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(Securities Code: 7012)

June 3, 2022

Dear Shareholders:

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

**NOTICE OF
THE 199th ORDINARY GENERAL MEETING OF SHAREHOLDERS**

We would like to inform you that we will hold the 199th Ordinary General Meeting of Shareholders of Kawasaki Heavy Industries, Ltd. (the "Company" or "KHI") as described below.

In addition, for this General Meeting of Shareholders, we will provide live streaming, on-demand streaming, and acceptance of questions in advance via the Internet and smartphones, etc. We encourage you to use these options, particularly from the perspective of preventing the spread of and as a precaution against COVID-19.

Regarding the exercise of voting rights mentioned above, 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 Thursday, June 23, 2022 (JST).

- 1. Date and Time:** **Friday, June 24, 2022 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 199th Fiscal Year (from April 1, 2021 to March 31, 2022) 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 199th Fiscal Year (from April 1, 2021 to March 31, 2022)

Matters to be resolved:

- Proposal No. 1:** Appropriation of Surplus
- Proposal No. 2:** Partial Amendments to the Articles of Incorporation
- Proposal No. 3:** Election of Seven Directors (except Directors Serving as Audit and Supervisory Committee Members)
- Proposal No. 4:** Election of Five Directors Serving as Audit and Supervisory Committee Members
- Proposal No. 5:** 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. Other matters regarding the General Meeting of Shareholders:

(1) Concerning web disclosure

Among the documents to be submitted when sending the Notice, "Company Share Options" 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 Net Assets" "Notes to the Consolidated Financial Statements" and "Non-consolidated Statement of Changes in Net Assets" "Notes to the Non-consolidated Financial Statements" are posted on the Company's Website pursuant to laws and regulations as well as Article 16 of the Company's Articles of Incorporation, and they are not included in the Appendix regarding matters to be reported. "Consolidated Statement of Changes in Net Assets" "Notes to the Consolidated Financial Statements" "Non-consolidated Statement of Changes in Net Assets" and "Notes to the Non-consolidated Financial Statements" have been combined with the Consolidated Financial Statements and the Non-Consolidated Financial Statements for the auditing process when preparing the results of audits by the Audit and Supervisory Committee and the Accounting Auditor.

(2) Concerning amendments on the web

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, will be posted on the Company's Website.

(3) 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.

(4) 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.

(5) 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.

(6) 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).

The Company's Website
<https://www.khi.co.jp/ir/>

Guidance on Exercise of Voting Rights, Etc.

To prevent the spread of COVID-19 infections, we kindly ask you to consider visiting the meeting on the day of the General Meeting of Shareholders, taking much thought to health of the shareholders attending the meeting, including yourself, and exercising your voting rights for the meeting in advance via the Internet, smartphones or by the enclosed voting form, as much as possible.

Exercise of Voting Rights in Writing

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form, and return it so that it is delivered by the above-mentioned exercise date.

Exercise of Voting Rights via the Internet, etc.

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

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>

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.

Note:

If you duplicate your vote, i.e., if you exercise your voting rights both in writing and via the Internet, etc., we will consider only the vote cast via the Internet, etc. to be valid. Also, if you vote a number of times, we will consider the final vote to be the valid one.

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 or QR code 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 Friday, June 24, 2022

* 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>

Shareholder ID ▶ "Shareholder number" (nine digits) stated in the Voting Rights Exercise Form

Password ▶ "Postal code" (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 smartphones or in writing 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, Ltd.

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. on weekdays (JST)

Live streaming (Viewing issues, etc.)

V-cube, Inc.

03-4213-4045

Date and time for inquiries: June 24 (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 or QR code 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>

Deadline of enquiries in advance ► 5:00 p.m. on Thursday, June 16, 2022

Streaming following the conclusion of the General Meeting of Shareholders

The following URL or QR code will be available until September 30, 2022 to stream the day of the General Meeting of Shareholders.

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

Reference Documents for the General Meeting of Shareholders Proposals and References

Proposal No. 1: Appropriation of Surplus

The Company 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 (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 net income 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 199th term will amount to ¥20 per ordinary share of the Company for a total distribution of ¥3,357,637,460. As a result, annual dividend will be ¥40 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, 2022.

Type of dividend property	Cash
Dividend per share	¥20
Total amount of dividend	¥3,357,637,460
Effective date of dividends of surplus	June 27, 2022

Proposal No. 2: Partial Amendments to the Articles of Incorporation

1. Reasons for proposal

Accompanying the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) are to be enforced on September 1, 2022, the Company proposes to make the following changes to its Articles of Incorporation of the Company since the system for providing informational materials for the general meeting of shareholders in electronic format will be introduced.

- (1) Taking measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format is obligated to stipulate in the Articles of Incorporation, so paragraph (i) of Article 16 (Measures, etc. for Providing Information in Electronic Format) in the proposed amendments is established.
- (2) Among items for which the measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format will be taken, to enable the Company to restrict the scope to items designated by the Ministry of Justice Order to scope of statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents, paragraph (ii) of Article 16 (Measures, etc. for Providing Information in Electronic Format) in the proposed amendment will be established.
- (3) Once the system for providing informational materials for the general meeting of shareholders in electronic format is introduced, the provision of Article 16 of the current Articles of Incorporation (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) will no longer be required, so they will be deleted.
- (4) The Company will also establish supplementary provisions regarding the effective date of the aforementioned establishment and deletion of provisions. Furthermore, these supplementary provisions shall be deleted after the date in paragraph (iii) of supplementary provisions has passed.

2. Contents of proposed amendments

The contents of the proposed amendments are as follows.

(Underline indicates amendments.)

Current Articles of Incorporation	Proposed Amendments
<p data-bbox="253 371 823 461"><u>(Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.)</u></p> <p data-bbox="253 461 823 875"><u>Art. 16: When the Company convenes a general meeting of shareholders, if it discloses information that is to be stated or presented in the reference documents for the general meeting of shareholders, business report, non-consolidated financial statements and consolidated financial statements through the Internet in accordance with the provisions prescribed by the Ministry of Justice Order, it may be deemed that the Company has provided this information to shareholders.</u></p> <p data-bbox="416 943 660 976">(Newly established)</p> <p data-bbox="416 1480 660 1514">(Newly established)</p> <p data-bbox="416 1615 660 1648">(Newly established)</p>	<p data-bbox="1066 461 1182 495">(Deleted)</p> <p data-bbox="839 875 1412 943"><u>(Measures, etc. for Providing Information in Electronic Format)</u></p> <p data-bbox="839 943 1412 1155"><u>Art. 16: When the Company convenes a general meeting of shareholders, it shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format.</u></p> <p data-bbox="887 1155 1412 1480"><u>(ii) Among items for which the measures for providing information in electronic format will be taken, the Company is not required to state all or some of those items designated by the Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.</u></p> <p data-bbox="839 1480 1182 1514"><u>(Supplementary Provisions)</u></p> <p data-bbox="839 1514 1412 1615"><u>(Transitional Measures for Providing Informational Materials for the General Meeting of Shareholders in Electronic Format)</u></p> <p data-bbox="839 1615 1412 1935"><u>Art. 1: The deletion of the Articles of Incorporation Article 16 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) before amendments and the establishment of the Articles of Incorporation Article 16 (Measures, etc. for Providing Information in Electronic Format) shall be effective from September 1, 2022.</u></p>

Current Articles of Incorporation	Proposed Amendments
	<p>(ii) <u>Notwithstanding the preceding paragraph, the Articles of Incorporation Article 16 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) before amendments shall be valid for general meetings of shareholders to be held on days up until February 28, 2023.</u></p> <p>(iii) <u>The provision in this Article shall be deleted on the date when six months have elapsed from September 1, 2022 or three months have elapsed from the date of the general meeting of shareholders in the preceding paragraph, whichever is later.</u></p>

Proposal No. 3: Election of Seven 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. We propose to elect seven Directors due to the change in management structure (reduction in number of Directors by one) this fiscal year.

Candidates for Directors were nominated by the Board of Directors in accordance with "Qualifications Expected of Directors," which is described on page 35. 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.

The candidates for Directors are as follows:

No.	Name	Position, Duties, Significant concurrent positions etc.	Attendance at meetings of the Board of Directors
1	Yoshinori Kanehana	Chairman of the Board	13/13
2	Yasuhiko Hashimoto	President and Chief Executive Officer	13/13
3	Katsuya Yamamoto	Senior Corporate Executive Officer, Assistant to the President, in charge of Finance, Human Resources, Legal & Compliance, and Corporate Communication, and General Manager, Human Resources Division	13/13
4	Hiroshi Nakatani	Senior Corporate Executive Officer, Assistant to the President, in charge of Technology, Manufacturing/Production, Procurement, TQM, General Administration, and DX Strategy, in charge of North America Project Management Task Force, and General Manager, Corporate Technology Division	13/13
5	Jenifer Rogers	General Counsel Asia, Asurion Japan Holdings G.K. Outside Director, Mitsui & Co., Ltd. Outside Director, Nissan Motor Co., Ltd. Outside Director, Seven & i Holdings Co., Ltd.	13/13
6	Hideo Tsujimura		13/13
7	Katsuhiko Yoshida		-/-

- (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, 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.

[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 Committee has been conducted through an appropriate process.

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) 13/13 (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 President, Rolling Stock Company</p> <p>Apr. 2016 Senior Executive Vice President Assistant to the President</p> <p>Jun. 2016 President</p> <p>Apr. 2018 President and Chief Executive Officer</p> <p>Jun. 2020 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>	36,000 shares (Of which, the number of shares to be granted under the stock compensation plan) (7,000 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) 13/13 (100%)	<p>Apr. 1981 Joined Kawasaki Heavy Industries, Ltd.</p> <p>Apr. 2016 Managing Executive Officer In charge of promoting automation, General Manager, Robot Business Division, Precision Machinery Company</p> <p>Apr. 2018 Managing Executive Officer President, Precision Machinery & Robot Company, in charge of promoting automation</p> <p>Jun. 2018 Director, Managing Executive Officer President, Precision Machinery & Robot Company, in charge of promoting automation</p> <p>Apr. 2020 Director, Senior Corporate Executive Officer Assistant to the President</p> <p>Jun. 2020 President and Chief Executive Officer (present)</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>	24,100 shares (Of which, the number of shares to be granted under the stock compensation plan) (8,000 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
3	Katsuya Yamamoto (November 21, 1957) 13/13 (100%)	<p>Apr. 1981 Joined Kawasaki Heavy Industries, Ltd.</p> <p>Apr. 2017 Managing Executive Officer General Manager, Corporate Planning Division</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 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 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 Director, Senior Corporate Executive Officer Assistant to the President, in charge of Finance, Human Resources, Legal & Compliance, and Corporate Communication, and General Manager, Human Resources Division (present)</p> <p>Reasons for nomination as candidate 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, as Director, Senior Corporate Executive Officer, he has been in charge of Finance, Human Resources, Legal & Compliance, and Corporate Communication, 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>	17,900 shares (Of which, the number of shares to be granted under the stock compensation plan) (5,100 shares)

[Reference]

"Sustainability": This is the sustainability of society and the environment. The Company promotes sustainable management, which it supports from the aspects of CSR, risk, legal affairs, etc., to contribute to the future 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) 13/13 (100%)	<p>Apr. 1984 Joined Kawasaki Heavy Industries, Ltd.</p> <p>Apr. 2016 Executive Officer Deputy General Manager, Corporate Technology Division, and General Manager, Technical Institute</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>Apr. 2020 Managing Executive Officer In charge of Corporate Planning, Digital Transformation, and Ship & Offshore Structure Company, and General Manager, Corporate Technology Division</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>Nov. 2020 Director, Managing Executive Officer In charge of Corporate Planning, Digital Transformation, Cyber Security, 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 Director, Senior Corporate Executive Officer, Assistant to the President, in charge of Technology, Manufacturing/Production, Procurement, TQM, General Administration, and DX Strategy, in charge of North America Project Management Task Force, and General Manager, Corporate Technology Division (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, Manufacturing/Production, Procurement, TQM, General Administration, and DX Strategy, and North America Project Management Task Force, 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>	10,000 shares (Of which, the number of shares to be granted under the stock compensation plan) (3,300 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 to respond to drastic changes in the business environment, 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) 13/13 (100%)	<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. (present)</p> <p>Jun. 2018 Outside Director, Kawasaki Heavy Industries, Ltd. (present)</p> <p>Jun. 2019 Outside Director, Nissan Motor Co., Ltd. (present)</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>[Significant concurrent positions] General Counsel Asia, Asurion Japan Holdings G.K. Outside Director, Mitsui & Co., Ltd. Outside Director, Nissan Motor Co., Ltd. Outside Director, Seven & i Holdings Co., Ltd.</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>	2,400 shares

- (Notes)
1. She is a candidate for Outside Director.
 2. Her tenure as Outside Director of the Company 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.
 4. The Company has submitted notification to Tokyo Stock Exchange, Inc. that the candidate has been appointed as Independent Officer as provided for by the aforementioned exchange.

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) 13/13 (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 (At present: Suntory MONOZUKURI 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 (present) Chairman, Suntory Foundation for Life Sciences (present)</p> <p>Jun. 2020 Outside Director, Kawasaki Heavy Industries, Ltd. (present)</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>	500 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. The Company has submitted notification to Tokyo Stock Exchange, Inc. that the candidate has been appointed as Independent Officer as provided for by the aforementioned exchange.
 5. 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. 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	(Newly- appointed) (Outside Director Candidate) (Independent Officer) Katsuhiko Yoshida (April 5, 1954) -/- (-%)	<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>Reasons for nomination as candidate and outline of expected role Mr. Yoshida has not only extensive management experience but also deep insights into sales and marketing, having served as Representative Director, Senior Managing Executive Officer, with overall responsibility for Consumer Products Business Department of Kao Corporation and other important positions. We have judged that he will be able to fully fulfil his role as an Outside Director supervising the execution of duties and enhancing its enterprise value. Considering these points, we have expected him to provide supervision leveraging his expertise and knowledge and newly nominated him as a candidate for Outside Director.</p>	– shares

- (Notes)
1. He 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.
 3. The Company will submit notification to Tokyo Stock Exchange, Inc. that the candidate has been appointed as Independent Officer as provided for by the aforementioned exchange.
 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. 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.

Proposal No. 4: 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. We have obtained the consent of the Audit and Supervisory Committee on this proposal. Additionally, candidates for Directors serving as Audit and Supervisory Committee Members were nominated by the Board of Directors in accordance with "Qualifications Expected of Directors," which is described on page 35. 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.

The candidates for Directors serving as Audit and Supervisory Committee Members are as follows:

No.	Name	Position, Duties, Significant concurrent positions etc.	Attendance	
			Meetings of the Board of Directors	Meetings of the Audit and Supervisory Committee
1	Akio Nekoshima		13/13	17/17
2	New Nobuhisa Kato	Executive Officer in charge of special mission assigned by the President	-/-	-/-
3	Outside Independent Atsuko Ishii	Outside Director, Mitsui Sumitomo Insurance Company, Limited Outside Director, NS Solutions Corporation	13/13	17/17
4	Outside Independent Ryoichi Saito		13/13	17/17
5	New Outside Independent Susumu Tsukui		-/-	-/-

- (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 policy. The Company plans to renew the insurance contract with the same contents at the next renewal.

No.	Name (Date of Birth)	Career Summary, Positions and Duties [Significant concurrent positions]	Number of the Company's shares held
1	Akio Nekoshima (September 30, 1958) Attendance at meetings of the Board of Directors 13/13 (100%) Attendance at meetings of the Audit and Supervisory Committee 17/17 (100%)	<p>Apr. 1982 Joined The Dai-Ichi Kangyo Bank, Limited (At present: Mizuho Bank, Ltd.)</p> <p>Apr. 2006 Manager, Los Angeles Branch, Mizuho Corporate Bank, Ltd. (At present: Mizuho Bank, Ltd.), and President, Mizuho Corporate Bank of California</p> <p>Apr. 2009 General Manager, Americas Corporate Banking Division No. 1, Mizuho Corporate Bank of California</p> <p>May 2012 Joined Kawasaki Heavy Industries, Ltd.</p> <p>Apr. 2013 Senior Manager, Europe, the Middle East and Africa, and Group Manager, Overseas, Marketing Division</p> <p>Jul. 2013 General Manager, Finance & Accounting Division</p> <p>Apr. 2014 Executive Officer General Manager, Finance & Accounting Division</p> <p>Apr. 2016 Executive Officer General Manager, Marketing Division</p> <p>Apr. 2018 Executive Officer Staff officer to Audit & Supervisory Board Member</p> <p>Jun. 2018 Audit & Supervisory Board Member</p> <p>Jun. 2020 Director, Audit and Supervisory Committee Member (present)</p> <p>Reasons for nomination as candidate Mr. Nekoshima has been engaged in businesses related to finance and accounting and sales promotion, and overseas business of the Company. He was appointed Executive Officer in 2014 and Audit and Supervisory Board Member of the Company in 2018 and Director, Audit and Supervisory Committee Member of the Company in 2020. 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.</p>	7,300 shares

- (Notes) 1. His tenure as Director, Full-time Audit & Supervisory Committee Member will have been two years at the conclusion of this Ordinary General Meeting of Shareholders.
2. 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) Nobuhisa Kato (June 1, 1960) Attendance at meetings of the Board of Directors -/- (-%) Attendance at meetings of the Audit and Supervisory Committee -/- (-%)	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 (present) Reasons for nomination as candidate Mr. Kato has been mainly engaged in businesses related to finance & accounting and control of the Company for many years. He was appointed Executive Officer of the Company in 2017. Presently, as the person in charge of special mission assigned by the President, 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.	6,200 shares (Of which, the number of shares to be granted under the stock compensation plan) (1,300 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	<p>(Outside Director Candidate) (Independent Officer)</p> <p>Atsuko Ishii (November 17, 1957)</p> <p>Attendance at meetings of the Board of Directors 13/13 (100%)</p> <p>Attendance at meetings of the Audit and Supervisory Committee 17/17 (100%)</p>	<p>Apr. 1980 Joined Ministry of Labour (At present: Ministry of Health, Labour and Welfare)</p> <p>Jul. 2009 Director-General, Osaka Labour Bureau, Ministry of Health, Labour and Welfare</p> <p>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</p> <p>Sep. 2012 Director-General, Equal Employment, Child and Family Policy Bureau, Ministry of Health, Labour and Welfare</p> <p>Jul. 2014 Director-General for General Policy and Evaluation (in charge of labor), Ministry of Health, Labour and Welfare</p> <p>Oct. 2015 Director-General, Social Welfare and War Victims' Relief Bureau, Ministry of Health, Labour and Welfare</p> <p>Jun. 2017 Outside Audit & Supervisory Board Member, Kawasaki Heavy Industries, Ltd.</p> <p>Jun. 2017 Outside Audit & Supervisory Board Member, Mitsui Sumitomo Insurance Company, Limited</p> <p>Jun. 2019 Outside Director, NS Solutions Corporation (present)</p> <p>Jun. 2020 Outside Director, Audit & Supervisory Committee Member, Kawasaki Heavy Industries, Ltd. (present)</p> <p>Jun. 2021 Outside Director, Mitsui Sumitomo Insurance Company, Limited (present)</p> <p>[Significant concurrent positions] Outside Director, Mitsui Sumitomo Insurance Company, Limited Outside Director, NS Solutions Corporation</p> <p>Reasons for nomination as candidate and outline of expected role 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>	700 shares

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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 two 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.
 4. The Company has submitted notification to Tokyo Stock Exchange, Inc. that the candidate has been appointed as Independent Officer as provided for by the aforementioned exchange.

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) Ryoichi Saito (February 3, 1950)	<p>Apr. 1974 Joined NSK Ltd.</p> <p>Jun. 2006 Senior Vice President, Head of Corporate Planning Division HQ, NSK Ltd.</p> <p>Jun. 2011 Director, Representative, Executive Vice President, Head of Corporate Strategy Division HQ, Crisis Management Committee Chairperson, NSK Ltd.</p> <p>Jun. 2013 Senior Advisor, NSK Ltd.</p> <p>Jun. 2016 Administrative Officer, NSK Ltd.</p> <p>Jun. 2019 Outside Audit & Supervisory Board Member, Kawasaki Heavy Industries, Ltd.</p> <p>Jun. 2020 Outside Director, Audit & Supervisory Committee Member, Kawasaki Heavy Industries, Ltd. (present)</p> <p>Reasons for nomination as candidate and outline of expected role Mr. Saito served as Senior Vice President, Head of Corporate Planning Division HQ, Director, Representative, Executive Vice President, Head of Corporate Strategy Division HQ and Crisis Management Committee Chairperson of NSK Ltd. and other important positions. He was appointed Outside Audit & Supervisory Board Member of the Company in 2019 and Outside Director, Audit & Supervisory Committee Member of the Company in 2020. Mr. Saito has made a significant contribution to ensuring the soundness of the Company's management and enhancing its enterprise value based on his extensive management experience and deep insights into business planning, finance and accounting, and risk management. 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>	800 shares
	Attendance at meetings of the Board of Directors 13/13 (100%) Attendance at meetings of the Audit and Supervisory Committee 17/17 (100%)		

- (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.
 4. The Company has submitted notification to Tokyo Stock Exchange, Inc. that the candidate has been appointed as Independent Officer as provided for by the aforementioned exchange.
 5. Although NSK Ltd., where the candidate previously served as business executive, is a business partner of the Company, the annual average transactions between the Group of NSK Ltd. 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. Consequently, we have determined that there is no issue as to the independence of Mr. Saito and he will be able to fulfill his role as an Independent Officer.

No.	Name (Date of Birth)	Career Summary, Positions and Duties [Significant concurrent positions]	Number of the Company's shares held
5	(Newly-appointed) (Outside Director Candidate) (Independent Officer) Susumu Tsukui (May 3, 1969) Attendance at meetings of the Board of Directors -/- (-%) Attendance at meetings of the Audit and Supervisory Committee -/- (-%)	Apr. 1995 Admitted to the Bar in Japan Joined Kobe-Kaito Law Office Apr. 1999 Joined Law Office ASHIYA Apr. 2002 Established Ashiya Nishinomiya Citizen Law Office Managing Partner, Ashiya Nishinomiya Citizen Law Office (present) Apr. 2006 Vice President, Hyogo-ken Bar Association Apr. 2021 President, Hyogo-ken Bar Association 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 has abundant experience and deep insight into legal affairs as an attorney. Considering these points, we have expected him to provide supervision leveraging his expertise and knowledge and newly nominated him as a candidate for Outside Director serving as Audit and Supervisory Committee Member.	300 shares

- (Notes)
1. He 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.
 3. The Company will submit notification to Tokyo Stock Exchange, Inc. that the candidate has been appointed as Independent Officer as provided for by the aforementioned exchange.

Proposal No. 5: 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 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. We have obtained the consent of the Audit & Supervisory Committee on this proposal. Additionally, a candidate for substitute Director serving as Audit and Supervisory Committee Member was nominated by the Board of Directors in accordance with "Qualifications Expected of Directors," which is described on page 35. 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. The candidate for substitute Director serving as Audit and Supervisory Committee Member is as follows:

Name (Date of Birth)	Carrier Summary and Positions	Number of the Company's shares held
(Newly-appointed) (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)	
	[Significant concurrent positions] Unaffiliated Director, Audit and Supervisory Committee Member, The Hanshin Diesel Works, Ltd. Outside Director, Audit & Supervisory Committee Member, LIFEDRINK COMPANY, INC.	– shares
	Reasons for nomination as candidate and outline of expected role Ms. Hada has never involved in the management of a company, except as an outside officer. However, she has extensive experience and deep insights into legal affairs an attorney, having served as Vice President of Hyogo-ken Bar Association and other important positions. 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 newly nominated her as a candidate for substitute Director serving as Audit and Supervisory Committee Member.	

- (Notes)
1. The registered name of the candidate is Yuka Suzuki.
 2. There is no special interest relationship between the candidate and the Company.
 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 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.
 4. 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.
 5. The candidate satisfies the requirements of the independence standards for outside officers stipulated by the Company. Should Ms. Hada 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.

Reference

[Skill Matrix if Proposal No. 3 and Proposal No. 4 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	•	•				•		•			
Director, Full-time Audit and Supervisory Committee Member Akio Nekoshima	•	•	•					•	•		•
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
Outside Director, Audit and Supervisory Committee Member Atsuko Ishii	•	•		•						•	
Outside Director, Audit and Supervisory Committee Member Ryoichi Saito	•	•	•	•				•	•		
Outside Director, Audit and Supervisory Committee Member Susumu Tsukui	•	•								•	

[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

Attachment:

Business Report
(April 1, 2021 - March 31, 2022)

1. Overview concerning the Current Situation of Company Group

(1) Business Progress and Results

(i) General conditions

The overall orders received by the KHI Group on a consolidated basis for the fiscal year under review increased due to growth in the Motorcycle & Engine, Aerospace Systems and other segments. Consolidated net sales, as a whole, increased compared to the previous fiscal year due to increased sales in the Motorcycle & Engine and Precision Machinery & Robot segments, while sales of segments such as Aerospace Systems and Energy Solution & Marine Engineering decreased.

In terms of profit, operating profit increased significantly compared to the previous fiscal year mainly due to increased profits in the Motorcycle & Engine and Aerospace Systems segments. Ordinary profit increased significantly due to the improved operating profit despite decreases in equity in earnings of affiliates and gains/losses on foreign exchange. Profit attributable to owners of parent increased significantly mainly as a result of the improvements in ordinary profit.

As a result, the KHI Group's consolidated orders amounted to ¥1,602.1 billion, an increase of ¥199.7 billion from the previous fiscal year. Consolidated net sales amounted to ¥1,500.8 billion, an increase of ¥12.3 billion from the previous fiscal year. Operating income came to ¥45.8 billion, an improvement in operating profit of ¥51.1 billion from the previous fiscal year. Ordinary income came to ¥29.9 billion, an improvement of ¥32.7 billion from the previous fiscal year. Profit attributable to owners of parent came to ¥21.8 billion, an increase in profit attributable to owners of parent of ¥41.1 billion from the previous fiscal year.

Effective from the current fiscal year, the accounting method for revenue recognition has changed with the application of the Revenue Recognition Accounting Standard, and the profit/loss calculation method for business segments has changed.

(ii) Operating conditions by business segment

Aerospace Systems segment

In the Aerospace Systems segment, despite a decrease due to the application of the revenue recognition accounting standard for component parts of commercial aircraft jet engine, orders received were ¥383.3 billion, an increase of ¥53.7 billion from the previous fiscal year, mainly due to increase

in orders received from the Ministry of Defense (MOD) in Japan and for component parts of commercial aircrafts.

Net sales decreased ¥79.5 billion from the previous fiscal year to ¥298.2 billion mainly due to decreased sales to MOD for component parts of commercial aircrafts, as well as a decrease due to the application of the revenue recognition accounting standard for component parts of commercial aircraft jet engines.

Operating loss was ¥9.7 billion, an improvement of ¥21.9 billion from the previous fiscal year despite the decrease in revenue, mainly due to improved profitability of component parts of commercial aircrafts and component parts of commercial aircraft jet engines.

Rolling Stock segment

In the Rolling Stock segment, orders received were ¥71.5 billion, a decrease of ¥5.5 billion from the previous fiscal year when there was a large order for shinkansen trains, although orders were received for subway cars in the domestic market.

Net sales decreased ¥6.5 billion from the previous fiscal year to ¥126.6 billion, mainly due to a decrease in passenger cars for the US markets.

Operating profit increased ¥7.8 billion from the previous fiscal year, when profitability of overseas projects fell due to the impact of COVID-19 infections, resulting in ¥3.2 billion despite a decrease in revenue.

Energy Solution & Marine Engineering segment

In the Energy Solution & Marine Engineering segment, orders received were ¥343.5 billion, an increase of ¥26.3 billion from the previous fiscal year mainly due to orders for large-scale projects such maintenance and operation work of municipal waste incineration plants in the domestic market.

Net sales decreased ¥22.2 billion from the previous fiscal year to ¥297.3 billion, mainly due to a decrease in construction volume of submarines for MOD and lower sales of gas turbine combined cycle power plants.

Operating profit decreased ¥9.1 billion from the previous fiscal year to ¥1.1 billion, mainly due to the decrease in revenue.

Precision Machinery & Robot segment

In the Precision Machinery & Robot segment, orders received were ¥271.8 billion, an increase of ¥12.4 billion from the previous fiscal year mainly due to

an increase in orders for various robots, including those for semiconductor manufacturing equipment.

Net sales increased ¥11.8 billion from the previous fiscal year to ¥252.6 billion due to an increase in orders for various robots, including those for semiconductor manufacturing equipment, and the depreciation of the yen.

Operating profit increased ¥2.5 billion from the previous fiscal year to ¥16.6 billion due to the increase in revenue.

Motorcycle & Engine segment

Net sales of the Motorcycle & Engine segment increased ¥111.2 billion from the previous fiscal year to ¥447.9 billion due to an increase in sales of motorcycles and general-purpose engines for North America, as well as an increase in sales of motorcycles for Europe and Southeast Asia.

Operating profit increased ¥25.5 billion from the previous fiscal year to ¥37.3 billion despite higher prices of raw materials and parts, mainly due to increased sales and the depreciation of the yen compared to the previous fiscal year.

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

Others segment

In the Others segment, consolidated net sales decreased ¥2.3 billion from the previous fiscal year to ¥78.0 billion.

Operating profit increased ¥2.4 billion from the previous fiscal year to ¥2.8 billion.

Reference

Effective from the current consolidated fiscal year, the classification of the following business segments has changed. Information by business segment for the previous fiscal year has been prepared using the revised segment classification method.

Before the change		▶	After the change	
Aerospace Systems	Rolling Stock		Aerospace Systems	Motorcycle & Engine
Energy System & Plant Engineering	Motorcycle & Engine		Rolling Stock	Others
Precision Machinery & Robot	Others		Energy Solution & Marine Engineering	
Ship & Offshore Structure			Precision Machinery & Robot	

Reference

i) Orders received, net sales and operating profit/loss by segment

(Billions of yen)

Segment	Orders Received		Net sales		Operating Profit/Loss	
	Amount	Year-on-Year Change	Amount	Year-on-Year Change	Amount	Year-on-Year Change
Aerospace Systems	383.3	53.7	298.2	(79.5)	(9.7)	21.9
Rolling Stock	71.5	(5.5)	126.6	(6.5)	3.2	7.8
Energy Solution & Marine Engineering	343.5	26.3	297.3	(22.2)	1.1	(9.1)
Precision Machinery & Robot	271.8	12.4	252.6	11.8	16.6	2.5
Motorcycle & Engine	447.9	111.2	447.9	111.2	37.3	25.5
Others	84.0	1.4	78.0	(2.3)	2.8	2.4
Adjustment	-	-	-	-	(5.7)	(0.0)
Total	1,602.1	199.7	1,500.8	12.3	45.8	51.1

- (Notes) 1. Net sales recorded are for sales to external customers.
 2. The figure for orders received for Motorcycle & 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

	FY2020 (198th fiscal year)	FY2021 (199th fiscal year)
ROIC	(1.0)%	3.5%
ROE	(4.2)%	4.6%

- (Notes) 1. ROIC (return on invested capital) = EBIT (income before income taxes + interest expense) ÷ Invested capital at the end of the period (debt obligation + shareholders' equity)
 2. ROE (return on equity) = Profit attributable to owners of parent ÷ {(shareholders' equity at the end of the previous period + shareholders' equity at the end of the current period) ÷ 2}

iii) Cash flows

(Billions of yen)

	FY2020 (198th fiscal year)	FY2021 (199th fiscal year)
Cash flows from operating activities	34.6	144.4
Cash flows from investing activities	(37.3)	(52.5)
Cash flows from financing activities	23.0	102.3

(2) Trends in Assets and Income

(i) Company group assets and income

(Billions of yen)

Item	The 196th fiscal year	The 197th fiscal year	The 198th fiscal year	The 199th fiscal year (under review)
Orders received	1,588.7	1,513.5	1,402.4	1,602.1
Net sales	1,594.7	1,641.3	1,488.4	1,500.8
Operating profit (loss)	64.0	62.0	(5.3)	45.8
Ordinary profit (loss)	37.8	40.4	(2.8)	29.9
Profit (loss) attributable to owners of parent	27.4	18.6	(19.3)	21.8
Earnings per share (yen)	¥164.34	¥111.72	¥(115.73)	¥130.26
Total assets	1,838.8	1,957.8	1,963.2	2,022.7
Net assets	492.2	471.5	482.7	498.5

(Note) With the change and refinement of the counting method of orders received for the Precision Machinery & Robot segment, its orders received for the Fiscal 2018 (196th fiscal year) was amended (¥1,585.9 billion previously).

Effective from the Fiscal 2021 (199th fiscal year), the accounting method for revenue recognition has changed with the application of the Revenue Recognition Accounting Standard, and the profit/loss calculation method for business segments has changed.

(ii) Company assets and income

(Billions of yen)

Item	The 196th fiscal year	The 197th fiscal year	The 198th fiscal year	The 199th fiscal year (current)
Orders received	1,171.8	1,124.7	1,003.7	985.9
Net sales	1,195.1	1,250.3	1,098.6	892.2
Operating profit (loss)	15.2	20.4	(50.7)	(15.8)
Ordinary profit (loss)	9.5	17.1	(35.5)	9.5
Net profit (loss)	15.0	10.8	(35.7)	21.2
Earnings per share (yen)	¥90.37	¥64.78	¥(214.24)	¥127.08
Total assets	1,499.6	1,609.2	1,630.5	1,471.3
Net assets	325.5	323.8	287.7	266.8

(Note) Effective from the Fiscal 2021 (199th fiscal year), the accounting method for revenue recognition has changed with the application of the Revenue Recognition Accounting Standard, and the profit/loss calculation method for business segments has changed.

Due to the demerger of the Rolling Stock segment and the Motorcycle & Engine segment in October 2021, figures for both segments are not included from the third quarter of Fiscal 2021 (199th fiscal year).

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

In November 2020, the KHI Group established its new vision statement, describing what the KHI Group envisions becoming in 10 years – “Group Vision 2030: Trustworthy Solutions for the Future” and set forth its business policy to realize the vision as follows:

(i) Fields that the KHI Group focuses on

The Group is focusing on the following three fields to provide timely solutions to various social issues, 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 various 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 Remote Society” - Creating New Value through Remote Robots

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-controlled robot technology, etc., and proposes new ways of working and living styles that enable all people to participate in society through the realization of a remote society.

“Mobility in the Near Future” - Responding Quickly to Changing Trends in Movement of People and Goods

In order to quickly respond to changes and trends in the movement of people and goods, such as the need for home deliveries and the increasing demand for personal mobility due to changing lifestyles, the KHI Group will propose new means of transport and movement, such as 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 sites in Japan focused on hydrogen power generation.

Economic security such as stable energy supply has become increasingly important due to the recent international situation. 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.

(ii) Scenario for growth

In the immediate future, mass production related businesses such as Motorcycle & Engine segment, which achieved record high profit in FY2021, and Precision Machinery & Robot segment, which continues to perform well, will be the main profit centers for the KHI Group as a whole. Subsequently, the full-fledged recovery in aviation demand, including international flights, will steadily grow the profit from businesses in which products are made to order such as Aerospace Systems segment, thereby driving the KHI Group’s growth. Furthermore, the KHI Group is aiming for other new businesses including hydrogen, medical robots and Near Future Mobility to become revenue pillars, leading to a stable growth trajectory. In order to realize this scenario for growth, the KHI Group will also review its business model such as shifting from a product seller to a service seller to establish a high-profit structure.

The KHI Group will enact various measures to realize this growth scenario. As a structure for supporting growth going forward, from FY2021 we adopted a new personnel system that allows employees to proactively contribute regardless of age under the concept of taking on new challenges and commitment. The KHI Group will allocate competent human resources to posts where they can demonstrate their potential to the full and foster a corporate culture that allows us to constantly advance various innovations. Furthermore, by promoting digital transformation (DX), the KHI Group is implementing initiatives to create new solutions through the utilization of data, enhance efficiency and value added in operational processes, and speed up management decision making.

Geopolitical issues such as the higher price of resources and energy and disruptions to the supply chain caused by Russia's invasion of Ukraine are becoming increasingly serious. The KHI Group is aiming for stable management by quickly executing various measures particularly in relation to the newly launched structure to advance economic security.

(4) Material Business Reorganization

- (i) **Kawasaki Thermal Engineering Co., Ltd. Becomes a Wholly-Owned Subsidiary**
Effective August 1, 2021, the Company conducted a share exchange making the Company the wholly-owning parent company and Kawasaki Thermal Engineering Co., Ltd. as the wholly-owned subsidiary in the share exchange.
- (ii) **Company Split of Rolling Stock and Motorcycle & Engine**
The Company executed absorption-type company splits with an effective date of October 1, 2021 for Kawasaki Railcar Manufacturing Co., Ltd., which was established as a preparatory company related to the spin-off of the Company's Rolling Stock Company, and Kawasaki Motors, Ltd., which was established as a preparatory company related to the spin-off of the Company's Motorcycle & Engine Company.
- (iii) **Company Split of Shield Tunnel Boring Machine and Other Businesses and Establishment of a New Company, Jointly with Hitachi Zosen Corporation**
Effective October 1, 2021, the Company transferred the shield tunnel boring machine and civil engineering related businesses of the Company to Underground Infrastructure Technologies Corporation, which was established through a joint incorporation-type company split with Hitachi Zosen Corporation.

(5) Capital Investments, Etc.

In the KHI Group, capital investments were made predominantly for the development of facilities to accommodate new models and products in the Aerospace Systems segment and to streamline production in the Precision Machinery & Robot segment, and for the development of facilities to mainly handle other new business-related matters. As a result, the KHI Group spent a total of ¥53.5 billion (including spending on intangible 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	Facilities for streamlining production of aircrafts, commercial aircraft engines and other products, etc.	10.7
Rolling Stock	Facilities for increasing rolling stock production, etc.	1.9
Energy Solution & Marine Engineering	Facilities for production of industrial machinery and streamlining ship construction, etc.	4.4
Precision Machinery & Robot	Facilities for streamlining production of hydraulic components and industrial robot production, etc.	11.5
Motorcycle & Engine	Facilities for handling new models and products of motorcycles, etc.	13.5
Others	New business-related facilities and information facilities, etc.	11.2
Total		53.5

(6) Financing

Funds of ¥15.5 billion from 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 current consolidated fiscal year. The funds were allocated to such items as the scheduled payment for long-term debt, capital investments and working capital.

(7) Principal Lenders

Lenders	(Billions of yen)		
	Balance of borrowings		
	Long term	Short term	Total
Mizuho Bank, Ltd.	7.0	31.9	38.9
Sumitomo Mitsui Banking Corporation	7.0	14.0	21.0
Development Bank of Japan Inc.	17.8	0	17.8
Sumitomo Mitsui Trust Bank, Ltd.	13.5	1.6	15.1
MUFG Bank, Ltd.	4.5	8.6	13.1

- Toward the realization of a sustainable society -

Starting with the issuance of Sustainability Bonds* (SDG bonds) in July 2021, the Company has been conducting financing (sustainable finance) that contributes to environmental and social sustainability. By proactively utilizing these sustainable finance instruments, the Company will accelerate our sustainability management efforts to realize our Group Vision 2030 “Trustworthy Solutions for the Future” and strive to strengthen our engagement with stakeholders to contribute to the achievement of SDGs and realize a sustainable society.

* Bonds issued to finance specific projects that contribute to environmental and social sustainability

Item	Issue date
Sustainability Bond	July 2021
Positive Impact Finance	August 2021
Sustainability Linked Loan	March 2022
Mizuho Eco Finance	March 2022

[Sustainable Finance Goals and KPIs]

The KHI Group believes that the use of sustainable finance will contribute to achieving Group Vision 2030 and ultimately the SDGs, and has established goals related to sustainable finance. With the ratio of sustainable finance to long-term borrowings (excluding short-term working capital and short-term borrowings to meet funding needs during the period) as the KPI, our goal is to finance half of our long-term borrowings by 2030 and all of our long-term borrowings by 2050 through sustainable finance.

(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%	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, Ltd. (Akashi, Hyogo)	¥100 million	Note 3	Sole distributor of motorcycles, personal watercraft ("JET SKI®"), general-purpose gasoline engines and engine components 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
NICHIGO CORPORATION (Sapporo, Hokkaido)	¥120 million	Note 4	Design, manufacture, and sale of snow removal machinery, industrial vehicles, etc.

- (Notes)
1. "PWC" stands for "personal watercraft" and is a water scooter.
 2. "JET SKI®" is a registered trademark of Kawasaki Motors, Ltd.
 3. A wholly-owned subsidiary of Kawasaki Motors, Ltd.
 4. Kawasaki Railcar Manufacturing Co., Ltd. has a 75% stake.
 5. The status of share exchanges and company splits are described in "Material Business Reorganization" on page 42.

ii) Overseas

Company name (Location)	Capital	The Company's percentage of equity participation	Main business
Kawasaki Motors Corp., U.S.A. (United States)	US\$ 165 million	Note 3	Sale of motorcycles, ATVs (all-terrain vehicles), utility vehicles, personal watercraft "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)	US\$ 170 million	Note 3	Manufacture of personal watercraft "JET SKI®," utility vehicles, ATVs (all-terrain vehicles), rims for ATVs and utility vehicles, general-purpose engines and rolling stock and aircraft doors
Kawasaki Motors Enterprise (Thailand) Co., Ltd. (Thailand)	THB 1,900 million	Note 3	Manufacture and sale of motorcycles in Thailand
Kawasaki Motors Europe N.V. (Netherlands)	EUR 64 million	Note 3	Sale of motorcycles, ATVs (all-terrain vehicles), utility vehicles, personal watercraft "JET SKI®" and general-purpose gasoline engines in Europe
Kawasaki Rail Car, Inc. (United States)	US\$ 60 million	Note 4	Manufacture, sale, servicing and engineering of rolling stock
Kawasaki Precision Machinery (Suzhou) Ltd. (China)	JPY 3,000 million	100%	Manufacture of hydraulic pumps and hydraulic motors for construction machinery, marine hydraulic products and industrial robots
Kawasaki Robotics (U.S.A.), Inc. (United States)	US\$ 1 million	Note 5	Sale and servicing of industrial robots in Americas
Kawasaki Precision Machinery Trading (Shanghai) Co., Ltd. (China)	JPY 400 million	100%	Sale and servicing of precision machinery in China
Kawasaki Motors (Shanghai), Ltd. (China)	RMB 10 million	Note 3	Import and sale of products and related business of Kawasaki Motors, Ltd.
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 Robotics (Kunshan) Co., Ltd. (China)	JPY 1,680 million	100%	Procurement of parts and components of robots and related equipment
PT. Kawasaki Motor Indonesia (Indonesia)	US\$ 80 million	Note 6	Manufacture and sale of motorcycles in Indonesia
Kawasaki Motors (Phils.) Corporation (Philippines)	PHP 101 million	Note 7	Manufacture and sale of motorcycles in the Philippines

Company name (Location)	Capital	The Company's percentage of equity participation	Main business
Kawasaki Robotics (Tianjin) Co., Ltd. (China)	JPY 200 million	100%	Sale and servicing of industrial robots in China
Canadian Kawasaki Motors Inc. (Canada)	CAD 2 million	Note 3	Sale of motorcycles, ATVs (all-terrain vehicles), utility vehicles and personal watercraft "JET SKI®" in Canada

- (Notes)
1. ATV stands for "All-Terrain Vehicle" and is an "off-road four-wheel vehicle."
 2. UV stands for "utility vehicle" and is a "multi-purpose four-wheeled vehicle."
 3. A wholly-owned subsidiary of Kawasaki Motors, Ltd.
 4. A wholly-owned subsidiary of Kawasaki Motors Manufacturing Corp., U.S.A.
 5. A wholly-owned subsidiary of Kawasaki Motors Corp., U.S.A.
 6. Kawasaki Motors, Ltd. has a 90% stake.
 7. Kawasaki Motors, Ltd. has a 50% stake.
 8. There are 101 consolidated subsidiaries, including 24 companies (9 in Japan and 15 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	Manufacture and sale of aircraft, aircraft engines, etc.	7,825
Rolling Stock	Manufacture and sale of rolling stock, snow removal machinery, etc.	3,499
Energy Solution & Marine Engineering	Manufacture and sale of energy-related equipment and systems, marine propulsion machinery and systems, industrial machinery, environmental equipment, cryogenic storage equipment, hydrogen-related facilities, crushing machines, ships, etc.	8,138
Precision Machinery & Robot	Manufacture and sale of hydraulic components, industrial robots, etc.	4,302
Motorcycle & Engine	Manufacture and sale of motorcycles, off-road four-wheel vehicles (SxS, ATV), personal watercraft ("JET SKI®"), general purpose gasoline engines, etc.	9,300
Others	Commerce, brokerage and mediation for sale and order reception and administration of welfare facilities, etc.	2,228
Companywide common areas	(Head Office Administration Department, Research & Development Department, etc.)	1,295
Total	-	36,587

- (Notes)
1. Employees total 26,596 people in Japan and 9,991 people overseas.
 2. The Company has 13,381 employees (average age: 40.5 years old; average years of service: 14.9 years)
 3. UV is an abbreviation for "utility vehicle" and is a "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, 2021)

(1) Aggregate Number of Issuable Shares	336,000,000 shares
(2) Total Number of Shares Issued	167,921,800 shares (Note 1) (including 39,927 treasury shares)
(3) Number of Shareholders	121,730 persons

(4) Major Shareholders (top 10)

Shareholder name	Number of shares held	Shareholding ratio
	thousand shares	%
The Master Trust Bank of Japan, Ltd. (Trust Account)	26,362	15.7
Custody Bank of Japan, Ltd. (Trust Account)	14,171	8.4
Nippon Life Insurance Company	5,751	3.4
Kawasaki Heavy Industries, Ltd. Employees Shareholder Association	4,934	2.9
Mizuho Bank, Ltd.	4,176	2.4
Kawasaki Heavy Industries, Ltd. Kyoeikai	3,957	2.3
BNYMSANV AS AGENT / CLIENTS LUX UCITS NON TREATY 1	3,092	1.8
Tokio Marine & Nichido Fire Insurance Co., Ltd.	2,783	1.6
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS – UNITED KINGDOM	1,902	1.1
JP MORGAN CHASE BANK 385781	1,861	1.1

- (Notes) 1. The total number of outstanding shares increased by 841,268 shares due to the share exchange on August 1, 2021, whereby Kawasaki Thermal Engineering Co., Ltd. became a wholly-owned subsidiary.
2. The shareholding ratio is calculated after subtracting treasury shares (39,927 shares).

* **Company share options are not applicable.**

4. Company Officers

(1) Directors (as of March 31, 2022)

Position	Name	Areas of Responsibility within the Company and Other Significant Concurrent Positions
Representative Director	Yoshinori Kanehana	Chairman of the Board
Representative Director	Yasuhiko Hashimoto	President and Chief Executive Officer
Representative Director	Sukeyuki Namiki	Vice President and Senior Executive Officer, Assistant to the President, with overall responsibility for technology, production and procurement, and in charge of TQM, General Administration, and North America Project Management Task Force
Representative Director	Katsuya Yamamoto	Vice President and Senior 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
Director	Hiroshi Nakatani	Managing Executive Officer in charge of Corporate Planning, Digital Transformation and Cyber Security, and General Manager, Corporate Technology Division
Outside Director	Yoshiaki Tamura	Outside Director, DIC Corporation
Outside Director	Jenifer Rogers	General Counsel Asia, Asurion Japan Holdings G.K. Outside Director, Mitsui & Co., Ltd. Outside Director, Nissan Motor Co., Ltd.
Outside Director	Hideo Tsujimura	
Director, Full-Time Audit and Supervisory Committee Member	Katsuyoshi Fukuma	
Director, Full-Time Audit and Supervisory Committee Member	Akio Nekoshima	
Outside Director, Audit and Supervisory Committee Member	Satoru Kohdera	Managing Partner, Higashimachi LPC
Outside Director, Audit and Supervisory Committee Member	Atsuko Ishii	Outside Director, Mitsui Sumitomo Insurance Company, Limited Outside Director, NS Solutions Corporation
Outside Director, Audit and Supervisory Committee Member	Ryoichi Saito	

- (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 Katsuyoshi Fukuma, who has many years of experience with administration and accounting operations at the Company, has substantial knowledge about finance and accounting.
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.

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 and Audit & Supervisory Board Members

(Millions of yen)

Position and number	Total amount of remuneration	Total amount of remuneration, etc. by category			
		Monetary reward			Performance-linked stock compensation
		Basic remuneration	Performance-based remuneration	Stock purchase fund	
Directors (excluding Directors serving as Audit and Supervisory Committee Members) 8 persons	424	277	69	9	69
Directors serving as Audit and Supervisory Committee Members 5 persons	112	112	-	-	-
Total 13 persons (including 6 persons from Outside Directors)	537 (80)	389 (80)	69 (-)	9 (-)	69 (-)

- (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	¥120 million per year	197th Ordinary General Meeting of Shareholders June 25, 2020	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)

The remuneration of the Directors of the Company was set within the remuneration limit approved at the Ordinary General Meeting of Shareholders. In light of the performance-linked stock compensation introduced in the resolution of the 198th Ordinary General Meeting of Shareholders held on June 25, 2021, the remuneration system (hereinafter "New Remuneration System") for Directors (excluding Directors serving as Audit & Supervisory Committee Members) was revised at the Board of Directors meetings held on May 20, 2021 and June 25, 2021.

(i) Remuneration for Directors (excluding Directors serving as Audit and Supervisory Committee Member 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.

Since the remuneration year is set from July of the current year to June of the following year, the remuneration amount from July 2021 to March 2022 will be calculated using the New Remuneration System, while the remuneration amount from April to June 2021 will be calculated using the remuneration system (hereinafter "Old Remuneration System") based on the Policy concerning the Amount of Remuneration and others to Directors (excluding Directors serving as Audit and Supervisory Committee Member) or its Calculation Method decided at the Board of Directors meeting held on

December 24, 2015. The determined remuneration amount will be divided proportionally and paid monthly during the term of office.

Old Remuneration System (Remuneration from April to June 2021)

It consists of basic remuneration, performance-based remuneration, and stock purchase funds.

- Performance-based remuneration

Performance-based remuneration is determined by linking mainly to Profit attributable to owners of parent ("Profit"), consolidated ROIC and the ROIC of internal companies. The reasons for selecting these indicators are as follows:

Indicator	Reason for Selection
Profit	Net income, which funds dividends, was selected as an indicator to incentivize Directors to increase shareholder value.
Consolidated ROIC	Consolidated ROIC was selected as an indicator because Kawasaki has made ROIC management a part of its basic management policy and aims to achieve ROIC of 8% or above.
Internal Company ROIC	Internal company ROIC was selected as an indicator because Kawasaki aims to achieve ROIC of 8% or above at each internal company.

Note: $ROIC = \frac{EBIT \text{ (Income before income taxes + interest expense)}}{\text{Invested capital (Interest-bearing debt + Shareholders' equity)}}$

- Stock purchase fund

The stock purchase fund is distributed for the purpose of sharing value with shareholders and incentivizing Directors to enhance medium- to long-term corporate value, with the entire amount contributed to the officers' stock ownership plan in order to purchase shares of the Company on a continuous basis.

The Company sets the ratio of performance-based remuneration so that the ratio between basic remuneration, performance-based remuneration and stock purchase funds will be about 65%:25%:10% when ROIC is 8%. Performance-based remuneration is based on performance for FY2019. Actual results of the indicator for performance-based remuneration are as follows:

- Profit: ¥18.6 billion
- Consolidated ROIC: 4.2%
- Each Internal Company ROIC: As stated in the following table.

Aerospace Systems	8.0%	Energy System & Plant Engineering	10.4%
Precision Machinery & Robot	8.8%	Ship & Offshore Structure	1.4%
Rolling Stock	(7.2%)	Motorcycle & Engine	(2.6%)

New Remuneration System (Remuneration from July 2021 to March 2022)

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.

- Basic 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 ("Net 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~

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-term issues relating with the company as a whole, those in organizations under management of the Director, as well as tasks in charge.

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 FY2020. Loss related to performance-linked compensation for this term was ¥19.3 billion.

(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, for the remuneration for the period from April to June 2021, 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 meeting held on December 24, 2015 is followed. For the remuneration from July 2021 to March 2022, 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 12 times in FY2021. 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 Yoshiaki Tamura, Jenifer Rogers and Hideo Tsujimura, and Directors, Full-Time Audit and Supervisory Committee Members Katsuyoshi Fukuma and Akio Nekoshima, and Outside Directors, Audit and Supervisory Committee Members Satoru Kohdera, Atsuko Ishii and Ryoichi Saito. 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 for the Company's Directors (excluding Directors serving as Audit and Supervisory Committee Members), Executive Officers, etc. The insureds do not bear insurance 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, the policy does include certain exemption clauses, such as no

compensation being given for liability attributable to acts in violation of laws or regulations that were carried out with full knowledge of their illegality.

(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. Katsuyoshi Fukuma and Mr. Akio Nekoshima as Full Time Audit and Supervisory Committee Members.

(6) Outside Officers

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

Not applicable.

(ii) Concurrent Outside Officer positions at other companies and the relationship between the Company and said companies

Position	Name	Significant concurrent positions	Relationships with the Company
Outside Director	Yoshiaki Tamura	Outside Director, DIC Corporation	The Company does not have any important dealing or other special relationship with the said companies.
	Jenifer Rogers	General Counsel Asia, Asurion Japan Holdings G.K.	
		Outside Director, Mitsui & Co., Ltd.	
		Outside Director, Nissan Motor Co., Ltd.	
	President, American Chamber of Commerce in Japan (retired in December 2021)		
Outside Director, Audit and Supervisory Committee Member	Atsuko Ishii	Outside Audit & Supervisory Committee Member, Mitsui Sumitomo Insurance Company, Limited (retired in June 2021) Outside Director, Mitsui Sumitomo Insurance Company, Limited	
		Outside Director, NS Solutions Corporation	

(iii) Family relationships with managing officers or officers, of the Company or of specific related business operators of the Company

Not applicable.

(iv) 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	Audit and Supervisory Committee	
Yoshiaki Tamura	13/13 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 manufacturing. 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.
Jenifer Rogers	13/13 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	13/13 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.

Name	Attendance		Provision of opinions and outlines of duties executed in connection with roles expected of Outside Directors
	Board of Directors meetings	Audit and Supervisory Committee	
Satoru Kohdera	13/13 meetings	17/17 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 & Supervisory Committee Members by actively obtaining information necessary for auditing.
Atsuko Ishii	13/13 meetings	17/17 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 & Supervisory Committee Members by actively obtaining information necessary for auditing.
Ryoichi Saito	13/13 meetings	17/17 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 & Supervisory Committee Members by actively obtaining information necessary for auditing. Furthermore, he has served as a member of the Nomination Advisory Committee and Compensation Advisory Committee and played an important role in discussing nomination of, and compensation for, Directors, etc. and reporting to the Board of Directors.

Message from Outside Director

Yoshiaki Tamura

The Board of Directors has further strengthened the supervision of execution and the functions that provide the direction for the future. Furthermore, the reform of the personnel system has also increased employee engagement by clarifying the mission and quantifying evaluations.

We will promote the demonstration of leadership on a global scale, such as by converting energy to hydrogen, realizing a remote society that easily crosses national borders and seamless transportation that delivers goods and services to customers for a future society laid out in "Group Vision 2030."

Jenifer Rogers

Four years have passed since I was appointed as an Outside Director, and various changes have occurred during this time.

The Company changed from a company with an audit & supervisory board to a company with audit and supervisory committee, which improved the corporate governance of the KHI Group. Furthermore, I feel that the role of monitoring of the Board of Directors is functioning well, as we take time to discuss themes that stakeholders find important, such as sustainability and strategy.

Besides, proposals to reduce CO₂, such as hydrogen-related products and solutions, have been integrated as solutions for the issue of climate change in "Group Vision 2030." As an Outside Director, I place importance on such initiatives that will lead to sustainable growth of the KHI Group going forward.

Hideo Tsujimura

The KHI Group is working to make significant changes by formulating a clear "Group Vision 2030," and introducing a new personnel system that eliminates seniority-based elements. We believe that the future of the KHI Group is bright as long as new businesses, such as medical robots and hydrogen-related businesses, are steadily developed and aggressively invested for the future.

However, the profitability of existing businesses is a significant issue, and drastic strategies, such as business model reform, are necessary. Leveraging technological capabilities, integrity and trust, we anticipate challenges that defy conventional wisdom.

Message from Outside Director, Audit and Supervisory Committee Member

Satoru Kohdera

With a high level of technological capabilities, the KHI Group carries out a wide variety of manufacturing and leads the industry. In the current fiscal year, in which the impact of the COVID disaster still remains, we achieved v-shaped recovery and returned to profitability.

Now we are steadily progressing toward the "Group Vision 2030" (realization of a decarbonized and hydrogen-based society). Transactions of all businesses to this end are realized with a legal basis, such as contracts, and depend on trust. For the further development of business in the future, we anticipate to further strengthening our legal relationships and compliance that accommodate our high level of technological capabilities.

Atsuko Ishii

The KHI Group will change and evolve by renewing its determination to solve societal issues with technological capabilities and strengthening inter-company relationships and technological synergy through the formulation of "Group Vision 2030."

Going forward, I believe that increasingly speedy decision making and significant judgments will be required, but the further control of risks through active discussions and consideration from diversified perspectives, maintaining an organization with a strong sense of morals, and strengthening governance are important foundations for increasing corporate value, and we will continue to focus on this point.

Ryoichi Saito

The direction of our growth strategy and the structural reforms essential to it have become clear.

Furthermore, we are quickly and steadily proceeding with the new personnel system that increases the energy and efficiency of the organization as well as reforms related to DX.

Going forward, I believe that we must work as one and push forward to realize our growth strategy. The KHI Group consists of a variety of businesses, and it is rather difficult to understand the complete picture. However, through active discussions at the Board of Directors meetings and various committee meetings over these three years, I have gradually deepened my understanding of the KHI Group.

I wish to diligently continue to study going forward to give even more appropriate advice and carry out supervision.

4. Accounting Auditor

(1) Accounting Auditor’s Name

KPMG AZSA LLC

(2) Accounting Auditors’ Remuneration, Etc., for the Fiscal Year under Review

(i) Remuneration, etc. as an Accounting Auditor for the fiscal year under review

¥334 million

(ii) Cash and other profits payable by the company or its subsidiaries to the accounting auditors

¥421 million

- (Notes)
1. The Audit and Supervisory Committee verifies the reasonableness of audit plans, audit performance and progress, and estimate and calculation of remuneration regarding its Accounting Auditor in accordance with the “Practical Guidelines for Cooperation with Accounting Auditors” issued by Japan Audit & Supervisory Board Members Association. Following such verification, the Audit and Supervisory Committee determines whether it agrees to the amount of remuneration and other related costs payable to the Accounting Auditor.
 2. Under the audit agreement between the Company and its Accounting Auditor, remuneration, etc., for audits pursuant to the Companies Act and audits pursuant to the Financial Instruments and Exchange Act are not separated, and they cannot be separated in a practical way. Consequently, the above amounts reflect total remuneration.
 3. Of the Company’s major subsidiaries, some overseas subsidiaries have been audited by certified public accountants or audit corporations (including those who possess equivalent qualifications in foreign countries) other than the Company’s Accounting Auditor.

(3) Details of Non-audit Services

Consulting services, etc., such as advice on addressing advisory remuneration related to accounting peripheral operations and advice on IFRS adoption, as well as other agreed-upon procedures.

(4) Policy Regarding Determination of Dismissal or Non-reappointment of Accounting Auditors

When it is recognized that the Accounting Auditor has engaged in an activity falling under any of causes for dismissal set forth in Article 340, Paragraph 1 of the Companies Act, the Audit and Supervisory Committee shall dismiss the Accounting Auditor with the approval of all the Audit and Supervisory Committee Members. Besides, when the Audit and Supervisory Committee assesses independence in accordance with laws and regulations etc., auditing system, status of executing duties, and others in a comprehensive manner, and judges that there is a need for change, it shall determine the contents of the proposal concerning dismissal and non-reappointment of the Accounting Auditor to submit to the General Meeting of Shareholders.

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(Note) Amounts in this Business Report are rounded down to the nearest unit.

## Consolidated Balance Sheet

(As of March 31, 2022)

(Unit: Millions of yen)

| Description                                                | Amount           | Description                                                            | Amount           |
|------------------------------------------------------------|------------------|------------------------------------------------------------------------|------------------|
| (Assets)                                                   |                  | (Liabilities)                                                          |                  |
| <b>Current assets</b>                                      | <b>1,297,781</b> | <b>Current liabilities</b>                                             | <b>987,328</b>   |
| Cash and deposits                                          | 114,469          | Notes and accounts payable - trade                                     | 239,976          |
| Notes and accounts receivable - trade, and contract assets | 418,625          | Electronically recorded obligations - operating                        | 104,336          |
| Merchandise and finished goods                             | 78,616           | Short-term borrowings                                                  | 96,108           |
| Work in process                                            | 419,954          | Current portion of bonds payable                                       | 20,000           |
| Raw materials and supplies                                 | 160,113          | Lease liabilities                                                      | 1,175            |
| Other                                                      | 109,911          | Income taxes payable                                                   | 8,506            |
| Allowance for doubtful accounts                            | (3,908)          | Provision for bonuses                                                  | 23,938           |
|                                                            |                  | Provision for construction warranties                                  | 14,797           |
|                                                            |                  | Provision for loss on construction contracts                           | 9,602            |
|                                                            |                  | Contract liabilities                                                   | 256,189          |
|                                                            |                  | Other                                                                  | 212,696          |
| <b>Non-current assets</b>                                  | <b>724,967</b>   | <b>Non-current liabilities</b>                                         | <b>536,896</b>   |
| Property, plant and equipment                              | 444,262          | Bonds payable                                                          | 180,000          |
| Buildings and structures, net                              | 168,409          | Long-term borrowings                                                   | 194,297          |
| Machinery, equipment and vehicles, net                     | 137,217          | Lease liabilities                                                      | 9,899            |
| Land                                                       | 58,383           | Deferred tax liabilities                                               | 1,593            |
| Leased assets, net                                         | 10,815           | Retirement benefit liability                                           | 106,803          |
| Construction in progress                                   | 20,224           | Provision for the in service issues of commercial aircraft jet engines | 3,054            |
| Other, net                                                 | 49,212           | Other                                                                  | 41,249           |
| Intangible assets                                          | 23,413           | <b>Total liabilities</b>                                               | <b>1,524,225</b> |
| Investments and other assets                               | 257,291          | (Net assets)                                                           |                  |
| Investment securities                                      | 14,539           | <b>Shareholders' equity</b>                                            | <b>444,262</b>   |
| Retirement benefit asset                                   | 200              | Share capital                                                          | 104,484          |
| Deferred tax assets                                        | 86,249           | Capital surplus                                                        | 55,526           |
| Other                                                      | 157,668          | Retained earnings                                                      | 285,381          |
| Allowance for doubtful accounts                            | (1,366)          | Treasury shares                                                        | (1,129)          |
|                                                            |                  | <b>Accumulated other comprehensive income</b>                          | <b>34,917</b>    |
|                                                            |                  | Valuation difference on available-for-sale securities                  | 1,424            |
|                                                            |                  | Deferred gains or losses on hedges                                     | (191)            |
|                                                            |                  | Foreign currency translation adjustment                                | 23,585           |
|                                                            |                  | Remeasurements of defined benefit plans                                | 10,098           |
|                                                            |                  | <b>Non-controlling interests</b>                                       | <b>19,342</b>    |
|                                                            |                  | <b>Total net assets</b>                                                | <b>498,522</b>   |
| <b>Total assets</b>                                        | <b>2,022,748</b> | <b>Total liabilities and net assets</b>                                | <b>2,022,748</b> |

## Consolidated Statement of Profit and Loss

(April 1, 2021 – March 31, 2022)

(Unit: Millions of yen)

| Description                                                 | Amount  |                  |
|-------------------------------------------------------------|---------|------------------|
| <b>Net sales</b>                                            |         | <b>1,500,879</b> |
| <b>Cost of sales</b>                                        |         | <b>1,244,300</b> |
| Gross profit                                                |         | 256,578          |
| <b>Selling, general and administrative expenses</b>         |         | <b>210,772</b>   |
| Operating profit                                            |         | 45,805           |
| <b>Non-operating income</b>                                 |         | <b>9,342</b>     |
| Interest income                                             | 1,106   |                  |
| Dividend income                                             | 865     |                  |
| Gain on sale of investment securities                       | 2,120   |                  |
| Foreign exchange gains                                      | 569     |                  |
| Other                                                       | 4,680   |                  |
| <b>Non-operating expenses</b>                               |         | <b>25,213</b>    |
| Interest expenses                                           | 3,398   |                  |
| Share of loss of entities accounted for using equity method | 14,412  |                  |
| Loss on retirement of non-current assets                    | 951     |                  |
| Other                                                       | 6,451   |                  |
| <b>Ordinary profit</b>                                      |         | <b>29,934</b>    |
| <b>Extraordinary income</b>                                 |         | <b>1,633</b>     |
| Gain on sale of non-current assets                          | 1,633   |                  |
| <b>Extraordinary losses</b>                                 |         | <b>715</b>       |
| Impairment losses                                           | 715     |                  |
| <b>Profit before income taxes</b>                           |         | <b>30,853</b>    |
| Income taxes - current                                      | 15,053  |                  |
| Income taxes - deferred                                     | (8,185) | 6,867            |
| <b>Profit</b>                                               |         | <b>23,985</b>    |
| Profit attributable to non-controlling interests            |         | 2,183            |
| <b>Profit attributable to owners of parent</b>              |         | <b>21,801</b>    |



## Non-consolidated Balance Sheet

(As of March 31, 2022)

(Unit: Millions of yen)

| Description                                           | Amount           | Description                                                            | Amount           |
|-------------------------------------------------------|------------------|------------------------------------------------------------------------|------------------|
| <b>(Assets)</b>                                       |                  | <b>(Liabilities)</b>                                                   |                  |
| <b>Current assets</b>                                 | <b>864,821</b>   | <b>Current liabilities</b>                                             | <b>733,642</b>   |
| Cash and deposits                                     | 73,589           | Notes payable – trade                                                  | 469              |
| Notes receivable - trade                              | 7,296            | Electronically recorded obligations - operating                        | 90,904           |
| Accounts receivable - trade                           | 182,065          | Accounts payable - trade                                               | 134,775          |
| Contract assets                                       | 60,227           | Short-term borrowings                                                  | 117,085          |
| Raw materials and supplies                            | 96,898           | Accounts payable - other                                               | 48,465           |
| Work in process                                       | 283,458          | Accrued expenses                                                       | 78,825           |
| Advance payments - trade                              | 27,110           | Income taxes payable                                                   | 1,052            |
| Prepaid expenses                                      | 934              | Contract liabilities                                                   | 194,134          |
| Other                                                 | 133,450          | Provision for bonuses                                                  | 12,625           |
| Allowance for doubtful accounts                       | (208)            | Provision for construction warranties                                  | 5,561            |
|                                                       |                  | Provision for loss on construction contracts                           | 2,654            |
|                                                       |                  | Lease liabilities                                                      | 716              |
|                                                       |                  | Other                                                                  | 46,372           |
| <b>Non-current assets</b>                             | <b>606,575</b>   | <b>Non-current liabilities</b>                                         | <b>470,884</b>   |
| Property, plant and equipment                         | 298,140          | Bonds payable                                                          | 180,000          |
| Buildings                                             | 108,326          | Long-term borrowings                                                   | 194,252          |
| Structures                                            | 17,602           | Lease liabilities                                                      | 8,062            |
| Docks and building berths                             | 2,289            | Provision for retirement benefits                                      | 57,887           |
| Machinery and equipment                               | 91,873           | Provision for the in service issues of commercial aircraft jet engines | 3,054            |
| Vessels                                               | 91               | Other                                                                  | 27,627           |
| Aircraft                                              | 22               |                                                                        |                  |
| Vehicles                                              | 898              |                                                                        |                  |
| Tools, furniture and fixtures                         | 37,443           |                                                                        |                  |
| Land                                                  | 20,667           | <b>Total liabilities</b>                                               | <b>1,204,526</b> |
| Leased assets                                         | 8,520            | <b>(Net assets)</b>                                                    |                  |
| Construction in progress                              | 10,404           | <b>Shareholders' equity</b>                                            | <b>266,511</b>   |
| Intangible assets                                     | 15,995           | Share capital                                                          | 104,484          |
| Software                                              | 11,697           | Capital surplus                                                        | 54,126           |
| Other                                                 | 4,297            | Legal capital surplus                                                  | 54,126           |
| Investments and other assets                          | 292,439          | Other capital surplus                                                  | -                |
| Investment securities                                 | 11,026           | Retained earnings                                                      | 109,029          |
| Shares of subsidiaries and associates                 | 86,400           | Other retained earnings                                                | 109,029          |
| Investments in capital of subsidiaries and associates | 35,963           | Reserve for special depreciation                                       | 866              |
| Distressed receivables                                | 1,147            | Reserve for tax purpose                                                | 4,957            |
| Deferred tax assets                                   | 79,813           | reduction entry of non-current assets                                  | 103,205          |
| Other                                                 | 79,372           |                                                                        | (1,129)          |
| Allowance for doubtful accounts                       | (1,284)          | Retained earnings brought forward                                      | <b>359</b>       |
|                                                       |                  | Treasury shares                                                        | 785              |
|                                                       |                  | <b>Valuation and translation adjustments</b>                           | (426)            |
|                                                       |                  | Valuation difference on available-for-sale securities                  |                  |
|                                                       |                  | Deferred gains or losses on hedges                                     |                  |
|                                                       |                  | <b>Total net assets</b>                                                | <b>266,870</b>   |
| <b>Total assets</b>                                   | <b>1,471,397</b> | <b>Total liabilities and net assets</b>                                | <b>1,471,397</b> |

## Non-consolidated Statement of Profit and Loss

(April 1, 2021 – March 31, 2022)

(Unit: Millions of yen)

| Description                                         | Amount  |                |
|-----------------------------------------------------|---------|----------------|
| <b>Net sales</b>                                    |         | <b>892,203</b> |
| <b>Cost of sales</b>                                |         | <b>811,430</b> |
| Gross profit                                        |         | 80,773         |
| <b>Selling, general and administrative expenses</b> |         | <b>96,578</b>  |
| Operating loss                                      |         | 15,804         |
| <b>Non-operating income</b>                         |         |                |
| Interest income                                     | 506     |                |
| Dividend income                                     | 32,838  |                |
| Other                                               | 3,368   | 36,713         |
| <b>Non-operating expenses</b>                       |         |                |
| Interest expenses                                   | 1,984   |                |
| Foreign exchange losses                             | 3,050   |                |
| Loss on retirement of non-current assets            | 988     |                |
| Other                                               | 5,307   | 11,331         |
| <b>Ordinary profit</b>                              |         | <b>9,578</b>   |
| <b>Extraordinary income</b>                         |         | <b>1,633</b>   |
| Gain on sale of non-current assets                  | 1,633   |                |
| <b>Extraordinary losses</b>                         |         | <b>715</b>     |
| Impairment losses                                   | 715     |                |
| <b>Profit before income taxes</b>                   |         | <b>10,497</b>  |
| Income taxes - current                              | (5,248) |                |
| Income taxes - deferred                             | (5,523) | (10,772)       |
| <b>Profit</b>                                       |         | <b>21,269</b>  |

**Audit Report**  
(English Translation)

The Audit and Supervisory Committee has conducted an audit concerning the performance of duties by the Directors for the 199th fiscal year from April 1, 2021 to March 31, 2022, 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 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 exchange 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 (BACD)) and other relevant standards, and sought explanations as necessary.

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

### (3) 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.

May 19, 2022

Audit and Supervisory Committee, Kawasaki Heavy Industries, Ltd.

|                                                  |                   |
|--------------------------------------------------|-------------------|
| Full-Time Audit and Supervisory Committee Member | Katsuyoshi Fukuma |
| Full-Time Audit and Supervisory Committee Member | Akio Nekoshima    |
| Audit and Supervisory Committee Member           | Satoru Kohdera    |
| Audit and Supervisory Committee Member           | Atsuko Ishii      |
| Audit and Supervisory Committee Member           | Ryoichi Saito     |

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