

Sumitomo Heavy Industries, Ltd.

CONSOLIDATED FINANCIAL REPORT

For the Three-Month Period from April 1 to June 30, 2022

All financial information has been prepared in accordance with generally accepted accounting principles in Japan. This document has been translated from the Japanese original as a guide to non-Japanese investors, and contains forward-looking statements that are based on management's estimates, assumptions, and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations. Amounts shown in this financial statement have been rounded to the nearest million yen.

Summary of Consolidated Financial Results
For the Three-Month Period from April 1 to June 30, 2022
 Presented August 5, 2022

Sumitomo Heavy Industries, Ltd.

| | |
|--|--|
| Listed exchanges | Tokyo Stock Exchange |
| Stock code | 6302 |
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| Scheduled date for submitting quarterly report | August 10, 2022 |
| Scheduled date of payment of cash dividends | — |
| Availability of supplementary explanations for quarterly financial statement | No |
| Holding of meeting to explain quarterly financial statement | No |

1. FY2022 First Quarter Consolidated Results (April 1, 2022, to June 30, 2022)

(1) Business Results

(Units: millions of yen)

| | First Quarter April 1 to June 30, 2022 | | First Quarter April 1 to June 30, 2021 | |
|---|---|----------|---|----------|
| | | % change | | % change |
| Net sales | 314,208 | — | 216,267 | 19.7 |
| Operating profit | 14,781 | — | 15,045 | 114.7 |
| Ordinary profit | 16,583 | — | 15,059 | 164.5 |
| Profit attributable to owners of parent | 10,311 | — | 9,260 | 255.7 |
| Profit attributable to owners of parent ratio (yen) | 84.17 | | 75.59 | |
| Fully diluted profit attributable to owners of parent ratio | — | | — | |

Note 1: Comprehensive income:

Fiscal quarter ended June 30, 2022: 47,479 million yen, (— %)

Fiscal quarter ended June 30, 2021: 22,591 million yen, (— %)

Note 2: The Company has changed the closing date from March 31 to December 31 starting from the fiscal year 2022 as the “Proposal for a Partial Change to the Articles of Incorporation” was approved at the 126th Ordinary General Meeting of Shareholders held on June 29, 2022. With regard to the consolidated cumulative first quarter under review, a transition period for the change of the closing date, accounts were closed in an irregular manner with a consolidation period being set to be three months from April 1, 2022 to June 30, 2022 in the case of the Company and its subsidiaries whose fiscal year ends in March and being set to be six months from January 1, 2022 to June 30, 2022 in the case of its subsidiaries whose fiscal year ends in December. Therefore, year-on-year change rates are not described in this document.

(2) Financial Position

(Units: millions of yen)

| | End of First Quarter As of June 30, 2022 | End of Previous Full Year March 31, 2022 |
|------------------|---|---|
| Total assets | 1,156,708 | 1,094,930 |
| Total net assets | 604,062 | 566,843 |
| Equity ratio (%) | 50.8 | 50.4 |

Reference: Equity:

Fiscal quarter ended June 30, 2022: 588,010 million yen

Fiscal year ended March 31, 2022: 551,387 million yen

2. Dividends

(Unit: yen)

| | Year Ended March 31, 2022 | Year Ending December 31, 2022 | Year Ending December 31, 2022 (forecast) |
|----------------------------|------------------------------|----------------------------------|--|
| Annual dividends per share | | | |
| First quarter | — | — | |
| Second quarter | 35.00 | | 45.00 |
| Third quarter | — | | — |
| End of term | 80.00 | | 45.00 |
| Annual dividends | 115.00 | | 90.00 |

Note: Changes from the most recent dividend forecast: No

3. FY2022 Consolidated Forecasts (April 1, 2022, to December 31, 2022)

(Units: millions of yen)

| | Full Year April 1, 2022, to December 31, 2022 | |
|---|---|----------|
| | | % change |
| Net sales | 850,000 | — |
| Operating profit | 51,000 | — |
| Ordinary profit | 49,000 | — |
| Profit attributable to owners of parent | 30,000 | — |
| Profit attributable to owners of parent ratio (yen) | 244.90 | |

Note 1: Changes from the most recent dividend forecast: No

Note 2: The Company has changed the closing date from March 31 to December 31 starting from the fiscal year 2022 as the "Proposal for a Partial Change to the Articles of Incorporation" was approved at the 126th Ordinary General Meeting of Shareholders held on June 29, 2022. With regard to the fiscal year ending December 31, 2022, a transition period for the change of the closing date, estimated values are stated with a consolidation period being set to be nine months from April 1, 2022 to December 31, 2022 in the case of the Company and its subsidiaries whose fiscal year ends in March and being set to be twelve months from January 1, 2022 to December 31, 2022 in the case of its subsidiaries whose fiscal year ends in December. Therefore, year-on-year change rates are not described in this document.

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I. Qualitative Information regarding Current Quarterly Consolidated Business Performance

1. Explanation of Business Performance

The Company has changed the closing date from March 31 to December 31 starting from the fiscal year 2022 as the “Proposal for a Partial Change to the Articles of Incorporation” was approved at the 126th Ordinary General Meeting of Shareholders held on June 29, 2022. With regard to the consolidated cumulative first quarter under review, a transition period for the change of the closing date, accounts were closed in an irregular manner with a consolidation period being set to be three months from April 1, 2022 to June 30, 2022 in the case of the Company and its subsidiaries whose fiscal year ends in March and being set to be six months from January 1, 2022 to June 30, 2022 in the case of its subsidiaries whose fiscal year ends in December. Therefore, with regard to the situation by segment, comparative information using the same quarter of the previous fiscal year, for which results are restated so that such period becomes comparable to the consolidated cumulative first quarter under review (such same quarter of the previous fiscal year is hereinafter referred to as “the same quarter of the previous fiscal year after adjustment”), is described in this document.

As for the business environment surrounding the Group during the first quarter under review, capital investments were strong mainly in the manufacturing sector in Japan, although the impact of the spread of COVID-19 infections still remained partially. Turning to overseas regions, capital investments grew steadily due to an economic upturn in the US, Europe, etc. These factors resulted in a global uptick in demand for machinery. On the other hand, in some regions and sectors (such as China, which was affected by lockdowns due to the spread of COVID-19 infections), the pace of recovery was slow, indicating a polarized gap in the global economy. Also, uncertainty remained mainly due to higher prices of raw materials and procured products, strains in their supply-demand conditions, ongoing geopolitical risks (as exemplified by the issue between Russia and Ukraine), rapid weakening of the yen and fluctuations in oil prices in addition to the aforementioned factors.

In this business environment, the Group promoted the “Medium-Term Management Plan 2023,” aimed to increase corporate value in a sustainable manner by solving social issues through products and services, and moved forward with measures, such as constructing a robust entity, making changes for improvement of corporate value, expanding contribution to SDGs and strengthening initiatives for reducing environmental burdens.

As a result, the Group’s orders and net sales amounted to JPY400.9 billion and JPY314.2 billion, respectively. In terms of profitability, the Group posted operating profit of JPY14.8 billion and ordinary profit of JPY16.6 billion and quarterly profit attributable to owners of parent came to JPY10.3 billion.

The situation by segment is described below.

(i) Mechatronics

Orders, sales and operating profit all increased due to a rise in demand for small-to-medium sized gear reducers, precision gears for robot articulations and motors in Japan, Europe and the US. As a result, orders increased by 23% as compared to the same period of the previous fiscal year after adjustment to finish at JPY93.8 billion, while sales increased by 23% as compared to the same period of the previous fiscal year after adjustment to finish at JPY75.1 billion. Further, the segment posted operating profit of JPY2.6 billion (up 5% from the same period of the previous fiscal year after adjustment).

(ii) Industrial Machinery

For the Plastic injection molding machine business, orders, sales and operating profit all decreased due to the cooling of demand from China and Europe, which had been strong because of recovery from the COVID-19 pandemic. For other machine models, orders, sales and operating profit all increased due to growth in demand for semiconductor-related products. As a result, orders increased by 18% as compared to the same period of the previous fiscal year after adjustment to finish at JPY112.7 billion, sales came to JPY84.1 billion, up 8% from the same period of the previous fiscal year after adjustment, and operating profit increased by 17% as compared to the same period of the previous fiscal year after adjustment to finish at JPY6.1 billion.

(iii) Logistics & Construction

With regard to the hydraulic excavator business, orders, sales and operating profit all decreased due partly to a significant decrease in demand from the Chinese market because of lockdowns and strains in demand-supply conditions of procured goods, although demand from Japan and the North America region was strong. Turning to other businesses, the mobile crane business saw increases in orders and sales due partly to strong demand from the North America region but operating profit remained unchanged from the same period of the previous fiscal year after adjustment. On the other hand, for the material handling business, orders decreased due to a delay in recovery of demand related to shipbuilding and steel industry but sales and operating profit increased because there was a backlog of orders. As a result of the above, orders across the segment decreased by 3% as compared to the same period of the previous fiscal year after adjustment to finish at JPY131.8 billion, while sales decreased by 7% as compared to the same period of the previous fiscal year after adjustment to finish at JPY110.7 billion. The segment posted an operating profit of JPY6.0 billion, a 24% decrease as compared to the same period of the previous fiscal year after adjustment.

(iv) Energy & Lifelines

Orders in the energy plant business increased under review partly because orders were received for large-scale projects for biomass-fueled power generation plants in Japan and Europe, and both sales and operating profit decreased due to a decreased backlog of orders in Japan. For other businesses, orders increased but sales decreased and operating profit remained unchanged from the same period of the previous fiscal year after adjustment. As a result of the above, orders across the segment increased by 45% as compared to the same period of the previous fiscal year after adjustment to finish at JPY61.1 billion, while sales decreased by 16% as compared to the same period of the previous fiscal year after adjustment to finish at JPY42.8 billion. The segment posted an operating loss of JPY0.7 billion.

(v) Others

Orders decreased by 1% to JPY1.5 billion, sales decreased by 7% to JPY1.5 billion, and operating profit increased by 21% to JPY0.8 billion from the same period of the previous fiscal year after adjustment, respectively.

2. Explanation of the Group's Consolidated Financial Position

1. Condition of Assets, Liabilities, and Net Assets

Total assets at the end of the first quarter of the current consolidated fiscal year under review (ended June 30, 2022) amounted to JPY1.1567 trillion, an increase of JPY61.8 billion as compared to the end of the previous consolidated fiscal year. This was mainly due to increases of JPY42.6 billion in inventory assets and JPY12.7 billion in tangible fixed assets, while notes and accounts receivable - trade and contract assets decreased by JPY13.8 billion as compared to the end of the previous consolidated fiscal year.

Total liabilities came to JPY552.6 billion, an increase of JPY24.6 billion as compared to the end of the previous consolidated fiscal year. This was partly because interest-bearing liabilities increased by JPY23.8 billion.

Net assets amounted to JPY604.1 billion, an increase of JPY37.2 billion as compared to the end of the previous consolidated fiscal year. This was mainly due to an increase of JPY38.5 billion in foreign currency translation adjustments.

As a result of the above, the shareholders' equity ratio increased by 0.5 point from the end of the previous consolidated fiscal year to finish at 50.8%.

2. Cash Flow Condition

Cash and cash equivalents at the end of the first quarter of the current consolidated fiscal year under review came to JPY95.5 billion, an increase of JPY10.5 billion from the end of the previous consolidated fiscal year. Cash flows for the consolidated cumulative first quarter under review and the factors contributing to increases or decreases in cash flows are as follows.

With regard to the consolidated cumulative first quarter under review, as a result of the change of the closing date, accounts were closed in an irregular manner with a consolidation period being set to be three months from April 1, 2022 to June 30, 2022 in the case of the Company and its subsidiaries whose fiscal year ends in March and being set to be six months from January 1, 2022 to June 30, 2022 in the case of its subsidiaries whose fiscal year ends in December. Therefore, year-on-year change rates are not described in this document.

(Cash Flow from Operating Activities)

Cash flow from operating activities increased by JPY4.9 billion during the consolidated cumulative first quarter under review. The main sources of cash flow were decreases in notes and accounts receivable and contract assets of JPY39.0 billion as well as quarterly net income before taxes and other adjustments of JPY17.1 billion. The main sources of expenses were an increase in inventory assets of JPY26.0 billion and a decrease in notes and accounts payable of JPY17.3 billion.

(Cash Flow from Investing Activities)

Cash flow from investing activities decreased by JPY10.7 billion during the consolidated cumulative first quarter under review. The main reason for the cash outflow was JPY10.6 billion used to acquire fixed assets.

(Cash Flow from Financing Activities)

Cash flow from financing activities increased by JPY9.8 billion during the consolidated cumulative first quarter under review. The main source of cash flow was an increase in interest-bearing debts of JPY20.9 billion. The main sources of expenses were payments of dividends of JPY9.5 billion.

3. Explanation of the Consolidated Earnings Forecast and Other Forward-Looking Estimates

No change has been made to the consolidated earnings forecast for the fiscal year ending December 31, 2022 that was announced in the financial report dated May 10, 2022.

II. Quarterly Consolidated Financial Statements and Key Explanatory Notes

1. Quarterly Consolidated Balance Sheets

(Units: millions of yen)

| | End of Full Year As of March 31, 2022 | End of First Quarter As of June 30, 2022 |
|---|--|---|
| | Amount | Amount |
| Assets | | |
| Current assets | | |
| Cash and deposits | 88,782 | 98,896 |
| Notes and accounts receivable - trade and contract assets | 294,771 | 280,998 |
| Inventory assets | 232,139 | 274,771 |
| Other | 35,897 | 41,156 |
| Allowance for doubtful accounts | (3,487) | (5,218) |
| Total current assets | 648,102 | 690,604 |
| Fixed assets | | |
| Tangible fixed assets | | |
| Land | 109,438 | 110,649 |
| Other (net) | 191,577 | 203,018 |
| Total tangible fixed assets | 301,014 | 313,668 |
| Intangible fixed assets | | |
| Goodwill | 31,054 | 32,908 |
| Other | 46,500 | 47,579 |
| Total intangible fixed assets | 77,554 | 80,487 |
| Investments and other assets | | |
| Other | 71,614 | 74,182 |
| Allowance for doubtful accounts | (3,354) | (2,233) |
| Total investments and other assets | 68,260 | 71,949 |
| Total Fixed assets | 446,828 | 466,104 |
| Total assets | 1,094,930 | 1,156,708 |

(Units: millions of yen)

| | End of Full Year As of March 31, 2022 | End of First Quarter As of June 30, 2022 |
|---|--|---|
| | Amount | Amount |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 172,615 | 167,902 |
| Short-term loans payable | 19,198 | 29,444 |
| Current portion of bonds payable | 10,000 | 10,000 |
| Current portion of long-term loans payable | 7,745 | 9,876 |
| Commercial Papers | 6,000 | 17,000 |
| Provision for construction warranties | 15,267 | 13,587 |
| Other provision amount | 2,714 | 1,832 |
| Other | 133,284 | 139,198 |
| Total current liabilities | 366,823 | 388,839 |
| Fixed Liabilities | | |
| Bonds payable | 40,000 | 40,000 |
| Long-term debt due after one year | 28,307 | 28,739 |
| Defined benefit liability | 46,911 | 48,179 |
| Deferred income taxes on revaluation | 20,479 | 20,479 |
| Provision amount | 153 | 160 |
| Other | 25,414 | 26,249 |
| Total non-current liabilities | 161,265 | 163,806 |
| Total liabilities | 528,087 | 552,646 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 30,872 | 30,872 |
| Capital surplus | 26,071 | 26,056 |
| Retained earnings | 423,104 | 423,615 |
| Treasury shares | (1,123) | (1,126) |
| Total Shareholders' equity | 478,923 | 479,417 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 4,763 | 4,499 |
| Deferred gains or losses on hedges | (1,363) | (2,379) |
| Revaluation reserve for land | 40,442 | 40,442 |
| Foreign currency translation adjustments | 23,601 | 62,136 |

| | End of Full Year As of March 31, 2022 | End of First Quarter As of June 30, 2022 |
|--|--|---|
| | Amount | Amount |
| Remeasurements of defined benefit plans | 5,022 | 3,896 |
| Total accumulated other comprehensive income | 72,464 | 108,593 |
| Non-controlling interests | 15,456 | 16,052 |
| Total net assets | 566,843 | 604,062 |
| Total liabilities and net assets | 1,094,930 | 1,156,708 |

2. Quarterly Consolidated Income Statements and Quarterly Consolidated Statement of Comprehensive Income

Quarterly Consolidated Income Statements

Three months ended June 30, 2022

(Units: millions of yen)

| | Previous First Quarter April 1, 2021 to June 30, 2021 | Present First Quarter April 1, 2022 to June 30, 2022 |
|---|---|--|
| | Amount | Amount |
| Net sales | 216,267 | 314,208 |
| Cost of sales | 166,252 | 243,945 |
| Gross income | 50,015 | 70,263 |
| Selling, general and administrative expenses | 34,970 | 55,482 |
| Operating profit | 15,045 | 14,781 |
| Non-operating profit | | |
| Interest income | 162 | 318 |
| Dividend income | 193 | 211 |
| Foreign exchange profit | 24 | 1,941 |
| Other | 731 | 850 |
| Total non-operating profit | 1,109 | 3,320 |
| Non-operating expenses | | |
| Interest expenses | 186 | 342 |
| Patent related expenses | 298 | 309 |
| Other | 611 | 867 |
| Total non-operating expenses | 1,095 | 1,518 |
| Ordinary profit | 15,059 | 16,583 |
| Extraordinary profit | | |
| Gain on business transfer | — | 694 |
| Total extraordinary profit | — | 694 |
| Extraordinary losses | | |
| Impairment loss | 131 | 152 |
| Total extraordinary losses | 131 | 152 |
| Profit before income taxes | 14,928 | 17,126 |
| Income taxes | 5,454 | 6,808 |
| Profit | 9,474 | 10,318 |
| Profit attributable to no-controlling interests | 214 | 7 |
| Profit attributable to owners of parent | 9,260 | 10,311 |

Quarterly Consolidated Statement of Comprehensive Income
Three months ended June 30, 2022

(Units: millions of yen)

| | Previous First Quarter April 1, 2021 to June 30, 2021 | Present First Quarter April 1, 2022 to June 30, 2022 |
|---|--|---|
| | Amount | Amount |
| Profit | 9,474 | 10,318 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (83) | (264) |
| Deferred gains or losses on hedges | 1 | (1,015) |
| Foreign currency translation adjustments | 13,609 | 39,579 |
| Adjustment to retirement benefits | (414) | (1,140) |
| Share of other comprehensive income of entities accounted for using equity method | 4 | 2 |
| Total other comprehensive income | 13,117 | 37,161 |
| Comprehensive income | 22,591 | 47,479 |
| (Breakdown) | | |
| Quarterly comprehensive income attributable to owners of parent | 21,955 | 46,440 |
| Quarterly comprehensive income attributable to non-controlling interests | 637 | 1,039 |

3. Items of Special Note Concerning the Quarterly Consolidated Financial Statements

(Significant Events or Conditions that Question the Premise of a Going Concern)

There are no applicable items.

(Notes regarding Significant Fluctuations to Shareholders' Equity)

There are no applicable items.

(Application of Accounting Procedures Specific to Preparation of Quarterly Consolidated Financial Statements)

(Calculation of tax expenses)

The effective tax rate expected to be imposed on pretax profit (after tax effect accounting) applicable to the consolidated fiscal year in which the first quarter of the current consolidated fiscal year under review is included was estimated based on reasonable assumptions, and tax expenses were calculated by multiplying the quarterly pretax profit by the estimated effective tax rate.

(Additional information)

(Application of the group tax sharing system)

The Company and a part of its consolidated subsidiaries in Japan made a shift from the consolidated taxation system to the group tax sharing system in the first quarter of the current consolidated fiscal year. As a result, with regard to accounting procedures and disclosure for income tax, local corporation tax and tax effect accounting, we apply the "Practical Solution on the Accounting and Disclosure under the Group Tax Sharing System" (Practical Issues Task Force No. 42, August 12, 2021; hereinafter referred to as "PITF No. 42"). In addition, based on Paragraph 32(1) of PITF No. 42, we consider there will be no impact from changes in our accounting policy resulting from the application of PITF No. 42.

(Subsequent Events of Significant Importance)

There are no applicable items.

III. Supplemental Information

1. Orders Received, Sales and Operating Profit/Loss, and Balance of Orders Received, by Segment

With regard to the consolidated cumulative first quarter under review, as a result of the change of the closing date, accounts were closed in an irregular manner with a consolidation period being set to be three months from April 1, 2022 to June 30, 2022 in the case of the Company and its subsidiaries whose fiscal year ends in March and being set to be six months from January 1, 2022 to June 30, 2022 in the case of its subsidiaries whose fiscal year ends in December. Therefore, comparative information using the same quarter of the previous fiscal year, for which results are restated so that such period becomes comparable to the consolidated cumulative first quarter under review (such same quarter of the previous fiscal year is hereinafter referred to as “the same quarter of the previous fiscal year after adjustment”), is described below as reference values.

(1) Orders Received

(Units: millions of yen)

| Segment | After adjustment; April 1, 2021 to June 30, 2021 | April 1, 2022 to June 30, 2022 | Y/Y Change | |
|--------------------------|--|--------------------------------|------------|-------|
| | Amount | Amount | Amount | % |
| Mechatronics | 76,359 | 93,813 | 17,454 | 22.9 |
| Industrial Machinery | 95,749 | 112,748 | 16,999 | 17.8 |
| Logistics & Construction | 135,408 | 131,764 | (3,644) | (2.7) |
| Energy & Lifelines | 42,105 | 61,082 | 18,977 | 45.1 |
| Others | 1,498 | 1,490 | (8) | (0.5) |
| Total | 351,118 | 400,897 | 49,778 | 14.2 |

(2) Sales and operating profit/loss

(Units: millions of yen)

| Segment | After adjustment; April 1, 2021 to June 30, 2021 | | April 1, 2022 to June 30, 2022 | | Y/Y Change | |
|--------------------------|--|-----------------------|--------------------------------|-----------------------|------------|-----------------------|
| | Sales | Operating profit/loss | Sales | Operating profit/loss | Sales | Operating profit/loss |
| Mechatronics | 60,937 | 2,497 | 75,082 | 2,616 | 14,145 | 119 |
| Industrial Machinery | 77,844 | 5,232 | 84,088 | 6,142 | 6,244 | 910 |
| Logistics & Construction | 119,251 | 7,889 | 110,743 | 5,979 | (8,508) | (1,910) |
| Energy & Lifelines | 51,125 | 2,939 | 42,842 | (739) | (8,284) | (3,678) |
| Others | 1,570 | 625 | 1,453 | 576 | (117) | (49) |
| Adjustment | — | 22 | — | 208 | — | 185 |
| Total | 310,728 | 19,203 | 314,208 | 14,781 | 3,480 | (4,422) |

(3) Balance of Orders Received

(Units: millions of yen)

| Segment | End of Full Year As of March 31, 2022 | April 1, 2022 to June 30, 2022 | Y/Y Change | |
|--------------------------|--|-----------------------------------|------------|------|
| | Amount | Amount | Amount | % |
| Mechatronics | 87,005 | 105,736 | 18,731 | 21.5 |
| Industrial Machinery | 149,845 | 178,505 | 28,660 | 19.1 |
| Logistics & Construction | 196,875 | 217,897 | 21,021 | 10.7 |
| Energy & Lifelines | 246,151 | 264,391 | 18,240 | 7.4 |
| Others | 1,248 | 1,285 | 37 | 3.0 |
| Total | 681,124 | 767,813 | 86,689 | 12.7 |

Business segments of the Company are categorized as follows.

| Businesses | Main Products |
|--------------------------|--|
| Mechatronics | Power transmission, control equipment, motors, inverters, laser processing systems, precision positioning equipment, control components |
| Industrial Machinery | Plastics machinery, film forming machines, cryogenic equipment, precision forgings, semiconductor production equipment, ion accelerators, medical machines and equipment, forging press machines, machining tools, air-conditioning equipment, defense equipment |
| Logistics & Construction | Hydraulic excavators, mobile cranes, road machinery, material handling systems, logistics systems, automated parking systems |
| Energy & Lifelines | Private power generation facilities, boilers, air pollution control equipment, water and sewage treatment systems, turbines, pumps, pressure vessels, mixing vessels, food processing machinery, ships |

2. (Summary) Quarterly Consolidated Cash Flows Statement

With regard to the consolidated cumulative first quarter under review, as a result of the change of the closing date, accounts were closed in an irregular manner with a consolidation period being set to be three months from April 1, 2022 to June 30, 2022 in the case of the Company and its subsidiaries whose fiscal year ends in March and being set to be six months from January 1, 2022 to June 30, 2022 in the case of its subsidiaries whose fiscal year ends in December. Since a period subject to comparison differs between cumulative results for the first quarter under review and results for the same period of the previous fiscal year, increases and decreases are not stated.

(Units: millions of yen)

| | Previous First Quarter April 1, 2021 to June 30, 2021 | Present First Quarter April 1, 2022 to June 30, 2022 |
|---|---|--|
| Profit before income taxes | 14,928 | 17,126 |
| Depreciation | 7,561 | 12,077 |
| (Increase) decrease in notes and accounts receivable | 18,410 | 38,987 |
| (Increase) decrease in inventories | (6,983) | (25,982) |
| Increase (decrease) in notes and accounts payable - trade | (3,629) | (17,270) |
| Payments for income taxes | (6,036) | (9,357) |
| Other | (2,427) | (10,658) |
| Cash flows from operating activities | 21,825 | 4,922 |
| Purchase of fixed assets | (9,210) | (10,572) |
| Other | (2,508) | (85) |
| Cash flows from investing activities | (11,718) | (10,657) |
| Increase (decrease) in loans payable | (10,066) | 20,899 |
| Cash dividends paid | (6,656) | (9,531) |
| Other | (156) | (1,539) |
| Cash flows from financing activities | (16,878) | 9,829 |
| Other | 2,863 | 6,365 |
| Cash and cash equivalents at beginning of year | 96,242 | 84,992 |
| Cash and cash equivalents at end of quarter | 92,335 | 95,451 |