

Sumitomo Heavy Industries, Ltd.

CONSOLIDATED FINANCIAL REPORT

For the Six-Month Period from April 1 to September 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 Six-Month Period from April 1 to September 30, 2022
Presented November 11, 2022

Sumitomo Heavy Industries, Ltd.

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Scheduled date for submitting quarterly report	November 14, 2022
Scheduled date of payment of cash dividends	December 1, 2022
Availability of supplementary explanations for quarterly financial statement	Yes
Holding of meeting to explain quarterly financial statement	Yes

1. FY2022 Second Quarter Consolidated Results (April 1, 2022 to September 30, 2022)

(1) Business Results

(Units: millions of yen)

	Second Quarter April 1 to September 30, 2022		Second Quarter April 1 to September 30, 2021	
		% change		% change
Net sales	576,648	—	446,037	13.9
Operating profit	26,733	—	27,464	29.8
Ordinary profit	28,542	—	27,230	42.4
Profit attributable to owners of parent	19,002	—	17,713	63.0
Profit attributable to owners of parent ratio (yen)	155.12		144.59	
Fully diluted profit attributable to owners of parent ratio	—		—	

Note 1: Comprehensive income:

Fiscal quarter ended September 30, 2022: 62,367 million yen, (— %)

Fiscal quarter ended September 30, 2021: 33,889 million yen, (432.3%)

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 second 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 six months from April 1, 2022 to September 30, 2022 in the case of the Company and its subsidiaries whose fiscal year ends in March and being set to be nine months from January 1, 2022 to September 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 Second Quarter As of September 30, 2022	End of Previous Full Year March 31, 2022
Total assets	1,179,408	1,094,930
Total net assets	618,850	566,843
Equity ratio (%)	51.2	50.4

Reference: Equity:

Fiscal quarter ended September 30, 2022: 603,576 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	87,000	—
Operating profit	43,000	—
Ordinary profit	44,000	—
Profit attributable to owners of parent	26,000	—
Profit attributable to owners of parent ratio (yen)	212.25	

Note 1: Changes from the most recent dividend forecast: Yes

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.

Additional Notes

(1) Transfers of important subsidiaries during the six months ended September 30, 2022: None

(moves of specific subsidiaries due to change in scope of consolidation)

Newly consolidated: —

Excluded from consolidation: —

(2) Special accounting measures applied in the quarterly consolidated financial report: Applicable

(3) Changes to accounting policies, changes to accounting estimates, and retrospective restatements

(i) Changes to accounting policies due to revisions to accounting standards: None

(ii) Changes to accounting policies not otherwise stated in (i): None

(iii) Changes to accounting estimates: None

(iv) Retrospective restatements: None

(4) Number of shares issued (share capital)

(i) Number of shares issued at end of fiscal period (including treasury shares):

As of September 30, 2022 122,905,481 shares

As of March 31, 2022 122,905,481 shares

(ii) Number of treasury shares at end of fiscal period:

As of September 30, 2022 408,700 shares

As of March 31, 2022 405,110 shares

(iii) Average number of shares during fiscal period (cumulative quarterly period):

As of September 30, 2022 122,498,607 shares

As of September 30, 2021 122,505,571 shares

*Treasury stock that is deducted to calculate the number of term-end treasury stock and the average number of shares during the fiscal period includes shares of the Company held in the trust account related to the share delivery trust established for the stock compensation plan for directors and others.

* The Quarterly Summary of Financial Results is not subject to the Quarterly Review by a Certified Public Accountant or an Independent Auditor

Explanations and Other Special Items regarding the Pertinent Reasons for the Earnings Forecast

Earnings forecasts and outlooks concerning future financial results are believed to be reasonable based on information available at the time of publication. Actual financial results may vary from the above forecast and outlook due to a variety of factors. For information on the assumptions that form the basis of the earnings forecast and items to note concerning the use of earnings forecasts, please refer to the *Explanation of the Consolidated Earnings Forecast and Other Forward-Looking Estimates* in the *Supplementary Materials* section beginning on page 8.

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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 second 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 six months from April 1, 2022 to September 30, 2022 in the case of the Company and its subsidiaries whose fiscal year ends in March and being set to be nine months from January 1, 2022 to September 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 second 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 consolidated cumulative second 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 aimed to increase corporate value in a sustainable manner by solving social issues through products and services as shown in the “Medium-Term Management Plan 2023,” 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 JPY705.4 billion and JPY576.6 billion, respectively. In terms of profitability, the Group posted operating profit of JPY26.7 billion and ordinary profit of JPY28.5 billion and quarterly profit attributable to owners of parent came to JPY19.0 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 22% as compared to the same period of the previous fiscal year after adjustment to finish at JPY151.5 billion, while sales increased by 24% as compared to the same period of the previous fiscal year after adjustment to finish at JPY126.9 billion. Further, the segment posted operating profit of JPY4.7 billion (up 20% from the same period of the previous fiscal year after adjustment).

(ii) Industrial Machinery

For the Plastic machinery 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 businesses, orders, sales and operating profit all increased due to growth in demand for semiconductor-related products. As a result, orders increased by 19% as compared to the same period of the previous fiscal year after adjustment to finish at JPY193.1 billion, sales came to JPY152.3 billion, up 15% from the same period of the previous fiscal year after adjustment, and operating profit increased by 34% as compared to the same period of the previous fiscal year after adjustment to finish at JPY13.4 billion.

(iii) Logistics & Construction

With regard to the hydraulic excavator business, orders increased due to strong demand from Japan and the North America region, although demand from the Chinese market significantly decreased because of economic downturn and lockdowns in the country. On the other hand, sales and operating profit decreased due partly to a slowdown in China. Turning to other businesses, the mobile crane business saw increases in all of orders, sales and operating profit due partly to strong demand from the North America region. Meanwhile, for the material handling system business, orders decreased due to a delay in recovery of demand related to shipbuilding but sales and operating profit increased because there was a backlog of orders. As a result of the above, orders across the segment increased by 7% as compared to the same period of the previous fiscal year after adjustment to finish at JPY247.7 billion, while sales increased by 4% as compared to the same period of the previous fiscal year after adjustment to finish at JPY202.2 billion. The segment posted an operating profit of JPY9.6 billion, a 5% decrease as compared to the same period of the previous fiscal year after adjustment.

(iv) Energy & Lifelines

Orders in the energy plant business increased partly because orders were received for large-scale projects for biomass-fueled power generation plants in Japan, but sales declined due to a decrease in a backlog of orders in Japan, and an operating loss was recorded due to declining profit margins of large-scale projects in Europe. In other business areas, orders, sales and operating profit all increased. As a result of the above, orders across the segment increased by 26% as compared to the same period of the previous fiscal year after adjustment to finish at JPY110.1 billion, while sales decreased by 8% as compared to the same period of the previous fiscal year after adjustment to finish at JPY92.6 billion. The segment posted an operating loss of JPY1.8 billion.

(v) Others

Orders decreased by 14% to JPY2.9 billion, sales decreased by 6% to JPY2.7 billion, and operating profit decreased 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 second quarter of the current consolidated fiscal year under review (ended September 30, 2022) amounted to JPY1,179.4 billion, an increase of JPY84.5 billion as compared to the end of the previous consolidated fiscal year. This was mainly due to increases of JPY48.1 billion in inventory assets and JPY18.4 billion in tangible fixed assets as compared to the end of the previous consolidated fiscal year.

Total liabilities came to JPY560.6 billion, an increase of JPY32.5 billion as compared to the end of the previous consolidated fiscal year. This was partly because interest-bearing liabilities increased by JPY21.7 billion.

Net assets amounted to JPY618.9 billion, an increase of JPY52.0 billion as compared to the end of the previous consolidated fiscal year. This was mainly due to increases of JPY45.1 billion and JPY9.2 billion in foreign currency translation adjustments and retained earnings, respectively.

As a result of the above, the shareholders' equity ratio increased by 0.8 point from the end of the previous consolidated fiscal year to finish at 51.2%.

2. Cash Flow Condition

Cash and cash equivalents at the end of the second quarter of the current consolidated fiscal year under review came to JPY99.7 billion, an increase of JPY14.7 billion from the end of the previous consolidated fiscal year. Cash flows for the consolidated cumulative second quarter under review and the factors contributing to increases or decreases in cash flows are as follows.

With regard to the consolidated cumulative second 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 six months from April 1, 2022 to September 30, 2022 in the case of the Company and its subsidiaries whose fiscal year ends in March and being set to be nine months from January 1, 2022 to September 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 JPY24.2 billion during the consolidated cumulative second quarter under review. The main sources of cash flow were decreases in notes and accounts receivable and contract assets of JPY33.1 billion as well as quarterly net income before taxes and other adjustments of JPY29.0 billion. The main sources of expenses were an increase in inventory assets of JPY27.8 billion and a decrease in notes and accounts payable of JPY17.4 billion.

(Cash Flow from Investing Activities)

Cash flow from investing activities decreased by JPY21.6 billion during the consolidated cumulative second quarter under review. The main reason for the cash outflow was JPY20.7 billion used to acquire fixed assets.

(Cash Flow from Financing Activities)

Cash flow from financing activities increased by JPY5.7 billion during the consolidated cumulative second quarter under review. The main source of cash flow was an increase in interest-bearing debts of JPY18.0 billion. The main sources of expenses were payments of dividends of JPY9.8 billion.

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

As indicated below, we have revised the consolidated earnings forecast for the fiscal year ending December 31, 2022 that was announced in the financial report dated May 10, 2022.

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 consolidated subsidiaries whose fiscal year previously ended in March and being set to be twelve months from January 1, 2022 to December 31, 2022 in the case of its consolidated subsidiaries whose fiscal year previously ended in December.

(Full fiscal year ending December 31, 2022)

(Units: millions of yen)

	Previous forecast (A)	Revised forecast (B)	Difference (B-A)	% Change
Net sales	850,000	870,000	20,000	2.4
Operating profit	51,000	43,000	(8,000)	(15.7)
Ordinary profit	49,000	44,000	(5,000)	(10.2)
Profit attributable to owners of parent	30,000	26,000	(4,000)	(13.3)
Profit attributable to owners of parent ratio (yen)	244.90	212.25	—	—

We have decided to revise upward the previous forecast for net sales because global demand for machinery is on an upward trend and there is an impact from yen depreciation. On the other hand, we have decided to revise downward those for operating profit, ordinary profit and profit attributable to owners of parent due to higher prices of raw materials and procured products, strains in their supply-demand conditions, and other factors.

For main exchange rates for the second half*, we assume that 1 dollar = 145 yen and 1 euro = 140 yen.

*For the fiscal year ending December 31, 2022, a transition period for the change of the closing date, three months from October 2022 to December 2022 are regarded as the second half.

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 Second Quarter As of September 30, 2022
	Amount	Amount
Assets		
Current assets		
Cash and deposits	88,782	102,995
Notes and accounts receivable - trade and contract assets	294,771	287,003
Inventory assets	232,139	280,225
Other	35,897	41,383
Allowance for doubtful accounts	(3,487)	(5,669)
Total current assets	648,102	705,936
Fixed assets		
Tangible fixed assets		
Land	109,438	110,922
Other (net)	191,577	208,500
Total tangible fixed assets	301,014	319,422
Intangible fixed assets		
Goodwill	31,054	32,022
Other	46,500	46,743
Total intangible fixed assets	77,554	78,764
Investments and other assets		
Other	71,614	77,441
Allowance for doubtful accounts	(3,354)	(2,156)
Total investments and other assets	68,260	75,285
Total Fixed assets	446,828	473,471
Total assets	1,094,930	1,179,408

(Units: millions of yen)

	End of Full Year As of March 31, 2022	End of Second Quarter As of September 30, 2022
	Amount	Amount
Liabilities		
Current liabilities		
Notes and accounts payable - trade	172,615	170,328
Short-term loans payable	19,198	35,954
Current portion of bonds payable	10,000	10,000
Current portion of long-term loans payable	7,745	8,959
Commercial Papers	6,000	—
Provision for construction warranties	15,267	12,623
Other provision amount	2,714	2,918
Other	133,284	144,651
Total current liabilities	366,823	385,434
Fixed Liabilities		
Bonds payable	40,000	40,000
Long-term debt due after one year	28,307	37,989
Defined benefit liability	46,911	49,287
Deferred income taxes on revaluation	20,479	20,479
Provision amount	153	162
Other	25,414	27,206
Total non-current liabilities	161,265	175,123
Total liabilities	528,087	560,557
Net assets		
Shareholders' equity		
Capital stock	30,872	30,872
Capital surplus	26,071	26,066
Retained earnings	423,104	432,306
Treasury shares	(1,123)	(1,147)
Total Shareholders' equity	478,923	488,097
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,763	4,361
Deferred gains or losses on hedges	(1,363)	(2,322)
Revaluation reserve for land	40,442	40,442
Foreign currency translation adjustments	23,601	68,750

	End of Full Year As of March 31, 2022	End of Second Quarter As of September 30, 2022
	Amount	Amount
Remeasurements of defined benefit plans	5,022	4,248
Total accumulated other comprehensive income	72,464	115,479
Non-controlling interests	15,456	15,274
Total net assets	566,843	618,850
Total liabilities and net assets	1,094,930	1,179,408

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

Quarterly Consolidated Income Statements

Six months ended September 30, 2022

(Units: millions of yen)

	Previous Second Quarter April 1, 2021 to September 30, 2021	Present Second Quarter April 1, 2022 to September 30, 2022
	Amount	Amount
Net sales	446,037	576,648
Cost of sales	346,937	450,721
Gross income	99,101	125,927
Selling, general and administrative expenses	71,636	99,194
Operating profit	27,464	26,733
Non-operating profit		
Interest income	362	490
Dividend income	256	289
Foreign exchange profit	—	2,508
Other	1,842	1,430
Total non-operating profit	2,460	4,717
Non-operating expenses		
Interest expenses	379	657
Foreign exchange loss	69	—
Patent related expenses	543	586
Other	1,704	1,665
Total non-operating expenses	2,695	2,908
Ordinary profit	27,230	28,542
Extraordinary profit		
Gain on business transfer	—	694
Total extraordinary profit	—	694
Extraordinary losses		
Impairment loss	261	220
Total extraordinary losses	261	220
Profit before income taxes	26,969	29,016
Income taxes	8,905	10,624
Profit	18,064	18,393
Profit (loss) attributable to no-controlling interests	351	(610)
Profit attributable to owners of parent	17,713	19,002

Quarterly Consolidated Statement of Comprehensive Income
Six months ended September 30, 2022

(Units: millions of yen)

	Previous Second Quarter April 1, 2021 to September 30, 2021	Present Second Quarter April 1, 2022 to September 30, 2022
	Amount	Amount
Profit	18,064	18,393
Other comprehensive income		
Valuation difference on available-for-sale securities	116	(401)
Deferred gains or losses on hedges	(13)	(956)
Foreign currency translation adjustments	16,263	46,118
Adjustment to retirement benefits	(546)	(789)
Share of other comprehensive income of entities accounted for using equity method	6	4
Total other comprehensive income	15,826	43,975
Comprehensive income	33,889	62,367
(Breakdown)		
Quarterly comprehensive income attributable to owners of parent	32,975	62,017
Quarterly comprehensive income attributable to non-controlling interests	914	350

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 second 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.

(Stock Compensation Plan for Directors and Vice Presidents)

The Company has introduced a stock compensation plan (hereinafter referred to as the "Plan") for directors (excluding outside directors) and vice presidents (hereinafter collectively referred to as "Directors, etc.") according to a resolution of the 126th Ordinary General Meeting of Shareholders held on June 29, 2022. The purpose of the Plan is to further clarify linkage between remuneration for Directors, etc. and the stock value of the Company and make Directors, etc. share the interests and risks arising due to fluctuations of the stock price with its shareholders, thereby raising their awareness of contributing to improvement of medium- to long-term business results and enhancement of corporate value.

1. Overview of Transactions

The Plan is such that a trust (hereinafter referred to as the "Trust") established by the Company contributing funds acquires common shares of the Company (hereinafter referred to as the "Company's Shares") and the number of the Company's Shares corresponding to the number of points allocated to Directors, etc. is allocated to Directors, etc. through the Trust. In principle, the Company's Shares are delivered to Directors, etc. when they leave their offices.

2. Treasury Stock Remaining in the Trust

The Company's Shares remaining in the Trust are recorded as treasury stock in the Net Assets section at their book value (excluding associated costs) in the Trust. The book value and number of shares of such treasury stock at the end of the second quarter of the consolidated fiscal year under review are JPY200 million and 67,500, respectively.

(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 second 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 six months from April 1, 2022 to September 30, 2022 in the case of the Company and its subsidiaries whose fiscal year ends in March and being set to be nine months from January 1, 2022 to September 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 second 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 September 30, 2021	April 1, 2022 to September 30, 2022	Y/Y Change	
	Amount	Amount	Amount	%
Mechatronics	123,864	151,515	27,651	22.3
Industrial Machinery	162,562	193,135	30,573	18.8
Logistics & Construction	232,475	247,737	15,262	6.6
Energy & Lifelines	87,490	110,115	22,625	25.9
Others	3,349	2,874	(475)	(14.2)
Total	609,741	705,377	95,636	15.7

(2) Sales and operating profit/loss

(Units: millions of yen)

Segment	After adjustment; April 1, 2021 to September 30, 2021		April 1, 2022 to September 30, 2022		Y/Y Change	
	Sales	Operating profit/loss	Sales	Operating profit/loss	Sales	Operating profit/loss
Mechatronics	101,903	3,919	126,859	4,719	24,957	801
Industrial Machinery	132,891	9,955	152,304	13,383	19,413	3,428
Logistics & Construction	194,800	10,171	202,152	9,614	7,351	(557)
Energy & Lifelines	100,643	5,850	92,622	(1,822)	(8,021)	(7,673)
Others	2,879	993	2,711	884	(168)	(109)
Adjustment	—	64	—	(45)	—	(109)
Total	533,116	30,952	576,648	26,733	43,532	(4,219)

(3) Balance of Orders Received

(Units: millions of yen)

Segment	End of Full Year As of March 31, 2022	April 1, 2022 to September 30, 2022	Y/Y Change	
	Amount	Amount	Amount	%
Mechatronics	87,582	112,238	24,656	28.2
Industrial Machinery	151,015	191,847	40,831	27.0
Logistics & Construction	201,523	247,109	45,586	22.6
Energy & Lifelines	246,802	264,295	17,493	7.1
Others	1,248	1,411	163	13.1
Total	688,170	816,899	128,729	18.7

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 second 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 six months from April 1, 2022 to September 30, 2022 in the case of the Company and its subsidiaries whose fiscal year ends in March and being set to be nine months from January 1, 2022 to September 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 second 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 Second Quarter April 1, 2021 to September 30, 2021	Present Second Quarter April 1, 2022 to September 30, 2022
Profit before income taxes	26,969	29,016
Depreciation	15,240	20,635
(Increase) decrease in notes and accounts receivable	23,109	33,072
(Increase) decrease in inventories	(10,649)	(27,836)
Increase (decrease) in notes and accounts payable - trade	(2,903)	(17,433)
Payments for income taxes	(9,849)	(13,761)
Other	2,859	524
Cash flows from operating activities	44,776	24,217
Purchase of fixed assets	(21,862)	(20,666)
Other	(3,052)	(891)
Cash flows from investing activities	(24,915)	(21,556)
Increase (decrease) in loans payable	(16,471)	17,954
Cash dividends paid	(6,853)	(9,788)
Other	(599)	(2,430)
Cash flows from financing activities	(23,922)	5,737
Other	3,497	6,313
Cash and cash equivalents at beginning of year	96,242	84,992
Cash and cash equivalents at end of quarter	95,678	99,702