

# Financial Results for FY2020

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For the Year ended March 31, 2021

May 11, 2021

Kawasaki Heavy Industries, Ltd.



 **Kawasaki**  
Powering your potential

**1 Consolidated Results for FY2020**

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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.

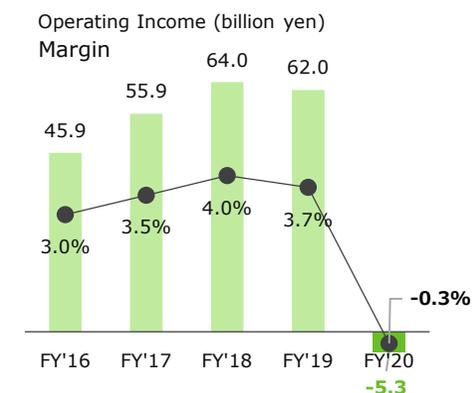
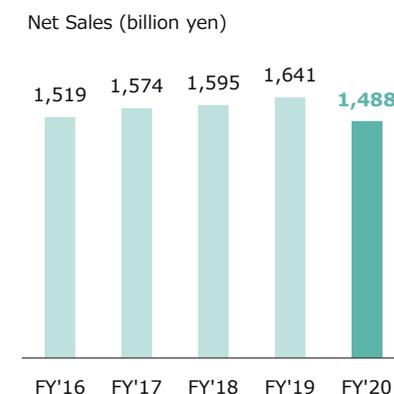
Actual business results may differ materially from these business forecasts due to various important factors resulting from changes in the external environment and internal environment. Important factors that may affect actual business results include, but are not limited to, economic conditions, the yen exchange rate against the U.S. dollar and other currencies, the tax system, and laws and regulations.

# 1 Consolidated Results for FY2020 -Summary-

- ☑ Sales and income decreased significantly due to the impact of COVID-19
- ☑ Net income decreased due to impairment loss and other factors

(Billion Yen)

|   | FY2019        | FY2020          |                 | Change vs.       |                  |
|---|---------------|-----------------|-----------------|------------------|------------------|
|   |               | FCST in Mar.    | Actual          | FY2019           | FCST in Mar.     |
| Orders Received                           | 1,513.5       | <b>1,360.0</b>  | <b>1,402.4</b>  | - 111.0          | + 42.4           |
| Net Sales                                 | 1,641.3       | <b>1,500.0</b>  | <b>1,488.4</b>  | - 152.8          | - 11.6           |
| Operating Income (Loss)                   | 62.0          | <b>- 5.0</b>    | <b>- 5.3</b>    | - 67.3           | - 0.3            |
| <i>[margin]</i>                           | <i>[3.7%]</i> | <i>[- 0.3%]</i> | <i>[- 0.3%]</i> | <i>[- 4.1pt]</i> | <i>[- 0.0pt]</i> |
| Recurring Profit (Loss)                   | 40.4          | <b>- 4.0</b>    | <b>- 2.8</b>    | - 43.2           | + 1.2            |
| <i>[margin]</i>                           | <i>[2.4%]</i> | <i>[- 0.2%]</i> | <i>[- 0.1%]</i> | <i>[- 2.6pt]</i> | <i>[+ 0.1pt]</i> |
| Net Income (Loss)                         | 18.6          | <b>- 23.0</b>   | <b>- 19.3</b>   | - 37.9           | + 3.7            |
| <i>[margin]</i>                           | <i>[1.1%]</i> | <i>[- 1.5%]</i> | <i>[- 1.2%]</i> | <i>[- 2.4pt]</i> | <i>[+ 0.2pt]</i> |
| Before-tax ROIC                           | 4.2%          | -               | <b>- 1.0%</b>   | - 5.2pt          | -                |
| Weighted-average exchange rates (USD/JPY) | 108.94        | -               | <b>105.29</b>   | - 3.65           | -                |
| US dollar-based transaction (B\$)         | 2.00          | -               | <b>1.61</b>     | - 0.39           | -                |



※ Amount in foreign currency calculated by deducting dollar-denominated purchases from dollar-denominated sales of Kawasaki Heavy Industries, Ltd. (to include dollar-denominated sales of loss provisions). The estimated impact on operating income due to a 1 yen fluctuation in the exchange rate. See page 48 for the breakdown of these figures by segment.

# 1 Consolidated Results for FY2020 -Segment-

- ☑ Sales and income decreased significantly in Aerospace Systems, which used to contribute most ①
- ☑ Income increased significantly in Motorcycle & Engine due to an increased sales of off-road models in North America and reductions of fixed costs ②

(Billion Yen)

|   | Orders Received |                |         | Net Sales      |                |         | Operating Income (Loss) |               |        |
|---|-----------------|----------------|---------|----------------|----------------|---------|-------------------------|---------------|--------|
|   | FY2019          | FY2020         | Change  | FY2019         | FY2020         | Change  | FY2019                  | FY2020        | Change |
| Aerospace Systems                       | 414.9           | <b>329.5</b>   | - 85.4  | 532.5          | <b>377.7</b>   | - 154.8 | 42.7                    | <b>- 31.6</b> | - 74.4 |
| Energy System & Plant Engineering       | 252.3           | <b>219.0</b>   | - 33.3  | 242.9          | <b>240.1</b>   | - 2.8   | 17.5                    | <b>13.4</b>   | - 4.1  |
| Precision Machinery & Robot             | 218.8           | <b>259.4</b>   | + 40.5  | 217.3          | <b>240.8</b>   | + 23.4  | 12.2                    | <b>14.0</b>   | + 1.8  |
| Ship & Offshore Structure               | 56.2            | <b>98.1</b>    | + 41.8  | 71.6           | <b>79.4</b>    | + 7.7   | - 0.6                   | <b>- 3.0</b>  | - 2.4  |
| Rolling Stock                           | 125.7           | <b>77.0</b>    | - 48.7  | 136.5          | <b>133.2</b>   | - 3.3   | - 3.8                   | <b>- 4.5</b>  | - 0.7  |
| Motorcycle & Engine                     | 337.7           | <b>336.6</b>   | - 1.0   | 337.7          | <b>336.6</b>   | - 1.0   | - 1.9                   | <b>11.7</b>   | + 13.7 |
| Others                                  | 107.5           | <b>82.5</b>    | - 24.9  | 102.4          | <b>80.4</b>    | - 22.0  | 1.2                     | <b>0.4</b>    | - 0.7  |
| Eliminations and corporate <sup>※</sup> | -               | -              | -       | -              | -              | -       | - 5.3                   | <b>- 5.7</b>  | - 0.3  |
| <b>Total</b>                            | <b>1,513.5</b>  | <b>1,402.4</b> | - 111.0 | <b>1,641.3</b> | <b>1,488.4</b> | - 152.8 | <b>62.0</b>             | <b>- 5.3</b>  | - 67.3 |

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

# 1 Consolidated Results for FY2020 -Income Statement-

(Billion Yen)

|   | FY2019                     | %     | FY2020                  | %     | Change             |
|---|----------------------------|-------|-------------------------|-------|--------------------|
| Net Sales   | 1,641.3                    | 100.0 | <b>1,488.4</b>          | 100.0 | - 152.8            |
| Cost of sales   | 1,370.8                    | 83.5  | <b>1,297.3</b>          | 87.2  | - 73.4             |
| Gross profit  | 270.5                      | 16.5  | <b>191.1</b>            | 12.8  | - 79.3             |
| Selling, general and administrative expenses                                      | 208.4                      | 12.7  | <b>196.4</b>            | 13.2  | - 11.9             |
| Salaries and allowances   | 56.6                       |       | <b>56.9</b>             |       | + 0.3              |
| Research and development expenses   | 52.6                       |       | <b>44.9</b>             |       | <sup>1</sup> - 7.6 |
| Others  | 99.2                       |       | <b>94.5</b>             |       | <sup>2</sup> - 4.6 |
| Operating Income (Loss)   | 62.0                       | 3.8   | <b>- 5.3</b>            | - 0.4 | - 67.3             |
| Non-operating Income / Expenses   | - 21.6                     |       | <b>2.4</b>              |       | + 24.0             |
| Gain and loss on foreign exchange   | - 8.4                      |       | <sup>3</sup> <b>4.0</b> |       | + 12.5             |
| Net Interest expense (incl. dividend income)                                      | - 2.6                      |       | <b>- 0.9</b>            |       | + 1.6              |
| Equity in income of unconsolidated subsidiaries and affiliates                    | 1.2                        |       | <sup>4</sup> <b>0.4</b> |       | - 0.8              |
| Payments for the in-service issues of commercial aircraft jet engines             | <sup>5</sup> <b>- 11.5</b> |       | -                       |       | + 11.5             |
| Reversal of payments for the in-service issues of commercial aircraft jet engines | -                          |       | <sup>6</sup> <b>3.3</b> |       | + 3.3              |
| Others  | - 0.2                      |       | <b>- 4.3</b>            |       | - 4.1              |
| Recurring Profit (Loss)   | 40.4                       | 2.5   | <b>- 2.8</b>            | - 0.2 | - 43.2             |

Details

- <sup>1</sup> Reduction of hydrogen related costs (¥5.8bn)
- <sup>2</sup> Reduction of sales promotion costs and travel expenses
- <sup>3</sup> Yen/US\$ rate  
108.83 March 31,'20  
110.72 March 31,'21
- <sup>4</sup> Improvement in NACKS and DACKS (ship & offshore)  
Deterioration in Medicaroid
- <sup>5</sup> Decrease in payments for the in-service issues of Trent 1000
- <sup>6</sup> Reversal of payments for the in-service issues of Trent1000

# 1 Consolidated Results for FY2020 -Income Statement-

(Billion Yen)

|  | FY2019  | %   | FY2020    | %     | Change |
|--|---------|-----|-----------|-------|--------|
| Recurring Profit (Loss)                                    | 40.4    | 2.5 | - 2.8     | - 0.2 | - 43.2 |
| Extraordinary Income / Losses                              | - 1.1   |     | - 11.8    |       | - 10.7 |
| Gain on sales of fixed assets                              | 1.2     |     | 7 3.2     |       | + 1.9  |
| Gain on sales of shares of subsidiaries and affiliates     | -       |     | 8 1.5     |       | + 1.5  |
| Loss on business withdrawal                                | 9 - 2.3 |     | -         |       | + 2.3  |
| Impairment loss  | -       |     | 10 - 15.2 |       | + 15.2 |
| Loss on valuation of shares of subsidiaries and affiliates | -       |     | 11 - 1.4  |       | + 1.4  |
| Income before income taxes                                 | 39.3    | 2.4 | - 14.6    | - 1.0 | - 54.0 |
| Income taxes   | 12 19.0 |     | 12 2.7    |       | - 16.2 |
| Net income attributable to non-controlling interests       | 1.6     |     | 1.8       |       | - 0.2  |
| Net income (Loss) attributable to owners of parent         | 18.6    | 1.1 | - 19.3    | - 1.3 | - 37.9 |

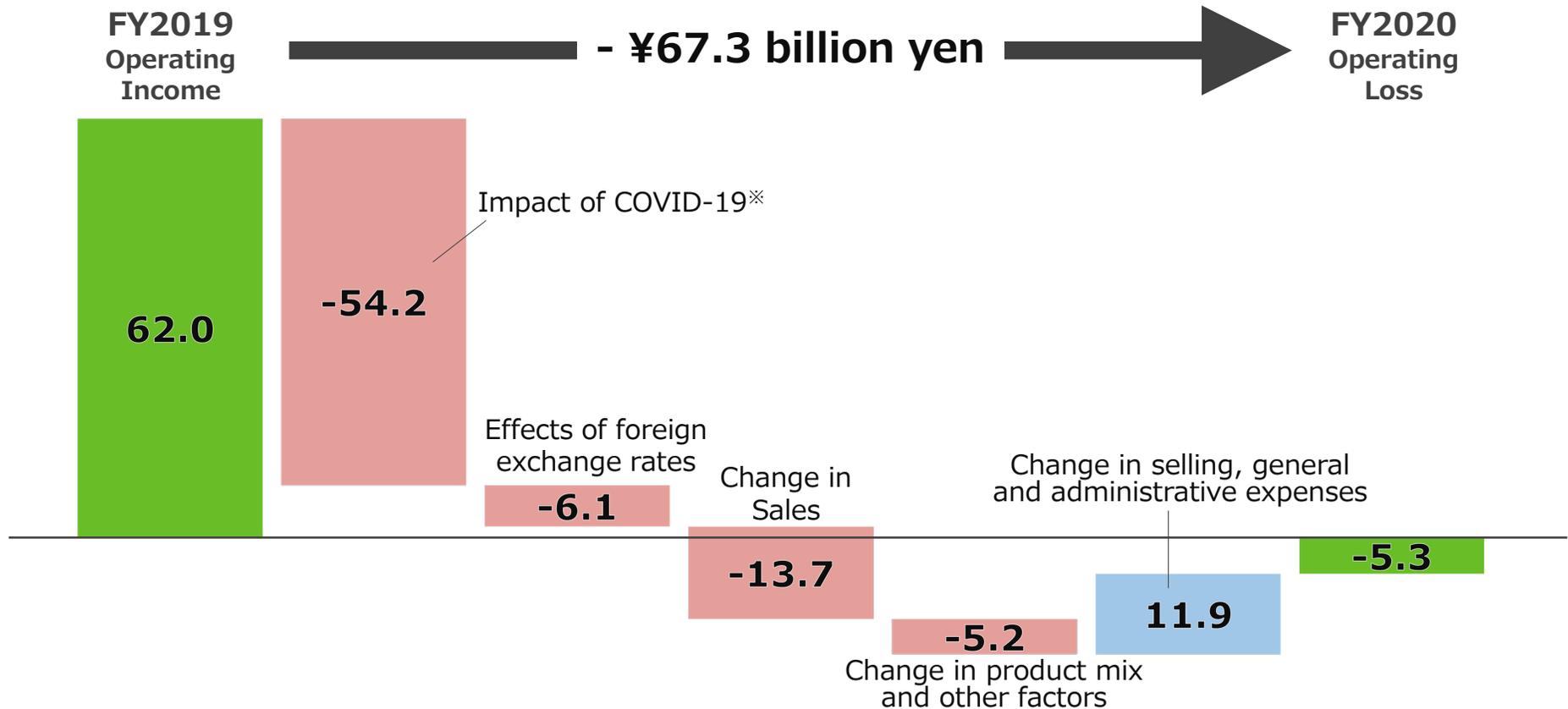
Details

- ⑦ Sale of former dormitory /company housing sites
- ⑧ Certain affiliated company related to Energy System & Plant Engineering
- ⑨ Certain businesses by Energy System & Plant Engineering
- ⑩ Sakaide Works (Ship & Offshore structure) ¥4.0bn All fixed assets Hyogo & Harima Works (Rolling stock) ¥11.1bn Partial fixed assets
- ⑪ An overseas affiliate (Motorcycle & Engine)
- ⑫ Partial reversal of deferred tax assets FY'19 ¥7.5bn

# Consolidated Results for FY2020

## -Details of change in profit-

- ☑ Reduction of SG&A expenses covered some of the impact of COVID-19
- ☑ The impact of COVID-19 primarily affected Aerospace System(70% of ¥54.2bn)



※ This figure is an approximate value that aggregates profit and loss fluctuations that are clearly attributable to the spread of COVID-19 in the FY2020, assuming the FY2019 results as a normal value

# Consolidated Results for FY2020

## -Details of change in profit-

(Billion Yen)

|                                      | FY2019<br>Operating<br>Income<br>(Loss) | Details of change      |                         |                     |  |                                 | Total         | FY2020<br>Operating<br>Income<br>(Loss) |
|--------------------------------------|---|------------------------|-------------------------|---------------------|--|---------------------------------|---------------|---|
|                                      |   | Impact of<br>COVID-19※ | Effects of<br>FX rates※ | Change<br>in sales※ | Change in<br>product mix and<br>other factors※ | Change in<br>SG & A<br>expenses |               |   |
| Aerospace Systems                    | 42.7                                    | - 39.7                 | - 2.4                   | - 19.4              | - 13.7   | 0.8                             | - 74.4        | - 31.6                                  |
| Energy System &<br>Plant engineering | 17.5                                    | - 3.8                  | - 0.1                   | - 0.6               | - 1.2  | 1.6                             | - 4.1         | 13.4                                    |
| Precision Machinery & Robot          | 12.2                                    | 1.2                    | - 0.9                   | 4.7                 | - 3.6  | 0.4                             | 1.8           | 14.0                                    |
| Ship & Offshore Structure            | - 0.6                                   |                        | - 0.1                   | 0.9                 | - 3.9  | 0.7                             | - 2.4         | - 3.0                                   |
| Rolling Stock                        | - 3.8                                   | - 6.4                  | - 0.1                   | - 0.3               | 5.9  | 0.2                             | - 0.7         | - 4.5                                   |
| Motorcycle & Engine                  | - 1.9                                   | - 5.5                  | - 2.4                   | 1.0                 | 13.3   | 7.3                             | 13.7          | 11.7                                    |
| Others                               | 1.2                                     |                        | - 0.1                   |                     | - 1.6  | 1.0                             | - 0.7         | 0.4                                     |
| Eliminations and corporate※          | - 5.3                                   |                        |                         |                     | - 0.1  | - 0.2                           | - 0.3         | - 5.7                                   |
| <b>Total</b>                         | <b>62.0</b>                             | <b>- 54.2</b>          | <b>- 6.1</b>            | <b>- 13.7</b>       | <b>- 5.2</b>                                   | <b>11.9</b>                     | <b>- 67.3</b> | <b>- 5.3</b>                            |

※ The impact of the COVID-19, Effects of foreign exchange rates, change in sales, 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 sales and change in product mix.

# 1 Consolidated Results for FY2020 -Balance Sheet-

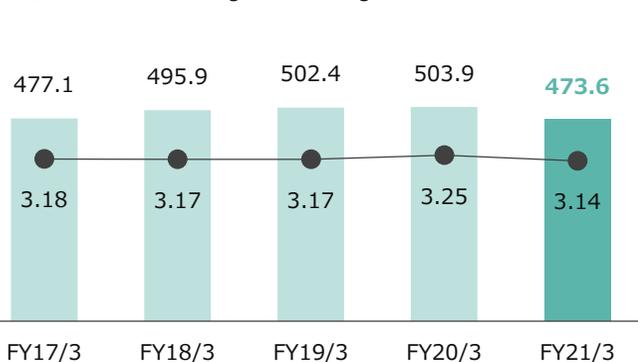
(Billion Yen)

|                                    | End of<br>Mar. 2020 | %     | End of<br>Mar. 2021 | %     | Change   |
|------------------------------------|---------------------|-------|---------------------|-------|----------|
| Cash and deposits                  | 106.1               |       | <b>126.7</b>        |       | ① + 20.5 |
| Trade receivables                  | 473.2               |       | <b>460.4</b>        |       | ② - 12.7 |
| Inventory                          | 631.6               |       | <b>658.5</b>        |       | ③ + 26.8 |
| Other current assets               | 47.8                |       | <b>39.7</b>         |       | - 8.0    |
| Current assets                     | 1,258.7             | 64.3  | <b>1,285.4</b>      | 65.5  | + 26.6   |
| Tangible & intangible fixed assets | 503.9               |       | <b>473.6</b>        |       | ④ - 30.2 |
| Deferred tax assets                | 70.5                |       | <b>70.4</b>         |       | - 0.1    |
| Other non-current assets           | 124.5               |       | <b>133.7</b>        |       | + 9.1    |
| Non-current assets                 | 699.0               | 35.7  | <b>677.8</b>        | 34.5  | - 21.1   |
| Total assets                       | 1,957.8             | 100.0 | <b>1,963.2</b>      | 100.0 | + 5.4    |

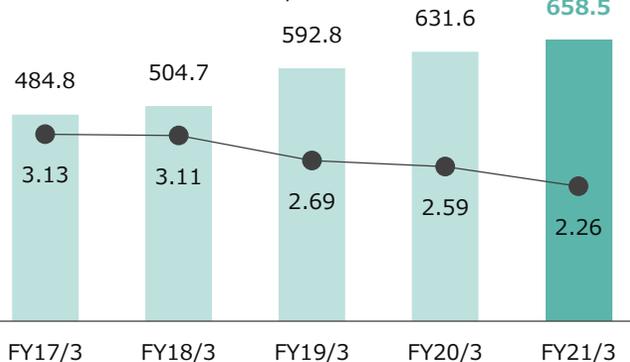
## Details

- ① Preparation for unforeseen events due to COVID-19
- ② Decrease of Sales mainly in Aerospace Systems despite progress of receivable collection mainly in Motorcycle & Engine
- ③ Increase in inventories in Aerospace Systems due to the impact of COVID-19
- ④ Sale of former dormitory /company housing sites and impairment loss of Sakaide, Hyogo and Harima works

■ Tangible & intangible fixed assets (Bil Yen)  
● Turnover of tangible & intangible fixed assets



■ Inventory (Bil Yen)  
● Turnover of inventory



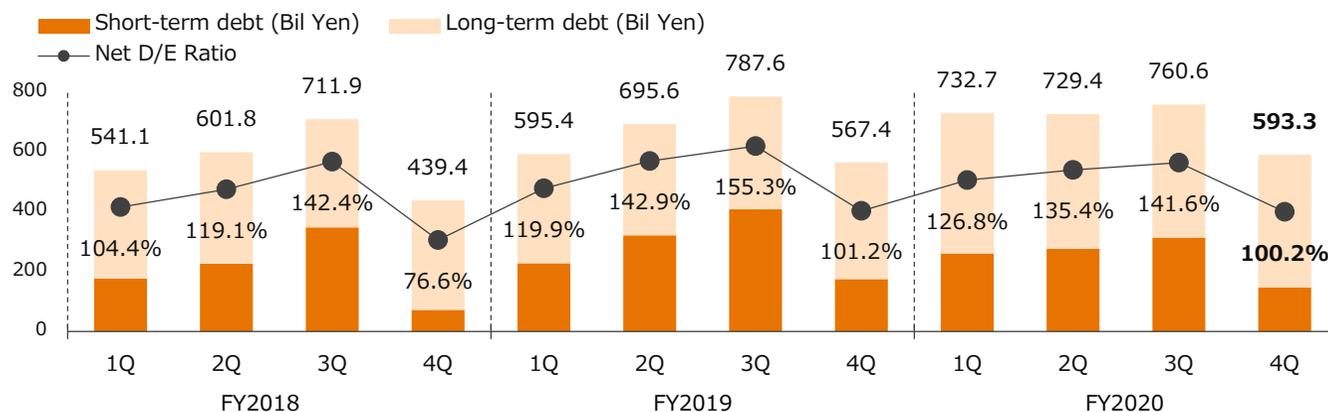
# 1 Consolidated Results for FY2020 -Balance Sheet-

(Billion Yen)

|  | End of<br>Mar. 2020 | %            | End of<br>Mar. 2021 | %            | Change   |
|--|---------------------|--------------|---------------------|--------------|----------|
| Trade payables   | 371.6               |              | <b>355.1</b>        |              | ① - 16.5 |
| Interest-bearing debt  | 567.4               |              | <b>593.3</b>        |              | ② + 25.8 |
| Advances received  | 148.6               |              | <b>153.2</b>        |              | + 4.6    |
| Provision for losses on construction contracts                         | 11.4                |              | <b>14.2</b>         |              | + 2.7    |
| Provision for the in-service issues of commercial aircraft jet engines | 15.6                |              | <b>5.9</b>          |              | - 9.7    |
| Other liabilities  | 371.3               |              | <b>358.4</b>        |              | - 12.9   |
| <b>Total liabilities</b>   | <b>1,486.2</b>      | <b>75.9</b>  | <b>1,480.5</b>      | <b>75.4</b>  | - 5.7    |
| Total shareholders' equity   | 485.5               |              | <b>465.4</b>        |              | - 20.0   |
| Other net assets   | - 13.9              |              | <b>17.3</b>         |              | ③ + 31.2 |
| <b>Total net assets</b>  | <b>471.5</b>        | <b>24.1</b>  | <b>482.7</b>        | <b>24.6</b>  | + 11.2   |
| <b>Total liabilities &amp; net assets</b>                              | <b>1,957.8</b>      | <b>100.0</b> | <b>1,963.2</b>      | <b>100.0</b> | + 5.4    |

Details

- ① Due to a decrease in sales
- ② Preparation for unforeseen events due to COVID-19
- ③ Unrecognized actuarial gains and losses improved due to higher stock prices (remeasurements of defined benefit plans +¥18.9bn)



\*Cash Conversion Cycle (day)

|              |     |
|--------------|-----|
| End of FY'16 | 101 |
| End of FY'17 | 101 |
| End of FY'18 | 111 |
| End of FY'19 | 133 |
| End of FY'20 | 153 |

# 1 Consolidated Results for FY2020 -Cash Flows-

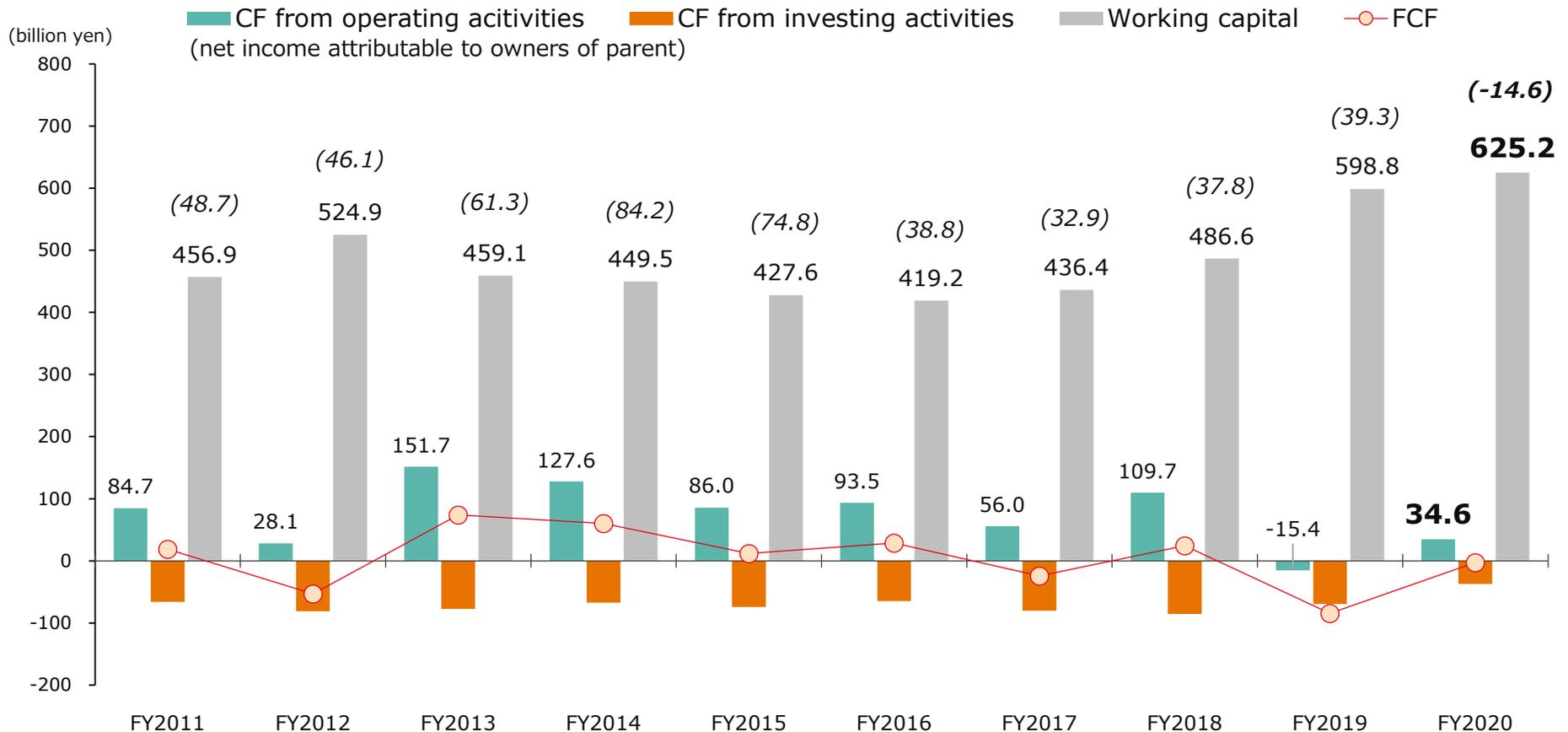
|  | (Billion Yen) |               |               |
|--|---------------|---------------|---------------|
|  | FY2019        | FY2020        | Change        |
| Income before income taxes   | 39.3          | - 14.6        | - 54.0        |
| Depreciation and amortization  | 61.2          | 61.2          | - 0.0         |
| Increase and decrease in working capital                                     | - 120.9       | - 15.8        | + 105.1       |
| Trade receivables (minus notation indicates incr.)                           | - 46.7        | 23.2          | + 70.0        |
| Inventory (minus notation indicates incr.)                                   | - 48.0        | - 26.3        | + 21.6        |
| Trade payables (minus notation indicates decr.)                              | 2.4           | - 16.7        | - 19.1        |
| Advance Payment (minus notation indicates incr.)                             | 3.3           | - 0.1         | - 3.4         |
| Advances received (minus notation indicates decr.)                           | - 31.8        | 4.2           | + 36.0        |
| Other  | 4.8           | 3.8           | - 1.0         |
| <b>Cash flows from operating activities</b>                                  | <b>- 15.4</b> | <b>34.6</b>   | <b>+ 50.0</b> |
| Purchase of tangible and intangible fixed assets                             | - 71.9        | - 51.6        | + 20.2        |
| Proceeds from sales of tangible and intangible fixed assets                  | 6.0           | 13.6          | + 7.5         |
| Other  | - 3.5         | 0.6           | + 4.1         |
| <b>Cash flows from investing activities</b>                                  | <b>- 69.4</b> | <b>- 37.3</b> | <b>+ 32.0</b> |
| <b>Free cash flows</b>   | <b>- 84.8</b> | <b>- 2.7</b>  | <b>+ 82.0</b> |
| Net increase and decrease in debt and bonds (minus notation indicates decr.) | 129.1         | 16.6          | - 112.5       |
| Dividends paid (Except payment to non-controlling interests)                 | - 11.7        | - 0.0         | + 11.6        |
| Proceeds from sale and leaseback transactions                                | -             | 10.0          | + 10.0        |
| Other  | - 1.6         | - 3.4         | - 1.8         |
| <b>Cash flows from financing activities</b>                                  | <b>115.8</b>  | <b>23.0</b>   | <b>- 92.7</b> |

## Details

- ① FY'19  
Deteriorated after the liquidation of receivables in the end of FY'18
- FY'20  
Progress of receivable collection while the sales decreased
- ② Sale of former dormitory / company housing sites
- ③ FY'19 :  
Compensation of free cash flow deficits and increased borrowing in preparation for unforeseen events due to COVID-19
- ④ Forewent a year-end dividend for the FY'19 or an interim dividend for the FY'20

# 1 Consolidated Results for FY2020 -Cash Flows-

- ✓ Cash flow from operating activities deteriorated due to increase of working capital (Business expansion did not sufficiently contribute to net income)
- ✓ One of the reasons is expansion of jet engine business, which requires a long payback period



# Earnings Forecasts for FY2021

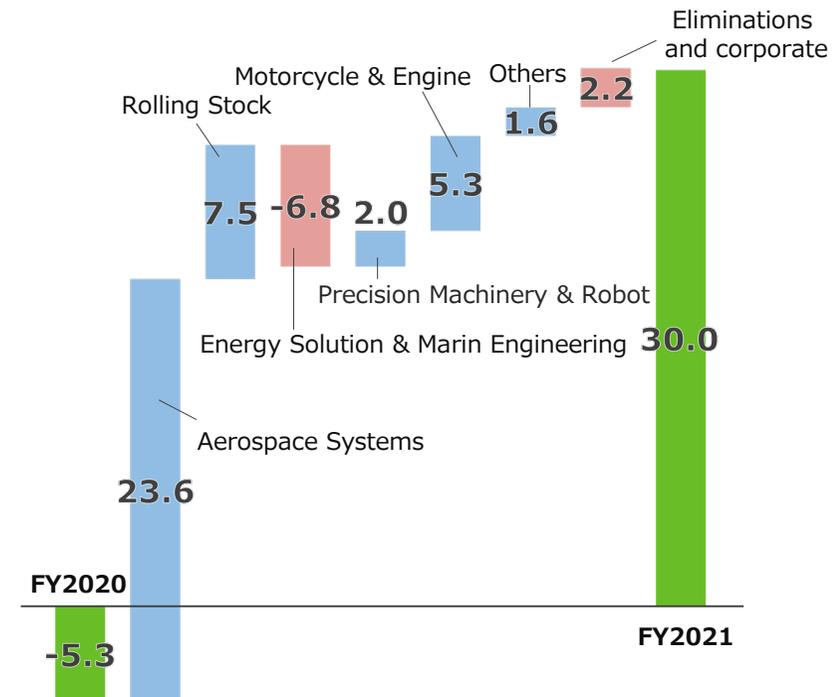
## -Summary-

- ☑ Significant increase in orders, sales and profits are expected due to mitigating of the impact of COVID-19
- ☑ Impairment loss on fixed assets to be acquired in Sakaide Works is recorded under extraordinary profit and loss

|  | (Billion Yen)    |                    |           |
|--|------------------|--------------------|-----------|
|  | FY2020<br>Actual | FY2021<br>Forecast | Change    |
| Orders Received                                    | 1,402.4          | <b>1,480.0</b>     | + 77.6    |
| Net Sales  | 1,488.4          | <b>1,500.0</b>     | + 11.6    |
| Operating Income (Loss)                            | - 5.3            | <b>30.0</b>        | + 35.3    |
| [Margin]   | [- 0.3%]         | [2.0%]             | [+ 2.3pt] |
| Recurring Profit (Loss)                            | - 2.8            | <b>20.0</b>        | + 22.8    |
| [Margin]   | [- 0.1%]         | [1.3%]             | [+ 1.5pt] |
| Net Income (Loss)<br>Attributable to Owners Parent | - 19.3           | <b>17.0</b>        | + 36.3    |
| [Margin]   | [- 1.2%]         | [1.1%]             | [+ 2.4pt] |
| Before-tax ROIC                                    | - 1.0%           | <b>2.5%</b>        | + 3.5pt   |
| Weighted-average<br>exchange rates (USD/JPY)       | 105.29           | <b>106.00</b>      | + 0.71    |
| US dollar-based transaction (B\$)                  | 1.61             | <b>1.61</b>        | -         |

Negative impact of approx. **¥100 billion decrease**  
due to application of new Accounting Standard for Revenue Recognition

### Details of Change in Operating Income (billion yen)



※Amount in foreign currency calculated by deducting dollar-denominated purchases from dollar-denominated sales of Kawasaki Heavy Industries, Ltd. (to include dollar-denominated sales of loss provisions). The estimated impact on operating income due to a 1 yen fluctuation in the exchange rate. See page 48 for the breakdown of these figures by segment.

- Aerospace Systems will improve profitability, but the situation will remain difficult ①
- Motorcycle & Engine will enjoy increase of both sales and profits due to the recovery in demand for motorcycles and the continued demand for off-road models in the North America ②

(Billion Yen)

|  | Orders Received |                |        | Net Sales      |                             |        | Operating Income (Loss) |                             |        |
|--|-----------------|----------------|--------|----------------|-----------------------------|--------|-------------------------|-----------------------------|--------|
|  | FY2020          | FY2021         | Change | FY2020         | FY2021                      | Change | FY2020                  | FY2021                      | Change |
| Aerospace Systems                        | 329.5           | <b>310.0</b>   | - 19.5 | 377.7          | ※ <sup>1</sup> <b>340.0</b> | - 37.7 | - 31.6                  | ※ <sup>1</sup> <b>- 8.0</b> | + 23.6 |
| Rolling Stock                            | 77.0            | <b>70.0</b>    | - 7.0  | 133.2          | <b>150.0</b>                | + 16.8 | - 4.5                   | <b>3.0</b>                  | + 7.5  |
| Energy Solution & Marine Engineering     | 317.1           | <b>400.0</b>   | + 82.9 | 319.5          | <b>320.0</b>                | + 0.5  | 10.3                    | <b>3.5</b>                  | - 6.8  |
| Precision Machinery & Robot              | 259.4           | <b>260.0</b>   | + 0.6  | 240.8          | <b>250.0</b>                | + 9.2  | 14.0                    | <b>16.0</b>                 | + 2.0  |
| Motorcycle & Engine                      | 336.6           | <b>380.0</b>   | + 43.4 | 336.6          | <b>380.0</b>                | + 43.4 | 11.7                    | <b>17.0</b>                 | + 5.3  |
| Ohters                                   | 82.5            | <b>60.0</b>    | - 22.5 | 80.4           | ※ <sup>1</sup> <b>60.0</b>  | - 20.4 | 0.4                     | <b>2.0</b>                  | + 1.6  |
| Eliminations and corporate <sup>※2</sup> | -               | -              | -      | -              | -                           | -      | - 5.7                   | <b>- 3.5</b>                | + 2.2  |
| <b>Total</b>                             | <b>1,402.4</b>  | <b>1,480.0</b> | + 77.6 | <b>1,488.4</b> | <b>1,500.0</b>              | + 11.6 | - 5.3                   | <b>30.0</b>                 | + 35.3 |

※1 The application of the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) is expected to have a negative impact of approximately ¥73 billion on net sales and ¥10 billion on operating income

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

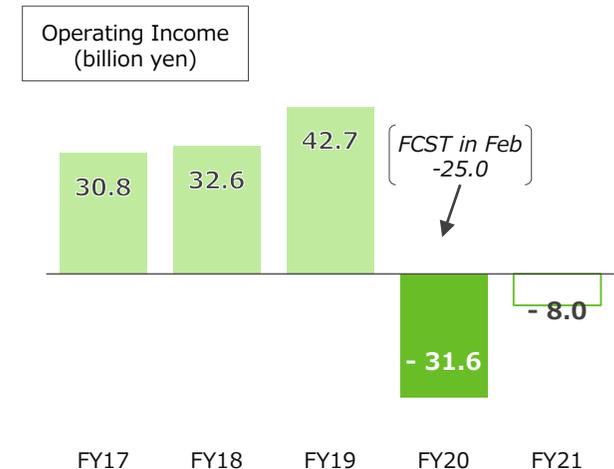
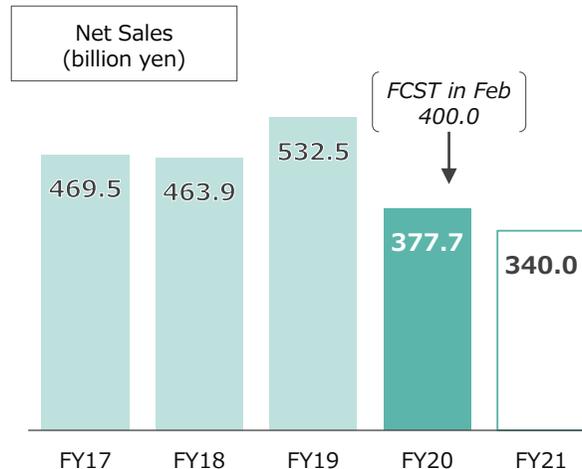
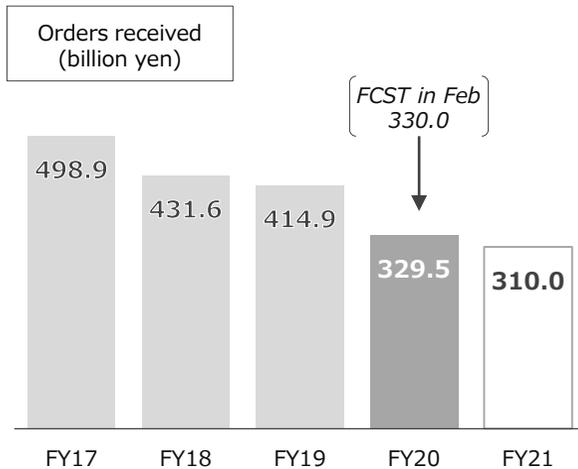
# 3 Details by Segment -Aerospace systems-

## FY2020 (vs. FY2019)

|                  |   |   |
|------------------|---|---|
| Orders received  | ↘ | Decreased due to a decrease in component parts for commercial aircrafts and component parts for commercial aircraft jet engines, despite an increase in aircrafts for MOD |
| Net Sales        | ↘ | Decreased due to a decrease in aircrafts for MOD, component parts for commercial aircrafts and component parts for commercial aircraft jet engines                        |
| Operating income | ↘ | Deteriorated due to a decrease in revenue and other factors   |

## FY2021 (vs. FY2020)

|                  |   |  |
|------------------|---|--|
| Orders received  | ↘ | Decreased due to a decrease in component parts for commercial aircrafts and component parts for commercial aircraft jet engines          |
| Net Sales        | ↘ | Same as above  |
| Operating income | ↗ | Increased due to an improvement in the profitability of jet engine business along with the recovery of operating hours and other factors |

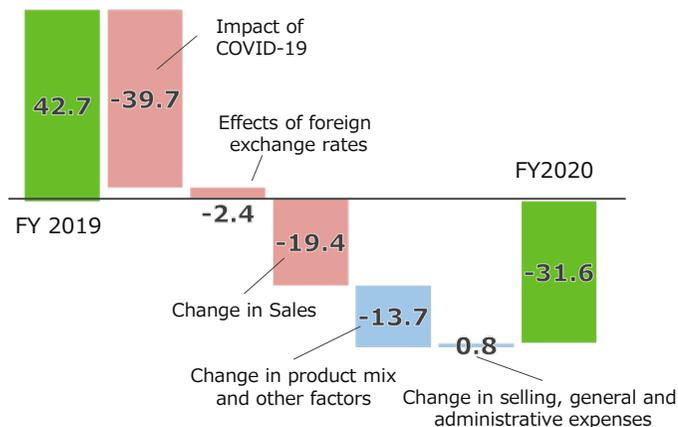


# 3 Details by Segment -Aerospace systems-

(Billion Yen)

|                         | FY2019        | FY2020          |                 |                   |                  | FY2021          |                  |
|-------------------------|---------------|-----------------|-----------------|-------------------|------------------|-----------------|------------------|
|                         | Actual        | FCST in Feb.    | Actual          | Chg. Vs. FY19     | Chg. Vs. FCST    | Forecast        | Chg. Vs. FY20    |
| Orders Received         | 414.9         | 330.0           | <b>329.5</b>    | - 85.4            | - 0.5            | <b>310.0</b>    | - 19.5           |
| <i>Aerospace</i>        | 244.5         | 230.0           | <b>236.2</b>    | - 8.3             | + 6.2            | <b>240.0</b>    | + 3.8            |
| <i>Aero Engine</i>      | 170.4         | 100.0           | <b>93.3</b>     | - 77.0            | - 6.7            | <b>70.0</b>     | - 23.3           |
| Net Sales               | 532.5         | 400.0           | <b>377.7</b>    | - 154.8           | - 22.3           | ※ <b>340.0</b>  | - 37.7           |
| <i>Aerospace</i>        | 339.8         | 275.0           | <b>262.5</b>    | - 77.2            | - 12.5           | <b>265.0</b>    | + 2.5            |
| <i>Aero Engine</i>      | 192.7         | 125.0           | <b>115.1</b>    | - 77.5            | - 9.9            | <b>75.0</b>     | - 40.1           |
| Operating Income (Loss) | 42.7          | - 25.0          | <b>- 31.6</b>   | - 74.4            | - 6.6            | ※ <b>- 8.0</b>  | + 23.6           |
| <i>[Margin]</i>         | <i>[8.0%]</i> | <i>[- 6.2%]</i> | <i>[- 8.3%]</i> | <i>[- 16.4pt]</i> | <i>[- 2.0pt]</i> | <i>[- 2.3%]</i> | <i>[+ 6.0pt]</i> |

Details of change in Operating Income(Loss)  
(billion yen)



## Appendix

Number of aircraft component parts sold to Boeing

|      | FY'19 | FY'20 | Change |
|------|-------|-------|--------|
| 767  | 34    | 30    | - 4    |
| 777  | 44    | 24    | -20    |
| 777X | 9     | 9     | -      |
| 787  | 167   | 77    | - 90   |

Number of jet engine component parts sold

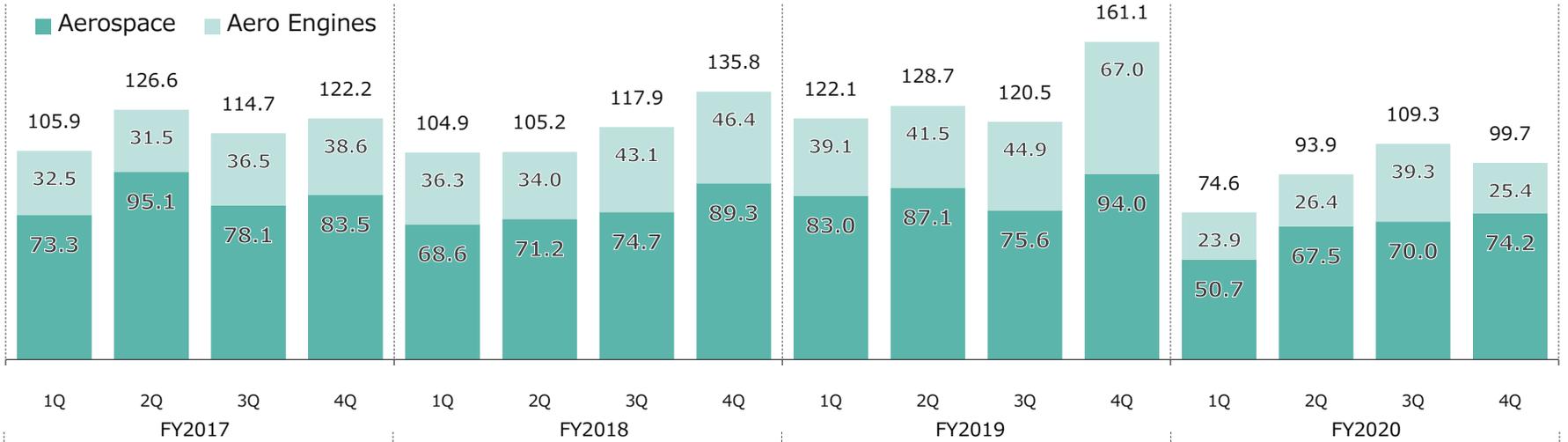
|         | FY'19 | FY'20 | Change |
|---------|-------|-------|--------|
| V2500   | 47    | 5     | - 42   |
| PW1100G | 726   | 360   | - 366  |

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

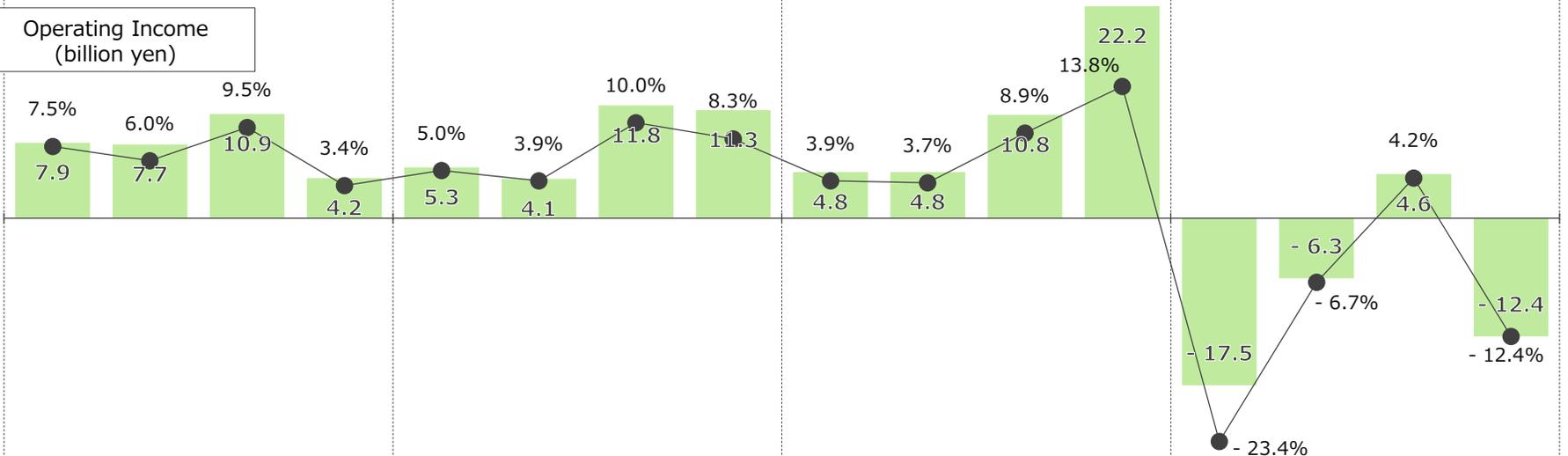
※ The application of the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) is expected to have a negative impact of approximately ¥73 billion on net sales and ¥10 billion on operating income

# Details by Segment -Aerospace systems-

Net Sales  
(billion yen)



Operating Income  
(billion yen)



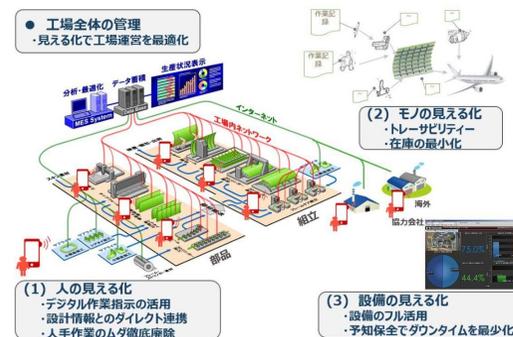
# 3 Details by Segment -Aerospace systems-

## Market Overview

- Commercial aircraft business
  - Global passenger demand remained weak due to the impact of COVID-19, and demand for aircraft and aircraft jet engine business has been declining
  - It will take a considerable amount of time for the market to recover to the same level as the conditions before COVID-19
  - However, jet engine business is expected to recover faster than aircraft business
- MOD aircraft business
  - There is a certain demand within tight defense budget
  - Stable orders are expected over the medium- and long- term

## Specific Efforts

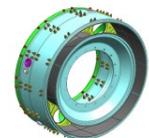
- ✓ **Securing stable revenue in core business**
  - Cost reductions in existing orders of aircrafts for Boeing and commercial aircrafts jet engines
  - Steady promotion of existing orders for MOD such as development and mass production
- ✓ **Revising technology strategy in accordance with the change in marked trends**
- ✓ **Improving financial foundation**
  - Review of fixed cost structure
  - Reduction of inventories through production innovation activities



Smart-K Project



patrol aircraft "P-1"  
5 aircrafts to be delivered in FY'21



Hydrogen combustor  
(decarbonization technology)

# Details by Segment - Energy System & Plant Engineering -

## FY2020 (vs. FY2019)

Orders received



Decreased compared with FY2019, when orders were received for major repair work on domestic municipal waste incineration plants

Net Sales



Decreased compared with FY2019, when overseas sales of chemical plants were recorded, despite an increase in sales of domestic municipal waste incineration plants and sales of domestic gas turbine combined cycle power plants

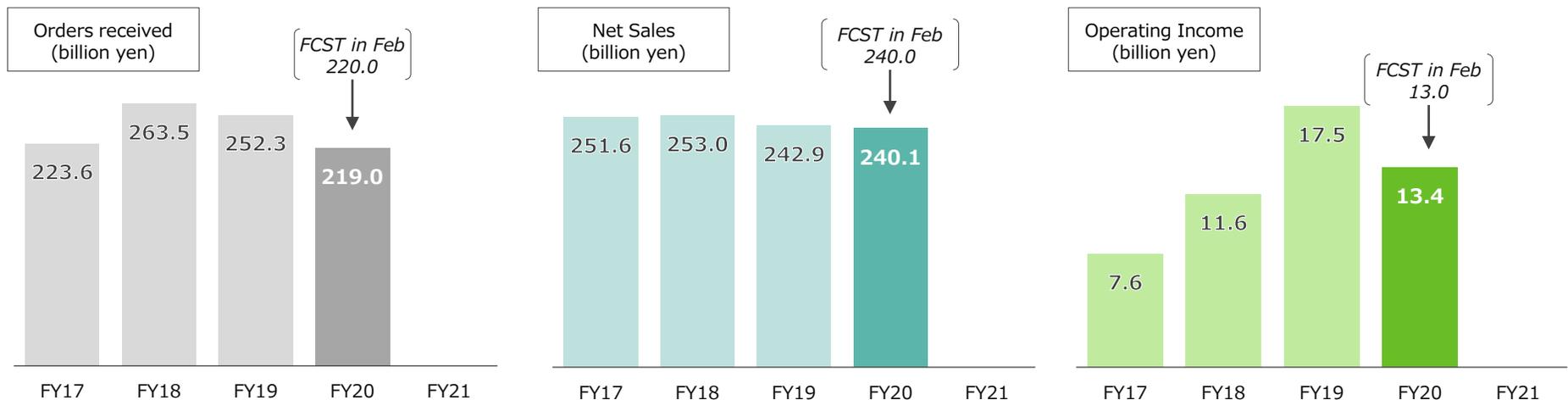
Operating income



Decreased due to decrease in sales, the occurrence of operation losses by the impact of COVID-19, and other factors

## FY2021 (vs. FY2020)

See page 39 for the new segment “Energy solutions and Marine Engineering”



## Details by Segment - Energy System & Plant Engineering -

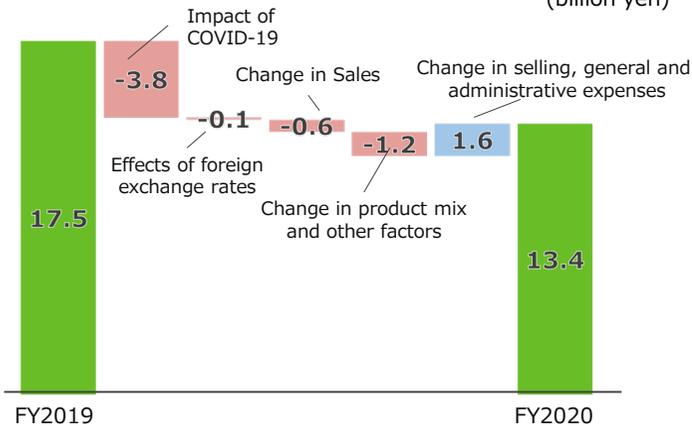
(Billion Yen)

|                  | FY2019        | FY2020        |               |                  |                  | FY2021   |              |
|------------------|---------------|---------------|---------------|------------------|------------------|----------|--------------|
|                  | Actual        | FCST in Feb.  | Actual        | Chg. vs FY19     | Chg. vs FCST     | Forecast | Chg. vs FY20 |
| Orders Received  | 252.3         | 220.0         | <b>219.0</b>  | - 33.3           | - 1.0            | -        | -            |
| Net Sales        | 242.9         | 240.0         | <b>240.1</b>  | - 2.8            | + 0.1            | -        | -            |
| Operating Income | 17.5          | 13.0          | <b>13.4</b>   | - 4.1            | + 0.4            | -        | -            |
| <i>[Margin]</i>  | <i>[7.2%]</i> | <i>[5.4%]</i> | <i>[5.5%]</i> | <i>[- 1.6pt]</i> | <i>[+ 0.0pt]</i> |          |              |



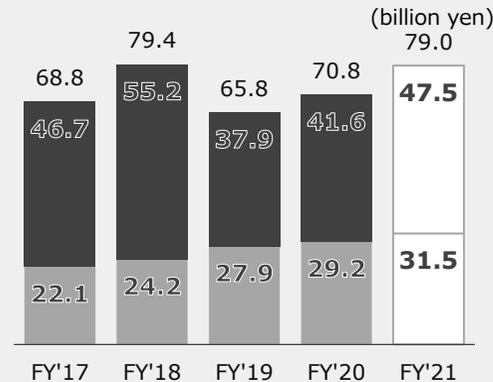
See page 40 for the new segment  
"Energy solutions and Marine Engineering"

Details of change in Operating Income(Loss)  
(billion yen)

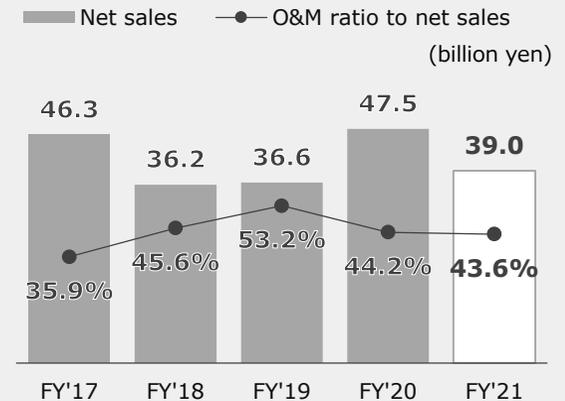


### Appendix

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

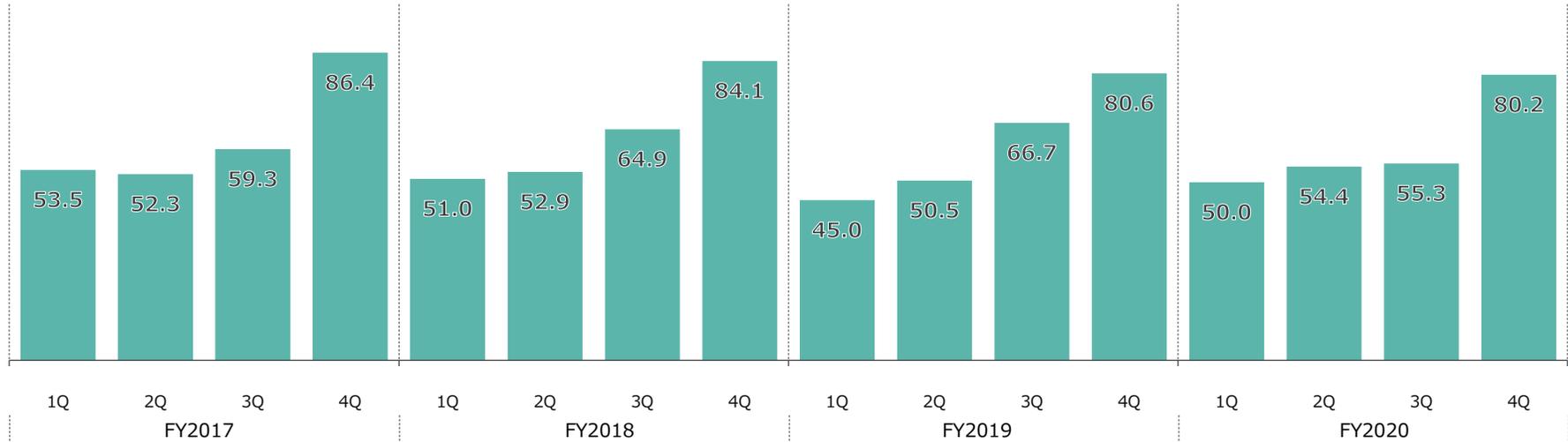


Sales of municipal waste incineration plants

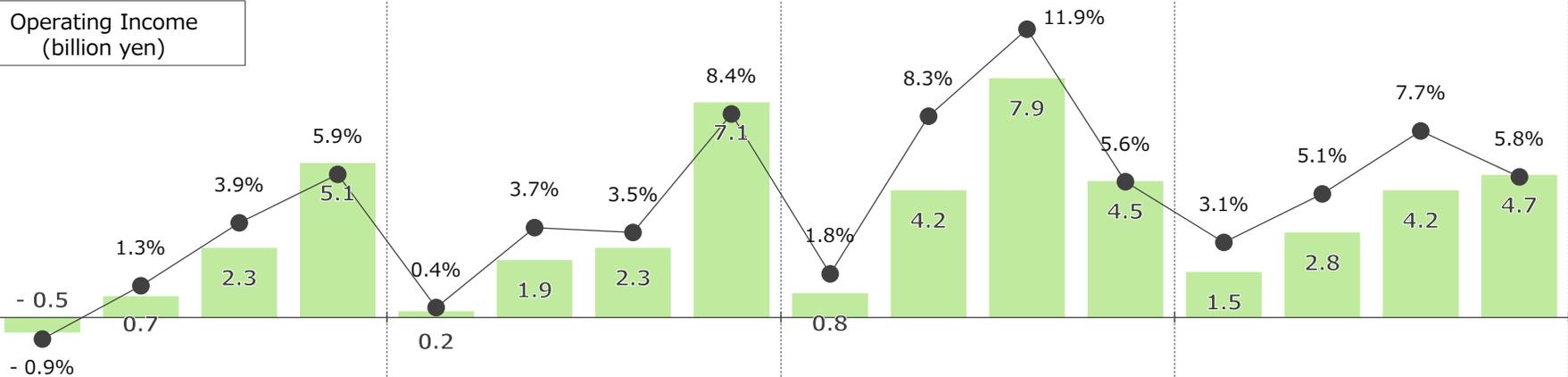


# Details by Segment - Energy System & Plant Engineering -

Net Sales  
(billion yen)



Operating Income  
(billion yen)



## Market Overview

- Domestic
  - Demand for major repair work on municipal waste incineration plants is expected to continue
- Emerging countries
  - Demand for distributed power plants and other energy infrastructure is expected to expand in the medium to long term
- The impact of COVID-19
  - Restrictions on movement of people with exception of China or certain developed countries may affect sales and after-sales service activities

## Specific Efforts

See page 42 for the new segment  
“Energy solutions and Marine Engineering”

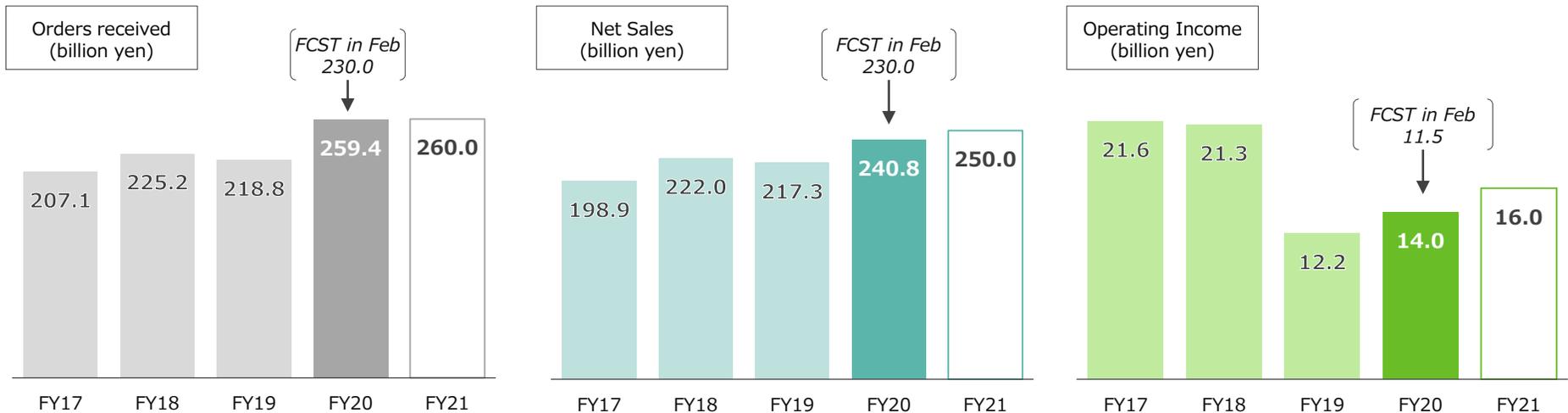
# 3 Details by Segment - Precision Machinery & Robot -

## FY2020 (vs. FY2019)

|                  |   |  |
|------------------|---|--|
| Orders received  | ↑ | Increased due to an increase in hydraulic components for construction machinery, robots for semiconductor manufacturing equipment, and robots for automobile body assembly |
| Net Sales        | ↔ | Same as above  |
| Operating income | ↑ | Increased due to an increase in revenue  |

## FY2021 (vs. FY2020)

|                  |   |  |
|------------------|---|--|
| Orders received  | → | Remained at the same level due to an increase in robots, despite a decrease in hydraulic components for construction machinery |
| Net Sales        | ↑ | Increased as a whole due to an increase in robots, despite a decrease in hydraulic components for construction machinery       |
| Operating income | ↑ | Increased due to an increase in sales of robots, an improvement in profitability of robots, and other factors                  |



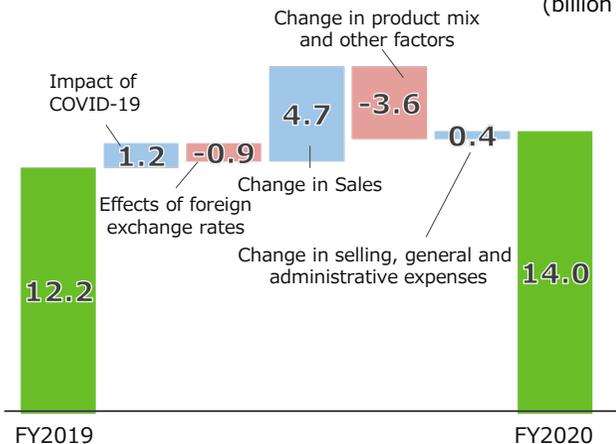
# Details by Segment - Precision Machinery & Robot -

(Billion Yen)

|                                | FY2019 | FY2020       |              |              |              | FY2021       |              |
|--------------------------------|--------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                | Actual | FCST in Feb. | Actual       | Chg. vs FY19 | Chg. vs FCST | Forecast     | Chg. vs FY20 |
| Orders Received                | 218.8  | 230.0        | <b>259.4</b> | + 40.5       | + 29.4       | <b>260.0</b> | + 0.6        |
| Hydraulic Components & Systems | 145.9  | 155.0        | <b>172.6</b> | + 26.7       | + 17.6       | <b>165.0</b> | - 7.6        |
| Robotics                       | 72.9   | 75.0         | <b>86.7</b>  | + 13.8       | + 11.7       | <b>95.0</b>  | + 8.3        |
| Net Sales                      | 217.3  | 230.0        | <b>240.8</b> | + 23.4       | + 10.8       | <b>250.0</b> | + 9.2        |
| Hydraulic Components & Systems | 147.8  | 155.0        | <b>165.5</b> | + 17.7       | + 10.5       | <b>160.0</b> | - 5.5        |
| Robotics                       | 69.5   | 75.0         | <b>75.2</b>  | + 5.7        | + 0.2        | <b>90.0</b>  | + 14.8       |
| Operating Income               | 12.2   | 11.5         | <b>14.0</b>  | + 1.8        | + 2.5        | <b>16.0</b>  | + 2.0        |
| [Margin]                       | [5.6%] | [5.0%]       | [5.8%]       | [+ 0.2pt]    | [+ 0.8pt]    | [6.4%]       | [+ 0.5pt]    |

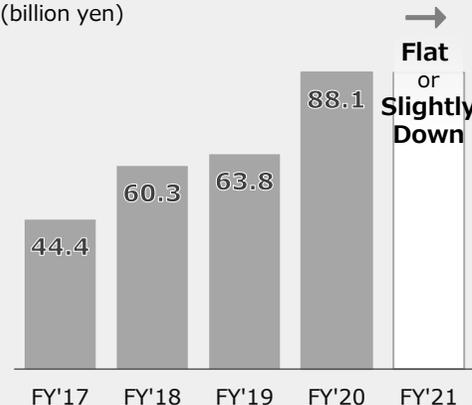
## Details of change in Operating Income(Loss)

(billion yen)



## Appendix

### Sales of hydraulic components to China (billion yen)

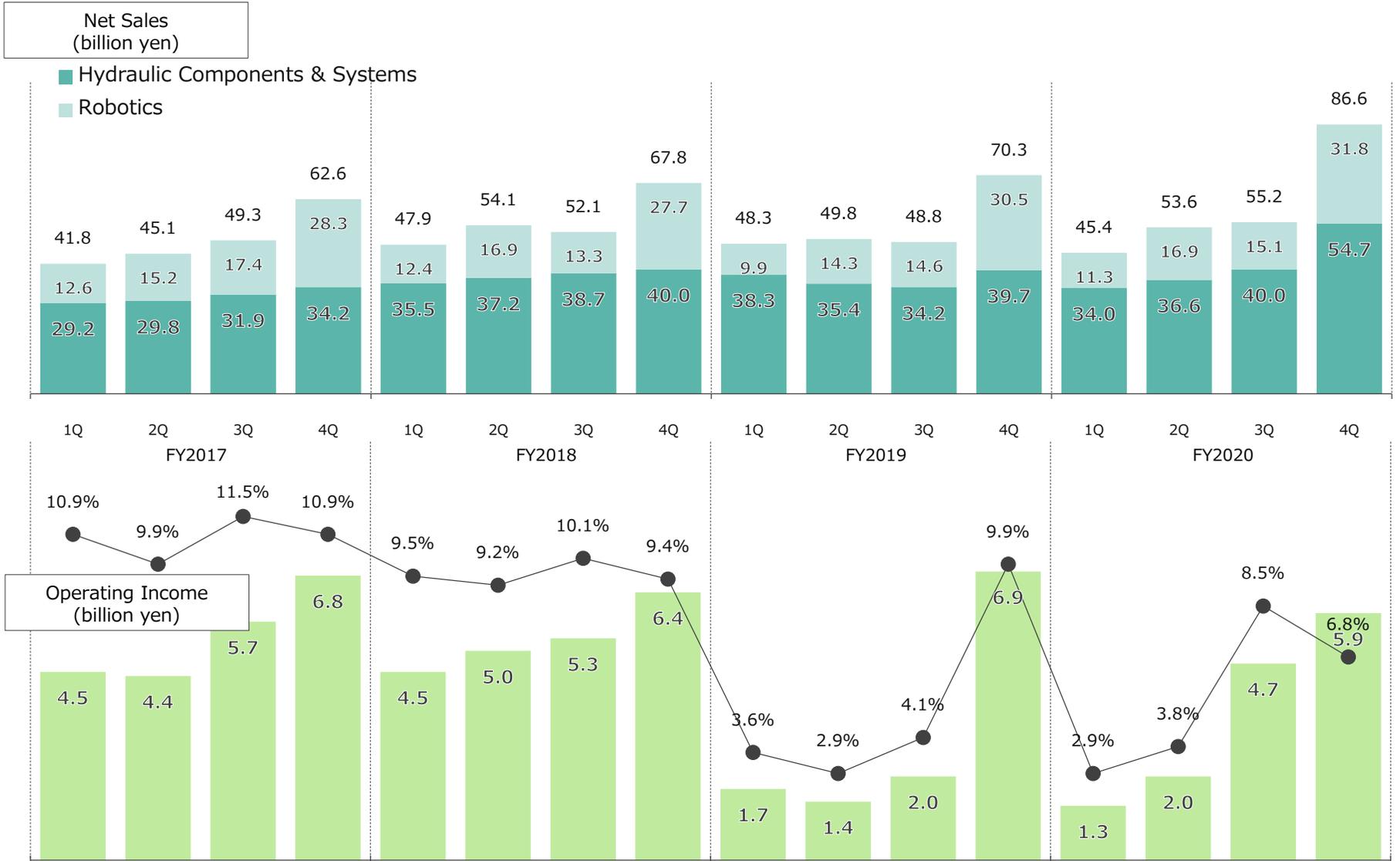


### Sales of robots by segment\* (billion yen)

|  | FY'19      | FY'20      | FY'21 FCST |
|--|------------|------------|------------|
| Automobile assembly and painting             | 350        | 368        | 350        |
| Semiconductor manufacturing equipment        | 190        | 238        | 250        |
| general robots for industrial use and others | 219        | 212        | 310        |
| <b>Total</b>                                 | <b>760</b> | <b>819</b> | <b>910</b> |

\*Figures are before consolidation

# Details by Segment - Precision Machinery & Robot -



## Market Overview

- Construction machinery
  - Demand is increasing in Chinese market, which has recovered rapidly from the impact of COVID-19 and has recorded the highest sales of hydraulic construction machinery
  - World wide demand excluding China is currently on a clear recovery trend, despite stagnation due to the impact of COVID-19
  - Electrification will be promoted due to the environmental regulations
  - Automation and autonomy will be promoted due to the decline of skilled workers
- Robots
  - In the Chinese market, sales of general purpose robots for industrial use are rapidly recovering, although some projects were delayed by the impact of COVID-19
  - In semiconductor markets, demand is strong due to increased capital investment, and will expand over the medium to long-term

## 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



### ✓ Promotion of open innovation

- Developing markets and complementing strengths by collaboration with other companies in the same and different industries
- Accelerating development and early launch of new products by collaboration with start-up companies
- Strengthening elemental technology for future products by collaboration with academia and government

### ■ Kawasaki Robotics Collaboration

Competitors



Academia & government



Start-ups



Different industries



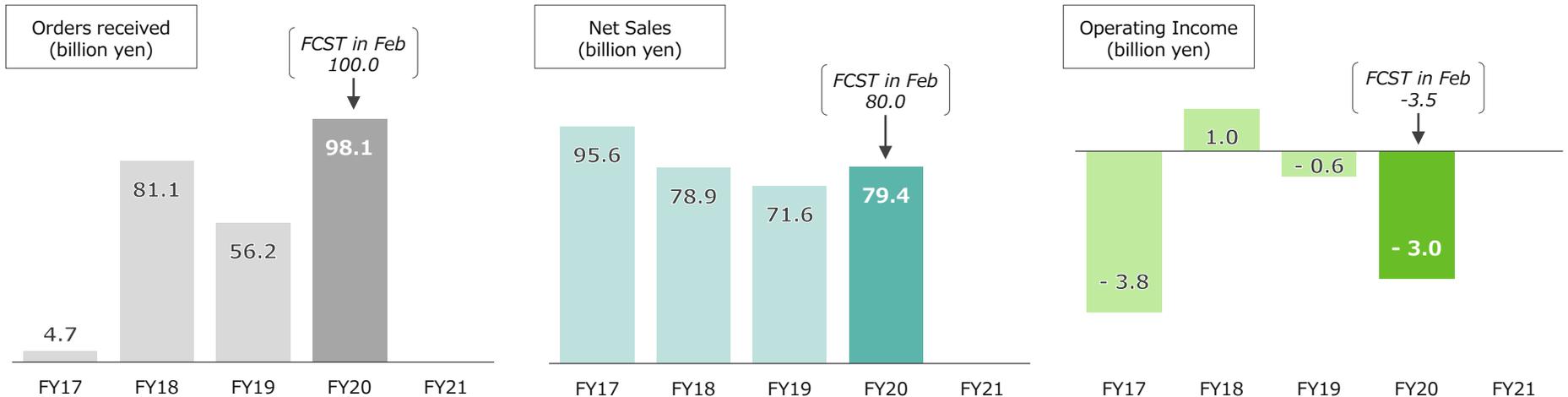
# 3 Details by Segment - Ship & Offshore Structure -

## FY2020 (vs. FY2019)

|                  |   |  |
|------------------|---|--|
| Orders received  | ↑ | Increased due to orders received for a submarine for MOD and other factors (orders for 4 LPG carriers in 'FY19 and 4 in FY'20) |
| Net Sales        | ↑ | Increased due to an increase in a construction works of submarine for MOD and other factors                                    |
| Operating income | ↓ | Deteriorated due to the occurrence of operation losses and other factors, despite an increase in revenue                       |

## FY2021 (vs.FY2020)

See page 39 for the new segment "Energy solutions and Marine Engineering"



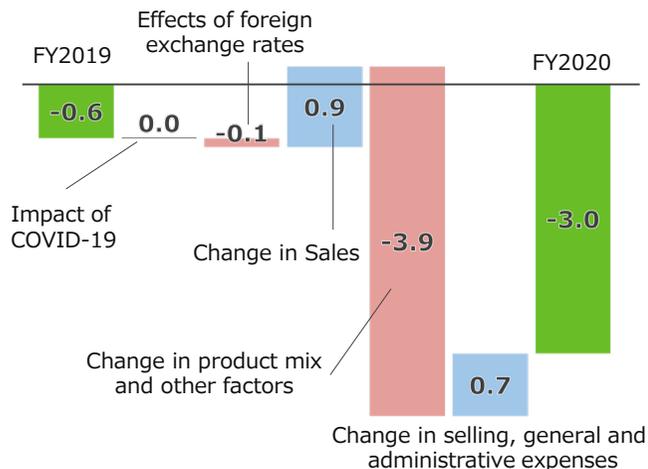
# Details by Segment - Ship & Offshore Structure -

(Billion Yen)

|                         | FY2019            | FY2020       |              |              |              | FY2021   |              |
|-------------------------|-------------------|--------------|--------------|--------------|--------------|----------|--------------|
|                         | Actual            | FCST in Feb. | Actual       | Chg. vs FY19 | Chg. vs FCST | Forecast | Chg. vs FY20 |
| Orders Received         | 56.2              | 100.0        | <b>98.1</b>  | + 41.8       | - 1.9        | -        | -            |
| Net Sales               | 71.6              | 80.0         | <b>79.4</b>  | + 7.7        | - 0.6        | -        | -            |
| Operating Income (Loss) | - 0.6             | - 3.5        | <b>- 3.0</b> | - 2.4        | + 0.5        | -        | -            |
|                         | [Margin] [- 0.8%] | [- 4.3%]     | [- 3.7%]     | [- 2.9pt]    | [+ 0.6pt]    |          |              |

See page 40 for the new segment  
"Energy solutions and Marine Engineering"

## Details of change in Operating Income(Loss) (billion yen)

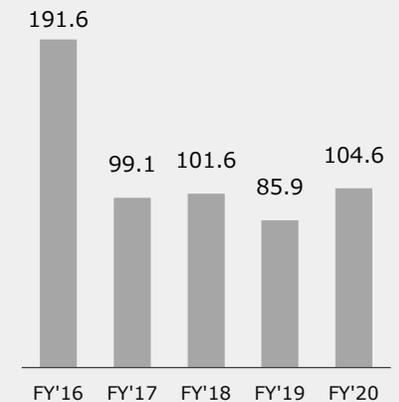


## Appendix

### Delivery year (number of ships)

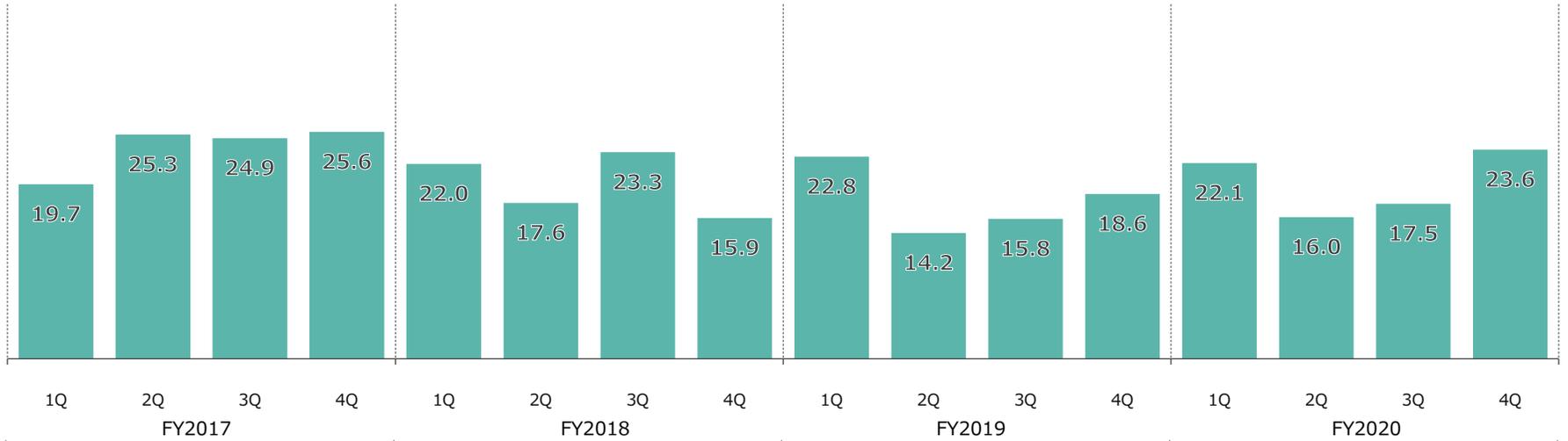
|              | FY'20    | FY21      | FY22     | FY23~    | Order Backlog |
|--------------|----------|-----------|----------|----------|---------------|
|              | Actual   | Scheduled |          |          |               |
| LNG Carrier  | -        | -         | -        | -        | -             |
| LPG Carrier  | 2        | 3         | 4        | -        | 7             |
| Submarine    | 1        | -         | 1        | 1        | 2             |
| Others       | 3        | -         | -        | -        | -             |
| <b>Total</b> | <b>6</b> | <b>3</b>  | <b>5</b> | <b>1</b> | <b>9</b>      |

### Order Backlog (billion yen)

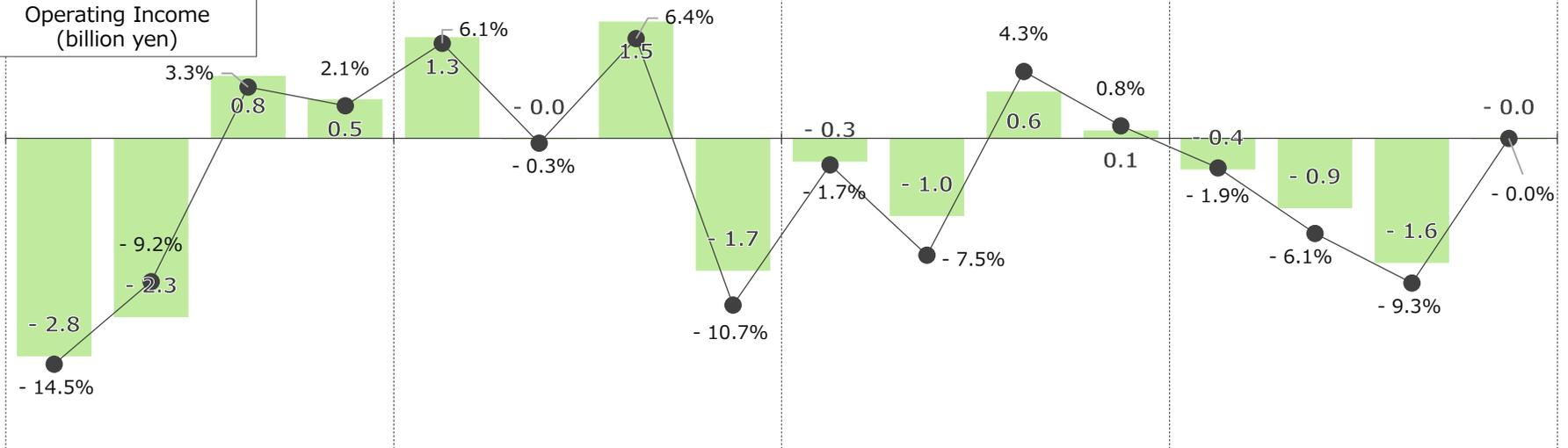


# Details by Segment - Ship & Offshore Structure -

Net Sales  
(billion yen)



Operating Income  
(billion yen)



## Market Overview

- Submarines & governmental ships
  - Stable orders are expected
  - Regular repairs will increase due to the extension of the lifespan
- Commercial ships
  - Demand for LNG fueled vessels increases as environmental regulations strengthen
  - The situation remain severe, amid the limited availability of new projects due to the uncertainty of global economic trends
  - Strict competition with shipyards in Korea and China makes it difficult to secure orders at profitable prices

## Specific Efforts

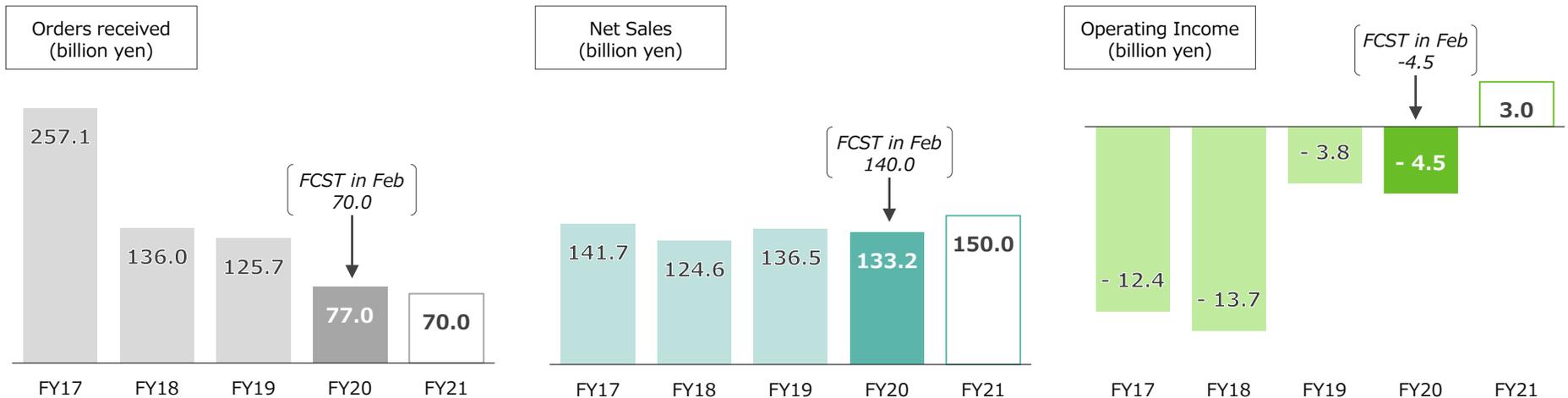
See page 42 for the new segment  
“Energy solutions and Marine Engineering”

## FY2020 (vs. FY2019)

|                  |   |  |
|------------------|---|--|
| Orders received  | ↘ | Decreased compared with FY2019, when major orders in domestic were received  |
| Net Sales        | ↘ | Decreased due to a decrease in passenger cars for U.S.   |
| Operating income | ↘ | Deteriorated due to a decrease in profit from overseas projects by the impact of COVID-19 in addition to decreased revenue |

## FY2021 (vs. FY2020)

|                  |   |  |
|------------------|---|--|
| Orders received  | ↘ | Decreased as a whole due to a decrease in the U.S., despite remaining at the same level in Asia and domestic |
| Net Sales        | ↗ | Increased as a whole due to an increase in the U.S., despite a decrease in Asia and domestic                 |
| Operating income | ↗ | Improved due to an increase in revenue and improvement in profitability                                      |

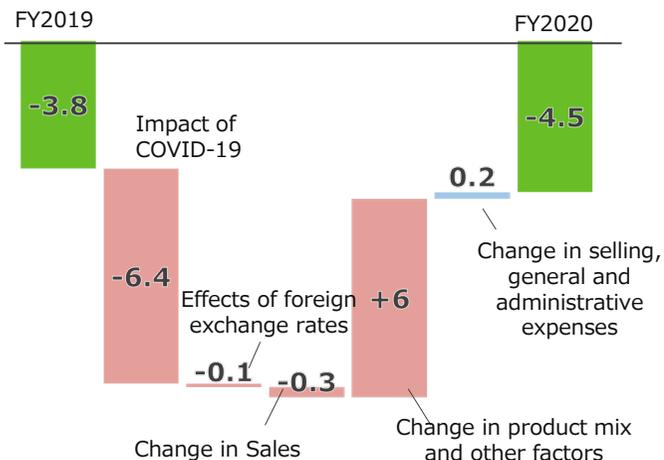


# Details by Segment - Rolling Stock -

(Billion Yen)

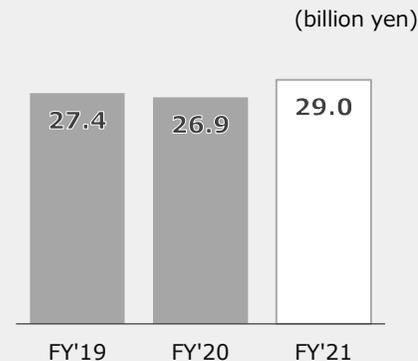
|                            | FY2019          | FY2020          |                 |                  |               | FY2021        |                  |
|----------------------------|-----------------|-----------------|-----------------|------------------|---------------|---------------|------------------|
|                            | Actual          | FCST in Feb.    | Actual          | Chg. Vs. FY19    | Chg. Vs. FCST | Forecast      | Chg. Vs. FY20    |
| Orders Received            | 125.7           | 70.0            | <b>77.0</b>     | - 48.7           | + 7.0         | <b>70.0</b>   | - 7.0            |
| <i>Domestic &amp; Asia</i> | 119.9           | 61.5            | <b>66.2</b>     | - 53.7           | + 4.7         | <b>67.0</b>   | + 0.8            |
| <i>North America</i>       | 5.8             | 8.5             | <b>10.8</b>     | + 5.0            | + 2.3         | <b>3.0</b>    | - 7.8            |
| Net Sales                  | 136.5           | 140.0           | <b>133.2</b>    | - 3.3            | - 6.8         | <b>150.0</b>  | + 16.8           |
| <i>Domestic &amp; Asia</i> | 97.5            | 113.5           | <b>107.5</b>    | + 10.0           | - 6.0         | <b>99.0</b>   | - 8.5            |
| <i>North America</i>       | 38.9            | 26.5            | <b>25.6</b>     | - 13.3           | - 0.9         | <b>51.0</b>   | + 25.4           |
| Operating Income (Loss)    | - 3.8           | - 4.5           | <b>- 4.5</b>    | - 0.7            | -             | <b>3.0</b>    | + 7.5            |
| <i>[Margin]</i>            | <i>[- 2.7%]</i> | <i>[- 3.2%]</i> | <i>[- 3.3%]</i> | <i>[- 0.6pt]</i> |               | <i>[2.0%]</i> | <i>[+ 5.4pt]</i> |

## Details of change in Operating Income(Loss) (billion yen)



## Appendix

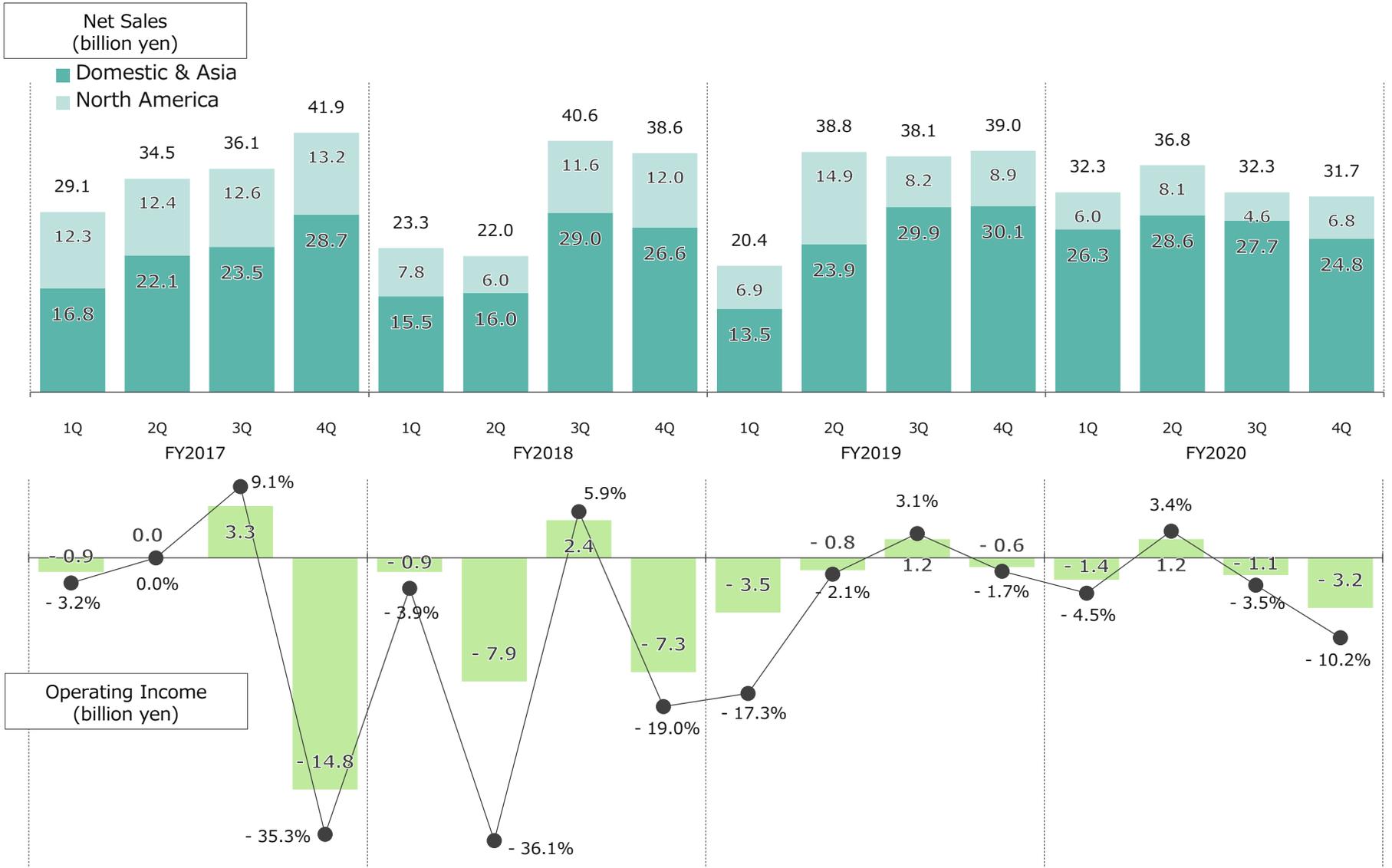
### Sales in components, overhaul and after-sales service



### Progress of the M9 Project for Long Island Rail Road in the United States (End of April 2021)

- 80 cars out of 202 were delivered
- KMM, the North American works, has started production of the last unit, and its delivery is scheduled for 1Q 2022

# Details by Segment - Rolling Stock -



## Market Overview

- The impact of COVID-19
  - Review of railway related investment in domestic, delaying project schedule and postponement/ cancellation of bid in overseas are becoming reality
- 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

## Specific Efforts

### ✓ Compliance with delivery schedules for overseas projects

- Milestones of major projects

|                                      |           |
|--------------------------------------|-----------|
| Delivery of the first train to Dhaka | FY2021 1Q |
| Delivery of prototype train for R211 | FY2021 1Q |
| Delivery of final train for M9       | FY2022 1Q |



Rolling stock for Dhaka Mass Transit Company Limited

The first train has arrived at the local train depot and is undergoing maintenance work. Subsequent trains are also being shipped, and field test is scheduled to be conducted after FY2021 2Q.

- Company-wide staffing U.S. works to streamline process and improve productivity and quality through the newly established North America Project Management Task Force

### ✓ Achieving quality levels trusted by customers

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

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

- First order for a remote track monitoring system for U.S. is expected in FY2021 1Q

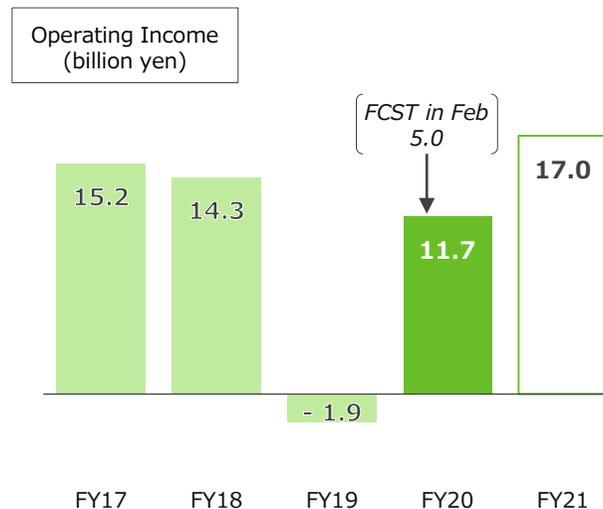
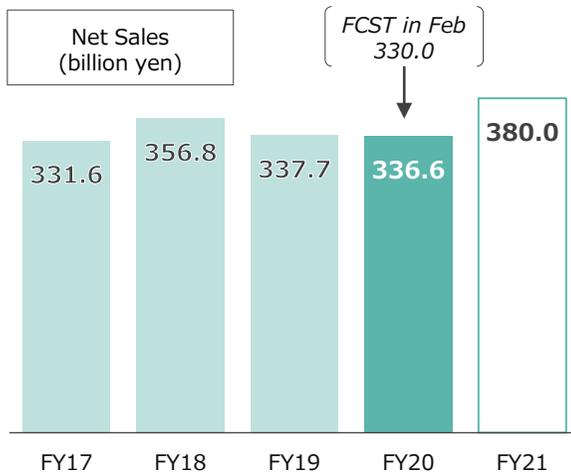
# 3 Details by Segment - Motorcycle & Engine -

## FY2020 (vs. FY2019)

- Net Sales** → Remained at the same level due to a decrease in motorcycles for the Southeast Asia, the impact of strong yen and other factors, despite an increase in off-road vehicles for North America
- Operating income** ↗ Increased due to reductions of fixed costs and sales promotion costs and other factors

## FY2021 (vs. FY2020)

- Net Sales** ↗ Increased due to recovery of demand for motorcycles, remaining demand for off-road model in North America, and replenishment of dealer inventories, which decreased excessively in the previous period
- Operating income** ↗ Increased due to an increase in revenue



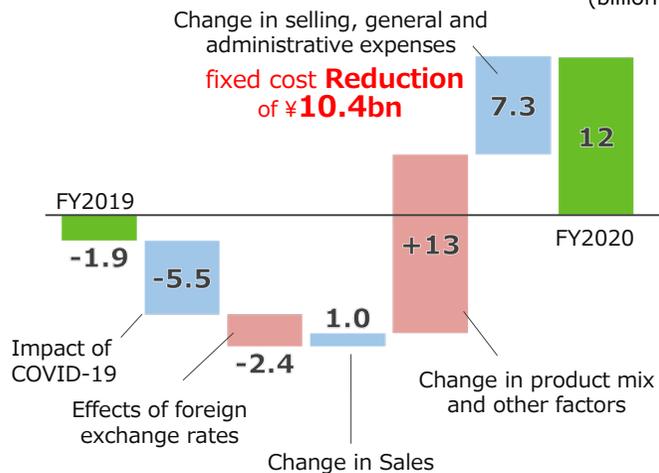
# 3 Details by Segment - Motorcycle & Engine -

(Billion Yen)

|                                     | FY2019          | FY2020        |               |                  |                  | FY2021        |                  |
|-------------------------------------|-----------------|---------------|---------------|------------------|------------------|---------------|------------------|
|                                     | Actual          | FCST in Feb.  | Actual        | Chg. Vs. FY19    | Chg. Vs. FCST    | Forecast      | Chg. Vs. FY20    |
| Net Sales                           | 337.7           | 330.0         | <b>336.6</b>  | - 1.0            | + 6.6            | <b>380.0</b>  | + 43.4           |
| Motorcycles for developed countries | 123.0           | -             | <b>114.2</b>  | - 8.7            | -                | <b>137.0</b>  | + 22.8           |
| Motorcycles for emerging market     | 78.6            | -             | <b>67.4</b>   | - 11.2           | -                | <b>82.0</b>   | + 14.6           |
| Utility Vehicles, ATVs & PWC        | 84.6            | -             | <b>101.4</b>  | + 16.7           | -                | <b>108.0</b>  | + 6.6            |
| General-purpose gasoline engines    | 51.3            | -             | <b>53.5</b>   | + 2.1            | -                | <b>53.0</b>   | - 0.5            |
| Operating Income (Loss)             | - 1.9           | 5.0           | <b>11.7</b>   | + 13.7           | + 6.7            | <b>17.0</b>   | + 5.3            |
| <i>[Margin]</i>                     | <i>[- 0.5%]</i> | <i>[1.5%]</i> | <i>[3.4%]</i> | <i>[+ 4.0pt]</i> | <i>[+ 1.8pt]</i> | <i>[4.4%]</i> | <i>[+ 0.9pt]</i> |

## Details of change in Operating Income(Loss)

(billion yen)



## Appendix

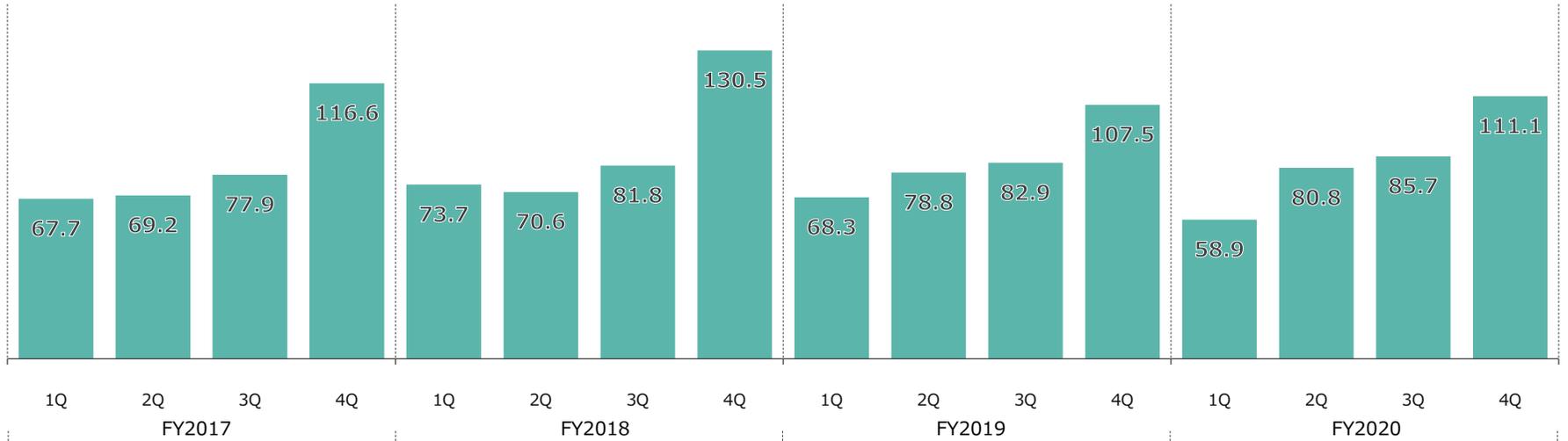
### Wholesales of motorcycles by country

| Developed countries | (Thousand units) |       |        |
|---------------------|------------------|-------|--------|
|                     | FY'19            | FY'20 | Change |
| Japan               | 19               | 16    | -2     |
| U.S.                | 55               | 54    | -1     |
| Canada              | 6                | 5     | -1     |
| Europe              | 74               | 58    | -15    |
| Australia           | 6                | 11    | 4      |
| Total               | 162              | 146   | -15    |

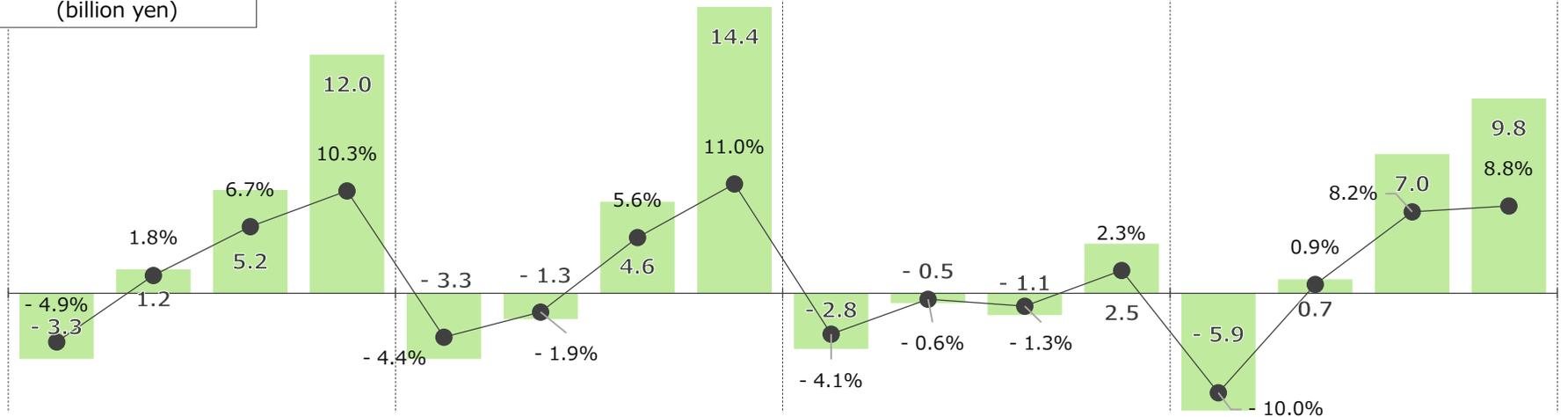
| Emerging countries | (Thousand units) |       |        |
|--------------------|------------------|-------|--------|
|                    | FY'19            | FY'20 | Change |
| Brazil             | 8                | 9     | + 0    |
| Thailand           | 10               | 6     | -3     |
| Philippines        | 240              | 143   | -96    |
| Indonesia          | 51               | 30    | -21    |
| China              | 27               | 25    | 11     |
| Others             |                  | 11    |        |
| Total              | 337              | 226   | -111   |

# 3 Details by Segment - Motorcycle & Engine -

Net Sales  
(billion yen)



Operating Income  
(billion yen)



# 3 Details by Segment - Motorcycle & Engine -

## Market Overview

- U.S.
  - Retail market exceeds the level of the previous year due to rising demand for off-road models by the impact of COVID-19
  - Demand is expected to remain strong
- Europe
  - Retail market has recovered to the same level as the previous year despite a temporary impact of city-wide lockdown in countries in the spring in 2020
- Southeast Asia
  - Retail markets remain sluggish
  - However, they are expected to recover in FY2021

## Specific Efforts

- ✓ **Strict control of fixed costs to slimming down**
  - Maintaining the level of fixed cost ratio reduced in FY 2020 while considering additional reductions
- ✓ **Improvement in marginal rate of return**
  - Reduction of sales promotion costs
  - Promotion of cost reduction
- ✓ **Review of inventory levels (reduction)**
- ✓ **Expansion of the four wheeler business and electrification**
  - Focus on development investment to increase four wheeler production and reduce carbon emissions



Off-road four wheeler  
TERYX KRX 1000



EV Project (EICMA2019)

# Details by Segment - Energy Solution & Marine Engineering -

## FY2020 (vs. FY2019)

See page 19 for the former segment “Energy System & Plant Engineering ” and page 27 for “Ship & Offshore Structure”

## FY2021 (vs.FY2020)

Orders received



Increased due to an increase in domestic municipal waste incineration plants despite a decrease in ship & offshore structure

Net Sales

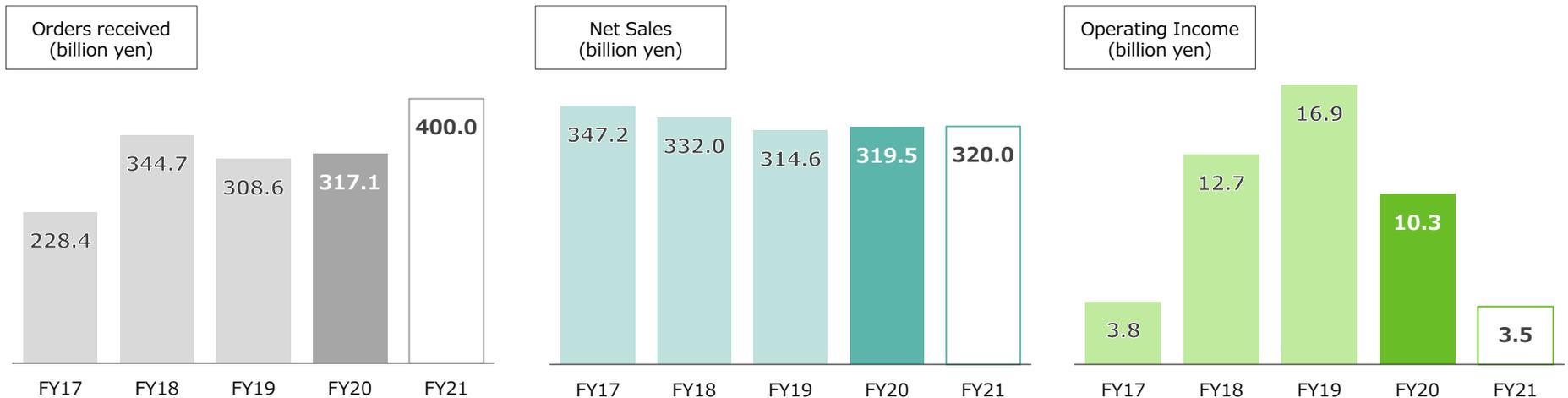


Remained at the same level due to an increase in energy business despite decreases in ship & offshore structure and plant engineering

Operating income



Decreased due to decreased profitability despite increased revenue



※ The prior results of previous segment have been reclassified to current segment

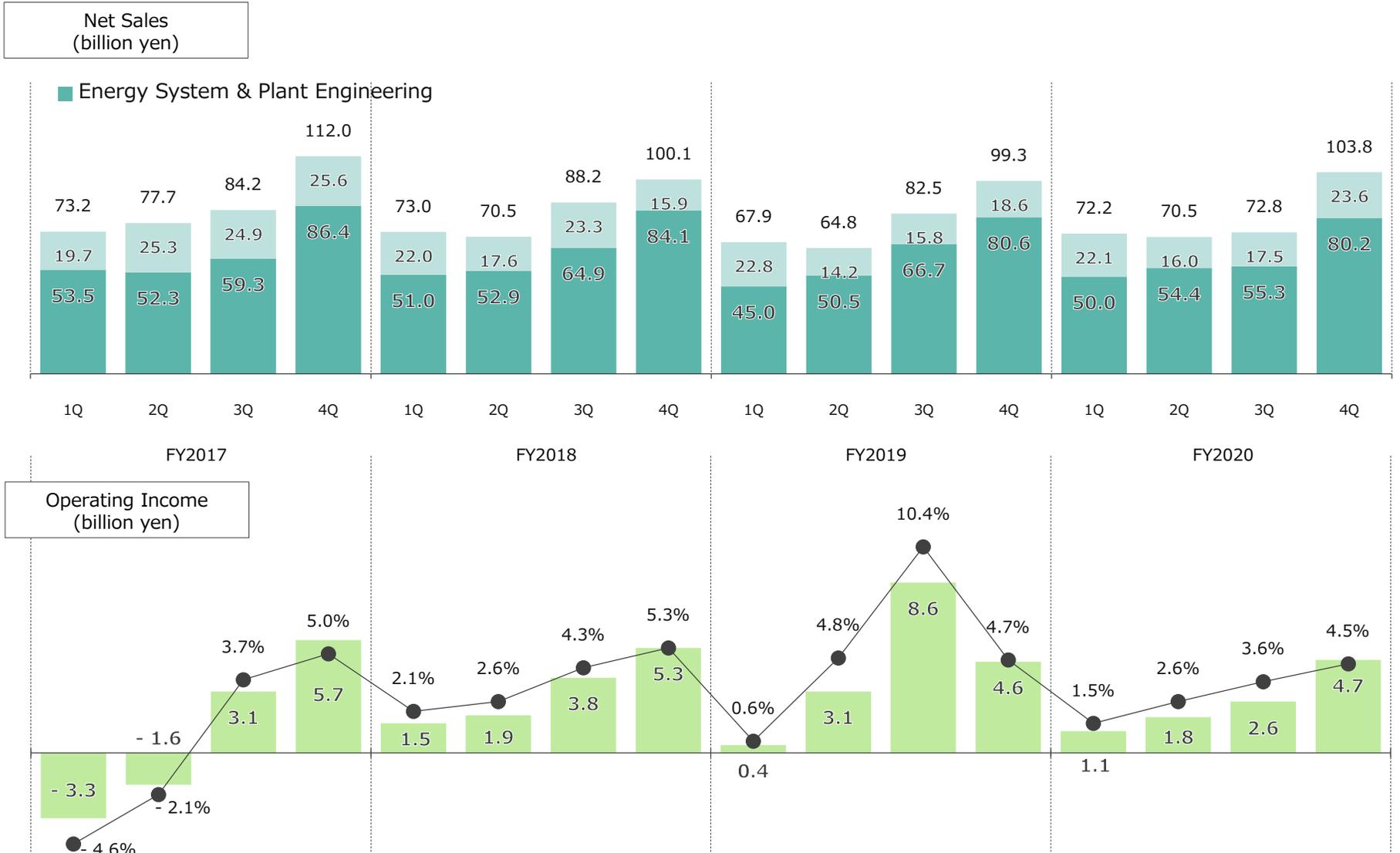
# Details by Segment - Energy Solution & Marine Engineering -

(Billion Yen)

|  | FY2019        | FY2020        |               |                  |                  | FY2021        |                  |
|--|---------------|---------------|---------------|------------------|------------------|---------------|------------------|
|  | Actual        | FCST in Feb.  | Actual        | Chg. Vs. FY19    | Chg. Vs. FCST    | Forecast      | Chg. Vs. FY20    |
| Orders Received                                  | 308.6         | 320.0         | <b>317.1</b>  | + 8.5            | - 2.9            | <b>400.0</b>  | + 82.9           |
| <i>Energy System<br/>&amp; Plant Engineering</i> | 252.3         | 220.0         | <b>219.0</b>  | - 33.3           | - 1.0            | <b>335.0</b>  | + 116.0          |
| <i>Ship &amp; Offshore Structure</i>             | 56.2          | 100.0         | <b>98.1</b>   | + 41.8           | - 1.9            | <b>65.0</b>   | - 33.1           |
| Net Sales  | 314.6         | 320.0         | <b>319.5</b>  | + 4.8            | - 0.5            | <b>320.0</b>  | + 0.5            |
| <i>Energy System<br/>&amp; Plant Engineering</i> | 242.9         | 240.0         | <b>240.1</b>  | - 2.8            | + 0.1            | <b>250.0</b>  | + 9.9            |
| <i>Ship &amp; Offshore Structure</i>             | 71.6          | 80.0          | <b>79.4</b>   | + 7.7            | - 0.6            | <b>70.0</b>   | - 9.4            |
| Operating Income                                 | 16.9          | 9.5           | <b>10.3</b>   | - 6.5            | + 0.8            | <b>3.5</b>    | - 6.8            |
| <i>[Margin]</i>                                  | <i>[5.3%]</i> | <i>[2.9%]</i> | <i>[3.2%]</i> | <i>[- 2.1pt]</i> | <i>[+ 0.2pt]</i> | <i>[1.0%]</i> | <i>[- 2.1pt]</i> |

※ The prior results of previous segment have been reclassified to current segment

# Details by Segment - Energy Solution & Marine Engineering -



※ The prior results of previous segment have been reclassified to current segment

## Market Overview

See page 22 for the former segment “Energy System & Plant Engineering ”  
and page 30 for “Ship & Offshore Structure”



made-in-Japan, high-efficiency  
gas turbine “L30A”



Liquefaction and shipment site  
(Port of Hastings, Victoria)

## Specific Efforts

- ✓ **Focus on sales activities to recover orders**
  - Aiming to steadily take in new projects that have been temporarily frozen due to the impact of the COVID-19 as well as new ones in anticipation of the aftermath

### Topic

Overseas expansion of “L30A” gas turbines,  
made-in-Japan, world’s highest level of efficiency

In March 2021, Kawasaki received the first international order for one “L30A” gas turbine from Weifang Bintou Distributed Energy Co., Ltd. of Shandong Province, China

- China is a major market for the time being, where investment in distributed power generation and gas power generation is expanding
- Focus on receipt orders for L30A and other Combined Cycle Power Plants, utilizing the local subsidiary established at the time of the first order in China

- ✓ **Establishing a leading position in the decarbonization field**

- Accelerating commercialization efforts in cooperation with Hydrogen Strategy Division
- Establishing “Hydrogen Business Solutions Office” in conjunction with the integration of internal companies

Combining hydrogen technologies, know-how,  
and human resources

Playing a leading role in the commercialization  
demonstration of liquefied hydrogen supply  
chain development planed for the mid-2020s

## Dividend Policy

The medium- to long-term consolidated dividend payout ratio for net income attributable to owners of the parent is set at **30%**, with stable dividends in mind.

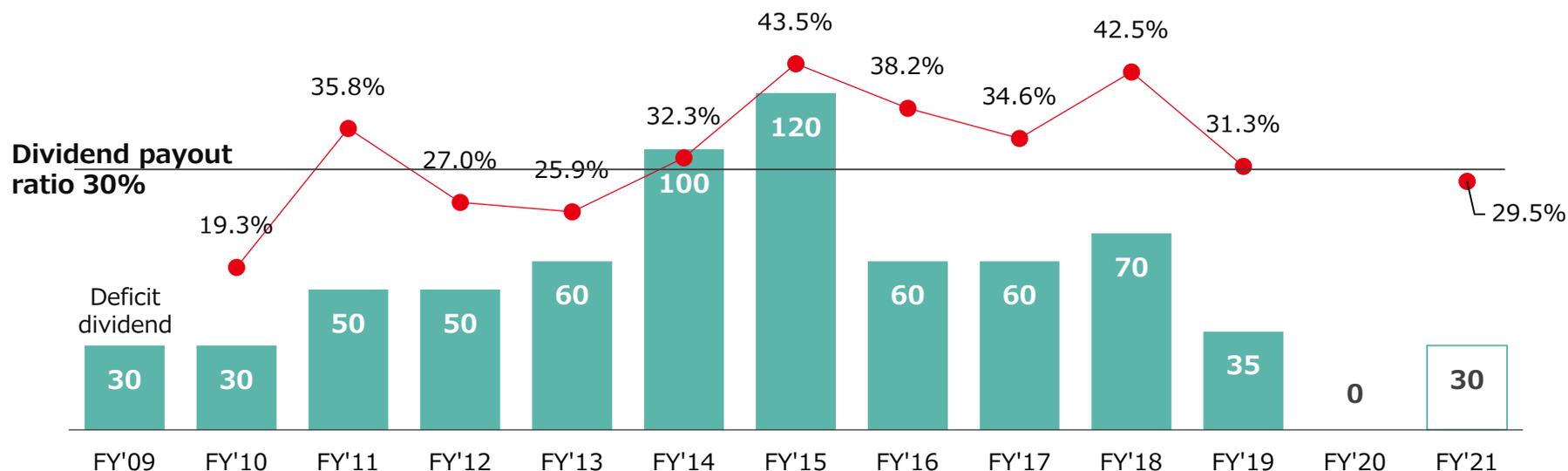
In addition to future business forecasts, financial conditions such as free cash flow and debt-to-equity ratio, and other factors are comprehensively taken into account.

## Dividend for FY2020

No year-end dividend for the FY2020 is decided in sight of the severe business conditions, in which net income attributable to owners of the parent recorded a loss of 19.3 billion yen due to the severe impact of the COVID-19

## Dividend for FY2021

Dividend for FY2021 is **30 yen per share** (dividend payout ratio of 29.5%) due to expectation to return to profitability with a high degree of certainty, although aerospace systems will continue to be in a difficult situation



## ✓ Progress of the hydrogen related projects

- 
- January, 2021 Conducted berthing test at the pier of the liquefied hydrogen carrier "SUIISO FRONTIER"  
 Commenced operations of a brown coal gasification and hydrogen refining facility and a hydrogen liquefaction and loading station in Victoria, Australia
- 
- April, 2021 Established "Hydrogen Strategy Division"  
 Formed a consortium with Yanmar Power Technology Co., Ltd., and Japan Engine to pursue joint development of hydrogen fueled marine engines
- 
- Developed cargo containment system for large liquefied hydrogen carrier with world's highest carrying capacity(40,000m<sup>3</sup> per unit), and obtained AiP from ClassNK
- 



Birthing test at Kobe airport island



hydrogen liquefaction and loading station  
in Australia

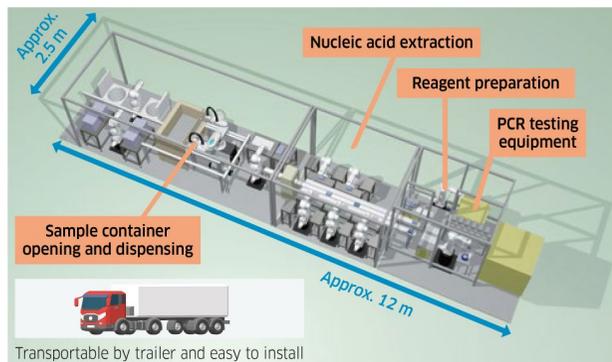


Image of large liquefied hydrogen carrier

## ✓ Automated PCR viral testing service

- Started nation's first automated PCR viral testing service using a robot system at Fujita Health University (in Aichi prefecture) in March, 2021
- Started joint research project together with Kyoto University Hospital and Sysmex Corporation, to evaluate the large-volume automated PCR viral testing robot system in social implementation in April, 2021.

|                         |   |
|-------------------------|---|
| <b>Evaluation items</b> | Accuracy of testing, Performance in case of mass processing<br>Business design from inspection request to report and follow-up of results   |
| <b>Advantages</b>       | <ol style="list-style-type: none"> <li>① Built in a movable container</li> <li>② All stages are automated to test 2,500 samples per day</li> <li>③ Shorter testing times (completed within 80 minutes)</li> </ol> |



Automated PCR viral testing system



Inside the container



Appearance

### To create Social Value through our Businesses

March, 2021

The Swappable Battery Consortium for Electric Motorcycles, established by 4 major motorcycle manufactures (including Kawasaki), has reached an agreement to standardize swappable batteries and replacement systems, allowing battery sharing and paving the way for increased adoption of environmentally-friendly electric motorcycles in Japan.

### To Enhance Corporate Governance

June, 2020

Kawasaki Transitioned to a company with audit & supervisory committee with a view to responding swiftly to rapid changes in the management environment while further strengthening its supervisory function

- Delegation of authority to officers responsible for specific businesses
- Review of the ratio of outside directors (6 out of 13 outside directors)
- Elimination of concurrent posts as directors and officers responsible for specific businesses

### Evaluation by Society

- Selected as “MSCI Japan Empowering Women (WIN) Select Index” for the first time, which make Kawasaki a constituent of all of the four ESG indices adopted by GPIF
- Selected as “FTSE4Good Index Series” for fourth consecutive year
- Selected as “Dow Jones Sustainability Asia Pacific Index” for eighth consecutive year

2020 CONSTITUENT MSCIジャパン  
ESGセレクト・リーダーズ指数



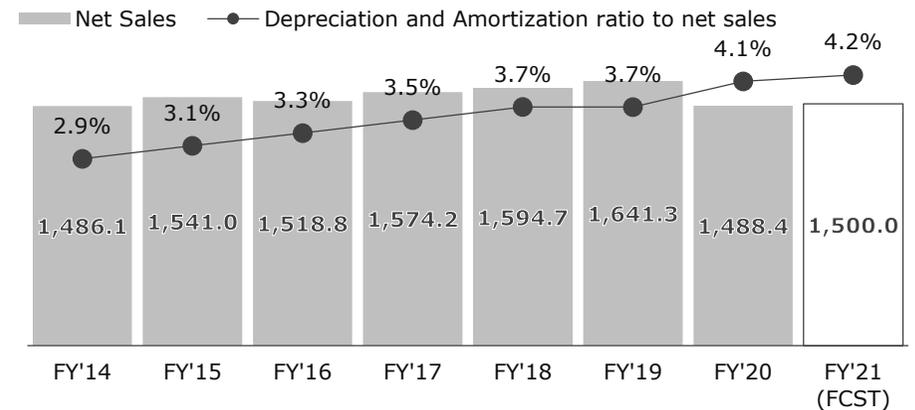
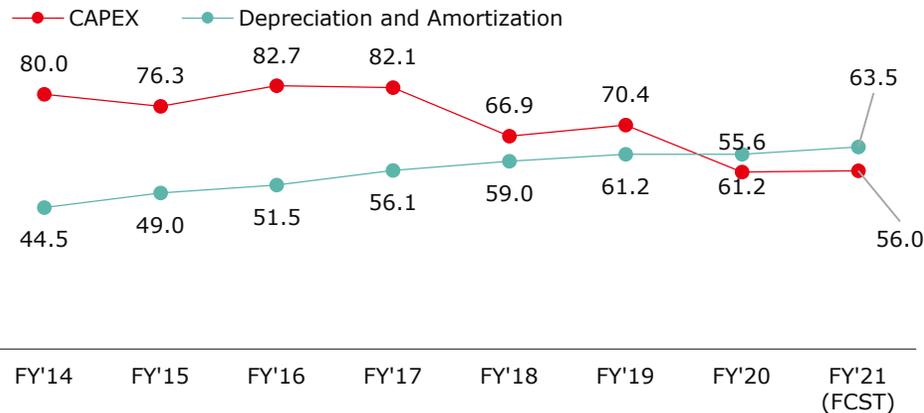
FTSE4Good

Member of  
**Dow Jones  
Sustainability Indices**  
Powered by the S&P Global CSA

## - CAPEX, Depreciation and Amortization -

(Billion Yen, Persons)

|                               | FY2019 | FY2020        |               | FY2021        |               |
|-------------------------------|--------|---------------|---------------|---------------|---------------|
|                               | Actual | Actual        | Chg. Vs. FY19 | Actual        | Chg. Vs. FY20 |
| CAPEX                         | 70.4   | <b>55.6</b>   | - 14.8        | <b>56.0</b>   | + 0.4         |
| Depreciation and amortization | 61.2   | <b>61.2</b>   | - 0.0         | <b>63.5</b>   | + 2.3         |
| R & D expenses                | 52.6   | <b>44.9</b>   | - 7.6         | <b>49.5</b>   | + 4.6         |
| Number of Employees           | 36,332 | <b>36,691</b> | + 359         | <b>37,300</b> | + 609         |
| Domestic                      | 26,616 | <b>26,901</b> | + 285         | <b>27,400</b> | + 499         |
| Overseas                      | 9,716  | <b>9,790</b>  | + 74          | <b>9,900</b>  | + 110         |



## ● Order Backlog

(billion yen)

|                                   | FY2019  | FY2020         |        |
|-----------------------------------|---------|----------------|--------|
|                                   | Actual  | Actual         | Change |
| Aerospace Systems                 | 576.0   | <b>527.8</b>   | - 48.1 |
| Energy System & Plant Engineering | 390.8   | <b>369.7</b>   | - 21.0 |
| Precision Machinery & Robot       | 50.6    | <b>69.2</b>    | + 18.5 |
| Ship & Offshore Structure         | 85.9    | <b>104.6</b>   | + 18.6 |
| Rolling Stock                     | 499.4   | <b>443.2</b>   | - 56.2 |
| Motorcycle & Engine               | -       | -              | -      |
| Others                            | 24.5    | <b>26.6</b>    | + 2.1  |
| Total                             | 1,627.4 | <b>1,541.4</b> | - 86.0 |

## ● Net sales by region

(billion yen)

|        | FY2019  | FY2020         |         |
|--------|---------|----------------|---------|
|        | 実績      | 実績             | 前期比     |
| Japan  | 699.8   | <b>704.1</b>   | + 4.2   |
| USA    | 413.0   | <b>313.6</b>   | ▲ 99.4  |
| Europe | 220.5   | <b>143.4</b>   | ▲ 77.1  |
| Asia   | 236.6   | <b>277.2</b>   | + 40.5  |
| Other  | 71.0    | <b>50.0</b>    | ▲ 21.0  |
| Total  | 1,641.3 | <b>1,488.4</b> | ▲ 152.8 |

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

## ● Net Sales in Foreign Currencies by Segment (USD)

(billion USD)

|                                      | FY2019 | FY2020      | FY2021   |
|--------------------------------------|--------|-------------|----------|
|                                      | Actual | Actual      | Forecast |
| Aerospace Systems                    | 1.01   | <b>0.68</b> | 0.83     |
| Rolling Stock                        | 0.12   | <b>0.08</b> | 0.03     |
| Energy Solution & Marine Engineering | -      | -           | 0.17     |
| Energy System & Plant Engineering    | 0.12   | <b>0.03</b> | -        |
| Ship & Offshore Structure            | 0.19   | <b>0.24</b> | -        |
| Precision Machinery & Robot          | 0.16   | <b>0.17</b> | 0.15     |
| Motorcycle & Engine                  | 0.40   | <b>0.42</b> | 0.43     |
| Total                                | 2.00   | <b>1.61</b> | 1.61     |

※ Impact on profit by FX fluctuation of 1 yen

## ● Weighted-average exchange rates

(EUR/JPY)

|                 |        |
|-----------------|--------|
| FY2019 actual   | 121.70 |
| FY2020 actual   | 124.61 |
| FY2021 forecast | 128.00 |

## ● Net Sales in Foreign Currencies(EUR)

(billion EUR)

|                 |      |
|-----------------|------|
| FY2019 actual   | 0.44 |
| FY2020 actual   | 0.32 |
| FY2021 forecast | 0.35 |

※ Impact on profit by FX fluctuation of 1 yen

世界の人々の豊かな生活と地球環境の未来に貢献する  
“Global Kawasaki”