Report of Earnings and Financial Statements for the Six Months Ended September 30, 2026 (Consolidated)

<IFRS>

November 10, 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:	Hiroyuki Katsuno, Group Manager, Corporate Communication Group Department
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Scheduled dates:

Submission of semi-annual securities filing:	November 10, 2026
Commencement of dividend payments:	December 4, 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 Six Months Ended September 30, 2026 (April 1, 2026 - September 30, 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	%
Six months ended September 30, 2026	1,084,419	8.8	73,866	106.8	56,784	60.5	33,180	34.5
Six months ended September 30, 2025	996,254	12.7	35,713	(25.2)	35,374	49.0	24,668	65.5

	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
Six months ended September 30, 2026	30,922	40.0	32,525	10.3	36.18	36.16
Six months ended September 30, 2025	22,089	61.6	29,481	128.7	26.43	-

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, 2026.

(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, 2026	3,347,428	1,073,670	1,004,858	30.0
As of March 31, 2026	3,324,623	948,494	878,121	26.4

2. Dividends

Record date or term	Dividend per share				
	1Q	2Q	3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2026	-	75.0	-	96.0	171.0
Year ending March 31, 2027	-	20.0			
Year ending March 31, 2027 (forecast)			-	20.0	40.0

Note: 1. Revisions to the most recently announced dividend forecast: None

2. 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. On April 1, 2026, the Company carried out a stock split of common shares at a 5-for-1 ratio. The amounts shown for FY2026 is 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	185,000	27.5	161,000	10.6	118,000	9.1	133.69

Note:1. Revisions to the most recently announced earnings forecast: Yes

2. 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.

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, 2026: 876,959,000 shares
March 31, 2026: 839,609,000 shares

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

September 30, 2026: 3,413,808 shares
March 31, 2026: 3,760,940 shares

(3) Average number of shares during respective periods

September 30, 2026: 854,580,350 shares
September 30, 2025: 835,708,816 shares

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, 2026.

*** 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.

The Company issued 37,350,000 shares of common stock through an international offering with a settlement date of July 22, 2026. The forecast basic earnings per share for the fiscal year ending March 31, 2027 reflects the increase in the number of common shares resulting from the offering.

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 10, 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.

Accompanying Materials – Contents

1. Qualitative Information about Financial Statements 2

2. Condensed Quarterly Consolidated Financial Statements and Notes 3

(1) Condensed Quarterly Consolidated Statement of Financial Position 3

(2) Condensed Quarterly Consolidated Statement of Profit and Loss and Condensed Quarterly Consolidated Statement of Comprehensive Income 4

(3) Condensed Quarterly Consolidated Statement of Changes in Equity 6

(4) Condensed Quarterly Consolidated Statement of Cash Flow 8

(5) Notes Concerning Condensed Quarterly Consolidated Financial Statements 9

(Note on the going-concern assumption) 9

(Segment information) 9

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 FY2026" 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, 2026	**As of September 30, 2026**
Assets		
Current assets		
Cash and cash equivalents	115,414	**87,648**
Trade and other receivables	880,387	**759,206**
Contract assets	199,776	**244,987**
Inventories	822,169	**923,264**
Income taxes receivable	1,920	**1,073**
Other financial assets	16,951	**19,492**
Other current assets	201,354	**229,126**
Total current assets	2,237,974	**2,264,799**
Assets held for sale	18,065	**4,680**
Total current assets	2,256,039	**2,269,479**
Non-current assets		
Property, plant and equipment	542,937	**539,589**
Intangible assets	82,519	**85,004**
Right-of-use assets	67,931	**62,560**
Investments accounted for using equity method	141,343	**159,911**
Other financial assets	79,018	**80,270**
Deferred tax assets	119,475	**116,778**
Other non-current assets	35,358	**33,834**
Total non-current assets	1,068,584	**1,077,949**
Total assets	3,324,623	**3,347,428**
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	665,365	**631,405**
Bonds, borrowings and other financial liabilities	502,673	**481,501**
Income taxes payable	18,596	**17,659**
Contract liabilities	386,895	**376,038**
Provisions	32,723	**31,319**
Refund liabilities	83,368	**69,103**
Other current liabilities	255,262	**199,718**
Subtotal	1,944,884	**1,806,746**
Liabilities directly associated with assets held for sale	9,180	**-**
Total current liabilities	1,954,064	**1,806,746**
Non-current liabilities		
Bonds, borrowings and other financial liabilities	358,516	**404,404**
Retirement benefit liability	50,600	**51,545**
Provisions	1,043	**1,151**
Deferred tax liabilities	361	**343**
Other non-current liabilities	11,541	**9,566**
Total non-current liabilities	422,064	**467,011**
Total liabilities	2,376,129	**2,273,758**
Equity		
Equity attributable to owners of parent		
Share capital	104,484	**151,198**
Capital surplus	107,584	**172,206**
Retained earnings	580,816	**595,137**
Treasury shares	(3,912)	**(3,517)**
Other components of equity	89,111	**89,833**
Other comprehensive income associated with assets held for sale	37	**-**
Total equity attributable to owners of parent	878,121	**1,004,858**
Non-controlling interests	70,372	**68,812**
Total equity	948,494	**1,073,670**
Total liabilities and equity	3,324,623	**3,347,428**

(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, 2025	**Six months ended September 30, 2026**
Revenue	996,254	**1,084,419**
Cost of sales	814,930	**869,273**
Gross profit	181,324	**215,145**
Selling, general and administrative expenses	154,963	**167,805**
Share of profit of investments accounted for using equity method	11,487	**15,674**
Other income	2,019	**15,492**
Other expenses	4,154	**4,640**
Business profit	35,713	**73,866**
Finance income	8,746	**1,378**
Finance costs	9,085	**18,461**
Profit before tax	35,374	**56,784**
Income tax expense	10,705	**23,603**
Profit	24,668	**33,180**
Profit attributable to:		
Owners of parent	22,089	**30,922**
Non-controlling interests	2,579	**2,257**
Earnings per share		
Basic earnings per share	26.43	**36.18**
Diluted earnings per share	-	**36.16**

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, 2026.

Condensed Quarterly Consolidated Statement of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2025	**Six months ended September 30, 2026**
Profit	24,668	**33,180**
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	2,690	**1,107**
Remeasurements of defined benefit plans	163	**(423)**
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	2,854	**688**
Items that may be reclassified to profit or loss		
Cash flow hedges	32	**1,800**
Exchange differences on translation of foreign operations	1,865	**(4,639)**
Share of other comprehensive income of investments accounted for using equity method	60	**1,495**
Total of items that may be reclassified to profit or loss	1,957	**(1,343)**
Total other comprehensive income	4,812	**(655)**
Comprehensive income	29,481	**32,525**
Comprehensive income attributable to:		
Owners of parent	26,629	**31,535**
Non-controlling interests	2,851	**989**

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

(Millions of yen)

	Equity attributable to owners of parent						
					Other components of equity		
	Share capital	Capital surplus	Retained earnings	Treasury shares	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			22,089				
Other comprehensive income					130	2,675	326
Comprehensive income			22,089		130	2,675	326
Issuance of new shares							
Issuance of convertible bonds							
Purchase of treasury shares				(11)			
Disposal of treasury shares		0		202			
Dividends			(13,430)				
Transfer to retained earnings			281		(130)	(151)	
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							16
Other							
Total transactions with owners		49,140	(13,148)	190	(130)	(109)	64
Balance as of September 30, 2025	104,484	105,597	492,470	(3,902)	-	11,202	(679)

	Equity attributable to owners of parent				Non-controlling interests	Total
	Other components of equity		Other comprehensive income related to 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				22,089	2,579	24,668
Other comprehensive income	1,406	4,539		4,539	272	4,812
Comprehensive income	1,406	4,539		26,629	2,851	29,481
Issuance of new shares				-		-
Issuance of convertible bonds				-		-
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	(3,759)	(3,670)		45,447	34,568	80,015
Transfer to non-financial assets		16		16		16
Other				-		-
Total transactions with owners	(3,759)	(3,934)		32,248	37,032	69,280
Balance as of September 30, 2025	52,620	63,142	-	761,792	62,033	823,826

(Consolidated)

(Millions of yen)

	Equity attributable to owners of parent						
					Other components of equity		
	Share capital	Capital surplus	Retained earnings	Treasury shares	Remeasurements of defined benefit plans	Financial assets measured at fair value through other comprehensive income	Cash flow hedges
Balance as of April 1, 2026	104,484	107,584	580,816	(3,912)	-	11,743	(2,500)
Profit			30,922				
Other comprehensive income					(446)	1,093	1,739
Comprehensive income			30,922		(446)	1,093	1,739
Issuance of new shares	46,713	46,151					
Issuance of convertible bonds		17,997					
Purchase of treasury shares				(3)			
Disposal of treasury shares		1		398			
Dividends			(16,115)				
Transfer to retained earnings			(485)		446	38	
Capital increase of consolidated subsidiaries							
Change in ownership interest of parent due to transactions with non-controlling interests							
Transfer to non-financial assets							(414)
Other		472					
Total transactions with owners	46,713	64,622	(16,601)	394	446	38	(414)
Balance as of September 30, 2026	151,198	172,206	595,137	(3,517)	-	12,875	(1,174)

	Equity attributable to owners of parent				Non-controlling interests	Total
	Other components of equity		Other comprehensive income related to assets held for sale	Total equity attributable to owners of parent		
	Exchange differences on translation of foreign operations	Total				
Balance as of April 1, 2026	79,868	89,111	37	878,121	70,372	948,494
Profit				30,922	2,257	33,180
Other comprehensive income	(1,735)	650	(37)	612	(1,268)	(655)
Comprehensive income	(1,735)	650	(37)	31,535	989	32,525
Issuance of new shares				92,865		92,865
Issuance of convertible bonds				17,997		17,997
Purchase of treasury shares				(3)		(3)
Disposal of treasury shares				399		399
Dividends				(16,115)	(2,549)	(18,665)
Transfer to retained earnings		485		-		-
Capital increase of consolidated subsidiaries				-		-
Change in ownership interest of parent due to transactions with non-controlling interests				-		-
Transfer to non-financial assets		(414)		(414)		(414)
Other				472		472
Total transactions with owners		71		95,200	(2,549)	92,651
Balance as of September 30, 2026	78,132	89,833	-	1,004,858	68,812	1,073,670

(4) Condensed Quarterly Consolidated Statement of Cash Flow

(Millions of yen)

	Six months ended September 30, 2025	**Six months ended September 30, 2026**
Cash flows from operating activities		
Profit	24,668	**33,180**
Depreciation and amortization	50,220	**53,442**
Finance income and finance costs	6,057	**11,414**
Share of loss (profit) of investments accounted for using equity method	(11,487)	**(15,674)**
Loss (gain) on sale of fixed assets	717	**1,589**
Income tax expense	10,705	**23,603**
Increase (decrease) in retirement benefit liabilities	2,350	**714**
Decrease (increase) in trade and other receivables	52,589	**111,729**
Decrease (increase) in contract assets	2,402	**(45,202)**
Decrease (increase) in inventories	(70,746)	**(106,732)**
Increase (decrease) in trade and other payables	(8,962)	**(20,308)**
Decrease (increase) in advance payments	(30,393)	**(14,147)**
Increase (decrease) in contract liabilities	23,877	**(9,977)**
Increase (decrease) in refund liabilities	(7,791)	**(13,673)**
Decrease (increase) in other current assets	(10,606)	**(13,803)**
Increase (decrease) in other current liabilities	(32,973)	**(55,603)**
Other	(1,377)	**(961)**
Subtotal	(748)	**(60,410)**
Interest received	388	**1,111**
Dividends received	518	**464**
Interest paid	(6,621)	**(6,678)**
Income taxes paid	(19,603)	**(22,564)**
Net cash provided by (used in) operating activities	(26,066)	**(88,076)**
Cash flows from investing activities		
Purchase of property, plant and equipment	(43,575)	**(46,746)**
Proceeds from sale of property, plant and equipment	1,184	**124**
Purchase of intangible assets	(9,173)	**(9,375)**
Proceeds from sale of intangible assets	12	**112**
Payments for equity method investments and purchase of other financial assets	(10,050)	**(3,392)**
Proceeds from equity method investments and sale of other financial assets	437	**622**
Proceeds from sale of subsidiaries	-	**7,520**
Other	(8,457)	**1,708**
Net cash provided by (used in) investing activities	(69,623)	**(49,426)**
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	31,211	**(6,734)**
Repayments of lease liabilities	(8,855)	**(9,466)**
Proceeds from long-term borrowings	29,500	**-**
Repayments of long-term borrowings	(15,400)	**(8,000)**
Proceeds from issuance of bonds	-	**101,000**
Redemption of bonds	(40,000)	**-**
Proceeds from issuance of shares	-	**93,427**
Dividends paid	(13,386)	**(16,080)**
Proceeds from factoring agreements	18,743	**33,062**
Repayment of liabilities under factoring agreements	(50,926)	**(70,492)**
Dividends paid to non-controlling interests	(513)	**(2,549)**
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	80,000	**-**
Other	(3,231)	**(4,566)**
Net cash provided by (used in) financing activities	27,141	**109,599**
Effect of exchange rate changes on cash and cash equivalents	37	**138**
Net increase (decrease) in cash and cash equivalents	(68,511)	**(27,765)**
Cash and cash equivalents at beginning of period	132,776	**115,414**
Cash and cash equivalents at end of period	64,265	**87,648**

(5) Notes Concerning Condensed Quarterly Consolidated Financial Statements

Note on the going-concern assumption

Not applicable

Segment information

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 ¥ (10,183) million include ¥ (408) million for intersegment transactions and ¥ (9,775) million for general and administrative expenses not attributed to reportable segments.
Eliminations and corporate also include ¥ (5,369) million related to new business investments at the corporate level.
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, 2026 (April 1, 2026 – September 30, 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	282,638	109,943	185,245	146,885	318,942	40,764	1,084,419	-	1,084,419
Intersegment revenue and transfers *1	11,483	121	12,677	11,772	491	15,965	52,512	(52,512)	-
Total revenue	294,122	110,064	197,922	158,657	319,434	56,729	1,136,931	(52,512)	1,084,419
Business profit(loss) *3	10,036	3,421	30,596	20,898	15,539	3,373	83,865	(9,998)	73,866
Finance income									1,378
Finance costs									(18,461)
Profit (loss) before tax									56,784

Notes: 1. Intersegment revenue and transfers are made with reference to prevailing market prices.
2. Eliminations and corporate of ¥ (9,998) million include ¥ (996) million for intersegment transactions and ¥ (9,002) million for general and administrative expenses not attributed to reportable segments.
Eliminations and corporate also include ¥ (6,010) million related to new business investments at the corporate level.
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.