

2022-08-05

Outline of FY2022 First 3 Months Financial Results
Ended June 30, 2022 (Consolidated)

(billions of yen)

	FY2022 First 3 Months (From April 1 to June 30, 2022)	FY2021 First 3 Months (From April 1 to June 30, 2021)	Changes (%)
Orders Received	917.8	750.4	22.3
Revenue	871.3	851.7	2.3
Profit from business activities	14.9	21.4	(30.4)
Profit Before Income Taxes	35.5	21.0	68.7
Profit (loss) Attributable to Owners of Parent	19.1	12.6	51.7
Operating Cash Flow	(148.1)	(142.4)	/
Investment Cash Flow	(11.5)	(24.8)	/
Financing Cash Flow	201.1	194.1	/
Profit (loss) Attributable to Owners of Parent Per Share	57.16 yen	37.68 yen	51.7

Figures in parentheses are negative.

Consolidated financial results (continued)

Revenue by Operational Segment

(billions of yen)

	FY2022 First 3 Months (From April 1 to June 30, 2022)	FY2021 First 3 Months (From April 1 to June 30, 2021)
Energy Systems	349.5	337.0
Plants & Infrastructure	131.8	154.9
Logistics, Thermal & Drive Systems	265.9	235.0
Aircraft, Defense & Space	129.0	130.8
Corporate and Eliminations	(5.0)	(6.1)
TOTAL	871.3	851.7

Profit (Loss) From Business Activities by Operational Segment

(billions of yen)

	FY2022 First 3 Months (From April 1 to June 30, 2022)	FY2021 First 3 Months (From April 1 to June 30, 2021)
Energy Systems	(2.4)	8.7
Plants & Infrastructure	0.8	7.2
Logistics, Thermal & Drive Systems	2.0	10.1
Aircraft, Defense & Space	6.5	3.5
Corporate and Eliminations	7.9	(8.2)
TOTAL	14.9	21.4

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 3,900 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 = ¥120 and €1.00 = ¥130 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, 2022
<u>Assets</u>		
Current assets		
Cash and cash equivalents	314,257	379,119
Trade and other receivables	744,466	760,443
Other financial assets	70,952	63,385
Contract assets	654,972	633,639
Inventories	798,601	884,549
Other current assets	219,875	299,894
Total current assets	2,803,126	3,021,031
Non-current assets		
Property, plant and equipment	790,204	800,771
Goodwill	128,690	134,321
Intangible assets	70,400	73,799
Right-of-use assets	98,255	107,442
Investments accounted for using the equity method	212,828	224,006
Investments in securities and other financial assets	487,430	468,169
Deferred tax assets	352,261	367,113
Other non-current assets	173,144	168,234
Total Non-current assets	2,313,214	2,343,859
Total assets	5,116,340	5,364,890
<u>Liabilities and Equity</u>		
Current liabilities		
Bonds, borrowings and other financial liabilities	304,651	577,426
Trade and other payables	863,281	765,750
Income taxes payable	28,784	13,587
Contract liabilities	886,551	932,167
Provisions	203,585	202,141
Other current liabilities	193,865	191,665
Total Current liabilities	2,480,720	2,682,739
Non-current liabilities		
Bonds, borrowings and other financial liabilities	773,622	764,709
Deferred tax liabilities	6,217	6,218
Retirement benefit liability	76,824	79,981
Provisions	62,218	63,005
Other non-current liabilities	54,207	54,381
Total non-current liabilities	973,090	968,297
Total liabilities	3,453,810	3,651,036
<u>Equity</u>		
Share capital	265,608	265,608
Capital surplus	45,061	44,876
Treasury shares	(5,946)	(5,763)
Retained earnings	1,099,158	1,092,882
Other components of equity	172,728	223,677
Equity attributable to owners of parent	1,576,611	1,621,280
Non-controlling interests	85,918	92,572
Total Equity	1,662,529	1,713,853
Total Liabilities and Equity	5,116,340	5,364,890

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

(Millions of Yen)

	FY2021 First 3 Months (From Apr. 1 to Jun. 30, 2021)	FY2022 First 3 Months (From Apr. 1 to Jun. 30, 2022)
Revenue	851,715	871,332
Cost of sales	705,472	728,168
Gross Profit	146,242	143,163
Selling, general and administrative expenses	136,558	142,908
Share of profit of investments accounted for using the equity method	4,061	4,884
Other income *	11,365	23,715
Other expenses	3,642	13,923
Profit from business activities	21,467	14,931
Finance income	3,496	25,563
Finance cost	3,880	4,934
Profit before income taxes	21,084	35,560
Income taxes	3,708	14,022
Profit	17,376	21,538
Profit attributable to:		
Owners of parent	12,651	19,193
Non-controlling interests	4,724	2,344

(Yen)

Earnings per share attributable to owners of parent		
Basic earnings per share	37.68	57.16
Diluted earnings per share	37.66	57.07

*Other income includes dividend income. The amount of dividends of FY 2021 first 3 Month is 5,338 Million Yen, and the amount of FY2022 First 3 Months is 9,491 Million Yen.

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

(Millions of Yen)

	FY2021 First 3 Months (From Apr. 1 to Jun. 30, 2021)	FY2022 First 3 Months (From Apr. 1 to Jun. 30, 2022)
Profit	17,376	21,538
Other comprehensive income (loss)		
Items that will not be reclassified to profit or loss		
Net gains and losses from financial assets measured at FVTOCI	(2,407)	(19,028)
Remeasurement of defined benefit plans	(37)	126
Share of other comprehensive income (loss) of entities accounted for by the equity method	544	1,471
Total	(1,900)	(17,430)
Items that may be reclassified to profit or loss		
Cash flow hedges	170	(2,216)
Hedging cost	129	(123)
Exchange differences on translating foreign operations	866	63,469
Share of other comprehensive income (loss) of entities accounted for by the equity method	860	6,207
Total	2,026	67,336
Total other comprehensive income (loss)	125	49,906
Comprehensive income	17,502	71,444
Comprehensive income (loss) attributable to		
Owners of parent	12,568	63,354
Non-controlling interests	4,934	8,090

*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 ,2021	265,608	47,265	(4,452)	952,528	105,393	1,366,342	73,047	1,439,390
Profit				12,651		12,651	4,724	17,376
Other comprehensive income (loss)					(83)	(83)	209	125
Comprehensive income (loss)	-	-	-	12,651	(83)	12,568	4,934	17,502
Transfer to retained earnings				918	(918)	-		-
Purchase of treasury shares			(2,544)			(2,544)		(2,544)
Disposal of treasury shares		4	21			25		25
Dividends				(25,211)		(25,211)	(2,916)	(28,127)
Other		(442)	535	5,726	16	5,835	683	6,519
Total transactions with owners	-	(438)	(1,986)	(19,484)	16	(21,893)	(2,232)	(24,126)
Balance as of Jun. 30 ,2021	265,608	46,826	(6,439)	946,614	104,407	1,357,017	75,748	1,432,766
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

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

(Millions of Yen)

	FY2021 First 3 Months (From Apr. 1 to Jun. 30, 2021)	FY2022 First 3 Months (From Apr. 1 to Jun. 30, 2022)
Cash flows from operating activities		
Profit before income taxes	21,084	35,560
Depreciation, amortization and impairment loss	32,004	32,306
Finance income and costs (profit)	(885)	(5,039)
Share of loss (profit) of investments accounted for using equity method	(4,061)	(4,884)
Loss (gain) on sale of property, plant and equipment	(65)	(11,160)
Loss on disposal of property, plant and equipment, and intangible assets	859	556
Decrease (increase) in trade receivables	66,948	(665)
Decrease (increase) in contract assets	(38,141)	35,568
Decrease (increase) in inventories and advanced payments	(65,438)	(76,885)
Increase (decrease) in trade payables	(79,358)	(102,572)
Increase (decrease) in contract liabilities	(26,457)	24,943
Increase (decrease) in provisions	(10,123)	(5,638)
Increase (decrease) in retirement benefit liabilities	6,630	993
Others	(32,277)	(45,809)
Subtotal	(129,279)	(122,726)
Interest received	596	972
Dividends received	6,333	10,794
Interest paid	(2,162)	(2,260)
Income taxes refund (paid)	(17,981)	(34,958)
Net cash provided by operating activities	(142,493)	(148,177)
Cash flows from investing activities		
Payments into time deposits	(2,517)	(5,921)
Proceeds from withdrawal of time deposits	1,383	1,323
Purchases of property, plant and equipment and intangible assets	(25,849)	(28,384)
Proceeds from sales of property, plant and equipment and intangible assets	404	13,461
Purchases of investments		
(including investments accounted for using equity method)	(1,938)	(1,234)
Proceeds from sales and redemption of investments		
(including investments accounted for using equity method)	1,595	11,056
Payments for acquisition of businesses (including subsidiaries)	-	(3,715)
Net decrease (increase) in short-term loans	(460)	(2,364)
Disbursement of long-term loans	(68)	(9)
Collection of long-term loans	30	35
Payments for derivative transactions	(2,993)	(1,418)
Proceeds from derivative transactions	4,228	7,014
Others	1,341	(1,428)
Net cash used in investing activities	(24,845)	(11,586)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	223,128	225,403
Proceeds from long-term borrowings	121	11
Repayment of long-term borrowings	(1,472)	(288)
Dividends paid to owners of the parent	(23,887)	(17,576)
Dividends paid to non-controlling interests	(2,815)	(1,586)
Purchase of treasury shares	(2,544)	(5)
Proceeds from factoring agreements	24,499	34,830
Repayment of liabilities under factoring agreements	(16,554)	(32,437)
Repayment of lease liabilities	(6,113)	(7,674)
Others	(180)	437
Net cash provided by (used in) financing activities	194,181	201,114
Effect of exchange rate changes on cash and cash equivalents	1,117	23,511
Net increase (decrease) in cash and cash equivalents	27,959	64,861
Cash and cash equivalents at the beginning of the year	245,421	314,257
Cash and cash equivalents at the end of period	273,381	379,119