


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

November 9, 2021

(Consolidated)

For six months ended September 30, 2021 and 2020 and one year ended March 31, 2021

Operating results

	Millions of yen		Thousands of U.S. dollars
	Six months ended Sep. 30, 2021	Six months ended Sep. 30, 2020	Six months ended Sep. 30, 2021
Net sales	¥ 681,082	¥ 657,325	\$ 6,083,805
Operating profit	20,406	(21,883)	182,278
Profit attributable to owners of parent	4,513	(27,267)	40,313
Earnings per share (Yen)	26.98	(163.23)	

Financial position

	Millions of yen / Thousand shares		Thousands of U.S. dollars
	As of Sep. 30, 2021	As of Mar. 31, 2021	As of Sep. 30, 2021
Total assets	¥ 1,939,967	¥ 1,963,276	\$ 17,328,870
Net assets	452,160	482,775	4,038,946
Number of shares issued and outstanding	167,458	167,042	
Equity Ratio	22.4%	23.7%	

Cash flows

	Millions of yen		Thousands of U.S. dollars
	Six months ended Sep. 30, 2021	Six months ended Sep. 30, 2020	Six months ended Sep. 30, 2021
Operating activities	¥ (94,853)	¥ (100,757)	\$ (847,280)
Investing activities	(28,185)	(13,668)	(251,764)
Financing activities	55,478	161,243	495,561
Cash and cash equivalents at end of period	54,769	149,395	489,227

Fiscal year forecast

	Millions of yen		
	Net sales	Operating profit	Profit attributable to owners of parent
One year ending March 31, 2022	¥ 1,550,000	¥ 40,000	¥ 15,000

- Notes :
1. This "FLASH CONSOLIDATED FINANCIAL RESULTS" and following financial statements have been prepared in conformity with generally accepted accounting principles and practices in Japan.
 2. All US\$ amounts in these statements represent the arithmetical results of translating Japanese yen to U.S. dollars on the basis of ¥111.95=\$1, the rate prevailing as of September 30, 2021, solely for the convenience of the readers.

Consolidated Balance Sheets

As of September 30 and March 31, 2021

	Millions of yen		Thousands of
	As of Mar. 31, 2021	As of Sep. 30, 2021	U.S. dollars As of Sep. 30, 2021
Assets			
Current assets			
Cash and deposits	¥ 126,702	¥ 60,590	\$ 541,224
Notes and accounts receivable - trade	460,436	—	—
Notes and accounts receivable - trade, and contract assets	—	405,928	3,625,976
Merchandise and finished goods	69,223	72,320	646,003
Work in process	452,848	432,986	3,867,673
Raw materials and supplies	136,471	149,766	1,337,794
Other	43,314	102,887	919,044
Allowance for doubtful accounts	(3,589)	(3,624)	(32,372)
Total current assets	1,285,407	1,220,856	10,905,368
Non-current assets			
Property, plant and equipment			
Buildings and structures, net	172,951	170,157	1,519,937
Other	278,308	274,928	2,455,811
Total property, plant and equipment	451,259	445,085	3,975,748
Intangible assets	22,427	22,113	197,526
Investments and other assets			
Other	205,584	253,287	2,262,501
Allowance for doubtful accounts	(1,403)	(1,375)	(12,282)
Total investments and other assets	204,180	251,911	2,250,210
Total non-current assets	677,868	719,111	6,423,502
Total assets	1,963,276	1,939,967	17,328,870
Liabilities			
Current liabilities			
Notes and accounts payable - trade	247,294	205,673	1,837,186
Electronically recorded obligations - operating	107,849	95,809	855,820
Short-term borrowings	141,579	177,461	1,585,181
Income taxes payable	4,753	5,361	47,887
Provision for sales promotion expenses	7,380	—	—
Provision for bonuses	18,239	16,827	150,308
Provision for construction warranties	12,550	11,997	107,164
Provision for loss on construction contracts	14,263	11,991	107,110
Advances received	153,298	—	—
Contract liabilities	—	168,456	1,504,743
Other	210,345	243,923	2,178,857
Total current liabilities	917,555	937,503	8,374,301
Non-current liabilities			
Bonds payable	190,000	180,000	1,607,861
Long-term borrowings	199,177	195,256	1,744,136
Retirement benefit liability	115,456	118,370	1,057,347
Provision for the in service issues of commercial aircraft jet engines	5,984	4,022	35,927
Other	52,326	52,654	470,335
Total non-current liabilities	562,944	550,303	4,915,614
Total liabilities	1,480,500	1,487,807	13,289,924
Net assets			
Shareholders' equity			
Share capital	104,484	104,484	933,310
Capital surplus	54,542	55,525	495,980
Retained earnings	306,576	271,454	2,424,779
Treasury shares	(136)	(1,160)	(10,362)
Total shareholders' equity	465,467	430,304	3,843,716
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	1,955	1,736	15,507
Deferred gains or losses on hedges	(179)	(822)	(7,343)
Foreign currency translation adjustment	(931)	3,510	31,353
Remeasurements of defined benefit plans	(979)	(758)	(6,771)
Total accumulated other comprehensive income	(134)	3,665	32,738
Non-controlling interests	17,442	18,189	162,474
Total net assets	482,775	452,160	4,038,946
Total liabilities and net assets	1,963,276	1,939,967	17,328,870

Consolidated Statements of Profit and Loss

For six months ended September 30, 2021 and 2020

	Millions of yen		Thousands of
	Six months ended Sep. 30, 2020	Six months ended Sep. 30, 2021	U.S. dollars Six months ended Sep. 30, 2021
Net sales	¥ 657,325	¥ 681,082	\$ 6,083,805
Cost of sales	588,959	564,582	5,043,162
Gross profit	68,366	116,500	1,040,643
Selling, general and administrative expenses			
Salaries and allowances	27,475	27,901	249,227
Research and development expenses	19,041	19,824	177,079
Other	43,732	48,367	432,041
Total selling, general and administrative expenses	90,249	96,094	858,365
Operating profit (loss)	(21,883)	20,406	182,278
Non-operating income			
Interest income	265	495	4,422
Dividend income	150	245	2,188
Share of profit of entities accounted for using equity method	590	—	-
Foreign exchange gains	1,791	—	-
Reversal of provision for the in-service issues of commercial aircraft jet engines	3,005	70	625
Other	2,573	3,734	33,354
Total non-operating income	8,376	4,545	40,598
Non-operating expenses			
Interest expenses	1,955	1,720	15,364
Share of loss of entities accounted for using equity method	—	7,024	62,742
Foreign exchange losses	—	1,262	11,273
Other	2,824	3,858	34,462
Total non-operating expenses	4,780	13,866	123,859
Ordinary profit (loss)	(18,286)	11,085	99,017
Extraordinary income			
Gain on sale of non-current assets	3,236	1,633	14,587
Gain on sale of shares of subsidiaries and associates	1,581	—	-
Total extraordinary income	4,817	1,633	14,587
Extraordinary losses			
Impairment losses	3,916	223	1,992
Total extraordinary losses	3,916	223	1,992
Profit (loss) before income taxes	(17,385)	12,496	111,621
Income taxes	9,454	6,934	61,938
Profit (loss)	(26,840)	5,562	49,683
Profit attributable to non-controlling interests	426	1,049	9,370
Profit (loss) attributable to owners of parent	(27,267)	4,513	40,313

(Consolidated)

Consolidated Statements of Cash Flows

For six months ended September 30, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars
	Six months ended Sep. 30, 2020	Six months ended Sep. 30, 2021	Six months ended Sep. 30, 2021
Cash flows from operating activities			
Profit (loss) before income taxes	¥ (17,385)	¥ 12,496	\$ 111,621
Depreciation	30,223	30,105	268,915
Impairment losses	3,916	223	1,992
Increase (decrease) in allowance for doubtful accounts	(134)	(64)	(572)
Increase (decrease) in provision for sales promotion expenses	(5,621)	—	—
Increase (decrease) in provision for bonuses	(3,617)	(1,443)	(12,890)
Increase (decrease) in provision for construction warranties	(1,986)	(583)	(5,208)
Increase (decrease) in provision for loss on construction contracts	1,109	(2,384)	(21,295)
Increase (decrease) in retirement benefit liability	5,596	3,097	27,664
Increase (decrease) in provision for the in-service issues of commercial aircraft jet engines	(5,139)	(1,962)	(17,526)
Interest and dividend income	(415)	(741)	(6,619)
Interest expenses	1,955	1,720	15,364
Share of loss (profit) of entities accounted for using equity method	(590)	7,024	62,742
Loss (gain) on sale of non-current assets	(3,236)	(1,633)	(14,587)
Loss (gain) on sale of shares of subsidiaries and associates	(1,581)	—	—
Decrease (increase) in trade receivables	41,030	—	—
Decrease (increase) in notes and accounts receivable - trade and contract assets	—	24,854	222,010
Decrease (increase) in inventories	(30,368)	(47,971)	(428,504)
Increase (decrease) in trade payables	(65,822)	(54,024)	(482,573)
Decrease (increase) in advance payments to suppliers	(3,915)	(23,216)	(207,378)
Increase (decrease) in advances received	(7,650)	—	—
Increase (decrease) in contract liabilities	—	8,310	74,230
Decrease (increase) in other current assets	(142)	(34,804)	(310,889)
Increase (decrease) in other current liabilities	(24,761)	(6,669)	(59,571)
Other, net	(5,471)	1,828	16,329
Subtotal	(94,008)	(85,839)	(766,762)
Interest and dividends received	1,556	767	6,851
Interest paid	(1,874)	(1,888)	(16,865)
Income taxes paid	(6,430)	(7,893)	(70,505)
Net cash provided by (used in) operating activities	(100,757)	(94,853)	(847,280)
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	(29,746)	(30,326)	(270,889)
Proceeds from sale of property, plant and equipment and intangible assets	13,739	2,625	23,448
Purchase of investment securities	(474)	(185)	(1,653)
Proceeds from sale of investment securities	1,326	487	4,350
Purchase of shares of subsidiaries and associates	(82)	(7)	(63)
Proceeds from sale of shares of subsidiaries and associates	1,927	—	—
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	489	4,368
Other, net	(357)	(1,267)	(11,318)
Net cash provided by (used in) investing activities	(13,668)	(28,185)	(251,764)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	103,128	79,482	709,978
Proceeds from long-term borrowings	20,900	11,000	98,258
Repayments of long-term borrowings	(10,587)	(13,001)	(116,132)
Proceeds from issuance of bonds	60,000	10,000	89,326
Redemption of bonds	(20,000)	(30,000)	(267,977)
Dividends paid	(36)	(27)	(241)
Dividends paid to non-controlling interests	(531)	(376)	(3,359)
Proceeds from sale and leaseback transactions	10,014	—	—
Other, net	(1,644)	(1,599)	(14,283)
Net cash provided by (used in) financing activities	161,243	55,478	495,561
Effect of exchange rate change on cash and cash equivalents	31	165	1,474
Net increase (decrease) in cash and cash equivalents	46,848	(67,396)	(602,019)
Cash and cash equivalents at beginning of period	102,546	122,166	1,091,255
Cash and cash equivalents at end of period	149,395	54,769	489,227

Segment information
Information by reportable segment

	Millions of yen			
	Six months ended			
	Sep. 30, 2020			
	External sales	Intersegment sales	Total sales	Operating profit (loss)
Aerospace Systems	¥ 168,595	¥ 3,048	¥ 171,643	¥ (23,865)
Rolling Stock	69,194	4	69,199	(186)
Energy Solution & Marine Engineering	142,828	10,496	153,325	2,994
Precision Machinery & Robot	99,020	5,972	104,993	3,412
Motorcycle & Engine	139,784	298	140,083	(5,169)
Other	37,901	18,799	56,701	(175)
Total	657,325	38,619	695,945	(22,989)
Eliminations and corporate	-	(38,619)	(38,619)	1,106
Consolidated total	¥ 657,325	¥ -	¥ 657,325	¥ (21,883)

	Millions of yen			
	Six months ended			
	Sep. 30, 2021			
	External sales	Intersegment sales	Total sales	Operating profit (loss)
Aerospace Systems	¥ 133,360	¥ 3,573	¥ 136,934	¥ (9,162)
Rolling Stock	57,598	4	57,603	1,377
Energy Solution & Marine Engineering	130,968	7,409	138,377	(900)
Precision Machinery & Robot	118,266	7,977	126,243	8,980
Motorcycle & Engine	206,815	358	207,174	18,591
Other	34,072	8,490	42,563	1,565
Total	681,082	27,814	708,896	20,452
Eliminations and corporate	-	(27,814)	(27,814)	(46)
Consolidated total	¥ 681,082	¥ -	¥ 681,082	¥ 20,406

	Thousands of U.S. dollars			
	Six months ended			
	Sep. 30, 2021			
	External sales	Intersegment sales	Total sales	Operating profit (loss)
Aerospace Systems	\$ 1,191,246	\$ 31,916	\$ 1,223,171	\$ (81,840)
Rolling Stock	514,498	36	514,542	12,300
Energy Solution & Marine Engineering	1,169,879	66,181	1,236,061	(8,039)
Precision Machinery & Robot	1,056,418	71,255	1,127,673	80,214
Motorcycle & Engine	1,847,387	3,198	1,850,594	166,065
Other	304,350	75,837	380,197	13,979
Total	6,083,805	248,450	6,332,255	182,689
Eliminations and corporate	-	(248,450)	(248,450)	(411)
Consolidated total	\$ 6,083,805	\$ -	\$ 6,083,805	\$ 182,278

Orders by reportable segment*For six months ended September 30, 2021 and 2020*

	Billions of yen		Millions of
	Six months ended Sep. 30, 2020	Six months ended Sep. 30, 2021	U.S. dollars Six months ended Sep. 30, 2021
Orders :			
Aerospace Systems	¥ 72.4	¥ 97.2	\$ 868
Rolling Stock	30.3	23.1	206
Energy Solution & Marine Engineering	118.4	164.2	1,467
Precision Machinery & Robot	102.4	128.1	1,144
Motorcycle & Engine	139.7	206.8	1,847
Other	38.6	40.0	357
Total	¥ 502.2	¥ 659.5	\$ 5,891