

**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:

(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	%	%

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

*** 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

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
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Aerospace Systems

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

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

(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

(4) Consolidated earnings forecast

With respect to the earnings forecasts for the fiscal year ending March 31, 2025, the Company

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 e		

**(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)	
Change in scope of						43

	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

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(4) Consolidated Statement of Cash Flow

Millions of yen
Year ended Year ended
March 31, 2023 March 31, 2024

(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

Other notes

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