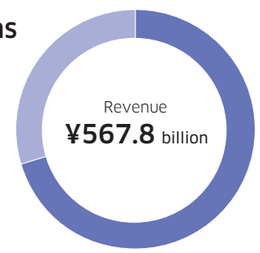
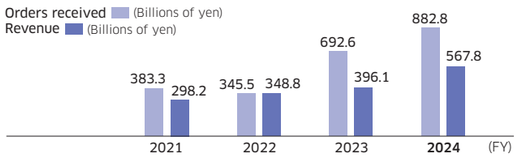
At a Glance

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

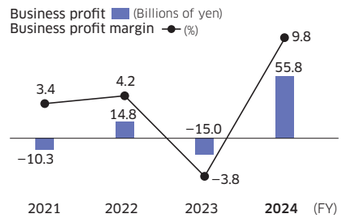
- Aerospace ¥399.9 billion (70.4%)
- Aero engine ¥167.8 billion (29.6%)



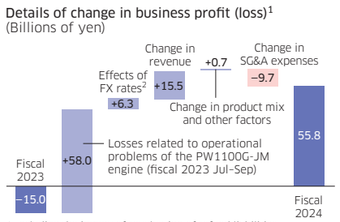


Orders received | Increased due to an increase in Ministry of Defense business and commercial aircraft engines compared to the last fiscal year, which had losses related to PW1100G-JM engines (reduction of orders received)

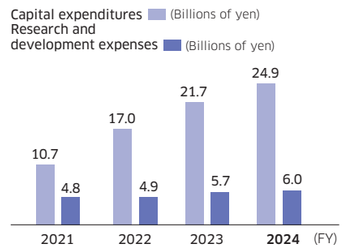
Revenue | Same as above



Improved due to an increase in revenue

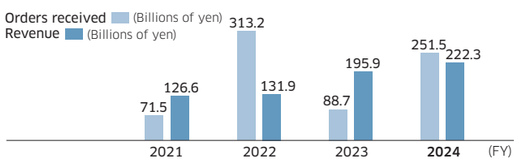


2 Including the impact of revaluation of refund liabilities denominated in foreign currencies related to the in-service issues of PW1100G-JM engines (+¥2.4 billion)



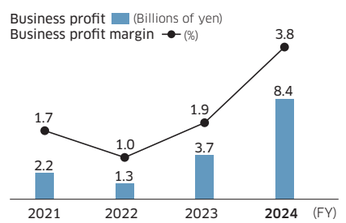
Rolling Stock

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

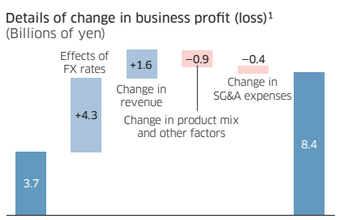


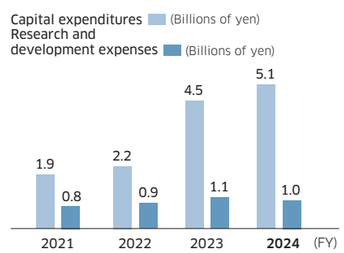
Orders received | Increased due to the U.S. (435 additional R211 subway cars for NYCTA) despite the decrease in Japan and Asia

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



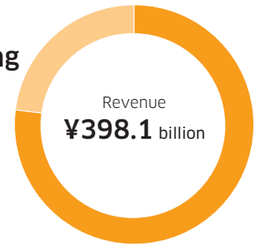
Improved due to an increase in revenue

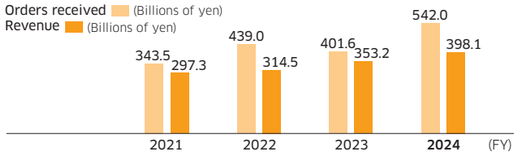




Energy Solution & Marine Engineering

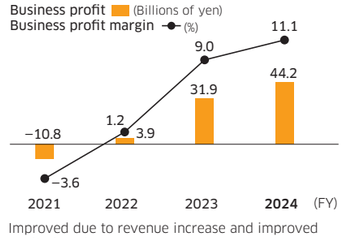
- Energy, plant & marine machinery ¥306.8 billion (77.1%)
- Ship & offshore structure ¥91.2 billion (22.9%)



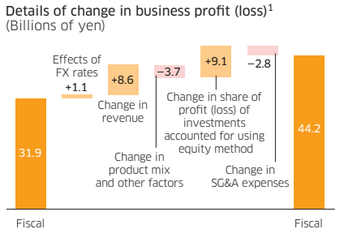


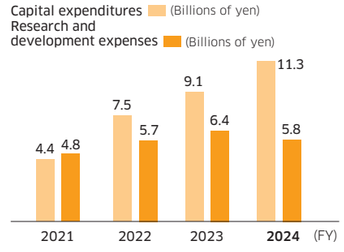
Orders received | Increased due to a submarine for the Ministry of Defense and LPG/ammonia carriers

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



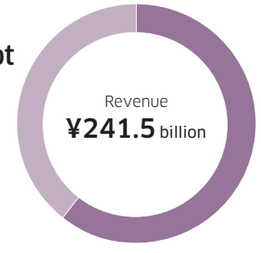
Improved due to revenue increase and improved equity in gains

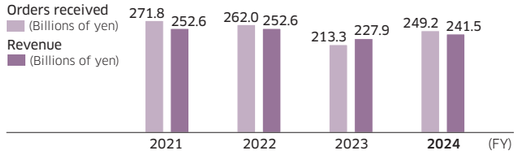




Precision Machinery & Robot

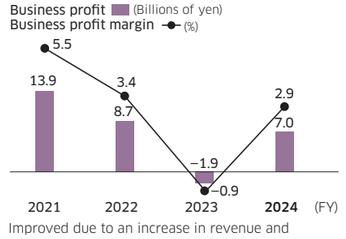
- Hydraulic components & systems ¥146.8 billion (60.8%)
- Robotics ¥94.6 billion (39.2%)



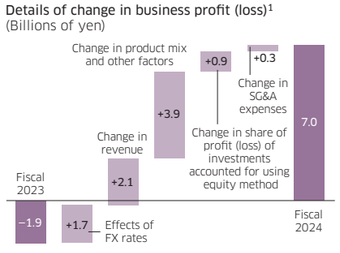


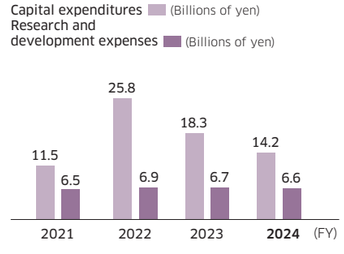
Orders received | Increased due to an increase in hydraulic machinery for Chinese construction machinery market and robots for semiconductor manufacturing equipment

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



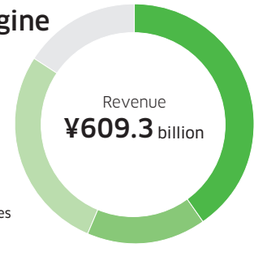
Improved due to an increase in revenue and improvement of profitability

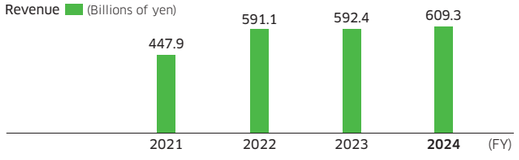




Powersports & Engine

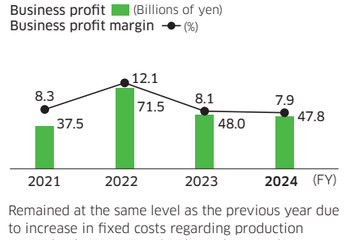
- Motorcycles for developed countries ¥245.3 billion (40.3%)
- Motorcycles for emerging countries ¥99.2 billion (16.3%)
- Utility Vehicles, ATVs & PWC ¥169.0 billion (27.7%)
- General-purpose gasoline engines ¥95.5 billion (15.7%)



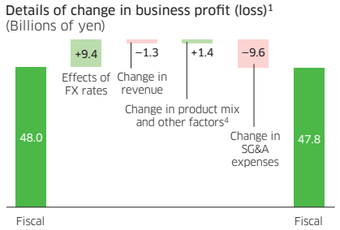


Revenue | Increased due to the increase in motorcycles and the impact of weaker yen despite a temporary decrease in four-wheelers for North America due to a recall[3] and production delay

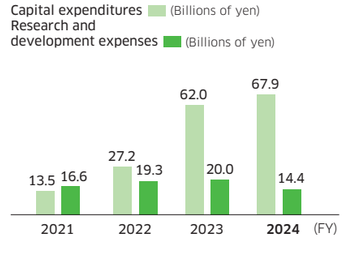
3 MULE PRO 1000 series (improved vehicles have already been resumed)



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.

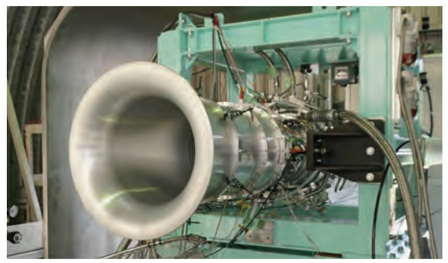
Initiatives to Achieve Group Vision 2030

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

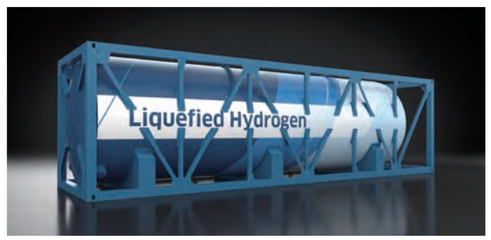
A safe and secure remotely connected society	-
Near-future mobility	• Achieving railways mobility which seamlessly connects people and commodities
Energy and environmental solutions	• **Catering to carbon-neutral needs for internal combustion rolling stock** ✔

✔ 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

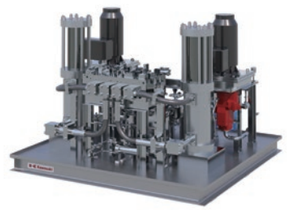
A safe and secure remotely connected society	• Developing healthcare-related businesses, such as the *hinotori*™ surgical robot system and a robotic operating table • Building the remote robot platform business connecting people who want to work with businesses seeking labor
Near-future mobility	• Creating 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