Kawasaki
Powering your potential

Kawasaki Report 2025 Kawasaki Heavy Industries, Ltd.

Kawasaki Heavy Industries, Ltd.

Kawasaki Report 2025

This report can be accessed using the 2D barcode above

November 2025

Rooted in our founder's determined vision for societal progress

/1878

Maritime transport transforms Japanese industry and lifestyles

Kawasaki founder Shozo Kawasaki Establishment in 1878 of Kawasaki Tsukiji Shipyard in Tokyo's Tsukiji district: the origin of Kawasaki Heavy Industries

Iyomaru passenger-cargo ship

/1911

Railways become a vital means of overland transportation, expediting modernization

First domestically produced steam locomotive

/1922

Opening up of Japan's airspace as a new means of transportation

Type Otsu 1 Surveillance Airplane

/1964

High-speed travel delivers new value to people's lifestyles

Series 0 Shinkansen bullet train

/1969

Introduction of industrial robots improves productivity of on-site operations

Kawasaki-Unimate 2000 industrial robot

/1972

Advanced mechanisms introduce the joys of riding a motorcycle to enthusiasts

Kawasaki 900 Super 4 motorcycle

/1976

A groundbreaking development in Japan's industrial gas turbine sector

GPS200 gas turbine generator

/1979

Development of helicopters that meet market needs

BK117 helicopter

/1981

Reliably transporting large volumes of new energy

GOLAR SPIRIT LNG carrier

/1991

Successfully bored an undersea railway tunnel linking England and France

Tunnel boring machine for the Channel Tunnel, an undersea railway between England and France

/2007

Realization of efficient utilization of energy and reduced environmental load

Kawasaki Green Gas Engine

/2020

Obtain manufacturing and sales regulatory approval of a surgical robot system

The *hinotori*™ Surgical Robot System (Medicaroid Corporation)

/2022

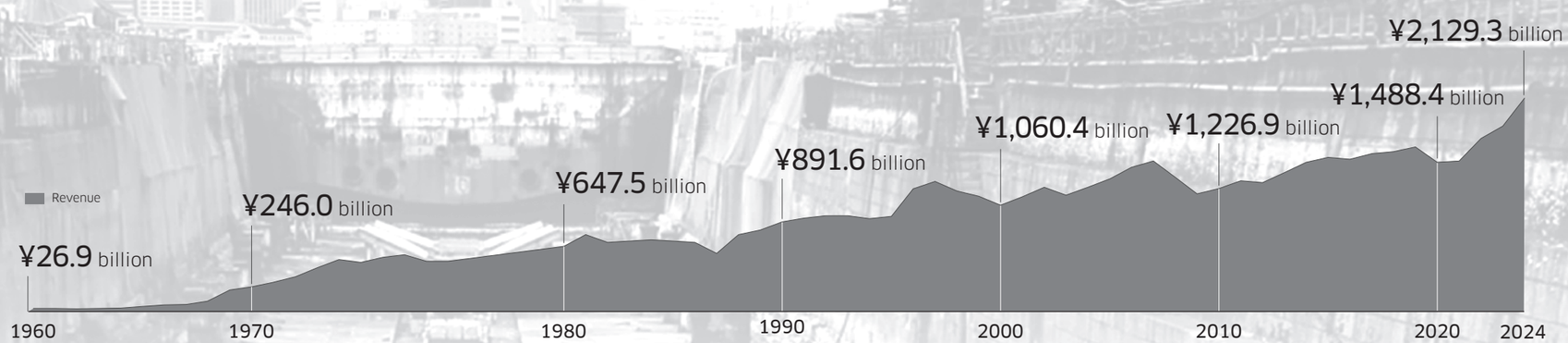
Completion of demonstration test for maritime transport and handling of liquefied hydrogen

SUISO FRONTIER liquefied hydrogen carrier

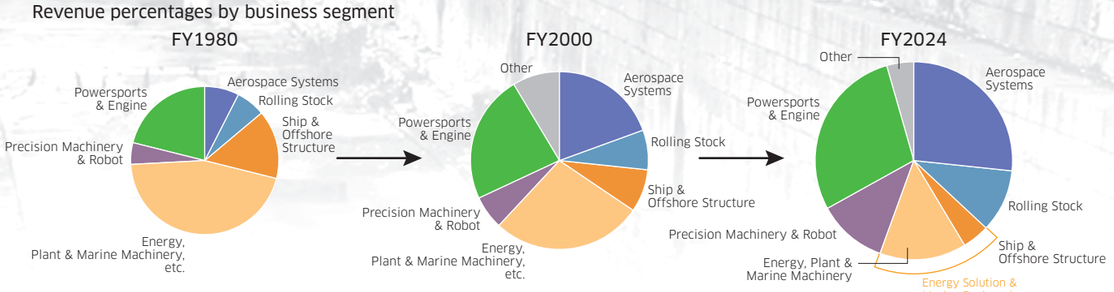
1900 · 1960 · 1970 · 1980 · 2000

Contributing to the nation and society through expertise

Driven by his aspiration to "contribute to the development of the nation and society through expertise," Shozo Kawasaki, the founder of the Kawasaki Group, established the Kawasaki Tsukiji Shipyard in Tokyo's Tsukiji district in 1878. Subsequently, it developed further and Kawasaki Dockyard Co., Ltd. was established in 1896. Over the course of the more than 125 years which have passed since then, the Kawasaki Group has continuously taken on the challenge of cutting-edge technologies in a wide range of fields, extending from land, sea, and air mobility to robotics, and continues to successfully deliver products that respond to societal demands into the world.



Revenue percentages by business segment



Background photo: Dry dock (Kobe Works First Dock), completed in 1902

Creating the future of 2030 and beyond

Kawasaki Heavy Industries has responded decisively to social issues across land, sea, and air throughout every era of its existence.
Since 2020, under the Group Vision 2030, we have defined the three focal fields of “a safe and secure remotely connected society,” “near-future mobility,” and “energy and environmental solutions,” and are advancing various initiatives in these fields.
We are committed to continuing to unlock the potential of society and of humanity, to deliver the “answers” that only Kawasaki can provide.

Our “answers”
For more details, refer to the Kawasaki’s owned media platform “ANSWERS.”

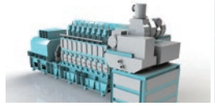
November 2024
Opening of the social innovation co-creation hub CO-CREATION PARK - KAWARUBA in Haneda, Tokyo

CO-CREATION PARK KAWARUBA
挑戦心が集う。未来が変わる。

Scene from the opening ceremony

KAWARUBA business initiative themes

Hydrogen and carbon neutrality




Expedite the realization of a decarbonized society by promoting social implementation with a focus on the surrounding community

▶ **Promote community-based social implementation**

Social robots




Develop specific applications for social robots in fields, such as nursing care, building management, and airport management

▶ **Promote the implementation of a society where humans and robots coexist**

A venue for people with the determination to take on social issues to come together. KAWARUBA creates new futures through co-creation.

Mitsuyo Itami

Manager
Strategy Section
Corporate Planning Department
Corporate Planning Division

KAWARUBA (A place for change) is so named as an expression of our commitment to building the society to come, oriented by our core DNA of solving social issues which we have cultivated over many years at Kawasaki, as well as to signify our commitment to the transformation of Kawasaki Heavy Industries itself to achieve this. KAWARUBA is a place where we take the first step on our journeys toward solving new social issues. At the same time, it is essential that new technologies and ideas be accepted and put to active use by society to ensure that new solutions are implemented in society, with KAWARUBA also engaged in the work of fostering this social acceptance.

Yuto Sakane

Manager
Strategy Section
Corporate Planning Department
Corporate Planning Division

At KAWARUBA, numerous projects are being advanced, which transcend the barriers of the central administration and local authorities as well as those of corporations toward their social implementation. By setting concrete themes including hydrogen, carbon neutrality, and social robots and focusing on their social implementation, our initiatives are resonating with many people and attracting attention to KAWARUBA as a place where such endeavors can become reality. In the rapidly changing world of today, we aspire to creating a new society by collaborating with diverse individuals who are driven by a spirit of taking on challenges, taking this shared vision as our starting point.

April to October 2025
Exhibition by Kawasaki at the 2025 World Exposition (Expo 2025 Osaka, Kansai, Japan)

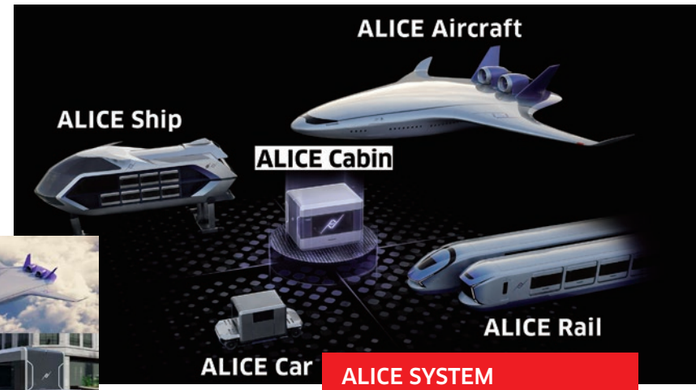
Fulfill your “Impulse to Move”! Futuristic mobility concept

Keisuke Murakami

Manager
EXPO 2025 Osaka, Kansai, Japan Promotion Section
Corporate Communication Group

The three focal fields outlined in our Group Vision 2030 can be described as follows: robotics, which enable remote operations; mobility, which enriches our lives; and hydrogen, a highly promising clean energy source. In the world which we envision for the 2050s at the 2025 World Exposition, inspired by our belief that robotics and mobility powered by hydrogen will become a normal reality, we gave expression to our concept of the “Impulse to Move,” by leveraging Kawasaki Heavy Industries’ unique strengths in robotics, mobility, and hydrogen.

CORLEO
New category of personal mobility that values “Fun to Ride” features



ALICE SYSTEM
A system giving everyone around the world the opportunity to enjoy mobility freely and comfortably

Yusuke Amatatsu

Team Manager
SAFE ADVENTURE Business Development Team
Presidential Project Management Division

The “Impulse to Move” that makes you want to go somewhere represents our innate desire for kinetic activity. CORLEO began life as a proposal for horseback riding and motorcycle enthusiasts to experience a new sensation in mobility. The CORLEO is an off-road four-legged personal mobility vehicle which enables anyone who uses it to safely traverse previously inaccessible rugged terrain and to navigate paths where no road exists by using legs instead of wheels. What’s more, both CORLEO and the ALICE SYSTEM are hydrogen-powered mobility solutions, equipped as they are with hydrogen generators and embodying Kawasaki’s vision for a hydrogen society.

O’CUVOID
An innovative power generator integrating an engine, generator, and controller into a single unit

Kensuke Inoue

Manager
Global Marketing & Sales Department
Advanced Smart Mobility Supervisory Department
Presidential Project Management Division

What is standing in the way of our “Impulse to Move” within the mass transportation systems of today? The ALICE SYSTEM is designed to resolve existing public mobility issues in a single stroke. Our idea is to create public transportation systems that eliminate the hassle of transfers and provide minimal-stress, comfortable passenger experiences to enable people to fulfill their “Impulse to Move,” regardless of their personal attributes or background. We are proud of this outstanding idea, which is the result of a comprehensive examination of feasibility, and was developed based on Kawasaki’s unique expertise cultivated in all three mobility sectors, of land, sea, and air.

Contents and Editorial Policy

Based on our founding philosophy, we continue to take on the challenges of solving social issues

The Kawasaki Group has inherited the aspiration of founder Shozo Kawasaki to "contribute to the development of the nation and society through expertise." For more than 125 years, we have continuously taken on the challenges of cutting-edge technologies in a wide range of fields, extending from land, sea, and air mobility to robotics, providing world-first and Japan-first products to society. Our Group mission, which is expressed as "Kawasaki, working as one for the good of the planet: Global Kawasaki," evolved from that founding spirit and clearly states our role in society.

Commitment to reform as set forth in the Group Vision 2030

In November 2020, we formulated the Group Vision 2030 as the vision that the Group will pursue. With "Pursue Growth," "Profits," and "Stability/Synergy" as our management policies, we are promoting business model transformation for the future in line with a growth scenario that casts a watchful eye on the social issues of a new era to provide "Trustworthy Solutions for the Future." This chapter presents the strategies of the Group Vision 2030 and its specific growth story as a management message.

Pursuing growth by providing solutions to society in three focal fields

We designated three focal fields to provide timely solutions to various social issues, such as the realization of a decarbonized society to protect the global environment, responses to aging societies and labor shortages, primarily in advanced countries, the elimination of regional disparities in healthcare and so on, the prevention of and early recovery from natural disasters, and the stable supply of energy. Among our materiality, we have positioned "social and environmental value created through our business" as the most material issue.

Growth scenarios for individual segments and creation of products and services relating to the three focal fields

In existing businesses, our intention is to consolidate this trend toward a return to a growth trajectory. Each business segment has drawn up a roadmap toward achievement of the target of realizing a business profit margin of 8% by fiscal 2027 and more than 10% by fiscal 2030. While promoting ambidextrous management, our aim is to achieve the Group Vision 2030.

Strengthening business foundations to achieve the most material issues

The Kawasaki Group takes into consideration such things as the connections between social issues and our business activities and the impacts for stakeholders and identifies material issues (materiality). We divided the material issues into two broad categories: The "social and environmental value created through our business" and the "foundation of our business activities." We defined initiatives conducted through our main business as the most material issues to be achieved by the Group over the long term, while other issues are positioned as basic items for achieving the most material issues, and we are working to reinforce those initiatives.

In addition to financial and non-financial data, we present basic information about the Kawasaki Group.

Editorial policy

Since fiscal 2013 the Kawasaki Group has published the Kawasaki Report as an integrated report. The report serves as a tool for communication with stakeholders and includes information about the Group's efforts to create value for society and boost enterprise value; management policies; business environment and strategy, and environmental, social, and governance (ESG)-related content. More information on many of the topics touched upon in this report can also be found on our website.

Kawasaki Report ‹·····› Website

Complementary information on Website

Detailed information and data related to the environment, society, and governance (ESG) are disclosed in a timely manner by updating our website as the information becomes known.

IR information
https://global.kawasaki.com/en/corp/ir/

Sustainability information
https://global.kawasaki.com/en/corp/sustainability/index.html

Period

This report covers fiscal 2024 (April 1, 2024 to March 31, 2025), but some fiscal 2025 content is also included.

Scope

The report covers Kawasaki Heavy Industries, Ltd., its 132 subsidiaries, and 28 associates (including joint ventures).
Some data, however, refer to the parent company alone.

Frequency of publication

Annually, in principle
Previous edition—October 2024
Next edition—September 2026

Contact us

Please make inquiries through the inquiry form on our website.
https://global.kawasaki.com/en/corp/profile/contact/

Guidelines

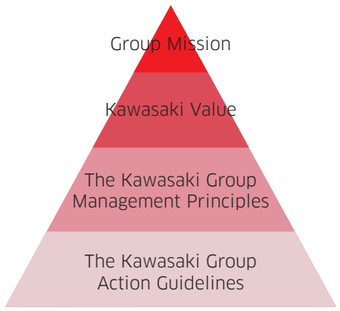
- Global Reporting Initiative (GRI) Sustainability Reporting Standards
- International Financial Reporting Standards (IFRS) International Integrated Reporting Framework
- Ministry of the Environment Environmental Reporting Guidelines (2018 Edition)
- Ministry of Economy, Trade and Industry Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation 2.0

Group Mission
(Our role in society)

Kawasaki, working as one for the good of the planet

“Global Kawasaki”

We are the Kawasaki Group, a global technology leader with diverse integrated strengths.
We create new value for a better environment and a brighter future for generations to come.



Kawasaki Value (Key values: the basis for strategy and policy planning)

- We respond to our customers’ requirements
- We constantly achieve new heights in technology
- We pursue originality and innovation

The Kawasaki Group Management Principles
(Group management guidelines; principles for management activities)

1. **Trust** As an integrated technology leader, the Kawasaki Group is committed to providing high-performance products and services of superior safety and quality. By doing so, we will win the trust of our customers and the community.
2. **Harmonious coexistence** The importance of corporate social responsibility (CSR) permeates all aspects of our business. This stance reflects the Kawasaki Group’s corporate ideal of harmonious coexistence with the environment, society as a whole, local communities and individuals.
3. **People** The Kawasaki Group’s corporate culture is built on integrity, vitality, organizational strength and mutual respect for people through all levels of the Group. We nurture a global team for a global era.
4. **Strategy** Enhance corporate value based on the guiding principles of “selective focusing of resources,” “emphasis on quality over quantity,” and “risk management.”

The Kawasaki Group Action Guidelines
(Guidelines for carrying out day-to-day business activities)

1. Always look at the bigger picture. Think and act from a long-term, global perspective.
2. Meet difficult challenges head-on. Aim high and never be afraid to try something new.
3. Be driven by your aspirations and goals. Work toward success by always dedicating yourself to your tasks.
4. Earn the trust of the community through high ethical standards and the example you set for others.
5. Keep striving for self-improvement. Act on your own initiative as a confident professional.
6. Be a part of Team Kawasaki. Share your pride and sense of fulfillment in a job well done.

Kawasaki Group Policy on Sustainability Management

1. Fundamental concepts

Guided by our founder Shozo Kawasaki’s philosophy of “contributing to the nation and to society through expertise,” the Kawasaki Group for more than 120 years has been constantly taking on leading-edge technological challenges to contribute to social development through the provision of innovative products.
Today, we promote the development of solutions and new frameworks toward the future under the Group’s mission of “Kawasaki, working as one for the good of the planet,” which was built on the above philosophy. Our initiatives to this end range from transitioning to hydrogen energy to advocating for novel workstyles supported by robotic technologies.
To realize the Group’s mission, this policy clarifies our long-term management approach in furtherance of our simultaneous pursuit of a sustainable society and ongoing improvement in corporate value. This pursuit will be underpinned by our efforts to create and deliver innovative solutions to various social and environmental problems confronting humanity and our planet now and in the future.
In line with this policy, we will identify material issues based on the real-time assessment of the socio-economic environment and formulate management plans backed by well-grounded growth scenarios. Moreover, we will strengthen corporate governance and engage all our stakeholders in dialogue and collaboration to create new economic, social and environmental value.

2. Policy on sustainability management

(1) Taking on the challenge of resolving social issues
We will take on the challenge of delivering innovative solutions to issues faced by society in the environmental, energy, and resource fields, as well as to other problems arising from ongoing societal changes on various fronts, with the aim of contributing to the well-being of people around the world and the good of the planet now and in the future. To this end, we will take full advantage of our technological capabilities, which we have developed over many years, while consolidating diverse insights both within and outside the Kawasaki Group. At the same time, we will continuously upgrade and transform the Kawasaki Group itself so that we remain capable of delivering new value as needed by stakeholders. Specifically, we will:

(i) Develop and implement carbon-neutral energy technologies to support international efforts to curb climate change.
(ii) Deliver solutions that upgrade industries and daily living in various forms to help create a safe and secure society in which everyone can enjoy abundant life.
(iii) Establish a business model that effectively utilizes resources and thereby contribute to the realization of a circular society.

(2) Responsible corporate conduct
We will remain acutely aware of the social and environmental impact of our business operations and strive to enhance the sustainability of the entire value chain by implementing countermeasures in areas where our operations might pose a negative impact. Specifically, we

(i) Strive to achieve net zero CO_2 emissions and, to this end, proactively work to reduce any forms of environmental burden attributable to our business activities.
(ii) Uphold international norms as well as laws and regulations enforced in countries in which we operate as part of responsible corporate conduct.
(iii) Respect the human rights of all people who come into contact with our business while taking a sincere approach to addressing human rights issues.

(3) Strengthening business foundations
We will continuously strive to enhance our corporate value through improved corporate governance, a high level of employee engagement, and dialogue and collaboration with stakeholders. Specifically, we will:

(i) Strengthen corporate governance as the basis for sustainability management.
(ii) Enhance employee engagement and organizational resilience by fostering a corporate culture that encourages employees to take on challenges and promoting active diversity.
(iii) Develop solid and trusting relationships with stakeholders via timely and appropriate information disclosure and constructive dialogue and collaboration, in addition to reflecting their expectations in our management decisions.

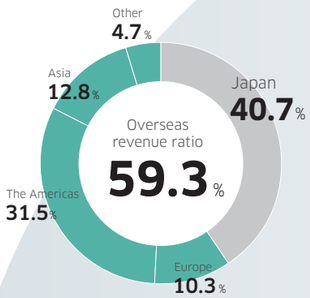




Our Businesses (Fiscal 2024)

Revenue

¥2,129.3 billion



Business profit margin

6.7%

Incorporated in

1896

Founded in

1878

Consolidated employees

40,640

Japan
29,072

Overseas
11,568

Major domestic production sites
17

Major overseas production sites
27

Main products

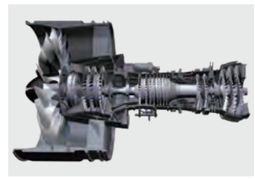
Aerospace Systems 26.7%

- Aircraft for the Japan Ministry of Defense
- Components for commercial aircraft
- Commercial helicopters
- Missiles/Space equipment
- Aero engines
- Aerospace gearboxes


C-2 transport aircraft


H145//BK117 D-3


Boeing 787 Dreamliner
Photo provided by Boeing Company


PW1100G-JM
Photo provided by Japanese Aero Engines Corporation

Rolling Stock 10.4%

- Electric trains (including Shinkansen [bullet trains])
- Diesel trains and diesel-electric trains
- Locomotives
- New transit systems
- Freight cars
- Bogies


Dhaka MRT Line-6 cars for Dhaka Mass Transit Company Limited in Bangladesh


4000 series for Fukuoka City Transportation Bureau


Type EF510-300 electric locomotives for Japan Freight Railway Company


H100 series for Hokkaido Railway Company

Energy Solution & Marine Engineering 18.7%

Hydrogen and carbon neutral
- Shipping/receiving terminals
- Liquefied hydrogen tanks
- Onshore LNG tanks
- Carbon dioxide capture, utilization and storage (CCUS)

Energy solution
- Gas turbine cogeneration systems
- Gas and diesel engines for power generation
- Steam turbines
- Aerodynamic machinery
- Boiler plants
- Combined cycle power plants (CCPPs)

Plant engineering
- Industrial plants (cement, fertilizer, and others)
- Municipal waste incineration plants
- Material handling systems
- Tunnel boring machines
- Crushing machines

Marine machinery
- Naval gas turbines/ reduction gear
- Marine reciprocating engines
- Marine propulsion systems

Ship & offshore structure
- Liquefied gas carriers
- Liquefied hydrogen carriers
- Jetfoils
- Submarines


Liquefied hydrogen cargo handling demonstration terminal and liquefied hydrogen carrier, *SUISO FRONTIER*


30 MW-class gas turbines


Municipal waste incineration/ biogas facilities for Kagoshima City's Nanbu (south) waste processing Plant


86,700 m³ LPG/ammonia carrier

Precision Machinery & Robot 11.3%

- Hydraulic components for construction machinery
- Hydraulic components for agricultural machinery
- Hydraulic components and systems for industrial machinery
- Hydraulic steering gears for marine products
- Hydraulic deck machinery for marine products
- Industrial robots
- Medical and pharmaceutical robots


Hydraulic components for construction machinery

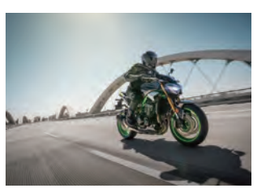

Hydraulic booster type hydrogen compressor


BX series spot welding robots for automobile body assembly lines


hinotori™ Surgical Robot System

Powersports & Engine 28.6%

- Motorcycles
- Off-road four-wheelers (utility vehicles, ATVs)
- Personal watercraft (PWC)
- General-purpose gasoline engines


Z900SE


KX450


NAV 4e Limited


JET SKI® ULTRA 310LX

Other
4.2%

Group Vision 2030

Trustworthy Solutions for the Future

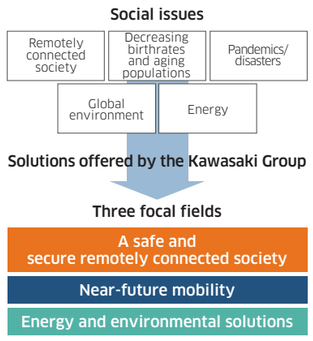
The Kawasaki Group will make available in a timely manner innovative solutions that accommodate an ever-changing society in order to create a hopeful future.
At the same time, the Group will surpass organizational boundaries and take on challenges to expand the horizons of its potential for further growth.

Management Policy

In fiscal 2020, the Kawasaki Group set out Group Vision 2030, a vision for the Group's future.

We have set out three focal fields, and are currently promoting various measures to deliver timely solutions for a variety of social issues, such as realizing a decarbonized society; 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 will pursue continuous growth by investing in growth businesses while transforming businesses to meet evolving needs, taking as our three basic strategies "Pursue Growth," "Profits," and "Stability/Synergy."



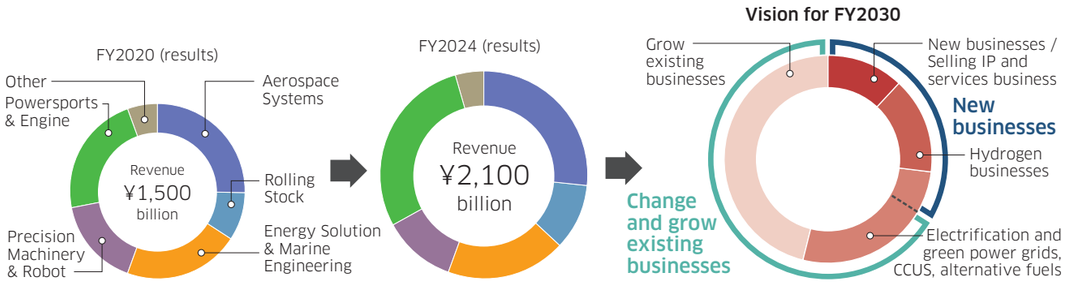
Pursue Growth	**Development investment in growth fields and new businesses**
Profits	**Business profit margin:** **8%** by FY2027, Over **10%** by FY2030 **After-tax ROIC[1]:** **3%** or more higher than WACC[2] 1 ROIC: Return on Invested Capital 2 WACC: Weighted Average Cost of Capital
Stability/ Synergy	**Realizing a conglomerate premium[3]** 3 An enterprise value-increasing effect from synergy between businesses

Related SDGs

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 are committed to accelerating the creation of new businesses that make the most of open innovation.

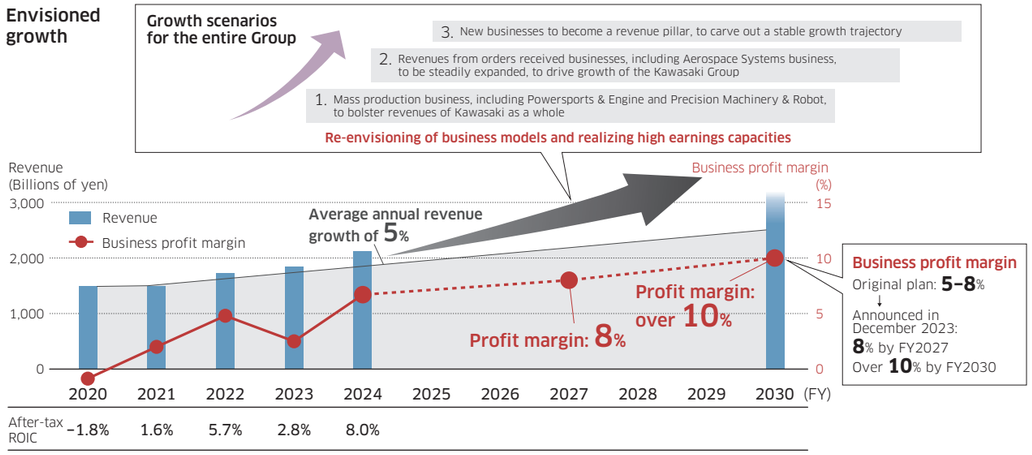
Our goal is to be a corporation that achieves more substantive solutions to social issues and is even more well-regarded by all of our stakeholders.



Changes to Our Business Model in Keeping with Growth Scenario: Raising Business Profit Margin Targets

Under Group Vision 2030, we are pursuing a growth scenario around three focal fields. Earnings from the Aerospace Systems business and other order-based businesses are expected to grow stably with the full-fledged recovery in aircraft demand. The growth scenario is now approaching the transition from its second stage to its third stage, and going forward we will actively aim to chart a stable growth trajectory by generating revenue from new businesses including the hydrogen business.

To date under Group Vision 2030, we have aimed to achieve an average annual revenue growth rate of 5%, which exceeds the global GDP average growth rate of 3%, and has resulted in business growth of approximately 7–8% since fiscal 2021. Regarding profits, we will actively aim to achieve a business profit margin of 8% by fiscal 2027 and exceed 10% by fiscal 2030.



Enhancing Exploration

We are currently building an ambidextrous organization to become a company capable of addressing new societal challenges and changing market needs as set out in our Group Vision 2030. We have maximized the Kawasaki Group's comprehensive strengths and formed alliances with various partners, including those with other companies, government agencies, local authorities, and academia, to further exploration activities aimed at actualizing business concepts in our three focal fields. Meanwhile, in November 2024, we opened the CO-CREATION PARK – KAWARUBA (KAWARUBA), a new co-creation hub for social innovation, to serve as a platform to pursue social implementation. We have established themes for the challenges to be undertaken at KAWARUBA, which include "Unlocking human ingenuity to create robotics that enrich the future" and "Pioneering a new era of green society using hydrogen and carbon-neutral solutions." We are promoting the development of solutions from a business perspective while making active use of diverse demonstration fields. We will actively aim to transform ourselves into a company that solves various societal challenges by implementing mechanisms for value creation through our management capital and co-creation with external parties at KAWARUBA and then deploying these across the entire Group.

KAWARUBA project themes

Hydrogen and carbon neutrality

Expedite the realization of a decarbonized society by promoting social implementation with a focus on the surrounding community

▶**Promoting social implementation rooted in local communities**

Social robots

Developing specific social robot applications including in caregiving, building management, and airport management

▶**Promoting social implementation for the harmonious coexistence of people and robots**

Process for Identifying the Kawasaki Group's Material Issues

In 2018, Kawasaki Group identified material issues (materiality) by recognizing and summarizing the impact business activities have on society, in light of the diversifying expectations and demands of stakeholders and changes in the business environment. The material issues were subsequently reevaluated following the announcement of the Group Vision 2030 in November 2020.

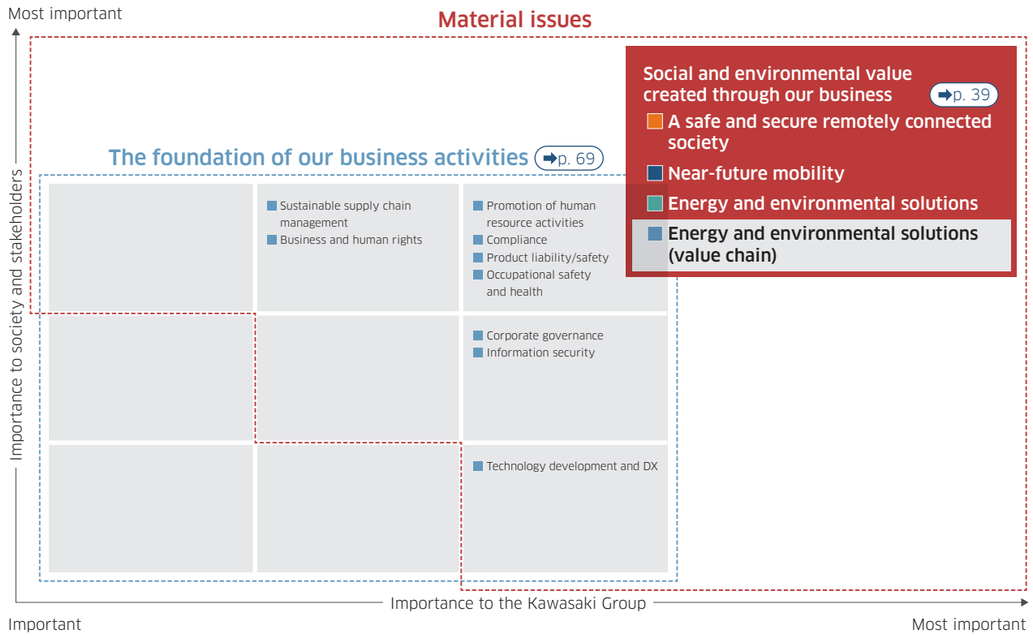
We divided them into two broad categories: The "social and environmental value created through our business" and the "foundation of our business activities." Initiatives conducted through our main business have been defined as the most material issues to be achieved by the Group over the long term, while other issues have been positioned as basic items for achieving the most material issues. Going forward, we will continue to regularly review our materiality in response to changes in the business environment and the expectations of society.

WEB **Materiality**
https://global.kawasaki.com/en/corp/sustainability/materiality/task.html

Process for identifying materiality (overview)

Step		Process
2018	–	**Identify material issues (materiality)** The "social value created through our business" was defined as the most material issues to be achieved by the Group over the long term, with other topics positioned as the "foundation of our business activities."
2021–2022	**Step 1**	**Reevaluation of material issues (materiality) in line with the formulation of Group Vision 2030** In November 2020, we formulated our Group Vision 2030, considering a variety of social issues, the Company's strengths and our vision for 2030. We also established three focal fields, including a safe and secure remotely connected society, near-future mobility and energy and environmental solutions. In June 2021, upon discussion by the Sustainability Committee chaired by the President, these three focal fields were set out as the social and environmental value created through our business. In light of our business strategy under the Group Vision 2030 and recent changes globally around sustainability, we additionally reviewed the "foundation of our business activities" category. We identified and sorted issues—with input from outside advisors—based on survey items from ESG ratings institutions (DJSI, FTSE, MSCI, Sustainalytics), SASB, investor stewardship principles, GRI, Future-Fit, and client company requests (Self-Assessment Questionnaire). We then compiled a provisional materiality matrix (importance to society and stakeholders and importance to the Kawasaki Group).
	Step 2	**Interview outside experts and decide the material issues** We then obtained the opinions of outside experts and reevaluated this matrix. After discussion by the Sustainability Committee based on those opinions and the revised matrix, further discussions were held by the Board of Directors which then determined the final material issues. **Expert comments (excerpt)** ●The Kawasaki Group has been hands-on in creating a business foundation to allow many companies to make the jump to 2030 and beyond. Because Kawasaki Group's own transition represents the creation of innovation for other companies, discussing that scenario in the context of value creation will make it easier to gain the understanding of investors. ●I would like the Company to make visible how the "foundation of our business activities" is connected to "social and environmental value created through our business, including a time line. In the wake of the COVID-19 pandemic, investors are keeping a close eye on issues of sustainable supply chains and human rights, so these two could be elevated a bit more under social and stakeholder expectations. ●The Company needs to list decarbonization and addressing TCFD among its "foundation of our business activities" issues. I think hydrogen can be considered over a somewhat longer period of time, as the technological innovations that will arise in the first half of 2030s will see the cost of hydrogen from renewable energy sources and the cost of hydrogen from fossil fuels reversed.
	Step 3	**Formulate the plan and conduct a review** Regarding our identified material issues, we will aim to comply with the management approach defined under GRI standards, stipulate responsible divisions and specific numerical targets, and, through steady practice and follow-up, promote activities toward the achievement of these targets. We will report the state of progress to the Board of Directors and the Sustainability Committee and endeavor to make improvements as necessary.

Materiality matrix of items identified



Priority items in the foundation of our business activities category

Items selected as important issues under the "foundation of our business activities" category have been categorized as follows, and priority items have been established under each issue: 1. Items of particular importance going forward (items that will have an ever-increasing impact on future finances); 2. Items that were emphasized in the past, but which will be steadily reinforced going forward; and 3. Mechanisms to be developed as the foundation for everything.

Further, we clarified the scope of initiatives in 1. and 2. Based on a high-level view of the entire value chain, from planning and design and product use, and from the suppliers involved to the customer.

: Scope of initiatives		Suppliers*	The Kawasaki Group	Our customers
Items of particular importance going forward (items that will have an ever-increasing impact on future finances)	Energy and environmental solutions (value chain)		Decarbonization	
			Improvement of resilience to climate change	
			Effective use of resource	
	Business and human rights		Conduct human rights due diligence	
	Promotion of human resource activities		Human resource system reforms, human resource development	
			Diversity and inclusion	
	Technology development and DX		Co-creation IP strategies for new business creation	
			Open innovation	
			Promote DX	
Items that were emphasized in the past, but which will be steadily reinforced going forward	Product liability/safety		Product liability/safety	
	Compliance	Compliance with the Sustainable Procurement Guidelines	Compliance with the Kawasaki Group Code of Conduct	
			Anti-corruption measures	
	Occupational safety and health		Occupational safety and health	
	Information security		Strengthen product security	
			Strengthen information security	
			Strengthen cyber defenses	
			Personal information protection	
Corporate governance (mechanisms to be developed as the foundation for everything)				

* Because items to be addressed with regards to sustainable supply chain management are wide-ranging, priority items are shown in the Supplier column.

Yasuhiko Hashimoto

Representative Director
President and
Chief Executive Officer

A united, motivated, and skilled workforce leading us to the future

—Tackling social issues and earning trust—

I sincerely apologize for the incidents of compliance violations that were found last year in the submarine repair and marine diesel engine businesses. We are fully committed to preventing any recurrence and to fully restoring trust in our operations as quickly as possible. We have launched a comprehensive Compliance First initiative, which I will introduce later in this report. First, I would like to highlight the progress we have made toward achieving the growth scenario that we have long pursued and promised.

Record-high sales and profits Enhancing corporate value with a virtuous cycle of venture and growth

The Kawasaki Heavy Industries Group achieved record levels of orders received, revenue, and business profit in fiscal 2024, with orders reaching ¥2,630.7 billion, revenue ¥2,129.3 billion, and business profit ¥143.1 billion. All businesses were profitable, and we delivered a record return to shareholders.

Group Vision 2030 was adopted the year I became president, and we are now entering the fifth year of the plan. In the first stage, our mass production operations drove our recovery following the COVID-19 pandemic, and in the second stage, earnings from the Aerospace Systems business and other order-based businesses supported steadily rising profits. In the third stage that will deliver us to 2030, our growth scenario is driven by cultivating the new hydrogen and robot-related businesses. These efforts have advanced from their own second to third stages and are generally progressing as planned.

The increase in revenue in fiscal 2024 also boosted the business profit margin, which rose 4.2 percentage points from the previous year to 6.7%. Under Group Vision 2030, we aim to raise the margin to 8% by fiscal 2027 and over 10% by fiscal 2030. We attribute this steady progress toward our profitability targets largely to internal changes implemented within the Company.

Improving profitability is a management priority for the Group, and several measures are underway. As president, I have focused on fostering a culture in which all employees understand that their actions are directly linked to profits, and that they are recognized for taking initiative and for contributing improvements. Achieving this requires indicators that are clearly linked to employee actions and easy to understand. We also use ROIC as a key management indicator, with a Vision target of ROIC 3% above WACC. To reach this target, however, we still need to raise the profit margin significantly. A major contributor will be the business profit margin, and increasing it above 10% will play a key role in achieving the ROIC target. Because business profit margin is easier to understand than ROIC, we have been clearly communicating the 10% target throughout the Company. This has helped employees in sales, manufacturing, and other departments, even those less directly involved, understand that every effort contributes to moving closer to the goal.

Our efforts have been commendable, and we have made significant progress. However, the business profit margin of 6.7% remains well short of the 10% target, which represents the minimum level necessary to ensure the Group's sustainable growth. We must continue pushing forward and be careful not to lose momentum. Our true success will be defined by what we achieve from this point on. I sense that this awareness is spreading throughout the Company. Everyone is focused on improving profit margins and eagerly sharing their successes, inspiring others to take further steps. Each small win encourages the next, creating a positive cycle of

change that shows our corporate culture is truly beginning to evolve.

I often tell employees that profits provide the foundation for taking on new challenges. Profits enable us to pursue new businesses and R&D, improve the working environment, and open paths to future growth. We are creating an environment where employees take pride in knowing that their efforts make the Company stronger and that their personal aspirations are connected to its future. This virtuous cycle of venture and growth enhances our corporate value.

Our view on social issues Setting our business mission and continuing to reform

Our company's founder, Shozo Kawasaki, held a philosophy of "contributing to the nation and society through expertise." Throughout our history, we have boldly taken on challenges and pioneered new businesses to meet society's needs. However, before becoming president, I had the impression that Kawasaki was a relatively conservative company, firmly rooted in its traditional business and not especially adventurous about exploring new directions. There are also perceptions that Kawasaki, as a large conglomerate encompassing countless businesses, allows its business divisions so much independence that it can sometimes be detrimental to the organization as a whole.

When I became president, I introduced Group Vision 2030 to guide the Company back to its founding spirit. The Vision identifies the social issues we face, outlines how we should address them, and sets the strategic themes that will guide our management approach.

At that time, the Company faced in a dire situation, having been hit hard by the COVID-19 pandemic and our business deteriorating into unprofitability. Viewing this adversity as an opportunity for change, Group Vision 2030 inspired many employees to take on the PCR testing business and other new initiatives to overcome the crisis both in society and the Company. That moment sparked a broader awareness that we could create value beyond the boundaries of the business divisions that could contribute to society and create new value.

Our Company is engaged in a wide range of businesses, and moving forward with a shared purpose requires us to look beyond our individual activities. They must also understand the major social issues underlying their businesses, recognize the mission of their work, and consider the actions needed for the future.

A prime example I often refer to is the shipbuilding business. In Japan, where energy resources are limited, Kawasaki has long been a pioneer in building large vessels for transporting LNG and other essential resources. The mission of this business extends beyond shipbuilding to include the transportation of vital energy resources. From there, our next step was to focus on developing liquefied hydrogen carriers. Another major trend is decarbonization of energy sources used in gas turbines, engines, and motorcycles. For more than a decade, the Group has focused on hydrogen as a next-generation energy source and has been working to bring its use into society. Achieving great things, however, requires more than the efforts of a few dedicated businesses. The hydrogen business now permeates our whole organization, and we believe the momentum it generates will have the power to transform the entire Group.

Two recent significant changes in our business portfolio were Kawasaki Motors Ltd. receiving investment from ITOCHU Corporation in fiscal 2024, and in fiscal 2025, the start of discussions and negotiations regarding the transfer of shares of EarthTechnica Co., Ltd. Both decisions were made with careful consideration of how each business could best pursue growth and contribute to society. Achieving this requires exploring various possibilities, and identifying the most effective path is a key role of management. In addition, we recognize that enhancing business value at the speed needed for success in today's fast-changing and uncertain environment is something we cannot achieve on our own.

In November 2024, we opened KAWARUBA, a social innovation co-creation hub in Haneda, Tokyo, where we collaborate with a wide range of partners to advance businesses that will bring hydrogen energy, carbon neutrality, and social robots into social implementation. Our business portfolio transformation and the KAWARUBA venture both stem from the same guiding idea of transforming Kawasaki and opening pathways for future growth by fully harnessing our strengths, addressing challenges from a social perspective, bringing together knowledge from diverse partners, and using the advantages of an open forum to generate new value.

Progress of Group Vision 2030 Contributing to national security

Group Vision 2030 identifies three focal fields: a safe and secure remotely connected society, near-future mobility, and energy and environmental solutions. While tackling global challenges such as environmental issues, an aging society, and labor shortages, we are also stepping up efforts to address increasingly critical issues of national security, including defense, disaster preparedness, and the stable supply of resources and food amid growing international uncertainty.

In the first focus area, a safe and secure remotely connected society, our joint venture Medicaroid Corporation's *hinotori*™ Surgical Support Robot has now been used in over 10,000 cases. The Company is steadily accumulating achievements as it prepares to enter global markets, highlighted by the first successful remote surgery demonstration between Europe and Japan. We are also developing social robots with Foxconn, the world's largest contract manufacturer of electronic devices, to help address labor shortages in nursing care. In January 2025, we launched the MINATOMAÉ Project, a closed-sea aquaculture system for trout salmon at Kobe Port. This project applies our proprietary technologies for water treatment and industrial plants to enable high-density, sustainable aquaculture and help ensure a stable food source in suburban areas.

In near-future mobility, we are developing applications for the unmanned K-RACER helicopter in logistics and disaster response. In 2025, we successfully demonstrated the helicopter's 200-kilogram cargo capacity, the largest by an unmanned aircraft developed in Japan, and participated in the Nankai Rescue practical training exercise of the Japan Self-Defense Forces for a major earthquake on the Nankai Trough, realizing fully automatic transportation.

Our efforts to develop energy and environmental solutions focus primarily on hydrogen. Globally, however, inflation and renewed interest in natural gas have dampened investment in green hydrogen production projects suffering from high cost.

We believe that the growing use of blue hydrogen, which is highly compatible with natural gas, will ultimately drive wider adoption of green hydrogen. During this transition to a hydrogen-based society, we provide gas turbines

and engines capable of running on both natural gas and hydrogen, and demand for and sales of these products has remained steady.

We also see significant business opportunities during the transition period for our CO_2 separation and capturing technologies, which are essential for equipment that uses blue hydrogen generated by using natural gas. Although natural gas is gaining attention again as a renewable fuel source, we believe the push for carbon neutrality and energy security will ultimately refocus attention on hydrogen as a key energy source.

The Kawasaki Group, with support from the Japanese government, is making a concerted effort to commercialize a liquefied hydrogen supply chain in the 2030s. After a successful technology demonstration in Kobe, we are now constructing the world's first commercial-scale facility in Ohgishima Area, Kawasaki City, equipped with a liquefied hydrogen storage tank, marine loading facilities, and hydrogen liquefaction system. In September 2025, we signed a "Memorandum of Understanding for cooperation to develop a Japan-Germany hydrogen supply chain" with Toyota Motor Corporation, The Kansai Electric Power Company, Incorporated, Daimler Truck Holding AG, and the Hamburger Hafen und Logistik AG. Establishing a "new hydrogen corridor" that serves demand of both Japan and Europe will accelerate the international expansion of our hydrogen business and contribute to global carbon neutrality.

Eliminating every factor in the misconduct

We sincerely apologize for the concern and inconvenience caused to our customers, shareholders, and all stakeholders regarding the compliance violations that occurred last year in the submarine repairs and marine diesel engines businesses.

We take these incidents very seriously. Following a resolution of the Board of Directors, we established a Special Investigative Committee of outside experts to investigate the facts, analyze causes, and recommend measures to prevent recurrence. I lead the Special Compliance Promotion Committee, which is investigating the facts of each incident, analizing causes, considering measures to prevent recurrence, and is driving the rebuilding of our compliance and governance systems. In light of the fact that these incidents were not discovered despite a thorough review of past incidents, the committee is using its findings on the governance system and organizational culture as the basis for Group-wide reform aimed at creating systems that preclude occurrences of misconduct, enhancing misconduct detection, and reforming our organizational culture and mindsets.

The years of chronic non-compliance stemmed from an organizational culture that relied on precedent, avoided confrontation, and internalized problems. We are reforming this culture by fostering an open workplace environment, objectively assessing conditions, engaging in dialogue with management, valuing insights from diverse perspectives including new and mid-career hires, and promoting talent exchange.

I believe the most important priority is ensuring employees feel comfortable speaking up, asking questions, and expressing concerns. After the recent incidents, we constantly shared information about our efforts to change the organizational culture and mindsets, and this helped improve the overall scores on several items on the WinDEX employee engagement survey. This suggests that while the incidents left a negative impression, our efforts to create an atmosphere where employees can speak freely about any issue are being seen as a positive step. Many employees feel the incidents have hurt the company's reputation, but I believe they also feel that the workplace is moving toward meaningful change. To meet those expectations, we are implementing reforms in three areas and are committed to fundamentally transforming the organizational atmosphere and culture.

Establishing governance standards for the next generation

Stronger governance is essential for the sustainable growth of corporations. We have strengthened governance by establishing the Nomination Advisory Committee and Compensation Advisory Committee, increasing the ratio of outside directors, and introducing the Skills Matrix. In fiscal 2024, we revised the executive compensation system to expand the performance-based component, linking it to net income and the degree of achievement of specific targets. Performance evaluations now also reflect employee engagement index and index related to contributions to reducing CO_2 emissions. To increase focus on enhancing corporate value, the evaluation framework now incorporates awareness of sustainable growth and shareholder value, using stock price metrics to encourage consideration of long-term corporate performance.

Steps for fortify governance including developing a succession plan, which the Senior Corporate Executive Officer and I began assembling when I became president. Guided by the principle that developing future leaders is crucial to the company's long-term competitiveness, we believe it is important to identify potential management candidates early in their careers. We prepare and annually review near- and long-term candidate lists. To broaden their experience, candidates are given challenging assignments across diverse areas from design to sales, domestic to overseas, and head office to Group companies. They may also be assigned responsibility for guiding a business in difficult circumstances or leading operations during restructuring. This process aims to cultivate managers who are willing to take responsibility and who understanding different perspectives.

We also believe that it is important to broaden the perspective of the entire executive team. We are raising awareness among executives, particularly executive officers, that they are managers of all employees, not just specialists in their own areas. To help them address management issues from the perspective of the entire Group, we are supporting the development of their conceptual, execution, and communication skills. Discussions at the Board of Executive Officers have become increasingly dynamic and now extend beyond individual company operations to cover Group-wide issues and strategies.

Corporate value grows when employees feel pride and work with enthusiasm

From early in my career, I have been involved in new ventures and technology development centered on robotics, and I find it encouraging to see the fresh ideas that our younger employees continue to generate. Two recent examples are the CORLEO four-legged off-road personal mobility vehicle and the ALICE SYSTEM concept, which offers comfortable and seamless public transportation. Both were featured at Expo 2025 Osaka, Kansai. Seeing the pride and enthusiasm of employees working on future-focused concepts unique to Kawasaki reminded me that this is precisely the kind of company we aspire to be.

As president, my top priority is to make Kawasaki a company where every employee can work with a positive attitude. We are building structures and systems that support all individuals who believe in our Company and are eager to actively contribute to its success, regardless of age, gender, or physical ability. While upholding strict compliance and drawing on the strengths of employees who strive to grow and realize their potential, Kawasaki Heavy Industries will continue pursuing solutions to social challenges and meeting society's expectations.

We appreciate your continued understanding and support.

Yasuhiko Hashimoto
Representative Director
President and Chief Executive Officer

Responses to Incidents of Misconduct

Kawasaki disclosed fictitious transactions in its submarine repair business on July 3, 2024, and incidents of misconduct in inspections in its marine engine business on August 21 of the same year, subsequently investigating the facts and analyzing the causes of these issues through a Special Investigative Committee composed of outside experts.

Incident in the submarine repair business

Overview of the misconduct

Fictitious transactions between the then Kobe Shipyard Ship Repair Department and business partners were discovered during a tax audit. In addition, it was confirmed that Kawasaki employees and submarine crews had used the funds generated through such fictitious transactions for the purchase of goods and cash vouchers, as well as for food and drink expenses.

Progress of the investigation

The Special Investigative Committee investigated the number of people who were involved in the issue and the actual flow of money and goods.

Close relationships had formed among employees of the Kobe Shipyard's Ship Repair Department and submarine crew members that exceeded what is customary for businesses associates. To this background, when requests were received from said crew members to procure items necessary for maintenance work, these items were then purchased and provided using funds generated through fictitious transactions with business partners. These funds were also applied to the purchase of items needed to complete repair work for Kawasaki.

Additionally, it was found that slush funds created through fictitious reorders by business partners were used to pay for food and drink at social gatherings and to purchase cash vouchers, and that certain department employees and crew members had used these funds to purchase personal items. It was confirmed that misconduct involving unauthorized purchases of goods had continued to take place for at least 40 years, while other acts had been taking place for at least 20 years.

Progress to date

Year/month	Overview
February 26, 2024	Discovery of fictitious transactions during tax audit by Osaka Regional Taxation Bureau
April 16	Establishment of Special Compliance Promotion Committee and start of investigation
June 14	Establishment of Special Investigative Committee and start of investigation
December 27	Report on investigation findings by Special Investigative Committee (interim report)
July 30, 2025	Release of results of special defense inspection by Ministry of Defense Releases

Progress following the discovery of the incident of misconduct

We filed an amended tax return in February 2025 and remitted an additional tax payment of approximately ¥600 million. We plan to issue a final report once the Special Investigative Committee completes its investigation into the potential existence of incidents of a similar nature.

Causes of misconduct

- Existence of a motive, namely the desire to improve relations with submarine crew members and ensure smooth operations
- Presence of a mindset of not allowing profits to inflate, based in a concern that, if discrepancies with actual performance were found during Ministry of Defense audits of cost price, etc., this might raise doubts about the accuracy of estimates, leading to a reduction of labor hours and quantities in subsequent contracts
- Existence of opportunities for misconduct from the contract stage through to delivery
- An organizational culture that allowed such misconduct to become routine, stubbornly adhered to long-standing precedents, disregarded compliance, and overlooked issues to avoid potential conflict

Incident in the marine engine business

Overview of the misconduct

Incidents of misconduct in inspections that occurred during shop trials of engines for commercial vessels were discovered during an investigation conducted at the request of the Ministry of Land, Infrastructure, Transport and Tourism. Of the 674 engines subject to NOx regulations for marine vessels that were investigated (all vessels which laid keels on or after January 1, 2000), misconduct in the inspections occurred involving the alteration of data relating to 673 two-stroke engines for commercial marine vessels.

At this time, no incidents affecting the safety of Kawasaki engines have been confirmed during trial operations or actual use.

Progress of the investigation

We identified the sequence of events and the motives underlying the misconduct through analysis based on interview surveys with the relevant parties.

During the final performance testing operation of two-stroke marine engines, the values regarding fuel consumption performance (fuel consumption rate and fuel consumption amount) were tampered with, and the false fuel consumption rate values were recorded in the Results of Shop Trials submitted to customers as a result of the final performance testing operation, and in the NOx Technical File submitted to classification societies for compliance with NOx regulations. These practices had been carried out since at least the 1980s to make the variation in the values of fuel consumption performance within the tolerance range (the error allowed in relation to the reference value) appear small, and to make sure the values of the fuel consumption performance do not appear to deviate from the customer's required numerical specifications.

Furthermore, despite past instances of issues related to performance testing operation having been raised, there was a failure to identify that misconduct in inspections was occurring and to institute corrective action.

Progress to date

Year/month	Overview
July 10, 2024	Misconduct in inspections discovered during investigation requested by the Ministry of Land, Infrastructure, Transport and Tourism on July 5
August 21	Report on misconduct in inspections to the Ministry of Land, Infrastructure, Transport and Tourism
August 22–23	On-site investigation conducted by the Ministry of Land, Infrastructure, Transport and Tourism
August 28	Establishment of Special Investigative Committee and start of investigation
September 27	Submission of first report and interim report to the Ministry of Land, Infrastructure, Transport and Tourism
December 25	Submission of the investigation report to the Ministry of Land, Infrastructure, Transport and Tourism
January 24, 2025	Report on the investigation results by the Special Investigative Committee (interim report)
August 29	Report to the Ministry of Defense regarding suspicions of misconduct in inspections of submarine engines

Progress following discovery of the incident of misconduct

The factual investigation was completed, with no deviations from the NOx emission regulatory limits identified in 665 of the 673 engines for which data had been altered, and the likelihood of exceeding CO_2 emission regulatory limits was also determined to be low with a report of the investigation submitted to the Ministry of Land, Infrastructure, Transport and Tourism in December 2024. The Special Investigative Committee is continuing its investigation into the potential existence of incidents of a similar nature, and we plan to issue a final report in the future, including the matter of potential misconduct in inspections for primary submarine engines covered in some media reports in August 2025.

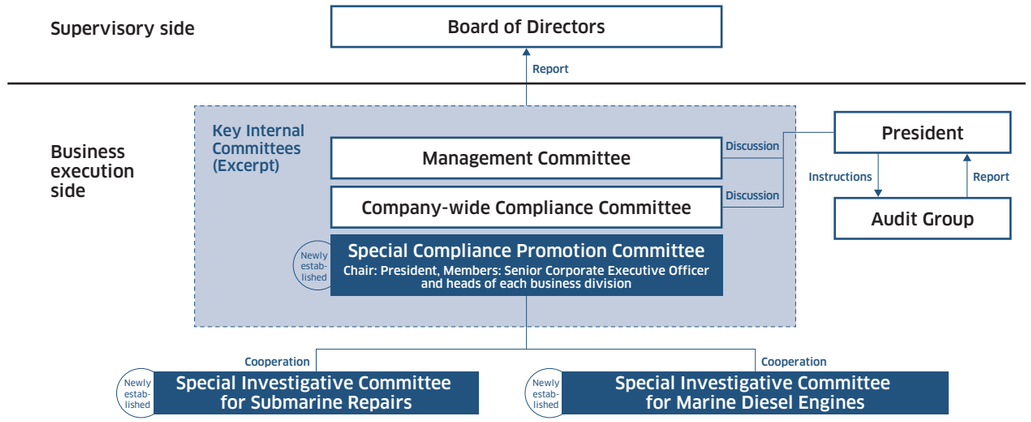
Causes of misconduct

- Recognition that Kawasaki is in a weak position in the marine engine business
- Management system issues, including a lack of checks-and-balances between sections, dysfunction in quality assurance and compliance systems, and limits on audits, all rooted in having responsibilities divided among different product groups
- Issues concerning executive and employee mindsets, including pressure to conform within a static environment, decreased awareness of normative consciousness, and a lack of appreciation of the need for integrity toward customers
- A organizational culture in which employees focus on the responsibilities of their own department and have little interest in matters for which other departments are responsible, or do not consider such matters to be their concern

Recurrence Prevention Measures

Kawasaki has established a Special Compliance Promotion Committee chaired by the President, and we are formulating and implementing highly effective recurrence prevention measures based on the recommendations for measures to help prevent recurrence of incidents from the Special Investigative Committee. We are furthermore addressing issues in our organizational culture and governance toward the enhancement of compliance functions across the entire Group.

Diagram of the Company's structure to investigate the facts of misconduct, analyze causes, and recommend recurrence prevention measures



Recurrence prevention measures

Measure 1: Creating systems that preclude occurrences of misconduct

Creating systems that preclude occurrences of misconduct in all operations

As the crux of our recurrence prevention measures, we are undertaking initiatives to create systems that preclude occurrences of misconduct across all operations.

We focus on the vulnerabilities that lead individuals to commit misconduct and strongly promote the automation and systematization of operational processes in which misconduct risks arise. This includes measures such as making it impossible to rewrite data during inspection processes.

For procurement operations, we are furthermore implementing stricter physical verification rules to enforce internal checks, as well as reviewing and adding approval processes.

Building a sound and trustworthy organization through dual efforts to reform organizational culture and create systems

Takeshi Kaneko

Managing Executive Officer, in charge of Legal Affairs, Compliance, Human Resources, and General Administration, and General Manager, Human Resources Division

The compliance violations outlined here have significantly impacted on the credibility of the entire Group.

We failed to detect these violations despite having conducted thorough internal investigations and implemented employee surveys when incidents of a similar nature occurred in the past. We consequently recognize the reform of our organizational culture and mindsets as constituting a particularly critical challenge.

We will actively promote the creation of workplaces at which employees feel secure in voicing their opinions and asking questions. We will achieve this by creating systems that integrate operational designs which prevent misconduct as well as automated data processing, alongside initiatives to train managers to be attentive listeners.

Measure 2: Enhancing misconduct detection

Creating systems that facilitate the early detection of misconduct

As part of our next measure, we are also working to enhance initiatives for the detection of misconduct and creating systems to facilitate early detection.

We newly established the Corporate Defense Business Management Division within the Head Office in November 2024 in acknowledgement of the inherent difficulty of applying Head Office governance systems to the defense business due to the high levels of confidentiality required in this business. The Division aims to centralize the defense business operations possessed across all business divisions as a Head Office organizational unit, enhance governance, compliance, and security frameworks; integrate management of defense business-related information; and consolidate external points of contact, primarily for outward-facing PR and liaison activities.

In April 2025, we also embarked on a review of Group audit and compliance systems and are aiming to enhance compliance capabilities within business divisions by consolidating audit functions. We are additionally promoting initiatives such as enhancing check functionality through a system for the adjustment of expenses and bolstering cross-departmental checks within operational processes.

We are augmenting our whistle-blowing system to enhance its effectiveness, including by increasing the number of lawyers available at service desks, while conducting awareness raising activities to promote use of the system, such as by sharing case studies which illustrate improvements achieved.

Measure 3: Reforming our organizational culture and mindsets

Reforming organizational cultures that stubbornly adhere to long-standing precedents, overlook issues to avoid potential conflict, and in which there is a tendency to internalize concerns

The persistent compliance violations which have occurred over many years stemmed from an organizational culture characterized by stubborn adherence to long-standing precedents, the avoidance of potential conflict, and the tendency to internalize concerns. To reform this organizational culture and accompanying mindsets, we are thus fostering an open and transparent workplace environment. This involves establishing an objective understanding of the workplace environment; incorporating dialogues between management and employees; emphasizing insights from perspectives and viewpoints which differ from those which have prevailed to date, such as those provided by new employees and mid-career recruits; and revitalizing people-to-people interactions.

We established the Basic Legal and Compliance Policy in January 2025 with the aim of strengthening legal and compliance functions on a Company-wide basis, overhauling mindsets, establishing mechanisms and systems, and reforming the organizational culture. In addition, we are undertaking initiatives to reinforce compliance education at every level and regularly disseminating messages from the President.

Through these measures, we are striving to create workplaces which do not give rise to compliance issues.

Dialogue between management and employees

The Group newsletter: Prioritize Compliance

Toward a corporate culture capable of practicing "Prioritize Compliance" and the creation of an open and transparent workplace

Motohiko Nishimura

President, Energy Solution & Marine Engineering Company

On behalf of the Company, I deeply apologize for our having caused serious compliance incidents.

It is imperative that we, as a corporation, engage sincerely with both society and our customers while being rigorous in our efforts to maintain sound business practices, and we are currently dedicating all possible efforts to reforms aimed at preventing any recurrence of such incidents. Specifically, we are striving to create an organizational culture whereby psychological safety is ensured in workplaces and enabling open discussion of any concerns or feelings of discomfort, to thereby foster mechanisms for self-purification. I too am actively promoting direct dialogues with employees while repeatedly communicating the message of "Prioritize Compliance."

Message from the Officer—Finance

Katsuya Yamamoto
Representative Director
Senior Corporate Executive Officer
Assistant to the President
Chief Financial Officer
In charge of Corporate Communications, Planning & Control, Finance & Control, and Marketing & External Affairs

We will further strengthen our cash generation capacity to achieve both profit growth and stable shareholder returns.

Both sales and profits reached record highs, as we continued to structurally improve our earnings power

In fiscal 2024, we achieved record highs in orders, revenue, and business profit. While a one-time loss caused profit to fall in fiscal 2023, we recognized that intrinsic profitability had been rising since 2021. Fiscal 2024 was a year in which we were challenged to demonstrate our true strength through our results. I believe the record-high profit reflects the structural improvements that have strengthened our ability to generate revenue.

Business profit has increased significantly since the start of Group Vision 2030, growing from ¥30.3 billion in fiscal 2021 to ¥143.1 billion in fiscal 2024, and the business profit margin grew from 2.0% to 6.7%. Profits rose to roughly 4.7 times and ROIC increased from 1.6% to 8.0%.

Our profit balance shifted significantly in fiscal 2024 as the Aerospace Systems, Energy Solution & Marine Engineering, and Powersports & Engine businesses all posted business profit near ¥50 billion. This marks significant progress toward sustainable Group growth, as we are no longer reliant on a single business but now benefit from a structure with stable profits inflows across multiple sources. Higher revenue also lifted free cash flow to a positive ¥37.7 billion, the first surplus in three years.

We expect revenue and profit to continue growing in fiscal 2025. While we anticipate economic slowdowns in various countries as a result of U.S. tariff policies and an increasingly uncertain business environment arising from prolonged geopolitical risks, we aim to continue improving profitability through effective pricing, stronger cost competitiveness, and a diversified supply chain.

Growth scenario status toward achieving 10% business profit margin

The growth scenario outlined in the Group Vision 2030 is progressing generally as expected. The vision sets targets of achieving a business profit margin of 8% by fiscal 2027 and over 10% by fiscal 2030, and each business has a roadmap toward these goals. Many businesses have already exceeded their targets, but we are still facing some challenges in the Rolling Stock and Precision Machinery & Robot businesses.

In the Rolling Stock, we are working to raise profit margins by strictly focusing on profitable orders, expanding sales of parts and services, broadening maintenance operations, and collaborating with external partners by leveraging the advantages of our subsidiaries. In Precision Machinery, we are strengthening cost competitiveness and co-developing next-generation products through joint venture with Chinese companies. In Robotics, we are improving profitability by focusing investment in high-value-added areas and expanding into new fields such as medical and healthcare.

In addition to these, we also expect substantial revenue growth for defense-related businesses heading toward fiscal 2030 supported by improved business profitability and a growing national budget to strengthen the country's defense capabilities.

Flexible business portfolio strategy based on identifying the sources of value

Under Group Vision 2030, we are actively developing and cultivating new businesses while reviewing our current business portfolio to pursue the best options for each business from a growth perspective.

There were once doubts about the sustainability of the shipbuilding business, but we saw potential with an eye on the future construction of large liquefied hydrogen carriers and prioritized maintaining and passing on our technologies. By consolidating new merchant ship construction at the Sakaide Works and reforming our business, such as to focus on orders for specialized carriers, we reformed the business into a highly profitable driver of Group earnings.

In addition, establishing Kawasaki Motors Ltd. made the business more agile, and in 2024 it entered a capital and business alliance with ITOCHU Corporation. The partnership improves the Company's ability to secure retail financing in the United States, which it had struggled to do on its own. In 2025, we also began discussions and negotiations regarding the transfer of shares of EarthTechnica Co., Ltd. as a method to better position the crushing machines business for growth. These moves reflect our focus on providing each business with what it needs to grow. We will continue to transform our portfolio by identifying sources of value from a long-term perspective and pursuing the optimal structure.

Strategic investment and strict risk management with an eye to the future

Management in our Group makes growth investment and financing decisions to optimize them across the Group, with full consideration of the Group's overall cost of capital. Under Group Vision 2030, we are targeting higher profit margins and ROIC at least 3% above the weighted average cost of capital (WACC), which we currently estimate to exceed 7%. Our business portfolio management emphasizes strict cost-of-capital discipline in each business segment, a thorough review of the roadmaps for improving business profit margins, and strategic resource allocation.

Management resource allocation will prioritize careful project selection alongside active, timely investment in growth businesses, making balanced decisions with clear priorities. Capital expenditures are expected to remain around ¥100 billion for the next several years, primarily targeting Hydrogen and defense-related projects. At the same time, all investment decisions will adhere to strict rules regarding expected cash generation for each business.

Each business strives to strengthen risk management when evaluating orders, including assessments of country risk, contract terms, corporate ethics, and human rights. In the hydrogen business and other capital-intensive areas, in addition to pursuing government subsidies, we also seek partnerships to diversify risk and reduce the financial burden.

As 2030 approaches, we expect our sales revenue to reach around ¥3 trillion. We will maintain financial discipline with a target net debt-to-equity ratio of 70-80%. While enhancing profitability and focusing investments, we will also manage inventory levels and reduce asset holdings to strengthen cash flow capability and lower interest-bearing debt.

Enhancing corporate value with a balance of financial soundness, growth investment, and shareholder returns

We recognize that the current stock price is driven primarily by expectations for the defense business amid rising geopolitical risk. Our basic shareholder return policy targets a 30% dividend payout ratio, but we plan to review the policy to consider the level of dividend on equity (DOE) and ensure that dividends remain stable and grow in line with profit.

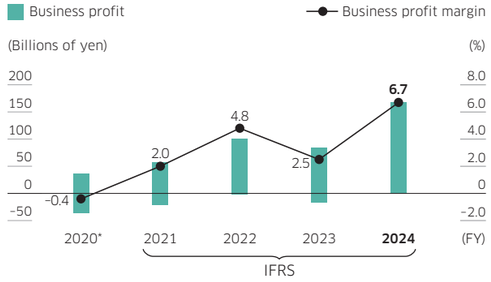
The Group aims for continuous profit growth by leveraging synergies across its diverse technologies and businesses to rapidly deliver reliable solutions for social challenges in the mobility, medical and nursing care, energy, and other fields. This growth will be achieved by balancing strategic, future-focused growth investments with sound financial health while providing consistent shareholder returns.

Business Profit, Business Profit Margin

In fiscal 2024, business profit increased 96.9 billion yen from the previous year to 143.1 billion yen and the business profit margin reached 6.7%, a record high, as a result of improvement in the Aerospace Systems and Precision Machinery & Robot businesses, higher profit in the Energy Solution & Marine Engineering business, and other factors.

The Kawasaki Group has set business profit margin and ROIC as objective indicators for assessing the status of achievement of our management targets, and we are taking systematic action toward achieving a business profit margin of 8% in fiscal 2027 and over 10% in fiscal 2030.

Business profit, business profit margin

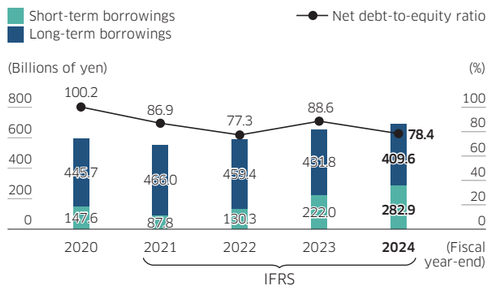


* For fiscal 2020: Operating profit and operating profit margin

Net Debt-to-Equity Ratio, Net Interest-Bearing Debt

As interest-bearing debt is expected to increase in conjunction with higher sales revenue and investment, we use the net debt-to-equity (net D/E) ratio as an indicator of financial soundness. Specifically, we perform management to keep the net D/E ratio in the 70% to 80% range at the end of the fiscal year as an appropriate level of interest-bearing debt. At the end of fiscal 2024, the net D/E ratio was at an appropriate level of approximately 78%, and going forward, we will make every effort to maintain financial soundness while improving the cash conversion cycle.

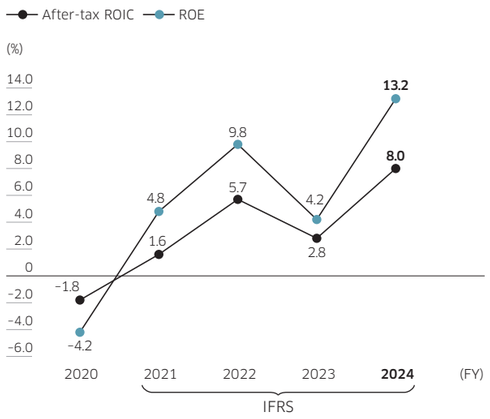
Net debt-to-equity ratio, net interest-bearing debt



After-Tax ROIC, ROE

After-tax ROIC in fiscal 2024 was 8.0%, reaching a level that exceeds WACC (approximately 7%). In our Group Vision 2030, however, we set a target of achieving after-tax ROIC of at least 3% higher than WACC, and although we are making steady progress toward that target, we are still midway toward achieving the target.

After-tax ROIC, ROE

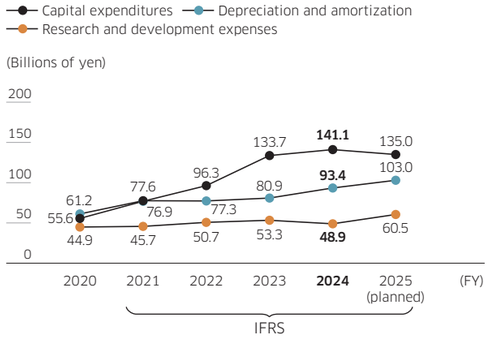


Capital Expenditures, Depreciation and Amortization, and R&D Expenses

In fiscal 2024, capital investment exceeded 140 billion yen due to increased production, primarily in the Powersports & Engine business, production streamlining in the Aerospace Systems and Precision Machinery & Robot businesses, and other factors.

Recently, we have been increasing investment in propulsion systems for marine vessels and other areas of defense-related business and actively investing in cutting-edge research and development necessary for future growth.

Capital expenditures, depreciation and amortization, and research and development expenses

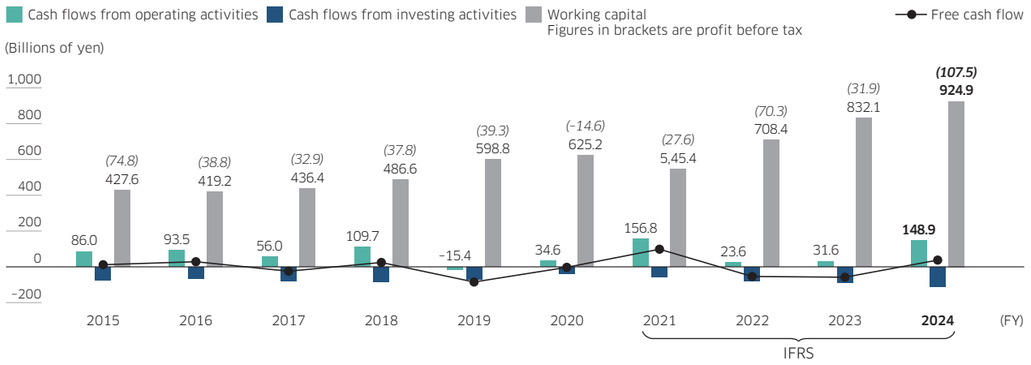


Cash Flow

In fiscal 2024, free cash flow turned positive (37.7 billion yen) for the first time in three years. We see this as the result of past investments bearing fruit and manifesting as cash generation effects.

Going forward, we expect investment to remain at high levels for deepening existing business and in new growth areas, and consequently, we anticipate that cash flows used in investing activities will be in the 100 billion yen range. In addition to improving profitability, we will focus on enhancing the efficiency of operating capital by reviewing transaction conditions and refining inventory management to strengthen cash generating abilities.

Cash flow



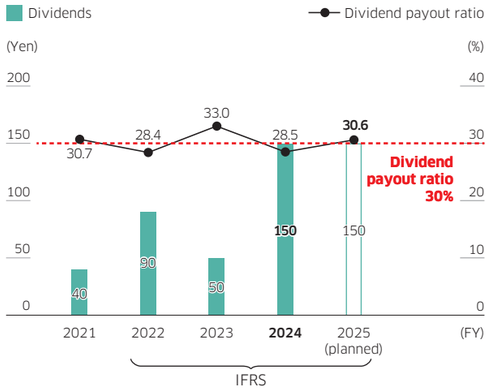
Shareholder Returns Approach

We have positioned the long-term enhancement of shareholder value as a priority management issue and are working to provide stable returns of profit based on a dividend payout ratio of 30%.

As a result of achieving record-high profit in fiscal 2024, we substantially increased the annual per-share dividend from the previous fiscal year to 150 yen and plan to maintain this level of dividend in fiscal 2025 as well.

Going forward, we will also consider reviewing our dividend standards so that dividend payments are less susceptible to the effects of annual profit fluctuations in order to achieve both dividend increases and stable dividends in line with profit growth.

Dividend payout ratio, dividends

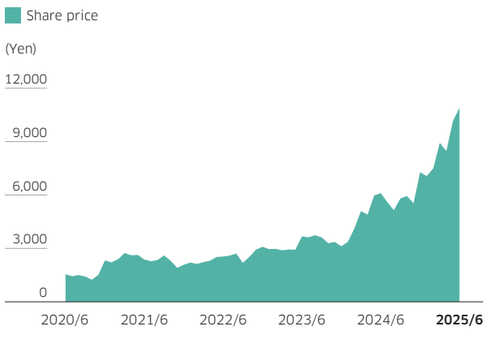


Share Price

The Company's share price has increased greatly, by more than five times, compared to five years earlier during the COVID-19 pandemic. We are aware that this is the result of improved financial performance as well as increased expectations for defense-related business against the backdrop of the recent rise in geopolitical risks.

We will steadily respond to these expectations and leverage the Kawasaki Group's technological capabilities, diverse business portfolio, and synergies among businesses to provide reliable solutions to social issues including disaster prevention, food security, the declining birthrate and aging population, and energy problems. Through these initiatives, we will strive to achieve sustainable profit growth and stable shareholder returns and to further increase corporate value.

Share price



Message from the Officer—Technology, Intellectual Property, and DX

Hiroshi Nakatani
Representative Director
Senior Corporate Executive Officer
Assistant to the President
In charge of Technology, Production, Procurement, TQM, and Digital Transformation (DX) Strategy

We will leverage our technology and drive transformation to continue creating new value.

Using our world-leading technology to deliver solutions to social issues

The Kawasaki Group, under the slogan "Trustworthy Solutions for the Future," is addressing global social issues, with the Group rallying behind hydrogen-related businesses as a core focus for energy transition.

We began developing hydrogen technologies in 2009, recognizing its potential as a next-generation energy source. While hydrogen first drew attention in Japan for its role in energy security, we greatly accelerated technological development as global interest grew and the push toward carbon neutrality provided strong momentum. Kawasaki was among the first to start building a hydrogen supply chain for production, transportation, storage, and utilization, and the Group has continued to be a leader in the field. We advanced to the demonstration phase for our operating technology in 2020 and are now making the final preparations to start commercial operations as early as 2030. We are also developing hydrogen technologies for the mobility field, including for motorcycles and four-wheelers, ships, aircraft, and railway cars.

The hydrogen-related business is a symbol of the technological value of our operations and is positioned as a growth driver for our global business.

Fusing technologies to innovate social solutions for a flourishing future

Our exploration of new long-term business directions has led us to take on new challenges in food security as well as issues stemming from declining birth rates, aging populations, and shrinking labor forces.

Food security is a critical issue in Japan due to the country's low level of food self-sufficiency. In 2021, we looked at the fisheries sector and started exploring ways to use our technologies to make a unique contribution. This was far beyond our normal business domain, and the engineer who conceived the project was repeatedly asked what Kawasaki could contribute, to which he responded that it could innovate technologies no other firms could. Using long-developed water treatment and fluid control technologies, we created the MINATOMAÉ semi-enclosed ocean surface aquaculture system. This highly advanced system achieves the highest fish breeding density in Japan, improves fish quality, and supports sustainable aquaculture. We envision the technologies being a foundation for joint operations with fisheries that can be developed into a Group operation.

Japan is also facing an urgent demographic challenge, as a declining birthrate and aging population are causing labor shortages that could severely impact socio-economic activity. In response, we are developing social robots that work alongside people to support daily activities, with a focus on medical and nursing care applications. These robots will monitor and interact verbally with patients, while systems of multiple integrated robots are being designed to maintain and improve the quality of nursing care services, reduce the burden on staff, and create comfortable working environments. We are also adding AI to our robot technologies with the aim of developing robots that support activities across all areas of society.

Our development of future-oriented technologies emphasizes both top-down policies and bottom-up initiatives guided by employee input. In October 2025, we established an Innovation Center within the Corporate Technology Division, where discussion meetings on specific themes allow employees to share their ideas and perspectives. We believe this integrated approach and hands-on involvement enhance employee engagement and foster the creation of innovative technologies.

Steadily advancing technological development to fulfill Group Vision 2030

While exploring for new ways to create future value, we are also refining our existing technologies to exploit their deeper potential. The initiatives we are pursuing under Group Vision 2030 are now beginning to yield tangible results.

For example, the technologies we are developing to assist in achieving a carbon neutral society have led to the creation of natural gas turbines that will help in the transition period to becoming a hydrogen society. The turbines accommodate mixed fuel sources so the user can begin using all natural gas then move to a hybrid gas and hydrogen fuel, and ultimately all hydrogen to meet their volume requirements and the needs of their customers. We are also developing CCUS (Carbon dioxide Capture, Utilization, and Storage) technology for commercialization. In collaboration with energy companies, we are conducting practical demonstrations to apply this technology to factory exhaust gases and atmospheric emissions. The core carbon separation and recovery technology used in this process has long been successfully employed in submarines, space stations, and other closed environments.

Another core area we are advancing is autonomous robots and mobility systems that ensure safe and efficient movement of people and goods. The *hinotori*™ Surgical Robot System exemplifies the easy and intuitive operation that the Kawasaki Group's advanced, high-precision control technologies deliver. We are currently collaborating with a partner to integrate these and our mobility technologies with their AI systems. We see strong potential not only in healthcare and nursing care settings but also in broader applications, such as robot porter systems for apartment complexes, where robots will become active, familiar elements of everyday life.

Co-creation and collaboration to create value and contribute to society

There is a limit to what we can achieve alone in delivering a continuous flow of new value. In today's rapidly changing world, co-creation has become increasingly essential, and we are actively engaged in numerous co-creation initiatives in the three focus areas defined in Group Vision 2030. To reinforce these efforts, in November 2024 we created CO-CREATION PARK - KAWARUBA as a social innovation co-creation hub, bringing together diverse people, technologies, and partners with shared aspirations to generate ideas and practical means for real-world social implementation.

In addition, creating new markets through co-creation requires an intellectual property strategy that balances open (standardized) and closed (intellectual property) technologies. While actively sharing a wide range of knowledge and technologies, we also carefully manage and protect the expertise to maintain competitiveness and ensure long-term earnings growth. This shift in mindset has altered our approach to technology development. Rather than focusing solely on presenting completed products, we now engage in continuous dialogue with users from the early stages and incorporate their input to guide the development processes and direction.

Co-creation with external partners is a driving force behind the creation of new businesses and a valuable opportunity for our employees to learn and expand their perspectives. Exposure to diverse viewpoints and expertise fosters personal growth and energizes the entire organization. We are open to embracing a wide range of knowledge and technologies, and aim to integrate our strengths with those of our partners.

My role is to identify markets, potential users, and shifts in their trends, and to formulate clear strategies and chart direction while carefully exploring new innovations and exploiting our existing technologies. We are committed to contributing to society by delivering new value, now and in the future.

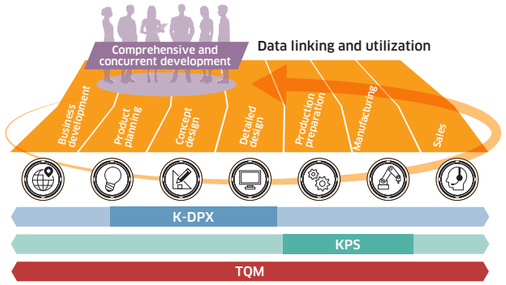
Process Innovation Throughout the Value Chain to Achieve High-Quality and Efficient Manufacturing

Based on our mission of Total Quality Management (TQM), Kawasaki is implementing process innovation throughout the entire value chain, targeting the series of business processes from product planning to service provision. Through this initiative, we aim to create systems that can respond flexibly and quickly to both societal changes and diversifying needs and to build a robust business foundation that can continuously provide value.

In development and design in particular, Kawasaki is standardizing and enhancing business operations through an internal initiative known as Kawasaki Design Process Transformation (K-DPX). We are systematically leveraging the wealth of knowledge and experience that we have accumulated within the Company to prevent errors in the design stage and actively introducing digital engineering to improve the efficiency and quality of design operations.

In addition, we are developing a data integration platform that connects the entire value chain and conducting "comprehensive and concurrent development" activities to meticulously create products and services that precisely capture the needs of society and customers from the initial stages of development. Through comprehensive implementation of these measures and Kawasaki Production System (KPS) activities intended to thoroughly eliminate waste, we are preventing reworking that is likely to occur during design and manufacturing processes and achieving high-quality and efficient manufacturing.

Process innovation throughout the entire value chain leads to improvement in product and service quality as well as enhanced operational quality and efficiency and contributes to the development of an organizational character that is resilient to changes in the management environment.



Comments from a project staff member

Since around 2015, we have been conducting the visualization and verbalization of knowledge and experience that previously was difficult to share as tacit knowledge with the objective of achieving the succession of technology and improvement in design quality. Later, we expanded this into a cross-functional program across all design departments in the Group in the form of K-DPX activities and evolved this into business innovation activities, such as standardization through the formulation of development and design guidelines and sophistication of development and design processes through data coordination and utilization throughout the entire value chain, contributing to strengthening the foundations of product development.

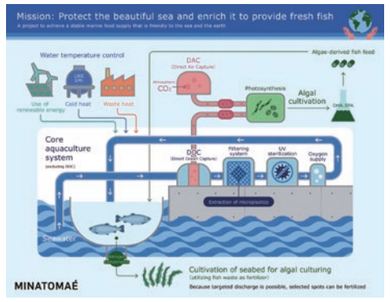
In the future, we will enhance product development even further by using advanced digital technologies and AI and contribute to improving the QCD (quality, cost, delivery) of the Company's products through TQM, KPS, and linked process engineering activities.

Yugo Ohata
WX-Concurrent Promotion Office, Process Engineering Center, Corporate Technology Division

MINATOMAÉ Brings Together Technical Capabilities Across Specialized Fields

To solve food problems, Kawasaki brought together its technological capabilities and developed a sustainable aquaculture system. We utilize water treatment technologies related to filtration and sterilization created through plant development as well as fluid control expertise acquired through the development of marine vessels, marine machinery, and railcars. We adopted a semi-closed containment aquaculture technology framework that is less susceptible to external factors, such as red tide, pathogens, and water temperature changes, enabling aquaculture in port and coastal areas near consumer markets and distribution centers, thereby enabling the provision of food safety, security, and delicious products to consumers. We received support from Maruha Nichiro Corporation regarding fish cultivation and distribution and conducted a trout salmon cultivation trial in the sea near the Port of Kobe (by Kawasaki's Kobe Works) from January to April 2025.

Conceptual Diagram of the MINATOMAÉ System



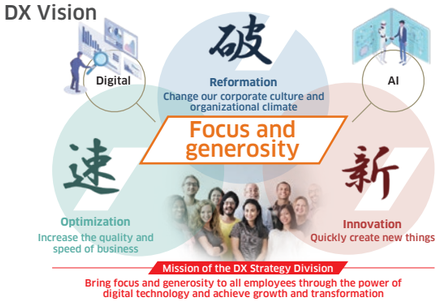
DX Activities Achieve Work with Joy–Kawasaki

As a part of Kawasaki DX, which is being promoted with the objectives of reforming our business models and achieving process innovation, in early fiscal 2024 we formulated the DX Vision, which expresses how employees can demonstrate high productivity and creativity.

We defined "Joy@Kawasaki" as its purpose and aim to achieve "Work with Joy–Kawasaki," a status where all employees feel that their work is rewarding, through the use of digital technologies.

We are taking action with "bringing focus and generosity to all employees through the power of digital technology and achieving growth and transformation" as the mission of the DX Strategy Division to promote DX in three areas–Reformation, Optimization, and Innovation–as organized in the diagram below.

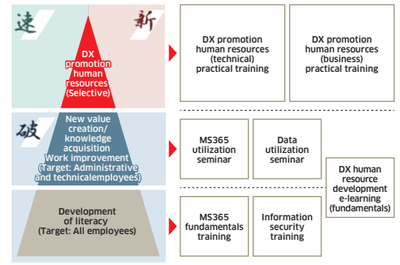
DX Vision



While completely transforming the IT environment, we are focusing our efforts on developing DX human resources. We first conduct IT literacy training and seek to enable all employees to fully utilize the IT environment including AI. We conducted courses including Microsoft 365 fundamentals training and information security training, and more than 10,000 administrative and technical employees in Japan have completed training.

We are also taking action to accelerate human resource development by offering a DX Human Resource Development e-Learning (Fundamentals) course with a target of having 4,000 employees participate in fiscal 2025. In addition, we are advancing the selective training concept for developing advanced DX human resources and will conduct courses in the second half of fiscal 2025.

Measures for developing DX human resources



Comments from a project staff member

We are actively using AI in various areas of internal operations based on the DX Vision. In addition to introducing AI to routine work such as preparing meeting minutes, the use of AI has been expanded to work that requires specialized skills such as marketing. The objective is to increase operational efficiency and create generosity through cooperation between humans and AI, thereby achieving "Work with Joy–Kawasaki."

We are also preparing a curriculum that uses my business experience at other company with the aims of enhancing IT literacy and developing DX promotion human resources. The curriculum incorporates content to further accelerate the utilization of AI, and we seek to create an environment for improving operational efficiency and creating new business, contributing even more to the Company's growth.

Masatoshi Satano
Manager, Section 2 Data Science Technology Department, Digital Strategy Group, DX Strategy Division

Seeking to Create Markets Through Multifaceted Rule-Making Activities

Kawasaki is developing technologies and conducting intellectual property activities to ensure its technological superiority in hydrogen supply chain related equipment and is collaborating with various industry organizations and other parties to revise international rules, create international standards, and amend domestic laws and regulations with the objective of creating markets.

For example, the International Organization for Standardization (ISO) issued a standard specifying safety requirements, inspection and testing procedures, and other matters proposed by a body in which the Company participates regarding loading arms, a type of equipment that is used to transfer necessary hydrogen to ships at cargo handling bases. We also participate in discussions on measures for promoting the widespread adoption of hydrogen, such as demand creation and deregulation, through the organized activities of the Japan Hydrogen Association and other public-private collaborative bodies.

Kawasaki has been recognized for these activities and was selected as a "company actively participating in multi-faceted rule-making" in the survey on attitudes regarding corporate activities for solving social issues conducted by the Ministry of Economy, Trade and Industry.

Takeshi Kaneko
Managing Executive Officer
In charge of Legal Affairs, Compliance, Human Resources, and General Administration
General Manager, Human Resources Division

Maximizing our human capital under the belief that human resources are our greatest asset.

Four key investments for creating future value

Since my appointment as Chief Human Resources Officer (CHRO) in 2024, my strategy has been guided by the core principle that investing in human resources is an investment in future value. We are fully committed to this approach, which serves as the cornerstone of the Kawasaki Group's human capital management. Discussions with staff at the Human Resources Headquarters and across each business unit in fiscal 2024 led us to identify four priority investment areas essential to achieving Group Vision 2030: placing the right people in the right roles, talent development, employee wellbeing, and human resources DX.

Placing the right people in the right role is key to reforming the personnel system. That approach is a meaningful investment for both the Company and employees, as the Company effectively allocates the human resources needed to achieve the Vision, while employees gain a clear path for career development. Talent development is fostered through numerous opportunities for on- and off-the-job training, ensuring the right people are prepared for the right roles and have opportunities to explore careers. Promoting employee wellbeing involves advancing DE&I that respects individuals, providing psychologically safe work environments, promoting health and safety and establishing a foundation for lifelong active careers. The biggest challenge lies in human resources DX. We believe that investing in an efficient and reliable personnel system is necessary to encourage open communication between superiors and subordinates, stimulate employees to take on challenges, and strengthen their commitment.

To maximize the return on human resource investment, our initial step is to build a system for visualizing human resource costs across the parent company and all consolidated domestic and global operations. We will then establish clear KPIs and consistently apply the PDCA cycle to ensure the strategies drive sustainable growth.

Cross-organizational human resource exchanges and expanded succession plans

Achieving Group Vision 2030 necessitates corporate transformation, especially due to concern that the organization has become overly rigid in the more than two decades since the Company system was adopted. At the time of its adoption, the then-president emphasized ensuring resilience during restructuring by building an organization with a workforce capable of overcoming organizational barriers when business cycles shift. While the division system for each company introduced by current President Hashimoto helps realize this goal, we must ensure organizational management remains flexible.

The open innovation space CO-CREATION PARK - KAWARUBA opened at Haneda Airport in November 2024 is a cross-organizational initiative. We plan to dispatch employees from each division to interact with

other companies, universities, local governments, and other external parties to demonstrate, and commercialize new business ideas.

We have also reformed our approach to developing management personnel, shifting from the previous method of selecting and training a limited number of CxO candidates to building a broad base of human resources who possess management perspectives and are always available to assume CxO roles. The training system and evaluation criteria have been revised to incorporate the conceptual, execution, and communication abilities that President Hashimoto defined as core qualities for managers. Members of the Executive Officers Committee have also participated in interactive sessions focused on these abilities, resulting in stronger communication both within individual departments and across the organization. I believe these sessions provide a broader perspective and they are more conscious about communicating in terms that people outside their field of expertise can understand.

A DE&I system that unlocks everyone's potential

We launched a bottom-up project to create a human resources policy that tells a story resonating with all employees. Over the course of a year, 20 younger employees conversed with people across our business sites, ultimately in fiscal 2025 shaping a heartfelt policy that expresses the Kawasaki spirit of challenge in our own words.

At the core of the policy are DE&I values. In fiscal 2024, I visited worksites that are accommodating people with disabilities and that are actively promoting health and safety. These visits taught me that the essence of DE&I lies in designing workplaces where each person can fulfill their potential in their own way, which applies to all employees, not just for those with disabilities. In parallel, Company executives took part in a year-long DE&I awareness program, through which we gained a clearer vision of the ultimate objective of DE&I, which is to create environments that enable motivated employees to maximize their potential according to their individual personalities and circumstances. We are incorporating these perspectives into our personnel system as we build an organization that is welcoming, supportive, and motivating for increasingly diverse workforce.

We are pursuing several initiatives to promote women's participation in the workplace. Internally, we introduced a management training program for all section managers. Externally, we collaborate with high schools and universities to support programs that encourage female talent in science and technology fields, with the aim of increasing the number of women among future industry leaders.

Our overall employee engagement score has reached the average level of the major Japanese companies we use as benchmarks. Still, several employee segments require significant improvement. Chief among those is production workers, and we are enhancing production safety and worksite conditions while improving the working conditions and reviewing the roles of senior foremen and other frontline leaders in our production operations.

An open organization constructed on diverse careers and talent networks

Four years ago, we restructured our personnel system to encourage employees to take on challenges, make full use of their abilities, and achieve results. With this system now fully established, we are focusing on strengthening talent management and succession planning by applying job-based personnel management and creating clear visibility of human resource needs and skills.

The new system is designed not just for a few high achievers but to accommodate diverse values and work styles while supporting both career development and work-life balance. We are establishing a system for skill development and salary increases independent of promotions, providing more opportunities for employees to experience different departments and job types to explore potential career paths, and expanding the system for applying to preferred assignments and projects. Offering a wider range of internal career options not available through changing jobs supports the growth of our employees and strengthens our organization's competitiveness.

We are also stepping up hiring of mid-career professionals, and the external experience and expertise they bring have a highly positive impact. In March 2025, we initiated the Alumni Network for employees to take advantage of the knowledge of seasoned former employees. This network expands our internal and external talent connections, fosters an open corporate culture, and drives innovation by maintaining relationships with individuals connected to the Company, such as retirees and those who have declined employment offers. We will continue diversifying our recruitment channels to attract talent, energize the organization, and support sustainable growth.

Our people are the asset that will secure a sustainable future

Kawasaki will celebrate its 130th anniversary in 2026. Today's Kawasaki Group combines talented individuals with the rich legacy of knowledge and experience passed down by our forebears. Our founder Shozo Kawasaki said, "Rise to the challenge." These words guided me while developing our human resource policy, and I consider it a core duty to pass this legacy to the next generation. Uniting the vast knowledge and expertise dispersed across our businesses into a shared asset for employees will deepen the value of our human capital. We are building mechanisms that will maximize this value and drive the sustainable growth of the Group.

Creating a Culture of Tackling Challenges and Growth —Background to and Objectives of Transformation

The Kawasaki Group has inherited the spirit of founder Shozo Kawasaki and has continuously addressed the social issues of each era and boldly tackled challenges. The driving force of this has been the willingness of each employee who is facing difficulties to take on challenges and the learning and growth gained from doing so.

The Group, which positions human resources as the source of medium- to long-term corporate value creation, has redefined its human resource management policy as the Human Resources Policy (HR Policy) in the form of a guideline supporting the growth of people and organizations. We will focus our efforts on fostering a culture and foundation that enables employees to tackle challenges with high goals and grow by learning from both their successes and failures.

Centered on three pillars—take on challenges, expand horizons, and reach new heights together—we will strengthen our structures to encourage employees to tackle challenges and support growth from the perspectives of both systems and culture. We will create a virtuous cycle of employee self-realization and social contribution, leading to sustained growth by the entire company.

Kawasaki Group Human Resources Policy

Continue to Challenge, Continue to Achieve. Together.

"Rise to the challenge."
Carrying on the spirit of our founder Shozo Kawasaki, we continue to deliver innovative solutions that meet the needs of the times

Our employees are the reason this has been possible—always facing a challenge head on, learning and growing through both our successes and failures.

Kawasaki is committed to creating opportunities and environments that enable every employee to take on challenges without fear, to grow, and to contribute to society.

Take on challenges
Kawasaki builds a strong foundation for our employees by fostering mutual trust, ensuring fair employment conditions, and creating a safe and healthy work environment—enabling everyone to set ambitious goals and take on challenges with confidence and integrity.

Expand horizons
Kawasaki values and supports every employee and provides opportunities to unlock their potential and contribute to society by taking on challenges and pushing themselves to achieve more.

Reach new heights together
Kawasaki nurtures a culture of teamwork, mutual respect, and drive where the individual and organization can grow together.

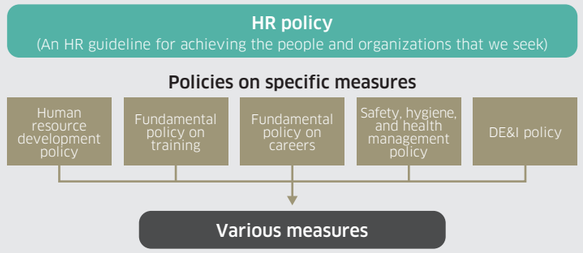
Discussion on the HR Policy

When formulating the HR Policy, young members of the human resources department played a central role, conducting workshops with each business division and surveys of all human resources department personnel. At the workshops, participants discussed what is needed to increase employees' sense of purpose and ease of work and what value the Company can (and should) provide to employees.

Positioning of the HR Policy
The HR Policy states the Company's fundamental thinking on the provision of support for employee recruiting, development, and active contribution in order to achieve the Group Vision 2030 and serves as a guideline for ensuring that the overall direction of human resources does not waver.

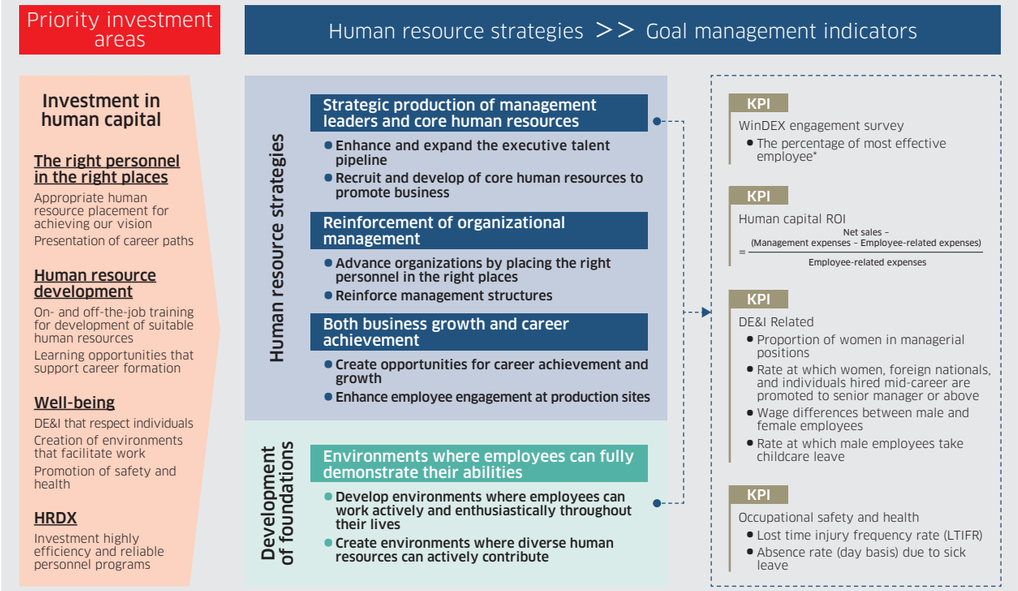
The policy clearly states our corporate stance of supporting employees who take on challenges and connects this to the further evolution of our corporate culture as a guideline that enables employees to feel they want to work at Kawasaki.

A scene from a workshop



Priority Investment in and Strategic Approach to Human Capital

For more details of promotion of human resources activities, refer to p. 71.



* The percentage of employees who feel a strong sense of motivation and belonging regarding their work and that they are adequately supported by their company and organization

Status of Progress in Priority Investment Areas

The right personnel in the right places
To achieve our vision, we are moving forward with the creation of a system that clarifies the necessary positions and roles (= right place), identifies human resources with the behavioral characteristics and special knowledge suitable for those roles, and strategically recruits and assigns them (= right personnel). We are also visualizing personal information through the use of a talent management system to strengthen support so that each employee can take on roles that lead to self-fulfillment and create a path toward future career advancement.

Human resource development
For executives and managers, in addition to performing challenging assignments, we conduct in-house training programs for systematically learning management perspectives and capabilities. We also promote skill enhancement support and provide reskilling opportunities tailored to job types and hierarchical levels for all employees while developing an environment that encourages career autonomy. We also focus on continuously implementing compliance training and fostering a corporate environment of integrity through dialogue in the workplace to build sound and trusted organizations.

Well-being
We are taking action to promote flexible working styles so that each employee can achieve a work-life balance. We seek to create workplace environments that respect diverse individuality and values and everyone can demonstrate their capabilities in their own ways. To protect physical and mental health and safety, we promote health management and continuously invest in the safety field. In addition, we are responding to the diversification of lifestyles by reviewing employee benefit programs and focusing on creating environments where employees can work with peace of mind over the long term.

HRDX
In personnel and payroll related operations, we are promoting the standardization and systemization of business processes to increase reliability in both systems and operations. In conjunction with this, we are also developing communication tools to deepen connections among employees and improve communication within organizations. In addition, we seek to achieve fair and well-accepted personnel operations by raising the levels of human resource selection and evaluation using AI. By advancing both visualization of human capital and digitalization of the HR field, we are working to reinforce the foundations of strategic human resource management.

Approach to Sustainable Value Creation

The Kawasaki Group shifts the diverse value, advanced technological capabilities, and other forms of management capital accumulated over its long history to new social issues and markets by enacting corporate transformations. It creates new social value and realizes the sustainable improvement of corporate value by continuing to propose innovative solutions.

Social issues
- Remotely connected society
- Declining and aging populations and decreasing birthrates
- Pandemics/disasters
- Global environment
- Energy

External environment

Vision to Achieve by 2030

Trustworthy Solutions for the Future

A company that goes beyond various confines to take action and tackle challenges with speed and provides innovative solutions to an ever-changing society with timeliness

Input (Management resources)

(FY2024)

Financial capital

Invested capital
¥1,224.9 billion

Share of long-term debt accounted for by sustainable finance
29.0%

Manufactured capital

Capital expenditures
¥144.1 billion

Intellectual capital

R&D expenses **¥48.9** billion

Number of patents held
Japan: **3,188**
Overseas: **4,637**

Human capital

Employee-related expenses[1]
¥164.3 billion

Rate at which women, foreign nationals, and individuals with mid-career hires are promoted to senior manager or above[2]
8.7%

Social and relationship capital

Number of major suppliers responding to our sustainable procurement survey
200 companies

Number of IR meetings held
461 times

Natural capital

Total non-renewable energy consumption
1,392,256 MWh

Water withdrawal[2]
5.704 million m³

Management capital that forms our strength which we leverage in order to create value

Organizational capital

- Diverse product and service technologies and expertise cultivated over more than 125 years
- A challenger's DNA of constantly creating solutions to address the social issues of each era

Human capital

- Human resources that take on the challenge of loftier goals and tackle them with resolve and a sense of speed
- Organizational culture in which anyone can play an active role while demonstrating their personal strengths

Relationship capital

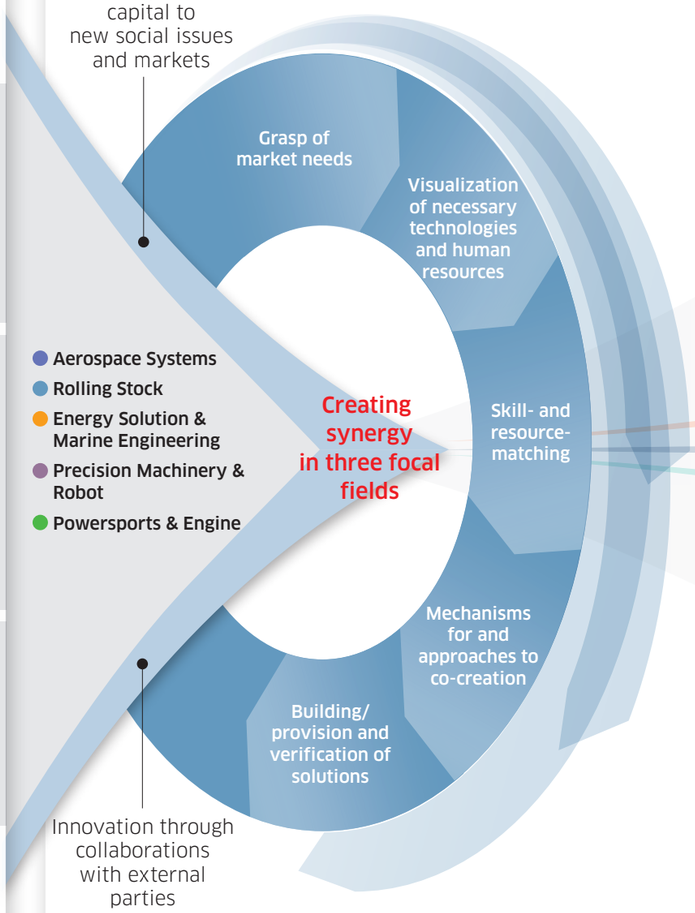
- Trustworthiness gained by being in close proximity to customers and making full use of advanced coordination techniques to provide proprietary solutions

1 Total salaries, bonuses, and welfare expenses
2 Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, and Kawasaki Motors

Management strategies and business activities

Shifting management capital to new social issues and markets

Value creation through reinforcing exploration



- Aerospace Systems
- Rolling Stock
- Energy Solution & Marine Engineering
- Precision Machinery & Robot
- Powersports & Engine

Innovation through collaborations with external parties

The foundation of our business activities (materiality)

Key outputs (Results of business activities)

Financial KPIs

	Fiscal 2030 target	Fiscal 2024 result
Business profit margin	Above 10% by fiscal 2030	6.7%
After-tax ROIC[3]	3% or more higher than WACC	8.0%

3 After-tax ROIC = {Profit attributable to owners of parent + interest expense x (1- effective tax rate)} ÷ invested capital (average NET interest bearing debt at the beginning and at the end of the period + average shareholders' equity at the beginning and at the end of the period)

New businesses that solve social issues


Nursing care


Industrial infrastructure/ manufacturing


Defense


Disaster preparedness


Medicine and health care

A safe and secure remotely connected society


Food security


New means of transport

Near-future mobility

Energy and environmental solutions


Energy security


New means of mobility


A society where seamless mobility is possible


Hydrogen/CCUS solutions


Realization of carbon-neutral society

Non-financial KPIs

	Fiscal 2030 target	Fiscal 2024 result
Ratio of employees for whom both "engagement (job satisfaction)" and "enablement (productive work environment)" are high	Fiscal 2030: Over 50%	31%
CO_2 emissions from business activities	Achieve net zero for the entire value chain by 2050	Scope 1 142 kt-CO_2 Scope 2 304 kt-CO_2[4] Scope 3 Total of 32,615 kt-CO_2[5]

4 Market-based
5 Regarding Scope 3, the calculation method has revised and the boundary of aggregation expanded in recent years to ensure more accurate emissions data.

Outcomes (Creation of social value)

A safe and secure remotely connected society
Creating new value emphasizing safety and security

Near-future mobility
Transforming the movement of people and freight with new transportation systems

Energy and environmental solutions
For stable supply of clean energy

Group Vision 2030 | Goals and Results in the Three Focal Fields

Focal field and goal	Social outcomes (results)	Targets for 2030	Key performance indicators (KPIs)	Specific measures	Achievements in fiscal 2024
A safe and secure remotely connected society **Creating new value emphasizing safety and security** Create a society that is affluent, safe, and secure for all with remote technology	• **Improve patient quality of life through** minimally invasive and advanced **robotic-assisted surgery** • **Eliminate regional disparities** in healthcare **through remote surgery** • Reduce the burden on medical professionals and nursing care workers • Improve productivity and alleviate labor shortages • **Work style reforms** ○Time flexibility ○Eliminate strenuous, dirty, and dangerous work ○Remote work that includes on-site operations • **Secure labor** • **Provide opportunities for all people to participate in society** • Support for evacuees (improve quality of life) • **Save more lives**	• **Robotic-assisted surgery system** made widely available **globally** and being used in many cases • **Practical application of remote surgery** using **robotic-assisted surgery system** • Eliminate 5% of **Japan's approximately 2,000,000 shortage in healthcare and welfare workers** (market estimated at over ¥1 trillion) • Eliminate 5% of **Japan's approximately 4,000,000 shortage in manufacturing and service industry** workers (market estimated at over ¥2 trillion)	(a) **Annual number/cumulative total of cases using robotic-assisted surgery system** (b) Steady achievement of **remote surgery** development milestones (c) Remote platform active users	• Realization of easy-to-use **robotic-assisted surgery system through improved operability and functions** • **Acquisition of sales approval in various countries toward global expansion** • **Implementation of remote surgery demonstration tests** using **robotic-assisted surgery system** • Adoption of nursing care robots in medical institutions • Market introduction of personal care products that use remotely connected technologies • Development and implementation of robots for warehouses and stores • Practical application of humanoid robots • On-site work using remotely controlled robots at plants (proof of concept demonstration begun in fiscal 2021) • Deliver medical service helicopters • Deliver standby generator sets	• ***hinotori*™ surgical robot system (Legal manufacturer: Medicaroid Corporation)** ○Number of cases conducted: over 5,200 annually / cumulative total of over 9,400 ○Approval for the indications for use of thoracic surgery (respiratory surgery) in Japan ○Obtained sales approval and market entry in Malaysia ○Application for CE mark certification under the Medical Device Regulation (MDR (EU)2017/745) ○Implemented multiple remote surgery demonstration tests • Supply of **the RemolinkBuilder service enabling remote system development and the Remolink™ service connecting businesses and workers by remote-control robots** (ongoing); increase of partner contracts with various companies • Utilization of nursing care equipment, etc. through behavior measurement in nursing care and the analysis of measurement data and implementation of demonstrative experiments for **the nursing care support service business supporting nursing care facilities** • Introduction of **the indoor positioning information service** in various commercial facilities, etc.
Near-future mobility **Transforming the movement of people and freight with new transportation systems** Create a society where people and freight move safely, quickly, and efficiently using new forms of mobility	• Handle increasing logistics volumes and **alleviate labor shortages** • Provide safe working conditions • Realize a society that enables the environmentally friendly and safe movement of people and freight • **Realize seamless urban transportation** Increase the speed and efficiency of the movement of people and freight • **Alleviate traffic congestion and logistics delays** • **Disaster-resilient community building** Rapid transportation of emergency supplies, etc.	• Eliminate 20% of Japan's approximately 200,000 **shortage in logistics workers** • **Commercialize new mobility** ○Delivery robots ○Unmanned VTOL aircraft (vertical take-off and landing aircraft) ○Autonomous four-wheelers ○Supply chain optimization services, etc. • Autonomous marine transport (Marine Collaboration Project) • **Take part in super city projects**	(a) Number of unmanned VTOL aircraft and total volume transported (b) Number of delivery robot users and total volume transported	• **Logistics chain optimization** **Phase 1** ○Autonomous transportation and loading equipment (autonomy that extends to the last mile) **Phase 2** ○Supply chains (create seamless connections: improve efficiency, including for reloading systems) ○Overseas expansion by 2030 • **New mobility** ○Commercialization of delivery robots by 2025 ○Full-scale operation of VTOL and integrated transport service business by 2030 • **Realize super cities** ○Coordinate with municipalities to take part in super city projects (total optimization of urban transportation, including the movement of people) ○Build overarching management systems for the movement of people and freight (local MaaS) Organically link these with other Group businesses ○Build cooperative relationships with logistics companies and software companies	• Commissioned by Ina City, Nagano Prefecture, for its Unmanned VTOL Cargo Transport Platform Development Project (ongoing) • Development of the K-RACER unmanned VTOL aircraft received the Chairperson's Award of the Japan Aeronautical Engineers Association • Participation in the Nankai Rescue 2024 practical training exercise simulating the occurrence of a Nankai Trough earthquake (organized by the Japan Ground Self-Defense Force Middle Army); the K-RACER unmanned aircraft was used to transport aid supplies to an isolated disaster area, successfully carrying out its mission of unmanned logistics transportation by loading and then unloading supplies without the involvement of human hands • Began official operation of four FORRO service robots at the Fujita Medical Innovation Center Tokyo, realizing a reduction in delivery work for samples, etc. and in distances covered by nurses • Provided **the Z-Leg™ one-stop service for air travel arrangements by helicopter** in collaboration with municipalities, domestic and foreign travel agencies, railway companies, etc. We gave a class for children about disaster assistance by helicopter
Energy and environmental solutions **For stable supply of clean energy** Quickly achieve a stably powered, carbon-neutral society at low cost	• **Reduce the price of hydrogen energy** • **Help address climate change by reducing CO_2 emissions** • **Provide clean travel and transportation by land, sea, and air** • Help address climate change by reducing CO_2 emissions • Reduce environmental burden throughout the value chain	**Hydrogen** • Completion of liquefied hydrogen supply chain commercialization demonstration • Start of domestic hydrogen utilization **Existing products** • Manufacture of even more environmentally friendly products • Expansion of hydrogen-ready products for the transition period • Reduction of CO_2 emissions from products	**Hydrogen** (a) Hydrogen supplied by Kawasaki solutions (b) CO_2 reductions by Kawasaki's hydrogen energy solutions **Existing products** (a) Reduction of CO_2 emissions through product-based contributions (b) Number of registered products and revenue in Kawasaki Ecological Frontiers (formerly Green Products)	• **Formation of partnerships and consortia across the entire liquefied hydrogen supply chain** • Technological development Establish technologies for larger scale, leveraging New Energy and Industrial Technology Development Organization (NEDO) subsidized projects and partnerships • **Expanding the lineup of liquefied hydrogen carriers to meet diverse transport demands** • Develop hydrogen-fueled rolling • Mass production of hybrid and electric motorcycles and off-road four-wheelers • Deliver hybrid and electric marine propulsions • Begin pilot-scale demonstration testing of energy saving CO_2 separation and capture system (Kansai Electric Power Company)	**Hydrogen** • JFE Steel Corporation and Japan Suiso Energy, Ltd. concluded a leasing contract for land on Ohgishima for use as a liquefied hydrogen receiving terminal, which marked significant progress in demonstrating commercialization of the liquefied hydrogen supply chain • Development of the world's first 100% hydrogen combustion technology for large gas engines with a power output of 5MW or greater • Completion of the demonstration project for the Suiso (hydrogen) Platform in Oita Prefecture, enabling digital traceability across the entire hydrogen supply chain, from production to end use **Existing products** (a) CO_2 reduction contribution by products: Approximately 19.05 million t-CO_2 (b) Number of registered products and net sales in Kawasaki Ecological Frontiers: 70 products registered with net revenue of ¥233.6 billion

For details about the promotion of carbon neutrality, refer to pp. 45–48.

Focal field 1 Energy and environmental solutions

For stable supply of clean energy

1. The coming of a hydrogen and carbon-neutral society

Hydrogen to Support Japan's Energy Policy

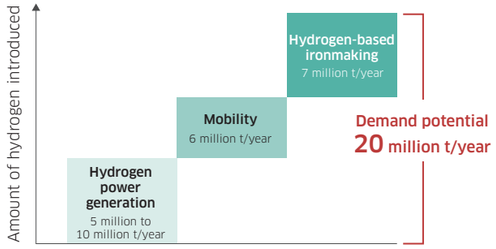
Crucial to Japan's energy policy are its "S+3E" objectives. The major premise is "Safety," with work being done to achieve a balance between "Energy Security," "Economic Efficiency," and "Environment." Hydrogen is seen as being one of the types of energy that will achieve these objectives.

The importance of hydrogen continued to be emphasized in the 7th Strategic Energy Plan decided upon by the Cabinet in February 2025 as well. Efforts aimed at realizing a hydrogen society are ongoing, based cooperation between the public and private sectors.

That said, the volume of the hydrogen supply that can be covered domestically is limited due to geographic constraints. Accordingly, large quantities of low-cost hydrogen imports from overseas will be essential to the hydrogen society of the future.

We believe that liquefied hydrogen will be an effective solution for the issues of long-distance maritime transport, which is a requisite for hydrogen imports from overseas. Toward that end, we are pushing forward on developing technology and expanding infrastructure.

Hydrogen demand forecast for 2050



Prepared by Kawasaki based on materials from the Agency for Natural Resources and Energy

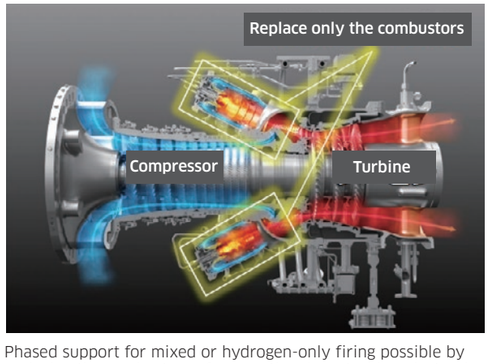
Furthering the Smooth Transition from Natural Gas to a Hydrogen Society

Media reports have noted a move back to natural gas in the energy markets in recent years owing to policy changes and so forth in the United States. However, in the long-term, there is no change to unavoidable, shared global goal of dealing with climate change. The current promotion of carbon neutrality is irreversible. In the early years of the hydrogen society, blue hydrogen[1]—which is highly compatible with natural gas—will quite likely encourage the propagation of hydrogen through how it supports the introduction of green hydrogen.[2]

As this unfolds, we are developing so-called hydrogen-ready technologies and products, such as gas turbines and gas engines that can be switched from mixed firing with natural gas to hydrogen-only firing. We are preparing a system that will also be able to handle the period of the transition from natural gas to hydrogen.

1 Blue hydrogen: Produced from fossil fuels, CO_2 captured before emission
2 Green hydrogen: Produced by the electrolysis of water, using renewable energy

Examples of transitional solutions



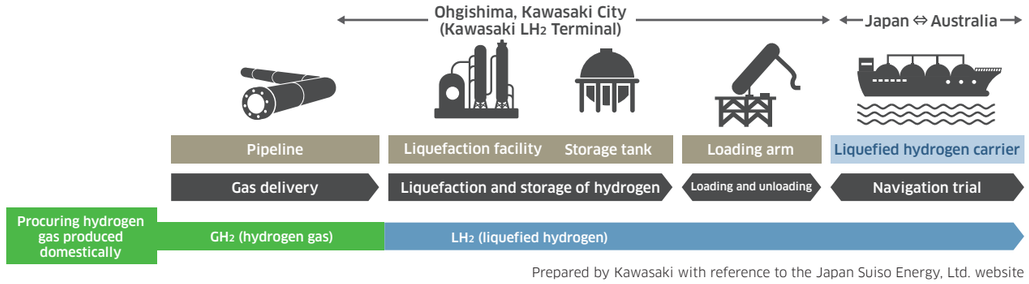
Phased support for mixed or hydrogen-only firing possible by replacing the combustors of conventional gas turbines (natural gas fuel)

Progress in the Commercialization Demonstration of a Liquefied Hydrogen Supply Chain

With our eyes on the coming of the hydrogen society, commercialization demonstrations by our subsidiary Japan Suiso Energy, Ltd. (JSE) are progressing steadily. In May 2025, JSE began construction of the international hydrogen supply chain's Japan terminal—the world's first commercial-scale facility—in Ohgishima, Kawasaki City, Kanagawa Prefecture. In August, it began constructing above-ground flat-bottom cylindrical liquefied hydrogen storage tanks with a storage capacity of 50,000 m³ to be installed at the terminal.

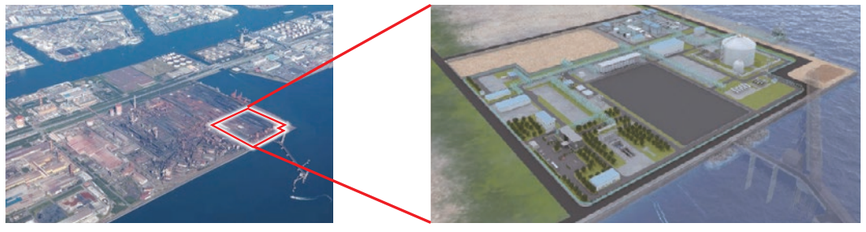
Furthermore, in September JSE and JFE Engineering Corporation signed a basic design contract for a hydrogen pipeline, and infrastructure development in the Kawasaki Coastal Area began in earnest.

Scope of commercialization demonstration



Prepared by Kawasaki with reference to the Japan Suiso Energy, Ltd. website

Japan terminal for the international hydrogen supply chain (under construction) in Ohgishima, Kawasaki City, Kanagawa Prefecture



Highlight

Launching fabrication of large liquefied hydrogen storage tanks at the plant: Toward building a liquefied hydrogen supply chain

In August 2025, we passed the design review under the High Pressure Gas Safety Act for our above-ground flat-bottom cylindrical liquefied hydrogen storage tank with a storage capacity of 50,000 m³ and began its manufacture at the Harima Works.

We have a track record of delivering spherical liquefied hydrogen storage tanks for Tanegashima Space Center and Kobe Airport Island, and we have an abundance of design and manufacturing know-how for flat-bottom cylindrical LNG storage tanks accumulated over the years. The tank being built now will be the world's first commercial-scale, above-ground flat-bottom cylindrical tank. It will be capable of storing more liquefied hydrogen than even conventional spherical tanks owing to its unique structure and cooling system.

The tank is scheduled to be installed at the Japan terminal (Ohgishima, Kawasaki City), which is being built for the Green Innovation Fund of the NEDO project's commercialization demonstration of a liquefied hydrogen supply chain.

Illustration showing the completed liquefied hydrogen storage tank

/ Forging an Ever-Expanding Circle of Partners

The circle of partners being forged for the building of a hydrogen supply chain is also expanding. In June 2025, with Imabari Shipbuilding Co., Ltd., and Japan Marine United Corporation, we began a joint study toward the creation of a system for the construction of the liquefied hydrogen carriers that are essential for bulk shipments of hydrogen. In August, JSE received investments from six companies* from various industrial sectors.

In September, five Japanese and German companies signed a memorandum of understanding (MOU) on cooperating to build a joint binational hydrogen supply chain. Furthermore, JSE signed an MOU involving three Japanese and Australian companies to collaborate on the building of a binational hydrogen supply chain. By forging partnerships both domestically and internationally, we are significant advances toward realizing a hydrogen society.

* EBARA Corporation, Obayashi Corporation, Tokyo Century Corporation, Development Bank of Japan Inc., Mizuho Bank, Ltd., and Mitsubishi Kakoki Kaisha, Ltd.

Highlights

Beginning a joint study on the construction scheme for liquefied hydrogen carriers

In June 2025, with Imabari Shipbuilding Co., Ltd., and Japan Marine United Corporation, we decided to begin a joint study to establish a construction scheme for liquefied hydrogen carriers.

This study examines the feasibility of a collaborative construction scheme that efficiently utilizes their respective resources, such as facilities and human resources, for the construction of liquefied hydrogen carriers following the first commercial carrier to be designed and built by Kawasaki.

Five Japanese and German companies sign a memorandum of understanding to build a joint binational hydrogen supply chain

In September 2025, we signed an MOU on the building of a joint binational hydrogen supply chain with Toyota Motor Corporation, Kansai Electric Power Co., Inc. (KEP), Daimler Truck AG, and Hamburger Hafen und Logistik AG.

The MOU was signed at the Hydrogen Energy Ministerial Meeting hosted by the Ministry of Economy, Trade and Industry. It aims to promote the international utilization of hydrogen across the boundaries between countries and industries. It also aims to create a hydrogen supply chain that is highly efficient economically by combining Japanese and German demand.

Thanks to our signing of this MOU, we are making further advances geared to the practical application and commercialization of international hydrogen transport in such industrial sectors as mobility—including ports and logistics, as well as commercial vehicles—and power generation.

Signing ceremony at the Hydrogen Energy Ministerial Meeting

Signing a memorandum of understanding regarding collaboration toward building a liquefied hydrogen supply chain between Japan and Australia

In September 2025, our subsidiary JSE signed an MOU with Australian energy giant Woodside Energy and KEPCO to pioneer the development of a liquefied hydrogen supply chain between Australia and Japan.

Under the MOU, the parties will embark on the creation of an innovative supply chain in which liquid hydrogen, produced at Woodside's proposed H2Perth Project in Western Australia, would be shipped in liquid hydrogen carriers to receiving terminals in Japan.

Signing ceremony of the MOU in Osaka

/ Contributing to Realizing a Carbon-Neutral Society

Promoting the CO_2 separation and capture business

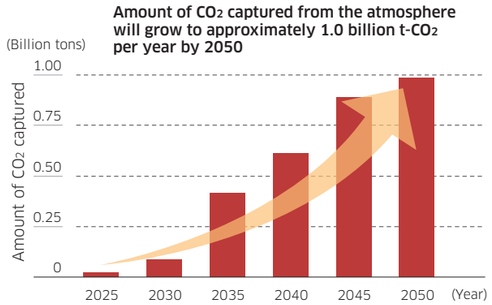
Realizing carbon neutrality requires achieving negative emissions by storing captured CO_2 underground. Consequently, expectations for Direct Air Capture (DAC) of CO_2 are increasing. By 2050, the demand for CO_2 captured through DAC is expected to reach approximately 1.0 billion t-CO_2 per year.

We have perfected over many years a technology to remove CO_2 exhaled in closed space such as submarines and space stations. We supply DAC systems that utilize our Kawasaki CO_2 Capture (KCC) technology, which itself puts that removal technology to practical use. At the same time, in collaboration with various energy providers, we aim to deploy Carbon dioxide Capture, Utilization, and Storage (CCUS) business services.

In 2025, we completed work on getting the DAC demonstration plant at our Kobe Works up. By roughly 2030, we will begin operating large-scale DAC facilities in priority areas. Furthermore, we plan to expand the business scale through licensing by 2050.

Illustration of a large-scale DAC facilities (approx. 0.5–1 million t-CO_2/year)

DAC demand



Demonstration facility for new low-concentration CO_2 capture technology

In October 2025, we introduced a demonstration facility at our Kobe Works for our newly developed low-concentration CO_2 capture technologies. This facility is demonstrating two technologies in parallel: Direct Air Capture (DAC) to capture CO_2 from the atmosphere, and Post-Combustion Capture (PCC), which will capture CO_2 from exhaust gas of the high-efficiency gas engine (GE) power plant installed at the Kobe Works.

For DAC, we have employed for the first time a modular-construction system in anticipation of handling larger applications in the future. The facility established here is among the biggest in Japan. The facility makes it possible to deploy flexible systems appropriate to the installation locations and processing capacity, and lays the foundations for future business expansion. Meanwhile, for PCC this marks our first application of capturing CO_2 from exhaust gas from a distributed power plant facility. Our aim is to make use of the unutilized heat contained in the gas engine exhaust gases to generate steam and thereby improve the efficiency of the absorption process.

Utilizing these two facilities, we will conduct technical demonstrations directed toward handling larger deployments in the future. In collaboration with our in-house R&D department, we aim for faster and more reliable commercialization by continually developing sorbents and making improvements to facilities. Furthermore, we are elevating the reliability and economic efficiency of our technologies based on the operational data and performance assessments obtained from these demonstration facilities.

Through these initiatives, we will accelerate improving the sophistication of our CO_2 capture technologies and commercializing them to address decarbonization needs domestically and internationally, and also fulfill our responsibilities toward realizing a sustainable society.

New DAC and PCC demonstration facilities

	DAC	PCC
Capture target	Atmospheric (0.04% CO_2)	Exhaust gas from the gas engine (4.5% CO_2)
Capture capacity	100 to 200 t-CO_2/year/module	360 t-CO_2/year
Temperature for desorption	60°C (improving efficiency through heat pump heat capture)	

Focal field 1 Energy and environmental solutions

For stable supply of clean energy

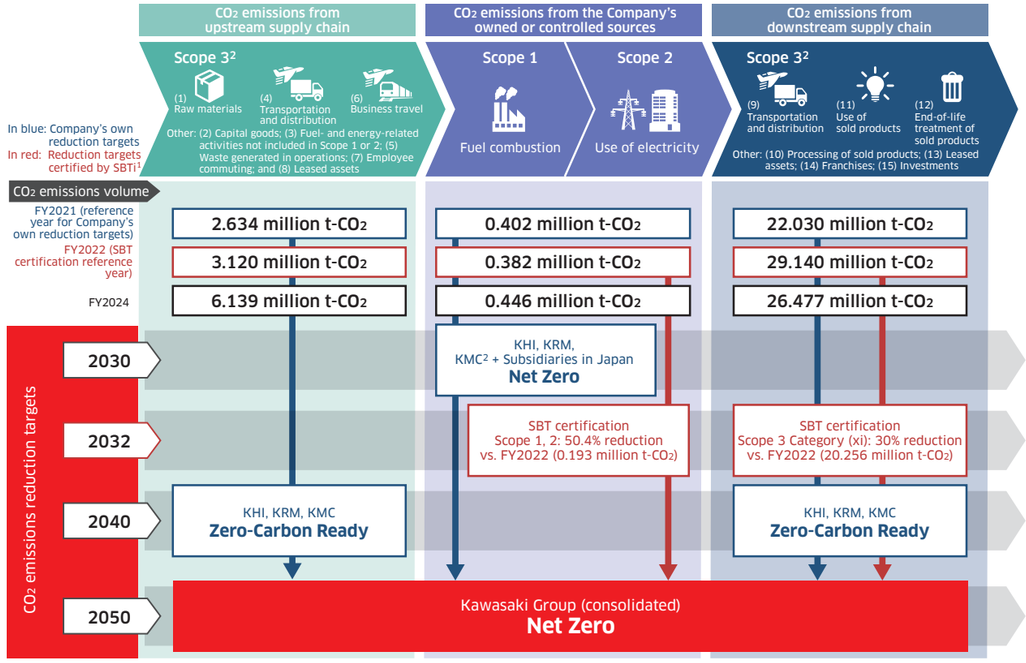
2. Initiatives to achieve zero CO_2 emissions

Carbon neutrality targets

The Kawasaki Group aims to realize the objective set down in the Paris Agreement of limiting the increase in the average global temperature to 1.5ºC above pre-industrial levels. Under Group Vision 2030, we aim to achieve carbon neutrality at the Group and our domestic consolidated subsidiaries by 2030 through the further advance of energy saving, the introduction and expanded use of renewable energies, and the expansion of waste-to-energy power generation, as well as independent initiatives focusing on hydrogen power generation.*

Furthermore, we will expand the Group's decarbonization solutions to society, our business partners, and our customers, contributing to the early achievement of carbon neutrality around the world. Toward that end, we are dealing with many products and services essential to transition from fossil fuels to carbon neutrality, such as highly efficient power generation equipment and gas turbines for mixed firing with hydrogen, and will thereby make significant contributions in this fields as well.

* We are reviewing the timing for achieving carbon neutrality, taking into account the recent trend toward a return to LNG in energy markets and the circumstances of our main partners.



1 SBTi: An international initiative jointly established in 2015 by CDP, the United Nations Global Compact, the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF). It defines and promotes best practices for science-based target setting and independently evaluates corporate targets.
2 Regarding Scope 3, the calculation method has changed and the scope of aggregation expanded in recent years to ensure more accurate emissions data. For more details, refer to ESG Data in the Sustainability section of our website.

WEB **ESG Data**
https://global.kawasaki.com/en/corp/sustainability/esg/data.html

Scope 1, 2

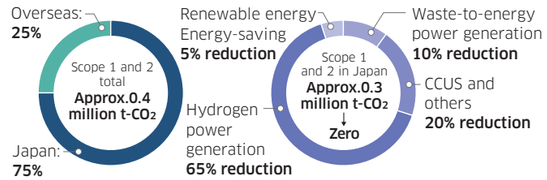
Scope 1, 2 In-house fuel and power use

Carbon Neutrality in Japan by 2030

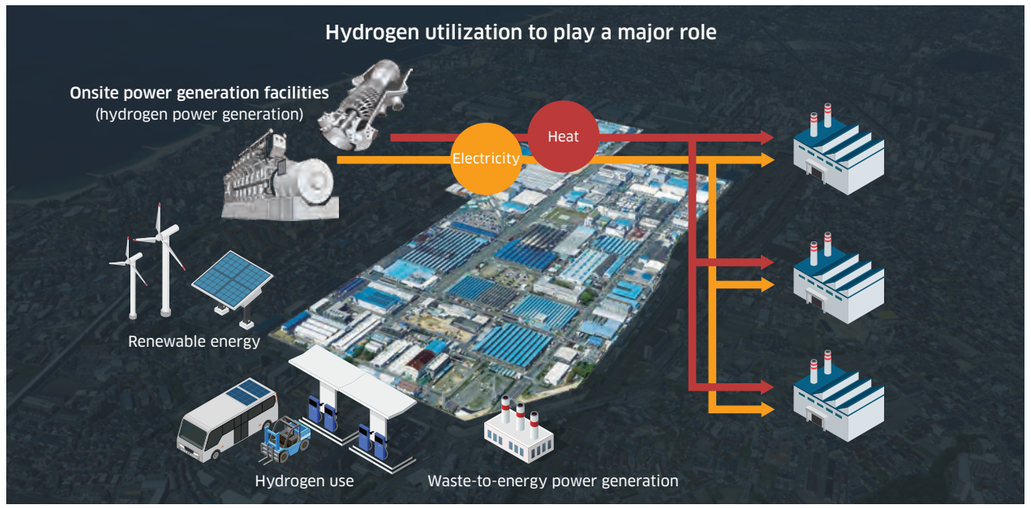
As shown to the right, the Kawasaki Group's Scope 1 and 2 CO_2 emissions are approximately 400,000 tons annually, of which Japan account for three-quarters.

We will continue efforts to save even more energy and promote electrification and the use of renewable energy, such as solar power generation, to reduce CO_2 emissions. We will also introduce in-house hydrogen-fueled power generation facilities and achieve zero-emissions plants by combining this with power generation from waste, renewable energy, and other energy sources. Through these initiatives, we plan to achieve independent carbon neutrality with zero CO_2 emissions by the Group in Japan. We are also working to reduce CO_2 emissions overseas.

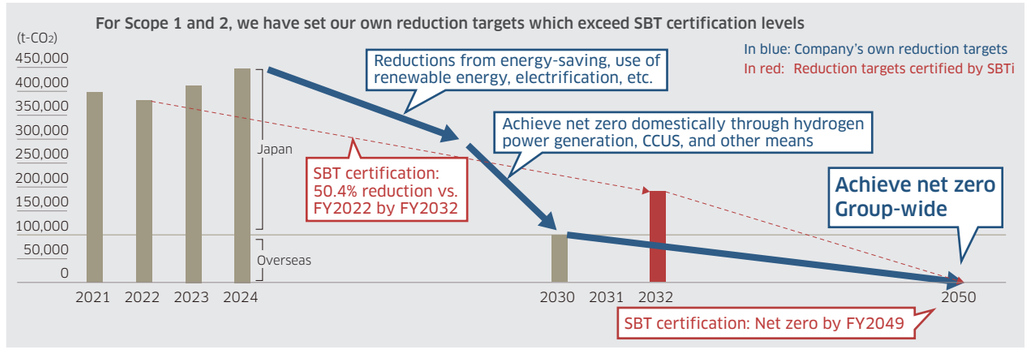
CO_2 emissions reduction plan in Japan



Zero-emission plant



CO_2 emissions and reduction targets (Scope 1 and 2)



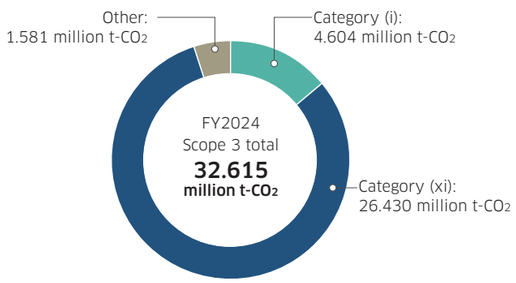
Scope 3

/ Leading Society by Advancing Toward Zero-Carbon Ready

Scope 3 Net Zero can only be achieved when all parties in the value chain including trading partners and clients become Zero-Carbon Ready. The Company will implement the maximum possible measures concerning Scope 3 to become Zero-Carbon Ready by 2040. Specifically, for category (i), we will slash CO_2 emissions by suppliers of materials and parts by 80%, and for category (xi), we will develop a lineup of CO_2-free standard solutions in all businesses. Moreover, we will reduce CO_2 emissions by more than the Company's own Scope 3 emissions by working toward achieving a hydrogen-based society and engaging in the CCUS* business, thereby contributing to the early achievement of carbon neutrality around the world.

* CCUS (Carbon dioxide Capture, Utilization and Storage): Capture CO_2 emissions + Store underground + Utilize CO_2

Scope 3 breakdown by category



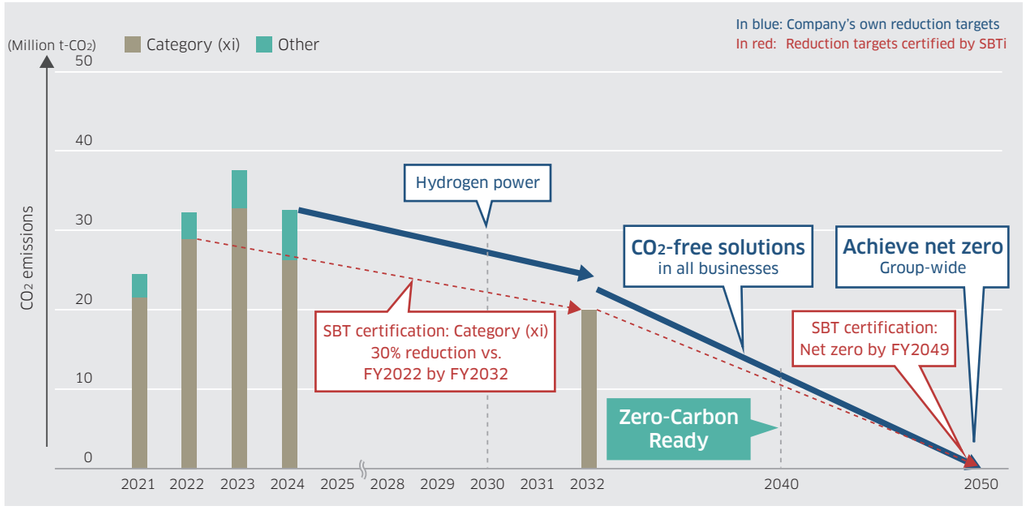
Scope 3 CO_2 emissions reduction targets

2040 Zero-Carbon Ready (KHI, KRM, KMC*)

Reduce CO_2 at least 100% in real terms by engaging in the CCUS business
- Category (i): 80% reduction (compared with fiscal 2021)
- Category (xi): Develop a lineup of CO_2-free standard solutions and facilitate global CO_2 reductions

* KHI: Kawasaki Heavy industries, Ltd. (The Company, i.e., non-consolidated)
KRM: Kawasaki Railcar Manufacturing, Co., Ltd.
KMC: Kawasaki Motors, Ltd.

CO_2 emissions and reduction targets (Scope 3)

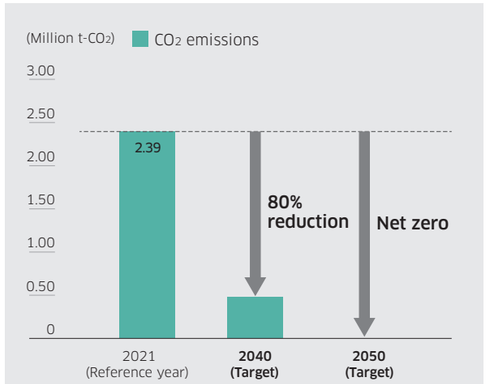


Scope 3 Category (i) CO_2 emissions from procurement of materials and parts

Support industrial initiatives with hydrogen and CUS solutions to further accelerate reductions

The Company will deepen collaboration with business partners that supply materials and parts, including sharing emissions data, offering support for CO_2 reductions and striving for early achievement of zero emissions. This will be achieved by means not limited to in-company utilization by the Group of solutions such as hydrogen power, hydrogen fuel, and other alternative fuels, as well as CCUS, but also by providing these solutions to business partners.
In promoting CO_2 emissions reductions from purchased goods, in fiscal 2024 we held a briefing on carbon neutrality and study session with the goal of collaboration between our suppliers and the Group in our efforts to reduce emissions. As our next step, we are moving forward in our efforts by getting our suppliers to set their respective CO_2 reduction targets as well as providing support and engaging in dialogue to help them achieve their goals.

Scope 3 Category (i) (CO_2 reductions scenarios)



Scope 3 Category (xi) Providing customer solutions

Provide CO_2-free solutions to all customers

We will take action to decarbonize products and services with hydrogenation, electrification, green power grids, alternative fuels, and CCUS as our keywords.

• Initiatives in the leadup to 2030 (short term)

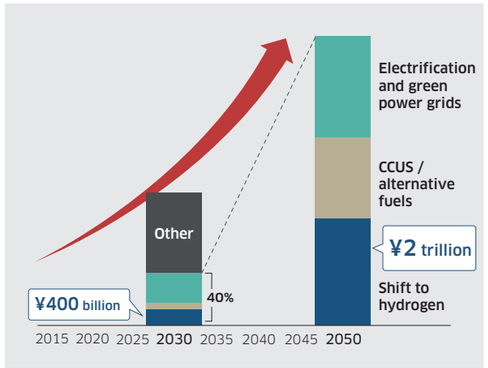
Through Kawasaki Ecological Frontiers, a program for certification of environmentally friendly products, and other initiatives, we will continue to reduce the energy consumption and improve the efficiency of existing products and promote the shift to hybrid electric and battery electric motorcycles and other vehicles as part of the transition to a decarbonized society. We will also conduct development for the commercialization of hydrogen energy and expand the use of hydrogen in gas turbines, gas engines, and other equipment. Furthermore, we will work toward the development of Kawasaki CO_2 Capture and DAC for the capture and use of CO_2.

• Initiatives in the leadup to 2040 (medium to long term)

The Group will actively further the following three major initiatives.
(1) We will provide CO_2-free fuels and electrical power to society with a focus on the hydrogen business.
(2) We will make a selection of choices for electrification and CO_2-free fuels available to customers utilizing our various solutions including mobility and robots.
(3) In addition to CO_2 capture, we will promote the effective use of CO_2 including the manufacture of synthetic fuels and chemical products to achieve a circular CO_2 society.

With these three pillars, the Group will make choices available to our customers of products and services (excluding defense and related; emergency products business) that contribute to the achievement of carbon neutrality by 2040, and promote global reductions in CO_2.

Envisioned scale of business by future solution



Information Disclosures Based on TCFD (Climate Change) and TNFD (Biodiversity) Recommendations

WEB **TCFD Report 2025**
https://global.kawasaki.com/en/corp/sustainability/library/tcfd_report/

Based on its Group Vision 2030, the Group will address the worldwide challenges of climate change and biodiversity by doing its part to realize a sustainable society through its businesses.

The inhibition of climate change (realization of a carbon-neutral society: CO_2 FREE), the preservation and recovery of biodiversity (realization of a society coexisting with nature: Harm FREE), and resource circulation (realization of a recycling-oriented society: Waste FREE) are critical social challenges that are closely interrelated. We will proceed to tackle these challenges by providing new technological developments and solutions in addition to promoting environmental preservation.

Here, we conduct disclosures of information in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and Task force on Nature-related Financial Disclosures (TNFD) recommendations.

Governance TCFD TNFD

(Organizational governance of climate change and biodiversity-related risks and opportunities)

In the Kawasaki Group, the Board of Directors is the highest decision-making body that deliberates and decides fundamental sustainability policies and the fundamental plans throughout the Group. A Sustainability Committee chaired by the President has been placed under that body to decide on various measures and report their progress based on the basic plans set forth by the Board.

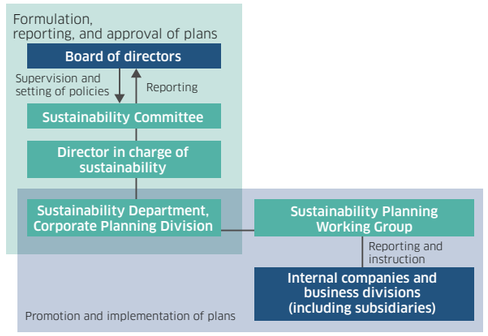
Additionally, environmental management strategies, including risks and opportunities related to climate change and biodiversity, are deliberated on at meetings of the Sustainability Committee as part of fundamental sustainability policies for the entire Group, and the Sustainability Committee delivers regular reports on activities related to environmental management to the Board of Directors.

Recently, in order to further promote initiatives aimed at biodiversity, we established the Kawasaki Group Policy on Biodiversity with the approval of the Board of Directors (June 2025).

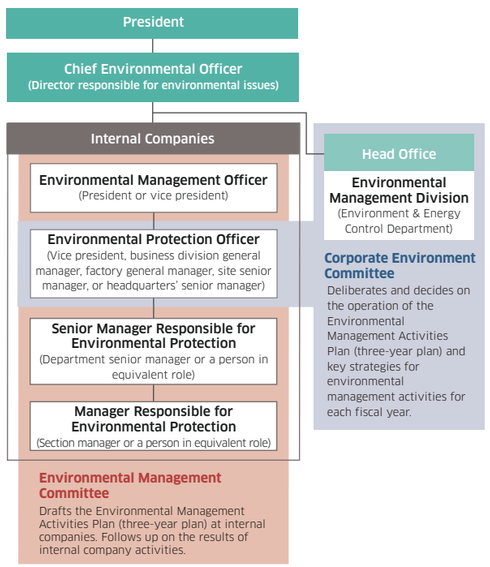
For environmental management, in order to smoothly promote environmental management activities, an environmental management system with the Director responsible for environmental issues serving as the chief officer of those issues has been established.

Each year, a meeting of the Corporate Environmental Committee chaired by the Chief Environmental Officer (Director responsible for environmental issues) is held to deliberate and decide on the operation of the Environmental Management Activities Plan and associated key strategies. Further, an Environmental Management Officer, Environmental Protection Officer, Senior Manager Responsible for Environmental Protection, and Manager Responsible for Environmental Protection are assigned to each internal company to put a system in place in which the business segment of each can independently carry out the Environmental Management Activities Plan. Through this system, the Group works as one to promote environmental management activities.

Sustainability promotion system



Environmental management system



Risk Management TCFD TNFD

(Methods for identifying, assessing, and managing climate change and biodiversity-related risks)

The identification and assessment of risks related to sustainability, including climate change, and the evaluation of dependencies/impacts and risks pertaining to biodiversity are conducted by the Sustainability Committee. Changes in the business environment and in the demands and expectations from stakeholders are evaluated from a risk management perspective, and deliberated and reported on as necessary responses.

With respect to regular reviews of materiality as well, risk assessments regarding various issues are conducted based on the results of these scenario analyses.

The results of these risk assessments and the identified risks are reported to the Board of Directors which, based on their deliberations over the approach to addressing them, provide the necessary feedback to those departments subject to those risks.

Metrics and Targets TCFD

(Indicators and targets employed when assessing and managing climate-related risks and opportunities)

The Group has established CO_2 emissions reduction targets, as shown in the right chart.

For domestic Scope 1 and 2, including Group companies, our goal is to achieve self-sustaining carbon neutrality by 2030 through initiatives centered primarily around hydrogen power generation. For Scope 3, targets have been established for main categories (i) and (xi).

Our goal is for zero CO_2 emissions across the Group as a whole by 2050, in line with the CO_2-free target set out in the Kawasaki Global Environmental Vision 2050.

We obtained SBT (Science Based Targets) certification in August 2024, accelerating our efforts to achieve the Paris Agreement's goal of limiting temperature rise to 1.5°C or below.

Focusing on hydrogen, Carbon Capture and Storage (CCUS), and Direct Air Capture (DAC), we are advancing the decarbonation of products and services across the Company and throughout the entire value chain, including suppliers and customers.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Kawasaki Group CO_2 emissions reduction targets

Scope 1, 2	Scope 3
2030 Carbon Neutrality Scope: Domestic Group companies	2040 Contribute to carbon negative by realizing a hydrogen-based society and promoting commercialization of CCUS Category (i): 80% reduction Category (xi): Promote CO_2 reductions in the world Scope: Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, Kawasaki Motors

2050 Carbon Neutrality
Scope: Entire Group (consolidated)

Reduction targets that have received SBT certification

Targets		Reduction targets receiving certification
Short-term target NEAR-TERM	Scope 1 Scope 2	By fiscal 2032, reduce greenhouse gas emissions by 50.4% versus fiscal 2022 levels (aligned with the 1.5°C target)
	Scope 3	By fiscal 2032, reduce use in products sold (Category 11) by 30% versus fiscal 2022 levels (well below 2°C target)
Long-term target NET-ZERO	Scope 1, 2, 3	Bring greenhouse gas emissions to net zero (NET-ZERO) across the Group's value chain by fiscal 2049

For more details of carbon neutral targets, refer to p. 45.

Measurement Metrics and Targets TNFD

Based on the analysis results according to the LEAP approach indicated on p. 52, the Group has set forth the following targets as metrics pertaining to biodiversity.

Additionally, we will actively pursue initiatives aimed at realizing Nature-Positive by 2030 and achieving the 30by30 target (conserve at least 30% of land and sea areas as healthy ecosystems and halt and reverse biodiversity loss by 2030), which were set forth in The National Biodiversity Strategy and Action Plan of Japan 2023–2030.

Targets pertaining to biodiversity

Item	Reduction targets
Water	Water withdrawal: 1% reduction per unit of sales
Waste	Landfill disposal rate* of 1% or less * Direct-to-landfill waste generation ÷ total waste generation Industrial waste: 1% reduction per unit of sales
Harmful chemical substances	Proper management of harmful chemical substances
Greenhouse gas	As stated in the TCFD
Protecting biodiversity	Investigation of registration of Nationally Certified Sustainably Managed Natural Sites

Strategy TCFD

(Actual and potential impacts of climate-related risks and opportunities on business, strategy and financial planning)

In energy and environmental solutions, one of three focal fields defined in the Group Vision 2030, the Group is actively advancing business aimed at realizing a decarbonized society primarily through the hydrogen business, CCUS, and DAC.

Recorded below is the scenario analysis process conducted in the formulation of Kawasaki's climate change strategy.

Scenario analysis process

Scenario analysis is conducted through a process that entails (1) Selection of target businesses, (2) Evaluations of risk severity, (3) Definition of scenario groups, (4) Evaluations of business impacts, and (5) Definition of responses to be taken.

In (3) Definition of scenario groups, considering consistency with the Group Vision 2030, the year 2030 was set as the target year, and the 1.5ºC and 4ºC scenarios were adopted.

The business impacts of the 1.5ºC and 4ºC scenarios and the results of the considerations on the measures to be taken are described below.

Going forward, we will regularly conduct reviews and advance the sophistication of the scenario analysis.

Process for scenario analysis (1.5ºC scenario, 4ºC scenario)

Results of scenario analysis (1.5ºC scenario, 4ºC scenario)

Financial impact[1] ··· ★: less than ¥10 billion; ★★: ¥10 billion or more, less than ¥100 billion; ★★★: ¥100 billion or more

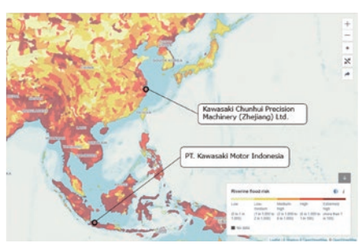
Target: 2030 1.5ºC scenario		Energy Solution & Marine Engineering	Aerospace Systems	Powersports & Engine	Precision Machinery & Robot	Rolling Stock
Opportunities		• Hydrogen related • CCUS and alternative fuels • Electrification				
Risks		• Falling demand for LNG power generation facilities, aircraft, gasoline-powered vehicles, and diesel construction machinery • Increase in R&D and capital investments				
Financial impact[1]	Revenue	• Carbon neutrality-related revenue, including hydrogen: ¥650 billion (FY2030)				
		★★★ Sales of hydrogen-related products will rise	★ Creation of hydrogen aircraft will come around 2040 or later	★★★ Move first with the shift from gasoline-powered vehicles to EV/HEV, and shift to e-fuel and hydrogen will progress	★★	★
	Investment amounts	• Carbon neutrality-related investments: ¥350 billion (FY2020–FY2030)				
		★★★ Including use of GI Fund	★★ Including use of GI Fund with respect to the development of hydrogen aircraft	★★★ Investment of ¥150 billion for the period FY2023–FY2027	★★	★

Target: 2030 4ºC scenario	Energy Solution & Marine Engineering	Aerospace Systems	Powersports & Engine	Precision Machinery & Robot	Rolling Stock
Financial impact[1]	• ¥650 billion in sales opportunities will be lost from carbon neutrality-related revenue, including hydrogen • Recovery of investments will be delayed (R&D and capital investments related to hydrogen projects, hydrogen aircraft development, and EV/HEV motorcycles, etc.) • Physical losses[2]: Minimum losses will be ¥4 billion for damages at production sites (loss of fixed assets) and ¥24 billion for damages from a halt in operations due to supply chain disruptions (sales decrease) • Food risks, water risks, economic instability, supply chain chaos, and other factors produced by temperature rise will have an enormous impact on operations.				

1 Carbon neutrality-related revenue in 2030, including hydrogen, revised upward from ¥600 billion to ¥650 billion to reflect target revenue from the DAC business.
2 Physical losses: Expected damages for 2030 calculated by multiplying the hypothesized cost of damage at high-risk sites based on damage reports, by the growth rate of damage to the GDP.

Example of physical loss assessment under the 4°C scenario

Example of domestic production sites (20 sites)



Example of overseas production sites (16 sites)

WEB **Sustainability Report (PDF version)**
https://global.kawasaki.com/en/corp/sustainability/library/sustainability_report/

Strategy TNFD

(LEAP approach: an analysis consisting of four steps: Locate, Evaluate, Assess, and Prepare)

We are conducting evaluations and making determinations in the below manner as a result of implementing the LEAP approach.

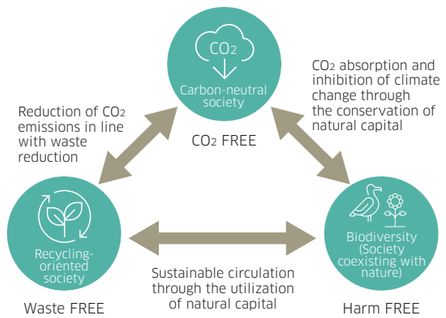
Evaluate (Evaluate Your Dependencies and Impacts on Nature)	We have determined that our business configuration indirectly affects biodiversity through GHG emissions and water use.		
Locate (Locate Your Interface with Nature)	In Japan, risk is comparatively low. In India, China, and Mexico, water risk is relatively high. In Brazil, the risk to biodiversity is relatively high.		
Assess (Assess Your Nature-related Risks and Opportunities)	At overseas sites, we have determined "water" and "waste (resource circulation)" to pose potential opportunities and risks.		
	Production sites	Opportunities	Risks
	India, China, others	•Water resource scarcity improvement technology •Demand for monitoring •Demand for resource sorting systems	•Water resource scarcity •Water pollution
Prepare (Prepare to Respond and Report)	Helping to address the world's water issues, realizing sustainable sewage treatment plants, promoting resource circulation with the use of the K-Repros, an AI-equipped resource sorting support system and other means, and inhibiting climate change through the hydrogen utilization and CO_2 capture		

Factoring in analysis results according to the LEAP approach as well, based on the recognition that the preservation and recovery of biodiversity are closely interrelated with the inhibition of climate change and promotion of resource circulation, we will endeavor to minimize our environmental load while keeping the entire value chain pertaining to our business activities in our sights. Simultaneously, we will strive to provide solutions aimed at the preservation and recovery of biodiversity through new technological developments.

Additionally, we will formulate and implement countermeasures that first address production activities and the environment at our business sites in the order of avoidance, minimization, rehabilitation, and offsetting based on the mitigation hierarchy approach, and endeavor to minimize society's environmental load.

Approach to biodiversity

Aiming to realize the three FREEs (CO_2 FREE, Waste FREE, and Harm FREE)



Contributions to the preservation and recovery of biodiversity through the provision of technologies and solutions

Hydrogen utilization and CO_2 capture (inhibition of climate change)

K-Repros, an AI-equipped resource sorting support system (sorting for resource circulation purposes)

Mega MAG Turbo aeration pump (sustainable sewage treatment)

Activities at business sites

Examples of production activities geared toward minimizing the environmental load (reduction of hazardous chemical substances)

Establishment of a biotope inside a business site and the protection of a rare species (water clover)

Focal field 2 A safe and secure remotely connected society

Creating new value emphasizing safety and security

The Kawasaki Group leverages its expertise in remote operation and information technologies as well as robotics technology across diverse fields, such as healthcare, nursing care, manufacturing, and industrial infrastructure, to propose new workstyles and lifestyles which enable all people to participate fully in society through the realization of a remotely connected society. We are also actively undertaking initiatives for the realization of a safe and secure society, including the development of various remote technologies for the defense and disaster prevention fields.

Achieving Telemedicine

Related business
- Precision Machinery & Robot

The *hinotori*™ Surgical Robot System

Kawasaki Heavy Industries established Medicaroid Corporation as a joint venture with Sysmex Corporation to develop, manufacture, and sell medical robots. Medicaroid developed the *hinotori*™ Surgical Robot System, a robotic assisted surgery system, to realize patient-friendly minimally invasive surgery based on the industrial robot technologies that Kawasaki has accumulated over its history of more than 50 years. Regulatory approval for this system was obtained from the Ministry of Health, Labour and Welfare in 2020, and Medicaroid has incorporated opinions from surgeons to provide functions with enhanced usability which have facilitated an expansion in its business in Japan since its launch. Medicaroid is additionally proceeding with global market expansion, for example by securing regulatory approval for the system in Singapore and Malaysia by August 2024. As of the end of June 2025, the system has been used in a cumulative total of over 11,000 cases.

In addition, Medicaroid has been participating in projects aimed at realizing remote surgery as initiatives for solving social issues. Milestones to date have included the use of the system to successfully conduct the first ever demonstration experiment of remote surgery between Europe and Japan, in June 2025. There are high expectations that this technology will contribute to solving regional disparities in healthcare.

The *hinotori*™ Surgical Robot System, from Medicaroid Corporation (Legal manufacturer: Medicaroid Corporation)

* "hinotori" is a trademark or registered trademark of Medicaroid Corporation.

DX Solution Service Using Positioning Information

Business development through collaboration

Workstyle reforms through visualization of the movement of people and goods

In 2021, we launched our PNT business and invested in Mapxus, a company operating primarily in Asia, and have since been offering mapxus Driven by Kawasaki™, an indoor positioning information service as an exclusive business in Japan. This service does not require any special hardware, relying solely on the Wi-Fi signal environment. Further, it can seamlessly connect indoor positioning information with outdoor positioning information obtained through GPS and other means.

The service has already been employed at Mitsui Fudosan Co., Ltd., Narita International Airport Corporation, Kobe Suma Sea World, as well as at factories of major manufacturers. In addition, through collaboration with our delivery robot services and healthcare business, we can offer complete solutions for enhancing operational efficiency in hospitals and nursing facilities.

We aim to provide a wide range of DX solutions, including for capturing and analyzing information on the positioning and movement of people and goods indoors, and for driving operational improvements.

DX solution service using positioning information

Development of New Business in the Healthcare Field

Related business
- Precision Machinery & Robot

Support for the introduction of equipment and robots at nursing care sites

Kawasaki entered the nursing care support services field, which entails providing support for nursing care facilities—which are faced with labor shortages and other challenges—via the introduction of suitable nursing care equipment and robots in 2024. In cooperation with the No Lifting Association, Kawasaki is analyzing on-site issues and needs at nursing care facilities and nursing care equipment manufacturers, and recommending nursing care equipment and robots to support those needs. In July of this year, our proposal for the "Development of a nursing care DX package model to quantitatively improve care technology and demonstrate the investment effects" using digital technology was selected for the Japan Agency for Medical Research and Development (AMED) Fundamental On-Site Improvement Project Using Nursing DX initiative.

Kawasaki will additionally offer support for the development of new equipment in this field as well as for its on-site introduction, utilization, and establishment. Our indoor positioning information service, mapxus Driven by Kawasaki™, is utilized in measuring the activities of caregiver staff to understand on-site challenges and needs. The Company is currently a participant in the Kobe City Eldercare Technology Implementation and Promotion Project, through which it is conducting verification test at several nursing facilities in Kobe.

Nursing care support service

Toward a Society of Human-Robot Coexistence

Related business
- Precision Machinery & Robot
- Powersports & Engine

Automation of delivery work to free up people to focus on tasks that only humans can do

The indoor delivery robot FORRO is playing an active role in diverse spaces, from medical and accommodation facilities to condominium buildings and offices, thereby contributing to the realization of a society where humans and robots work alongside each other. To a background of intensifying labor shortages, FORRO can be deployed to handle deliveries of packages, medical specimens, medications, and other items, to facilitate the creation of environments which enable staff to devote themselves to their core, value-added tasks.

Kawasaki commenced provision of trial indoor delivery services for medical specimens, medications, and other items using FORRO at Fujita Health University Hospital from July 2023 and at Fujita Medical Innovation Center Tokyo from October 2023, and services were then formally introduced at these facilities in April 2024. Keio University Hospital, Yokohama City Minato Red Cross Hospital, and other facilities have also commenced operations deploying FORRO's automated delivery services which have already handled over 35,000 deliveries (as of September 2025).

We will continue to actively explore further ways to utilize service robots to reduce the burdens on medical workers and improve operational efficiency.

FORRO indoor delivery robot

Response to Disasters

Related business
- Aerospace Systems
- Energy Solution & Marine Engineering
- Powersports & Engine

The Kawasaki Group has an extensive lineup of devices and systems which are useful at times of disaster, such as medical service helicopters, emergency power generators, and off-road four-wheelers and motorcycles. These also played an active role during the 2024 Noto Peninsula Earthquake.

In 2024, a permanent Disaster Relief Task Force, headed by the President, was created to establish and review disaster prevention agreements with external stakeholders outside of times of disaster. When a disaster strikes, this task force works with the national and local governments to promptly provide assistance in accordance with the phase of the disaster.

Kawasaki support after the 2024 Noto Peninsula Earthquake

Helicopter reservation service (Z-Leg™)

Off-road four-wheeler (MULE)
(Source: Japan Ground Self Defense Force public relations channel)

Emergency power generator

Disaster relief volunteers
Activities conducted during the 2024 Noto Peninsula Earthquake

Focal field 3 Near-future mobility

Transforming the movement of people and freight with new transportation systems

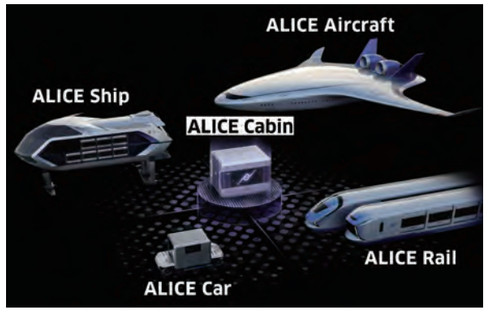
We will respond with new solutions to changes in the movement of people and goods, including the advancement of e-commerce, the spread of sharing services, and increasing demand for personal mobility in conjunction with lifecycle changes. In particular, we are proposing new transportation systems and new systems that combine robotics and remote technologies with transportation equipment to address social issues such as labor shortages due to increased logistics volumes, deteriorating work environments, urban traffic congestion, and the disruption of transportation due to natural disasters.

A Society That Enables Abundant, Smart, and Seamless Mobility

Related business ●Aerospace Systems ●Rolling Stock ●Energy Solution & Marine Engineering ●Powersports & Engine

The Kawasaki Group showcased the ALICE SYSTEM, our futuristic public transportation system, as a 2050 concept model that enables everyone to freely and comfortably enjoy mobility, at the Expo 2025 Osaka, Kansai, Japan. In the future after we achieve the Group Vision 2030, we will tackle the challenge of providing exciting new solutions to transform the movement of people and goods.

➡ For more details, refer to p. 04.



Conceptual image of ALICE SYSTEM futuristic public transportation system

Helicopter Booking Service Makes Flexible Air Travel a Reality

Related business ●Aerospace Systems

Provision of Z-Leg™

As the mobility as a service (MaaS) industry grows rapidly, we have begun offering Z-Leg™, a new business that takes advantage of our experience and reputation for reliability in manufacturing helicopters, and an innovative solution for travelers in need of one-stop helicopter booking.

Helicopters, pilots, heliports, taxis, and more can all be arranged online, offering a one-stop solution for seamless and efficient travel across Japan. This dream mobility service not only shortens travel times, but also allows passengers to enjoy Japan's stunning landscapes from a helicopter's unique altitude, providing a luxurious air travel experience. To ensure safety, the service utilizes commercial twin-engine helicopters in collaboration with highly reliable operators.

Efforts are underway to develop takeoff and landing sites throughout Japan, open new routes, and collaborate with municipalities, travel agencies, railway companies, department stores, and others. Coverage and features in the business media, lifestyle magazines, and local newspapers have been increasing, drawing growing interest as a new option for air travel.

Z-Leg™ one-stop service for air travel arrangements

Commercialization of New Modes of Mobility

Related business ●Aerospace Systems ●Powersports & Engine

Our activities for social implementation of the K-RACER unmanned VTOL Aircraft

In order to address the labor shortage in the logistics industry, we are developing the K-RACER unmanned VTOL* Aircraft that combines our helicopter technology with the compact, high-power engines that our motorcycles have. Its characteristics are the ability to take off and land vertically without a runway and a payload capacity that a drone cannot achieve. In 2024, we conducted a flight demonstration test beyond the visual line of sight, and we have made steady progress toward social implementation, including use during disasters.

In January 2025, we participated in the Nankai Rescue 2024 practical training exercise simulating the occurrence of a Nankai Trough earthquake (organized by the Japan Ground Self-Defense Force Middle Army) in collaboration with the Japan UAS Industry Development Association (JUIDA). For this exercise, the K-RACER unmanned aircraft was used to transport aid supplies to an isolated disaster area, successfully carrying out its mission of unmanned logistics transportation by loading and then unloading supplies without the involvement of human hands. Through these types of initiatives, we are verifying the effectiveness of new logistics infrastructure during disasters.

In addition, we received a contract from Ina City, Nagano Prefecture for an Unmanned VTOL Cargo Transport Platform Development Project. Under this project, we will coordinate with stakeholders and perform permitting and licensing procedures pursuant to laws and regulations in order to achieve delivery of materials to mountain lodges, which are facing a shortage of pilots, weather conditions unique to mountainous regions, and other issues.

* Vertical Take-Off and Landing

K-RACER unmanned VTOL aircraft

A scene from the K-RACER cargo transport demonstration

Automation of Delivery Work

Related business ●Precision Machinery & Robot ●Powersports & Engine

Robot porter services for condominiums

Working in collaboration with Mitsui Fudosan Residential Co., Ltd., Mitsubishi Estate Residence Co., Ltd., and Taisei Corporation, Kawasaki commenced full-scale operation of the FORRO PORTER robot porter service using the FORRO indoor delivery robot that we developed based on the RoboHUB robot integration platform provided by Taisei Corporation. Service started in July 2025 at the Mita Garden Hills condominium. This project is the largest-scale* condominium robot porter service in Japan.

FORRO PORTER is a porter service that uses the FORRO indoor delivery robot to automatically carry packages from the condominium entrance to residential units on behalf of residents when they return home or go out. Residents can request deliveries using a smartphone app. FORRO can automatically navigate the optimal route to its destination even in complex spaces, and by connecting with elevators and automatic doors via RoboHUB, smooth movement through multiple security areas is possible. With this system, we have created an environment where robots and people can freely move about in large-scale residential spaces.

* Based on Kawasaki investigations. The total distance that the robot can travel for deliveries is approximately 6.6 km.

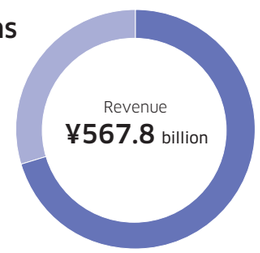
FORRO in operation at the Mita Garden Hills condominium

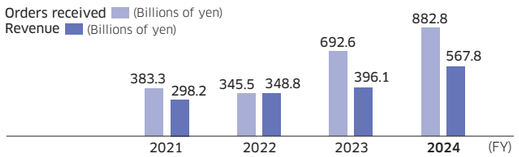
At a Glance

1 Amounts for the factors contributing to increases/decreases in business profit and loss—of foreign exchange fluctuations, sales fluctuations, and change in product mix, etc.—are estimated values calculated based on certain criteria set by the Company.
In addition, there is a possibility of circumstances in which it is advisable to confirm combined amounts, especially for sales fluctuations and changes in sales composition, as these factors are often of an inseparable nature.

Aerospace Systems

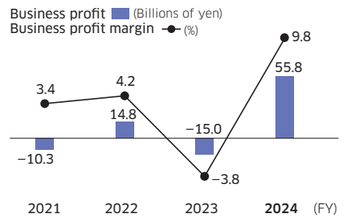
- Aerospace ¥399.9 billion (70.4%)
- Aero engine ¥167.8 billion (29.6%)



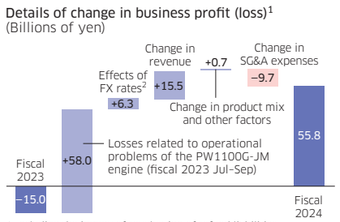


Orders received | Increased due to an increase in Ministry of Defense business and commercial aircraft engines compared to the last fiscal year, which had losses related to PW1100G-JM engines (reduction of orders received)

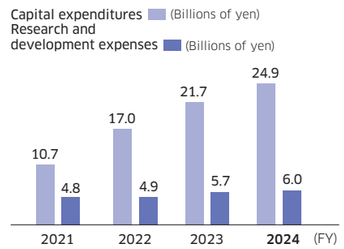
Revenue | Same as above



Improved due to an increase in revenue

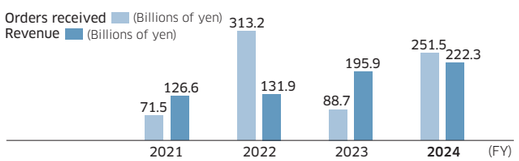


2 Including the impact of revaluation of refund liabilities denominated in foreign currencies related to the in-service issues of PW1100G-JM engines (+¥2.4 billion)



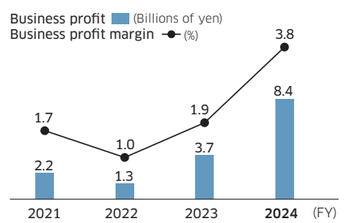
Rolling Stock

- Japan and Asia ¥70.1 billion (31.5%)
- North America ¥152.1 billion (68.4%)

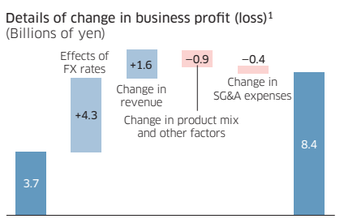


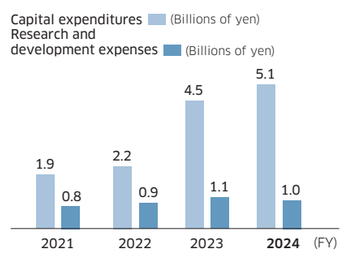
Orders received | Increased due to the U.S. (435 additional R211 subway cars for NYCTA) despite the decrease in Japan and Asia

Revenue | Increased due to an increase in the U.S. despite a decrease in Japan and Asia



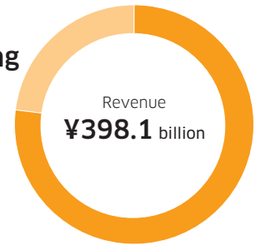
Improved due to an increase in revenue

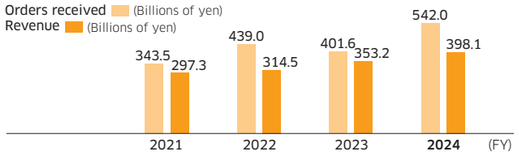




Energy Solution & Marine Engineering

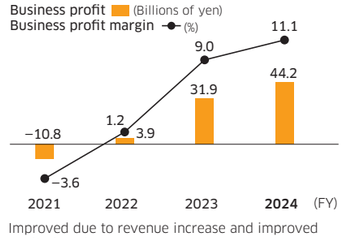
- Energy, plant & marine machinery ¥306.8 billion (77.1%)
- Ship & offshore structure ¥91.2 billion (22.9%)



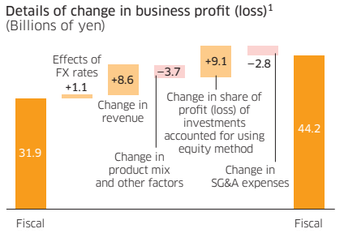


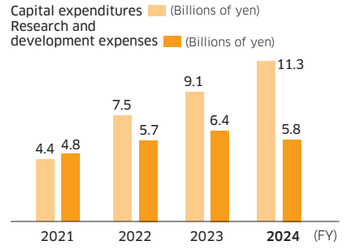
Orders received | Increased due to a submarine for the Ministry of Defense and LPG/ammonia carriers

Revenue | Increased due to an increase in domestic municipal waste incineration plants and naval equipment for the Ministry of Defens



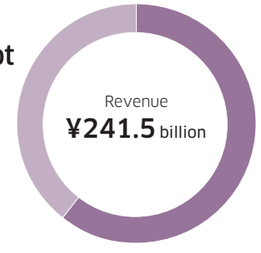
Improved due to revenue increase and improved equity in gains

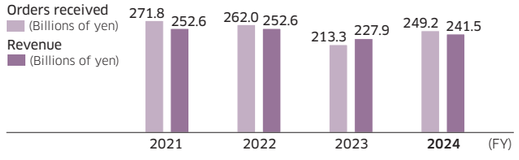




Precision Machinery & Robot

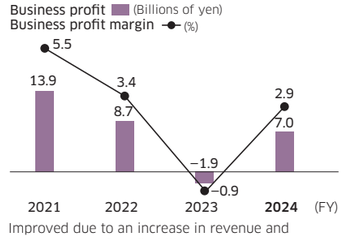
- Hydraulic components & systems ¥146.8 billion (60.8%)
- Robotics ¥94.6 billion (39.2%)



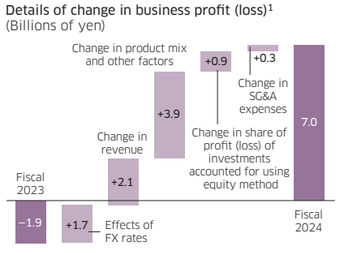


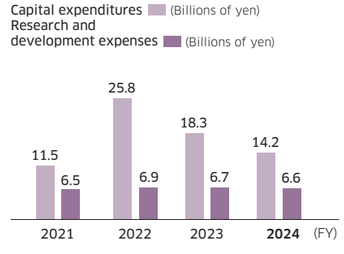
Orders received | Increased due to an increase in hydraulic machinery for Chinese construction machinery market and robots for semiconductor manufacturing equipment

Revenue | Increased due to an increase in robots for semiconductor manufacturing equipment and in hydraulic marine machinery



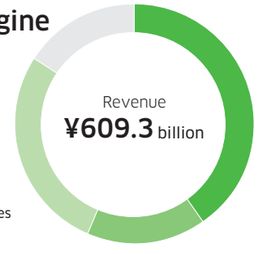
Improved due to an increase in revenue and improvement of profitability

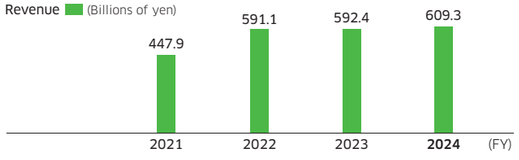




Powersports & Engine

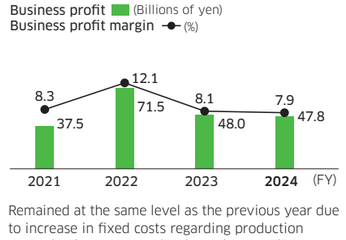
- Motorcycles for developed countries ¥245.3 billion (40.3%)
- Motorcycles for emerging countries ¥99.2 billion (16.3%)
- Utility Vehicles, ATVs & PWC ¥169.0 billion (27.7%)
- General-purpose gasoline engines ¥95.5 billion (15.7%)



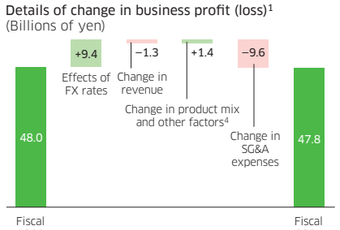


Revenue | Increased due to the increase in motorcycles and the impact of weaker yen despite a temporary decrease in four-wheelers for North America due to a recall[3] and production delay

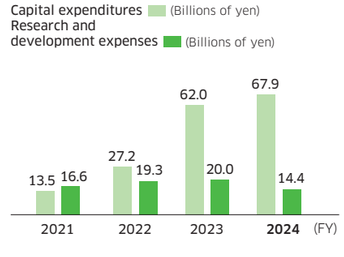
3 MULE PRO 1000 series (improved vehicles have already been resumed)



Remained at the same level as the previous year due to increase in fixed costs regarding production expansion investments, despite an increase in revenue



4 Including the impact of costs related to four-wheelers recall for the U.S. market recorded in the Oct.–Dec. period of fiscal 2023



Aerospace Systems

K-RACER
unmanned VTOL aircraft

Reaching greater heights in the domains of aviation and space through the integration of cutting-edge technologies

Since Kawasaki's launch of aircraft manufacturing in 1918, we have branched out into a wide range of businesses as one of Japan's leading makers of aircraft and aircraft engines.

In fiscal 2024, engines for commercial aircraft drove our performance, resulting in a significant increase in profit. In the future, with the improved profitability and expanded scale of our defense business to become more evident, the transition of air passenger demand from recovery to a growth phase that took place, and other factors, we predict that a favorable business environment will continue in each field. We will ensure stable earnings through comprehensive risk management and other measures while taking action to create future opportunities.

Hiroyoshi Shimokawa
President, Aerospace Systems Company

Main Products

➡ For information on main products, refer to pp. 9–10 as well.

- Aircraft for the Japan Ministry of Defense
- Components for commercial aircraft
- Commercial helicopters
- Missiles/Space equipment
- Aero engines
- Aerospace gearboxes

SWOT Analysis by Business

Strengths Core competence	Aerospace	•Technological capabilities as a manufacturer of finished aircraft acquired through the defense aircraft business (system integration capabilities) •Technological capabilities based on international joint development with Boeing, and sophisticated, large-scale production facilities •High quality and productivity through the Kawasaki Production System (KPS)
	Aero engine	•Sophisticated technological capabilities built through international joint development projects and developing engines for defense aircraft •High quality and productivity through leading-edge production technology
	Shared	•Broad expansion of development, manufacturing, and services to aircraft and aero engines
Weaknesses Challenges		•High degree of reliance on specific customers (high-volatility revenue structure) •Businesses that require large volumes of invested capital
Opportunities Opportunities		•Long-term growth in air passenger and air freight demand •Decarbonization of the aircraft industry •Increase in defense budget and ongoing development and production of domestically-manufactured defense equipment •Improvement in profitability of defense equipment •Prospects of defense equipment exports
Threats Risks	Aerospace	•Fiercely competitive environment, reflecting competition for market share between Boeing and Airbus •Rise of manufacturers in emerging countries •Supply chain risks throughout international joint development structures
	Aero engine	•Development risks related to introducing cutting-edge technologies •Substantial impact if risks materialize (risks borne by other companies) in international joint development projects (commercial aero engines)

Growth Strategy Based on Our Business Environment

Leveraging the considerable technological abilities and productivity that we have acquired over the years, we will reinforce our business foundation by bolstering the earnings power of our existing businesses. In our defense business, we will carry out product development and production focused on the seven key fields indicated in the Japanese government's policy on the reinforcement of the nation's defense capabilities, and promote the expansion of the business. We will also continue to conduct reviews of defense equipment exports in cooperation with the national government.

In our commercial business, we will increase production to meet the healthy demand for commercial aircraft as well as expand the business into engine maintenance and other new domains of operation and promote the development of next-generation aircraft and propulsion systems to meet decarbonization needs. In doing so, we will facilitate the diversification of our earnings structure and sustainable growth in this business.

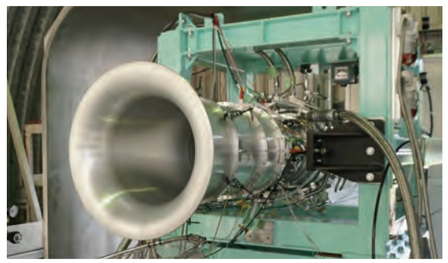
Initiatives to Achieve Group Vision 2030

A safe and secure remotely connected society	-
Near-future mobility	•Developing vertical take-off and landing (VTOL) aircraft to link logistics bases and cover the last mile •Realizing urban transportation that seamlessly connects people and freight •Provision of Z-Leg™ (Zeta Leg), a one-stop service for arranging air travel
Energy and environmental solutions	•**Studying CO_2-free (hydrogen-fueled) air transportation systems** ✓

✓ Highlight Kawasaki successfully completes small, hydrogen-fueled aircraft engine test

In October 2024, we successfully completed the operational test of a small aircraft engine 100% fueled by hydrogen in the "development of core technology for hydrogen aircraft," which was chosen as a next-generation aircraft development project by the Green Innovation Fund of the NEDO. In the test, which was performed at the Japan Aerospace Exploration Agency (JAXA) Noshiro Rocket Testing Center, stability was verified for all engine operations, starting with ignition and followed by engine spool-up, steady-state operation, spool-down, and stoppage.

This project, which consists of the development of engine combustor and system technologies, the development of liquefied hydrogen fuel storage tanks, and research of aircraft concepts, is scheduled for verification ground testing in 2030. We aim to realize hydrogen-fueled aircraft that contribute to reducing CO_2 emissions and to commercialize liquefied hydrogen supply chains by fusing aircraft and hydrogen-related technologies.



The hydrogen engine during its test

Other Priority Measures and Concrete Initiatives

Creating structures for business expansion	•Reorganize supply chains and production expansion systems to respond to robust demand •Promote business efficiency and productivity improvements to obtain new business opportunities •**Make steady progress on existing orders for development projects and mass production contracts for defense aircraft and helicopters** ✓
Reinforce activities in the defense business	•Take action in seven key fields to strengthen defense capabilities
Implement technology strategies based on market trends	•Promote technology development including the use of civilian technologies to achieve stronger defense capabilities •Undertake environmental technology development for the creation of a decarbonized society using the Green Innovation Fund of the NEDO

✓ Highlight Increase orders from the Ministry of Defense and improve profitability

The Defense Buildup Program was formulated in December 2022 to dramatically strengthen Japan's defense capabilities. As a result, we expect to expand our business with the Ministry of Defense in the future. In fiscal 2024, orders from the Ministry of Defense in the aerospace systems segment reached 623.6 billion yen, an increase of 174.6 billion yen from the previous fiscal year, due to the receipt of large orders for transport helicopters aimed at reinforcing mobile deployment capability (total orders companywide in fiscal 2024 were 774.7 billion yen, a year-on-year increase of 221.7 billion yen).

In addition, a new policy regarding the assessment of profit margins adopted by the Ministry of Defense has led to improved profitability, and this is expected to contribute to improved profitability in this segment over the medium term.

CH-47J/JA Helicopter

Related Links: Japan Ground Self Defense Force Website
https://www.mod.go.jp/gsdf/equipment/air/index.html

Rolling Stock

A railway systems manufacturer meeting customer needs by delivering the highest standard of technology

Since Kawasaki began the manufacture of railcars in 1906, we have expanded our business in Japan, the United States, and Asia as Japan's top manufacturer possessing the highest levels of technology.

In fiscal 2024, profitability steadily improved in our North American business, where we established an earnings base that enables us to steadily achieve positive profit levels.

While the environment surrounding the Rolling Stock business as a whole remains a grim one, we will strive to enhance its profitability by accepting orders at reasonable prices and reinforcing contract risk management as well as by enhancing our parts and service business.

Hiroshi Murao
Representative Director, President and Chief Executive Officer, Kawasaki Railcar Manufacturing Co., Ltd.

Main Products

➡ For information on main products, refer to pp. 9–10 as well.

- Electric trains (including Shinkansen [bullet trains])
- Diesel trains and diesel-electric trains
- Locomotives
- New transit systems
- Freight cars
- Bogies

SWOT Analysis by Business

Strengths Core competence		• Ability to fulfill contracts cultivated from extensive domestic and overseas track record • Partnership capabilities with other companies in execution of overseas projects (Kawasaki Initiative) • High-tech expertise built on comprehensive heavy industry strengths leveraging synergies with other business areas
Weaknesses Challenges		• Small business scale in comparison with major overseas competitors • Business model centered on rolling stock supply (fulfilling railway system needs through facility to engage in external partnerships)
Opportunities Opportunities	Domestic market	• Demand for railcars that contribute to carbon neutrality • Shift of cargo transportation to railways
	Asian emerging nations market	• Demand for urban transportation infrastructure • Participation in high-speed railway project in India
	North American market	• Demand for subway and commuter train rolling stock • Provision of remote track monitoring
	Common to all markets	• Expanding stock business demand including components, maintenance contracts, and retrofit work for rolling stock
Threats Risks	Domestic market	• Decline in operations at domestic plants due to lower investment in new railcars • Intensifying price competition due to declining demand
	Asian emerging nations market	• Country risk in new markets • Emergence of Chinese companies
	North American market	• Soaring cost of materials and equipment • Securing human resources

Growth Strategy Based on Our Business Environment

The domestic market is in a difficult place due to a persistent trend of contraction influenced largely by Japan's declining population. Nonetheless, we will promote the systemization of cost reductions and standardization of railcar design as we endeavor to improve business profit margins in railcar manufacturing.

In the North American market, our project involving R211 subway cars for the New York City Transit Authority is progressing smoothly. We will focus on receiving orders for follow-up projects and fulfilling those projects as we move forward.

Moreover, in order to further improve the profitability of our Rolling Stock business overall, we will endeavor to develop a proposal-based business that provides support for railcar life cycles, from scenario-building for the introduction of railcars to their maintenance.

Initiatives to Achieve Group Vision 2030

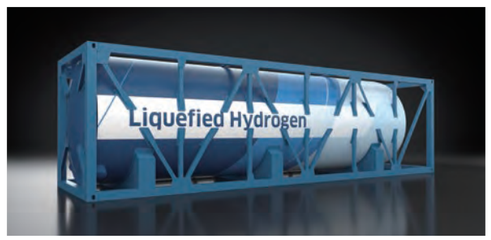
A safe and secure remotely connected society	-
Near-future mobility	• Achieving railways mobility which seamlessly connects people and commodities
Energy and environmental solutions	• **Catering to carbon-neutral needs for internal combustion rolling stock** ✔

✔ Highlight Development of liquified hydrogen tank containers for railway transport selected as NEDO grant-supported project

In April 2025, the development of liquified hydrogen tank containers for railway transport, which enable the transport of liquified hydrogen on railways, was selected as a grant-supported project under the NEDO.

This project aims to realize the design of containers with superior thermal insulation, safety, and operability while simultaneously leveraging existing railway infrastructure, and holds the promise of becoming a new option for future hydrogen logistics.

Using the liquified hydrogen-related technologies that we have cultivated over time as a foundation, while also working together with other entities that handle railway transport and R&D, we will proceed to assist with the erecting of a hydrogen supply network that accommodates long-distance, high-volume transport, thereby doing our part for the establishment of infrastructure aimed at realizing a decarbonized society.



Liquefied hydrogen tank container for rail transport

Other Priority Measures and Concrete Initiatives

Compliance with delivery schedules for overseas projects	• Dhaka MRT Line-6 Fiscal 2024: Delivery of last railcars Fiscal 2025: Delivery of depot equipment • U.S. R211 Fiscal 2024: Start of delivery of production railcars (Option 1 contract) Fiscal 2025: Delivery of last railcars (Base contract)
Achieving quality levels trusted by customers	• Reduction of failures and reworking expenses • Further advancement of the Kawasaki Production System (KPS) and deployment at plants in North America
Expansion of component and aftersales service sales and of maintenance businesses	• **Expansion of remote track monitoring equipment in North America and development of a service provision platform** ✔ • Expansion of sales of rolling stock condition monitoring equipment for domestic railways operators

✔ Highlight Advances in the parts and service business including remote track monitoring services

We are taking action in Japan and overseas to commercialize services for remotely monitoring the condition of railcars and tracks. For the service, we install monitoring devices including sensors and cameras on railcars and bogies to measure and analyze the status of railcars and tracks in real time during commercial operation, and if any abnormalities are detected, the railway operator is immediately notified. In addition, by analyzing the accumulated data and making predictions concerning and proposing appropriate maintenance times, operators can perform efficient maintenance.

In the Rolling Stock business, based on our extensive experience of delivering railcars, we seek to capture business opportunities throughout the entire lifecycle of the railcars and have established a policy of increasing the portion of sales revenue from the parts and service business to at least 20% by fiscal 2030.

Remote track monitoring system

Energy Solution & Marine Engineering

Maintaining and strengthening our earning power in the immediate term and steadily advancing toward a hydrogen-based society

Ever since the establishment of the Kawasaki Tsukiji Shipyard in 1878, we have been developing business in five fields with our advanced technological prowess and quality cultivated in product development and manufacturing related to energy plants and transportation as the foundation.

In fiscal 2024, we achieved significantly higher profits compared to the previous fiscal year. This is mainly because we rode the tailwind of a favorable business environment to enjoy increased revenue in various fields and improved profitability through price normalization.

We will continue to work toward strengthening the earning power of our existing business as well as push forward with the supply of hydrogen-ready products that contribute to the reduction of CO_2 emissions and supply chain-building and technological development aimed at the commercialization of hydrogen energy. In doing so, we will strive for growth over the medium to long term.

Motohiko Nishimura President, Energy Solution & Marine Engineering Company

Main Products

➡ For information on main products, refer to pp. 9–10 as well.

Hydrogen/CN	•Shipping/receiving terminals •Liquefied hydrogen tanks •Onshore LNG tanks •Carbon dioxide capture, utilization and storage (CCUS)
Energy solution	•Gas turbine cogeneration systems •Gas and diesel engines for power generation •Steam turbines •Aerodynamic machinery •Boiler plants •Combined cycle power plants (CCPPs)
Plant engineering	•Industrial plants (cement, fertilizer, and others) •Municipal waste incineration plants •Material handling systems •Tunnel boring machines •Crushing machines
Marine machinery	•Naval gas turbines/reduction gear •Marine reciprocating engines •Marine propulsion systems
Ship & offshore structure	•Liquefied gas carriers •Liquefied hydrogen carriers •Jetfoils •Submarines

SWOT Analysis by Business

S trengths Core competence	Hydrogen/CN	•Hydrogen production, liquefaction, storage, transportation, and use (power generation) and technologies to separate and capture CO_2
	Energy solution	•Hydrogen-only combustion and mixed-fuel with hydrogen combustion technologies for energy products
	Plant engineering	•Integrated engineering powers acquired and refined through various plant projects
	Marine machinery	•Capability to make optimized proposals for whole marine propulsion systems with advantages in core components
	Ship & offshore structure	•Energy-saving, environmental burden-reducing technologies, and ability to develop new ship designs
	Shared	•High-efficiency and high-performance core components that can seamlessly achieve a transition from low carbon to decarbonization while using customer assets •Proposal of solutions that use synergies generated through combinations of high-efficiency core components
W eaknesses Challenges	Hydrogen/CN Plant engineering	•Number of construction projects undertaken at overseas hydrogen-related plants
	Energy solution	•Recognition in overseas markets
	Marine machinery Ship & offshore structure	•Improvement of cost structures of commercial vessels built at domestic shipyards and propulsion systems for commercial vessels
O pportunities Opportunities	Energy solution	•Growing demand for energy and infrastructure through progress in the new construction and expansion of data centers, etc.
	Marine machinery Ship & offshore structure	•Expansion of defense budget
	Shared	•Growing demand for LNG terminal construction and energy equipment due to natural gas resource development •Ongoing trend to realize the goal of carbon neutrality •Expanding demand for hydrogen-ready products that can use both existing fuels and hydrogen
T hreats Risks	Shared	•Fluctuations in forex and material prices and the impact of inflation on purchase prices •Energy policy trends in respective countries (taxonomy regulations, amendments to subsidies systems, changes accompanying geopolitical risks, etc.)

Growth Strategy Based on Our Business Environment

We are reinforcing our proposals of solutions that accurately grasp changes in the market environment as well as our initiatives aimed at stably securing earnings. Currently, while the movement toward carbon neutrality marches on, there are also signs of a temporary return to natural gas, an indication of how energy transition will be a long-term process.

Based on such circumstances, for the time being, we will steadily capture demand for the likes of LNG tanks, gas turbines, and gas engines for existing products relating to natural gas while simultaneously promoting proposals of mixed hydrogen firing products that are highly compatible with the use of natural gas and associated technological development. In doing so, we will proceed to offer transition solutions and flexibly accommodate medium- to long-term decarbonization needs as well.

Initiatives to Achieve Group Vision 2030

1 Virtual Synchronous Generator 2 Kawasaki CO_2 Capture
3 Direct Air Capture 4 Post-Combustion Capture

A safe and secure remotely connected society	•Providing solutions for disaster response, such as stand-by gas turbines •Promoting the automation of waste incinerator operation •Providing remote monitoring systems for power generation systems
Near-future mobility	•Promoting the uptake of electric and hybrid propulsion systems (gas engine hybrid-propelled / battery-propelled) for environmentally-friendly vessels •Promoting the uptake of advanced safety berthing support system
Energy and environmental solutions	•**Quickly establishing a hydrogen supply chain (production, transportation, storage, utilization)** •Accelerating initiatives and forming partnerships aimed at the realization of a hydrogen-based society by encouraging stakeholders to be involved •In an environment where fluctuating capacity of renewable energy is increasing, social implementation of gas turbines and gas engines that can provide adjustability and energy storage systems with virtual synchronous generator (iVSG®1) functions that can provide inertia •Undertaking development aimed at the practical application of carbon recycling technology •Development of a large-scale carbon capture business by KCC2 (DAC3 & PCC4)

Highlight Development and demonstration of the hydrogen combustion technology for large gas engines with a power output of 5 MW or greater

At Kobe Works, we commenced the operation of a hydrogen 30% co-firing large gas engine power generation system (Engine model: KG-18-T; rated output: 7.5 MW). This is the first large gas engine power generation system in Japan with a power output of over 5 MW in which hydrogen can be applied with a volume ratio of 30%.

Moreover, In October 2024, we became the first in the world* to develop technology that is solely powered by hydrogen and realizes stable combustion without emitting CO_2 for large gas engines with a power output of 5 MW or greater.

This technology was verified using a single-cylinder test machine in the Kawasaki Green Gas Engine series. We have confirmed that it is capable of hydrogen-only firing while maintaining the same output as natural gas.

Moreover, the technology is also able to properly control the state of combustion in accordance with arbitrary mixture ratios for hydrogen and natural gas while preventing abnormal combustion and premature deterioration caused by the properties of hydrogen.

Going forward, we will push forward with further technological development in our aim to realize commercialization by around the year 2030.

* As of October 2024. According to research by Kawasaki.

Hydrogen 30% co-firing gas engine

Other Priority Measures and Concrete Initiatives

Providing products that contribute to the achievement of a low/decarbonized society	•**LPG/ammonia carriers** •High-efficiency gas turbine / gas engines •New municipal waste incineration plants (energy-saving) •Hybrid and electric marine propulsions systems
Developing products for the transition to decarbonized energy	•Commercialization of liquefied hydrogen carriers •Commercialization of hydrogen shipping/receiving terminals •Development of marine hydrogen boilers and marine hydrogen-fueled engines •Promotion of the introduction of cogeneration and energy-saving systems that use gas turbines and gas engines and can support the transition from low-carbon (natural gas-fired and hydrogen mixed fuel) to decarbonization (hydrogen-only fired) •Reliable execution of LNG tank projects, which we have an extensive track record in •Development and demonstration of technologies to separate and capture CO_2

Highlight Contributing to the realization of a low-carbon and decarbonized society through the continuous building of LPG-fueled LPG/NH3 carriers

Since 2021, Kawasaki has received orders for nineteen 86,700 m^3 liquified petroleum gas (LPG) and ammonia (NH3) carriers powered by LPG fuel and delivered seven of them as of the end of fiscal 2024.

LPG/NH3 carriers are capable of carrying LPG, which is already used as a low-carbon energy source, and NH3, which is expected to be used in the future as a new fuel in a decarbonized society.

Going forward, Kawasaki will continue to develop and provide global environment-friendly ship technologies, from LPG-fueled LPG/NH3 carriers and various other merchant vessels that comply with environmental regulations to carriers for liquified hydrogen, which is gaining attention as a form of next-generation energy.

86,700 m^3 LPG-fueled LPG/NH3 carrier

Precision Machinery & Robot

Building the future for people and society through integrated solutions that use hydraulic systems and robots

With the development of hydrogen valves and hydrogen compressors through the repurposing of hydraulic control technology as our foundation in the field of hydraulic components and the technology as well as quality and service structure that we cultivated in industrial robotics as our foundation in the field of robotics, we deploy those strengths in a wide range of areas that include medical and social robots to contribute to the resolution of social issues.

In fiscal 2024, due to the semiconductor market beginning to recover and initiatives for reforming our business structure being implemented, we achieved a sizable increase in profit.

In the immediate term, with needs for electrification, automated and remote operation, and data security also growing for hydraulic components, we will apply the robotic control technology that we cultivated internally to hydraulic components as well, and leverage the synergy between both businesses to meet diverse customer needs as we strive for sustainable growth.

Yoshimoto Matsuda President, Precision Machinery & Robot Company

Main Products

➡ For information on main products, refer to pp. 9–10 as well.

- Hydraulic components for construction machinery
- Hydraulic components for agricultural machinery
- Hydraulic components and systems for industrial machinery
- Hydraulic steering gears for marine products
- Hydraulic deck machinery for marine products
- Industrial robots
- Medical and pharmaceutical robots

SWOT Analysis by Business

S trengths Core competence	Hydraulic components & systems	• Accumulated world-class, leading-edge technology, systemization capabilities, and brand power in the area of excavator hydraulic machinery • Ability to respond to customer requests
	Robotics	• Diverse production sites within the Group as a comprehensive heavy industries enterprise • Ability to develop applications and make system proposals closely matched to customer needs • Ability to create new technologies and new fields in such areas as medicine and remote control technology
	Shared	• New product development capabilities in the field of motion control based on the integration of hydraulic technologies and robotics
W eaknesses Challenges	Hydraulic components & systems	• Sales expansion for aftersales service business • Flexible response to demand fluctuations in the Chinese construction machinery market, which accounts for a high percentage of sales
	Robotics	• Need to expand business to realize merits of scale
O pportunities Opportunities	Hydraulic components & systems	• Advances in electrification and automation of construction machinery • Need to expand sales in such fields as agricultural machinery and forestry machinery • Expansion of our market share through joint efforts with other entities • Progress toward achieving carbon neutrality
	Robotics	• Expansion of fields of robot application through the realization of coexistence and collaboration between humans and robots • Expansion of demand intended to eliminate labor shortages and raise quality • Progress in use of robots beyond industrial applications (such as medical treatment and nursing care)
T hreats Risks	Hydraulic components & systems	• Emergence of competing manufacturers and intensifying competition in the Chinese construction equipment market • Rapid fluctuations in the Chinese construction machinery market
	Robotics	• Increasingly fierce competition with rival companies • Sluggish demand for semiconductor manufacturing equipment
	Shared	• Rising materials costs • Deteriorating market conditions due to the impact of U.S. tariffs and trade restrictions against China

Growth Strategy Based on Our Business Environment

In the field of hydraulic components and systems, we will work toward improving our profitability through the development of new products that accommodate shifts in market needs such as the electrification and automation of construction machinery. Additionally, we will realize sizable cost reductions by actively promoting joint efforts with other entities. Simultaneously, we will reinforce our relationships with customers as we aim to transform our business model.

In the robot business, while pursuing the expansion of our business through robots for semiconductor manufacturing equipment in the immediate term, we will promote the development of our business globally for medical robots, whose markets are expected to show sustainable growth. For social robots, we will take advantage of open innovation, move forward with cultivating new markets, and accelerate commercialization endeavors.

Initiatives to Achieve Group Vision 2030

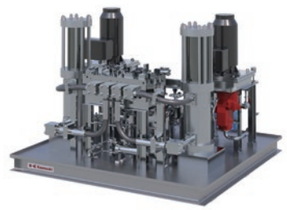
A safe and secure remotely connected society	• Developing healthcare-related businesses, such as the *hinotori*™ surgical robot system and a robotic operating table • Building the remote robot platform business connecting people who want to work with businesses seeking labor
Near-future mobility	• Creating delivery robots to link logistics bases and cover the last mile • Developing in-hospital delivery services using the FORRO indoor delivery robot
Energy and environmental solutions	• **Developing hydrogen fuel-related products** ✓ • Reinforcing and expanding the hydraulic machinery and systems solutions business

✓ Highlight Commenced sales of a hydraulic booster type hydrogen compressor (for large-scale HRSs)

In February 2025, Kawasaki commenced sales of a hydraulic booster type hydrogen compressor for large-scale hydrogen refueling stations (HRSs).

This product is a hydrogen compressor for large-scale HRSs, an indispensable part of the popularization of fuel-cell heavy-duty vehicles (FC HDV). It realizes improved filling efficiency and lower operational costs by boosting refueling capacity by roughly double that of previous models.

Additionally, Kawasaki is developing hydrogen compressors aimed at realizing even larger HRSs as part of the Technology Development Project for Building a Competitive Hydrogen Supply Chain,* a project of the NEDO. Going forward, we will continue to do our part to popularize hydrogen mobility and realize carbon neutrality.



Hydraulic booster type hydrogen compressor

* NEDO research area: Development of Technologies for Building a Competitive Hydrogen Supply Chain/Development of Technologies for Low-cost and Sophisticated Hydrogen Refueling Station

Other Priority Measures and Concrete Initiatives

Measures for development of the hydraulic business	• Develop new products and markets in the construction field: Leverage our advanced control technologies and development capabilities to develop markets in response to electrification and automation • Reinforce the after-sales service business: Expand after-sales service by making use of past sales performance and build and expand sales networks • Reinforce the hydrogen-related business and defense business: Develop hydrogen compressors, fuel cell systems, and other products and expand defense-related products for in-Group transactions
Strategic challenges in the robot business	• Concentrate investment in high value-added fields: Establish supply systems in preparation for the full-scale recovery of the semiconductor market and expand business in new fields • **Reinforce business in the medical field: Expand adoption of the *hinotori*™ robot and differentiate our products based on their remote operation surgery and other technology** ✓ • Strengthen brands: Promote collaboration with unicorn startups with a focus on rapid implementation and promote commercialization in the social robot field

✓ Highlight Progress in the *hinotori*™ surgical robot system business and future developments

As of June 30, 2025, we have reached over 11,000 cumulative cases and 90 unit installations of the *hinotori*™[1] surgical robot system. With the number of monthly cases also on an upward trend, we continue to steadily expand this business.

In April 2024, the expansion of system indications to include respiratory surgery was approved in Japan. We expanded the number of insurance-covered procedures to 28, and now cover roughly 90% of all robot-assisted surgeries performed in the nation.

Overseas, in August 2024, we acquired regulatory approval in Malaysia, where we have commenced clinical use of the system. Furthermore, we filed an application to be granted CE marking[2] in Europe. Once we have received it, we expect to develop this business in EU member countries and other locations.

We will endeavor to expand this business both in Japan and overseas in the future as well, and will proceed to broaden the possibilities of robot technology in the healthcare field.

The *hinotori*™ surgical robot system (Legal manufacturer: Medicaroid Corporation)

1 *hinotori* is a trademark of Medicaroid Corporation.
2 Marking that indicates designated products sold (released to market) in the EU comply with EU standards

Powersports & Engine

Let the Good Times Roll! Kawasaki delivers the ultimate in excitement

Ever since Kawasaki commenced the production of engines for motorcycles in 1953, we have been turning out innovative products with “Let the Good Times Roll” (Working for the happiness and joy of all those whose lives Kawasaki touches) as our corporate mission.

In fiscal 2024, while the performance of our motorcycles for developed countries remained favorable, profits were on par with those of the previous fiscal year due largely to an increase in fixed costs accompanying investment to increase production capacity. Although there are concerns surrounding the impact of the United States’ tariff policy, we will continue to take on new challenges to achieve sustainable growth and live up to our corporate philosophy as the “Good Times Company” by expanding our market share with the launch of attractive products and developing environmentally friendly products.

Hiroshi Ito
Representative Director, President and Chief Executive Officer, Kawasaki Motors, Ltd.

Main Products

➡ For information on main products, refer to pp. 9–10 as well.

- Motorcycles
- Off-road four-wheelers (Utility vehicles, ATVs)
- Personal watercraft (PWC)
- General-purpose engines

SWOT Analysis by Business

Strengths Core competence		• Sales and marketing capabilities that realize unique, premium brands • Development, production, procurement, and quality assurance capabilities that create products embodying both heritage and innovation • Global production, sales, and service structure • Advanced technology expertise built on comprehensive heavy industry strengths leveraging synergies with other companies in the Kawasaki Group
Weaknesses Challenges		• Building a flexible production structure capable of responding to rapidly rising demand • Building agile organizational structures that can respond to rapid change
Opportunities Opportunities	Motorcycles	• Stable demand in developed countries with mature markets • Medium- to long-term market expansion in emerging countries due to expanding populations and economic growth
	Utility vehicles, ATVs & PWC	• Steady growth in demand for off-road four-wheelers in North America
	General-purpose engines	• Firm growth of the lawn-related market, reflecting U.S. housing market expansion
	Shared	• Collaborations and alliances with other companies • Entry into new fields using internal combustion engine technologies • Establishing a brand image in the carbon neutrality field
Threats Risks	Motorcycles	• Expansion into the leisure sector by brands from emerging markets, such as China and India • Intensifying price competition in emerging markets
	Utility vehicles, ATVs & PWC	• Intensifying product development competition and price competition
	Shared	• Rising customs tariffs and parts costs in conjunction with change of government in the U.S. • Attenuating demand due to global inflation and tightened monetary policies, including increased interest rates in the U.S. • Difficulty procuring engine parts in conjunction with advancing electrification • Higher development expenses and product prices due to tightening of environmental regulation

Growth Strategy Based on Our Business Environment

We will endeavor to expand our business in the global motorcycle market through the ongoing development and launch of high value-added products that blend tradition and innovation. Simultaneously, through means such as providing new financial services in the United States market in collaboration with ITOCHU Corporation, we will establish a strong business foundation resilient to price competition, policy changes, and other forms of external risk. On the production side, we will erect a global multi-base structure for both motorcycles and four-wheeled vehicles to flexibly accommodate rapid fluctuations in the market as well.

Further, as we move forward, we will also endeavor to make inroads in new domains utilizing internal combustion technology as well as to enhance our brand value in carbon neutrality fields such as environmental regulatory compliance and electrification.

Initiatives to Achieve Group Vision 2030

A safe and secure remotely connected society	• Providing advanced rider and driver support • Providing disaster response solutions
Near-future mobility	• Realizing a society equipped to achieve the safe environmentally-friendly mobility of people and commodities • Commercializing new modes of mobility toward the elimination of manpower shortages in the logistics field
Energy and environmental solutions	• **Making use of hydrogen fuel** • Shifting to battery electric vehicles / hybrid electric vehicles

Highlight A hydrogen engine motorcycle was featured in a parade run in front of the Arc de Triomphe in Paris, France in the final stage of the Tour de France

In the final stage of the tour that was held on July 27, 2025, a hydrogen engine motorcycle as well as Z e-1 and Ninja 7 Hybrid motorcycles sped through the Avenue des Champs-Elysees in front of the Arc de Triomphe, the actual finish of the course. With these motorcycles, we demonstrated the appeal of manufacturing targeting carbon neutrality by Kawasaki to the many spectators who gathered along the roadside.

The hydrogen engine motorcycle, a model for research purposes based on the 998 cc In-Line Four Supercharged Engine that underwent changes to allow direct injection of hydrogen fuel into the cylinders, had been researched and developed since fiscal 2023. As it runs by burning hydrogen, this motorcycle allows the rider to enjoy the pulsation and feel of riding a traditional motorcycle while realizing environmental performance by primarily discharging only water.

Aiming for the practical application of the motorcycle by the early 2030s, we will also promote basic research on hydrogen small mobility products by joining the Hydrogen Small mobility & Engine technology Association (HySE).

Parade run featuring a hydrogen engine motorcycle (Paris, France)

Other Priority Measures and Concrete Initiatives

Supplying products as much as demanded	• Continuously introduce new models • Flexibly change production and sales plans • Maintain appropriate inventory levels
Expansion of the off-road four-wheeler business and decarbonization/ electrification solution	• Investing in development toward the enhancement of product competitiveness • Stable operations at new Mexico Plant • **Development and launch of electrified and hybrid models** • Joint research on hydrogen engines with other companies
Promoting business process re-engineering through DX	• Increased efficiency of global operations through digitalization • Reduction of development times and higher efficiency through the use of digital technologies
Securing free cash flow	• Securing stable free cash flow for future investment

Highlight Kawasaki introduces first electric four-wheeled vehicle: The NAV series

In February 2025, we commenced sales of the NAV series, Kawasaki’s first electric four-wheeled vehicles, in the United States and Canada.

A product that meets the increasing need for personal transport vehicles in newly developed residential areas and communities in North America, the NAV gets its name from the term “navigation.” With the vehicle’s quiet traversal that only an electric motor can provide, a comfortable ride resulting from Kawasaki’s experience in the development of offroad four-wheeled vehicles, a user-friendly exterior and interior, and the ability to carry large items, we propose a more convenient, cleaner form of daily mobility to our customers.

NAV 4e LIMITED

KPIs and Results for Materiality

Material issues (materiality) are divided into two broad categories: “social and environmental value created through our business” and “the foundation of our business activities.” We set quantitative targets and KPI for each item of the latter and are monitoring progress in our business activities.

For more details, refer to p. 13 Process for Identifying Materiality.

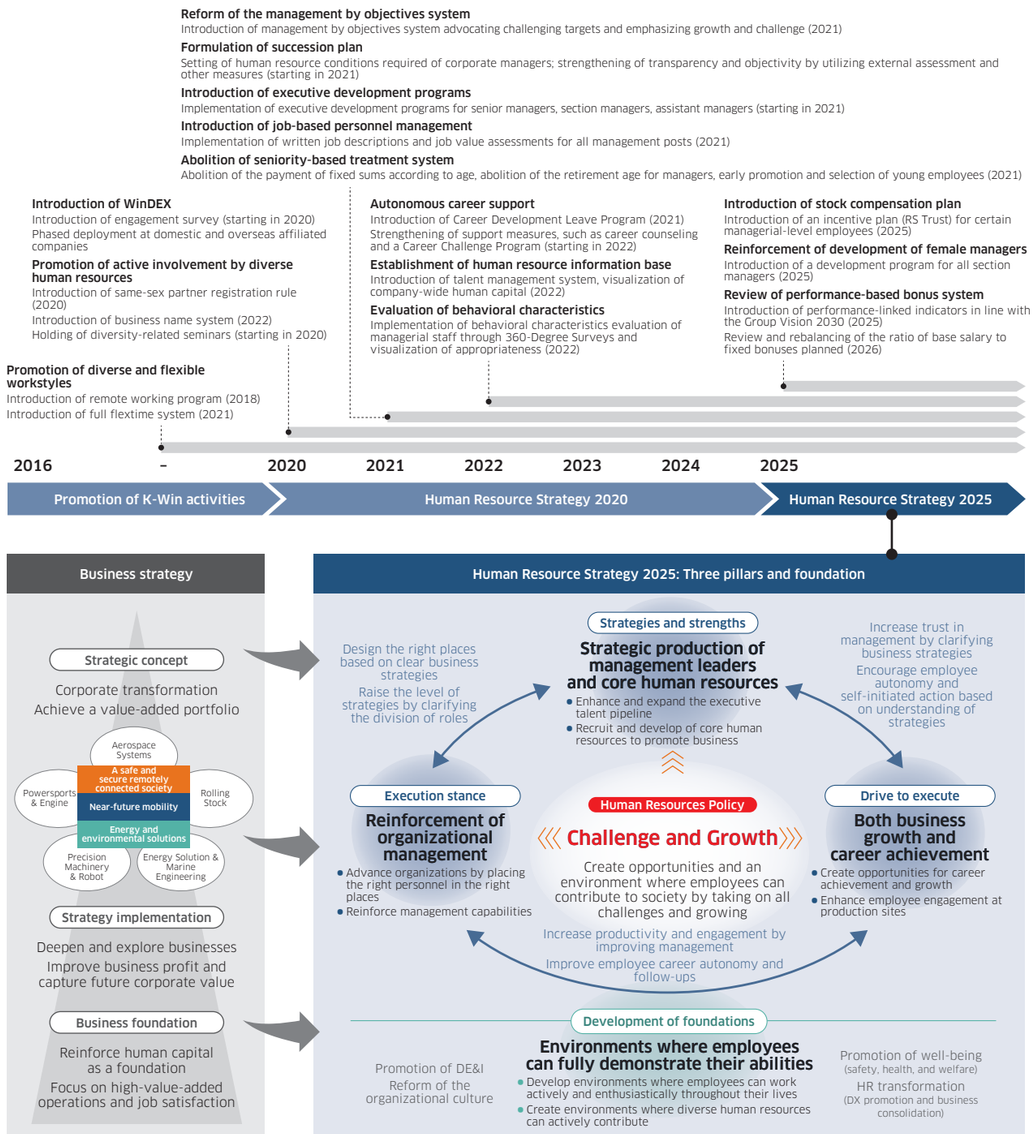
KPIs and Results for Materiality
https://global.kawasaki.com/en/corp/sustainability/materiality/task_kpi.html

The foundation of our business activities		Goals of Group Vision 2030	Priority matters	Target indicators (or key performance indicators)	Fiscal 2024 results
Items of particular importance going forward (items that will have an ever-increasing impact on future finances)	**Energy and environmental solutions (Value chain)**	• Implement, to the maximum extent, feasible measures concerning Scope 3, to steadily work toward the milestone of becoming Zero-Carbon Ready by 2040.	• For category (i), reduce CO_2 emissions by suppliers of materials and parts • For category (xi), pursue a lineup of CO_2-free standard solutions in all businesses	Scope 3 (category (i))	4,604,237 t-CO_2 (Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, and Kawasaki Motors)
				Scope 3 (category (xi))	26,430,330 t-CO_2 (The Kawasaki Group)
				Initiatives to reduce category (i) of Scope 3	Held carbon neutrality networking and seminars and started collecting information on emissions of suppliers
	Business and Human Rights	• No violations of human rights throughout the value chain and no complicity in human rights violations.	• Implement human rights due diligence among subsidiaries and suppliers	Number of human rights impact assessments conducted for subsidiaries	• Implemented SAQ targeting 45 domestic subsidiaries • Conducted employee hearings at two overseas subsidiaries
				Number of improvements and corrective actions based on the self-assessment questionnaire (SAQ)	• Made requests for improvement to five domestic subsidiaries subject to SAQ in fiscal 2024 • Of the requests for improvement made in fiscal 2023, four companies took corrective action
				Number of reports from outside stakeholders	19 reports (total number of reports to supplier hotline and Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) hotline)
	Promotion of Human Resources Activities	• Strengthen and effectively use human capital (efficient allocation and human resource development) to achieve Group Vision 2030. • Enhance employee engagement and build a company culture in which employees can continue to work with enthusiasm. • Promote diversity, equity, and inclusion (DE&I) to build an organization in which a wide array of employees can maximize their individuality and potential.	• Implement the personnel system reform and human resource development in ways that enhance corporate value • Promote DE&I	ROI from human resources	1.76 (The Kawasaki Group)
				Ratio of employees for whom both “engagement (job satisfaction)” and “enablement (productive work environment)” are high (employee engagement survey results)	31% (The Kawasaki Group [Japan])
				Proportion of women in managerial positions	2.5% (Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, and Kawasaki Motors)
				Rate at which women, foreign nationals, and individuals with mid-career hires are promoted to senior manager or above	8.7% (Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, and Kawasaki Motors)
				Wage differences between male and female employees	67.5% (The Kawasaki Group [Japan])
				Rate at which male employees take childcare leave	29.6% (Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, and Kawasaki Motors)
	Technological development / Digital transformation (DX)	• Deliver new products and new businesses to market which contribute to the resolution of global environmental and social challenges. • Successfully acquire and utilize intellectual property rights linked with business strategies. • Promote process innovation, increase sophistication of processes and integrate digital technologies throughout the value chain.	• Promotion of open innovation • Building of intellectual property strategy (strengthening of intellectual property strategy) for the co-creation of new businesses • Promotion of digital transformation (DX) throughout the value chain	Number of cases of major external collaborations (number of cases disclosed in news releases)	11 cases (Started joint research into absorbing CO_2 from the air and trapping it in concrete, formally introduced an in-hospital delivery service using robots, etc.)
				Number of patents held (calendar year basis)	Japan: 3,188 patents / Overseas: 4,637 patents
				R&D expenses	48.9 billion yen
				Number of personnel trained as DX promotion human resources	• AI fundamentals training: 10 persons • DX & IT literacy training (pilot program): 25 persons • Microsoft 365 fundamentals training: 23,211 persons
Items that were emphasized in the past, but which will be steadily reinforced going forward	**Product liability/ safety**	• Deliver trustworthy and safe products and services from the customer’s perspective based on consistent quality policies covering from top management to work-site operators.	• Promote Total Quality Management (TQM) activities	Certification status of quality management system (ISO 9001)	73.1% (total of domestic and overseas manufacturing sites)
	Compliance	• Monitor as accurately as possible the risks of committing compliance violations. • Build an inclusive and effective compliance system tailored to given risks, and continuously manage and regularly update this system.	• Further improve compliance awareness throughout the Group • Strengthen anti-corruption measures throughout the Group	Attendance rate for compliance training for overseas	90.8%
				Number of whistle-blowing system reports	Japan: 92 reports / Overseas: 4 reports
				Number of cases of compliance violations	Japan: 15 cases / Overseas: 1 case
	Occupational safety and health	• Ensure that there are no serious occupational accidents Group-wide. • Reduce the need for sick leave. • Maintain and improve employee health.	• Implement appropriate occupational safety and health measures: to prevent work-related accidents, to reduce the need for sick leave, and to encourage employees to improve lifestyle habits	Lost Time Injury Frequency Rate (LTIFR) (calendar year basis)	0.35 (Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, and Kawasaki Motors)
				Absence rate (day basis) due to sick leave (calendar year basis)	9.6 (Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, and Kawasaki Motors)
	Information security	• Maintain and manage cyberattack response and the protection of customer and product information with the world’s highest level of security.	• Strengthen information security governance throughout the Kawasaki Group	Scores of 80 points or more for all domains owned by KHI from security risk rating	Percentage of domains exceeding target values: 76%
				Interruption of production activities due to cyberattacks: 0 incidents	0 incidents
A wide range of items to be addressed (activities relating to both of the above)	**Sustainable supply chain management**	• Remain aware of environmental, human rights, and other risks associated with the entire supply chain and work with suppliers to promote sustainability.	• Revise and distribute Sustainable Procurement Guidelines • Implement sustainable procurement survey of suppliers and review or audit based on their responses • Initiatives including human rights due diligence, promotion of decarbonization, and efficient use of resources, in the supply chain	Ratio of major suppliers responding to our sustainable procurement survey	82.3% (responses from 200 companies of the total of 243)
				Implementation status of human rights due diligence	Identification of 9 supplier companies as targets for improvements based on the results of the sustainable procurement survey

Promotion of Human Resource Activities

Kawasaki has been implementing Kawasaki Workstyle Innovation (K-Win) activities, an effort to promote workstyle reforms, since fiscal 2016 and started creating an environment where all employees can flexibly and proactively perform their work. K-Win activities have served as the first steps to increasing employee engagement, maximizing productivity, and pursuing sustainable growth by the company. In fiscal 2020, we established the Human Resource Strategy 2020, introduced job-based personnel management, created a talent management system, and took other phased measures to visualize and utilize human capital.

Changes in human resource management reform measures



In fiscal 2025, we are reorganizing the results of and issues arising during the five-year period starting in fiscal 2020 and setting a new direction for human resource measures in the form of the Human Resources Strategy 2025 in order to achieve the Group Vision 2030.

Strategic Production of Management Leaders and Core Human Resources

For the company to achieve sustainable growth, it is essential that we develop management leaders who can respond to drastically-changing management environments and secure the core human resources who will execute business. Under the Human Resources Strategy 2025, we are systematizing measures for strategically producing these human resources and will seek to build human resource foundations that contribute to reinforcing corporate competitiveness and creating value.

Enhancing and expanding the executive talent pipeline

When developing executives, early selection and continuous development are crucial. We implement a phased development program targeting all levels from young employees (assistant manager class) to management candidates through the Kawasaki Executive Coaching Program series (Executive Introductory Programs, Executive Coaching Programs, and Executive Advanced Programs). In addition, by linking this off-the-job training with challenging on-the-job assignments that include practical work and integrating learning in practice, we seek to develop human resources who have both managerial perspectives and the ability to take action.

For the selection of executives, we introduced the use of long lists and shortlists and established a selection system that emphasizes objectivity and transparency by visualizing the behavioral characteristics required of executive, utilizing external assessments, and conducting discussions within the Nomination Advisory Committee.

Recruiting and developing core human resources to promote business

Adapting to changes in the business environment requires securing human resources with flexible thinking and specialized skills not constrained by existing frameworks. Kawasaki is reinforcing its recruitment of the IT and data-related personnel that will be necessary for implementing digital transformation (DX) and work transformation (WX).

We are also focusing our efforts on recruiting and developing business exploration human resources who will perform new business creation, and we are promoting the creation of innovation by acquiring diverse human resources from both inside and outside the Company.

In fiscal 2025, we launched the New Business Reassignment Program and Intrapreneur Development Program using our CO-CREATION PARK – KAWARUBA social innovation co-creation hub.

We are currently making preparations to dispatch employees under the New Business Reassignment Program while coordinating with each business segment. Meanwhile, the Intrapreneur Development Program is intended to cultivate intrapreneurs within the Company, and we established a framework to support idea generation, business verification, and business plan formulation, with approximately 70 employees participating in the program.

Through these initiatives, we are building a human resources portfolio covering management to on-site core personnel, thereby strengthening our human resources foundation that supports the sustainable growth of business.

Reinforcing Organizational Management

To achieve the human capital management that we seek, in addition to drawing out the maximum capabilities of each individual, it is essential that we reinforce management structures for improving the performance of organizations as a whole. Under the Human Resources Strategy 2025, we are promoting the right personnel in the right places by reinforcing operation of the job-based personnel management system, and clarifying the roles of management positions and reinforcing their development in an effort to raise organizational levels and enhance management capabilities.

Advancing organizations by placing the right personnel in the right places

The transition away from the traditional seniority-based and ability-based personnel system to the introduction of a job-based personnel management system that performs evaluation and placement based on job roles has become an important turning point in enhancing organizational flexibility and expertise. We prepared job descriptions for all managerial staff, clarifying the roles, skills, and performance indicators required for its position, thereby promoting the placement of the right people in the right positions.

In light of the intent of introduction of this system, we still have a long way to go, and in fiscal 2025, we will work to deepen the job-based personnel management system suitable for the Company while re-examining and discussing the ideal state of managerial staff.

Reinforcing management capabilities

A rapidly-changing business environment requires that managers are not simply individuals who execute business, but also that they perform the role of a leader, specifying the direction of the organization and drawing out the abilities of members. To reinforce management capabilities, we conduct training for senior and section managers and implement 360-Degree Surveys of all

managerial staff to encourage them to become aware of both their strengths and areas for improvement.

To strengthen organizational management capabilities even further, starting in fiscal 2025, we began reviewing the content of training for management and establishing an integrated development program for senior and section managers as well as young employees.

Both Business Growth and Career Achievement

At the foundation of the human capital management that we seek is a philosophy of achieving both career development by each employee and business growth by the Company. The Human Resource Strategy 2025 supports self-initiated career development by employees while implementing measures to increase overall organizational vitality and competitiveness through human resource development linked to business strategies.

Creating opportunities for career achievement and growth

Creating an environment where employees can take the initiative in shaping their own careers and feel a sense of growth is directly connected to improved engagement and human resource retention. Based on the Basic Policy on Career Development formulated in fiscal 2022, we provide opportunities for employees to identify their own strengths and future vision through the distribution of career support guidebooks, topic-specific career seminars, and career counseling.

In fiscal 2023, we introduced the Career Challenge Program, an open recruitment transfer system, implementing 43 transfers in fiscal 2023 and 24 transfers in fiscal 2024. The program allows employees to apply for positions that are announced once each year. The objectives are to encourage transfers across business segments and job categories, support self-initiated career development by employees, and achieve the placement of the right people in the right positions. Starting in fiscal 2025, we introduced internal talent matching program, and in the future, we plan to use it as a platform that includes secondment through collaboration with external organizations (such as other companies in the same industry, startups, and local governments).

Enhancing employee engagement at production sites

Improving employee engagement at production sites that support the foundations of our business directly leads to improvements in quality, safety, and efficiency. Since fiscal 2020, we have conducted an engagement survey (WinDEX), implemented workstyle reforms that reflect the views of on-site workers, and promoted the development of workplaces where employees feel a sense of purpose and fulfillment.

Overall engagement scores have increased as a result of many years of efforts, but the scores for production site employees have been stagnant, and we are currently implementing countermeasures. Specifically, we hold town meetings for direct dialogue between production staff and management and have enhanced benefit facilities and taken other measures, and results have improved substantially at some sites.

To improve engagement even further, we believe that it will be necessary to provide compensation based on abilities, roles, and results and to build a framework that encourages action toward growth. In fiscal 2025, we created a project team to improve engagement among production staff and will take action to review evaluation systems and benefit programs.

Environments Where Employees Can Fully Demonstrate Their Abilities

Creating environments where all employees can work in good physical and mental health and with peace of mind is essential for achieving human capital management. We promote well-being and DE&I as dual aspects of this and work to create workplace environments where employees can fully demonstrate their abilities.

Developing environments where employees can work actively and enthusiastically throughout their lives

With the view that initiatives for the promotion of employee health constitute investment, Kawasaki promotes health management, a management method of conducting measures to address issues from a strategic perspective. We analyze and organize issues based on physical checkups, stress checks, work absence and work leave data, and implement measures based on our Health Management Strategy Map. This strategy map qualitatively and quantitatively organizes health investment, health investment effects, and issues to be resolved through health management, clearly indicating the direction that the company should take for health management.

In the strategy map, we positioned halving absenteeism[1] and presenteeism[2] from current levels as final target indicators. We are undertaking integrated group-wide initiatives to achieve our targets, including establishing working groups on smoking cessation, addressing mental health, and preventing the aggravation of illness, with occupational health staff from business sites as members under the Collaborative Health Committee, which comprises representatives of the Company, health insurance union, and labor union.

1 Work absence and work leave due to health issues
2 State in which employees are not absent from work but are experiencing lower productivity due to health issues

Creating environments where diverse human resources can actively contribute

By promoting DE&I, Kawasaki is working to create an environment of mutual respect where diverse human resources can actively contribute. Respect for diversity directly leads to innovation creation and improved organizational flexibility, and we see it as the foundation of our human capital management.

The Company is focused on promoting the active participation of women and continuously encourages active recruitment of women with targets of raising the proportion of women in career-track administrative positions to at least 40% and in career-track technical positions to at least 15% among newly hired graduates. We also set a target to increase the proportion of women in managerial positions to 10% by fiscal 2030.

With the aim of facilitating the retention and fostering an awareness of career enhancement for female employees, we host the DE&I Forum for female managers to exchange views on the active participation of women at the Company through a message from the President and a panel discussion among female officers. We also gain insights on facilitating growth from role models outside the Company, and host the Female Leadership Development Program, Networking Session for Female Engineers, and Cross-Industry Networking Event for Women Working in the Kansai Region in cooperation with Kobe-based companies, toward building human networks outside the company. The Company is actively undertaking activities for the recruitment of female engineers. This included conducting workshops as part of the Training Program for Female Engineers, in collaboration with universities.

Starting in fiscal 2025, we introduced the Kawasaki Women's Advanced Program for all women in section manager equivalent positions and formulated individualized development plans tailored to each person in order to accelerate measures for building a development pipeline for women who can become candidates for managerial positions and even officers. We plan to expand the scope of the program to other positions starting in fiscal 2026 to expand support for career enhancement of women even further.

WEB **Human Resource Management**
https://global.kawasaki.com/en/corp/sustainability/society/h-management.html

WEB **Human Resource Development**
https://global.kawasaki.com/en/corp/sustainability/society/h-development.html

WEB **Diversity, Equity, and Inclusion**
https://global.kawasaki.com/en/corp/sustainability/society/diversity.html

WEB **Occupational Safety, Hygiene, and Health**
https://global.kawasaki.com/en/corp/sustainability/society/health.html

Basic Policy on Career Development and status of initiatives

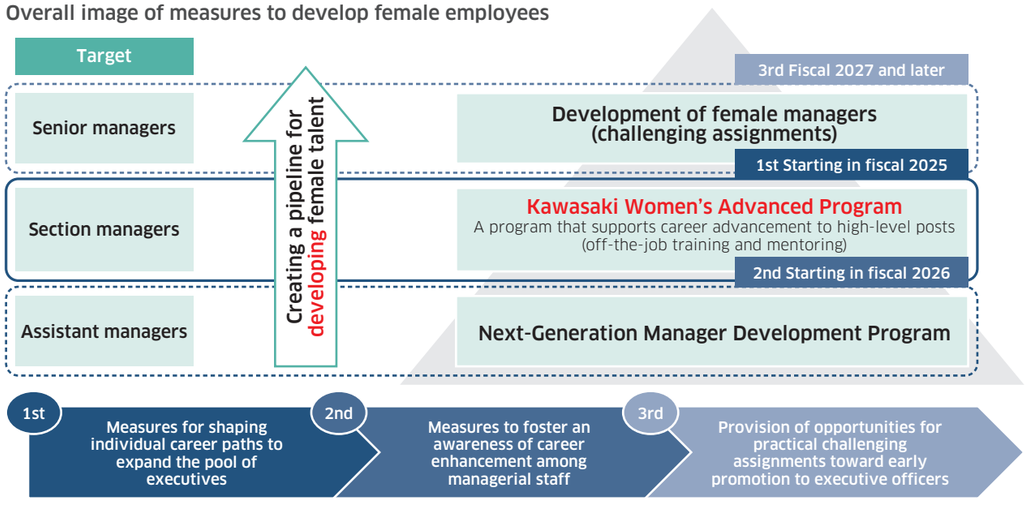
Basic Policy on Career Development (established July 2022)

The Kawasaki Group **provides employees with opportunities** to discover and **realize** what it is that they want to do and provides generous support for career development that **respects the individual wishes of employees** so that all employees can play central roles in the Group.

Career development steps and details of initiatives

Notice	● Career guidebooks ● Internal Career Development Portal ● Online seminars (for employees and their supervisors)
Review	● Career e-learning ● Open career training ● Career counseling
Prepare	● Skills assessment and self-reporting (career consultations)
Change	**● Target setting (Challenge & Commitment)** **● Career Challenge Program** **● Job rotation program** **● Career Development Leave Program**

Overall image of measures to develop female employees



Human Rights Due Diligence

Policies Relating to Human Rights Due Diligence

The Kawasaki Group Policy on Human Rights

The Kawasaki Group adopted the Kawasaki Group Policy on Human Rights in fiscal 2019 to complement the Kawasaki Group Code of Conduct, and then revised it in fiscal 2023. We recognize how essential it is for the realization of our Group Mission that the human rights of all stakeholders be fully respected and that the Kawasaki Group's employees uphold high ethical standards; and we have established policy to be actively engaged in such key issues of human rights as prohibition of forced labor and child labor, prohibition of discrimination and harassment, diversity and inclusion, approving freedom of association and the right to collective bargaining, and ensuring a safe and healthy working environment.

Group Policies for Material Procurement and Sustainable Procurement Guidelines

The Kawasaki Group set forth the Kawasaki Group Policies for Material Procurement, which contains the Group's sustainable-procurement philosophy, and its expectations for its suppliers in that regard, as well as the Kawasaki Group Sustainable Procurement Guidelines, which further fleshes out the content of the aforementioned policy by stipulating by-laws on its expectations for its suppliers.

Among these, based on growing social demands for sustainability initiatives in the supply chain, the guidelines were revised in fiscal 2022 with reference to the RBA[1] Code of Conduct. The revisions included a variety of items, including consideration for compliance, human rights, labor, occupational health and safety, and the global environment. On that basis, the Kawasaki Group Code of Conduct was incorporated to clarify the Group's policy to enhance the sustainability of its entire supply chain.

1 Responsible Business Alliance (RBA): International initiative promoting corporate social responsibilities across the global supply chain

Human Rights Due Diligence Process

The Kawasaki Group is working to embed use and enhance the effectiveness of the PDCA cycle based on the Kawasaki Group Policy on Human Rights with the objective of identifying, preventing, and mitigating adverse impact on human rights resulting from our corporate activities.

Specifically, we assess the impact of identified human rights risks based on the Group's business activities and endeavor to take appropriate action to prevent and mitigate human rights risks based on the results. We also conduct ongoing monitoring including follow-up surveys relating to the status of implementation of corrective action and ongoing impact assessments of human rights risks.

Furthermore, in cases where—through dialogue with stakeholders and grievance mechanisms—it becomes clear that the Kawasaki Group has caused an adverse impact on human rights or been involved in such, we will work to redress the situation through appropriate procedures.

Company manufacturing sites undergo RBA VAP audits

Kawasaki Heavy Industries' Robot Business Division has achieved the highest evaluation of Platinum Status in the Validated Assessment Program (VAP), a third-party audit that evaluates compliance with the RBA Code of Conduct.

For VAP audits, an RBA-certified third-party organization evaluates compliance with the standards through criteria and management systems related to ensuring safe workplaces, respectful and dignified treatment of workers, responsible environmental management, and ethical business practices as provided in the RBA Code of Conduct, and a status is issued based on the evaluation score.

In the fiscal 2024 audit, our Robot Business Division at the Akashi Works and Nishi-Kobe Works was recognized for its proper management and operation in the fields of labor, health, safety, environment, ethics, and management systems. We achieved a perfect score of 200 points, earning the highest evaluation of Platinum Status.


Responsible Business Alliance
Advancing Sustainability Globally

Recognition that

Akashi Works

1-1 Kawasaki-cho, Akashi, Japan , Akashi, Hyogo, 673-8666
Japan

Completed the RBA Validated Assessment Program, achieving PLATINUM Status earning a full audit score of 200.0

Validated Audit Report:	VAR-20240924-JP-01A01-1
Audit date:	September 24, 2024
Certificate issue date:	November 18, 2024
Expiration date:	September 27, 2026

Robert F. Leduc
CEO, RBA

Impact Assessments / Corrective Measures

	Impact assessments	Corrective measures
Main initiatives in fiscal 2024 targeted at Group companies	● Monitoring using SAQ[2] created in-house based on the RBA Code of Conduct • Implemented at 45 domestic Group companies	● Corrective measures based on the monitoring results • Requested improvements separately at a total of five companies in the areas of safety and health emergency preparedness and management system communications • Carried out third-party interviews focused on workers based on the results from monitoring of Group companies overseas located in countries where human rights risks are considered to be high
Main initiatives in fiscal 2024 targeted at suppliers	● Questionnaire survey for major domestic suppliers • Responses from 200 companies of our significant suppliers	● Formulation of plans for corrective measures based on the questionnaire results • Formulated plans for corrective measures based on agreements between some suppliers and our Company, and supported their implementation • As necessary conducted on-site assessments whose goal is to confirm the status of sustainability-related initiatives

2 Self-assessment questionnaire

Assessment of impact at KMI

Based on the results of monitoring based on SAQ, in January 2025 at PT. Kawasaki Motor Indonesia (KMI) we conducted direct interviews with managers and workers with the goal of assessing whether there were any human rights risks and the degree of their impact. For the worker interviews, 50 individuals were selected in an all-encompassing way based on gender, department, and employment status. As to implementation, grounded in the Dhaka Principles (principles for the responsible recruitment and employment of migrant workers) and based on a questionnaire covering human rights issues that workers face, the third-party non-profit organization Caux Round Table Japan (CRT Japan) conducted an interview-based survey prioritizing items with particular relevance to the attributes of the workers and the environments in which they were placed.

The results of the interviews on the whole were satisfactory, and no human rights violations such as forced labor or discrimination in the workplace were corroborated.


Conducting an interview with workers

Meanwhile, based on feedback received from workers during interviews, we are implementing necessary measures such as improving safety measures and ventilation at the plant. KMI will continue to work on establishing an employment and working environment where workers' rights are more respected.

Grievance Mechanisms

The Kawasaki Group has established multiple consultation systems as grievance mechanisms for employees, and we promise that employees will not be subject to disadvantageous treatment as a result of filing a complaint.

We also established a supplier hotline for officers and employees of our Group suppliers in Japan as well as those in supply chains related to our products and services. In addition, we joined the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER), which provides an external engagement and remedy platform, in fiscal 2024. Through these initiatives, we accept human rights related complaints and consultations from a wide range of stakeholders and seek to improve access to remedies.

Capacity building for suppliers

We directly communicate our approach to sustainability to our suppliers through briefings and other means while also informing them about important issues in supply chain management, such as human rights and environment, and requesting that they enhance their sustainability initiatives. To increase the ratio of primary data on CO_2 emissions in category (i) of Scope 3, we are furthering understanding of the management statuses for CO_2 emissions and providing support for initiatives to calculate CO_2 emissions and reduce emissions for our main suppliers.

In fiscal 2024, we held carbon neutral seminar sessions three times for a total of 440 main suppliers. In addition to explaining future initiatives that we will pursue with future to reduce emissions, we also conducted seminars on support for decarbonization management from governmental and financial institutions and outlined the calculation of Scope 1, 2, and 3 CO_2 emissions for our suppliers. Furthermore, in March 2025, we confirmed the CO_2 emissions for fiscal 2023 of 372 suppliers and provided measurement support as necessary.

Compliance

Our Basic Stance

Strict compliance should be at the foundation of all Kawasaki Group business activities, and all Group officers and employees must engage in business with a proper awareness of compliance. Through various initiatives to strengthen compliance and thoroughly prevent corruption, each employee is made aware of the fundamentals of compliance, which is not merely following laws, regulations, and rules, but also always acting correctly to gain the trust of society in order to make the Kawasaki Group a sustainable group that is trusted by society even more and where every employee can work with pride.

Based on the Kawasaki Group Code of Conduct and the Kawasaki Group Policy on Anti-Bribery, we are working at being thoroughgoing with compliance and at preventing corruption.

WEB **The Kawasaki Group Code of Conduct**
https://global.kawasaki.com/en/corp/sustainability/basic/code.html

WEB **The Kawasaki Group Policy on Anti-Bribery**
https://global.kawasaki.com/en/corp/sustainability/procurement/pdf/anti-bribery.pdf

Efforts to Promote Compliance

To raise awareness of compliance, we conducted compliance training including e-learning-based training on the Kawasaki Group Code of Conduct. Training covers topics specified in the Code of Conduct, including fair business practices, anti-corruption initiatives, ensuring product quality and safety, and consideration for the environment and human rights.

In fiscal 2024, we implemented measures involving reading compliance materials together at each worksite for all Kawasaki Group employees in Japan, and 32,517 employees participated. Also, at overseas subsidiaries, in 2024, we conducted e-learning on the Kawasaki Group Code of Conduct in ten languages, and 3,102 employees underwent training. Additionally, during the Compliance Month of October, we ran an article in the Group newsletter “Kawasaki” based on uncovered cases of misconduct that highlights the importance of organizational culture reform and establishing systems that prevent misconduct. The newsletter also ran an overview of the Compliance Reporting and Consultation System (whistle-blowing system) and examples of actual improvements made through use of the system.

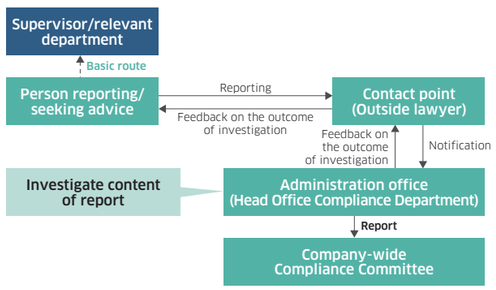
Whistle-Blowing System and Consultation Points

We have established the Compliance Reporting and Consultation System, with an outside lawyer acting as the contact, so that executives and employees of Kawasaki Group companies in Japan can report or seek consultation regarding suspected violations of compliance practices relating to their operations. The system accepts anonymous reports and consultations with the objective of fostering a corporate culture and creating mechanisms that effectively self-correct by making the system more user friendly.

Under this System, an outside lawyer responds directly to inquiries from reporting or consulting employees and accepts inquiries submitted by email or other means 24 hours a day, 365 days a year. The lawyer contacts the person who made the report or sought consultation directly to explain the results of the investigation. For anonymous reports, summaries of the reported issues and progress in addressing them are posted on the Company intranet. If a compliance violation is discovered as a result of investigation, company rules provide for the imposition of strict disciplinary measures on the offending employee in accordance with the employment regulations or other rules.

The number of reports and the details of specific consultation matters are reported to the Company-wide Compliance Committee, ensuring that the system is operating effectively.

Compliance reporting and consultation system flow chart (domestic)



In addition, since 2020, we have been introducing the Global Internal Reporting System at overseas subsidiaries, and introduction at more than 90% of overseas subsidiaries was completed through fiscal 2024. Under the Global Internal Reporting System, external law firms and internal administrative offices function jointly as contact points, accepting both anonymous and non-anonymous reports, and reports can be made in the major languages of the country or region where the reporter conducts business activities.

Information Security

Our Basic Stance

The Kawasaki Group provides products and services to a diverse range of customers, from businesses, the public sector, and general consumers to the Self-Defense Forces. Any information leakage could affect our credibility and brand value and thereby undermine the foundations of our management. This is why ensuring information security is an important management issue that needs to be considered.

Based on the Kawasaki Group Policy on Information Security, we are pursuing information security initiatives based on the following four ideas. This policy was revised in July 2025.

- Build a system to strengthen collaboration across the Kawasaki Group
- Identify and manage important information assets
- Plan and deploy appropriate measures to identify, defend, detect, respond, and recover from cyberattacks
- Ensure all officers and employees improve their knowledge and awareness of information security

WEB **The Kawasaki Group Policy on Information Security**
https://global.kawasaki.com/en/corp/sustainability/pdf/info-secur.pdf

Information Security Risk Management

As part of our initiatives to reduce information security risks, we identify the information assets to be protected by the Kawasaki Group and collect information on a daily basis from the Information-technology Promotion Agency, Japan (IPA), Japan Computer Emergency Response Team Coordination Center (JPCERT/CC), and other specialized organizations, as well as security vendors, security analysts and other sources, in order to accurately capture increasingly sophisticated cyber threats. Based on the collected threat information, we analyze possible attackers, attack methods, and attack scenarios and identify vulnerabilities. We then conduct periodic assessments to determine whether information assets are protected accordingly from the analyzed or identified threats and vulnerabilities to evaluate risks.

We also conduct internal audits and use other means to periodically examine and assess the implementation status of countermeasures based on risk assessment results as well as the management and operational status in accordance with relevant policies and rules.

Information Security Countermeasures in Supply Chain

When addressing risks in the Group’s supply chain, we establish processes for identifying, analyzing, prioritizing, and assessing risks.

Specifically, in fiscal 2022, we introduced the Kawasaki Group’s Information Security Guidelines for Business Partners to encourage suppliers to implement information security countermeasures and to support them in adopting countermeasures tailored to their specific circumstances. In addition, as a part of supply chain management, we included questions relating to information security in the supplier survey conducted with both domestic and overseas suppliers starting in fiscal 2024.

Through these initiatives, we are working to confirm the information security status of suppliers and mitigate risks in supply chain.

Information Security Education and Training

We provide instruction that covers laws and social customs as well as corporate rules and examples of incidents regarding information security, and course content is tailored by position, with content for newly hired employees, general employees, and managerial staff. Employees are also instructed to avoid clicking on attachments or links in suspicious emails and to promptly report such emails to the reporting desk and to delete such emails to prevent the spread of damage. We also regularly conduct drills using simulated targeted attack emails.

In fiscal 2024, education on information security was provided to 20,274 employees, and 24 drills using simulated targeted attack emails were provided to 10,560 employees.

We also run content regarding information security in the Group newsletter “Kawasaki,” and strive to improve security awareness throughout the Group as a whole.

Content appearing in the Group newsletter “Kawasaki”

Roundtable Discussion with the Chairman and Outside Directors

To realize the Group Vision 2030, we will strengthen the supervisory power of the Board of Directors and maximize corporate value.

From left

Yoshinori Kanehana
Chairman of the Board

Tomoko Amaya
Outside Director
(Audit & Supervisory Committee Member)

Hideo Tsujimura
Outside Director

Atmosphere of the Board of Directors meetings

Q. How would you characterize the atmosphere at meetings of the Board of Directors?

Amaya: Before becoming an outside director, I had heard Kawasaki board meetings were free and open, but they exceeded expectations. Members actively voice opinions, and executives seriously consider questions and comments, then, sometimes provide counterarguments. This creates highly substantive discussions.

Tsujimura: It is rare to find a board where so many opinions are voiced. As you say, a major factor is that the executives are genuinely receptive. We feel encouraged to speak because we trust our views will be sincerely considered, not just dismissed as from outsiders.
Kanehana: Outside directors with diverse backgrounds share opinions from very different perspectives. Internal directors are often surprised by these unexpected insights, and this leads to very animated discussions.

Compliance issues

Q. What discussions did the Board have about the misconduct incident?

Kanehana: The Board held intensive discussions about the cases of misconduct that came to light last fiscal year. I'm sure the executives faced a harsh time, but I believe they very sincerely addressed the issues.
Tsujimura: The Board devoted significant time to investigating the root causes, verifying other departments, and considering preventive measures. It concluded that the fundamental solution was to address organizational culture itself. The misconduct was unacceptable, but it also became a catalyst for transforming the Company.
Amaya: I have seen many misconduct incidents in the past, and I primarily focus on whether top management responds with a sense of urgency. Kawasaki did, and perhaps even showed an exceptionally strong sense of urgency. My concern was that their strong sense of urgency might lead to impatience and a rush for "easy solutions." Introduction of strict rules and training programs alone can lead to overly complex, ineffective systems and distort the organization. I was determined to prevent that from happening. I also assume that those involved in last year's cases took inappropriate actions as they thought there were no other ways to solve the problems they faced for the sake of the Company, not from personal motivations. That is why, from the outset, I stressed the importance of creating an organizational culture that shields employees from vulnerable situations where they might feel forced to compromise their integrity and allows them to speak openly with their colleagues and superiors.
Kanehana: The individuals held back from speaking to their managers because they expected to only get an angry response to "figure it out on your own." They didn't speak up because they felt they couldn't. The incidents likely would not have occurred if there had been a culture where managers listened to concerns and issues were either worked through together or brought higher up.
Tsujimura: Difficulty approaching bosses is common in companies. As I understood it, the manufacturing site silently accepted requests from the design department, which escalated over time until the specifications ultimately became impossible. That seems to be what happened. Kawasaki is now preventing that by implementing concurrent engineering, involving the manufacturing, quality, and procurement departments from the initial design stage, which I believe will also help reform the organizational culture.

Amaya: At the recent Compliance Committee meeting, I noticed that the executives' perceptions have been changing. They do not blame employees for not reporting problems and concerns, but they ask themselves what is missing to make employees speak up. Despite that, employees may still not believe management will take their concerns seriously because of past negative experiences. The real challenge is how to make people at the worksites believe that a substantial change has occurred. I think trust in superiors should be measured in the WinDEX employee engagement survey.
Kanehana: We are doing just that—linking the WinDEX scores to manager performance evaluations. It's a simple step, but I believe it will be effective in driving culture reform. The WinDEX surveys will help managers understand what their subordinates are dissatisfied with or struggling with; and this awareness will help them identify the changes they need to make themselves.
Amaya: Over the past year, we have strengthened the internal fraud detection system and recurrence prevention measures, but the key is to continue pursuing improvements. Employees will be disappointed if we stop here. Although the Board of Directors cannot continue to devote all its time to this issue, we must remain vigilant.

Board of Directors effectiveness

Q. As an outside director, how will you contribute to Kawasaki Heavy Industries Group management?

Amaya: I believe my most important contribution over the past year was advising the management team, in addressing the misconduct case, that taking strict measures alone would not solve the problem—they needed to pay full attention to what employees at the worksites say and how they feel. Management fully

Yoshinori Kanehana
Chairman of the Board

understood that strict responses alone would not address the underlying problems. Still, they might feel compelled to stress the strict measures to the public. I thought management would feel reassured and listen closely to employees' voices when an outside director emphasized the need to do so. My position as an outsider to the Company enabled me to express this perspective.

Kanehana: I recall you telling the Board repeatedly that simply distributing written explanations of the investigation results and preventive measures is not a solution. I think the executives greatly appreciated hearing that.

Tsujimura: Although I come from a different industry, my experience at a manufacturer with development, manufacturing, quality, and other operations gives me some understanding of the challenges the executive managers may be facing. I am eager to draw on that experience to offer constructive counsel, while maintaining the appropriate distance so as not to overstep into the executive role. One of my main areas of focus is quality. Quality is the lifeblood of any manufacturer, and I have emphasized many times the need for the Company to be absolutely thorough in risk management related to quality. I also focus on technology investment. President Hashimoto often says, "Technical ability is not enough." It is true that technical capability alone does not guarantee success. Yet at the same time, a manufacturer without a technological advantage is certain to face excessive competition. That is why I continue to stress the importance of sustained investment.

Kanehana: Your counsel is extremely valuable to us, as is your presence as the chair of the Nomination Advisory Committee.

Tsujimura: In the Nomination Advisory Committee, I strongly emphasize the importance of a succession plan for selecting the next generation of management. Performance results are only the starting point when evaluating candidates. President Hashimoto and Senior Corporate Executive Officer Yamamoto personally interview all candidates for executive officer positions and above. These interviews are recorded, and the Nomination Advisory Committee reviews the recordings to assess each individual. Although this can be demanding, sometimes involving as many as 40 candidates, I believe it is highly effective for becoming familiar with each person. The committee's monthly meetings are always lively, and we report the results of these discussions to the Board of Directors.

Kanehana: In the Board of Directors effectiveness survey, one outside director noted that it was difficult to grasp the details of committee discussions. Addressing that concern was a very positive change, as it allowed us to share with the Board how the committee also engages in deeper discussions occasionally with outside consultants, and to convey more clearly the substance and depth of the content.

Amaya: I was honestly surprised that such a large number of interviews were recorded and shared openly with the outside directors, but that approach gave me a strong sense of reassurance.

Tsujimura: In fact, the three outside directors, including myself, also interviewed the president and senior corporate executive officers, who felt that "in terms of fairness, we should be evaluated as well." That attitude is commendable. Evaluating top management is not easy, but we provide our honest opinions, even when they are sometimes harsh.

Hideo Tsujimura
Outside Director

Future issues and outlook

Q. What areas are you focused on for improving corporate value into the long term?

Tsujimura: The Company conducts ambidextrous management, meaning that we work to both deepen existing businesses, including by revising the business portfolio, and to explore and create new businesses. For existing businesses, we have specific goals and roadmaps in line with Group Vision 2030. Although the pace of progress varies across businesses, overall advancement has been generally smooth. At the same time, developing new businesses takes time, and we are building them up gradually. Because we are at that stage, it is important to be discussing now which areas we should be investing in. We also need to nurture these businesses in different ways, not only through top-down projects led by the president, but also through bottom-up activities to get them off the ground and sustain their growth. For that reason, I have been telling management that greater focus on in-house venture initiatives is essential. To do this, and to encourage bold ventures, the organization must provide a safety net. At my previous company, we often spoke of the "sin of inaction," the idea that not trying is worse than failing. A person is not at fault for taking on a major challenge that ends in loss. In hindsight, it is often those very people who go on to be more successful. Motivation rises when a company values and supports taking on challenges.

Kanehana: Certain aspects of existing businesses can be largely entrusted to the professional expertise of the executives. Capital investment, for instance, involves a clear division of roles: executives formulate the business plan and explain the underlying assumptions and rationale, while the Board of Directors verifies the plan's viability. The boundaries between supervisors and executives are less clearly defined, however, when it comes to new businesses. Executives may express a desire to pursue a particular business, but the Board naturally questions the rationale, feasibility, and potential of the proposal. While the executives may be eager to manage the entire process themselves, the Board members also want to discuss these new business ideas with the same passion as the executives.

Amaya: I am anxious about the development of new business opportunities on top of the hydrogen. While risk is inherent in any new venture, I believe the greatest risk is that, following hydrogen, no major projects worthy of pursuit will emerge in the future.

Kanehana: It is no easy task to identify a large new business project that could grow to become a business division in its own right. That is why I believe it vital to focus diligently on the hydrogen business while at the same time cultivating a range of other venture ideas.

Tomoko Amaya
Outside Director (Audit & Supervisory Committee Member)

Generating ongoing business growth

Q. What expectations do you have for the Kawasaki Heavy Industries Group?

Tsujimura: As I mentioned earlier, there are hurdles to overcome in the three focus areas set out in the Group Vision 2030, but overall, I believe we are making steady progress. I have high expectations that the top management at each business division is increasing its commitment to profitability. Initiatives related to ESG and other non-financial capital are also steadily advancing, as reflected by last year's inclusion in the Dow Jones Sustainability World Index.

Kanehana: As we establish business sustainability, we also need to steadily generate profits. We have positioned hydrogen as a key driver of decarbonization. While expanding the hydrogen business to further reduce society's CO_2 emissions, we also must ensure it remains profitable. Achieving this balance will be like solving a complex equation, but clearly communicating our vision to society will undoubtedly enhance our corporate value, which will then be reflected in our stock price.

Amaya: The foundation for all of this is our human resources—our human capital. In Japan today, simply securing the necessary number of personnel is a major challenge and, going forward, we need to consider how to recruit and develop talent for our evolving businesses as well as for creating new businesses. The Company is already actively developing its talent, but I believe it will become increasingly important to consider how the Company itself can adapt to continue attracting the highest-level human resources.

Kanehana: Changing the organizational culture requires incorporating diverse perspectives from outside the Company. Kawasaki's workforce has always been dedicated and hard-working. When I was president, we launched a full-fledged mid-career recruitment program, hiring what we called "innovative and unique talent," professionals who lead and inspire. Today, the number of midcareer hires even exceeds that of new graduates. With midcareer job changes becoming more common in Japan, we also established an alumni network to maintain connections with retired Kawasaki employees, some of whom have returned to work. The Board of Directors is seeking to create an open organizational culture where diverse talents can come together, foster new business opportunities and drive sustainable growth.

Board of Directors activities in fiscal 2024

Last year, the Board of Directors devoted a considerable amount of time to addressing the misconduct incidents. These incidents prompted us to reconsider the essence of our governance and to initiate efforts to rebuild our organizational culture.

In addition, we addressed and held lively discussions about a wide range of other issues, including corporate transformation, group governance, and the review of executive personnel and compensation systems.

Evaluation of Board of Directors effectiveness

When explanations from management appear insufficiently considered, outside directors with deep expertise in the relevant field often raise questions that take potential risks into account. I find it very reassuring that such discussions have become firmly established in Board meetings. Hearing the reservations and doubts gives the executives an opportunity to pause and ensure the discussions remain focused on the core issues. Outside directors have provided insights on issues ranging from the responses to misconduct incidents to quality, human capital, and new business ventures—views that are both objective and often difficult for executives familiar with the Company's past to see. I believe, over the past few years, the Board of Directors has steadily deepened the overall quality of its discussions and become a more effective supervisory body.

This has highlighted a challenge: more active Board discussions sometimes mean that certain topics cannot be fully covered within the allotted time. I view this as a positive sign of the Board's growing effectiveness, as it demonstrates that the exchanges of opinion are serious and substantive. At the same time, we recognize the need to adjust, so we are reviewing agenda priorities and adopting greater flexibility in discussion times to further enhance the quality of our deliberations.

To enhance corporate value over the medium to long term

How the Board chair leads meetings is also key to enhancing Board effectiveness. In corporations like our Group, which operates numerous businesses, the chair must facilitate discussions based on a broad understanding of the businesses and the overall picture. I always strive to maintain that big-picture perspective and encourage meaningful dialogue by inviting members with relevant expertise to share their views, so we can hear frank and open opinions.

I look forward to fulfilling my responsibilities as Chairman of the Board of Directors while respecting diverse opinions as we continue to evolve and grow as a company trusted by society. Our Group will continue to enhance medium- to long-term corporate value with effective governance as its foundation. At the same time, we will place even greater importance on dialogue with stakeholders as we steadily advance toward transformation.

Main agenda items at Board meetings held in fiscal 2024 (Excluding regular agenda items)

Corporate transformation	● Discussion on the direction of each business for increasing corporate value ● Business tie-up between Kawasaki Motors and Itochu Corporation ● Discussion on strategic policies for the hydrogen business
Governance, internal controls, and compliance	● Incidents of misconduct in the submarine repair and marine engine businesses ● Discussion on reinforcement of group governance ● Revision of the Basic Internal Control System Policy ● Formulation of Basic Policies concerning Legal Matters and Compliance ● Discussion on reinforcing auditing and compliance systems
Quality	● Report on work process reform activities and total quality management (TQM)
Executive personnel and compensation	● Revision of the Director compensation system ● Reports on meeting activity of the Nomination Advisory Committee and Compensation Advisory Committee

Legend: Internal (male) / Internal (female) / Outside (male) / Outside (female) / ★★ Presiding officer

Corporate Governance

Basic Views

The Kawasaki Group's basic stance on corporate governance is to raise enterprise value through effective and sound management while forming solid relationships with all stakeholders, including shareholders, customers, employees, and communities, through highly transparent management practices. Our Group is striving to further strengthen and enhance corporate governance systems as appropriate for its businesses and scale.

Corporate Governance Systems

Kawasaki is a company with an Audit & Supervisory Committee and has voluntarily established a Nomination Advisory Committee and a Compensation Advisory Committee as advisory bodies to the Board of Directors as well as a Management Committee, an Executive Officers Committee, and other business execution bodies. By avoiding having Directors serve concurrently as officers responsible for specific businesses (the internal company presidents, etc.), the Company seeks to enhance the separation of management oversight and business execution and thereby further reinforce the Board of Director's oversight functions.

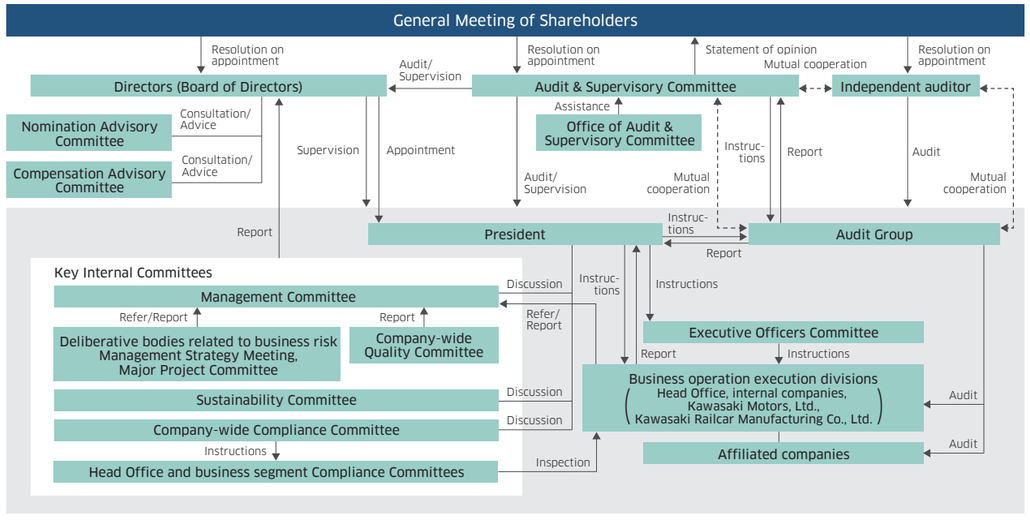
Our main deliberative bodies and their details are as follows.

Board of Directors

The Board of Directors comprises 13 Directors (of whom five serve as Audit & Supervisory Committee Members), and seven of the 13 Directors are Outside Directors (of whom three serve as Audit & Supervisory Committee Members), comprising a majority of the Board. In addition, four of the Directors are women and two are foreign nationals, providing a balance of knowledge, experience, and skills, promoting diversity, and creating a system that enables more multifaceted decision making. Chairman of the Board serves as presiding officer the pursuant to a resolution of the Board.

In addition to deliberating on individual proposals submitted in accordance with the internal rules, the Board of Directors also discusses topics set based on the results of evaluations of the effectiveness of the Board. In fiscal 2024, the Board discussed issues including our vision for group governance, strengthening of audit and compliance system, and business direction to enhance enterprise value. We also created a system whereby the Board adopts resolutions on fundamental policies on key management issues, such as sustainability, compliance, risk management, and quality control, and can request reports on the status of these issues from the business execution side.

Corporate governance system diagram (As of June 26, 2025)



Nomination Advisory Committee & Compensation Advisory Committee

The Nomination Advisory Committee and the Compensation Advisory Committee have been established for the purpose of improving the transparency and objectivity of its deliberations. The presiding officers and a majority of members of each committee are Outside Directors. The Nomination Advisory Committee deliberates on the policies and standards regarding the appointment and dismissal of Directors and the appropriateness of such, and the Compensation Advisory Committee deliberates on the policies and systems regarding the compensation of Directors and the appropriateness of the individual compensation, and reports or advises the Board of Directors, respectively.

Audit & Supervisory Committee

The Audit & Supervisory Committee comprises five Directors, including three Outside Directors. To secure effective oversight, the two Internal Directors have been appointed as full-time Audit & Supervisory Committee Members. To ensure the reliability of financial reports, at least one person with sufficient knowledge of finance and accounting is appointed to the Committee.

Business execution framework

Kawasaki has adopted an executive officer system in order to facilitate response to rapid changes in the business environment. To accelerate decision making, a great deal of authority over business execution decisions is delegated to the executive officers, who are appointed by the Board of Directors.

The Company established a Management Committee consisting of Representative Directors, presidents of internal companies, and others as an advisory body to the President on overall Group management. The Committee deliberates on important matters related to business execution. The Company also established the Management Strategy Meeting and the Major Project Committee to engage in multifaceted discussions of strategies, action plans, and risk assessment and countermeasures for each business and project, thereby creating a system that enables more appropriate and efficient decision making and business execution.

The Executive Officers Committee, chaired by the President and consisting of all executive officers, has been established. In addition to issuing business execution policies based on decisions made by the Board of Directors, the Committee also exchanges opinions on management issues in an effort to unify decision making in Group management.

For information on other main deliberative bodies, see the table below.

Main deliberative bodies in business operation execution divisions

Name	Role	Presiding officer
Management Committee	A meeting body that assists the President as an advisory body with regard to overall Group management. Discusses important business execution issues.	The President
Executive Officers Committee	Issues instructions on business execution policy based on management policy and management plans determined by the Board of Directors as well as information on important matters decided by the Management Committee, and also reports on and communicates necessary and important information regarding business execution and holds exchanges of opinions.	The President
Sustainability Committee	Discusses and decides on various measures to promote social, environmental, and Group sustainability, and also monitors adherence to such measures and the achievement of their aims.	The President
Company-wide Compliance Committee	Discusses and decides on various measures to ensure thorough compliance throughout the Kawasaki Group, and also monitors adherence to such measures and the achievement of their aims.	The President
Company-wide Quality Committee	Discusses Company-wide quality control policy and ensures its application for the purpose of reinforcing Company-wide quality control systems, and also shares information about quality control among the Head Office, internal companies, and other related companies.	The Senior Corporate Executive Officer in charge of technology
Management Strategy Meeting	Discusses Company-wide business strategies and action plans based on analysis of the business environment of each business segment for the purpose of formulating and reviewing management strategies and management plans for each business segment.	The President
Major Project Committee	Evaluates and considers ways of addressing the risks of major projects that could significantly impact operations and financial performance for the purpose of managing risk before bidding on and making investment decisions regarding such projects.	The general manager of the Corporate Planning Division

Initiatives to Strengthen Corporate Governance

Legend: Internal (male) / Internal (female) / Outside (male) / Outside (female) / Presiding officer

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Organizational design	Company with an Audit & Supervisory Board					Company with an Audit & Supervisory Committee					
Clarification of the functions and roles of the Board of Directors	● Took steps in response to the introduction of Japan's Corporate Governance Code ● Began evaluations of the effectiveness of the Board of Directors			● Revised the Director and executive officer system		● Transitioned to a company with an audit & supervisory committee ● Eliminated overlap between Directors and officers responsible for specific businesses ● Revised matters requiring resolution by the Board of Directors Expanding the scope of delegation to executives					
Enhancement of the soundness of managerial decisions (independence and diversity)	● 2013 Appointed an Outside Director	● Increased the number of Outside Directors to two		● Increased the number of Outside Directors to three ● Appointed a foreign Outside Director				● Reduced the number of internal Directors not serving as Audit & Supervisory Committee Members from 5 to 4 Proportion of Outside Directors reached 50%	● Increased the number of Outside Directors to seven Proportion of Outside Directors reached a majority ● Increased the number of foreign Outside Directors to two	● Appointed the first female Internal Director (Audit & Supervisory Committee Member)	
Director nomination and compensation	● Established the Nomination Advisory Committee and Compensation Advisory Committee ● Added stock purchase funds to Director's compensation						● Revised the Director compensation system Adopted a performance-based stock compensation plan			● Revised the Director compensation system Reinforced performance-based compensation, established indicators relating to ESG and other matters	

Number of Directors (including Audit & Supervisory Board Members)*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Internal	8	8	8	9	9	8	8	8	8	8	8
Outside	2	2	2	3	3	4	4	4	5	5	5
Internal (Audit & Supervisory Committee Member)	–						4	4	4	5	5
Outside (Audit & Supervisory Committee Member)	–						3	3	3	3	3
Internal Audit & Supervisory Board Member	1	1	1	1	1	–					
Outside Audit & Supervisory Board Member	2	2	2	2	2	–					
Total	16	16	17	17	16	13	13	12	13	13	13
Female	0	0	1	2	2	2	2	2	3	5	4
Foreign nationals	0	0	0	1	1	1	1	1	2	2	2
Ratio of outside Directors	25%	25%	29%	35%	38%	46%	46%	50%	54%	54%	54%
Ratio of female Directors	0%	0%	6%	12%	13%	15%	15%	17%	23%	38%	31%

* Including Audit & Supervisory Board Members until fiscal 2019

Changes in organizational design

Approach Regarding the Balance, Diversity, and Size of the Board of Directors

The Board of Directors defined the Qualifications Expected of Directors and selects directors with extensive and broad experience, insight, and expertise. Furthermore, it promotes diversity in gender, ethnicity, nationality, and so forth to create a system that enables more multi-faceted decision making. The status of that system is summarized in a skills matrix.

When selecting the skills and experience included in the skills matrix, we defined the areas of supervision as “vision, strategic thinking, and governance,” “business structure transformation,” and “growth initiatives related to infrastructure development” from the perspective of enhancing the Group’s sustainable corporate value by providing solutions to social problems, and we defined the skills and experienced required in each supervisory area as follows.

Skills and experience required in each area of supervision

Area of Supervision	Required Skills	Expected Experience
Vision, strategic thinking, and governance	Business strategy Governance IT, DX & security	Corporate management Global Legal & administration Finance
Business structure transformation	Business strategy Monozukuri (technology, development, production & quality) Sales & marketing	
Growth initiatives related to infrastructure development	Business strategy Finance & accounting Personnel & organizational management Manufacturing (technology, development, production & quality) Sales & marketing IT, DX & security	

Reasons for selecting required skills

Required Skills	Reasons for Selection
Business strategy	Because with regard to supervising growth strategies based on ambidextrous management, we expect knowledge and expertise in planning and implementing business strategies that entail reviewing business models, portfolio reform, and collaboration with national and local governments, other companies, and research institutions.
Governance	Because with regard to supervising the establishment of a governance structure that will be the foundation for continuous improvements to corporate value, we expect a broad range of knowledge and expertise in governance-related issues, including corporate governance, risk management, human rights, and compliance.
Finance & accounting	Because with regard to the laying of a firm financial base and supervising the furthering of growth investments and the strengthening relationships of trust with stakeholders such as shareholders, we expect knowledge and expertise regarding financial affairs and accounting.
Personnel & organizational management	Because with regard to supervising the formulation and implementation of personnel strategies for obtaining talented human resources and getting the most out of the talents of a diverse workforce, we expect knowledge and expertise regarding personnel and organizational management from a management perspective.
Manufacturing (technology, development, production & quality)	Because with regard to supervising the formulation and advancement of manufacturing strategies that will continue to present society with valuable solutions, we expect a broad range of knowledge and expertise regarding manufacturing including technology, development, intellectual property, production, quality, and safety.
Sales & marketing	Because with regard to supervising business development and information dissemination for innovations created from a market-in perspective, we expect knowledge and expertise in sales and marketing.
IT, DX & security	Because with regard to supervising the creation and advancement of solutions based on the use of AI and promotion of DX, we expect knowledge and expertise about IT, DX, and security.

Reasons for selecting required experience

Required Experience	Reasons for Selection
Corporate management	Because the director will use their corporate management experience in order to supervise management of the entire company, including business strategies, corporate governance, sustainability, and personnel strategies.
Global	Because the director will use their experience in global strategy and policy formulation and their hands-on, overseas experience in business and organizational management to supervise global business growth and risk management.
Legal & administration	Because the director will use their experience in legal circles and government institutions in order to supervise governance, risk management, business strategies, etc.
Finance	Because the director will use their experience in financial institutions to supervise financial strategies, manufacturing, business strategies, etc.

Directors skills matrix

Position at the company Name	Required skills							Required experience			
	Business strategy	Governance	Finance and accounting	Personnel & organizational management	Manufacturing (technology, development, production & quality)	Sales & marketing	IT, DX & security	Corporate management	Global	Legal & administration	Finance
Yoshinori Kanehana Chairman of the Board	✓	✓		✓	✓	✓		✓	✓		
Yasuhiko Hashimoto Representative Director, President, and Chief Executive Officer	✓	✓		✓	✓	✓	✓	✓	✓		
Katsuya Yamamoto Representative Director, Senior Corporate Executive Officer	✓	✓	✓	✓				✓	✓		
Hiroshi Nakatani Representative Director, Senior Corporate Executive Officer	✓	✓			✓		✓	✓			
Jenifer Rogers Outside Director	✓	✓	✓						✓	✓	✓
Hideo Tsujimura Outside Director	✓	✓		✓	✓	✓		✓	✓		
Katsuhiko Yoshida Outside Director	✓	✓				✓		✓			
Melanie Brock Outside Director	✓	✓				✓			✓		
Nobuhisa Kato Director (Audit & Supervisory Committee Member)	✓	✓	✓					✓	✓		
Atsuko Kakihara Director (Audit & Supervisory Committee Member)	✓	✓				✓			✓		
Susumu Tsukui Outside Director (Audit & Supervisory Committee Member)	✓	✓								✓	
Tomoko Amaya Outside Director (Audit & Supervisory Committee Member)	✓	✓	✓						✓	✓	✓
Toshiaki Itagaki Outside Director (Audit & Supervisory Committee Member)	✓	✓	✓			✓	✓	✓	✓		

Evaluating the Effectiveness of the Board of Directors

The Board of Directors strives to ensure that its members, including independent Outside Directors, engage in free, vigorous discussion based on their insights and experience and reach appropriate management decisions. As part of these efforts, since fiscal 2015, the Board of Directors annually evaluates and analyzes the effectiveness of its operations.

Efficacy evaluation methods

The evaluation was conducted via anonymous questionnaire to all directors with the advice and assistance of external experts.

The specific evaluation procedure is as follows.

1. Confirm the status of initiatives to address issues identified via the previous evaluation of the Board of Directors and determine evaluation methods to be used, key items to be surveyed and other matters pertaining to the upcoming evaluation
2. Conduct a survey of all of the members of the Board of Directors
3. Compile and analyze the survey results for discussion at Board of Directors meetings
4. Determine issues to be addressed at Board of Directors meetings and policies for countermeasures based on findings from analysis and results of the Board of Directors' discussion

Items surveyed

The survey questions (main items) are as follows, with a 5-point scale and free writing section. Also, these questions take into account the changes made in the revision of the Corporate Governance Code while maintaining continuity with previous surveys.

Survey Question Item

(1) Optimal status of the Board of Directors
(2) Composition of the Board of Directors
(3) Operation of the Board of Directors
(4) Discussions of the Board of Directors
(5) Monitoring function of the Board of Directors
(6) Training
(7) Interactions with shareholders (investors)
(8) Actions by the respondent
(9) Audit & Supervisory Committee
(10) Summary

Evaluation results and results of deliberation by the Board Based on those results

The analysis of survey results found that the Board of Directors' operations were evaluated highly overall, as was the case in fiscal 2024, and the additive average values for all questions (excluding the free writing section) were approximately the same as in fiscal 2024.

The item with a high score was "Does the Board engage in free and constructive discussions and exchanges of opinions?" Many of the respondents highly evaluated the active and non-formal discussions conducted by the Board of Directors. At the same time, some of them cited their wish for greater preliminary briefings that take into account agenda priority and other elements for ensuring enough discussion time.

In contrast to that, the item with a low score was "Supervision and Monitoring of the Operation of Internal Control Systems," with respondents claiming the need to closely watch measures to prevent the reoccurrence of the compliance incidents that came to light in fiscal 2024, the establishment of mechanisms to prevent misconduct at the working level, and so forth.

Additionally, the item whose score remarkably improved was "Management Compensation Schemes and Incentives," indicating high recognition of changes made to those schemes such as stronger performance linkage and a higher ratio of long-term incentives.

Among items raised as issues at fiscal 2024 Board of Directors meetings, Involvement in the Formulation and Operation of Succession Plans reflected an improved score. A conceivable reason for this is the steady implementation of cooperation with the Nomination Advisory Committee and actions to train successors.

In light of these results, we will continue to make efforts for improvement.

As a result of discussions at the Board of Directors meeting based on the results of the above analysis and other factors, the operations of the Board of Directors have been deemed effective.

Measures to address prior issues

Issues identified in the course of preceding evaluations	Status of initiatives
Firmly establishing leadership succession plans	In both shortlists and longlists, alongside receiving reports on evaluations of candidates for each and reviews of additions of new candidates, we monitored discussions on the status of candidate training and current issues through dialogue with internal company presidents. Additionally, we supervised the status of the instilling of competencies (behavioral attributes) in all officers through the administration of job and human resource requirement statements and evaluations utilizing Challenge & Commitment.
Securing diversity among core human resources	In fiscal 2024, we reaffirmed the meaning of promoting DE&I (Diversity, Equity & Inclusion) in the Group, verified reviews of associated policy and concrete measures, and gave our opinions in order to accelerate initiatives aimed at women's empowerment. Additionally, we also monitored the status of the review and implementation of initiatives to support higher career aspirations and career building by women, including reviews of career enhancement programs and the enhancement of the Childcare Rescue System.
Enhancing the content of the Board of Directors' discussion regarding medium- to long-term management policies	In fiscal 2024, with compliance and the hydrogen business as key themes, in addition to the regular discussions by the Board of Directors, we held discussions covering the reinforcement of Group governance, the direction of a corporate transformation aimed at improving enterprise value, audit and compliance systems, and other themes.
Strengthening group-wide internal control systems within quality control	Following the inappropriate incidents at the submarine repair workplace and improper marine engine inspections that came to light in fiscal 2024, we established a Special Compliance Promotion Committee and investigated the causes through a Special Investigative Committee comprised of attorneys. In addition, we discussed initiatives for measures to prevent reoccurrence based on the three pillars of "creating systems that preclude occurrences of misconduct," "enhancing misconduct detection," and "reforming our organizational culture and mindsets," as well as the inputting of those measures into internal control systems.

Initiatives to further improve effectiveness

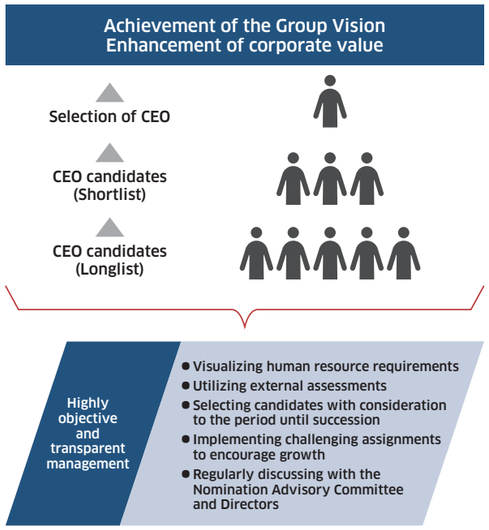
Issues identified via the latest evaluation	Initiatives
Reinforcing monitoring of initiatives to promote quality and compliance	Through the Special Compliance Promotion Committee, while factoring in the recommendations of the Special Investigative Committee, we will formidably promote measures to prevent reoccurrence based on the three pillars of "creating systems that preclude occurrences of misconduct," "enhancing misconduct detection," and "reforming our organizational culture and mindsets" as well as perform the regular monitoring of the progress of those measures at meetings of the Board of Directors. Additionally, through the Board of Directors, we will discuss mechanisms and measures for the reinforcement of governance that also get to the heart of working-level perspective and deploy them to the execution side. Additionally, regarding company-wide quality management, we will promote the streamlining and standardization of business processes and the introduction of AI and digital platforms while maintaining a focus on total quality management (TQM).
Firmly establishing leadership succession plans	In addition to ensuring to continue to operate the existing scheme, we will further information-sharing and discussions with the Board of Directors. Simultaneously, we will pursue initiatives for expanding successor candidates (including outside ones as well) and enhancing challenging assignments, among other initiatives, to further improve effectiveness. Also, for fiscal 2025, with respect to the CEO Succession Plan, we will disclose the basic policy, human resource requirements, and selection, training, and evaluation processes through the Annual Securities Report and other means.
Securing diversity among core human resources	For fiscal 2025, in addition to pursuing workstyle reforms, we will monitor initiatives to diversify core human resources and enhance their abilities through the introduction of methodical training programs for female managerial staff and company-wide education to boost IT literacy, the identification and development of business exploration human resources, and other efforts. Additionally, we will administer awareness surveys on DE&I and analyze the results to revise and enhance initiatives to ensure diversity.
Enhancing the content of the Board of Directors' discussion regarding medium- to long-term management policies	We will continue to select themes aligned with management issues and deploy policies discussed in Board of Directors meetings to the executive side in order to pursue initiatives that can be tied to concrete action. Themes we should cover going forward Direction of corporate transformation aimed at enhancing enterprise value, empowerment of diverse human resources, reinforcement of Group governance, etc.
Improving the environment for conducting effective discussions at Board of Directors meetings	At meetings of the Board of Directors as well as other briefings and so forth, we will assign an order of priority to agenda according to their level of importance to make it possible to dedicate time to important agenda. Simultaneously, we will consider a revision of criteria for submitting agenda to Board of Directors meetings and other actions as well. Additionally, alongside continuing to enforce the sharing of materials in advance, we will also align the content and volume of those materials with discussions to be had at meetings of the Board of Directors, and will strive to optimize deliberation times for each item of agenda at those meetings.

CEO Succession Plan

Basic policy

Through the formulation of a CEO Succession Plan, the Company aims to promote the further reinforcement of its corporate governance as well as to methodically train candidates through developing their ability by giving them challenging assignments and, in doing so, have the Kawasaki Group sustainably enhance its enterprise value.

Through that CEO Succession Plan, going forward, the Company will continue to smoothly and firmly carry out succession to the next generation so that it may contribute to the solution of social issues.



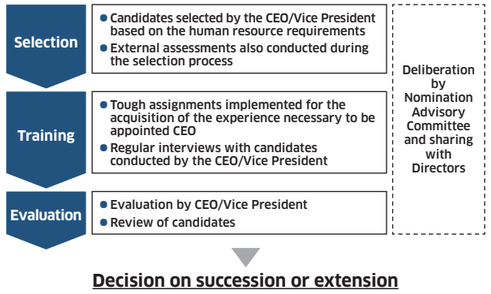
Human resource requirements for CEOs

In the CEO Succession Plan, the Company has established the following three criteria as essential human resource requirements among leaders. We evaluate management and business execution capabilities as CEO based on the essential human resource requirements which the Company emphasizes and monitor the status of their development.

Evaluation items	Keywords
Conceptual ability (Philosophy)	The candidate has a highly developed philosophy and takes a bird's-eye view of current situations with a view to the solution of societal challenges, while demonstrating the purpose and significance of Kawasaki for future society.
Executional ability	The candidate takes the initiative in leading changes while having a highly developed awareness of compliance in actively engaging with the organization and human resources.
Explanatory ability	The candidate gains the understanding and empathy of diverse stakeholders and builds deep relationships of trust through sincere and transparent mutual communication.

Selection, training, and evaluation of CEO candidates

The CEO and Vice President undertake the selection of candidates based on the CEO human resource requirements and confirm their evaluations through external assessments designed to ensure greater objectivity in the selection process. In addition, the Nomination Advisory Committee deliberates annually on the selection, development, and evaluation of candidates, and shares its evaluation and outcomes with the Directors to ensure transparency and allow the Board of Directors to confirm the statuses of respective candidates in a timely manner.



Director Compensation

Basic policy

The compensation system for Directors (excluding Audit & Supervisory Committee Members and Outside Directors) is placing stronger emphasis on contribution to the Company's goals, and the compensation system is designed to reward each recipient based on their responsibilities and accomplishments. To this end, it not only provides short-term incentives but also rewards Directors for their contributions to medium- to long-term improvement in corporate value. In this way, we aim to promote the sharing of value between Directors and stakeholders, including shareholders.

Compensation for Directors (excluding Audit & Supervisory Committee Members and Outside Directors)

Compensation for eligible Directors consists of basic compensation, short-term incentives, and long-term incentives. Basic compensation and short-term incentives are paid in cash. Long-term incentives are paid in the form of performance-based stock compensation to promote the sharing of benefits and risks between the Directors and shareholders in addition to more strongly incentivizing medium- to long-term contribution to corporate value.

For long-term incentives, points granted may be revoked in whole or in part by resolution of the Board of Directors, in given circumstances such as when an eligible Director is dismissed or resigns due to damage caused to the Company.

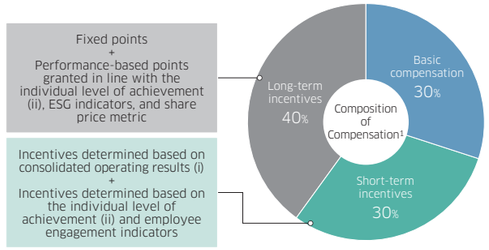
Methods for Determining Compensation

The total maximum amount of compensation for Directors* is set by a resolution passed at the General Meeting of Shareholders. Within this limit, the amount of compensation is determined by the resolution of the Board of Directors based on the deliberations of the Compensation Advisory Committee. The presiding officer and a majority of the members of the Compensation Advisory Committee are Outside Directors.

The Board of Directors may also resolve to entrust the President with the responsibility of determining the amount of compensation for each Director. In such cases, however, the President is required to honor the conclusions reached via the deliberations of the Compensation Advisory Committee and comply with policies regarding the determination of the amounts of Director compensation and methods for calculating such compensation.

* Excluding Audit & Compensation Committee Members. Compensation for Audit & Supervisory Committee Members is determined by deliberations among Directors who serve as Audit & Supervisory Committee Members.

Composition of director compensation



1 In the case where the Group's consolidated operating performance and each indicator in the preceding fiscal year reached target levels and each Director's degree of achievement of targets set for the preceding fiscal year is 100%.

(i) Payment ratio based on profit attributable to owners of parent

Profit attributable to owners of parent[2]	Payment ratio (%)
Less than 0	–
0 to less than ¥25 billion	0 to 45
¥25 billion to profit less than WACC equivalent	50 to 95
WACC equivalent profit to profit less than WACC + 3% equivalent	100 to 195
Profit more than WACC + 3% equivalent	200 or more

2 The targets for profit attributable to owners of parent are set based on the level that will enable the Group to achieve after-tax ROIC commensurate with WACC and the level that will enable the Group to achieve after-tax ROIC that exceeds WACC by approximately 3%.

(ii) Process for determining level of achievement of individual performance targets

Setting of Targets

Each eligible Director sets their own targets in terms of addressing short-, medium- and long-term issues, including those associated with business units and operations under their supervision and Company-wide issues, with the degree to which these are achieved reflected in short-term and long-term incentives. These include targets pertaining to important financial indicators as well as non-financial indicators. Targets for the short- and medium-term issues are as described below, and actions and achievement levels for respective targets to be implemented by each eligible Director toward their realization are established.

- **Targets for short-term issues:** Targets to be achieved by the end of the fiscal year
- **Targets for medium- to long-term issues:** Targets to be achieved in light of Group Vision 2030

Methods for Assessing the Level of Target Achievement

The targets set by each eligible Director are assessed at the end of each fiscal year, and the degree of achievement is reflected in compensation. The assessment of each eligible Director is determined as described below.

- **President:** All Outside Directors who serve as members of the Compensation Advisory Committee conduct individual, face-to-face interviews with the President and make a determination through deliberations among those Outside Directors.
- **Senior Corporate Executive Officers:** Outside Directors who serve as members of the Compensation Advisory Committee conduct individual, face-to-face interviews with the Senior Corporate Executive Officers and make a determination through deliberations among those Outside Directors and the President.
- **Other Directors:** The President conducts individual, face-to-face interviews with the individual Directors jointly with the Senior Corporate Executive Officers, and formulates an assessment through deliberations with the Senior Corporate Executive Officers, before referring the matters to the Compensation Advisory Committee for a decision.

Composition of director compensation

	Payment method	Details
Basic compensation (fixed compensation)	Cash	Each eligible Director's pay grade is determined based on the missions assigned to them.
Short-term incentives (performance-based compensation)	Cash	Performance-based compensation is determined in line with single-year operating results and other indicators. Specifically, the amount of this compensation is determined based on consolidated operating results, the level of achievement of each eligible Director's individual performance targets, and employee engagement indicators. With the aim of providing incentives for the steady accomplishment of single-year operating results targets and promoting the sharing of value with shareholders, profit attributable to owners of the parent is used as the indicator for assessing consolidated operating results, and set based on an after-tax ROIC equivalent to the standard of achieving the weighted average cost of capital (WACC) to maintain an awareness of capital efficiency. The payment ratio applied to this performance-based compensation is determined based on the profit attributable to owners of the parent for the year, as presented in (i), above. Details of the process for determining the level of achievement are presented in (ii), above. For employee engagement indicators, the payment ratio is determined according to the ratio of employees who give high scores to both "Engagement (job satisfaction)" and "Enablement (productive work environment)" in the Employee Engagement Survey, with the objective of encouraging even greater levels of performance among the human resources working at the Company.
Long-term incentives (fixed portion and performance-based portion)	Stock	Long-term incentives utilize a stock benefit trust and are determined based on fixed points granted to Directors in line with their periods of service as well as performance-based points granted for their accomplishments vis-à-vis individual performance targets, ESG indicators (CO_2 reduction and third-party institution evaluation), and share price metric. In principle, these incentives are paid to the recipients in the form of both Company shares and cash (the latter being in an amount equivalent to the value of a portion of said shares after conversion) at the time of their retirement as Director. Points granted are divided into fixed points and performance-based points. With regard to fixed points, value is shared with shareholders by granting a certain number of shares based on the term of service. Also, performance-based points are given as incentives to increase corporate value over the medium to long term by granting shares based on the degree of achievement of targets by each eligible director, ESG indicators, and share price metric. The degree of achievement of targets by each eligible director is the degree of achievement of targets concerning medium- to long-term issues of the entire company and the organizations and business for which each director is responsible set for each director in the previous fiscal year. For ESG indicators, evaluations are conducted based on the degree of achievement of CO_2 reduction targets through the Company's business activities and solutions provision, with the payment ratio determined in conjunction with third-party evaluations (Dow Jones Best-in-Class Index*), to encourage overall ESG-related initiatives, including those for the reduction of CO_2. For share price metric, the payment ratio is established based on the degree of achievement of share price targets, to reinforce awareness regarding improvement of corporate value. The proportions of fixed points and performance-based points are set at 30%:70% each when the recipient's level of achievement is at a standard level. Details of the process for determining the level of achievement are presented in (ii), above. * Stock index related to sustainability by S&P Global Inc.

Establishment of a Risk Management Framework

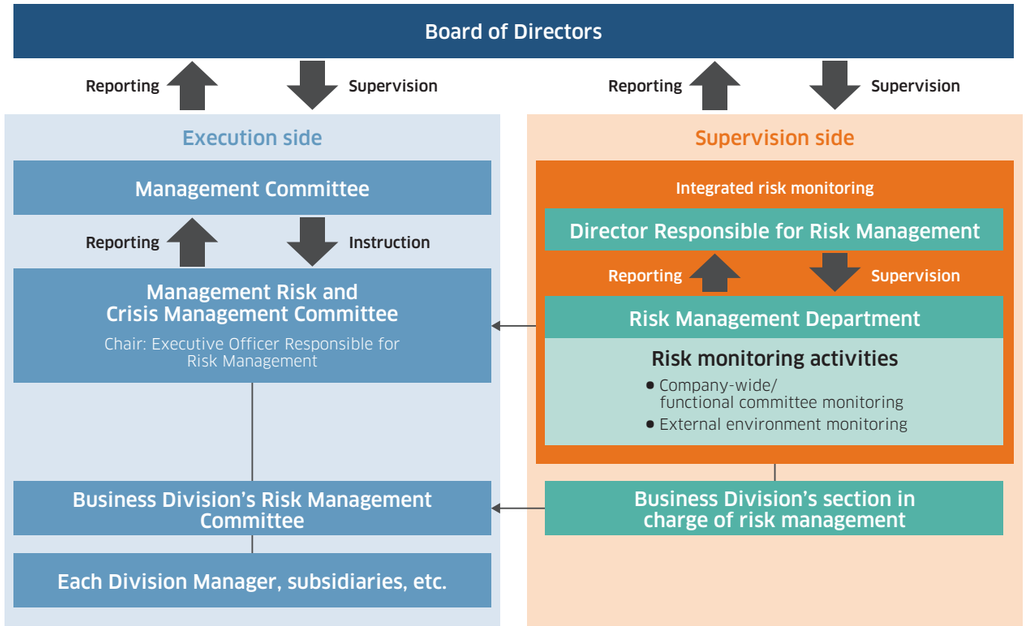
In today's world, characterized by a societal and business environment which is changing dynamically due to factors including political and economic trends and climate change, managing risks accurately as part of daily business operations is essential. The Kawasaki Group has thus established a Group-wide enterprise risk management (ERM) framework to identify and respond to major risks with the potential to have serious impacts on our operations and is working to enhance risk management as outlined in the Kawasaki Group Management Principles. Additionally, we have established a secretariat function within the Risk Management Department at the Head Office's Corporate Planning Division for the promotion and support of Group-wide risk management in collaboration with all Head Office departments. At the same time, each business segment has created an equivalent framework, with the business division managers designated as the responsible officers, thereby supporting our Group-wide management activities.

To enable the appropriate handling of diverse risks, Kawasaki has established and is making effective use of management methods and systems under the Group-wide ERM framework, with Company-wide/functional internal committees and internal divisions of each business segment designated as the first-line risk owners, according to the type of risk. In addition, the Risk Management Department, which fulfills the second-line role, has devised a system for centralized monitoring of the effectiveness and workability of respective management systems, by which means we manage risks on both an individual and an integrated basis.

Furthermore, the Risk Management Department compiles analysis reports on our risk management status and global risk trends surrounding the Company through risk monitoring, and the director responsible for risk management reports this information to the Board of Directors two times annually. After the Board of Directors deliberates and selects the important risks that the Company should pay close attention to currently, those risks are reported to the Management Committee and reflected in our business measures. In order to deliberate and promptly address any rapidly emerging risk from the recent geopolitical issues as well as climate change, governmental and economic instability, Board of Director meetings are held on an as-needed basis.

In addition, the Audit Group, which is the internal audit department at Kawasaki, fulfills the third-line role, in which it assesses the effectiveness of the organization's risk management and governance.

Risk management system



Risks Covered and Risk Assessment Methods

The Kawasaki Group defines risks as "factors or phenomena that hinder the execution of business operations or the achievement of organizational goals" and works to manage all risks classified as either external risks or internal risks (with the latter further classified as strategic risk or business risk), while giving due consideration to the positive effects associated with strategic and other risks. The Group's risk management process consists of a version of the COSO framework and ISO 31001, customized for the Group's environment and circumstances.

Risks that the Group should pay close attention to currently

As a result of company-wide monitoring activities in fiscal 2024, the Group has determined the following risks that should currently be paid close attention to in the order of severity.

Priority risks to pay close attention to	Degree of severity (risk ranking)[1]		Hazard assessment			
			Status of manifestation	Timing of impact[2]	Impact on profit	Difficulty of taking action
Compliance	Extremely high	1	Highest	Highest	Highest	High
Quality management	Extremely high	1	Highest	Highest	Highest	High
Geopolitical situation	High	3	Highest	High	High	High
Uncertainties in the international economic situation due to protectionism	High	3	Highest	High	High	High
AI and cyber security	High	5	High	Highest	Medium	High
Carbon neutrality (Climate change)	Medium	6	High	Medium	High	High
Natural disasters in Japan	Medium	7	Medium	Medium	High	High
China/Taiwan relations	Medium	7	Medium	Medium	High	High

1 The degree of severity is assessed based on the status of manifestation, timing of impact, impact on profit, and difficulty of taking action.
2 Timing of impact is set to "high" in cases where the period of impact until the impact manifests is short, and set to "low" when the period is long.

Risk response status (Risks with the highest status of manifestation)

Risks to pay close attention to	Overview of risk	Risk response measures
Compliance	●Cases in which a Kawasaki Group officer or employee has violated laws, regulations, or corporate ethics have the potential to impact business performance due to indemnity for damages claims, loss of societal credibility, or product boycotts. Since 2022, a series of serious nature have occurred with the prevention of further occurrences of this nature representing a pressing issue to be addressed.	●The Kawasaki Group has established the Special Compliance Promotion Committee, led by the President, guided by our determination to root out all corrupt practices within the Group. The Committee is promoting three major reforms across the entire Group, namely: creating systems that prevent misconduct; strengthening detection capabilities for misconduct, and reforming our organizational culture and awareness, as part of our initiatives to eradicate cases of misconduct.
Quality management	●The Kawasaki Group provides a wide range of products and services to cater to customer needs and contribute to the resolution of societal challenges. Cases of unforeseen product or service defects or quality deficiencies have the potential to impact business performance due, for example, to indemnity for damages claims.	●The Kawasaki Group conducts strict quality management in accordance with internal and external standards as part of its manufacturing and service provision processes, and implements company-wide total quality management (TQM) activities; design and manufacturing process innovation (KDPX: Kawasaki Design Process Transformation); promotion of production improvement activities (KPS: Kawasaki Production System); and personnel education and development as key strategies to prevent reoccurrence of major quality issues.
Geopolitical situation	●External circumstances such as tensions in US/China relations, the Russia-Ukraine situation, and conflict in the Middle East have the potential to give rise to business impacts, including major increases in raw materials costs and significant logistical disruption.	●The Kawasaki Group closely monitors geopolitical risks in the Group's overall supply chain as well as overseas projects, and incorporates necessary countermeasures into its business operations.
Uncertainties in the international economic situation due to protectionism	●The increased prevalence of protectionism throughout the world is causing major changes in the international business environment, which have the potential to lead to business stagnation and increased costs due to supply chain disruptions.	●The Kawasaki Group promotes information collation and analysis activities relating to developments in respective countries in key regions, and undertakes initiatives to enhance business continuity through far-sighted risk response measures.

WEB Risk Management
https://global.kawasaki.com/en/corp/sustainability/governance/risk.html

Corporate Officers (As of June 26, 2025)

Directors

Name Position Age	Years of service Kawasaki shares held	Reasons for appointment	Board of Directors meetings attended*	Nomination Advisory Committee		Compensation Advisory Committee	
				Membership	Meetings attended*	Membership	Meetings attended*
 **Yoshinori Kanehana** Chairman of the Board 71 years old	13 years 62,200 shares	Mr. Kanehana has been mainly engaged in the planning and execution of business strategies and operations related to technology and development of the rolling stock segment of the Company as well as the management of overseas subsidiaries for many years. He assumed the office of President of the Company in 2016. He has demonstrated outstanding leadership and a wealth of skills and experience as a manager. As Chairman of the Board since 2020, he has chaired the meetings of the Board of Directors, incorporated diverse opinions from outside the company, and operated the Board of Directors in an effective manner, thereby making a significant contribution to the Company's business growth and enhancing its enterprise value. In addition, he holds important positions in various industrial associations and engages in a wide range of activities for the development of the entire industry outside the Company.	22/22	–	–	–	–
 **Yasuhiko Hashimoto** Representative Director 68 years old	7 years 60,700 shares	Mr. Hashimoto has been mainly engaged in the planning and execution of business strategies and operations related to technology and development of the robot segment of the Company as well as the management of overseas subsidiaries for many years. He has demonstrated outstanding leadership and a wealth of skills and experience as a manager. As President and Chief Executive Officer since 2020, he formulated Group Vision 2030, which outlines the future ideal toward which the Group is aiming, reformed the Company's business portfolio to achieve a business profit ratio of over 10%, and strengthened the Company's governance system, including compliance across the entire Group, thereby making a significant contribution to the Company's business growth and enhancing its enterprise value. He also serves as a member of the Nomination Advisory Committee and the Compensation Advisory Committee.	22/22	✓	12/12	✓	13/13
 **Katsuya Yamamoto** Representative Director 67 years old	8 years 39,000 shares	Mr. Yamamoto has been mainly engaged in the planning and execution of business strategies and operations related to corporate planning and finance & accounting of the plant & infrastructure segment and the precision machinery segment of the Company as well as the management of overseas subsidiaries for many years. He has demonstrated outstanding leadership and a wealth of skills and experience as a manager. He has served as Representative Director and Senior Corporate Executive Officer since 2020. While serving as Assistant to the President, he maintained a sound financial position by reforming the organization and culture to respond to changes in the business environment and by developing and implementing financial strategies with the goal of achieving the Group Vision 2030, which outlines the future ideal of the Group, thereby making a significant contribution to the Company's business growth and enhancing its enterprise value. He also serves as a member of the Nomination Advisory Committee and the Compensation Advisory Committee.	22/22	✓	12/12	✓	13/13
 **Hiroshi Nakatani** Representative Director 64 years old	5 years 29,500 shares	Mr. Nakatani is mainly engaged in TQM, manufacturing (technology, development, production, quality, etc.), operations related to IT, DX, and security at the Company. He has demonstrated outstanding leadership and a wealth of skills and experience as a manager. He has served as Representative Director and Senior Corporate Executive Officer since 2022. He created synergy through cross-business collaboration and strengthening organizational functions, and lead the hydrogen project, one of our key businesses, with the goal of achieving the Group Vision 2030, which outlines the future ideal of the Group, thereby making a significant contribution to the Company's business growth and enhancing its enterprise value.	22/22	–	–	–	–
 **Jenifer Rogers** Outside Director 62 years old	7 years 3,700 shares	Ms. Rogers served as an in-house lawyer and counsel at financial institutions in Japan and overseas for many years. She has global experience and deep insight into governance. Since 2018, as Outside Director of the Company, she has provided helpful opinions and advice on important management decisions, particularly in the area of risk management, from a standpoint independent from the Company's execution of duties, thereby contributing to ensuring the soundness of management and enhancing enterprise value.	22/22	–	–	–	–
 **Hideo Tsujimura** Outside Director 71 years old	5 years 1,000 shares	Mr. Tsujimura has not only extensive management experience but also deep insights into product development and intellectual property, having served as Senior Managing Director in charge of the Intellectual Property Department of Suntory Holdings Limited and other important positions. Since 2020, as Outside Director of the Company, he has provided helpful opinions and advice on important management decisions in terms of overall management based on his past experience, from a standpoint independent from the Company's execution of duties, thereby contributing to ensuring the soundness of management and enhancing enterprise value. In addition, as presiding officer of the Nomination Advisory Committee and the Compensation Advisory Committee, he fulfills important responsibilities in revising the remuneration and evaluation systems for officers, discussing succession plans, and submitting recommendations to the Board of Directors.	21/22	✓	12/12	✓	13/13
 **Katsuhiko Yoshida** Outside Director 71 years old	3 years 3,500 shares	Mr. Yoshida has served in such roles as Representative Director, Senior Managing Executive Officer, with overall responsibility for Consumer Products Business Department at Kao Corporation, where he gained extensive management experience and deep insights into sales and marketing. Since 2022, as Outside Director of the Company, he has provided helpful opinions and advice on important management decisions, particularly in the area of marketing, from a standpoint independent from the Company's execution of duties, thereby contributing to ensuring the soundness of management and enhancing enterprise value. He also serves as a member of the Nomination Advisory Committee and the Compensation Advisory Committee.	22/22	✓	9/9	✓	10/10
 **Melanie Brock** Outside Director 61 years old	2 years 200 shares	Ms. Brock has been involved in international business support for many years, and has extensive international experience as well as deep insights into business strategy and marketing from a global perspective. Since 2023, as Outside Director of the Company, she has provided helpful opinions and advice on important management decisions, particularly in the area of overseas business development, from a standpoint independent from the Company's execution of duties, thereby contributing to ensuring the soundness of management and enhancing enterprise value.	22/22	–	–	–	–

* Figures for fiscal 2024.

Corporate Officers (As of June 26, 2025)

Directors (Audit & Supervisory Committee Members)

Name Position Age	Years of service[1] Kawasaki shares held	Reasons for appointment	Board of Directors meetings attended[2]	Nomination Advisory Committee		Compensation Advisory Committee	
			Audit & Supervisory Committee meetings attended[2]	Membership	Meetings attended[2]	Membership	Meetings attended[2]
 **Nobuhisa Kato** Director (Audit & Supervisory Committee Member) 65 years old	3 years 7,500 shares	Mr. Kato worked chiefly in the areas of finance and accounting and control at the Company and has a wealth of skills and experience. As a Director who serves as a full-time Audit & Supervisory Committee Member since 2022, he provides helpful opinions and advice on finance and accounting and governance for important management decisions, thereby contributing to ensuring the soundness of the Company's management and enhancing its enterprise value.	22/22 18/18	–	–	–	–
 **Atsuko Kakihara** Director (Audit & Supervisory Committee Member) 62 years old	2 years 6,700 shares	Ms. Kakihara worked chiefly in the areas of marketing, legal affairs and compliance, and sustainability at the Company for many years and has a wealth of skills and experience. As a Director who serves as a full-time Audit & Supervisory Committee Member since 2024, she provides helpful opinions and advice on marketing and governance across the entire Group including overseas sites for important management decisions, thereby contributing to ensuring the soundness of the Company's management and enhancing its enterprise value.	17/17 11/11	–	–	–	–
 **Susumu Tsukui** Outside Director (Audit & Supervisory Committee Member) 56 years old	3 years 900 shares	Mr. Tsukui served in positions including President of the Hyogo Bar Association and has abundant experience as a lawyer and a wealth of insights into judicial affairs. As an Outside Director who serves as a full-time Audit & Supervisory Committee Member since 2022, he provides helpful opinions and advice on judicial affairs and compliance for important management decisions, thereby contributing to ensuring the soundness of the Company's management and enhancing its enterprise value.	22/22 18/18	–	–	–	–
 **Tomoko Amaya** Outside Director (Audit & Supervisory Committee Member) 62 years old	2 years 100 shares	Ms. Amaya served in key positions including as the Deputy Director-General, Planning and Coordination Bureau, Financial Services Agency; Secretary-General, Executive Bureau, Certified Public Accountants and Auditing Oversight Board, Financial Services Agency; and Vice Minister for International Affairs, gaining deep insight into financial supervision and international financial regulation. As an Outside Director who has served as a full-time Audit & Supervisory Committee Member since 2024, she provides helpful opinions and advice on finance, banking and compliance for important management decisions, thereby contributing to ensuring the soundness of the Company's management and enhancing its enterprise value.	17/17 11/11	–	–	–	–
 **Toshiaki Itagaki** Outside Director (Audit & Supervisory Committee Member) 64 years old	Newly appointed –	Mr. Itagaki has successively held positions as Head of Finance & Accounting Department, Head of Marketing Planning Department, Head of IT Supervisory Division, and Chief Financial Officer (CFO) at CHUGAI PHARMACEUTICAL CO., LTD., where he gained deep insights into the finance and accounting, marketing, IT and digital fields. He has demonstrated his skills in building management and financial strategies through collaborations with other companies and M&A and in promoting IT solutions. He also has extensive management experience as an executive officer and director.	– –	–	–	–	–

1 Years of service include years of service as Audit & Supervisory Board Members when Kawasaki was a company with an Audit & Supervisory Board.
2 Figures for fiscal 2024.

Executive Officers (As of June 26, 2025)

President and Chief Executive Officer

Yasuhiko Hashimoto	Chief Executive Officer

Senior Corporate Executive Officers

Katsuya Yamamoto	Assistant to the President, Chief Financial Officer, in charge of Corporate Communications, Planning & Control, Finance & Control, and Marketing & External Affairs
Hiroshi Nakatani	Assistant to the President, in charge of Technology, Production, Procurement, TQM, and Digital Transformation (DX) Strategy

Senior Managing Executive Officers

Hiroyoshi Shimokawa	President, Aerospace Systems Company, in charge of Kawasaki Railcar Manufacturing Co., Ltd.
Hiroshi Ito	President and Chief Executive Officer, Kawasaki Motors, Ltd.
Motohiko Nishimura	President, Energy Solution & Marine Engineering Company

Managing Executive Officer

Takeshi Kaneko	In charge of Legal Affairs, Compliance, Human Resources, and General Administration, General Manager, Human Resources Division
Yoshimoto Matsuda	President, Precision Machinery & Robot Company, in charge of Hydrogen Strategy, Presidential Project Management
Masatoshi Ishida	General Manager, Corporate Defense Business Management Division and Vice President, Aerospace Systems Company in charge of supervising sales for the Ministry of Defense
Hiroshi Murao	President and Chief Executive Officer, Kawasaki Railcar Manufacturing Co., Ltd.
Takumi Kawasaki	General Manager, Corporate Technology Division

Executive Officer

Hideki Hiramatsu	General Manager, Corporate Planning Division
Etsuro Mishima	General Manager, Aero Engine Business Division, Aerospace Systems Company
Ichiro Imai	General Manager, Finance & Control Division
Naoki Murakami	Vice President, Energy Solution & Marine Engineering Company
Kenji Totoki	General Manager, Marketing & External Affairs Division
Yasuo Akita	General Manager, Planning & Control Division, Energy Solution & Marine Engineering Company
Takashi Torii	General Manager, General Administration Division and Group Manager, Corporate Communication Group
Motohisa Amako	General Manager, Hydrogen and Carbon Neutral Division, and Senior Manager, Hydrogen Business Solutions Office, Energy Solution & Marine Engineering Company
Naoto Sakai	Group Manager, Technical Institute, Corporate Technology Division
Tomohiko Sugimoto	General Manager, Energy Business Division, Energy Solution & Marine Engineering Company
Mikihiko Kataoka	Group Manager, System Technology Development Center, Corporate Technology Division
Kenji Sanada	General Manager, Plant Engineering Business Division, Energy Solution & Marine Engineering Company
Hironobu Urabe	General Manager, DX Strategy Division
Takamasa Ogino	General Manager, Ship & Offshore Structure Business Division, Energy Solution & Marine Engineering Company
Hiroaki Kagaya	General Manager, Presidential Project Management Division, and Senior Manager, PNT Promotion Department, and Senior Manager, Social Robot Business Strategy Department
Tatsuya Motoi	Deputy General Manager, Ship & Offshore Structure Business Division, Energy Solution & Marine Engineering Company (in charge of commercial vessels)
Kenya Takaha	President, NIPPI Corporation, Ltd
Kazuhiro Abe	General Manager, Planning & Control Division, and Senior Manager, Compliance Department, Precision Machinery & Robot Company, Compliance Department, Legal & Compliance Division, Head Office
Yu Koshiyama	General Manager, Planning & Control Division, Aerospace Systems Company
Hideo Marui	General Manager, Precision Machinery Business Division, Precision Machinery & Robot Company
Hisashi Sugitani	General Manager, Defense & Aerospace Business Division, Defense business Development, Driving organizational reform in the Aerospace Group, Aerospace Systems Company, Promoting new businesses
Kenji Bando	General Manager, Robot Business Division, Precision Machinery & Robot Company
Masataka Sudo	General Manager, Commercial Aircraft Business Division, and in charge of Development for hydrogen-powered aircraft, Aerospace Systems Company, Aero engine business reform promotion, in charge of Kawasaki Railcar Manufacturing Co., Ltd.	
Shoji Kasahara	General Manager, Helicopter & MRO Business Division, Aerospace Systems Company	

Executive Fellows

Eiichi Harada	Senior Executive Fellow (in charge of promoting the Hydrogen Business
Noriaki Kanai	In charge of Aircraft System Engineering, Aerospace Systems Company
Junji Matsuhiro	In charge of Defense Engine Technology, Aerospace Systems Company
Masahide Kazari	In charge of Hydrogen Aircraft Core Technology, Aerospace Systems Company
Naoki Kodama	In charge of Defense Aircraft Development Planning and Technology, Aerospace Systems Company	

Ten-Year Financial/Non-Financial Summary

←JGAAP IFRS→ (Billions of yen)

	(FY)	2015	2016	2017	2018	2019	2020	2021	2021	2022	2023	2024
Operating results	Revenue	1,541.0	1,518.8	1,574.2	1,594.7	1,641.3	1,488.4	1,500.8	1,500.8	1,725.6	1,849.2	**2,129.3**
	Aerospace Systems[1]	–	–	469.5	463.9	532.5	377.7	298.2	298.2	348.8	396.1	**567.8**
	Rolling Stock	146.6	137.1	141.7	124.6	136.5	133.2	126.6	126.6	131.9	195.9	**222.3**
	Energy Solution & Marine Engineering[2]	–	–	–	–	–	319.5	297.3	297.3	314.5	353.2	**398.1**
	Precision Machinery & Robot[3]	133.1	155.2	198.9	222.0	217.3	240.8	252.6	252.6	252.6	227.9	**241.5**
	Powersports & Engine[4]	333.5	313.0	331.6	356.8	337.7	336.6	447.9	447.9	591.1	592.4	**609.3**
	Other	108.8	77.4	85.0	95.1	102.4	80.4	78.0	78.0	86.3	83.5	**90.1**
	Aerospace[1]	351.8	329.9	–	–	–	–	–	–	–	–	**–**
	Gas Turbine & Machinery[1]	236.4	241.9	–	–	–	–	–	–	–	–	**–**
	Energy System & Plant Engineering[1, 2]	–	–	251.6	253.0	242.9	–	–	–	–	–	**–**
	Plant & Infrastructure[1]	135.6	160.8	–	–	–	–	–	–	–	–	**–**
	Ship & Offshore Structure[2]	94.8	103.2	95.6	78.9	71.6	–	–	–	–	–	**–**
	Business profit [business profit margin]	95.9 [6.2%]	45.9 [3.0%]	55.9 [3.5%]	64.0 [4.0%]	62.0 [3.7%]	(5.3) [–]	45.8 [3.0%]	30.3 [2.0%]	82.3 [4.8%]	46.2 [2.5%]	**143.1 [6.7%]**
	Aerospace Systems[1]	–	–	30.8 [6.5%]	32.6 [7.0%]	42.7 [8.0%]	(31.6) [–]	(9.7) [–]	(10.3) [–]	14.8 [4.2%]	(15.0) [–]	**55.8 [9.8%]**
	Rolling Stock	9.2 [6.3%]	3.4 [2.5%]	(12.4) [–]	(13.7) [–]	(3.8) [–]	(4.5) [–]	3.2 [2.5%]	2.2 [1.7%]	1.3 [1.0%]	3.7 [1.9%]	**8.4 [3.8%]**
	Energy Solution & Marine Engineering[2]	–	–	–	–	–	10.3 [3.2%]	1.1 [0.3%]	(10.8) [–]	3.9 [1.2%]	31.9 [9.0%]	**44.2 [11.1%]**
	Precision Machinery & Robot[3]	8.5 [6.4%]	13.1 [8.4%]	21.6 [10.8%]	21.3 [9.6%]	12.2 [5.6%]	14.0 [5.8%]	16.6 [6.5%]	13.9 [5.5%]	8.7 [3.4%]	(1.9) [–]	**7.0 [2.9%]**
	Powersports & Engine[4]	15.7 [4.7%]	11.7 [3.7%]	15.2 [4.5%]	14.3 [4.0%]	(1.9) [–]	11.7 [3.4%]	37.3 [8.3%]	37.5 [8.3%]	71.5 [12.1%]	48.0 [8.1%]	**47.8 [7.9%]**
	Other	2.8 [2.6%]	3.1 [4.0%]	2.9 [3.4%]	2.5 [2.6%]	1.2 [1.2%]	0.4 [0.5%]	2.8 [1.0%]	3.1 [3.9%]	(1.8) [–]	1.1 [1.3%]	**5.2 [0.0%]**
	Aerospace[1]	45.6 [12.9%]	25.0 [7.5%]	–	–	–	–	–	–	–	–	**–**
	Gas Turbine & Machinery[1]	16.9 [7.1%]	15.2 [6.3%]	–	–	–	–	–	–	–	–	**–**
	Energy System & Plant Engineering[1, 2]	–	–	7.6 [3.0%]	11.6 [4.5%]	17.5 [7.2%]	–	–	–	–	–	**–**
	Plant & Infrastructure[1]	8.5 [6.2%]	2.6 [1.6%]	–	–	–	–	–	–	–	–	**–**
	Ship & Offshore Structure[2]	(7.9) [–]	(21.4) [–]	(3.8) [–]	1.0 [1.3%]	(0.6) [–]	–	–	–	–	–	**–**
	Recurring profit	93.2	36.6	43.2	37.8	40.4	(2.8)	29.9				
	Profit before tax	74.8	38.8	32.9	37.8	39.3	(14.6)	30.8	27.6	70.3	31.9	**107.5**
	Profit (loss) attributable to owners of parent	46.0	26.2	28.9	27.4	18.6	(19.3)	21.8	12.6	53.0	25.3	**88.0**
	Research and development expenses	43.6	43.6	45.4	48.7	52.6	44.9	47.0	45.7	50.7	53.3	**48.9**
	Capital expenditures	76.3	82.7	82.1	66.9	70.4	55.6	53.5	77.6	96.3	133.7	**141.1**
	Depreciation and amortization	49.0	51.5	56.1	59.0	61.2	61.2	60.8	76.9	77.3	80.9	**93.4**
Financial position (at year-end)	Total assets	1,620.4	1,687.3	1,785.0	1,838.8	1,957.8	1,963.2	2,022.7	2,174.6	2,457.7	2,680.1	**3,016.9**
	Interest-bearing debt	398.4	400.6	446.6	439.4	567.4	593.3	501.4	553.9	589.8	653.9	**692.5**
	Equity	445.6	451.3	481.3	492.2	471.5	482.7	498.5	524.8	596.8	654.5	**725.0**
	Invested capital[5]	829.7	837.9	912.7	915.8	1,023.0	1,058.6	980.6	938.4	988.3	1,108.8	**1,224.9**
Cash flows	Cash flows from operating activities	86.0	93.5	56.0	109.7	(15.4)	34.6	144.4	156.8	23.6	31.6	**148.9**
	Cash flows from investing activities	(74.1)	(64.8)	(80.5)	(85.3)	(69.4)	(37.3)	(52.5)	(58.3)	(77.4)	(89.8)	**(111.2)**
	Free cash flows	11.8	28.6	(24.5)	24.4	(84.8)	(2.7)	91.8	98.4	(53.8)	(58.1)	**37.7**
	Cash flows from financing activities	(23.4)	(15.8)	37.7	(19.7)	115.8	23.0	(102.3)	(108.9)	85.3	12.9	**9.6**
Key performance indicators	ROIC (Return on invested capital)[6]	9.4%	5.0%	3.9%	4.5%	4.2%	(1.0%)	3.5%	1.6%	5.7%	2.8%	**8.0%**
	Ratio of profit to equity attributable to owners of parent (ROE)	10.6%	6.0%	6.4%	5.8%	4.0%	(4.2%)	4.6%	4.8%	9.8%	4.2%	**13.2%**
	Net D/E ratio	82.5%	78.9%	80.6%	76.6%	101.2%	100.2%	80.7%	86.9%	77.3%	88.6%	**78.4%**
	Earnings per share[7] (Yen)	275.6	156.8	173.0	164.3	111.7	(115.7)	130.2	75.5	316.6	151.5	**525.4**
	Book-value per share[7] (Yen)	2,582.1	2,617.3	2,789.9	2,851.8	2,727.5	2,785.7	2,861.2	3,018.3	3,440.3	3,785.5	**4,205.6**
	Dividends per share[7] (Yen)	120.0	60.0	60.0	70.0	35.0	–	40.0	40.0	90.0	50.0	**150.0**
	Dividend payout ratio	43.5%	38.2%	34.6%	42.5%	31.3%	–	30.7%	30.7%	28.4%	33.0%	**28.5%**
Non-financial	Number of employees (at year-end) (Consolidated)	34,605	35,127	35,805	35,691	36,332	36,691	36,587	36,587	38,254	39,689	**40,640**
	CO_2 emissions Scope 1 (Consolidated)	176 kt-CO_2	179 kt-CO_2	176 kt-CO_2	162 kt-CO_2	169 kt-CO_2	140 kt-CO_2	135 kt-CO_2	135 kt-CO_2	136 kt-CO_2	135 kt-CO_2	**142 kt-CO_2**
	Scope 2 (Consolidated)	324 kt-CO_2	313 kt-CO_2	326 kt-CO_2	311 kt-CO_2	290 kt-CO_2	255 kt-CO_2	267 kt-CO_2	267 kt-CO_2	246 kt-CO_2	280 kt-CO_2	**304 kt-CO_2**
	Scope 3[8, 9]	54,323 kt-CO_2	58,122 kt-CO_2	93,366 kt-CO_2	133,417 kt-CO_2	121,280 kt-CO_2	123,616 kt-CO_2	24,664 kt-CO_2	24,783 kt-CO_2	32,400 kt-CO_2	37,873 kt-CO_2	**32,615 kt-CO_2**

The Group has applied the International Financial Reporting Standards (IFRS) since fiscal 2022. Accordingly, financial figures for fiscal 2021 are also shown in accordance with IFRS. Financial data for fiscal 2020 and earlier are based on Japanese generally accepted accounting principles (GAAP), but in this report, terms such as "revenue" and "business profit" are used in the same manner as under the IFRS. (In fiscal 2020 and earlier, values labeled as "net sales" and "operating profit" pursuant to Japanese GAAP are indicated as "revenue," "business profit," and so on. Accordingly, financial figures for fiscal 2021 are reported in accordance with IFRS. "Revenue" under IFRS corresponds to "net sales" under Japanese GAAP, "business profit" corresponds to "operating profit," "profit before tax" corresponds to "profit before income taxes," "total equity" corresponds to "net assets," "earnings per share" corresponds to "net income (loss) per share," and "ratio of profit to equity attributable to owners of parent" corresponds to "return on equity."

1 In fiscal 2018, the reportable segments were reorganized: the Aerospace segment and the jet engine business of the Gas Turbine & Machinery segment became the Aerospace Systems segment and the Plant & Infrastructure segment and the energy and marine-related businesses of the Gas Turbine & Machinery segment became the Energy System & Plant Engineering segment. Figures for fiscal 2017 onward are presented according to the reorganized segments.

2 In fiscal 2021, the reportable segments were reorganized: the Energy System & Plant Engineering segment and the Ship & Offshore Structure segment became the Energy Solution & Marine Engineering segment. Figures for fiscal 2020 onward are presented according to the reorganized segments.

3 In fiscal 2018, the Precision Machinery segment was renamed the Precision Machinery & Robot segment.

4 The Motorcycle & Engine reportable segment was changed to the Powersports & Engine segment as of fiscal 2022.

5 The formula for calculating invested capital was changed to "average net interest-bearing debt at the beginning and end of the period + average shareholders' equity at the beginning and end of the period" as of fiscal 2022. Figures for fiscal 2021 and later have been calculated using the revised formula.

6 Until fiscal 2021, before-tax ROIC is indicated, and in fiscal 2022 and onwards, after-tax ROIC is indicated.
Before-tax ROIC = (Profit before tax + interest paid) ÷ invested capital (the average net interest-bearing debt at the beginning and end of the period + average shareholders' equity at the beginning and end of the period)
After-tax ROIC = {Profit attributable to owners of parent + interest paid × (1 - effective tax rate)} ÷ invested capital (the average net interest-bearing debt at the beginning and end of the period + average shareholders' equity at the beginning and end of the period)

7 Effective October 1, 2017, a 1-for-10 share consolidation was implemented for ordinary shares. Figures for fiscal 2016 and before are calculated based on the assumption that the share consolidation had already been implemented.

8 Boundary of aggregation: The total of Kawasaki Heavy Industries (non-consolidated), Kawasaki Railcar Manufacturing, and Kawasaki Motors through fiscal 2021; from fiscal 2022, calculation methods were revised and the boundary of aggregation was expanded to obtain more accurate emissions data. For further details, refer to the "ESG Data" in the Sustainability section of the Kawasaki website.

9 The actual figures for fiscal 2021 to fiscal 2023 have been restated retroactively due to revisions in the boundary of aggregation and calculation methods for Scope 3.

Consolidated Financial Statements

Consolidated Statement of Financial Position

(Millions of yen)

	For the year ended March 31, 2024	For the year ended March 31, 2025
Assets		
Current assets		
Cash and cash equivalents	84,153	**132,776**
Trade and other receivables	681,030	**764,383**
Contract assets	136,706	**170,556**
Inventories	710,207	**775,434**
Income taxes receivable	2,158	**200**
Other financial assets	11,024	**11,770**
Other current assets	101,644	**168,779**
Total current assets	1,726,925	**2,023,901**
Non-current assets		
Property, plant and equipment	496,331	**515,743**
Intangible assets	69,617	**75,760**
Right-of-use assets	64,824	**58,697**
Investments accounted for using equity method	90,954	**108,271**
Other financial assets	80,762	**71,802**
Deferred tax assets	117,452	**128,796**
Other non-current assets	33,307	**33,978**
Total non-current assets	953,250	**993,050**
Total assets	2,680,176	**3,016,951**

(Millions of yen)

	For the year ended March 31, 2024	For the year ended March 31, 2025
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	521,734	**593,878**
Bonds, borrowings and other financial liabilities	453,694	**527,197**
Income taxes payable	7,928	**20,188**
Contract liabilities	265,468	**363,534**
Provisions	34,242	**35,731**
Refund liabilities	72,518	**73,097**
Other current liabilities	185,902	**233,675**
Total current liabilities	1,541,489	**1,847,303**
Non-current liabilities		
Bonds, borrowings and other financial liabilities	391,539	**362,313**
Retirement benefit liability	74,604	**67,100**
Provisions	957	**1,038**
Deferred tax liabilities	707	**1,019**
Other non-current liabilities	16,327	**13,112**
Total non-current liabilities	484,137	**444,584**
Total liabilities	2,025,626	**2,291,887**
Equity		
Share capital	104,484	**104,484**
Capital surplus	56,455	**56,456**
Retained earnings	405,156	**483,530**
Treasury shares	(1,060)	**(4,093)**
Other components of equity	69,054	**62,537**
Total equity attributable to owners of parent	634,090	**702,915**
Non-controlling interests	20,459	**22,148**
Total equity	654,549	**725,064**
Total liabilities and net equity	2,680,176	**3,016,951**

Consolidated Statements of Profit and Loss

(Millions of yen)

	For the year ended March 31, 2024	For the year ended March 31, 2025
Revenue	1,849,287	**2,129,321**
Cost of sales	1,537,050	**1,697,784**
Gross profit	312,237	**431,537**
Selling, general and administrative expenses	276,044	**306,963**
Share of profit of investments accounted for using equity method	11,358	**23,174**
Other income	5,704	**3,098**
Other expenses	7,053	**7,722**
Business profit	46,201	**143,123**
Finance income	3,040	**3,423**
Finance costs	17,261	**39,028**
Profit before tax	31,980	**107,518**
Income tax expense	4,670	**17,190**
Profit	27,310	**90,328**
Profit attributable to:		
Owners of parent	25,377	**88,001**
Non-controlling interests	1,932	**2,326**
Earnings per share		
Basic earnings per share	151.51	**525.44**

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the year ended March 31, 2024	For the year ended March 31, 2025
Profit	27,310	**90,328**
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	4,214	**(2,277)**
Remeasurement of defined benefits plans	15,017	**7,773**
Share of other comprehensive income of investments accounted for using equity method	1	**1**
Total of items that will not be reclassified to profit or loss	19,233	**5,497**
Items that may be reclassified to profit or loss		
Cash flow hedges	103	**257**
Exchange differences on translation of foreign operations	23,302	**(4,120)**
Share of other comprehensive income of investments accounted for using equity method	3,795	**(563)**
Total of items that may be reclassified to profit or loss	27,202	**(4,426)**
Total other comprehensive income	46,435	**1,071**
Comprehensive income	73,745	**91,399**
Comprehensive income attributable to:		
Owners of parent	71,009	**89,213**
Non-controlling interests	2,736	**2,186**

Consolidated Financial Statements

Statement of Changes in Equity

For the year ended March 31, 2024

(Millions of yen)

	Equity attributable to owners of parent											
					Other components of equity							
	Share capital	Capital surplus	Retained earnings	Treasury shares	Remeasurement of defined benefit plans	Financial assets measured at fair value through other comprehensive income	Cash flow hedges	Exchange differences on translation of foreign operations	Total	Total	Non-controlling interests	Total equity
Balance at April 1, 2023	104,484	55,716	380,255	(1,107)	–	4,109	676	32,066	36,852	576,201	20,670	596,872
Profit			25,377							25,377	1,932	27,310
Other comprehensive income					15,075	4,167	146	26,241	45,631	45,631	804	46,435
Total Comprehensive income			25,377		15,075	4,167	146	26,241	45,631	71,009	2,736	73,745
Purchase of treasury shares				(7)						(7)		(7)
Disposal of treasury shares		0		54						54		54
Dividends			(13,430)							(13,430)	(1,022)	(14,452)
Transfer to retained earnings			12,945		(15,075)	2,130			(12,945)	–		–
Changes in scope of consolidation			8					(17)	(17)	(9)		(9)
Capital increase of consolidated subsidiaries												–
Change in ownership interest of parent due to transactions with non-controlling interests		739								739	(1,926)	(1,186)
Transfer to non-financial assets							(467)		(467)	(467)		(467)
Total transaction with owners		739	(477)	46	(15,075)	2,130	(467)	(17)	(13,429)	(13,120)	(2,948)	(16,068)
Balance at March 31, 2024	104,484	56,455	405,156	(1,060)	–	10,407	355	58,291	69,054	634,090	20,459	654,549

For the year ended March 31, 2025

(Millions of yen)

	Equity attributable to owners of parent											
					Other components of equity							
	Share capital	Capital surplus	Retained earnings	Treasury shares	Remeasurement of defined benefit plans	Financial assets measured at fair value through other comprehensive income	Cash flow hedges	Exchange differences on translation of foreign operations	Total	Total	Non-controlling interests	Total equity
Balance at April 1, 2024	104,484	56,455	405,156	(1,060)	–	10,407	355	58,291	69,054	634,090	20,459	654,549
Profit			88,001							88,001	2,326	90,328
Other comprehensive income					7,614	(2,226)	(858)	(3,318)	1,211	1,211	(139)	1,071
Total Comprehensive income			88,001		7,614	(2,226)	(858)	(3,318)	1,211	89,213	2,186	91,399
Purchase of treasury shares				(3,078)						(3,078)		(3,078)
Disposal of treasury shares		0		45						46		46
Dividends			(16,787)							(16,787)	(860)	(17,647)
Transfer to retained earnings			7,159		(7,614)	455			(7,159)	–		–
Changes 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)		(568)
Total transaction with owners		0	(9,628)	(3,032)	(7,614)	455	(568)	(0)	(7,727)	(20,388)	(496)	(20,885)
Balance at March 31, 2025	104,484	56,456	483,530	(4,093)	–	8,636	(1,071)	54,972	62,537	702,915	22,148	725,064

Consolidated Statements of Cash Flows

(Millions of yen)

	For the year ended March 31, 2024	For the year ended March 31, 2025
Cash flows from operating activities		
Profit	27,310	90,328
Depreciation and amortization	80,982	93,431
Impairment losses	1,007	–
Finance income and finance costs	11,590	26,566
Share of loss (profit) of investments accounted for using equity method	(11,358)	(23,174)
Loss (gain) on sale of fixed assets	2,050	948
Income tax expense	4,670	17,190
Increase (decrease) in retirement benefit liability	(196)	(5,307)
Decrease (increase) in trade and other receivables	(186,486)	(96,117)
Decrease (increase) in contract assets	22,725	(33,844)
Decrease (increase) in inventories	9,903	(69,241)
Increase (decrease) in trade and other payables	43,585	70,498
Decrease (increase) in advance payment	8,632	(67,377)
Increase (decrease) in contract liabilities	1,057	98,899
Increase (decrease) in refund liabilities	61,004	1,071
Increase (decrease) in provisions	10,084	1,512
Decrease (increase) in other current assets	(6,879)	(47)
Increase (decrease) in other current liabilities	(19,070)	32,549
Others	1,685	31,398
Subtotal	62,298	169,284
Interest received	8,504	2,554
Dividends received	364	10,784
Interest paid	(8,110)	(14,838)
Income taxes paid	(31,393)	(18,841)
Net cash provided by (used in) operating activities	31,662	148,943
Cash flows from investing activities		
Purchase of property, plant and equipment	(80,063)	(98,682)
Proceeds from sale of property, plant and equipment	2,669	7,309
Purchase of intangible assets	(16,480)	(14,962)
Proceeds from sale of intangible assets	80	434
Payments for equity method investment and purchase of other financial assets	(949)	(7,612)
Proceeds from equity method investment and sale of other financial assets	1,124	2,865
Payments for acquisition of subsidiaries	(20)	–
Decrease due to loss of control over subsidiaries	(92)	–
Others	3,918	(553)
Net cash provided by (used in) investing activities	(89,814)	(111,201)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	80,229	67,327
Repayments of lease liabilities	(16,526)	(17,290)
Proceeds from long-term borrowings	31,582	38,000
Repayments of long-term borrowings	(23,041)	(29,001)
Proceeds from issuance of bonds	10,000	–
Redemption of bonds	(40,000)	(30,000)
Dividends paid	(13,415)	(16,763)
Proceeds from fluidity of lease receivables	103,482	100,464
Repayment of payables under fluidity lease receivables	(105,343)	(85,629)
Dividends paid to non-controlling interests	(1,022)	(860)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(1,563)	–
Others	(11,470)	(16,639)
Net cash provided by (used in) financing activities	12,911	9,605
Effect of exchange rate change on cash and cash equivalents	(9,027)	1,275
Net increase (decrease) in cash and cash equivalents	(54,267)	48,623
Cash and cash equivalents at beginning of period	138,420	84,153
Cash and cash equivalents at end of period	84,153	132,776

Corporate Profile / Stock Information (As of March 31, 2025)

Corporate profile

Trade name	Kawasaki Heavy Industries, Ltd.
Head offices	Tokyo Head Office: 14-5, Kaigan 1-chome, Minato-ku, Tokyo 105-8315, Japan
	Kobe Head Office: Kobe Crystal Tower, 1-3, Higashikawasaki-cho 1-chome, Chuo-ku, Kobe, Hyogo 650-8680, Japan
Incorporated	October 15, 1896
President	Yasuhiko Hashimoto
Paid-in capital	¥104,484 million
Revenue	Consolidated: ¥2,129,321 million (fiscal 2024)
	Non-consolidated: ¥1,043,506 million (fiscal 2024)
Number of employees	Consolidated: 40,640
	Non-consolidated: 14,597

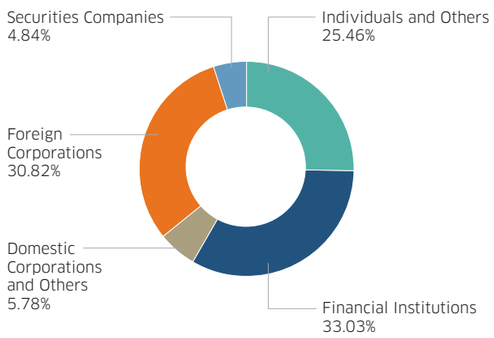
Stock information

Securities code	7012
Stock listings	Tokyo Stock Exchange (TSE Prime Market)
	Nagoya Stock Exchange (NSE Premier Market)
Share unit number	100 shares
Total number of shares authorized	336,000,000 shares
Total number of shares issued	167,921,800 shares
Number of shareholders	116,747 persons
Fiscal year	From April 1 to March 31
Year-end dividend record date	March 31
Interim dividend record date	September 30
Annual general meeting of shareholders	June

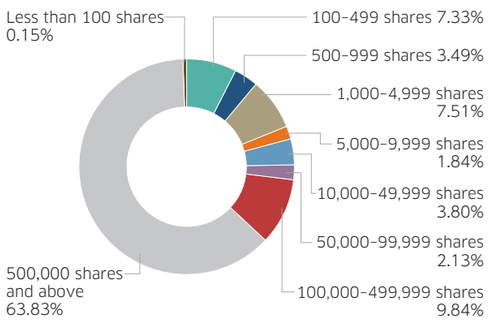
Major shareholders

Shareholder name	Number of shares owned	Percentage
The Master Trust Bank of Japan, Ltd. (Trust Account)	25,208,000	15.01%
Custody Bank of Japan, Ltd. (Trust Account)	13,585,350	8.09%
Nippon Life Insurance Company	5,751,661	3.42%
Kawasaki Heavy Industries Employee Stock Ownership Association	4,770,951	2.84%
STATE STREET BANK AND TRUST COMPANY 505001	4,635,208	2.76%
Kawasaki Heavy Industries, Ltd. Kyoueikai	4,069,519	2.42%
JPMorgan Securities Japan Co., Ltd.	2,760,801	1.64%
Mizuho Bank, Ltd.	2,239,412	1.33%
JP MORGAN CHASE BANK 385781	2,060,366	1.22%
GOLDMAN, SACHS & CO. REG	2,021,781	1.20%

Shareholdings by type of shareholders



Shareholders by shareholding volume



Major Subsidiaries and Affiliates (As of September 1, 2025)

Aerospace Systems

Aerospace
- NIPPI Corporation
- Nippi Skill Corporation
- Kawaju Gifu Engineering Co., Ltd.
- Kawaju Gifu Service Co., Ltd.
- KGM Co., Ltd.

Jet Engines
- Kawaju Akashi Engineering Co., Ltd.

Rolling Stock

- Kawasaki Railcar Manufacturing Co., Ltd.
- Alna Yusoki-Yohin Co., Ltd.
- Kawasaki Rolling Stock Component Co., Ltd.
- Kawasaki Rolling Stock Technology Co., Ltd.
- Sapporo Kawasaki Rolling Stock Engineering Co., Ltd.
- NICHIJO CORPORATION
- Kawasaki Rail Car Lincoln, Inc.
- Kawasaki Rail Car, Inc.
- * Qingdao Sifang Kawasaki Rolling Stock Technology Co., Ltd.

Energy Solution & Marine Engineering

Plant
- EarthTechnica Co., Ltd.
- Kawasaki Engineering Co., Ltd.
- KEE Environmental Construction Co., Ltd.
- Kawasaki Environmental Plant Engineering Co., Ltd.
- Kawaju Facilitech Co., Ltd.
- EarthTechnica M&S Co., Ltd.
- Kawasaki Green Energy, Ltd.
- Shinki Co. Ltd.
- KHI Design & Technical Service, Inc.
- Kawasaki Heavy Industries Machinery Trading (Shanghai) Co., Ltd.
- * Underground Infrastructure Technologies Co. Ltd.
- * JP Steel Plantech Co.
- * Anhui Conch Kawasaki Equipment Manufacturing Co., Ltd.
- * Anhui Conch Kawasaki Energy Conservation Equipment Manufacturing Co., Ltd.
- * Anhui Conch Kawasaki Engineering Co., Ltd.
- * Shanghai Conch Kawasaki Engineering Co., Ltd.

Energy/Marine Machinery
- Kawasaki Thermal Engineering Co., Ltd.
- Kawasaki Machine Systems, Ltd.
- KMS Engineering Co., Ltd.
- Kawasaki Prime Mover Engineering Co., Ltd.
- Kawasaki Naval Engine Service, Ltd.
- Kawasaki Gas Turbine Europe GmbH
- Kawasaki Gas Turbine Asia Sdn. Bhd.
- Kawasaki Energy System Solutions (Shandong), Ltd.
- Kawasaki Machinery do Brasil Máquinas e Equipamentos Ltda.
- Kawasaki Heavy Industries (Europe) B.V.
- Kawasaki Heavy Industries (H.K.) Ltd.
- Wuhan Kawasaki Marine Machinery Co., Ltd.
- * Shandong Binqi Power Group, Co., Ltd.

Ship & Offshore Structure
- Kawaju Support Co., Ltd.
- Kawasaki Marine Engineering Co., Ltd.
- KHI JPS Co., Ltd.
- Kawasaki Subsea (UK) Limited
- * Nantong COSCO KHI Ship Engineering Co., Ltd.
- * Dalian COSCO KHI Ship Engineering Co., Ltd.

Precision Machinery & Robot

Precision Machinery
- Kawasaki Hydromechanics Corporation
- Kawasaki Precision Machinery (U.S.A.), Inc.
- Kawasaki Precision Machinery (UK) Ltd.
- Wipro Kawasaki Precision Machinery Private Limited
- Flutek, Ltd.
- Kawasaki Precision Machinery (Suzhou) Ltd.
- Kawasaki Precision Machinery Trading (Shanghai) Co., Ltd.
- * Kawasaki Chunhui Precision Machinery (Zhejiang) Ltd.
- * Eddie KPM Precision Machinery (Suzhou) Ltd.

Robot
- Kawasaki Robot Service, Ltd.
- Kawasaki Robotics (U.S.A.) Inc.
- Kawasaki Robotics (UK) Ltd.
- Kawasaki Robotics GmbH
- Kawasaki Robotics Korea, Ltd.
- Kawasaki Robotics (Tianjin) Co., Ltd.
- Kawasaki Robotics (Kunshan) Co., Ltd.
- Kawasaki Robotics India Private Limited
- Kawasaki (Chongqing) Robotics Engineering Co., Ltd.
- * Medicaroid Corporation
- * Medicaroid Europe GmbH
- * Medicaroid Asia Pacific Pte.Ltd.
- * Medicaroid, Inc.

Powersports & Engine

- Kawasaki Motors, Ltd.
- Kawasaki Motors Corporation Japan
- K-Tec Corporation
- Technica Corp.
- Autopolis
- Union Precision Die Co., Ltd.
- Shin Nippon Wheel Industries Co., Ltd.
- ○Kawasaki Motors Manufacturing Corp., U.S.A.
- Kawasaki Motors Corp., U.S.A.
- Canadian Kawasaki Motors Inc.
- Kawasaki Motores de Mexico S.A. de C.V.
- Kawasaki Motores do Brasil Ltda.
- Kawasaki Motors Europe N.V.
- Kawasaki Motors Pty. Ltd.
- India Kawasaki Motors Pvt. Ltd.
- PT. Kawasaki Motor Indonesia
- Kawasaki Motors (Phils.) Corporation
- ★Kawasaki Motors Enterprise (Thailand) Co., Ltd.
- Kawasaki Motors Vietnam Co., Ltd.
- Changzhou Kawasaki Engine Co., Ltd.
- Kawasaki Motors (Shanghai), Ltd.
- Bimota S.p.A.

Others

- Kawasaki Trading Co., Ltd.
- Kawasaki Technology Co., Ltd.
- Kawasaki Heartfelt Service Co., Ltd.
- K Career Partners Corp.
- Benic Solution Corporation
- Kawasaki Life Corporation
- Nippi Kosan Co., Ltd
- Japan Suiso Energy, Ltd.
- JSE Ocean, Ltd.
- Kawasaki Heavy Industries (U.S.A.) Inc.
- Kawasaki do Brasil Industria e Comercio Ltda.
- Kawasaki Heavy Industries (U.K.) Ltd.
- ▲Kawasaki Heavy Industries Middle East FZE
- ◆Kawasaki Heavy Industries (Singapore) Pte. Ltd.
- ●Kawasaki Heavy Industries (Thailand) Co., Ltd.
- Kawasaki Heavy Industries Management (Shanghai) Ltd.
- Kawasaki Trading (Shanghai) Co., Ltd.
- KHI (Dalian) Computer Technology Co., Ltd.
- Hydrogen Engineering Australia Pty Ltd.
- Kawasaki Heavy Industries Russia LLC
- Kawasaki Trading (Thailand) Co., Ltd.
- * Remote Robotics Inc.

* Equity-method associates
○ Includes operations belonging to the Rolling Stock and Aerospace segments
★ Includes operations belonging to the Robot segment
▲ Includes operations belonging to the Powersports & Engine segment
◆ Includes operations belonging to the Rolling Stock and Robot segments
● Includes operations belonging to the Energy/Marine Machinery segment

Disclaimer Figures in this report appearing in forecasts of future business performance or similar contexts represent forecasts made by the Company based on information accessible at the time, and are subject to risk and uncertainty. Readers are therefore advised against making investment decisions reliant exclusively on these forecasts of business performance. Readers should be aware that actual business performance may differ significantly from these forecasts due to a wide range of significant factors arising from changes in the external and internal environment. Significant factors that affect actual business performance include economic conditions in the Company's business sector, the yen exchange rate against the U.S. dollar and other currencies, and developments in taxation and other systems. This report not only describes actual past and present conditions of the Kawasaki Group but also includes forward- looking statements based on plans, forecasts, business plans and management policy as of the publication date. These represent suppositions and judgments based on information available at the time. Due to changes in circumstances, the results and features of future business operations may differ from the content of such statements.