

**Report of Earnings and Financial Statements for the
Fiscal Year Ended March 31, 2025 (Consolidated)**
<IFRS>

May 9, 2025

Listed company's name: **Kawasaki Heavy Industries, Ltd.**
Listed on: TSE (Prime Market), and NSE (Premier Market)
Stock code: 7012
URL: <https://global.kawasaki.com>
Representative: Yasuhiko Hashimoto, President and Chief Executive Officer
Contact: Takashi Torii, Executive Officer, Group Manager, Corporate Communication
Group Department
Tel: +81 3-3435-2130

Scheduled dates:

Ordinary general meeting of shareholders: June 26, 2025
Submission of financial statements: June 25, 2025
Commencement of dividend payments: June 27, 2025
Preparation of supplementary materials on financial results: Yes
Holding of financial results presentation: Yes (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, 2025
(April 1, 2024 – March 31, 2025)**

(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, 2025	2,129,321	15.1	143,123	209.8	107,518	236.2	90,328	230.7
Year ended March 31, 2024	1,849,287	7.2	46,201	(43.9)	31,980	(54.5)	27,310	(50.6)

	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, 2025	88,001	246.8	91,399	23.9	525.44	-
Year ended March 31, 2024	25,377	(52.1)	73,745	(9.9)	151.51	-

	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, 2025	13.2	3.8	6.7
Year ended March 31, 2024	4.2	1.2	2.5

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

Year ended March 31, 2025: ¥23,174 million

Year ended March 31, 2024: ¥11,358 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, 2025	3,016,951	725,064	702,915	23.3	4,205.63
As of March 31, 2024	2,680,176	654,549	634,090	23.7	3,785.57

(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, 2025	148,943	(111,201)	9,605	132,776
Year ended March 31, 2024	31,662	(89,814)	12,911	84,153

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, 2024	-	20.00	-	30.00	50.00	8,393	33.0	1.4
Year ended March 31, 2025	-	70.00	-	80.00	150.00	25,181	28.5	3.8
Year ending March 31, 2026 (forecast)	-	75.00	-	75.00	150.00		30.6	

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, 2026

(April 1, 2025 – March 31, 2026)

(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	2,310,000	8.5	145,000	1.3	115,000	7.0	82,000	(6.8)	489.61

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, 2025:	167,921,800 shares
March 31, 2024:	167,921,800 shares
 - (2) Number of shares held in treasury as of period-end

March 31, 2025:	785,225 shares
March 31, 2024:	420,086 shares
 - (3) Average number of shares during respective periods

March 31, 2025:	167,479,803 shares
March 31, 2024:	167,491,548 shares

(Reference) Financial Results of the Company for the Fiscal Year Ended March 31, 2025 (April 1, 2024 – March 31, 2025)

(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, 2025	1,043,506	24.5	46,885	-	59,416	-	48,123	-
Year ended March 31, 2024	837,834	5.9	(38,370)	-	(10,984)	-	(16,137)	-

	Earnings per share	Earnings per share – diluted
	yen	yen
Year ended March 31, 2025	287.33	-
Year ended March 31, 2024	(96.34)	-

(2) Financial Condition

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
As of March 31, 2025	1,863,010	270,747	14.5	1,619.91
As of March 31, 2024	1,623,931	242,830	15.0	1,449.71

For reference: Shareholders' equity As of March 31, 2025: ¥270,747 million
As of March 31, 2024: ¥242,830 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.

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 Friday, May 9, 2025, 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.

Accompanying Materials – Contents

1. Qualitative Information about Financial Statements	2
2. Consolidated Financial Statements and Notes	3
(1) Consolidated Statement of Financial Position	3
(2) Consolidated Statement of Profit and Loss and Consolidated Statement of Comprehensive Income	4
(3) Consolidated Statement of Changes in Equity	6
(4) Consolidated Statement of Cash Flow	8
(5) Notes Concerning Consolidated Financial Statements	9
(Segment information)	9
(Material subsequent events)	10

1. Qualitative Information about Financial Statements

The overview of the consolidated operating results, consolidated financial position, and consolidated earnings forecast is provided in the "Financial Results for FY 2024" made available today on our Company's official website (<https://global.kawasaki.com>).

Regarding an inappropriate incident at the workplace for repairing submarines in the Group as well as a misconduct in the testing of marine engines, the Group has established the Special Compliance Promotion Committee, which is chaired by Representative Director, President and CEO Yasuhiko Hashimoto, and also established each of the Special Investigative Committee of external experts. In December 2024 and January 2025, the Group received interim reports on investigations into the facts and analysis of the root causes of these specific incidents from each of the Special Investigative Committee and published the details of these reports. The investigation by the Special Investigative Committee is ongoing. The Group will continue to work to reform the Group's compliance and governance systems, and to enhance the Group's corporate culture.

The Company is currently examining whether these matters will impact its financial results and will immediately reflect in its earnings forecast in case such an impact would be confirmed.

Consolidated operating performance in the fiscal year ended March 31, 2025, is summarized by segment below.

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

	Years ended March 31						Orders received		
	2024(A)		2025(B)		Change (B – A)		Years ended March 31		
	Revenue	Business profit (loss)	Revenue	Business profit (loss)	Revenue	Business profit (loss)	2024 (A)	2025 (B)	Change (B – A)
Aerospace Systems	396.1	(15.0)	567.8	55.8	171.6	70.8	692.6	882.8	190.2
Rolling Stock	195.9	3.7	222.3	8.4	26.3	4.6	88.7	251.5	162.7
Energy Solution & Marine Engineering	353.2	31.9	398.1	44.2	44.8	12.3	401.6	542.0	140.3
Precision Machinery & Robot	227.9	(1.9)	241.5	7.0	13.5	8.9	213.3	249.2	35.9
Powersports & Engine	592.4	48.0	609.3	47.8	16.9	(0.1)	592.4	611.6	19.1
Other	83.5	1.1	90.1	5.2	6.6	4.1	94.5	93.3	(1.2)
Adjustments	-	(21.7)	-	(25.6)	-	(3.8)	-	-	-
Total	1,849.2	46.2	2,129.3	143.1	280.0	96.9	2,083.4	2,630.7	547.2

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

2. The Powersports & Engine segment's orders received were equal to its revenue as production is based mainly on estimated demand. However, during the current consolidated fiscal year, individual orders were received and have been included in the actual order amount.

2. Consolidated Financial Statements and Notes

(1) Consolidated Statement of Financial Position

As of March 31, 2025 and 2024

	(Millions of yen)	
	As of Mar. 31, 2024	As of Mar. 31, 2025
Assets		
Current assets		
Cash and cash equivalents	84,153	132,776
Trade and other receivables	681,030	764,383
Contract assets	136,706	170,556
Inventories	710,207	775,434
Income taxes receivable	2,158	200
Other financial assets	11,024	11,770
Other current assets	101,644	168,779
Total current assets	<u>1,726,925</u>	<u>2,023,901</u>
Non-current assets		
Property, plant and equipment	496,331	515,743
Intangible assets	69,617	75,760
Right-of-use assets	64,824	58,697
Investments accounted for using equity method	90,954	108,271
Other financial assets	80,762	71,802
Deferred tax assets	117,452	128,796
Other non-current assets	33,307	33,978
Total non-current assets	<u>953,250</u>	<u>993,050</u>
Total assets	<u>2,680,176</u>	<u>3,016,951</u>
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	521,734	593,878
Bonds, borrowings and other financial liabilities	453,694	527,197
Income taxes payable	7,928	20,188
Contract liabilities	265,468	363,534
Provisions	34,242	35,731
Refund liabilities	72,518	73,097
Other current liabilities	185,902	233,675
Total current liabilities	<u>1,541,489</u>	<u>1,847,303</u>
Non-current liabilities		
Bonds, borrowings and other financial liabilities	391,539	362,313
Retirement benefit liability	74,604	67,100
Provisions	957	1,038
Deferred tax liabilities	707	1,019
Other non-current liabilities	16,327	13,112
Total non-current liabilities	<u>484,137</u>	<u>444,584</u>
Total liabilities	<u>2,025,626</u>	<u>2,291,887</u>
Equity		
Equity attributable to owners of parent		
Share capital	104,484	104,484
Capital surplus	56,455	56,456
Retained earnings	405,156	483,530
Treasury shares	(1,060)	(4,093)
Other components of equity	69,054	62,537
Total equity attributable to owners of parent	<u>634,090</u>	<u>702,915</u>
Non-controlling interests	<u>20,459</u>	<u>22,148</u>
Total equity	<u>654,549</u>	<u>725,064</u>
Total liabilities and equity	<u>2,680,176</u>	<u>3,016,951</u>

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

Consolidated Statement of Profit or Loss

For the year ended March 31, 2025 and 2024

	(Millions of yen)	
	Year ended Mar. 31, 2024	Year ended Mar. 31, 2025
Revenue	1,849,287	2,129,321
Cost of sales	1,537,050	1,697,784
Gross profit	312,237	431,537
Selling, general and administrative expenses	276,044	306,963
Share of profit of investments accounted for using equity method	11,358	23,174
Other income	5,704	3,098
Other expenses	7,053	7,722
Business profit	46,201	143,123
Finance income	3,040	3,423
Finance costs	17,261	39,028
Profit before tax	31,980	107,518
Income tax expense	4,670	17,190
Profit	27,310	90,328
Profit attributable to:		
Owners of parent	25,377	88,001
Non-controlling interests	1,932	2,326
Earnings per share		
Basic earnings per share	151.51	525.44

Consolidated Statement of Comprehensive Income*For the year ended March 31, 2025 and 2024*

	(Millions of yen)	
	Year ended Mar. 31, 2024	Year ended Mar. 31, 2025
Profit	27,310	90,328
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	4,214	(2,277)
Remeasurements of defined benefit plans	15,017	7,773
Share of other comprehensive income of investments accounted for using equity method	1	1
Total of items that will not be reclassified to profit or loss	19,233	5,497
Items that may be reclassified to profit or loss		
Cash flow hedges	103	257
Exchange differences on translation of foreign operations	23,302	(4,120)
Share of other comprehensive income of investments accounted for using equity method	3,795	(563)
Total of items that may be reclassified to profit or loss	27,202	(4,426)
Total other comprehensive income	46,435	1,071
Comprehensive income	73,745	91,399
Comprehensive income attributable to:		
Owners of parent	71,009	89,213
Non-controlling interests	2,736	2,186

(3) Consolidated Statement of Changes in Equity

For the year ended March 31, 2024

(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 Apr. 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		
Dividends			(13,430)			
Transfer to retained earnings			12,945		(15,075)	2,130
Change in scope of consolidation			8			
Capital increase of consolidated subsidiaries						
Change in ownership interest of parent due to transactions with non-controlling interests		739				
Transfer to non-financial assets						
Total transactions with owners		739	(477)	46	(15,075)	2,130
Balance as of Mar. 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	Total		
	Cash flow hedges	Exchange differences on translation of foreign operations	Total				
Balance as of Apr. 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	
Dividends				(13,430)	(1,022)	(14,452)	
Transfer to retained earnings			(12,945)	-		-	
Change in scope of consolidation		(17)	(17)	(9)		(9)	
Capital increase of consolidated 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)	
Total transactions with owners	(467)	(17)	(13,429)	(13,120)	(2,948)	(16,068)	
Balance as of Mar. 31, 2024	355	58,291	69,054	634,090	20,459	654,549	

For the year ended March 31, 2025

(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 Apr. 1, 2024	104,484	56,455	405,156	(1,060)	-	10,407
Profit			88,001			
Other comprehensive income					7,614	(2,226)
Comprehensive income			88,001		7,614	(2,226)
Purchase of treasury shares				(3,078)		
Disposal of treasury shares		0		45		
Dividends			(16,787)			
Transfer to retained earnings			7,159		(7,614)	455
Change in scope of consolidation						
Capital increase of consolidated subsidiaries						
Change in ownership interest of parent due to transactions with non-controlling interests						
Transfer to non-financial assets						
Total transactions with owners		0	(9,628)	(3,032)	(7,614)	455
Balance as of Mar. 31, 2025	104,484	56,456	483,530	(4,093)	-	8,636

	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 Apr. 1, 2024	355	58,291	69,054	634,090	20,459	654,549
Profit				88,001	2,326	90,328
Other comprehensive income	(858)	(3,318)	1,211	1,211	(139)	1,071
Comprehensive income	(858)	(3,318)	1,211	89,213	2,186	91,399
Purchase of treasury shares				(3,078)		(3,078)
Disposal of treasury shares				46		46
Dividends				(16,787)	(860)	(17,647)
Transfer to retained earnings			(7,159)	-		-
Change in scope of consolidation		(0)	(0)	(0)		(0)
Capital increase of consolidated subsidiaries					363	363
Change in ownership interest of parent due to transactions with non-controlling interests						-
Transfer to non-financial assets	(568)		(568)	(568)		(568)
Total transactions with owners	(568)	(0)	(7,727)	(20,388)	(496)	(20,885)
Balance as of Mar. 31, 2025	(1,071)	54,972	62,537	702,915	22,148	725,064

(Consolidated)

(4) Consolidated Statement of Cash Flows

For the year ended March 31, 2025 and 2024

	(Millions of yen)	
	Year ended Mar. 31, 2024	Year ended Mar. 31, 2025
Cash flows from operating activities		
Profit	27,310	90,328
Depreciation and amortization	80,982	93,431
Impairment losses	1,007	-
Finance income and finance costs	11,590	26,566
Share of loss (profit) of investments accounted for using equity method	(11,358)	(23,174)
Loss (gain) on sale of fixed assets	2,050	948
Income tax expense	4,670	17,190
Increase (decrease) in retirement benefit liabilities	(196)	(5,307)
Decrease (increase) in trade and other receivables	(186,486)	(96,117)
Decrease (increase) in contract assets	22,725	(33,844)
Decrease (increase) in inventories	9,903	(69,241)
Increase (decrease) in trade and other payables	43,585	70,498
Decrease (increase) in advance payments	8,632	(67,377)
Increase (decrease) in contract liabilities	1,057	98,899
Increase (decrease) in refund liabilities	61,004	1,071
Increase (decrease) in provisions	10,084	1,512
Decrease (increase) in other current assets	(6,879)	(47)
Increase (decrease) in other current liabilities	(19,070)	32,549
Other	1,685	31,398
Subtotal	62,298	169,284
Interest received	8,504	2,554
Dividends received	364	10,784
Interest paid	(8,110)	(14,838)
Income taxes paid	(31,393)	(18,841)
Net cash provided by (used in) operating activities	31,662	148,943
Cash flows from investing activities		
Purchase of property, plant and equipment	(80,063)	(98,682)
Proceeds from sale of property, plant and equipment	2,669	7,309
Purchase of intangible assets	(16,480)	(14,962)
Proceeds from sale of intangible assets	80	434
Payments for equity method investments and purchase of other financial assets	(949)	(7,612)
Proceeds from equity method investments and sale of other financial assets	1,124	2,865
Payments for acquisition of subsidiaries	(20)	-
Decrease due to loss of control over subsidiaries	(92)	-
Other	3,918	(553)
Net cash provided by (used in) investing activities	(89,814)	(111,201)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	80,229	67,327
Repayments of lease liabilities	(16,526)	(17,290)
Proceeds from long-term borrowings	31,582	38,000
Repayments of long-term borrowings	(23,041)	(29,001)
Proceeds from issuance of bonds	10,000	-
Redemption of bonds	(40,000)	(30,000)
Dividends paid	(13,415)	(16,763)
Proceeds from factoring agreements	103,482	100,464
Repayment of liabilities under factoring agreements	(105,343)	(85,629)
Dividends paid to non-controlling interests	(1,022)	(860)
Payments for acquisition of subsidiary shares not resulting in change in scope of consolidation	(1,563)	-
Other	(11,470)	(16,639)
Net cash provided by (used in) financing activities	12,911	9,605
Effect of exchange rate changes on cash and cash equivalents	(9,027)	1,275
Net increase (decrease) in cash and cash equivalents	(54,267)	48,623
Cash and cash equivalents at beginning of period	138,420	84,153
Cash and cash equivalents at end of period	84,153	132,776

(5) Notes Concerning Consolidated Financial Statements

Segment information

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 (loss) 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 made with reference to prevailing 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.

Year ended March 31, 2025 (April 1, 2024 – March 31, 2025)

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	567,838	222,306	398,138	241,503	609,357	90,177	2,129,321	-	2,129,321
Intersegment revenue and transfers *1	15,801	240	24,270	21,329	1,326	28,571	91,539	(91,539)	-
Total revenue	583,639	222,546	422,408	262,833	610,684	118,749	2,220,861	(91,539)	2,129,321
Business profit(loss) *3	55,826	8,408	44,285	7,045	47,884	5,283	168,733	(25,609)	143,123
Finance income									3,423
Finance costs									(39,028)
Profit (loss) before tax									107,518
Other items									
Depreciation and amortization	29,811	2,433	6,567	11,080	32,335	1,576	83,804	9,626	93,431
Impairment loss	-	-	-	-	-	-	-	-	-
Share of profit (loss) of investments accounted for using equity method	-	3	22,946	(1,559)	1,711	140	23,243	(69)	23,174

- Notes: 1. Intersegment revenue and transfers are made with reference to prevailing market prices.
2. Eliminations and corporate of negative ¥25,609 million include negative ¥777 million for intersegment transactions and negative ¥24,832 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.

Material subsequent events

Partial Sale of Consolidated Subsidiary Shares

1. Details of the event

Based on the resolution of its Board of Directors meeting held on November 8, 2024, the Company transferred 20% of the outstanding shares of its consolidated subsidiary, Kawasaki Motors, Ltd. (hereinafter referred to as "Kawasaki Motors"), to Kawasaki Motors on April 1, 2025. Additionally, Kawasaki Motors conducted a third-party allotment to ITOCHU Corporation, allocating 20% of its outstanding shares to ITOCHU Corporation. Even after these transactions, Kawasaki Motors will remain a consolidated subsidiary of the Company.

Overview of the Share Transfer

(1) The number of shares retained by the Company prior to the Share Transfer	20,000 shares (100% voting rights ownership)
(2) Number of shares to be transferred	4,000 shares
(3) Transfer price	¥80.0 billion
(4) Date of transfer	April 1, 2025

Overview of the Third-party Allotment

(1) Number of shares to be allotted	4,000 shares
(2) Amount to be paid in	¥80.0 billion
(3) Number of shares issued after the allotment	20,000 shares
(4) Date of payment	April 1, 2025
(5) The number of shares retained by the Company following the Share Transfer and the Third-party Allotment	16,000 shares (80% voting rights ownership)

2. Effect of the event on financial results

Due to this event, the Company expects to record a gain on sale of shares of subsidiaries and associates of ¥77.4 billion as extraordinary income for the non-consolidated financial results for the fiscal year ending March 31, 2026. As Kawasaki Motors will remain a consolidated subsidiary of the Company even after this transaction, the impact on consolidated profit and loss will be minor.