

(Prepared pursuant to Japanese GAAP)

May 10, 2022

Listed company's name:

Listed on: TSE (Prime Market), and NSE (Premier Market)

Stock code: 7012

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

Representative: Yasuhiko Hashimoto, President and Chief Executive Officer

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Scheduled dates:

Ordinary general meeting of shareholders: June 24, 2022

Submission of financial statements: June 24, 2022

Commencement of dividend payments: June 27, 2022

Supplementary materials to financial results: Available

Financial Results Presentation: Conducted (for institutional investors, analysts and the press)

(Amounts in millions of yen rounded down to the nearest millions of yen)

(1) Operating Results

Years ended March 31

(Percentage figures in k ¥)

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(2) Financial Condition
March 31

Total assets

Net assets

Equity ratio

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In the global economy, concerns over downside growth and acceleration of inflation are intensifying due to the impact of rise in the prices of resource and energy and supply chain disruptions caused by Russia's invasion of Ukraine. With regard to the Japanese economy, although business capital investment and production activities have continued to recover, uncertainty over the economic outlook has increased with concerns over a deterioration in consumer sentiment due to price increases resulting from simultaneous progress in the depreciation of yen, affected by widening differential between domestic and foreign interest rates, and the rising resource costs. Regarding the impact of COVID-19 pandemic, the continuous attention should be paid because, while there have been the approaches particularly in the developed countries to abolish and relax COVID-19 related regulations, there are the concerns in China about the risk of an economic downturn due to the restricted activities by its Zero-COVID-19 policy.

In this business environment, the Group's consolidated orders received in the fiscal year ended March 31, 2022, increased mainly due to increases in the Motorcycle & Engine segment and the Aerospace Systems segment. Net sales decreased in the Aerospace Systems segment, the Energy Solution & Marine Engineering segment, and other segments, but overall sales increased from the previous fiscal year due to higher sales in the Motorcycle & Engine segment, the Precision Machinery & Robot segment, and other segment. Operating profit improved si_ M

Consolidated operating performance in the fiscal year ended March 31, 2022, is summarized by segment below.

Segment net sales, operating profit, and orders received (billions of yen)

	Fiscal year ended March 31						Orders received		
	2021(A)		2022(B)		Change (B – A)		Fiscal year ended March 31		
	Net sales	Operating profit	Net sales	Operating profit	Net Sales	Operating profit	2021 (A)	2022 (B)	Change (B – A)
Aerospace									
Systems	377.7	(31.6)	298.2						

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

increase.

(i) Assets

Current assets were ¥1,297.7 billion, ¥12.3 billion increase from the previous fiscal year due to an increase in other items such as accounts receivable-other.

Non-current assets were ¥724.9 billion, ¥47.0 billion increase from the previous fiscal year due to an increase in investments and other assets.

As a result, total assets were ¥2,022.

Non-current liabilities		
Bonds payable	190,000	180,000
Long-term borrowings	199,177	194,297
Lease liabilities	9,532	9,899
Deferred tax liabilities	1,125	1,593
Retirement benefit liability	115,456	106,803
Provision for the in-service issues of commercial aircraft jet engines engines	(*1) 5,984	(*1) 3,054
Other	41,668	41,249

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Years ended March 31

Years ended March 31	Millions of yen	
	2021	2022
Profit (loss)	(17,486)	23,985
Other comprehensive income		
Net unrealized gains (losses) on securities	426	(524)
Deferred losses on hedges	(284)	(337)
Foreign currency translation adjustment	6,727	16,407
Remeasurement of defined benefit plans	18,969	11,130
Share of other comprehensive income of associates accounted for using equity method	4,496	9,218
Total other comprehensive income	30,335	35,895
Comprehensive Income attributable to:	12,848	59,880
Owners of parent	10,423	56,854
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Years ended March 31	Millions of yen	
	2021	2022
Common stock		
Balance at end of previous year	104,484	104,484
Total changes during the period		
Balance at end of year	104,484	104,484
Capital surplus		
Balance at end of previous year	54,542	54,542
Changes during the period		
Issuance of new shares		1,916
Loss on sales of treasury stock	(0)	2
Transfer of loss on sales of treasury stock	0	0
Changes in equity of parent company in transactions with non-controlling shareholders	(0)	(935)
Total changes during the period	(0)	983
Balance at end of year	54,542	55,526
Retained earnings		
Balance at end of previous year	326,626	306,576
Cumulative effect of changes in accounting policies		(39,639)
Restated balance		266,937
Changes during the period		
Cash dividend		(3,357)
Profit (loss) attributable to owners of parent	(19,332)	21,801
Transfer of loss on sales of treasury stock	(0)	(0)
Other	716)	
Total changes during the period	(20,049)	

Years ended March 31	Millions of yen	
	2021	2022
Other	(716)	

(5) Notes on financial statements

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Not applicable

Changes in accounting policies

(Application of Accounting Standards for Revenue Recognition)

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29 of March 31, 2020. Hereinafter referred to as “revenue recognition accounting standards”), etc. from the beginning of this consolidated fiscal year, and recognizes revenue at the amount expected to be received in exchange for the promised goods or services when the control of those goods or services is transferred to customers.

As a result of this adoption, a portion of the costs incurred in connection with the civil aviation engine program in which the Company is participating, which was previously recorded in cost of sales, has been reduced from sales in consideration of payments to customers. As a result, the development contribution for the civil aviation engine program, which was previously accounted for in work in process, has been transferred to investments and other assets. In addition, for after-sales services for the civil aviation engine program, although sales and cost of sales were previously recorded based on information provided by the Company's main partner, revenue is now recognized based on fulfillment of performance obligations, and variable compensation and compensation paid to customers are estimated when revenue is recognized. In addition, the Company changed the method of accounting for certain types of discounts the Company is willing to pay in accordance with the ratio of participation in the civil aviation engine program from the method previously reported based on information provided by the main partner to the method in which the amount of such discounts is estimated as variable compensation at the time of revenue recognition.

Regarding the application of the revenue recognition accounting standard, in accordance with the transitional treatment prescribed in the proviso of Paragraph 84 of the revenue recognition accounting standard, the cumulative effect of retroactive application of the new accounting policy prior to the beginning of this consolidated fiscal year is added to or subtracted from retained earnings at the beginning of this consolidated fiscal year, and the new accounting policy is applied from the beginning balance. However, the new accounting policy has not been retroactively applied to contracts that have been recognized almost all amounts of revenue in accordance with the previous treatment prior to the beginning of this consolidated fiscal year by applying the method specified in

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1. Overview of reportable segments

The Company's reportable segments are components of the Company about which separate financial information is available. These segments are subject to periodic reviews by the Company's board of directors to decide how to allocate resources and assess performance. The Company's operations are divided into internal companies based on product categories. Certain authority is delegated to each of the internal companies, based on which they conduct businesses in Japan and overseas. The Company's operations are therefore segmented based on each internal company's product categories. The Company's six reportable segments are the Aerospace Systems segment, the Rolling Stock segment, the Energy Solution & Marine Engineering segment, the Precision Machinery & Robot segment, the Motorcycle & Engine segment, and the Other segment.

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accounting method for revenue recognition.

As a result of this change, compared with the previous method, net sales of the “Aerospace Sys

3. Sales, profit (loss), assets, liabilities, and other items by reportable segment

Fiscal year ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(Millions of yen)

	Sales			Operating profit (loss)	Total assets	Other items			
	External sales	Intersegment sales	Total sales			Depreciation	Impairment loss	Investment for affiliates applied for equity methods	Increase in property, plant and equipment and intangibles
Aerospace Systems	377,720	7,681	385,402	(31,668)	757,342	23,043			22,113
Rolling Stock	133,248	7	133,256	(4,593)	215,688	2,551	11,129	148	2,424
Energy Solution & Marine Engineering	319,543	19,756	339,300	10,349	476,254	4,747	4,076	67,921	5,193
	240,864	14,853	255,717	14,086	213,792	10,071		(24)	9,836

4. Reconciliation and main components of difference between total for reportable segments and amounts on the consolidated financial statements

Fiscal year ended March 31		(Millions of yen)	
Sales	2021	2022	
Total for reportable segments	1,568,496	1,567,730	
Intersegment transactions	(80,009)	(66,850)	
Net sales reported on the consolidated financial statements	1,488,486	1,500,879	

Fiscal year ended March 31		(Millions of yen)	
Income	2021	2022	
Total for reportable segments	403	51,590	
Intersegment transactions	36	135	
Corporate expenses*	(5,745)	(5,921)	
Operating profit (loss) on consolidated financial statements	(5,305)	45,805	

Note: Corporate expenses mainly comprise general and administrative expenses not attributed to reportable segments.

Fiscal year ended March 31		(Millions of yen)	
Assets	2021	2022	

(2) Orders received

Fiscal year ended March 31

(Billions of yen)

Reportable segment	2022 (A)	2023 (B)	Change (B - A)
Aerospace Systems	383.3	280.0	(103.3)
Rolling Stock	71.5	80.0	8.5
Energy Solution & Marine Engineering	343.5	340.0	(3.5)
Precision Machinery & Robot	271.8	280.0	8.2
Motorcycle & Engine	447.9	500.0	52.1
Other	84.0	90.0	6.0
Total	1,602.1	1,570.0	(32.1)

Note: 1. Assumed exchange rate for the fiscal year ending March 31, 2023 would be ¥120/US\$ and ¥130/Euro.

2. The Motorcycle & Engine segment's orders received are equal to its net sales as production is based mainly on estimated demand.

3. "Business profit" refers to the conventional operating profit adding non-operating income (expenses), other than financial income (expenses), and extraordinary income (loss).