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[1. Reason for Filing]
Mitsubishi Heavy Industries, Ltd. (the “Company”) is filing this Extraordinary Report pursuant to Article 24-5, Clause 4 of Financial Instruments and Exchange Act and Article 19, Clause 2, Item 19 of Cabinet Office Ordinance on Disclosure of Corporate Information, etc. due to the occurrence of an event that may have serious effects on the financial position, operating results and cash flow conditions of the Company’s group (“Group”).

[2. Text of Report]
(1) Date on which the Event Occurred
May 7, 2020

(2) Details of the Event
The Company and Bombardier, Inc. (“Bombardier”) agreed that all closing condition had been met for the pertaining transaction under a definitive agreement as of June 25, 2019, the transaction in which the Group will acquire the maintenance, support, refurbishment, marketing, and sales activities for the CRJ Series* aircraft, along with the type certificates, and that the transaction will close on June 1, 2020.

* The Canadair Regional Jet (CRJ) is a series of small passenger jets seating 50 to 100 persons, manufactured and sold by Bombardier Aerospace, the aircraft division of Bombardier Inc.

The transaction is an “acquisition” accounted for under IFRS 3 Business Combinations, with goodwill and intangible assets expected to be incurred. After the completion, the amount of goodwill and fair value of the assets acquired and liabilities assumed will be measured based on the determined transfer price including working capital adjustment, and the goodwill will be allocated to the relevant cash-generating units.

Since it is difficult to estimate the cash flow in the future for the SpaceJet business at present, the full amount of goodwill and other assets allocated to the SpaceJet business unit are planned to be written down in MHI’s consolidated Balance Sheet for the fiscal year ended March 2021.

(3) Effect of the Event on Profit and Loss of consolidated and non-consolidated financial results
The amount of the planned write-down is expected to range from 50 billion to 70 billion yen, subject to the fluctuation of the measured amount of goodwill and fair value of the assets acquired and liabilities assumed.

(End of Document)