

# Report of Earnings and Financial Statements for the Fiscal Year Ended March 31, 2026 (Consolidated)

<IFRS>

May 12, 2026

Listed company's name: **Kawasaki Heavy Industries, Ltd.**  
 Listed on: TSE (Prime Market), and NSE (Premier Market)  
 Stock code: 7012  
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Scheduled dates:

Ordinary general meeting of shareholders: June 25, 2026

Submission of annual securities filing: June 19, 2026

Commencement of dividend payments: June 26, 2026

Preparation of supplementary materials on financial results: Yes

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

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

## 1. Consolidated Financial Results for the Fiscal Year ended March 31, 2026 (April 1, 2025 - March 31, 2026)

### (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	%
Year ended March 31, 2026	2,311,267	8.5	145,103	1.4	145,530	35.4	114,927	27.2
Year ended March 31, 2025	2,129,321	15.1	143,123	209.8	107,518	236.2	90,328	230.7

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	yen	yen
Year ended March 31, 2026	108,157	22.9	163,891	79.3	129.41	-
Year ended March 31, 2025	88,001	246.8	91,399	23.9	105.08	-

	Return on equity attributable to owners of parent	Ratio of profit before tax to total assets	Ratio of business profit to revenue
	%	%	%
Year ended March 31, 2026	13.7	4.6	6.3
Year ended March 31, 2025	13.2	3.8	6.7

[Reference] Share of profit of investments accounted for using the equity method

Year ended March 31, 2026

¥ 24,141 million

Year ended March 31, 2025

¥ 23,174 million

Note: On April 1, 2026, the Company carried out a stock split of common shares at a 5-for-1 ratio. Basic earnings per share has been calculated assuming that the stock split was conducted at the beginning of the fiscal year ended March 31, 2025.

### (2) Financial Condition

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
	Millions of yen	Millions of yen	Millions of yen	%	yen
As of March 31, 2026	3,324,623	948,494	878,121	26.4	1,050.57
As of March 31, 2025	3,016,951	725,064	702,915	23.3	841.12

Note: On April 1, 2026, the Company carried out a stock split of common shares at a 5-for-1 ratio. Equity attributable to owners of parent per share has been calculated assuming that the stock split was conducted at the beginning of the fiscal year ended March 31, 2025.

### (3) Cash Flow Position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2026	140,071	(128,049)	(33,232)	115,414
Year ended March 31, 2025	148,943	(111,201)	9,605	132,776

## 2. Dividends

Record date or term	Dividend per share					Total dividends paid (annual)	Payout ratio (consolidated)	Ratio of dividends to equity attributable to owners of parent (consolidated)
	1Q	2Q	3Q	Year-end	Total			
	yen	yen	yen	yen	yen	Millions of yen	%	%
Year ended March 31, 2025	-	70.0	-	80.0	150.0	25,181	28.5	3.8
Year ended March 31, 2026	-	75.0	-	96.0	171.0	28,706	26.4	3.6
Year ending March 31, 2027 (forecast)	-	20.0	-	20.0	40.0		30.4	

Notes: 1. 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.

2. On April 1, 2026, the Company carried out a stock split of common shares at a 5-for-1 ratio. The amounts shown for FY2024 and FY2025 are the actual amounts of dividends paid before the stock split.

## 3. Forecast of Consolidated Earnings for the Fiscal Year Ending March 31, 2027 (April 1, 2026 - March 31, 2027)

(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	2,560,000	10.8	170,000	17.2	147,000	1.0	110,000	1.7	131.61

Note: On April 1, 2026, the Company carried out a stock split of common shares at a 5-for-1 ratio.

The basic earnings per share in the Consolidated Financial Results Forecasts for FY2026 takes into account the impact of this stock split.



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## 1. Qualitative Information about Financial Statements

The overview of the consolidated operating results, consolidated financial position, and consolidated earnings forecast is "Financial Results for FY2025" made available today (May 12, 2026) on our Company's official website (<https://global.kawasaki.com>).

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 estimated financial impact of this matter has been reflected based on estimates as of the end of the consolidated fiscal year; however, should any matters requiring disclosure arise in the future, the Group will promptly disclose such matters.

Consolidated operating performance in the fiscal year ended March 31, 2026, is summarized by segment below.

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

	Years ended March 31						Orders received		
	2025 (A)		2026 (B)		Change (B – A)		Years ended March 31		
	Revenue	Business profit	Revenue	Business profit	Revenue	Business profit	2025 (A)	2026 (B)	Change (B – A)
Aerospace Systems	567.8	55.8	613.6	62.4	45.8	6.6	882.8	810.9	(71.9)
Rolling Stock	222.3	8.4	236.2	8.6	13.8	0.2	251.5	319.1	67.5
Energy Solution & Marine Engineering	398.1	44.2	433.5	55.0	35.4	10.7	542.0	552.9	10.8
Precision Machinery & Robot	241.5	7.0	259.1	14.3	17.6	7.3	249.2	278.5	29.2
Powersports & Engine *2	609.3	47.8	682.8	22.7	73.4	(25.1)	611.6	681.7	70.1
Other	90.1	5.2	85.8	7.0	(4.3)	1.8	93.3	95.9	2.5
Adjustments *3	-	(25.6)	-	(25.3)	-	0.3	-	-	-
Total	2,129.3	143.1	2,311.2	145.1	181.9	1.9	2,630.7	2,739.1	108.4

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

2. The Powersports & Engine segment's orders received were equal to its revenue as production is based mainly on estimated demand.

However, during the previous consolidated fiscal year, individual orders were received and have been included in the actual order amount.

3. The adjustments include amounts related to new business investments (head office projects) of negative ¥10.6 billion for the fiscal year ended March 31, 2025, and negative ¥12.2 billion for the fiscal year ended March 31, 2026.

## 2. Consolidated Financial Statements and Notes

### (1) Consolidated Statement of Financial Position

	(Millions of yen)	
	As of March 31, 2025	As of March 31, 2026
<b>Assets</b>		
Current assets		
Cash and cash equivalents	132,776	115,414
Trade and other receivables	764,383	880,387
Contract assets	170,556	199,776
Inventories	775,434	822,169
Income taxes receivable	200	1,920
Other financial assets	11,770	16,951
Other current assets	168,779	201,354
Subtotal	2,023,901	2,237,974
Assets held for sale	—	18,065
Total current assets	2,023,901	2,256,039
Non-current assets		
Property, plant and equipment	515,743	542,937
Intangible assets	75,760	82,519
Right-of-use assets	58,697	67,931
Investments accounted for using equity method	108,271	141,343
Other financial assets	71,802	79,018
Deferred tax assets	128,796	119,475
Other non-current assets	33,978	35,358
Total non-current assets	993,050	1,068,584
Total assets	3,016,951	3,324,623
<b>Liabilities and equity</b>		
Liabilities		
Current liabilities		
Trade and other payables	593,878	665,365
Bonds, borrowings and other financial liabilities	527,197	502,673
Income taxes payable	20,188	18,596
Contract liabilities	363,534	386,895
Provisions	35,731	32,723
Refund liabilities	73,097	83,368
Other current liabilities	233,675	255,262
Subtotal	1,847,303	1,944,884
Liabilities directly associated with assets held for sale	—	9,180
Total current liabilities	1,847,303	1,954,064
Non-current liabilities		
Bonds, borrowings and other financial liabilities	362,313	358,516
Retirement benefit liability	67,100	50,600
Provisions	1,038	1,043
Deferred tax liabilities	1,019	361
Other non-current liabilities	13,112	11,541
Total non-current liabilities	444,584	422,064
Total liabilities	2,291,887	2,376,129
Equity		
Equity attributable to owners of parent		
Share capital	104,484	104,484
Capital surplus	56,456	107,584
Retained earnings	483,530	580,816
Treasury shares	(4,093)	(3,912)
Other components of equity	62,537	89,111
Other comprehensive income associated with assets held for sale	—	37
Total equity attributable to owners of parent	702,915	878,121
Non-controlling interests	22,148	70,372
Total equity	725,064	948,494
Total liabilities and equity	3,016,951	3,324,623

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

**Consolidated Statement of Profit or Loss**

	(Millions of yen)	
	Years ended March 31, 2025	Years ended March 31, 2026
Revenue	2,129,321	2,311,267
Cost of sales	1,697,784	1,856,349
Gross profit	431,537	454,917
Selling, general and administrative expenses	306,963	328,759
Share of profit of investments accounted for using equity method	23,174	24,141
Other income	3,098	6,435
Other expenses	7,722	11,631
Business profit	143,123	145,103
Finance income	3,423	21,698
Finance costs	39,028	21,272
Profit before tax	107,518	145,530
Income tax expense	17,190	30,602
Profit	90,328	114,927
Profit attributable to:		
Owners of parent	88,001	108,157
Non-controlling interests	2,326	6,769
Earnings per share		
Basic earnings per share	105.08	129.41

Note: On April 1, 2026, the Company carried out a stock split of common shares at a 5-for-1 ratio. Basic earnings per share has been calculated assuming that the stock split was conducted at the beginning of the fiscal year ended March 31, 2025.

## Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Years ended March 31, 2025	Years ended March 31, 2026
<b>Profit</b>	90,328	114,927
<b>Other comprehensive income</b>		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive	(2,277)	3,762
Remeasurements of defined benefit plans	7,773	14,722
Share of other comprehensive income of investments accounted for using equity method	1	3
Total of items that will not be reclassified to profit or loss	<u>5,497</u>	<u>18,489</u>
Items that may be reclassified to profit or loss		
Cash flow hedges	257	(2,207)
Exchange differences on translation of foreign operations	(4,120)	22,779
Share of other comprehensive income of investments accounted for using equity method	(563)	9,902
Total of items that may be reclassified to profit or loss	<u>(4,426)</u>	<u>30,474</u>
Total other comprehensive income	<u>1,071</u>	<u>48,963</u>
Comprehensive income	<u>91,399</u>	<u>163,891</u>
<b>Comprehensive income attributable to:</b>		
Owners of parent	89,213	153,665
Non-controlling interests	<u>2,186</u>	<u>10,225</u>

## (3) Consolidated Statement of Changes in Equity

(Millions of yen)

	Equity attributable to owners of parent						
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity		
					Remeasurements of defined benefit plans	Financial assets measured at fair value through other comprehensive income	Cash flow hedges
Balance as of April 1, 2024	104,484	56,455	405,156	(1,060)	—	10,407	355
Profit			88,001				
Other comprehensive income					7,614	(2,226)	(858)
Comprehensive income			88,001		7,614	(2,226)	(858)
Purchase of treasury shares				(3,078)			
Disposal of treasury shares		0		45			
Dividends			(16,787)				
Transfer to retained earnings			7,159		(7,614)	455	
Change in scope of consolidation							
Capital increase of consolidated subsidiaries							
Change in ownership interest of parent due to transactions with non-controlling interests							(568)
Transfer to non-financial assets							
Transfer to other comprehensive income associated with assets held for sale							
Other							
Total transactions with owners		0	(9,628)	(3,032)	(7,614)	455	(568)
Balance as of March 31, 2025	104,484	56,456	483,530	(4,093)	—	8,636	(1,071)

	Equity attributable to owners of parent				Non-controlling interests	Total
	Other components of equity		Other comprehensive income associated with assets held for sale	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				88,001	2,326	90,328
Other comprehensive income	(3,318)	1,211		1,211	(139)	1,071
Comprehensive income	(3,318)	1,211		89,213	2,186	91,399
Purchase of treasury shares				(3,078)		(3,078)
Disposal of treasury shares				46		46
Dividends				(16,787)	(860)	(17,647)
Transfer to retained earnings		(7,159)		—		-
Change in scope of consolidation	(0)	(0)		(0)		(0)
Capital increase of consolidated subsidiaries				—	363	363
Change in ownership interest of parent due to transactions with non-controlling interests				—		-
Transfer to non-financial assets		(568)		(568)		(568)
Transfer to other comprehensive income associated with assets held for sale				—		-
Other				—		-
Total transactions with owners	(0)	(7,727)	—	(20,388)	(496)	(20,885)
Balance as of March 31, 2025	54,972	62,537	—	702,915	22,148	725,064

(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			108,157				
Other comprehensive income					14,566	3,671	(1,385)
Comprehensive income			108,157		14,566	3,671	(1,385)
Purchase of treasury shares				(30)			
Disposal of treasury shares		1		210			
Dividends			(26,020)				
Transfer to retained earnings			15,149		(14,566)	(582)	
Change in scope of consolidation							
Capital increase of consolidated subsidiaries		22					
Change in ownership interest of parent due to transactions with non-controlling interests		49,019				41	47
Transfer to non-financial assets							(77)
Transfer to other comprehensive income associated with assets held for sale						(23)	(14)
Other		2,085					
Total transactions with owners		51,128	(10,871)	180	(14,566)	(564)	(43)
Balance as of March 31, 2026	104,484	107,584	580,816	(3,912)	—	11,743	(2,500)

	Equity attributable to owners of parent				Non-controlling interests	Total
	Other components of equity		Other comprehensive income associated with assets held for sale	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				108,157	6,769	114,927
Other comprehensive income	28,655	45,507		45,507	3,455	48,963
Comprehensive income	28,655	45,507		153,665	10,225	163,891
Purchase of treasury shares				(30)		(30)
Disposal of treasury shares				212		212
Dividends				(26,020)	(1,341)	(27,362)
Transfer to retained earnings		(15,149)		—		—
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)		45,349	34,650	80,000
Transfer to non-financial assets		(77)		(77)		(77)
Transfer to other comprehensive income associated with assets held for sale		(37)	37	—		—
Other				2,085		2,085
Total transactions with owners	(3,759)	(18,934)	37	21,540	37,998	59,538
Balance as of March 31, 2026	79,868	89,111	37	878,121	70,372	948,494

**(4) Consolidated Statement of Cash Flows**

	(Millions of yen)	
	Years ended March 31, 2025	Years ended March 31, 2026
Cash flows from operating activities		
Profit	90,328	114,927
Depreciation and amortization	93,431	103,816
Impairment losses	-	1,248
Finance income and finance costs	26,566	31
Share of loss (profit) of investments accounted for using equity method	(23,111)	(24,141)
Loss (gain) on sale of fixed assets	948	3,210
Income tax expense	17,190	30,602
Increase (decrease) in assets and liabilities related to retirement benefits	(5,307)	4,437
Decrease (increase) in trade and other receivables	(96,117)	(86,461)
Decrease (increase) in contract assets	(33,844)	(29,582)
Decrease (increase) in inventories	(69,241)	(23,895)
Increase (decrease) in trade and other payables	70,498	66,797
Decrease (increase) in advance payments	(67,377)	(33,202)
Increase (decrease) in contract liabilities	98,899	19,388
Increase (decrease) in refund liabilities	1,071	7,805
Increase (decrease) in provisions	1,512	(3,088)
Decrease (increase) in other current assets	(47)	1,946
Increase (decrease) in other current liabilities	32,549	16,080
Other	31,335	1,601
Subtotal	<u>169,284</u>	<u>171,521</u>
Interest received	2,554	1,657
Dividends received	10,784	17,502
Interest paid	(14,838)	(13,885)
Income taxes paid	(18,841)	(36,725)
Net cash provided by (used in) operating activities	<u>148,943</u>	<u>140,071</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(98,682)	(95,983)
Proceeds from sale of property, plant and equipment	7,309	2,209
Purchase of intangible assets	(14,962)	(21,802)
Proceeds from sale of intangible assets	434	436
Payments for equity method investments and purchase of other financial assets	(7,612)	(11,987)
Proceeds from equity method investments and sale of other financial assets	2,865	2,649
Other	(553)	(3,570)
Net cash provided by (used in) investing activities	<u>(111,201)</u>	<u>(128,049)</u>
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	67,327	(80,332)
Repayments of lease liabilities	(17,290)	(18,306)
Proceeds from long-term borrowings	38,000	38,000
Repayments of long-term borrowings	(29,001)	(27,049)
Redemption of bonds	(30,000)	(40,000)
Dividends paid	(16,763)	(25,953)
Proceeds from factoring agreements	100,464	110,635
Repayment of liabilities under factoring agreements	(85,629)	(61,741)
Dividends paid to non-controlling interests	(860)	(1,341)
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	-	80,000
Other	(16,639)	(7,142)
Net cash provided by (used in) financing activities	<u>9,605</u>	<u>(33,232)</u>
Effect of exchange rate changes on cash and cash equivalents	1,275	3,918
Net increase (decrease) in cash and cash equivalents	<u>48,623</u>	<u>(17,290)</u>
Cash and cash equivalents at beginning of period	<u>84,153</u>	<u>132,776</u>
Cash and cash equivalents included in assets held for sale	-	(71)
Cash and cash equivalents at end of period	<u>132,776</u>	<u>115,414</u>

## (5) Notes Concerning Consolidated Financial Statements

### Note on the going-concern assumption

Not applicable

### Segment information

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

(Millions of yen)

	Aerospace Systems	Rolling Stock	Energy Solution & Marine Engineering	Precision Machinery & Robot	Powersports & Engine	Other	Total	Eliminations and corporate *2	Consolidated total
Revenue from external customers	567,838	222,306	398,138	241,503	609,357	90,177	2,129,321	-	2,129,321
Intersegment revenue and transfers *1	15,801	240	24,270	21,329	1,326	28,571	91,539	(91,539)	-
Total revenue	583,639	222,546	422,408	262,833	610,684	118,749	2,220,861	(91,539)	2,129,321
Business profit *3	55,826	8,408	44,285	7,045	47,884	5,283	168,733	(25,609)	143,123
Segment assets	1,091,090	267,480	593,749	282,303	697,708	97,491	3,029,823	(12,871)	3,016,951
Finance income									3,423
Finance costs									(39,028)
Profit before tax									107,518
Other items									
Depreciation and amortization	29,811	2,433	6,567	11,080	32,335	1,576	83,804	9,626	93,431
Impairment loss	-	-	-	-	-	-	-	-	-
Share of profit (loss) of investments accounted for using equity method	-	3	22,946	(1,559)	1,711	140	23,243	(69)	23,174

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

2. The details of Eliminations and corporate are as follows:

- (1) Eliminations and corporate of negative ¥25,609 million for business profit include negative ¥777 million for intersegment transactions and negative ¥24,832 million for general and administrative expenses not attributed to reportable segments. Eliminations and corporate also include negative ¥10,651 million related to new business investments (Head office projects).
- (2) Eliminations and corporate of negative ¥12,871 million for segment assets include negative ¥273,121 million for eliminations of intersegment receivables and payables and corporate assets not allocated to reportable segments of ¥260,249 million among cash and cash equivalents, property, plant and equipment, other financial assets and others.
3. Business profit is calculated by deducting cost of sales, selling, general and administrative expenses, share of profit and loss of investments accounted for using equity method, other income, and other expenses from revenue.

Year ended March 31, 2026 (April 1, 2025 – March 31, 2026)

(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	613,691	236,203	433,574	259,146	682,812	85,839	2,311,267	-	2,311,267
Intersegment revenue and transfers *1	14,253	87	26,571	20,779	1,148	30,505	93,345	(93,345)	-
Total revenue	627,944	236,291	460,145	279,925	683,960	116,345	2,404,613	(93,345)	2,311,267
Business profit *3	62,484	8,683	55,016	14,391	22,750	7,084	170,411	(25,308)	145,103
Segment assets	1,216,102	265,137	658,587	313,580	820,075	116,788	3,390,271	(65,647)	3,324,623
Finance income									21,698
Finance costs									(21,272)
Profit before tax									145,530
Other items									
Depreciation and amortization	28,915	2,723	7,428	11,747	41,076	1,569	93,459	10,356	103,816
Impairment loss	-	-	-	-	-	-	-	1,248	1,248
Share of profit (loss) of investments accounted for using equity method	-	25	23,719	790	(34)	(268)	24,232	(90)	24,141

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

2. The details of Eliminations and corporate are as follows:

- (1) Eliminations and corporate of negative ¥25,308 million for business profit include negative ¥1,189 million for intersegment transactions and negative ¥24,119 million for general and administrative expenses not attributed to reportable segments. Eliminations and corporate also include negative ¥12,223 million related to new business investments (Head office projects).
- (2) Eliminations and corporate of negative ¥65,647 million for segment assets include negative ¥273,199 million for eliminations of intersegment receivables and payables and corporate assets not allocated to reportable segments of ¥207,551 million among cash and cash equivalents, property, plant and equipment, other financial assets and others.
3. Business profit 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.

### ***Assets held for sale***

Assets held for sale and liabilities directly associated with assets held for sale are comprised of the following.

(1) Assets held for sale

	(Millions of yen)	
	As of March 31, 2025	As of March 31, 2026
Cash and cash equivalents	—	71
Trade and other receivables	—	6,248
Inventories	—	4,696
Property, plant and equipment	—	3,712
Other assets	—	3,337
Total	—	18,065

(2) Liabilities directly associated with assets held for sale

	(Millions of yen)	
	As of March 31, 2025	As of March 31, 2026
Trade and other payables	—	2,260
Contract liabilities	—	1,130
Retirement benefit liability	—	2,872
Other liabilities	—	2,916
Total	—	9,180

Assets held for sale and liabilities directly associated with assets held for sale were mainly related to the business of EarthTechnica Co., Ltd. (hereinafter “EarthTechnica”), a consolidated subsidiary within the Company’s Energy Solution & Marine Engineering business.

The Company resolved, at a meeting of its Board of Directors held on February 9, 2026, to transfer all shares of EarthTechnica to Furukawa Co., Ltd., and entered into a share transfer agreement on the same date. The share transfer agreement provides for the phased transfer of all shares of EarthTechnica. As described in "Material subsequent events," the Company transferred 60% of the total number of issued shares on April 1, 2026. The remaining 40% of the total number of issued shares is scheduled to be transferred on April 1, 2027.

## ***Material subsequent events***

(Sale of Consolidated Subsidiary Shares)

### 1. Details of the event

The Company resolved, at a meeting of its Board of Directors held on February 9, 2026, to transfer all shares of EarthTechnica Co., Ltd. (hereinafter “EarthTechnica”), a consolidated subsidiary within its Energy Solution & Marine Engineering business, to Furukawa Co., Ltd., and entered into a share transfer agreement on the same date.

The share transfer agreement provides for the phased transfer of all shares of EarthTechnica. The Company transferred 60% of the total number of issued shares on April 1, 2026. The remaining 40% of the total number of issued shares is scheduled to be transferred on April 1, 2027.

The assets and liabilities have been classified as assets held for sale and liabilities directly associated with assets held for sale.

(Overview of the Share Transfer)

(1) The number of shares retained by the Company prior to the Share Transfer	25,800 shares (100% voting rights ownership)
(2) Number of shares to be transferred	First phase : 15,480 shares Second phase : 10,320 shares
(3) Transfer price	11.7 billion yen
(4) The number of shares retained by the Company following the Share Transfer	First phase : 10,320 shares (40% voting rights ownership) Second phase: 0 shares (0% voting rights ownership)
(5) Date of transfer	First phase : April 1, 2026 Second phase : April 1, 2027(expected)

### 2. Effect of the event on financial results

Due to this event, the Company expects to record approximately 3.1 billion yen as other income in its consolidated financial results for the fiscal year ending March 31, 2027. In its non-consolidated financial results, the Company expects to record extraordinary income of approximately 4.7 billion yen for the fiscal year ending March 31, 2027, and approximately 3.1 billion yen for the fiscal year ending March 31, 2028.

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

Based on the resolution of its Board of Directors meeting held on February 9, 2026, the Company implemented a stock split and a partial amendment of its Articles of Incorporation accompanying the stock split on April 1, 2026.

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, was 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	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 fiscal year ended March 31, 2025, the per-share information for each period would have been as follows.

	Year ended March 31, 2025	Year ended March 31, 2026
Basic earnings per share (yen)	105.08	129.41
Equity attributable to owners of parent per share(yen)	841.12	1,050.57

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 amended 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

(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.