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

November 10, 2022

For six months ended September 30, 2022 and 2021 and one year ended March 31, 2022

(Consolidated)

Operating results

(Millions of yen)

	Six months ended Sep. 30, 2022	Six months ended Sep. 30, 2021
Revenue	**759,745**	681,038
Business Profit	**30,830**	17,640
Profit attributable to owners of parent	**23,763**	7,220
Earnings per share (Yen)	**141.89**	43.17

Financial position

(Millions of yen / Thousand shares)

	As of Sep. 30, 2022	As of Mar. 31, 2022
Total assets	**2,331,827**	2,174,630
Equity	**558,944**	524,891
Number of shares issued and outstanding	**167,482**	167,472
Equity Ratio	**23.2%**	23.2%

Cash flows

(Millions of yen)

	Six months ended Sep. 30, 2022	Six months ended Sep. 30, 2021
Operating activities	**(70,032)**	(84,166)
Investing activities	**(35,449)**	(30,657)
Financing activities	**91,213**	47,266
Cash and cash equivalents at end of period	**83,043**	54,769

Fiscal year forecast

(Millions of yen)

	Revenue	Business profit	Profit attributable to owners of parent
One year ending March 31, 2023	1,720,000	76,000	45,000

Note: The KHI Group has adopted International Financial Reporting Standards(IFRS) from the first quarter ending June 30, 2022, and the consolidated financial data for the second quarter ending September 30, 2021 and the fiscal year ended March 31, 2022 are reclassified based on IFRS.

Consolidated Statement of Financial Position

As of September 30 and March 31, 2022 and Apr 1, 2021

(Millions of yen)

	As of Apr. 1, 2021	As of Mar. 31, 2022	**As of Sep. 30, 2022**
Assets			
Current assets			
Cash and cash equivalents	122,166	108,511	**83,043**
Trade and other receivables	355,061	409,246	**428,811**
Contract assets	148,523	109,132	**129,131**
Inventories	565,860	615,476	**702,408**
Income taxes receivable	3,482	3,046	**1,829**
Other financial assets	6,660	10,606	**8,734**
Other current assets	23,110	64,184	**105,908**
Total current assets	1,224,865	1,320,204	**1,459,868**
Non-current assets			
Property, plant and equipment	449,155	444,375	**448,892**
Intangible assets	62,510	61,940	**61,986**
Right-of-use assets	55,504	58,524	**61,503**
Investments accounted for using equity method	73,464	70,438	**78,443**
Other financial assets	69,913	70,752	**71,735**
Deferred tax assets	106,430	102,209	**104,225**
Other non-current assets	48,835	46,183	**45,172**
Total non-current assets	865,814	854,425	**871,958**
Total assets	2,090,679	2,174,630	**2,331,827**
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	418,070	399,892	**397,886**
Bonds, borrowings and other financial liabilities	266,724	208,773	**363,205**
Income taxes payable	4,753	8,506	**8,707**
Contract liabilities	159,476	256,189	**268,513**
Provisions	26,918	24,409	**21,072**
Other current liabilities	116,244	161,951	**153,931**
Total current liabilities	992,187	1,059,723	**1,213,316**
Non-current liabilities			
Bonds, borrowings and other financial liabilities	478,002	458,068	**432,702**
Retirement benefit liability	115,218	107,024	**109,137**
Provisions	7,082	4,136	**2,359**
Deferred tax liabilities	1,038	1,382	**893**
Other non-current liabilities	17,504	19,403	**14,472**
Total non-current liabilities	618,847	590,014	**559,566**
Total liabilities	1,611,034	1,649,738	**1,772,882**
Equity			
Equity attributable to owners of parent			
Share capital	104,484	104,484	**104,484**
Capital surplus	54,542	55,525	**55,707**
Retained earnings	299,409	320,671	**341,748**
Treasury shares	(136)	(1,129)	**(1,104)**
Other components of equity	3,846	25,931	**39,598**
Total equity attributable to owners of parent	462,146	505,484	**540,434**
Non-controlling interests	17,498	19,407	**18,510**
Total equity	479,645	524,891	**558,944**
Total liabilities and equity	2,090,679	2,174,630	**2,331,827**

Consolidated Statement of Profit or Loss

For six months ended September 30, 2022 and 2021

(Millions of yen)

	Six months ended Sep. 30, 2021	**Six months ended Sep. 30, 2022**
Revenue	681,038	**759,745**
Cost of sales	563,101	**619,656**
Gross profit	117,937	**140,089**
Selling, general and administrative expenses	95,894	**109,854**
Share of profit (loss) of investments accounted for using equity method	(7,022)	**1,002**
Other income	5,590	**2,438**
Other expenses	2,970	**2,846**
Business Profit	17,640	**30,830**
Finance income	741	**8,613**
Finance costs	3,607	**3,497**
Profit before tax	14,774	**35,946**
Income tax expense	6,533	**11,513**
Profit	8,241	**24,433**
Profit attributable to:		
Owners of parent	7,220	**23,763**
Non-controlling interests	1,020	**669**
Earnings per share		
Basic earnings per share	43.17	**141.89**

Consolidated Statement of Profit or Loss

For three months ended September 30, 2022 and 2021

(Millions of yen)

	Three months ended Sep. 30, 2021	**Three months ended Sep. 30, 2022**
Revenue	325,467	**409,401**
Cost of sales	271,900	**326,683**
Gross profit	53,567	**82,717**
Selling, general and administrative expenses	48,803	**56,285**
Share of profit (loss) of investments accounted for using equity method	(5,974)	**371**
Other income	2,529	**812**
Other expenses	2,230	**1,378**
Business profit (loss)	(911)	**26,237**
Finance income	301	**1,100**
Finance costs	1,679	**1,996**
Profit (loss) before tax	(2,289)	**25,341**
Income tax expense	1,372	**6,702**
Profit (loss)	(3,661)	**18,639**
Profit attributable to:		
Owners of parent	(4,239)	**18,305**
Non-controlling interests	577	**333**
Earnings per share		
Basic earnings (loss) per share	(25.31)	**109.30**

Consolidated Statement of Comprehensive Income

For Six months ended September 30, 2022 and 2021

(Millions of yen)

	Six months ended Sep. 30, 2021	**Six months ended Sep. 30, 2022**
Profit	8,241	**24,433**
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	789	**(585)**
Remeasurements of defined benefit plans	(25)	**680**
Share of other comprehensive income of investments accounted for using equity method	(0)	**(237)**
Total of items that will not be reclassified to profit or loss	763	**(142)**
Items that may be reclassified to profit or loss		
Cash flow hedges	(184)	**(7,205)**
Exchange differences on translation of foreign operations	1,358	**20,263**
Share of other comprehensive income of investments accounted for using equity method	2,249	**2,792**
Total of items that may be reclassified to profit or loss	3,424	**15,851**
Total other comprehensive income	4,187	**15,708**
Comprehensive income	12,428	**40,142**
Comprehensive income attributable to:		
Owners of parent	11,170	**38,575**
Non-controlling interests	1,257	**1,566**

Consolidated Statement of Comprehensive Income

For Three months ended September 30, 2022 and 2021

(Millions of yen)

	Three months ended Sep. 30, 2021	**Three months ended Sep. 30, 2022**
Profit (loss)	(3,661)	**18,639**
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	626	**(9)**
Remeasurements of defined benefit plans	(69)	**223**
Share of other comprehensive income of investments accounted for using equity method	1	**3**
Total of items that will not be reclassified to profit or loss	558	**217**
Items that may be reclassified to profit or loss		
Cash flow hedges	56	**(4,163)**
Exchange differences on translation of foreign operations	109	**7,952**
Share of other comprehensive income of investments accounted for using equity method	498	**(1,264)**
Total of items that may be reclassified to profit or loss	664	**2,524**
Total other comprehensive income	1,222	**2,741**
Comprehensive income	(2,438)	**21,380**
Comprehensive income attributable to:		
Owners of parent	(3,051)	**20,705**
Non-controlling interests	613	**675**

Consolidated Statement of Changes in Equity

For Six months ended September 30, 2021

(Millions of yen)

	Equity attributable to owners of parent			
	Share capital	Capital surplus	Retained earnings	Treasury shares
Balance as of Apr. 1, 2021	104,484	54,542	299,409	(136)
Profit			7,220	
Other comprehensive income				
Comprehensive income			7,220	
Issuance of new shares		1,916		
Purchase of treasury shares				(1,024)
Disposal of treasury shares				
Dividends				
Transfer to retained earnings			111	
Change in scope of consolidation				
Loss of control of subsidiaries				
Change in ownership interest of parent due to transactions with non-controlling interests		(929)		
Transfer to non-financial assets				
Other		(4)	4	
Total transactions with owners		982	116	(1,024)
Balance as of Sep. 30, 2021	104,484	55,524	306,746	(1,160)

	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, 2021	-	4,025	(179)	-	3,846	462,146	17,498	479,645
Profit						7,220	1,020	8,241
Other comprehensive income	(18)	762	(488)	3,693	3,949	3,949	237	4,187
Comprehensive income	(18)	762	(488)	3,693	3,949	11,170	1,257	12,428
Issuance of new shares						1,916		1,916
Purchase of treasury shares						(1,024)		(1,024)
Disposal of treasury shares								-
Dividends							(376)	(376)
Transfer to retained earnings	18	(130)			(111)	-		-
Change in scope of consolidation								-
Loss of control of subsidiaries								-
Change in ownership interest of parent due to transactions with non-controlling interests						(929)		(929)
Transfer to non-financial assets			(223)		(223)	(223)		(223)
Other				0	0	(0)	(166)	(166)
Total transactions with owners	18	(130)	(223)	0	(334)	(260)	(542)	(802)
Balance as of Sep. 30, 2021	-	4,657	(890)	3,694	7,461	473,057	18,214	491,271

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	
Issuance of new shares				
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
Issuance of new shares								-
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

Consolidated Statement of Cash Flows

For six months ended September 30, 2022 and 2021

(Millions of yen)

	Six months ended Sep. 30, 2021	**Six months ended Sep. 30, 2022**
Cash flows from operating activities		
Profit	8,241	**24,433**
Depreciation and amortization	38,018	**37,578**
Impairment losses	223	**248**
Finance income and finance costs	1,276	**1,851**
Share of loss (profit) of investments accounted for using equity method	7,022	**(1,002)**
Loss (gain) on sale of fixed assets	441	**339**
Income tax expense	6,533	**11,513**
Increase (decrease) in retirement benefit liability	3,141	**1,804**
Decrease (increase) in trade and other receivables	10,369	**4,190**
Decrease (increase) in contract assets	(14,324)	**(20,017)**
Decrease (increase) in inventories	(48,980)	**(59,266)**
Increase (decrease) in trade and other payables	(53,342)	**(10,805)**
Decrease (Increase) in avdance payment	(23,199)	**(27,799)**
Increase (decrease) in contract liabilities	8,284	**3,988**
Other	(18,598)	**(24,440)**
Subtotal	(74,892)	**(57,384)**
Interest received	521	**677**
Dividends received	245	**241**
Interest paid	(2,147)	**(2,566)**
Income taxes paid	(7,893)	**(11,000)**
Net cash provided by (used in) operating activities	(84,166)	**(70,032)**
Cash flows from investing activities		
Purchase of property, plant and equipment	(29,229)	**(23,993)**
Proceeds from sale of property, plant and equipment	2,636	**1,763**
Payments for equity method investment and purchase of other financial assets	(185)	**(5,306)**
Proceeds from equity method investment and sale of other financial assets	705	**66**
Payments for acquisition of subsidiaries	(7)	**(524)**
Proceeds from acquisition of subsidiaries	489	**-**
Decrease due to loss of control over subsidiaries	-	**(3,224)**
Other	(5,066)	**(4,229)**
Net cash provided by (used in) investing activities	(30,657)	**(35,449)**
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	79,482	**127,594**
Repayments of lease liabilities	(6,745)	**(7,275)**
Proceeds from long-term borrowings	11,000	**-**
Repayments of long-term borrowings	(13,001)	**(15,000)**
Proceeds from issuance of bonds	10,000	**9,000**
Redemption of bonds	(30,000)	**(20,000)**
Dividends paid	(27)	**(3,351)**
Proceeds from fluidity of lease receivables	27,819	**22,526**
Repayment of payables under fluidity lease receivables	(26,929)	**(18,670)**
Dividends paid to non-controlling interests	(376)	**(560)**
Net decrease (increase) in treasury shares	(990)	**0**
Other	(2,965)	**(3,047)**
Net cash provided by (used in) financing activities	47,266	**91,213**
Effect of exchange rate changes on cash and cash equivalents	161	**(11,199)**
Net increase (decrease) in cash and cash equivalents	(67,396)	**(25,467)**
Cash and cash equivalents at beginning of period	122,166	**108,511**
Cash and cash equivalents at end of period	54,769	**83,043**

Segment information

Information by reportable segment

(Millions of yen)

	Six months ended Sep. 30, 2021			
	Revenue from external customers	Intersegment revenue and transfers	Total revenue	Business profit (loss)
Aerospace Systems	133,360	3,573	136,934	(7,648)
Rolling Stock	57,598	4	57,603	1,331
Energy Solution & Marine Engineering	130,968	7,409	138,377	(5,608)
Precision Machinery & Robot	118,266	7,977	126,243	7,816
Motorcycle & Engine	206,771	358	207,129	19,154
Other	34,072	8,526	42,599	2,061
Total	681,038	27,849	708,887	17,108
Eliminations and corporate	-	(27,849)	(27,849)	531
Consolidated total	681,038	-	681,038	17,640

(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**
Motorcycle & 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**

Orders by reportable segment

For Six months ended September 30, 2022 and 2021

(Billions of yen)

	Six months ended Sep. 30, 2021	**Six months ended Sep. 30, 2022**
Orders :		
Aerospace Systems	97.2	**125.6**
Rolling Stock	23.1	**39.3**
Energy Solution & Marine Engineering	164.2	**238.4**
Precision Machinery & Robot	128.1	**139.5**
Motorcycle & Engine	206.7	**265.1**
Other	40.0	**58.4**
Total	659.5	**866.6**