

## Approach to Sustainable Value Creation

The Kawasaki Group consistently creates new value by drawing on diverse, sophisticated technological capabilities to contribute to solutions to social issues around the world.

### Group Mission

Kawasaki, working as one for the good of the planet  
**“Global Kawasaki”**

### Global Social Issues

- Global warming
- Decarbonization
- Energy problems
- Responding to changes in the movement of people and freight
- Pandemic countermeasures
- Shortage of and increasing burden on doctors
- Increase in diverse work styles, including remote work

#### Management Resources

(Fiscal 2021 figures)

**Financial capital**

Invested capital **¥980.6** billion

**Manufactured capital**

Capital expenditures **¥53.5** billion

Key production sites **17** in Japan  
**22** overseas

**Intellectual capital**

120 years of experience and know-how

Advanced technological capabilities across extensive domains

R&D expenses **¥47.0** billion

**Human capital**

A technology-based Group pursuing quality

Number of employees **36,587**

**Social and relationship capital**

Kawasaki brand

Relationships of trust built with business partners over many years

**Natural capital**

Energy consumption\*<sup>1</sup> (heat conversion) **5,776** TJ

Procured amount\*<sup>1</sup> of raw materials (steel) **110** kt-CO<sub>2</sub>

\*1 Total for Kawasaki Heavy Industries (non-consolidated), Kawasaki Motors, and Kawasaki Railcar Manufacturing

### Business Activities and Strategy (Group Vision 2030)

## Solutions for Society Offered by the Kawasaki Group

#### Land & Air Transportation Systems

Airplane and rolling stock businesses leveraging dependable quality and cost competitiveness

- Aerospace Systems Company  
Airplanes, jet engines
- Kawasaki Railcar Manufacturing Co., Ltd.  
Rail cars, snow removal machinery

#### Motion Control & Motor Vehicles

Extending management resources to mass-production businesses and strengthening synergies in core component businesses

- Precision Machinery & Robot Company  
Hydraulic machinery, industrial robots
- Kawasaki Motors, Ltd.  
Motorcycles, off-road four-wheelers (SxS, ATVs), personal watercraft, general-purpose gasoline engines

#### Energy & Marine Engineering

Businesses in energy, mainly hydrogen, as well as marine engineering

- Energy Solution & Marine Engineering Company  
Energy-related equipment and systems, marine propulsion machinery and systems, industrial machinery, environmental equipment, cryogenic storage equipment, hydrogen-related facilities, crushing machines, ships

We will operate businesses within the three groups of Land & Air Transportation Systems, Motion Control & Motor Vehicles, and Energy & Marine Engineering and increase the effectiveness of coordination between businesses.

- #### Management Policy
- Pursue growth ⇒ Investment in Growth Areas and New Businesses
  - Pursue stability/synergy ⇒ Realizing a conglomerate premium
  - Contributing to the achievement of the Sustainable Development Goals through our solutions to social issues
- #### Financial Targets
- Sales target: average annual net sales growth rate of 5%
  - Operating profit margin: 5-8%
  - Before-tax ROIC: 3% or more higher than weighted average cost-of-capital (WACC)
- #### Key Mechanisms Supporting the Growth Scenario
- Revise business models and develop new businesses
  - Promote digital transformation (DX)
  - Strengthen cybersecurity
  - Overhaul the personnel system
  - Advance open innovation
- #### The Foundation of Our Business Activities (ESG Initiatives)
- Energy and environmental solutions (value chain)
  - Business and human rights
  - Promotion of human resource activities
  - Technology development and DX
  - Product liability/Safety
  - Compliance
  - Occupational safety and health
  - Information security

#### Key Outputs

(Fiscal 2021 figures)

**Financial capital**

Cash flows from operating activities **¥144.4** billion

Operating profit margin **3.0%**

Before-tax ROIC\*<sup>2</sup> **3.5%**

\*2 Before-tax ROIC = EBIT (profit before income taxes + interest expense) / Invested capital (interest-bearing debt + shareholders' equity)

**Manufactured capital**

Key Leading Market Share Products

- Semiconductor manufacturing robot global market share\*<sup>3</sup> **No.1**
- Stand-by gas turbine generator domestic market share\*<sup>4</sup> **No.1**
- 401 cc and over motorcycle domestic market share\*<sup>5</sup> **No.1**

\*3 Kawasaki survey based on data from SEMI and Fuji Keizai  
\*4 Kawasaki survey \*5 Based on domestic registration data

**Intellectual capital and human capital**

Included in Clarivate's Top 100 Global Innovators\*<sup>6</sup> for six consecutive years (2015-2021)

\*6 A selection of the world's top 100 innovative companies and institutions based on an analysis of intellectual property and patents using data about patent holdings.

**Social and relationship capital**

Advancing hydrogen projects in coordination with other companies

IR meetings with institutional investors **199** times

**Natural capital**

CO<sub>2</sub> emissions from business activities (Scope 1, 2) **402** kt-CO<sub>2</sub>

Reduction of CO<sub>2</sub> emissions through product-based contributions\*<sup>1</sup> **17,390** kt-CO<sub>2</sub>

Kawasaki Ecological Frontiers (formerly Kawasaki-brand Green Products)

Number of registered products\*<sup>1</sup> **68**

Net sales\*<sup>1</sup> **¥248.6** billion

### Created Social Value

#### A Safe and Secure Remotely Connected Society

- 3 GOOD HEALTH AND WELL-BEING
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 17 PARTNERSHIPS FOR THE GOALS

#### Near-Future Mobility

- 3 GOOD HEALTH AND WELL-BEING
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 11 SUSTAINABLE CITIES AND COMMUNITIES
- 17 PARTNERSHIPS FOR THE GOALS

#### Energy and Environmental Solutions

- 7 AFFORDABLE AND CLEAN ENERGY
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 11 SUSTAINABLE CITIES AND COMMUNITIES
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 17 PARTNERSHIPS FOR THE GOALS

### External Environment and Risks

- Changes in Industrial Structures  
Technological innovation / The evolution of AI and IoT
- Climate Change  
Global warming / Major natural disasters
- Currency Fluctuations  
Impact on revenue due to the Group's large proportion of overseas sales
- Economic Trends  
Impact via capital expenditure / Impact of the COVID-19 pandemic / U.S.-China trade friction