


KAWASAKI HEAVY INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES
FLASH CONSOLIDATED FINANCIAL RESULTS

November 8, 2023

(Consolidated)
For six months ended September 30, 2023 and 2022 and one year ended March 31, 2023
Operating results

	(Millions of yen)	
	Six months ended	Six months ended
	Sep. 30, 2023	Sep. 30, 2022
Revenue	769,341	759,745
Business profit (loss)	(32,846)	30,830
Profit (loss) attributable to owners of parent	(23,346)	23,763
Earnings (loss) per share (Yen)	(139.39)	141.89

Financial position

	(Millions of yen / Thousand shares)	
	As of	As of
	Sep. 30, 2023	Mar. 31, 2023
Total assets	2,556,478	2,457,725
Equity	581,742	596,872
Number of shares issued and outstanding	167,499	167,481
Equity Ratio	22.0%	23.4%

Cash flows

	(Millions of yen)	
	Six months ended	Six months ended
	Sep. 30, 2023	Sep. 30, 2022
Operating activities	(15,440)	(70,032)
Investing activities	(48,094)	(35,449)
Financing activities	17,604	91,213
Cash and cash equivalents at end of period	85,414	83,043

Fiscal year forecast

	(Millions of yen)		
	Revenue	Business profit	Profit attributable to owners of parent
One year ending March 31, 2024	1,840,000	40,000	12,000

Consolidated Statement of Financial Position*As of September 30 and March 31, 2023*

	(Millions of yen)	
	As of Mar. 31, 2023	As of Sep. 30, 2023
Assets		
Current assets		
Cash and cash equivalents	138,420	85,414
Trade and other receivables	470,398	510,036
Contract assets	159,422	129,071
Inventories	690,431	753,347
Income taxes receivable	551	999
Other financial assets	10,741	10,706
Other current assets	100,385	114,239
Total current assets	<u>1,570,350</u>	<u>1,603,815</u>
Non-current assets		
Property, plant and equipment	451,010	472,223
Intangible assets	66,248	68,110
Right-of-use assets	68,422	68,392
Investments accounted for using equity method	77,440	89,537
Other financial assets	70,224	79,758
Deferred tax assets	110,264	131,052
Other non-current assets	43,763	43,587
Total non-current assets	<u>887,374</u>	<u>952,663</u>
Total assets	<u>2,457,725</u>	<u>2,556,478</u>
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	452,250	456,413
Bonds, borrowings and other financial liabilities	340,176	470,718
Income taxes payable	18,071	6,415
Contract liabilities	256,247	264,199
Provisions	22,897	22,048
Refund liabilities	10,258	66,713
Other current liabilities	208,760	194,072
Total current liabilities	<u>1,308,661</u>	<u>1,480,579</u>
Non-current liabilities		
Bonds, borrowings and other financial liabilities	445,082	381,870
Retirement benefit liability	91,552	93,765
Provisions	1,942	1,294
Deferred tax liabilities	833	877
Other non-current liabilities	12,779	16,348
Total non-current liabilities	<u>552,190</u>	<u>494,156</u>
Total liabilities	<u>1,860,852</u>	<u>1,974,735</u>
Equity		
Equity attributable to owners of parent		
Share capital	104,484	104,484
Capital surplus	55,716	56,433
Retained earnings	380,255	346,815
Treasury shares	(1,107)	(1,065)
Other components of equity	36,852	55,160
Total equity attributable to owners of parent	<u>576,201</u>	<u>561,828</u>
Non-controlling interests	20,670	19,914
Total equity	<u>596,872</u>	<u>581,742</u>
Total liabilities and equity	<u>2,457,725</u>	<u>2,556,478</u>

Consolidated Statement of Profit or Loss*For six months ended September 30, 2023 and 2022*

	(Millions of yen)	
	Six months ended Sep. 30, 2022	Six months ended Sep. 30, 2023
Revenue	759,745	769,341
Cost of sales	619,656	680,925
Gross profit	140,089	88,415
Selling, general and administrative expenses	109,854	128,239
Share of profit of investments accounted for using equity method	1,002	6,540
Other income	2,438	2,695
Other expenses	2,846	2,259
Business profit (loss)	30,830	(32,846)
Finance income	8,613	4,624
Finance costs	3,497	6,249
Profit (loss) before tax	35,946	(34,471)
Income tax expense	11,513	(12,061)
Profit (loss)	24,433	(22,410)
Profit (loss) attributable to:		
Owners of parent	23,763	(23,346)
Non-controlling interests	669	935
Earnings per share		
Basic earnings (loss) per share	141.89	(139.39)

Consolidated Statement of Profit or Loss*For three months ended September 30, 2023 and 2022*

	(Millions of yen)	
	Three months ended Sep. 30, 2022	Three months ended Sep. 30, 2023
Revenue	409,401	364,001
Cost of sales	326,683	341,678
Gross profit	82,717	22,322
Selling, general and administrative expenses	56,285	65,886
Share of profit of investments accounted for using equity method	371	447
Other income	812	1,491
Other expenses	1,378	1,475
Business profit (loss)	26,237	(43,100)
Finance income	1,100	(3,234)
Finance costs	1,996	3,103
Profit (loss) before tax	25,341	(49,438)
Income tax expense	6,702	(17,580)
Profit (loss)	18,639	(31,857)
Profit (loss) attributable to:		
Owners of parent	18,305	(32,436)
Non-controlling interests	333	578
Earnings per share		
Basic earnings (loss) per share	109.30	(193.66)

Consolidated Statement of Comprehensive Income*For six months ended September 30, 2023 and 2022*

	(Millions of yen)	
	Six months ended Sep. 30, 2022	Six months ended Sep. 30, 2023
Profit (loss)	24,433	(22,410)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(585)	2,478
Remeasurements of defined benefit plans	680	(24)
Share of other comprehensive income of investments accounted for using equity method	(237)	1
Total of items that will not be reclassified to profit or loss	<u>(142)</u>	<u>2,455</u>
Items that may be reclassified to profit or loss		
Cash flow hedges	(7,205)	(6,543)
Exchange differences on translation of foreign operations	20,263	20,691
Share of other comprehensive income of investments accounted for using equity method	2,792	2,812
Total of items that may be reclassified to profit or loss	<u>15,851</u>	<u>16,959</u>
Total other comprehensive income	<u>15,708</u>	<u>19,415</u>
Comprehensive income (loss)	<u>40,142</u>	<u>(2,994)</u>
Comprehensive income (loss) attributable to:		
Owners of parent	38,575	(4,722)
Non-controlling interests	<u>1,566</u>	<u>1,727</u>

Consolidated Statement of Comprehensive Income*For three months ended September 30, 2023 and 2022*

	(Millions of yen)	
	Three months ended Sep. 30, 2022	Three months ended Sep. 30, 2023
Profit (loss)	18,639	(31,857)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(9)	750
Remeasurements of defined benefit plans	223	(59)
Share of other comprehensive income of investments accounted for using equity method	3	1
Total of items that will not be reclassified to profit or loss	217	691
Items that may be reclassified to profit or loss		
Cash flow hedges	(4,163)	494
Exchange differences on translation of foreign operations	7,952	6,306
Share of other comprehensive income of investments accounted for using equity method	(1,264)	2,191
Total of items that may be reclassified to profit or loss	2,524	8,992
Total other comprehensive income	2,741	9,683
Comprehensive income (loss)	21,380	(22,173)
Comprehensive income (loss) attributable to:		
Owners of parent	20,705	(23,256)
Non-controlling interests	675	1,082

Consolidated Statement of Changes in Equity

For Six months ended September 30, 2022

(Millions of yen)

	Equity attributable to owners of parent			
	Share capital	Capital surplus	Retained earnings	Treasury shares
Balance as of Apr. 1, 2022	104,484	55,525	320,671	(1,129)
Profit			23,763	
Other comprehensive income				
Comprehensive income			23,763	
Purchase of treasury shares				(2)
Disposal of treasury shares		(0)		26
Dividends			(3,357)	
Transfer to retained earnings			635	
Change in scope of consolidation				
Loss of control of subsidiaries				
Change in ownership interest of parent due to transactions with non-controlling interests		182		
Transfer to non-financial assets				
Other			34	
Total transactions with owners		182	(2,687)	24
Balance as of Sep. 30, 2022	104,484	55,707	341,748	(1,104)

	Equity attributable to owners of parent						Non-controlling interests	Total
	Other components of equity					Total equity attributable to owners of parent		
	Remeasurements of defined benefit plans	Financial assets measured at fair value through other comprehensive income	Cash flow hedges	Exchange differences on translation of foreign operations	Total			
Balance as of Apr. 1, 2022	-	4,435	(284)	21,780	25,931	505,484	19,407	524,891
Profit						23,763	669	24,433
Other comprehensive income	690	(797)	(8,114)	23,033	14,812	14,812	896	15,708
Comprehensive income	690	(797)	(8,114)	23,033	14,812	38,575	1,566	40,142
Purchase of treasury shares						(2)		(2)
Disposal of treasury shares						26		26
Dividends						(3,357)	(560)	(3,918)
Transfer to retained earnings	(690)	55			(635)	-		-
Change in scope of consolidation							366	366
Loss of control of subsidiaries							(2,079)	(2,079)
Change in ownership interest of parent due to transactions with non-controlling interests						182	(190)	(8)
Transfer to non-financial assets			(509)		(509)	(509)		(509)
Other						34	0	34
Total transactions with owners	(690)	55	(509)		(1,145)	(3,625)	(2,464)	(6,089)
Balance as of Sep. 30, 2022	-	3,693	(8,908)	44,813	39,598	540,434	18,510	558,944

For six months ended September 30, 2023

(Millions of yen)

	Equity attributable to owners of parent			
	Share capital	Capital surplus	Retained earnings	Treasury shares
Balance as of Apr. 1, 2023	104,484	55,716	380,255	(1,107)
Profit (loss)			(23,346)	
Other comprehensive income				
Comprehensive income (loss)			(23,346)	
Purchase of treasury shares				(3)
Disposal of treasury shares		0		45
Dividends			(10,072)	
Transfer to retained earnings			(20)	
Change in scope of consolidation			(1)	
Loss of control of subsidiaries				
Change in ownership interest of parent due to transactions with non-controlling interests		717		
Transfer to non-financial assets				
Other				
Total transactions with owners		717	(10,093)	41
Balance as of Sep. 30, 2023	104,484	56,433	346,815	(1,065)

	Equity attributable to owners of parent					Total equity attributable to owners of parent	Non-controlling interests	Total
	Other components of equity							
	Remeasurements of defined benefit plans	Financial assets measured at fair value through other comprehensive income	Cash flow hedges	Exchange differences on translation of foreign operations	Total			
Balance as of Apr. 1, 2023	-	4,109	676	32,066	36,852	576,201	20,670	596,872
Profit (loss)						(23,346)	935	(22,410)
Other comprehensive income	(14)	2,430	(6,669)	22,877	18,624	18,624	791	19,415
Comprehensive income (loss)	(14)	2,430	(6,669)	22,877	18,624	(4,722)	1,727	(2,994)
Purchase of treasury shares						(3)		(3)
Disposal of treasury shares						45		45
Dividends						(10,072)	(581)	(10,654)
Transfer to retained earnings	14	5			20	-		-
Change in scope of consolidation						(1)		(1)
Loss of control of subsidiaries								-
Change in ownership interest of parent due to transactions with non-controlling interests						717	(1,901)	(1,184)
Transfer to non-financial assets				(336)	(336)	(336)		(336)
Other								-
Total transactions with owners	14	5	(336)		(316)	(9,651)	(2,483)	(12,135)
Balance as of Sep. 30, 2023	-	6,545	(6,328)	54,943	55,160	561,828	19,914	581,742

(Consolidated)

Consolidated Statement of Cash Flows

For six months ended September 30, 2023 and 2022

	(Millions of yen)	
	Six months ended Sep. 30, 2022	Six months ended Sep. 30, 2023
Cash flows from operating activities		
Profit (loss)	24,433	(22,410)
Depreciation and amortization	37,578	43,525
Impairment losses	248	287
Finance income and finance costs	1,851	4,946
Share of loss (profit) of investments accounted for using equity method	(1,002)	(6,540)
Loss (gain) on sale of fixed assets	339	(38)
Income tax expense	11,513	(12,061)
Increase (decrease) in retirement benefit liability	1,804	2,001
Decrease (increase) in trade and other receivables	4,190	(1,366)
Decrease (increase) in contract assets	(20,017)	30,359
Decrease (increase) in inventories	(59,266)	(48,843)
Increase (decrease) in trade and other payables	(10,805)	(1,798)
Decrease (increase) in advance payment	(27,799)	(502)
Increase (decrease) in contract liabilities	3,988	(18)
Increase (decrease) in refund liability	(1,915)	55,596
Decrease (increase) in other current assets	(7,832)	(10,936)
Increase (decrease) in other current liabilities	(3,138)	(18,104)
Other	(11,553)	(9,037)
Subtotal	<u>(57,384)</u>	<u>5,059</u>
Interest received	677	984
Dividends received	241	289
Interest paid	(2,566)	(3,576)
Income taxes paid	(11,000)	(18,197)
Net cash provided by (used in) operating activities	<u>(70,032)</u>	<u>(15,440)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(23,993)	(40,752)
Proceeds from sale of property, plant and equipment	1,763	1,152
Purchase of intangible assets	(4,523)	(7,704)
Proceeds from sale of intangible assets	49	63
Payments for equity method investment and purchase of other financial assets	(5,306)	(186)
Proceeds from equity method investment and sale of other financial assets	66	1
Payments for acquisition of subsidiaries	(524)	-
Decrease due to loss of control over subsidiaries	(3,224)	-
Other	243	(668)
Net cash provided by (used in) investing activities	<u>(35,449)</u>	<u>(48,094)</u>
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	127,594	143,600
Repayments of lease liabilities	(7,275)	(7,299)
Repayments of long-term borrowings	(15,000)	(4,040)
Proceeds from issuance of bonds	9,000	-
Redemption of bonds	(20,000)	(30,000)
Dividends paid	(3,351)	(10,041)
Proceeds from factoring agreements	22,526	9,002
Repayment of liabilities under factoring agreements	(18,670)	(75,643)
Dividends paid to non-controlling interests	(560)	(581)
Payments for acquisition of subsidiary shares not resulting in change in scope of consolidation	(8)	(1,194)
Other	(3,039)	(6,195)
Net cash provided by (used in) financing activities	<u>91,213</u>	<u>17,604</u>
Effect of exchange rate changes on cash and cash equivalents	(11,199)	(7,075)
Net increase (decrease) in cash and cash equivalents	<u>(25,467)</u>	<u>(53,006)</u>
Cash and cash equivalents at beginning of period	108,511	138,420
Cash and cash equivalents at end of period	<u>83,043</u>	<u>85,414</u>

Segment information

Information by reportable segment

(Millions of yen)

	Six months ended Sep. 30, 2022			
	Revenue from external customers	Intersegment revenue and transfers	Total revenue	Business profit (loss)
Aerospace Systems	145,000	4,917	149,918	(3,010)
Rolling Stock	58,563	7	58,570	(49)
Energy Solution & Marine Engineering	134,507	7,357	141,865	3,103
Precision Machinery & Robot	117,644	8,742	126,387	5,511
Powersports & Engine	265,190	420	265,610	28,079
Other	38,838	10,687	49,526	1,867
Total	759,745	32,133	791,878	35,502
Eliminations and corporate	-	(32,133)	(32,133)	(4,671)
Consolidated total	759,745	-	759,745	30,830

(Millions of yen)

	Six months ended Sep. 30, 2023			
	Revenue from external customers	Intersegment revenue and transfers	Total revenue	Business profit (loss)
Aerospace Systems	129,204	5,089	134,293	(52,728)
Rolling Stock	84,162	13	84,175	335
Energy Solution & Marine Engineering	147,826	10,304	158,130	8,556
Precision Machinery & Robot	103,024	7,453	110,477	(4,620)
Powersports & Engine	267,169	556	267,726	23,144
Other	37,954	10,528	48,482	541
Total	769,341	33,945	803,286	(24,770)
Eliminations and corporate	-	(33,945)	(33,945)	(8,075)
Consolidated total	769,341	-	769,341	(32,846)

Orders by reportable segment

For Six months ended September 30, 2023 and 2022

(Billions of yen)

	Six months ended Sep. 30, 2022	Six months ended Sep. 30, 2023
Orders :		
<i>Aerospace Systems</i>	125.6	193.2
<i>Rolling Stock</i>	39.3	30.1
<i>Energy Solution & Marine Engineering</i>	238.4	218.4
<i>Precision Machinery & Robot</i>	139.5	103.0
<i>Powersports & Engine</i>	265.1	267.1
<i>Other</i>	58.4	48.8
Total	866.6	860.8