

**Report of Earnings and Financial Statements for the
Fiscal Year Ended March 31, 2024 (Consolidated)**
<IFRS>

May 9, 2024

Listed company's name: **Kawasaki Heavy Industries, Ltd.**
 Listed on: TSE (Prime Market), and NSE (Premier Market)
 Stock code: 7012
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Scheduled dates:
 Ordinary general meeting of shareholders: June 26, 2024
 Submission of financial statements: June 26, 2024
 Commencement of dividend payments: June 27, 2024
 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. Consolidated Financial Results for the Fiscal Year Ended March 31, 2024
(April 1, 2023 – March 31, 2024)

(1) Operating Results

(Percentage figures indicate change compared with the previous fiscal year)

	Revenue		Business profit		Profit before tax		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2024	1,849,287	7.2	46,201	(43.9)	31,980	(54.5)	27,310	(50.6)
Year ended March 31, 2023	1,725,609	15.0	82,355	171.2	70,349	154.2	55,290	272.7

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	yen	yen
Year ended March 31, 2024	25,377	(52.1)	73,745	(9.9)	151.51	-
Year ended March 31, 2023	53,029	319.6	81,833	62.9	316.63	-

	Return on equity attributable to owners of parent	Ratio of profit before tax to total assets	Ratio of business profit to revenue
	%	%	%
Year ended March 31, 2024	4.2	1.2	2.5
Year ended March 31, 2023	9.8	3.0	4.8

For reference: Share of profit of investments accounted for using equity method

Year ended March 31, 2024: ¥11,358 million

Year ended March 31, 2023: ¥3,314 million

(2) Financial Condition

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
	Millions of yen	Millions of yen	Millions of yen	%	yen
As of March 31, 2024	2,680,176	654,549	634,090	23.7	3,785.57
As of March 31, 2023	2,457,725	596,872	576,201	23.4	3,440.39

(3) Cash Flow Position

(Millions of yen)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Year ended March 31, 2024	31,662	(89,814)	12,911	84,153
Year ended March 31, 2023	23,617	(77,457)	85,305	138,420

2. Dividends

Record date or term	Dividend per share					Total dividends paid (annual)	Payout ratio (consolidated)	Ratio of dividends to equity attributable to owners of parent (consolidated)
	1Q	2Q	3Q	Year-end	Full year			
	yen	yen	yen	yen	yen	Millions of yen	%	%
Year ended March 31, 2023	-	30.00	-	60.00	90.00	15,109	28.4	2.8
Year ended March 31, 2024	-	20.00	-	30.00	50.00	8,393	33.0	1.4
Year ending March 31, 2025 (forecast)	-	70.00	-	70.00	140.00		30.1	

Note: In the Company's articles of incorporation, the dates of record are set as the last day of the fiscal second quarter and the last day of the fiscal year.

3. Forecast of Consolidated Earnings for the Fiscal Year Ending March 31, 2025

(April 1, 2024 – March 31, 2025)

(Percentage figures indicate change compared with the previous fiscal year)

	Revenue		Business profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Full year	2,250,000	21.7	130,000	181.4	110,000	244.0	78,000	207.4	465.69

Notes

1. Changes affecting the status of material subsidiaries (scope of consolidation): None
2. Changes in accounting policies and changes in accounting estimates
 - (1) Changes in accounting policies required by IFRS: None
 - (2) Changes in accounting policies due to other reasons: None
 - (3) Changes in accounting estimates: None
3. Number of shares issued and outstanding (common shares)
 - (1) Number of shares issued as of period-end (including treasury shares)

March 31, 2024:	167,921,800 shares
March 31, 2023:	167,921,800 shares
 - (2) Number of shares held in treasury as of period-end

March 31, 2024:	420,086 shares
March 31, 2023:	440,255 shares
 - (3) Average number of shares during respective periods

March 31, 2024:	167,491,548 shares
March 31, 2023:	167,477,726 shares

(Reference) Financial Results of the Company for the Fiscal Year Ended March 31, 2024 (April 1, 2023 – March 31, 2024)

(1) Operating Results

(Percentage figures indicate change compared with the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2024	837,834	5.9	(38,370)	-	(10,984)	-	(16,137)	-
Year ended March 31, 2023	791,099	(11.3)	(1,542)	-	2,970	(69.0)	11,998	(43.6)

	Earnings per share	Earnings per share – diluted
	yen	yen
Year ended March 31, 2024	(96.34)	-
Year ended March 31, 2023	71.63	-

(2) Financial Condition

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
As of March 31, 2024	1,623,931	242,830	15.0	1,449.71
As of March 31, 2023	1,522,841	272,022	17.9	1,624.19

For reference: Shareholders' equity As of March 31, 2024 ¥242,830 million
As of March 31, 2023 ¥272,022 million

*** Report of Earnings and Financial Statements are not subject to audit.**

*** Appropriate Use of Financial Forecasts and Other Important Matters**

Forward-Looking Statements

These materials contain various forward-looking statements and other forecasts regarding performance and other matters. Such statements are based on information available at the time of their preparation, and do not mean that the Company promises to achieve these figures. Actual results may differ from those expressed or implied by forward-looking statements due to a range of factors. For assumptions underlying earnings forecasts and other information regarding the use of such forecasts, refer to “1. Overview of operating results (4) Consolidated earnings forecast” on page 12 in the Accompanying Materials.

How to Obtain Supplementary Material on Financial Results and Details of the Financial Results

The Company plans to conduct a presentation for institutional investors, analysts and the press on Thursday, May 9, 2024, and to post the presentation material on financial results to be used for the presentation on TDnet and the Company’s website simultaneously with the announcement of financial results.

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1. Overview of operating results

(1) Consolidated operating results

The global economy has remained strong, mainly in personal consumption, due to favorable employment and income conditions in the United States. On the other hand, the outlook remains uncertain due to factors such as the downturn in China's economy caused by the prolonged real estate recession and an increase in geographical risks.

In Japan, consumer sentiment is expected to be improved by wage increases exceeding a hike in prices, and the economy will continue to recover moderately due to increasing capital investment and inbound demand. However, we need to keep a close watch on the impact on the economy caused by a rise in interest rates resulting from the policy changes made by the Bank of Japan, and subsequent exchange rate movements.

In this business environment, the Group's consolidated orders received in the fiscal year ended March 31, 2024, increased due to an increase mainly in the Aerospace Systems segment, despite decreases mainly in the Rolling Stock segment and the Precision Machinery & Robot segment. Revenue increased from the previous fiscal year as a whole, due to higher sales in the Rolling Stock segment and the Aerospace Systems segment. Business profit decreased year on year mainly due to deterioration in the Aerospace Systems segment, the Powersports & Engine segment and the Precision Machinery & Robot segment, despite an increase mainly in the Energy Solution & Marine Engineering segment. Profit attributable to owners of parent decreased mainly due to a decrease in business profit.

As a result, the Group's consolidated orders received increased by ¥45.9 billion year on year to ¥2,083.4 billion, consolidated revenue increased by ¥123.6 billion year on year to ¥1,849.2 billion, business profit decreased by ¥36.1 billion year on year to ¥46.2 billion, and profit attributable to owners of parent decreased by ¥27.6 billion year on year to ¥25.3 billion. Ratio of business profit to revenue was 2.5%, after-tax ROIC was 2.8%, and ROE was 4.2%.* The current cost of capital (WACC) is estimated to be in the 4-5% range, but it is possible to increase in the future considering the latest stock price trends.

*After-tax ROIC = (profit attributable to owners of parent + interest expense × (1 - effective tax rate)) ÷ invested capital (average of net interest-bearing debt at the beginning and end of the fiscal year + average of shareholders' equity at the beginning and end of the fiscal year)

Consolidated operating performance in the fiscal year ended March 31, 2024, is summarized by segment below.

Segment Information

Segment revenue, business profit (loss), and orders received (billions of yen)

	Years ended March 31						Orders received		
	2023(A)		2024(B)		Change (B – A)		Years ended March 31		
	Revenue	Business profit (loss)	Revenue	Business profit (loss)	Revenue	Business profit (loss)	2023 (A)	2024 (B)	Change (B – A)
Aerospace Systems	348.8	14.8	396.1	(15.0)	47.3	(29.8)	345.5	692.6	347.0
Rolling Stock	131.9	1.3	195.9	3.7	64.0	2.3	313.2	88.7	(224.4)
Energy Solution & Marine Engineering	314.5	3.9	353.2	31.9	38.6	28.0	439.0	401.6	(37.3)
Precision Machinery & Robot	252.6	8.7	227.9	(1.9)	(24.7)	(10.7)	262.0	213.3	(48.6)
Powersports & Engine	591.1	71.5	592.4	48.0	1.2	(23.4)	591.1	592.4	1.2
Other	86.3	(1.8)	83.5	1.1	(2.8)	2.9	86.4	94.5	8.1
Adjustments	-	(16.2)	-	(21.7)	-	(5.4)	-	-	-
Total	1,725.6	82.3	1,849.2	46.2	123.6	(36.1)	2,037.4	2,083.4	45.9

Notes: 1. Revenue includes only sales to external customers.

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

Aerospace Systems

Regarding the business environment surrounding the Aerospace Systems segment, demand from Ministry of Defense in Japan is expected to increase continuously under the Ministry of Defense's policy of drastic strengthening of defense capabilities. With respect to commercial aircraft, demand for both commercial aircraft airframes and jet engines is increasing due to the recovery of air passenger demand to nearly pre-COVID levels and the strong COVID-19 rebound demand for commercial aircraft airframes.

Amid such an operating environment, consolidated orders received increased by ¥347.0 billion year on year to ¥692.6 billion mainly due to increases in orders received from Ministry of Defense in Japan and component parts of airframes for commercial aircraft.

Consolidated revenue increased by ¥47.3 billion year on year to ¥396.1 billion mainly due to increases in sales for Ministry of Defense in Japan and component parts of airframes and jet engines for commercial aircraft, despite the lump-sum recognition of losses related to the in-service issues of jet engines for commercial aircraft.

Business loss came to ¥15.0 billion, deteriorating ¥29.8 billion year on year, mainly due to the lump-sum recognition of losses related to the in-service issues of jet engines for commercial aircraft, despite increases due to increases in sales for Ministry of Defense in Japan and component parts of airframes for commercial aircraft.

Rolling Stock

Regarding the business environment surrounding the Rolling Stock segment, the number of railway users has recovered due to the convergence of the infection by COVID-19 pandemic, and investments in rolling stock have resumed both in Japan and overseas. On the other hand, although the impact on the current situation is limited, we need to keep a close watch on factors such as increasing time for procurement of equipment, mainly electronic components, while they appear to be converging. In the medium and long term, however, relatively stable growth is expected around the world due to development of urban transportation in overseas markets, as well as demand for railway infrastructure following economic development in Asian countries.

Amid such an operating environment, consolidated orders received decreased by ¥224.4 billion to ¥88.7 billion compared to the previous fiscal year, when there were orders for the large-scale project such as new generation subway cars for the New York City Transit.

Consolidated revenue increased by ¥64.0 billion year on year to ¥195.9 billion mainly due to an increase in sales of railcars for the United States, despite a decrease in sales of railcars for domestic market.

Business profit increased by ¥2.3 billion year on year to ¥3.7 billion mainly due to an increase in profit resulting from an increase in the revenue, despite a decrease in domestic operations.

Energy Solution & Marine Engineering

The business environment surrounding the Energy Solution & Marine Engineering segment has been strongly influenced by the worldwide trend toward achieving carbon neutrality. As a result, contacts and requests for cooperation are increasing regarding decarbonization solutions, including hydrogen products of the Company's strength. Also, demand for distributed power sources in Japan and overseas and, for energy infrastructure development in emerging countries, remains strong, while there is ongoing demand for the replacement of aging facilities for refuse incineration plants in Japan. On the other hand, besides the uncertainty about the current situation, such as the stability of fuel gas supply required for the operation of power generation facilities, it is necessary to pay attention to the impact on orders and revenues due to the recent persistently high prices of raw material, equipment, and fuel.

Amid such an operating environment, consolidated orders received decreased by ¥37.3 billion to ¥401.6 billion compared to the previous fiscal year, when there were more orders for LPG/NH3 carriers, despite orders for naval ships equipment for Ministry of Defense in Japan and refuse incineration plants in Japan.

Consolidated revenue increased by ¥38.6 billion year on year to ¥353.2 billion mainly due to the ship & offshore structure field centered on LPG/NH3 carriers, and the energy field.

Business profit increased by ¥28.0 billion year on year to ¥31.9 billion due to an increase in share of profit of investments accounted for using equity method in the ship & offshore structure field and an increase in profit due to higher sales in the energy field.

Precision Machinery & Robot

Regarding the business environment surrounding the Precision Machinery & Robot segment, in the precision machinery field, while the performance has continued to be strong in the construction machinery market outside China, demand in the Chinese construction machinery market was sluggish due to the impact of the prolonged real estate recession and other factors. In the robotics field, sluggish demand for robots for semiconductor manufacturing equipment bottomed out, and the demand will recover from fiscal year 2024 while capturing new demand related to AI and green investment. Meanwhile, business conditions in China, the biggest consumer country for the general industrial robots, remain sluggish. Therefore, inventory adjustments have continued, but demand for automation is surely increasing due to a rise in labor costs and labor shortages.

Amid such an operating environment, consolidated orders received decreased by ¥48.6 billion year on year to ¥213.3 billion mainly due to the general decline in hydraulic equipment for the Chinese construction machinery market and industrial robots.

Consolidated revenue decreased by ¥24.7 billion year on year to ¥227.9 billion mainly due to the general decline in hydraulic equipment for the Chinese construction machinery market and industrial robots.

Business loss came to ¥1.9 billion, deteriorating ¥10.7 billion year on year, mainly due to the impact of lower capacity utilization as well as a decrease in the revenue.

Powersports & Engine

Regarding the business environment surrounding the Powersports & Engine segment, although demand has continued to be strong in the major markets, the United States and Europe, market competition has intensified as a result of supplies increased from manufacturers after the convergence of the supply chain disruptions in the previous fiscal year. In addition, as recreational demand has decreased, the mid-to-large motorcycle market outside Europe and the United States has reduced in general.

Amid such an operating environment, consolidated revenue of ¥592.4 billion was on par with the previous year's result, mainly due to decreases in motorcycles for China and Southeast Asia and general-purpose engines, despite increases in four-wheeled vehicles for North America and motorcycles for Europe.

Business profit decreased by ¥23.4 billion year on year to ¥48.0 billion mainly due to an increase in fixed costs and the recording of recall-related expenses*, which is related to four-wheeled vehicles for the United States.

*The Company received a notice from the U.S. Consumer Product Safety Commission that a penalty will be imposed for the recall of certain models of four-wheeled vehicles for the United States.

Other Operations

Consolidated revenue decreased by ¥2.8 billion year on year to ¥83.5 billion.

Business profit came to ¥1.1 billion, improving ¥2.9 billion year on year.

In the Group Vision 2030, the Group will focus on three fields; “A Safe and Secure Remotely Connected Society,” “Near-Future Mobility” and “Energy and Environmental Solutions,” and is making steady progress in creating solutions to social issues, such as the medical and healthcare business including surgical support robots and the commercialization of delivery robots and unmanned transport helicopters, as well as the promotion of hydrogen business and electrification to realize a carbon neutral society at an early date.

Furthermore, the Group cooperates in providing supports for the early recovery of areas affected by the Noto Peninsula Earthquake and enhances support packages that can respond to various natural disasters, which are becoming increasingly likely in the future.

(2) Consolidated financial condition

Assets, liabilities, and equity

1. Assets

Current assets were ¥1,726.9 billion, ¥156.5 billion increase from the previous fiscal year due to an increase mainly in trade and other receivables.

Non-current assets were ¥953.2 billion, ¥65.8 billion increase from the previous fiscal year mainly due to an increase in property, plant and equipment.

As a result, total assets were ¥2,680.1 billion, ¥222.4 billion increase from the previous fiscal year.

2. Liabilities

Interest-bearing debt was ¥653.9 billion, ¥64.0 billion increase from the previous fiscal year.

Liabilities were ¥2,025.6 billion, ¥164.7 billion increase from the previous fiscal year mainly due to increases in interest-bearing debt and trade and other payables.

3. Equity

Equity was ¥654.5 billion, ¥57.6 billion increase from the previous fiscal year mainly due to the recording of profit attributable to owners of parent as well as an increase in exchange differences on translation of foreign operations.

(3) Cash flows

Cash flows

Cash and cash equivalents (Hereinafter referred to as “net cash”) at the end of this fiscal year were ¥84.1 billion, a decrease of ¥54.2 billion compared to the previous fiscal year. The cash flow situations and relevant factors in this fiscal year are stated below.

1. Cash flows from operating activities

Operating activities provided net cash of ¥31.6 billion, an increase of ¥8.0 billion compared to the previous fiscal year. Major sources of operating cash flows included depreciation and amortization of ¥80.9 billion and an increase in trade and other payables of ¥43.5 billion. Major uses of operating cash flows included an increase in trade and other receivables of ¥186.4 billion and a decrease in other current liabilities of ¥19.0 billion.

2. Cash flows from investing activities

Investing activities used net cash of ¥89.8 billion, which is ¥12.3 billion more than in the previous fiscal year. This was mainly due to purchase of property, plant and equipment, as well as intangible assets.

3. Cash flows from financing activities

Financing activities provided net cash of ¥12.9 billion, which is ¥72.3 billion less than in the previous fiscal year. This was mainly due to proceeds from factoring agreements.

(4) Consolidated earnings forecast

With respect to the earnings forecasts for the fiscal year ending March 31, 2025, the Company expects revenue of ¥2,250.0 billion, a ¥400.8 billion year on year increase, due to higher sales mainly caused by an increase in defense demand in the Aerospace Systems segment, and increased production of four-wheeled vehicles in the Powersports & Engine segment.

The Company expects business profit of ¥130.0 billion, a ¥83.8 billion year on year increase, because of higher sales above mentioned, and efforts to improve profit margins in each segment, as well as the reaction to the lump-sum recognition of losses related to the in-service issues of PW1100G-JM implemented in the previous fiscal year. Furthermore, the Company expects profit attributable to owners of parent of ¥78.0 billion, after-tax ROIC of 6.7%, and ROE of 11.5%.

The forecast of consolidated orders received is expected to increase ¥276.5 billion year on year to ¥2,360.0 billion mainly due to an increase in the revenue in the Powersports & Engine segment, and orders for projects abroad in the Rolling Stock segment.

The exchange rates assumed in this forecast are ¥140 to the U.S. dollar and ¥150 to the euro.

Note regarding consolidated earnings forecast

The above earnings forecast is based on information available at the time of preparation, and includes risks and uncertainties. We therefore discourage making investment decisions depending solely on this forecast. Please note that actual earnings may differ materially from this forecast, due to a variety of important factors stemming from changes in the external environment and/or the Company's internal environment. Important factors that impact actual operating performance include, but are not limited to, the economic situation surrounding the Company's scope of business, foreign exchange rates, in particular the yen/dollar exchange rate, tax codes and other regulatory system-related issues.

2. Basic rationale for selecting accounting standards

Considering the progress of global business activities, the Group voluntarily applies International Financial Reporting Standards (IFRS) from the first quarter of the fiscal year ended March 31, 2023, to enhance the global comparability of financial statements in the capital market and to improve the group management by standardizing the accounting process within the group.

3. Consolidated Financial Statements and Notes

(1) Consolidated Statement of Financial Position

	Millions of yen	
	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and cash equivalents	138,420	84,153
Trade and other receivables	470,398	681,030
Contract assets	159,422	136,706
Inventories	690,431	710,207
Income taxes receivable	551	2,158
Other financial assets	10,741	11,024
Other current assets	100,385	101,644
Total current assets	1,570,350	1,726,925
Non-current assets		
Property, plant and equipment	451,010	496,331
Intangible assets	66,248	69,617
Right-of-use assets	68,422	64,824
Investments accounted for using equity method	77,440	90,954
Other financial assets	70,224	80,762
Deferred tax assets	110,264	117,452
Other non-current assets	43,763	33,307
Total non-current assets	887,374	953,250
Total assets	2,457,725	2,680,176
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	452,250	521,734
Bonds, borrowings and other financial liabilities	340,176	453,694
Income taxes payable	18,071	7,928
Contract liabilities	256,247	265,468
Provisions	22,897	34,242
Refund liabilities	10,258	72,518
Other current liabilities	208,760	185,902
Total current liabilities	1,308,661	1,541,489
Non-current liabilities		
Bonds, borrowings and other financial liabilities	445,082	391,539
Retirement benefit liability	91,552	74,604
Provisions	1,942	957
Deferred tax liabilities	833	707
Other non-current liabilities	12,779	16,327
Total non-current liabilities	552,190	484,137
Total liabilities	1,860,852	2,025,626
Equity		
Equity attributable to owners of parent		
Share capital	104,484	104,484
Capital surplus	55,716	56,455
Retained earnings	380,255	405,156
Treasury shares	(1,107)	(1,060)
Other components of equity	36,852	69,054
Total equity attributable to owners of parent	576,201	634,090
Non-controlling interests	20,670	20,459
Total equity	596,872	654,549
Total liabilities and equity	2,457,725	2,680,176

**(2) Consolidated Statement of Profit and Loss and
Consolidated Statement of Comprehensive Income**

Consolidated Statement of Profit and Loss

	Millions of yen	
	Year ended March 31, 2023	Year ended March 31, 2024
Revenue	1,725,609	1,849,287
Cost of sales	1,391,787	1,537,050
Gross profit	333,822	312,237
Selling, general and administrative expenses	252,311	276,044
Share of profit of investments accounted for using equity method	3,314	11,358
Other income	4,850	5,704
Other expenses	7,320	7,053
Business profit	82,355	46,201
Finance income	2,291	3,040
Finance costs	14,297	17,261
Profit before tax	70,349	31,980
Income tax expense	15,058	4,670
Profit	55,290	27,310
Profit attributable to:		
Owners of parent	53,029	25,377
Non-controlling interests	2,261	1,932
Earnings per share		
Basic earnings per share	316.63	151.51

Consolidated Statement of Comprehensive Income

	Millions of yen	
	Year ended March 31, 2023	Year ended March 31, 2024
Profit	55,290	27,310
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(363)	4,214
Remeasurements of defined benefit plans	14,353	15,017
Share of other comprehensive income of investments accounted for using equity method	0	1
Total of items that will not be reclassified to profit or loss	13,989	19,233
Items that may be reclassified to profit or loss		
Cash flow hedges	1,932	103
Exchange differences on translation of foreign operations	10,112	23,302
Share of other comprehensive income of investments accounted for using equity method	508	3,795
Total of items that may be reclassified to profit or loss	12,553	27,202
Total other comprehensive income	26,542	46,435
Comprehensive income	81,833	73,745
Comprehensive income attributable to:		
Owners of parent	78,785	71,009
Non-controlling interests	3,048	2,736

(3) Consolidated Statement of Changes in Equity

Millions of yen

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	
					Remeasurements of defined benefit plans	Financial assets measured at fair value through other comprehensive income
Balance as of April 1, 2022	104,484	55,525	320,671	(1,129)	-	4,435
Profit			53,029			
Other comprehensive income					14,235	(370)
Comprehensive income			53,029		14,235	(370)
Purchase of treasury shares				(4)		
Disposal of treasury shares		(0)		26		
Transfer of loss on disposal of treasury shares		0	(0)			
Dividends			(8,394)			
Transfer to retained earnings			14,191		(14,235)	43
Change in scope of consolidation						
Loss of control of subsidiaries						
Change in ownership interest of parent due to transactions with non-controlling interests		190				
Transfer to non-financial assets						
Other			756			
Total transactions with owners		190	6,554	22	(14,235)	43
Balance as of March 31, 2023	104,484	55,716	380,255	(1,107)	-	4,109

	Equity attributable to owners of parent				Non-controlling interests	Total
	Other components of equity			Total equity attributable to owners of parent		
	Cash flow hedges	Exchange differences on translation of foreign operations	Total			
Balance as of April 1, 2022	(284)	21,780	25,931	505,484	19,407	524,891
Profit				53,029	2,261	55,290
Other comprehensive income	1,603	10,286	25,755	25,755	787	26,542
Comprehensive income	1,603	10,286	25,755	78,785	3,048	81,833
Purchase of treasury shares				(4)		(4)
Disposal of treasury shares				26		26
Transfer of loss on disposal of treasury shares				-		-
Dividends				(8,394)	(964)	(9,358)
Transfer to retained earnings			(14,191)	-		-
Change in scope of consolidation					366	366
Loss of control of subsidiaries					(2,079)	(2,079)
Change in ownership interest of parent due to transactions with non-controlling interests				190	891	1,082
Transfer to non-financial assets	(643)		(643)	(643)		(643)
Other				756		756
Total transactions with owners	(643)		(14,834)	(8,067)	(1,785)	(9,852)
Balance as of March 31, 2023	676	32,066	36,852	576,201	20,670	596,872

Millions of yen

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	
					Remeasurements of defined benefit plans	Financial assets measured at fair value through other comprehensive income
Balance as of April 1, 2023	104,484	55,716	380,255	(1,107)	-	4,109
Profit			25,377			
Other comprehensive income					15,075	4,167
Comprehensive income			25,377		15,075	4,167
Purchase of treasury shares				(7)		
Disposal of treasury shares		0		54		
Transfer of loss on disposal of treasury shares						
Dividends			(13,430)			
Transfer to retained earnings			12,945		(15,075)	2,130
Change in scope of consolidation			8			
Loss of control of subsidiaries						
Change in ownership interest of parent due to transactions with non-controlling interests		739				
Transfer to non-financial assets						
Other						
Total transactions with owners		739	(477)	46	(15,075)	2,130
Balance as of March 31, 2024	104,484	56,455	405,156	(1,060)	-	10,407

	Equity attributable to owners of parent				Non-controlling interests	Total
	Other components of equity			Total equity attributable to owners of parent		
	Cash flow hedges	Exchange differences on translation of foreign operations	Total			
Balance as of April 1, 2023	676	32,066	36,852	576,201	20,670	596,872
Profit				25,377	1,932	27,310
Other comprehensive income	146	26,241	45,631	45,631	804	46,435
Comprehensive income	146	26,241	45,631	71,009	2,736	73,745
Purchase of treasury shares				(7)		(7)
Disposal of treasury shares				54		54
Transfer of loss on disposal of treasury shares						-
Dividends				(13,430)	(1,022)	(14,452)
Transfer to retained earnings			(12,945)	-		-
Change in scope of consolidation		(17)	(17)	(9)		(9)
Loss of control of subsidiaries						-
Change in ownership interest of parent due to transactions with non-controlling interests				739	(1,926)	(1,186)
Transfer to non-financial assets	(467)		(467)	(467)		(467)
Other						-
Total transactions with owners	(467)	(17)	(13,429)	(13,120)	(2,948)	(16,068)
Balance as of March 31, 2024	355	58,291	69,054	634,090	20,459	654,549

(4) Consolidated Statement of Cash Flow

	Millions of yen	
	Year ended March 31, 2023	Year ended March 31, 2024
Cash flows from operating activities		
Profit	55,290	27,310
Depreciation and amortization	77,374	80,982
Impairment losses	4,606	1,007
Finance income and finance costs	7,312	11,590
Share of loss (profit) of investments accounted for using equity method	(3,314)	(11,358)
Loss (gain) on sale of fixed assets	1,042	2,050
Income tax expense	15,058	4,670
Increase (decrease) in retirement benefit liability	1,281	(196)
Decrease (increase) in trade and other receivables	(59,334)	(186,486)
Decrease (increase) in contract assets	(50,291)	22,725
Decrease (increase) in inventories	(64,217)	9,903
Increase (decrease) in trade and other payables	42,213	43,585
Decrease (increase) in advance payment	(28,508)	8,632
Increase (decrease) in contract liabilities	(3,730)	1,057
Increase (decrease) in refund liability	1,648	61,004
Increase (decrease) in provisions	(4,028)	10,084
Decrease (increase) in other current assets	(3,168)	(6,879)
Increase (decrease) in other current liabilities	43,231	(19,070)
Other	11,510	1,685
Subtotal	43,975	62,298
Interest received	3,328	8,504
Dividends received	332	364
Interest paid	(5,005)	(8,110)
Income taxes paid	(19,013)	(31,393)
Net cash provided by (used in) operating activities	23,617	31,662
Cash flows from investing activities		
Purchase of property, plant and equipment	(58,943)	(80,063)
Proceeds from sale of property, plant and equipment	2,180	2,669
Purchase of intangible assets	(11,001)	(16,480)
Proceeds from sale of intangible assets	29	80
Payments for equity method investment and purchase of other financial assets	(6,702)	(949)
Proceeds from equity method investment and sale of other financial assets	160	1,124
Payments for acquisition of subsidiaries	(648)	(20)
Decrease due to loss of control over subsidiaries	(3,224)	(92)
Other	692	3,918
Net cash provided by (used in) investing activities	(77,457)	(89,814)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	36,664	80,229
Repayments of lease liabilities	(14,545)	(16,526)
Proceeds from long-term borrowings	18,500	31,582
Repayments of long-term borrowings	(21,987)	(23,041)
Proceeds from issuance of bonds	9,000	10,000
Redemption of bonds	(20,000)	(40,000)
Dividends paid	(8,383)	(13,415)
Proceeds from factoring agreements	130,662	103,482
Repayment of liabilities under factoring agreements	(37,861)	(105,343)
Dividends paid to non-controlling interests	(964)	(1,022)
Payments for acquisition of subsidiary shares not resulting in change in scope of consolidation	(11)	(1,563)
Other	(5,766)	(11,470)
Net cash provided by (used in) financing activities	85,305	12,911
Effect of exchange rate changes on cash and cash equivalents	(1,556)	(9,027)
Net increase (decrease) in cash and cash equivalents	29,909	(54,267)
Cash and cash equivalents at beginning of period	108,511	138,420
Cash and cash equivalents at end of period	138,420	84,153

(5) Notes Concerning Consolidated Financial Statements

Notes on the going-concern assumption

Not applicable.

Segment information

Year ended March 31, 2023 (April 1, 2022 – March 31, 2023)

	Millions of yen								
	Aerospace Systems	Rolling Stock	Energy Solution & Marine Engineering	Precision Machinery & Robot	Powersports & Engine	Other	Total	Eliminations and corporate *2	Consolidated total
Revenue from external customers	348,880	131,935	314,552	252,697	591,151	86,392	1,725,609	-	1,725,609
Intersegment revenue and transfers*1	10,254	14	21,303	19,315	1,033	23,270	75,191	(75,191)	-
Total revenue	359,134	131,949	335,856	272,013	592,184	109,662	1,800,801	(75,191)	1,725,609
Business profit (loss) *3	14,877	1,372	3,905	8,766	71,533	(1,845)	98,611	(16,256)	82,355
Finance income									2,291
Finance costs									(14,297)
Profit before tax									70,349
Other items									
Depreciation and amortization	29,499	1,913	6,231	11,271	17,408	1,413	67,738	9,636	77,374
Impairment loss	1,649	-	554	-	-	2,402	4,606	-	4,606
Share of profit (loss) of investments accounted for using equity method	-	8	6,016	(2,761)	(40)	104	3,328	(14)	3,314

Notes: 1. Intersegment revenue and transfers are recorded at normal market prices.

2. Eliminations and corporate of negative ¥16,256 million include negative ¥838 million for intersegment transactions and negative ¥15,418 million for general and administrative expenses not attributed reportable segments.

3. Business profit (loss) is calculated by deducting cost of sales, selling, general and administrative expenses, share of profit and loss of investments accounted for using equity method, other income, and other expenses from revenue.

Year ended March 31, 2024 (April 1, 2023 – March 31, 2024)

Millions of yen

	Aerospace Systems	Rolling Stock	Energy Solution & Marine Engineering	Precision Machinery & Robot	Powersports & Engine	Other	Total	Eliminations and corporate *2	Consolidated total
Revenue from external customers	396,188	195,940	353,248	227,935	592,421	83,552	1,849,287	-	1,849,287
Intersegment revenue and transfers*1	12,099	16	26,487	17,938	1,173	25,513	83,228	(83,228)	-
Total revenue	408,288	195,956	379,736	245,873	593,594	109,066	1,932,515	(83,228)	1,849,287
Business profit (loss) *3	(15,004)	3,752	31,911	(1,947)	48,071	1,140	67,924	(21,723)	46,201
Finance income									3,040
Finance costs									(17,261)
Profit before tax									31,980
Other items									
Depreciation and amortization	30,899	2,124	6,317	10,808	19,780	1,449	71,379	9,602	80,982
Impairment loss	-	-	567	-	440	-	1,007	-	1,007
Share of profit (loss) of investments accounted for using equity method	-	2	13,762	(2,531)	-	136	11,370	(12)	11,358

Notes: 1. Intersegment revenue and transfers are recorded at normal market prices.

2. Eliminations and corporate of negative ¥21,723 million include negative ¥1,753 million for intersegment transactions and negative ¥19,970 million for general and administrative expenses not attributed reportable segments.

3. Business profit (loss) is calculated by deducting cost of sales, selling, general and administrative expenses, share of profit and loss of investments accounted for using equity method, other income, and other expenses from revenue.

Per share data

Basis for calculating basic earnings per share attributable to owners of parent is as follows:

	Year ended March 31, 2023	Year ended March 31, 2024
Profit attributable to owners of parent (Millions of yen)	53,029	25,377
Average number of common shares (Thousands of shares)	167,477	167,491
Basic earnings per share (yen)	316.63	151.51

Notes:1. Diluted earnings per share are not stated because there are no potential shares.

2. The Company's shares held by trusts whose beneficiaries are directors and others recorded as treasury shares under equity include the number of shares held in treasury to be deducted from the calculation of the average number of shares during respective periods in computing the earnings per share. (At the end of the previous consolidated fiscal year: 398,600 shares, at the end of this consolidated fiscal year: 376,200 shares).

Material subsequent events

Not applicable.

Other notes

The recording of loss related to the in-service issues of PW1100G-JM Engine

The PW1100G-JM Engine program (Hereinafter referred to as the program), in which the Company participates through International Aero Engines, LLC (Hereinafter referred to as IAE), a multinational collaboration on civil aero engine, has been impacted by the challenge of managing significant in-service issues, so the Company is currently working hard with IAE to remedy this situation. As a member of this program, the Company would cover its portion of the loss associated with in-service issues. Therefore, ¥59,611 million has been recorded on “Refund liabilities” in the consolidated statement of financial position and ¥60,047 million has been deducted from “Revenue” in the consolidated statement of profit and loss as a partial burden of the loss related to Airworthiness Directives which mandated additional inspections.

4. Supplementary information on consolidated earnings forecasts for the fiscal year ending March 31, 2025

(i) Revenue and business profit (loss)

Billions of yen

Reportable segment	Forecast for the year ending March 31, 2025 (fiscal 2024) (A)		Year ended March 31, 2024 (fiscal 2023) (Actual) (B)		Change (A – B)	
	Revenue	Business profit (loss)	Revenue	Business profit (loss)	Revenue	Business profit (loss)
Aerospace Systems	580.0	45.0	396.1	(15.0)	183.8	59.9
Rolling Stock	210.0	7.0	195.9	3.7	14.1	3.2
Energy Solution & Marine Engineering	410.0	30.0	353.2	31.9	56.8	(2.0)
Precision Machinery & Robot	230.0	7.0	227.9	(1.9)	2.1	8.9
Powersports & Engine	720.0	68.0	592.4	48.0	127.6	20.0
Other	100.0	5.0	83.5	1.1	16.4	3.8
Adjustments		(32.0)		(21.7)		(10.2)
Total	2,250.0	130.0	1,849.2	46.2	400.8	83.8

(ii) Orders received

Billions of yen

Reportable segment	Forecast for the year ending March 31, 2025 (fiscal 2024) (A)		Year ended March 31, 2024 (fiscal 2023) (Actual) (B)		Change (A – B)
Aerospace Systems		750.0		692.6	57.4
Rolling Stock		160.0		88.7	71.2
Energy Solution & Marine Engineering		390.0		401.6	(11.7)
Precision Machinery & Robot		240.0		213.3	26.6
Powersports & Engine		720.0		592.4	127.6
Other		100.0		94.5	5.4
Total		2,360.0		2,083.4	276.5

Note: 1. Assumed exchange rate for the fiscal year ending March 31, 2025: ¥140/USD, ¥150/EUR

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