

Kawasaki Heavy Industries, Ltd.

October 26, 2023

(Progress and changes in disclosure matters)
Notice Regarding the Recording of Loss
Related to the In-Service Issues of PW1100G-JM Engine

Kawasaki Heavy Industries, Ltd. (hereinafter, Kawasaki) hereby notifies that the Company has recorded loss related to the in-service issues of the PW1100G-JM Engine in its consolidated financial results for the second quarter of the fiscal year ending March 31, 2024, as described below.

1. Outline

As we announced in the "Possible impact on the business results due to the Announcement by RTX regarding PW1100G-JM Engine Program" disclosed on September 13, 2023, the PW1100G-JM Engine program (hereinafter, the program), in which Kawasaki participates through International Aero Engines, LLC (hereinafter, IAE), a multinational collaboration on civil aero engine, has been impacted by the challenge of managing significant in-service issues. IAE is currently working hard to remedy this situation.

As a member of this program, Kawasaki would cover its portion of the loss associated with in-service issues. For the second quarter of the consolidated fiscal year ending March 31, 2024, a loss of approximately ¥58 billion will be incurred as a partial burden of the loss related to Airworthiness Directives which mandated additional inspections.

2. Details of loss

Kawasaki's loss of approximately ¥58 billion is calculated by multiplying its share of participation in the program (approximately 5.8%) by approximately \$7 billion, which is the total estimated loss for the entire program announced by U.S. RTX*1 on September 11, 2023. In addition, the amount of its loss will be accounted for in a lump sum, including the increased costs of future long-term maintenance contracts and costs of customer support*2.

*1: Parent company of Pratt & Whitney which plays a central role in the program

*2: Kawasaki covers the loss indirectly as a member of the program

3. Others

The consolidated earnings and dividend forecasts for the fiscal year ending March 31, 2024 will be announced at the time of the announcement of the consolidated financial results for the second quarter of the fiscal year ending March 31, 2024 (scheduled for November 8).

-End of document-