

**Report of Earnings and Financial Statements for the
Nine Months Ended December 31, 2020 (Consolidated)**
(Prepared pursuant to Japanese GAAP)

February 4, 2021

Listed company's name: **Kawasaki Heavy Industries, Ltd.**
 Listed on: 1st sections of the TSE, and NSE
 Stock code: 7012
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Scheduled dates:
 Submission of quarterly securities filing: February 10, 2021
 Commencement of dividend payments: -
 Supplementary materials to quarterly earnings: Available
 Quarterly earnings presentation: Conducted (for institutional investors, analysts and the press)

(Amounts in millions of yen rounded down to the nearest million yen)

**1. Consolidated Financial Results for the Nine Months ended December 31, 2020
(April 1, 2020 – December 31, 2020)**

(1) Operating Results

(Percentage figures represent changes versus the year-ago period)

	Net sales		Operating income		Recurring profit		Net income attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Nine Months Ended December 31, 2020	1,032,484	(9.1)	(3,735)	-	(56)	-	(13,969)	-
Nine Months Ended December 31, 2019	1,135,444	3.7	30,983	(15.9)	15,379	(22.6)	4,762	(58.2)

Note: Comprehensive income
 Nine Months ended December 31, 2020: ¥(13,672) million -%
 Nine Months ended December 31, 2019: ¥(82) million -%

	Earnings per share	Earnings per share – diluted
	yen	yen
Nine Months Ended December 31, 2020	(83.62)	-
Nine Months Ended December 31, 2019	28.50	-

(2) Financial Condition

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
December 31, 2020	2,041,646	456,632	21.6
March 31, 2020	1,957,845	471,562	23.3

For reference: Shareholders' equity
 December 31, 2020: ¥ 440,031 million
 March 31, 2020: ¥ 455,627 million

2. Dividends

Record date or term	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Full year
	yen	yen	yen	yen	yen
Year ended March 31, 2020	-	35.00	-	0.00	35.00
Year ending March 31, 2021	-	0.00	-		
Year ending March 31, 2021 (forecast)				0.00	0.00

Note: Revisions to the most recently announced dividend forecast: None

In the Company's articles of incorporation, the dates of record are set as the last day of the fiscal second quarter and the last day of the fiscal year.

3. Forecast of Consolidated Earnings for the Year Ending March 31, 2021 (April 1, 2020 – March 31, 2021)

(Percentage figures represent changes versus the year-ago period)

	Net sales		Operating income		Recurring profit		Net income attributable to owners of parent		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	1,500,000	(8.6)	(10,000)	-	(15,000)	-	(25,000)	-	(149.66)

Note: Revisions to the most recently announced earnings forecast: Yes

Notes

- 1) Changes affecting the status of material subsidiaries (scope of consolidation): None
- 2) Accounting procedures specific to preparation of quarterly consolidated financial statements: Yes
*For further details, see “2.Consolidated Financial Statements (3)Notes on financial statements” on page 16 in the Accompanying Materials.
- 3) Changes in accounting policies, changes in accounting estimates, and correction of errors
 - (1) Changes in accounting policies in accord with revisions to accounting standards: None
 - (2) Changes in accounting policies other than (1): None
 - (3) Changes in accounting estimates: None
 - (4) Correction of errors: None
- 4) Number of shares issued and outstanding (common stock)
 - (1) Number of shares issued as of period-end (including treasury stock)

December 31, 2020:	167,080,532 shares
March 31, 2020:	167,080,532 shares
 - (2) Number of shares held in treasury as of period-end

December 31, 2020:	37,726 shares
March 31, 2020:	36,587 shares
 - (3) Average number of shares during respective periods

December 31, 2020:	167,043,437 shares
December 31, 2019:	167,044,779 shares

***The quarterly report of earnings and financial statements is exempted from quarterly review procedures based on the Financial Instruments and Exchange act.**

***Appropriate Use of Financial Forecasts and Other Important Matters**

Forward-Looking Statements

These materials contain various forward-looking statements and other forecasts regarding performance and other matters. Such statements are based on information available at the time of their preparation, and do not mean that the Company promises to achieve these figures. Actual results may differ from those expressed or implied by forward-looking statements due to a range of factors. For assumptions underlying earnings forecasts and other information regarding the use of such forecasts, refer to “1. Qualitative Information and Financial Statements (3) Consolidated earnings outlook” on page 11 in the Accompanying Materials.

How to Obtain Supplementary Briefing Material on Quarterly Financial Results and Details of the Quarterly Financial Results Briefing

The Company plans to conduct a briefing for institutional investors, analysts and the press by conference call on Thursday February 4, 2021, and to post the briefing material on quarterly financial results to be used for the briefing on TDnet and the Company’s website simultaneously with the announcement of financial results.

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1. Qualitative Information about Financial Statements

(1) Consolidated operating results

The outlook for an end to the novel coronavirus pandemic remains uncertain and there are concerns about prolongation of its impact on the global economy. There have, however, been some positive signs amid the adverse global economic conditions such as growing demand for products and services related to new working styles and the emerging “new normal” with the spread of teleworking and the growing popularity of outdoor activities, as well as heightened public interest in initiatives contributing to the creation of a carbon-neutral society.

The change of administration in the U.S. is mark a return to greater international cooperation, but continued close monitoring of developments in U.S.-China relations will be necessary.

Amid such an operating environment, the orders the Group received in the first nine months of the fiscal year ending March 31, 2021 decreased versus the previous fiscal year, mainly in the Energy System & Plant Engineering segment and the Rolling Stock segment. Net sales decreased overall due to decreased sales in the Aerospace Systems segment and other segments, despite an increase in the Precision Machinery & Robot segment and other segments. Profits declined due to a deterioration in profitability in the Aerospace Systems segment and other factors, despite an improvement in the Motorcycle & Engine segment. Recurring profit deteriorated due to a decline in operating income despite gains on foreign exchange and reversal of the provision for the in-service issues of commercial aircraft. Net income attributable to owners of parent decreased due to the decline in recurring profit as well as impairment loss on fixed assets recorded under extraordinary loss and partial reversal of deferred tax assets, despite gains on sales of fixed assets being recorded under extraordinary income.

As a result, the Group’s consolidated orders received decreased ¥108.5 billion versus the same period of the previous fiscal year to ¥914.0 billion, consolidated net sales decreased ¥102.9 billion year on year to ¥1,032.4 billion, operating loss came to ¥3.7 billion, deteriorating ¥34.7 billion year on year, recurring loss totaled ¥0.0 billion, deteriorating ¥15.4 billion year on year, and net loss attributable to owners of parent came to ¥13.9 billion, deteriorating ¥18.7 billion year on year.

Third-quarter consolidated operating performance is summarized by segment below.

Segment Information

Segment net sales, operating income, and orders received (billion yen)

	Nine Months ended December 31						Orders received		
	2019(A)		2020(B)		Change (B – A)		Nine Months ended December 31		
	Net sales	Operating income	Net sales	Operating income	Net Sales	Operating income	2019 (A)	2020 (B)	Change (B – A)
Aerospace Systems	371.4	20.5	277.9	(19.2)	(93.4)	(39.7)	245.1	224.7	(20.3)
Energy System & Plant Engineering	162.3	13.0	159.9	8.6	(2.4)	(4.3)	184.3	154.6	(29.7)
Precision Machinery & Robot	147.0	5.2	154.2	8.1	7.1	2.9	157.1	170.2	13.1
Ship & Offshore Structure	53.0	(0.7)	55.7	(3.0)	2.7	(2.2)	31.6	32.7	1.0
Rolling Stock	97.4	(3.1)	101.5	(1.3)	4.0	1.8	91.2	49.2	(42.0)
Motorcycle & Engine	230.1	(4.5)	225.5	1.8	(4.6)	6.4	230.1	225.5	(4.6)
Other	73.9	2.0	57.5	0.5	(16.3)	(1.5)	82.8	56.9	(25.9)
Adjustments	—	(1.3)	—	0.7	—	2.0	—	—	—
Total	1,135.4	30.9	1,032.4	(3.7)	(102.9)	(34.7)	1,022.6	914.0	(108.5)

Notes: 1. Net sales include only sales to external customers.

2. The Motorcycle & Engine segment's orders received are equal to its net sales as production is based mainly on estimated demand.

Aerospace Systems

Regarding the business environment surrounding the Aerospace Systems segment, there has been stable demand from the Ministry of Defense in Japan amid the tight defense budget. With respect to commercial aircraft, global passenger demand has been sluggish due to the novel coronavirus pandemic, and demand for commercial aircraft airframes and jet engines has declined.

Amid such an operating environment, consolidated orders received decreased ¥20.3 billion year on year to ¥224.7 billion due to decreases in orders for component parts of airframes and jet engines for commercial aircraft, despite an increase in orders received from the Ministry of Defense.

Consolidated net sales decreased ¥93.4 billion year on year to ¥277.9 billion due to decreases in component parts of airframes for Ministry of Defense and commercial aircraft, and component parts of commercial aircraft jet engines.

Operating loss came to ¥19.2 billion, deteriorating ¥39.7 billion year on year, mainly due to a decrease in sales.

Energy System & Plant Engineering

Regarding the business environment surrounding the Energy System & Plant Engineering segment, in Japan, there is ongoing demand for replacing aging facilities for refuse incineration plants, while over the medium to long term, demand for distributed power sources in Japan and overseas, and for energy infrastructure development in emerging markets, remains firmly rooted. Meanwhile, the uncertain situation continues, as stagnation in economic activity and instability in resource prices due to the novel coronavirus pandemic has resulted in developments such as customers revising their short-term capital investment decisions.

Amid such an operating environment, consolidated orders received amounted to ¥154.6 billion, a decrease of ¥29.7 billion compared to the same period of the previous year, when the Company received orders for major repair work on domestic waste disposal facilities and large-scale projects in the energy business.

Consolidated net sales decreased by ¥2.4 billion to ¥159.9 billion compared to the same period of the previous year, when the Company recorded sales to overseas chemical plants, despite an increase in the volume of work on domestic waste disposal facilities and higher sales of Gas Turbine Combined Cycle (GTCC) power plants in Japan.

Operating income decreased ¥4.3 billion year on year to ¥8.6 billion due to the decrease in revenue, as well as losses on operations resulting from the impact of the novel coronavirus pandemic.

Precision Machinery & Robot

Regarding the business environment surrounding the Precision Machinery & Robot segment, in the precision machinery field, the construction machinery market in China was the first to recover from the impact of the novel coronavirus pandemic and the Company's sales to the Chinese market have exceeded the previous fiscal year's level. While construction machinery markets outside China had stagnated, with demand declining significantly due to the impact of the pandemic, lately there have been very clear signs of a recovery in demand. In the robot field, sales of general-purpose robots as well as robots for vehicle body assembly have been solid in the Chinese market where the recovery in sales of such robots was rapid, despite postponements of some projects due to the impact of the novel coronavirus pandemic. With respect to robots for the semiconductor market, performance is strong due to increased capital investment by manufacturers of semiconductor manufacturing equipment, and demand is expected to steadily expand over the medium to long term also.

Amid such an operating environment, consolidated orders received increased ¥13.1 billion year on year to ¥170.2 billion, due to increases in hydraulic components for the construction machinery market and robots for the semiconductor and vehicle body assembly markets.

Consolidated net sales increased by ¥7.1 billion year on year to ¥154.2 billion due to increases in hydraulic components for the construction machinery market and robots for the semiconductor and vehicle body assembly markets.

Operating income increased ¥2.9 billion year on year to ¥8.1 billion due to the increase in revenue.

Ship & Offshore Structure

Regarding the business environment surrounding the Ship & Offshore Structure segment, despite the emergence of demand for gas-fueled vessels in conjunction with tighter environmental regulations taking shape, the situation remains challenging due to the limited number of business talks on new projects due to the novel coronavirus pandemic and the delay in the market recovery caused by Korean and Chinese shipbuilders' acceptance of orders at low prices.

Amid such an operating environment, consolidated orders received increased by ¥1.0 billion to ¥32.7 billion from the previous fiscal year.

Consolidated net sales increased ¥2.7 billion year on year to ¥55.7 billion, mainly due to an increase in vessel repair sales, while the volume of work on new-build vessels was on par with the previous year's result.

Operating loss worsened by ¥2.2 billion year on year to ¥3.0 billion mainly due to the posting of losses from operations, despite the increase in revenue.

Rolling Stock

Regarding the business environment surrounding the Rolling Stock segment, the impact of the novel coronavirus pandemic has led to a review of railway-related investment plans in Japan, and delays in work processes as well as postponement and cancellation of biddings overseas. In the medium and long term, however, relatively stable growth is expected around the world due to development of urban transportation as an environmental protection measure and to ease congestion in large cities caused by increasing population concentration, as well as demand for railway infrastructure following economic development in Asian countries.

Amid such an operating environment, consolidated orders received amounted to ¥49.2 billion, a decline of ¥42.0 billion compared with the previous fiscal year, when the Company received orders for large-scale projects from private and public railway operators in Japan.

Consolidated net sales increased ¥4.0 billion year on year to ¥101.5 billion, due to an increase in sales of railcars for Japan and the other factors despite a decline in sales of railcars for the U.S.

Operating loss came to ¥1.3 billion, improving ¥1.8 billion year on year, due to an increase in sales despite a deterioration in the profitability of overseas projects caused by the impact of the novel coronavirus pandemic.

Motorcycle & Engine

Regarding the business environment surrounding the Motorcycle & Engine segment, the novel coronavirus spread in the main markets of Europe, North America, and Southeast Asia, significantly impacting these markets. Recent retail sales have exceeded the previous fiscal year's level in the U.S. market reflecting growing demand for off-road models, and sales have also recovered to the level of the previous fiscal year in the European market. Meanwhile, emerging markets continued to stagnate with sales remaining below the previous fiscal year's level.

Amid such an operating environment, consolidated net sales decreased ¥4.6 billion year on year to ¥225.5 billion, due to significantly lower sales of motorcycles in emerging markets and the appreciation of the yen against the U.S. dollar, despite increased sales of automobiles in the North American market.

Operating income came to ¥1.8 billion, improving ¥6.4 billion year on year, thanks to reductions in fixed costs and other factors despite the decrease in revenue.

Other Operations

In its “Group Vision 2030”, the Group envisions opening up new frontiers from three unique viewpoints: “A Safe and Secure Remotely-Connected Society”, “Near-Future Mobility”, and “Energy and Environmental Solutions”. To this end, the Group has been steadily implementing initiatives aimed at establishing new businesses including the development of robots for robot-assisted surgery and automated PCR test services, and development of hydrogen-related business.

Consolidated net sales decreased ¥16.3 billion year on year to ¥57.5 billion.

Operating income decreased ¥1.5 billion year on year to ¥0.5 billion.

(2) Consolidated financial condition

(i) Assets

Current assets were ¥1,363.6 billion, a ¥104.9 billion increase from the previous fiscal year, reflecting an increase in inventories, and other factors.

Fixed assets were ¥677.9 billion, a ¥21.1 billion decrease from the previous fiscal year, due to amortization of property, plant and equipment, and other factors.

As a result, total assets were ¥2,041.6 billion, a ¥83.8 billion increase from the previous fiscal year.

(ii) Liabilities

Interest bearing liabilities were ¥760.6 billion, a ¥193.1 billion increase from the previous fiscal year.

Liabilities were ¥1,585.0 billion, a ¥98.7 billion increase from the previous fiscal year due to an increase in interest bearing liabilities and other factors.

(iii) Net assets

Net assets were ¥456.6 billion, a ¥14.9 billion decrease from the previous fiscal year due to the posting of a net loss attributable to owners of parent and other factors.

(3) Consolidated earnings outlook

With respect to the earnings forecasts for the fiscal year ending March 31, 2021, the Company has left its forecast for consolidated net sales unchanged from the previously announced forecast (October 29).

The outlook for consolidated operating loss, recurring loss, and net loss attributable to owners of parent has improved compared with the previous forecast and the Company now expects operating loss of ¥10.0 billion, recurring loss of ¥15.0 billion, and net loss attributable to owners of parent of ¥25.0 billion yen.

The Company is also forecasting consolidated orders of ¥1,360.0 billion yen, ROIC and ROE are forecast to be -1.7% and -5.5%, respectively.

The Company's earnings forecasts assume exchange rates of ¥104 to the U.S. dollar and ¥123 to the euro.

Note regarding consolidated earnings outlook

The above earnings outlook is based on information available at the time of preparation, and includes risks and uncertainties. We therefore discourage making investment decisions depending solely on this outlook. Please note that actual earnings may differ materially from this outlook, due to a variety of important factors stemming from changes the external environment and/or the Company's internal environment. Important factors that impact actual operating performance include, but are not limited to, the economic situation surrounding the Company's scope of business, foreign exchange rates, in particular the yen/dollar exchange rate, tax codes and other regulatory system-related issues.

2. Consolidated Financial Statements

(1) Consolidated balance sheets

Million yen		
	As of March 31, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	106,108	137,326
Trade receivables	473,204	477,359
Merchandise and finished products	75,042	66,620
Work in process	426,256	482,563
Raw materials and supplies	130,359	135,067
Other	51,176	68,168
Allowance for doubtful receivables	(3,367)	(3,407)
Total current assets	1,258,781	1,363,698
Fixed assets		
Net property, plant and equipment		
Buildings and structures	193,931	179,453
Other	288,639	283,811
Total property, plant and equipment	482,570	463,264
Intangible assets	21,358	22,092
Investments and other assets		
Other	196,973	193,966
Allowance for doubtful receivables	(1,838)	(1,375)
Total investments and other assets	195,134	192,590
Total fixed assets	699,063	677,947
Total assets	1,957,845	2,041,646
Liabilities		
Current liabilities		
Trade payables	261,159	221,257
Electronically recorded obligations - operating	110,526	112,685
Short-term debt	166,188	183,605
Income taxes payable	6,116	5,804
Provision for sales promotion expenses	12,174	6,176
Accrued bonuses	22,032	9,199
Provision for product warranties	14,454	11,941
Provision for losses on construction contracts	11,464	12,245
Advances received	148,610	135,126
Other	194,998	303,687
Total current liabilities	947,726	1,001,729
Non-current liabilities		
Bonds payable	160,000	190,000
Long-term debt	188,859	196,258
Retirement benefit liability	129,846	136,253
Provision for the in-service issues of commercial aircraft jet engines	(*1) 15,689	(*1) 9,656
Other	44,161	51,116
Total non-current liabilities	538,556	583,284
Total liabilities	1,486,283	1,585,013

Net assets

Shareholders' equity		
Share capital	104,484	104,484
Capital surplus	54,542	54,542
Retained earnings	326,626	311,888
Treasury shares	(133)	(134)
Total shareholders' equity	<u>485,520</u>	<u>470,780</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,636	1,378
Deferred gains (losses) on hedges	(272)	403
Foreign currency translation adjustment	(11,311)	(13,777)
Remeasurements of defined benefit plans	(19,946)	(18,752)
Total accumulated other comprehensive income	<u>(29,892)</u>	<u>(30,748)</u>
Non-controlling interests	<u>15,934</u>	<u>16,600</u>
Total net assets	<u>471,562</u>	<u>456,632</u>
Total net assets and liabilities	<u>1,957,845</u>	<u>2,041,646</u>

(2) Consolidated statements of income and comprehensive income

Consolidated statements of income

Million yen

	As of December 31, 2019	As of December 31, 2020
Net sales	1,135,444	1,032,484
Cost of sales	954,085	899,606
Gross profit	181,359	132,877
Selling, general and administrative expenses		
Salaries and allowances	41,357	40,709
Research and development expenses	36,371	29,751
Other	72,645	66,152
Total selling, general and administrative expenses	150,375	136,612
Operating income(loss)	30,983	(3,735)
Non-operating income		
Interest income	530	396
Dividend income	252	797
Share of profit of entities accounted for using equity method	867	1,454
Foreign exchange gain	—	1,936
Reversal of provision for the in-service issues of commercial aircraft jet engines	—	(*1) 3,005
Other	2,157	3,096
Total non-operating income	3,807	10,687
Non-operating expenses		
Interest expense	2,787	2,918
Foreign exchange losses	4,794	—
Payments for the in-service issues of commercial aircraft jet engines	(*1) 7,640	—
Other	4,189	4,090
Total non-operating expenses	19,411	7,008
Recurring profit(loss)	15,379	(56)
Extraordinary income		
Gain on sales of fixed assets	(*2) 1,277	(*2) 3,236
Gain on sales of sales of shares of subsidiaries and associates	—	(*3) 1,581
Total extraordinary income	1,277	4,817
Extraordinary loss		
Loss on withdrawal from business	(*4) 2,383	—
Impairment loss	—	(*5) 3,948
Total extraordinary loss	2,383	3,948
Income(loss) before income taxes	14,273	811
Income taxes	8,416	13,580
Net income(loss)	5,856	(12,768)
Net income attributable to non-controlling interests	1,094	1,200
Net income(loss) attributable to owners of parent	4,762	(13,969)

Consolidated statements of comprehensive income

Million yen

	As of December 31, 2019	As of December 31, 2020
Net income(loss)	5,856	(12,768)
Other comprehensive income		
Net unrealized gains (losses) on securities	1	(167)
Deferred gains (losses) on hedges	(143)	643
Foreign currency translation adjustment	(2,903)	(2,037)
Remeasurement of defined benefit plans	1,352	1,199
Share of other comprehensive income(loss) of associates accounted for using equity method	(4,246)	(541)
Total other comprehensive income(loss)	(5,939)	(904)
Comprehensive Income(loss) attributable to:	(82)	(13,672)
Owners of parent	(678)	(14,826)
Non-controlling interests	595	1,153

(3) Notes on financial statements

Notes on the going-concern assumption

Not applicable

Notes on significant changes in the amount of shareholders' equity

Not applicable

Accounting procedures specific to preparation of quarterly consolidated financial statements

(Calculation of tax expense)

The Company calculates tax expense by rationally estimating its effective tax rate after application of tax effect accounting to pretax net income for the fiscal year which includes the first quarter under review, and multiplying quarterly pretax net income by said estimated effective tax rate. If unable to use the estimated effective tax rate, the Company calculates tax expense by multiplying the statutory effective tax rate by quarterly pretax net income adjusted to reflect material differences other than temporary differences.

Income taxes are reported inclusive of income tax adjustments.

Related to consolidated balance sheets

*(*1) Provision for the in-service issues of commercial aircraft jet engines*

The Company participates as a risk and revenue sharing partner on the Rolls-Royce Trent 1000 engine program, which has been impacted by the challenge of managing significant in-service issues. Rolls-Royce continues to work hard to remedy this situation and has made further substantial progress on the implementation of long-term solutions and mitigation of the near-term impact on customers. In the FY2020 3rd quarterly financial results, the Company has made a provision of the abnormal cost related to in-service issues which the Company would cover as a member of this program.

Related to consolidated statements of income

*(*1) Reversal of provision for the in-service issues of commercial aircraft jet engines •*

Payments for the in-service issues of commercial aircraftjet engines

The Company participates as a risk and revenue sharing partner on the Rolls-Royce Trent 1000 engine program, which has been impacted by the challenge of managing significant in-service issues. Rolls-Royce continues to work hard to remedy this situation and has made further substantial progress on the implementation of long-term solutions and mitigation of the near-term impact on customers. In the FY2020 3rd quarterly financial results, the Company has recorded increases in the abnormal cost related to in-service issues which the Company would cover as a member of this program as non-operating expenses and decreases in the cost as non-operating income.

(*2) Gain on sales of fixed assets

Nine Months ended December 31, 2019

Proceeds from the sale of former dormitory/company housing sites.

Nine Months ended December 31, 2020

Proceeds from the sale of former dormitories/company housing of the Company and subsidiaries.

(*3) Gain on sales of sales of shares of subsidiaries and associates

Proceeds from the sale of shares of subsidiaries and associates.

(*4) Loss on withdrawal from business

Losses associated with withdrawal from certain businesses by the Energy System & Plant Engineering Segment.

(*5) Impairment loss

Due to a decline in profitability of the assets related to the Sakaide Works of the Ship & Offshore Structure segment given the current market environment.

Segment information

1. Nine Months ended December 31, 2019 (April 1, 2019 – December 31, 2019)

(1) Sales and income (loss) by reportable segment

	Million yen			
	External sales	Intersegment sales	Total sales	Operating income (loss)
Aerospace Systems	371,446	6,913	378,360	20,517
Energy System & Plant Engineering	162,317	23,379	185,697	13,027
Precision Machinery & Robot	147,080	11,422	158,503	5,216
Ship & Offshore structure	53,016	6,514	59,531	(788)
Rolling stock	97,477	12	97,489	(3,147)
Motorcycle & Engine	230,171	497	230,668	(4,517)
Other	73,934	27,782	101,716	2,055
Reportable segment total	1,135,444	76,522	1,211,967	32,364
Adjustments*1	-	(76,522)	(76,522)	(1,380)
Consolidated total	1,135,444	-	1,135,444	30,983

Notes: 1. Breakdown of adjustments:

Million yen	
Income	Amount
Intersegment transactions	105
Corporate expenses*	(1,486)
Total	(1,380)

* Corporate expenses mainly comprise general and administrative expenses not attributed to reportable segments.

2. Segment income adjustments are based on operating income reported on the consolidated statements of income for the corresponding period.

(2) Impairment loss on fixed assets and goodwill by reportable segment

Not applicable

2. Nine Months ended December 31, 2020 (April 1, 2020 – December 31, 2020)

(1) Sales and income (loss) by reportable segment

	Million yen			
	External sales	Intersegment sales	Total sales	Operating income (loss)
Aerospace Systems	277,994	4,351	282,346	(19,257)
Energy System & Plant Engineering	159,912	14,734	174,646	8,695
Precision Machinery & Robot	154,244	9,576	163,820	8,128
Ship & Offshore structure	55,756	2,460	58,216	(3,051)
Rolling stock	101,513	5	101,519	(1,341)
Motorcycle & Engine	225,511	483	225,995	1,884
Other	57,550	26,939	84,490	500
Reportable segment total	1,032,484	58,552	1,091,036	(4,443)
Adjustments*1	—	(58,552)	(58,552)	707
Consolidated total	1,032,484	—	1,032,484	(3,735)

Notes: 1. Breakdown of adjustments:

Million yen	
Income	Amount
Intersegment transactions	(5)
Corporate expenses*	712
Total	707

* Corporate expenses mainly comprise general and administrative expenses not attributed to reportable segments.

2. Segment income adjustments are based on operating income reported on the consolidated statements of income for the corresponding period.

(2) Impairment loss on fixed assets and goodwill by reportable segment

The Ship & Offshore Structure segment recorded an impairment loss on fixed assets. This impairment loss recorded in the third quarter of the year under review amounted to ¥3,948 million.

3. Supplementary information

(1) Consolidated cash flow statements (condensed)

	Million yen	
	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Cash flow from operating activities	(288,421)	(139,750)
Cash flow from investing activities	(46,216)	(22,400)
Cash flow from financing activities	335,815	192,645
Cash and cash equivalents at end of period	70,914	133,085

(2) Supplementary information on consolidated earnings forecasts for the fiscal year ending March 31, 2021

(i) Net sales and operating income (loss)

Billion yen

Reportable segment	Outlook for the year ending March 31, 2021 (fiscal 2020)						Year ended March 31, 2020 (Fiscal 2019) (actual)	
	Revised forecast (A)		Forecast issued October 29, 2020 (B)		Change (A – B)		Net sales	Operating income (loss)
	Net sales	Operating income (loss)	Net sales	Operating income (loss)	Net sales	Operating income (loss)		
Aerospace Systems	400.0	(25.0)	400.0	(25.0)	—	—	532.5	42.7
Energy System & Plant Engineering	240.0	13.0	240.0	8.5	—	4.5	242.9	17.5
Precision Machinery & Robot	230.0	11.5	220.0	10.0	10.0	1.5	217.3	12.2
Ship & Offshore Structure	80.0	(3.5)	80.0	(3.0)	—	(0.5)	71.6	(0.6)
Rolling Stock	140.0	(4.5)	150.0	(2.0)	(10.0)	(2.5)	136.5	(3.8)
Motorcycle & Engine	330.0	5.0	320.0	(5.0)	10.0	10.0	337.7	(1.9)
Other	80.0	1.0	90.0	1.0	(10.0)	—	102.4	1.2
Adjustments		(7.5)		(4.5)		(3.0)		(5.3)
Total	1,500.0	(10.0)	1,500.0	(20.0)	—	10.0	1,641.3	62.0

(ii) Orders received

Billion yen

Reportable segment	Outlook for the year ending March 31, 2021 (fiscal 2020)			Year ended March 31, 2020 (Fiscal 2019) (actual)
	Revised forecast (A)	Forecast issued October 29, 2020 (B)	Change (A – B)	
Aerospace Systems	330.0	310.0	20.0	414.9
Energy System & Plant Engineering	220.0	230.0	(10.0)	252.3
Precision Machinery & Robot	230.0	220.0	10.0	218.8
Ship & Offshore Structure	100.0	100.0	-	56.2
Rolling Stock	70.0	70.0	-	125.7
Motorcycle & Engine	330.0	320.0	10.0	337.7
Other	80.0	90.0	(10.0)	107.5
Total	1,360.0	1,340.0	20.0	1,513.5

Note: The Motorcycle & Engine segment's orders received are equal to its net sales as production is based mainly on estimated demand.

(iii) Before-tax ROIC

(%)

Reportable segment	Outlook for the year ending March 31, 2021 (fiscal 2020)			Year ended March 31, 2020 (Fiscal 2019) (actual)
	Revised forecast (A)	Forecast issued October 29, 2020 (B)	Change (A – B)	
Aerospace Systems	(5.2)	(4.8)	(0.4)	8.0
Energy System & Plant Engineering	10.4	8.6	1.8	10.4
Precision Machinery & Robot	10.1	7.6	2.5	8.8
Ship & Offshore Structure	(7.0)	(6.9)	(0.1)	1.4
Rolling Stock	(6.4)	(3.2)	(3.2)	(7.2)
Motorcycle & Engine	4.4	(5.3)	9.7	(2.6)
Total	(1.7)	(2.2)	0.5	4.2

Notes: 1. Forecast's assumed foreign exchange rates: ¥104 = US\$1, ¥123= 1 euro

2. Before-tax ROIC = (income before income taxes + interest expense) / invested capital.