

Outline of FY2024 First 6 Months Financial Results
Ended Sep. 30, 2024 (Consolidated)

(Billions of yen)

	FY2024 First 6 Months 〔 From April 1 to September 30, 2024 〕	FY2023 First 6 Months 〔 From April 1 to September 30, 2023 〕	Changes (%)
Order intake	3,383.5	3,137.0	7.9%
Revenue	2,298.1	2,069.2	11.1%
Profit from business activities	188.4	100.9	86.7%
Profit before income taxes	168.2	133.7	25.8%
Profit	115.8	104.5	10.8%
Profit (loss) attributable to owners of the parent	107.1	91.9	16.5%
Cash flows from operating activities	(8.8)	(181.2)	/
Cash flows from investing activities	(76.8)	(0.0)	/
Cash flows from financing activities	199.1	96.0	/
Earnings per share attributable to owners of the parent	31.86 yen	27.36 yen	16.4%

Note1: Figures in parentheses are negative.

Note2: On April 1, 2024, the Company executed a ten-for-one stock split of its common shares. Earnings per share attributable to owners of the parent are calculated assuming that the stock split was conducted at the beginning of FY2023.

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Consolidated Financial Results for First Six Months of FY2024 Ended September 30, 2024 [IFRS]

1. Consolidated financial results for the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Revenue		Profit from business activities		Profit before income taxes		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First Half of FY2024	2,298,113	11.1	188,435	86.7	168,279	25.8	115,881	10.8
First Half of FY2023	2,069,272	10.3	100,948	84.1	133,714	46.3	104,558	73.1

	Profit attributable to owners of the parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
First Half of FY2024	107,120	16.5	56,128	(74.0)	31.86	31.85
First Half of FY2023	91,944	69.8	215,990	70.3	27.36	27.34

*1 “Profit from business activities” on the consolidated statement of profit or loss is presented as a measure that enables continuous comparison and assessment of the Group’s business performance. “Profit from business activities” is calculated by subtracting “cost of sales,” “selling, general and administrative expenses,” and “other expenses” from “revenue” and adding “share of profit (loss) of investments accounted for using the equity method” and “other income” to the resulting amount. “Other income” and “other expenses” consist of dividend income, gains or losses on sales of fixed assets, impairment losses on fixed assets, and others.

*2 On April 1, 2024, the Company executed a ten-for-one stock split of its common shares. “Basic earnings per share” and “Diluted earnings per share” are calculated assuming that the stock split was conducted at the beginning of FY2023.

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets
As of	Millions of yen	Millions of yen	Millions of yen	%
September 30, 2024	6,477,069	2,377,078	2,258,894	34.9
March 31, 2024	6,256,259	2,360,654	2,244,620	35.9

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	—	80.00	—	120.00	200.00
Fiscal year ending March 31, 2025	—	11.00			
Fiscal year ending March 31, 2025 (Forecast)			—	11.00	22.00

*1 Revisions to the forecast of cash dividends most recently announced: None

*2 For the fiscal year ended March 2024, the actual dividends before the stock split are shown. When adjusted retroactively to reflect the stock split, the interim dividend per share for the fiscal year ended March 2024 was ¥8, and the annual dividend per share was ¥20.

3. Estimate of Consolidated Financial Results for FY 2024 ending March 31, 2025

(Percentages indicate year-on-year changes.)

	Revenue		Profit from business activities		Profit before income tax		Profit attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
From April 1, 2024 to March 31, 2025	4,900,000	5.2	350,000	23.9	330,000	4.7	230,000	3.6	68.43

* Revisions to the estimate of consolidated financial results most recently announced: None

* Notes

(1) Significant changes in the scope of consolidation during the period: None

(2) Changes in accounting policies and changes in accounting estimates

- (i) Changes in accounting policies required by IFRS: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None

(3) The number of shares issued (Common Stock)

(i) Total number of shares issued at the end of the period (including treasury shares)

As of September 30, 2024	3,373,647,810 shares
As of March 31, 2024	3,373,647,810 shares

(ii) Number of treasury shares at the end of the period

As of September 30, 2024	10,969,436 shares
As of March 31, 2024	12,750,817 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2024	3,362,116,886 shares
Six months ended September 30, 2023	3,360,020,880 shares

* "Number of shares issued at the end of the period," "Number of treasury shares at the end of the period" and "Average number of shares outstanding during the period" are calculated assuming that the stock split was conducted at the beginning of FY2023.

* The Japanese-language originals of the attached consolidated quarterly financial statements are not subject to certified public accountants' or an audit firm's review.

* Proper use of earnings forecasts, and other special matters

Note regarding forward looking statements:

Forecasts regarding future performance outlined in these materials are based on judgments made in accordance with information available at the time they were prepared. As such, these projections include risk and uncertainty. Investors are recommended not to depend solely on these projections when making investment decisions. Actual results may vary significantly from these projections due to a number of factors, including, but not limited to, economic trends affecting the Company's operating environment, fluctuations in the value of the Japanese yen to the U.S. dollar and other foreign currencies, and trends in Japan's stock markets. The results projected here should not be construed in any way as a guarantee by the Company.

How to obtain supplementary materials regarding the financial results:

Supplementary materials regarding the financial results are available on the Company's website.

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1. Condensed Quarterly Consolidated Financial Statements

(1) Condensed Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
<u>Assets</u>		
Current assets		
Cash and cash equivalents	431,287	535,839
Trade and other receivables	916,011	914,020
Other financial assets	39,771	42,319
Contract assets	776,399	777,898
Inventories	974,577	1,101,438
Other current assets	281,895	329,913
Total current assets	3,419,942	3,701,430
Non-current assets		
Property, plant and equipment ("PPE")	908,448	911,535
Goodwill	172,493	169,337
Intangible assets	93,786	85,409
Right-of-use assets	93,496	87,433
Investments accounted for using the equity method	268,978	254,534
Other financial assets	538,126	504,362
Deferred tax assets	297,017	309,884
Other non-current assets	463,969	453,140
Total Non-current assets	2,836,316	2,775,638
Total assets	6,256,259	6,477,069

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
<u>Liabilities and Equity</u>		
Current liabilities		
Bonds, borrowings and other financial liabilities	379,210	552,375
Trade and other payables	958,891	808,790
Income taxes payable	55,228	56,196
Contract liabilities	1,095,138	1,256,761
Provisions	216,220	189,063
Other current liabilities	235,829	212,164
Total Current liabilities	2,940,518	3,075,352
Non-current liabilities		
Bonds, borrowings and other financial liabilities	763,754	829,632
Deferred tax liabilities	9,987	8,706
Retirement benefit liabilities	73,165	74,605
Provisions	79,747	75,693
Other non-current liabilities	28,429	36,000
Total non-current liabilities	955,085	1,024,638
Total liabilities	3,895,604	4,099,990
<u>Equity</u>		
Share capital	265,608	265,608
Capital surplus	41,187	44,615
Treasury shares	(4,828)	(4,315)
Retained earnings	1,433,267	1,505,478
Other components of equity	509,385	447,507
Equity attributable to owners of the parent	2,244,620	2,258,894
Non-controlling interests	116,034	118,183
Total Equity	2,360,654	2,377,078
Total Liabilities and Equity	6,256,259	6,477,069

(2) Condensed Consolidated Statement of Profit or Loss

(Millions of yen)

	FY2023 First 6 Months (From Apr. 1, 2023 to Sep. 30, 2023)	FY2024 First 6 Months (From Apr. 1, 2024 to Sep. 30, 2024)
Revenue	2,069,272	2,298,113
Cost of sales	1,675,214	1,801,177
Gross Profit	394,057	496,936
Selling, general and administrative expenses	311,876	347,204
Share of profit of investments accounted for using the equity method	1,317	11,473
Other income	27,157	38,516
Other expenses	9,707	11,287
Profit from business activities	100,948	188,435
Finance income	39,928	6,208
Finance costs	7,162	26,364
Profit before income taxes	133,714	168,279
Income taxes	29,155	52,397
Profit	104,558	115,881
Profit attributable to:		
Owners of the parent	91,944	107,120
Non-controlling interests	12,614	8,760

(yen)

Earnings per share attributable to owners of the parent		
Basic earnings per share	27.36	31.86
Diluted earnings per share	27.34	31.85

* On April 1, 2024, the Company executed a ten-for-one stock split of its common shares. “Basic earnings per share” and “Diluted earnings per share” are calculated assuming that the stock split was conducted at the beginning of FY2023.

(3) Condensed Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY2023 First 6 Months (From Apr. 1, 2023 to Sep. 30, 2023)	FY2024 First 6 Months (From Apr. 1, 2024 to Sep. 30, 2024)
Profit	104,558	115,881
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net gains from financial assets measured at FVTOCI	19,244	(20,902)
Remeasurement of defined benefit plans	(619)	(39)
Share of other comprehensive income of entities accounted for using the equity method	217	458
Total	18,842	(20,483)
Items that may be reclassified to profit or loss		
Cash flow hedges	(1,694)	3,965
Exchange differences on translating foreign operations	83,808	(40,588)
Share of other comprehensive income of entities accounted for using the equity method	10,476	(2,645)
Total	92,589	(39,269)
Total other comprehensive income	111,431	(59,753)
Comprehensive income	215,990	56,128
Comprehensive income attributable to		
Owners of the parent	196,384	49,521
Non-controlling interests	19,606	6,606

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

(4) Condensed Consolidated Statement of Changes in Equity

(Millions of yen)

	Equity attributable to owners of the parent						Non-controlling interests	Total Equity
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	Total		
Balance as of Apr. 1 ,2023	265,608	41,256	(5,385)	1,243,565	195,929	1,740,974	93,010	1,833,984
Profit				91,944		91,944	12,614	104,558
Other comprehensive income					104,440	104,440	6,991	111,431
Comprehensive income	—	—	—	91,944	104,440	196,384	19,606	215,990
Transfer to retained earnings				20,318	(20,318)	—		—
Purchase of treasury shares			(15)			(15)		(15)
Disposal of treasury shares		3	6			10		10
Dividends				(23,512)		(23,512)	(3,807)	(27,320)
Others		584	500	(281)	(7)	795	(981)	(186)
Total transactions with owners	—	588	491	(23,794)	(7)	(22,722)	(4,788)	(27,511)
Balance as of Sep. 30 ,2023	265,608	41,844	(4,894)	1,332,033	280,044	1,914,636	107,827	2,022,463

(Millions of yen)

	Equity attributable to owners of the parent						Non-controlling interests	Total Equity
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	Total		
Balance as of Apr. 1 ,2024	265,608	41,187	(4,828)	1,433,267	509,385	2,244,620	116,034	2,360,654
Profit				107,120		107,120	8,760	115,881
Other comprehensive income					(57,598)	(57,598)	(2,154)	(59,753)
Comprehensive income	—	—	—	107,120	(57,598)	49,521	6,606	56,128
Transfer to retained earnings				4,287	(4,287)	—		—
Purchase of treasury shares			(2)			(2)		(2)
Disposal of treasury shares		9	17			26		26
Dividends				(40,331)		(40,331)	(4,437)	(44,768)
Others		3,418	498	1,134	8	5,059	(19)	5,040
Total transactions with owners	—	3,427	512	(39,196)	8	(35,247)	(4,456)	(39,704)
Balance as of Sep. 30 ,2024	265,608	44,615	(4,315)	1,505,478	447,507	2,258,894	118,183	2,377,078

(5) Condensed Consolidated Statement of Cash Flows

(Millions of yen)

	FY2023 First 6 Months (From Apr. 1, 2023 to Sep. 30, 2023)	FY2024 First 6 Months (From Apr. 1, 2024 to Sep. 30, 2024)
Cash flows from operating activities		
Profit before income taxes	133,714	168,279
Depreciation, amortization and impairment loss	68,116	77,874
Finance income and costs	(29,803)	9,618
Share of profit of investments accounted for using the equity method	(1,317)	(11,473)
Loss (gain) on sale of PPE and intangible assets	(7,678)	(25,294)
Loss on disposal of PPE and intangible assets	1,603	2,157
Decrease (increase) in trade receivables	30	29,297
Decrease (increase) in contract assets	(9,797)	(49,010)
Decrease (increase) in inventories and advanced payments	(121,433)	(202,949)
Increase (decrease) in trade payables	(63,177)	(79,148)
Increase (decrease) in contract liabilities	(46,511)	180,880
Increase (decrease) in provisions	(13,481)	(28,005)
Increase (decrease) in retirement benefit liabilities	(407)	1,675
Others	(79,574)	(31,582)
Subtotal	(169,719)	42,318
Interest received	4,779	5,379
Dividends received	9,784	9,064
Interest paid	(3,996)	(6,876)
Income taxes paid	(22,079)	(58,754)
Net cash provided by operating activities	(181,232)	(8,867)

(Millions of yen)

	FY2023 First 6 Months (From Apr. 1, 2023 to Sep. 30, 2023)	FY2024 First 6 Months (From Apr. 1, 2024 to Sep. 30, 2024)
Cash flows from investing activities		
Payments into fixed-term deposits	(12,535)	(17,387)
Proceeds from withdrawal of fixed-term deposits	10,201	14,233
Purchases of PPE, and intangible assets	(72,316)	(130,844)
Proceeds from sales of PPE, and intangible assets	9,972	27,615
Purchases of investments (including investments accounted for using the equity method)	(6,219)	(5,812)
Proceeds from sales and redemption of investments (including investments accounted for using the equity method)	48,845	42,611
Payments for sale of businesses (including subsidiaries)	—	(1,474)
Payments for acquisition of businesses (including subsidiaries)	—	(1,122)
Net decrease (increase) in short-term loans	188	457
Disbursement of long-term loans	(9)	(7)
Collection of long-term loans	65	61
Payments for derivative transactions	(27,933)	(48,582)
Proceeds from derivative transactions	50,303	44,450
Others	(606)	(1,075)
Net cash provided by (used in) investing activities	(45)	(76,875)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	151,231	226,290
Proceeds from long-term borrowings	12	—
Repayment of long-term borrowings	(11,422)	(5,567)
Payments for acquisition of interests in subsidiaries from non-controlling interests	(1,024)	—
Proceeds from issuance of bonds	25,000	30,000
Payment for redemption of bonds	(15,000)	(30,000)
Dividends paid to owners of the parent	(23,460)	(40,244)
Dividends paid to non-controlling interests	(4,001)	(3,454)
Proceeds from factoring agreements	98,790	146,235
Repayment of liabilities under factoring agreements	(107,407)	(110,296)
Repayment of lease liabilities	(15,757)	(13,500)
Others	(935)	(285)
Net cash provided by (used in) financing activities	96,025	199,176
Effect of exchange rate changes on cash and cash equivalents	37,200	(8,881)
Net increase (decrease) in cash and cash equivalents	(48,051)	104,552
Cash and cash equivalents at the beginning of the year	347,663	431,287
Cash and cash equivalents at the end of the period	299,612	535,839

(6) Notes to Condensed Quarterly Consolidated Financial Statements

➤ Notes to Going Concern Assumption: None

➤ Changes in Accounting Estimates: None

➤ Operating Segment

(i) Overview of reporting segments

The reporting segments of the Group are components for which discrete financial information is available and whose operating results are regularly reviewed by MHI's Board of Directors to make decisions about resource allocation and assess their performance.

The Group manages its businesses by business domains and segments. Each business domain and segment engages in its business activities by formulating comprehensive strategies on products and services which are provided in both domestic and overseas markets. Therefore, MHI aggregates its business domain segments into four reportable segments, "Energy Systems", "Plants & Infrastructure Systems", "Logistics, Thermal & Drive Systems", and "Aircraft, Defense & Space", by considering similarities of each business domain's and segment's customers and product characteristics.

Main products and services belonging to each reporting segment are as follows:

Energy Systems	Thermal power generation systems (Gas turbine combined cycle ["GTCC"] and Steam power), Nuclear power generation system (Light-water reactors, Nuclear fuel cycle & Advanced solutions), Wind power generators, Engines for aircrafts, Compressors, Air Quality Control System ["AQCS"], Marine machinery
Plants & Infrastructure Systems	Metals machinery, Commercial ships, Engineering, Environmental systems, Mechatronics systems
Logistics, Thermal & Drive Systems	Material handling equipment, Turbochargers, Engines, Air-conditioning & refrigeration systems, Automotive thermal systems
Aircraft, Defense & Space	Commercial aircraft, Defense aircraft, Missile systems, Naval ships, Special vehicles, Maritime systems (torpedoes), Space systems

In order to further strengthen its Energy Transition initiatives, MHI established Green Transformation (GX) Solutions as a new business domain and reorganized some other businesses at the beginning of FY2024. GX Solutions includes Engineering and other businesses and is included within the Plants & Infrastructure Systems reporting segment. Additionally, based on the new medium-term business plan, revisions were made to the positioning and management structures of the businesses and some products and services previously included within the "Corporate & Eliminations" column have become the businesses of which financial results should be assessed and managed as revenue-making businesses. As a result, these businesses are reported on the "Others" column.

The segment information for the first half of FY2023 is restated to reflect these changes.

(ii) Information about revenue, profit or loss and other items by reporting segment

For FY2023 First 6 Months (From April 1, 2023 to September 30, 2023)

(Millions of yen)

	Reporting segment					Others *1	Total	Corporate & Eliminations *2	Consolidated
	Energy Systems	Plants & Infrastructure Systems	Logistics, Thermal & Drive Systems	Aircraft, Defense & Space	Total				
Revenue									
Revenue from external customers	757,969	352,589	632,023	318,184	2,060,766	2,243	2,063,010	6,262	2,069,272
Inter-segment revenue and transfers	2,973	14,412	1,311	748	19,445	89	19,534	(19,534)	—
Total	760,942	367,001	633,334	318,933	2,080,211	2,333	2,082,544	(13,272)	2,069,272
Segment profit *3	41,700	16,085	36,723	27,445	121,955	1,156	123,112	(22,164)	100,948
Finance income									39,928
Finance costs									7,162
Profit before income taxes									133,714

For FY2024 First 6 Months (From April 1, 2024 to September 30, 2024)

(Millions of yen)

	Reporting segments					Others *1	Total	Corporate & Eliminations *2	Consolidated
	Energy Systems	Plants & Infrastructure Systems	Logistics, Thermal & Drive Systems	Aircraft, Defense & Space	Total				
Revenue									
Revenue from external customers	827,186	365,494	630,968	431,370	2,255,020	36,661	2,291,681	6,432	2,298,113
Inter-segment revenue and transfers	4,976	13,682	1,834	332	20,826	825	21,651	(21,651)	—
Total	832,163	379,177	632,802	431,702	2,275,846	37,486	2,313,333	(15,219)	2,298,113
Segment profit *3	103,234	28,114	26,927	44,002	202,278	16,958	219,236	(30,801)	188,435
Finance income									6,208
Finance costs									26,364
Profit before income taxes									168,279

*1 “Others” includes the businesses categorized in growth areas such as electrification and data center and asset businesses, which are not included in the reporting segments.

*2 “Corporate & Eliminations” includes revenues and expenses which are not included in any of the reporting segments. Specifically, corporate research and development expenses and dividends on shares concerning corporate overall businesses, neither of which are linked to any specific segment.

*3 Segment profit represents profit from business activities.

➤ Others

(i) Interim Dividend

The Board of Directors approved an interim dividend as follows.

Date of resolution : November 5, 2024
Total cash dividends to be paid : ¥ 37,063 million
Cash dividends per share : ¥ 11

Effective Date of Claim for Payment and Commencement Date of Payment : December 5, 2024

<Note>

- Payment shall be made to the shareholders or registered pledgees of shares entered or recorded in the shareholder register as of September 30, 2024.
- The above-mentioned total cash dividends to be paid include 73 million yen of cash dividends for the stocks held by the Stock Grant ESOP (Employee Stock Ownership Plan) Trust and the Officer Remuneration BIP (Board Incentive Plan) Trust-I&II.

(ii) Major Lawsuits

There was a temporary dispute between a consortium composed of MHI and Daewoo Engineering & Construction Co., Ltd. ("MHI and Daewoo") and El Sharika El-Djazairia El-Omania Lil Asmida SPA ("AOA") regarding a chemical fertilizer plant construction contract in Algeria whose orders had been received by MHI and Daewoo, but a settlement was reached in 2017 (the "Settlement Agreement"), and the consortium delivered the plant to AOA. However, AOA subsequently refused to make some of the outstanding payment under the Settlement Agreement. Therefore, MHI and Daewoo filed for arbitration against AOA and one of its shareholders, Societe Nationale pour la Recherche, la Production, le Transport, la Transformation et la Commercialisation des Hydrocarbures SPA ("SONATRACH").

In March 2021, MHI and Daewoo received a counterclaim from AOA which mainly consists of the cancellation of the Settlement Agreement and the refund of the payment already made under the Settlement Agreement.

In October 2022, the arbitral tribunal decided to exclude SONATRACH from participants of arbitration.

MHI and Daewoo will assert that there are no reasonable grounds for AOA's refusal to make the outstanding payment and that the counterclaim should be dismissed.

(iii) Transfer of PPE

On February 28, 2024, the Board of Directors of MHI approved an ownership transfer of one of its PPE as described below.

- Reasons for the transfer
To make effective use of management resources and strengthen its financial position.
- Asset designated for transfer
Description: Plant land (a part of the Honmoku Plant)
Location: 38-8, Nishikicho, Naka-ku, Yokohama, Kanagawa
- Transfer schedule
Contract signed: February 29, 2024
Transfer date: September 30, 2024 and March 31, 2025(planned)
* MHI sets up a trust for the transferred asset and transfers the trust beneficiary right based on the trust. The transfer date is the date of the transfer of the trust beneficiary right for the transferred asset. The asset is planned to be transferred in two parts, and the first transfer was completed on September 30, 2024.
- Impact of the transfer on financial results
As a result of the above mentioned transfer of the PPE, approximately ¥50 billion of gain on sale of PPE will be recognized for the fiscal year ending March 31, 2025.

2. Outline of Financial Results

An outline of the financial results for the first 6 Months of FY2024 (from April 1, 2024 to September 30, 2024) is included in the "1H FY2024 Financial Results Presentation Materials" released today, November 5, 2024. These materials are available on TDnet and the Company's website.