Financial Results for First Quarter FY2026

For the year ending March 31, 2027

August 7, 2026

Kawasaki Heavy Industries, Ltd.

公益財団法人 財務会計基準機構 会員
FASF

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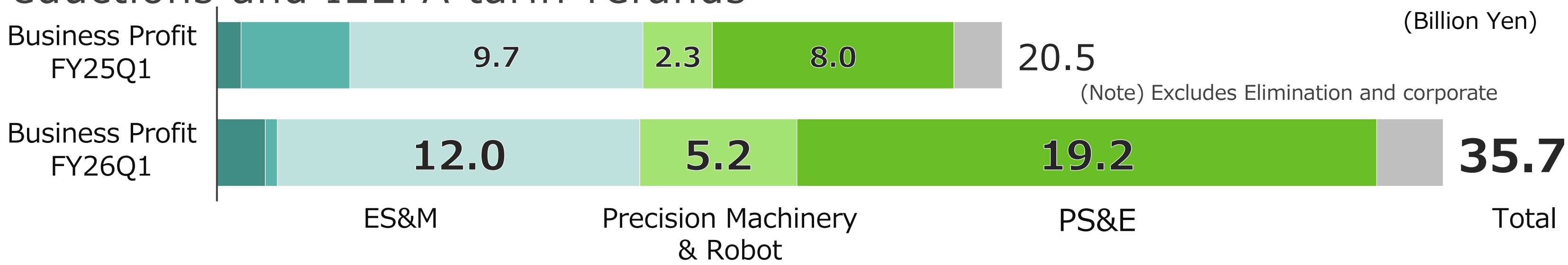
0 Financial Results and Performance Forecast Highlights

Consolidated Financial Results for First Quarter FY2026

- Business profit increased to **¥35.7bn** (+¥15.2bn YoY), getting off to a promising start
- PS&E business profit increased significantly YoY, supported by fixed-cost reductions and IEEPA tariff refunds



Earnings forecasts for FY2026

- **Business profit forecast raised to ¥180.0bn** (+¥10.0bn vs previous forecast), while maintaining the FX assumption of ¥150/USD

External Factors Assumed	
	■ Middle East situation: Assumes economic activity normalizes by the end of September, while incorporating a risk buffer for potential production delays and other impacts arising from material procurement difficulties (see p.17 for details) ■ U.S. tariff assumptions reflect measures in effect or expected as of Aug. 7, 2026.

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Notice

The future figures described in this document in business outlooks, etc., are based on information available at the time and are based on our judgment, and include risks and uncertainties. Therefore, please refrain from making investment decisions based solely on these earnings forecasts. Please be aware that actual results may differ significantly from these forecasts due to various important factors caused by changes in both external and internal environments. Key factors affecting actual performance include the economic conditions surrounding our business domains, the exchange rate of the yen against the US dollar, tax systems, and various regulations. Furthermore, since the first quarter of fiscal year 2022, our company has been applying IFRS (International Financial Reporting Standards).

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Consolidated Results for First Quarter FY2026

(for the year ending March 31, 2027)

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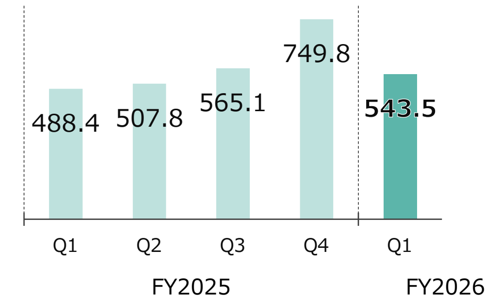
1 Consolidated Results for First Quarter FY2026 –Summary–

- **Revenue and profits increased YoY, and Q1 revenue and profits each reached record highs**
- **Strong performance, further supported by IEEPA tariff refunds and yen depreciation**

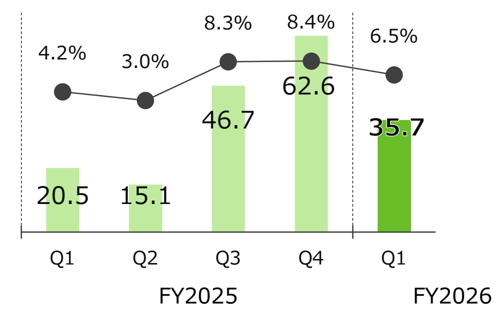
(Billion Yen)

	FY25 Q1	**FY26 Q1**	Change
Orders Received	446.3	**525.7**	+ 79.3
Revenue	488.4	**543.5**	+ 55.1
Business Profit	20.5	**35.7**	+ 15.2
[margin]	*[4.2%]*	*[6.6%]*	*[+ 2.3pt]*
Profit Before Tax	16.8	**34.7**	+ 17.9
[margin]	*[3.4%]*	*[6.4%]*	*[+ 2.9pt]*
Profit Attributable to Owners of Parent	4.2	**15.6**	+ 11.4
[margin]	*[0.9%]*	*[2.9%]*	*[+ 2.0pt]*
Weighted-average exchange rates (USD/JPY)	143.79	**158.05**	+ 14.26
US dollar-based transaction (B$)	0.57	**0.66**	+ 0.09

Quarterly Revenue (billion yen)



Quarterly business profit (billion yen), margin



*1 Excluding the impact of valuation revaluation on foreign currency refund liabilities related to important operational issues of the PW1100G-JM engine.

*2 This is the amount of foreign currency that affects business profits due to exchange rate fluctuations, calculated by deducting dollar-denominated purchases from the dollar-denominated sales of Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, and Kawasaki Motors (including foreign currency sales of loss-allowed projects). However, each quarter does not include outstanding foreign currency refundable liabilities related to significant operational issues of the PW1100G-JM engine). For the breakdown of these figures by segment, see p.51

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Consolidated Results for First Quarter FY2026 –Segment–

- **Business Profit increased in PS&E due to fixed cost reductions, IEEPA tariff refunds, and yen depreciation** 1
- **Revenue increased in Rolling Stock while business profit decreased due to changes in product mix and temporary cost concentration** 2

(billion yen)

	Orders Received			Revenue			Business Profit (Loss)		
	FY25 Q1	FY26 Q1	Change	FY25 Q1	FY26 Q1	Change	FY25 Q1	FY26 Q1	Change
Aerospace Systems	98.9	**72.6**	- 26.2	101.5	**137.6**	+ 36.0	0.8	**1.6**	+ 0.8
Rolling Stock	14.8	**42.9**	+ 28.1	55.2	**60.1**	2 + 4.8	3.6	**0.4**	2 - 3.1
Energy Solution & Marine Engineering	86.6	**125.2**	+ 38.6	96.6	**86.9**	- 9.7	9.7	**12.0**	+ 2.3
Precision Machinery & Robot	63.9	**89.4**	+ 25.5	56.9	**69.5**	+ 12.6	2.3	**5.2**	+ 2.9
Powersports & Engine	160.2	**170.5**	+ 10.2	160.3	**170.7**	+ 10.4	8.0	**19.2**	1 + 11.1
Others	21.7	**24.8**	+ 3.0	17.6	**18.5**	+ 0.8	1.6	**2.2**	+ 0.5
Elimination and corporate※	-	**-**	-	-	**-**	-	- 5.8	**- 5.2**	+ 0.5
Total	446.3	**525.7**	+ 79.3	488.4	**543.5**	+ 55.1	20.5	**35.7**	+ 15.2

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

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1 Consolidated Results for First Quarter FY2026 –Statement of Profit and Loss–

(billion yen)

	FY25 Q1	%	FY26 Q1	%	Change	
Revenue	488.4	100.0	**543.5**	100.0	+	55.1
Cost of Sales	396.6	81.2	**433.4**	79.8	+	36.8
Gross profit	91.8	18.8	**110.0**	20.3	+	18.2
Selling, General and Administrative Expenses	76.9	15.8	**83.7**	1 15.4	+	6.8
Salaries and Allowances	20.3		**23.9**		+	3.5
R&D Expenses	13.6		**13.7**		+	0.1
Others	42.9		**46.0**		+	3.1
Share of profit (loss) of investments accounted for using equity method	6.1		**7.5**		+	1.3
Other Income and Expenses	- 0.5		**1.8**		+	2.4
Gain on Sale of Property, Plant and Equipment	0.0		**0.0**		-	0.0
Others	- 0.6		**1.8**		+	2.4
Business profit (Loss)	20.5	4.2	**35.7**	6.6	+	15.2

Details

1 Selling, general and administrative expenses increased in line with revenue growth, but the SG&A ratio declined due to disciplined control of fixed costs

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Consolidated Results for First Quarter FY2026 –Statement of Profit and Loss–

(billion yen)

	FY25 Q1	%	FY26 Q1	%	Change	
Finance Income and Finance Costs	- 3.6		**- 0.9**		+	2.7
Net interest Expense (incl. dividend income)	- 2.6		**- 3.1**		-	0.4
Gain and Loss on Foreign Exchange	0.1		2 **4.3**		+	4.1
Others	- 1.2		**- 2.1**		-	0.9
Profit Before Tax	16.8	3.4	**34.7**	6.4	+	17.9
Income Tax Expense	9.5		**16.0**		+	6.5
Profit Attributable to Non-Controlling Interests	3.0		**3.1**		+	0.0
Profit Attributable to Owners of Parent	4.2	0.9	**15.6**	2.9	+	11.4

Details

2 USD/JPY rate
159.93 end of Q4 FY25
162.45 end of Q1 FY26

Weighted-average exchange rates
158.05 Q1 FY26

Translation gains were recognized on foreign currency-denominated receivables

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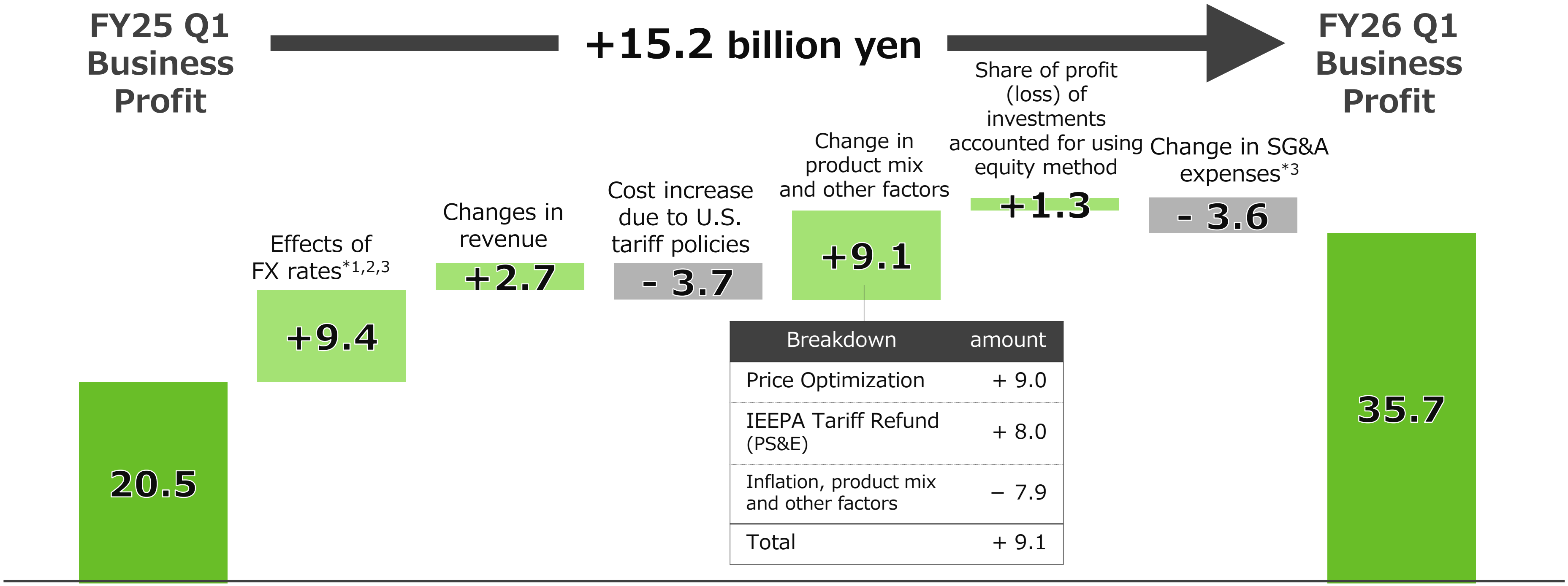
Consolidated Results for First Quarter FY2026 –Details of change in business profit–

- **Within revenue changes, higher sales volumes in Aerospace Systems and Precision Machinery & Robot contributed to profit growth**
- **Within product mix and other factors, Aerospace Systems and Rolling Stock temporarily deteriorated, while PS&E improved due to IEEPA tariff refunds**



Breakdown	amount
Price Optimization	+ 9.0
IEEPA Tariff Refund (PS&E)	+ 8.0
Inflation, product mix and other factors	− 7.9
Total	+ 9.1

*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 engines(-1.8 billion yen).

*3 "Changes in SG&A expenses" used to indicate changes in the statement of Profit and Loss but has been changed after FY24 Q2 financial results presentation material to indicate changes after deducting the effects of FX rate(The change factor graphs for each segment shown on page 22 and later are the same).

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Consolidated Results for First Quarter FY2026 –Details of change in business profit–

(billion yen)

	FY25 Q1 Business Profit (Loss)	Details of change						Total	FY26 Q1 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	0.8	2.6 *2	3.4	- 0.0	- 3.0		- 2.2	0.8	1.6
Rolling Stock	3.6	1.2	0.3		- 3.9	- 0.0	- 0.7	- 3.1	0.4
Energy Solution & Marine Engineering	9.7	0.6	- 2.1		3.3	1.6	- 1.1	2.3	12.0
Precision Machinery &Robot	2.3	1.0	2.4	- 0.4	1.6	- 0.3	- 1.4	2.9	5.2
Powersports & Engine	8.0	4.0	- 1.5	- 3.3	10.2	0.0	1.7	11.1	19.2
Others	1.6	0.0	0.2		0.4	0.1	- 0.2	0.5	2.2
Elimination and corporate	- 5.8				0.2	- 0.0	0.3	0.5	- 5.2
Total	20.5	9.4	2.7	- 3.7	9.1	1.3	- 3.6	15.2	35.7

*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 maybe 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 (-1.8 billion yen).

*3 Excluding the effects of FX rates

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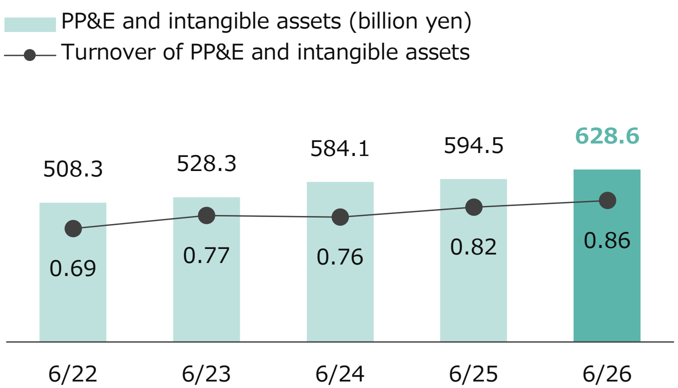
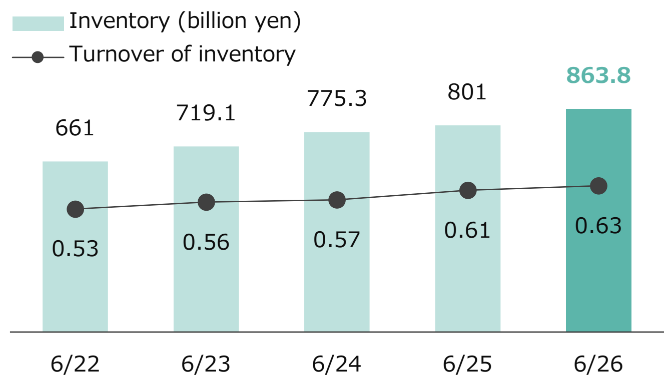
Consolidated Financial Results for First Quarter FY2026
–Statement of Financial Position-

(billion yen)

	End of Mar 2026	%	End of Jun 2026	%	Change
Cash and Cash Equivalents	115.4		**73.2**		- 42.1
Trade Receivables (Incl. contract assets)	1,036.3		**939.2**		① - 97.1
Inventories	822.1		**863.8**		② + 41.6
Other Current Assets	282.0		**311.1**		+ 29.0
Current assets	2,256.0	67.9	**2,187.4**	67.0	- 68.5
PP&E and Intangible assets	625.4		**628.6**		+ 3.1
Right-of-Use Assets	67.9		**65.5**		- 2.3
Deferred Tax Assets	119.4		**116.3**		- 3.1
Other Non-Current Assets	255.7		**267.6**		+ 11.8
Non-Current Assets	1,068.5	32.1	**1,078.1**	33.0	+ 9.5
Total Assets	3,324.6	100.0	**3,265.5**	100.0	- 59.0





Details

① Decreased in PS&E and Plant

② Increased in Aerospace, PS&E, and Energy

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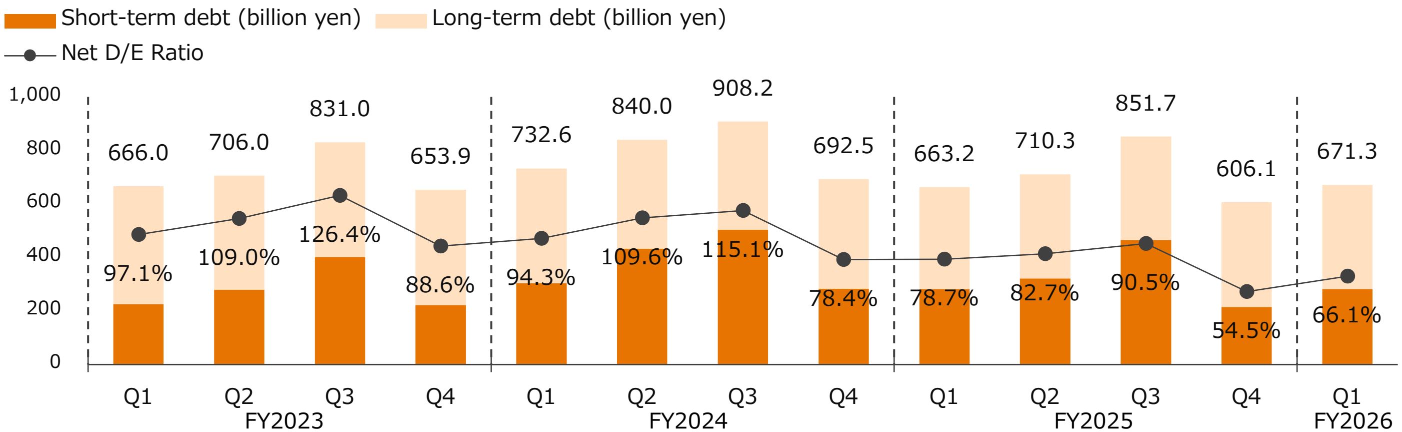
Consolidated Financial Results for First Quarter FY2026 –Statement of Financial Position-

(billion yen)

	End of Mar 2026	%	End of Jun 2026	%	Change
Trade Payables	549.2		**524.0**		- 25.1
Interest-Bearing Debt	606.1		**671.3**		③ + 65.1
Contract Liability (Advances Received)	386.8		**376.5**		- 10.3
Refund Liability	83.3		**76.2**		- 7.0
Retirement Benefit Liability	50.6		**50.6**		+ -
Other Liabilities	699.8		**610.1**		④ - 89.7
Total Liabilities	2,376.1	71.5	**2,309.0**	70.7	- 67.0
Equity Attributable to Owners of Parent	878.1		**885.1**		+ 7.0
Non-Controlling Interests	70.3		**71.4**		+ 1.0
Total Equity	948.4	28.5	**956.5**	29.3	+ 8.0
Total Liabilities and Equity	3,324.6	100.0	**3,265.5**	100.0	- 59.0



Details

③ The increase in borrowings compared with last year's year-end is part of our normal business cycle

④ Decreased due to decreased liabilities associated with factoring agreements in Aerospace and PS&E

Appendix

Cash Conversion Cycle (day)

	CCC
End of FY2022 Q1	146
End of FY2023 Q1	146
End of FY2024 Q1	159
End of FY2025 Q1	148
End of FY2026 Q1	166

Deteriorated due to longer receivables and inventory turnover days, mainly in Aerospace Systems and PS&E.

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Consolidated Results for First Quarter FY2026 –Cash Flows–

(billion yen)

	FY25 Q1	FY26 Q1	Change
Profit Before Tax	16.8	**34.7**	+ 17.9
Depreciation and Amortization	24.3	**26.5**	+ 2.2
Increase and Decrease in Working Capital	40.3	**18.7**	- 21.6
Trade Receivables※1 (minus notation indicates incr.)	74.7	**97.9**	+ 23.2
Inventory (minus notation indicates incr.)	- 29.5	**- 36.8**	- 7.3
Trade Payables (minus notation indicates decr.)	- 19.8	**- 26.8**	- 6.9
Advance Payment (minus notation indicates incr.)	- 14.7	**- 4.0**	+ 10.6
Contract Liabilities※2 (minus notation indicates decr.)	29.7	**- 11.4**	- 41.1
Other	- 89.3	**- 108.5**	- 19.2
Cash Flows from Operating Activities	- 7.7	**- 28.4**	① - 20.6
Purchase of PP&E and Intangible Assets	- 26.1	**- 26.1**	- 0.0
Proceeds from Sales of PP&E and Intangible Assets	0.2	**0.0**	- 0.1
Other	- 12.2	② **6.5**	+ 18.7
Cash Flows from Investing Activities	- 38.1	**- 19.4**	+ 18.6
Free Cash Flows	- 45.8	**- 47.9**	- 2.0
Net Increase and Decrease in Debt and Bonds (minus notation indicates decr.)	- 32.5	③ **65.4**	+ 98.0
Dividends Paid (Except Payment to Non-Controlling Interests)	- 12.8	**- 15.4**	- 2.6
Proceeds and Repayment from Factoring Agreements	- 37.9	**- 34.4**	+ 3.4
Other	④ 70.5	**- 10.2**	- 80.8
Cash Flows from Financing Activities	- 12.7	**5.2**	+ 18.0

*1,2 Accounts receivable include contract assets. The old account name for contract liabilities was Advance Receipts

Details

① FY25 Q1 :
Although collections of trade receivables progressed in Aerospace and Plant, increased payments such as corporate income taxes led to a cash outflow in operating cash flow

FY26 Q1 :
Although collections of trade receivables progressed in PS&E and Plant, increased inventories in Aerospace and decreased contract liabilities resulted in a cash outflow from operating activities

② Including proceeds of ¥7.0 billion from the transfer of Earth Technica Co., Ltd. shares in Plant business

③ See Factor Details (3) on p.12

④ 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 FY25 Q1

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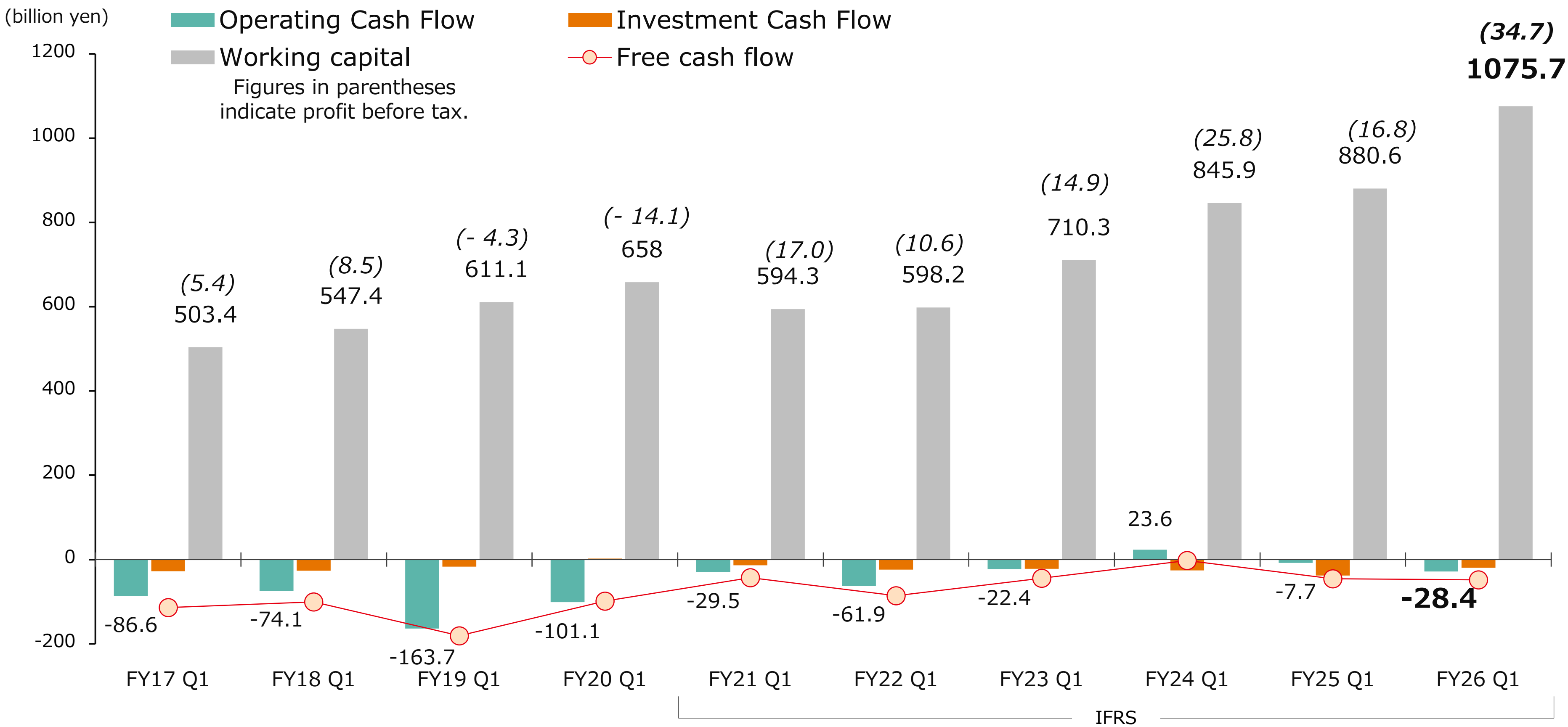
Consolidated Results for First Quarter FY2026 –Cash Flows-

- **Working capital increased significantly, partly due to FX impacts on receivables and inventories**
- **FCF was slightly negative in Q1, but is expected to turn positive for the full year**



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

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Forecasts for FY2026

(for the year ending March 31, 2027)

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Earnings Forecasts for FY2026 –Summary–

Business profit forecast revised upward on strong Q1 progress

Aiming for further upside while appropriately factoring in risks

(billion yen)

	FY2025 Actual	FY2026 Forecast and Progress					
		Old FCST	New FCST	Chg. vs. FY25	Chg. vs. Old FCST	Q1 Actual	Q2-4 FCST
Orders Received	2,739.1	2,540.0	**2,420.0**	- 319.1	- 120.0	**525.7**	**1,894.3**
Revenue	2,311.2	2,560.0	**2,560.0**	+ 248.8	-	**543.5**	**2,016.5**
Business Profit	145.1	170.0	**180.0**	+ 34.9	+ 10.0	**35.7**	**144.3**
[Margin]	*[6.3%]*	*[6.6%]*	*[7.0%]*	*[+ 0.7pt]*	*[+ 0.3pt]*	*[6.6%]*	*[7.2%]*
Profit Before Tax	145.5	147.0	**157.0**	+ 11.5	+ 10.0	**34.7**	**122.3**
[Margin]	*[6.3%]*	*[5.7%]*	*[6.1%]*	*[- 0.1pt]*	*[+ 0.3pt]*	*[6.4%]*	*[6.1%]*
Profit Attributable to Owners of Parent	108.1	110.0	**115.0**	+ 6.9	+ 5.0	**15.6**	**99.4**
[Margin]	*[4.7%]*	*[4.3%]*	*[4.5%]*	*[- 0.1pt]*	*[+ 0.1pt]*	*[2.9%]*	*[4.9%]*
After-tax ROIC	9.0%	8.6%	**8.6%**	- 0.4pt	-	**-**	**-**
Weighted-average exchange rates (USD/JPY)	149.08	150.00	**-**	-	-	**158.05**	**150.00**
US dollar-based transaction (B$)	2.20	2.59	**2.79**	+ 0.59	+ 0.20	**0.66**	**2.13**

* 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 51 for a breakdown of these figures by segment

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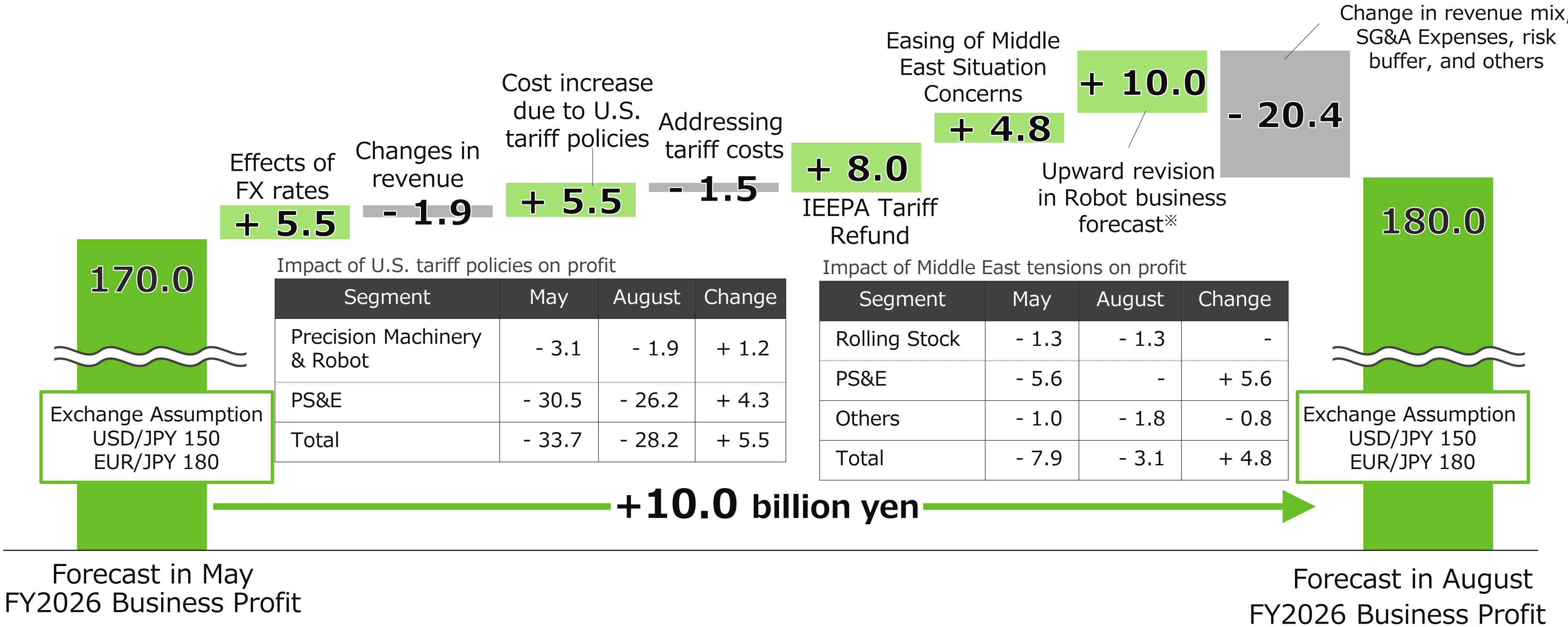
2 Earnings Forecasts for FY2026 –Factors Affecting Changes in Business Profit*1

- **External environment improved due to lower tariff burdens, IEEPA refunds and easing Middle East-related procurement risks, while incorporating a risk buffer**
- **As a result, upward revision in the Robot business largely accounts for the company-wide upward revision**



Impact of U.S. tariff policies on profit

Segment	May	August	Change
Precision Machinery & Robot	- 3.1	- 1.9	+ 1.2
PS&E	- 30.5	- 26.2	+ 4.3
Total	- 33.7	- 28.2	+ 5.5

Impact of Middle East tensions on profit

Segment	May	August	Change
Rolling Stock	- 1.3	- 1.3	-
PS&E	- 5.6	-	+ 5.6
Others	- 1.0	- 1.8	- 0.8
Total	- 7.9	- 3.1	+ 4.8

*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, risk buffer, 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 August 7. 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.

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Earnings Forecasts for FY2026
-Segment-

- **Precision Machinery & Robot : Forecast raised due to settlement proceeds and improved profitability** 1
- **PS&E : Forecast unchanged despite U.S. IEEPA tariff refunds, reflecting market risks and other factors** 2

(billion yen)

	Orders Received				Revenue				Business Profit			
	FY2025	FY2026 Forecast			FY2025	FY2026 Forecast			FY2025	FY2026 Forecast		
	Actual	Old FCST	**New FCST**	Change	Actual	Old FCST	**New FCST**	Change	Actual	Old FCST	**New FCST**	Change
Aerospace Systems	810.9	600.0	**630.0**	+ 30.0	613.6	720.0	**720.0**	-	62.4	72.0	**72.0**	-
Rolling Stock	319.1	130.0	**130.0**	-	236.2	230.0	**230.0**	-	8.6	10.0	**10.0**	-
Energy Solution & Marine Engineering	552.9	650.0	**500.0**	- 150.0	433.5	470.0	**470.0**	-	55.0	69.0	**69.0**	-
Precision Machinery & Robot	278.5	330.0	**330.0**	-	259.1	310.0	**310.0**	-	14.3	21.0	**31.0** 1	+ 10.0
Powersports & Engine	681.7	730.0	**730.0**	-	682.8	730.0	**730.0**	-	22.7	30.0	**30.0** 2	-
Others	95.9	100.0	**100.0**	-	85.8	100.0	**100.0**	-	7.0	4.0	**4.0**	-
Elimination and corporate※	-	-	**-**	-	-	-	**-**	-	- 25.3	- 36.0	**- 36.0**	-
Total	2,739.1	2,540.0	**2,420.0**	- 120.0	2,311.2	2,560.0	**2,560.0**	-	145.1	170.0	**180.0**	+ 10.0

※ 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-

FY2026.Q1 (vs. FY2025.Q1)

Orders received
-¥26.2 Bil.
Down due to reductions in MOD※ allocations

Revenue
+¥36.0 Bil.
Revenue increased due to increased shipments for the Ministry of Defense and Boeing

Business profit
+¥0.8 Bil.
Slightly up due to higher production ramp-up costs, despite higher revenue

FY2026 forecast (vs. Forecast in May)

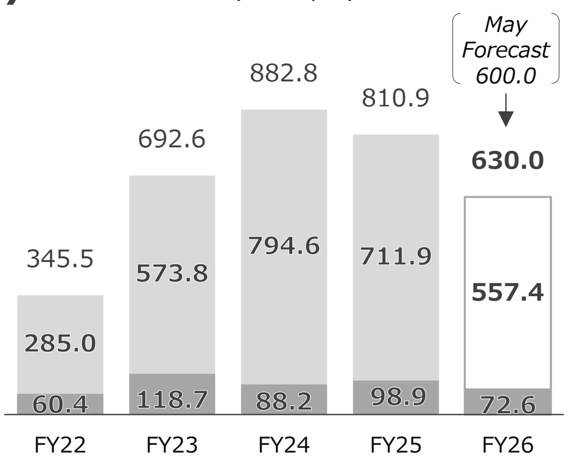
Orders received
+¥30.0 Bil.
Revised up due to higher demand from the MOD

Revenue
±¥0.0 Bil.
Forecast unchanged

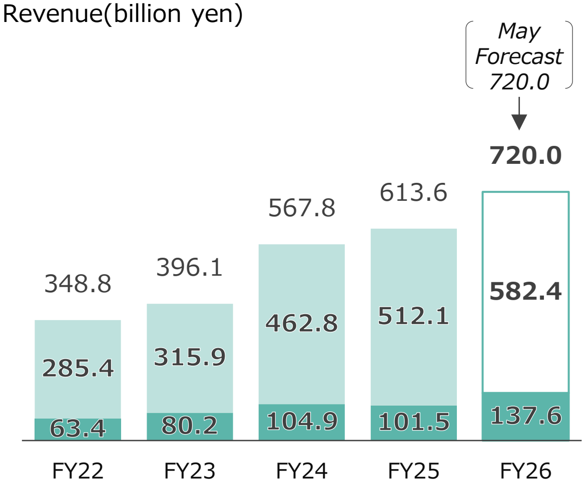
Business profit
±¥0.0 Bil.
Same as above

※The Ministry of Defense

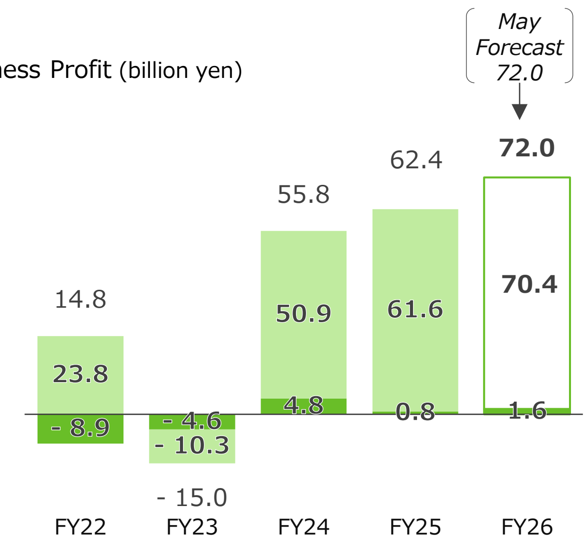
Orders received (billion yen)



Revenue(billion yen)



Business Profit (billion yen)



Note: Darker areas in the graphs represent Q1, while lighter areas represent the cumulative total for Q2-Q4

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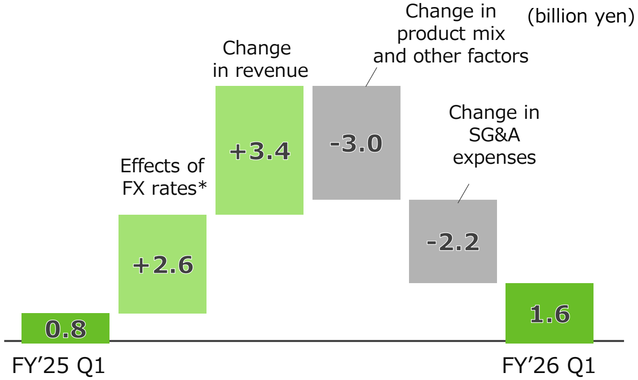
Details by Segment
-Aerospace Systems-

(billion yen)

	FY2025 Q1 Actual	FY2026 Q1 Actual	FY2026 Change	FY2025 Actual	FY2026 Forecast Old FCST	FY2026 Forecast New FCST	FY2026 Forecast Chg. Vs. FY25	FY2026 Forecast Chg. Vs. Old FCST	FY2026 Forecast Q2-4 FCST
Orders Received	98.9	**72.6**	- 26.2	810.9	600.0	**630.0**	- 180.9	+ 30.0	**557.4**
Aerospace	*65.1*	***42.0***	*- 23.0*	*570.8*	*430.0*	***460.0***	*- 110.8*	*+ 30.0*	***418.0***
Aero Engine	*33.8*	***30.5***	*- 3.2*	*240.1*	*170.0*	***170.0***	*- 70.1*	*-*	***139.5***
Revenue	101.5	**137.6**	+ 36.0	613.6	720.0	**720.0**	+ 106.4	-	**582.4**
Aerospace	*65.5*	***93.0***	*+ 27.5*	*445.6*	*525.0*	***525.0***	*+ 79.4*	*-*	***432.0***
Aero Engine	*36.0*	***44.5***	*+ 8.5*	*168.0*	*195.0*	***195.0***	*+ 27.0*	*-*	***150.5***
Business Profit	0.8	**1.6**	+ 0.8	62.4	72.0	**72.0**	+ 9.6	-	**70.4**
[Margin]	*[0.8%]*	*[1.2%]*	*[+ 0.4pt]*	*[10.2%]*	*[10.0%]*	*[10.0%]*	*[- 0.1pt]*	*[-]*	*[12.1%]*

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(-1.8 billion yen)

Appendix

Number of aircraft component parts sold to Boeing (units)

	FY25 Q1	FY25 Full year	FY26 Q1	Change YoY
767	7	31	6	▲ 1
777	4	21	7	+ 3
777X	0	7	3	+ 3
787	5	64	21	+ 16

Number of aircraft engine component parts sold (units)

	FY25 Q1	FY25 Full year	FY26 Q1	Change YoY
V2500	3	21	7	+ 4
PW1100G	134	666	170	+ 36

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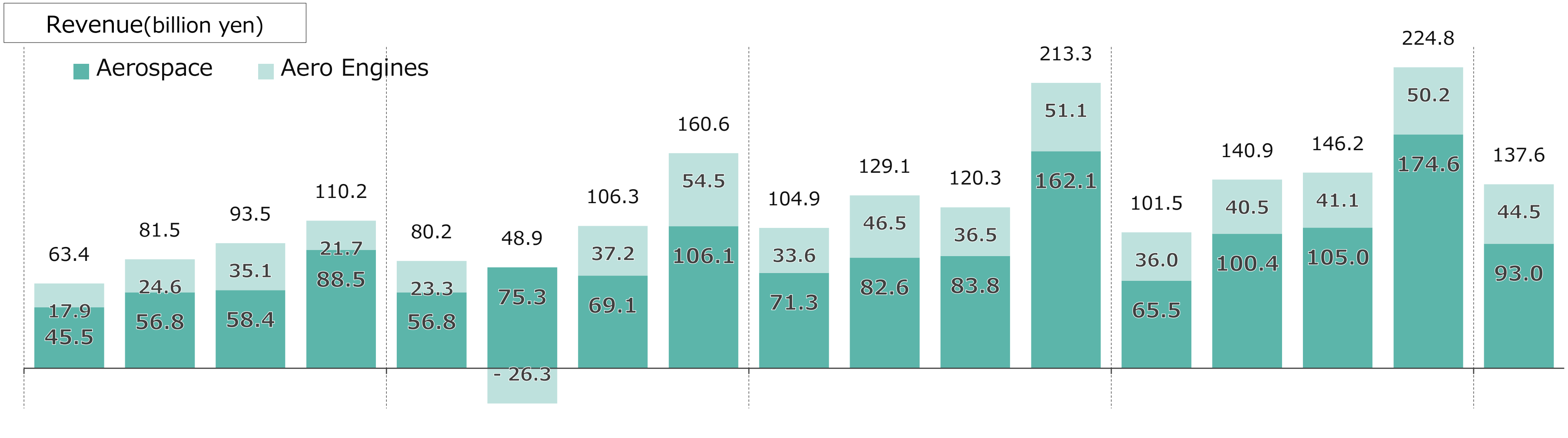
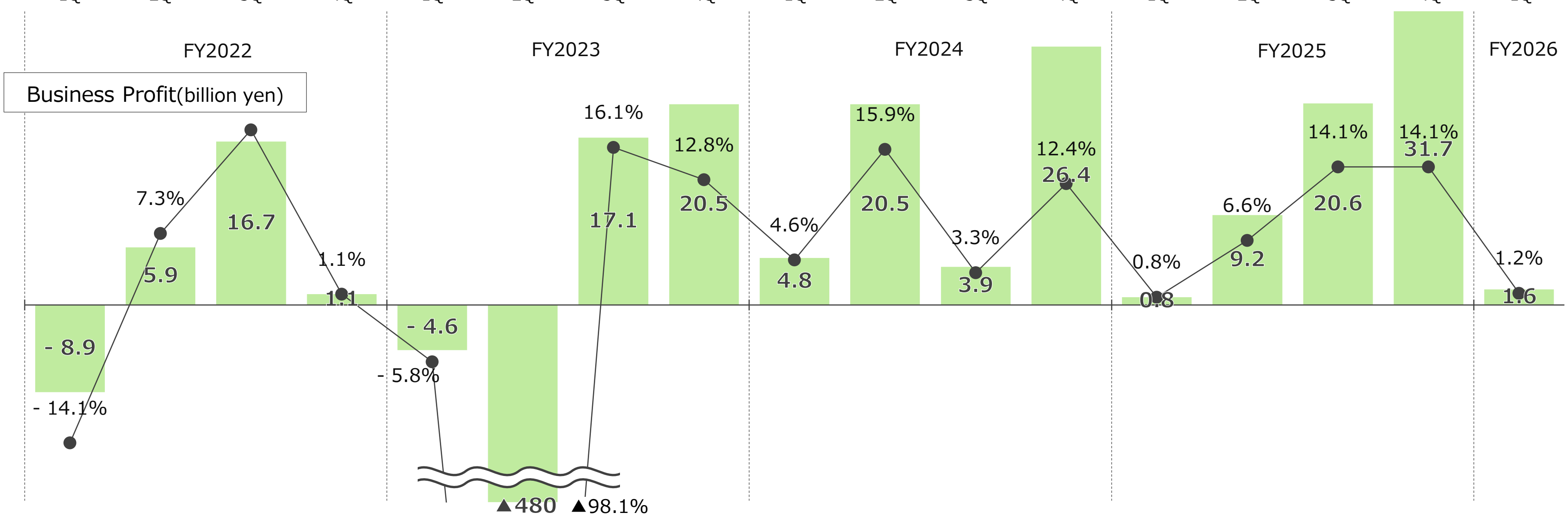
Details by Segment -Aerospace Systems-





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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
- Commercial & Defense Common Areas
  - The selection of 'Aerospace' and 'Defense Industry' as part of the 17 strategic priority fields※ is expected to drive market expansion

※ 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

Building a Business Expansion Framework

- 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 products and steady implementation of mass production contracts

Strengthening activities related to defense projects

- Promoting initiatives in seven priority areas to strengthen defense capabilities

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

Delivery of stand-off electronic warfare prototypes (June 2026)

New Anti-Ship Guided Missile for Island Defense
(Source: Acquisition, Technology & Logistics Agency website)

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

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3 Details by Segment
- Rolling Stock -

FY2026.Q1（vs. FY2025.Q1）

Orders received +¥28.1 Bil.
Up due to orders received for new rolling stock for the domestic market

Revenue +¥4.8 Bil.
Up due to higher revenue in the U.S. market, despite lower revenue in the domestic market

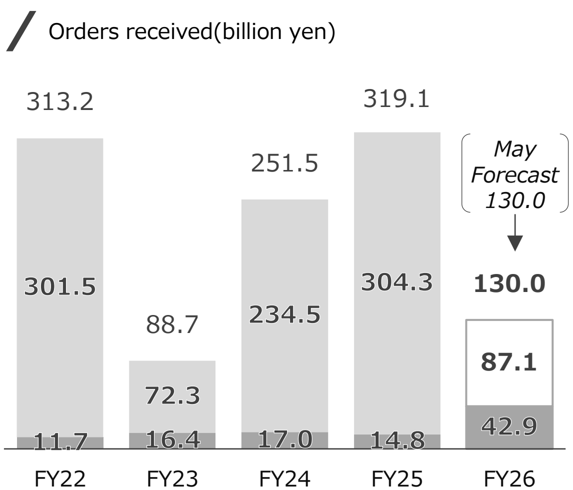
Business profit -¥3.1 Bil.
Down despite higher revenue due to product mix changes and temporary cost concentration following a revision of indirect cost allocation rates

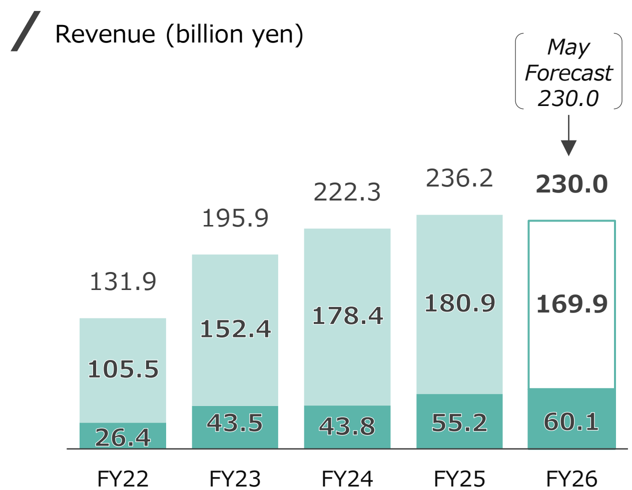
FY2026 forecast（vs. Forecast in May）

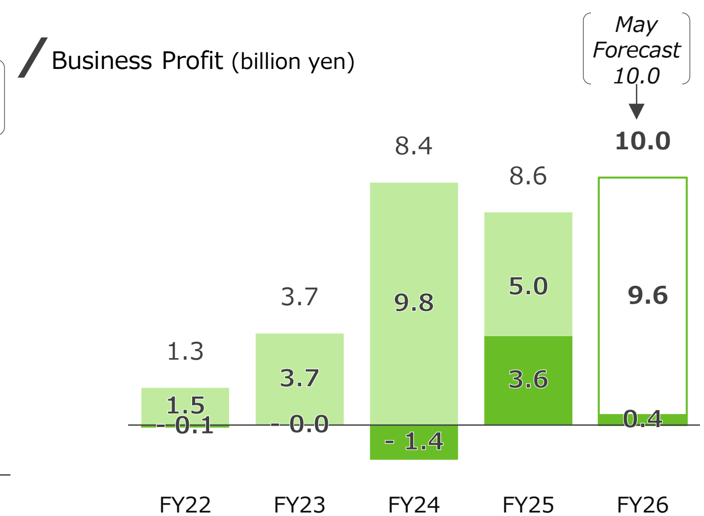
Orders received ±¥0.0 Bil.
Forecast unchanged

Revenue ±¥0.0 Bil.
Same as above

Business profit ±¥0.0 Bil.
Same as above







Note: Darker areas in the graphs represent Q1, while lighter areas represent the cumulative total for Q2-Q4

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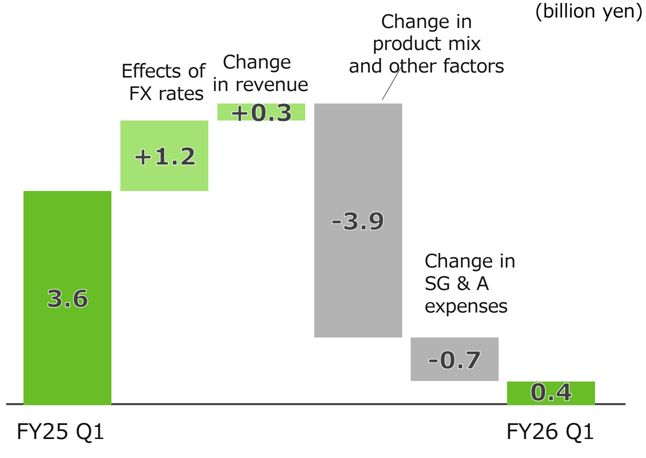
3 Details by Segment
- Rolling Stock -

(billion yen)

	FY2025 Q1 Actual	FY2026 Q1 Actual	FY2026 Change	FY2025 Actual	FY2026 Forecast Old FCST	FY2026 Forecast New FCST	Chg. Vs. FY25	Chg. Vs. Old FCST	Q2-4 FCST
Orders Received	14.8	**42.9**	+ 28.1	319.1	130.0	**130.0**	- 189.1	-	**87.1**
Domestic & Asia	*13.4*	***38.6***	*+ 25.2*	*91.3*	*126.0*	***126.0***	*+ 34.7*	*-*	***87.4***
North America	*1.4*	***4.3***	*+ 2.9*	*227.8*	*4.0*	***4.0***	*- 223.8*	*-*	***- 0.3***
Revenue	55.2	**60.1**	+ 4.8	236.2	230.0	**230.0**	- 6.2	-	**169.9**
Domestic & Asia	*17.6*	***12.2***	*- 5.3*	*81.9*	*73.5*	***73.5***	*- 8.4*	*-*	***61.3***
North America	*37.5*	***47.8***	*+ 10.2*	*154.2*	*156.5*	***156.5***	*+ 2.3*	*-*	***108.7***
Business Profit	3.6	**0.4**	- 3.1	8.6	10.0	**10.0**	+ 1.4	-	**9.6**
[Margin]	*[6.6%]*	*[0.8%]*	*[- 5.8pt]*	*[3.7%]*	*[4.3%]*	*[4.3%]*	*[+ 0.6pt]*	*[-]*	*[5.7%]*

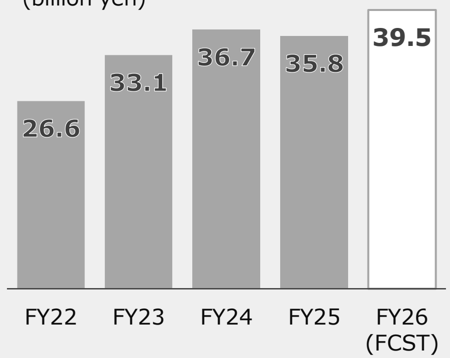
Factors Affecting Changes in Business Profit

(billion yen)



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 June 2026)

- Base contract
  : Full delivery of 535 cars
- Option1 contract
  : **430** of 640 cars delivered
- Option2 contract
  : Received an order of 435 cars in Jan. 2025

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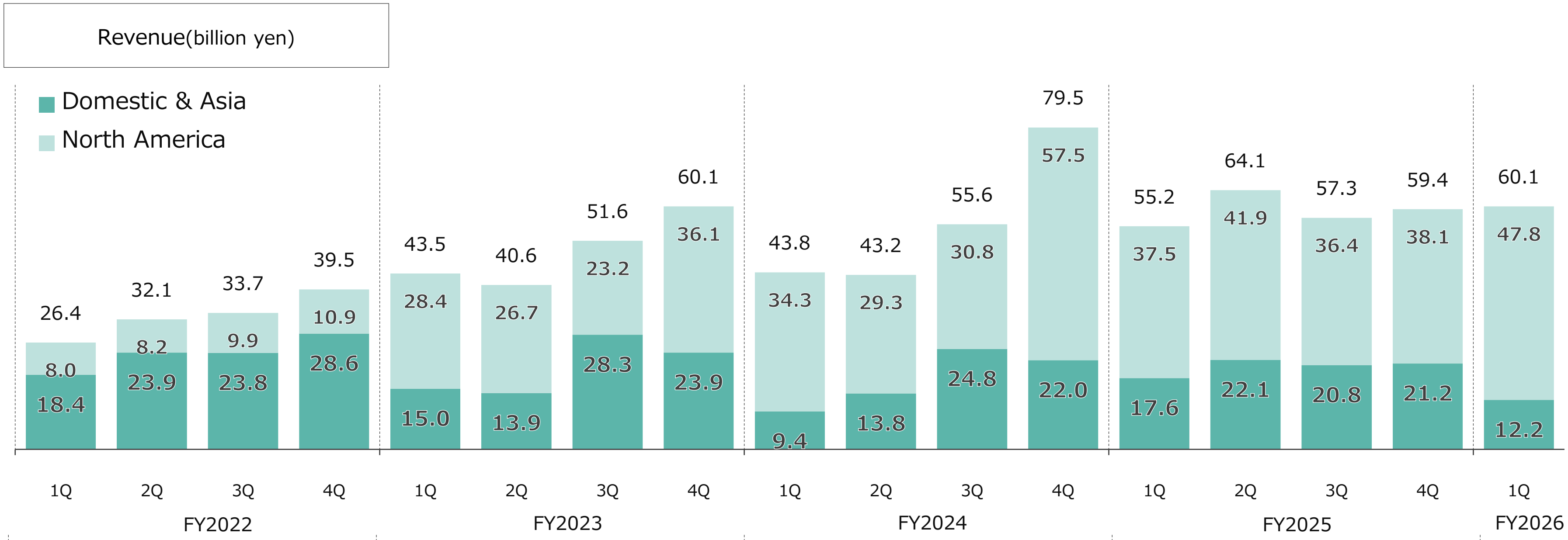
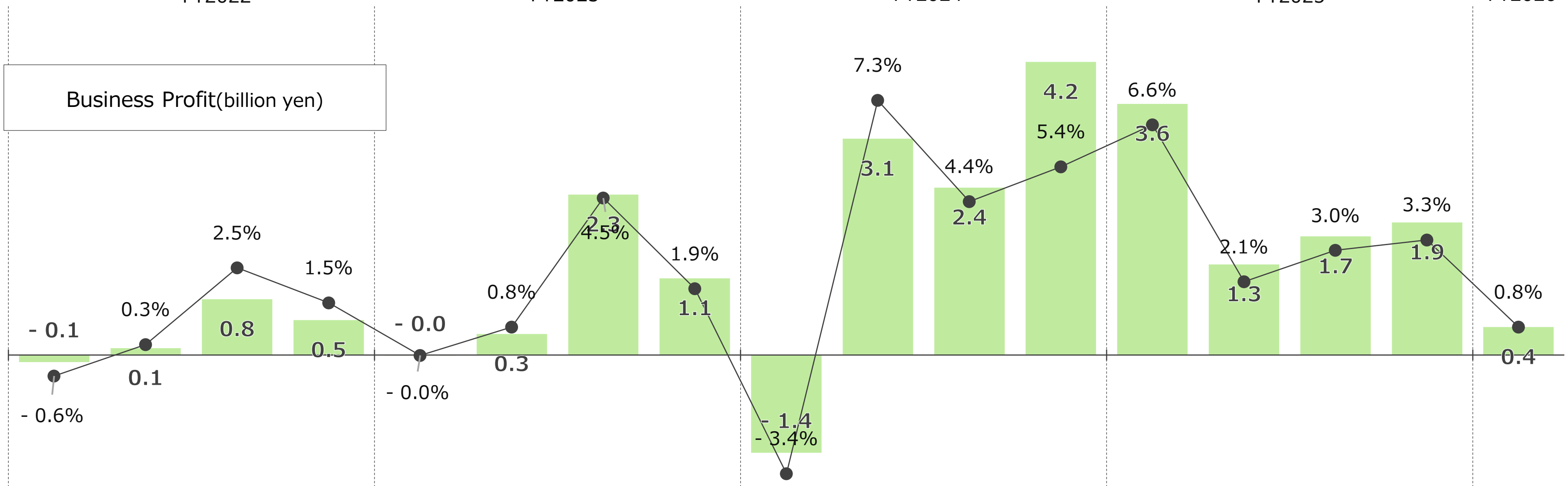
3

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 grow as cities continue investing in urban transit infrastructure
- 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

THG100 Electric diesel locomotive for Tenryu Hamanako Railroad 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

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3 Details by Segment
- Energy Solution & Marine Engineering -

FY2026.Q1 (vs. FY2025.Q1)

Orders received +¥38.6 Bil.
Up due to orders for domestic waste treatment facility construction projects

Revenue -¥9.7 Bil.
Down due to lower revenue in the Energy and Marine Engineering businesses

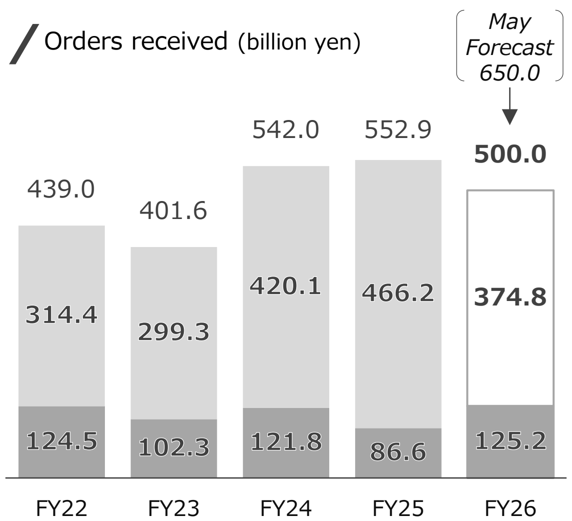
Business profit +¥2.3 Bil.
Up despite lower revenue, supported by a gain on the sale of subsidiary shares and higher equity-method earnings

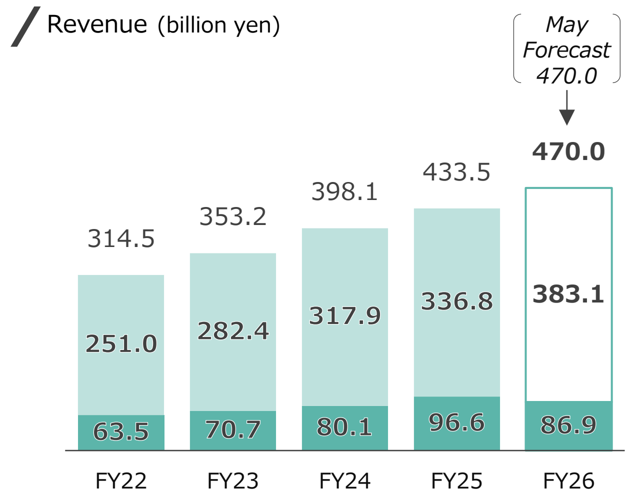
FY2026 forecast (vs. Forecast in May)

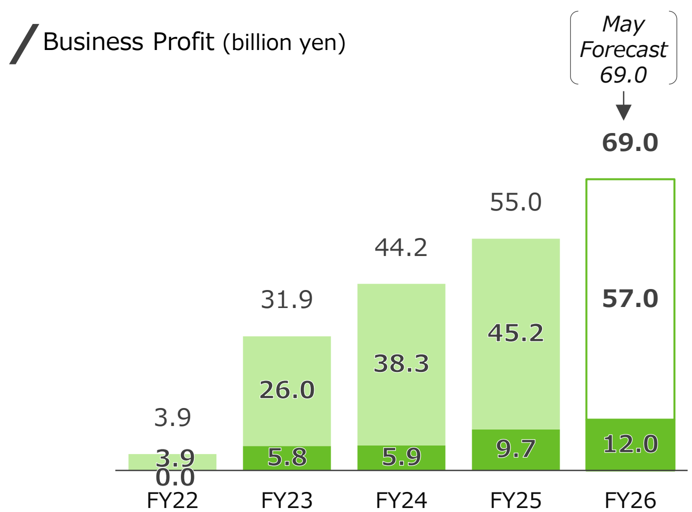
Orders received -¥150.0 Bil.
Revised down due to the postponement of a large-scale project in the Plant business

Revenue ±¥0.0 Bil.
Forecast unchanged

Business profit ±¥0.0 Bil.
Same as above







Note: Darker areas in the graphs represent Q1, while lighter areas represent the cumulative total for Q2-Q4

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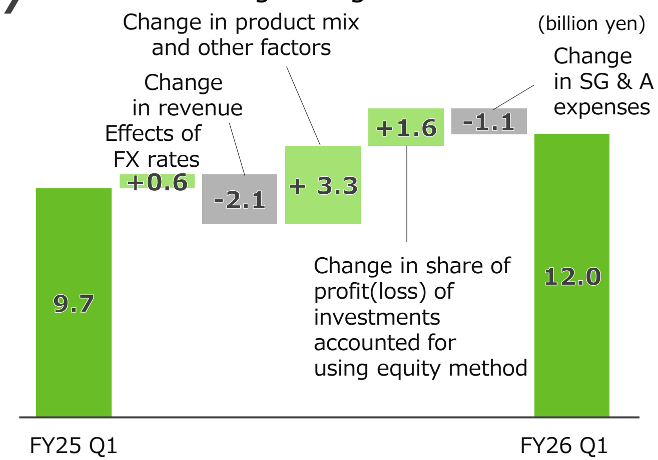
Details by Segment
- Energy Solution & Marine Engineering -

(billion yen)

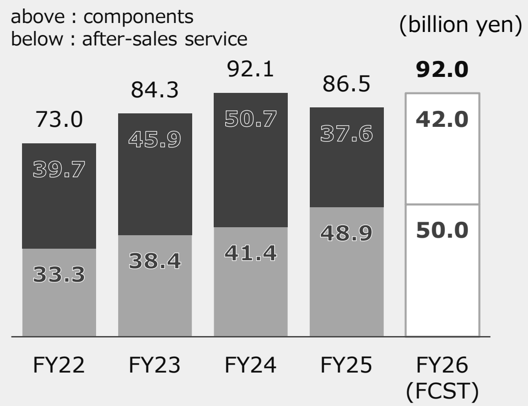
	FY2025 Q1 Actual	FY2026 Q1 Actual	FY2026 Change	FY2025 Actual	FY2026 Forecast Old FCST	FY2026 Forecast New FCST	Chg. Vs. FY25	Chg. Vs. Old FCST	Q2-4 FCST
Orders Received	86.6	**125.2**	+ 38.6	552.9	650.0	**500.0**	- 52.9	- 150.0	**374.8**
Energy, Plant & Marine Machinery	*81.5*	***121.4***	*+ 39.9*	*456.2*	*530.0*	***380.0***	*- 76.2*	*- 150.0*	***258.6***
Ship & Offshore Structure	*5.1*	***3.7***	*- 1.3*	*96.6*	*120.0*	***120.0***	*+ 23.4*	*-*	***116.3***
Revenue	96.6	**86.9**	- 9.7	433.5	470.0	**470.0**	+ 36.5	-	**383.1**
Energy, Plant & Marine Machinery	*65.4*	***59.6***	*- 5.8*	*323.9*	*345.0*	***345.0***	*+ 21.1*	*-*	***285.4***
Ship & Offshore Structure	*31.2*	***27.2***	*- 3.9*	*109.6*	*125.0*	***125.0***	*+ 15.4*	*-*	***97.8***
Business Profit	9.7	**12.0**	+ 2.3	55.0	69.0	**69.0**	+ 14.0	-	**57.0**
[Margin]	*[10.1%]*	*[13.9%]*	*[+ 3.8pt]*	*[12.7%]*	*[14.7%]*	*[14.7%]*	*[+ 2.0pt]*	*[-]*	*[14.9%]*
Share of profit (loss) of investments accounted for using equity method	*6.1*	***7.8***	*+ 1.6*	*23.7*	*27.5*	***27.5***	*+ 3.8*	*-*	***19.7***

Factors Affecting Changes in Business Profit

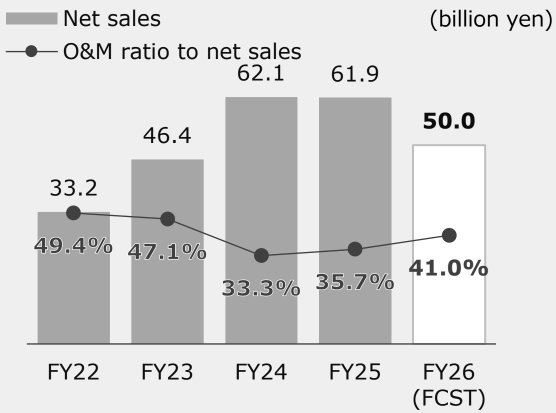


Appendix

Revenue of major products in the energy business



Revenue of municipal waste incineration plants



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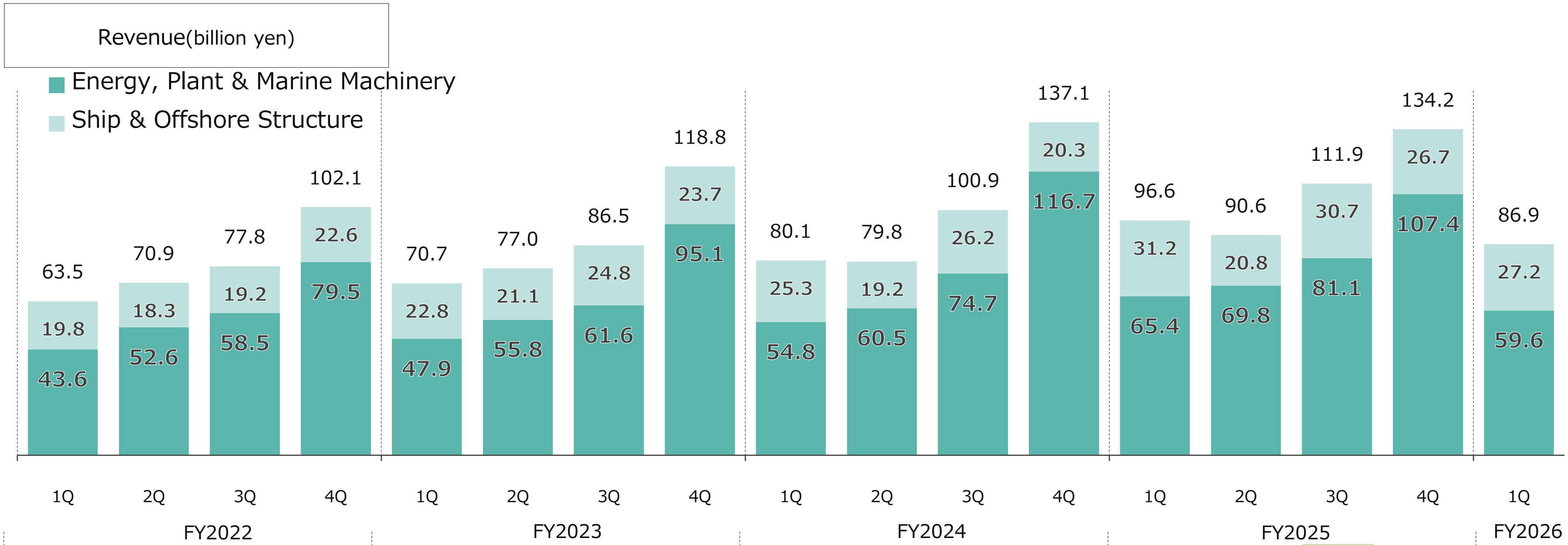
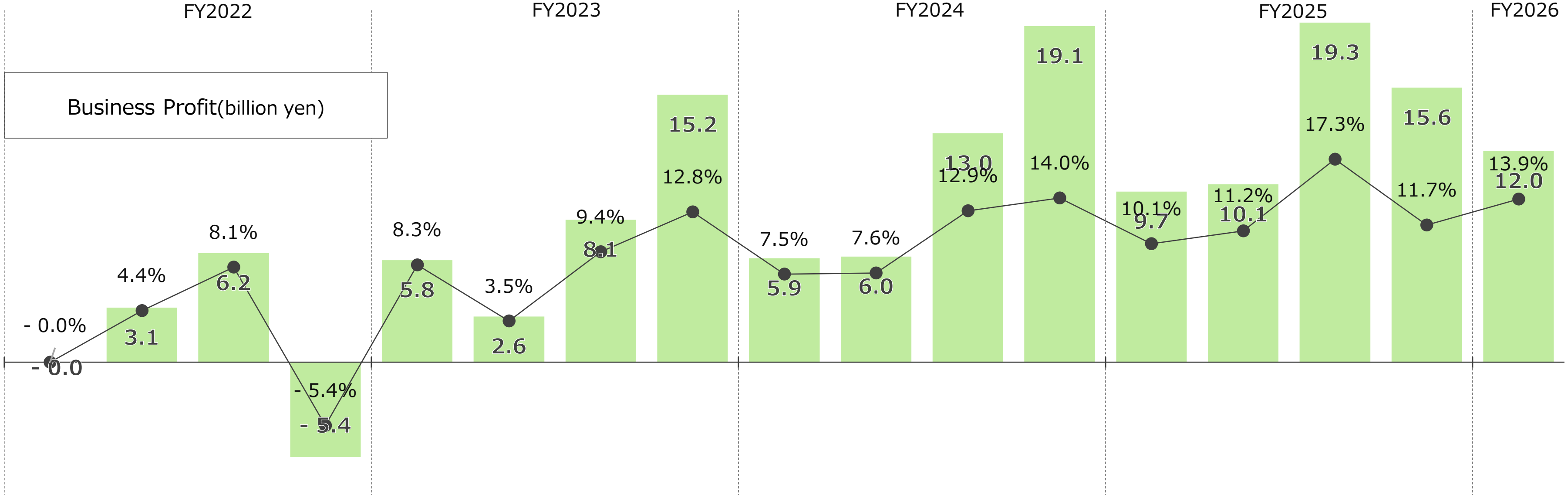
Details by Segment
- Energy Solution & Marine Engineering -





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Details by Segment
- Energy Solution & Marine Engineering -

Market Overview

● Energy, Plant & Marine Machinery

Domestic	Overseas
– Solid demand for power generation equipment and energy infrastructure – Continued demand for renewal of aging waste incineration plants	– Strong demand for gas turbines used in distributed power generation for data centers

● Ship & Offshore Structure

Commercial ships	Submarines and special vessels
– Shipyards are fully booked, so deals focus on later deliveries – Ship prices continue to be high, affected by the soaring cost of materials and equipment	– Continuous orders for surface ship main engines and power generation systems – Stable orders for submarines

● Entire segment

Risks	Carbon neutrality
– Logistics and foreign exchange volatility related to U.S. tariff policies and the Middle East situation – Concerns about pressure on profits due to persistently high raw material, equipment, and fuel costs	Inquiries and requests for cooperation are increasing regarding transition solutions associated with the return to LNG, as well as decarbonization solutions such as KCC*

* Kawasaki CO_2 Capture: CO_2 Separation and Capture system

Specific Efforts

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

Case Started demonstration of CO_2 separation and recovery from waste incineration exhaust gas at the Fukuyama Clean Center in Koriyama City in Japan

– Operational data from actual exhaust gases helps identify issues and accelerate KCC commercialization

KCC Demonstration in Koriyama Fukuyama Clean Center

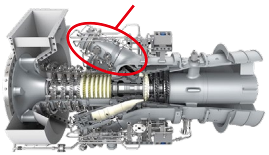
Topics **Received the Minister of Education, Culture, Sports, Science and Technology Award at the 55th Japan Industrial Technology Awards (Nikkan Kogyo Shimbun)**

Awarded for efficient carbon-neutral technology and scalable modular design

Initiatives toward Providing Decarbonization Solutions

Case Gas turbine cogeneration system with 8MW class hydrogen co-firing DLE* combustor now in operation at Teijin's Matsuyama North Plant

– Cuts CO_2 emissions and supports customer decarbonization
– Designed for future hydrogen adoption with scalable infrastructure
– Enables a low-cost transition to hydrogen co-firing



Compatible with hydrogen co-firing gas turbine

Note: Dry Low Emission : A method that reduces NOx emissions by controlling the maximum combustion temperature regardless of water or steam injection

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Details by segment
- Precision Machinery & Robot -

FY2026.Q1 (vs. FY2025.Q1)

Orders received +¥25.5 Bil.
Up due to stronger demand for hydraulic equipment in the Chinese construction machinery market and robots for semiconductor manufacturing equipment

Revenue +¥12.6 Bil.
Same as above

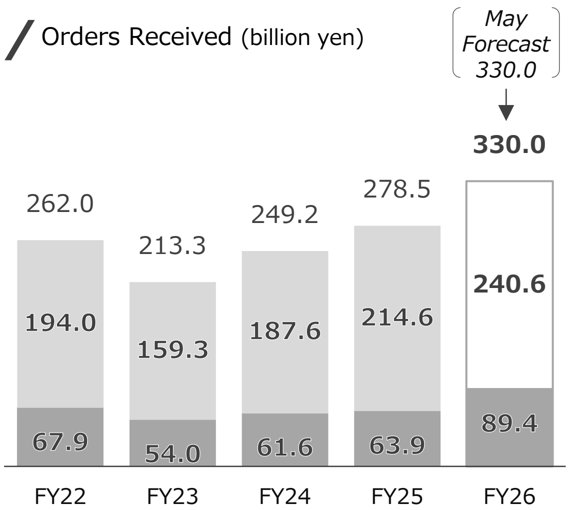
Business profit +¥2.9 Bil.
Up due to revenue growth

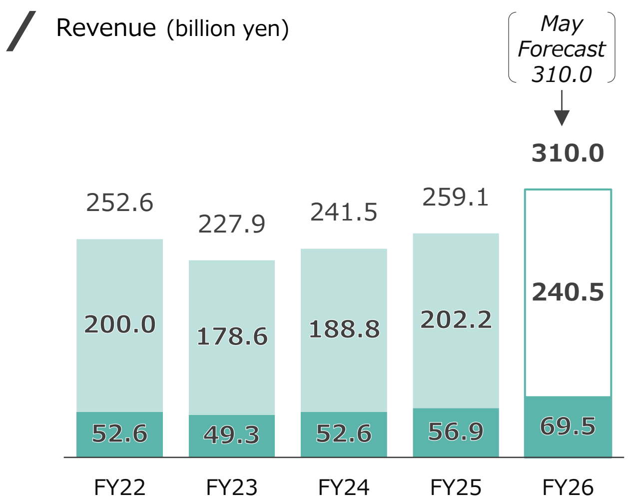
FY2026 forecast (vs. Forecast in May)

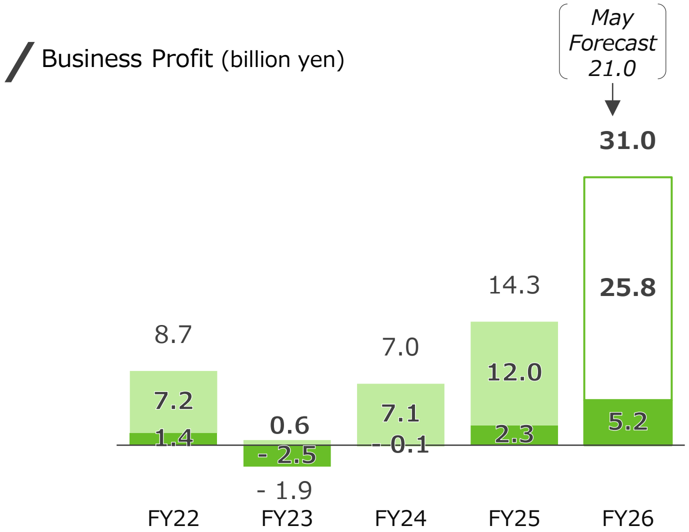
Orders received ±¥0.0 Bil.
Forecast unchanged

Revenue ±¥0.0 Bil.
Forecast unchanged as higher sales of robots for semiconductor manufacturing equipment offset lower sales of robots for automobiles

Business profit +¥10.0 Bil.
Revised up due to settlement proceeds and improved profitability







Note: Darker areas in the graphs represent Q1, while lighter areas represent the cumulative total for Q2-Q4

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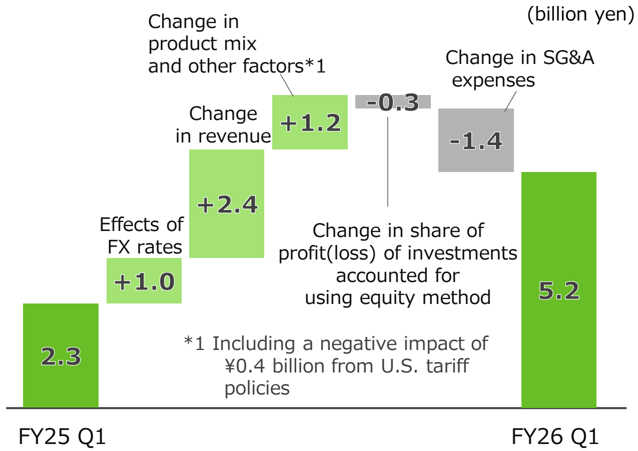
Details by segment
- Precision Machinery & Robot -

(billion yen)

	FY2025 Q1 Actual	FY2026 Q1 Actual	FY2026 Change	FY2025 Actual	FY2026 Forecast Old FCST	FY2026 Forecast New FCST	Chg. Vs. FY25	Chg. Vs. Old FCST	Q2-4 FCST
Orders Received	63.9	**89.4**	+ 25.5	278.5	330.0	**330.0**	+ 51.5	-	**240.6**
Hydraulic Components & Systems	*43.6*	***53.8***	*+ 10.1*	*173.1*	*210.0*	***210.0***	*+ 36.9*	*-*	***156.2***
Robotics	*20.2*	***35.6***	*+ 15.4*	*105.3*	*120.0*	***120.0***	*+ 14.7*	*-*	***84.4***
Revenue	56.9	**69.5**	+ 12.6	259.1	310.0	**310.0**	+ 50.9	-	**240.5**
Hydraulic Components & Systems	*38.9*	***48.9***	*+ 9.9*	*166.1*	*195.0*	***195.0***	*+ 28.9*	*-*	***146.1***
Robotics	*17.9*	***20.6***	*+ 2.6*	*92.9*	*115.0*	***115.0***	*+ 22.1*	*-*	***94.4***
Business Profit	2.3	**5.2**	+ 2.9	14.3	21.0	**31.0**	+ 16.7	+ 10.0	**25.8**
[Margin]	*[4.1%]*	*[7.6%]*	*[+ 3.4pt]*	*[5.6%]*	*[6.8%]*	*[10.0%]*	*[+ 4.4pt]*	*[+ 3.2pt]*	*[10.7%]*
Share of profit (loss) of investments accounted for using equity method	*0.1*	***- 0.2***	*- 0.3*	*0.7*	*0.5*	***0.5***	*- 0.2*	*-*	***0.7***

Factors Affecting Changes in Business Profit

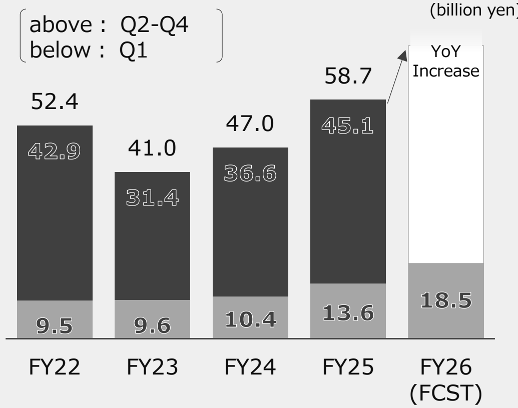
(billion yen)



Appendix

Revenue from hydraulic components to China

(billion yen)



Revenue of robots by segment※

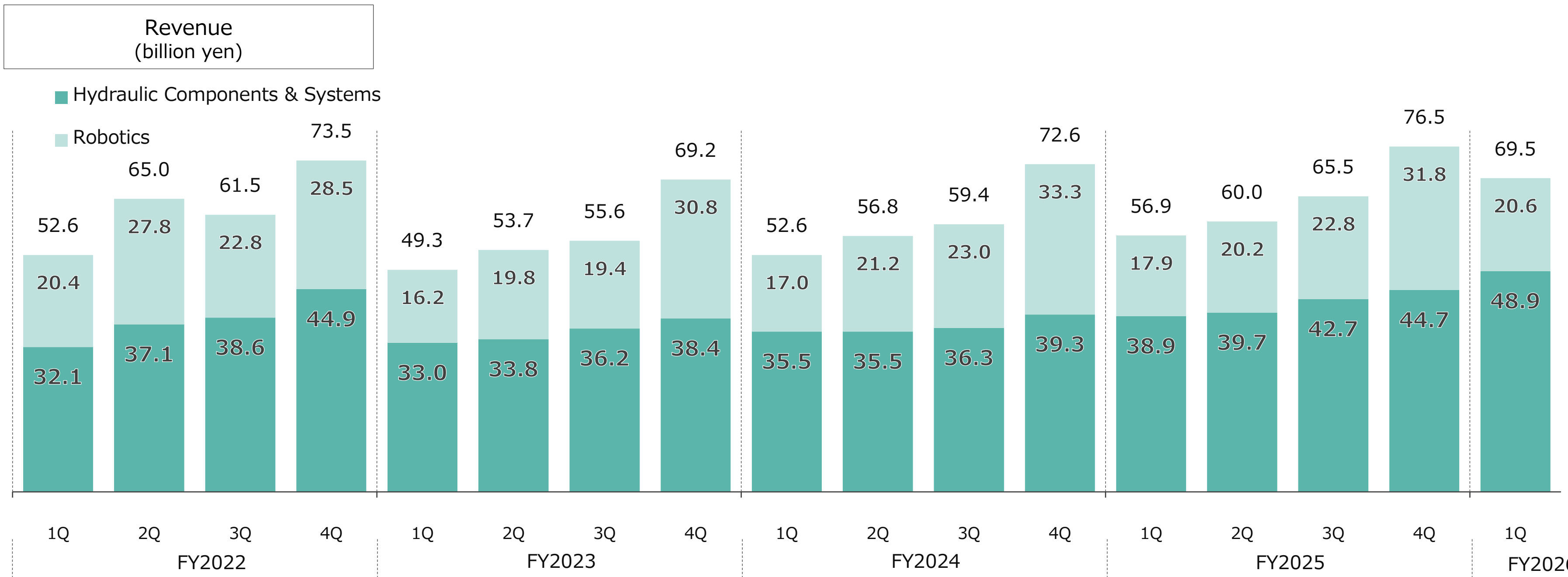
(billion yen)

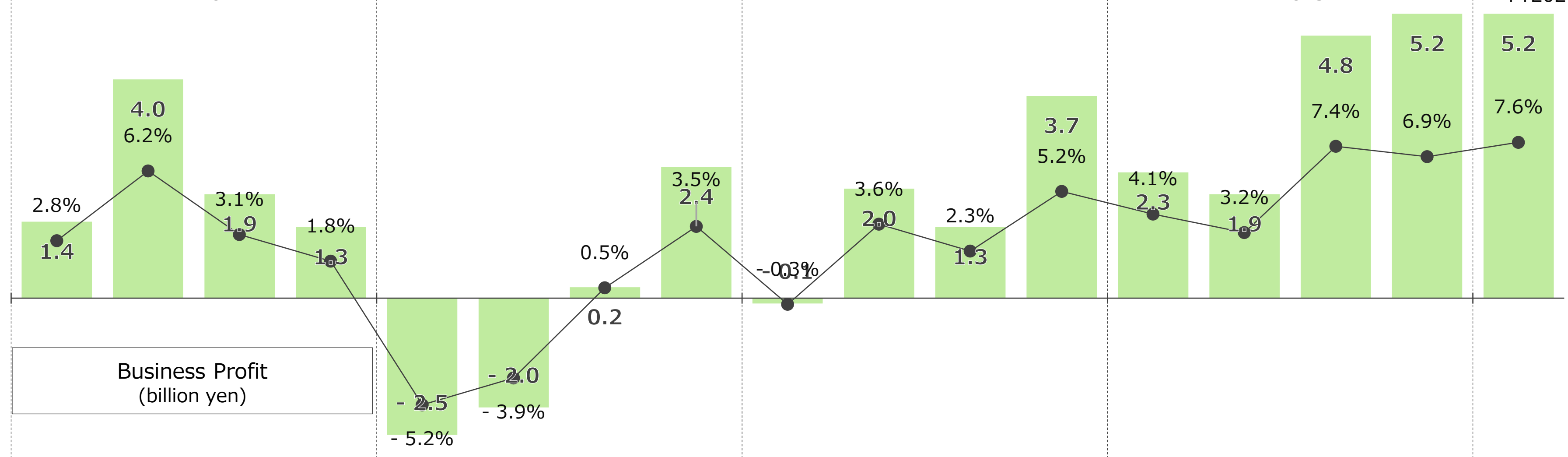
above : Q1 / below : Full Year	FY25	FY26	Change
Automobile assembly and painting	5.8 36.8	5.0 *39.0	- 0.7 + 2.2
Semiconductor	9.0 37.9	12.5 *53.5	+ 3.5 + 15.6
General robots for industrial use and others	5.1 27.8	6.2 *35.0	+ 1.1 + 7.2
Total	19.9 102.5	23.9 *127.0	+ 3.9 + 24.5

※Including intercompany revenue

* Forecast

3 Details by segment
- Precision Machinery & Robot -





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3

Details by segment
- Precision Machinery & Robot -

Market Overview

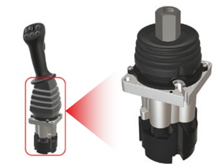
- Hydraulic components

China	Mid- to Long-Term Trends in the Construction Machinery
– Steady demand for large mining equipment and export machines for Africa and Southeast Asia	– 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	
– U.S.: Pipeline construction and AI data center investments are driving the market – India: Demand is increasing after the government's announcement of a major infrastructure spending increase	

- Robotics

For semiconductor production	For general purposes
– Increasing trend due to rapid growth in AI and rising demand for general-purpose memory	– Smart factory demand continues to rise amid rising labor costs and labor shortages, despite heightened geopolitical risks

Specific Efforts



New joystick-type electric remote control unit "ERUJ" enters mass production

Hydraulic Business Growth Strategy

New Product Development / Market Expansion

- Electrification, automation, and remote operation of construction machinery
- Tough robotics leveraging hydraulics and robotics
- Development of hydrogen compressors, fuel cell systems, and defense

Optimizing Global Production	Strengthening the service business
– Expanding cost-competitive models through production expansion at Aisaki Precision Machinery (Suzhou) Co., Ltd.	– Strengthening the service business overseas sales networks

Robotics Business Strategy

Focus on high Value-Added Areas	Accelerating Investment in Growth Areas
– Development of supply system for full-scale recovery of semiconductor market – Expansion of new fields (Vacuum process, Back-end process, EFEM, factory automation, etc.)	– Enhancing cost competitiveness through an integrated Japan-China framework – Shifting resources to growth areas – Advancing social robotics (healthcare and nursing care)

Medical Business Expansion

- European rollout of the hinotori™ (with Medicaroid and Sysmex)
- Differentiation via Remote Operation Technologies (with FORRO/mapxus)

Topics

✓ Selected for METI/NEDO Physical AI project (Japanese only)

✓ Medicaroid Obtains CE Marking Under the MDR for the hinotori™ Surgical Robot System

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Details by segment
- Powersports & Engine -

FY2026.Q1 (vs. FY2025.Q1)

Revenue
+¥10.4 Bil.

Up due to higher general-purpose engine sales and favorable FX effects, despite lower motorcycle sales in developed markets

Business Profit
+¥11.1 Bil.

Up due to IEEPA tariff refunds, lower promotional expenses, fixed cost reductions, and FX effects

FY2026 forecast (vs. Forecast in May)

Revenue
±¥0.0 Bil.

Forecast unchanged due to higher revenue of general-purpose engines, offsetting lower motorcycle sales in developed markets

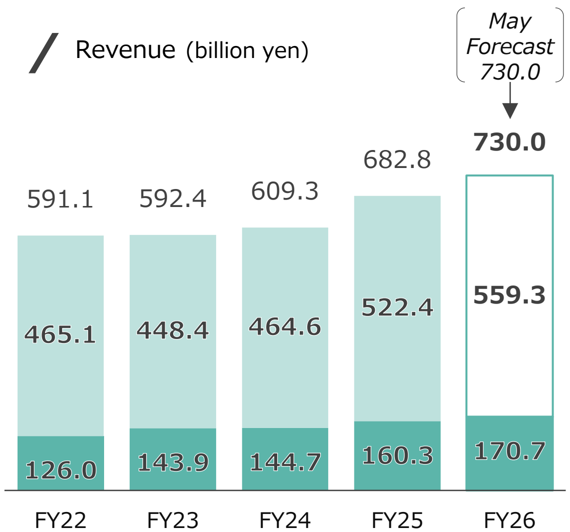
Business Profit
±¥0.0 Bil.

Forecast unchanged despite IEEPA tariff refunds, due to market risks and other factors

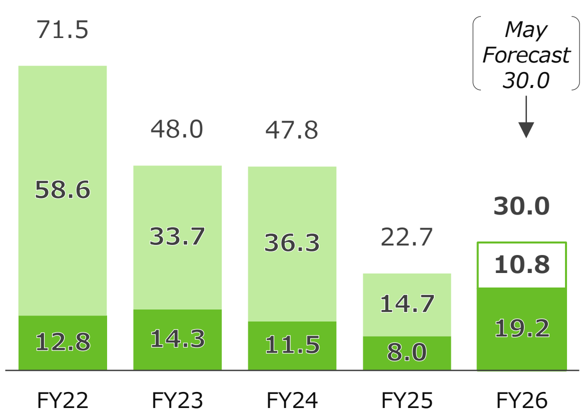
Orders Received (billion yen)

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)



Note: Darker areas in the graphs represent Q1, while lighter areas represent the cumulative total for Q2-Q4

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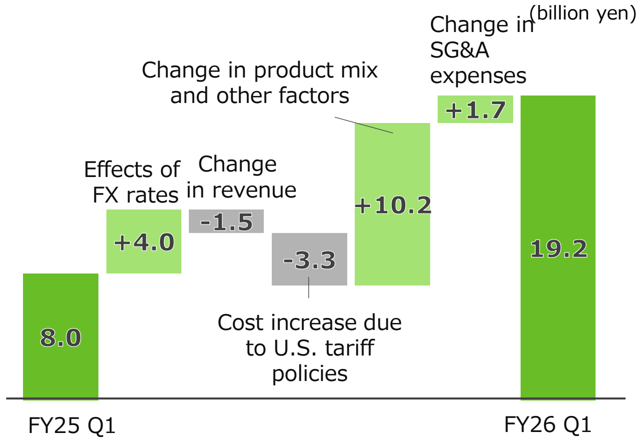
Details by segment
- Powersports & Engine -

(billion yen)

	FY2025 Q1 Actual	FY2026 Q1 Actual	FY2026 Change	FY2025 Actual	FY2026 Forecast Old FCST	FY2026 Forecast New FCST	Chg. Vs. FY25	Chg. Vs. Old FCST	Q2-4 FCST
Revenue	160.3	**170.7**	+ 10.4	682.8	730.0	**730.0**	+ 47.2	-	**559.3**
Motorcycles for developed markets	*64.3*	***60.3***	*- 4.0*	*261.9*	*275.0*	***270.0***	*+ 8.1*	*- 5.0*	***209.7***
Motorcycles for emerging markets	*24.8*	***26.1***	*+ 1.3*	*102.6*	*110.0*	***110.0***	*+ 7.4*	*-*	***83.9***
Utility Vehicles, ATVs & PWC	*46.1*	***49.2***	*+ 3.0*	*211.4*	*240.0*	***235.0***	*+ 23.6*	*- 5.0*	***185.8***
General-purpose gasoline engines	*24.9*	***34.9***	*+ 10.0*	*106.7*	*105.0*	***115.0***	*+ 8.3*	*+ 10.0*	***80.1***
Business Profit	8.0	**19.2**	+ 11.1	22.7	30.0	**30.0**	+ 7.3	-	**10.8**
[Margin]	*[5.0%]*	*[11.3%]*	*[+ 6.2pt]*	*[3.3%]*	*[4.1%]*	*[4.1%]*	*[+ 0.7pt]*	*[-]*	*[1.9%]*

Factors Affecting Changes in Business Profit



※ Including ¥8.0 billion from IEEPA tariff refunds

Appendix

Wholesale volume by region (thousand units)

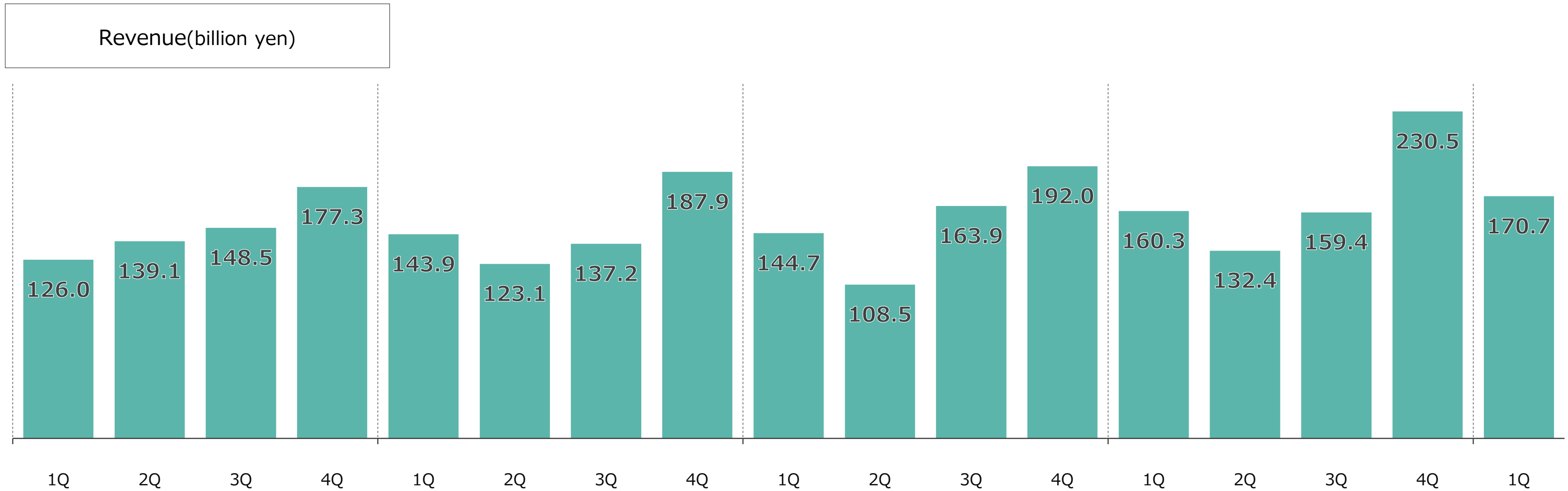
		FY25 Q1	FY26 Q1	Change	FY26(FCST)
Developed countries	Japan	10	3	- 6	
	North America	23	18	- 5	
	Europe	22	21	- 1	
	Others※	2	2	+ 0	
Total		59	46	- 13	240→230
Emerging countries	Philippines	46	42	- 4	
	Indonesia	3	5	+ 1	
	Latin America	4	5	+ 1	
	Others※	8	7	- 1	
Total		63	60	- 2	280
Four-wheeler ・PWC	North America and Others	19	20	+ 1	95→90

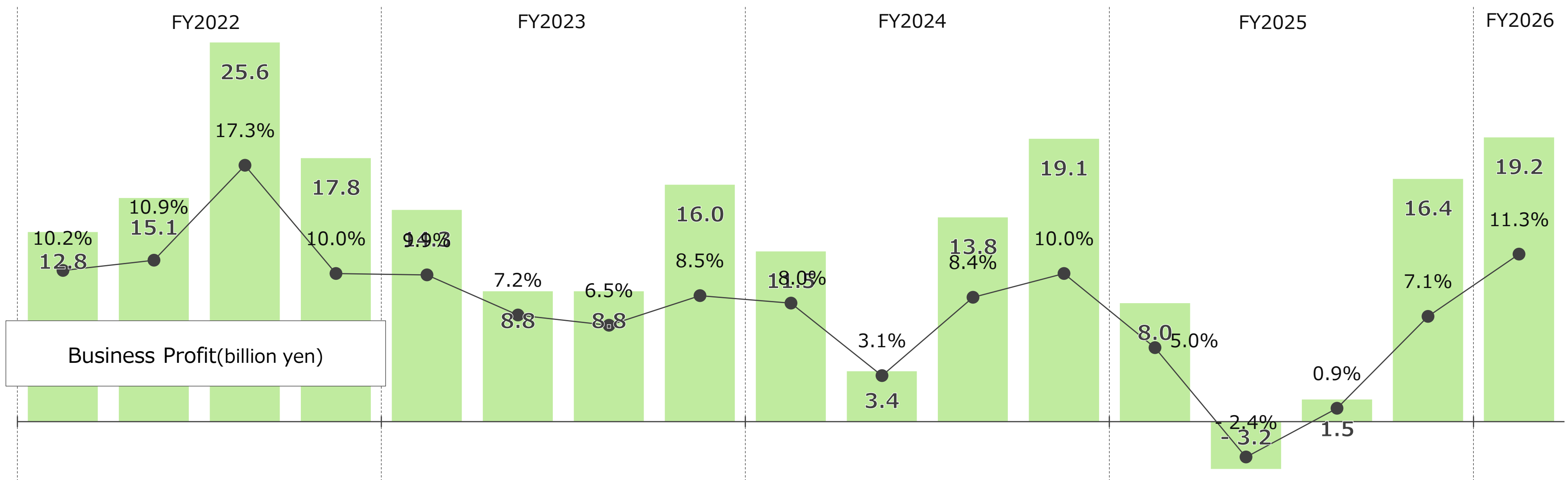
Note : The following table shows the trend of YoY changes in motorcycles of developed and emerging countries and regions included in "Others"

Australia :
China :
Thailand :

Kawasaki Powering your potential

Details by segment
- Powersports & Engine -





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Details by segment
- Powersports & Engine -

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
  - Expanded market share driven by strong sales of key models
- U.S. (Common to both business above)
  - Concerns over demand declines caused by tariff measures
- Europe
  - Share gains driven by new model launches amid a gradual market recovery
- 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

- Procurement risks for solvents and other materials persist; 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

KX327
Kawasaki's first fuel-injected 2-stroke model

Market-Driven Product Supply

- Launch attractive Kawasaki-brand models
- Flexible production and sales aligned with demand and inventory trends

Strengthening the four-wheeler business

- Enhance competitiveness and profitability through a market-in approach tailored to the U.S. market
- Respond quickly to market changes through flexible use of U.S. and Mexico plants

Advancing Decarbonization

- Contribute to carbon neutrality through electrification, hydrogen engines and other solutions leveraging Kawasaki technologies

Collaboration with the ITOCHU Group

- Established Kawasaki Motors Retail Finance, LLC with ITOCHU in April 2025 to expand business and strengthen the customer base

Status **Operations launched in 49 states** as of June 2026; nationwide network established with the Dallas office opening

Plan Leveraging data to develop financing products, increase financing penetration and build a high-quality asset base

- Pursuing new market development opportunities jointly across Asia, Latin America, the Middle East, and Africa

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4

Shareholder Returns and Other information

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Dividend Policy
— 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

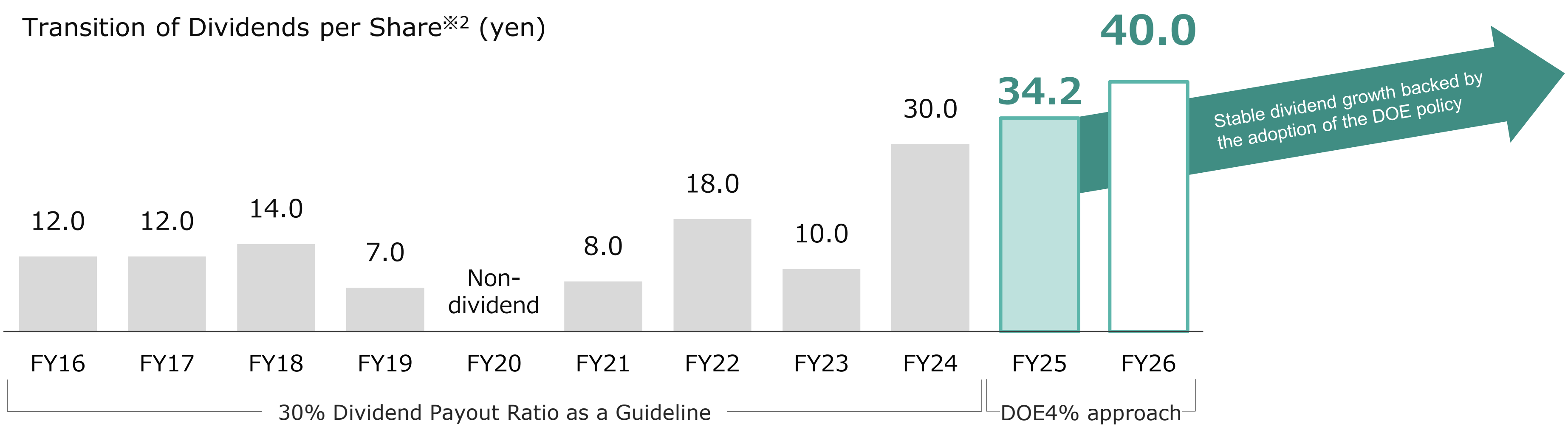
*1 DOE = Total annual dividends ÷ (Equity attributable to owners of the parent − Other components of equity)The average of the beginning and end of the fiscal year is used

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)



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4 Project Topics

Capital Raising through New Shares and CBs*1
— Strengthening Core Businesses and Investing for Future Growth —

*1 Zero Coupon Convertible Bonds
*2 Details Approx. ¥20.0 bn (from 2031 CB)
Approx. ¥50.5 bn (from 2033 Transition CB)

- ✓ **Combined PO & CB offering mitigates dilution while preserving financial soundness and expanding borrowing capacity**
- ✓ **Accelerating Monozukuri (Manufacturing) Transformation through Physical AI**

Equity
Approx. **¥97.4**bn

Capex for production capacity enhancement and efficiency improvements through Physical AI

Commercial Aircraft & Aero Engine
- Proceeds: Capacity expansion & productivity improvement
- Location: Gifu, Nagoya, Nishi-Kobe and Akashi Works

Gas Turbines
- Proceeds: Capex to expand production capacity
- Location: Akashi works

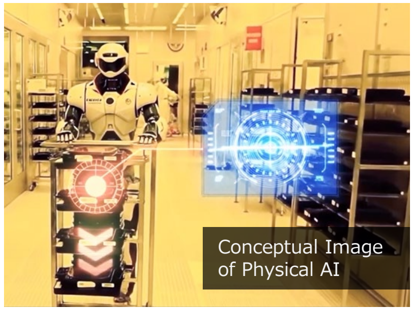
Robotics
- Proceeds: Capacity expansion for semi-equipment robots
- Location: Nishi-Kobe Works

Shipbuilding
- Proceeds: Capacity expansion for LH_2, LPG and ammonia carriers
- Location: Sakaide Works

Social Implementation of Physical AI
Approx. **¥30.5**bn

Proceeds: R&D investments and strategic investments for alliance expansion

Achieve production transformation in the short to medium term and provide cross-business support


Conceptual Image of Physical AI

NEWS Establishment of a Physical AI development hub in Silicon Valley (See next page)

CB
Approx. **¥101.0**bn

Strategic investments in long-term growth areas

Development of a Liquefied Hydrogen Supply Chain
Approx. **¥70.5**bn*2

Proceeds: Commercialization through investment in Japan Suiso Energy, the Kawasaki LH_2 Terminal, and liquefied hydrogen carriers

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4 Project Topics

Accelerating the Social Implementation of Physical AI
— Growth Driven by Physical AI —

- **On-site manufacturing expertise and data** as **the key to Physical AI development**
- Kawasaki, a unique robotics manufacturer with diverse manufacturing sites across its businesses
- Advancing the social implementation of Physical AI by combining our strengths with the capabilities of global AI leaders

manufacturing site × Robotics × AI = **Physical AI**

Our Strengths | Partner

Physical AI Growth Pathways

1. **Internal Deployment**
   Profitability enhancement through manufacturing optimization and labor savings enabled by Physical AI robots
2. **Commercial Deployment**
   Sales of Physical AI robots and AI licensing services
3. **Product Integration**
   Value enhancement through AI-enabled non-robotic products

Related News

01 May 2026: Establishment of the Kawasaki Physical AI Center in Silicon Valley, USA

02 KHI Collaborates with NVIDIA, Analog Devices, Microsoft, and Fujitsu to Accelerate Development of Physical AI toward Social Implementation

NVIDIA | ANALOG DEVICES | Microsoft | FUJITSU

Partner Collaborations at the Center

- ✓ Focus on healthcare and elder care, addressing global challenges such as aging populations and labor shortages
- ✓ Development of a "Hospital One-Stop Solution" that supports the entire patient journey through the integration of Physical AI and robotics
- ✓ Expansion into a broad range of industrial sectors, including semiconductors, automotive, and new mobility

"Together, Kawasaki and Nvidia are building the foundation for a new generation of intelligent machines."

Mr. Jensen Huang
NVIDIA CEO

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4 Project Topics

Building a liquefied hydrogen supply chain connecting North America, Europe, and Japan
— Partnerships Expanding Across Supply, Transportation and Demand —

Supply
New Supply Source Development in North America

Canada–Japan Collaboration Launched to Explore Liquefied Hydrogen Supply Chain

Apr. 2026: Signed an MOU with ERHH[*1], AIHA[*2] and Edmonton Global to explore the development of a liquefied hydrogen supply chain in Alberta, Canada.

Alberta has strong potential as a low-carbon hydrogen supply hub, supported by abundant natural gas resources and CCS infrastructure.

Exploring a hydrogen supply chain originating in Canada, covering liquefied hydrogen production, rail and maritime transportation, storage, and utilization

Press release
https://global.kawasaki.com/news_260422-1e.pdf

Transportation
Enhancing Maritime Transport & Terminal Infrastructure

Strategic Alliance with EcoLog in Liquefied Hydrogen Midstream

May 2026: Signed an MOU with EcoLog on a strategic alliance in the liquefied hydrogen supply chain midstream segment, including maritime transportation and terminals.

Leveraging our products and technologies in EcoLog's liquefied hydrogen corridor project under development at the Port of Amsterdam. Aiming to establish a safe and stable liquefied hydrogen supply network from global production hubs to demand centers across Europe.

Press release
https://global.kawasaki.com/news_260521-1e.pdf

Demand
Expanding into European Demand Markets

Signed agreement to develop liquefied hydrogen supply chain to Europe via Hamburg

May 2026: Signed a Joint Development Agreement with MB Energy[*3] and Daimler Truck AG to develop a hydrogen supply chain.

Aiming to establish a transport route via the Port of Hamburg to ensure a stable hydrogen supply and promote hydrogen utilization in the European mobility sector.

Targeting commercial operation in the early 2030s through the development of an economically viable and reliable hydrogen supply chain.

Press release
https://global.kawasaki.com/news_260511-1e.pdf

*1 Edmonton Region Hydrogen Hub *2 Alberta's Industrial Heartland Association *3 MB Energy Holding GmbH & Co. KG

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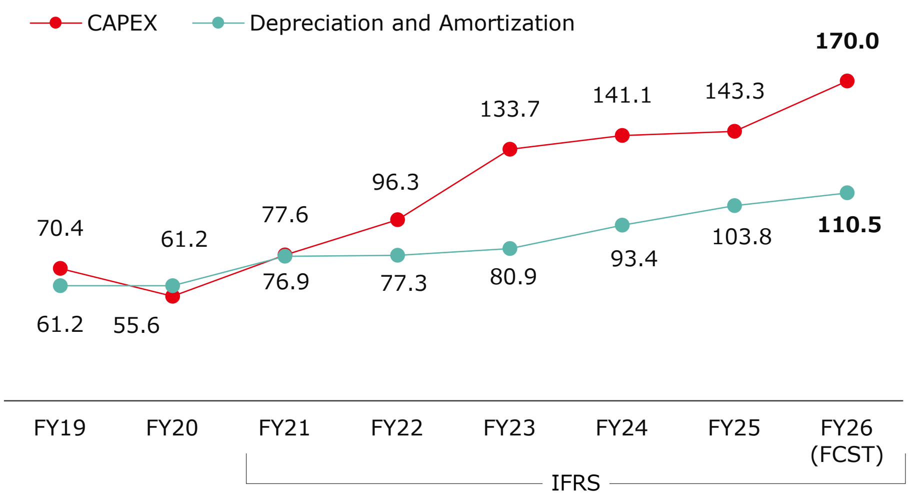
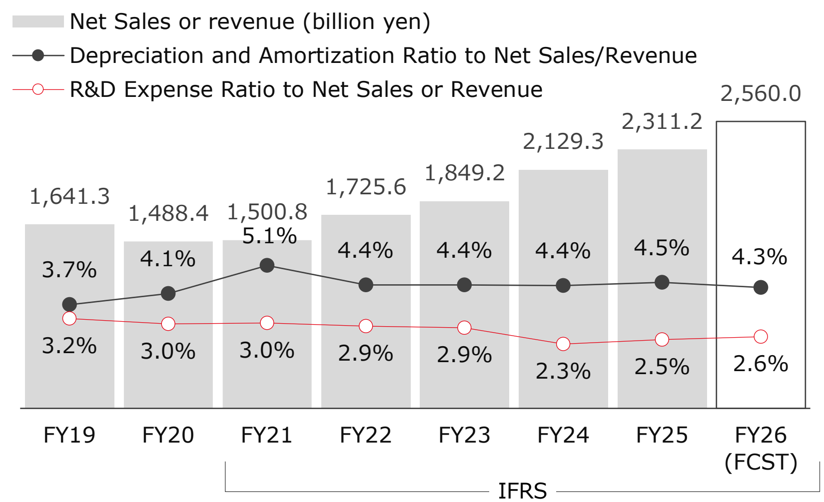
4

Appendix
- CAPEX, Depreciation & Amortization, R&D Expenses, Number of employees -

(billion yen, persons)

	FY2025	FY2026		FY2025	FY2026	
	Q1 Actual	**Q1 Actual**	Change	Actual	**FCST**	Chg. Vs. FY25
CAPEX	33.0	**27.8**	- 5.2	143.3	**170.0**	+ 26.7
Depreciation and amortization	24.4	**27.0**	+ 2.5	103.8	**110.5**	+ 6.7
R&D expenses	13.6	**13.7**	+ 0.1	56.8	**65.5**	+ 8.7
Number of Employees				41,652	**43,450**	+ 1,798
Domestic				30,062	**31,590**	+ 1,528
Overseas				11,590	**11,860**	+ 270





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Appendix
- Other Information -

● Orders Received by Quarter (billion yen)

	FY2024				FY2025				FY2026
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Aerospace Systems	88.2	121.7	470.1	202.7	98.9	186.1	301.6	224.1	72.6
Aerospace	54.3	58.4	435.6	151.1	65.1	130.6	256.4	118.6	42.0
Aero Engine	33.9	63.3	34.5	51.5	33.8	55.5	45.1	105.5	30.5
Rolling Stock	17.0	10.7	13.2	210.4	14.8	12.9	257.9	33.3	42.9
Energy Solution & Marine Engineering	121.8	89.2	217.4	113.5	86.6	150.9	77.2	238.0	125.2
Energy, Plant & Marine Machinery	56.5	88.4	97.6	111.7	81.5	99.8	62.5	212.3	121.4
Ship & Offshore Structure	65.3	0.7	119.7	1.7	5.1	51.1	14.7	25.7	3.7
Precision Machinery & Robot	61.6	63.0	61.2	63.4	63.9	62.3	74.1	78.1	89.4
Hydraulic Components & Systems	36.0	38.8	33.7	38.8	43.6	42.1	41.7	45.6	53.8
Robotics	25.6	24.1	27.4	24.5	20.2	20.2	32.3	32.4	35.6
Powersports & Engine	144.7	108.5	163.9	194.3	160.2	132.4	158.7	230.2	170.5
Others	23.3	45.1	0.5	24.2	21.7	24.1	22.8	27.1	24.8
Total	456.8	438.4	926.5	808.8	446.3	569.1	892.6	831.0	525.7

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Appendix
- Other Information -

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

	FY2025 Q1 Actual	FY2026 Q1 Actual	FY2026 Change	FY2025 Actual	FY2026 Forecast Old FCST	FY2026 Forecast New FCST	Chg. Vs. FY25	Chg. Vs. Old FCST
Orders Received	38.0	**12.5**	- 25.5	533.9	415.0	**442.0**	- 91.9	+ 27.0
Aircraft and others	*24.3*	***6.1***	*- 18.2*	*383.2*	*228.5*	*260.5*	*- 122.7*	*+ 32.0*
Aero Engines	*3.7*	***2.5***	*- 1.2*	*37.6*	*15.5*	*15.5*	*- 22.1*	-
Submarines & Naval propulsions	*10.0*	***3.9***	*- 6.1*	*113.1*	*171.0*	*166.0*	*+ 52.9*	*- 5.0*
Revenue	71.5	**83.1**	+ 11.6	429.7	508.0	**514.5**	+ 84.8	+ 6.5
[Ratio to the company's total revenue]	*[14.7%]*	*[15.3%]*		*[18.6%]*	*[19.8%]*	*[20.1%]*		
Aircraft and others	*41.2*	***54.9***	*+ 13.7*	*301.2*	*349.0*	*351.5*	*+ 50.3*	*+ 2.5*
Aero Engines	*3.6*	***6.1***	*+ 2.5*	*29.7*	*33.0*	*33.0*	*+ 3.3*	-
Submarines & Naval propulsions	*26.7*	***22.1***	*- 4.6*	*98.8*	*126.0*	*130.0*	*+ 31.2*	*+ 4.0*

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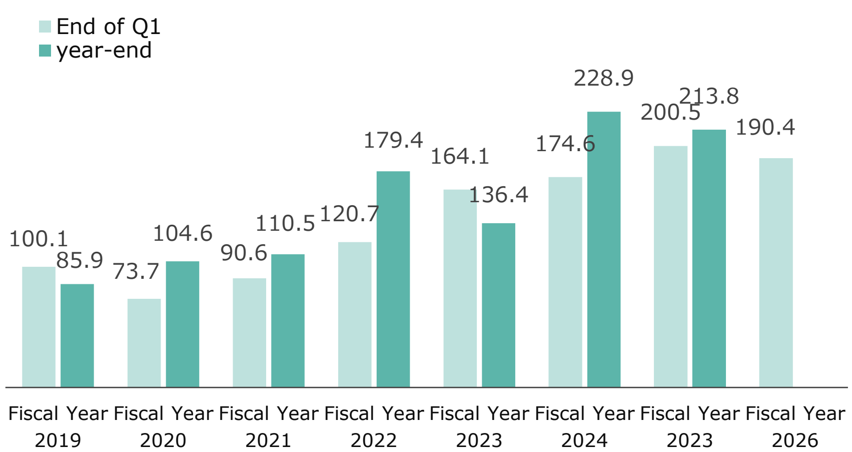
Appendix
- Other Information -

● Order Backlog (billion yen)

	FY25 Q1 Actual	FY26 Q1 Actual	FY26 Q1 Change
Aerospace Systems	1,282.7	**1,477.9**	+ 195.2
Rolling Stock	479.5	**600.5**	+ 120.9
Energy Solution & Marine Engineering	812.6	**981.3**	+ 168.6
Precision Machinery & Robot	98.3	**130.7**	+ 32.3
Powersports & Engine	2.1	**0.9**	- 1.1
Others	46.0	**57.7**	+ 11.7
Total	2,721.6	**3,249.3**	+ 527.6

● Order Backlog in Ship & Offshore (billion yen)



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

	FY26 Q1 Received Orders Actual	Delivery Year: FY26 Q1 Actual	Delivery Year: FY26 Q2～ (Plan)	Delivery Year: FY27 (Plan)	Delivery Year: FY28～ (Plan)	Order Backlog
LPG Carrier		1	3	4	2	10
Submarine			1		1	2
Others					1	*2 1
Total	0	*1 1	4	4	4	13

*1 Delivered in FY26 Q1 : 50,400GT
*2 Order Backlog : 453,783GT (Submarines are excluded)

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Appendix
- Other Information -

Revenue by Region (billion yen)

	FY25 Q1	FY26 Q1	
	Actual	**Actual**	Change
Japan	177.7	**177.7**	+ 0.0
USA	159.8	**196.8**	+ 36.9
Europe	55.4	**62.1**	+ 6.6
Asia	66.3	**70.2**	+ 3.9
Other	29.0	**36.5**	+ 7.5
Total	488.4	**543.5**	+ 55.1

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

FY2025 Q1 (billion yen)

	Japan	USA	Europe	Asia	Other	Total
Aerospace Systems	49.5	34.7	15.5	-	1.7	101.5
Rolling Stock	16.3	36.9	-	1.9	-	55.2
Energy Solution & Marine Engineering	70.5	-	5.9	10.5	9.6	96.6
Precision Machinery & Robot	14.8	4.5	3.7	32.8	0.9	56.9
Powersports & Engine	11.5	83.4	30.1	18.9	16.2	160.3
Others	14.9	-	0.1	2.0	0.4	17.6
Total	177.7	159.8	55.4	66.3	29.0	488.4

FY2026 Q1 (billion yen)

	Japan	USA	Europe	Asia	Other	Total
Aerospace Systems	70.0	46.2	19.6	-	1.7	137.6
Rolling Stock	10.1	47.8	-	2.1	-	60.1
Energy Solution & Marine Engineering	56.5	-	6.3	8.3	15.6	86.9
Precision Machinery & Robot	17.2	5.8	4.3	40.5	1.5	69.5
Powersports & Engine	7.2	96.7	31.6	17.9	17.0	170.7
Others	16.5	-	0.1	1.2	0.5	18.5
Total	177.7	196.8	62.1	70.2	36.5	543.5

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4 Appendix
- Other Information -

● Impact of Foreign Exchange on Business Profit by Currency*1

		FY2025	FY2026	
		Q1Actual	**Q1Actual**	Q2-4 FCST
USD	Aerospace Systems	*2 0.19	*2 **0.25**	1.11
	Rolling Stock	0.03	**0.08**	0.07
	Energy Solution & Marine Engineering	0.07	**0.09**	0.10
	Precision Machinery & Robot	0.04	**0.05**	0.09
	Powersports & Engine	0.19	**0.19**	0.76
	Total	*2 0.52	*2 **0.66**	2.13
EUR		0.11	**0.08**	0.45

*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
*2 Excluding the impact of valuation revaluation on foreign currency refund liabilities related to important operational issues of the PW1100G-JM engine

● Weighted average sales rate
(EUR/JPY)

FY23 Results	157.09
FY24 Results	163.07
FY25 Results	175.17
FY26 Q1 Results	185.31
FY26 Assumption	180.00

● Details of Eliminations and Corporate (billion yen)

(billion yen)

	Business Profit (Loss)			Business Profit (Loss)		
	FY25	FY26		FY25	FY26	
	Q1 Actual	**Q1 Actual**	Change	Actual	**Actual**	Change
Elimination and corporate	- 5.8	**- 5.2**	+ 0.5	- 25.3	**- 36.0**	- 10.7
New Business Investments (Head Office)	- 2.9	**- 2.4**	+ 0.5	- 12.2	**- 20.0**	- 7.8
Elimination and Adjustments	- 2.8	**- 2.7**	+ 0.0	- 13.0	**- 16.0**	- 3.0

[Formulas for Calculating ROIC]

After-tax ROIC = { Profit attributable to owners of parent + Interest expenses × (1 − Tax rate)} ÷ Invested Capital*3

*3 Invested Capital = Average net debt at beginning and end of period + average equity at beginning and end of period

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