

(Prepared pursuant to Japanese GAAP)

November 9, 2021

Listed company's name:

Listed on: 1st sections of the TSE, and NSE

Stock code: 7012

URL: <https://global.kawasaki.com/>

Representative: Yasuhiko Hashimoto, President

(2) Financial Condition

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
September 30, 2021	1,939,967	452,160	22.4
March 31, 2021	1,963,276	482,775	23.7

For reference: Shareholders' equity      September 30, 2021: ¥ 433,970 million  
March 31, 2021:      ¥ 465,332 million

Note: The Company has applied the “

1) Changes affecting the status of material subsidiaries (scope of consolidation): None

2) Accounting procedures specific to preparation of quarterly consolidated financial statements: Yes

\*For further details, see “2.Consolidated Financial Statements (4)Notes on financial statements (Accounting procedures specific to preparation of quarterly consolidated financial statements)” on page 17 in the Accompanying Materials.

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2. Consolidated	

The global economy is recovering continuously mainly in developed countries, supported by solid capital investments, a recovery in service-consumption and an improvement in the employment environment, due to the progress in COVID-19 vaccination and economic measures. The expectations are rising for a recovery in personal consumption, such as leisure activities, in Japan as well due to lifting the state of emergency.



Regarding the business environment surrounding the Aerospace Systems segment, demand for Ministry of Defense in Japan is generally stable despite the tight defense budget. With respect to commercial aircraft, global passenger demand has been sluggish due to the COVID-19 pandemic, and demand for commercial aircraft airframes and jet engines has declined.

The business environment surrounding the Energy Solution & Marine Engineering segment remains on a recovery track as the global economy moves from stagnation due to the COVID-19 pandemic to normalization. Demand for distributed power sources in Japan and overseas and, for energy infrastructure development in emerging countries, remains strong, while there is ongoing demand for the replacement of aging facilities for refuse incineration plants. Also, business opportunities on LPG carriers are gradually increasing. In addition, there is a growing worldwide trend toward achieving carbon neutrality, and contact



Operating profit increased by ¥5.5 billion year on year to ¥8.9 billion mainly due to sales increase.

The business environment surrounding the Motorcycle & Engine segment continues to be affected by the COVID-19 pandemic. Demand for off-road models such as four-wheeled vehicles continued to be strong in the United States, a major market, as in the previous fiscal year, and the European market also remained strong. On the other hand, although the Southeast Asian market has recovered compared to the same period of the previous fiscal year, the outlook remains uncertain.





Millions of yen		
	As of March 31, 2021	As of September 30, 2021
<b>Current assets</b>		
Cash and deposits	126,702	60,590
Notes and accounts receivable - trade	460,436	-
Notes and accounts receivable - trade, and contract assets	-	405,928
Merchandise and finished goods	69,223	72,320
Work in process	452,848	432,986
Raw materials and supplies	136,471	149,766
Other	43,314	102,887
Allowance for doubtful accounts	(3,589)	(3,624)
Total current assets	1,285,407	1,220,856
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures, net	172,951	170,157
Other	278,308	274,928
Total property, plant and		

Shareholders' equity		
Share capital	104,484	104,484
Capital surplus	54,542	55,525
Retained earnings	306,576	271,454
Treasury shares	(136)	(1,160)
Total shareholders' equity	<u>465,467</u>	<u>430,304</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,955	1,736
Deferred gains or losses on hedges	(179)	(822)
Foreign currency translation adjustment	(931)	3,510
Remeasurements of defined benefit plans	(979)	(758)
Total accumulated other comprehensive income	<u>(134)</u>	<u>3,665</u>
Non-controlling interests	17,442	18,189
	482	

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	Millions of yen	
	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales	657,325	681,082
Cost of sales	588,959	564,582
Gross profit	68,366	116,500
Selling, general and administrative expenses		
Salaries and allowances	27,475	27,901
Research and development expenses	19,041	19,824
Other	43,732	48,367
Total selling, general and administrativ		

	Millions of yen	
	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit (loss)	(26,840)	5,562
Other comprehensive income		
Net unrealized gains (losses) on securities	(396)	(193)
Deferred gains (losses) on hedges		







revenue in accordance with the previous treatment prior to the beginning of the first quarter of this consolidated fiscal year by applying the method specified in Paragraph 86 of the Accounting Standard for Revenue Recognition. In addition, by applying the method specified in Paragraph 86 and Item (1) of the Accounting Standard for Revenue Recognition, changes in contracts made prior to the beginning of the first quarter of this consolidated fiscal year are accounted for under the terms and conditions after reflecting all changes in contracts, and the cumulative effect of such changes is recorded in the consolidated financial statements for the first quarter of this consolidated fiscal year. The amount is adjusted to retained earnings at the beginning of the first quarter of this consolidated fiscal year.

As a result, net sales and cost of sales decreased by ¥49,375 million and ¥51,608 million, respectively, and operating profit, ordinary profit and profit before income taxes increased by ¥2,233 million, respectively. The balance of retained earnings at the beginning of this fiscal year decreased by ¥39,639 million.

Due to the application of revenue recognition accounting standards, “notes and accounts receivable - trade”, which were included in “current assets” in the consolidated balance sheets for the previous fiscal year, are included in “notes and accounts receivable - trade, and contract assets” from the first quarter of this consolidated fiscal year. “Advances received”, which were presented as “current liabilities” in the consolidated balance sheets for the previous fiscal year, have been presented as “contract liabilities” from the first quarter of this consolidated fiscal year, and “provision for sales promotion expenses” in “current liabilities” have been included in “other under current liabilities”. The Company has not reclass[6B1o8 G )-33(w)6(hi)5(ch )-32(w)6(er)4(e )-32(i)5(ncl)6(uded )-32(i)

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

The Company participates as a risk and revenue sharing partner on the Rolls-Royce Trent 1000 engine program, which has been impacted by the challenge of managing significant in-service issues. Rolls-Royce continues to work hard to remedy this situation. The Company has made a provision of the cost related to in-service issues which the Company would cover as a member of this program. The reversal of the provision was included within the extraordinary income.

(\*2) Gain on sale of non-current assets

Six Months ended September 30, 2020

Proceeds from the sale of housing sites of the Company and subsidiaries.

Six Months ended September 30, 2021

Proceeds from the sale of the land of the Company in Yokkaichi, Japan.

(\*3) Gain on sales

1. Six months ended September 30, 2020 (April 1, 2020 – September 30, 2020)

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

				Millions of yen
	External sales	Intersegment sales	Total sales	Operating profit (loss)

2. Six months ended September 30, 2021 (April 1, 2021 – September 30, 2021)

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

	Millions of yen			
	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			

## Net sales and operating profit (loss)

Billions of yen

Reportable segment	Outlook for the year ending March 31, 2022 (fiscal 2021)						Year ended March 31, 2021 (Fiscal 2020) (Actual)	
	Revised forecast (A)		Forecast issued August 5, 2021 (B)		Change (A – B)		Net sales	Operating profit (loss)
	Net sales	Operating profit (loss)	Net sales	Operating profit (loss)	Net sales	Operating profit (loss)		
Aerospace Systems	320.0	(10.5)	340.0	(6.0)	(20.0)	(4.5)	377.7	(31.6)
Rolling Stock	150.0	3.0	150.0	3.0			133.2	(4.5)
Energy Solution & Marine Engineering	320.0	2.5	320.0	2.5			319.5	10.3
Precision Machinery & Robot	260.0							