

Kawasaki Heavy Industries, Ltd.

Kawasaki Railcar Manufacturing Co., Ltd.

February 6, 2026

Agreement with WMATA
Regarding the Washington Metro 7000-Series Railcars
(Progress on Disclosed Matters)

With regard to the disclosure made by the Kawasaki group on October 19, 2021 concerning the derailment incident involving Washington Metro railcars, the National Transportation Safety Board (NTSB) issued on January 4, 2024 (U.S. time) its final report of the investigation on the October 12, 2021 derailment of a 7000 series railcar supplied by Kawasaki Rail Car, Inc. ("KRC") for the Washington Metropolitan Area Transit Authority ("WMATA"), therein any responsibility of Kawasaki group for the derailment was not mentioned.

Since then, KRC and its parent company, Kawasaki Railcar Manufacturing Co., Ltd., continued a series of negotiations with WMATA concerning certain outstanding contractual matters of the 7000 series railcar contract.

As a result of the negotiations, on February 5, 2026 (U.S. time), KRC and WMATA announced that they reached an agreement in which WMATA agrees to reduce the amount of the performance bond and also pay part of the contractual payments associated with achievement of certain reliability and maintainability benchmarks, while KRC will reduce the total amounts payable by WMATA under the 7000 series related contracts while maintaining a strong and successful partnership for the 7000-series program.

The financial impact of this agreement is incorporated in the consolidated earnings forecast for the fiscal year ending March 2026, which was announced on November 11, 2025.

Reference

WMATA and Kawasaki Announce Resolution of 7000-Series Railcars Disputes

<https://www.wmata.com/about/news/WMATA-and-Kawasaki-announce-resolution-of-7000-Series-Railcars-Disputes.cfm> (From WMATA website)

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