

High degree of reliance on specific customers (high-volatility revenue structure)
Businesses that require large volumes of invested capital

Hiro Yoshi Shimokawa
President, Aerospace Systems Company

Fiercely competitive environment, reflecting competition for market share between Boeing and Airbus
Rise of manufacturers in emerging countries
Supply chain risks throughout international joint development structures
Development risks related to introducing cutting-edge technologies
Substantial impact if risks materialize (risks borne by other companies) in international joint development
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Bogies

Seamless progress from low carbon to decarbonization through highly efficient products and hydrogen technologies

Ever since the establishment of the Kawasaki Tsukiji Shipyard in 1878, we have been developing business in the four fields of energy, plants, marine machinery, and ship and offshore structures based on our strengths in technological prowess and quality. In addition, we have set "hydrogen and carbon neutral" as a new business field in fiscal 2023.

In fiscal 2022 revenue improved from the loss incurred in fiscal 2021 due to the increased price of steel material, and there also was a considerable increase in orders for submarines for the Japan Ministry of Defense, LPG/ammonia carriers, and power generation facilities.

In our existing businesses, we will endeavor to maintain and improve earnings power through appropriate risk management. Furthermore, we will promote the development of products and transition products that contribute to the low-carbon and decarbonized society and aim to achieve high growth in the

	↘	Decreased due to a decrease in hydraulic components for construction machinery market in China despite an increase in Robotics
	→	Remained at the same level due to an increase in Robotics despite a decrease in hydraulic components for construction machinery market in China
	↘	Decreased due to higher prices of raw materials and electrical components, temporarily reduced operations due to the China's lockdown, and decrease in hydraulic components for construction machinery market in China

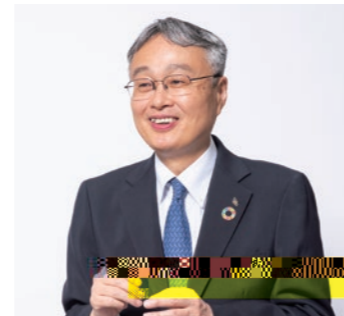
Powersports & Engine

Let the Good Times Roll! Kawasaki delivers the ultimate in excitement

Ever since Kawasaki commenced the production of engines for motorcycles in 1953, we have been turning out innovative products based on our company mission of "Let the Good Times Roll."

Fiscal 2022 was a difficult year. The outdoor leisure boom sparked by the COVID-19 pandemic showed signs of subsiding, and the impact of rising material and component cost and logistics confusion continued. Nevertheless, our shift to reasonable prices backed by improved brand power and timely management utilizing our agility as an independent company were effective, and we were able to achieve further growth over fiscal 2021.

Going forward, in the off-road four-wheeler segment, which is expected to see continued market growth, we will expand production capacity through the construction of a new factory and strive to expand the business. We will also promote positive management, such as accelerating the development of battery electric vehicles and hybrid electric vehicles with an eye on future low-carbon emissions and decarbonization.

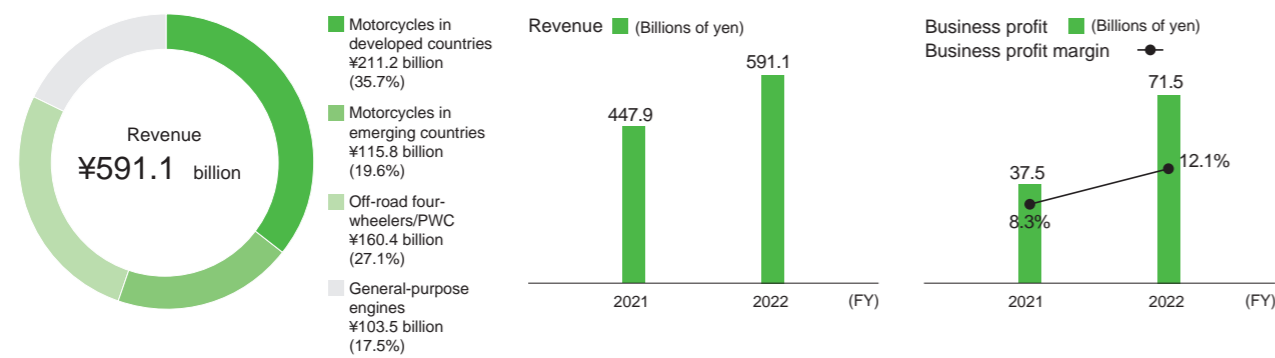


Hiroshi Ito
Representative Director, President and Chief Executive Officer,
Kawasaki Motors, Ltd.

Main Products

Motorcycles Off-road four-wheelers (Utility vehicles, ATVs) Personal watercraft (PWC) General-purpose engines

Achievements in Fiscal 2022



Revenue	Change from previous fiscal year ↗	Increased due to an increase in motorcycles for North America and Southeast Asia, four-wheelers for North America, and general-purpose gasoline engines, in addition to the impact from the depreciation of the yen and appropriate pricing
Business profit	Change from previous fiscal year ↗	Improved due to a revenue increase, despite rising raw material and logistics costs

SWOT Analysis by Business

Core Competence (Strengths)		Sales and marketing capabilities that realize unique, premium brands Development, production, procurement, and quality assurance capabilities that create products embodying both heritage and innovation Global production, sales, and service structure Advanced technology expertise built on comprehensive heavy industry strengths leveraging synergies with other companies in the Kawasaki Group
Challenges (Weaknesses)		Securing production capacity to respond to rapidly rising demand Building agile organizational structures that can respond to rapid change
Opportunities	Motorcycles Utility vehicles, ATVs & PWC General-purpose engines Shared	Stable demand in developed countries with mature markets Medium- to long-term market expansion in emerging countries due to expanding populations and economic growth Market expansion in North America due to well-established demand for outdoor leisure Firm growth of the lawn-related market, reflecting U.S. housing market expansion Collaborations and alliances with other companies Establishing a brand image in the carbon neutrality field
Risks (Threats)	Motorcycles Utility vehicles, ATVs & PWC Shared	Expansion into the leisure sector by brands from emerging markets, such as China and India Intensifying price competition in emerging markets Intensifying product development competition and price competition Rising customs tariffs and parts costs accompanying intensification of U.S.-China trade friction Attenuating demand due to global inflation and tightened monetary policies, including increased interest rates in the U.S. Difficulty procuring engine parts in conjunction with advancing electrification Higher development expenses and product prices due to tightening of environmental regulation

Initiatives to Achieve Group Vision 2030

Priority Measures and Concrete Initiatives

Supplying products as much as demanded	Continuously introduce new models Flexibly change production and sales plans Maintain appropriate inventory levels
Expansion of the off-road four-wheeler business and decarbonization/electrification solution	Investing in development toward the enhancement of product competitiveness Start and stabilization of operations at new Mexican plant Development and launch of electrified and hybrid models Joint research on hydrogen engines with other companies
Promoting business process re-engineering through DX	Increased efficiency of global operations through digitalization Reduction of development times and higher efficiency through the use of digital technologies
Securing free cash flow	Securing stable free cash flow for future investment



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Ninja e-1 and Z e-1