,571
Non-current assets		
Property, plant and equipment	790,204	792,661
Goodwill	128,690	131,492
Intangible assets	70,400	71,030
Right-of-use assets	98,255	109,106
Investments accounted for using the equity method	212,828	224,201
Investments in securities and other financial assets	487,430	507,838
Deferred tax assets	352,261	359,314
Other non-current assets	173,144	151,478
Total Non-current assets	2,313,214	2,347,122
Total assets	5,116,340	5,477,694
<u>Liabilities and Equity</u>		
Current liabilities		
Bonds, borrowings and other financial liabilities	304,651	598,730
Trade and other payables	863,281	770,640
Income taxes payable	28,784	16,848
Contract liabilities	886,551	912,467
Provisions	203,585	221,907
Other current liabilities	193,865	201,643
Total Current liabilities	2,480,720	2,722,238
Non-current liabilities		
Bonds, borrowings and other financial liabilities	773,622	824,610
Deferred tax liabilities	6,217	6,247
Retirement benefit liability	76,824	80,465
Provisions	62,218	58,446
Other non-current liabilities	54,207	54,656
Total non-current liabilities	973,090	1,024,427
Total liabilities	3,453,810	3,746,665
<u>Equity</u>		
Share capital	265,608	265,608
Capital surplus	45,061	41,793
Treasury shares	(5,946)	(5,437)
Retained earnings	1,099,158	1,134,615
Other components of equity	172,728	200,541
Equity attributable to owners of parent	1,576,611	1,637,120
Non-controlling interests	85,918	93,908
Total Equity	1,662,529	1,731,029
Total Liabilities and Equity	5,116,340	5,477,694

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

i) First nine months FY2021 and FY2022

(Millions of Yen)

	FY2021 First 9 Months (From Apr. 1 to Dec. 31, 2021)	FY2022 First 9 Months (From Apr. 1 to Dec. 31, 2022)
Revenue	2,645,375	2,938,046
Cost of sales	2,209,718	2,413,930
Gross Profit	435,657	524,116
Selling, general and administrative expenses	404,836	448,538
Share of profit of investments accounted for using the equity method	12,043	10,124
Other income *	55,002	56,018
Other expenses	17,041	36,428
Profit from business activities	80,825	105,292
Finance income	18,566	24,035
Finance cost	11,824	15,665
Profit before income taxes	87,568	113,662
Income taxes	28,282	36,537
Profit	59,285	77,125
Profit attributable to:		
Owners of parent	50,019	66,441
Non-controlling interests	9,266	10,683

(Yen)

Earnings per share attributable to owners of parent		
Basic earnings per share	149.01	197.84
Diluted earnings per share	148.92	197.55

*Other income includes dividend income. The amount of dividends of FY 2021 first 9 Month is 14,736 Million Yen, and the amount of FY2022 First 9 Months is 19,620 Million Yen.

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

ii) For three months ended Dec.31, 2021 and 2022 (FY2021Q3 & FY2022Q3)

	(Millions of Yen)	
	FY2021 Q3 (From Oct. 1 to Dec. 31, 2021)	FY2022 Q3 (From Oct. 1 to Dec. 31, 2022)
Revenue	981,628	1,062,779
Cost of sales	813,749	864,662
Gross Profit	167,878	198,117
Selling, general and administrative expenses	138,006	154,946
Share of profit of investments accounted for using the equity method	3,415	1,750
Other income *	28,353	20,382
Other expenses	7,027	14,855
Profit from business activities	54,613	50,448
Finance income	9,966	2,961
Finance expenses	3,546	31,138
Profit before income taxes	61,034	22,270
Income taxes	20,219	5,535
Profit	40,814	16,735
Profit attributable to:		
Owners of parent	37,938	12,308
Non-controlling interests	2,876	4,426

	(Yen)	
Earnings per share attributable to owners of parent		
Basic earnings per share	113.02	36.64
Diluted earnings per share	112.95	36.58

*Other income includes dividend income. The amount of dividends of FY2021Q3 is 6,097 Million Yen, and the amount of FY2022Q3 is 6,852 Million Yen.

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

i) First nine months FY2021 and FY2022

(Millions of Yen)

	FY2021 First 9 Months (From Apr. 1 to Dec. 31, 2021)	FY2022 First 9 Months (From Apr. 1 to Dec. 31, 2022)
Profit	59,285	77,125
Other comprehensive income (loss)		
Items that will not be reclassified to profit or loss		
Net gains and losses from financial assets measured at FVTOCI	(3,243)	(6,994)
Remeasurement of defined benefit plans	294	329
Share of other comprehensive income (loss) of entities accounted for by the equity method	244	749
Total	(2,704)	(5,914)
Items that may be reclassified to profit or loss		
Cash flow hedges	904	2,316
Hedging cost	84	(7)
Exchange differences on translating foreign operations	18,182	35,774
Share of other comprehensive income (loss) of entities accounted for by the equity method	2,564	5,576
Total	21,736	43,660
Total other comprehensive income (loss)	19,031	37,745
Comprehensive income	78,317	114,871
Comprehensive income (loss) attributable to		
Owners of parent	66,165	103,084
Non-controlling interests	12,151	11,786

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

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

ii) For three months ended Dec.31, 2021 and 2022 (FY2021Q3 & FY2022Q3)

	(Millions of Yen)	
	FY2021 Q3 (From Oct. 1 to Dec. 31, 2021)	FY2022 Q3 (From Oct. 1 to Dec. 31, 2022)
Profit	40,814	16,735
Other comprehensive income (loss)		
Items that will not be reclassified to profit or loss		
Net gains and losses from financial assets measured at FVTOCI	(23,200)	22,426
Remeasurement of defined benefit plans	264	37
Share of other comprehensive income (loss) of entities accounted for by the equity method	(355)	(695)
Total	(23,291)	21,767
Items that may be reclassified to profit or loss		
Cash flow hedges	1,144	4,123
Hedging cost	75	(36)
Exchange differences on translating foreign operations	18,310	(52,490)
Share of other comprehensive income (loss) of entities accounted for by the equity method	1,976	(2,065)
Total	21,507	(50,468)
Total other comprehensive income (loss)	(1,783)	(28,700)
Comprehensive income	39,030	(11,965)
Comprehensive income (loss) attributable to		
Owners of parent	33,753	(10,307)
Non-controlling interests	5,277	(1,658)

(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 ,2021	265,608	47,265	(4,452)	952,528	105,393	1,366,342	73,047	1,439,390
Profit				50,019		50,019	9,266	59,285
Other comprehensive income (loss)					16,146	16,146	2,884	19,031
Comprehensive income (loss)	-	-	-	50,019	16,146	66,165	12,151	78,317
Transfer to retained earnings				17,683	(17,683)	-		-
Purchase of treasury shares			(2,547)			(2,547)		(2,547)
Disposal of treasury shares		11	93			105		105
Dividends				(40,313)		(40,313)	(4,115)	(44,429)
Other		(321)	914	5,626	16	6,235	797	7,032
Total transactions with owners	-	(309)	(1,540)	(34,687)	16	(36,521)	(3,318)	(39,839)
Balance as of Dec. 31 ,2021	265,608	46,955	(5,993)	985,543	103,872	1,395,987	81,880	1,477,867
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

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

(Millions of Yen)

	FY2021 First 9 Months (From Apr. 1 to Dec. 31, 2021)	FY2022 First 9 Months (From Apr. 1 to Dec. 31, 2022)
Cash flows from operating activities		
Profit before income taxes	87,568	113,662
Depreciation, amortization and impairment loss	99,653	103,822
Finance income and costs (profit)	(343)	(4,230)
Share of loss (profit) of investments accounted for using equity method	(12,043)	(10,124)
Loss (gain) on sale of property, plant and equipment	(28,848)	(24,373)
Loss on disposal of property, plant and equipment, and intangible assets	4,367	3,380
Decrease (increase) in trade receivables	11,094	10,271
Decrease (increase) in contract assets	(146,493)	(74,693)
Decrease (increase) in inventories and advanced payments	(119,166)	(162,885)
Increase (decrease) in trade payables	(36,705)	(113,311)
Increase (decrease) in contract liabilities	(16,017)	17,606
Increase (decrease) in provisions	(25,351)	18,303
Increase (decrease) in retirement benefit liabilities	7,649	1,673
Others	(33,747)	(47,353)
Subtotal	(208,385)	(168,252)
Interest received	3,396	4,695
Dividends received	18,622	25,466
Interest paid	(7,320)	(8,715)
Income taxes refund (paid)	1,875	(70,985)
Net cash provided by operating activities	(191,811)	(217,792)
Cash flows from investing activities		
Payments into time deposits	(10,467)	(22,694)
Proceeds from withdrawal of time deposits	8,922	22,135
Purchases of property, plant and equipment and intangible assets	(96,470)	(89,378)
Proceeds from sales of property, plant and equipment and intangible assets	37,737	42,343
Purchases of investments (including investments accounted for using equity method)	(9,804)	(7,089)
Proceeds from sales and redemption of investments (including investments accounted for using equity method)	94,873	58,320
Payments for sale of subsidiaries (including subsidiaries)	(1,259)	-
Proceeds from sales of businesses (including subsidiaries)	11,662	-
Payments for acquisition of businesses (including subsidiaries)	-	(4,404)
Proceeds from acquisition of businesses (including subsidiaries)	4,799	1,863
Net decrease (increase) in short-term loans	1,091	(2,842)
Disbursement of long-term loans	(49)	(38)
Collection of long-term loans	85	400
Payments for derivative transactions	(7,817)	(24,251)
Proceeds from derivative transactions	10,386	31,765
Others	(2)	(1,595)
Net cash used in investing activities	43,686	4,535
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	263,928	191,873
Proceeds from long-term borrowings	1,095	18,033
Repayment of long-term borrowings	(14,467)	(5,460)
Purchase of treasury shares	(2,547)	(12)
Proceeds from issuance of bonds	55,000	20,000
Payment for redemption of bonds	(45,000)	(10,000)
Dividends paid to owners of the parent	(39,460)	(37,611)
Dividends paid to non-controlling interests	(5,431)	(6,805)
Proceeds from factoring agreements	98,607	110,510
Repayment of liabilities under factoring agreements	(39,115)	(43,597)
Repayment of lease liabilities	(18,645)	(23,833)
Others	(2,051)	(184)
Net cash provided by (used in) financing activities	251,912	212,911
Effect of exchange rate changes on cash and cash equivalents	9,029	15,759
Net increase (decrease) in cash and cash equivalents	112,817	15,414
Cash and cash equivalents at the beginning of the year	245,421	314,257
Cash and cash equivalents at the end of period	358,238	329,671