


KAWASAKI HEAVY INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES
FLASH CONSOLIDATED FINANCIAL RESULTS
February 9, 2024
For nine months ended December 31, 2023 and 2022 and one year ended March 31, 2023
(Consolidated)
Operating results

	(Millions of yen)	
	Nine months ended	Nine months ended
	Dec. 31, 2023	Dec. 31, 2022
Revenue	1,229,069	1,196,330
Business profit	741	80,885
Profit (loss) attributable to owners of parent	(13,480)	52,512
Earnings (loss) per share (yen)	(80.48)	313.55

Financial position

	(Millions of yen / Thousand shares)	
	As of	As of
	Dec. 31, 2023	Mar. 31, 2023
Total assets	2,663,212	2,457,725
Equity	589,321	596,872
Number of shares issued and outstanding	167,498	167,481
Equity Ratio	21.4%	23.4%

Cash flows

	(Millions of yen)	
	Nine months ended	Nine months ended
	Dec. 31, 2023	Dec. 31, 2022
Operating activities	(97,921)	(113,118)
Investing activities	(81,109)	(53,266)
Financing activities	146,748	151,561
Cash and cash equivalents at end of period	102,015	87,998

Fiscal year forecast

	(Millions of yen)		
	Revenue	Business profit	Profit attributable to owners of parent
One year ending March 31, 2024	1,840,000	43,000	12,000

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

	(Millions of yen)	
	As of Mar. 31, 2023	As of Dec. 31, 2023
Assets		
Current assets		
Cash and cash equivalents	138,420	102,015
Trade and other receivables	470,398	556,217
Contract assets	159,422	134,291
Inventories	690,431	776,938
Income taxes receivable	551	6,872
Other financial assets	10,741	13,748
Other current assets	100,385	120,481
Total current assets	<u>1,570,350</u>	<u>1,710,565</u>
Non-current assets		
Property, plant and equipment	451,010	483,871
Intangible assets	66,248	68,126
Right-of-use assets	68,422	64,295
Investments accounted for using equity method	77,440	90,297
Other financial assets	70,224	78,086
Deferred tax assets	110,264	126,593
Other non-current assets	43,763	41,375
Total non-current assets	<u>887,374</u>	<u>952,646</u>
Total assets	<u>2,457,725</u>	<u>2,663,212</u>
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	452,250	476,493
Bonds, borrowings and other financial liabilities	340,176	572,045
Income taxes payable	18,071	8,712
Contract liabilities	256,247	241,544
Provisions	22,897	30,344
Refund liabilities	10,258	64,485
Other current liabilities	208,760	168,228
Total current liabilities	<u>1,308,661</u>	<u>1,561,855</u>
Non-current liabilities		
Bonds, borrowings and other financial liabilities	445,082	399,361
Retirement benefit liability	91,552	94,665
Provisions	1,942	1,170
Deferred tax liabilities	833	829
Other non-current liabilities	12,779	16,008
Total non-current liabilities	<u>552,190</u>	<u>512,035</u>
Total liabilities	<u>1,860,852</u>	<u>2,073,890</u>
Equity		
Equity attributable to owners of parent		
Share capital	104,484	104,484
Capital surplus	55,716	56,433
Retained earnings	380,255	353,118
Treasury shares	(1,107)	(1,067)
Other components of equity	36,852	55,814
Total equity attributable to owners of parent	<u>576,201</u>	<u>568,783</u>
Non-controlling interests	20,670	20,537
Total equity	<u>596,872</u>	<u>589,321</u>
Total liabilities and equity	<u>2,457,725</u>	<u>2,663,212</u>

Consolidated Statement of Profit or Loss*For nine months ended December 31, 2023 and 2022*

	(Millions of yen)	
	Nine months ended Dec. 31, 2022	Nine months ended Dec. 31, 2023
Revenue	1,196,330	1,229,069
Cost of sales	949,501	1,038,299
Gross profit	<u>246,828</u>	<u>190,770</u>
Selling, general and administrative expenses	168,807	196,199
Share of profit of investments accounted for using equity method	3,935	6,148
Other income	2,818	3,655
Other expenses	3,890	3,633
Business profit	<u>80,885</u>	<u>741</u>
Finance income	1,363	2,107
Finance costs	10,120	20,780
Profit (loss) before tax	<u>72,127</u>	<u>(17,931)</u>
Income tax expense	18,399	(6,095)
Profit (loss)	<u>53,727</u>	<u>(11,835)</u>
Profit (loss) attributable to:		
Owners of parent	52,512	(13,480)
Non-controlling interests	1,214	1,644
	<u>53,727</u>	<u>(11,835)</u>
Earnings per share		
Basic earnings (loss) per share	<u>313.55</u>	<u>(80.48)</u>

Consolidated Statement of Profit or Loss*For three months ended December 31, 2023 and 2022*

	(Millions of yen)	
	Three months ended Dec. 31, 2022	Three months ended Dec. 31, 2023
Revenue	436,584	459,728
Cost of sales	329,845	357,373
Gross profit	106,738	102,354
Selling, general and administrative expenses	58,953	67,960
Share of profit (loss) of investments accounted for using equity method	2,932	(391)
Other income	379	960
Other expenses	1,043	1,374
Business profit	50,054	33,588
Finance income	(7,249)	(2,516)
Finance costs	6,623	14,531
Profit before tax	36,180	16,540
Income tax expense	6,886	5,965
Profit	29,294	10,574
Profit attributable to:		
Owners of parent	28,749	9,866
Non-controlling interests	544	708
Earnings per share		
Basic earnings per share	171.65	58.90

Consolidated Statement of Comprehensive Income*For nine months ended December 31, 2023 and 2022*

	(Millions of yen)	
	Nine months ended Dec. 31, 2022	Nine months ended Dec. 31, 2023
Profit (loss)	53,727	(11,835)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(1,036)	2,148
Remeasurements of defined benefit plans	528	(35)
Share of other comprehensive income of investments accounted for using equity method	0	1
Total of items that will not be reclassified to profit or loss	(507)	2,114
Items that may be reclassified to profit or loss		
Cash flow hedges	2,146	(427)
Exchange differences on translation of foreign operations	7,794	14,585
Share of other comprehensive income of investments accounted for using equity method	439	3,572
Total of items that may be reclassified to profit or loss	10,380	17,730
Total other comprehensive income	9,872	19,844
Comprehensive income	63,600	8,009
Comprehensive income attributable to:		
Owners of parent	62,078	5,658
Non-controlling interests	1,522	2,351

Consolidated Statement of Comprehensive Income

For three months ended December 31, 2023 and 2022

	(Millions of yen)	
	Three months ended Dec. 31, 2022	Three months ended Dec. 31, 2023
Profit	29,294	10,574
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(451)	(329)
Remeasurements of defined benefit plans	(152)	(11)
Share of other comprehensive income of investments accounted for using equity method	238	0
Total of items that will not be reclassified to profit or loss	(365)	(341)
Items that may be reclassified to profit or loss		
Cash flow hedges	9,352	6,116
Exchange differences on translation of foreign operations	(12,469)	(6,106)
Share of other comprehensive income of investments accounted for using equity method	(2,352)	760
Total of items that may be reclassified to profit or loss	(5,470)	770
Total other comprehensive income	(5,835)	429
Comprehensive income	23,458	11,004
Comprehensive income attributable to:		
Owners of parent	23,502	10,380
Non-controlling interests	(44)	623

Consolidated Statement of Changes in Equity

For nine months ended December 31, 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			52,512	
Other comprehensive income				
Comprehensive income			52,512	
Purchase of treasury shares				(3)
Disposal of treasury shares		(0)		26
Dividends			(8,394)	
Transfer to retained earnings			479	
Change in scope of consolidation				
Loss of control of subsidiaries				
Change in ownership interest of parent due to transactions with non-controlling interests		248		
Transfer to non-financial assets				
Other			34	
Total transactions with owners		247	(7,879)	23
Balance as of Dec. 31, 2022	104,484	55,773	365,304	(1,105)

	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, 2022	-	4,435	(284)	21,780	25,931	505,484	19,407	524,891
Profit						52,512	1,214	53,727
Other comprehensive income	538	(1,007)	1,546	8,488	9,565	9,565	307	9,872
Comprehensive income	538	(1,007)	1,546	8,488	9,565	62,078	1,522	63,600
Purchase of treasury shares						(3)		(3)
Disposal of treasury shares						26		26
Dividends						(8,394)	(561)	(8,955)
Transfer to retained earnings	(538)	59			(479)	-		-
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						248	(259)	(11)
Transfer to non-financial assets			(571)		(571)	(571)		(571)
Other						34	0	34
Total transactions with owners	(538)	59	(571)		(1,050)	(8,659)	(2,532)	(11,191)
Balance as of Dec. 31, 2022	-	3,487	690	30,268	34,445	558,902	18,397	577,300

For nine months ended December 31, 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)			(13,480)	
Other comprehensive income				
Comprehensive income			(13,480)	
Purchase of treasury shares				(5)
Disposal of treasury shares		0		45
Dividends			(13,430)	
Transfer to retained earnings			(234)	
Change in scope of consolidation			8	
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	(13,656)	39
Balance as of Dec. 31, 2023	104,484	56,433	353,118	(1,067)

	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, 2023	-	4,109	676	32,066	36,852	576,201	20,670	596,872
Profit (loss)						(13,480)	1,644	(11,835)
Other comprehensive income	(32)	2,107	1,026	16,036	19,138	19,138	706	19,844
Comprehensive income	(32)	2,107	1,026	16,036	19,138	5,658	2,351	8,009
Purchase of treasury shares						(5)		(5)
Disposal of treasury shares						45		45
Dividends						(13,430)	(581)	(14,012)
Transfer to retained earnings	32	202			234	-		-
Change in scope of consolidation				(17)	(17)	(9)		(9)
Loss of control of subsidiaries								-
Change in ownership interest of parent due to transactions with non-controlling interests						717	(1,902)	(1,185)
Transfer to non-financial assets			(393)		(393)	(393)		(393)
Other								-
Total transactions with owners	32	202	(393)	(17)	(176)	(13,076)	(2,484)	(15,560)
Balance as of Dec. 31, 2023	-	6,418	1,309	48,085	55,814	568,783	20,537	589,321

(Consolidated)

Consolidated Statement of Cash Flows*For nine months ended December 31, 2023 and 2022*

	(Millions of yen)	
	Nine months ended Dec. 31, 2022	Nine months ended Dec. 31, 2023
Cash flows from operating activities		
Profit (loss)	53,727	(11,835)
Depreciation and amortization	55,980	61,019
Impairment losses	405	568
Finance income and finance costs	3,137	7,763
Share of loss (profit) of investments accounted for using equity method	(3,935)	(6,148)
Loss (gain) on sale of fixed assets	518	502
Income tax expense	18,399	(6,095)
Increase (decrease) in retirement benefit liability	2,771	2,956
Decrease (increase) in trade and other receivables	(64,277)	(58,082)
Decrease (increase) in contract assets	(26,589)	25,099
Decrease (increase) in inventories	(106,083)	(83,160)
Increase (decrease) in trade and other payables	26,151	17,976
Decrease (increase) in advance payment	(29,416)	1,535
Increase (decrease) in contract liabilities	14,784	(19,181)
Increase (decrease) in refund liability	(749)	53,576
Decrease (increase) in other current assets	(24,778)	(25,917)
Increase (decrease) in other current liabilities	6,257	(19,208)
Other	(21,370)	(15,328)
Subtotal	(95,068)	(73,961)
Interest received	1,131	1,768
Dividends received	327	358
Interest paid	(4,286)	(5,557)
Income taxes paid	(15,221)	(20,528)
Net cash provided by (used in) operating activities	(113,118)	(97,921)
Cash flows from investing activities		
Purchase of property, plant and equipment	(38,749)	(68,359)
Proceeds from sale of property, plant and equipment	1,981	2,400
Purchase of intangible assets	(6,241)	(12,203)
Proceeds from sale of intangible assets	17	47
Payments for equity method investment and purchase of other financial assets	(6,313)	(163)
Proceeds from equity method investment and sale of other financial assets	80	249
Payments for acquisition of subsidiaries	(525)	-
Decrease due to loss of control over subsidiaries	(3,224)	(92)
Other	(291)	(2,988)
Net cash provided by (used in) investing activities	(53,266)	(81,109)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	177,841	269,826
Repayments of lease liabilities	(10,993)	(12,304)
Proceeds from long-term borrowings	12,500	23,682
Repayments of long-term borrowings	(18,500)	(12,540)
Proceeds from issuance of bonds	9,000	-
Redemption of bonds	(20,000)	(40,000)
Dividends paid	(7,982)	(13,196)
Proceeds from factoring agreements	47,139	27,114
Repayment of liabilities under factoring agreements	(32,302)	(84,744)
Dividends paid to non-controlling interests	(561)	(581)
Payments for acquisition of subsidiary shares not resulting in change in scope of consolidation	(11)	(1,195)
Other	(4,567)	(9,312)
Net cash provided by (used in) financing activities	151,561	146,748
Effect of exchange rate changes on cash and cash equivalents	(5,690)	(4,122)
Net increase (decrease) in cash and cash equivalents	(20,513)	(36,404)
Cash and cash equivalents at beginning of period	108,511	138,420
Cash and cash equivalents at end of period	87,998	102,015

Segment information

Information by reportable segment

	(Millions of yen)			
	Nine months ended			
	Dec. 31, 2022			
	Revenue from external customers	Intersegment revenue and transfers	Total revenue	Business profit (loss)
Aerospace Systems	238,600	7,273	245,874	13,710
Rolling Stock	92,359	607	92,966	793
Energy Solution & Marine Engineering	212,353	10,417	222,770	9,387
Precision Machinery & Robot	179,189	13,724	192,913	7,443
Powersports & Engine	413,788	664	414,453	53,728
Other	60,039	15,793	75,833	3,317
Total	1,196,330	48,481	1,244,811	88,380
Eliminations and corporate	-	(48,481)	(48,481)	(7,495)
Consolidated total	1,196,330	-	1,196,330	80,885

	(Millions of yen)			
	Nine months ended			
	Dec. 31, 2023			
	Revenue from external customers	Intersegment revenue and transfers	Total revenue	Business profit (loss)
Aerospace Systems	235,542	6,977	242,519	(35,555)
Rolling Stock	135,829	393	136,222	2,637
Energy Solution & Marine Engineering	234,350	16,269	250,620	16,699
Precision Machinery & Robot	158,717	12,218	170,935	(4,368)
Powersports & Engine	404,422	820	405,242	32,011
Other	60,208	17,262	77,470	1,514
Total	1,229,069	53,942	1,283,012	12,938
Eliminations and corporate	-	(53,942)	(53,942)	(12,196)
Consolidated total	1,229,069	-	1,229,069	741

Orders by reportable segment

For nine months ended December 31, 2023 and 2022

	(Billions of yen)	
	Nine months ended	Nine months ended
	Dec. 31, 2022	Dec. 31, 2023
Orders :		
<i>Aerospace Systems</i>	200.7	332.5
<i>Rolling Stock</i>	294.3	41.8
<i>Energy Solution & Marine Engineering</i>	301.8	281.2
<i>Precision Machinery & Robot</i>	197.6	157.6
<i>Powersports & Engine</i>	413.7	404.4
<i>Other</i>	68.1	72.4
Total	1,476.5	1,290.1