

Financial Results for Second Quarter FY2022

For the Year ending March 31, 2023

November 10, 2022

Kawasaki Heavy Industries, Ltd.



 **Kawasaki**
Powering your potential

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Figures recorded in the business forecasts are forecasts that reflect the judgment of the Company based on the information available at the time of release and include risks and uncertainties. Accordingly, the Company cautions investors not to make investment decisions solely on the basis of these forecasts.

Actual business results may differ materially from these business forecasts due to various important factors resulting from changes in the external environment and internal environment. Important factors that may affect actual business results include, but are not limited to, economic conditions, the yen exchange rate against the U.S. dollar and other currencies, the tax system, and laws and regulations. Our company has adopted IFRS (International Financial Reporting Standards) since the first quarter of FY2022, and its financial information for the comparative fiscal year, FY2021, is also based on IFRS, but the financial information on the right is based on preliminary unaudited figures, and the figures are subject to change in the future.

- Unaudited figures —————
Q3 FY2021 (Corporate and Segment Information)
Full Year 2021 (Segment Information)

Consolidated Results for Second Quarter FY2022 –Summary–

- ✓ Revenue and profits grew significantly compared to FY'22 Q1 and FY'21 Q2
- ✓ Successful price pass-through of rising costs contributed to better results than planned

(Billion Yen)

	FY21 Q2	FY22 Q2			YoY Change	
		Apr. to Jun.	Jul. to Sep.	Total		
Orders Received	659.5	412.0	454.5	866.6	+ 207.0	
Revenue	681.0	350.3	409.4	759.7	+ 78.7	
Business Profit ^{※1}	17.6	4.5	26.2	30.8	+ 13.1	
	<i>[margin]</i>	<i>[2.5%]</i>	<i>[1.3%]</i>	<i>[6.4%]</i>	<i>[4.0%]</i>	<i>[+ 1.4pt]</i>
Profit Before Tax	14.7	10.6	25.3	35.9	+ 21.1	
	<i>[margin]</i>	<i>[2.1%]</i>	<i>[3.0%]</i>	<i>[6.1%]</i>	<i>[4.7%]</i>	<i>[+ 2.5pt]</i>
Profit Attributable to Owners of Parent	7.2	5.4	18.3	23.7	+ 16.5	
	<i>[margin]</i>	<i>[1.0%]</i>	<i>[1.5%]</i>	<i>[4.4%]</i>	<i>[3.1%]</i>	<i>[+ 2.0pt]</i>
Weighted-average exchange rates (USD/JPY)	110.24	124.76	135.72	130.62	+ 20.38	
US dollar-based transaction (B\$) ^{※2}	0.76	0.41	0.45	0.86	+ 0.10	

【Appendix】 FY21 Q2 Results under JGAAP

(Billion Yen)

	FY21 Q2	
Orders Received	659.5	
Net Sales	681.0	
Operating Profit ^{※1}	20.4	
	<i>[margin]</i>	<i>[2.9%]</i>
Recurring Profit ^{※1}	11.0	
	<i>[margin]</i>	<i>[1.6%]</i>
Profit Before Income Taxes	12.4	
	<i>[margin]</i>	<i>[1.8%]</i>
Profit Attributable to Owners of Parent	4.5	
	<i>[margin]</i>	<i>[0.6%]</i>

※1 See page 43 for the major changes in the statement of comprehensive income associated with the adoption of IFRS.

※2 Amount in foreign currency calculated by deducting dollar-denominated purchases from dollar-denominated revenue of Kawasaki Heavy Industries, Ltd, Kawasaki Railcar manufacturing Co., Ltd., and Kawasaki Motors, Ltd.(to include dollar-denominated revenue of loss provisions). The estimated impact on business profit due to a 1 yen fluctuation in the exchange rate. See page 43 for the breakdown of these figures by segment.

Consolidated Results for Second Quarter FY2022 -Segment-

- ✓ Profits improved in Energy Solution & Marine Engineering due to a reaction to loss provisions in Chinese shipbuilding joint ventures in the same period last year ①
- ✓ Revenue and profits increased in Motorcycle & Engine due to strong outdoor leisure demand and the depreciation of the yen ②

(Billion Yen)

	Orders Received			Revenue			Business Profit (Loss)		
	FY21 Q2	FY22 Q2	Change	FY21 Q2	FY22 Q2	Change	FY21 Q2	FY22 Q2	Change
Aerospace Systems	97.2	125.6	+ 28.4	133.3	145.0	+ 11.6	- 7.6	- 3.0	+ 4.6
Rolling Stock	23.1	39.3	+ 16.1	57.5	58.5	+ 0.9	1.3	- 0.0	- 1.3
Energy Solution & Marine Engineering	164.2	238.4	+ 74.1	130.9	134.5	+ 3.5	- 5.6	3.1	+ 8.7
Precision Machinery & Robot	128.1	139.5	+ 11.4	118.2	117.6	- 0.6	7.8	5.5	- 2.3
Motorcycle & Engine	206.7	265.1	+ 58.4	206.7	265.1	+ 58.4	19.1	28.0	+ 8.9
Others	40.0	58.4	+ 18.4	34.0	38.8	+ 4.7	2.0	1.8	- 0.1
Eliminations and corporate [※]	-	-	-	-	-	-	0.5	- 4.6	- 5.2
Total	659.5	866.6	+ 207.0	681.0	759.7	+ 78.7	17.6	30.8	+ 13.1

※ "Eliminations and corporate" includes some expenses incurred at Head Office which were not allocated to each industry segment for internal reporting.

Consolidated Results for Second Quarter FY2022

-Statement of comprehensive income-

(Billion Yen)

	FY21 Q2		FY22 Q2		Change
		%		%	
Revenue	681.0	100.0	759.7	100.0	+ 78.7
Cost of sales	563.1	82.7	619.6	81.6	+ 56.5
Gross profit	117.9	17.3	140.0	18.4	+ 22.1
Selling, general and administrative expenses	95.8	14.1	109.8	14.5	+ 13.9
Salaries and allowances	27.9		31.6		+ 3.7
Research and development expenses	18.9		22.0		+ 3.1
Others	49.0		56.1		+ 7.1
Share of profit (loss) of investments accounted for using equity method	- 7.0		1.0		+ 8.0
Other income and other expenses	2.6		- 0.4		- 3.0
Gain on sale of property, plant and equipment	1.6		0.4		- 1.2
Others	0.9		- 0.8		- 1.8
Business Profit (Loss)	17.6	2.6	30.8	4.1	+ 13.1

Details

- ① Improved due to increasing sales amount, price pass-through, and depreciation of the yen, despite the rising raw material prices
- ② Increase in expenses related to DX, hydrogen business and other new businesses
- ③ Improvement in business performance mainly at a joint venture in China (Ship & offshore structure)
- ④ Sale of land

(Note)Major changes in the statement of comprehensive income resulting from the adoption of IFRS are described on page 43.

Consolidated Results for Second Quarter FY2022

-Statement of comprehensive income-

(Billion Yen)

	FY21 Q2	%	FY22 Q2	%	Change
Finance income and Finance costs	- 2.8		5.1		+ 7.9
Net Interest expense (incl. dividend income)	- 1.1		- 1.2		- 0.1
Gain and loss on foreign exchange	- 1.2		5 7.8		+ 9.0
Others	- 0.4		- 1.4		- 0.9
Profit before tax	14.7	2.2	35.9	4.7	+ 21.1
Income tax expense	6.5		11.5		+ 4.9
Profit attributable to Non-controlling interests	1.0		0.6		- 0.3
Profit attributable to owners of parent	7.2	1.1	23.7	3.1	+ 16.5

Details

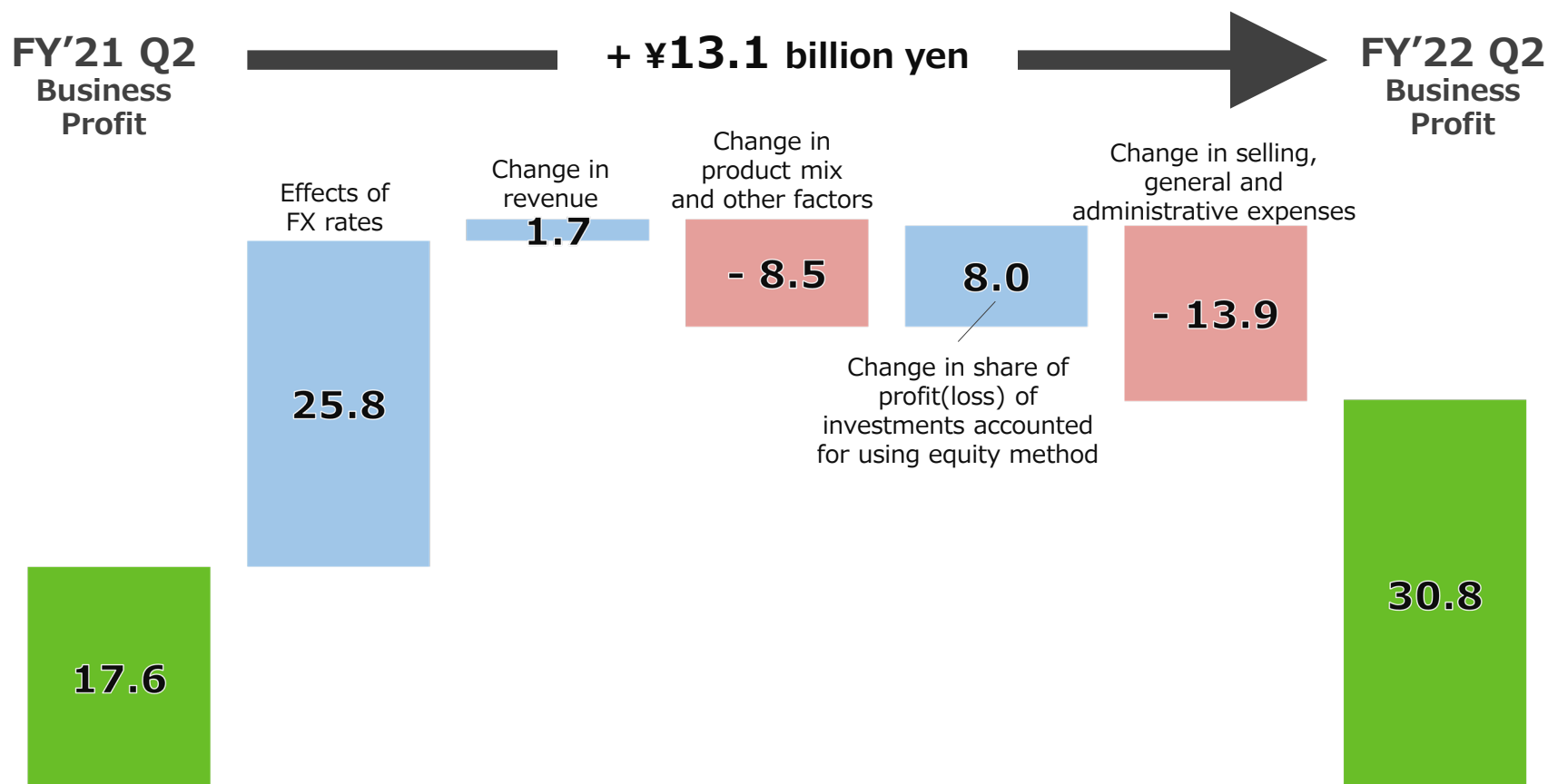
⑤ USD/JPY rate
 122.41 Mar. 31,'22
 144.81 Sep. 30,'22

(Note)Major changes in the statement of comprehensive income resulting from the adoption of IFRS are described on page 43.

Consolidated Results for Second Quarter FY2022

-Details of change in business profit-

- ✓ The depreciation of the yen and cost reduction covered the rising raw material prices
- ✓ Revenue increase in Motorcycle & Engine also contributed to profits



Consolidated Results for Second Quarter FY2022

-Details of change in business profit-

(Billion Yen)

	FY21 Q2 Business Profit (Loss)	Details of change					Total	FY22 Q2 Business Profit (Loss)
		Effects of FX rates [※]	Change in sales [※]	Change in product mix and other factors [※]	Change in share of profit (loss) of investments accounted for using equity method	Change in SG & A expenses		
Aerospace Systems	- 7.6	4.6	0.0	0.3		- 0.3	4.6	- 3.0
Rolling Stock	1.3	0.4	0.0	- 1.7	0.0	0.0	- 1.3	- 0.0
Energy Solution & Marine Engineering	- 5.6	0.4	0.4	0.4	7.9	- 0.4	8.7	3.1
Precision Machinery & Robot	7.8	4.6	- 0.8	- 4.2	0.0	- 1.9	- 2.3	5.5
Motorcycle & Engine	19.1	15.7	1.2	- 2.6	0.0	- 5.4	8.9	28.0
Others	2.0	0.1	0.9	1.2	- 0.1	- 2.2	- 0.1	1.8
Eliminations and corporate	0.5			- 1.8	0.1	- 3.5	- 5.2	- 4.6
Total	17.6	25.8	1.7	- 8.5	8.0	- 13.9	13.1	30.8

※ Effects of foreign exchange rates, change in revenue, and change in product mix are approximate values calculated by our company based on certain criteria. In addition, each factor of change is often indivisible, and in particular, it may be desirable to check the change in revenue and change in product mix.

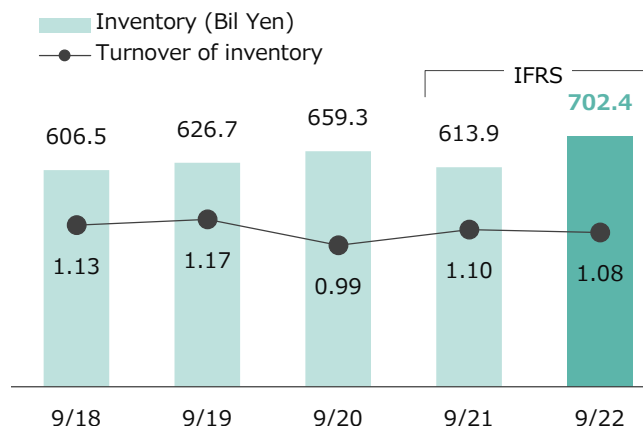
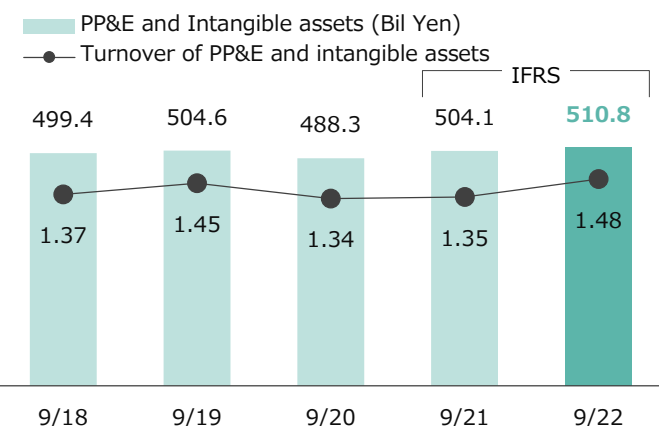
Consolidated Results for Second Quarter FY2022 –Statement of financial position–

(Billion Yen)

	End of Mar. 2022	%	End of Sep. 2022	%	Change
Cash and cash equivalents	108.5		83.0		- 25.4
Trade receivables (Incl. contract assets)	482.9		504.0		+ 21.0
Inventories	615.4		702.4		+ 86.9
Other current assets	113.2		170.4		+ 57.1
Current assets	1,320.2	60.7	1,459.8	62.6	+ 139.6
PP&E and intangible assets	506.3		510.8		+ 4.5
Right-of-use assets	58.5		61.5		+ 2.9
Deferred tax assets	102.2		104.2		+ 2.0
Other non-current assets	187.3		195.3		+ 7.9
Non-current assets	854.4	39.3	871.9	37.4	+ 17.5
Total assets	2,174.6	100.0	2,331.8	100.0	+ 157.1

Details

- ① Increase in Motorcycle and Engine, Rolling Stock, and Aerospace Systems
- ② Increase of advance payment in Aerospace and accounts receivable in Aero Engine and other factors



Consolidated Results for Second Quarter FY2022 –Statement of financial position–

(Billion Yen)

	End of Mar. 2022	%	End of Sep. 2022	%	Change
Trade payables	344.2		350.9		+ 6.7
Interest-bearing debt	553.9		667.0		+ 113.1
Contract liability (Advances received)	256.1		268.5		+ 12.3
Provision for losses on construction contracts	9.6		5.4		- 4.1
Retirement benefit liability	107.0		109.1		+ 2.1
Other liabilities	378.7		371.7		- 7.0
Total liabilities	1,649.7	75.9	1,772.8	76.0	+ 123.1
Equity attributable to owners of parent	505.4		540.4		+ 34.9
Non-controlling interests	19.4		18.5		- 0.8
Total equity	524.8	24.1	558.9	24.0	+ 34.0
Total liabilities and equity	2,174.6	100.0	2,331.8	100.0	+ 157.1

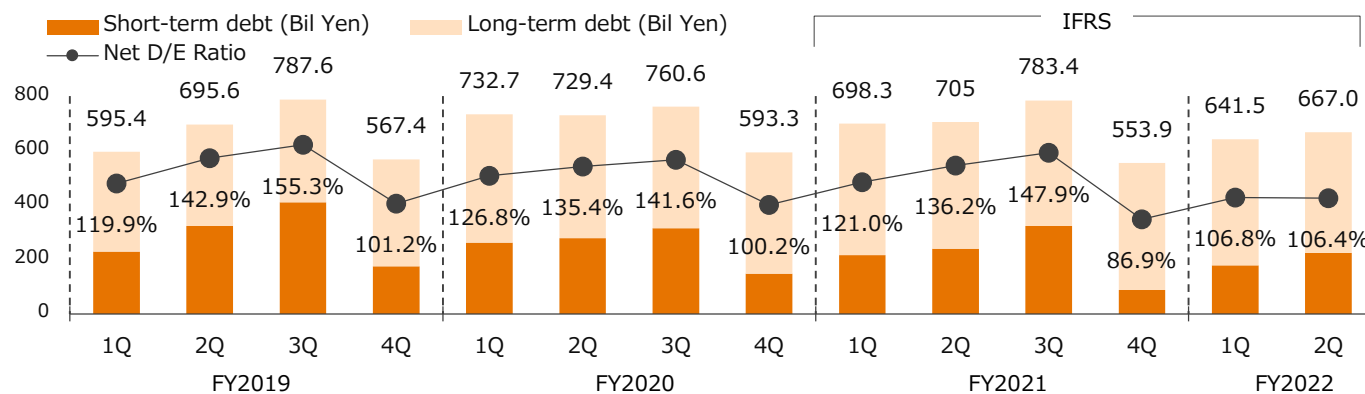
Details

- ③ Increase in borrowings as a normal business cycle in Q1

Appendix

*Cash Conversion Cycle (day)

End of Q2 FY'18	141
End of Q2 FY'19	153
End of Q2 FY'20	156
End of Q2 FY'21	158
End of Q2 FY'22	154



Note

The figures for the end of FY 2021 Q3 in this graph are calculated using IFRS, but the figures are subject to change in the future because they are based on our company estimates that have not been audited.

Consolidated Results for Second Quarter FY2022

-Cash Flows-

(Billion Yen)

	FY21 Q2	FY22 Q2	Change
Profit before tax	14.7	35.9	+ 21.1
Depreciation and amortization	38.0	37.5	- 0.4
Increase and decrease in working capital	- 99.0	- 80.7	+ 18.3
Trade receivables ^{※1} (minus notation indicates incr.)	18.8	2.3	- 16.4
Inventory (minus notation indicates incr.)	- 48.9	- 59.2	- 10.2
Trade payables (minus notation indicates decr.)	- 54.0	- 0.0	+ 53.9
Advance payment (minus notation indicates incr.)	- 23.1	- 27.7	- 4.6
Contract liabilities ^{※2} (minus notation indicates decr.)	8.2	3.9	- 4.2
Other	- 37.8	- 62.7	- 24.9
Cash flows from operating activities	- 84.1	- 70.0	1 + 14.1
Purchase of PP&E and intangible assets	- 33.1	- 28.5	+ 4.6
Proceeds from sales of PP&E and intangible assets	2.9	1.8	- 1.1
Other	- 0.4	- 8.7	- 8.2
Cash flows from investing activities	- 30.6	- 35.4	- 4.7
Free cash flows	- 114.8	- 105.4	+ 9.3
Net increase and decrease in debt and bonds (minus notation indicates decr.)	57.4	101.5	3 + 44.1
Dividends paid (Except payment to non-controlling interests)	- 0.0	- 3.3	- 3.3
Proceeds from fluidity of lease receivables and Repayment of payables under fluidity lease receivables	0.8	3.8	+ 2.9
Other	- 11.0	- 10.8	+ 0.1
Cash flows from financing activities	47.2	91.2	+ 43.9

※1,2 Trade receivables include contract assets. The old account name of contract liabilities is advances received

Details

1 Q2 FY2021
Progress in receivable collection in Plant Engineering and Motorcycle & Engine, in addition to the business recovery from COVID-19

Q2 FY2022
Cash outflow due to increases in advance payments mainly in Aerospace, despite the progress in receivable collection in Plant Engineering and Motorcycle & Engine

2 Capital increase to equity-method affiliates (about 5 billion yen)

3 Q2 FY2021
Low level as an increase in Q2

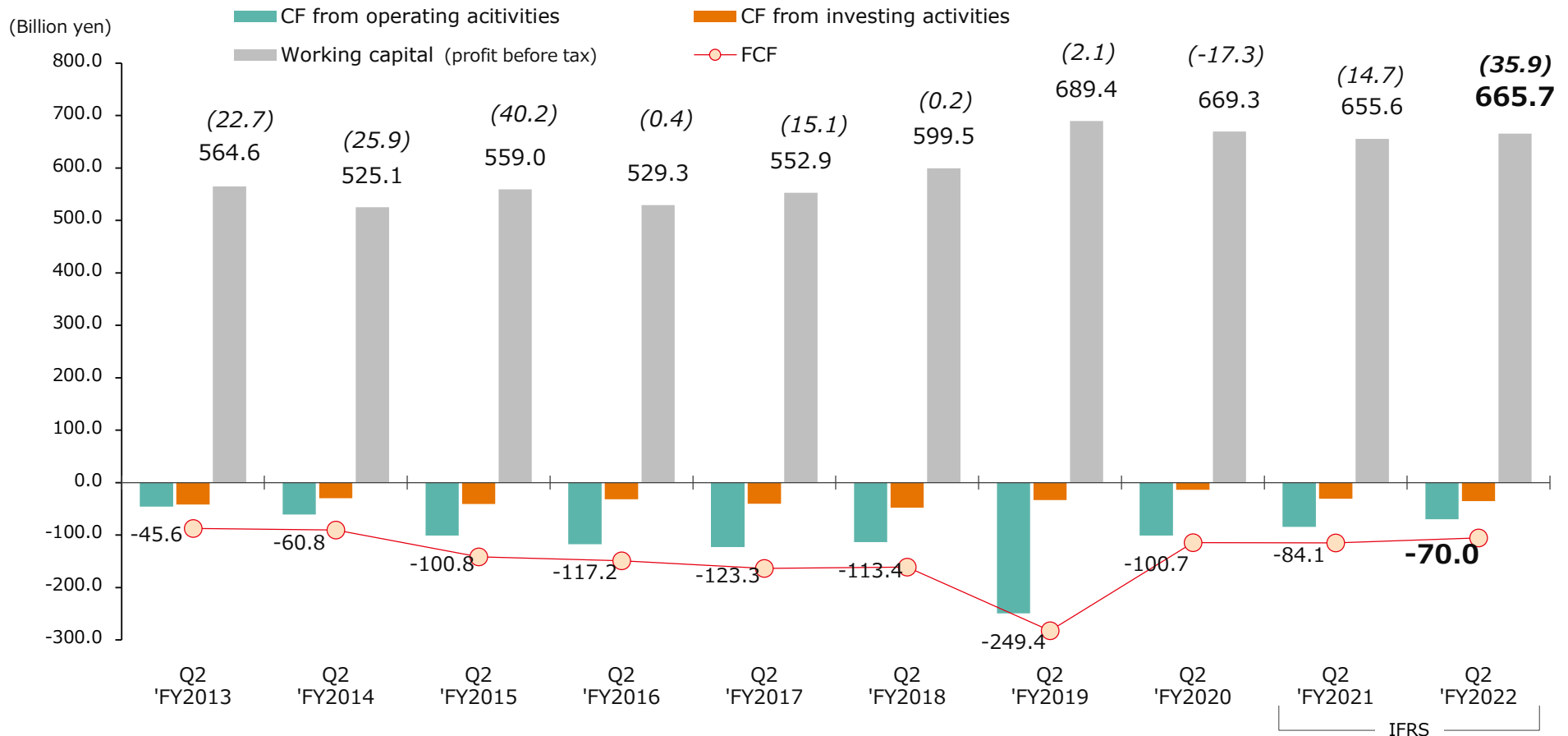
Q2 FY2022
Increase in debt and bonds as a normal business cycle in Q2

Consolidated Results for Second Quarter FY2022

-Cash Flows-

✓ Operating CF is improving and approaching the level of FY2014 Q2

✓ Working capital increased slightly from the same period last year, but the balance to profit before tax improved



Forecasts for FY2022 -Summary-

- ✓ Business profit forecast was revised up due to strong sales activity mainly in Motorcycle & Engine, and changes in FX assumptions
- ✓ Business profit is expected to increase in the second half of this year, although FX losses associated with FX forward contracts are expected in financing expenses

(Billion Yen)

	FY2021 Actual	FY2022 Forecast and Progress					
		Old FCST	New FCST	Chg. vs. FY21	Chg. vs. Old FCST	Q2 Actual	Q3-4 FCST
Orders Received	1,602.1	1,600.0	1,900.0	+ 297.9	+ 300.0	866.6	1,033.4
Revenue	1,500.8	1,690.0	1,720.0	+ 219.2	+ 30.0	759.7	960.3
Business Profit	30.3	56.0	76.0	+ 45.7	+ 20.0	30.8	45.2
<i>[Margin]</i>	<i>[2.0%]</i>	<i>[3.3%]</i>	<i>[4.4%]</i>	<i>[+ 2.3pt]</i>	<i>[+ 1.1pt]</i>	<i>[4.0%]</i>	<i>[4.7%]</i>
Profit Before Tax	27.6	-	68.0	+ 40.4	-	35.9	32.1
<i>[Margin]</i>	<i>[1.8%]</i>	<i>[3.0%]</i>	<i>[3.9%]</i>	<i>[+ 2.1pt]</i>	<i>[+ 0.8pt]</i>	<i>[4.7%]</i>	<i>[3.3%]</i>
Profit Attributable to Owners of Parent	12.6	32.0	45.0	+ 32.4	+ 13.0	23.7	21.3
<i>[Margin]</i>	<i>[0.8%]</i>	<i>[1.8%]</i>	<i>[2.6%]</i>	<i>[+ 1.7pt]</i>	<i>[+ 0.7pt]</i>	<i>[3.1%]</i>	<i>[2.2%]</i>
Before-tax ROIC	3.0%	5.3%	6.6%	+ 3.6pt	+ 1.3pt	-	-
Weighted-average exchange rates (USD/JPY)	111.90	125.00	-	-	-	130.62	140.00
US dollar-based transaction (B\$)	1.76	2.10	2.10	+ 0.34	-	0.86	1.24

※Amount in foreign currency calculated by deducting dollar-denominated purchases from dollar-denominated revenue of Kawasaki Heavy Industries, Ltd., Kawasaki Railcar manufacturing Co., Ltd., and Kawasaki Motors, Ltd. (to include dollar-denominated of loss provisions). The estimated impact on business profit due to a 1 yen fluctuation in the exchange rate. See page 43 for the breakdown of these figures by segment.

- ✓ Each segment enjoys the depreciation of the yen, and Motorcycle & Engine revised upward due to an increase in sales volume ①
- ✓ Energy Solution & Marine Engineering revised upward due to an increase in share of profit of investments accounted for using equity method ②

(Billion Yen)


	Orders Received				Revenue				Business Profit (Loss)			
	FY2021	FY2022 Forecast			FY2021	FY2022 Forecast			FY2021	FY2022 Forecast		
	Actual	Old FCST	New FCST	Change	Actual	Old FCST	New FCST	Change	Actual	Old FCST	New FCST	Change
Aerospace Systems	383.3	280.0	300.0	+ 20.0	298.2	350.0	360.0	+ 10.0	- 10.3	6.0	10.5	+ 4.5
Rolling Stock	71.5	80.0	300.0	+ 220.0	126.6	140.0	140.0	-	2.2	3.0	1.0	- 2.0
Energy Solution & Marine Engineering	343.5	360.0	390.0	+ 30.0	297.3	330.0	320.0	- 10.0	- 10.8	2.5	5.5	+ 3.0
Precision Machinery & Robot	271.8	270.0	270.0	-	252.6	260.0	260.0	-	13.9	14.5	16.0	+ 1.5
Motorcycle & Engine	447.9	520.0	550.0	+ 30.0	447.9	520.0	550.0	+ 30.0	37.5	45.0	56.0	+ 11.0
Ohters	84.0	90.0	90.0	-	78.0	90.0	90.0	-	3.1	4.0	4.0	-
Eliminations and corporate ^{※2}	-	-	-	-	-	-	-	-	- 5.2	- 19.0	- 17.0	+ 2.0
Total	1,602.1	1,600.0	1,900.0	+ 300.0	1,500.8	1,690.0	1,720.0	+ 30.0	30.3	56.0	76.0	+ 20.0


※1 Results for FY2021 for each segment are calculated using IFRS, but the figures are subject to change because preliminary figures that have not been audited are included.


※2 "Eliminations and corporate" includes some expenses incurred at Head Office which were not allocated to each industry segment for internal reporting.

3 Details by Segment -Aerospace systems-


FY2022.Q2 (vs. FY2021.Q2)


Orders received  Increased due to an increase for MOD and increase in component parts for commercial aircraft jet engines and other factors
+¥28.4 bil.


Revenue  Increased due to an increase in commercial aircraft jet engines and other factors, despite a decrease for Boeing
+¥11.6 bil.

Business profit  Improved due to an improvement in commercial aircraft jet engines, despite a deterioration for Boeing
+¥4.6 bil.

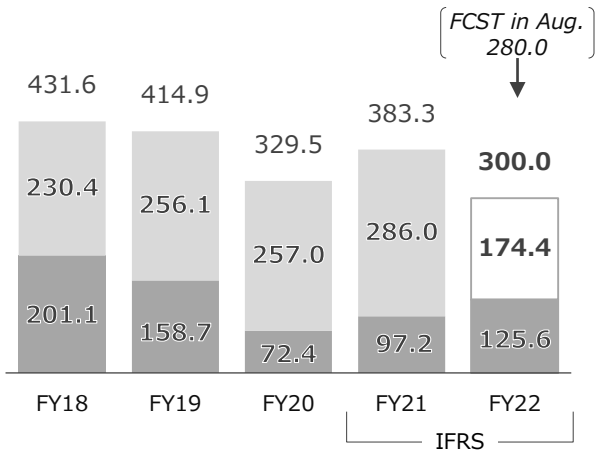
FY2022 forecast (vs. Forecast in August)

Orders received  Revised up due to an increase for MOD and Boeing, and changes in FX assumptions
+¥20.0 bil.

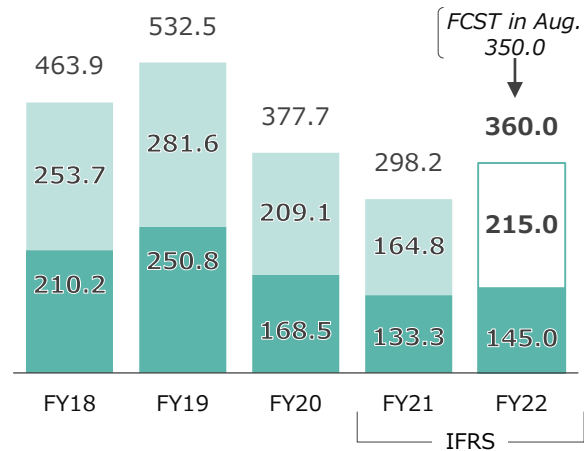
Revenue  Revised up due to an increase in commercial aircraft jet engines, changes in FX assumptions
+¥10.0 bil.

Business profit  Revised up due to an increase in revenue, despite one-time costs in commercial aircraft jet engines
+¥4.5 bil.

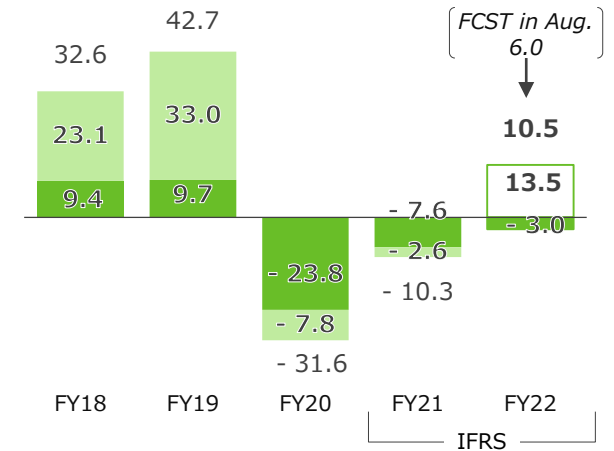
Orders received (billion yen)



Net Sales or Revenue (billion yen)



Operating Profit or Business Profit (billion yen)



(Note) The graph shows the results in Q2 as dark colors and Q3-4 as light colors. Results for FY2021 for each segment are calculated using IFRS, but the figures are subject to change because preliminary figures that have not been audited are included.

3 Details by Segment -Aerospace systems-

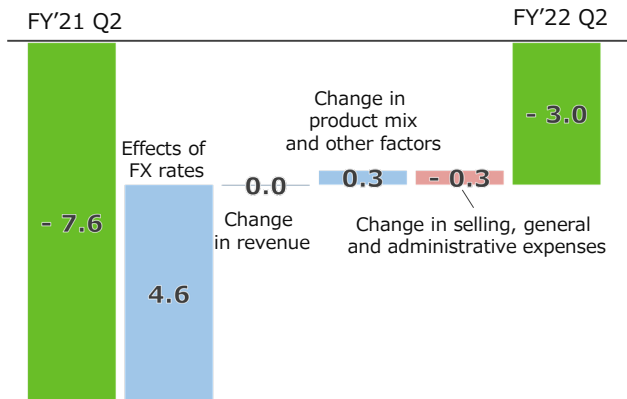
(Billion Yen)

	FY2021	FY2022		FY2021	FY2022 Forecast				
	Q2 Actual	Q2 Actual	Change	Actual	Old FCST	New FCST	Chg. Vs. FY21	Chg. Vs. Old FCST	Q3-4 FCST
Orders Received	97.2	125.6	+ 28.4	383.3	280.0	300.0	- 83.3	+ 20.0	174.4
Aerospace	80.4	92.4	+ 11.9	329.5	205.0	225.0	- 104.5	+ 20.0	132.6
Aero Engine	16.8	33.2	+ 16.4	53.8	75.0	75.0	+ 21.2	-	41.8
Revenue	133.3	145.0	+ 11.6	298.2	350.0	360.0	+ 61.8	+ 10.0	215.0
Aerospace	105.4	102.3	- 3.0	232.0	255.0	255.0	+ 23.0	-	152.7
Aero Engine	27.9	42.6	+ 14.7	66.1	95.0	105.0	+ 38.9	+ 10.0	62.4
Business Profit (Loss)	- 7.6	- 3.0	+ 4.6	- 10.3	6.0	10.5	+ 20.8	+ 4.5	13.5
[Margin]	[- 5.7%]	[- 2.0%]	[+ 3.6pt]	[- 3.4%]	[1.7%]	[2.9%]	[+ 6.3pt]	[+ 1.1pt]	[6.2%]

(note)Results for FY2021 for each segment are calculated using IFRS, but the figures are subject to change because preliminary figures that have not been audited are included.

Details of change in Business Profit(Loss)

(billion yen)



Appendix

Number of aircraft component parts sold to Boeing

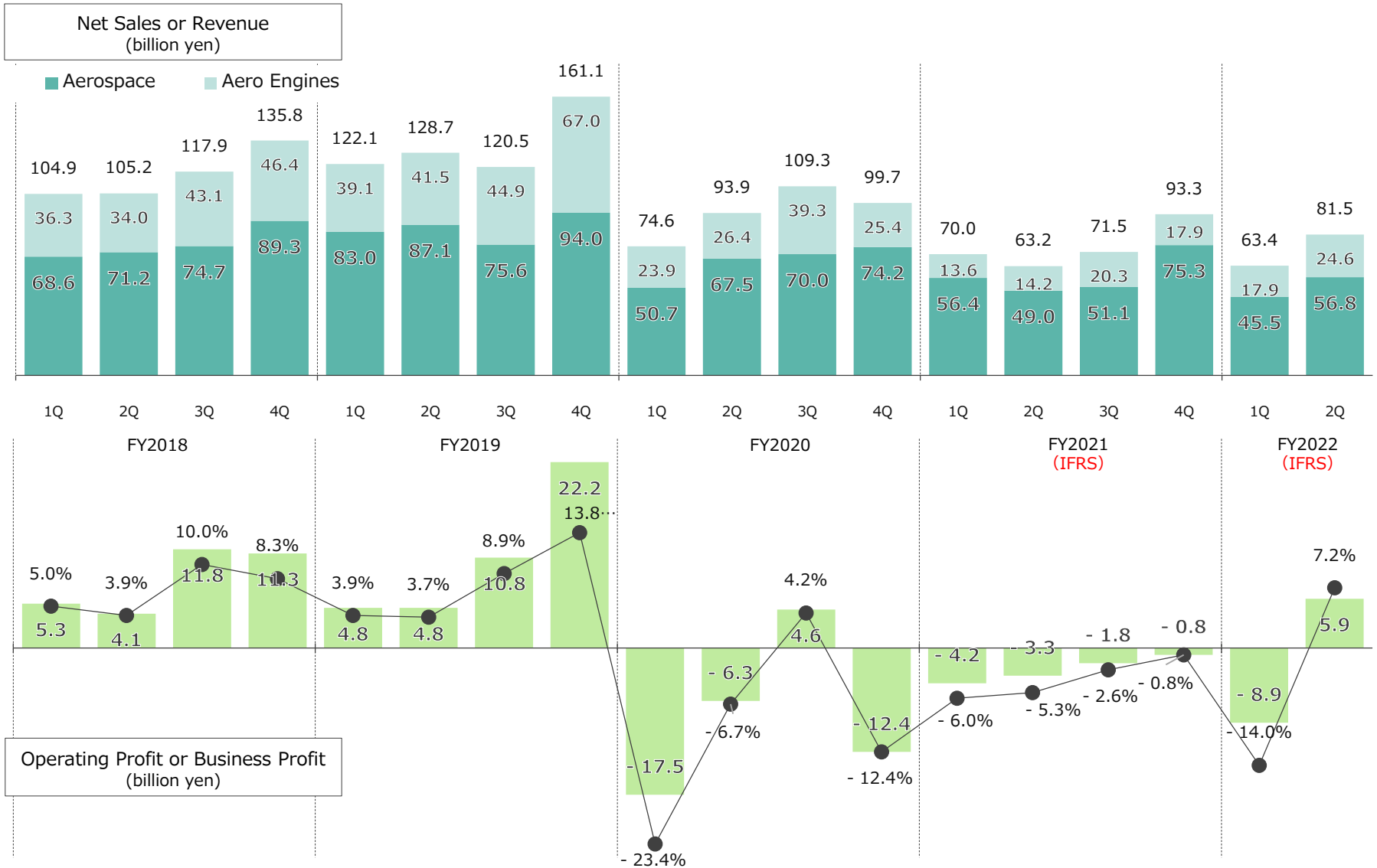
	FY'21		FY'22	Change
	Q2	Q1-4	Q2	
767	17	34	16	- 1
777	11	21	14	+ 3
777X	2	4	0	- 2
787	21	35	0	- 21

Number of jet engine component parts sold

	FY'21		FY'22	Change
	Q2	Q1-4	Q2	
V2500	8	16	9	+ 1
PW1100G	227	437	283	+ 56

※Number of jet engine component parts sold to Rolls-Royce is not disclosed

3 Details by Segment -Aerospace systems-



(Note) The figures for the end of 3-4Q FY 2021 in this graph are calculated using IFRS, but the figures are subject to change in the future because they are based on our company estimates that have not been audited.

3 Details by Segment -Aerospace systems-

Market Overview

- Commercial business
 - Air passenger demand is recovering from the great impact of COVID-19, with an increase in the number of countries prioritizing the resumption of economic activities
- MOD business
 - Demand is expected to increase due to Japan's defense reinforcement policy

Specific Efforts

✓ Securing stable revenue in core business

- Cost reductions in existing orders of aircrafts for Boeing and commercial aircrafts jet engines
- Steady promotion of existing projects of development and mass production for MOD aircrafts and helicopters

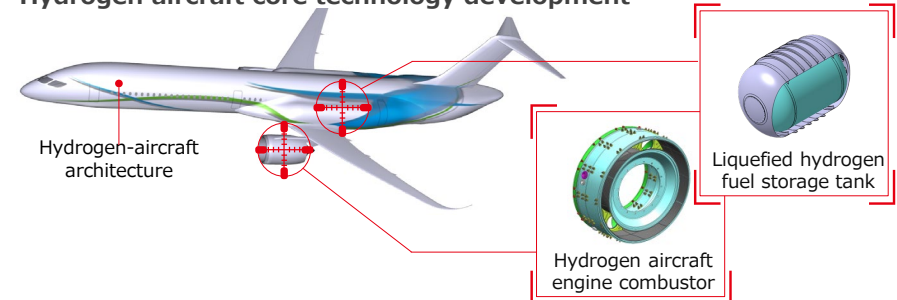


H145//BK117 D-3
first applied to broadcasting

✓ Technology strategy in accordance with the change in market trends

- R&D, including the use of civilian technology in defense fields
- Utilization of *Green Innovation fund* of government for development of carbon-free technology

Hydrogen aircraft core technology development





✓ Improving financial foundation


- Review of fixed cost structure
- Reduction of inventories through production innovation activities

Details by Segment - Rolling Stock -


FY2022.Q2 (vs. FY2021.Q2)


Orders received  Increased due to major orders for domestic new commuter trains and other projects
+¥16.1 bil.


Revenue  Increased due to an increase in Asia, despite a decrease in Japan
+¥0.9 bil.

Business profit  Deteriorated due to the impact of delays in Long Island Rail Road project in the U.S., despite an increase in revenue
-¥1.3 bil.

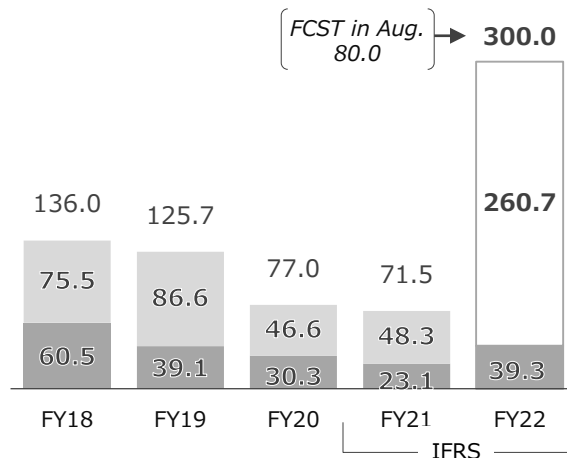
FY2022 forecast (vs. Forecast in August)

Orders received  Revised up due to expected subway car orders for New York City Transit
+¥220.0 bil.

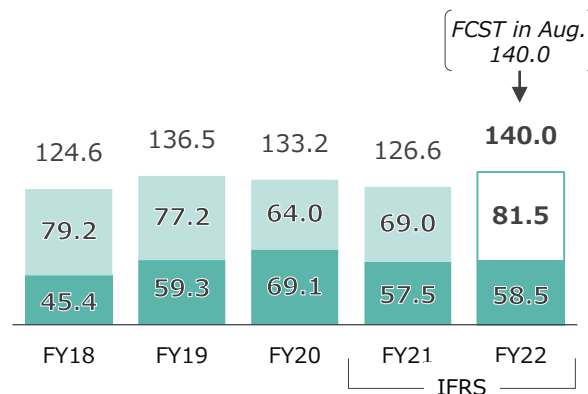
Revenue  Remained at the same level due to increases in Asia and Japan, despite a decrease in the U.S.
±¥0 bil.

Business profit  Revised down due to the impact of delays in Long Island Rail Road project in the U.S.
-¥2.0 bil.

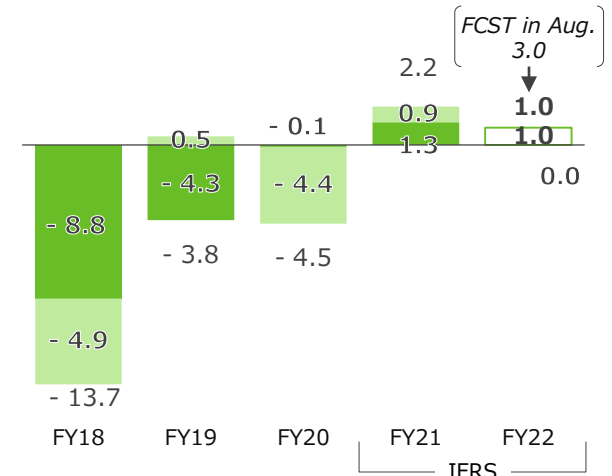
Orders received (billion yen)



Net Sales or Revenue (billion yen)



Operating Profit or Business Profit (billion yen)



(Note) The graph shows the results in Q2 as dark colors and Q3-4 as light colors. Results for FY2021 for each segment are calculated using IFRS, but the figures are subject to change because preliminary figures that have not been audited are included.

Details by Segment - Rolling Stock -

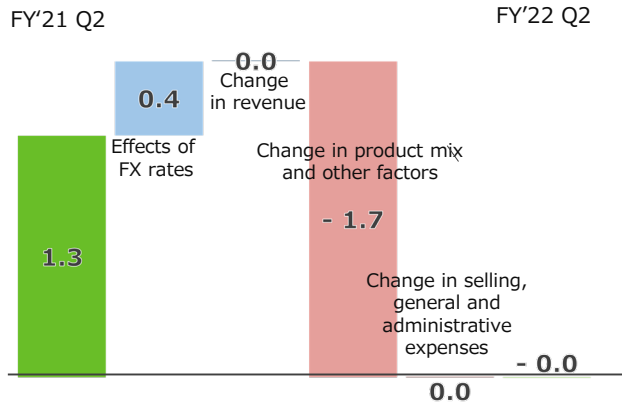
(Billion Yen)

	FY2021	FY2022		FY2021	FY2022 Forecast				
	Q2 Actual	Q2 Actual	Change	Actual	Old FCST	New FCST	Chg. Vs. FY21	Chg. Vs. Old FCST	Q3-4 FCST
Orders Received	23.1	39.3	+ 16.1	71.5	80.0	300.0	+ 228.5	+ 220.0	260.7
<i>Domestic & Asia</i>	18.9	31.7	+ 12.7	65.1	74.5	56.5	- 8.6	- 18.0	24.8
<i>North America</i>	4.2	7.6	+ 3.4	6.4	5.5	243.5	+ 237.1	+ 238.0	235.9
Revenue	57.5	58.5	+ 0.9	126.6	140.0	140.0	+ 13.4	-	81.5
<i>Domestic & Asia</i>	41.8	42.3	+ 0.4	92.2	95.5	99.5	+ 7.3	+ 4.0	57.2
<i>North America</i>	15.7	16.2	+ 0.5	34.4	44.5	40.5	+ 6.1	- 4.0	24.3
Business Profit (Loss)	1.3	- 0.0	- 1.3	2.2	3.0	1.0	- 1.2	- 2.0	1.0
<i>[Margin]</i>	<i>[2.3%]</i>	<i>[- 0.0%]</i>	<i>[- 2.3pt]</i>	<i>[1.7%]</i>	<i>[2.1%]</i>	<i>[0.7%]</i>	<i>[- 1.0pt]</i>	<i>[- 1.4pt]</i>	<i>[1.2%]</i>

(note) Results for FY2021 for each segment are calculated using IFRS, but the figures are subject to change because preliminary figures that have not been audited are included.

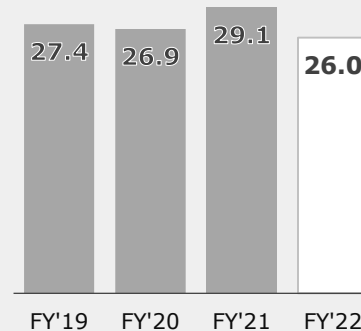
Details of change in Business Profit(Loss)

(billion yen)



Appendix

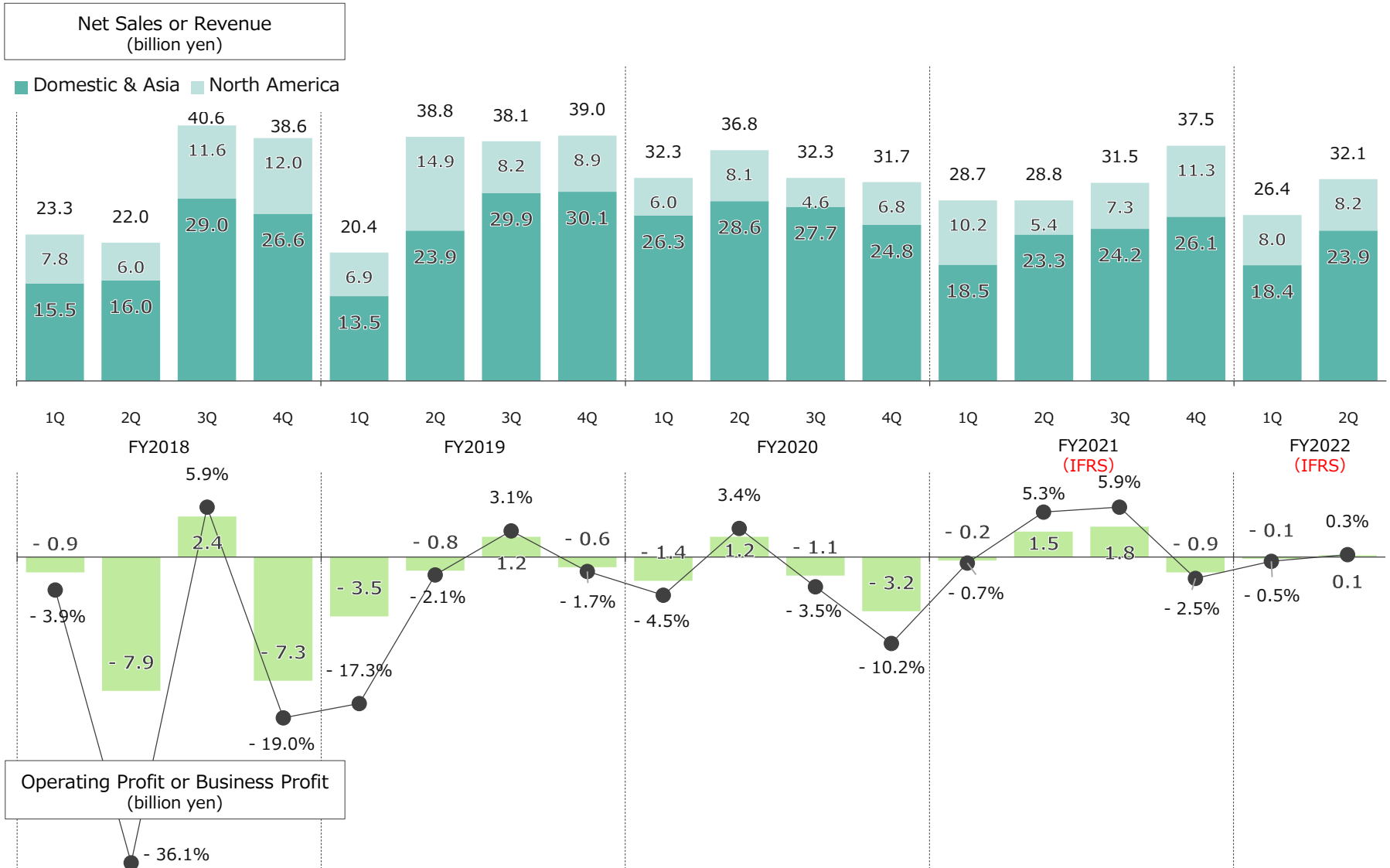
Revenue in components, overhaul and after-sales service (billion yen)



Progress of the M9 Project for Long Island Rail Road in the United States (End of Sep. 2022)

- 138 cars out of 202 were delivered
- KMM, the North American works, has started production of the last unit, and its delivery is scheduled for Q2 FY'23

Details by Segment - Rolling Stock -



(Note) The figures for the end of 3-4Q FY 2021 in this graph are calculated using IFRS, but the figures are subject to change in the future because they are based on our company estimates that have not been audited.

Market Overview

- The impact of COVID-19
 - Some domestic railway operators are reviewing their railway related investment
 - Delays in overseas projects and postponement of bids are normalizing
- Supply chain Risk
 - The impact of shortage of electronic components, logistics disruption, and rising raw material prices is limited, but caution should be exercised
- Medium and long term forecast
 - Stable growth is expected in the railway business, based on the needs of railway infrastructure to deal with the congestion mitigation and environmental measures in emerging countries



Rolling stock for Dhaka Mass Transit Company Limited

Specific Efforts



Compliance with delivery schedules for overseas projects

Dhaka **MRT Line-6**

- ▶ The first and second trains are undergoing functional tests
- ▶ 12 trains(72 cars) out of 24 trains (144cars) were shipped by FY'21
- ▶ **The last car will be shipped in FY'22 Q4**

Singapore **T251**

- ▶ 75 trains(300 cars) out of 91trains(364cars) were delivered by FY'21
- ▶ **The last car will be delivered in FY'22 Q3**

U.S. **R211**

- ▶ 2 proto-trains (10 cars) for R211A are undergoing spec tests at NYCT
- ▶ The mass production in KMM started in Q3 FY'21
- ▶ The production of trains under the optional contract will start in FY'24
- ▶ **The first prototype train will be delivered in FY'22 Q3**

U.S. **M-9**

- ▶ All trains (92 cars) under the base contract were delivered by Q1 FY'21
- ▶ Option cars are being produced
- ▶ **The last car will be delivered in FY'23 Q2**



Achieving quality levels trusted by customers

- Reduction of spoilage and repair costs
- Further promotion of Kawasaki Production System, and installation to the U.S. works






Expansion of components sales, after-sales service, and maintenance business




- Promotion of remote track monitoring service for North American market
- Promotion of train condition monitoring equipment for domestic market

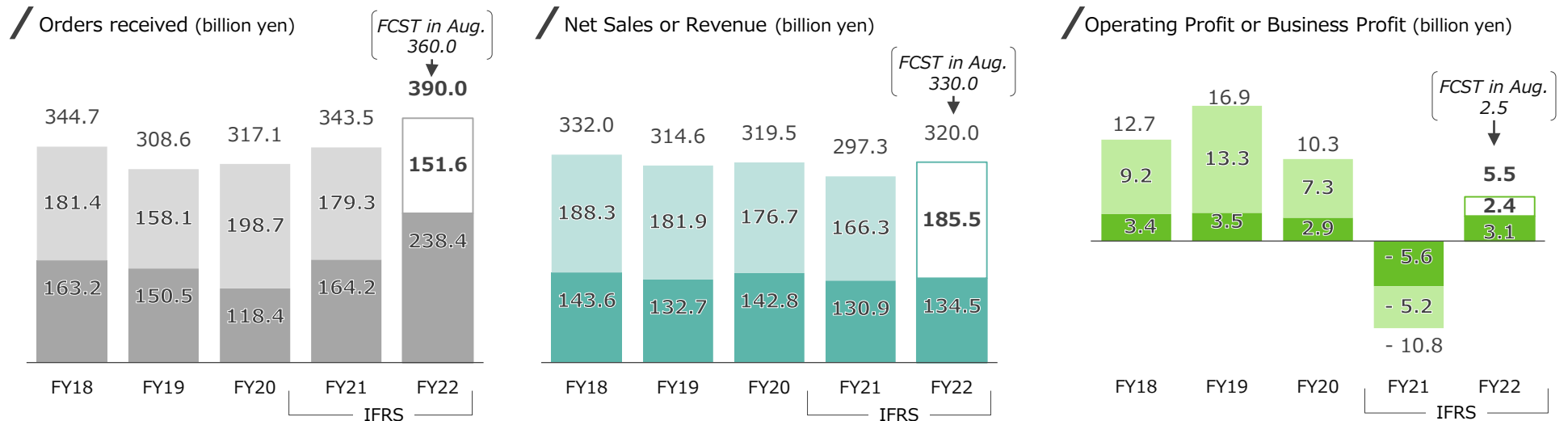
Details by Segment - Energy Solution & Marine Engineering -

FY2022.Q2 (vs. FY2021.Q2)

Orders received		Increased due to an increase in orders for LPG/LAG carriers, power generation facilities, and construction and operation of domestic municipal waste incineration plants
+¥74.1 bil.		
Revenue		Increased due to an increase in Energy business and construction work for submarines, despite a decrease in construction work for domestic municipal waste incineration plants
+¥3.5 bil.		
Business profit		Improved due to an improved equity in gains, despite a decrease in construction work for domestic municipal waste incineration plants
+¥8.7 bil.		

FY2022 forecast (vs. Forecast in August)

Orders received		Revised up due to an increase in LPG/LAG carriers and domestic and overseas projects in the Energy business
+¥30.0 bil.		
Revenue		Revised down due to a period shift in Energy projects, despite an increase in revenue due to changes in FX assumptions in the Marine Engineering business
-¥10.0 bil.		
Business profit		Revised up due to an improved equity in gains
+¥3.0 bil.		



(Note) The graph shows the results in Q2 as dark colors and Q3-4 as light colors. Results for FY2021 for each segment are calculated using IFRS, but the figures are subject to change because preliminary figures that have not been audited are included.

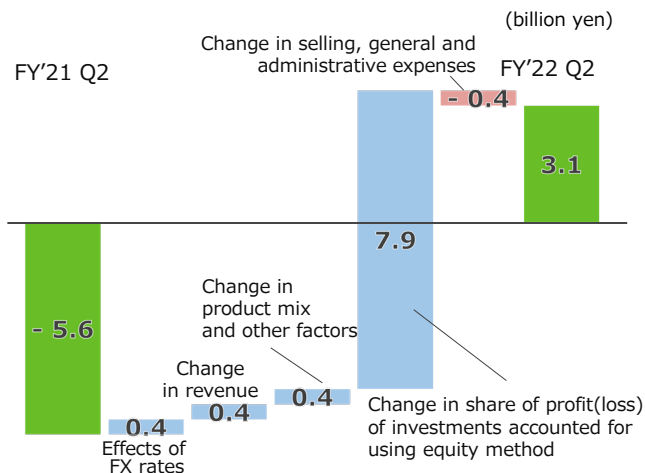
Details by Segment - Energy Solution & Marine Engineering -

(Billion Yen)

	FY2021	FY2022		FY2021	FY2022 Forecast				
	Q2 Actual	Q2 Actual	Change	Actual	Old FCST	New FCST	Chg. Vs. FY21	Chg. Vs. Old FCST	Q3-4 FCST
Orders Received	164.2	238.4	+ 74.1	343.5	360.0	390.0	+ 46.5	+ 30.0	151.6
<i>Energy, Plant & Marine Machinery</i>	137.1	191.0	+ 53.8	272.7	270.0	280.0	+ 7.3	+ 10.0	89.0
<i>Ship & Offshore Structure</i>	27.0	47.3	+ 20.3	70.8	90.0	110.0	+ 39.2	+ 20.0	62.7
Revenue	130.9	134.5	+ 3.5	297.3	330.0	320.0	+ 22.7	- 10.0	185.5
<i>Energy, Plant & Marine Machinery</i>	98.1	96.3	- 1.8	232.3	250.0	235.0	+ 2.7	- 15.0	138.7
<i>Ship & Offshore Structure</i>	32.8	38.2	+ 5.3	64.9	80.0	85.0	+ 20.1	+ 5.0	46.8
Business Profit (Loss)	- 5.6	3.1	+ 8.7	- 10.8	2.5	5.5	+ 16.3	+ 3.0	2.4
<i>[Margin]</i>	<i>[- 4.2%]</i>	<i>[2.3%]</i>	<i>[+ 6.5pt]</i>	<i>[- 3.6%]</i>	<i>[0.7%]</i>	<i>[1.7%]</i>	<i>[+ 5.3pt]</i>	<i>[+ 0.9pt]</i>	<i>[1.2%]</i>
Share of profit (loss) of investments accounted for using equity method	- 5.6	2.2	+ 7.9	- 11.2	1.5	4.0	+ 15.2	+ 2.5	1.8

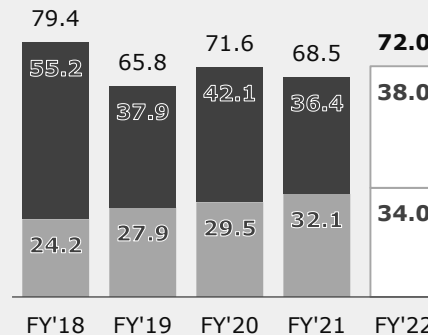
(note)Results for FY2021 for each segment are calculated using IFRS, but the figures are subject to change because preliminary figures that have not been audited are included.

Details of change in Business Profit(Loss)

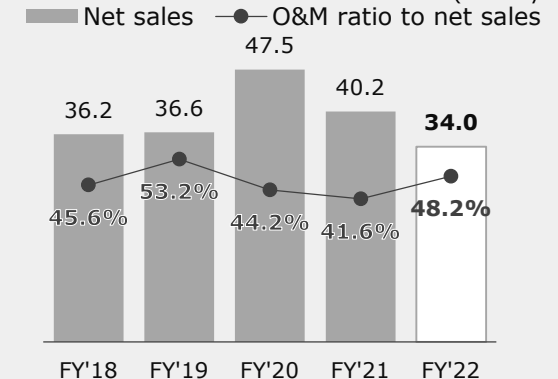


Appendix

Revenue of major products in the energy business
above : components
below : after-sales service



Revenue of municipal waste incineration plants
(billion yen)

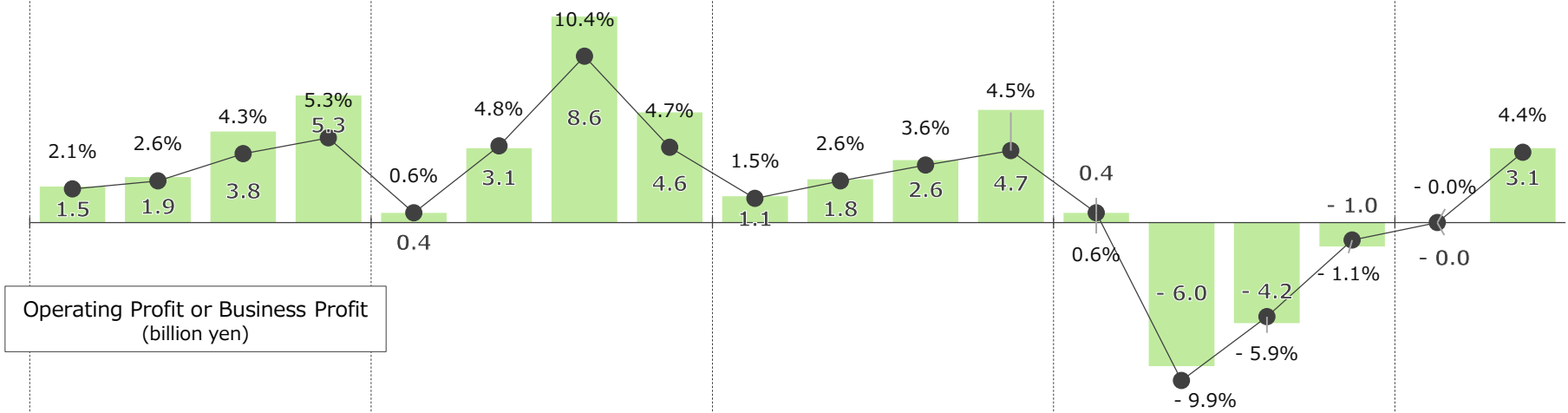


Details by Segment - Energy Solution & Marine Engineering -

Net Sales or Revenue
(billion yen)

(Note) The prior results of previous segment have been reclassified to current segment

■ Energy, Plant & Marine Machinery ■ Ship & Offshore Structure



(Note) The figures for the end of 3-4Q FY 2021 in this graph are calculated using IFRS, but the figures are subject to change in the future because they are based on our company estimates that have not been audited.

Market Overview

● Energy system & Plant Engineering

Domestic	Emerging Markets
Steady demand for distributed power plants and municipal waste incineration plants is expected to continue	Steady demand for distributed power plants and other energy infrastructure is expected to remain solid

● Ship & Offshore Structure

Commercial ships	Submarines and others
<ul style="list-style-type: none"> - Solid demand for LPG/ammonia carriers is expected due to higher ammonia demand - Market is coming out of slump 	Stable orders for submarines are expected

● Entire segment

COVID-19 and other risks	Carbon neutrality
<ul style="list-style-type: none"> - Demand is recovering - Gas fuel supply for power plants is in short - Rising raw materials prices and logistics costs, and parts supply shortage are concerned 	Inquiries and requests for cooperation are increasing regarding decarbonization solutions, including hydrogen products

Specific Efforts

✓ Providing of products and services for a low-carbon and decarbonized society

Orders and Deliveries (Q2 FY'22)

Energy

- ▶ Order of Kawasaki Green Gas Engine (KG -18 T) for Thailand was placed

Ship & Offshore Structure

- ▶ Delivery of two 84,000m³ LPG fuel-propelled LPG carriers in FY'22
- ▶ Continuous orders of 86,700m³ LPG fuel-propelled LPG/ammonia carries



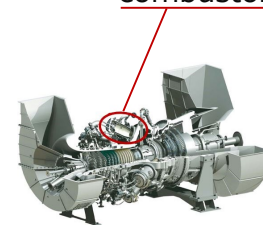
KG-18-T



LPG fuel-propelled
LPG carrier

✓ Establishing a leading position in the decarbonization field

- A 1.8MW class dry hydrogen gas turbine successfully reduces NOx drastically* in pure hydrogen combustion and in hydrogen/natural gas co-combustion
- Launch of 30% hydrogen co-fired Dry Low Emission combustor for use in 30 MW class gas turbine (L30A)





- ✓ The 3rd model after the 8MW class (M7A-03D) and the 1.8MW class (M1A -17 D) to meet a wide range of needs
- ✓ convertible to hydrogen without modifying the main body of gas turbine


* Less than or equal to 35 ppm (O₂ = 16% equivalent), which is half of the legal limit under the Air Pollution Control Act.

3 Details by Segment - Precision Machinery & Robot -


FY2022.Q2 (vs. FY2021.Q2)


Orders received  Increased due to an increase in hydraulic components, as the impact of the lockdown in China eased, and various robots including robots for semiconductor manufacturing equipment
+¥11.4 bil.


Revenue  Remained at the same level due to a decrease in hydraulic components for Chinese construction machinery market despite an increase in Robotics
-¥0.6 bil.

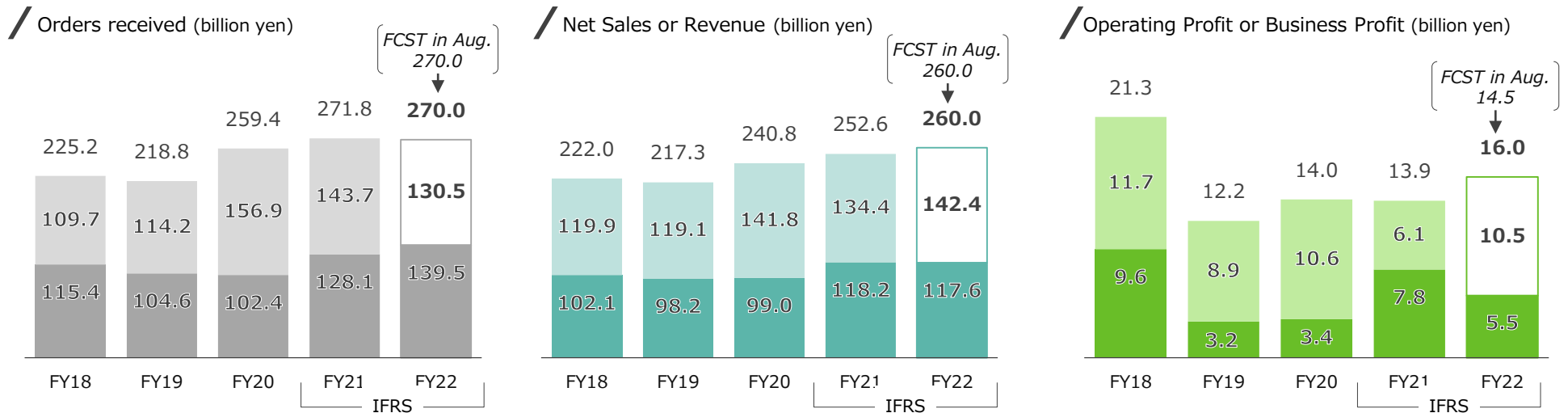
Business profit  Deteriorated due to rising raw materials prices and electrical components, and reduced operations resulting from the lockdown in China
-¥2.3 bil.

FY2022 forecast (vs. Forecast in August)

Orders received  Expected to remain at the same level
±¥0 bil.

Revenue  Same as above
±¥0 bil.

Business profit  Revised up due to changes in FX assumptions
+¥1.5 bil.



(Note) The graph shows the results in Q2 as dark colors and Q3-4 as light colors. Results for FY2021 for each segment are calculated using IFRS, but the figures are subject to change because preliminary figures that have not been audited are included.

Details by Segment - Precision Machinery & Robot -

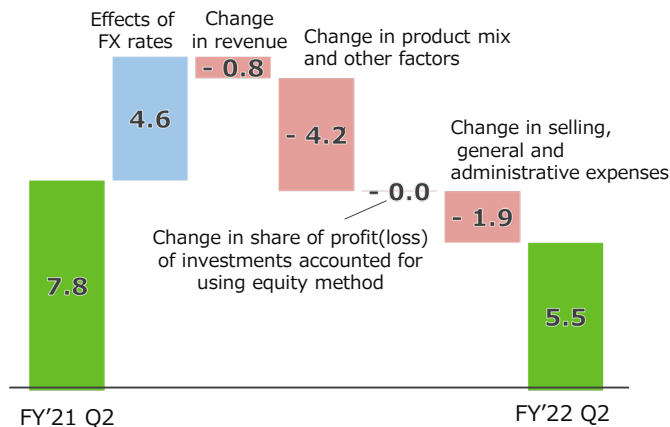
(Billion Yen)

	FY2021	FY2022		FY2021	FY2022 Forecast				
	Q2 Actual	Q2 Actual	Change	Actual	Old FCST	New FCST	Chg. Vs. FY21	Chg. Vs. Old FCST	Q3-4 FCST
Orders Received	128.1	139.5	+ 11.4	271.8	270.0	270.0	- 1.8	-	130.5
Hydraulic Components & Systems	78.4	80.7	+ 2.3	171.6	160.0	160.0	- 11.6	-	79.3
Robotics	49.6	58.8	+ 9.1	100.1	110.0	110.0	+ 9.9	-	51.2
Revenue	118.2	117.6	- 0.6	252.6	260.0	260.0	+ 7.4	-	142.4
Hydraulic Components & Systems	78.5	69.3	- 9.1	163.1	155.0	155.0	- 8.1	-	85.7
Robotics	39.7	48.2	+ 8.5	89.5	105.0	105.0	+ 15.5	-	56.8
Business Profit	7.8	5.5	- 2.3	13.9	14.5	16.0	+ 2.1	+ 1.5	10.5
[Margin]	[6.6%]	[4.6%]	[- 1.9pt]	[5.5%]	[5.5%]	[6.1%]	[+ 0.5pt]	[+ 0.5pt]	[7.3%]
Share of profit (loss) of investments accounted for using equity method	- 1.0	- 1.0	+ 0.0	- 2.5	- 2.5	- 2.5	-	-	- 1.5

(note)Results for FY2021 for each segment are calculated using IFRS, but the figures are subject to change because preliminary figures that have not been audited are included.

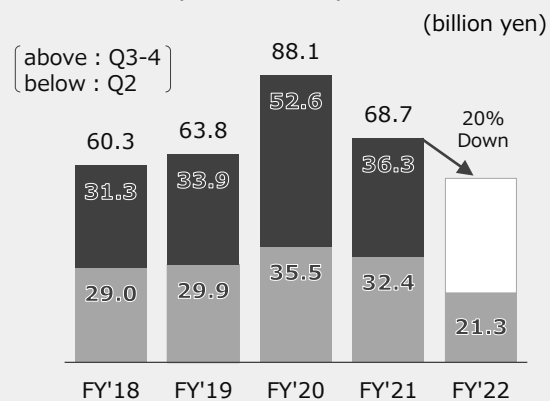
Details of change in Business Profit(Loss)

(billion yen)



Appendix

Revenue of hydraulic components to China (billion yen)

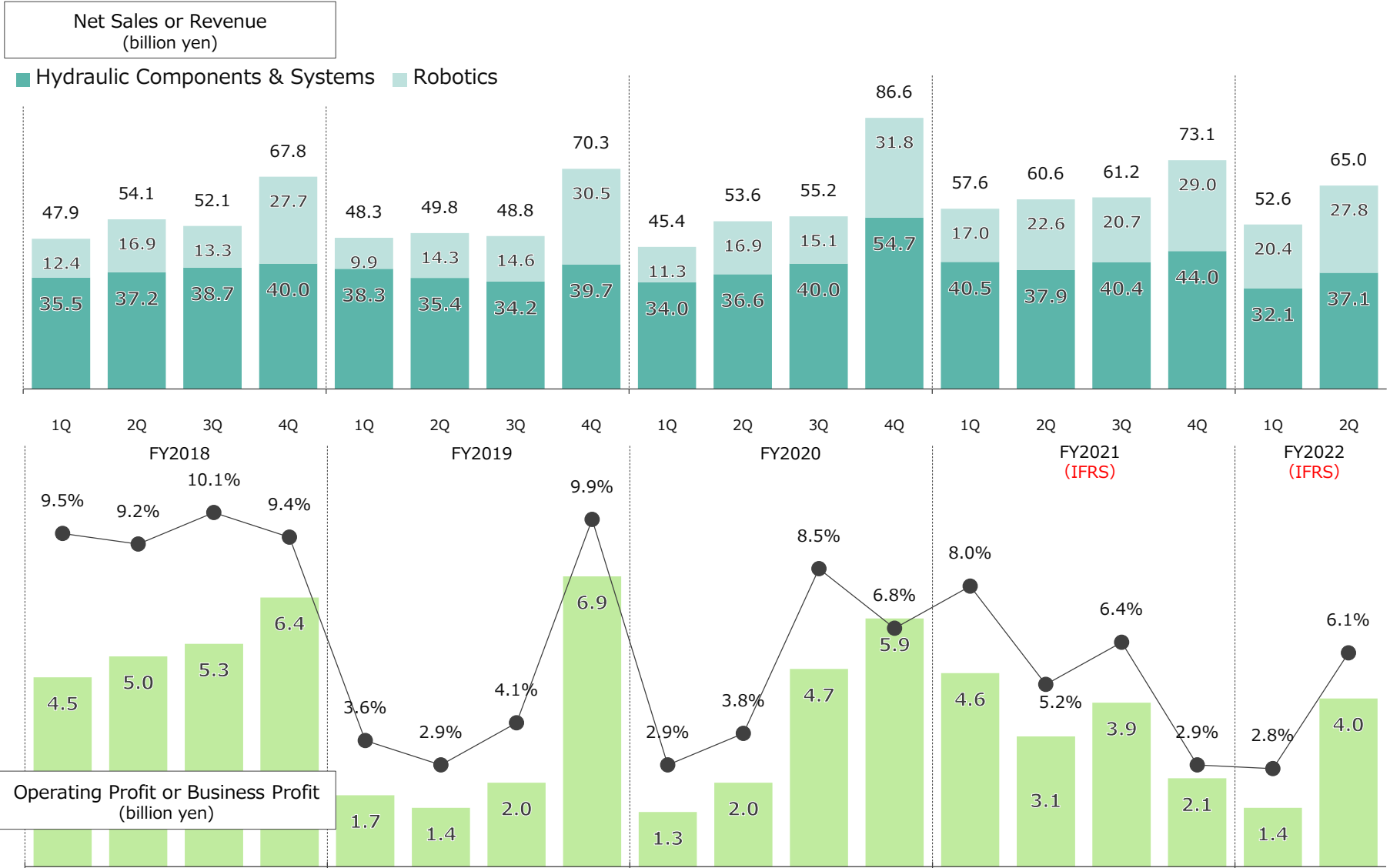


Revenue of robots by segment (billion yen)

	FY'21	FY'22 (FCST)	Change (FCST)
Automobile assembly and painting	16.7 35.7	13.9 (37.0)	-2.7 (+1.3)
Semiconductor	16.3 36.3	22.3 (47.0)	+5.9 (+10.7)
General robots for industrial use and others	11.1 29.0	17.0 (36.0)	+5.9 (+3.0)
合計	44.2 101.1	22.6 (116.0)	+9.1 (+14.9)

※Including intercompany revenue

Details by Segment - Precision Machinery & Robot -



(Note) The figures for the end of 3-4Q FY 2021 in this graph are calculated using IFRS, but the figures are subject to change in the future because they are based on our company estimates that have not been audited.

Market Overview

- Construction machinery
 - China's lockdown under the zero-COVID policy once depressed demand, but now exports is increasing
 - Demand outside China was recovered from the impact of COVID-19 and remains solid
 - Electrification will be promoted due to the environmental regulations
 - Automation and autonomy will be promoted due to a shortage of skilled workers

- Robots
 - General purpose robots demand remains strong for capital investment in automation
 - Demand for robots for semiconductors remains strong due to continued high levels of capital investment by semiconductor manufacturers
 - Electronic components shortage and logistics disruption are improving

Specific Efforts

✓ Developing electrification and automation technology for construction machinery

- Development and supply of the latest hydraulic equipment and systems for electrification and automation to support customers

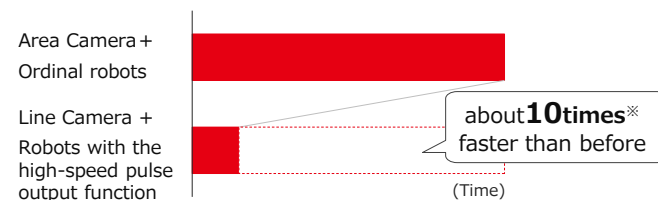


✓ Developing hydrogen-related products for decarbonized society

- High-pressure hydrogen regulator · Hydrogen supply system · Hydraulic hydrogen compressor

✓ Open innovation

- Solutions to visual inspection automation
The high-speed pulse output function by Kawasaki combined with a scanning line cameras by scanning inspection camera manufacturers to speed up visual inspection of products with complex curved surfaces




Visual inspection of complex curved surfaces


※ Depending on equipment and imaging conditions

3 Details by Segment - Motorcycle & Engine -

FY2022.Q2 (vs. FY2021.Q2)


Revenue  Increased due to an increase in motorcycles for North America and Southeast Asia, four-wheelers, and general-purpose gasoline engines (including volume expansion and price pass-through), and the depreciation of the yen, despite the transient impact of the lockdown in China and a decrease in motorcycles for Europe resulting from product supply shortages

+¥58.4 bil.


Business profit  Improved due to an increase in revenue, despite rising raw material prices, logistics and fixed costs

+¥8.9 bil.

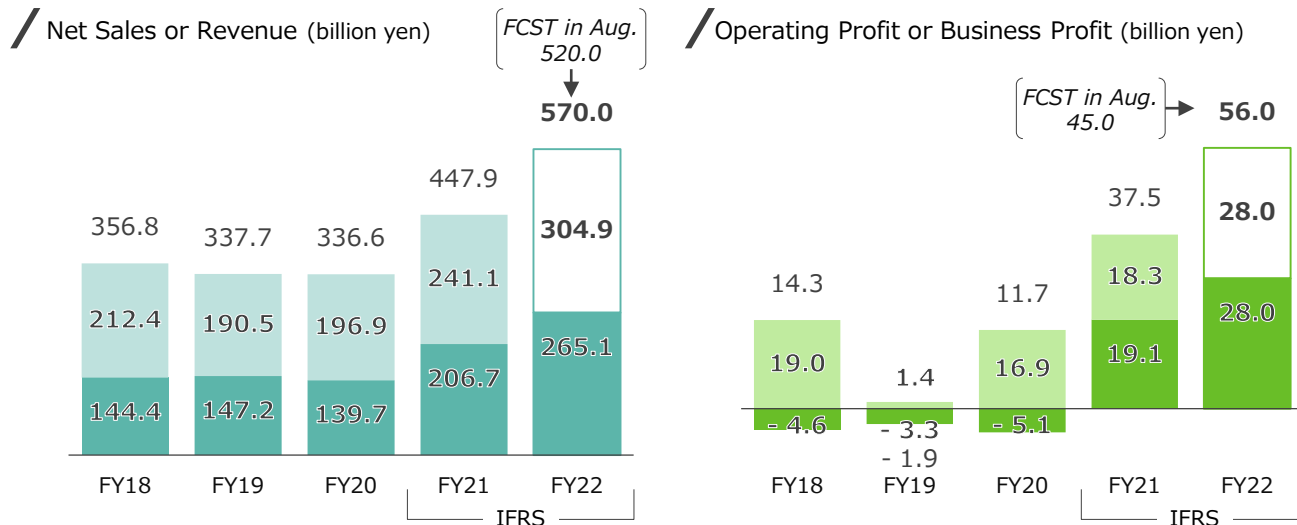
FY2022 forecast (vs. Forecast in August)

Revenue  Revised up due to changes in FX assumptions and an increase in motorcycles for emerging market

+¥30.0 bil.

Business profit  Revised up due to an increase in revenue

+¥11.0 bil.



(Note) The graph shows the results in Q2 as dark colors and Q3-4 as light colors. Results for FY2021 for each segment are calculated using IFRS, but the figures are subject to change because preliminary figures that have not been audited are included.

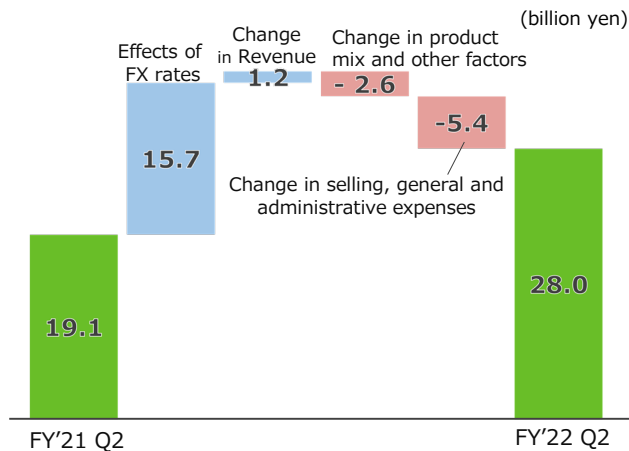
3 Details by Segment - Motorcycle & Engine -

(Billion Yen)

	FY2021	FY2022		FY2021	FY2022 Forecast				
	Q2 Actual	Q2 Actual	Change	Actual	Old FCST	New FCST	Chg. Vs. FY21	Chg. Vs. Old FCST	Q3-4 FCST
Revenue	206.7	265.1	+ 58.4	447.9	520.0	550.0	+ 102.1	+ 30.0	284.9
<i>Motorcycles for developed countries</i>	78.6	90.0	+ 11.4	169.9	188.0	193.0	+ 23.1	+ 5.0	103.0
<i>Motorcycles for emerging market</i>	45.4	55.4	+ 10.0	100.8	100.0	111.0	+ 10.2	+ 11.0	55.6
<i>Utility Vehicles, ATVs & PWC</i>	48.5	72.4	+ 23.9	108.8	149.0	154.0	+ 45.2	+ 5.0	81.6
<i>General-purpose gasoline engines</i>	34.1	47.1	+ 12.9	68.2	83.0	92.0	+ 23.8	+ 9.0	44.9
Business Profit	19.1	28.0	+ 8.9	37.5	45.0	56.0	+ 18.5	+ 11.0	28.0
<i>[Margin]</i>	<i>[9.2%]</i>	<i>[10.5%]</i>	<i>[+ 1.3pt]</i>	<i>[8.3%]</i>	<i>[8.6%]</i>	<i>[10.1%]</i>	<i>[+ 1.7pt]</i>	<i>[+ 1.4pt]</i>	<i>[9.8%]</i>

(note)Results for FY2021 for each segment are calculated using IFRS, but the figures are subject to change because preliminary figures that have not been audited are included.

Details of change in Business Profit(Loss)



Appendix

Wholesales of motorcycles by country

Developed countries (Thousand units)

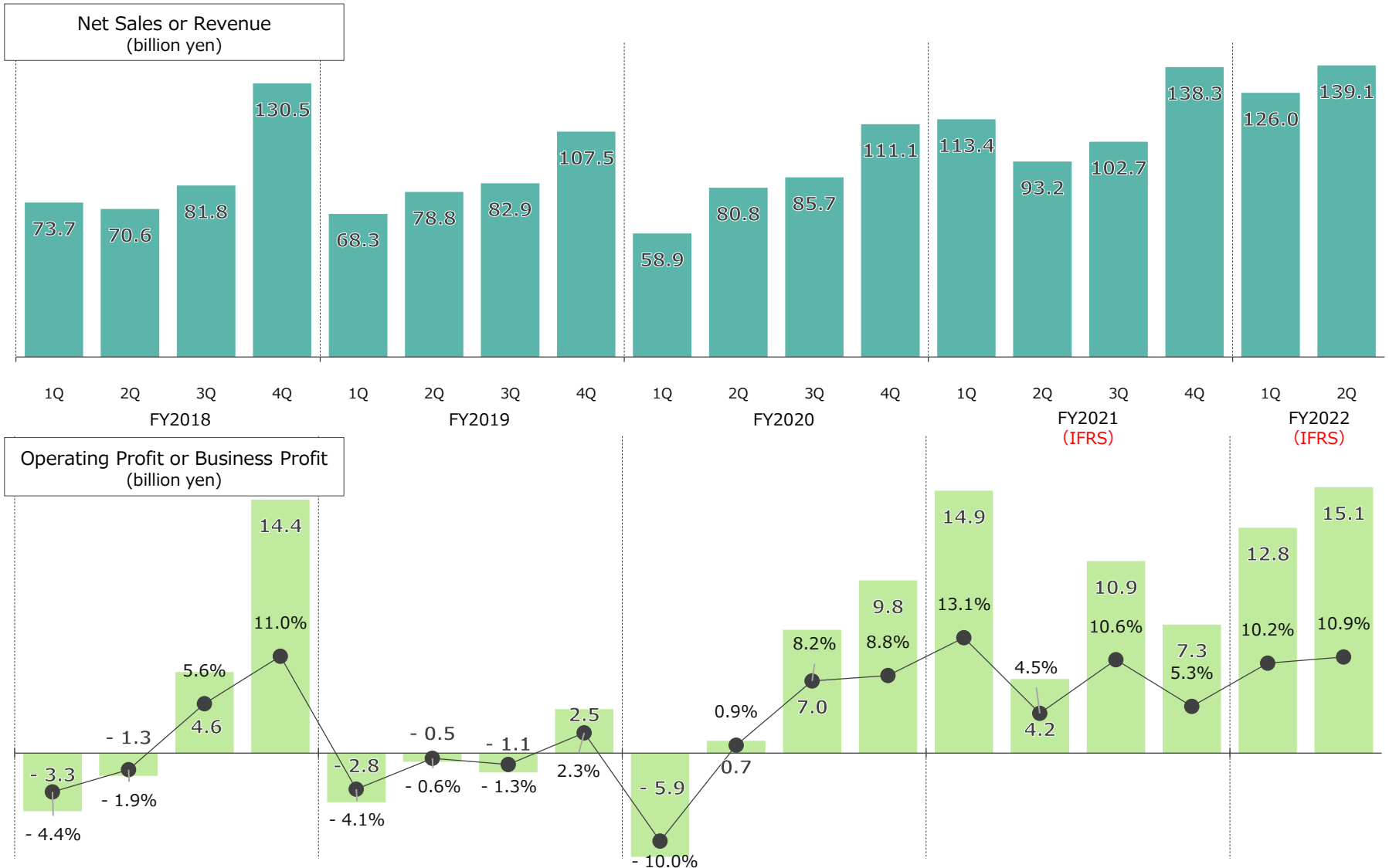
	FY'21 Q2	FY'22 Q2	Change
Japan	13	14	+ 1
U.S.	38	45	+ 7
Canada	3	6	+ 2
Europe	33	25	- 8
Australia	5	5	- 0
Total	95	96	+ 1

Emerging countries (Thousand units)

	FY'21 Q2	FY'22 Q2	Change
Brazil	5	5	+ 0
Thailand	3	1	- 2
Philippines	65	103	+ 37
Indonesia	21	23	+ 2
China	20	13	- 6
Others	8	10	+ 1
Total	124	158	+ 33

Wholesales of four-wheeler and PWC FY'21 Q2 : 35 thousand units FY'22 Q2 : 39 thousand units

3 Details by Segment - Motorcycle & Engine -



(Note) The figures for the end of 3-4Q FY 2021 in this graph are calculated using IFRS, but the figures are subject to change in the future because they are based on our company estimates that have not been audited.

3 Details by Segment - Motorcycle & Engine -

Market Overview

- U.S.
 - Demand for off-road motorcycles and four-wheelers remains strong
 - Strong demand is expected to continue
- Europe
 - Demand remains strong despite product shortages
- Southeast Asia
 - Demand is recovering, although it varies by country
- Supply Chain risks
 - Shortage of semiconductors and raw materials affect our product supply
 - Logistics disruption is improving

Specific Efforts

- ✓ **Supplying products as much as demanded**
 - All efforts to achieve production plans
 - Changing production and revenue plans promptly according to the available parts, if production cannot be carried out as planned due to logistics disruption or insufficient parts supply
- ✓ **Expansion of the four wheeler business and electrification**
 - Investment in development to enhance product competitiveness
 - Preparation of the U.S. Plant and Mexico Plant to expand production capacity
 - Accelerating development toward the launch of BEVs and HEVs, such as **Kawasaki's first HEV Elektrode for kids**
 - Joint research on hydrogen engine by Toyota, DENSO and four motorcycle manufacturing companies
- ✓ **Strict control of fixed cost to slimming down**
 - Continuation of concrete measures to thoroughly reduce fixed costs
 - Reinforce R&D
- ✓ **Securing Free Cash Flows**
 - Aiming to secure stable FCF for future investment



TERYX4 KRX 1000
popular in the U.S.



Proto HEV
to be released in 2024

Dividend Policy

The medium- to long-term consolidated dividend payout ratio **30%**

1 Comprehensively considering the following points - future business forecasts, Financial conditions such as free cash flow and debt-to-equity ratio, and other factors

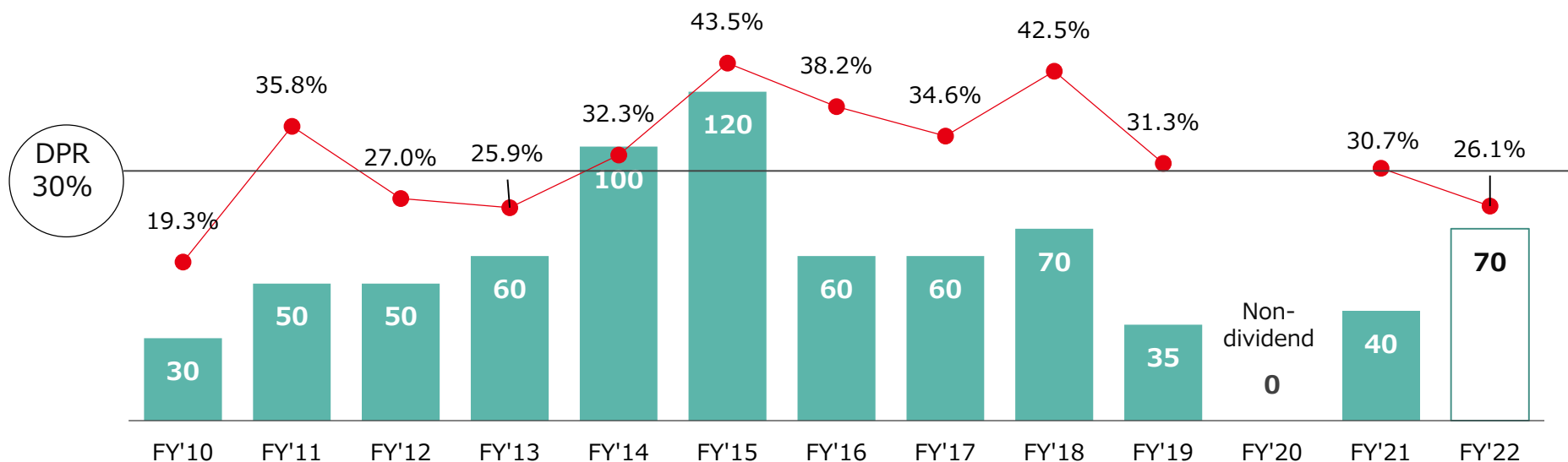
2 Stable dividends

Dividend for FY2022

- Profit attributable to owners of the parent was revised upward by 16 billion yen from the initial forecast, on the back of good results in MC&E and the depreciation of the yen
- On the other hand, social unrest, rising raw material and energy prices and logistics costs, the risk of sharp currency fluctuations in the future remain concerns

Full year dividend is **70yen** per share

upward revised by **20yen** / dividend payout ratio of **26.1%**
Interim dividend : **30yen** / Year-end dividend : **40yen**



Project Topics

✓ Four-wheeler business growth

- Investment to increase production in North America, the main market, and market creation in Japan, will lead to further growth

To increase production capacity in North America

A new plant in Mexico will begin producing off-road four-wheelers in FY 2023, because the Lincoln plant, which produces all of the off-road four-wheelers amid strong demand, has a high production rate

The Lincoln plant in the U.S.



Launch into the Japanese market

Kawasaki started to sell off-road four-wheelers at 6 shops in Japan since September 14, 2022

Autopolis of Kawasaki group (Hita City, Oita Prefecture) opened an off-road buggy course Autopolis Offroad Buggy Village, where visitors can experience exhilaration with the concept of motorsports closer to home

Demonstration of an off-road four-wheeler equipped with a hydrogen-fueled direct-injection engine for motorcycles

The research vehicle is equipped with a hydrogen-fueled engine, which has been improved to a direct-injection specification of hydrogen fuel together with cooperative companies, based on the Ninja H2's 998 cc in-line 4-cylinder supercharged engine.

Kawasaki will collaborate with various companies to create new value unique to hydrogen-fueled engines that combine the appeal of internal combustion engines with hydrogen, thereby realizing a carbon-neutral society.

A research four-wheeler with hydrogen-fueled engine

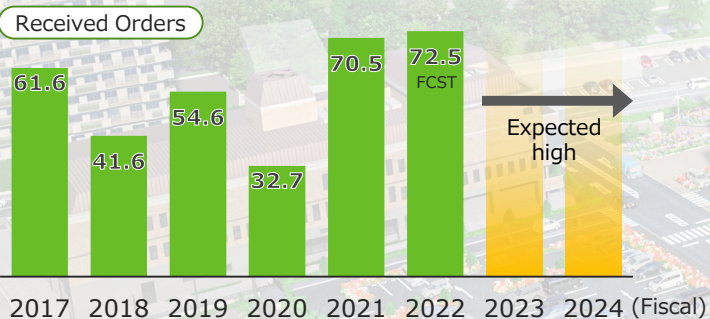


Akio Toyoda
president of TOYOTA, driving
Yasuhiko Hashimoto
president and CEO of Kawasaki,
in the passenger seat

September 3, 2022
at Mobility Resort Motegi

✓ Booming domestic municipal incineration plant market

- Plants built in the 1990s against dioxin are now 20 to 30 years old, and replacement demand are expected in the coming years



- Recently, we awarded an order for the construction and operation of a new incineration plant in Takarazuka City



Image of the new incineration plant in Takarazuka City

Customer Evaluation

- Good!!** Sorting bottles by AI robots
- Good!!** Improved energy recovery by increasing boiler steam temperature and pressure
- Good!!** Remote operation monitoring systems and other latest technologies

K-Repros®※ AI-equipped robot system that automatically sorts bottles by color and shape

※ Kawasaki - Recycle Picking Robot System



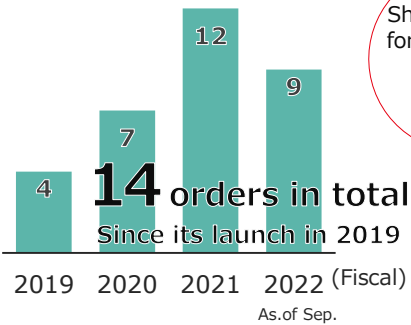
- Born from **technological synergies** between the Plant and Robotics businesses
- Collaborative robot "duAro2" undertake sorting various bottles on conveyor belts instead of workers
- Solutions to social issues such as shrinking working population and improving working conditions

✓ Helicopter business growth - as a total solution provider

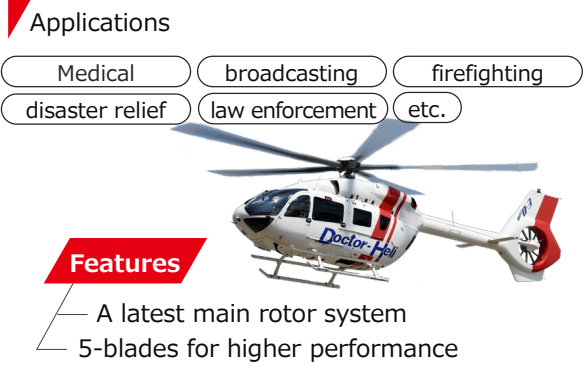
The world's first CRM including crew and grand staff (company research)

- Delivered **188** popular BK117 series helicopters

Latest H145//BK117 D-3 model
Order backlog (units)



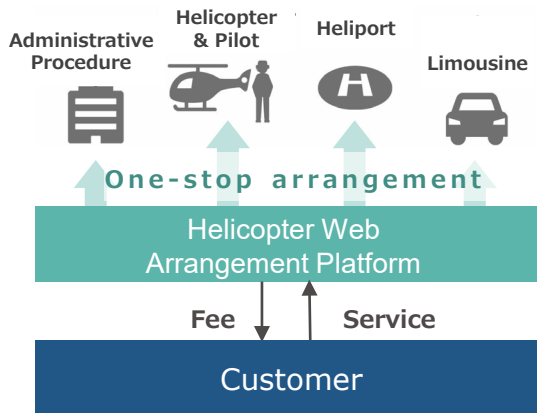
Share in Japan for Medical use
40%
As of Sep.'22



- Helicopter Web Arrangement Service to become reality

One-stop mobility service that only Kawasaki can provide, as a domestic manufacturer

Anyone can easily arrange helicopter online anytime, anywhere by simply entering their starting and destination information into their device



Demo movie →
Only in Japanese

- Crew Resource Management training services using VR simulator

Space-sharing technology unique to VR for more effective CRM training

For disaster relief training

All training participants (the pilot, co-pilot and other flight crew) can use a shared VR space to achieve realistic-feeling training sessions



Press Release
https://global.kawasaki.com/en/corp/newsroom/news/detail/?f=20220907_9049

✓ New York City Transit places order for 640 additional Subway Cars, known as R211

- This order (Option1) will further expand our presence in the New York area
- If Option2 is exercised, it will be the largest rail car deal in our history

Base

Cars

535

Price

\$1.4 bil.

Delivery

FY ~2025

Option1

Cars

640

Price

\$1.7 bil.

Delivery

FY ~2026

Option2

Cars

up to 437

if the option
is exercised

Of the 22,400* vehicles in operation across the U.S, about 67% are in the Northeast Corridor and about 47% are in the NY area

Kawasaki owns about **30%** share in NY area

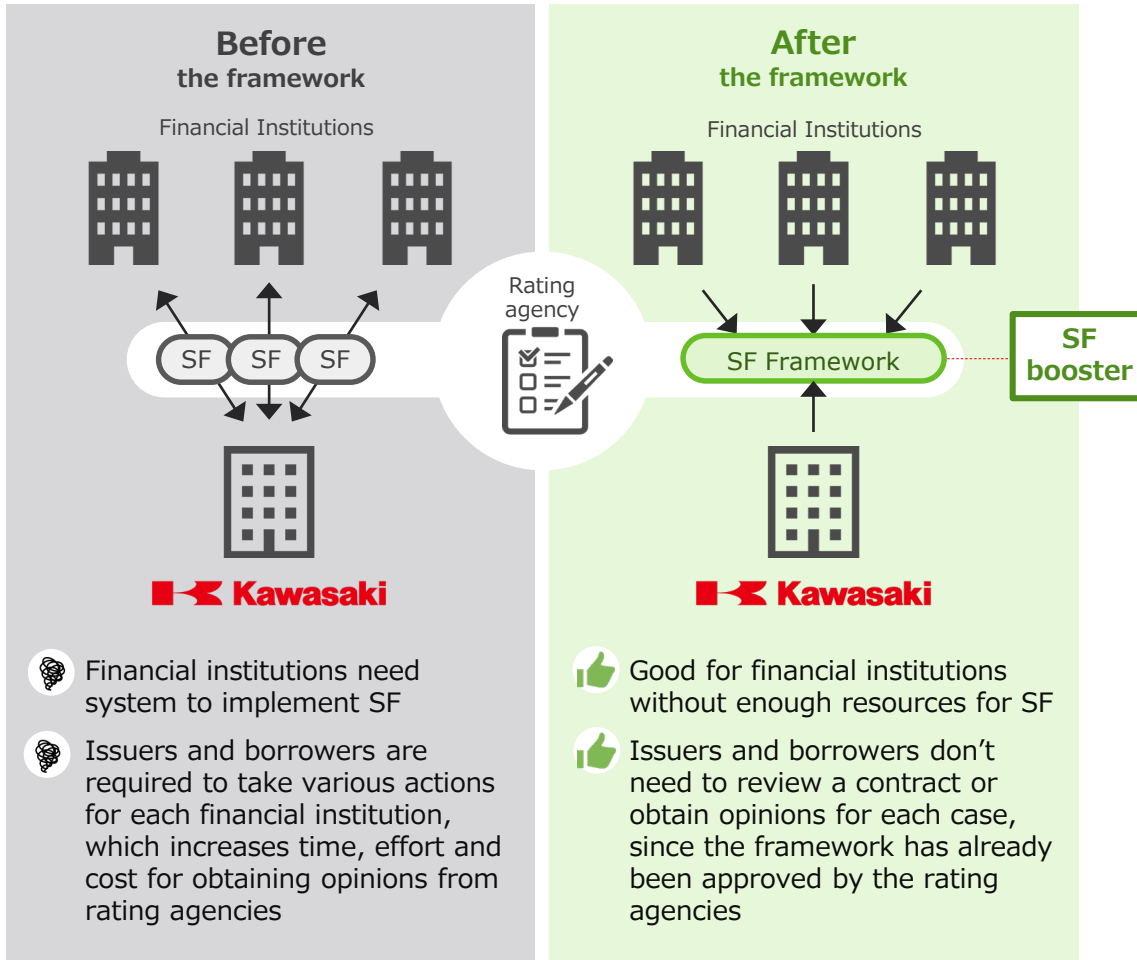
* Total of HR/CR/LR. (Excludes locomotives)



Press release
https://global.kawasaki.com/en/corp/newsroom/news/detail/?f=20221027_7750



Promotion of strategic Sustainable Finance through the establishment of an advanced framework



2021/7	Sustainability Bond Our first SDGs Bond issuance
2021/8	Positive Impact Finance Loan agreement with Sumitomo Mitsui Trust Bank, Limited
2022/3	Sustainability Linked Loan Loan agreement with Development Bank of Japan Inc.
2022/3	[Mizuho Eco Finance] Commitment Line Agreement with Mizuho Bank
2022/7	Green Bond Our second SDGs Bond issuance

2022/10-12 Sustainability Linked Loan Framework

Support	Development Bank of Japan
Third Party Opinion	Japan Credit Rating Agency

Plan to have individual loans from different financial institutions using this framework

Positive Impact Finance Framework

Support	Sumitomo Mitsui Trust Bank
Third Party Opinion	(Supposed to be) Japan Credit Rating Agency

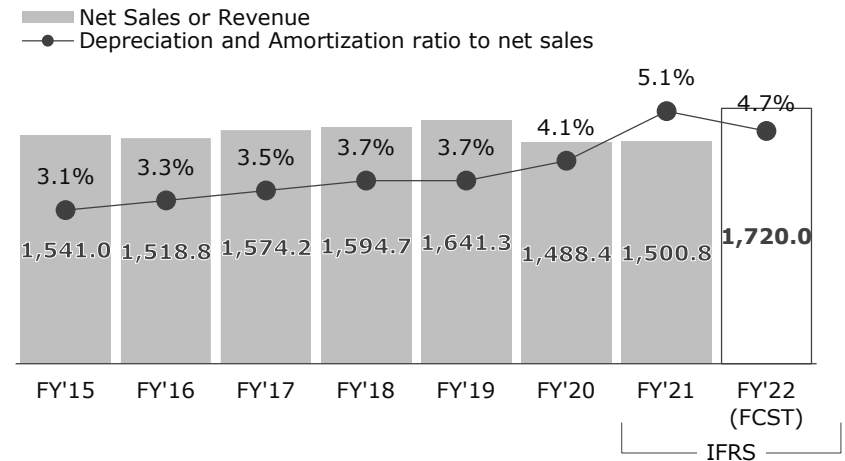
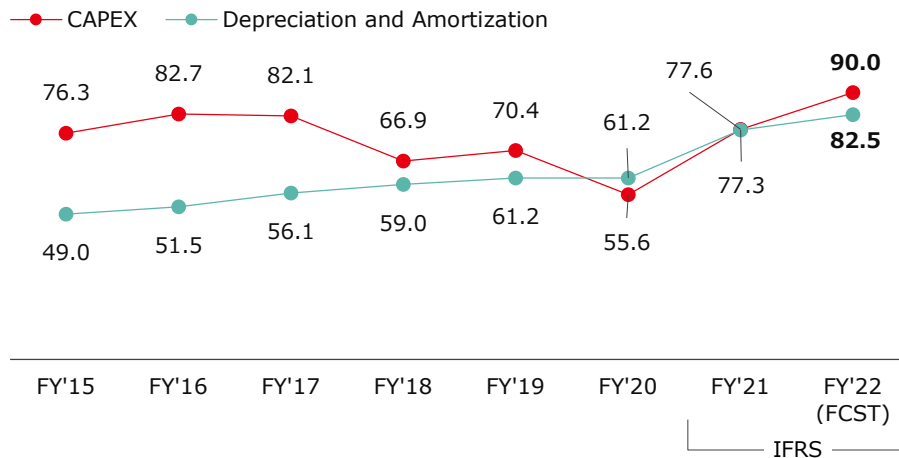
The first attempt in Japan to have loan agreements from different financial institutions using the same framework

Target Ratio of Sustainable Finance to long-term borrowings

10% ▶ 50% ▶ 100%
2022 2030 2050

(Billion Yen, Persons)

	FY2021	FY2022		FY2021	FY2022			
	Q2 Actual	Q2 Actual	Change	Actual	Old FCST	New FCST	Chg. Vs. FY21	Chg. Vs. Old FCST
CAPEX	34.9	41.9	+ 6.9	77.6	100.0	90.0	+ 12.4	- 10.0
Depreciation and amortization	37.9	37.4	- 0.4	77.3	78.0	82.5	+ 5.2	+ 4.5
R & D expenses	18.9	22.0	+ 3.1	45.7	51.5	51.5	+ 5.8	-
Number of Employees				36,691	38,300	38,300	+ 1,609	-
Domestic				26,901	27,400	27,400	+ 499	-
Overseas				9,790	10,900	10,900	+ 1,110	-



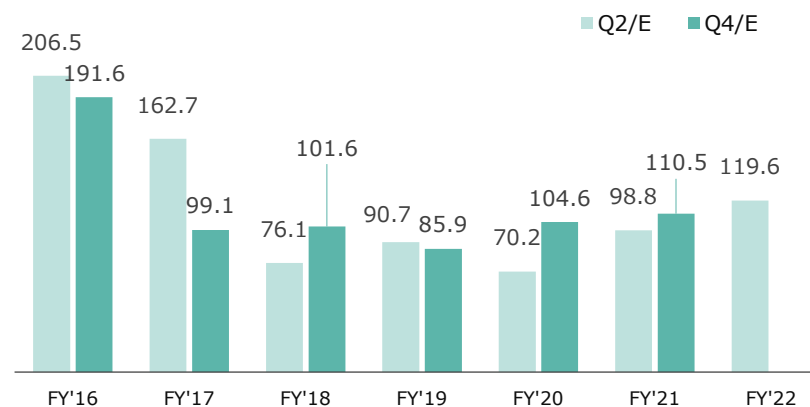
● **Order Backlog** (billion yen)

	FY21 Q2	FY22 Q2	
	Actual	Actual	Change
Aerospace Systems	494.8	619.0	+ 124.1
Rolling Stock	408.9	368.9	- 39.9
Energy Solution & Marine Engineering	507.6	611.0	+ 103.4
Precision Machinery & Robot	79.0	110.3	+ 31.2
Motorcycle & Engine	-	-	-
Others	27.6	47.3	+ 19.6
Total	1,518.2	1,756.7	+ 238.4

● **Revenue by region** (billion yen)

	FY21 Q2	FY22 Q2	
	Actual	Actual	Change
Japan	289.5	299.6	+ 10.0
USA	164.7	212.6	+ 47.9
Europe	59.3	61.4	+ 2.0
Asia	134.0	129.7	- 4.3
Other	33.2	56.3	+ 23.0
Total	681.0	759.7	+ 78.7

※ classified by country or region based on the customer's location.

● **Order Backlog in Ship & Offshore** (billion yen)● **Ship orders received and delivery year** (number of ships)

	FY'22 Q2 Received Orders	Delivery Year				Order Backlog
		FY'22 Q2 Actual	FY'22 3Q~	FY'23	FY'24	
			Plan			
LPG Carrier	3	2	2	4	4	10
Submarine			1		1	2
Others						
Total	※ 3	※ 2	3	4	5	※ 12

※ Orders received in Q2 FY'22 : 50,400GT
 Delivered in Q2 FY'22 : 101,400GT
 Order Backlog : 504,600GT

*Submarines are excluded

● Revenue in Foreign Currencies by Segment (USD)

(billion USD)

	FY2021	FY2022	
	Actual	Actual	Q3-4 FCST
Aerospace Systems	0.25	0.22	0.54
Rolling Stock	0.04	0.02	- 0.05
Energy Solution & Marine Engineering	0.10	0.14	0.10
Precision Machinery & Robot	0.10	0.12	0.24
Motorcycle & Engine	0.26	0.36	0.41
Total	0.76	0.86	1.24

※ Impact on business profit by FX fluctuation of 1 yen

● Weighted-average exchange rates

(EUR/JPY)

FY2020 actual	124.61
FY2021 actual	130.47
Q1 FY2022 actual	139.12
Q3-4 FY2022 forecast	135.00

(Note) Major changes in the income statement associated with the adoption of IFRS

JGAAP	IFRS
Net Sales	Revenue
Cost of sales	Cost of sales
Gross profit	Gross profit
Selling, general and administrative expenses	Selling, general and administrative expenses
Operating Profit	Share of profit (loss) of investments accounted for using equity method
Non-operating Income / Expenses	Others
Gain and loss on foreign exchange	Business Profit
Net Interest expense (incl. dividend income)	Finance income and Finance costs
Equity in income of unconsolidated subsidiaries and affiliates	Profit before tax
Others	
Recurring Profit	
Extraordinary Income / Losses	
Impairment loss	
Others	
Income before income taxes	

● Revenue in Foreign Currencies(EUR)

(billion EUR)

FY2020 actual	0.32
FY2021 actual	0.44
Q3 FY2022 actual	0.22
Q4-4 FY2022 forecast	0.34

※ Impact on business profit by FX fluctuation of 1 yen

Kawasaki, working as one for the good of the planet
“Global Kawasaki”