

Report of Earnings and Financial Statements for the Nine Months Ended December 31, 2025 (Consolidated)

<IFRS>

February 9, 2026

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

Scheduled dates:

Commencement of dividend payments: -

Preparation of supplementary materials on financial results: Yes

Holding of financial results presentation: Yes (for institutional investors, analysts and the press)

(Amounts in millions of yen rounded down to the nearest millions of yen)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2025 (April 1, 2025 - December 31, 2025)

(1) Operating Results (Percentages indicate year-on-year changes.)

	Revenue		Business Profit		Profit before tax		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2025	1,561,403	10.9	82,437	4.3	88,872	37.9	70,131	51.6
Nine months ended December 31, 2024	1,407,362	14.5	79,039	—	64,462	—	46,268	—

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%		
Nine months ended December 31, 2025	65,853	49.1	91,836	73.0	393.97	-
Nine months ended December 31, 2024	44,163	—	53,097	562.9	263.64	-

(2) Financial Condition

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
	Millions of yen	Millions of yen	Millions of yen	%
As of December 31, 2025	3,286,731	875,107	807,694	24.6
As of March 31, 2025	3,016,951	725,064	702,915	23.3

2. Dividends

Record date or term	Dividend per share				
	1Q	2Q	3Q	Year-end	Total
	yen	yen	yen	yen	yen
Year ended March 31, 2025	-	70.0	-	80.0	150.0
Year ending March 31, 2026	-	75.0	-	-	-
Year ending March 31, 2026 (forecast)	-	-	-	91.0	166.0

Note: Revisions to the most recently announced dividend forecast: Yes

In the Company's articles of incorporation, the dates of record are set as the last day of the fiscal second quarter and the last day of the fiscal year.

3. Forecast of Consolidated Earnings for the Fiscal Year Ending March 31, 2026 (April 1, 2025 - March 31, 2026)

(Percentages indicate year-on-year changes.)

	Revenue		Business profit		Profit before tax		Profit attributable to owners of parent	Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	yen
Full year	2,340,000	9.9	145,000	1.3	122,000	13.5	90,000	2.3
								538.43

Note: Revisions to the most recently announced earnings forecast: Yes

Notes

1. Significant changes in scope of consolidation during the period: None

2. Changes in accounting policies and changes in accounting estimates

(1) Changes in accounting policies required by IFRS: None

(2) Changes in accounting policies due to other reasons: None

(3) Changes in accounting estimates: None

3. Number of shares issued and outstanding (common shares)

(1) Number of shares issued as of period-end (including treasury shares)

December 31, 2025: 167,921,800 shares

March 31, 2025: 167,921,800 shares

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

December 31, 2025: 752,850 shares

March 31, 2025: 785,225 shares

(3) Average number of shares during respective periods

December 31, 2025: 167,150,862 shares

December 31, 2024: 167,509,334 shares

*** Review of the accompanying quarterly consolidated financial statements by a certified public accountant or an auditing firm: None**

*** Appropriate Use of Financial Forecasts and Other Important Matters**

Forward-Looking Statements

These materials contain various forward-looking statements and other forecasts regarding performance and other matters. Such statements are based on information available at the time of their preparation, and do not mean that the Company promises to achieve these figures. Actual results may differ from those expressed or implied by forward-looking statements due to a range of factors.

How to Obtain Supplementary Material on Financial Results and Details of the Financial Results

The Company plans to conduct a presentation for institutional investors, analysts and the press on Monday, February 9, 2026, and to post the presentation material on financial results to be used for the presentation on TDnet and the Company's website simultaneously with the announcement of financial results.

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1. Qualitative Information about Financial Statements

The overview of the consolidated operating results, consolidated financial position, and consolidated earnings is provided in the "Financial Results for Third Quarter FY2025" made available today (February 9, 2026) on our Company's official website (<https://global.kawasaki.com>).

2. Condensed Quarterly Consolidated Financial Statements and Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

	(Millions of yen)	
	As of March 31, 2025	As of December 31, 2025
Assets		
Current assets		
Cash and cash equivalents	132,776	108,754
Trade and other receivables	764,383	797,644
Contract assets	170,556	181,332
Inventories	775,434	901,034
Income taxes receivable	200	5,221
Other financial assets	11,770	17,665
Other current assets	168,779	205,014
Total current assets	2,023,901	2,216,667
Non-current assets		
Property, plant and equipment	515,743	537,714
Intangible assets	75,760	79,574
Right-of-use assets	58,697	69,628
Investments accounted for using equity method	108,271	145,491
Other financial assets	71,802	80,424
Deferred tax assets	128,796	125,058
Other non-current assets	33,978	32,170
Total non-current assets	993,050	1,070,063
Total assets	3,016,951	3,286,731
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	593,878	622,073
Bonds, borrowings and other financial liabilities	527,197	693,564
Income taxes payable	20,188	7,244
Contract liabilities	363,534	381,632
Provisions	35,731	33,263
Refund liabilities	73,097	62,490
Other current liabilities	233,675	173,427
Total current liabilities	1,847,303	1,973,697
Non-current liabilities		
Bonds, borrowings and other financial liabilities	362,313	351,893
Retirement benefit liability	67,100	70,280
Provisions	1,038	1,867
Deferred tax liabilities	1,019	1,896
Other non-current liabilities	13,112	11,987
Total non-current liabilities	444,584	437,925
Total liabilities	2,291,887	2,411,623
Equity		
Equity attributable to owners of parent		
Share capital	104,484	104,484
Capital surplus	56,456	105,597
Retained earnings	483,530	523,814
Treasury shares	(4,093)	(3,906)
Other components of equity	62,537	77,704
Total equity attributable to owners of parent	702,915	807,694
Non-controlling interests	22,148	67,413
Total equity	725,064	875,107
Total liabilities and equity	3,016,951	3,286,731

**(2) Condensed Quarterly Consolidated Statement of Profit and Loss and
Condensed Quarterly Consolidated Statement of Comprehensive Income**

Condensed Quarterly Consolidated Statement of Profit and Loss

	(Millions of yen)	
	Nine months ended December 31, 2024	Nine months ended December 31, 2025
Revenue	1,407,362	1,561,403
Cost of sales	1,113,498	1,260,414
Gross profit	293,863	300,988
Selling, general and administrative expenses	226,236	233,492
Share of profit of investments accounted for using equity method	13,538	17,232
Other income	2,502	3,847
Other expenses	4,627	6,138
Business profit	79,039	82,437
Finance income	1,892	20,850
Finance costs	16,469	14,415
Profit before tax	64,462	88,872
Income tax expense	18,193	18,741
Profit	46,268	70,131
Profit attributable to:		
Owners of parent	44,163	65,853
Non-controlling interests	2,105	4,277
Earnings per share		
Basic earnings per share	263.64	393.97

Condensed Quarterly Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Nine months ended December 31, 2024	Nine months ended December 31, 2025
Profit	46,268	70,131
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(2,018)	4,490
Remeasurements of defined benefit plans	398	202
Share of other comprehensive income of investments accounted for using equity method	1	45
Total of items that will not be reclassified to profit or loss	(1,618)	4,737
Items that may be reclassified to profit or loss		
Cash flow hedges	(3,766)	(3,988)
Exchange differences on translation of foreign operations	7,693	14,866
Share of other comprehensive income of investments accounted for using equity method	4,520	6,088
Total of items that may be reclassified to profit or loss	8,447	16,967
Total other comprehensive income	6,828	21,704
Comprehensive income	53,097	91,836
Comprehensive income attributable to:		
Owners of parent	50,945	85,192
Non-controlling interests	2,152	6,643

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

(Millions of yen)

	Equity attributable to owners of parent						
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity		
					Remeasurements of defined benefit plans	Financial assets measured at fair value through other comprehensive income	Cash flow hedges
Balance as of April 1, 2024	104,484	56,455	405,156	(1,060)	-	10,407	355
Profit			44,163				
Other comprehensive income					355	(1,990)	(1,813)
Comprehensive income			44,163		355	(1,990)	(1,813)
Purchase of treasury shares				(9)			
Disposal of treasury shares		0		45			
Dividends			(16,787)				
Transfer to retained earnings			(102)		(355)	458	
Change in scope of consolidation							
Capital increase of consolidated subsidiaries							
Change in ownership interest of parent due to transactions with non-controlling interests							
Transfer to non-financial assets							(499)
Total transactions with owners		-	(16,890)	36	(355)	458	(499)
Balance as of December 31, 2024	104,484	56,456	432,428	(1,024)	-	8,875	(1,958)

	Equity attributable to owners of parent			Non-controlling interests	Total
	Other components of equity		Total equity attributable to owners of parent		
	Exchange differences on translation of foreign operations	Total			
Balance as of April 1, 2024	58,291	69,054	634,090	20,459	654,549
Profit			44,163	2,105	46,268
Other comprehensive income	10,230	6,782	6,782	46	6,828
Comprehensive income	10,230	6,782	50,945	2,152	53,097
Purchase of treasury shares			(9)		(9)
Disposal of treasury shares			46		46
Dividends			(16,787)	(458)	(17,246)
Transfer to retained earnings		102	-		-
Change in scope of consolidation			-		-
Capital increase of consolidated subsidiaries			-	363	363
Change in ownership interest of parent due to transactions with non-controlling interests			-		-
Transfer to non-financial assets		(499)	(499)		(499)
Total transactions with owners		(397)	(17,250)	(95)	(17,346)
Balance as of December 31, 2024	68,521	75,439	667,784	22,516	690,300

(Millions of yen)

	Equity attributable to owners of parent						
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity		
					Remeasurements of defined benefit plans	Financial assets measured at fair value through other comprehensive income	Cash flow hedges
Balance as of April 1, 2025	104,484	56,456	483,530	(4,093)	-	8,636	(1,071)
Profit			65,853				
Other comprehensive income					158	4,478	(3,248)
Comprehensive income			65,853		158	4,478	(3,248)
Purchase of treasury shares				(14)			
Disposal of treasury shares		0		202			
Dividends			(26,020)				
Transfer to retained earnings			451		(158)	(292)	
Change in scope of consolidation							
Capital increase of consolidated subsidiaries		22					
Change in ownership interest of parent due to transactions with non-controlling interests		49,117				41	47
Transfer to non-financial assets							(51)
Total transactions with owners		49,140	(25,569)	187	(158)	(251)	(3)
Balance as of December 31, 2025	104,484	105,597	523,814	(3,906)	-	12,862	(4,323)

	Equity attributable to owners of parent			Non-controlling interests	Total
	Other components of equity		Total equity attributable to owners of parent		
	Exchange differences on translation of foreign operations	Total			
Balance as of April 1, 2025	54,972	62,537	702,915	22,148	725,064
Profit			65,853	4,277	70,131
Other comprehensive income	17,951	19,339	19,339	2,365	21,704
Comprehensive income	17,951	19,339	85,192	6,643	91,836
Purchase of treasury shares			(14)		(14)
Disposal of treasury shares			202		202
Dividends			(26,020)	(636)	(26,656)
Transfer to retained earnings		(451)	-		-
Change in scope of consolidation			-	1,712	1,712
Capital increase of consolidated subsidiaries			22	2,977	3,000
Change in ownership interest of parent due to transactions with non-controlling interests	(3,759)	(3,670)	45,447	34,568	80,015
Transfer to non-financial assets		(51)	(51)		(51)
Total transactions with owners	(3,759)	(4,172)	19,586	38,621	58,207
Balance as of December 31, 2025	69,165	77,704	807,694	67,413	875,107

(4) Condensed Quarterly Consolidated Statement of Cash Flow

	(Millions of yen)	
	Nine months ended December 31, 2024	Nine months ended December 31, 2025
Cash flows from operating activities		
Profit	46,268	70,131
Depreciation and amortization	65,395	76,809
Finance income and finance costs	12,462	4,962
Share of loss (profit) of investments accounted for using equity method	(13,538)	(17,232)
Loss (gain) on sale of fixed assets	136	1,642
Income tax expense	18,193	18,741
Increase (decrease) in retirement benefit liabilities	4,586	3,116
Decrease (increase) in trade and other receivables	(28,346)	(10,852)
Decrease (increase) in contract assets	(32,662)	(10,782)
Decrease (increase) in inventories	(144,624)	(101,824)
Increase (decrease) in trade and other payables	30,445	22,323
Decrease (increase) in advance payments	(51,992)	(24,234)
Increase (decrease) in contract liabilities	48,467	14,511
Increase (decrease) in refund liabilities	(6,696)	(12,089)
Decrease (increase) in other current assets	(11,436)	(10,286)
Increase (decrease) in other current liabilities	1,240	(41,404)
Other	7,213	(24,589)
Subtotal	(54,887)	(41,059)
Interest received	1,550	826
Dividends received	507	611
Interest paid	(9,467)	(9,843)
Income taxes paid	(15,901)	(31,132)
Net cash provided by (used in) operating activities	(78,197)	(80,597)
Cash flows from investing activities		
Purchase of property, plant and equipment	(67,468)	(68,391)
Proceeds from sale of property, plant and equipment	2,851	1,621
Purchase of intangible assets	(9,543)	(14,794)
Proceeds from sale of intangible assets	125	363
Payments for equity method investments and purchase of other financial assets	(4,272)	(11,284)
Proceeds from equity method investments and sale of other financial assets	2,422	898
Payments for acquisition of subsidiaries	-	(686)
Other	(4,034)	(4,205)
Net cash provided by (used in) investing activities	(79,919)	(96,478)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	277,947	166,811
Repayments of lease liabilities	(12,114)	(13,209)
Proceeds from long-term borrowings	26,136	35,000
Repayments of long-term borrowings	(25,500)	(25,548)
Redemption of bonds	(20,000)	(40,000)
Dividends paid	(16,142)	(25,394)
Proceeds from factoring agreements	46,546	32,824
Repayment of liabilities under factoring agreements	(62,193)	(52,558)
Dividends paid to non-controlling interests	(458)	(636)
Proceeds from sale of shares of subsidiaries	-	80,000
not resulting in change in scope of consolidation		
Other	(10,049)	(5,570)
Net cash provided by (used in) financing activities	204,172	151,719
Effect of exchange rate changes on cash and cash equivalents	(1,161)	1,333
Net increase (decrease) in cash and cash equivalents	44,894	(24,022)
Cash and cash equivalents at beginning of period	84,153	132,776
Cash and cash equivalents at end of period	129,047	108,754

(5) Notes Concerning Condensed Quarterly Consolidated Financial Statements

Note on the going-concern assumption

Not applicable

Segment information

Nine months ended December 31, 2024 (April 1, 2024 – December 31, 2024)

(Millions of yen)

	Aerospace Systems	Rolling Stock	Energy Solution & Marine Engineering	Precision Machinery & Robot	Powersports & Engine	Other	Total	Eliminations and corporate *2	Consolidated total
Revenue from external customers	354,488	142,714	260,978	168,874	417,267	63,038	1,407,362	-	1,407,362
Intersegment revenue and transfers *1	13,008	50	16,083	13,408	823	19,837	63,213	(63,213)	-
Total revenue	367,497	142,765	277,062	182,283	418,091	82,876	1,470,575	(63,213)	1,407,362
Business profit(loss) *3	29,376	4,139	25,128	3,275	28,763	3,658	94,342	(15,303)	79,039
Finance income									1,892
Finance costs									(16,469)
Profit (loss) before tax									64,462

Notes: 1. Intersegment revenue and transfers are made with reference to prevailing market prices.

2. Eliminations and corporate of negative ¥15,303 million include negative ¥380 million for intersegment transactions and negative 14,922 million for general and administrative expenses not attributed reportable segments.

3. Business profit (loss) is calculated by deducting cost of sales, selling, general and administrative expenses, share of profit and loss of investments accounted for using equity method, other income, and other expenses from revenue.

Nine months ended December 31, 2025 (April 1, 2025 – December 31, 2025)

(Millions of yen)

	Aerospace Systems	Rolling Stock	Energy Solution & Marine Engineering	Precision Machinery & Robot	Powersports & Engine	Other	Total	Eliminations and corporate *2	Consolidated total
Revenue from external customers	388,801	176,773	299,278	182,561	452,252	61,735	1,561,403	-	1,561,403
Intersegment revenue and transfers *1	10,155	24	19,553	14,352	775	20,744	65,605	(65,605)	-
Total revenue	398,956	176,798	318,831	196,914	453,027	82,480	1,627,008	(65,605)	1,561,403
Business profit(loss) *3	30,742	6,715	39,344	9,122	6,332	4,467	96,725	(14,287)	82,437
Finance income									20,850
Finance costs									(14,415)
Profit (loss) before tax									88,872

Notes: 1. Intersegment revenue and transfers are made with reference to prevailing market prices.

2. Eliminations and corporate of negative ¥14,287 million include negative ¥826 million for intersegment transactions and negative 13,461 million for general and administrative expenses not attributed reportable segments.

3. Business profit (loss) is calculated by deducting cost of sales, selling, general and administrative expenses, share of profit and loss of investments accounted for using equity method, other income, and other expenses from revenue.

Material subsequent events

(Stock split and related partial amendment to the Articles of Incorporation)

At the meeting of the Board of Directors held on February 9, 2026, the Company resolved to implement a stock split and a partial amendment of its Articles of Incorporation accompanying the stock split.

1. Purpose of the stock split

The purpose of the stock split is to lower the stock price per investment unit to create a more investor-friendly environment and to broaden the Company's investor base.

2. Overview of the stock split

(1) Method of the stock split

Each share of common stock owned by shareholders recorded in the closing register of shareholders on the record date of March 31, 2026, will be split into five shares.

(2) Number of shares to be increased by the stock split

Total number of issued shares prior to the stock split	167,921,800
Number of shares to be increased by the stock split	671,687,200
Total number of issued shares after the stock split	839,609,000
Total number of authorized shares after the stock split	1,680,000,000

(3) Schedule for the stock split

Public notice of record date (scheduled)	March 9, 2026
Record date	March 31, 2026
Effective date	April 1, 2026

(4) Impact on per-share information

If the stock split had been conducted at the beginning of the previous fiscal year, the per-share information for each period would have been as follows.

	Nine months ended December 31, 2024	Nine months ended December 31, 2025
Basic earnings per share (yen)	52.72	78.79

3. Partial amendment to the Articles of Incorporation accompanying the stock split

(1) Reason for the amendment

In conjunction with the stock split, the Company will amend a portion of its Articles of Incorporation pursuant to Article 184(2) of the Companies Act of Japan, effective April 1, 2026, by resolution of the Board of Directors.

(2) Details of the amendment

(Underline indicates amendments.)

Current Articles of Incorporation	Proposed provisions after amendments
(Aggregate Number of Issuable Shares) Art. 6 The aggregate number of shares which the Corporation shall have the authority to issue is <u>336,000,000</u> shares.	(Aggregate Number of Issuable Shares) Art. 6 The aggregate number of shares which the Corporation shall have the authority to issue is <u>1,680,000,000</u> shares.

3. Other

(Agreement with WMATA Regarding the Washington Metro 7000-Series Railcars)

Kawasaki Rail Car, Inc. and its parent company, Kawasaki Railcar Manufacturing Co., Ltd., have engaged in negotiations with the Washington Metropolitan Area Transit Authority (“WMATA”) to comprehensively resolve outstanding contractual matters related to the 7000-series railcar contracts, and have now reached an agreement.

For further details, please refer to the announcement dated February 6, 2026 titled “Agreement with WMATA Regarding the Washington Metro 7000-Series Railcars (Progress on Disclosed Matters).”

(Submarine repair incident and marine engine incident)

Regarding the misconduct in the Group’s submarine repair business and marine engine business that came to light in 2024, the Group published the investigation results by the respective Special Investigative Committees in December 2024 and in January 2025. In addition, the Group published in December 2025 the results of an additional investigation conducted to determine whether similar cases existed in relation to the two incidents. Although the investigations by the Special Investigative Committees were completed with this additional investigation, the Group takes the repeated compliance incidents and the reports from each committee very seriously and will continue, under the leadership of the Special Compliance Promotion Committee chaired by President Yasuhiko Hashimoto, to thoroughly implement highly effective recurrence prevention measures aimed at strengthening the Group-wide compliance and governance systems, and will make every effort to restore trust.

The Group will assess whether this matter is expected to impact its financial results and will promptly reflect any such anticipated impact in its earnings forecast.