

Report of Earnings and Financial Statements for the Six Months Ended September 30, 2025 (Consolidated)

<IFRS>

November 11, 2025

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:
Submission of semi-annual securities filing: November 11, 2025
Commencement of dividend payments: December 5, 2025
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 Six Months Ended September 30, 2025 (April 1, 2025 - September 30, 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	%
Six months ended September 30, 2025	996,254	12.7	35,713	(25.2)	35,374	49.0	24,668	65.5
Six months ended September 30, 2024	884,183	14.9	47,765	—	23,736	—	14,901	—

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%		
Six months ended September 30, 2025	22,089	61.6	29,481	128.7	132.16	-
Six months ended September 30, 2024	13,667	—	12,889	—	81.59	-

(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 September 30, 2025	3,070,859	823,826	761,792	24.8
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)	-	-	-	75.0	150.0

Note: Revisions to the most recently announced dividend forecast: None

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	115,000	7.0	82,000	(6.8)	490.61

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)

September 30, 2025: 167,921,800 shares

March 31, 2025: 167,921,800 shares

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

September 30, 2025: 752,526 shares

March 31, 2025: 785,225 shares

(3) Average number of shares during respective periods

September 30, 2025: 167,141,763 shares

September 30, 2024: 167,504,335 shares

*** The report of earnings and financial statements for the second quarter is exempt from review procedures conducted by certified public accountants or an audit firm.**

*** 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 Tuesday, November 11, 2025, 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 forecast is provided in the "Financial Results for Second Quarter FY2025" made available today 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 September 30, 2025
Assets		
Current assets		
Cash and cash equivalents	132,776	64,265
Trade and other receivables	764,383	715,162
Contract assets	170,556	168,141
Inventories	775,434	851,322
Income taxes receivable	200	1,631
Other financial assets	11,770	22,185
Other current assets	168,779	210,808
Total current assets	2,023,901	2,033,517
Non-current assets		
Property, plant and equipment	515,743	526,933
Intangible assets	75,760	76,569
Right-of-use assets	58,697	66,941
Investments accounted for using equity method	108,271	130,078
Other financial assets	71,802	76,458
Deferred tax assets	128,796	126,799
Other non-current assets	33,978	33,560
Total non-current assets	993,050	1,037,342
Total assets	3,016,951	3,070,859
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	593,878	586,605
Bonds, borrowings and other financial liabilities	527,197	493,382
Income taxes payable	20,188	10,224
Contract liabilities	363,534	387,249
Provisions	35,731	33,487
Refund liabilities	73,097	65,411
Other current liabilities	233,675	201,757
Total current liabilities	1,847,303	1,778,118
Non-current liabilities		
Bonds, borrowings and other financial liabilities	362,313	384,648
Retirement benefit liability	67,100	69,189
Provisions	1,038	1,027
Deferred tax liabilities	1,019	1,565
Other non-current liabilities	13,112	12,483
Total non-current liabilities	444,584	468,915
Total liabilities	2,291,887	2,247,033
Equity		
Equity attributable to owners of parent		
Share capital	104,484	104,484
Capital surplus	56,456	105,597
Retained earnings	483,530	492,470
Treasury shares	(4,093)	(3,902)
Other components of equity	62,537	63,142
Total equity attributable to owners of parent	702,915	761,792
Non-controlling interests	22,148	62,033
Total equity	725,064	823,826
Total liabilities and equity	3,016,951	3,070,859

**(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)	
	Six months ended September 30, 2024	Six months ended September 30, 2025
Revenue	884,183	996,254
Cost of sales	697,547	814,930
Gross profit	186,636	181,324
Selling, general and administrative expenses	147,100	154,963
Share of profit of investments accounted for using equity method	8,557	11,487
Other income	2,316	2,019
Other expenses	2,643	4,154
Business profit	47,765	35,713
Finance income	1,331	8,746
Finance costs	25,361	9,085
Profit before tax	23,736	35,374
Income tax expense	8,835	10,705
Profit	14,901	24,668
Profit attributable to:		
Owners of parent	13,667	22,089
Non-controlling interests	1,233	2,579
Earnings per share		
Basic earnings per share	81.59	132.16

Condensed Quarterly Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Six months ended September 30, 2024	Six months ended September 30, 2025
Profit	14,901	24,668
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(2,821)	2,690
Remeasurements of defined benefit plans	309	163
Share of other comprehensive income of investments accounted for using equity method	0	1
Total of items that will not be reclassified to profit or loss	(2,511)	2,854
Items that may be reclassified to profit or loss		
Cash flow hedges	2,143	32
Exchange differences on translation of foreign operations	(2,397)	1,865
Share of other comprehensive income of investments accounted for using equity method	754	60
Total of items that may be reclassified to profit or loss	499	1,957
Total other comprehensive income	(2,012)	4,812
Comprehensive income	12,889	29,481
Comprehensive income attributable to:		
Owners of parent	11,239	26,629
Non-controlling interests	1,649	2,851

(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
Balance as of April 1, 2024	104,484	56,455	405,156	(1,060)	-	10,407
Profit			13,667			
Other comprehensive income					258	(2,805)
Comprehensive income			13,667		258	(2,805)
Purchase of treasury shares				(5)		
Disposal of treasury shares		0		45		
Dividends			(5,036)			
Transfer to retained earnings			(189)		(258)	448
Capital increase of consolidated subsidiaries						
Change in ownership interest of parent due to transactions with non-controlling interests						
Transfer to non-financial assets						
Total transactions with owners		0	(5,226)	40	(258)	448
Balance as of September 30, 2024	104,484	56,456	413,597	(1,020)	-	8,051

	Equity attributable to owners of parent				Non-controlling interests	Total
	Other components of equity			Total equity attributable to owners of parent		
	Cash flow hedges	Exchange differences on translation of foreign operations	Total			
Balance as of April 1, 2024	355	58,291	69,054	634,090	20,459	654,549
Profit				13,667	1,233	14,901
Other comprehensive income	2,356	(2,238)	(2,428)	(2,428)	415	(2,012)
Comprehensive income	2,356	(2,238)	(2,428)	11,239	1,649	12,889
Purchase of treasury shares				(5)		(5)
Disposal of treasury shares				46		46
Dividends				(5,036)	(458)	(5,494)
Transfer to retained earnings			189	-		-
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	(390)		(390)	(390)		(390)
Total transactions with owners	(390)		(200)	(5,385)	(95)	(5,480)
Balance as of September 30, 2024	2,321	56,053	66,426	639,944	22,013	661,958

(Consolidated)

(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
Balance as of April 1, 2025	104,484	56,456	483,530	(4,093)	-	8,636
Profit			22,089			
Other comprehensive income					130	2,675
Comprehensive income			22,089		130	2,675
Purchase of treasury shares				(11)		
Disposal of treasury shares		0		202		
Dividends			(13,430)			
Transfer to retained earnings			281		(130)	(151)
Capital increase of consolidated subsidiaries		22				
Change in ownership interest of parent due to transactions with non-controlling interests		49,117				41
Transfer to non-financial assets						
Total transactions with owners		49,140	(13,148)	190	(130)	(109)
Balance as of September 30, 2025	104,484	105,597	492,470	(3,902)	-	11,202

	Equity attributable to owners of parent				Non-controlling interests	Total
	Other components of equity			Total equity attributable to owners of parent		
	Cash flow hedges	Exchange differences on translation of foreign operations	Total			
Balance as of April 1, 2025	(1,071)	54,972	62,537	702,915	22,148	725,064
Profit				22,089	2,579	24,668
Other comprehensive income	326	1,406	4,539	4,539	272	4,812
Comprehensive income	326	1,406	4,539	26,629	2,851	29,481
Purchase of treasury shares				(11)		(11)
Disposal of treasury shares				202		202
Dividends				(13,430)	(513)	(13,943)
Transfer to retained earnings			(281)	-		-
Capital increase of consolidated subsidiaries				22	2,977	3,000
Change in ownership interest of parent due to transactions with non-controlling interests	47	(3,759)	(3,670)	45,447	34,568	80,015
Transfer to non-financial assets	16		16	16		16
Total transactions with owners	64	(3,759)	(3,934)	32,248	37,032	69,280
Balance as of September 30, 2025	(679)	52,620	63,142	761,792	62,033	823,826

(4) Condensed Quarterly Consolidated Statement of Cash Flow

	(Millions of yen)	
	Six months ended September 30, 2024	Six months ended September 30, 2025
Cash flows from operating activities		
Profit	14,901	24,668
Depreciation and amortization	42,847	50,220
Finance income and finance costs	8,281	6,057
Share of loss (profit) of investments accounted for using equity method	(8,557)	(11,487)
Loss (gain) on sale of fixed assets	(305)	717
Income tax expense	8,835	10,705
Increase (decrease) in retirement benefit liabilities	2,598	2,350
Decrease (increase) in trade and other receivables	94,918	52,589
Decrease (increase) in contract assets	(12,798)	2,402
Decrease (increase) in inventories	(119,466)	(70,746)
Increase (decrease) in trade and other payables	(10,122)	(8,962)
Decrease (increase) in advance payments	(49,781)	(30,393)
Increase (decrease) in contract liabilities	24,909	23,877
Increase (decrease) in refund liabilities	(8,179)	(7,791)
Decrease (increase) in other current assets	(11,450)	(10,606)
Increase (decrease) in other current liabilities	(11,970)	(32,973)
Other	16,128	(1,377)
Subtotal	(19,211)	(748)
Interest received	1,104	388
Dividends received	439	518
Interest paid	(6,476)	(6,621)
Income taxes paid	(12,807)	(19,603)
Net cash provided by (used in) operating activities	(36,952)	(26,066)
Cash flows from investing activities		
Purchase of property, plant and equipment	(43,337)	(43,575)
Proceeds from sale of property, plant and equipment	1,796	1,184
Purchase of intangible assets	(6,072)	(9,173)
Proceeds from sale of intangible assets	105	12
Payments for equity method investments and purchase of other financial assets	(873)	(10,050)
Proceeds from equity method investments and sale of other financial assets	1,903	437
Other	(3,299)	(8,457)
Net cash provided by (used in) investing activities	(49,777)	(69,623)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	215,072	31,211
Repayments of lease liabilities	(10,523)	(8,855)
Proceeds from long-term borrowings	9,072	29,500
Repayments of long-term borrowings	(14,000)	(15,400)
Redemption of bonds	(20,000)	(40,000)
Dividends paid	(5,036)	(13,386)
Proceeds from factoring agreements	15,429	18,743
Repayment of liabilities under factoring agreements	(58,986)	(50,926)
Dividends paid to non-controlling interests	(458)	(513)
Proceeds from sale of shares of subsidiaries	-	80,000
not resulting in change in scope of consolidation		
Other	(6,680)	(3,231)
Net cash provided by (used in) financing activities	123,889	27,141
Effect of exchange rate changes on cash and cash equivalents	6,081	37
Net increase (decrease) in cash and cash equivalents	43,241	(68,511)
Cash and cash equivalents at beginning of period	84,153	132,776
Cash and cash equivalents at end of period	127,394	64,265

(5) Notes Concerning Condensed Quarterly Consolidated Financial Statements

Note on the going-concern assumption

Not applicable

Segment information

Six months ended September 30, 2024 (April 1, 2024 – September 30, 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	234,149	87,076	159,998	109,464	253,332	40,162	884,183	-	884,183
Intersegment revenue and transfers *1	10,185	40	10,850	8,257	519	13,507	43,361	(43,361)	-
Total revenue	244,335	87,117	170,849	117,721	253,851	53,670	927,545	(43,361)	884,183
Business profit(loss) *3	25,377	1,664	12,062	1,923	14,926	1,613	57,567	(9,801)	47,765
Finance income									1,331
Finance costs									(25,361)
Profit (loss) before tax									23,736

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

2. Eliminations and corporate of negative ¥9,801 million include negative ¥236 million for intersegment transactions and negative 9,564 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.

Six months ended September 30, 2025 (April 1, 2025 – September 30, 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	242,569	119,387	187,313	117,012	292,791	37,180	996,254	-	996,254
Intersegment revenue and transfers *1	5,316	10	9,129	8,998	453	13,053	36,962	(36,962)	-
Total revenue	247,886	119,397	196,443	126,010	293,244	50,234	1,033,217	(36,962)	996,254
Business profit(loss) *3	10,137	4,994	19,948	4,267	4,832	1,716	45,896	(10,183)	35,713
Finance income									8,746
Finance costs									(9,085)
Profit (loss) before tax									35,374

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

2. Eliminations and corporate of negative ¥10,183 million include negative ¥408 million for intersegment transactions and negative 9,775 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.

3. Other

Regarding the misconduct in the Group's submarine repair business and marine engine business, the Group has established the Special Compliance Promotion Committee chaired by Representative Director, President and CEO Yasuhiko Hashimoto, as well as respective Special Investigative Committees composed of external experts. In December 2024 and January 2025, the Group received interim reports on investigations into the facts and analysis of the root causes of these specific incidents from each of the Special Investigative Committee and published the details of these reports. The investigation by the Special Investigative Committee is ongoing. The Group will continue to work to reform the Group's compliance and governance systems, and to enhance the Group's corporate culture.

The Company is currently examining whether these matters will impact its financial results and will immediately reflect in its earnings forecast in case such an impact would be confirmed.