

Financial Results for FY2025

For the year ended March 31, 2026

May 12, 2026

Kawasaki Heavy Industries, Ltd.







 **Kawasaki**

Powering your potential

Consolidated Financial Results for FY2025

- ✓ Business profit totaled **145.1** billion yen, up 1.9 billion yen YoY, in line with the February forecast, marking a new record high
- ✓ Strong performance in Aerospace Systems and ES&M, together with a recovery in Precision Machinery & Robot, offset PS&E, which was significantly impacted by U.S. tariff policies

	Aerospace Systems	ES&M	Precision Machinery & Robot	PS&E
Business Profit YoY (billion yen)	+6.6 	+10.7 	+7.3 	- 25.1 

Earnings forecasts for FY2026

- ✓ Based on an assumed exchange rate of JPY150/USD, business profit is expected to reach a record-high 170.0 billion yen, exceeding FY2025 by 24.9 billion yen YoY

Assumptions Regarding External Environment

- Impact of the Middle East situation : A certain level of risk, including production delays due to difficulties in material procurement, has been factored in (see p.16 for details).
- Impact of U.S. tariff policies : Assumptions are based on the systems and tariff rates that are applied / scheduled to be applied as of May 12, 2026 (excluding any potential refunds of IEEPA-related tariffs).

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for FY2025**

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Notice

Figures recorded in the business forecasts are forecasts that reflect the judgment of the Company based on the information available at the time of release and include risks and uncertainties. Accordingly, the Company cautions investors not to make investment decisions solely on the basis of these forecasts. Actual business results may differ materially from these business forecasts due to various important factors resulting from changes in the external environment and internal environment. Important factors that may affect actual business results include, but are not limited to, economic conditions, the yen exchange rate against the U.S. dollar and other currencies, the tax system, and laws and regulations. Our company has adopted IFRS (International Financial Reporting Standards) since the first quarter of FY2022.



Consolidated Financial Results for FY2025

Consolidated Financial Results for FY2025

-Summary-

- ✓ Revenue and business profit increased YoY, with orders received, revenue, and business profit each reaching record highs
- ✓ Pre-tax and net profit significantly exceeded the February forecast, mainly due to yen depreciation toward the fiscal year-end

(Billion Yen)

	FY2024	FY2025						Change	
		Forecast	Apr. to Jun.	Jul. to Sep.	Oct. to Dec.	Jan. to Mar.	Total	YoY	vs. Old FCST
Orders Received	2,630.7	2,620.0	446.3	569.1	892.6	831.0	2,739.1	+ 108.4	+ 119.1
Revenue	2,129.3	2,340.0	488.4	507.8	565.1	749.8	2,311.2	+ 181.9	- 28.8
Business Profit (Loss)	143.1	145.0	20.5	15.1	46.7	62.6	145.1	+ 1.9	+ 0.1
<i>[margin]</i>	<i>[6.7%]</i>	<i>[6.2%]</i>	<i>[4.2%]</i>	<i>[3.0%]</i>	<i>[8.3%]</i>	<i>[8.4%]</i>	<i>[6.3%]</i>	<i>[- 0.4pt]</i>	<i>[+ 0.0pt]</i>
Profit Before Tax (Loss)	107.5	122.0	16.8	18.5	53.4	56.6	145.5	+ 38.0	+ 23.5
<i>[margin]</i>	<i>[5.0%]</i>	<i>[5.2%]</i>	<i>[3.4%]</i>	<i>[3.7%]</i>	<i>[9.5%]</i>	<i>[7.6%]</i>	<i>[6.3%]</i>	<i>[+ 1.2pt]</i>	<i>[+ 1.0pt]</i>
Profit (Loss) Attributable to Owners of Parent	88.0	90.0	4.2	17.8	43.7	42.3	108.1	+ 20.1	+ 18.1
<i>[margin]</i>	<i>[4.1%]</i>	<i>[3.8%]</i>	<i>[0.9%]</i>	<i>[3.5%]</i>	<i>[7.7%]</i>	<i>[5.6%]</i>	<i>[4.7%]</i>	<i>[+ 0.5pt]</i>	<i>[+ 0.8pt]</i>
After-tax ROIC	8.0%	7.4%	-	-	-	-	9.0%	+ 1.0pt	+ 1.6pt
Weighted-average exchange rates (USD/JPY)※1	150.81	-	143.79	146.37	152.22	153.21	149.08	- 1.73	-
US dollar-based transaction (B\$) ※2	※1 1.94	2.09	0.52	0.62	0.58	0.64	2.20	+ 0.26	+ 0.11

※1 Except for loss related to the in-service issues of PW1100G-JM engine

※2 The amount of foreign currency impacting profit and loss by currency due to exchange rate fluctuations. Calculated by deducting dollar-denominated purchases from dollar-denominated revenue of Kawasaki Heavy Industries, Ltd, Kawasaki Railcar manufacturing Co., Ltd., and Kawasaki Motors, Ltd., including foreign currency denominated revenue from loss-provisioned projects. However, the foreign currency amount for each quarter of FY2025 excludes the amount of refund liabilities denominated in foreign currencies related to the in-service issues of the PW1100G-JM engine. See page 53 for the breakdown of these figures by segments

Consolidated Financial Results for FY2025

-Segment-

- ✓ ES&M achieved YoY revenue and business profit growth, driven by strong performance across segments including Energy and Ship & Offshore Structure 1
- ✓ PS&E posted revenue growth, while business profit declined due to higher tariff costs and stronger competition in the U.S. powersports market 2

(billion yen)

	Orders Received			Revenue			Business Profit (Loss)		
	FY2024	FY2025	Change	FY2024	FY2025	Change	FY2024	FY2025	Change
Aerospace Systems	882.8	810.9	- 71.9	567.8	613.6	+ 45.8	55.8	62.4	+ 6.6
Rolling Stock	251.5	319.1	+ 67.5	222.3	236.2	+ 13.8	8.4	8.6	+ 0.2
Energy Solution & Marine Engineering	542.0	552.9	+ 10.8	398.1	433.5	+ 35.4	44.2	55.0	+ 10.7
Precision Machinery & Robot	249.2	278.5	+ 29.2	241.5	259.1	+ 17.6	7.0	14.3	+ 7.3
Powersports & Engine	611.6	681.7	+ 70.1	609.3	682.8	+ 73.4	47.8	22.7	- 25.1
Others	93.3	95.9	+ 2.5	90.1	85.8	- 4.3	5.2	7.0	+ 1.8
Elimination and corporate [※]	-	-	-	-	-	-	- 25.6	- 25.3	+ 0.3
Total	2,630.7	2,739.1	+ 108.4	2,129.3	2,311.2	+ 181.9	143.1	145.1	+ 1.9

※Elimination and corporate includes some expenses incurred at head offices which were not allocated to each industry segment for internal reporting

Consolidated Financial Results for FY2025

-Statement of Profit and Loss-

(billion yen)

	FY2024	%	FY2025	%	Change
Revenue	2,129.3	100.0	2,311.2	100.0	+ 181.9
Cost of Sales	1,697.7	79.7	1,856.3	80.3	+ 158.5
Gross profit	431.5	20.3	454.9	19.7	+ 23.3
Selling, General and Administrative Expenses	306.9	14.4	328.7	14.2	+ 21.7
Salaries and Allowances	81.4		89.6		+ 8.2
R&D Expenses	48.9		56.8		+ 7.8
Others	176.5		182.2		+ 5.6
Share of profit (loss) of investments accounted for using equity method	23.1		24.1		+ 0.9
Other Income and Expenses	- 4.6		- 5.1		- 0.5
Gain on Sale of Property, Plant and Equipment	0.6		0.7		+ 0.1
Others	- 5.2		- 5.9		- 0.7
Business profit (Loss)	143.1	6.7	145.1	6.3	+ 1.9

[Details](#)

- ① The SG&A ratio declined due to control of fixed cost, despite higher SG&A expenses accompanying revenue growth

Consolidated Financial Results for FY2025

-Statement of Profit and Loss-

(billion yen)

	FY2024	%	FY2025	%	Change
Finance Income and Finance Costs	- 35.6		0.4		+ 36.0
Net interest Expense (incl. dividend income)	- 12.0		- 11.7		+ 0.2
Gain and Loss on Foreign Exchange	- 16.0		18.9		+ 35.0
Others	- 7.4		- 6.7		+ 0.6
Profit Before Tax	107.5	5.1	145.5	6.3	+ 38.0
Income Tax Expense	17.1		30.6		+ 13.4
Profit Attributable to Non-Controlling Interests	2.3		6.7		+ 4.4
Profit Attributable to Owners of Parent	88.0	4.1	108.1	4.7	+ 20.1

Details

- ② USD/JPY rate
 149.53 Q4/E FY24
 159.93 Q4/E FY25

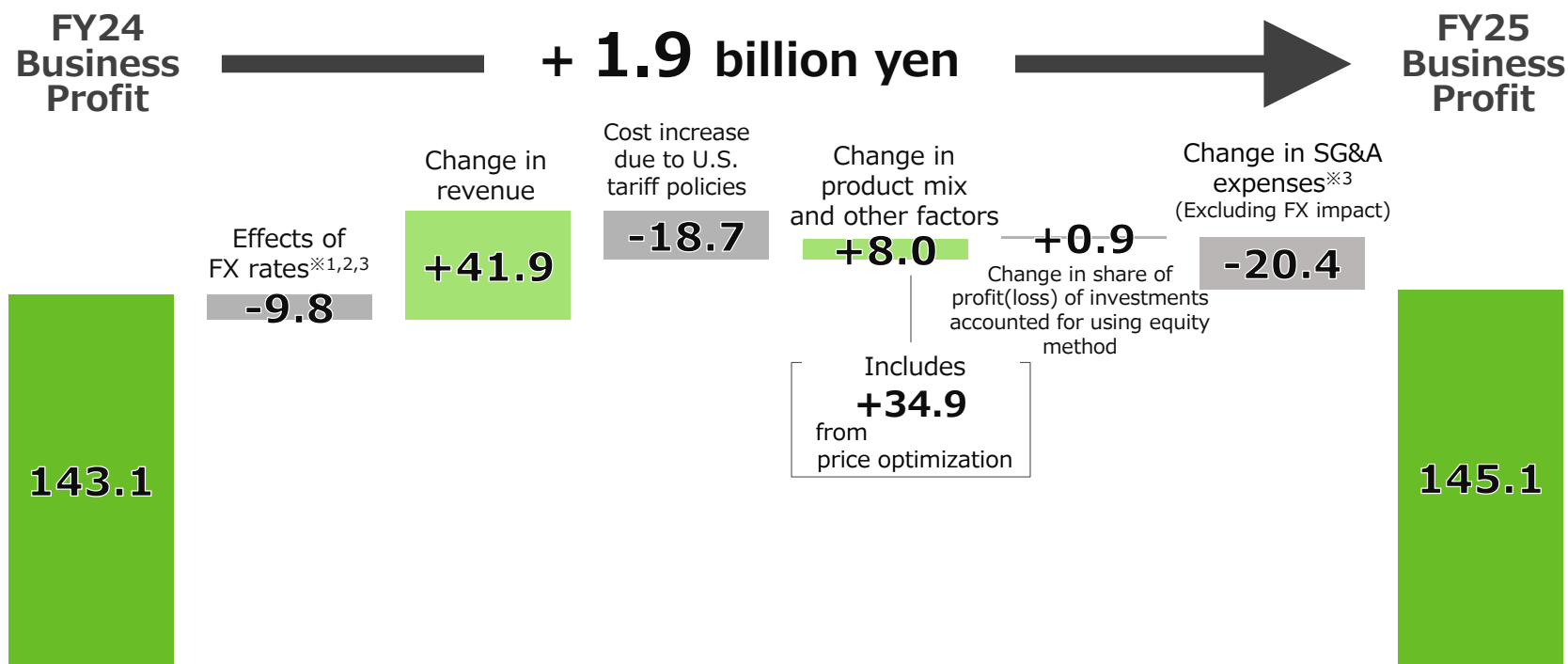
Weighted-average
 exchange rates
 149.08 Q4 FY25

Translation gains arose on
 foreign currency-
 denominated receivables

- ③ In April 2025, a 20%
 stake of Kawasaki Motors,
 Ltd. (a PS&E business
 subsidiary) was
 transferred to ITOCHU
 Corporation, resulting in
 an increase in profit
 attributable to non-
 controlling interests

-Factors Affecting Changes in Business Profit-

- ✓ Increased sales in PS&E contributed to change in revenue
- ✓ In terms of product mix and other factors, profitability improved markedly in ES&M but deteriorated significantly in PS&E



※1 Effects of FX rates indicate the direct impact on business profit. Indirect effects [such as the impact of price fluctuations] are included Change in product mix and other factors and Changes in SG&A expenses

※2 Effects of FX rates includes the impact of revaluation of refund liabilities denominated in foreign currencies related to the in-service issues of PW1100G-JM engine [-2.4 billion Yen]

※3 Changes in SG&A expenses exclude the FX impact from the amounts presented in the statement of profit and loss. Such FX impact is included in Effects of FX rates. (The same applies to the change factor graphs for each segment shown on page 22 and thereafter.)

Consolidated Financial Results for FY2025

-Factors Affecting Changes in Business Profit-

(billion yen)

	FY2024 Business Profit (Loss)	Details of change						Total	FY2025 Business Profit (Loss)
		Effects of FX rates※1	Change in revenue※1	Cost increase due to U.S. tariff policies	Change in product mix and other factors※1	Change in share of profit (loss) of investments accounted for using equity method	Change in SG&A expenses※3		
Aerospace Systems	55.8	※2- 4.8	10.2	- 0.3	6.4		- 4.9	6.6	62.4
Rolling Stock	8.4	- 0.1	1.9		- 0.1	0.0	- 1.5	0.2	8.6
Energy Solution & Marine Engineering	44.2	1.1	7.6		9.8	0.7	- 8.5	10.7	55.0
Precision Machinery & Robot	7.0	0.0	3.6	- 1.1	4.8	2.3	- 2.3	7.3	14.3
Powersports & Engine	47.8	- 5.8	19.5	- 17.3	- 17.1	- 1.7	- 2.7	- 25.1	22.7
Others	5.2	0.0	- 0.9		4.3	- 0.4	- 1.2	1.8	7.0
Elimination and corporate	- 25.6				- 0.2	- 0.0	0.5	0.3	- 25.3
Total	143.1	- 9.8	41.9	- 18.7	8.0	0.9	- 20.4	1.9	145.1

※1 Effects of foreign exchange rates, change in revenue, and change in product mix are approximate values calculated by our company based on certain criteria. In addition, each factor of change is often indivisible, and in particular, it may be desirable to check the change in revenue and change in product mix

※2 Effects of FX rates includes the impact of revaluation of refund liabilities denominated in foreign currencies related to the in-service issues of PW1100G-JM engine (-2.4 billion Yen)

※3 Excluding the effects of FX rates

Consolidated Financial Results for FY2025

-Statement of Financial Position-

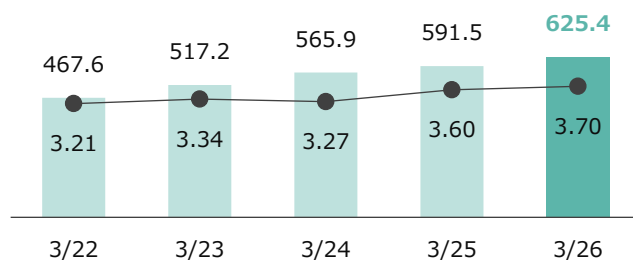
(billion yen)

	End of Mar 2025	%	End of Mar. 2026	%	Change
Cash and Cash Equivalents	132.7		115.4		- 17.3
Trade Receivables (Incl. contract assets)	888.8		1,036.3		① + 147.5
Inventories	775.4		822.1		② + 46.7
Other Current Assets	226.8		282.0		+ 55.2
Current assets	2,023.9	67.1	2,256.0	67.9	+ 232.1
PP&E and Intangible assets	591.5		625.4		+ 33.9
Right-of-Use Assets	58.6		67.9		+ 9.2
Deferred Tax Assets	128.7		119.4		- 9.3
Other Non-Current Assets	214.0		255.7		③ + 41.6
Non-Current Assets	993.0	32.9	1,068.5	32.1	+ 75.5
Total Assets	3,016.9	100.0	3,324.6	100.0	+ 307.6

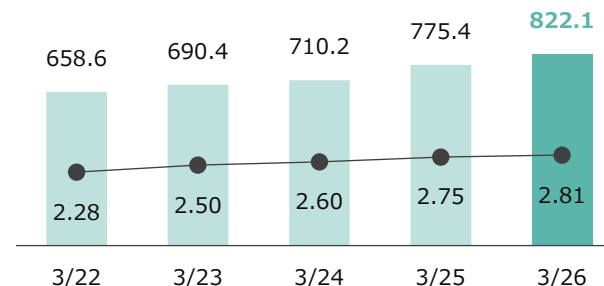
Details

- ① Increased in PS&E and Aerospace Systems etc.
- ② Increased in Aerospace Systems and PS&E etc.
- ③ Increased mainly in equity-method investments in Ship and Offshore Structure and PS&E, reflecting earnings growth at China-based shipbuilding joint ventures and the establishment of a U.S. retail finance joint venture for PS&E

■ PP&E and intangible assets (billion yen)
● Turnover of PP&E and intangible assets



■ Inventory (billion yen)
● Turnover of inventory



Consolidated Financial Results for FY2025 -Statement of Financial Position-

(billion yen)

	End of Mar 2025	%	End of Mar. 2026	%	Change
Trade Payables	512.1		549.2		+ 37.1
Interest-Bearing Debt	692.5		606.1		- 86.3
Contract Liability (Advances Received)	363.5		386.8		+ 23.3
Refund Liability	73.0		83.3		+ 10.2
Retirement Benefit Liability	67.1		50.6		- 16.4
Other Liabilities	583.5		699.8		+ 116.3
Total Liabilities	2,291.8	76.0	2,376.1	71.5	+ 84.2
Equity Attributable to Owners of Parent	702.9		878.1		+ 175.2
Non-Controlling Interests	22.1		70.3		+ 48.2
Total Equity	725.0	24.0	948.4	28.5	+ 223.4
Total Liabilities and Equity	3,016.9	100.0	3,324.6	100.0	+ 307.6

Details

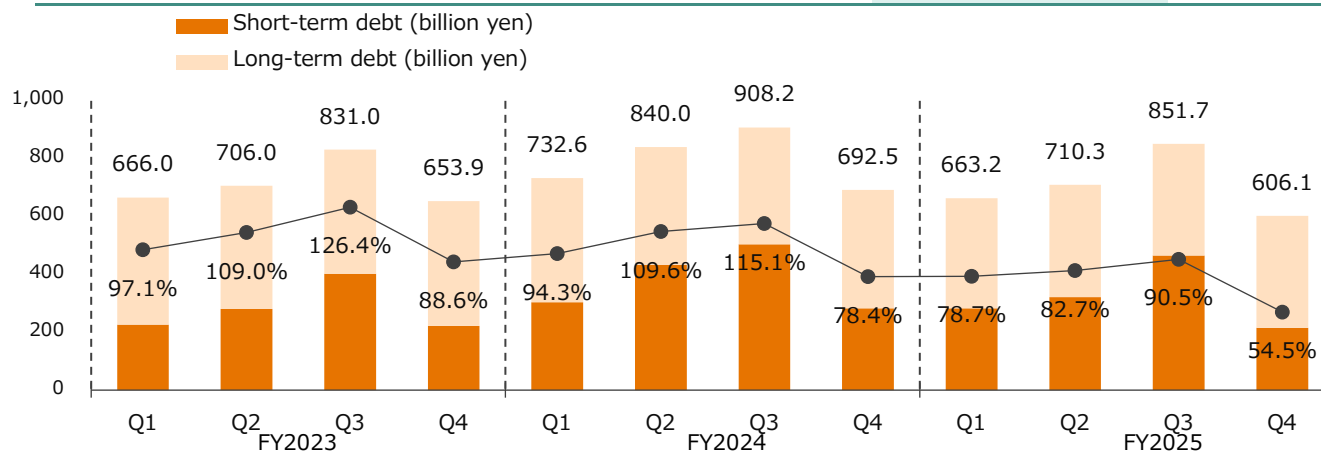
- ④ Decreased due to proceeds from factoring agreements
- ⑤ Increased in debt due to receivable securitization in Aerospace business
- ⑥ Increased due to the transfer of 20% of the shares of Kawasaki Motors, Ltd(an operating company of PS&E), to ITOCHU Corporation

Appendix

Cash Conversion Cycle (day)

	CCC
End of FY21	133
End of FY22	150
End of FY23	159
End of FY24	159
End of FY25	172

Deteriorated due to longer days sales outstanding in Aerospace Systems and PS&E



Consolidated Financial Results for FY2025

-Statement of Cash Flows-

(billion yen)

	FY2024	FY2025	Change
Profit Before Tax	107.5	145.5	+ 38.0
Depreciation and Amortization	93.4	103.8	+ 10.3
Increase and Decrease in Working Capital	- 105.2	- 132.2	- 26.9
Trade Receivables ^{※1} (minus notation indicates incr.)	- 127.2	- 126.2	+ 0.9
Inventory (minus notation indicates incr.)	- 69.2	- 23.8	+ 45.3
Trade Payables (minus notation indicates decr.)	59.7	31.7	- 27.9
Advance Payment (minus notation indicates incr.)	- 67.3	- 33.2	+ 34.1
Contract Liabilities ^{※2} (minus notation indicates decr.)	98.8	19.3	- 79.5
Other	53.2	22.9	- 30.2
Cash Flows from Operating Activities	148.9	140.0	① - 8.8
Purchase of PP&E and Intangible Assets	- 113.6	- 117.7	- 4.1
Proceeds from Sales of PP&E and Intangible Assets	7.7	2.6	- 5.0
Other	- 5.3	- 12.9	- 7.6
Cash Flows from Investing Activities	- 111.2	- 128.0	- 16.8
Free Cash Flows	37.7	12.0	- 25.7
Net Increase and Decrease in Debt and Bonds (minus notation indicates decr.)	46.3	② - 109.3	- 155.7
Dividends Paid (Except Payment to Non-Controlling Interests)	- 16.7	- 25.9	- 9.1
Proceeds and Repayment from Factoring Agreements	14.8	48.8	+ 34.0
Other	- 34.7	③ 53.2	+ 87.9
Cash Flows from Financing Activities	9.6	- 33.2	- 42.8

※1,2 Trade receivables include contract assets. The former account name of contract liabilities is advances received

Details

① FY2024 :
Operating cash flow posted a substantial inflow, supported by solid profits and increases in contract liabilities (advance payments) and trade payables in Aerospace Systems, despite higher receivables and inventories in the Aerospace business and PS&E

FY2025 :
Operating cash flow posted a strong inflow, driven by solid profits, despite increases in receivables and inventories in PS&E and Aerospace Systems

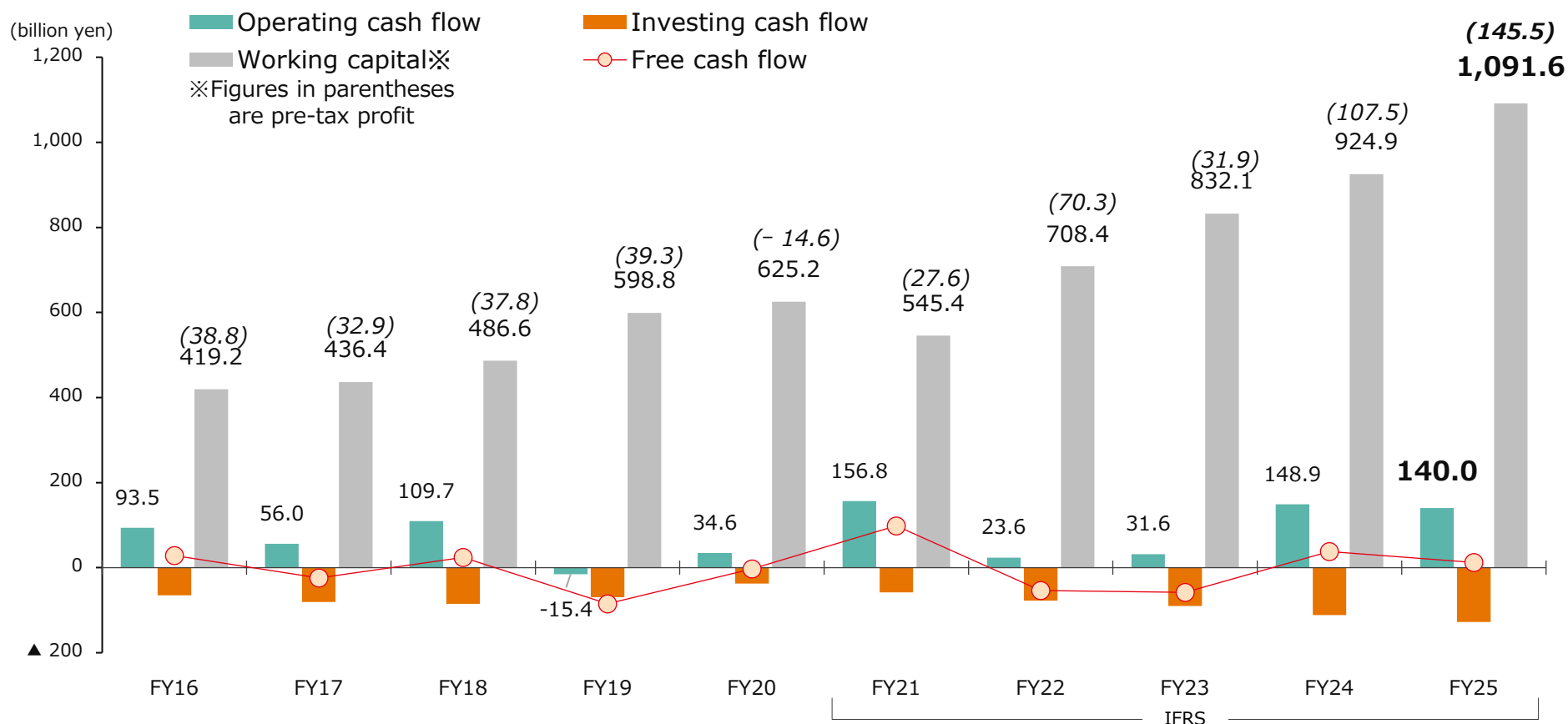
② For details, see page 12④

③ Includes 80.0 billion yen in proceeds from the sale of a 20% stake in Kawasaki Motors, Ltd., a PS&E operating company, to Itochu Corporation in FY2025 1Q

Consolidated Results for FY2025

-Cash Flows-

- ✓ Free cash flow in FY2025 remained positive for the second consecutive year
- ✓ Working capital's contribution to cash flow is gradually materializing, after a significant increase over the past three years



※ Working capital = Trade receivables + Inventories + Advance payments - Trade payables - Contract Liabilities (advances received)


2

Forecasts for FY2026

(for the year ending March 31, 2027)

Earnings Forecasts for FY2026

-Summary-

-  Assumed exchange rate of JPY150/USD; business profit expected to reach a record high
-  On track toward achieving the target of a business profit margin exceeding 10% by FY2030

(Billion Yen)

	FY2025 Actual	FY2026 Forecast	Change
Orders Received	2,739.1	2,540.0	- 199.1
Revenue	2,311.2	2,560.0	+ 248.8
Business Profit	145.1	170.0	+ 24.9
<i>[Margin]</i>	<i>[6.3%]</i>	<i>[6.6%]</i>	<i>[+ 0.3pt]</i>
Profit Before Tax	145.5	147.0	+ 1.5
<i>[Margin]</i>	<i>[6.3%]</i>	<i>[5.7%]</i>	<i>[- 0.5pt]</i>
Profit Attributable to Owners of Parent	108.1	110.0	+ 1.9
<i>[Margin]</i>	<i>[4.7%]</i>	<i>[4.3%]</i>	<i>[- 0.3pt]</i>
After-tax ROIC	9.0%	8.6%	- 0.4pt
Weighted-average exchange rates (USD/JPY)	149.08	150.00	+ 0.92
US dollar-based transaction (B\$) ※	2.20	2.59	+ 3.90

※ The amount of foreign currency impacting operating profit as a result of exchange rate fluctuations, calculated by deducting dollar-denominated purchases from dollar-denominated revenue of Kawasaki Heavy Industries, Ltd., Kawasaki Railcar Manufacturing Co., Ltd., and Kawasaki Motors, Ltd., including foreign-currency-denominated revenue from loss-provisioned projects. See page 53 for a breakdown of these figures by segment.

Incorporating External Factors

1 Impact of the situation in the Middle East

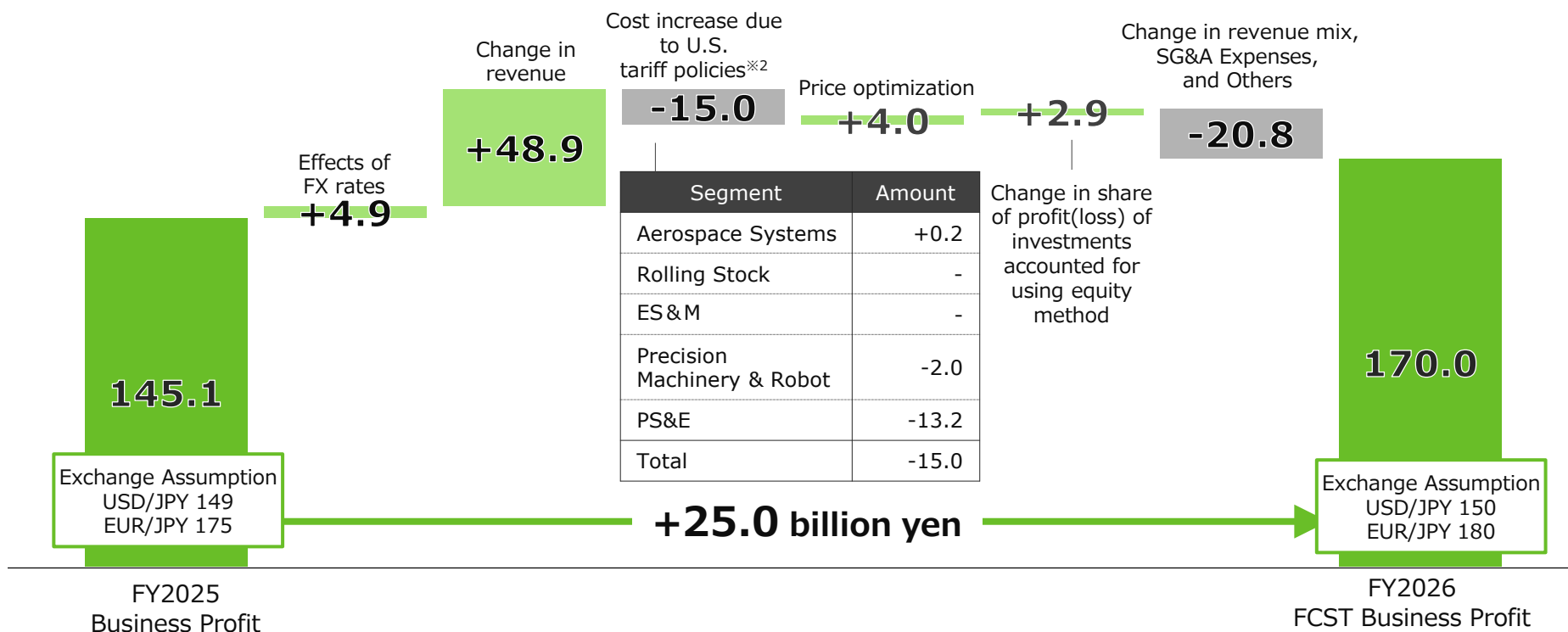
- ✓ Assumed that crude oil distribution normalizes by the end of June
- ✓ Incorporated the impact of production delays from material procurement difficulties and higher procurement and fuel prices, primarily affecting PS&E and Vehicles, with an estimated negative impact of approximately ¥8.0 billion on business profit

2 Impact of U.S. Tariff Policies

- ✓ Factored in regimes and tax measures already implemented or expected to be implemented as of May 12, 2026.
- ✓ The impact of revisions to steel and aluminum tariffs under Section 232 of the Trade Expansion Act is limited compared with the previous fiscal year, while increases from other policy changes are incorporated.
- ✓ IEEPA tariff refunds are not factored in

-Factors Affecting Changes in Business Profit※1 -

✓ A substantial year-on-year profit increase is expected, as the decline in profitability caused by higher costs under U.S. tariff policies is largely offset by revenue growth and price optimization



※1 The figures for each factor of increase or decrease are approximate values calculated by our company based on certain criteria. The effects of FX rates are calculated for USD and EUR only; the impact of fluctuations in other currencies is included in Change in revenue mix, SG&A expenses, and others.

※2 U.S. import tariffs included in the calculations are estimated based on regimes and tariff rates that have already been implemented or are expected to be implemented as of May 12. Even in cases where the Company temporarily bears tariff-related costs, those costs are excluded from the calculation if they can be fully passed on to customers or other counterparties under contractual arrangements.

Earnings Forecasts for FY2026

-Segment-

- ✔ **Business profit will grow driven mainly by revenue increases in Aerospace Systems, ES&M, Precision Machinery & Robot, and PS&E** 1
- ✔ **In elimination and corporate, business profit will decline due to an increase in investment expenses for new businesses (see page 53 for details)** 2

(Billion Yen)

	Orders Received			Revenue			Business Profit (Loss)		
	FY2025	FY2026	Change	FY2025	FY2026	Change	FY2025	FY2026	Change
Aerospace Systems	810.9	600.0	- 210.9	613.6	720.0	+ 106.4	62.4	72.0	+ 9.6
Rolling Stock	319.1	130.0	- 189.1	236.2	230.0	- 6.2	8.6	10.0	+ 1.4
Energy Solution & Marine Engineering	552.9	650.0	+ 97.1	433.5	470.0	+ 36.5	55.0	69.0	+ 14.0
Precision Machinery & Robot	278.5	330.0	+ 51.5	259.1	310.0	+ 50.9	14.3	21.0	+ 6.7
Powersports & Engine	681.7	730.0	+ 48.3	682.8	730.0	+ 47.2	22.7	30.0	+ 7.3
Ohters	95.9	100.0	+ 4.1	85.8	100.0	+ 14.2	7.0	4.0	- 3.0
Elimination and corporate [※]	-	-	-	-	-	-	- 25.3	- 36.0	- 10.7
Total	2,739.1	2,540.0	- 199.1	2,311.2	2,560.0	+ 248.8	145.1	170.0	+ 24.9

※ Elimination and corporate includes some expenses incurred at Head Office which were not allocated to each industry segment for internal reporting


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3


Details by Segment

Details by Segment -Aerospace Systems-


FY2025 (vs FY2024)

Orders Received 
-¥71.9 Bil.

Down due to the rebound from last year's large MOD* order despite an increase in Boeing and commercial aircraft engines
*Ministry of Defense


Revenue 
+¥45.8 Bil.

Up due to higher revenue from MOD and Boeing


Business Profit 
+¥6.6 Bil.

Up due to revenue growth


FY2026 forecast (vs FY2025)

Orders Received 
-¥210.9 Bil

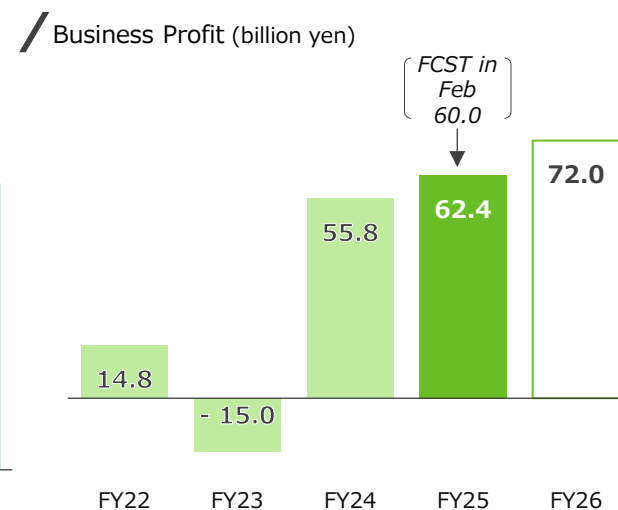
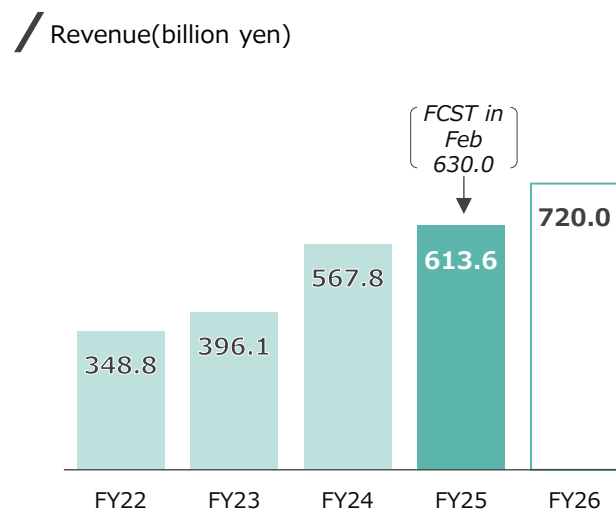
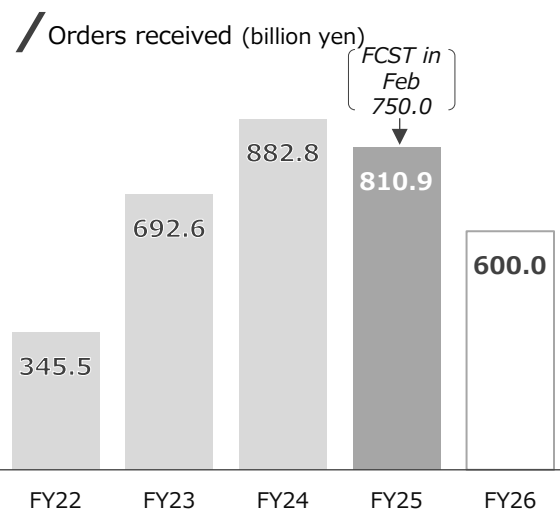
Down due to lower MOD orders despite an increase in Boeing

Revenue 
+¥106.4 Bil

Up due to higher revenue in MOD, Boeing and commercial aircraft engines

Business Profit 
+¥9.6 Bil

Up due to revenue growth

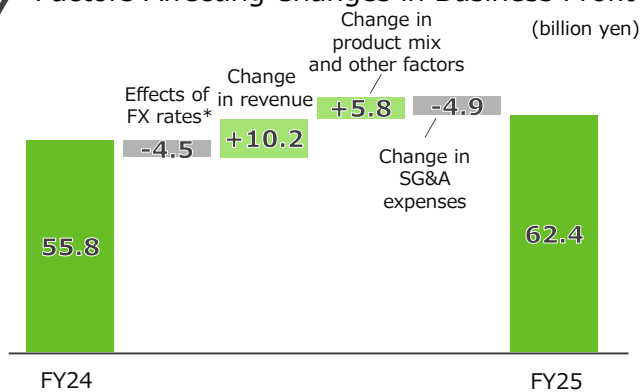


3 Segment Details – Aerospace Systems

(Billion Yen)

	FY2024	FY2025				FY2026	
	Actual	FCST in Feb.	Actual	Chg. Vs. FY24	Chg. Vs. FCST	Forecast	Chg. Vs. FY25
Orders Received	882.8	750.0	810.9	- 71.9	+ 60.9	600.0	- 210.9
<i>Aerospace</i>	699.5	530.0	570.8	- 128.7	+ 40.8	430.0	- 140.8
<i>Aero Engine</i>	183.3	220.0	240.1	+ 56.7	+ 20.1	170.0	- 70.1
Revenue	567.8	630.0	613.6	+ 45.8	- 16.4	720.0	+ 106.4
<i>Aerospace</i>	399.9	450.0	445.6	+ 45.7	- 4.4	525.0	+ 79.4
<i>Aero Engine</i>	167.8	180.0	168.0	+ 0.1	- 12.0	195.0	+ 27.0
Business Profit	55.8	60.0	62.4	+ 6.6	+ 2.4	72.0	+ 9.6
<i>[Margin]</i>	<i>[9.8%]</i>	<i>[9.5%]</i>	<i>[10.2%]</i>	<i>[+ 0.3pt]</i>	<i>[+ 0.6pt]</i>	<i>[10.0%]</i>	<i>[- 0.1pt]</i>

Factors Affecting Changes in Business Profit



* Including the impact of revaluation of refund liabilities denominated in foreign currencies related to the in-service issues of PW1100G-JM engine(-2.4 billion yen)

Appendix

Number of aircraft component parts sold to Boeing (units)

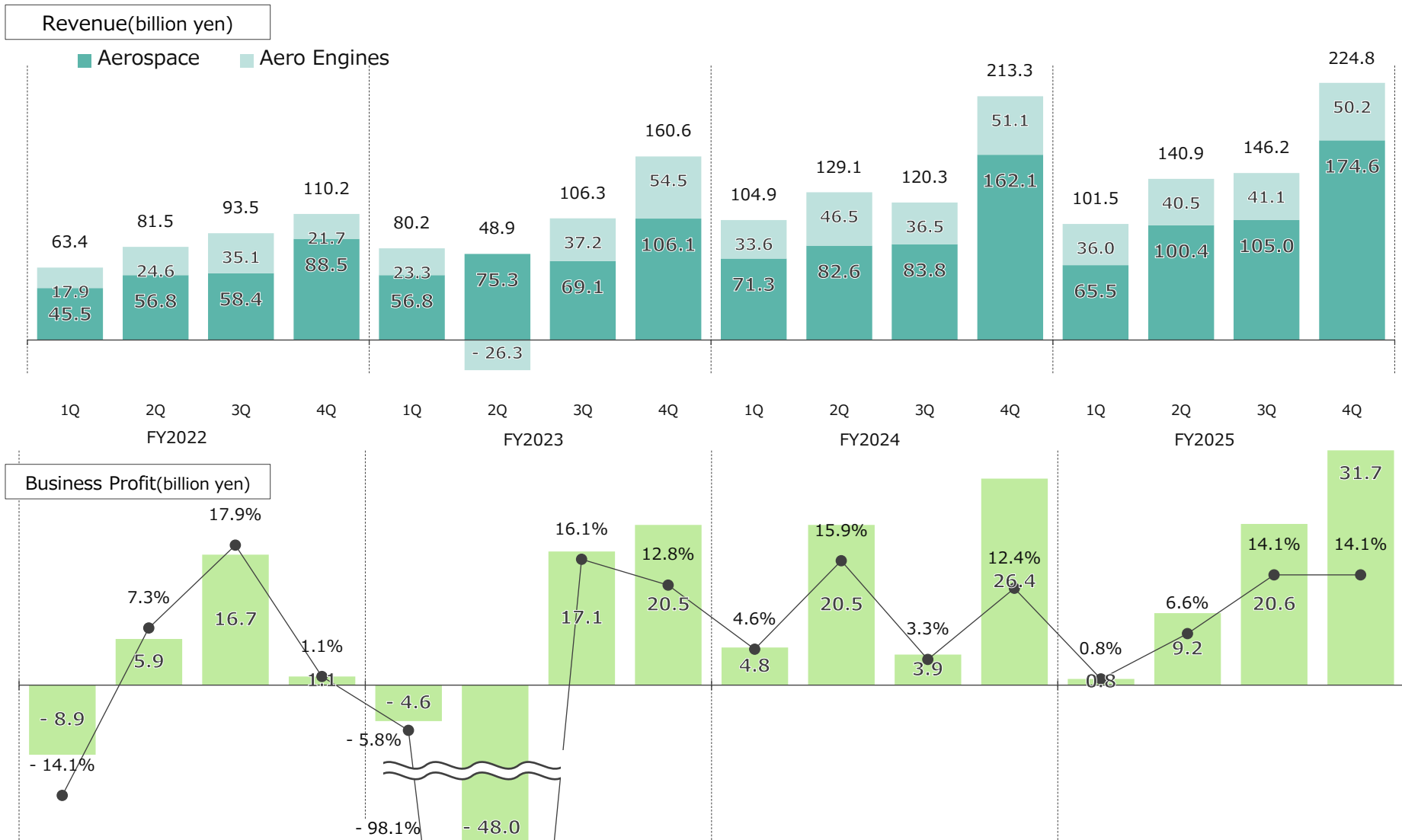
	FY24	FY25	Change YoY
767	19	31	+ 12
777	19	21	+ 2
777X	5	7	+ 2
787	58	64	+ 6

Number of aircraft engine component parts sold (units)

	FY24	FY25	Change YoY
V2500	20	21	+ 1
PW1100G	681	666	- 15

Note: Number of aircraft engine component parts sold to Rolls-Royce is not disclosed

Details by Segment -Aerospace Systems-



Market Overview

- Commercial business
 - Air passenger demand shifted from recovery to growth phase, and demand for both aircraft and engines increased.
- MOD business
 - Against the backdrop of the MOD's comprehensive defense enhancement policy, expectations remain high for further demand growth and improved profitability, supported by the accelerated increase in defense spending to 2% of GDP and progress toward revising the three key defense documents.
- Commons
 - The selection of 'Aerospace' and 'Defense Industry' as part of the 17 strategic priority fields※ is expected to drive market expansion.

※1 Areas to promote priority investment through public-private partnerships as defined by the Japan Growth Strategy Council established by the Government of Japan

(Note) About the in-service issues of PW1100G-JM engine

- ✦ In FY23, the estimated future loss was recorded in a lump-sum *2, and there is no change at present *3
- ✦ Our press release on this matter
https://global.kawasaki.com/news_230913-1e.pdf
https://global.kawasaki.com/en/corp/ir/library/pdf/etc_231026-1e.pdf

*2 In the fiscal year ending July-September 2023, a loss of ▲58 billion yen was recorded at the business profit and loss stage

*3 Excluding the impact of valuation due to exchange rate fluctuations

Specific Efforts

✓ Preparation for business expansion

- Supply to meet strong demand
Reorganization of the chain and production ramp-up system
- Operations to acquire new business opportunities
Increased Efficiency and Productivity
- Promoting the development of defense aircraft and helicopters
and steady implementation of mass production contracts



P-1 Maritime Patrol Aircraft
Five aircraft delivered in FY2025
(Image source: Maritime Self-Defense Force website)

✓ Strengthening activities related to defense projects

- Promoting initiatives in seven priority areas to strengthen defense capabilities

1	Integrated air and missile defense capabilities	5	Mobile deployment capabilities
2	Stand-off defense capabilities	6	Sustainability and resiliency
3	Cross-domain operation capabilities	7	Unmanned defense capabilities
4	Command and control and intelligence-related functions		



Stand-off electronic warfare aircraft
(Image source: Ministry of Defense website)
Prototype 3 contract
Scheduled to be completed in FY2026




KJ300
Turbofan Engine

✓ Driving Technology Strategies Based on Market Trends


- Promoting technological development including the use of civilian technologies to strengthen defense capabilities
- Promoting the development of environmental technologies for a decarbonized society by utilizing the NEDO Green Innovation Fund

Details by Segment - Rolling Stock -


FY2025 (vs. FY2024)

Orders received 
+¥67.5 Bil

Up due to the orders for new subway cars for the New York City Transit Authority


Revenue 
+¥13.8 Bil

Up due to higher domestic and U.S. revenue


Business profit 
+¥0.2 Bil

Remained flat, despite revenue growth, due to a one-off loss* (reduction in revenue)


FY2026 forecast (vs. FY2025)

Orders received 
-¥189.1 Bil

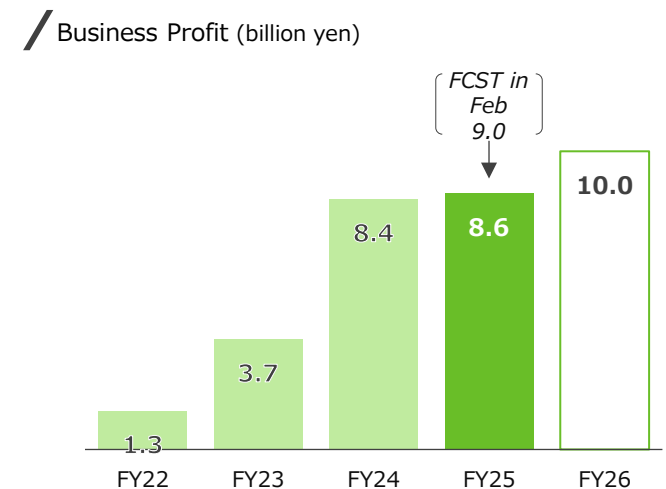
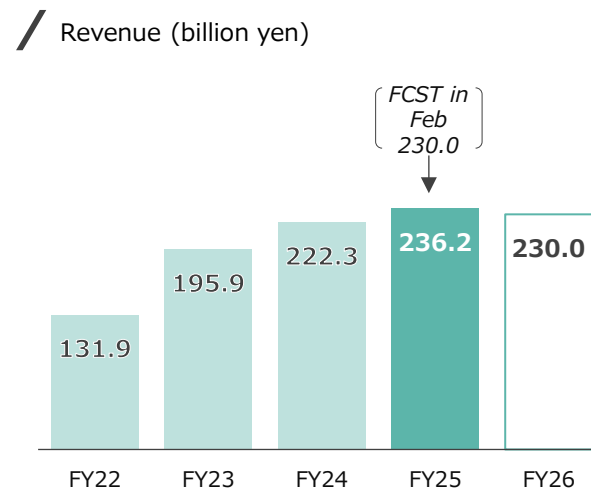
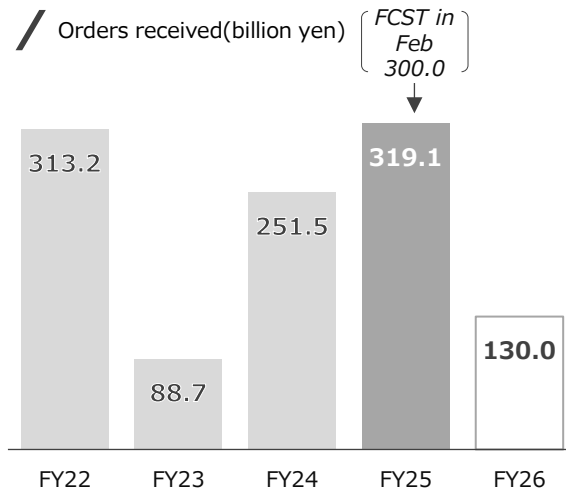
Down due to lower U.S. orders (378 R268 cars ordered in the previous fiscal year), despite an increase in domestic orders

Revenue 
-¥6.2 Bil

Down due to lower domestic revenue, despite an increase in U.S. revenue

Business profit 
+¥1.4 Bil

Up due to a rebound from prior-year one-off loss*, despite lower revenue and Middle East-related impacts



* Progress on Disclosed Matters: Agreement with WMATA Regarding the Washington Metro 7000-Series Railcars

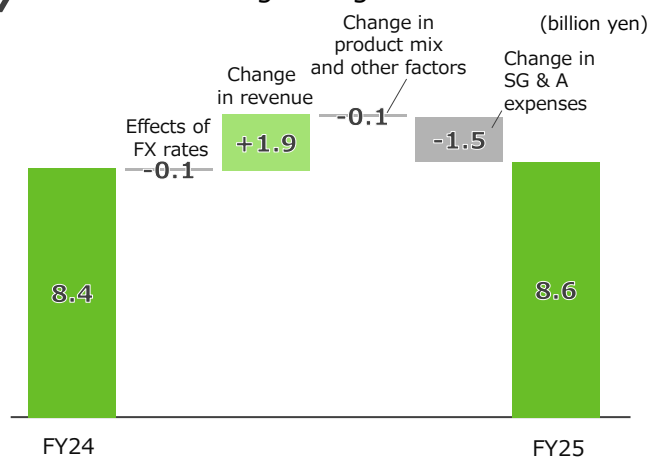
(https://global.kawasaki.com/news_260206-1e.pdf)

Details by Segment - Rolling Stock -

(Billion Yen)

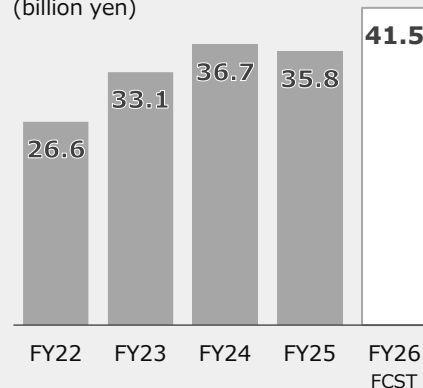
	FY2024	FY2025				FY2026	
	Actual	FCST in Feb.	Actual	Chg. Vs. FY24	Chg. Vs. FCST	Forecast	Chg. Vs. FY25
Orders Received	251.5	300.0	319.1	+ 67.5	+ 19.1	130.0	- 189.1
<i>Domestic & Asia</i>	52.3	90.0	91.3	+ 38.9	+ 1.3	126.0	+ 34.7
<i>North America</i>	199.2	210.0	227.8	+ 28.6	+ 17.8	4.0	- 223.8
Revenue	222.3	230.0	236.2	+ 13.8	+ 6.2	230.0	- 6.2
<i>Domestic & Asia</i>	70.1	78.0	81.9	+ 11.8	+ 3.9	73.5	- 8.4
<i>North America</i>	152.1	152.0	154.2	+ 2.0	+ 2.2	156.5	+ 2.3
Business Profit	8.4	9.0	8.6	+ 0.2	- 0.4	10.0	+ 1.4
<i>[Margin]</i>	<i>[3.8%]</i>	<i>[3.9%]</i>	<i>[3.7%]</i>	<i>[- 0.1pt]</i>	<i>[- 0.2pt]</i>	<i>[4.3%]</i>	<i>[+ 0.6pt]</i>

Factors Affecting Changes in Business Profit



Appendix

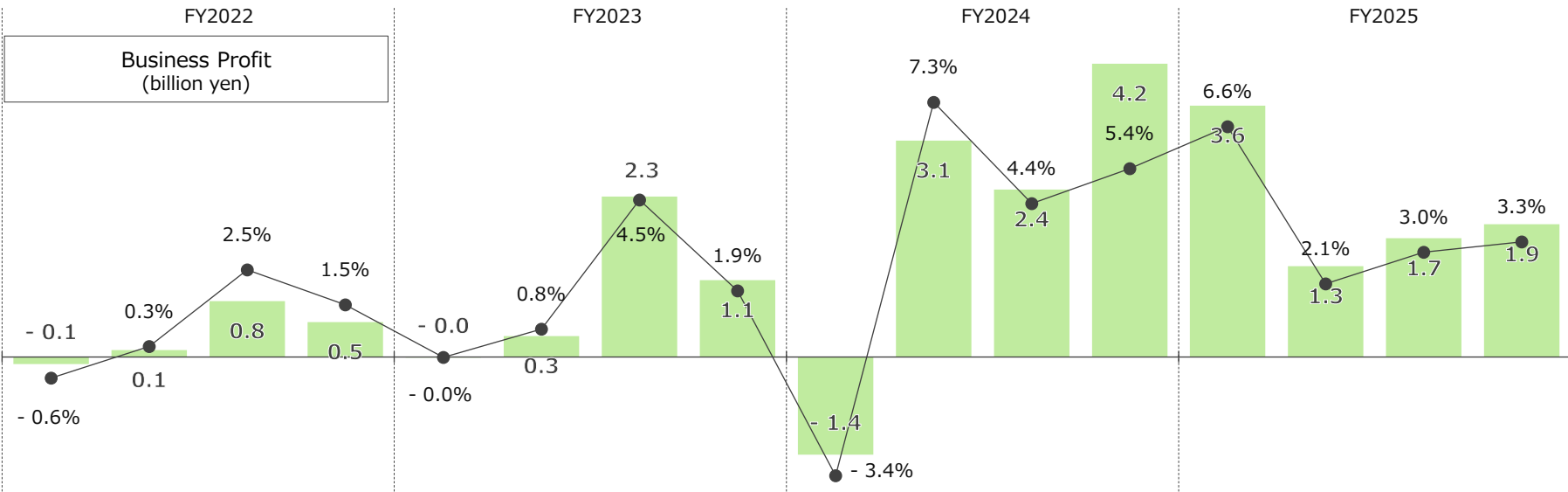
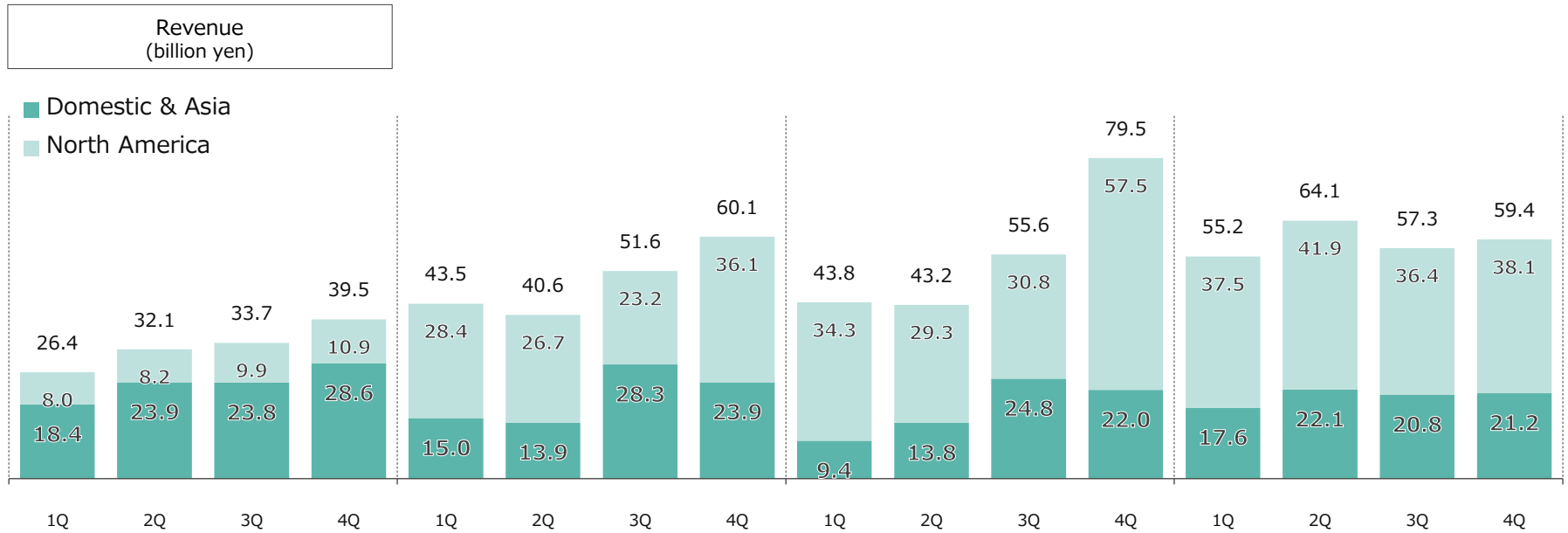
Revenue from components, overhaul, and after-sales service (billion yen)



Progress of the R211 Project for New York City Subway (as of the end of Mar. 2026)

- Base contract
: Full delivery of 535 cars
- Option1 contract
: **Delivered 320 cars** out of 640
- Option2 contract
: Received an order of 435 cars in Jan 2025

Details by Segment - Rolling Stock -



Details by Segment - Rolling Stock -

Market Overview

- Domestic Market
 - Continued investment in rolling stock driven by strong inbound demand
- Overseas Market
 - Demand is expected to increase due to the development of urban transportation to reduce congestion in large cities
- Medium to long-term forecast
 - Stable global growth is expected, including traffic development in overseas markets and the demand for infrastructure in line with economic development in Asia

(Note) Impact of the Middle East Situation

- Production processes were affected by procurement difficulties for solvents and other materials. The impact is being mitigated through alternative sourcing, enhanced global procurement coordination, and delivery schedule adjustments with customers

Specific Efforts



Compliance with delivery schedules for overseas projects

Project	Status	Milestone
Dhaka MRT Line-6	▶ Final vehicle delivered to customer in FY2024 (144 cars of 24 trains)	The final vehicle delivery FY2024 Handover of base facilities FY2026
NYCT R268 MTA	▶ Order for 378 railcars finalized in December 2025 (U.S. time), with a total contract value of approximately ¥225 billion	The final vehicle delivery FY2030



Achieving quality levels trusted by customers

- Reductions of spoilage and repair costs
- Continuation of production management based on KPS (Kawasaki Production System) at domestic and overseas production sites



ARe500 Electric diesel locomotive for Amagi Railway Co., Ltd. (Green DEC)




Expansion of parts & after-sales service, and growth in maintenance businesses

- Promotion of remote track monitoring equipment for North American market
- Promotion of railcar condition monitoring equipment for domestic market
- Promoting wider adoption of the new electric-diesel hybrid Green DEC for regional railways, enabling lifecycle support from introduction through condition monitoring, operational support, and parts supply


Details by Segment

- Energy Solution & Marine Engineering -


FY2025 (vs. FY2024)

Orders Received 
+¥10.8 Bil.

Up due to orders for domestic waste incineration plant replacements and large-scale LNG terminal expansion projects, despite a pullback following LPG/ammonia carrier orders in the prior period


Revenue 
+¥35.4 Bil.

Up due to higher revenue in Ship & Offshore Structure and Plant


Business Profit 
+¥10.7 Bil.

Up due to revenue growth and improved profitability, despite one-off loss (reduction in revenue)*


FY2026 forecast (vs. FY2025)

Orders Received 
+¥97.1 Bil.

Up due to growth in Plant orders and higher MOD orders in Ship & Offshore Structure

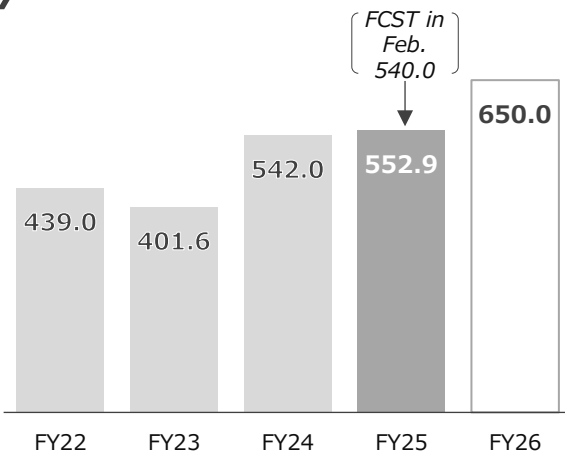
Revenue 
+¥36.5 Bil.

Up due to higher revenue driven by growth in Marine Propulsion and Ship & Offshore Structure

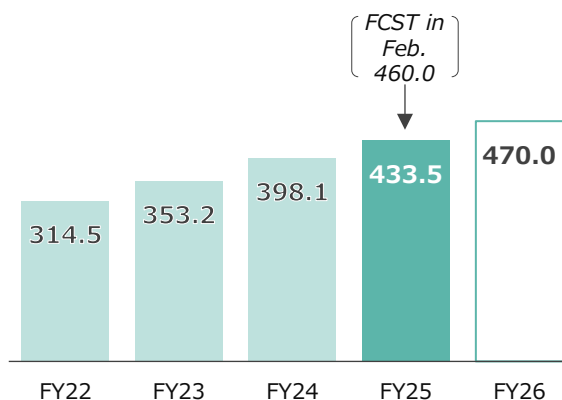
Business Profit 
+¥14.0 Bil.

Up due to higher revenue, improved profitability, and higher equity-method earnings

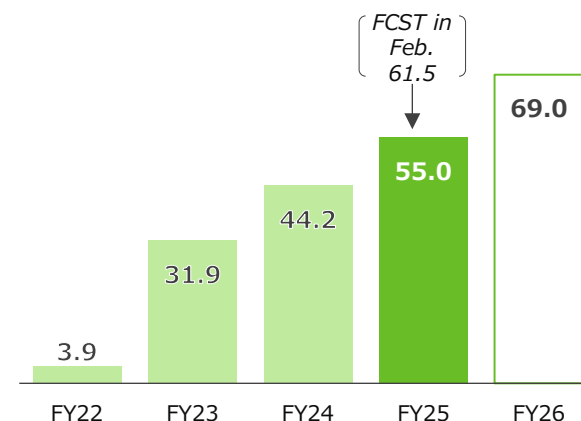
Orders Received (billion yen)



Revenue (billion yen)



Business Profit (billion yen)



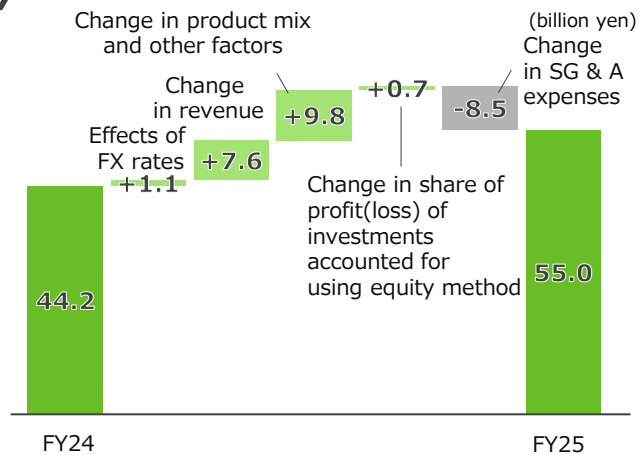
*Note: Impact of fraudulent activities in the submarine repairs (Final reports by the Special Investigative Committee, Dec. 2025) (https://global.kawasaki.com/news_251226-1e.pdf)

Details by Segment - Energy Solution & Marine Engineering -

(Billion Yen)

	FY2024	FY2025				FY2026	
	Actual	FCST in Feb.	Actual	Chg. Vs. FY24	Chg. Vs. FCST	Forecast	Chg. Vs. FY25
Orders Received	542.0	540.0	552.9	+ 10.8	+ 12.9	650.0	+ 97.1
Energy, Plant & Marine Machinery	354.4	440.0	456.2	+ 101.7	+ 16.2	530.0	+ 73.8
Ship & Offshore Structure	187.6	100.0	96.6	- 90.9	- 3.4	120.0	+ 23.4
Revenue	398.1	460.0	433.5	+ 35.4	- 26.5	470.0	+ 36.5
Energy, Plant & Marine Machinery	306.8	340.0	323.9	+ 17.0	- 16.1	345.0	+ 21.1
Ship & Offshore Structure	91.2	120.0	109.6	+ 18.3	- 10.4	125.0	+ 15.4
Business Profit	44.2	61.5	55.0	+ 10.7	- 6.5	69.0	+ 14.0
[Margin]	[11.1%]	[13.4%]	[12.7%]	[+ 1.5pt]	[- 0.6pt]	[14.7%]	[+ 1.9pt]
Share of profit (loss) of investments accounted for using equity method	22.9	26.0	23.7	+ 0.7	- 2.3	27.5	+ 3.8

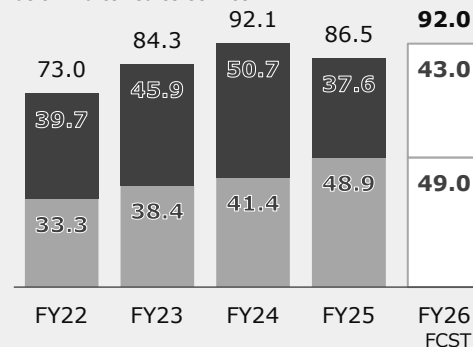
Factors Affecting Changes in Business Profit



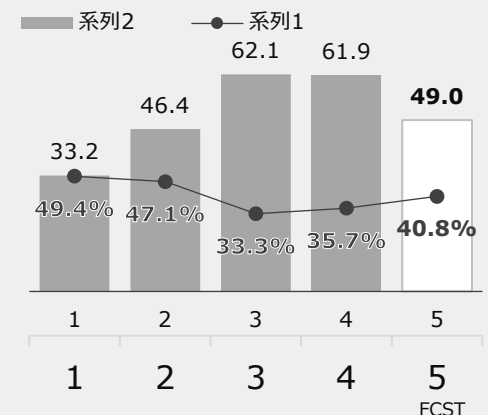
Appendix

Revenue from major products in the energy business

above : components
below : after-sales service

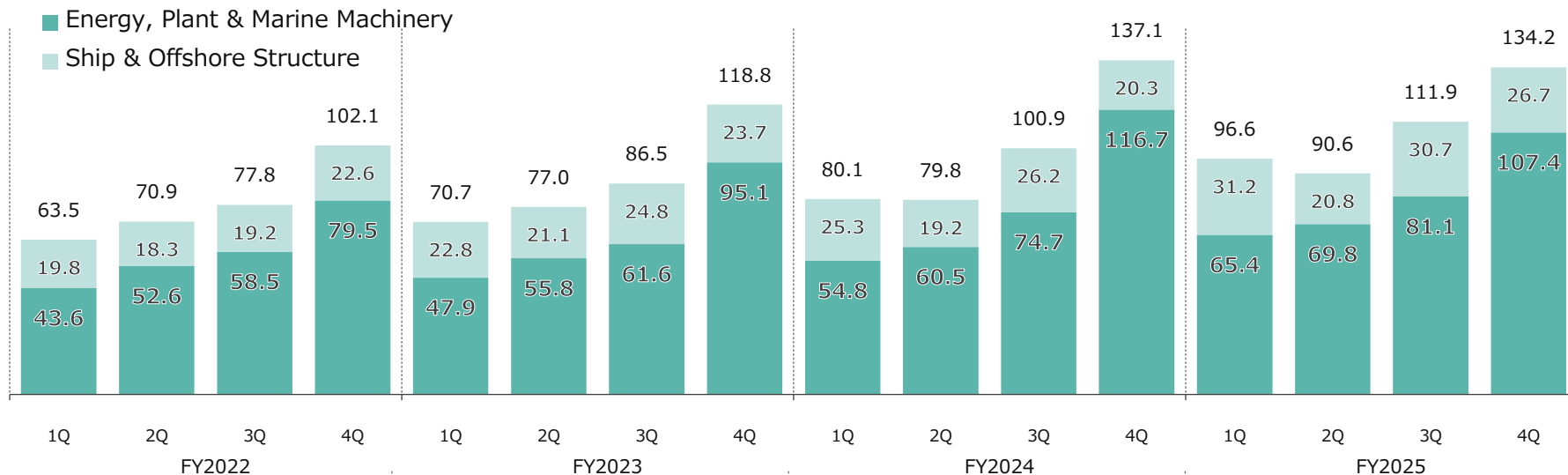


revenue from municipal waste incineration plants

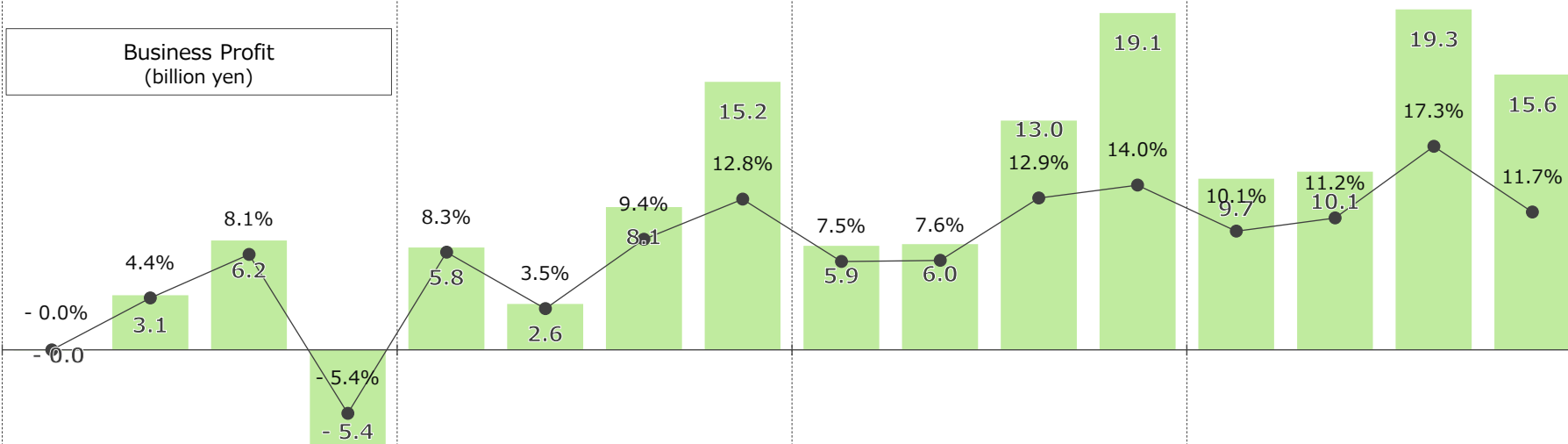


Details by Segment - Energy Solution & Marine Engineering -

Revenue
(billion yen)



Business Profit
(billion yen)



Market Overview

● Energy, Plant & Marine Machinery

Domestic	Overseas
<ul style="list-style-type: none"> - Steady demand for power generation facilities and energy infrastructure - Continued demand for renewal of aging waste incineration plants 	<ul style="list-style-type: none"> - Increasing inquiries for gas turbines used in distributed power systems for data centers

● Ship & Offshore Structure

Commercial ships	Submarines and special vessels
<ul style="list-style-type: none"> - Ship prices continue to be high, affected by the soaring cost of materials and equipment - Ship prices continue to be high, affected by the soaring cost of materials and equipment 	<ul style="list-style-type: none"> - Continuous orders for surface ship main engines and power generation systems - Stable orders for submarines

● Entire segment

Risks	Carbon neutrality
<ul style="list-style-type: none"> - Logistics and FX trends impacted by U.S. tariff policies and the Middle East situation - Concerns about pressure on profits due to persistently high raw material, equipment, and fuel costs 	<p>Inquiries and requests for cooperation are increasing regarding transition solutions associated with the return to LNG, as well as decarbonization solutions such as KCC*</p> <p>* Kawasaki CO₂ Capture: CO₂ Separation and Capture system</p>

Specific Efforts



Products and services that contribute to a low-carbon and decarbonized society

Topics	
1	For Kirishima City(Kagoshima),the Aizu Regional Municipal Association(Fukushima), the Kenoh-Kennan Regional Municipal Association(Nagasaki) Delivered three new waste treatment facilities and commenced operation services
2	From Chiba city Order received for one waste incineration plant under the DBO scheme*

- Uses a parallel-flow incinerator with our proprietary advanced combustion control system, **Smart-ACC®**, to deliver efficient and stable power generation
- Covers on-site power needs and generates surplus electricity, helping make better use of energy

※ DBO : DBO: Design, Built, Operate



New Waste Incineration Facility for the Aizuwakamatsu Regional Municipal Area Development Association



Initiatives toward Providing Decarbonization Solutions

Topic	
World's first	Centrifugal Hydrogen Compressor for Hydrogen Liquefaction Plants Starts Demonstration

Project Topics P.43

- High compression and compact design using a newly developed centrifugal compressor that can run at very high speed
- Lower power use thanks to new intercooling technology for high-speed operation and high-efficiency impellers
- Can be used for many types of hydrogen infrastructure, including hydrogen liquefaction plants and pipelines





Demonstration facility of Centrifugal hydrogen compressor


Details by Segment

- Precision Machinery & Robot -


FY2025 (vs. FY2024)


Orders Received  Up due to higher orders for hydraulic components in the Chinese construction machinery market
+¥29.2 Bil.


Revenue  Same as above
+¥17.6 Bil.

Business Profit  Up due to higher revenue and improved earnings from equity-method investments
+¥7.3 Bil.

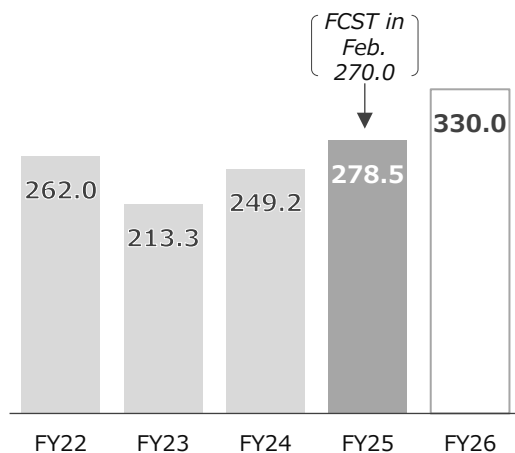
FY2026 forecast (vs. FY2025)

Orders Received  Up due to higher demand for hydraulic components in the Chinese construction machinery market and robots for semiconductor manufacturing equipment.
+¥51.5 Bil.

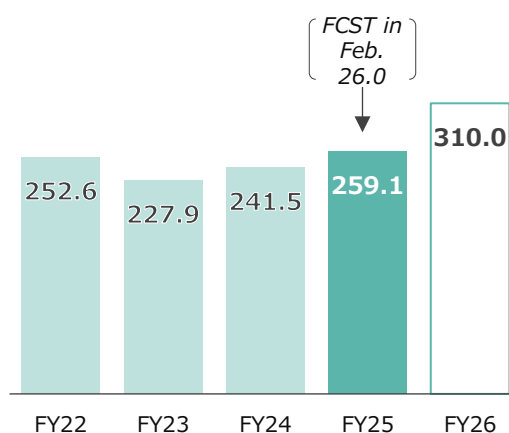
Revenue  Same as above
+¥50.9 Bil.

Business Profit  Up due to higher revenue
+¥6.7 Bil.

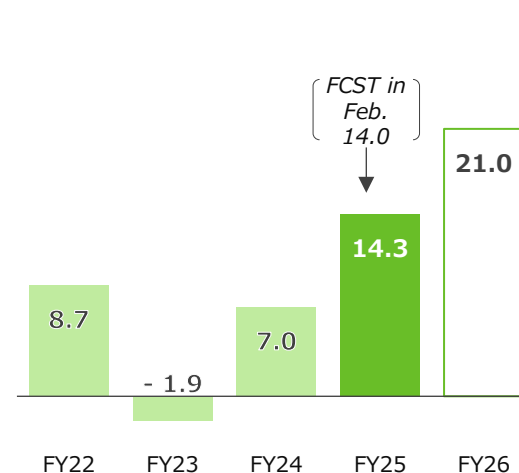
Orders Received (billion yen)



Revenue (billion yen)



Business Profit (billion yen)

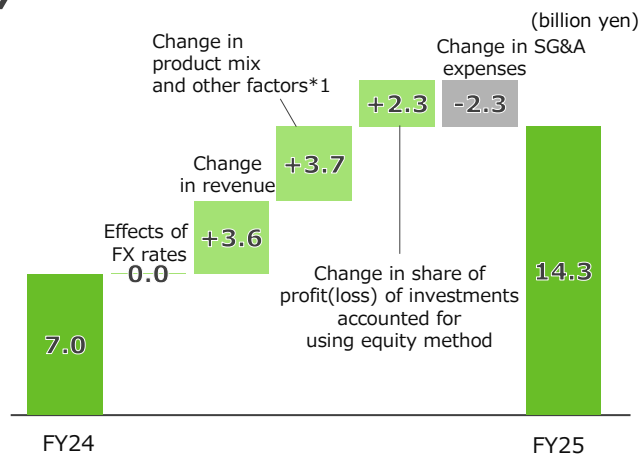


Details by Segment - Precision Machinery & Robot -

(Billion Yen)

	FY2024	FY2025				FY2026	
	Actual	FCST in Feb.	Actual	Chg. Vs. FY24	Chg. Vs. FCST	Forecast	Chg. Vs. FY25
Orders Received	249.2	270.0	278.5	+ 29.2	+ 8.5	330.0	+ 51.5
Hydraulic Components & Systems	147.5	170.0	173.1	+ 25.6	+ 3.1	210.0	+ 36.9
Robotics	101.7	100.0	105.3	+ 3.6	+ 5.3	120.0	+ 14.7
Revenue	241.5	260.0	259.1	+ 17.6	- 0.9	310.0	+ 50.9
Hydraulic Components & Systems	146.8	165.0	166.1	+ 19.3	+ 1.1	195.0	+ 28.9
Robotics	94.6	95.0	92.9	- 1.6	- 2.1	115.0	+ 22.1
Business Profit	7.0	14.0	14.3	+ 7.3	+ 0.3	21.0	+ 6.7
[Margin]	[2.9%]	[5.4%]	[5.6%]	[+ 2.6pt]	[+ 0.2pt]	[6.8%]	[+ 1.2pt]
Share of profit (loss) of investments accounted for using equity method	- 1.5	0.0	0.7	+ 2.3	+ 0.7	0.5	- 0.2

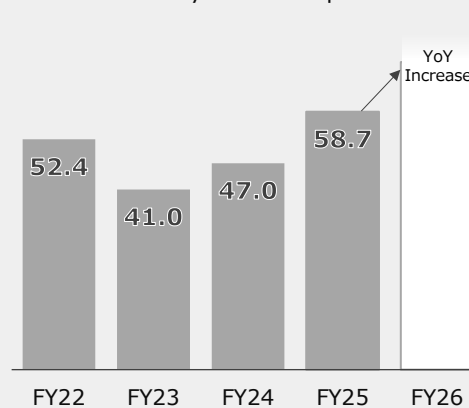
Factors Affecting Changes in Business Profit



*1 Cost increase due to U.S. tariff policies is included [- 11 billion yen]

Appendix

Revenue from hydraulic components to China



Revenue of robots by segment*2 (billion yen)

	(above : Actual below : Change)	FY24	FY25	FY26
Automobile assembly and painting		41.8 (+ 2.9)	36.8 (- 5.0)	46.0 (+ 9.2)
Semiconductor		34.8 (+ 7.4)	37.9 (+ 3.0)	46.0 (+ 8.1)
General robots for industrial use and others		27.4 (- 1.1)	27.8 (+ 0.3)	35.0 (+ 7.2)
Total		104.1 (+ 9.2)	102.5 (- 1.5)	127.0 (+ 24.5)

*2 Intercompany revenue is included

Details by Segment - Precision Machinery & Robot -



Details by Segment - Precision Machinery & Robot -

Market Overview

● Hydraulic components

China	Mid- to Long-Term Trends in the Construction Machinery
<ul style="list-style-type: none"> Steady demand for large-scale mining equipment and export machines for Africa and Southeast Asia 	<ul style="list-style-type: none"> Electrification and efficiency gains driven by fuel cost inflation and environmental regulations, as well as automation, autonomy, and remote operation driven by labor shortages and harsh construction-site conditions
Other Markets	
<ul style="list-style-type: none"> U.S. Pipeline construction and AI data center investments drive the market India: Demand is increasing after the government's announcement of a major infrastructure spending increase 	
● Robotics	
For semiconductor production	For general purposes
<ul style="list-style-type: none"> Increasing trend due to rapid growth in AI and rising demand for general-purpose memory 	<ul style="list-style-type: none"> Smart factory demand continues to rise amid rising labor costs and labor shortages, despite heightened geopolitical risks

Specific Efforts



Measures to Develop the Hydraulic Business

New Product Development / Market Development	Review of the Global Production Structure
<ul style="list-style-type: none"> Electrification, automation, and remote operation for construction machinery Tough robotics technologies leveraging hydraulics and robotics Development of hydrogen compressors, fuel cell systems, and expansion of defense products 	<ul style="list-style-type: none"> Strengthening cost competitiveness through expanded production at Eddie KPM Precision Machinery (Suzhou) Ltd
Topics MoU Concluded with Bosch Rexroth 	
	Strengthening the Service Business
	<ul style="list-style-type: none"> Strengthening the service business through the establishment and expansion of overseas sales networks




Strategic Challenges in Robot Business


Concentrated investment in high value-added areas	Accelerating Investment in Growth Areas
<ul style="list-style-type: none"> Development of supply system for full-scale recovery of semiconductor market Expansion of new fields (Vacuum process, Back-end process, EFEM, factory automation, etc.) 	<ul style="list-style-type: none"> Enhancing cost competitiveness through an integrated Japan-China development and production framework Accelerating the shift of resources toward growth areas Advancing the social robotics business (healthcare and nursing care)
Strengthening the medical business	
<ul style="list-style-type: none"> European rollout of the hinotori™ (with Medcaroid and Sysmex) Differentiation via Remote Operation Technologies (FORRO/mapxus collaboration) 	Topics Launch of "CF022N" <ul style="list-style-type: none"> Developed, manufactured, and quality-assured in China as a strategic product for the Chinese market Sales commenced exclusively in China in January 2026




3 Details by Segment - Powersports & Engine -


FY2025 (vs. FY2024)

Revenue  Up due to higher revenue of four-wheelers for the North America and motorcycles for developed markets
+¥73.4 Bil.

Business Profit  Down due to higher tariff-related costs, weaker profitability amid intensified competition in the U.S. powersports market, and higher fixed costs from production capacity expansion, despite higher revenue
-¥25.1 Bil.

FY2026 forecast (vs. FY2025)

Revenue  Up due to higher revenue in the four-wheelers for the North America, motorcycles for Europe, and motorcycles for emerging markets
+¥47.2 Bil.

Business Profit  Up due to revenue growth, despite adverse impacts from the Middle East situation
+¥7.3 Bil.

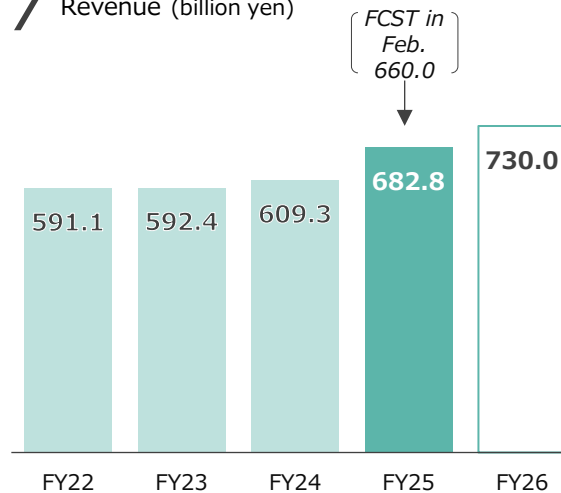
Appendix

The impact of U.S. tariff policies on performance is incorporated based on regimes and tariff rates implemented or expected as of May 12, 2026, excluding refunds of IEEPA tariffs.

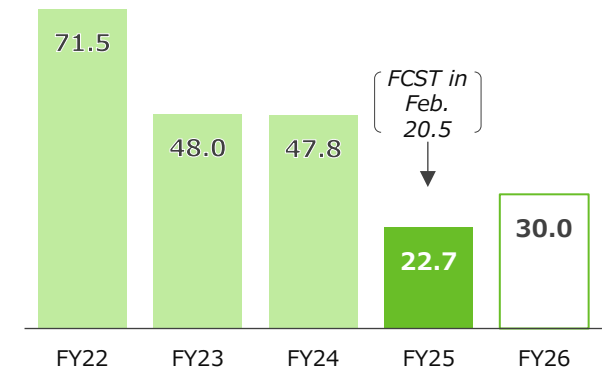
Orders Received (billion yen)

Qualitative information and graph are omitted because this segment is mainly engaged in estimated production, and orders received are generally the same as revenue

Revenue (billion yen)



Business Profit (billion yen)



Details by Segment - Powersports & Engine -

(Billion Yen)

	FY2024	FY2025				FY2026	
	Actual	FCST in Feb.	Actual	Chg. Vs. FY24	Chg. Vs. FCST	Forecast	Chg. Vs. FY25
Revenue	609.3	660.0	682.8	+ 73.4	+ 22.8	730.0	+ 47.2
<i>Motorcycles for developed countries</i>	245.3	250.0	261.9	+ 16.5	+ 11.9	275.0	+ 13.1
<i>Motorcycles for emerging market</i>	99.2	105.0	102.6	+ 3.3	- 2.4	110.0	+ 7.4
<i>Utility Vehicles, ATVs & PWC</i>	169.0	210.0	211.4	+ 42.4	+ 1.4	240.0	+ 28.6
<i>General-purpose gasoline engines</i>	95.5	95.0	106.7	+ 11.1	+ 11.7	105.0	- 1.7
Business Profit	47.8	20.5	22.7	- 25.1	+ 2.2	30.0	+ 7.3
<i>[Margin]</i>	<i>[7.9%]</i>	<i>[3.1%]</i>	<i>[3.3%]</i>	<i>[- 4.5pt]</i>	<i>[+ 0.1pt]</i>	<i>[4.1%]</i>	<i>[+ 0.7pt]</i>

Appendix

Wholesale volume by region

(thousand units)

		FY24	FY25	Change	FY26(FCST)
Developed markets	Japan	26	33	+ 7	
	North America	116	106	▲ 10	
	Europe	81	88	+ 6	
	Others*	10	10	+ 0	
Total		234	239	+ 4	240
Emerging markets	Philippines	186	211	+ 24	
	Indonesia	19	17	▲ 1	
	Latin America	11	16	+ 4	
	Others*	29	25	▲ 3	
Total		246	270	+ 23	280
Four-wheelers · PWC	North America and Others	70	83	+ 13	95

Note : The following table shows the trend of YoY changes in motorcycles of developed and emerging markets and regions included in "Others"

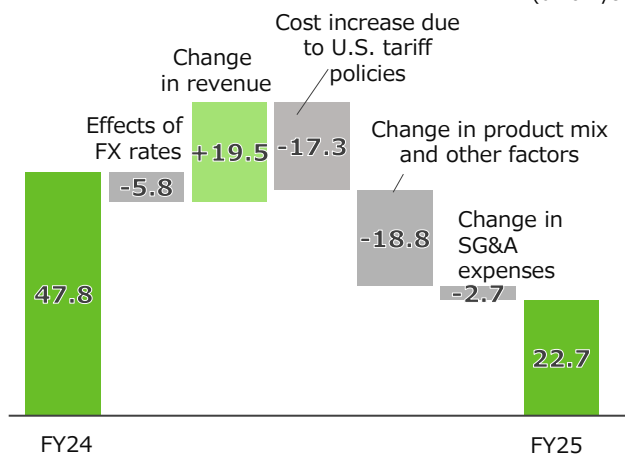
Australia :

China :

Thailand :

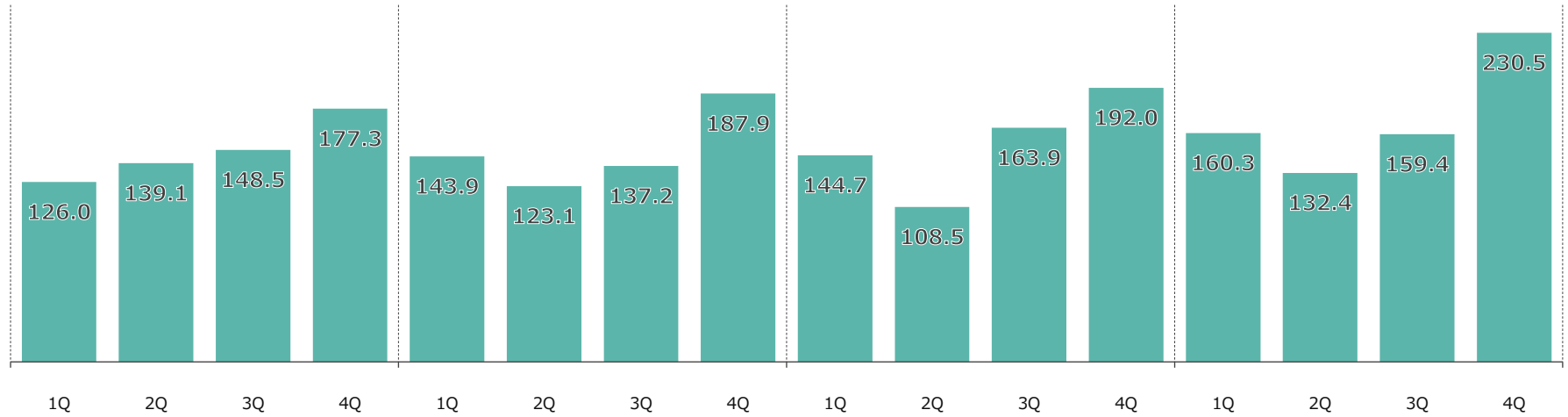
Factors Affecting Changes in Business Profit

(billion yen)



Details by Segment - Powersports & Engine -

Revenue(billion yen)

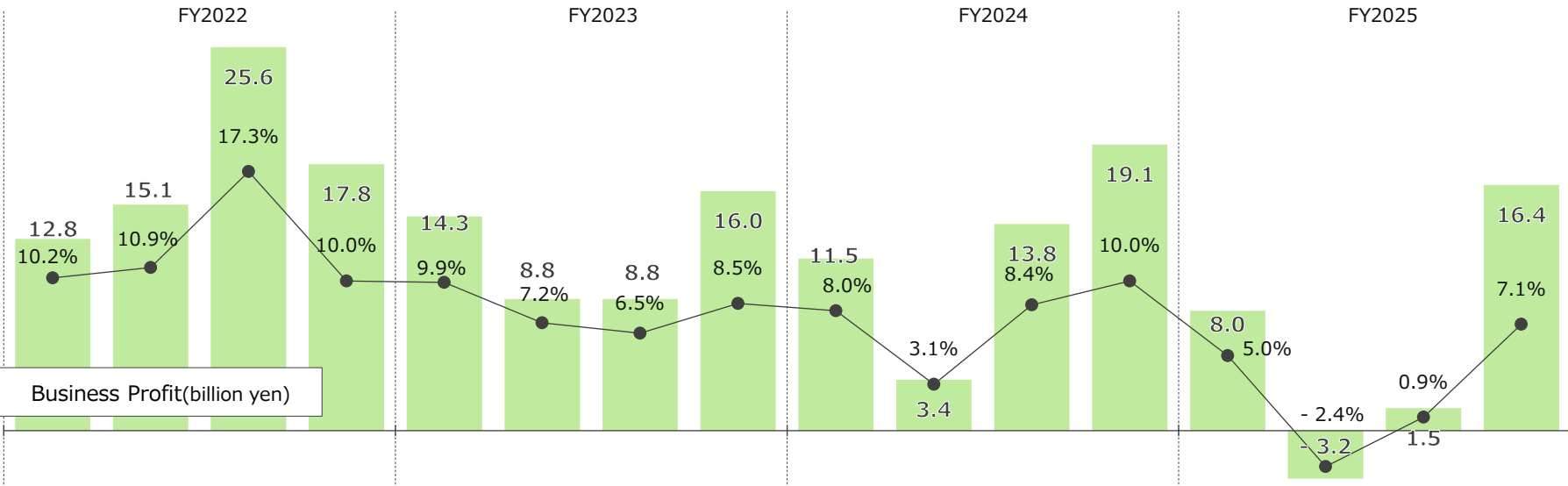


FY2022

FY2023

FY2024

FY2025



Business Profit(billion yen)

Market Overview

- U.S. (Motorcycles)
 - Despite a softening retail market, our market share remains strong
- U.S. (Four-wheelers)
 - The market is expected to grow over the medium to long term, but sales of recreational models, which are susceptible to loan interest rates and fuel price increases, have softened
 - Market share expanded driven by new model launches and recovery from recall impacts.
- U.S. (Common to both business above)
 - Concerns over demand declines caused by tariff measures
- Europe
 - Following the bottoming out of the post-pre-regulation demand pullback, the market is gradually recovering. We expanded market share through strengthened sales promotions and new model introductions.
- Southeast Asia
 - Sports segment remains at low level overall, although some regions are showing signs of recovery.

(Appendix) Impact of the Situation in the Middle East

- ⚠ Heightened production risk due to procurement difficulties for solvents and other materials; impact to be mitigated through enhanced procurement coordination across global sites
- ⚠ Potential demand slowdown due to higher fuel prices, mainly in emerging markets

Specific Efforts



Products in alignment with market trends

- Launch of attractive models rooted in the Kawasaki brand
- Agile production and sales planning aligned with inventory conditions



KLE500 SE
new model to launch in Japan



Strengthening the four-wheeler business

- Enhancing product competitiveness through a market-in approach tailored to the U.S. market, while improving profitability
- Rapid response to changes in the external environment through efficient and flexible utilization of two plants (U.S. and Mexico)



Realizing a Decarbonized Society

- Contributing to carbon neutrality through multiple solutions, including electrification and hydrogen engines, leveraging Kawasaki's technological strengths



Collaboration with the ITOCHU Group

- Jointly established Kawasaki Motors Retail Finance, LLC in the U.S. in April 2025 to expand business and strengthen the customer base

Status

As of March 2026, operations are **underway in 44 states**

Plan

Pursuing an early nationwide rollout to increase financing penetration and build a high-quality asset base

- Jointly promoting new market development across emerging markets such as Asia, Latin America, the Middle East, and Africa

4

Shareholder Returns and Other Information

4 Shareholder Returns

Dividend Policy

— FY2025 Dividend and FY2026 Dividend Outlook —

To enhance long-term shareholder value while ensuring stable and sustainable shareholder returns, a dividend policy with a target of

Dividend on Equity*1

DOE 4% has been adopted

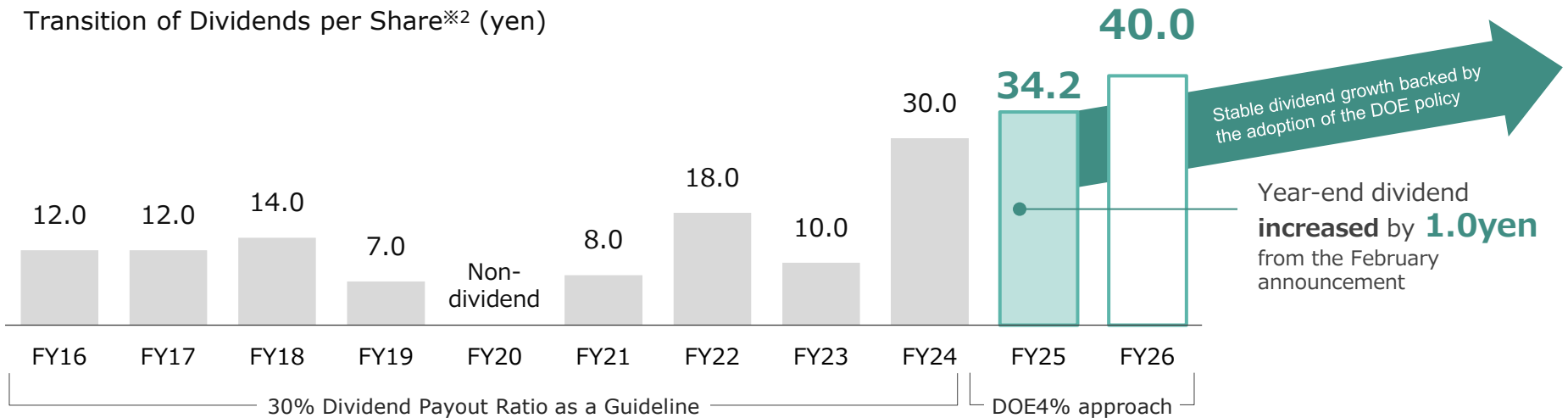
*1 DOE = Total annual dividends ÷ (Equity attributable to owners of the parent – Other components of equity) The average of the beginning and end of the fiscal year is used

Dividend per Share*2 (yen)

	FY25	FY26 (FCST)	Change
Interim	15.0	20.0	+5.0
Year-end	19.2	20.0	+0.8
Annual	34.2	40.0	+5.8

*2 Converted based on the number of shares after the five-for-one stock split effective April 1, 2026.

Transition of Dividends per Share*2 (yen)



4 Project Topics

Growing Expectations for Hydrogen and GTG Technology

— From the perspectives of energy security and the acceleration of carbon neutrality —

- As tensions in the Middle East escalate, **risks to global energy security are becoming more pronounced** (in particular, Japan relies on the Middle East for more than 90% of its crude oil imports)
- Looking ahead, expectations for hydrogen are projected to rise further as it serves as a key alternative energy source and a flexible foundational resource that can substitute across a wide range of products
- In addition, studies have been initiated on supporting the supply of petrochemical feedstocks (such as naphtha) utilizing Kawasaki's Gas to Gasoline (GTG) technology
- Carbon-neutral gasoline can also be produced by synthesizing hydrogen with CO₂ derived from biomass or captured via Direct Air Capture (DAC)

Gas to Gasoline (GTG) plant

A GTG plant converts natural gas into high-quality gasoline.

The world's only commercial GTG plant, featuring large-scale syngas production with self-heat balance, a methanol synthesis unit (1.7 million t/year), a gasoline synthesis unit (600,000 t/year), and associated auxiliary facilities.

- ▼ Turkmenistan GTG Plant(Completed in 2019 and in stable operation)



Latest Hydrogen News

Jan. 2026

Demonstration operation of centrifugal hydrogen compressor for hydrogen liquefaction plants launched (Harima Works)



The demonstration forms part of a NEDO*1 Green Innovation (GI) Fund Project titled 'Development of Large-Scale High-Efficiency Equipment for Hydrogen Liquefaction Machines' and represents the first application of this technology to hydrogen liquefaction plants.

By enabling high-capacity hydrogen compression in a compact configuration, the system is expected to significantly improve the efficiency of hydrogen liquefaction processes.

Mar. 2026

Started hydrogen-fueled operation of engines for large commercial vessels



In the NEDO GI Fund project 'Development of Marine Hydrogen Engines and MHFS*2,' hydrogen co-firing operation across all cylinders was initiated using the first full-scale engine, confirming GHG emissions reduction and stable operation, with a hydrogen co-firing ratio exceeding 95% at 100% engine load.

*1 New Energy and Industrial Technology Development Organization

*2 Marine Hydrogen Fuel System

4 Project Topics

Memorandum of Understanding Signed with Bosch Rexroth AG

— Introducing the concept of intelligent machines* construction machinery markets —

- In March 2026, Kawasaki signed a memorandum of understanding MOU with Bosch Rexroth to collaborate on next-generation solutions for construction machinery
- The collaboration aims to establish next-generation standard technologies and strengthen competitiveness by combining Kawasaki's strengths in system integration and high-quality hydraulic components with Bosch Rexroth's advanced digital and software capabilities

rexroth
A Bosch Company

Bosch Rexroth AG

As a core company of the Bosch Group, headquartered in Germany, Bosch Rexroth provides advanced technologies for construction and industrial machinery, with a strong focus on hydraulics, hydraulic systems, and factory automation (FA). The company is distinguished by its high level of technological expertise and a global network spanning more than 80 countries.

Key Areas for Collaboration

- ✓ Improve construction machinery efficiency and worksite safety through autonomous operation and enhanced safety monitoring
- ✓ Drive cooperation by combining Kawasaki's onboard hydrogen, gas compression, and hydraulic technologies with Bosch Rexroth's liquid hydrogen refueling station technologies



Press release
https://global.kawasaki.com/news_260303-2e.pdf

* Solutions that address key challenges in the construction machinery industry, including improved worksite safety, autonomous operation, seamless data exchange, and the transition to sustainable energy sources



Left : Dr. Steffen Haack
Member of the Executive Board with responsibility
for engineering activities, Bosch Rexroth AG

Right : Yoshimoto Matsuda
President, Precision Machinery & Robot Company,
in charge of Hydrogen Strategy, Presidential Project Management, KHI

4 ESG Topics

Direction of Reform
(Three pillars)



Initiatives to Prevent Recurrence of Misconduct

—Progress of reforms to restore trust —

- The misconduct incidents identified in 2024 (the submarine maintenance incident and the marine engine incident) were investigated by a Special Investigation Committee, and the final investigation report was received and publicly disclosed in December 2025
- From the discovery of both incidents to the present, Kawasaki has implemented timely and continuous measures aimed at preventing recurrence

Period	Progress of the Submarine Repair Incident	Progress of the Marine Engine Inspection Misconduct Incident	Main Initiatives to Prevent Recurrence
'24 July Aug Sep Nov Dec	<ul style="list-style-type: none"> ■ Public disclosure of the misconduct incident ■ Receipt of the interim report from the Special Investigation Committee 	<ul style="list-style-type: none"> ■ Public disclosure of the misconduct incident ■ Submission of the interim report to the MLIT ■ Submission of the final report to the MLIT 	<ul style="list-style-type: none"> ✓ Establishment of a business partner reporting system ✓ Establishment of the Defense Program Management Headquarters ✓ Company-wide review of inspection and certification operations ✓ Introduction of data auditing
'25 Jan Feb Apr July Aug Oct Dec	<ul style="list-style-type: none"> ■ Release of results of the special defense inspection by Ministry of Defense announced results ■ Receipt and disclosure of the final report from the Special Investigation Committee 	<ul style="list-style-type: none"> ■ Receipt of the interim report from the Special Investigation Committee ■ Identification of inspection misconduct in marine engines ■ Receipt of the final report from the Special Investigation Committee 	<ul style="list-style-type: none"> ✓ Formulation of basic legal and compliance policies ✓ Reorganization of submarine repair workplaces ✓ Consolidation of audit functions at headquarters ✓ Implementation of procurement and other process surveys
'26 Apr			<ul style="list-style-type: none"> ✓ Establishment of the Quality Assurance General Department ✓ Establishment of the Organizational Culture Reform and Compliance Department directly under the Human Resources Division

Click here for a list of evaluations from outside the company (as of April 2026) ▶
<https://global.kawasaki.com/en/corp/sustainability/esg/evaluation.html>

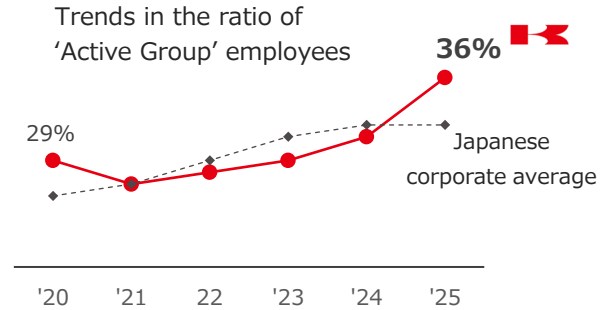


Enhancing Employee Engagement

Since FY2020, Kawasaki has conducted an employee engagement survey using a third-party assessment tool (WinDEX). The percentage of employees classified as the 'Active Group' is designated as a KPI, and ongoing efforts are made to improve this metric

Point The proportion of 'Active Group' employees increased significantly YoY

Effective organizational culture reforms raised the Active Group ratio to 36% in FY2025 (+5 pts YoY), above the Japanese corporate average



Revision of the Sustainable Finance Master Framework

(Introduction of a sales promotion framework available to product purchasers)

By utilizing this framework, business partners (purchasers of Kawasaki's products) can access financing without the need to develop a new framework of their own.

Point Accelerates carbon reduction across the entire supply chain, including improvements in Scope 1 and 2 at business partners and Scope 3 of Kawasaki

World's first

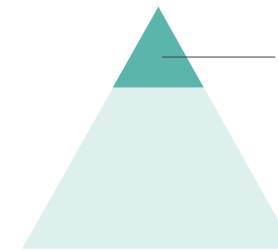
Sustainable Finance Results (as of Mar.31, 2026)

Share of sustainable finance in long-term interest-bearing debt **41.5%**
(YoY+12.5%)

Outstanding balance of sustainable finance (loans and bonds) **JPY137.5 billion**
(YoY+31.5 billion)

Continuously selected as a global stock index; Dow Jones Best-in-Class Indices

In April 2026, Kawasaki was selected for the Dow Jones Best-in-Class World Index (DJ BIC World), a globally recognized ESG benchmark, for the second consecutive year. The company has also been included in the DJ BIC Asia Pacific for 13 consecutive years. These selections recognize the sustained commitment to ESG initiatives of Kawasaki

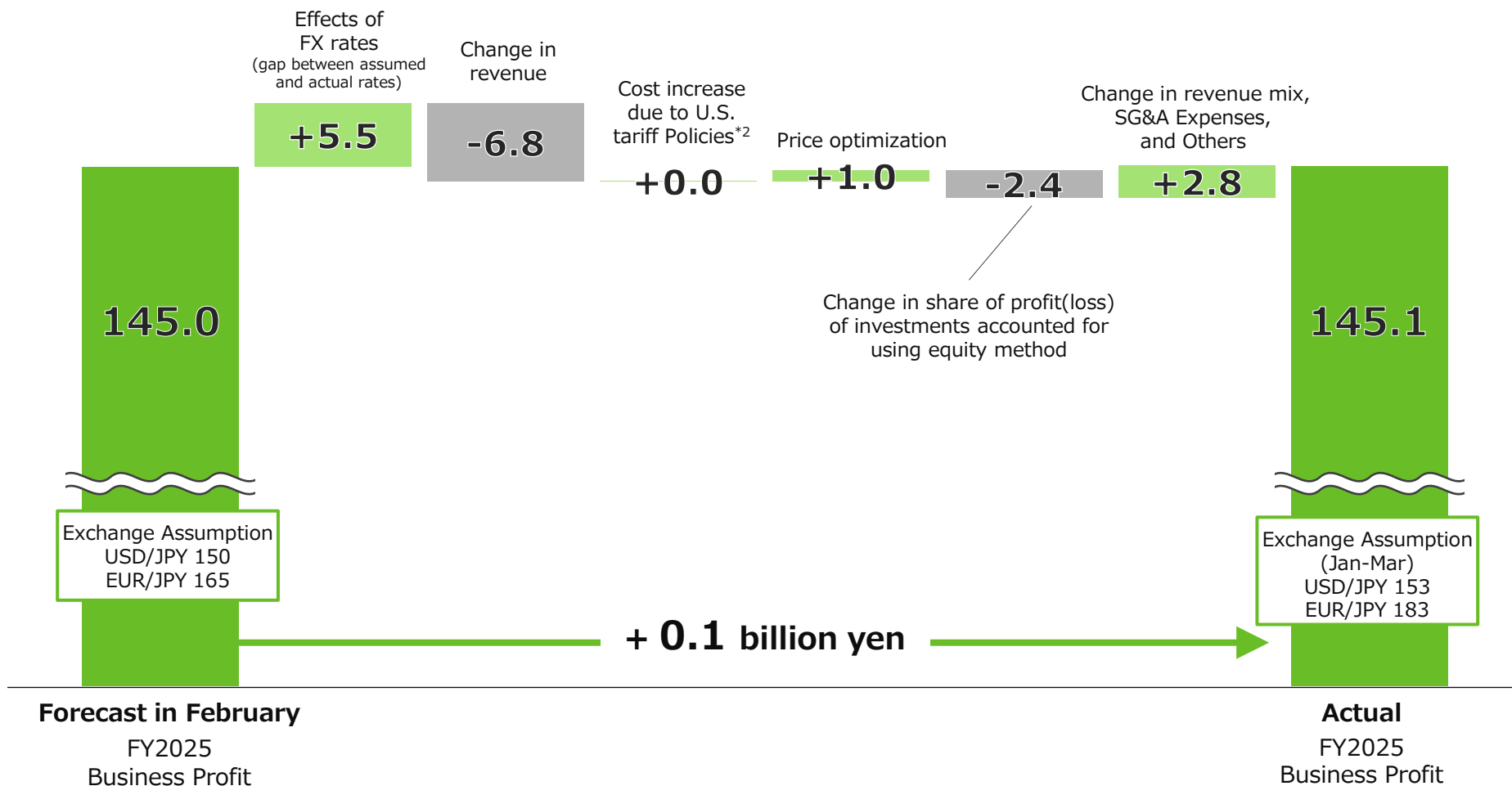


DJ BIC World consists of **317** companies

The top 10% of the world's 2,500 global leading companies

Appendix

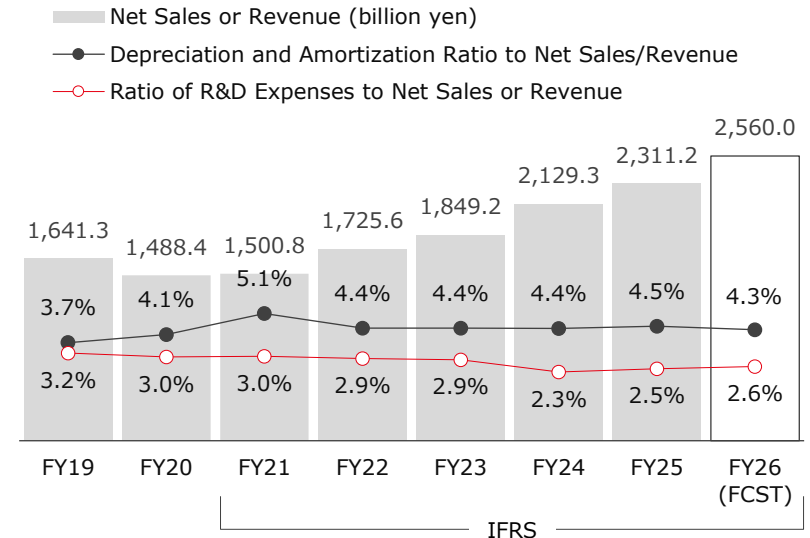
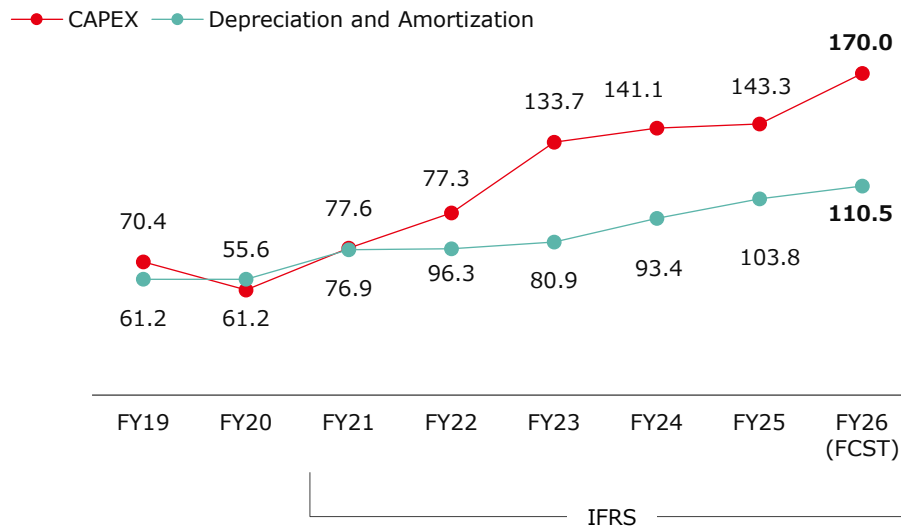
- Factors Affecting Changes in Business Profit* (FY2025 Results: February Forecast vs. Actual) -



* The figures for each factor of increase or decrease are approximate values calculated by our company based on certain criteria. The effects of FX rates are calculated for USD and EUR only; the impact of fluctuations in other currencies is included in Change in revenue mix, SG&A expenses, and others.

(Billion Yen, Persons)

	FY2024	FY2025				FY2026 Forecast	
	Actual	FCST in Feb.	Actual	Chg. Vs. FY24	Chg. Vs. FCST	Forecast	Chg. Vs. FY25
CAPEX	141.1	135.0	143.3	+ 2.1	+ 8.3	170.0	+ 26.7
Depreciation and amortization	93.4	103.0	103.8	+ 10.3	+ 0.8	110.5	+ 6.7
R & D expenses	48.9	60.5	56.8	+ 7.8	- 3.7	65.5	+ 8.7
Number of Employees	40,640	42,410	41,652	+ 1,012	- 758	43,450	+ 1,798
Domestic	29,072	30,690	30,062	+ 990	- 628	31,590	+ 1,528
Overseas	11,568	11,720	11,590	+ 22	- 130	11,860	+ 270



Appendix

- Other Information -

● Orders Received by Quarter (billion yen)

	FY2023				FY2024				FY2025			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	3Q	4Q
Aerospace Systems	118.7	74.4	139.2	360.0	88.2	121.7	470.1	202.7	98.9	186.1	301.6	224.1
Aerospace	104.4	98.0	108.0	246.3	54.3	58.4	435.6	151.1	65.1	130.6	256.4	118.6
Aero Engine	14.2	-23.6	31.2	113.7	33.9	63.3	34.5	51.5	33.8	55.5	45.1	105.5
Rolling Stock	16.4	13.6	11.7	46.9	17.0	10.7	13.2	210.4	14.8	12.9	257.9	33.3
Energy Solution & Marine Engineering	102.3	116.0	62.8	120.4	121.8	89.2	217.4	113.5	86.6	150.9	77.2	238.0
Energy, Plant & Marine Machinery	94.7	93.2	58.2	112.5	56.5	88.4	97.6	111.7	81.5	99.8	62.5	212.3
Ship & Offshore Structure	7.5	22.7	4.5	7.8	65.3	0.7	119.7	1.7	5.1	51.1	14.7	25.7
Precision Machinery & Robot	54.0	49.0	54.6	55.7	61.6	63.0	61.2	63.4	63.9	62.3	74.1	78.1
Hydraulic Components & Systems	36.6	30.9	34.3	34.2	36.0	38.8	33.7	38.8	43.6	42.1	41.7	45.6
Robotics	17.3	18.1	20.2	21.4	25.6	24.1	27.4	24.5	20.2	20.2	32.3	32.4
Powersports & Engine	143.9	123.1	137.2	187.9	144.7	108.5	163.9	194.3	160.2	132.4	158.7	230.2
Others	21.7	27.0	23.5	22.1	23.3	45.1	0.5	24.2	21.7	24.1	22.8	27.1
Total	457.3	403.4	429.2	793.3	456.8	438.4	926.5	808.8	446.3	569.1	892.6	831.0

Appendix

- Other Information -

- Orders Received and Revenue for Defense-related Business (billion yen)

	FY24	FY25				FY26	
	Actual	FCST in Feb.	Actual	Chg. Vs. FY24	Chg. Vs. FCST	Forecast	Chg. Vs. FY25
Total	774.7	500.0	534.0	- 240.7	+ 34.0	415.0	- 119.0
<i>Aircrafts and others</i>	584.7	362.0	383.2	- 201.5	+ 21.2	228.0	- 154.7
<i>Aero Engines</i>	38.9	36.5	37.6	- 1.3	+ 1.1	15.0	- 22.1
Submarine & Naval propulsion	151.1	101.5	113.2	- 37.9	+ 11.7	171.0	+ 57.8
Total	400.8	460.0	429.7	+ 28.9	- 30.3	508.0	+ 78.3
<i>[Ratio to the company's total revenue]</i>	<i>[18.8%]</i>	<i>[19.7%]</i>	<i>[18.6%]</i>			<i>[19.8%]</i>	
<i>Aircrafts and others</i>	280.6	315.0	301.2	+ 20.6	- 13.8	349.0	+ 47.8
<i>Aero Engines</i>	25.4	30.0	29.7	+ 4.3	- 0.3	33.0	+ 3.3
Submarine & Naval propulsion	94.8	115.0	98.8	+ 4.0	- 16.2	126.0	+ 27.2

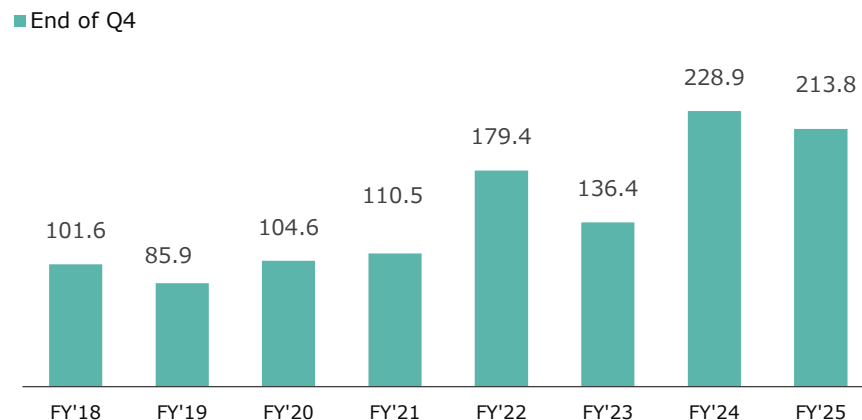
Appendix

- Other Information -

● Order Backlog (billion yen)

	FY2024	FY2025	
	Actual	Actual	Change
Aerospace Systems	1,301.9	1,536.1	+ 234.2
Rolling Stock	519.7	613.5	+ 93.7
Energy Solution & Marine Engineering	825.3	943.5	+ 118.2
Precision Machinery & Robot	91.4	110.8	+ 19.3
Powersports & Engine	2.2	1.2	- 1.0
Others	41.9	51.4	+ 9.4
Total	2,782.7	3,256.8	+ 474.1

● Order Backlog in Ship & Offshore (billion yen)



● Orders by Vessel Type and Delivery Year (number of ships)

	FY25 Received Orders Actual	Delivery Year				Order Backlog
		FY25 Actual	FY26	FY27	FY28~	
			FCST			
LPG Carrier	2	4	4	4	2	10
Submarine			1		1	2
Others	1				1	1
Total	3	*1 4	5	4	4	*2 13

*1 Gross tonnage of delivered in FY25 : 201,600GT

*2 Gross tonnage of outstanding orders : 504,183GT
(Submarines are excluded)

Appendix

- Other Information -

● Revenue by Region (billion yen)

	FY2024	FY2025	
	Actual	Actual	Change
Japan	866.5	924.4	+ 57.9
USA	671.1	743.7	+ 72.6
Europe	219.1	228.8	+ 9.6
Asia	271.5	289.3	+ 17.8
Other	100.9	124.4	+ 23.4
Total	2,129.3	2,310.8	+ 181.5

*Classified by country or region based on the customer's location

FY2024 (billion yen)

	Japan	USA	Europe	Asia	Other	Total	
Aerospace Systems	331.8	146.0	83.6	0.0	6.3	567.8	
Rolling Stock	63.5	152.0	-	6.6	-	222.3	
Energy Solution & Marine Engineering	294.0	0.8	20.0	46.1	36.9	398.1	
Precision Machinery & Robot	64.3	26.6	13.3	131.7	5.4	241.5	
Powersports & Engine	33.3	344.8	101.9	79.0	50.0	609.3	
Others	79.3	0.5	0.2	7.8	2.2	90.1	
Total	866.5	671.1	219.1	271.5	100.9	2,129.3	
	<i>[margin]</i>	40.7%	31.5%	10.3%	12.8%	4.7%	100.0%

FY2025 (billion yen)

	Japan	USA	Europe	Asia	Other	Total	
Aerospace Systems	359.7	180.4	67.1	0.0	6.4	613.6	
Rolling Stock	73.3	154.2	-	8.5	-	236.2	
Energy Solution & Marine Engineering	309.1	0.5	26.6	52.8	44.3	433.5	
Precision Machinery & Robot	69.1	23.9	15.9	142.5	7.4	259.1	
Powersports & Engine	40.7	384.3	118.6	74.8	64.2	682.8	
Others	72.6	0.3	0.3	10.5	1.9	85.8	
Total	924.8	743.7	228.8	289.3	124.4	2,311.2	
	<i>[margin]</i>	40.0%	32.2%	9.9%	12.5%	5.4%	100.0%

Appendix

- Other Information -

● Impact of Foreign Exchange on Business Profit by Currency^{※1}

		FY2024	FY2025	FY2026
		Actual	Actual	Forecast
USD	Aerospace Systems	0.47	0.68	1.31
	Rolling Stock	0.33	0.25	0.13
	Energy Solution & Marine Engineering	0.25	0.30	0.20
	Precision Machinery & Robot	0.14	0.17	0.13
	Powersports & Engine	0.75	0.79	0.82
Total		1.94	2.20	2.59
EUR		0.55	0.64	0.47

※1 The impact of foreign currencies (USD and EUR only) on business profit due to exchange rate fluctuations (Calculated by deducting foreign currency denominated purchases from foreign currency denominated revenue of Kawasaki Heavy Industries, Ltd, Kawasaki Railcar manufacturing Co., Ltd., and Kawasaki Motors, Ltd. (to include foreign currency denominated revenue from loss-provisioned projects))
 (Ex) Business profit increases or decreases by 1 billion yen if the exchange rate changes to 1 yen weaker or stronger against USD when the foreign currency amount is 1 billion USD

● Details of Eliminations and Corporate (billion yen)

	Business Profit (Loss)				
	FY2024	FY2025		FY2026	
	Actual	Actual	Change	Actual	Change
Elimination and corporate	- 25.6	- 25.3	+ 0.3	- 36.0	- 10.7
<i>New Business Investments (Head Office)</i>	- 10.6	- 12.2	- 1.5	- 20.0	- 7.8
<i>Elimination and Adjustments</i>	- 14.9	- 13.0	+ 1.8	- 16.0	- 3.0

● Weighted-average Exchange Rates (EUR/JPY)

FY2023 actual	157.09
FY2024 actual	163.07
FY2025 actual	175.17
FY2026 forecast	180.00

[Formulas for Calculating ROIC]

After-tax ROIC = { Profit attributable to owners of parent + Interest expenses × (1 – Tax rate) } ÷ Invested Capital^{※2}

※2 Invested Capital = Average net debt at beginning and end of period + average equity at beginning and end of period

世界の人々の豊かな生活と地球環境の未来に貢献する
“Global Kawasaki”

カワる、
サキへ。
Changing forward

Business Growth Vision

Kawasaki Heavy Industries, Ltd.

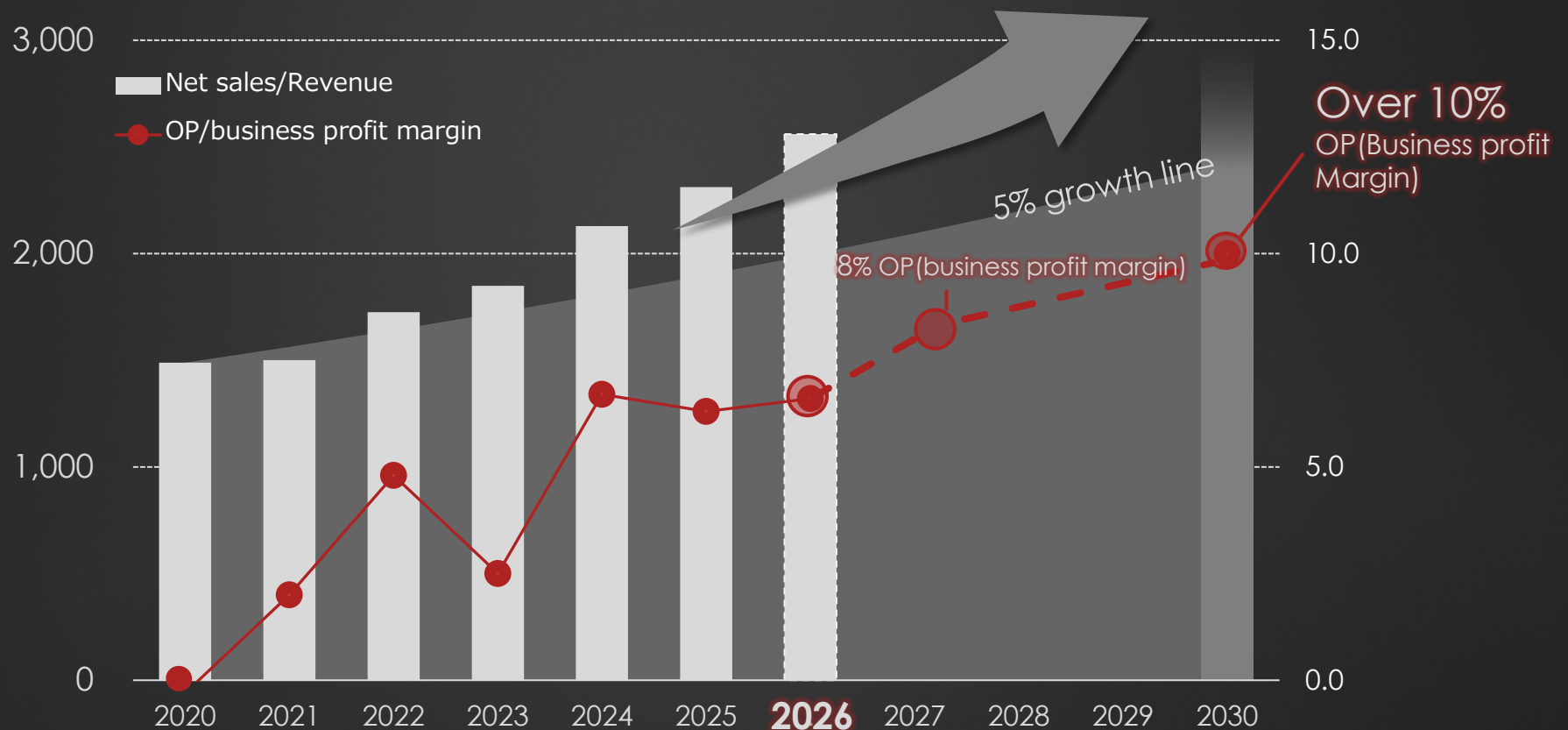
May 12, 2026

Business Growth Vision (Profit)

Achieve an 8% operating margin(Business profit Margin) in 2027 and exceed 10% by 2030 by responding effectively to changes in the external environment.

Net sales/Revenue
[billion yen]

OP/business profit margin
[%]





Kawasaki
Powering your potential