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(Securities Code: 7012)

June 6, 2024

Dear Shareholders:

Yasuhiko Hashimoto
Representative Director, President
and Chief Executive Officer
Kawasaki Heavy Industries, Ltd.
(Location of Head Office)
1-1 Higashikawasaki-cho 3-chome,
Chuo-ku, Kobe
(Registered Office)
1-3 Higashikawasaki-cho 1-chome,
Chuo-ku, Kobe

NOTICE OF THE 201st ORDINARY GENERAL MEETING OF SHAREHOLDERS

We would like to inform you that we will hold the 201st Ordinary General Meeting of Shareholders of Kawasaki Heavy Industries, Ltd. (the "Company" or "KHI") as described below. We will provide live streaming, on-demand streaming, and acceptance of questions in advance via the Internet, and encourage you to use them.

When convening this general meeting of shareholders, the Company takes measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. (items for which measures for providing information in electronic format are to be taken) in electronic format, and posts this information as "Notice of the 201st Ordinary General Meeting of Shareholders" on each of the websites shown below. Please access either of the websites using the Internet addresses to review the information.

The Company's Website https://www.khi.co.jp/ir/stocks/shareholders_meeting/
(in Japanese)

TSE website <https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>
(in Japanese)

On the TSE website, enter the issue name (company name), "Kawasaki Heavy Industries" or securities code "7012," click "Search," then click "Basic information" and select "Documents for public inspection/PR information." Under "Filed information available for public inspection," click "Click here for access" under "[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting]."

Website for posted
informational materials
other than the above <https://d.sokai.jp/7012/teiji/> (in Japanese)
websites

If you will not be attending in person on the day, we kindly ask you to review the "Reference Documents for the General Meeting of Shareholders" described hereinafter, and exercise your voting rights, by 5:00 p.m. on Tuesday, June 25, 2024 (JST).

For details of the exercise of voting rights via the Internet or in writing (by mail), live streaming, and the acceptance of questions in advance, please refer to page 5 to page 8.

- 1. Date and Time:** **Wednesday, June 26, 2024 at 10:00 a.m. (JST) (Door opens at 9:00 a.m.)**
- 2. Place:** **Kokusai Hall at The Kobe International House**
1-6 Gokoudori 8-chome, Chuo-ku, Kobe

3. Meeting Agenda:

Matters to be reported:

1. The Business Report, Consolidated Financial Statements for the Company's 201st Fiscal Year (from April 1, 2023 to March 31, 2024) and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee
2. Non-consolidated Financial Statements for the Company's 201st Fiscal Year (from April 1, 2023 to March 31, 2024)

Matters to be resolved:

Proposal No. 1: Appropriation of Surplus

Proposal No. 2: Election of Eight Directors (except Directors Serving as Audit and Supervisory Committee Members)

Proposal No. 3: Election of Five Directors Serving as Audit and Supervisory Committee Members

Proposal No. 4: Election of One Substitute Director Serving as Audit and Supervisory Committee Member

(Please refer to the "Reference Documents for the General Meeting of Shareholders" hereinafter for information on each of the proposals.)

4. Settled Matters Regarding Convocation of the General Meeting of Shareholders:

(1) Items excluded in accordance with laws and regulations and the Company's Articles of Incorporation from paper-based documents delivered in response to a request for delivery of documents stating items for which measures for providing information in electronic format are to be taken

The Company will deliver items for which measures for providing information in electronic format are to be taken as paper-based documents to shareholders requesting paper-based documents, but in accordance with laws and regulations and the Company's Articles of Incorporation, items in the following list will be excluded from delivery as paper-based documents.

- "Company Share Options," "Accounting Auditor" and "System to ensure that Directors' execution of duties complies with laws and regulations and the Articles of Incorporation, other systems to ensure proper execution of business and overview of operation status of such systems" in the Business Report
- "Consolidated Statement of Changes in Equity" and "Notes to the Consolidated Financial Statements" in the Consolidated Financial Statements
- "Non-consolidated Statement of Changes in Net Assets" and "Notes to the Non-consolidated Financial Statements" in the Non-consolidated Financial Statements

The above items were audited together with the Business report, Consolidated Financial Statements and Non-consolidated Financial Statements as part of them, during the preparation of the audit reports by the Audit and Supervisory Committee and the Accounting Auditor.

(2) Concerning amendments on the web

In the event of any amendments to the Business Report, the Consolidated Financial Statements, the Non-consolidated Financial Statements and the Reference Documents for the General Meeting of Shareholders, a notice of the amendments and the details of the items before and after the amendments will be posted on each of the websites (on page 1) for posting items for which measures for providing information in electronic format are to be taken.

5. Other Matters Regarding the General Meeting of Shareholders:

(1) Concerning entrance of persons other than shareholders

Please note that persons other than shareholders who are able to exercise voting rights, including representatives and their companions who are not shareholders, are not permitted to enter the venue (except for in the case of shareholders with disabilities, whose companions, seeing-eye dogs, service dogs, hearing assistance dogs, etc., are permitted to enter the venue).

(2) Concerning photography, video and audio recording inside the General Meeting of Shareholders

Photography, video and audio recording inside the General Meeting of Shareholders is prohibited. We appreciate your cooperation.

(3) Concerning proceedings on the day of the General Meeting of Shareholders

Please note that the proceedings on the day of the General Meeting of Shareholders will be conducted in the Japanese language. Please kindly accept that we will not be preparing any interpreters.

(4) Concerning results of resolutions

For the results of resolutions of the General Meeting of Shareholders, please refer to the Company's website (please acknowledge that written notice of resolutions will not be sent by mail).

Guidance on Exercise of Voting Rights, Etc.

Exercise of Voting Rights in Writing

Please indicate your vote for or against each of the proposals on the Voting Rights Exercise Form enclosed with this Notice, and return it by post.

Exercise of Voting Rights via the Internet

Please exercise your voting right by logging on to the Internet website (<https://www.web54.net>) (in Japanese) and entering the voting right exercise code and password stated on the Voting Rights Exercise Form enclosed with this Notice, and follow the online instructions to submit your vote.

- Notes:
1. When voting rights have been exercised in writing (by mail) using the Voting Rights Exercise Form, in cases where the vote for or against a proposal is not indicated, it shall be treated as a vote for the proposal.
 2. If you duplicate your vote, i.e., if you exercise your voting rights both via the Internet and in writing (by mail), we will consider only the vote cast via the Internet to be valid.
 3. If you vote a number of times via the Internet, we will consider the final vote to be the valid one.

Scanning QR code "Smart Vote®"

You can simply login to the website for exercising voting rights without entering your login ID and password.

1 Please scan the QR code located on the right side of the Voting Rights Exercise Form.

* "QR code" is a registered trademark of DENSO WAVE INCORPORATED.

2 Indicate your approval or disapproval by following the instructions on the screen.

Note that you can exercise your vote via "Smart Vote®" only once.

If you need to change your vote after having exercised your right, please access the voting website, enter your "voting right exercise code" and "password" stated on the Voting Rights Exercise Form to log in, and exercise your voting right again.

*Please scan the QR code again to access the voting website.

Entering login ID and password

Voting website:

<https://www.web54.net> (in Japanese)

1 Please access the voting website.

2 Enter your "voting right exercise code" on the Voting Rights Exercise Form.

3 Enter your "password" on the Voting Rights Exercise Form.

4 Indicate your approval or disapproval by following the instructions on the screen.

Live Streaming

We will provide a live streaming via the Internet to enable the viewing of the General Meeting of Shareholders from outside the venue.

Please view by accessing the streaming website from the following URL and entering your ID and password.

1. Date and time of streaming

From 10:00 a.m. to the end time of the General Meeting of Shareholders on Wednesday, June 26, 2024

* The streaming page will be available from around 30 minutes before the start time of the General Meeting of Shareholders (9:30 a.m.).

2. How to watch on the day

Prepare your shareholder ID (= shareholder number) and password (= postal code), which are to be required on the shareholder authentication screen (log-in screen), in advance before accessing to the following website for live streaming.

*Please make sure to have your shareholder number on hand before sending the Voting Rights Exercise Form.

Website for live streaming <https://7012.ksoukai.jp> (in Japanese)

Shareholder ID	▶	<u>"Shareholder number"</u> (nine digits) stated in the Voting Rights Exercise Form
Password	▶	<u>"Postal code"</u> (seven digits, with no hyphen) stated in the Voting Rights Exercise Form

Instructions for Shareholder Authentication Screen (Log-in Screen)

- (i) Enter the "shareholder ID (= shareholder number)"
- (ii) Enter the "password (= postal code)"
- (iii) Click "Log-in"

3. Points of attention

- Participation via the live streaming is not deemed as attendance at the General Meeting of Shareholders under the Companies Act, and you can neither ask questions nor exercise your voting rights on the day.
Please exercise your voting rights via the Internet or in writing (by mail) in advance.
- In consideration of the privacy, etc. of shareholders attending in person, filming of the venue for the live streaming will be limited to the images on screen and the area around officers' seats. However, please note that there may be cases in which shareholders in attendance are unavoidably filmed. We ask for your understanding in advance.
- Communication charges, etc. for viewing are each shareholder's responsibility.

Contact for enquiries concerning live streaming

Please contact the following if you have any concerns.

Shareholder ID (shareholder number) and password (postal code)

Sumitomo Mitsui Trust Bank, Limited

Dedicated phone line for Virtual General Meeting of Shareholders

Support

0120-782-041 (available only in Japan)

Business hours: 9:00 a.m. to 5:00 p.m. (excluding Saturdays, Sundays and national holidays) (JST)

Live streaming (Viewing issues, etc.)

V-cube, Inc.

03-6833-6217

Date and time for inquiries: June 26 (the day of the General Meeting of Shareholders) from 9:00 a.m. to the end of the General Meeting of Shareholders

Acceptance of enquiries in advance

- Please access the dedicated acceptance of questions website from the following URL and enter your question.
- We will accept up to two questions related to the matters that are the purpose of this General Meeting of Shareholders.
- We plan to select matters that are thought to be of a high level of interest to shareholders from among the questions, but please understand that we will not be able to answer individual questions. Of the questions received in advance, those not covered in the General Meeting of Shareholders will be used for future reference.

Website for enquiries in advance <https://7012.ksoukai.jp> (in Japanese)

Deadline of enquiries in advance ► 5:00 p.m. on Wednesday, June 19, 2024

Streaming following the conclusion of the General Meeting of Shareholders

The following URL will be available until July 31, 2024 to stream the day of the General Meeting of Shareholders.

The Company's Website https://www.khi.co.jp/ir/stocks/shareholders_meeting/
(in Japanese)

Reference Documents for the General Meeting of Shareholders Proposals and References

Proposal No. 1: Appropriation of Surplus

The KHI Group considers the improvement of enterprise value, i.e., creating stable profit that exceeds capital costs over the future, as being a fundamental policy, and return of profits to shareholders by enhancing shareholder value over the long term through continuous, advanced research and development and innovative capital investment, which is necessary for future growth, as being an important management issue.

In addition, in order to keep a balance between shareholder value and returning profits to shareholders through dividends, the Company takes its overall financial position into consideration, including free cash flow and debt-equity ratio (net D/E ratio) etc., in addition to future earnings trends, and, with stable dividends in mind, has established 30% as the basis for the medium- to long-term dividend payout ratio with respect to profit attributable to owners of parent.

The Company's basic policy is to distribute dividend surplus twice a year as an interim dividend and a year-end dividend. The Board of Directors determines the amount of the interim dividend and the shareholders determine the year-end dividend at a General Meeting of Shareholders.

Based on the policy above, the year-end dividend for the 201st term will amount to ¥30 per ordinary share of the Company for a total distribution of ¥5,036,337,420. As a result, annual dividend will be ¥50 per ordinary share of the Company, including interim dividend (¥20 per ordinary share of the Company).

In addition, the effective date for the dividends from surplus shall be June 27, 2024.

Type of dividend property	Cash
Dividend per share	¥30
Total amount of dividend	¥5,036,337,420
Effective date of dividends of surplus	June 27, 2024

Proposal No. 2: Election of Eight Directors (except Directors Serving as Audit and Supervisory Committee Members)

The terms of office for all eight Directors (except Directors serving as Audit and Supervisory Committee Members; the same shall apply hereinafter in this proposal) will expire at the closing of this General Meeting of Shareholders. Therefore, we propose to elect eight Directors as follows.

This proposal was determined by the Board of Directors in accordance with “Qualifications Expected of Directors,” which is described on page 36. The Company has obtained a report to the effect that these nominations are appropriate from the Nomination Advisory Committee, which consists mainly of independent outside officers.

[Opinion of the Audit and Supervisory Committee]

The Audit and Supervisory Committee has concluded that the content of the proposal regarding the election of Directors (except Directors serving as Audit and Supervisory Committee Members) is appropriate, having examined whether the criteria for election, etc. has been set appropriately by the Board of Directors and whether deliberation in the Nomination Advisory Committee has been conducted through an appropriate process.

No.	Name	Position	Number of shares held	Years in office	Gender	Attendance at meetings of the Board of Directors
1	Yoshinori Kanehana	Chairman of the Board	53,300 shares	12 years	Male	100%
2	Yasuhiko Hashimoto	President and Chief Executive Officer, Member of the Nomination Advisory Committee and Compensation Advisory Committee	48,100 shares	6 years	Male	100%
3	Katsuya Yamamoto	Senior Corporate Executive Officer, Member of the Nomination Advisory Committee and Compensation Advisory Committee	31,600 shares	7 years	Male	100%
4	Hiroshi Nakatani	Senior Corporate Executive Officer	22,700 shares	4 years	Male	100%
5	Jenifer Rogers	Outside Independent	3,500 shares	6 years	Female	93%
6	Hideo Tsujimura	Member of the Nomination Advisory Committee and Compensation Advisory Committee Outside Independent	900 shares	4 years	Male	100%
7	Katsuhiko Yoshida	Outside Independent	2,700 shares	2 years	Male	100%
8	Melanie Brock	Outside Independent	100 shares	1 year	Female	100%

- (Notes)
1. There is no special interest relationship between each candidate and the Company.
 2. The number of attendances at the Board of Directors meetings for Ms. Melanie Brock is based on her attendance records after she assumed the office of Director on June 28, 2023.
 3. The Company has entered into a Directors and Officers Liability Insurance (D&O Insurance) contract as provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The insurance contract covers damages and court costs that may be incurred by the insured arising from the insured's act in connection with the execution of his or her duties. (However, this excludes damages arising from an act undertaken with the knowledge that such act was in violation of laws and ordinances). If each candidate assumes the office as Director, the candidate will be included as an insured in the contract. The Company plans to renew the insurance policy with the same contents at the next renewal.
 4. The number of shares held includes the number of shares to be granted under the stock compensation plan.
 5. The "Years in office" is the number of years at the conclusion of this Ordinary General Meeting of Shareholders.

No.	Name (Date of Birth) Attendance at meetings of the Board of Directors	Career Summary, Positions and Duties [Significant concurrent positions]	Number of the Company's shares held
1	Yoshinori Kanehana (February 19, 1954) 16/16 (100%)	<p>Apr. 1976 Joined Kawasaki Heavy Industries, Ltd.</p> <p>Jun. 2012 Senior Vice President General Manager, Marketing Division</p> <p>Jun. 2013 Senior Vice President (Representative Director) President, Rolling Stock Company</p> <p>Apr. 2016 Senior Executive Vice President (Representative Director) Assistant to the President</p> <p>Jun. 2016 President (Representative Director)</p> <p>Apr. 2018 Representative Director, President and Chief Executive Officer</p> <p>Jun. 2020 Representative Director, Chairman of the Board</p> <p>Jun. 2021 Chairman of the Board (present)</p> <p>Reasons for nomination as candidate Mr. Kanehana has been mainly engaged in business related to technology and development of the rolling stock segment of the Company and its overseas business for many years. He assumed the office of Senior Vice President of the Company in 2012, Senior Executive Vice President of the Company in April 2016, President of the Company in June 2016, and Chairman of the Board of the Company in 2020. Presently, as Chairman of the Board, he has been demonstrating outstanding leadership, thereby making a significant contribution to the Company's business growth and enhancing its enterprise value. Considering these points, we have determined that he is suitable for a Director and nominated him as a candidate for Director.</p>	53,300 shares (Of which, the number of shares to be granted under the stock compensation plan) (23,000 shares)

No.	Name (Date of Birth) Attendance at meetings of the Board of Directors	Career Summary, Positions and Duties [Significant concurrent positions]	Number of the Company's shares held
2	Yasuhiko Hashimoto (May 15, 1957) 16/16 (100%)	<p>Apr. 1981 Joined Kawasaki Heavy Industries, Ltd.</p> <p>Jun. 2018 Director, Managing Executive Officer President, Precision Machinery & Robot Company, in charge of promoting automation</p> <p>Apr. 2020 Representative Director, Senior Corporate Executive Officer Assistant to the President</p> <p>Jun. 2020 Representative Director, President and Chief Executive Officer (present)</p> <p>[Significant concurrent positions] Chairman of the Board, Medicaroid Corporation</p> <p>Reasons for nomination as candidate Mr. Hashimoto has been mainly engaged in businesses related to technology and development of the industrial robots business unit of the Company for many years. He was appointed Director, Managing Executive Officer in 2018, Director, Senior Corporate Executive Officer of the Company in April 2020 and Director, President and Chief Executive Officer in June 2020. Presently, as Director, President and Chief Executive Officer, he has been demonstrating outstanding leadership, thereby making a significant contribution to the Company's business growth and enhancing its enterprise value. Considering these points, we have determined that he is suitable for a Director and nominated him as a candidate for Director.</p>	48,100 shares (Of which, the number of shares to be granted under the stock compensation plan) (27,600 shares)

No.	Name (Date of Birth) Attendance at meetings of the Board of Directors	Career Summary, Positions and Duties [Significant concurrent positions]	Number of the Company's shares held
3	Katsuya Yamamoto (November 21, 1957) 16/16 (100%)	<p>Apr. 1981 Joined Kawasaki Heavy Industries, Ltd.</p> <p>Jun. 2017 Senior Vice President General Manager, Corporate Planning Division</p> <p>Apr. 2018 Director, Managing Executive Officer General Manager, Corporate Planning Division, in charge of Risk Management</p> <p>Apr. 2019 Director, Managing Executive Officer In charge of Corporate Planning, Investor Relations, Corporate Communication and Ship & Offshore Structure Company, General Manager, Corporate Planning Division</p> <p>Apr. 2020 Representative Director, Senior Corporate Executive Officer Assistant to the President, with overall responsibility for finance and accounting, and human resources, and in charge of Sustainable Development, Investor Relations and Corporate Communication</p> <p>Apr. 2021 Representative Director, Senior Corporate Executive Officer Assistant to the President, with overall responsibility for finance and accounting, and human resources, and in charge of Sustainable Development, Investor Relations and Corporate Communication, and General Manager, Human Resources Division</p> <p>Apr. 2022 Representative Director, Senior Corporate Executive Officer Assistant to the President, in charge of Finance & Accounting, Human Resources, Legal Affairs, Compliance and Corporate Communication, and General Manager, Human Resources Division</p> <p>Apr. 2024 Representative Director, Senior Corporate Executive Officer Assistant to the President, in charge of chief financial officer, Corporate Communication, Planning & Control, and Marketing & External Affairs (present)</p>	31,600 shares (Of which, the number of shares to be granted under the stock compensation plan) (17,200 shares)

		<p>Reasons for nomination as candidate</p> <p>Mr. Yamamoto has been mainly engaged in businesses related to corporate planning and finance & accounting of the plant & infrastructure segment and the precision machinery segment of the Company for many years. He was appointed Senior Vice President of the Company in 2017 and Director, Senior Corporate Executive Officer of the Company in 2020. Presently, assuming the office of Director, Senior Corporate Executive Officer, and Chief Financial Officer, he is in charge of Corporate Communication, Planning & Control, and Marketing & External Affairs, thereby making a significant contribution to the Company's business growth and enhancing its enterprise value. Considering these points, we have determined that he is suitable for a Director and nominated him as a candidate for Director.</p>	
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[Reference]

"Sustainability": This is the sustainability of society and the environment.

No.	Name (Date of Birth) Attendance at meetings of the Board of Directors	Career Summary, Positions and Duties [Significant concurrent positions]	Number of the Company's shares held
4	Hiroshi Nakatani (August 9, 1960) 16/16 (100%)	<p>Apr. 1984 Joined Kawasaki Heavy Industries, Ltd.</p> <p>Apr. 2019 Managing Executive Officer General Manager, Corporate Technology Division, General Manager, Technical Institute, and Group Manager, Manufacturing Improvement Center, in charge of IT Strategy</p> <p>Jun. 2020 Director, Managing Executive Officer In charge of Corporate Planning, Digital Transformation, and Ship & Offshore Structure Company, and General Manager, Corporate Technology Division</p> <p>Apr. 2021 Director, Managing Executive Officer In charge of Corporate Planning, Digital Transformation, and Cyber Security, and General Manager, Corporate Technology Division</p> <p>Apr. 2022 Representative Director, Senior Corporate Executive Officer Assistant to the President, in charge of Technology, Production, Procurement, TQM, General Administration, Digital Transformation (DX) Strategy, and the North America Project Management Task Force, and General Manager, Corporate Technology Division</p> <p>Apr. 2024 Representative Director, Senior Corporate Executive Officer Assistant to the President, in charge of Technology, Production, Procurement, TQM, and Digital Transformation (DX) Strategy (present)</p> <p>Reasons for nomination as candidate Mr. Nakatani has been mainly engaged in businesses related to technical development and planning for many years. He was appointed Director, Managing Executive Officer in 2020 and Director, Senior Corporate Executive Officer of the Company in 2022. Presently, as Director, Senior Corporate Executive Officer, he has an overall responsibility for Technology, Production, Procurement, TQM, and Digital Transformation (DX) Strategy, thereby making a significant contribution to the Company's business growth and enhancing its enterprise value. Considering these points, we have determined that he is suitable for a Director and nominated him as a candidate for Director.</p>	22,700 shares (Of which, the number of shares to be granted under the stock compensation plan) (15,000 shares)

[Reference]

"Digital Transformation" "DX": The reformation of products, services and business models based on the needs of customers and society, which utilizes data and digital technologies, as well as the reformation of business, organization, processes and corporate culture.

"TQM": Total Quality Management

No.	Name (Date of Birth) Attendance at meetings of the Board of Directors	Career Summary, Positions and Duties [Significant concurrent positions]	Number of the Company's shares held
5	(Outside Director Candidate) (Independent Officer) Jenifer Rogers (June 22, 1963) 15/16 (93%)	<p>Sep. 1989 Joined Haight Gardner Poor & Havens (At present: Holland & Knight LLP)</p> <p>Dec. 1990 Registered as Attorney at Law admitted in New York</p> <p>Feb. 1991 Joined Industrial Bank of Japan Limited (At present: Mizuho Bank, Ltd.)</p> <p>Dec. 1994 Joined Merrill Lynch Japan Securities Co., Ltd.</p> <p>Nov. 2000 Merrill Lynch Europe Plc</p> <p>Jul. 2006 Bank of America Merrill Lynch (Hong Kong)</p> <p>Jan. 2012 Bank of America Merrill Lynch (NY)</p> <p>Nov. 2012 General Counsel Asia, Asurion Asia Pacific Limited (Hong Kong)</p> <p>Nov. 2014 General Counsel Asia, Asurion Japan Holdings G.K. (present)</p> <p>Jun. 2015 Outside Director, Mitsui & Co., Ltd.</p> <p>Jun. 2018 Outside Director, Kawasaki Heavy Industries, Ltd. (present)</p> <p>Jun. 2019 Outside Director, Nissan Motor Co., Ltd.</p> <p>Jan. 2021 President, American Chamber of Commerce in Japan</p> <p>May 2022 Outside Director, Seven & i Holdings Co., Ltd. (present)</p> <p>Jun. 2023 Outside Director, Sumitomo Mitsui Financial Group, Inc. (present)</p> <p>[Significant concurrent positions] General Counsel Asia, Asurion Japan Holdings G.K. Outside Director, Seven & i Holdings Co., Ltd. Outside Director, Sumitomo Mitsui Financial Group, Inc.</p> <p>Policies regarding independence Ms. Rogers satisfies the independence standards specified by the Company, and the Company has submitted notification to Tokyo Stock Exchange, Inc. that she has been appointed as Independent Officer as provided for by the aforementioned exchange.</p> <p>Reasons for nomination as candidate and outline of expected role Ms. Rogers served as an in-house lawyer and counsel at financial institutions in Japan and overseas for many years. Since 2018, as Outside Director of the Company, we have received helpful opinions and advice on important management decisions based on her extensive international experience and deep insights into legal affairs, compliance, and risk management cultivated in those positions from a standpoint independent from the Company's execution of duties. Considering these points, we have expected her to continue to provide supervision leveraging her expertise and knowledge and nominated her as a candidate for Outside Director.</p>	3,500 shares

- (Notes)
1. She is a candidate for Outside Director.
 2. Her tenure as Outside Director of the Company will have been six years at the conclusion of this Ordinary General Meeting of Shareholders.
 3. She has entered into a limited liability agreement pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act with the Company, and the liability under said agreement shall be limited to either an amount of ¥10 million, or an amount specified by laws and regulations, whichever is higher. The Company will extend the above agreement with her after her election.

No.	Name (Date of Birth) Attendance at meetings of the Board of Directors	Career Summary, Positions and Duties [Significant concurrent positions]	Number of the Company's shares held
6	(Outside Director Candidate) (Independent Officer) Hideo Tsujimura (June 6, 1954) 16/16 (100%)	<p>Apr. 1980 Joined Suntory Limited</p> <p>Mar. 2004 Director, Suntory Limited</p> <p>Apr. 2009 Managing Executive Officer, Suntory Holdings Limited General Manager, R&D Planning Division, in charge of Intellectual Property Department</p> <p>Mar. 2015 Senior Managing Director, Suntory Holdings Limited Representative Director, President & Chief Executive Officer, Suntory Business Expert Limited</p> <p>Apr. 2015 Senior Managing Director, in charge of Intellectual Property Department and R&D Division, Suntory Holdings Limited</p> <p>Mar. 2017 Director, Executive Vice President, Suntory Beverage & Food Limited</p> <p>Apr. 2017 Director, Executive Vice President, Chief Operating Officer, MONOZUKURI Division and Senior General Manager, Research & Development Department, Suntory Beverage & Food Limited</p> <p>Apr. 2020 Full-time Advisor, Suntory Holdings Limited Chairman, Suntory Foundation for Life Sciences</p> <p>Jun. 2020 Outside Director, Kawasaki Heavy Industries, Ltd. (present)</p> <p>Policies regarding independence Mr. Tsujimura satisfies the independence standards specified by the Company, and the Company has submitted notification to Tokyo Stock Exchange, Inc. that he has been appointed as Independent Officer as provided for by the aforementioned exchange.</p> <p>Reasons for nomination as candidate and outline of expected role 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 Intellectual Property Department and R&D Division of Suntory Holdings Limited, Representative Director, President & Chief Executive Officer of Suntory Business Expert Limited, as well as Director, Executive Vice President, Chief Operating Officer, MONOZUKURI Division and Senior General Manager, Research & Development Department of Suntory Beverage & Food Limited and other important positions. Since 2020, as Outside Director of the Company, we have received helpful opinions and advice on important management decisions based on such extensive management experience and deep insights into product development and intellectual property from a standpoint independent from the Company's execution of duties. Considering these points, we have expected him to continue to provide supervision leveraging his expertise and knowledge and nominated him as a candidate for Outside Director.</p>	900 shares

- (Notes)
1. He is a candidate for Outside Director.
 2. His tenure as Outside Director of the Company will have been four years at the conclusion of this Ordinary General Meeting of Shareholders.
 3. He has entered into a limited liability agreement pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act with the Company, and the liability under said agreement shall be limited to either an amount of ¥10 million, or an amount specified by laws and regulations, whichever is higher. The Company will extend the above agreement with him after his election.
 4. Although Suntory Beverage & Food Limited, where the candidate served as a managing officer in the past, is not a business partner of the Company, the KHI Group has a track record of transactions with the Group of Suntory Beverage & Food Limited and the KHI Group. However, the annual average transactions between the Group of Suntory Beverage & Food Limited and the KHI Group for the most recent five fiscal years account for less than 1% of the annual average net sales each for the said Group and the KHI Group over the corresponding period, and the "Independence Standards for Officers" specified by the Company are satisfied. Consequently, we have determined that there is no issue as to the independence of the candidate and he will be able to fulfil his role as an Independent Officer.

No.	Name (Date of Birth) Attendance at meetings of the Board of Directors	Career Summary, Positions and Duties [Significant concurrent positions]	Number of the Company's shares held
7	(Outside Director Candidate) (Independent Officer) Katsuhiko Yoshida (April 5, 1954) 16/16 (100%)	<p>Apr. 1979 Joined Kao Soap Co., Ltd. (At present: Kao Corporation)</p> <p>Mar. 2014 Representative Director, Managing Executive Officer, with overall responsibility for Consumer Products Business Department, in charge of Kao Professional Services Company, Ltd., Kao Corporation</p> <p>Mar. 2015 Representative Director, Senior Managing Executive Officer, with overall responsibility for Consumer Products Business Department, in charge of Kao Professional Services Company, Ltd., Kao Corporation</p> <p>Jan. 2017 Representative Director, Senior Managing Executive Officer, with overall responsibility for Consumer Products Business Department, in charge of Kao Professional Services Company, Ltd., with overall responsibility for Marketing Development Department, Kao Corporation</p> <p>Jun. 2022 Outside Director, Citizen Watch Co., Ltd. (present) Outside Director, Kawasaki Heavy Industries, Ltd. (present)</p> <p>[Significant concurrent positions] Outside Director, Citizen Watch Co., Ltd.</p> <p>Policies regarding independence Mr. Yoshida satisfies the independence standards specified by the Company, and the Company has submitted notification to Tokyo Stock Exchange, Inc. that he has been appointed as Independent Officer as provided for by the aforementioned exchange.</p> <p>Reasons for nomination as candidate and outline of expected role 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. Since 2022, as Outside Director of the Company, he has provided helpful opinions and advice on important management decisions based on his extensive management experience, and his deep insights into sales and marketing, from a standpoint independent from the Company's execution of duties. Considering these points, we have expected him to continue to provide supervision leveraging his expertise and knowledge and nominated him as a candidate for Outside Director.</p>	2,700 shares

- (Notes)
1. He is a candidate for Outside Director.
 2. His tenure as Outside Director of the Company will have been two years at the conclusion of this Ordinary General Meeting of Shareholders.
 3. He has entered into a limited liability agreement pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act with the Company, and the liability under said agreement shall be limited to either an amount of ¥10 million, or an amount specified by laws and regulations, whichever is higher. The Company will extend the above agreement with him after his election.
 4. Although Kao Corporation, where the candidate served as a managing officer in the past, is not a business partner of the Company, the KHI Group has a track record of transactions with the Group of Kao Corporation and the KHI Group. However, the annual average transactions between the Group of Kao Corporation and the KHI Group for the most recent five fiscal years account for less than 1% of the annual average net sales each for the said Group and the KHI Group over the corresponding period, and the “Independence Standards for Officers” specified by the Company are satisfied. Consequently, we have determined that there is no issue as to the independence of the candidate and he will be able to fulfil his role as an Independent Officer.

No.	Name (Date of Birth) Attendance at meetings of the Board of Directors	Career Summary, Positions and Duties [Significant concurrent positions]	Number of the Company's shares held
8	(Outside Director Candidate) (Independent Officer) Melanie Brock (April 10, 1964) 13/13 (100%)	<p>Mar. 2003 CEO, AGENDA Ltd. (At present: Melanie Brock Advisory Ltd.) (present)</p> <p>Mar. 2010 Board Member, Australia-Japan Foundation</p> <p>Apr. 2010 Board Member, Australia-Japan Business Co-operation Committee (present) Chair, Australian and New Zealand Chamber of Commerce in Japan (ANZCCJ)</p> <p>Oct. 2010 Regional Manager - Japan, Meat & Livestock Australia (MLA)</p> <p>Dec. 2012 Chair, Australian Business Asia (ABA)</p> <p>Nov. 2016 Chair Emeritus, Australian and New Zealand Chamber of Commerce in Japan (ANZCCJ) (present)</p> <p>Jun. 2019 Outside Director, SEGA SAMMY HOLDINGS INC. (present)</p> <p>Jul. 2019 Board Member, Australia-Japan Research Centre (AJRC) (present)</p> <p>Jun. 2022 Outside Director, Mitsubishi Estate Co., Ltd. (present)</p> <p>Jun. 2023 Outside Director, Kawasaki Heavy Industries, Ltd. (present)</p> <p>Mar. 2024 Outside Director, Asahi Group Holdings, Ltd. (present)</p> <p>[Significant concurrent positions] CEO, Melanie Brock Advisory Ltd. Outside Director, SEGA SAMMY HOLDINGS INC. Outside Director, Mitsubishi Estate Co., Ltd. Outside Director, Asahi Group Holdings, Ltd.</p> <p>Policies regarding independence Ms. Brock satisfies the independence standards specified by the Company, and the Company has submitted notification to Tokyo Stock Exchange, Inc. that she has been appointed as Independent Officer as provided for by the aforementioned exchange.</p> <p>Reasons for nomination as candidate and outline of expected role Ms. Brock has been involved in international business support for many years. Since 2023, as Outside Director of the Company, she has provided helpful opinions and advice on important management decisions from a standpoint from the Company's execution of duties and based on her extensive international experience as well as deep insights into business strategy and marketing from a global perspective. Considering these points, we have expected her to continue to provide supervision leveraging her expertise and knowledge and nominated her as a candidate for Outside Director.</p>	100 shares

- (Notes)
1. She is a candidate for Outside Director.
 2. Her tenure as Outside Director of the Company will have been one year at the conclusion of this Ordinary General Meeting of Shareholders.
 3. She has entered into a limited liability agreement pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act with the Company, and the liability under said agreement shall be limited to either an amount of ¥10 million, or an amount specified by laws and regulations, whichever is higher. The Company will extend the above agreement with her after her election.
 4. The Company has concluded a consulting agreement with Melanie Brock Advisory Ltd., at which the candidate currently serves as CEO, but the annual consulting fee is ¥10 million or less, and the "Independence Standards for Officers" specified by the Company are satisfied. Consequently, we have determined that there is no issue as to the independence of the candidate and she will be able to fulfil her role as an Independent Officer.

Proposal No. 3: Election of Five Directors Serving as Audit and Supervisory Committee Members

The terms of office for all five Directors serving as Audit and Supervisory Committee Members will expire at the closing of this General Meeting of Shareholders. Therefore, we propose to elect five Directors serving as Audit and Supervisory Committee Members as follows. This proposal was determined by the Board of Directors in accordance with "Qualifications Expected of Directors," which is described on page 36. The Company has obtained a report to the effect that these nominations are appropriate from the Nomination Advisory Committee, which consists mainly of independent outside officers, and the consent of the Audit & Supervisory Committee.

No.	Name	Position	Number of shares held	Years in office	Gender	Attendance	
						Meetings of the Board of Directors	Meetings of the Audit and Supervisory Committee
1	Nobuhisa Kato		7,300 shares	2 years	Male	100%	93%
2	Atsuko Kakahara	Executive Officer in charge of special mission assigned by the President New	6,400 shares	-	Female	-	-
3	Atsuko Ishii	Member of the Nomination Advisory Committee and Compensation Advisory Committee Outside Independent	900 shares	4 years	Female	100%	100%
4	Susumu Tsukui	Outside Independent	700 shares	2 years	Male	100%	100%
5	Tomoko Amaya	New Outside Independent	-	-	Female	-	-

- (Notes)
1. There is no special interest relationship between each candidate and the Company.
 2. The Company has entered into a Directors and Officers Liability Insurance (D&O Insurance) contract as provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The insurance contract covers damages and court costs that may be incurred by the insured arising from the insured's act in connection with the execution of his or her duties. (However, this excludes damages arising from an act undertaken with the knowledge that such act was in violation of laws and ordinances). If each candidate assumes the office as Director serving as Audit and Supervisory Committee Member, the candidate will be included as an insured in the contract. The Company plans to renew the insurance policy with the same contents at the next renewal.
 3. The number of shares held includes the number of shares to be granted under the stock compensation plan.
 4. The "Years in office" is the number of years at the conclusion of this Ordinary General Meeting of Shareholders.

No.	Name (Date of Birth)	Career Summary, Positions and Duties [Significant concurrent positions]	Number of the Company's shares held
1	Nobuhisa Kato (June 1, 1960) Attendance at meetings of the Board of Directors 16/16 (100%) Attendance at meetings of the Audit and Supervisory Committee 14/15 (93%)	Apr. 1983 Joined Kawasaki Heavy Industries, Ltd. Apr. 2017 Executive Officer General Manager, Finance & Accounting Division Apr. 2019 Executive Officer General Manager, Finance & Control Division Apr. 2022 Executive Officer in charge of special mission assigned by the President Jun. 2022 Director, Full-time Audit and Supervisory Committee Member (present) Reasons for nomination as candidate Mr. Kato has been engaged in businesses related to finance & accounting and control of the Company. He was appointed Executive Officer of the Company in 2017 and Director, Audit and Supervisory Committee Member of the Company in 2022. Presently, as Full-time Audit & Supervisory Committee Member of the Company, he has made a significant contribution to ensuring the soundness of the Company's management and enhancing its enterprise value. Considering these points, we have determined that he is suitable for a Director serving as Audit and Supervisory Committee Member and nominated him as a candidate for Director serving as Audit and Supervisory Committee Member.	7,300 shares (Of which, the number of shares to be granted under the stock compensation plan) (1,600 shares)

(Note) He has entered into a limited liability agreement pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act with the Company, and the liability under said agreement shall be limited to either an amount of ¥10 million, or an amount specified by laws and regulations, whichever is higher. The Company will extend the above agreement with him after his election.

No.	Name (Date of Birth)	Career Summary, Positions and Duties [Significant concurrent positions]	Number of the Company's shares held
2	(Newly- appointed) Atsuko Kakahara (June 28, 1962) Attendance at meetings of the Board of Directors -/- (-%) Attendance at meetings of the Audit and Supervisory Committee -/- (-%)	Apr. 1985 Joined Kawasaki Heavy Industries, Ltd. Aug. 2017 Senior Manager, Market Research Department, Marketing Division Apr. 2020 Executive Officer General Manager, Sustainable Development Division Apr. 2022 Executive Officer General Manager, Marketing Division Jul. 2023 Executive Officer General Manager, Marketing & External Affairs Division Apr. 2024 Executive Officer in charge of special mission assigned by the President (present) Reasons for nomination as candidate Ms. Kakahara has been mainly engaged in businesses related to marketing, legal affairs, compliance, and sustainability of the Company for many years. She was appointed Executive Officer of the Company in 2020. Presently, as the person in charge of special mission assigned by the President, she has made a significant contribution to ensuring the soundness of the Company's management and enhancing its enterprise value. Considering these points, we have determined that she is suitable for a Director serving as Audit and Supervisory Committee Member and nominated her as a candidate for Director serving as Audit and Supervisory Committee Member.	6,400 shares (Of which, the number of shares to be granted under the stock compensation plan) (3,400 shares)

(Note) If the election of the candidate is approved and adopted, the Company will enter into a limited liability agreement pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act with the candidate. The liability under said agreement shall be limited to either an amount of ¥10 million, or an amount specified by laws and regulations, whichever is higher.

No.	Name (Date of Birth)	Career Summary, Positions and Duties [Significant concurrent positions]	Number of the Company's shares held
3	(Outside Director Candidate) (Independent Officer) Atsuko Ishii (November 17, 1957) Attendance at meetings of the Board of Directors 16/16 (100%) Attendance at meetings of the Audit and Supervisory Committee 15/15 (100%)	Apr. 1980 Joined Ministry of Labour (At present: Ministry of Health, Labour and Welfare) Jul. 2009 Director-General, Osaka Labour Bureau, Ministry of Health, Labour and Welfare Jul. 2010 Deputy Director-General (in charge of equal employment, child and family policy, and measures for declining birthrate), Ministry of Health, Labour and Welfare Sep. 2012 Director-General, Equal Employment, Child and Family Policy Bureau, Ministry of Health, Labour and Welfare Jul. 2014 Director-General for General Policy and Evaluation (in charge of labor), Ministry of Health, Labour and Welfare Oct. 2015 Director-General, Social Welfare and War Victims' Relief Bureau, Ministry of Health, Labour and Welfare Jun. 2017 Outside Audit & Supervisory Board Member, Kawasaki Heavy Industries, Ltd. Jun. 2017 Outside Audit & Supervisory Board Member, Mitsui Sumitomo Insurance Company, Limited Jun. 2019 Outside Director, NS Solutions Corporation Jun. 2020 Outside Director, Audit & Supervisory Committee Member, Kawasaki Heavy Industries, Ltd. (present) Jun. 2021 Outside Director, Mitsui Sumitomo Insurance Company, Limited (present) Mar. 2024 Outside Director, Kinjiro Co.,Ltd. (present)	900 shares
		[Significant concurrent positions] Outside Director, Mitsui Sumitomo Insurance Company, Limited Outside Director, Kinjiro Co.,Ltd.	
		Policies regarding independence Ms. Ishii satisfies the independence standards specified by the Company, and the Company has submitted notification to Tokyo Stock Exchange, Inc. that she has been appointed as Independent Officer as provided for by the aforementioned exchange.	

	<p>Reasons for nomination as candidate and outline of expected role</p> <p>Ms. Ishii has never involved in the management of a company, except as an outside officer. However, she served in the Ministry of Health, Labour and Welfare as Director-General of Osaka Labour Bureau, Deputy Director-General, Director-General of Equal Employment, Child and Family Policy Bureau, Director-General for General Policy and Evaluation, and Director-General of Social Welfare and War Victims' Relief Bureau, and other important positions. She was appointed Outside Audit & Supervisory Board Member of the Company in 2017 and Outside Director, Audit & Supervisory Committee Member of the Company in 2020. Ms. Ishii has made a significant contribution to ensuring the soundness of the Company's management and enhancing its enterprise value based on her abundant experience and deep insight on labor administration. Considering these points, we have expected her to continue to provide supervision leveraging her expertise and knowledge and nominated her as a candidate for Outside Director serving as Audit and Supervisory Committee Member.</p>	
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- (Notes)
1. She is a candidate for Outside Director.
 2. Her tenure as Outside Director, Audit & Supervisory Committee Member will have been four years at the conclusion of this Ordinary General Meeting of Shareholders.
 3. She has entered into a limited liability agreement pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act with the Company, and the liability under said agreement shall be limited to either an amount of ¥10 million, or an amount specified by laws and regulations, whichever is higher. The Company will extend the above agreement with her after her election.

No.	Name (Date of Birth)	Career Summary, Positions and Duties [Significant concurrent positions]	Number of the Company's shares held
4	(Outside Director Candidate) (Independent Officer) Susumu Tsukui (May 3, 1969) Attendance at meetings of the Board of Directors 16/16 (100%) Attendance at meetings of the Audit and Supervisory Committee 15/15 (100%)	<p>Apr. 1995 Admitted to the Bar in Japan Joined Kobe-Kaito Law Office</p> <p>Apr. 1999 Joined Law Office ASHIYA</p> <p>Apr. 2002 Established Ashiya Nishinomiya Citizen Law Office Managing Partner, Ashiya Nishinomiya Citizen Law Office (present)</p> <p>Apr. 2006 Vice President, Hyogo-ken Bar Association</p> <p>Apr. 2021 President, Hyogo-ken Bar Association</p> <p>Jun. 2022 Outside Director, Audit & Supervisory Committee Member, Kawasaki Heavy Industries, Ltd. (present)</p> <p>Policies regarding independence Mr. Tsukui satisfies the independence standards specified by the Company, and the Company has submitted notification to Tokyo Stock Exchange, Inc. that he has been appointed as Independent Officer as provided for by the aforementioned exchange.</p> <p>Reasons for nomination as candidate and outline of expected role Mr. Tsukui has never involved in the management of a company, except as an outside officer. However, he served as President of the Hyogo-ken Bar Association and other important positions. He was appointed Outside Director, Audit & Supervisory Committee Member of the Company in 2022. Mr. Tsukui has made a significant contribution to ensuring the soundness of the Company's management and enhancing its enterprise value based on his abundant experience and deep insight into legal affairs as an attorney. Considering these points, we have expected him to continue to provide supervision leveraging his expertise and knowledge and nominated him as a candidate for Outside Director serving as Audit and Supervisory Committee Member.</p>	700 shares

- (Notes)
1. He is a candidate for Outside Director.
 2. His tenure as Outside Director, Audit & Supervisory Committee Member will have been two years at the conclusion of this Ordinary General Meeting of Shareholders.
 3. He has entered into a limited liability agreement pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act with the Company, and the liability under said agreement shall be limited to either an amount of ¥10 million, or an amount specified by laws and regulations, whichever is higher. The Company will extend the above agreement with him after his election.

No.	Name (Date of Birth)	Career Summary, Positions and Duties [Significant concurrent positions]	Number of the Company's shares held
5	<p>(Newly-appointed) (Outside Director Candidate) (Independent Officer)</p> <p>Tomoko Amaya (June 8, 1963)</p> <p>Attendance at meetings of the Board of Directors -/- (-%)</p> <p>Attendance at meetings of the Audit and Supervisory Committee -/- (-%)</p>	<p>Apr. 1986 Joined Ministry of Finance</p> <p>Jul. 2015 Deputy Director-General, Planning and Coordination Bureau (in charge of Inspection Bureau) and Secretary-General, Executive Bureau, Certified Public Accountants and Auditing Oversight Board, Financial Services Agency</p> <p>Jul. 2017 Deputy Secretary-General, Executive Bureau, Securities and Exchange Surveillance Commission</p> <p>Jul. 2019 Deputy Commissioner, Strategy Development and Management Bureau (in charge of International Affairs and Supervision Bureau)</p> <p>Apr. 2020 Vice Commissioner for International Affairs, Strategy Development and Management Bureau</p> <p>Jul. 2021 Vice Minister for International Affairs</p> <hr/> <p>Policies regarding independence Ms. Amaya satisfies the independence standards specified by the Company, and the Company will submit notification to Tokyo Stock Exchange, Inc. that she has been appointed as Independent Officer as provided for by the aforementioned exchange.</p> <hr/> <p>Reasons for nomination as candidate and outline of expected role Ms. Amaya has never been involved in the management of a company, except as an outside officer. However, she has deep insights into financial supervision and international financial regulations, having served in various important positions at the Financial Services Agency, such as Deputy Director-General of the Planning and Coordination Bureau, Secretary-General of Executive Bureau of the Certified Public Accountants and Auditing Oversight Board, Deputy Secretary-General of Executive Bureau of the Securities and Exchange Surveillance Commission, Vice Commissioner for International Affairs of Strategy Development and Management Bureau, and Vice Minister for International Affairs. Considering these points, we have expected her to provide supervision leveraging her expertise and knowledge and newly nominated her as a candidate for Outside Director serving as Audit and Supervisory Committee Member.</p>	- shares

- (Notes)
1. She is a candidate for Outside Director.
 2. If the election of the candidate is approved and adopted, the Company will enter into a limited liability agreement pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act with the candidate. The liability under said agreement shall be limited to either an amount of ¥10 million, or an amount specified by laws and regulations, whichever is higher.

Proposal No. 4: Election of One Substitute Director Serving as Audit and Supervisory Committee Member

We propose to elect one substitute Director serving as Audit and Supervisory Committee Member as follows to prepare for a contingency in which the Company does not have the number of Directors serving as Audit and Supervisory Committee Members required by laws and regulations. This proposal was determined by the Board of Directors in accordance with "Qualifications Expected of Directors," which is described on page 36. The Company has obtained a report to the effect that this nomination is appropriate from the Nomination Advisory Committee, which consists mainly of independent outside officers, and the consent of the Audit & Supervisory Committee.

Name (Date of Birth)	Carrier Summary and Positions	Number of the Company's shares held
(Outside Director Candidate) (Independent Officer) Yuka Hada (November 11, 1968)	Apr. 1999 Admitted to the Bar in Japan Joined Kobe-Kaito Law Office Jan. 2004 Partner, Kobe-Kaito Law Office Jun. 2004 Financial Securities Inspector, Kinki Local Finance Bureau, Ministry of Finance Apr. 2012 Established H&S Law Office Attorney at Law, H&S Law Office (present) Apr. 2012 Vice President, Hyogo-ken Bar Association Jun. 2015 Unaffiliated Director, Audit and Supervisory Committee Member, The Hanshin Diesel Works, Ltd. (present) Jun. 2020 Outside Director, Audit & Supervisory Committee Member, LIFEDRINK COMPANY, INC. (present)	200 shares
	[Significant concurrent positions] Unaffiliated Director, Audit and Supervisory Committee Member, The Hanshin Diesel Works, Ltd. Outside Director, Audit & Supervisory Committee Member, LIFEDRINK COMPANY, INC.	
	Policies regarding independence Ms. Hada satisfies the requirements of the independence standards stipulated by the Company. Should she be appointed Director serving as Audit and Supervisory Committee Member, the Company will submit notification to Tokyo Stock Exchange, Inc. that she is appointed as Independent Officer as provided for by the aforementioned exchange.	
	Reasons for nomination as candidate and outline of expected role Ms. Hada has never been involved in the management of a company, except as an outside officer. However, she has extensive experience and deep insights into legal affairs as an attorney, having served as Vice President of Hyogo-ken Bar Association and other important positions. She was elected substitute Outside Director serving as Audit and Supervisory Committee Member in 2022. Considering these points, we have expected that she will be able to fully fulfil her role of auditing the Company from an independent position in the case of a contingency in which the Company does not have the number of Directors serving as Audit and Supervisory Committee Members required by laws and regulations, and nominated her as a candidate for substitute Outside Director serving as Audit and Supervisory Committee Member.	

- (Notes)
1. She is a candidate for substitute Outside Director serving as Audit and Supervisory Committee Member.
 2. The registered name of the candidate is Yuka Suzuki.
 3. There is no special interest relationship between the candidate and the Company.
 4. The Company has entered into a Directors and Officers Liability Insurance (D&O Insurance) contract as provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The insurance contract covers damages and court costs that may be incurred by the insured arising from the insured's act in connection with the execution of his or her duties. (However, this excludes damages arising from an act undertaken with the knowledge that such act was in violation of laws and ordinances). If the candidate assumes the office as Director serving as Audit and Supervisory Committee Member, the candidate will be included as an insured in the policy.
 5. Should the candidate be appointed Director serving as Audit and Supervisory Committee Member, the Company will enter into a limited liability agreement pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act with the candidate. The liability under said agreement shall be limited to either an amount of ¥10 million, or an amount specified by laws and regulations, whichever is higher.

Reference

[Skill Matrix if Proposal No. 2 and Proposal No. 3 are approved]

Position at the Company and Name	Expected Areas							Required Experience			
	Business Strategy	Governance	Finance / Accounting	Human Resources / Organizational Management	Manufacturing (Technology / Development / Production / Quality)	Sales / Marketing	IT / DX / Security	Corporate Management	Global	Legal Affairs / Government	Finance / Research / Institutions
Chairman of the Board Yoshinori Kanehana	●	●			●	●		●	●		
Representative Director, President and Chief Executive Officer Yasuhiko Hashimoto	●	●		●	●	●	●	●	●		
Representative Director, Senior Corporate Executive Officer Katsuya Yamamoto	●	●	●	●				●	●		
Representative Director, Senior Corporate Executive Officer Hiroshi Nakatani	●	●			●		●	●			●
Outside Director Jenifer Rogers	●	●	●						●	●	●
Outside Director Hideo Tsujimura	●	●		●	●	●		●	●		
Outside Director Katsuhiko Yoshida	●	●				●		●			
Outside Director Melanie Brock	●	●				●			●		
Director, Full-time Audit and Supervisory Committee Member Nobuhisa Kato	●	●	●					●	●		

Position at the Company and Name	Expected Areas							Required Experience			
	Business Strategy	Governance	Finance / Accounting	Human Resources / Organizational Management	Manufacturing (Technology / Development / Production / Quality)	Sales / Marketing	IT / DX / Security	Corporate Management	Global	Legal Affairs / Government	Finance / Research / Institutions
Director, Full-time Audit and Supervisory Committee Member Atsuko Kakahara	●	●				●			●		
Outside Director, Audit and Supervisory Committee Member Atsuko Ishii	●	●		●						●	
Outside Director, Audit and Supervisory Committee Member Susumu Tsukui	●	●								●	
Outside Director, Audit and Supervisory Committee Member Tomoko Amaya	●	●	●							●	●

[Qualifications Expected of Directors]

1. Deeply understand and agree to the management philosophy and vision of the KHI Group
2. Be able to contribute to sustainable growth and enhancement of enterprise value in the medium- to long-term
3. Hold companywide standpoints and have abundant and broad experience, deep insight and expertise to do so
4. Be able to supervise the management and execution of business operations from an independent and objective standpoint as a member of the Board of Directors
5. Be able to exercise one's authority in an active and positive manner, or properly express one's opinions to the Board of Directors or the management

* Directors serving as Audit and Supervisory Committee Members must be familiar with the Company's business or have deep insight and expertise in corporate management, legal affairs, finance and accounting, administration and other fields from the perspective of ensuring the effectiveness of audits. At least one Director serving as Audit and Supervisory Committee Member must have substantial knowledge about finance and accounting.

[Independence Standards for Officers]

When the Outside Officer does not fall under all the following items, Outside Officer is deemed to satisfy the independence requirements:

1. The Outside Officer presently serves or previously served in the last ten years as an executive director, executive officer, operating officer or other important employee of a company (including major subsidiaries designated by the Company) (hereinafter, the "Home Company") that has a business relationship with the KHI Group, where the average amount of transaction from the said business for the last five fiscal years exceeds 2% of average net sales of the KHI Group and the Home Company.
2. The Outside Officer serves as a specialist or consultant (corporation if it has judicial personality) of legal, accounting or tax affairs and the average remuneration directly received from the KHI Group (excluding remuneration for the Company's officer) for the last five fiscal years exceeds ¥10 million.
3. The Outside Officer serves as executive officer of a non-profit organization and the average donations from the KHI Group to the organization for the last five fiscal years exceeds ¥10 million and exceeds 2% of the total revenue or the current balance of the organization.
4. Home Company of the Outside Officer is a major shareholder of the Company as it holds 10% or more of total number of shares issued in KHI.
5. A relative of the Outside Officer within the second degree falls under the preceding four items or serves as executive director, executive officer, operating officer or other important employee of the KHI Group.

End

Business Report

(April 1, 2023 - March 31, 2024)

1. Overview concerning the Current Situation of Company Group

(1) Business Progress and Results

(i) General conditions

The overall orders received of the KHI Group on a consolidated basis for the fiscal year under review increased due to an increase in orders in the Aerospace Systems segment, etc., despite decreases in orders in segments such as the Rolling Stock and Precision Machinery & Robot segments. Overall consolidated revenue increased compared to the previous fiscal year due to sales growth in segments such as the Rolling Stock segment and Aerospace Systems segment.

As for profit, business profit decreased compared to the previous fiscal year as a result of deterioration in segments such as Aerospace Systems, Powersports & Engine, and Precision Machinery & Robot, despite an increase in profits in the Energy Solution & Marine Engineering segment, etc. Profit attributable to owners of parent decreased due to decreased business profit.

As a result, consolidated orders received increased ¥45.9 billion from the previous fiscal year to ¥2,083.4 billion, consolidated revenue increased ¥123.6 billion from the previous fiscal year to ¥1,849.2 billion, and business profit decreased ¥36.1 billion from the previous fiscal year to ¥46.2 billion. Profit attributable to owners of the parent decreased ¥27.6 billion from the previous fiscal year to ¥25.3 billion.

(ii) Operating conditions by business segment

Aerospace Systems segment

In the Aerospace Systems segment, orders received increased ¥347.0 billion from the previous fiscal year to ¥692.6 billion, mainly due to increased orders for Japan's Ministry of Defense (MOD) and for component parts for commercial aircraft.

Revenue increased ¥47.3 billion from the previous fiscal year to ¥396.1 billion due to an increase of components manufactured for MOD and commercial aircraft and of components manufactured for commercial aircraft jet engines, despite a lump-sum recording of losses related to operational issues with commercial aircraft jet engines.

Business loss came to ¥15.0 billion, deteriorating ¥29.8 billion from the previous fiscal year due to a one-time loss related to operational problems with commercial aircraft jet engines, despite increased profit due to increased sales for component parts for MOD and commercial aircraft.

Rolling Stock segment

In the Rolling Stock segment, orders received were ¥88.7 billion, which was a decrease of ¥224.4 billion from the previous fiscal year when the Company received large-scale project orders mainly with the New York City Transit Authority for a new subway train.

Revenue increased ¥64.0 billion from the previous fiscal year to ¥195.9 billion, mainly due to an increase in sales of rolling stock for the US market despite a decrease in sales of rolling stock to the Japanese market.

Business profit came to ¥3.7 billion, increasing ¥2.3 billion from the previous fiscal year mainly due to increased profits from greater sales despite reduced operations in Japan.

Energy Solution & Marine Engineering segment

In the Energy Solution & Marine Engineering segment, orders received were ¥401.6 billion, which was a decrease of ¥37.3 billion from the previous fiscal year when there were significant orders for LPG/ammonia carriers, despite an increase in orders for naval vessel equipment from the MOD and domestic waste incinerator equipment.

Revenue increased ¥38.6 billion from the previous fiscal year to ¥353.2 billion, mainly due to the energy sector and the ship & offshore structure sector, focused on LPG/ammonia carriers.

Business profit amounted to ¥31.9 billion, an increase of ¥28.0 billion from the previous fiscal year, due to increased profit of entities accounted for using the equity method in the ship & offshore structure sector and increased profit from greater sales in the energy sector.

Precision Machinery & Robot segment

In the Precision Machinery & Robot segment, orders received were ¥213.3 billion, a decrease of ¥48.6 billion from the previous fiscal year, due to a decrease in hydraulic components for the Chinese construction machinery market and general industrial robots.

Revenue was ¥227.9 billion, a decrease of ¥24.7 billion from the previous fiscal year, due to a decrease in hydraulic components and general industrial robots for the Chinese construction machinery market.

Business loss came to ¥1.9 billion, deteriorating ¥10.7 billion from the previous fiscal year, mainly due to the decrease in revenue and impact of reduced operations.

Powersports & Engine segment

In the Powersports & Engine segment, revenue was ¥592.4 billion, the same level as the previous fiscal year, due to decreases in motorcycles for China and

Southeast Asia and in general-purpose engines, despite an increase in four-wheeled vehicles for North America and motorcycles for Europe.

Business profit came to ¥48.0 billion, a decrease of ¥23.4 billion from the previous fiscal year, due to an increase in fixed costs and the recording of recall-related expenses for four-wheeled vehicles for the U.S.

(Note) The figure for orders received for Powersports & Engine segment is presented as the same figure for revenue since the segment mainly engages in make-to-stock production.

Others segment

In the Others segment, revenue decreased ¥2.8 billion from the previous fiscal year to ¥83.5 billion.

Business profit came to ¥1.1 billion, improving ¥2.9 billion from the previous fiscal year.

Reference

i) Orders received, revenue and business profit/loss by segment

(Billions of yen)

Segment	Orders received		Revenue		Business profit/loss	
	Amount	Year-on-Year Change	Amount	Year-on-Year Change	Amount	Year-on-Year Change
Aerospace Systems segment	692.6	347.0	396.1	47.3	(15.0)	(29.8)
Rolling Stock segment	88.7	(224.4)	195.9	64.0	3.7	2.3
Energy Solution & Marine Engineering segment	401.6	(37.3)	353.2	38.6	31.9	28.0
Precision Machinery & Robot segment	213.3	(48.6)	227.9	(24.7)	(1.9)	(10.7)
Powersports & Engine segment	592.4	1.2	592.4	1.2	48.0	(23.4)
Others segment	94.5	8.1	83.5	(2.8)	1.1	2.9
Adjustment	-	-	-	-	(21.7)	(5.4)
Total	2,083.4	45.9	1,849.2	123.6	46.2	(36.1)

- (Notes) 1. Revenue recorded is for revenue from external customers.
2. The figure for orders received for Powersports & Engine segment is presented as the same figure for net sales since the segment mainly engages in make-to-stock production.

ii) ROIC and ROE

	FY2022	FY2023
After-tax ROIC	5.7%	2.8%
ROE	9.8%	4.2%

- (Notes)
1. After-tax ROIC (return on invested capital) = (Profit attributable to owners of parent + Interest expenses × (1 - Tax rate)) ÷ Invested capital
 2. ROE (return on equity) = Profit attributable to owners of parent ÷ average of shareholders' equity at the beginning and end of the period
 3. After-tax ROIC has been disclosed to foster dialogues with the capital market from the perspective of promoting capital cost-conscious management as the entire Group. The current capital costs (WACC) are estimated at the 4-5% range.

iii) Cash flows

(Billions of yen)

	FY2022	FY2023
Cash flows from operating activities	23.6	31.6
Cash flows from investing activities	(77.4)	(89.8)
Cash flows from financing activities	85.3	12.9

(2) Trends in Assets and Income

(Billions of yen)

Item	FY2020	FY2021		FY2022	FY2023 (Consolidated fiscal year under review)
	Japanese standards	Japanese standards	IFRS	IFRS	IFRS
Orders received	1,402.4	1,602.1	1,602.1	2,037.4	2,083.4
Net sales / Revenue	1,488.4	1,500.8	1,500.8	1,725.6	1,849.2
Operating profit (loss)	(5.3)	45.8	-	-	-
Business profit	-	-	30.3	82.3	46.2
Profit (loss) before income taxes / Profit before tax	(14.6)	30.8	27.6	70.3	31.9
Profit (loss) attributable to owners of parent	(19.3)	21.8	12.6	53.0	25.3
Earnings per share / Basic earnings per share (yen)	¥115.73	¥130.26	¥75.51	¥316.63	¥151.51
Total assets	1,963.2	2,022.7	2,174.6	2,457.7	2,680.1
Net assets / Total equity	482.7	498.5	524.8	596.8	654.5

(Note) Since FY2022, the Company has prepared consolidated financial statements based on International Financial Reporting Standards (IFRS). Figures for FY2021 are based on IFRS as a reference.

(3) Corporate Management Strategies in the Medium- to Long-Term and Issues to be Addressed

We have established "Group Vision 2030" in November 2020 as the future ideal toward which the Group is aiming and have been taking various measures accordingly. The Group will strengthen existing core businesses, cultivate new businesses as future pillars by promoting synergy among businesses, and reform our business portfolio by choosing specific businesses on which to focus in order to pursue sustainable growth.

For more details about our progress in this vision, please see the Group Vision 2030 Progress Report Meeting Archive page on the Company website.

<https://www.khi.co.jp/groupvision2030/archive.html> (in Japanese)

(i) Fields that the KHI Group focuses on

By giving attention to current social issues, the Group is focusing on the following three fields to provide various timely solutions, including the realization of a decarbonized society to protect the global environment, measures to address the aging society and labor shortages mainly in advanced countries, elimination of regional disparities in medical care, prevention and fast recovery from natural disasters, and providing a stable supply of various natural resources and energy.

“Creating a Safe and Secure Remotely-Connected Society” - Creating New Value through Robotics and Network

The KHI Group aims to create a society where people can live safely and securely in diverse fields, such as medical and healthcare, manufacturing, and industrial infrastructure, using the Group’s remote control and information technology, robotics, etc., and proposes new ways of working and living styles that enable all people to participate in society through the realization of a remotely-connected society.

“Near-Future Mobility” - Transforming the Movement of People and Freight with New Transportation Systems

In order to adapt to increasing demand for home deliveries, labor shortages, and transportation interruptions during disasters, the KHI Group will propose new means of transport and movement, such as unmanned helicopters and automated delivery robots that autonomously transport goods, aiming to create a society where affluent, smart, and seamless movement is possible.

“Energy and Environmental Solutions” - For Stable Supply of Clean Energy

The KHI Group is building a world-leading hydrogen supply chain for the quick realization of a carbon-neutral society. The KHI Group is also advancing standalone carbon neutrality with the aim of achieving virtually zero CO₂ emissions by 2030 at Company sites in Japan. Expectations for hydrogen that can be produced in various methods at locations around the world have increased not only for the aim of becoming carbon neutral but also for energy security aspects, and the KHI Group will accelerate initiatives to quickly achieve a hydrogen-based society. As a Group, we will also spread decarbonization solutions including electrification to cover a wide range of society and stakeholders as we aim to be Zero-Carbon Ready by 2040, and achieve net zero CO₂ emissions for the entire Group by 2050.

(ii) Scenario for growth

The Group is growing steadily in line with the growth scenario in “Group Vision 2030.” Most recently, the Powersports & Engine segment has provided strong support for the Group’s overall earnings, and earnings from order-based businesses, including commercial aircraft, aircraft engines, and defense-related businesses, have also been growing steadily. Going forward, the KHI Group is aiming for other new businesses including hydrogen, medical/social robots and Near Future Mobility to become revenue pillars, leading to a stable growth trajectory. To achieve growth scenarios, we will review business models such as by shifting from selling products to selling services. We will also work to create a new society through collaborations with the national and local governments, other companies and research institutes, and work on portfolio and organizational culture reforms to create a highly profitable structure.

By promoting the use of AI and digital transformation (DX) as a system for supporting these, the KHI Group is visualizing and streamlining business processes to create new solutions, speed up management decision-making, and realize a work style that is both rewarding and growth-oriented. People are the most important asset for supporting our growth scenario, and we are implementing various measures to create an environment that will allow them to demonstrate their individuality and abilities with the goal of having employees and an organization that will willingly take on challenges. In addition to acquiring and assigning human resources from within and outside the company who can deliver the expected roles and results, regardless of age, gender, nationality, or other attributes, we are fostering a corporate culture that enables us to continuously promote various

reforms, including the renewal of the personnel system, toward the achievement of the “Group Vision 2030” and further progress beyond that vision.

(4) Financing

Funds of ¥18.0 billion from domestic long-term debt, ¥10.0 billion from domestic unsecured straight bonds and short-term debts and other funds from various sources were raised in the consolidated fiscal year under review. The funds were allocated to such items as the scheduled payment for long-term debt, capital investments, and working capital.

(5) Principal Lenders

(Billions of yen)

Lenders	Balance of borrowings		
	Long term	Short term	Total
Mizuho Bank, Ltd.	2.0	47.5	49.5
Sumitomo Mitsui Banking Corporation	7.5	26.1	33.6
Sumitomo Mitsui Trust Bank, Limited	9.0	15.4	24.4
MUFG Bank, Ltd.	4.5	18.7	23.2
Development Bank of Japan Inc.	12.8	5.0	17.8

(6) Capital Investments, Etc.

In the KHI Group, investments were mainly made in facilities for increasing production capability in the Powersports & Engine segment, and in facilities for streamlining production in the Aerospace Systems and Precision Machinery & Robot segments. As a result, the KHI Group spent a total of ¥133.7 billion (including spending on intangible assets and right-of-use assets) on capital investments in the consolidated fiscal year under review. The investments were covered by internally generated funds and borrowed money.

Details of major investments in the respective segments are as follows:

(Billions of yen)		
Segment	Major investments	Investment amounts in the consolidated fiscal year under review
Aerospace Systems segment	Facilities for streamlining production of aircrafts, commercial aircraft jet engines and other products, etc.	21.7
Rolling Stock segment	Facilities for increasing rolling stock production, etc.	4.5
Energy Solution & Marine Engineering segment	Facilities for streamlining production of industrial machinery, etc.	9.1
Precision Machinery & Robot segment	Office buildings of hydraulic components and industrial robots and facilities for streamlining production, etc.	18.3
Powersports & Engine segment	Facilities for increasing powersports production, etc.	62.0
Others segment	Handling the hydrogen business, etc.	17.9
Total		133.7

(7) Material Business Reorganization

Not applicable.

(8) Major Parent Companies and Subsidiaries

(i) Parent companies

Not applicable.

(ii) Major subsidiaries

i) Japan

Company name (Location)	Capital	The Company's percentage of equity participation	Main business
Kawasaki Railcar Manufacturing Co., Ltd. (Kobe, Hyogo)	¥9,685 million	100%	Business relating to design, development, manufacture, repair, sale and lease of rolling stock, railroad systems and components
Kawasaki Motors, Ltd. (Akashi, Hyogo)	¥1,000 million	100%	Manufacture, sale, lease and repair of automobiles, bicycles, industrial vehicles, other transportation machinery/equipment, engines and related equipment
Kawasaki Trading Co., Ltd. (Kobe, Hyogo)	¥600 million	70%	Sale of various types of industrial machinery, petroleum, steel stock, and air conditioning equipment, etc.
Kawasaki Machine Systems, Ltd. (Osaka, Osaka)	¥350 million	100%	Sale, repair and after-sales service of general-purpose gas turbine generators and other industrial machinery
Kawasaki Motors Corporation Japan (Akashi, Hyogo)	¥100 million	Note 1	Sole distributor of motorcycles, PWC ("JET SKI®"), ATVs, RUVs, utility vehicles, and electric three-wheeler "noslisu" in Japan
NIPPI Corporation (Yokohama, Kanagawa)	¥6,048 million	100%	Manufacture of aircraft components, targeting systems, rocket components, aerospace equipment, and marine equipment; repair, maintenance and remodeling of aircraft
Kawasaki Thermal Engineering Co., Ltd. (Kusatsu, Shiga)	¥1,460 million	100%	Manufacture, sale, installation, and after-sales service for boilers, air- conditioning equipment and absorption-style heat pumps, etc.
EarthTechnica Co., Ltd. (Chiyoda-ku, Tokyo)	¥1,200 million	100%	Design, manufacture, and sale of crushers, grinders, castings, and other equipment; design, execution, and supervision of engineering, construction, installation of machinery and appliances

- (Notes)
1. A wholly-owned subsidiary of Kawasaki Motors, Ltd.
 2. "PWC" stands for "personal watercraft" and is a water scooter.
 3. "JET SKI®" is a registered trademark of Kawasaki Motors, Ltd.
 4. ATV stands for "All Terrain Vehicle" and RUV for "Recreational Utility Vehicle." Both are types of off-road four-wheeled vehicle.

ii) Overseas

Company name (Location)	Capital	The Company's percentage of equity participation	Main business
Kawasaki Motors Corp., U.S.A. (United States)	USD 165 million	Note 1	Sale of motorcycles, ATVs, RUVs, utility vehicles, PWC "JET SKI®" and general-purpose gasoline engines in the U.S. and South and Central America
Kawasaki Motors Manufacturing Corp., U.S.A. (United States)	USD 170 million	Note 1	Manufacture of PWC "JET SKI®," RUVs, utility vehicles, ATVs, rims for ATVs and UVs, general-purpose engines and rolling stock and aircraft doors
Kawasaki Rail Car, Inc. (United States)	USD 60 million	Note 3	Manufacture, sale, servicing and engineering of rolling stock
Kawasaki Motors Enterprise (Thailand) Co., Ltd. (Thailand)	THB 1,900 million	Note 1	Manufacture and sale of motorcycles in Thailand
Kawasaki Motors Europe N.V. (Netherlands)	EUR 64 million	Note 1	Sale of motorcycles, ATVs (all-terrain vehicles), utility vehicles, PWC "JET SKI®" and general-purpose gasoline engines in Europe
Flutek, Ltd. (South Korea)	KRW 1,310 million	50%	Manufacture, sale and servicing of hydraulic equipment products for construction machinery and marine hydraulic products in South Korea
Kawasaki Motors (Phils.) Corporation (Philippines)	PHP 101 million	Note 4	Manufacture and sale of motorcycles in the Philippines
Kawasaki Robotics (U.S.A.), Inc. (United States)	USD 1 million	Note 5	Sale and servicing of industrial robots in Americas
PT. Kawasaki Motor Indonesia (Indonesia)	USD 80 million	Note 6	Manufacture and sale of motorcycles in Indonesia
Kawasaki Motors (Shanghai), Ltd. (China)	RMB 10 million	Note 1	Sale of motorcycles, PWC "JET SKI®," etc. in China
Canadian Kawasaki Motors Inc. (Canada)	CAD 2 million	Note 1	Sale of motorcycles, ATVs, RUVs utility vehicles and PWC "JET SKI®" in Canada
Kawasaki Precision Machinery Trading (Shanghai) Co., Ltd. (China)	JPY 400 million	100%	Sale and servicing of precision machinery in China

- (Notes)
1. A wholly-owned subsidiary of Kawasaki Motors, Ltd.
 2. UV stands for "utility vehicle" and is a type of off-road four-wheeled vehicle.
 3. A wholly-owned subsidiary of Kawasaki Motors Manufacturing Corp., U.S.A.
 4. Kawasaki Motors, Ltd. has a 50% stake.
 5. A wholly-owned subsidiary of Kawasaki Motors Corp., U.S.A.
 6. Kawasaki Motors, Ltd. has a 90% stake.

7. There are 105 consolidated subsidiaries, including 20 companies (8 in Japan and 12 overseas) as major subsidiaries, and there are 20 companies which are accounted for using the equity method.

(9) Company Group's Main Business and Number of Employees

Segment	Main Business	Number of Employees
Aerospace Systems segment	Manufacture and sale of aircraft, aircraft engines, aerospace-related equipment, etc.	8,242
Rolling Stock segment	Manufacture and sale of rolling stock, snow removal machinery, etc.	3,715
Energy Solution & Marine Engineering segment	Manufacture and sale of energy-related equipment and systems, hydrogen-related facilities, marine propulsion machinery and systems, plant-related equipment and systems, ships, crushing machines, etc.	8,737
Precision Machinery & Robot segment	Manufacture and sale of hydraulic components, industrial robots, etc.	4,111
Powersports & Engine segment	Manufacture and sale of motorcycles, off-road four-wheeled vehicles (SxS, ATV), PWC ("JET SKI®"), general purpose gasoline engines, etc.	11,067
Others segment	Commerce, brokerage and mediation for sale and order reception and administration of welfare facilities, etc.	2,258
Companywide common areas	(Head Office Administration Department, Research & Development Department, etc.)	1,559
Total	-	39,689

- (Notes)
1. Employees total 28,099 people in Japan and 11,590 people overseas.
 2. The Company has 14,111 employees (average age: 41.3 years old; average years of service: 15.3 years)
 3. SxS is an abbreviation for "side by side," and it is a type of multipurpose four-wheeled vehicle.

(10) Company Group's Principal Offices and Plants

		Name and location
Principal offices	Head office	Kobe Head Office (Kobe), Tokyo Head Office (Minato-ku, Tokyo): 2 Head Offices
	Branches	Sapporo Office (Sapporo), Sendai Office (Sendai), Nagoya Office (Nagoya), Osaka Office (Osaka), Hiroshima Office (Hiroshima), Fukuoka Office (Fukuoka), Okinawa Office (Naha, Okinawa): 7 Offices
Plants, etc.		Gifu Works (Kakamigahara, Gifu), Nagoya Works 1 (Yatomi, Aichi), Nagoya Works 2 (Ama-gun, Aichi), Kobe Works, Hyogo Works, Seishin Works, Nishi-Kobe Works (Kobe), Akashi Works (Akashi, Hyogo), Kakogawa Works (Kakogawa, Hyogo), Harima Works (Kako-gun, Hyogo), Sakaide Works (Sakaide, Kagawa), Technical Institute (Akashi, Hyogo): 12 Works (including a Technical Institute)

(Note) Location of principal offices of major subsidiaries are provided in "(8) Major Parent Companies and Subsidiaries."

(11) Other Important Issues concerning Current Situation of Company Groups

Not applicable.

2. Status of Shares (as of March 31, 2024)

(1) Aggregate Number of Issuable Shares	336,000,000 shares
(2) Total Number of Shares Issued	167,921,800 shares (including 43,886 treasury shares)
(3) Number of Shareholders	115,879

(4) Major Shareholders (top 10)

Shareholder name	Number of shares held	Shareholding ratio (Note)
	thousand shares	%
The Master Trust Bank of Japan, Ltd. (Trust Account)	26,382	15.7
Custody Bank of Japan, Ltd. (Trust Account)	14,014	8.3
Nippon Life Insurance Company	5,751	3.4
Kawasaki Heavy Industries, Ltd. Employees Shareholder Association	5,280	3.1
Kawasaki Heavy Industries, Ltd. Kyoueikai	4,145	2.4
STATE STREET BANK AND TRUST COMPANY 505001	3,483	2.0
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS - UNITED KINGDOM	2,476	1.4
Mizuho Bank, Ltd.	2,239	1.3
SSBTC CLIENT OMNIBUS ACCOUNT	2,109	1.2
STATE STREET BANK WEST CLIENT - TREATY 505234	2,040	1.2

(Note) The shareholding ratio is calculated after subtracting treasury shares (43,886 shares).

3. Company Officers (as of March 31, 2024)

(1) Directors

Position	Name	Duties, Significant concurrent positions etc.
Director	Yoshinori Kanehana	Chairman of the Board
Representative Director	Yasuhiko Hashimoto	President and Chief Executive Officer Chairman of the Board, Mediaroid Corporation
Representative Director	Katsuya Yamamoto	Senior Corporate Executive Officer Assistant to the President, in charge of Finance & Accounting, Human Resources, Legal Affairs, Compliance and Corporate Communication, and General Manager, Human Resources Division
Representative Director	Hiroshi Nakatani	Senior Corporate Executive Officer Assistant to the President, in charge of Technology, Production, Procurement, TQM, General Administration, Digital Transformation (DX) Strategy, and the North America Project Management Task Force, and General Manager, Corporate Technology Division
Outside Director	Jenifer Rogers	General Counsel Asia, Asurion Japan Holdings G.K. Outside Director, Seven & i Holdings Co., Ltd. Outside Director, Sumitomo Mitsui Financial Group, Inc.
Outside Director	Hideo Tsujimura	
Outside Director	Katsuhiko Yoshida	Outside Director, Citizen Watch Co., Ltd.
Outside Director	Melanie Brock	CEO, Melanie Brock Advisory Ltd. Outside Director, SEGA SAMMY HOLDINGS INC. Outside Director, Mitsubishi Estate Co., Ltd. Outside Director, Asahi Group Holdings, Ltd.
Director, Full-Time Audit and Supervisory Committee Member	Akio Nekoshima	
Director, Full-Time Audit and Supervisory Committee Member	Nobuhisa Kato	
Outside Director, Audit and Supervisory Committee Member	Atsuko Ishii	Outside Director, Mitsui Sumitomo Insurance Company, Limited Outside Director, Kinjiro Co.,Ltd.
Outside Director, Audit and Supervisory Committee Member	Ryoichi Saito	
Outside Director, Audit and Supervisory Committee Member	Susumu Tsukui	

- (Notes) 1. The Company has registered all Outside Directors as Independent Officers with Tokyo Stock Exchange, Inc. pursuant to the rules of that stock exchange.
2. Director, Full-Time Audit and Supervisory Committee Member Akio Nekoshima, who has many years of experience with finance and accounting at the Company and Mizuho Corporate Bank, Ltd. (including The Dai-Ichi Kangyo Bank, Limited, a precursor of the bank), has substantial knowledge about finance and accounting.
- Director, Full-Time Audit and Supervisory Committee Member Nobuhisa Kato, who has many years of experience with finance, accounting and administration operations at the Company, has substantial knowledge about finance and accounting.

Outside Director, Audit and Supervisory Committee Member Ryoichi Saito, who has many years of experience with finance and accounting at NSK Ltd., has substantial knowledge about finance and accounting.

(2) Remuneration for Directors

(Millions of yen)

Position and number	Total amount of remuneration	Total amount of remuneration, etc. by category		
		Monetary reward		Performance-linked stock compensation
		Base remuneration	Performance-linked remuneration	
Directors (excluding Directors serving as Audit and Supervisory Committee Members) 8 persons	440	252	115	72
Directors serving as Audit and Supervisory Committee Members 5 persons	121	121	-	-
Total 13 persons (including 7 persons from Outside Directors)	562 (99)	374 (99)	115 (-)	72 (-)

- (Notes) 1. Stock remuneration represents the total amount recorded as expenses during the fiscal year under review based on the performance-linked stock compensation plan approved at the 198th Ordinary General Meeting of Shareholders held on June 25, 2021.
2. Figures shown in total columns represent the number of persons actually paid.

(i) Matters concerning resolution of a general meeting of shareholders on remuneration for Directors

Subject	Remuneration type	Remuneration limit and points	Meeting of shareholders resolution	Number of Directors at resolution
Directors (excluding those serving as Audit and Supervisory Committee Members)	Cash	¥800 million per year	197th Ordinary General Meeting of Shareholders June 25, 2020	8 (including 3 Outside Directors)
Excluding Outside Directors	Stock	<ul style="list-style-type: none"> · Contribute up to ¥975 million to the trust every three fiscal years · Maximum number of points (shares) to be granted per fiscal year: 50,000 points (50,000 shares) 	198th Ordinary General Meeting of Shareholders June 25, 2021	5 persons
Directors serving as Audit and Supervisory Committee Members	Cash	¥150 million per year	200th Ordinary General Meeting of Shareholders June 28, 2023	5 (including 3 Outside Directors)

(ii) Policy concerning the amount of remuneration and others to officers or its calculation method

(I) Remuneration for Directors (excluding Directors serving as Audit and Supervisory Committee Members)

Compensation for Company Officers shall be set to within the compensation scope approved at the Ordinary General Meeting of Shareholders. The compensation system is according to the performance-linked stock compensation that was introduced by a resolution at the 198th Ordinary General Meeting of Shareholders on June 25, 2021. The determined remuneration amount will be divided proportionally and paid monthly during the term of office.

(i) Remuneration for Directors (excluding Directors serving as Audit and Supervisory Committee Members and Outside Directors. Hereinafter referred to as "Subject Directors.")

Based on the concept of "Pay for Mission (Reward for accomplishing what the Company needs to accomplish)" toward the realization of "Group Vision 2030" "Trustworthy Solutions for the Future" established in November 2020, the remuneration system is designed according to the responsibilities and performance of each Director, and rewards contributions to the enhancement of corporate value in the medium and long term as well as in the short term, while realizing shared value with shareholders and other stakeholders.

It consists of base remuneration, short-term incentive-based remuneration, and long-term incentive-based remuneration.

Base remuneration and short-term incentive-based remuneration are paid in cash. In addition, long-term incentive-based remuneration is a performance-linked stock compensation, with the aim of sharing profits and risks with shareholders and increasing incentives to contribute to the enhancement of corporate value over the medium to long term. The specific structure is as follows.

- Base remuneration

Individual grades are determined based on the mission of each Subject Director, and remuneration will be set accordingly.

- Short-term incentive-based remuneration

Performance-linked compensation is based on the achievement level of performance targets for a single fiscal year, and will be determined based on the consolidated performance of the Group and the target achievement level of each Subject Director. The indicator of the consolidated performance of the Group is Profit attributable to owners of parent ("Profit"), and it is set to encourage the steady achievement of performance targets for a single fiscal year and the sharing of value among shareholders. The payment ratio is as follows.

Profit	Payment ratio (%)
Under 0	-
0 to less than ¥25 billion	0-45
¥25 billion to less than ¥45 billion	50-95
¥45 billion to less than ¥70 billion	100-195
¥70 billion or more	200 or more

The achievement level of the goals of each Subject Director is determined based on the achievement level of the goals set by each Subject Director in the previous fiscal year for short-term issues relating with the company as a whole, those in organizations under management of the Director, as well as tasks in charge.

- Long-term incentive-based remuneration

Utilizing the mechanism of a Board Benefit Trust, the Company will, in principle, deliver shares of the Company stock when a Director retires based on the points granted according to the tenure of office (fixed points) and those granted according to the achievement level of goals of the Subject Director (performance points), and provide cash benefits equivalent to the amount of the share exchange value of the Company.

Points are divided into two categories: fixed points and performance points. For the fixed points, a fixed number of shares is granted based on the length of tenure to share the value with shareholders.

For the performance points, shares are granted based on the achievement level of the goals of each Subject Director to work as an incentive to improve corporate value over the medium to long term. The achievement level of the goals of each Subject Director is determined based on the achievement level of the goals set by each Subject Director in the previous fiscal year for medium- to long-term issues relating with the company as a whole, those in organizations under management of the Director, as well as tasks in charge.

In addition to key financial indicators related to business performance, the goals set by each Subject Director shall include non-financial indicators such as efforts to achieve the SDGs (ESG) and efforts to improve employee engagement.

The overall remuneration ratio comprising the base remuneration, short-term incentive-based remuneration, and long-term incentive-based remuneration is set to be approximately "50%:30%:20%" when the consolidated performance of the Group for the previous fiscal year achieves the target level and the individual targets set by each Subject Director for the previous fiscal year are achieved 100%.

Performance-linked compensation is based on performance for FY2022. Profit related to performance-linked compensation for this term was ¥53.0 billion.

* The Board of Directors, on May 9, 2024, has decided to revise the compensation plan for Subject Directors as follows.

- The ratio of fixed compensation for both monetary reward and stock compensation will be reduced to strengthen the performance-linked nature of compensation.
- Among the goals set by each Subject Director, the ratio of active employees, ESG factors, and stock price will be reflected in performance-linked remuneration as independent evaluation indicators.

For more information, please see the press release issued on May 9, 2024.

https://www.khi.co.jp/pressrelease/news_240509-6.pdf (in Japanese)

(ii) Remuneration for Outside Directors (excluding Directors serving as Audit and Supervisory Committee Members)

Fixed compensation that is not linked to performance due to the independent nature of the work involved.

(iii) Method of determining remuneration

Remuneration for Directors (excluding Directors serving as Audit and Supervisory Committee Members) is determined by resolution of the Board of Directors, within the range of remuneration, etc., in advance, based on the deliberations of the Compensation Advisory Committee. The majority of the members and the presiding chairman of the Compensation Advisory Committee are Outside Directors.

By resolution of the Board of Directors, decision on individual remuneration of each Director (excluding Directors serving as Audit and Supervisory Committee Member) may be left to the Director, President and Chief Executive Officer. In such cases, in accordance with the policy concerning the amount of remuneration and others to officers (excluding Directors serving as Audit and Supervisory Committee Member) or its calculation method, the amount of remuneration, etc. are determined based on deliberations by the Compensation Advisory Committee.

The details of remuneration, etc. for each individual Director (excluding Directors serving as Audit and Supervisory Committee Members) for the fiscal year under review are determined by Representative Director, President and Chief Executive Officer Yasuhiko Hashimoto, under the delegation of the Board of Directors, as it is necessary to determine such details based on the Group's performance and the responsibilities of each Director (excluding Directors serving as Audit and Supervisory Committee Members). In delegating, the policy concerning the amount of remuneration and others to Directors (excluding Directors serving as Audit and Supervisory Committee Members) or its calculation method determined at the Board of Directors meetings held on May 20, 2021 and June 25, 2021 is followed. Together, based on deliberations by the Compensation Advisory Committee, we have determined that the policies are in line.

(II) Remuneration for Directors serving as Audit and Supervisory Committee Members

Fixed compensation that is not linked to performance due to the independent nature of the work, and is decided through consultation among the Directors serving as Audit and Supervisory Committee Members.

(iii) Activities of the Board of Directors and Compensation Advisory Committee

Policy and systems related to remuneration for Directors (excluding Directors serving as Audit and Supervisory Committee Members) are decided by resolution of the Board of Directors based on the deliberations of the Compensation Advisory Committee. A majority of the members and the presiding officer of the Compensation Advisory Committee are Outside Directors.

The Compensation Advisory Committee met seven times in FY2023. In addition to the matters described above, the committee discussed the form of the corporate officer compensation system going forward.

(3) Overview of Limited Liability Agreement

The Company has, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, concluded a limited liability agreement with Outside Directors Jenifer Rogers, Hideo Tsujimura, Katsuhiko Yoshida, and Melanie Brock, and Directors, Full-Time Audit and Supervisory Committee Members Akio Nekoshima and Nobuhisa Kato, and Outside Directors, Audit and Supervisory Committee Members Atsuko Ishii, Ryoichi Saito, and Susumu Tsukui. The liability under said agreement shall be limited to either an amount of ¥10 million, or an amount specified by laws and regulations, whichever is higher.

(4) Overview of Directors and Officers Liability Insurance

The Company has concluded a Directors and Officers Liability Insurance (D&O Insurance) contract prescribed in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The scope of insured under the contract is Directors (including Directors serving as Audit and Supervisory Committee Members), Audit & Supervisory Board Members, Executive Officers, etc. of the Company and its domestic subsidiaries (including employees of the Company and some of its domestic subsidiaries who work as Directors, etc. at secondment destinations). Insured parties do not bear the cost of premiums. The insurance policy covers damages and court costs that may be incurred by the insured arising from the insured's act in connection with the execution of his or her duties. However, to ensure that the execution of duties by insured persons is not compromised, no compensation for damages, etc. will be made if there are actions that the Group recognizes as a violation of laws and regulations.

(5) Appointment of Full-time Audit and Supervisory Committee Members and Reasons Therefor

The Company appoints those who are familiar with the Company’s internal affairs as Full Time Audit and Supervisory Committee Members in order to enhance the effectiveness of the Audit and Supervisory Committee’s activities by sharing information obtained in the course of performance of their duties with all of the Audit and Supervisory Committee Members while making efforts to develop environment of auditing, etc. and collect internal information as well as supervising and verifying the status of establishment and operation of the internal control system on a daily basis. To this end, the Company has appointed Mr. Akio Nekoshima and Mr. Nobuhisa Kato as Full Time Audit and Supervisory Committee Members.

(6) Outside Officers

(i) Concurrent positions at other companies and the relationship between the Company and said companies

Position	Name	Significant concurrent positions	Relationships with the Company
Outside Director	Jenifer Rogers	General Counsel Asia, Asurion Japan Holdings G.K.	The Company does not have any important dealing or other special relationship with the said companies.
		Outside Director, Seven & i Holdings Co., Ltd.	
		Outside Director, Sumitomo Mitsui Financial Group, Inc.	
	Katsuhiko Yoshida	Outside Director, Citizen Watch Co., Ltd.	
	Melanie Brock	CEO, Melanie Brock Advisory Ltd.	
		Outside Director, SEGA SAMMY HOLDINGS INC.	
		Outside Director, Mitsubishi Estate Co., Ltd.	
Outside Director, Asahi Group Holdings, Ltd.			
Outside Director, Audit and Supervisory Committee Member	Atsuko Ishii	Outside Director, Mitsui Sumitomo Insurance Company, Limited	
		Outside Director, Kinjiro Co.,Ltd.	

(ii) Family relationships with managing officers or officers, of the Company or of specific related business operators of the Company
Not applicable.

(iii) Main activities during the fiscal year under review

Name	Attendance		Provision of opinions and outlines of duties executed in connection with roles expected of Outside Directors
	Board of Directors meetings	Meetings of the Audit and Supervisory Committee	
Jenifer Rogers	15/16 meetings	-	She has provided comments that contribute to ensuring the soundness of the Company's management and enhancing its enterprise value at the Board of Directors meetings mainly based on her extensive international experience gained at financial institutions in Japan and overseas and deep insights into legal affairs, compliance, and risk management.
Hideo Tsujimura	16/16 meetings	-	He has provided comments that contribute to ensuring the soundness of the Company's management and enhancing its enterprise value mainly based on his abundant management experience and deep insight into product development and intellectual property. Furthermore, as a member of the Nomination Advisory Committee and Compensation Advisory Committee, he fulfills an important role in deliberating on the appropriateness of the policy regarding election of officers and proposals for officer election, as well as the appropriateness of the policy on officer remuneration and the remuneration system for officers, and reporting on each to the Board of Directors.
Katsuhiko Yoshida	16/16 meetings	-	He has provided comments at Board of Director Meetings that contribute to ensuring the soundness of the Company's management and enhancing its enterprise value mainly based on his abundant management experience and deep insight into sales and marketing.
Melanie Brock	13/13 meetings	-	She has provided comments at Board of Director Meetings that contribute to ensuring the soundness of the Company's management and enhancing its enterprise value mainly based on her abundant international experience in global business support and deep insight into globally-minded business strategy and marketing.

Name	Attendance		Provision of opinions and outlines of duties executed in connection with roles expected of Outside Directors
	Board of Directors meetings	Meetings of the Audit and Supervisory Committee	
Atsuko Ishii	16/16 meetings	15/15 meetings	She has provided comments that contribute to ensuring the soundness of the Company's management and enhancing its enterprise value mainly based on her abundant experience in and deep insight into Japan's labor administration. In addition, she has made efforts to develop auditing environment in cooperation with other Audit and Supervisory Committee Members by actively obtaining information necessary for auditing. Furthermore, as a member of the Nomination Advisory Committee and Compensation Advisory Committee, she fulfills an important role in deliberating on the appropriateness of the policy regarding election of officers and proposals for officer election, as well as the appropriateness of the policy on officer remuneration and the remuneration system for officers, and reporting on each to the Board of Directors.
Ryoichi Saito	16/16 meetings	15/15 meetings	He has provided comments that contribute to ensuring the soundness of the Company's management and enhancing its enterprise value mainly based on his abundant management experience and deep insights into business planning, finance and accounting, and risk management. In addition, he has made efforts to develop auditing environment in cooperation with other Audit and Supervisory Committee Members by actively obtaining information necessary for auditing. Furthermore, as chair of the Nomination Advisory Committee and Compensation Advisory Committee, he fulfills an important role in deliberating on the appropriateness of the policy regarding election of officers and proposals for officer election, as well as the appropriateness of the policy on officer remuneration and the remuneration system for officers, and reporting on each to the Board of Directors.
Susumu Tsukui	16/16 meetings	15/15 meetings	He has provided comments that contribute to ensuring the soundness of the Company's management and enhancing its enterprise value mainly based on his abundant experience as an attorney and deep insight into legal affairs. In addition, he has made efforts to develop auditing environment in cooperation with other Audit and Supervisory Committee Members by actively obtaining information necessary for auditing.

(Note) The number of attendances at the Board of Directors meetings for Ms. Melanie Brock is based on her attendance records after she assumed the office of Director on June 28, 2023.

Consolidated Statement of Financial Position

(As of March 31, 2024)

(Unit: Millions of yen)

Description	Amount	Description	Amount
(Assets)		(Liabilities)	
Current assets		Current liabilities	
Cash and cash equivalents	84,153	Trade and other payables	521,734
Trade and other receivables	681,030	Bonds, borrowings and other financial liabilities	453,694
Contract assets	136,706	Income taxes payable	7,928
Inventories	710,207	Contract liabilities	265,468
Income taxes receivable	2,158	Provisions	34,242
Other financial assets	11,024	Refund liabilities	72,518
Other current assets	101,644	Other current liabilities	185,902
Total current assets	1,726,925	Total current liabilities	1,541,489
Non-current assets		Non-current liabilities	
Property, plant and equipment	496,331	Bonds, borrowings and other financial liabilities	391,539
Intangible assets	69,617	Retirement benefit liability	74,604
Right-of-use assets	64,824	Provisions	957
Investments accounted for using equity method	90,954	Deferred tax liabilities	707
Other financial assets	80,762	Other non-current liabilities	16,327
Deferred tax assets	117,452	Total non-current liabilities	484,137
Other non-current assets	33,307		
Total non-current assets	953,250	Total liabilities	2,025,626
		(Equity)	
		Share capital	104,484
		Capital surplus	56,455
		Retained earnings	405,156
		Treasury shares	(1,060)
		Other components of equity	69,054
		Total equity attributable to owners of parent	634,090
		Non-controlling interests	20,459
		Total equity	654,549
Total assets	2,680,176	Total liabilities and equity	2,680,176

Consolidated Statement of Profit or Loss

(April 1, 2023 - March 31, 2024)

(Unit: Millions of yen)

Description	Amount
Revenue	1,849,287
Cost of sales	1,537,050
Gross profit	312,237
Selling, general and administrative expenses	276,044
Share of profit of investments accounted for using equity method	11,358
Other income	5,704
Other expenses	7,053
Business profit	46,201
Finance income	3,040
Finance costs	17,261
Profit before tax	31,980
Income tax expense	4,670
Profit	27,310
Profit attributable to	
Owners of parent	25,377
Non-controlling interests	1,932

Non-consolidated Balance Sheet

(As of March 31, 2024)

(Unit: Millions of yen)

Description	Amount	Description	Amount
(Assets)		(Liabilities)	
Current assets	1,025,420	Current liabilities	987,495
Cash and deposits	45,521	Notes payable - trade	287
Notes receivable - trade	10,434	Electronically recorded obligations - operating	155,903
Accounts receivable - trade	262,558	Accounts payable - trade	168,513
Contract assets	82,654	Short-term borrowings	159,157
Raw materials and supplies	120,883	Accounts payable - other	38,101
Work in process	296,361	Accrued expenses	70,219
Advance payments - trade	58,964	Income taxes payable	1,725
Prepaid expenses	2,917	Contract liabilities	189,117
Other	149,030	Provision for bonuses	16,497
Allowance for doubtful accounts	(3,906)	Provision for construction warranties	6,781
		Provision for loss on construction contracts	2,257
		Lease liabilities	680
		Refund liability	59,611
		Other	118,640
Non-current assets	598,511	Non-current liabilities	393,606
Property, plant and equipment	276,929	Bonds payable	129,000
Buildings	100,950	Long-term borrowings	177,249
Structures	19,437	Lease liabilities	6,616
Docks and building berths	2,126	Provision for retirement benefits	62,105
Machinery and equipment	82,893	Provision for loss on guarantees	5,231
Vessels	61	Other	13,403
Aircraft	0		
Vehicles	885		
Tools, furniture and fixtures	29,396	Total liabilities	1,381,101
Land	21,118		
Leased assets	6,951	(Net assets)	
Construction in progress	13,107	Shareholders' equity	240,615
Intangible assets	18,988	Share capital	104,484
Software	11,586	Capital surplus	54,126
Other	7,402	Legal capital surplus	54,126
Investments and other assets	302,594	Other capital surplus	0
Investment securities	12,864	Retained earnings	83,065
Shares of subsidiaries and associates	82,054	Other retained earnings	83,065
Investments in capital of subsidiaries and associates	35,963	Reserve for special depreciation	227
Distressed receivables	1,091	Reserve for tax purpose reduction entry of non-current assets	4,574
Deferred tax assets	102,880	Retained earnings brought forward	78,263
Other	68,965	Treasury shares	(1,060)
Allowance for doubtful accounts	(1,226)	Valuation and translation adjustments	2,214
		Valuation difference on available-for-sale securities	2,290
		Deferred gains or losses on hedges	(75)
		Total net assets	242,830
Total assets	1,623,931	Total liabilities and net assets	1,623,931

Non-consolidated Statement of Profit and Loss

(April 1, 2023 - March 31, 2024)

(Unit: Millions of yen)

Description	Amount	
Net sales		837,834
Cost of sales		775,691
Gross profit		62,142
Selling, general and administrative expenses		100,512
Operating loss		(38,370)
Non-operating income		
Interest income	926	
Dividend income	28,777	
Foreign exchange gains	6,697	
Other	1,774	38,176
Non-operating expenses		
Interest expenses	1,791	
Loss on retirement of non-current assets	2,381	
Other	6,618	10,790
Ordinary loss		(10,984)
Extraordinary losses		
Impairment losses	567	
Loss on valuation of shares of subsidiaries and associates	12,955	
Provision for loss on guarantees	5,231	18,753
Loss before income taxes		(29,737)
Income taxes - current	(1,776)	
Income taxes - deferred	(11,823)	(13,599)
Loss		(16,137)

Audit Report
(English Translation)

The Audit and Supervisory Committee has conducted an audit concerning the performance of duties by the Directors for the 201st fiscal year from April 1, 2023 to March 31, 2024, and hereby reports the auditing methods and their results as follows.

1. Auditing Methods and Their Contents

- (1) The Audit and Supervisory Committee received reports on a regular basis from Directors, employees and other relevant personnel, sought explanations as necessary, and provided opinions with respect to the contents of the Board of Directors' resolutions pursuant to Article 399-13, Paragraph 1, Item 1 (b) and (c) of the Companies Act and the status of the development and maintenance of the systems that are maintained based on such resolutions (internal control systems). The Committee also received reports from Directors, etc. and KPMG AZUSA LLC on the status of the evaluation and audit of internal controls over financial reporting under the Financial Instruments and Exchange Act and sought explanations as necessary.
- (2) In accordance with the auditing policies, audit plans and other relevant matters established by the Audit and Supervisory Committee, the Committee, in coordination with the Auditing Department (Internal Audit Department) and other departments concerned, participated in important meetings, received reports from the Directors, employees and other relevant personnel regarding performance of their duties, sought explanations as necessary, examined important documents and associated information, and studied the operations and financial positions at the head office and business offices.
Moreover, as for subsidiaries, the Committee communicated its intentions and exchanged information with the Directors and Audit & Supervisory Board Members of subsidiaries, including via online methods, and received business reports from the subsidiaries as necessary.
- (3) The Audit and Supervisory Committee monitored and examined whether the Accounting Auditor maintained their independence and implemented appropriate audits, as well as received reports from the Accounting Auditor regarding the performance of their duties and, as necessary, attended its audits and sought explanations.
Also, the Audit and Supervisory Committee received notice from the Accounting Auditor that "the system for ensuring that duties are performed properly" (matters set forth in each item of Article 131 of the Ordinance on Company Accounting) has been prepared in accordance with the "Product Quality Management Standards Regarding Audits" (issued by the Business Accounting Deliberation Council (BADC)) and other relevant standards, and sought explanations as necessary.

Based on the above methods, we examined the Business Report and supplementary schedules, the consolidated financial statements (consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of changes in equity, and notes to the consolidated financial statements), as well as the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of profit and loss, non-consolidated statement of changes in net assets, and

notes to the non-consolidated financial statements) and their supplementary schedules related to the relevant fiscal year.

2. Results of Audit

- (1) Results of Audit of Business Report and Other Relevant Documents
 - (i) In our opinion, the business report and the supplementary schedules are in accordance with the related laws and regulations and the Articles of Incorporation, and fairly represent the Company’s condition.
 - (ii) We have found no evidence of wrongful action or material violation of related laws and regulations, nor of any violation with respect to the Articles of Incorporation, related to performance of duties by the Directors.
 - (iii) In our opinion, the contents of the resolutions of the Board of Directors related to the internal controls system are fair and reasonable. We have found no matters on which to remark regarding the information contained in this Business Report and the performance of duties by the Directors related to such internal controls system, including internal controls on financial reporting.
- (2) Results of Audit of Consolidated Financial Statements
In our opinion, the methods and results of audit employed and rendered by KPMG AZSA LLC are fair and reasonable.
- (3) Results of Audit of Non-consolidated Financial Statements and Supplementary Schedules
In our opinion, the methods and results of audit employed and rendered by KPMG AZSA LLC are fair and reasonable.

May 21, 2024

Audit and Supervisory Committee, Kawasaki Heavy Industries, Ltd.

Full-Time Audit and Supervisory Committee Member	Akio Nekoshima
Full-Time Audit and Supervisory Committee Member	Nobuhisa Kato
Audit and Supervisory Committee Member	Atsuko Ishii
Audit and Supervisory Committee Member	Ryoichi Saito
Audit and Supervisory Committee Member	Susumu Tsukui

(Note) Audit and Supervisory Committee Members Atsuko Ishii, Ryoichi Saito, and Susumu Tsukui are Outside Directors as stipulated in Article 2, Item 15 and Article 331, Paragraph 6 of the Companies Act.