<IFRS>

May 10, 2023

Listed company’s name:
Listed on:

(2)

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, 2023:	167,921,800 shares
March 31, 2022:	167,921,800 shares

(2) Number of shares held in treasury as of period-end

March 31, 2023:	440,255 shares
March 31, 2022:	449,527 shares

(3) Average number of shares during respective periods

March 31, 2023:	167,477,726 shares
March 31, 2022:	167,361,902 shares

(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, 2023	791,099	(11.3)	(1,542)	-	2,970	(69.0)	11,998	(43.6)
Year ended March 31, 2022	892,203	(18.8)	(15,804)	-	9,578	-	21,269	-

	[redacted]	Earnings per share – diluted
	yen	yen

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)

For the entire group, in order to promote dialogue with capital markets from the perspective of promoting management that is conscious of the cost of capital, we disclose after-

Regarding the business environment surrounding the Aerospace Systems segment, demand for Ministry of Defense in Japan is expected to increase going forward under the Ministry of Defense’s policy of drastic strengthening of defense capabilities. With respect to commercial aircraft, demand for the passenger was sluggish due to the spread of the infection by COVID-19 pandemic, but is making significant progress toward recovering as more countries are prioritizing the resumption of economic activities.

Amid such an operating environment, consolidated orders received decreased by ¥37.7 billion to ¥345.5 billion compared to the previous fiscal year, when large scale orders for the Ministry of Defense in Japan were received, despite an increase in component parts of jet engines for commercial aircraft.

Consolidated revenue increased by ¥50.6 billion year on year to ¥348.8 billion mainly due to an increase in component parts of airframes and jet engines for commercial aircraft.

Business profit came to ¥14.8 billion, improving ¥25.2 billion year on year, mainly due to an increase in component parts of airframes and jet engines for commercial aircraft.

Regarding the business environment surrounding the Rolling Stock segment, although there was an impact of a decrease in the number of railway users due to the spread of the infection by COVID-19 pandemic, the number of the users is expected to recover due to the convergence of the infection, and investments in rolling stock are resuming 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 shortages of electronic components, logistics disruptions, and rising raw materials prices, 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 as an environmental protection measure in large cities in overseas

The business environment surrounding the Energy Solution & Marine Engineering segment remains on a recovery track as the global economy moves from stagnation due to the COVID-19 pandemic to normalization. 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. Also, demand for LPG/NH3 carriers is expected to be strong. In addition, there is a growing worldwide trend toward achieving carbon neutrality, and contacts and requests for cooperation are increasing regarding decarbonization solutions, including hydrogen products of the Company’s strength. 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, fuel, and transportation.

Amid such an operating environment, consolidated orders received increased by ¥95.4 billion from the previous fiscal year to ¥439.0 billion mainly due to order for submarine for Ministry of Defense in Japan and increases in orders for LPG/NH3 carriers and power generation facilities.

Consolidated revenue increased by ¥17.2 billion year on year to ¥314.5 billion mainly due to an increase in the volume of work of energy business and submarines for Ministry of Defense in Japan, despite a decrease in the volume of work of domestic waste disposal facilities.

Business profit came to ¥3.9 billion, improving ¥14.7 billion year on year, mainly due to higher sales in energy business and submarines for Ministry of Defense in Japan and an improvement in share of profit and loss of investments accounted for using equity method, despite a decrease in the volume of work of domestic waste disposal facilities.

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 effects of lockdowns associated with the Zero-COVID-19 policy and other factors. In the robotics field, although demand for robots for semiconductor manufacturing equipment has slowed down due to the impact of the recent decline in the semiconductor market, centered on memory and economic frictions between the United States and China, the performance was favorable for the full year. Also, general industrial robots have continued high demand for the automation investment globally .

Amid such an operating environment, consolidated orders received decreased by ¥9.8 billion year on year to ¥262.0 billion mainly due to a decrease in hydraulic equipment for the Chinese construction machinery market, despite an increase in various robots.

Consolidated revenue of ¥252.6 billion was on par with the previous year's result, mainly due to an increase in sales of various robots resulting from sales expansion and easing of component supply shortages, despite a decrease in sales of hydraulic equipment for the Chinese construction machinery market.

Business profit decreased by ¥5.1 billion year on year to ¥8.7 billion due to an increase in soaring costs of electronic components and materials, a temporary decrease in operations during the lockdowns in China, and a decrease in hydraulic equipment for the Chinese construction machinery market.

Regarding the business environment surrounding the Powersports & Engine segment, the impact on the marketplace from the spread of the infection by the COVID-19 pandemic has gradually weakened. Although we still need to keep a close watch on the remaining impact on product supply due to shortages of semiconductors etc., logistics disruptions have settled down. Demand in the United States, the major market, is slightly slowing down, however, it is going strong for the time being. In addition, the Southeast Asian market has been recovering from the previous fiscal year as a whole, although it varies by country.

Amid such an operating environment, consolidated revenue increased by ¥143.2 billion year on year to ¥591.1 billion mainly due to an increase in motorcycles for North America and Southeast Asia, four-wheeled vehicles for North America, and general-purpose engines as well as a weaker yen on foreign exchange rates.

Business profit increased by ¥34.0 billion year on year to ¥71.5 billion due to the steady progress in price pass-through despite a rise in raw materials and logistics costs and an increase in fixed costs, the sales expansion of motorcycles, four-wheeled vehicles and general-purpose engines and the impact of foreign exchange rates.

Consolidated revenue increased by ¥8.3 billion year on year to ¥86.3 billion.

Business loss came to ¥1.8 billion, deteriorating ¥4.9 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 moreover, 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.

1. Assets

Current assets were ¥1,570.3 billion, ¥250.1 billion increase from the previous fiscal year mainly due to an increase in inventories, trade and other receivables, and contract assets.

Non-current assets were ¥887.3 billion, ¥32.9 billion increase from the previous fiscal year mainly due to an increase in right-of-use assets.

As a result, total assets were ¥2,457.7 billion, ¥283.0 billion increase from the previous fiscal year.

2. Liabilities

Interest-bearing debt was ¥589.8 billion, ¥35.9 billion increase from the previous fiscal year.

Liabilities were ¥1,860.8 billion, ¥211.1 billion increase from the previous fiscal year mainly due to an increase in bonds, borrowings and other financial liabilities.

3. Equity

Equity was ¥596.8 billion, ¥71.9 billion increase from the previous fiscal year mainly due to the recording of profit attributable to owners of parent.

Cash and cash equivalents (Hereinafter referred to as “net cash”) at the end of this fiscal year were ¥138.4 billion, an increase of ¥29.9 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 ¥23.6 billion, ¥133.2 billion decrease from the previous fiscal year. Major sources of operating cash flows included depreciation and amortization of ¥77.3 billion and an increase in trade and other payables of ¥42.2 billion. Major uses of operating cash flows included an increase in inventories of ¥64.2 billion, an increase in contract assets of ¥50.2 billion, and an increase in trade and other receivables of ¥59.3 billion.

2. Cash flows from investing activities

Investing activities used net cash of ¥77.4 billion, which is ¥19.0 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 ¥85.3 billion, which is ¥194.2 billion more than in the previous fiscal year. This was mainly due to proceeds from fluidity of lease receivables.

With respect to the earnings forecasts for the fiscal year ending March 31, 2024, the Company is expecting revenue of ¥1,900.0 billion, a ¥174.4 billion year on year increase, mainly due to an increase in the revenue caused by a further recovery in passenger demand in the Aerospace Systems segment, although revenue will decrease in the Powersports & Engine segment.

In terms of profit, the Company is forecasting business profit of ¥78.0 billion and profit attributable to owners of parent of ¥47.0 billion. Furthermore, the Company is expecting after-tax ROIC of 4.9% and ROE of 7.9%. These forecasts are based on the expectation for an increase in profit mainly due to an increase in the revenue in the Aerospace Systems segment, although profits are expected to decrease due to an increase in sales promotion expenses in the Powersports & Engine segment.

The forecast of consolidated orders received is expected to decrease ¥137.4 billion year on year to ¥1,900.0 billion.

In this forecast, exchange rates are assumed to be ¥130 to the U.S. dollar and ¥140 to the euro.

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 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.

Considering the progress of global business activities, the Group voluntarily applies Interna] ʊ et! iap ily

	Millions of yen		
	Transition date (As of April 1, 2021)	As of March 31, 2022	As of March 31, 2023
Assets			
Current assets			
Cash and cash equivalents			

Millions of yen

Year ended

Millions of yen

	Equity attributable to owners of parent				
					Other components of equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Remeasurements of defined benefit plans

	Millions of yen	
	Year ended March 31, 2022	Year ended March 31, 2023

Not applicable

The Group disclosed its consolidated financial statements in accordance with IFRS from this consolidated fiscal year. The most recent consolidated financial statements prepared in accordance with Japanese GAAP are those for the consolidated fiscal year ended March 31, 2022, and IFRS transition date is April 1, 2021.

1. Mandatory exceptions and exemption provisions under IFRS 1

In principle, IFRS requires companies that adopt IFRS for the first time to apply the standards required by IFRS retrospectively. However, for some of the standards required under IFRS, IFRS 1 specifies standards for which the exemption is applied mandatorily and those for which the exemption is applied voluntarily.

Items that must apply mandatory exemptions are “estimates,” “derecognition of financial assets and financial liabilities,” “hedge accounting,” “non-controlling interests,” and “classification and measurement of financial instruments,” And they are prohibited retrospective application of IFRS. Except for “derecognition of financial assets and financial liabilities,” the Group applies the exemptions prý !

(1) Reconciliations of equity

(i) Transition date (As of April 1, 2021)

Millions of yen

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Line items under IFRS
Assets						Assets
Current assets						Current assets
Cash and deposits	126,702	(4,536)	-	122,166	(a)	Cash and cash equivalents
Notes and accounts receivable - trade, and contract assets	429,673	(102,212)	27,600	355,061	(b),(c), (d),(j)	Trade and other receivables
Allowance for doubtful accounts	(3,589)	3,589	-	-	(c)	
	-	114,664	33,858	148,523	(d),(j)	Contract assets
Merchandise and finished goods	69,223	(69,223)	-	-	(e)	
Work in process	399,847	(399,847)	-	-	(e)	
Raw materials and supplies	138,215	(138,215)	-	-	(e)	
	-	607,285	(41,425)	565,860	(e),(k)	Inventories
	-	3,482	-	3,482		Income taxes receivable
	-	6,660	-	6,660	(a),(g)	

Millions of yen

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Line items under IFRS
Liabilities						Liabilities
Current liabilities						Current liabilities
Notes and accounts payable - trade	247,294	170,776	-	418,070	(b)	Trade and other payables
Electronically recorded obligations - operating	107,849	(107,849)	-	-		

(iii) Notes on reconciliation of equity

(Reclassification)

etc. which were included in “Other” of investments and other assets under Japanese GAAP, are reclassified to “Other financial assets” of non-current assets under IFRS.

Derivative liabilities, which were included in “Other” of current liabilities under Japanese GAAP, are reclassified to “Bonds, b=ʎ to

when subsequent changes in fair value are designated to be presented in other comprehensive income.

(p) Adjustment to tax effects

Regarding the adoption of IFRS, “Deferred tax assets” and “Deferred tax liabilities” have increased or decreased due to the reconsideration of the recoverability of all deferred tax assets. In addition, under Japanese GAAP, tax effects arising from the elimination of unrealized profits and losses are calculated using the effective tax rate of the seller, however, under IFRS, these are calculated using the effective tax rate of the buyer.

(q) Reclassification of

(2) Reconciliations of profit or loss and comprehensive income

(i) Year ended March 31, 2022 (April 1, 2021 – March 31, 2022)

Millions of yen

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement

(ii)

Supplementary information on consolidated earnings forecasts for the fiscal year ending March 31, 2024

(i) Revenue and business profit (loss)

Billions of yen

Reportable segment	Forecast for the year ending March 31, 2024 (fiscal 2023) (A)	Year ended March 31, 2023 (fiscal 2022) (Actual) (B)	Change (A –