

Trustworthy Solutions for the Future

The Kawasaki Group will make available in a timely manner innovative solutions that accommodate an ever-changing society in order to create a hopeful future. At the same time, the Group will surpass organizational boundaries and take on challenges to expand the horizons of its potential for further growth.



Pioneering the technology frontier with our challenger DNA

Since our founding, we have always been challengers. Throughout a history studded with national and global firsts in many sectors, including shipbuilding, rolling stock, and aerospace, we have leveraged our cutting-edge technologies and fostered a DNA characterized by a spirit of pioneering the frontier that draws on our unique perspective. We will continue to respond to the frontier of this new era's social challenges, based on that unique perspective, in order to create a hopeful future.

Providing innovative solutions to the problems facing the world

The world is now facing an array of problems, including environmental deterioration, energy challenges, expanding populations, graying societies, natural disasters, and pandemics. We are committed to providing new and meaningful value to a wide range of customers and society by concentrating the trusted technologies and knowledge that we have built in order to provide innovative solutions and to speedily accommodate social change.

Becoming a creative challenger that continues to grow by breaking barriers

To provide innovative solutions focused on social challenges, we will continue to be an open-minded, free-thinking, and creative team that goes beyond the boundaries of internal and external organizations and of product/service categories, leveraging our rich diversity. Moreover, we will keep growing as an organization and as individuals by expanding our potential, boldly taking on challenges in unfamiliar domains and learning from the experience.

Management Policy

Since November 2020, the Kawasaki Group has been implementing Group Vision 2030, a vision for the Group's future.

We will pursue ongoing growth by investing in growth businesses while transforming to meet evolving needs based on the three strategies of "Pursue Growth," "Profits," and "Stability / Synergy."

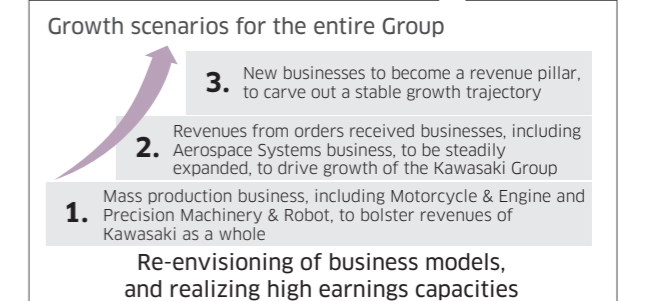
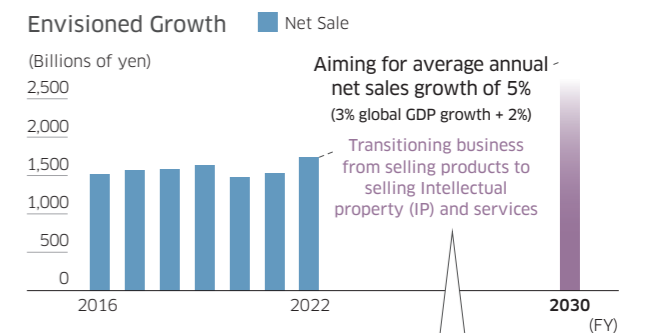
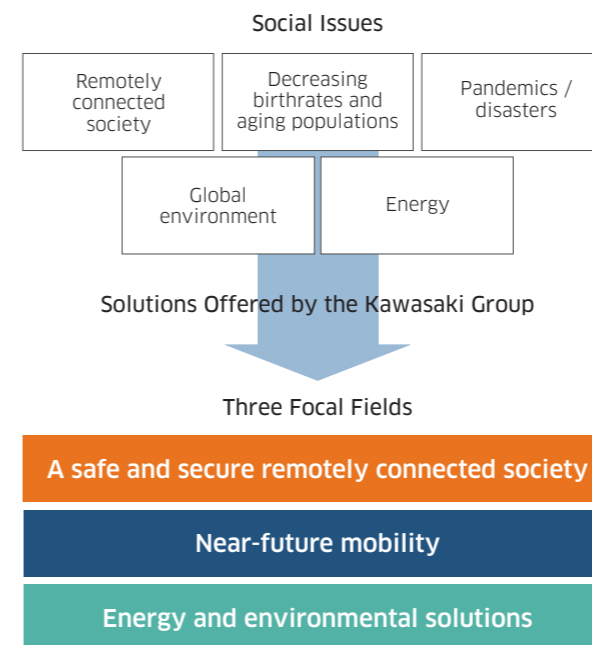
Pursue Growth	Development investment in growth fields and new businesses	Related SDGs
Profits	Business profit margin: 5% - 8% After-tax ROIC: 3% or more higher than WACC	
Stability / Synergy	Realizing a conglomerate premium* <small>* An enterprise value-increasing effect from synergy between businesses</small>	

Promoting Changes to Our Business Model in Keeping with Growth Scenario

With a steady eye on the social issues of a new era, in order to deliver timely solutions for a variety of social issues such as realizing a decarbonized society in order to protect the global environment, addressing aging societies and labor shortages primarily in advanced countries, eliminating regional disparities in matters such as healthcare, preventing and recovering quickly from natural disasters, and the stable supply of energy, we have established a growth scenario around three focal fields.

Currently, our mass production businesses such as the Powersports & Engine business that posted

record-high profits in fiscal 2022 are bolstering revenues, but with the full-fledged recovery in aircraft demand revenues from order-based businesses including our Aerospace Systems business will steadily expand and lead Kawasaki's growth. Our goal for the future is to see new businesses including our hydrogen business to become revenue pillars and plot a steady growth trajectory. We are reassessing our business model such as in the shift from the sale of goods to the sale of IP and services, working also to reform our portfolio and organization, and realizing a high revenue structure.



Indicators for Judging the Degree of Progress on Achieving Management Objectives

In order to further promote management that is aware of cost-of-capital and to encourage dialogue in response to demands from the capital market, starting in fiscal 2023 we have set indicators that judge the degree to which objectives in terms of management have been achieved as business profits and after-tax return-on-capital (ROIC). Kawasaki's current weighted average cost-of-capital (WACC) is estimated to be in the 4% range. With the

goal of growth in net sales that exceeds the global GDP growth rate, we are continuing to invest in development for growth areas and new businesses. At the same time, as indicators for measuring appropriate profits, we are striving to secure a business profit margin of around 5% to 8%, and after-tax ROIC of WACC + 3% or more. As a result of improvements in these management indicators, we are also working to improve our return on equity (ROE).

Indicators through FY2022

Profits	<ul style="list-style-type: none"> Operating profit Profit (loss) attributable to owners of parent
Return on capital (before-tax ROIC)	$\frac{\text{EBIT (income before taxes + interest expenses)}}{\text{Invested capital (interest-bearing debt + shareholders' equity)}}$

Indicators for FY2023 and beyond

Profits	<ul style="list-style-type: none"> Business profit Profit (loss) attributable to owners of parent
Return on capital (after-tax ROIC)	$\frac{\text{Profit (loss) attributable to owners of parent + interest expenses} \times (1 - \text{effective tax rate})}{\text{Invested capital (average of net interest-bearing debt at the beginning and end of the period + average of shareholders' equity at the beginning and end of the period)}}$

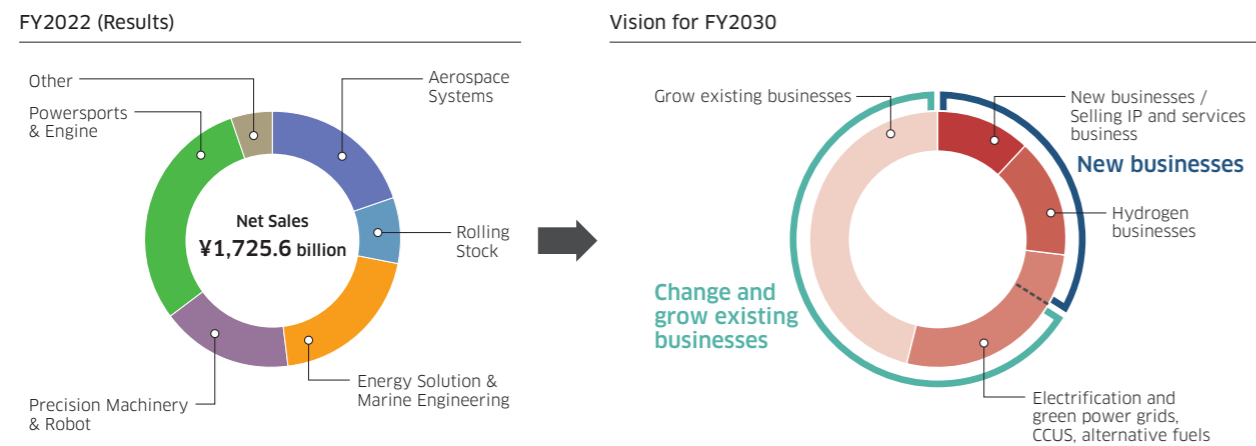
Group Vision 2030

/ Business Portfolio Innovations

In existing businesses, our aim is for growth as we improve earning power through the development of products and services that meet market needs while we pursue business portfolio innovations in anticipation of the year 2030. We anticipate significant expansion in our hydrogen-related businesses on which we are currently concentrating and in our carbon neutral-related businesses such as for addressing electrification and

green-power grids. Furthermore, we will accelerate both our shift from the sale of goods to the sale of IP and services, and the creation of new businesses that make the most of open innovation.

Our goal is to be a corporation that achieves more substantive solutions to social issues and is even more well-regarded by all of our stakeholders.



/ Promoting a Human Resources Strategy to Achieve Group Vision 2030

Based on our awareness that the enhancement of our human capital is indispensable toward achieving the growth scenario set down in the Group Vision 2030, we are pursuing a large-scale retooling of our system related to organizations and personnel.

The new system clarifies that those areas that call for reform and taking on challenges in order to realize the Vision are the objectives for organizations and the duties of every post, and also encourages employees to voluntarily set high goals.

Also, we will aim for further growth as a corporation by proactively recruiting capable personnel

within and outside the company to drive corporate transformation.

Still further, by clarifying organizational issues and working on improvements through our Employee Engagement Survey of all employees, we are continuously working to reform our organizational culture so that our employees can thrive.

By obtaining and training talented employees and encouraging them to take on challenges and corporate transformation based on these various moves, we will live up our organizational culture and realize our Vision from a human capital perspective.

Key Topics and Progress in Reforms to the Personnel System and to Individual and Organizational Culture

Shift to a personnel system that places greater emphasis on abilities, roles, and results, and working toward a culture that aspires to growth and taking on challenges

- Hire capable employees** → After introduction of new system in fiscal 2021, realized the doing away with seniority-based treatment, the selection of younger persons for managerial staff and management positions, the recruitment of personnel from outside the company with compensation commensurate with their capabilities, etc.
- Work-based compensation system and appointing the right personnel in the right places (mainly managerial staff)** → Developed design rules for organizations, a competency-based management capability evaluation system, mechanisms for appointing to the right person to the important job, etc.
- Visualization of organizational culture and improvement action, based on conducting Employee Engagement Survey** → With regard to "Trust in management" and "Employee career development"—the top two items that employees stressed—in addition to carrying out activities to revitalize the organization such as roundtable discussions with senior management and one-on-one meetings, also formulated a basic policy on career development

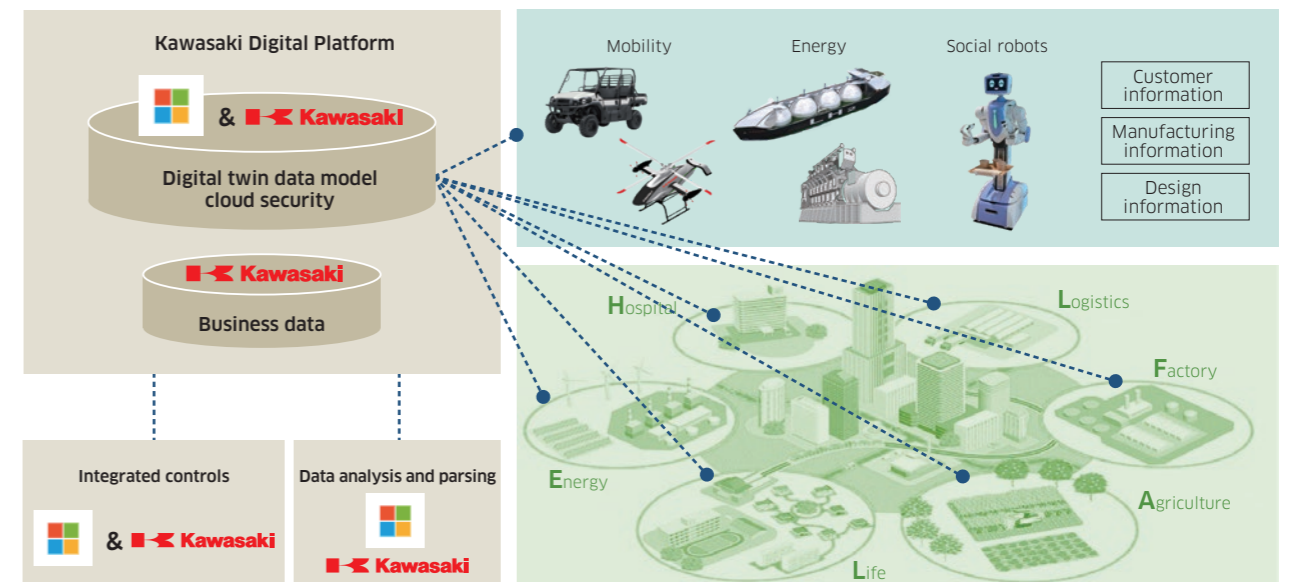
/ Use Kawasaki DX to Transform Business Styles and the Processes That Support Them

In order to overcome various boundaries and rapidly provide social value from the perspective of market-in, we are making substantial changes to our business styles and the processes that support them. One aspect of these activities is Kawasaki Digital Transformation (DX).

Among these, the Kawasaki Digital Platform that we are constructing in collaboration with Microsoft will

play the role of connecting our entire value chain, including the community, our customers, and our business partners. Our goal is to build an open platform that brings together a variety of companies and services. It will maximize customer value by digitizing the value chain, and connect the digital data connected to our business focused on the sale of IP and services.

Vision of the Kawasaki Digital Platform



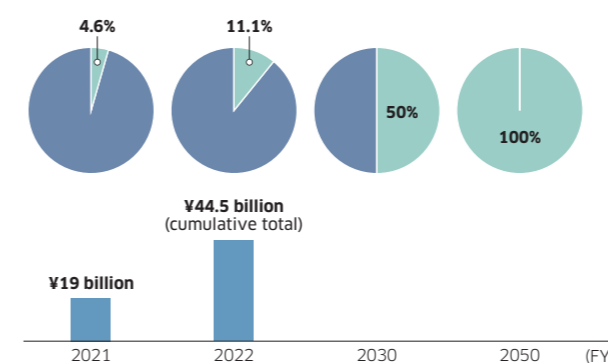
/ Use of Sustainable Finance

The Kawasaki Group believes that the use of sustainable finance will be conducive toward achieving our Group Vision 2030 and by extension our SDGs, and so we have set sustainable finance-related goals.

Setting the share of long-term debt accounted for

by sustainable finance as a KPI, our goal is for us to be procuring 50% of our long-term debt outstanding through sustainable finance by 2030, and to be procuring all of it through sustainable finance by 2050.

Share of Long-Term Debt Accounted for by Sustainable Finance and Procurement Amounts



Sustainable Finance Record

Date Implemented	Item
July 2021	Sustainability bonds (SDG bond)
August 2021	Positive Impact Finance
March 2022	Sustainability Linked Loan
March 2022	Mizuho Bank's "Mizuho Eco Finance"
July 2022	Green bonds (SDG bonds)
November 2022	Launch of a non-framework-based sustainability linked loan
December 2022	Introduction of the Positive Impact Assessment Framework