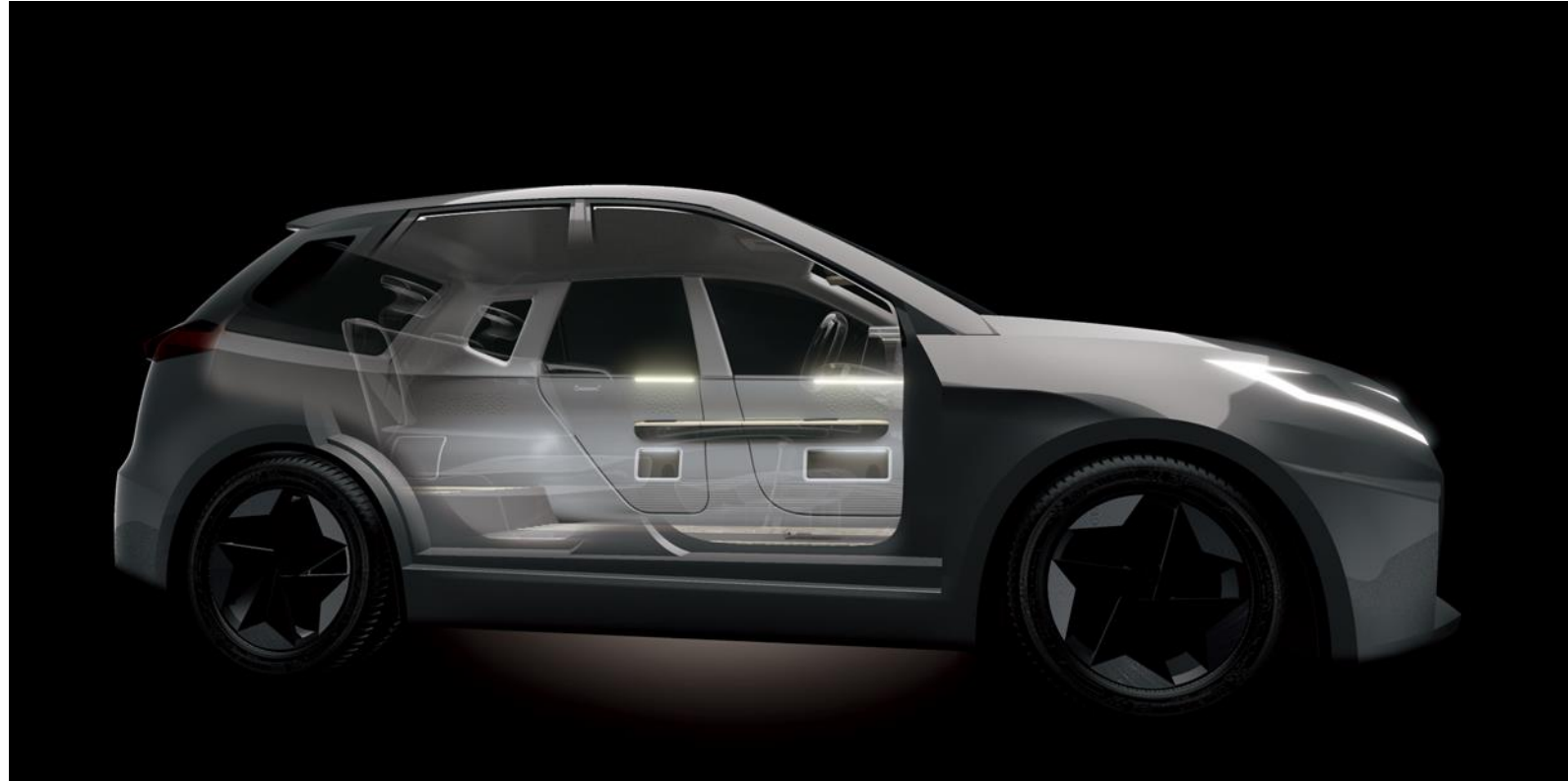


Kasai Turnaround Aspiration (KTA)

April 28, 2025

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1. Basic Policy
2. KTA's Vision
3. Review
4. Actions



*This Plan has been prepared based on the information currently available to our company and certain assumptions deemed reasonable.

1. Basic Policy

In order to rebuild the management foundation that has been damaged over the past several years, we have formulated a medium-term management plan, Kasai Turnaround Aspiration (KTA), which will end in FY2027.

While sales growth is not expected due to the uncertain environment, we will work to resolve key management issues (Profit, Finance, and Governance) to realize Turnaround and get the company on the starting line to a growth path.

- ① Aim for 4-5% operating profit margin in FY2027 through profit improvement efforts centered on Turnaround of North American business
- ② Generate free cash flow by improving the cash conversion cycle
- ③ Establish a global organization and global process

In addition to the above three areas, we will promote the new business creation, shifting to innovation development investments for sustainable growth after KTA, as well as human capital management.

This time, we will report on the targets, measures to achieve them, and an outline of our efforts. We will report on the targets for each fiscal year as soon as they are ready.

All KASAI Group employees will become One Kasai, and will promote fundamental reform with a strong will (Aspiration). We would like to ask for your continued support.

Koji Furukawa, President

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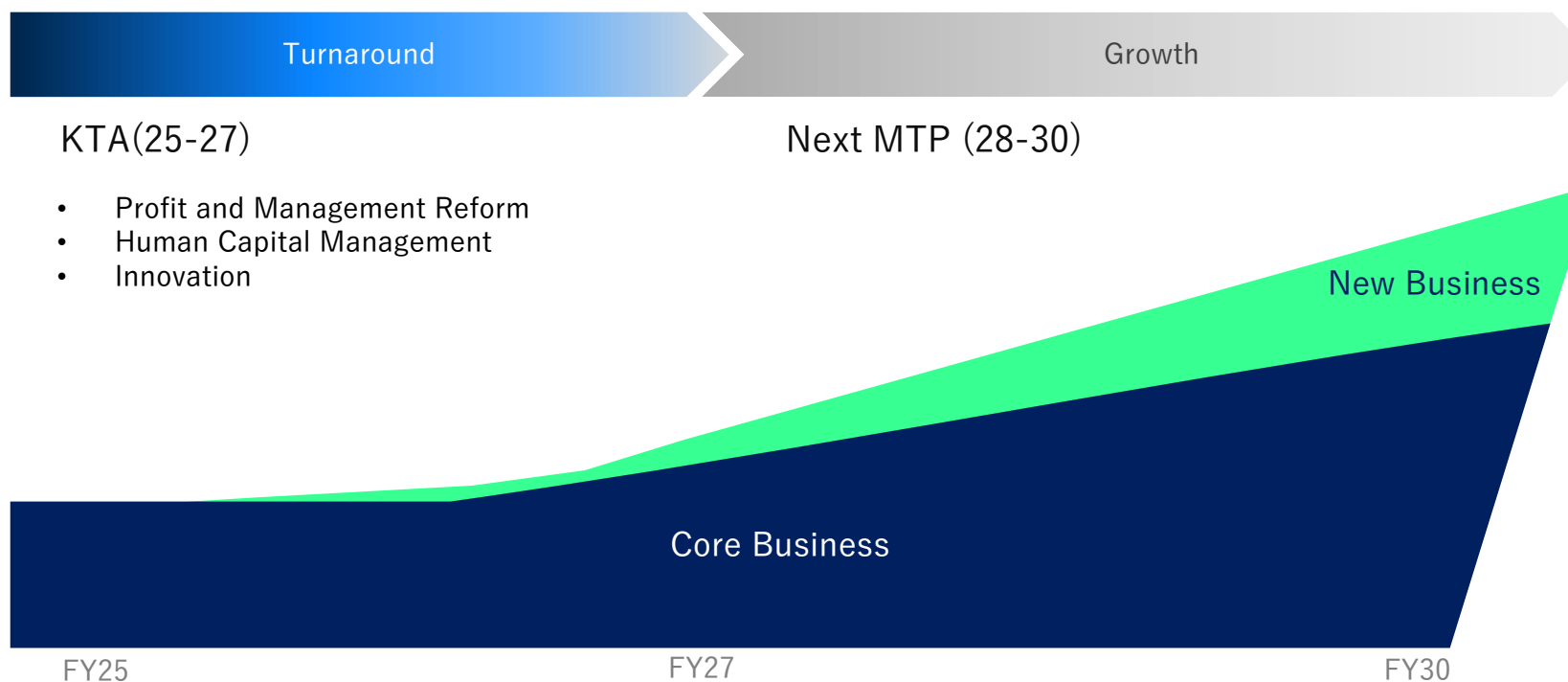


2. KTA's Vision

While sales growth is not expected due to the uncertain environment, we will work to resolve key management issues (Profit, Finance, and Governance) to realize Turnaround and get the company on the starting line to a growth path.

- ① Aim for 4-5% operating profit margin in FY2027 through profit improvement efforts centered on Turnaround of North American business
- ② Generate free cash flow by improving the cash conversion cycle
- ③ Establish a global organization and global process

Promote new business creation and shifting to investment in innovation development and human capital management for sustainable growth after KTA



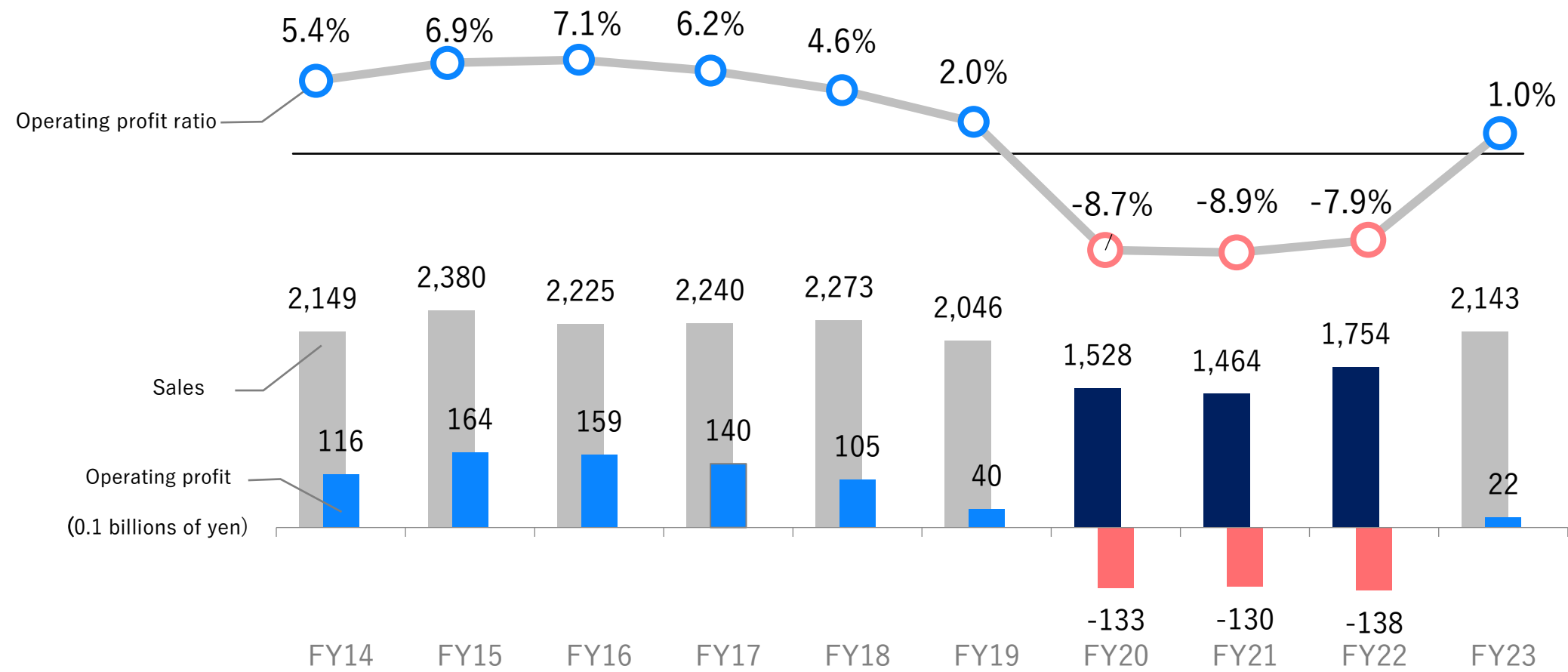
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3. Review
3-1. Past Fiscal Years (FY14 to FY23)

Cumulative loss of 40 billion yen in 3 years from FY20 to FY22



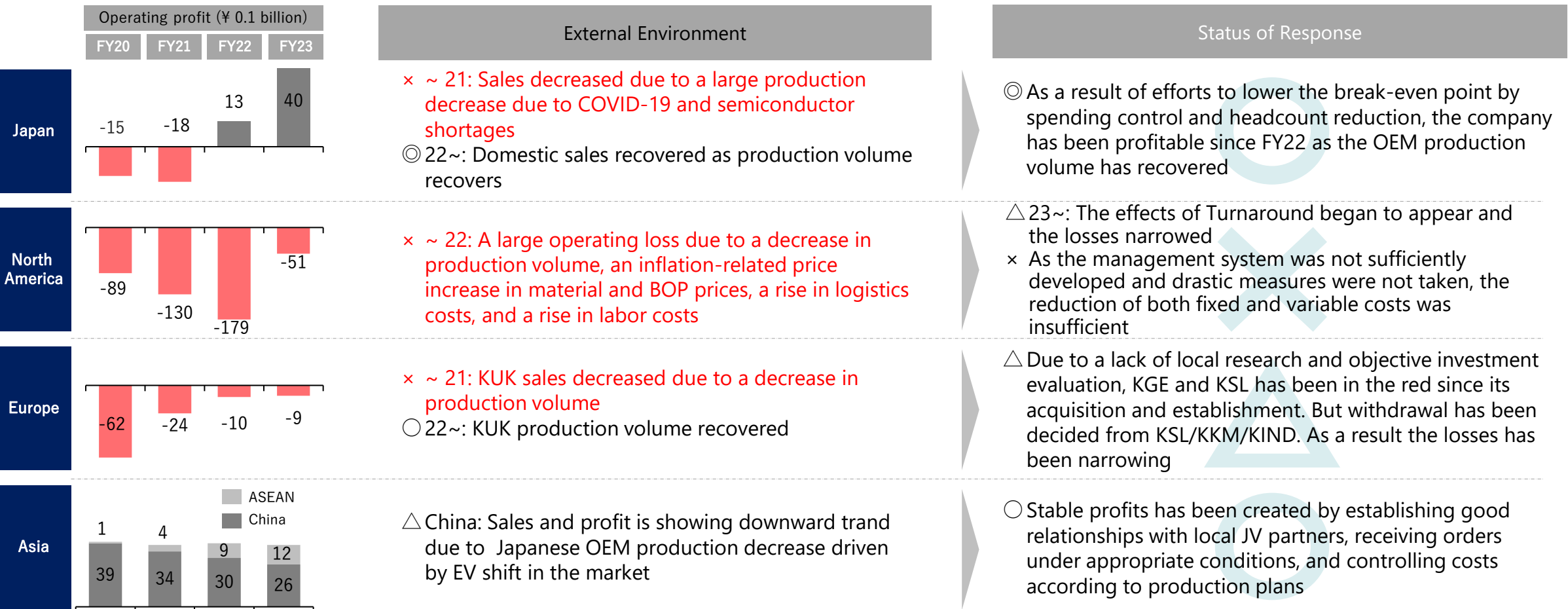
*FY21~ Net Sales excluding supplied items (Revised Revenue Recognition Standard)

*Before correction in previous years

3-2. Past Fiscal Years (FY20 to FY23): Summary by region

Although the global business environment was recovering, North America has not been able to achieve profitability

Insufficient management systems to respond to drastic changes in the business environment



*Before correction in previous years

*KUK (UK)/KGE (Germany)/KSL (Slovakia)/KKM (Morocco)/KIND (India)

3. Review

3-3. Summary of Reasons for Deterioration (KNA – Kasai North America)

KNA continued to be in the red due to high variable and fixed cost ratios

Profitability Deterioration Factors

Sales ↓

Pricing focused on sales expansion
Sales could not recover due to decrease in sales volume

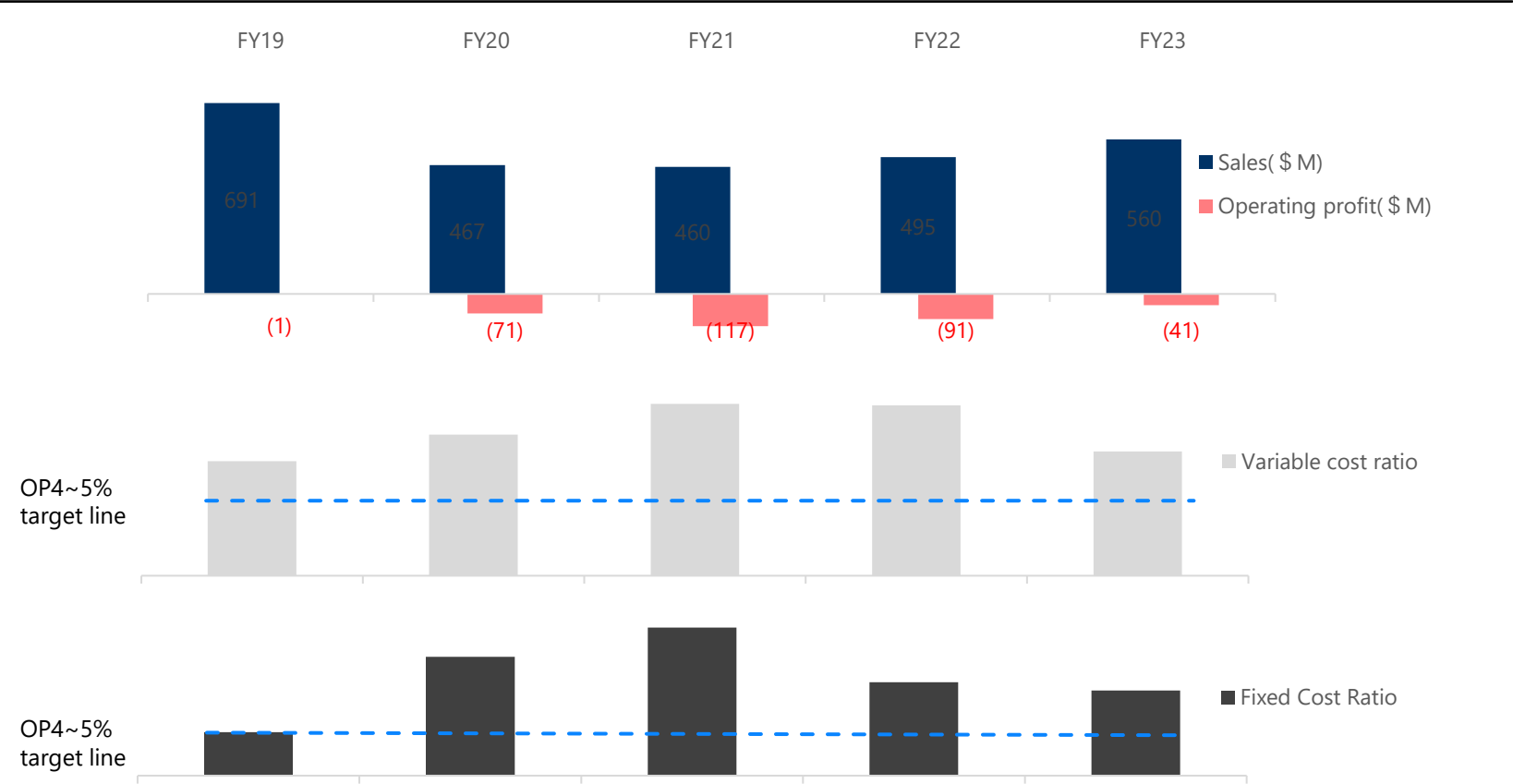
Variable Cost Ratio ↑

Material cost, direct labor cost, and distribution/utility cost ratios deteriorated because they are not linked to sales

Fixed Cost Ratio ↑

Efforts to reduce fixed costs are insufficient

Changes in Profit Structure (FY19→FY23)



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4. Actions

4-1. Summary of Measures

Resolve key management issues (Profit, Finance, and Governance) to realize Turnaround and get the company on the starting line to a growth path.

Deteriorating Factors	Measures	Objective
Sales ↓ <ul style="list-style-type: none">• Pricing focusing on sales expansion• Sales could not recover due to decrease in sales volume	Sales ↑ <ul style="list-style-type: none">• Appropriate pricing based on product strength• Pricing based on market environment	Objective for 2027 Marginal profit improvement : ¥7 billion (sales price/variable cost) Fixed cost reduction : ¥3 billion
Variable cost ratio ↑ <ul style="list-style-type: none">• Material cost, direct labor cost, and distribution/utility cost ratios are worsening because they are not linked to sales	Variable costs ↓ <ul style="list-style-type: none">• Variable cost reduction through optimization of manufacturing (Reduction of material cost and loss)	
Fixed cost ratio ↑ <ul style="list-style-type: none">• Efforts to reduce fixed costs are insufficient	Fixed cost ↓ <ul style="list-style-type: none">• Fixed cost reduction through implementation of structural reforms	
Finance <ul style="list-style-type: none">• BS management is insufficient due to overemphasis on PL	Financial <ul style="list-style-type: none">• Consolidated cash flow management	FCF creation ¥4 billion
Management system <ul style="list-style-type: none">• Appropriate management decisions were not made in response to changes in the environment<ul style="list-style-type: none">Regional-based managementLack of a product strategy based on a mid- to long-term vision• Decrease in engagement	Management system <ul style="list-style-type: none">• Global management (matrix management)• Internal control enhancement• Business portfolio establishment for sustainable growth• Human capital management establishment	A global organization and global processes establishment

4. Actions

4-2. North American Business

Objective

Achieve the North American Turnaround plan

Measures	Activities
Fixed cost reduction	<ul style="list-style-type: none">• Reduce expenses drastically• Implement fundamental structural reform including business relocation and closure based on business environment
Manufacturing cost improvement	<ul style="list-style-type: none">• Improve new vehicle cost improvement• Reduce material costs, direct labor costs, logistics and utility costs, scrap and other losses• Reduce KMEX production load
Sales activities	<ul style="list-style-type: none">• Set appropriate price based on product strength• Set price based on market environment

Enhance the management system

- Establish a promotion system involving GHQ/external parties to ensure achievement of goals
- Support management functions of each department/measure by preparing and visualizing data and management processes

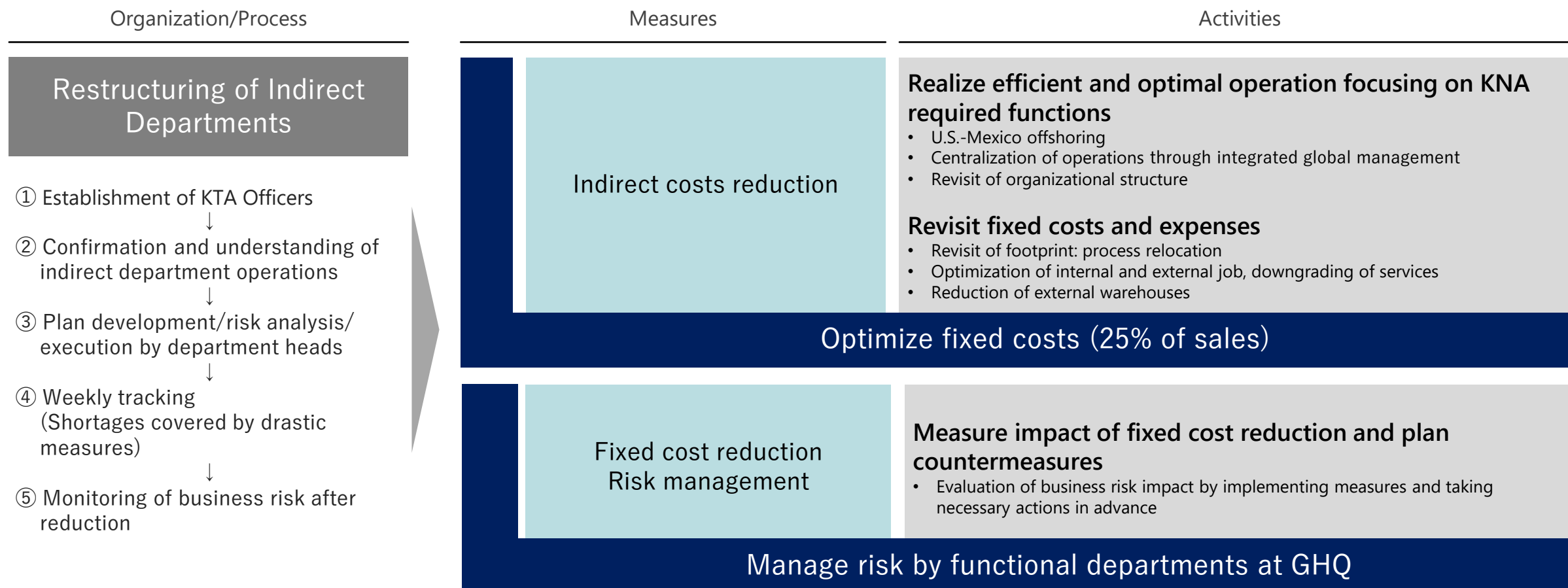


4. Actions

4-2. North American Business "Fixed Cost"

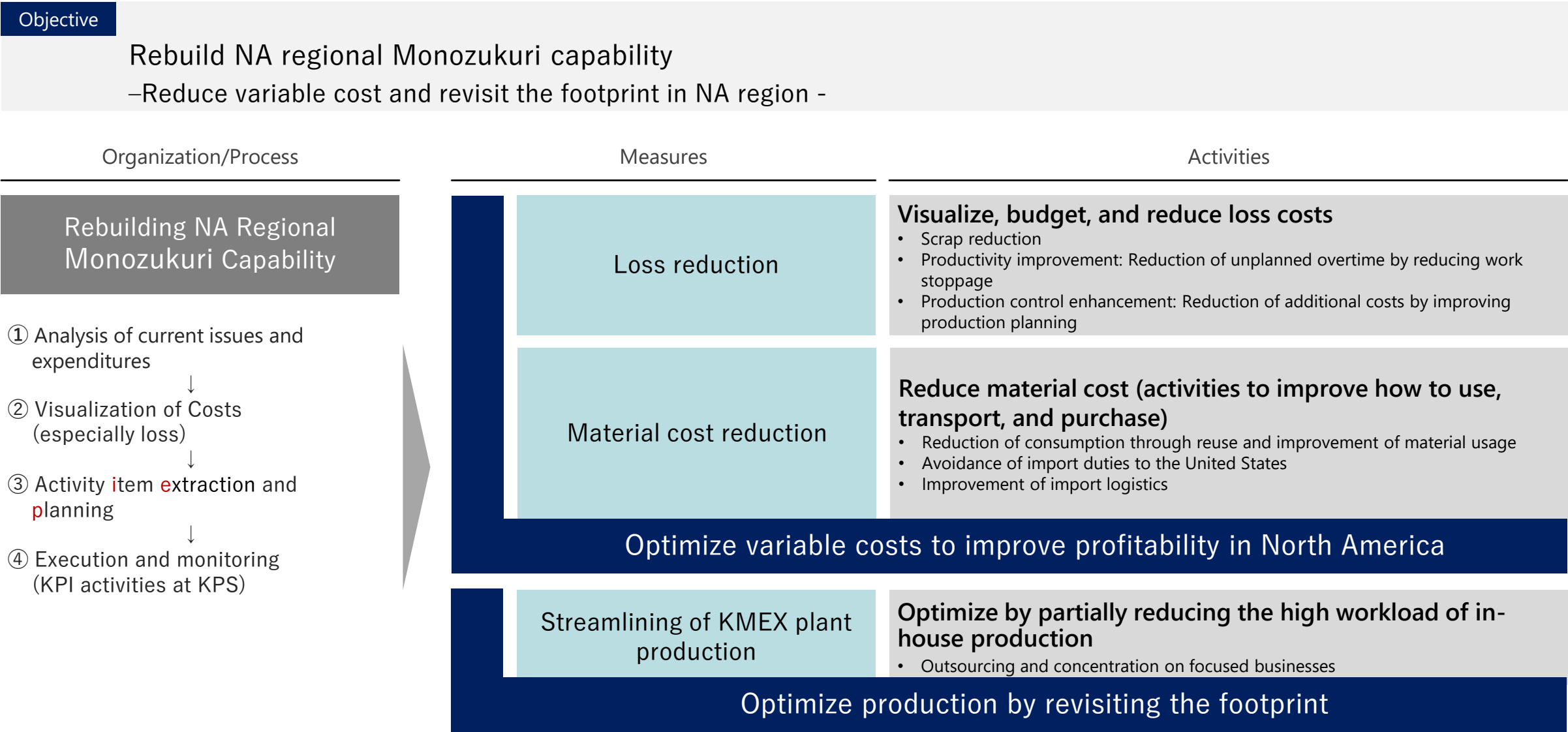
Objective

Reduce fixed cost by optimal resource allocation between Japan, the U.S., and Mexico
(Build a global integrated organization)



4. Actions

4-2. North American Business "Variable Cost"



4. Actions

4-2. North American Business "Pricing"

Objective

Set price based on product competitiveness and market environment



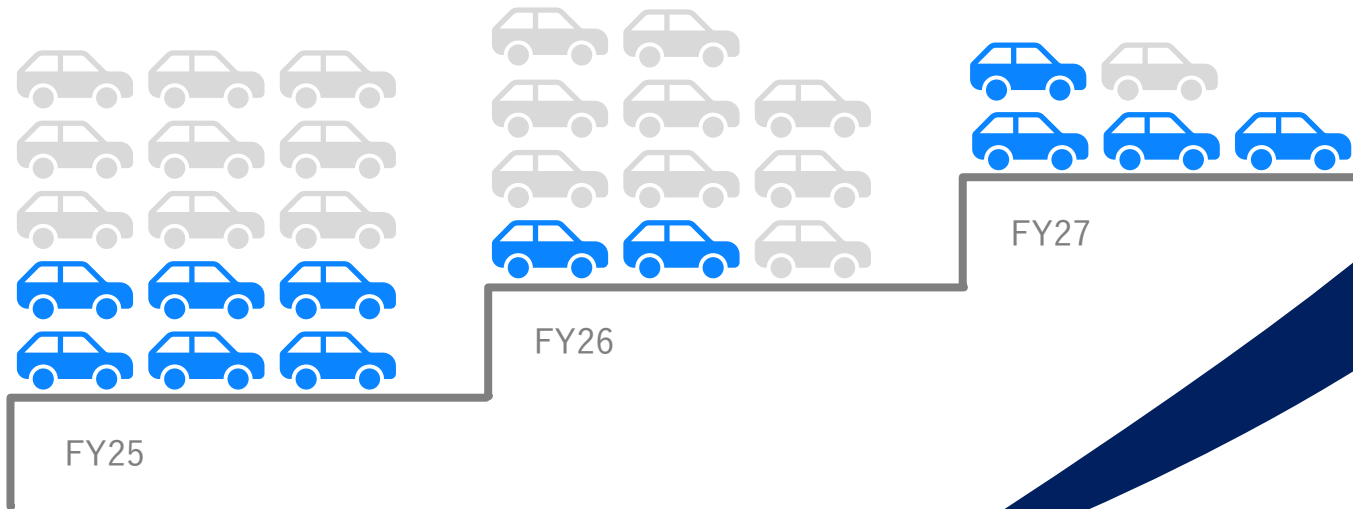
Measure	Activities
Building an appropriate new project RFQ process	Set price carefully based on profitability <ul style="list-style-type: none">• Pricing based on mid- to long-term business strategy and decision criteria• Strict operation of the price approval process based on a company-wide cross-functional management system.
Pricing based on product competitiveness	Improve cost estimation accuracy <ul style="list-style-type: none">• Appropriate planning cost calculation based on enhanced cross-departmental collaboration, with design at the core• Enhancement of purchasing management system and refinement of purchasing costs through development of supply chain management processes and accumulation of know-how
Pricing based on market environment	Collaborate between regions and departments <ul style="list-style-type: none">• Appropriate pricing by building a management system for cross-functional collaboration between sales/purchasing
Secure profits by setting appropriate prices	

4. Actions
4-2. North American Business "Pricing"

Improve profitability by launching new vehicles
(12 North American models out of 31 global models)



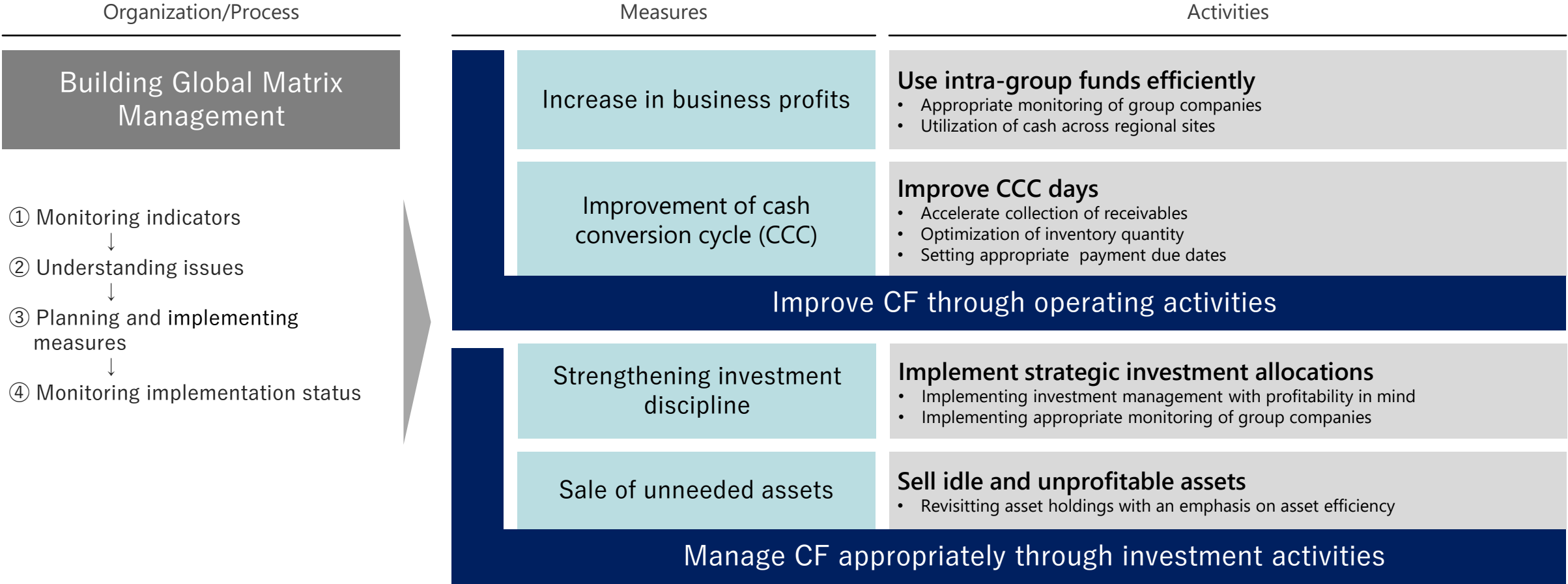
New Car Plan



4. Actions
4-3. Finance

Objective

Generate FCF by enhancing group cash management



4. Actions

4-4. Business Portfolio

Objective

Establish a business portfolio that promotes sustainable growth after achieving KTA
(Establish New Business Innovation Office)

Measures	Activities	Examples of initiatives
<div>Monozukuri without sticking to conventional materials and methods</div> <div>Strategic Monozukuri without sticking to conventional integrated production</div>	<div>Develop new products that anticipate market volatility without sticking to conventional manufacturing methods</div> <div>Innovate Monozukuri to reduce fixed cost ratios, increase competitiveness and profitability by collaborating with partners and maximizing sales</div>	<div>After parts business</div> <div></div> <div>Engineering services</div> <div></div> <div>Kasai Green Materials (KGM)</div> <div></div> <div>"doacara" business</div> <div></div>
Contribute to stable operating profit in core businesses		
<div>Creating new businesses</div>	<div>After parts business</div> <div>Engineering services<ul style="list-style-type: none">Commercialization of drawings, know-how, and simulation technologyMonetization of patents ,carbon credit, royalties</div> <div>KASAI Green Materials (KGM) business<ul style="list-style-type: none">Uni-lite™, USA-Pellet™, PCR Materials</div> <div>"doacara" business<ul style="list-style-type: none">Industrial waste reduction, upcycle product planning and salesExpanding corporate recognition and strengthening the KASAI brand</div>	
Create new businesses with operating profit scale of 2 billion yen		

4. Actions
4-5. Development

Objective
Shift to investment in innovation development



Measures	Activities
Expanding resources for advanced development	Shift personnel from the vehicle development area to the advanced development area
	Improve efficiency of vehicle development operations by utilizing DX/AI
Double innovation development personnel (resources)	
Improved handling efficiency of R&D items	New vehicle development design engineer has dual roles in advanced development
	Utilize external resources through technical alliances and joint development
	Purchase external technology
Triple innovation development number	

※ DX : Digital Transformation

4. Actions
4-5. Development - Innovation Development Roadmap

The ideal (creation of comfortable mobility space)



4. Actions
4-6. Organization and Process

Objective

Establish organization and process for key management issues

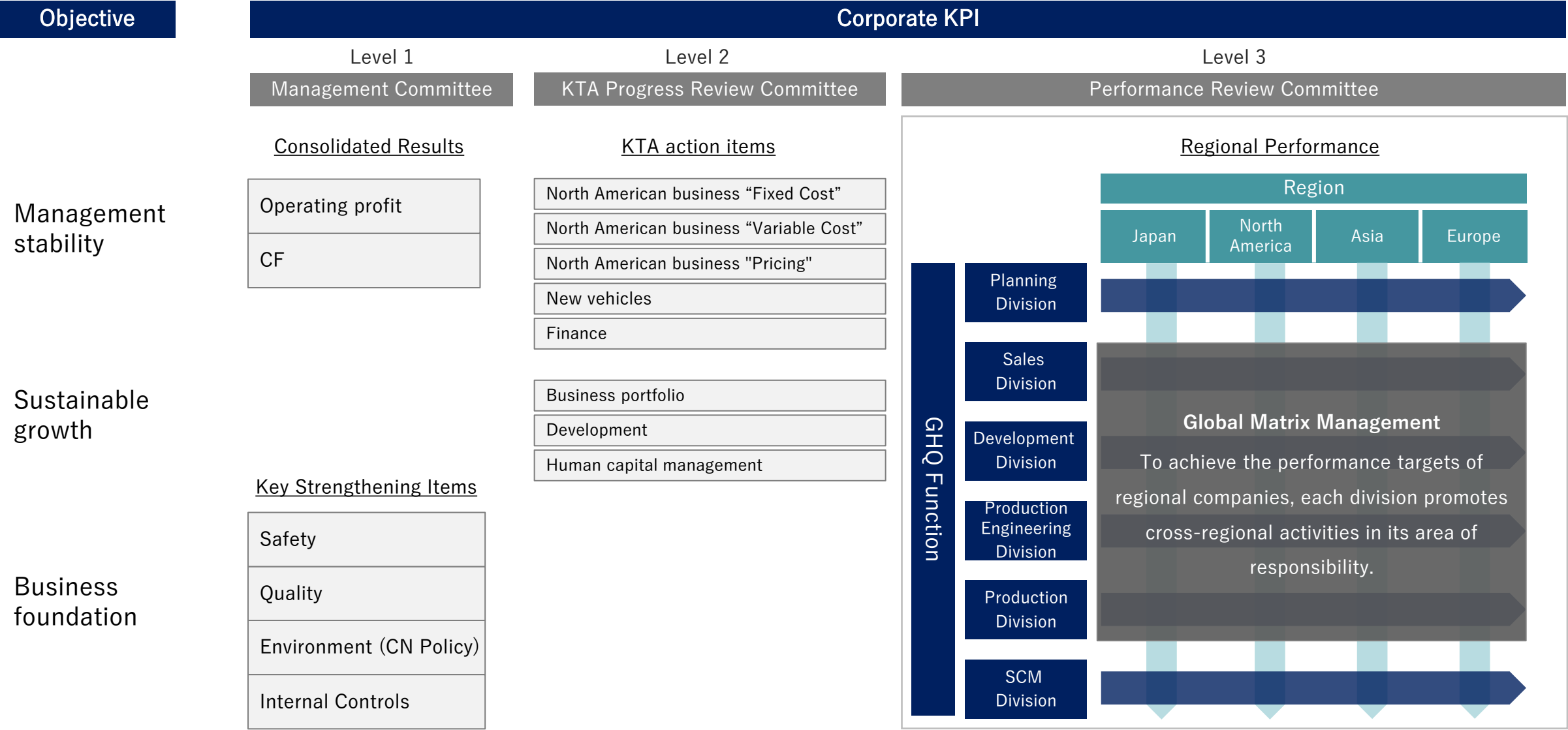


Measures	Activities
Matrix management with regions and GHQ functions	Clarify where responsibility lies by having GHQ division head become the owner of the regional PL items Establish Production Division / SCM Division and KPS Promotion Department
New vehicle launch management	Establish audit and supervisory organization for global new vehicle QCD (Program Management Department)
Internal control enhancement	Establish Internal Control Department
Enhance management through global management	
Establishment of human capital management	Improve operational efficiency by establishment of DX Promotion Office Global human resources management
Establishment of business portfolio	Establish New Business Innovation Office
Enhance sustainable growth and competitiveness	

※ GHQ : Global Headquarters / KPS : KASAI Production System / DX : Digital Transformation

4. Actions

4-6. Organization and Process - The Company's Global Management Structure -

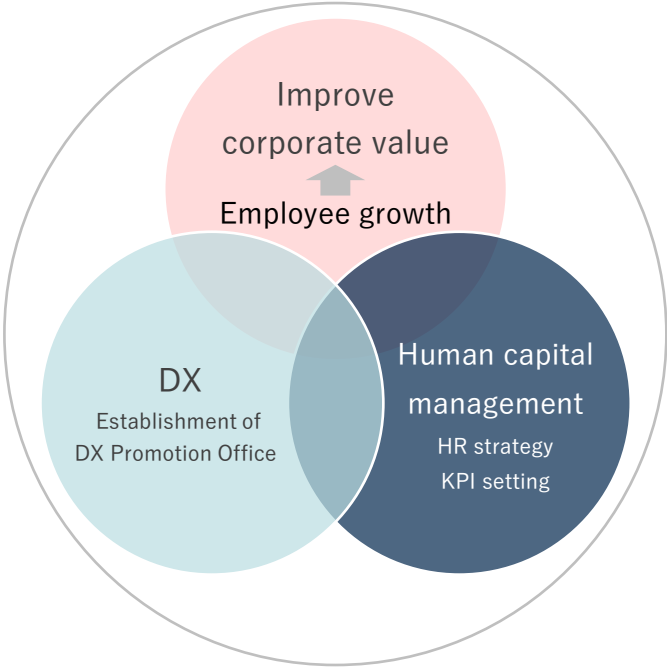


4. Actions

4-7. Human Capital Management

Objective

Improve performance and engagement through human capital management



Measures	Activities
Innovating operations with DX Creating the future and maximizing efficiency	Improve productivity through process review and digital integration <ul style="list-style-type: none">• Create time through efficiency improvement and innovate operations through digital technology
Offshore promotion	Promote efficiency improvement and reduce loss <ul style="list-style-type: none">• Maximize profit by efficiency improvement and reducing loss through DX
Resource optimization	Centralize operations by utilizing man-hours created by streamlining operations
Improve performance through DX promotion	
Creating a comfortable work environment through renovation	Provide employees with benefits by effectively utilizing idle facilities <ul style="list-style-type: none">• Create value by effectively utilizing idle spaces
Promotion of global inclusion	Build bridges of human capital through activating global resource exchanges as One Kasai <ul style="list-style-type: none">• Leverage the potential of each individual with diverse shared values
Improve engagement	

※DX : Digital Transformation

One *Kasai*

We, KASAI Group, will continue the challenge to achieve KTA as "One Kasai" .

"O" is the image of dawn.

Gain *Trust from Society*

Seek *Prosperity for Company*

Share *Happiness for Everybody*

Kasai