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(Translation)

(Securities Code 7004)

Date of issuance: June 4, 2025

Start date of measures for electronic provision: May 27, 2025

Dear Shareholders

Michi Kuwahara, President

Kanadevia Corporation

7-89, Nanko-kita 1-chome, Suminoe-ku, Osaka

NOTICE OF THE 128TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

We are pleased to announce the 128th Ordinary General Meeting of Shareholders of Kanadevia Corporation (“the Company”). The meeting shall be held as described below.

In connection with the convocation of this General Meeting of Shareholders, we have taken measures for providing information concerning the particulars of the Reference Documents for the General Meeting of Shareholders and other documents in electronic formats (i.e., information made available by electronic means) by publication on the following URLs for access and viewing by shareholders.

[Company Website]

<https://www.kanadevia.com/ir/stock/meeting.html> (in Japanese)

[Website for Materials for the General Meeting of Shareholders]

<https://d.sokai.jp/7004/teiji/> (in Japanese)

[TSE website (Listed Company Search)]

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

(The information can be retrieved by entering the issue name (company name) “Kanadevia” or the securities code “7004,” clicking on “Basic information,” “Documents for public inspection/PR information,” and “Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting” which appear below the “Filed information available for public inspection” field.)

Shareholders not attending the meeting have the option to exercise their voting rights in advance via the Internet or in writing, and we ask those shareholders to read the Reference Documents for the General Meeting of Shareholders and exercise their voting rights **by 5:00 p.m. (JST) on Monday, June 23, 2025.**

1. Date and Time: June 24, 2025 (Tuesday), 10:00 a.m. (JST) (Doors open 9:00 a.m.)

2. Place: ART HOTEL Osaka Bay Tower, 4th Floor, Art Grand Ballroom
2-1, Benten 1-chome, Minato-ku, Osaka, Japan
(Please note that the meeting place is different from last year.)

3. Purposes

I. Matters to be Reported:

1. The Business Report, the Consolidated Financial Statements and Non-consolidated Financial Statements for the 128th fiscal year (from April 1, 2024 to March 31, 2025)
2. The Audit Reports of the Accounting Auditor and the Board of Corporate Auditors on the Consolidated Financial Statements for the 128th fiscal year

II. Matters to be Resolved:

- Proposal 1: Appropriation of Surplus**
Proposal 2: Amendment of Articles of Incorporation
Proposal 3: Election of Eight (8) Directors
Proposal 4: Election of Two (2) Corporate Auditors
Proposal 5: Election of One (1) Substitute Corporate Auditor

- Among the information made available by electronic means, the following items are omitted from a document to be delivered to shareholders who submitted a request for the delivery of information in written form, pursuant to the relevant laws and regulations and Article 15 of the Articles of Incorporation of the Company. The Accounting Auditor and Corporate Auditors have audited the documents subject to audit, including the items below.

- 1) “Matters Concerning the Development of Systems to Ensure Appropriateness of Operations, etc.” in the Business Report
- 2) “Consolidated Statements of Changes in Net Assets” and “Notes to Consolidated Financial Statements (Japanese only)” in the Consolidated Financial Statements
- 3) “Non-consolidated Balance Sheets,” “Non-consolidated Statements of Income,” “Non-consolidated Statements of Changes in Net Assets” and “Notes to Non-consolidated Financial Statements (Japanese only)” in the Non-consolidated Financial Statements
- 4) “Accounting Audit Report on Non-consolidated Financial Statements”

- Any modification to the information made available by electronic means will be announced on the websites mentioned above, together with the information before and after the modification.
- If there are any changes in the arrangements, response methods or other related operations of the General Meeting of Shareholders, we will give notice on the Company’s website.
- Shareholders are invited to view the meeting by way of real-time live streaming on the Internet. After the meeting, the proceedings will be available in part for viewing on demand (in Japanese). In addition, shareholders may make inquiries with respect to the purposes of the General Meeting of Shareholders before the meeting.
- Please kindly note that we will not provide souvenirs to shareholders attending the meeting in person. We appreciate your understanding.
- The results of the resolutions of the General Meeting of Shareholders shall be posted on the Company Website described above after the ending of the General Meeting of Shareholders, instead of the postal mail of a written notification of resolutions.

● **Treatment of Voting Rights Exercised Multiple Times**

- If the voting rights are exercised multiple times both via the Internet and in writing: The exercise of the voting rights via the Internet will be deemed effective.
- If the voting rights are exercised multiple times via the Internet: The last exercise of the voting rights will be deemed effective.

Instructions on Exercising Voting Rights via the Internet

Scanning QR code®

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

1. Please scan the QR code® located on the right side of the voting form.

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

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

Entering login ID and temporary password

Site for exercising voting rights:
<https://evote.tr.mufg.jp/> (in Japanese)

1. Please access the site for exercising voting rights.
2. Enter your “login ID” and “temporary password” printed on the right side of the voting form.
3. Indicate your approval or disapproval by following the instructions on the screen.

In case you need instructions for how to operate your PC/smartphone in order to exercise your voting rights via the Internet, please contact the helpdesk, for which the details are provided below.

Mitsubishi UFJ Trust and Banking Corporation
Corporate Agency Division (helpdesk)

Telephone: 0120-173-027 (toll free and available from 9:00 a.m. to 9:00 p.m.; within Japan only)

Cautionary matters

- (1) When exercising voting rights via the Internet, please be aware that the website is not available from 2:30 a.m. to 4:30 a.m. (JST) each day.
- (2) Exercising voting rights via PC or smartphone may not be possible depending on your Internet usage environment, for example if you use a firewall for your Internet connection, if you have anti-virus software installed, if you use a proxy server, or if you are communicating without TLS encryption.
- (3) Any fees for accessing the website for exercising voting rights (Internet connection fees, etc.) shall be borne by the shareholder.

Platform for Exercise of Voting Rights

The Company participates in the Electronic Voting Platform for Institutional Investors managed by ICJ, Inc.

For shareholders registered in the name of a custodian trust bank, etc. (including permanent agents), by making prior application for the said platform's use, it is possible to exercise one's voting rights for the Company's General Meeting of Shareholders using the said platform as a method for exercising one's voting rights by electronic method, separate to the exercising of one's voting rights via the Internet mentioned above.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

The policy of the Company is to continuously and stably distribute dividends, while working to strengthen financial position and the management base through growth investment, R&D investment and capital investment in order to enhance the long-term shareholder's value.

In accordance with the above policy, as the Company reported the profit attributable to shareholders of Kanadevia exceeding that of fiscal year 2023, we hereby propose to increase the dividend per share by 2 yen from the year-end dividend for fiscal year 2023 and pay the year-end dividends as follows, in light of factors such as the Company's future business development.

- (i) Dividend to be paid by cash
- (ii) Items concerning allocation of dividend property to shareholders and total amount thereof
Dividend per share of the Company's common stock: 25 yen
Total amount: 4,212,950,250 yen
- (iii) Effective date of commencement of payment: June 25, 2025

Proposal 2: Amendment to the Articles of Incorporation

1. Reason for amendment

To abolish the position of Counselors as part of our efforts to strengthen corporate governance and improve management transparency, the Company proposes to delete Article 28 (Counselors) from the Articles of Incorporation.

In conjunction, Articles 29 and onward of the current Articles of Incorporation will be renumbered by reducing their article numbers by one.

2. Details of amendment

The details of the amendment are as follows:

Comparison table of current provisions and proposed amendment

(Underlining denotes amendment)

Extracts from current Articles of Incorporation	Proposed amendments
<u>Article 28. (Counselors)</u> <u>The Company may have several Counselors by the resolution of the Board of Directors.</u>	(Deleted)
Article <u>29</u> . – Article <u>46</u> . (Omitted)	Article <u>28</u> . – Article <u>45</u> . (Unchanged)

Proposal 3: Election of Eight (8) Directors

The term of office of all eight (8) present Directors will expire at the conclusion of this General Meeting of Shareholders.

Accordingly, we propose to elect eight (8) Directors.

The candidates for Directors are as follows:

No.	Name		Position and Areas of Responsibility at the Company	Attendance at Board of Directors meetings (FY 2024)	Tenure as Director (at the conclusion of the General Meeting of Shareholders)
1	Michi Kuwahara	Reappointed	Representative Director, President and Chief Executive Officer	18/18	4 years
2	Munenobu Hashizume	Reappointed	Director and Managing Executive Officer General Manager of Information and Communication Technology Promotion Headquarters	14/14	1 year
3	Hitoshi Kogi	Newly appointed	Senior Managing Executive Officer Responsible for Sales, Sales Planning Dept. and Yumeshima Area Development Promotion Dept.	—	—
4	Hiroshi Miyazaki	Newly appointed	Managing Executive Officer General Manager of Corporate Planning Headquarters	—	—
5	Tetsuya Shoji	Reappointed Outside Independent	Director	18/18	4 years
6	Shinoi Sakata	Reappointed Outside Independent	Director	18/18	2 years
7	Akiko Horiguchi	Reappointed Outside Independent	Director	18/18	2 years
8	Maki Miyazaki	Reappointed Outside Independent	Director	14/14	1 year


Newly appointed Candidate for newly appointed Director


Reappointed Candidate for reappointed Director


Outside Candidate for Outside Director

Independent Independent Director


Notes: 1.Attendance at the Board of Directors meetings by Mr. Munenobu Hashizume and Ms. Maki Miyazaki counts only the Board of Directors meetings held after their assuming the office of Director on June 20, 2024.
2. The gender and expertise (skills) of each candidate for Director are provided on page 26.

Candidate No.	Name (Date of Birth)	Career Summary (Position and Areas of Responsibility at the Company, and Significant Concurrent Positions)		Number of the Company's Share Owned
1	<p><u>Reappointed</u></p>  <p>Michi Kuwahara (June 18, 1963)</p> <p>Attendance at Board of Directors meetings (FY 2024) 18/18</p> <p>Tenure as Director 4 years (at the conclusion of the General Meeting of Shareholders)</p>	<p>April 1986</p> <p>April 2018</p> <p>April 2018</p> <p>April 2020</p> <p>July 2020</p> <p>June 2021</p> <p>June 2021</p> <p>October 2021</p> <p>April 2022</p> <p>April 2022</p> <p>June 2023</p> <p>April 2024</p> <p>April 2025</p>	<p>Joined the Company</p> <p>Executive Officer, the Company</p> <p>Assistant to General Manager of Environment Business Headquarters, the Company and Chairman of the Supervisory Board of Hitachi Zosen Inova AG (currently, Kanadevia Inova AG)</p> <p>Managing Executive Officer, the Company</p> <p>General Manager of General Administration Headquarters, and General Manager of Corporate Planning Headquarters, the Company</p> <p>Director, the Company</p> <p>General Manager of Corporate Planning Headquarters, and Responsible for General Administration Headquarters, Quality Assurance Dept. and Yumeshima Area Development Promotion Dept., the Company</p> <p>General Manager of Corporate Planning Headquarters, and Responsible for General Administration Headquarters, Sustainability Promotion Dept., Quality Assurance Dept. and Yumeshima Area Development Promotion Dept., the Company</p> <p>Managing Director, the Company</p> <p>General Manager of Environment Business Headquarters, and Responsible for Procurement Headquarters, the Company</p> <p>General Manager of Environment Business Headquarters, and Responsible for Procurement Headquarters and Architect Supervision Dept., the Company</p> <p>Representative Director, President and Chief Operating Officer, the Company</p> <p>Representative Director, President and Chief Executive Officer, the Company (current position)</p>	16,787
		<p><Reasons for nominating the candidate as Director></p> <p>Since assuming the office of the top manager, Representative Director, President from April 2024, Mr. Kuwahara has been working to make the corporate philosophy of the Company a reality, drive sustainable growth and improvement of the corporate value of the Kanadevia Group, and promote stronger corporate governance. Furthermore, he demonstrated leadership in dealing with the inappropriate conduct in the marine engine business in fiscal year 2024 and is working to strengthen the internal control system and make sweeping improvements to the corporate culture to prevent reoccurrences. The Company has determined, based on this experience and track record, that Mr. Kuwahara is well-qualified to play a key role in further developing the Kanadevia Group and that he will adequately fulfill the role of determining important matters and strengthening supervisory functions in the Board of Directors. Therefore, once again, the Company has designated Mr. Kuwahara as a candidate for Director.</p>		


Candidate No.	Name (Date of Birth)	Career Summary (Position and Areas of Responsibility at the Company, and Significant Concurrent Positions)	Number of the Company's Share Owned
2	<p><u>Reappointed</u></p>  <p>Munenobu Hashizume (June 29, 1964)</p> <p>Attendance at Board of Directors meetings (FY 2024) 14/14</p> <p>Tenure as Director 1 year (at the conclusion of the General Meeting of Shareholders)</p>	<p>April 1988 Joined Nippon Telegraph and Telephone Public Corporation</p> <p>July 1988 Joined NTT DATA Communication Systems Corporation (currently, NTT DATA GROUP CORPORATION)</p> <p>June 2013 Representative Director & President of NTT DATA TERANOS CORPORATION (currently, KNT-CT IT Solutions Co., Ltd.)</p> <p>June 2016 General Manager in charge of Project Promotion of Public & Social Infrastructure Promotion Division, NTT DATA Corporation (currently, NTT DATA GROUP CORPORATION)</p> <p>July 2018 Joined the Company</p> <p>April 2019 General Manager of Information and Communication Technology Promotion Headquarters and General Manager of Hitz Advanced Information Technology Center, the Company</p> <p>April 2020 Executive Officer, the Company</p> <p>April 2021 General Manager of Information and Communication Technology Promotion Headquarters, the Company (current position)</p> <p>April 2022 Managing Executive Officer, the Company (current position)</p> <p>June 2024 Director, the Company (current position)</p> <p><Reasons for nominating the candidate as Director> Mr. Hashizume has extensive experience and wide-ranging insight into corporate management. His experience encompasses working for many years at a system integration business company and serving as Director and President of an affiliate of said company. Since April 2019, Mr. Hashizume has been working to promote digital transformation (DX) as General Manager of the Information and Communication Technology Promotion Headquarters of the Company. Based on this experience and track record, the Company has determined that Mr. Hashizume will fulfill the role of determining important matters and strengthening supervisory functions in the Board of Directors. Therefore, once again, the Company has designated Mr. Hashizume as a candidate for Director.</p>	592


Candidate No.	Name (Date of Birth)	Career Summary (Position and Areas of Responsibility at the Company, and Significant Concurrent Positions)	Number of the Company's Share Owned
3	<div>Newly appointed</div>  <div>Hitoshi Kogi (July 10, 1960)</div>	<div> <div>April 1983</div> <div>Joined the Company</div> </div> <div> <div>April 2015</div> <div>Executive Officer, the Company</div> </div> <div> <div>April 2015</div> <div>General Manager of Environmental Systems Sales Unit, Environment Business Headquarters, the Company</div> </div> <div> <div>April 2019</div> <div>Managing Executive Officer, the Company</div> </div> <div> <div>April 2021</div> <div>Senior Managing Executive Officer, the Company (current position)</div> </div> <div> <div>April 2021</div> <div>General Manager of Environment Business Headquarters, the Company</div> </div> <div> <div>April 2022</div> <div>Responsible for Sales, Sales Planning Dept. and Yumeshima Area Development Promotion Dept., the Company (current position)</div> </div> <div> <div><Reasons for nominating the candidate as Director></div> <div>Mr. Kogi has been engaged mainly in operations such as sales at the Company and has extensive experience and wide-ranging insight into sales operations in Japan and overseas. Since April 2022, he has been responsible for the Company's sales divisions, in which he has promoted the enhancement of the Company's competitiveness. Based on this experience and track record, the Company has determined that Mr. Kogi will fulfill the role of determining important matters and strengthening supervisory functions in the Board of Directors. Therefore, the Company has designated Mr. Kogi as a candidate for Director.</div> </div>	22,400


Candidate No.	Name (Date of Birth)	Career Summary (Position and Areas of Responsibility at the Company, and Significant Concurrent Positions)	Number of the Company's Share Owned
4	<div>Newly appointed</div>  <div>Hiroshi Miyazaki (January 6, 1963)</div>	<div> April 1986 Joined the Company April 2018 General Manager of Corporate Planning Dept., Corporate Planning Headquarters, the Company April 2021 Executive Officer, the Company April 2025 Managing Executive Officer, the Company (current position) April 2025 General Manager of Corporate Planning Headquarters, the Company (current position) (Significant Concurrent Position) President, Kanadevia HOLDINGS U.S.A. Inc. </div> <div> <Reasons for nominating the candidate as Director> Mr. Miyazaki has been engaged mainly in operations such as accounting & finance and corporate planning at the Company and has extensive experience and wide-ranging insight into accounting & finance and the Group's company management. Since April 2025, he has been promoting the strengthening of the management system as the General Manager of the Corporate Planning Headquarters. Based on this experience and track record, the Company has determined that Mr. Miyazaki will fulfill the role of determining important matters and strengthening supervisory functions in the Board of Directors. Therefore, the Company has designated Mr. Miyazaki as a candidate for Director. </div>	4,600

Candidate No.	Name (Date of Birth)	Career Summary (Position and Areas of Responsibility at the Company, and Significant Concurrent Positions)		Number of the Company's Share Owned
5	<div>Reappointed</div> <div>Outside Director</div> <div>Independent Director</div> <div></div> <div>Tetsuya Shoji (February 28, 1954)</div> <div>Attendance at Board of Directors meetings (FY 2024) 18/18</div> <div>Tenure as Outside Director 4 years (at the conclusion of the General Meeting of Shareholders)</div>	April 1977	Joined Nippon Telegraph and Telephone Public Corporation	None
	June 2006	Senior Vice President and General Manager of Personnel Department, NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION		
	June 2009	Senior Vice President and Head of General Affairs Department, Nippon Telegraph and Telephone Corporation		
	June 2012	Senior Executive Vice President, Representative Member of the Board, NTT Communications Corporation		
	June 2015	President & CEO, Representative Member of the Board, NTT Communications Corporation		
	June 2020	Corporate Advisor, NTT Communications Corporation (current position)		
	December 2020	Outside Director, circlace Inc. (current position)		
	March 2021	Outside Director, Sapporo Holdings Limited (current position)		
	June 2021	Outside Director, the Company (current position)		
	June 2021	Outside Director, Mitsubishi Logistics Corporation (current position)		
March 2022	Outside Director, Japan Tobacco Inc. (current position)			
	(Significant Concurrent Positions) Corporate Advisor, NTT Communications Corporation Outside Director, circlace Inc. Outside Director, Sapporo Holdings Limited Outside Director, Mitsubishi Logistics Corporation Outside Director, Japan Tobacco Inc.			
	<Reasons for nominating the candidate as Outside Director and outline of expected roles> Mr. Shoji has extensive experience and wide-ranging insight in corporate management, including having served as a representative member of the board of a telecommunications carrier. Mr. Shoji has provided appropriate opinions and advice as Outside Director from an independent standpoint to the Company, which is promoting stronger corporate governance and the globalization of business and digital transformation (DX), and has fulfilled the role of strengthening supervisory functions regarding business execution through involvement in decisions on executive appointments and Directors' remuneration as Chair of the Nomination & Remuneration Advisory Committee. Therefore, the Company anticipates that Mr. Shoji will continue to fulfill these roles and has designated him once again as a candidate for Outside Director. Mr. Shoji holds concurrent positions as Corporate Advisor at NTT Communications Corporation, and as Outside Director at circlace Inc., Sapporo Holdings Limited, Mitsubishi Logistics Corporation, and Japan Tobacco, Inc. However, since his appointment as Outside Director of the Company in June 2021, Mr. Shoji has attended all meetings of the Board of Directors and the Nomination & Remuneration Advisory Committee, fulfilling his duties as Outside Director of the Company through, among others, constructive discussions and exchange of opinions.			
	<Matters concerning the independency> Although there is a business relationship between the Company and NTT Communications Corporation, where Mr. Shoji currently serves as Corporate Advisor and was engaged in execution of business until			

Candidate No.	Name (Date of Birth)	Career Summary (Position and Areas of Responsibility at the Company, and Significant Concurrent Positions)	Number of the Company's Share Owned
		<p>June 2020, the average annual value of transactions between the two companies in the past three fiscal years was less than 0.1% of the Company's consolidated net sales and less than 0.1% of NTT Communications Corporation's consolidated operating revenue. Additionally, there is no business relationship between the Company and Nippon Telegraph and Telephone Corporation, where Mr. Shoji was formerly engaged in execution of business. Although there is a business relationship between the Company and Nippon Telegraph and Telephone West Corporation, where Mr. Shoji was formerly engaged in execution of business, the average annual value of transactions between the two companies in the past three fiscal years was less than 0.1% of Nippon Telegraph and Telephone West Corporation's consolidated operating revenue and the Company received no sales revenue from Nippon Telegraph and Telephone West Corporation. Based on the above facts, the Company has determined that Mr. Shoji is independent, and has designated him as an independent director as prescribed by Tokyo Stock Exchange, Inc.</p>	

Candidate No.	Name (Date of Birth)	Career Summary (Position and Areas of Responsibility at the Company, and Significant Concurrent Positions)	Number of the Company's Share Owned
6	Reappointed	April 1979 Joined Sumitomo Chemical Co., Ltd. (currently, SUMITOMO CHEMICAL COMPANY, LIMITED)	None
	Outside Director	April 2011 Associate Officer, Research Director of Environmental Health Science Laboratory, SUMITOMO CHEMICAL COMPANY, LIMITED	
	Independent Director	April 2013 Executive Officer, Responsible for Intellectual Property Department, SUMITOMO CHEMICAL COMPANY, LIMITED	
		April 2016 Advisor, SUMITOMO CHEMICAL COMPANY, LIMITED	
	Shinoi Sakata (March 31, 1957)	April 2016 Director & Vice President, Sumika Technical Information Service, Inc.	
		June 2017 Representative Director & President, Sumika Technical Information Service, Inc.	
		May 2018 Executive Director, Japan Chemical Industry Association (in charge of the chemical management and international affairs)	
		June 2020 Outside Director, Nomura Research Institute, Ltd. (current position) (scheduled to retire from the position on June 20, 2025)	
	Attendance at Board of Directors meetings (FY 2024) 18/18	June 2023 Outside Director, the Company (current position)	
	Tenure as Outside Director 2 years (at the conclusion of the General Meeting of Shareholders)	<p><Reasons for nominating the candidate as Outside Director and outline of expected roles></p> <p>Ms. Sakata has extensive experience and wide-ranging insight into company management. Her experience encompasses working in the chemical industry as a researcher on safety, etc., involved in activities to evaluate technological strategies from a sustainability perspective as a manager, and serving as a Representative Director of an information company. Ms. Sakata has provided appropriate opinions and advice as Outside Director from an independent standpoint to the Company, which is now promoting stronger corporate governance and digital transformation (DX). In addition, she has fulfilled the role of strengthening supervisory functions regarding business execution through involvement in decisions on executive appointments and Directors' remuneration as a member of the Nomination & Remuneration Advisory Committee. Therefore, the Company anticipates that Ms. Sakata will continue to fulfill these roles and has designated her once again as a candidate for Outside Director.</p> <p><Matters concerning the independency></p> <p>Although there is a business relationship between the Company and SUMITOMO CHEMICAL COMPANY, LIMITED, where Ms. Sakata was engaged in execution of business in the past, the average annual value of transactions between the two companies in the past three fiscal years was less than 0.1% of the Company's consolidated net sales and there were no payments made to SUMITOMO CHEMICAL COMPANY, LIMITED. Additionally, there is no business relationship between the Company and Sumika Technical Information Service, Inc., Japan Chemical Industry Association or both where Ms. Sakata was formerly engaged in execution of business. Based on the above facts, the Company has determined that Ms. Sakata is independent, and has designated her as an independent director as prescribed by Tokyo Stock Exchange, Inc.</p>	

Candidate No.	Name (Date of Birth)	Career Summary (Position and Areas of Responsibility at the Company, and Significant Concurrent Positions)	Number of the Company's Share Owned
7	<div>Reappointed</div> <div>Outside Director</div> <div>Independent Director</div>  <p>Akiko Horiguchi (December 29, 1962)</p> <p>Attendance at Board of Directors meetings (FY 2024) 18/18</p> <p>Tenure as Outside Director 2 years (at the conclusion of the General Meeting of Shareholders)</p>	<p>April 1985 Joined Oki Electric Industry Co., Ltd.</p> <p>April 2011 Head of Public Relations Division, Oki Electric Industry Co., Ltd.</p> <p>April 2015 Head of Human Resources Division, Oki Electric Industry Co., Ltd.</p> <p>April 2015 Director, Oki Consulting Solutions Co., Ltd.</p> <p>April 2017 Executive Officer & Head of Human Resources Department, Corporate Management Headquarters, Oki Electric Industry Co., Ltd.</p> <p>April 2017 Director, OKI Proserve Co., Ltd.</p> <p>June 2018 Director, Japan Institute for Women's Empowerment & Diversity Management</p> <p>April 2019 Associate Executive Officer, Corporate Management Headquarters, Oki Electric Industry Co., Ltd.</p> <p>April 2019 Representative Director, President and Executive Officer, Oki Workwel Co., Ltd. (current position)</p> <p>April 2020 Associate Executive Officer, Corporate Headquarters, Oki Electric Industry Co., Ltd.</p> <p>June 2023 Outside Director, the Company (current position)</p> <p>(Significant Concurrent Position)</p> <p>Representative Director, President and Executive Officer, Oki Workwel Co., Ltd.</p> <p><Reasons for nominating the candidate as Outside Director and outline of expected roles></p> <p>Ms. Horiguchi has extensive experience and wide-ranging insight into company management and diversity-focused management. Her experience encompasses working as an executive officer and Head of Public Relations and Head of Human Resources Division at an information and communication equipment manufacturer, serving as a Representative Director of a special affiliate subsidiary, and serving as a Director of the Japan Institute for Women's Empowerment & Diversity Management. Ms. Horiguchi has provided appropriate opinions and advice as Outside Director from an independent standpoint to the Company, which is now promoting stronger corporate governance, digital transformation (DX), diversity-focused management and human capital management. In addition, she has fulfilled the role of strengthening supervisory functions regarding business execution through involvement in decisions on executive appointments and Directors' remuneration as a member of the Nomination & Remuneration Advisory Committee. Therefore, the Company anticipates that Ms. Horiguchi will continue to fulfill these roles and has designated her once again as a candidate for Outside Director.</p> <p><Matters concerning the independency></p> <p>Although there is a business relationship between the Company and Oki Electric Industry Co., Ltd., where Ms. Horiguchi was engaged in execution of business in the past, the average annual value of transactions between the two companies in the past three fiscal years was less than 0.1% of Oki Electric Industry's consolidated net sales and there are no sales from Oki Electric Industry. Additionally, there is no business relationship between the Company and any of Oki Workwel Co., Ltd., Oki Consulting Solutions Co., Ltd. or OKI Proserve Co., Ltd., where Ms. Horiguchi is or formerly was engaged in execution of business. Based on the above facts, the Company has determined that Ms. Horiguchi is independent, and has designated her as an independent director as prescribed by Tokyo Stock Exchange, Inc.</p>	None

Candidate No.	Name (Date of Birth)	Career Summary (Position and Areas of Responsibility at the Company, and Significant Concurrent Positions)	Number of the Company's Share Owned
8	<div>Reappointed</div> <div>Outside Director</div> <div>Independent Director</div>  <p>Maki Miyazaki (February 1, 1964)</p> <p>Attendance at Board of Directors meetings (FY 2024) 14/14</p> <p>Tenure as Outside Director 1 year (at the conclusion of the General Meeting of Shareholders)</p>	<p>April 1992 Registered as attorney-at-law</p> <p>April 1992 Joined Law Offices of Yumoto, Kogo & Mori (currently, Law Offices of YUMOTO, OTA & MIYAZAKI)</p> <p>September 1996 Joined Kelley Drye & Warren LLP</p> <p>October 1997 Admitted to the bar of the State of New York</p> <p>May 1999 Returned to Law Offices of Yumoto & Ota (currently, Law Offices of YUMOTO, OTA & MIYAZAKI)</p> <p>January 2003 Partner, Law Offices of Yumoto & Ota (currently, Law Offices of YUMOTO, OTA & MIYAZAKI)</p> <p>January 2007 Managing Partner, Law Offices of YUMOTO, OTA & MIYAZAKI (current position)</p> <p>June 2024 Outside Director, the Company (current position) (Significant Concurrent Position)</p> <p>Managing Partner, Law Offices of YUMOTO, OTA & MIYAZAKI</p> <p><Reasons for nominating the candidate as Outside Director and outline of expected roles></p> <p>Ms. Miyazaki served as Managing Partner of a law firm for many years and has extensive experience and expert knowledge in international corporate legal matters. As Outside Director, Ms. Miyazaki is providing appropriate opinions and advice from an independent standpoint to the Company, which is now promoting stronger corporate governance and the globalization of business. She is also fulfilling the role of strengthening supervisory functions regarding business execution through involvement in decisions on executive appointments and Directors' remuneration as a member of the Nomination & Remuneration Advisory Committee. Therefore, the Company anticipates that Ms. Miyazaki will continue to fulfill these roles and has designated her once again as a candidate for Outside Director.</p> <p>While she does not possess prior experience in corporate management, the Company is confident in her ability to effectively carry out her duties as an Outside Director for the above-mentioned reasons.</p> <p><Matters concerning the independency></p> <p>There is no business relationship between the Company and Law Offices of YUMOTO, OTA & MIYAZAKI, where Ms. Miyazaki currently serves as Managing Partner. Although there is a business relationship between the Company and Kelley Drye & Warren LLP, where Ms. Miyazaki formerly belonged, via the Company's subsidiary in the United States, the average annual value of transactions between the Company and the firm in the past three fiscal years was less than 1 million yen. Based on the above facts, the Company has determined that Ms. Miyazaki is independent, and will designate her as an independent director as prescribed by Tokyo Stock Exchange, Inc.</p>	None

- Notes:
1. With the approval of the annual general meeting of shareholders of Senshu Ikeda Holdings, Inc. scheduled for June 25, 2025, Ms. Sakata plans to be appointed as an Outside Director of Senshu Ikeda Holdings. Furthermore, with the approval of the annual general meeting of shareholders of The Senshu Ikeda Bank, Ltd., to be held on the same day, she plans to be appointed as a Non-Executive Director of The Senshu Ikeda Bank.
 2. The name of Ms. Akiko Horiguchi registered in the family registry is Akiko Hotani.
 3. The name of Ms. Maki Miyazaki registered in the family registry is Maki Kuribayashi.
 4. The Company has concluded an agreement with Mr. Tetsuya Shoji, Ms. Shinoi Sakata, Ms. Akiko Horiguchi and Ms. Maki Miyazaki respectively that limits the maximum amount of their liabilities to the minimum amount stipulated by laws and regulations concerning liability for compensation for damages pursuant to the provisions of Article 423, paragraph 1 of the Companies Act. In the event that their reelection is approved, the Company intends to continue the said agreement.
 5. The Company has concluded a directors and officers liability insurance agreement stipulated in Article 430-3, paragraph 1 of the Companies Act with an insurance company. This insurance agreement covers directors and officers for damages that may arise from accepting liability for the execution of their duties or from receiving claims related to pursuit of such liability, with certain exemption from indemnification of damages, for example, damages arising from acts conducted with the knowledge of non-compliance with the applicable laws and regulations. All the candidates for Director will be included as insureds in the said insurance agreement if the election is approved. In addition, the Company plans to renew the agreement with details of the same degree in the middle of their term of office.
 6. During the terms of office of Mr. Tetsuya Shoji, Ms. Shinoi Sakata, Ms. Akiko Horiguchi, and Ms. Maki Miyazaki as Outside Directors, the Group was found to have engaged in inappropriate conduct in relation to some of our businesses and products, including marine engines, flammable waste incineration facilities, sewage treatment facilities, bridges, casting products, and special valves. Although the four were not aware of the inappropriate conduct until it was uncovered through an internal investigation conducted in response to an alert issued for marine engines by the Ministry of Land, Infrastructure, Transport and Tourism in April 2024, followed by an investigation by a Special Investigation Committee established in July 2024. However, prior to this, they had been requesting thorough compliance with laws and regulations and had issued related warnings at meetings of the Board of Directors, etc. After becoming aware of the inappropriate conduct, the Outside Directors and Outside Corporate Auditors have fulfilled their responsibilities by receiving ongoing reports on the investigation into its causes and measures to prevent recurrence, and by providing recommendations to ensure thorough legal compliance.


Proposal 4: Election of Two (2) Corporate Auditors

Of the present Corporate Auditors, Mr. Kazuhisa Yamamoto will complete his term of office, and Mr. Masayuki Morikata will resign from his office at the conclusion of this General Meeting of Shareholders.

Accordingly, we propose to elect two (2) Corporate Auditors.

The Board of Corporate Auditors has approved this proposal.

The candidates for Corporate Auditor are as follows:

Candidate No.	Name (Date of Birth)	Career Summary (Position at the Company and Significant Concurrent Positions)	Number of the Company's Share Owned
1	<div>Newly appointed</div>  <div>Yuichi Ohkura (June 13, 1958)</div>	<div> <div>April 1982</div> <div>Joined The Sanwa Bank, Ltd. (currently, MUFG Bank, Ltd.)</div> </div> <div> <div>June 2010</div> <div>Executive Officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently, MUFG Bank, Ltd.)</div> </div> <div> <div>May 2012</div> <div>Managing Executive Officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently, MUFG Bank, Ltd.)</div> </div> <div> <div>June 2016</div> <div>Representative Director and President, MU Frontier Servicer Co., Ltd</div> </div> <div> <div>July 2021</div> <div>Joined the Company</div> </div> <div> <div>July 2021</div> <div>Senior Managing Executive Officer, the Company</div> </div> <div> <div>July 2021</div> <div>General Manager of Global Headquarters, the Company</div> </div> <div> <div>October 2024</div> <div>Chairman of the Board, NAC International Inc. (current position) (scheduled to retire from the position on June 6, 2025)</div> </div> <div> <div>April 2025</div> <div>Corporate Advisor, the Company (current position)</div> </div> <div> <div><Reasons for nominating the candidate as Corporate Auditor></div> <div>Mr. Ohkura has extensive experience and wide-ranging insight into company management, finance and accounting, including having served as a managing executive officer of a financial institution and a representative director of one of that financial institution's affiliates. Since July 2021, Mr. Ohkura has developed a deep understanding of the Company's management, business operations, and the like as a Senior Managing Executive Officer and as the person in charge of global operations of the Company. The Company anticipates that, based on his experience and track record, Mr. Ohkura will contribute to enhancing the Company's corporate governance and auditing system. Thus, the Company has designated Mr. Ohkura as a candidate for Corporate Auditor.</div> </div>	6,200

Candidate No.	Name (Date of Birth)	Career Summary (Position at the Company and Significant Concurrent Positions)		Number of the Company's Share Owned
2	<div>Newly appointed</div> <div></div> <div>Toshihiko Yasuda (August 22, 1960)</div>	April 1985	Joined the Company	5,700
	April 2017	Executive Officer, the Company		
	April 2018	General Manager of Industrial Equipment Business Unit, Machinery Business Headquarters, the Company		
	April 2021	General Manager of Technical Research Institute, R&D Headquarters and General Manager of Power to Gas Business Promotion Office, the Company		
	April 2022	General Manager of Technical Research Institute, R&D Headquarters, the Company		
	April 2024	Managing Executive Officer, the Company		
	April 2024	General Manger of R&D Headquarters and General Manager of Technical Research Institute, the Company		
	April 2025	Corporate Advisor, the Company (current position)		
	<Reasons for nominating the candidate as Corporate Auditor> Since April 2017, Mr. Yasuda has served as an Executive Officer in the Company. He has extensive experience and a long track record as the person responsible for the research and development divisions, and he understands the Company's management and business operations, etc. The Company anticipates that, based on his experience and track record, Mr. Yasuda will contribute to enhancing the Company's corporate governance and auditing system. Thus, the Company has designated Mr. Yasuda as a candidate for Corporate Auditor.			

- Notes:
1. If the candidates for Corporate Auditor are appointed as Corporate Auditors, the Company plans to enter into agreements with each of the Corporate Auditors which limit the maximum amount of their liabilities for damages stipulated in Article 423, paragraph 1 of the Companies Act to the minimum amount stipulated by laws and regulations.
 2. The Company has concluded a directors and officers liability insurance agreement stipulated in Article 430-3, paragraph 1 of the Companies Act with an insurance company. This insurance agreement covers directors and officers for damages that may arise from accepting liability for the execution of their duties or from receiving claims related to pursuit of such liability, with certain exemption from indemnification of damages, for example, damages arising from acts conducted with the knowledge of non-compliance with the applicable laws and regulations. Each candidate for Corporate Auditor will be included as insureds in the said insurance agreement if the election is approved. In addition, the Company plans to renew the agreement with details of the same degree in the middle of their term of office.
 3. The gender and expertise (skills) of each candidate for Corporate Auditor are provided on page 26.

Proposal 5: Election of One (1) Substitute Corporate Auditor

At the conclusion of this General Meeting of Shareholders, the effectiveness of the election of Ms. Keiko Kosaka, who was elected as a substitute Corporate Auditor at the 124th Ordinary General Meeting of Shareholders held on June 22, 2021, expires. In preparation against a situation where the number of Outside Corporate Auditors falls below the statutory required number, we once again propose to elect one (1) substitute Corporate Auditor.

The election of substitute Corporate Auditor can be nullified before assuming office by resolution of the Board of Directors if the consent of the Board of Corporate Auditors has been obtained.

The Board of Corporate Auditors has approved this proposal.

The candidate for substitute Corporate Auditor is as follows:

Name (Date of Birth)	Career Summary (Position at the Company and Significant Concurrent Positions)	Number of the Company's Share Owned
<div>Reappointed</div> <div>Outside Corporate Auditor</div> <div>Independent Corporate Auditor</div> <div>Substitute Corporate Auditor</div>  <div>Keiko Kosaka (September 20, 1976)</div>	<div>October 2002 Registered as attorney-at-law</div> <div>October 2002 Joined Irokawa Law Office (currently, Irokawa Legal Professional Corporation)</div> <div>February 2008 Outside Auditor, KAWAKAMI PAINT MFG. CO., LTD</div> <div>January 2009 Partner, Irokawa Law Office (currently, Irokawa Legal Professional Corporation)</div> <div>June 2016 External Auditor, Nihon Yamamura Glass Co., Ltd.</div> <div>June 2017 Director & External Audit and Supervisory Committee Member, Nihon Yamamura Glass Co., Ltd. (current position)</div> <div>June 2017 Outside Auditor, Asia and Pacific Trade Center Co., Ltd. (current position)</div> <div>March 2018 Outside Auditor, TOYO TANSO CO., LTD.</div> <div>June 2018 Outside Auditor, FALCO HOLDINGS Co., Ltd.</div> <div>January 2020 Attorney, Irokawa Legal Professional Corporation (current position)</div> <div>June 2021 Outside Director and Outside Audit Committee, FALCO HOLDINGS Co., Ltd. (current position)</div> <div>March 2022 Outside Director, TOYO TANSO CO., LTD. (current position)</div> <div>(Significant Concurrent Positions)</div> <div>Attorney, Irokawa Legal Professional Corporation</div> <div>Director & External Audit and Supervisory Committee Member, Nihon Yamamura Glass Co., Ltd.</div> <div>Outside Auditor, Asia and Pacific Trade Center Co., Ltd.</div> <div>Outside Director and Outside Audit Committee, FALCO HOLDINGS Co., Ltd.</div> <div>Outside Director, TOYO TANSO CO., LTD.</div>	None

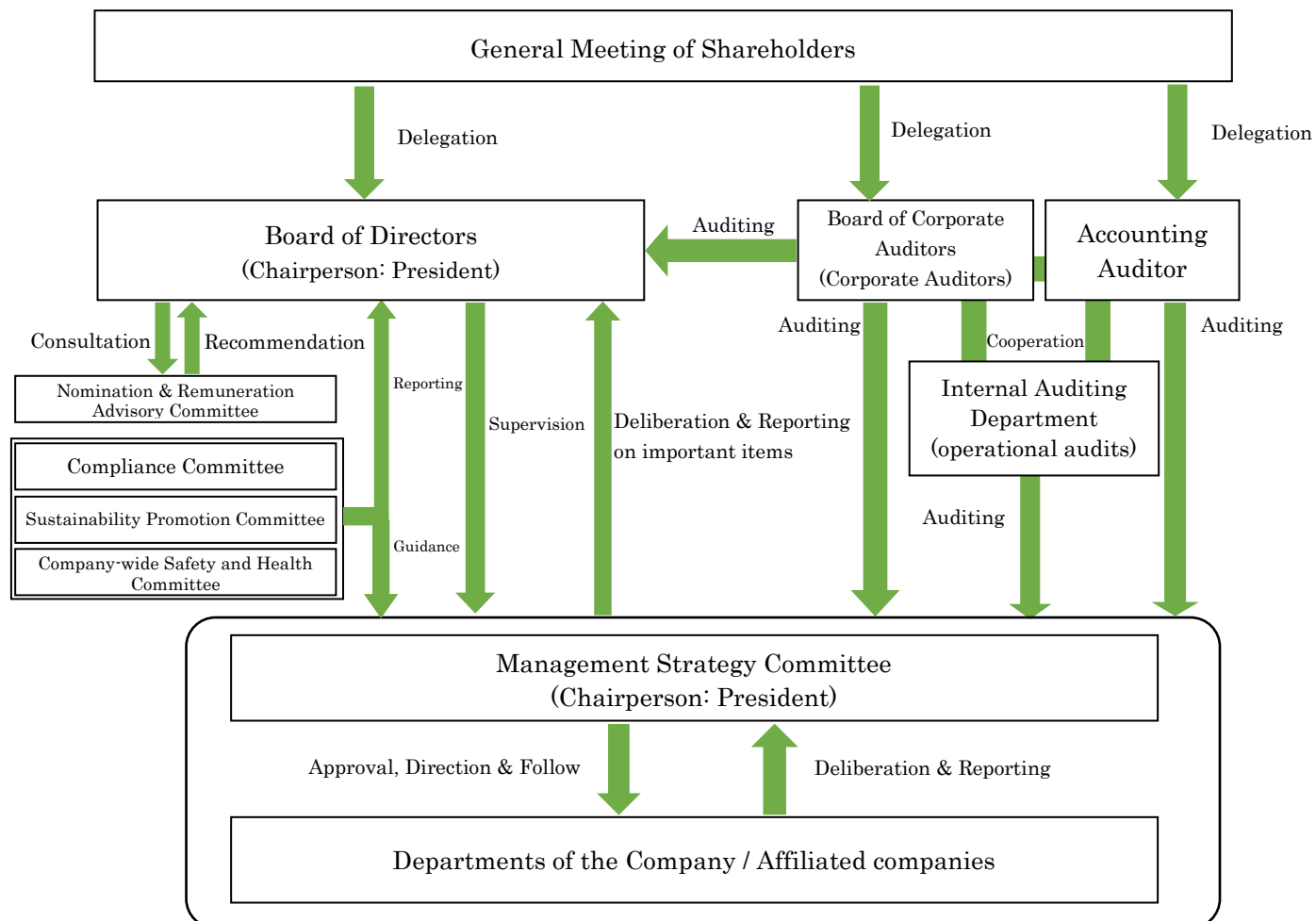
Name (Date of Birth)	Career Summary (Position at the Company and Significant Concurrent Positions)	Number of the Company's Share Owned
	<p><Reasons for nominating the candidate as substitute Outside Corporate Auditor></p> <p>Ms. Kosaka has been working as an attorney-at-law for many years, and has extensive experience and expertise in corporate legal matters. The Company has determined that Ms. Kosaka will be able to appropriately fulfill duties from an independent standpoint as Outside Corporate Auditor. Thus, the Company has continued to designate Ms. Kosaka as a candidate for substitute Outside Corporate Auditor.</p> <p>While she does not possess prior experience in corporate management, the Company is confident in her ability to effectively carry out her duties as an Outside Corporate Auditor for the above-mentioned reasons.</p>	
	<p><Matters concerning the independency></p> <p>Although there is a business relationship between the Company and Irokawa Legal Professional Corporation, where Ms. Kosaka currently belongs, the average annual value of transactions between the two parties in the past three business years was less than 5 million yen. Based on the above fact, the Company has determined that Ms. Kosaka is independent, and plans to designate her as an independent officer as prescribed by Tokyo Stock Exchange, Inc. when she assumes the position of Corporate Auditor.</p>	

- Notes: 1. In the event that Ms. Keiko Kosaka assumes the office of Corporate Auditor, the Company intends to conclude an agreement with Ms. Kosaka that limits the maximum amount of her liabilities to the minimum amount stipulated by laws and regulations concerning liability for compensation for damages pursuant to the provisions of Article 423, paragraph 1 of the Companies Act.
2. The Company has concluded a directors and officers liability insurance agreement stipulated in Article 430-3, paragraph 1 of the Companies Act with an insurance company. This insurance agreement covers directors and officers for damages that may arise from accepting liability for the execution of their duties or from receiving claims related to pursuit of such liability, with certain exemption from indemnification of damages, for example, damages arising from acts conducted with the knowledge of non-compliance with the applicable laws and regulations. Ms. Kosaka will be included as an insured in the said insurance agreement if elected to the office of Corporate Auditor. In addition, the Company plans to renew the agreement with details of the same degree.

Reference

(Basic Approach to Corporate Governance)

Guided by our corporate philosophy of “We create value useful to society with technology and sincerity to contribute to a prosperous future,” and recognizing that it is imperative for sustainable growth and for an increase in the corporate value of the Company over the medium to long term to conscientiously meet the expectations of all stakeholders—starting with our shareholders—and to ensure the soundness, transparency, and efficiency of management, we have adopted the basic approach of focusing on enhancement of corporate governance as our priority management issue.



(Corporate Governance System)

- The Company is a company with a Board of Corporate Auditors, and Corporate Auditors are elected to make audits on the execution of duties of Directors.
- Board of Directors
The Board of Directors consists of eight Directors including four Outside Directors. They not only conduct matters stipulated by laws and regulations but also make decisions related to basic policy and important matters of the Kanadevia Group, and supervise the execution of business. At the Board of Directors, effort is made to ensure the transparency and soundness of management by conducting decision-making with respect to the opinions made by the outside directors from their independent perspective.
- Management Strategy Committee
The Company has established the Management Strategy Committee comprising Executive Directors and key General Managers. The Company has adopted a business execution structure based on adequate deliberation about issues and countermeasures, etc. regarding important matters of business activities of each business segment (including Group companies).
- Nomination & Remuneration Advisory Committee
The Company has established the Nomination & Remuneration Advisory Committee as an advisory body for the Board of Directors on a voluntary basis, so as to enhance the independence and objectivity of functions as well as accountability of the Board of Directors with respect to such matters as the nomination of management and directors (including a succession plan) and their remuneration. As of April 1, 2025, the Committee comprises one Internal Director (Michi Kuwahara, President and CEO) and four Outside Directors (the Chair of the Committee is an

Outside Director), with Outside Corporate Auditors serving as observers.

<Roles and authorities of the Committee>

Based on consultation from the Board of Directors, the Committee will deliberate on the following items and provide reports to the Board of Directors. The Board of Directors will respect the reports from the Committee.

- (1) Matters concerning the nomination of candidates for director and corporate auditor
- (2) Matters concerning the appointment and dismissal of the President
- (3) Matters concerning the appointment and dismissal of the Representative Director
- (4) Matters concerning the appointment and dismissal of directors with titles
- (5) Matters concerning succession development plan for the President
- (6) Matters concerning the total maximum amount of remuneration of Directors
- (7) Matters concerning the total actual amount of remuneration of Directors
- (8) Matters concerning calculation methods of the amount of remuneration of Directors
- (9) Matters concerning the basic policies, rules, and procedures required for deliberating the preceding items
- (10) Other important management matters deemed necessary by the Board of Directors

(Policies relating to the election of Directors and Corporate Auditors)

Candidates for Director and Corporate Auditor must have superior character and insight, as well as the knowledge, experience, and ability required to suitably perform the duties demanded of each position. Candidates for Outside Director and Outside Corporate Auditor must have extensive experience, expert knowledge and wide-ranging insight into company management, and must fulfill the Company's Criteria for Independence of Outside Directors and Outside Corporate Auditors.

The nomination of candidates for Directors and Corporate Auditors is determined by the Board of Directors after consulting with the Nomination & Remuneration Advisory Committee.

The Criteria for Independence of Outside Directors and Outside Corporate Auditors

The Company determines that an outside director or an outside corporate auditor is independent if he/she does not fall into any of the following categories.

1. A major shareholder of the Company (a shareholder who holds 10% or more of the Company's voting rights on the last day of the most recent fiscal year), or one who executes business for that major shareholder
2. A major client of the Company, or one who has executed business at a major client of the Company during the past three years
 - * A major client of the Company is defined as a party whose average annual transaction amount with the Company during the past three fiscal years is 2% or more of the Company's average consolidated sales.
3. One whose major client is the Company, or one who has executed business for that party during the past three years
 - * One whose major client is the Company is defined as a party whose average annual transaction amount with the Company during the past three fiscal years is 2% or more of that party's average consolidated sales.
4. One who is a specialist or a consultant in a legal, accounting, or taxation field, and receives a large amount of money or other properties in addition to director's or corporate auditor's remuneration paid by the Company (referring to the person belonging to the organization if the one who received the relevant property is an organization such as corporation and association)
 - * A large amount is defined as 10 million yen or more a year on average for the past three fiscal years.
5. One who executes business in an organization that receives a large amount of donation or grant from the Company
 - * A large amount is defined as 10 million yen or more a year on average for the past three fiscal years.
6. A relative within the second degree of kinship with a person who meets any of the categories below
 - (1) One falling into any of categories 1– 5 above (excluding one that is not material)
 - (2) One who was a Director, an Executive Officer, or an important employee of the Kanadevia Group during the past three years

Organization of Directors and Corporate Auditors after the approval of Proposals 3 and 4 (planned)

(Basic policy for composition of the Board of Directors)

With a view to effectively fulfilling its roles and responsibilities, the Company's Board of Directors is to be composed of executive directors with expertise in the business areas of the Company's group and independent outside directors with extensive experience, specialized knowledge and wide-ranging insight concerning corporate management, such that the necessary level of knowledge, experience and skills for the Board of Directors as a whole can be achieved in a well-balanced manner and both the diversity in light of gender, international outlook and background careers and appropriate size commensurate with the nature of business and other factors can be ensured.

Independent outside directors are expected to engage in the management of the Company by leveraging their extensive experience and expertise outside the Company. In order to enhance the supervisory function of the Board of Directors and the transparency of business management, the Company elects independent Outside Directors so that they comprise at least one-third of all the Directors and at least one of whom is a person with experience of management of another company. If Proposal 3 is approved, the number of independent Outside Directors will become one-half of the total number of Directors.

(Knowledge, experience and skills necessary for the Board of Directors as a whole)

With our mission of "taking on the challenge, through the power of technology, to create a world that lives in balance with nature," the Group has selected "Sustainability and ESG" as one of the skills required of all Directors to make sustainability the key focus in its management practices. Furthermore, from the perspectives of the basic policies of the medium-term management plan "Forward 25" (sustainable growth of existing businesses, creation and expansion of growth businesses, and promoting sustainable management (enhancing corporate value)), the company has selected the following skills to be possessed by the Board of Directors as a whole: "Corporate Management," "Global Experience," "Sales, Marketing, and Business Strategy," "Engineering, Manufacturing, SCM," "ICT, DX, and Innovation," "Human Resources and Human Resource Development," "Finance and Accounting," and "Legal Affairs, Risk Management, and Compliance" These categories will be reviewed as necessary.

Name	Position at the Company	Outside/Independent	Gender	Expertise (skills)									Nomination & Remuneration Advisory Committee
				Sustainability and ESG	Corporate Management	Global Experience	Sales, Marketing, and Business Strategy	Engineering, Manufacturing, and SCM	ICT, DX, and Innovation	Human Resources and Human Resource Development	Finance and Accounting	Legal Affairs, Risk Management, and Compliance	
Michi Kuwahara	Representative Director, President and CEO		Male	◎	◎	◎		○		○	◎	○	○
Munenobu Hashizume	Director and Managing Executive Officer		Male	◎	◎		○		◎				
Hitoshi Kogi	Director and Senior Managing Executive Officer		Male	◎			◎	○					
Hiroshi Miyazaki	Director and Managing Executive Officer		Male	◎	◎						◎	○	
Tetsuya Shoji	Director	○	Male	●	●	●	●		●	●			○ (Chair)
Shinoi Sakata	Director	○	Female	●	●			●	●				○
Akiko Horiguchi	Director	○	Female	●	●				●	●			○
Maki Miyazaki	Director	○	Female	●		●						●	○
Yuichi Ohkura	Full-time Corporate Auditor		Male	●	●	●	●				●	●	
Toshihiko Yasuda	Full-time Corporate Auditor		Male	●			●	●	●				
Hirofumi Yasuhara	Corporate Auditor	○	Male	●	●	●					●		△
Koji Inada	Corporate Auditor	○	Male	●	●				●			●	△

(Note 1) Skill items for which Internal Directors can be expected to fulfill the required role are marked with ○, of which particularly promising skill items are marked with ◎.

Skill items for which Outside Directors and Corporate Auditors can be expected to fulfill the required role are marked with ●.

(Note 2) Officers marked with △ in the Nomination & Remuneration Advisory Committee column attend as observers.

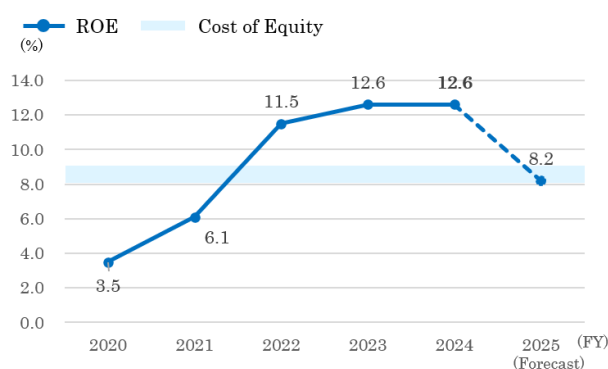
(Note 3) The above is not intended to represent all the knowledge or experience of each person.

Key Points for Our Shareholders

Cost of Capital

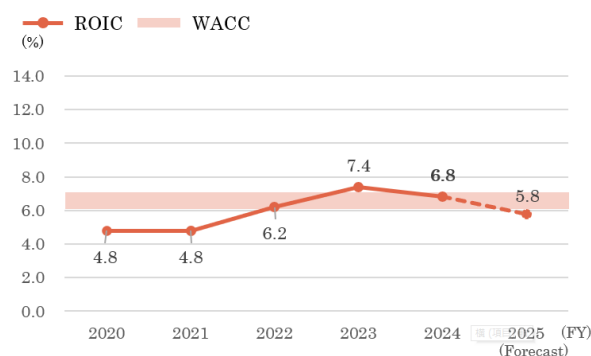
ROE / Cost of Equity

- Based on the concept that cost of equity represents investors' expected rate of return, we understand their perceived level is 8% to 9% through dialogue with them.
- ROE for fiscal year 2024 remained flat year-on-year. For fiscal year 2025, ROE is expected to decline due to a decrease in net income and an increase in shareholders' equity.



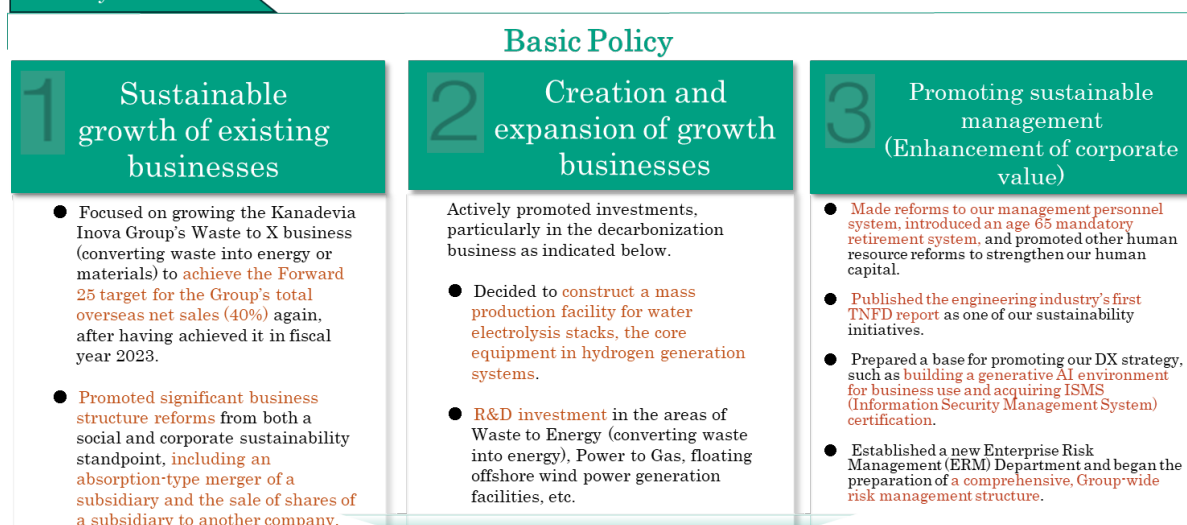
ROIC / WACC

- Following on from fiscal year 2024, we plan to actively execute strategic business investments for future sustainable growth in fiscal year 2025 as well. As a result, ROIC is expected to decline (expected to recover in the medium-to-long term due to the effects of the investments).
- Going forward, we will further promote the use of ROIC to strengthen business portfolio management.



Progress in Medium-term Management Plan “Forward 25”

Priority Measures



Toward the Achievement of Our Long-term Vision

2030 Vision	Sustainable Vision
<p>To be a Solution Partner for realizing Sustainable and Safe & Secure Society</p> <p>Net Sales of 900.0 billion yen / Operating income margin of 10%</p>	<p>Vision for 2050</p> <ol style="list-style-type: none"> 1 Realize zero environmental impact 2 Maximize people's well-being

Topics

Topic 1: Exhibition at the Expo 2025 “Future City” Pavilion

Kanadevia is one of the sponsors of the “Future City” Pavilion in the Future Society Showcase, Future Life Expo at the World Expo 2025 Osaka, Kansai, Japan (“Expo 2025”).

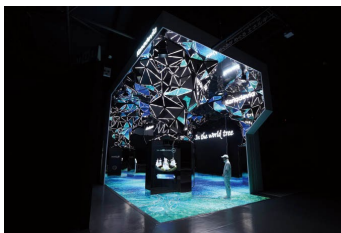
Led by our spirit of using Kanadevia’s technologies to contribute to the creation of a happy future for the planet and its people, we created a World Tree in the above pavilion as an exhibition space for Kanadevia. The World Tree has four experience devices (1. Let’s Power Cars and Cities with Waste Resources, 2. Let’s Support Our City with Food Waste, 3. Let’s Fly Airplanes with Paper Waste, and 4. Let’s Drive Society with Various Types of Waste). Through these exhibitions, visitors can experience Society 5.0, where IoT and AI are intertwined with resource circulation and decarbonization technologies, along with our company’s vision.

Through our exhibition, we hope to lead visitors to include the perspectives of resource circulation and carbon neutrality in their own daily lives. We want to share our belief that going beyond technological innovation and changing people’s mentalities and behaviors has the power to transform society. If you come to Expo 2025, please be sure to visit our exhibition area.

Kanadevia Expo site: <https://www.kanadevia.com/english/expo2025/>

* The site provides information about a web app where visitors can have fun learning about recycling resources using smart collection boxes, a tour of the biogas plant adjacent to the Japan Pavilion, which was designed and built by Kanadevia, and more.

For details, please see the above website.



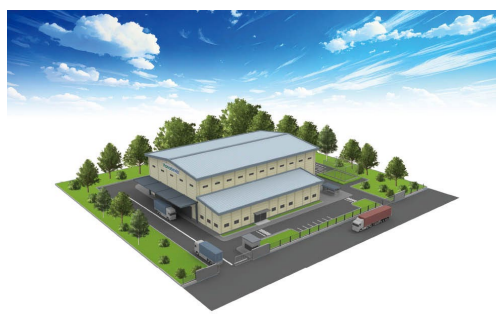
[Kanadevia exhibition area]

Topic 2: Decision Made to Construct Mass Production Facility for PEM-Type Hydrogen Generator Electrolysis Stacks in Yamanashi Prefecture

We have a history of developing large-scale Polymer Electrolyte Membrane (PEM) type hydrogen generation systems, and we have recently decided to build a facility in Tsuru City, Yamanashi Prefecture to mass-produce water electrolysis stacks, core equipment in these systems. The facility will be completed in late fiscal year 2028. It will have an annual production capacity of 1 GW (157,000 tons of hydrogen equivalent per year based on an electrolysis efficiency of 5 kWh/Nm³) with a total capital investment of approximately 8 billion yen. This is part of our plan, set forth in the “Forward 25” medium-term management plan, to invest 140 billion yen in priority investment areas, and it has been approved by the Ministry of Economy, Trade and Industry as a “GX Supply Chain Construction Support Project.”

Through mass production at the site, we will strengthen product competitiveness in terms of cost, supply capacity, delivery time, and more, and we will develop solutions through system integration with the facility and our after-sales services and other decarbonization-related products, such as our Group’s methanation products. The plant will also serve as the “mother factory” in Japan, and we will gradually develop manufacturing bases for hydrogen generators both in Japan and overseas, strengthening and expanding our hydrogen-related business.

We will contribute to the realization of a hydrogen society and carbon neutrality through the social implementation of decarbonization systems.



[External view of the facility for mass production of water electrolysis stacks]

Topic 3: Carrying Out Strategic M&As to Expand Overseas Business and O&M/Service

Overseas subsidiary Kanadevia Inova carried out many strategic M&As to expand its overseas business and O&M/Service.

The Group aims to achieve a sales ratio of 50% in O&M/Service by fiscal year 2025. To do this, Kanadevia Inova has acquired a company in Denmark (now Kanadevia Inova Denmark A/S) that provides after-sales service for Waste to Energy (“WtE”) plants and a company in the U.S.A. (now Kanadevia Inova Matrix Services US) that supplies boiler parts and provides boiler installation and maintenance services for WtE plants. Furthermore, in the summer of 2025, the Group plans to complete its acquisition of a company in Ireland (Encyclis Ireland Operations Ltd.) that operates WtE plants. We have also acquired all the shares of a company in Denmark (Timberforce A/S) from an engineering company in Denmark (Babcock & Wilcox A/S), which holds the company’s intellectual property rights, engineers, etc. related to combustion equipment for WtE plants.

In addition, to expand the Group’s biogas business, Kanadevia Inova has acquired a company in the UK (Iona Capital Limited) that performs business development and operation for biogas projects, and then, through that company, has acquired a biomethane business company in the Netherlands (Groengas Cothen B.V.).

The Group will continue striving to contribute to resource recycling, decarbonization, and the stable supply of energy through hygienic waste treatment.



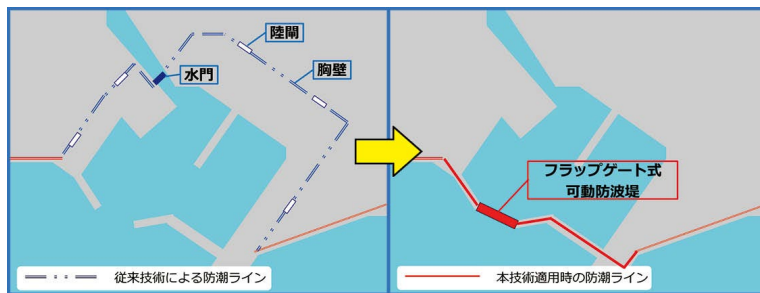
[Biogas plant]

Topic 4: Seabed-Type Movable Flap-Gate Type Breakwater Receives Multiple Awards

The Movable Flap-Gate Type Breakwater system, which was jointly developed with partners such as TOYO CONSTRUCTION CO.,LTD. and PENTA-OCEAN CONSTRUCTION CO., LTD., was selected for the best award at the 10th Japan Resilience Award, won the Innovative Technique Award as part of the 2023 Japan Society of Civil Engineers Award, and awarded at the 26th National Land Technology Development Award.

This product is a movable structure with gate bodies that are normally submerged along the seabed. When there is a tsunami or storm surge, the gate bodies' buoyancy and the differences in sea height between the areas inside and outside bays are used to lift them up rapidly, without the use of external power, forming a continuous hydraulic gate and breakwater. This product makes it possible to protect even wider areas from tsunamis or storm surges using storm surge barrier lines that are faster and simpler to deploy than conventional products.

We will continue striving to popularize Movable Flap-Gate Type Breakwater systems to contribute to the creation of safe and prosperous communities.



[Conceptual image of deployment]

Business Report

(From April 1, 2024 to March 31, 2025)

I. Matters Concerning the Current Status of the Corporate Group

(1) Business Developments and Results

1) Overall summary

Reviewing the economic circumstances during fiscal year 2024, while the global economy followed a recovery trajectory, the pace of this recovery was slow due to a reduction in production by the manufacturing industries of developed countries, including Japan, backed by an increase in exports as a result of declining internal demand in China, together with the impact of ongoing price rises on personal consumption and intensifying conflict between countries. There was also uncertainty as a result of factors such as US trade policies. In Japan, on the other hand, with an improving employment and income environment, the overall economy has experienced a modest recovery despite some sluggishness.

Amid this environment, in fiscal year 2024, led by the three-year medium-term management plan “Forward 25” launched in fiscal year 2023 for a leap forward in the achievement of the Sustainable Vision for 2050 and the long-term 2030 Vision, the Kanadevia Group actively promoted various priority measures based on the basic policies of “Sustainable growth of existing businesses,” “Creation and expansion of growth businesses,” and “Promoting sustainable management (Enhancement of corporate value).”

• Status of orders, sales, and profit/loss

Total order intake for fiscal year 2024 was higher than fiscal year 2023 at 765.9 billion yen due to increased orders in the Environment Business and the Machinery & Infrastructure Business, despite a decline in orders in the Carbon Neutral Solution Business. Net sales were also higher than fiscal year 2023 at 610.5 billion yen due to increases in sales in the Environment Business and Carbon Neutral Solution Business.

In terms of profit and loss, operating income was higher than fiscal year 2023 at 26.9 billion yen due to improved profitability in the Environment Business, although operating income fell in the Machinery & Infrastructure Business and Carbon Neutral Solution Business. Ordinary income fell to 24.3 billion yen due mainly to a decrease in equity in net profit of affiliates and a decrease in foreign exchange gains. Profit attributable to shareholders of Kanadevia also increased from fiscal year 2023 to 22.1 billion yen due to factors such as a decline in tax expenses.

(Billions of yen)

	FY 2023	FY 2024	Change (year on year)
Order intake	715.1	765.9	50.8(+7.1%)
Net sales	555.8	610.5	54.7(+9.8%)
Operating income	24.3	26.9	2.6(+10.8%)
Ordinary income	25.6	24.3	-1.3(-5.1%)
Profit attributable to shareholders of Kanadevia	18.9	22.1	3.2(+16.3%)

2) Summary by business segments

Environment

Major Lines of Business

- Waste to Energy (“WtE”) plants, Recycling systems
- Energy systems (Power generation facilities)
- Desalination plants and other plants
- Water and sludge treatment facilities
- Biomass utilization system
- IPP (Independent Power Producer) business

(Billions of yen)

Business segment	Order intake		Net sales		Operating income	
	FY 2023	FY 2024	FY 2023	FY 2024	FY 2023	FY 2024
Environment	558.8	617.4	407.3	453.5	19.1	25.4

Total order intake increased from fiscal year 2023 by 58.6 billion yen to 617.4 billion yen due to orders in Japan for the construction and operation of WtE plants for Saitama Prefecture’s Asaka Wako Resource Recycling Association and Kashiwazaki City in Niigata Prefecture, the construction and operation of water and sludge treatment facilities for Kawagoe City in Saitama Prefecture, other key equipment improvement projects, and long-term operation projects, and orders overseas for the construction of two WtE plants in the UK and the operation and maintenance of a WtE plant in the United Arab Emirates.

Net sales increased from fiscal year 2023 by 46.2 billion yen to 453.5 billion yen due to the progress and completion of projects in Japan including WtE plants for Takasaki City in Gunma Prefecture, the DOUOU Waste Disposal Association in Hokkaido Prefecture, the Nansatsu Area Sanitation Management Association in Kagoshima Prefecture, and numerous other key equipment improvement projects, and the progress and completion of projects overseas including the construction of WtE plants in the United Arab Emirates and the UK.

Operating income increased from fiscal year 2023 by 6.3 billion yen to 25.4 billion yen due to the narrowed loss of large-scale construction projects in Japan and improved profitability of overseas subsidiaries.



Takahama Clean Center
(Takasaki City, Gunma Prefecture)



WtE plant
(United Arab Emirates)

Machinery & Infrastructure

Major Lines of Business

- Press machines for automotive industry
- Food machinery
- Precision machinery
- Bridges
- Steel stacks
- Shield tunneling machines
- Boilers
- Plastic machinery
- Pharmaceutical machinery
- Electronics systems, control equipment
- Hydraulic gates
- Marine civil engineering
- Disaster prevention systems

(Billions of yen)

Business segment	Order intake		Net sales		Operating income	
	FY 2023	FY 2024	FY 2023	FY 2024	FY 2023	FY 2024
Machinery & Infrastructure	80.8	91.2	91.0	83.0	3.0	1.0

Total order intake increased from fiscal year 2023 by 10.4 billion yen to 91.2 billion yen due to a large order by the Ministry of Land, Infrastructure, Transport and Tourism for bridges and increased order intake for precision machinery.

Net sales decreased from fiscal year 2023 by 8.0 billion yen to 83.0 billion yen due to a decrease in orders of precision machinery in the previous fiscal year and an overall decrease in infrastructure, despite progress in the construction of bridges and hydraulic gates for the Ministry of Land, Infrastructure, Transport and Tourism and local governments.

Operating income decreased from fiscal year 2023 by 2.0 billion yen to 1.0 billion yen due to decreased earnings resulting from the decreased revenue of precision machinery and infrastructure.



Lithium iron phosphate ion battery unit for the Ogi City Hall off-grid system in Saga Prefecture



Asuwagawa Dam hydraulic gate equipment for the Kinki Regional Development Bureau (water level adjustment discharge pipe and gate equipment)

Carbon Neutral Solution Business

Major Lines of Business

- Marine diesel engines
- Pressure vessels and other process equipment
- Electrolysis & PtG
- NOx removal catalysts
- Nuclear power generation-related equipment
- Wind power generation

(Billions of yen)

Business segment	Order intake		Net sales		Operating income	
	FY 2023	FY 2024	FY 2023	FY 2024	FY 2023	FY 2024
Carbon Neutral	72.6	54.0	55.2	70.2	1.8	0.1

Total order intake decreased 18.6 billion yen from fiscal year 2023 to 54.0 billion yen due to a decrease in orders for marine diesel engines and wind power generation equipment, despite an increase in orders for pressure vessels and other process equipment and for nuclear power generation-related equipment.

Net sales increased from fiscal year 2023 by 15.0 billion yen to 70.2 billion yen, due to progress in the construction of the Mutsu Ogawara Onshore Wind Farm Project and an increase in net sales from pressure vessels and other process equipment, etc. Operating income decreased from fiscal year 2023 by 1.7 billion yen to 0.1 billion yen due to a decrease in profit of electrolysis & PtG, NOx removal catalysts, pressure vessels and other process equipment, and nuclear power generation-related equipment.



EO reactor for Shell Canada



Hydrogen generation system for a domestic power company

Other Businesses

Total order intake increased from fiscal year 2023 by 0.4 billion yen to 3.3 billion yen, and net sales increased by 1.5 billion yen to 3.8 billion yen. Operating income increased slightly from fiscal year 2023 to 0.4 billion yen.

(Note) Following the transfer of all issued shares of H&F Corporation which was a consolidated subsidiary of the Company, to AMADA CO., LTD. on May 1, 2025, etc., press machines for automotive industry, which had been a major line of business of the Machinery & Infrastructure segment, have been excluded from the Group's major lines of business.

(2) Capital Investment

In fiscal year 2024, the Company carried out total capital investments of 27,493 million yen, mainly consisting of rationalization investment for improving productivity, capital investment for developing and commercializing new products and businesses, and capital investment for strengthening production capacity.

- Major capital investment by business segment

(Millions of yen)

Business Segment	Amount	Summary of Investment
Environment	8,223	Installing new power generator inspection equipment and upgrading DC power unit batteries in power generation facilities, building biomethane supply plant
Machinery & Infrastructure	16,117	Buying back the land of the Sakai Works, installing bridge steel girder manufacturing facilities, installing welding equipment for manufacturing storage rings at the synchrotron radiation facility
Carbon Neutral Solution	1,728	Installing steel plate bending equipment and large cylindrical products processing facilities, installing methanol fuel supply facilities for methanol-compatible marine engines
Others/Common division	1,424	Roof insulation and waterproofing coating for plant buildings
Total	27,493	

(Note) Capital investment not attributable to any business segment is included under Other Businesses.

(3) Funds Procurement

In fiscal year 2024, 34,355 million yen in funds was financed through long-term borrowings primarily to appropriate funds for future working capital and business investment and to repay long-term borrowings.

(4) Trends in Assets and Profit and Loss

(Billions of yen)

	FY 2021	FY 2022	FY 2023	FY 2024
Order intake	677.9	737.5	715.1	765.9
Net sales	441.7	492.6	555.8	610.5
Operating income	15.5	20.0	24.3	26.9
Ordinary income	11.7	17.8	25.6	24.3
Profit attributable to shareholders of Kanadevia	7.8	15.5	18.9	22.1
Net income per share (Yen)	46.87	92.43	112.74	131.33
Total assets	461.1	479.6	533.5	609.6

(5) Sustainability

1) Sustainable Vision

Positioning our mission as “Taking on the challenge, through the power of technology, to create a world that lives in balance with nature,” the Group will make sustainability the key focus in its management practices, in order to secure new business opportunities and ensure the Group’s sustainable growth. Representing the sustainable goals the Group aims to achieve by 2050, our Sustainable Vision is as follows.



2) Pillars of success (Materiality)

The Group has laid down seven elements that are essential to the achievement of our Sustainable Vision as pillars of success (materiality). For each of these pillars of success, we have identified measures focused on challenges and recognition of associated social issues, and have formulated targets (KPIs) to be achieved by 2050 and a roadmap for getting there, and are promoting various initiatives.



Please see the Integrated Report 2024 for information on our sustainability promotion system, pillars of success, and targets for 2050.

<https://www.kanadevia.com/english/ir/data/annual.html>

3) Details of key initiatives in fiscal year 2024

[Carbon neutrality]

We aim to achieve net zero greenhouse gas (GHG) emissions from the Company’s activities and across the Company’s value chain by fiscal year 2050, and are conducting related initiatives and disclosing related information.

In the ESG Databook 2024, the disclosure scope for Scope 1 and 2, which indicates GHG emissions from the Company’s activities, was expanded from 20 Group companies to 98 Group companies, and third-party assurance was acquired for emissions in Japan. Furthermore, the Company has begun disclosure of Scope 3, which are GHG emissions from the Company’s value chain. For more details, please refer to the ESG Databook 2024 available at https://www.kanadevia.com/english/ir/data/pdf/esg2024_E.pdf. For GHG emissions data for fiscal year 2024, please see the ESG Databook 2025, which will be issued in or around the fall of 2025.

Furthermore, we exhibited for the first time in the “Japan Pavilion” at the 29th Conference of the Parties to the United Nations Framework Convention on Climate

Change (COP29) held in November 2024. In addition to exhibiting a system package centered on waste combustion technologies that recover CO₂ with high levels of efficiency, along with wind power generation and methanation, then President Kuwahara gave a speech explaining how Kanadevia is taking on the challenges of reducing the environmental impacts by resource recycling.

[Maximization of environment's recovery power]

In December 2023, the Group announced our support for the recommendations on information disclosure published by the Taskforce on Nature-related Financial Disclosures (TNFD) and registered as a TNFD Early Adopter. In October 2024, we published the engineering industry's first TNFD report. (https://www.kanadevia.com/english/ir/data/pdf/tnfd2024_E.pdf)

This report covered our main businesses of WtE business and biomass power generation business from the present to the year 2050. It analyzed and evaluated the relationships between these businesses and natural capital from the four perspectives of governance, strategy, risk and impact management, and metrics and targets.

Based on this report, we proposed the "Resilience Eco Society" concept, in which we achieve "net-zero environmental impacts" by 2050, as our Group's worldview goal (please see P.32 of the above TNFD report). In the "Resilience Eco Society," we aim to achieve a state in which the environmental impacts in the region are contained within the environmental resilience of Planetary boundaries* by "strengthening the environmental resilience of the region's natural capital" and "not wasting anything."

* Planetary boundaries are boundaries proposed by the Stockholm Resilience Centre that show the limits of the range within which the Earth's environment can return to its original state and remain stable even if changes (especially human influences) are made to the Earth's environment.

(6) Issues to be Addressed

With regard to our performance in the second year (fiscal year 2024) of our medium-term management plan “Forward 25,” total order intake, net sales, operating income, ordinary income, and profit attributable to shareholders of Kanadevia all exceeded forecasts set at the beginning of the period, due to the growth of our overseas subsidiary Kanadevia Inova Group, in addition to the effects of a weak yen.

Our consolidated performance forecast for fiscal year 2025 is as per the table below. To achieve these figures, we will promote priority measures in line with the basic policies of “Forward 25,” also shown below.

	(Billions of yen)
	Forecasts for FY 2025
Order intake	700.0
Net sales	620.0
Operating income (margin)	27.0 (4.4%)
Ordinary income	23.0
Profit attributable to shareholders of Kanadevia	16.0

■ Medium-term management plan “Forward 25” (Fiscal year 2023 to fiscal year 2025)

1) **Sustainable growth of existing businesses**

(i) Expanding overseas businesses

The Group is working together to grow business focusing primarily in the Waste to X (converting waste into energy or materials), nuclear-related, and water businesses. In fiscal year 2024, the Group’s overseas net sales ratio increased to 49% due to growth in Kanadevia Inova Group’s Waste to X (in particular, converting waste into energy or gas) business, and we were able to achieve our 40% target for fiscal year 2025 ahead of schedule. The Kanadevia Inova Group has expanded O&M/Service by acquiring Waste to X plant operation and maintenance subsidiaries, such as by acquiring shares of the Danish company Babcock & Wilcox Renewable Service A/S (now Kanadevia Inova Denmark A/S). It has also bought out Iona Capital Limited, which is engaged in biogas project development and operation in the UK, and its subsidiaries, further expanding the Waste to X business segment.

(ii) Promoting structural reform

Assessing our businesses from the perspectives of both social and corporate sustainability, we are moving forward with reviews and reforms of our business portfolio. In fiscal year 2024, we conducted an absorption-type merger of HITACHI-ZOSEN PLANT TECHNO-SERVICE CORPORATION, a wholly-owned subsidiary, in order to improve management efficiency. We also implemented reforms such as deciding to conduct an absorption-type merger of Promotec Corporation (effective April 1, 2025) and transfer all issued shares of H&F Corporation to AMADA CO., LTD. (effective May 1, 2025).

(iii) Expanding O&M/Service, improving profitability of EPC/New Production

Aiming to achieve a sales ratio of 50% in O&M/Service (businesses associated with post-delivery services and long-term contracts) and make EPC/New businesses (businesses delivering new goods to customers) profitable by fiscal year 2025, we seek to enhance profitability by creating new business models and increasing value added to products and businesses through the promotion of DX, among other efforts. In fiscal year 2024, the net sales ratio in O&M/Service was 41%.

2) Creation and expansion of growth businesses

We are actively investing in our priority fields of investment including decarbonization, resource circulation, water businesses, and life science-related businesses, etc.

In the decarbonization business, we decided to invest approximately 8 billion yen in capital investment to construct a mass production facility for water electrolysis stacks, the core equipment of hydrogen generation systems, in Tsuru City, Yamanashi Prefecture. We also invest in the fields of Waste to Energy, Power to Gas, floating offshore wind power generation facilities, etc. with subsidies. In the resource circulation business, we used a demonstration project by the Ministry of Land, Infrastructure, Transport and Tourism to invest in the development of technologies for recycling methane obtained from sewage sludge.

3) Promoting sustainable management (Enhancement of corporate value)

We are working to strengthen our human capital, decarbonize our business activities, promote DX strategies, and implement thorough risk management.

To strengthen our human capital, we made reforms to our management personnel system, introduced an age 65 mandatory retirement system, and promoted other human resource reforms. In particular, we are promoting health management, and with the President holding ultimate responsibility, we share information about issues with parties such as occupational health physicians and health insurance societies, and are promoting various measures including certification as a Certified Health & Productivity Management Outstanding Organization (“White 500”). Furthermore, in conjunction with the change of our trade name on October 1, 2024, we are promoting branding and striving to improve employee engagement. For the promotion of DX strategies, we have prepared a base for strategy implementation, such as creating a generative AI environment that officers and employees can use in their operations and obtaining ISMS (Information Security Management System) certification. At the same time, we are developing DX personnel to promote our DX strategies. To ensure thorough risk management, we have created an Enterprise Risk Management (ERM) Department under the direct control of the President to identify important strategic risks, define risk tolerance levels, and introduce and promote systems for strategically managing risk based on these risk tolerance levels. Going forward, the ERM Department will supervise the management of Group risk.

For information on the decarbonization of our business activities, please see the Sustainability section above.

Moreover, to achieve management with a consciousness of the cost of capital and stock price, we are establishing, disclosing, and monitoring annual plans for cost of capital and profitability, and working to enhance our information disclosure and investor relations.

Our profitability and cost of capital results for the current fiscal year are provided on P.41 of the Financial Results for FY 2024.

(<https://www.kanadevia.com/english/newsroom/news/ir/assets/pdf/FY2025-22.pdf>)

■ Inappropriate Conduct within the Group

Following the discovery of inappropriate conduct at a consolidated subsidiary engaged in the marine engine business, we established a Special Investigation Committee, comprising independent, external experts to conduct an investigation ensuring transparency and effectiveness on July 17, 2024. As announced on March 25 and April 30, 2025, the investigation revealed that inappropriate conduct had occurred not only in relation to marine engines but also in some of our businesses and products, including flammable waste incineration facilities, sewage treatment facilities, bridges, casting products, and special valves (hereinafter, inappropriate conduct identified by the Special Investigation Committee’s investigation shall be referred to as the “Inappropriate Conduct”).

The Group takes the discovery of the Inappropriate Conduct very seriously and is implementing the following measures to prevent recurrence. In addition, based on the recommendations of the Special Investigation Committee, we are formulating and implementing further effective preventive measures to restore the trust of our stakeholders.

Measures to prevent recurrence

For each individual case of the Inappropriate Conduct, we are implementing tailored measures appropriate to the nature of the conduct, such as reviewing measurement systems and business processes, and strengthening our quality control framework. In addition, we are implementing the following common measures that apply to all such incidents.

1. Commitment by top management

Top management will repeatedly reiterate the need for thorough compliance, ensure that officers and employees recognize that the Group will not engage in inappropriate conduct, and demonstrate the whole Group's earnest stance in preventing inappropriate conduct to all stakeholders.

2. Transforming organizational culture and awareness

- We will detail the Company's ideals based on its corporate philosophy and codes, such as Kanadevia Value, and top management will engage in communications that enable officers and employees to understand these ideals and put them into practice.
- We will promote the creation of workplaces in which people refuse to engage in inappropriate conduct for any reason, rapidly share information with one another in situations of unease or concern, and strive to resolve problems appropriately.
- To prevent a vertically siloed organization and operations from becoming dependent on specific individuals, we will actively rotate personnel and build a structure in which the same people are not responsible for the same operations for a long period of time.
- We will conduct awareness-raising activities, education, and training focused on providing employees with a greater awareness of their own roles and responsibilities so that each of them can maintain a sense of ethics that allows each of them to refuse to engage in inappropriate conduct.

3. Business process improvements

- We will compare the operation management regulations of each department against the actual operations being performed in each department, eliminate processes that may contribute to inappropriate conduct, review and revise operational scopes, and revise operation management regulations to make them more effective at preventing inappropriate conduct.
- We will promote the visualization and standardization of operation processes so that even inexperienced employees can conduct their work appropriately and we will make operations more efficient.

4. Measures for preventing quality-related fraud

- We will create a Quality Compliance Committee subsidiary to the Compliance Committee, which is chaired by the President, to monitor the appropriateness of operations related to quality within each department and to monitor the implementation status of corrective measures to address the Inappropriate Conduct.
- We will establish a quality consultation desk for Group employees and create mechanisms for immediately investigating if there have been any similar incidents within the Group when competitors are discovered to have committed quality-related fraud and, if there have been any such incidents, rectifying them. Furthermore, we will strive to thoroughly notify officers and employees of the results of investigations by the Special Investigation Committee, the Committee recommendations, and the like, as well as the Group's recurrence prevention

measures.

5. Securing personnel for the quality assurance department

- We will increase the number of quality assurance personnel and conduct training to provide them with the knowledge and skills required for quality assurance operations.

6. Strengthening the supervisory functions of the Board of Directors

- When serious compliance violations are found to have occurred, or there is the possibility that they have occurred, we will promptly report them to the Board of Directors, and the Board of Directors will engage in thorough discussions regarding compliance, internal control, and enterprise risk management.

Lastly, we will continue to engage in thorough safety management, which is an important element of achieving sustainable growth and enhancing the corporate value of the Group. On April 1, 2025, we created a new Safety Unit, under the direct jurisdiction of the President, that brings together the safety management departments that were previously spread across different business headquarters, and we are working to reinforce our safety management structure, including in Group companies.

We would like to thank our shareholders for their understanding of the Group's management policy and for their continued support and cooperation going forward.

(7) Significant Parent Company and Subsidiaries (As of March 31, 2025)

1) Parent company

The Company does not have a parent company.

2) Significant subsidiaries

Name of Company	Amount of Capital	Holding Ratio (Direct) (%)	Major Lines of Business
IMEX Co., Ltd.	¥1,484 million	100.0	Design, manufacture and sale of boilers, pressure vessels, diesel engines, industrial machinery, and steel structures
Kanadevia Engineering Corporation	¥1,242 million	100.0	Comprehensive examination, maintenance, checking and repair of products made of steel, concrete, etc., various types of plant equipment, piping equipment, etc., and design, creation, and on-site construction of chemical plants, industrial machinery and nuclear power generation-related equipment, etc.
H&F Corporation	¥1,055 million	100.0	Manufacture and sale of various types of presses, chemical machinery, conveyance machinery, and electronic control machinery and equipment
Kanadevia E&E Corporation	¥200 million	100.0	Design, construction, operation, maintenance and management of WtE plants and recycling systems, and maintenance and management of various types of plant
Kanadevia Environment Service Co., Ltd.	¥100 million	100.0	Operation and maintenance of WtE plants and recycling systems
Hitachi Zosen Marine Engine Co., Ltd.	¥1,750 million	65.0	New marine engine business and after-sales service business
Kanadevia Inova AG	CHF40 million	100.0	Design, creation, sale, maintenance and operation of WtE plants and biogas generation facility
Osmoflo Holdings Pty Ltd	AUD57 million	100.0	Design, manufacture, sale, and operation of desalination and industrial water treatment systems

Name of Company	Amount of Capital	Holding Ratio (Direct) (%)	Major Lines of Business
Kanadevia Inova Steinmüller GmbH	EUR90 million	—	Design, procurement, construction, and maintenance of WtE plants, and design, procurement, and construction of flue gas treatment facilities for thermal power plants, etc.
NAC International Inc.	USD43 million	—	Design, transport and consulting related to the storage and transportation of spent nuclear fuel control equipment
NIAGARA ENERGY PRODUCTS, Inc.	CAD32 million	—	Manufacture and sale of dry storage containers for radioactive waste

(Notes) 1. There are 158 consolidated subsidiaries, including the 11 significant subsidiaries mentioned above, and 35 equity method companies.

2. Some of the significant subsidiaries mentioned above have changed their trade names as follows in line with the Company's trade name change on October 1, 2024 (from Hitachi Zosen Corporation to Kanadevia Corporation).

Trade Name Before Change	Trade Name After Change
NICHIZO TECH INC.	Kanadevia Engineering Corporation
Hitachi Zosen Fukui Corporation	H&F Corporation
SN Environment Technology Co., Ltd.	Kanadevia E&E Corporation
Hitz Environment Service Co., Ltd.	Kanadevia Environment Service Co., Ltd.
Hitachi Zosen Inova AG	Kanadevia Inova AG
Hitachi Zosen Inova Steinmüller GmbH	Kanadevia Inova Steinmüller GmbH

3. Kanadevia Inova Steinmüller GmbH is a wholly-owned subsidiary of Kanadevia Inova AG, a company that is wholly owned by the Company.
4. NAC International Inc. is a wholly-owned subsidiary of Kanadevia HOLDINGS U.S.A. Inc., a holding company in the United States that is wholly owned by the Company. NIAGARA ENERGY PRODUCTS, Inc. is a wholly-owned subsidiary of NAC International Inc.
5. As of the end of fiscal year 2024, there were no specified wholly-owned subsidiaries.

3) Corporate reorganization including business transfer and merger

- As of April 1, 2024, the Company merged with HITACHI-ZOSEN PLANT TECHNO-SERVICE CORPORATION, a wholly-owned subsidiary of the Company, which is mainly engaged in the sale of after-sales service parts for various overseas plants, including desalination plants delivered by the Company.
- The Company resolved at a meeting of the Board of Directors held on January 24, 2025, that the Company would transfer all issued shares of its wholly-owned subsidiary, H&F Corporation and the business of the after-sales service of press machines manufactured by H&F Corporation among the businesses of its wholly-owned subsidiaries, Kanadevia (Shanghai) Trading Co., Ltd., Kanadevia India Private Limited, and PT. Kanadevia INDONESIA, to AMADA CO., LTD. The share transfer and the business transfer were completed as of May 1, 2025, and H&F Corporation and its wholly-owned subsidiaries and affiliates were excluded from our subsidiaries and affiliates as of the same date.
- The Company resolved at a meeting of the Board of Directors held on February 5, 2025,

that the Company would conduct an absorption-type merger of its wholly-owned subsidiary, Promotec Corporation, which is mainly engaged in the development, maintenance, and sales of design systems for steel structures such as bridges. Based on this resolution, the Company conducted an absorption-type merger of Promotec Corporation, effective as of April 1, 2025.

4) Significant technology alliances

Alliance Partner	Country	Contents of Alliance
MAN Energy Solutions SE	Germany	MAN B&W-type diesel engines

(8) Major Sales Offices, Plants, etc. (As of March 31, 2025)

1) The Company

Head Office	7-89, Nanko-kita 1-chome, Suminoe-ku, Osaka
Tokyo Head Office	26-3, Minami-ohi 6-chome, Shinagawa-ku, Tokyo
Domestic Offices	Sapporo Office (Sapporo), Sendai Office (Sendai), Nagoya Office (Nagoya), Hiroshima Office (Hiroshima), Fukuoka Office (Fukuoka)
Works, etc.	Technical Research Institute (Osaka), Ibaraki Works (Hitachi-omiya), Maizuru Works (Maizuru), Chikkou Works (Osaka), Sakai Works (Sakai), Mukaishima Works (Onomichi), Innoshima Works (Onomichi), Ariake Works (Tamana-gun, Kumamoto), Wakasa Works (Oi-gun, Fukui)
Overseas Offices	Taipei Branch (Taiwan), Abu Dhabi Branch (United Arab Emirates)

2) Subsidiaries

<Domestic subsidiaries>

IMEX Co., Ltd.	2293-1, Innoshimahabu-cho, Onomichi, Hiroshima
Kanadevia Engineering Corporation	15-26, Tsuru-machi 2-chome, Taisho-ku, Osaka
H&F Corporation	8-28, Jiyugaoka 1-chome, Awara, Fukui
Kanadevia E&E Corporation	1-2-1, Benten, Minato-ku, Osaka
Kanadevia Environment Service Co., Ltd.	1-1, Minami-machi, Kawasaki-ku, Kawasaki
Hitachi Zosen Marine Engine Co., Ltd.	1, Ariake, Nagasu-machi, Tamana-gun, Kumamoto

<Overseas subsidiaries>

Kanadevia Inova AG	Switzerland
Osmoflo Holdings Pty Ltd	Australia
Kanadevia Inova Steinmüller GmbH	Germany
NAC International Inc.	U.S.A.
NIAGARA ENERGY PRODUCTS, Inc.	Canada
Kanadevia U.S.A. Ltd.	U.S.A.
Kanadevia India Private Limited	India
Kanadevia (THAILAND) CO., LTD.	Thailand
PT. Kanadevia INDONESIA	Indonesia
Kanadevia VIETNAM CO., LTD.	Vietnam
Kanadevia (Shanghai) Trading Co., Ltd.	China

(Note) Some of the subsidiaries mentioned above have changed their trade names as follows in line with the Company's trade name change on October 1, 2024 (from Hitachi Zosen Corporation to Kanadevia Corporation).

Trade Name Before Change	Trade Name After Change
Hitachi Zosen U.S.A. Ltd.	Kanadevia U.S.A. Ltd.
Hitachi Zosen India Private Limited	Kanadevia India Private Limited
HITZ (THAILAND) CO., LTD.	Kanadevia (THAILAND) CO., LTD.
PT. HITZ INDONESIA	PT. Kanadevia INDONESIA
HITACHI ZOSEN VIETNAM CO., LTD.	Kanadevia VIETNAM CO., LTD.
Hitachi Zosen Trading (Shanghai) Co., ltd.	Kanadevia (Shanghai) Trading Co., Ltd.

(9) Status of Employees (As of March 31, 2025)

1) Status of employees of the Group

Business Segment	Number of Employees
Environment	8,682
Machinery & Infrastructure	2,258
Carbon Neutral Solution	974
Others	178
Corporate (Common division)	872
Total	12,964 (year-on-year increase of 816)

(Note) For the number of employees, the number of employees currently working at the Group is provided.

2) Status of employees of the Company

Number of Employees	Average Age	Average Years of Service
3,964 (year-on-year increase of 172)	43.6	16.0

(Note) For the number of employees, the number of employees currently working at the Company is provided. The number includes 160 employees on loan to the Company from outside.

(10) Major Lenders (As of March 31, 2025)

Lender	Amount (Millions of yen)
MUFG Bank, Ltd.	23,592
Mizuho Bank, Ltd.	14,000
The Bank of Kyoto, Ltd.	6,900
The Hiroshima Bank, Ltd.	5,850
Sumitomo Mitsui Trust Bank, Limited	5,200

(11) Other Significant Matters Concerning the Current Status of the Group

- Effective as of October 1, 2024, the Company changed its trade name from Hitachi Zosen Corporation to Kanadevia Corporation.
- A lawsuit filed by a U.S. civil construction JV against the Company and its subsidiary, Kanadevia U.S.A. Ltd., seeking damages in connection with the stoppage of a tunnel boring machine delivered by the Company, via Kanadevia U.S.A. Ltd., to the JV during tunnel excavation work, was withdrawn following a settlement agreement concluded with the JV in October 2019. However, a separate lawsuit, to confirm insurance claim rights, filed by the JV and joined by Kanadevia U.S.A. Ltd. as a plaintiff, continued thereafter. With the conclusion of a settlement agreement on October 23, 2024 between the JV, the Company, and the insurance company regarding the above insurance-related lawsuit, the JV and Kanadevia U.S.A. Ltd. withdrew the lawsuit and the Company received USD 20 million (approximately 2.9 billion yen) in accordance with the terms of the previous settlement agreement relating to the damages claim above.

II. Matters Concerning Stock in the Company (As of March 31, 2025)

- (1) Total Number of Shares Authorized to Be Issued 400,000,000 shares
- (2) Total Number of Issued Shares 170,214,843 shares
(including 1,696,833 shares of treasury stock)
- (3) Number of Shares Constituting One Unit of Shares 100 shares
- (4) Number of Shareholders 71,583 (Year-on-year decrease of 455 shareholders)
- (5) Major Shareholders (Top 10)

Name of Shareholder	Numbers of Shares Held (Thousands of shares)	Holding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	29,089	17.3
Custody Bank of Japan, Ltd. (Trust Account)	18,163	10.8
STATE STREET BANK AND TRUST COMPANY 505301	6,623	3.9
MUFG Bank, Ltd.	5,291	3.1
THE BANK OF NEW YORK MELLON 140042	4,060	2.4
HSBC BANK PLC A/C M AND G (ACS) VALUE PARTNERS CHINA EQUITY FUND	4,035	2.4
STATE STREET BANK AND TRUST COMPANY 505223	3,262	1.9
JP MORGAN CHASE BANK 385632	2,861	1.7
Kanadevia Employee Shareholding Association	2,626	1.6
STATE STREET BANK AND TRUST COMPANY 505025	2,532	1.5

(Note) The holding ratio does not include treasury stock (1,696,833 shares). The number of treasury stock does not include shares of the Company held by the BIP trust established for the remuneration of Directors, etc.

III. Matters Concerning Share acquisition rights of the Company

Not applicable

IV. Matters Concerning the Company's Directors and Auditors

(1) Status of Directors and Corporate Auditors

Name	Position	Areas of Responsibility	Significant Concurrent Positions
Sadao Mino	Representative Director, Chairman of the Board and Chief Executive Officer		
Michi Kuwahara	Representative Director, President and Chief Operating Officer		
Satoshi Kimura	Director and Senior Managing Executive Officer	General Manager of Corporate Planning Headquarters, and Responsible for Safety Dept. and Sustainability Promotion Dept.	President, Kanadevia HOLDINGS U.S.A. Inc.
Munenobu Hashizume	Director and Managing Executive Officer	General Manager of Information and Communication Technology Promotion Headquarters	
Tetsuya Shoji	Director		Corporate Advisor, NTT Communications Corporation Outside Director, circlace Inc. Outside Director, Sapporo Holdings Limited Outside Director, Mitsubishi Logistics Corporation Outside Director, Japan Tobacco Inc.
Shinoi Sakata	Director		Outside Director, Nomura Research Institute, Ltd.
Akiko Horiguchi	Director		Representative Director, President and Executive Officer, Oki Workwel Co., Ltd.
Maki Miyazaki	Director		Managing Partner, Law Offices of YUMOTO, OTA & MIYAZAKI

Name	Position	Areas of Responsibility	Significant Concurrent Positions
Kazuhisa Yamamoto	Full-time Corporate Auditor		
Masayuki Morikata	Full-time Corporate Auditor		
Hirofumi Yasuhara	Corporate Auditor		Outside Corporate Auditor, Sumitomo Rubber Industries, Ltd. Outside Director, Sumitomo Densetsu Co., Ltd.
Koji Inada	Corporate Auditor		Outside Director, Toyo Tec Co., Ltd. Advisor, The Kansai Electric Power Company, Incorporated

(Notes) 1. Positions and areas of responsibility, and significant concurrent positions both describe conditions as of March 31, 2025. Changes during fiscal year 2024 are as follows.

(1) Changes in position and areas of responsibility

Name	After Change	Before Change	Date of Change
Sadao Mino	Representative Director, Chairman of the Board and Chief Executive Officer	Representative Director, President and Chief Executive Officer	April 1, 2024
Michi Kuwahara	Representative Director, President and Chief Operating Officer	Managing Director General Manager of Environment Business Headquarters, and Responsible for Procurement Headquarters and Architect Supervision Dept.	April 1, 2024

(2) Changes in significant concurrent positions

- As of June 26, 2024, Corporate Auditor Koji Inada retired from the position of Director, Representative Executive Officer and Vice President of The Kansai Electric Power Company, Incorporated and assumed the position of Advisor of the same company.
2. The responsibilities of Directors Satoshi Kimura and Munenobu Hashizume pertain to their roles as executive officers who also serve as directors.
 3. Directors Tetsuya Shoji, Shinoi Sakata, Akiko Horiguchi and Maki Miyazaki are Outside Directors.
 4. Corporate Auditors Hirofumi Yasuhara and Koji Inada are Outside Corporate Auditors.
 5. The Company has designated all Outside Directors and Outside Corporate Auditors as independent directors and corporate auditors, as prescribed by Tokyo Stock Exchange, Inc.
 6. Full-time Corporate Auditor Masayuki Morikata and Corporate Auditor Hirofumi Yasuhara possess considerable knowledge of finance and accounting as described below.
 - Full-time Corporate Auditor Masayuki Morikata has many years of experience in accounting and financial operations, including experience as the General Manager of Accounting Department in the Company.
 - Corporate Auditor Hirofumi Yasuhara has many years of experience in accounting and financial operations, including experience as CFO in domestic and overseas affiliates of Panasonic Corporation (currently, Panasonic Holdings Corporation).
 7. At the 127th Ordinary General Meeting of Shareholders held on June 20, 2024, Satoshi Kimura, Munenobu Hashizume and Maki Miyazaki were newly elected as Directors and assumed the position thereof. At the same meeting, Koji Inada was newly elected as Corporate Auditor and assumed the position thereof.
 8. At the conclusion of the 127th Ordinary General Meeting of Shareholders held on June 20, 2024, Managing Directors Tatsuji Kamaya and Tadashi Shibayama and Director Richard R. Lury retired due to the expiry of their term of office, and Corporate Auditor Makoto Araki retired due to his resignation.

9. Positions and areas of responsibility, and significant concurrent positions were changed as follows on April 1, 2025.

(1) Changes in position and areas of responsibility

Name	Position	Areas of Responsibility
Sadao Mino	Director	
Michi Kuwahara	Representative Director, President and Chief Executive Officer	
Satoshi Kimura	Director	

(2) Changes in significant concurrent positions

- Director Satoshi Kimura resigned as President of Kanadevia HOLDINGS U.S.A. Inc., which changed its name from Hitz Holdings U.S.A., Inc. in line with the Company's trade name change on October 1, 2024 (from Hitachi Zosen Corporation to Kanadevia Corporation).

(2) Outline of Agreements for Limitation of Liabilities

The Company has entered into an agreement with each of Outside Directors and Corporate Auditors, which limits the maximum amount of their liabilities for damages stipulated in Article 423, paragraph 1 of the Companies Act to the minimum amount stipulated by laws and regulations.

(3) Outline of Directors and Officers Liability Insurance Agreement

The Company has concluded a directors and officers liability insurance agreement stipulated in Article 430-3, paragraph 1 of the Companies Act with an insurance company. This insurance agreement covers insureds for damages that may arise from accepting liability for the execution of their duties or from receiving claims related to pursuit of such liability, with certain exemption from indemnification of damages, for example, damages arising from acts conducted with the knowledge of non-compliance with the applicable laws and regulations. As of April 1, 2024, the insureds under the insurance agreement were directors and corporate auditors of the Company and its foreign subsidiaries. However, as of August 8, 2024, directors and corporate auditors of the Company's foreign subsidiaries were removed from coverage, and as of March 31, 2025, only the directors and corporate auditors of the Company remained insured.

(4) Remuneration, etc. of Directors and Corporate Auditors

1) Matters Concerning Resolution of the General Meeting of Shareholders Regarding Remuneration, etc. of Directors and Corporate Auditors

Eligible Person	Type of Remuneration	Maximum amount of remuneration and the number of points to be granted	Resolution of the General Meeting of Shareholders	Number of Eligible Officers at the time of Resolution
Directors	Monetary remuneration	¥550 million or less per year (excluding remuneration for duties as employees by Directors who also serve as employees)	115th Ordinary General Meeting of Shareholders held on June 22, 2012	10
Of which, Directors excluding outside directors and non-residents of Japan	Share-based remuneration	Per fiscal year: - Maximum contribution amount to the trust: ¥225 million - Maximum number of points to be granted: 180,000 points	127th Ordinary General Meeting of Shareholders held on June 20, 2024	4
Corporate Auditors	Monetary remuneration	¥100 million or less per year	115th Ordinary General Meeting of Shareholders held on June 22, 2012	4 (including 2 Outside Corporate Auditors)

(Note) The resolution of the General Meeting of Shareholders regarding share-based remuneration shown in the above table introduced a share-based remuneration plan not only for directors (excluding outside directors and non-residents of Japan) but also for executive officers (excluding non-residents of Japan). Accordingly, the maximum contribution amount to the trust and number of points to be granted for share-based remuneration shown in the table represent the maximum amount for both directors (excluding outside directors and non-residents of Japan) and executive officers (excluding non-residents of Japan). At the time of the resolution, there were 18 executive officers (excluding non-residents of Japan) who did not concurrently serve as directors.

2) Matters Concerning Policy for Determining Details of Remuneration, etc. for Directors and Corporate Auditors

a) Policy for Determining Details of Individual Remuneration, etc. for Directors

The outline of policy for determining the content of individual remuneration, etc. for Directors is as follows. Based on the corporate performance-linked share-based remuneration plan introduced by the resolution of the 127th Ordinary General Meeting of Shareholders held on June 20, 2024, the Company reviewed its policy for determining details of individual remuneration, etc. for directors by the resolution of the Board of Directors held on May 10, 2024. The revised policy applies to the determination of remuneration from July 2024 onward, and remuneration for the period from April 2024 to June 2024 was determined based on the policy before the review. Accordingly, both the pre- and post-revision policies are described below.

Said policy is decided by the Board of Directors, after consultation with the Nomination & Remuneration Advisory Committee voluntarily established by the Company (Comprised of a total of five members, including: Mr. Michi Kuwahara, Chairman of the Board of Directors and CEO and four Outside Directors, with Outside Director Tetsuya Shoji serving as the Chair of the Committee (as of April 1, 2025)*.) In addition, the Nomination & Remuneration Advisory Committee regularly reviews the said policy and remuneration levels to ensure that the remuneration provides a healthy incentive for directors.

* The Nomination & Remuneration Advisory Committee has made the following changes to its membership.

- Sadao Mino, who served as a member of the Committee in his capacity as Chairman of the Board of Directors and CEO, stepped down from the Committee as of April 1, 2025, due to a change in his position.
- On June 20, 2024, Michi Kuwahara, Director and President, was newly appointed as a member of the Committee.
- As of June 20, 2024, outside corporate auditors were removed from the Committee and now serve as observers.

(Underlining denotes amendment)

Before Review (remuneration for the period from April 2024 to June 2024)	After Review (remuneration for the period from July 2024 to March 2025)
(Remuneration System)	
- Remuneration for Directors consists of fixed remuneration and corporate performance-linked bonus in order to further enhance the willingness of Directors to contribute toward improving corporate performance, and the remuneration of each Director is decided within the total remuneration limit determined by a resolution of the General Meeting of Shareholders. However, from the perspective of assuring independence, remuneration for Outside Directors consists only of fixed remuneration.	- Remuneration for Directors consists of fixed remuneration, corporate performance-linked bonus in order to further enhance the willingness of Directors to contribute toward improving corporate performance, <u>and corporate performance-linked share-based remuneration in order to raise their awareness of the need to contribute to improving medium to long term business performance and maximizing corporate value.</u> and the remuneration of each Director is decided within the total remuneration limit determined by a resolution of the General Meeting of Shareholders. However, from the perspective of assuring independence, remuneration for Outside Directors consists only of fixed remuneration.
- The fixed remuneration is annual flat-rate remuneration set separately for each executive position, and the amount designated per month is paid every month. The amount is determined from a comprehensive perspective on the level of other companies, the Company's performance and other related factors.	- The fixed remuneration is annual flat-rate remuneration set separately for each executive position, and the amount designated per month is paid every month. The amount is determined from a comprehensive perspective on the level of other companies, the Company's performance and other related factors.
- The indicator for the calculation of corporate performance-linked bonus	- The indicator for the calculation of corporate performance-linked bonus

Before Review (remuneration for the period from April 2024 to June 2024)	After Review (remuneration for the period from July 2024 to March 2025)
<p>is profit attributable to shareholders of Kanadevia, which is the final profit as a result of corporate management, as a performance indicator for a single fiscal year.</p> <p>Based on the amount obtained by multiplying the amount designated per month of fixed remuneration per annum by the number of months of payment (<u>0-5 months</u>) according to the relevant profit level, the remuneration amount is determined within the range of 50% to 150% thereof, taking into account the performance, business execution status and other related elements of each Director's division, and is paid at a specified time each year. The total amount of corporate performance-linked bonus for Directors shall not exceed the total base amount of each Director.</p>	<p>is profit attributable to shareholders of Kanadevia, which is the final profit as a result of corporate management, as a performance indicator for a single fiscal year.</p> <p>Based on the amount obtained by multiplying the amount designated per month of fixed remuneration per annum by the number of months of payment (<u>0-9 months for the Chairman and President</u>) according to the relevant profit level, the remuneration amount is determined within the range of 50% to 150% thereof, taking into account the performance, business execution status and other related elements of each Director's division, and is paid at a specified time each year. The total amount of corporate performance-linked bonus for Directors shall not exceed the total base amount of each Director.</p> <p>- <u>Corporate performance-linked share-based remuneration shall be calculated based on the medium to long-term corporate performance indicators, namely the level of target achievement in consolidated operating income margin and consolidated net sales, along with the evaluation of non-financial value, etc. in each fiscal year, which are of primary concern from the perspective of management strategy. For corporate performance-linked share-based remuneration, the share granting points for each Director shall be calculated based on the basic points determined for each executive position, according to the level of target achievement against corporate performance targets for each fiscal year (calculated multiplying the basic points by the coefficient which is corresponding to level of target achievement in consolidated operating income margin and consolidated net sales (0-200% for the Chairman and President) and which is added or subtracted the</u></p>

Before Review (remuneration for the period from April 2024 to June 2024)	After Review (remuneration for the period from July 2024 to March 2025)
	<u>adjustments based on the evaluation of non-financial value, etc.). Such share granting points shall then be converted to shares of common stock in the Company on a one share to one point basis, which shall later be granted to each Director through the Trust at a certain time in each year. A certain proportion of the shares to be granted shall remain in the form of shares, while the rest shall further be converted to cash, both of which shall later be granted or paid to each Director at a certain time in each year.</u>
<p>- The composition ratio of remuneration for individual Directors varies according to the amount of corporate performance-linked bonus. <u>The proportion of fixed remuneration to corporate performance-linked bonus ranges from [100%: 0% (when there is no payment of corporate performance-linked bonus)] to [62%: 38% (when the number of months of payment and the assessment value of the individual Director reaches the highest)].</u></p>	<p>- The composition ratio of remuneration for individual Directors varies according to the amount of corporate performance-linked bonus <u>and corporate performance-linked share-based remuneration. The proportion between fixed remuneration, corporate performance-linked bonus and corporate performance-linked share-based remuneration for the Chairman and President's remuneration, etc. varies within a range between 100%: 0%: 0% (when there is no payment of corporate performance-linked bonus nor corporate performance-linked share-based remuneration) and 38%: 43%: 19% (when the number of months of payment is the full number of months and the assessment value of the individual Director is at maximum for the corporate performance-linked bonus, and corporate performance-indexation factor is at maximum in calculating corporate performance-linked share-based remuneration).</u></p>
(Matters Concerning Procedures for Determining the Amount of Remuneration and Delegation)	
<p>- Among individual remuneration for Directors, fixed remuneration is decided by the Board of Directors. With regard to corporate performance-linked bonus, the Board of Directors determines the total amount thereof and the Chairman of the Board (or the President, if the</p>	<p>- Among individual remuneration for Directors, fixed remuneration is decided by the Board of Directors. With regard to corporate performance-linked bonus, the Board of Directors determines the total amount thereof and the Chairman of the Board (or the President, if the</p>

Before Review (remuneration for the period from April 2024 to June 2024)	After Review (remuneration for the period from July 2024 to March 2025)
position of Chairman of the Board is vacant), who is delegated by the Board of Directors, determines the amount (allocation by evaluation) of corporate performance-linked bonus for each Director in accordance with the method of decision-making specified by the Board of Directors. All decisions made by the Board of Directors shall be based on deliberations and reports by the Nomination & Remuneration Advisory Committee.	position of Chairman of the Board is vacant), who is delegated by the Board of Directors, determines the amount (allocation by evaluation) of corporate performance-linked bonus for each Director in accordance with the method of decision-making specified by the Board of Directors. <u>The amount of corporate performance-linked share-based remuneration for each Director shall be determined depending on the level of achievement of corporate performance targets for each fiscal year in accordance with the Share-Based Remuneration Rules established by a resolution of the Board of Directors.</u> All decisions made by the Board of Directors shall be based on deliberations and reports by the Nomination & Remuneration Advisory Committee.

b) Policy for Determining Details of Individual Remuneration etc. for Corporate Auditors

From the perspective of assuring independence, remuneration for Corporate Auditors is limited to fixed remuneration, and is determined through consultation with Corporate Auditors according to details of the duties of each Corporate Auditor within the total amount determined by resolution of the General Meeting of Shareholders. Said policy is decided by the Board of Corporate Auditors.

3) Total Amount of Remuneration, etc. of Directors and Corporate Auditors

Classification	Total Amount of Remuneration, etc. (Millions of yen)	Total Amount by Type of Remuneration etc. (Millions of yen)			Number of Applicable Officers (persons)
		Fixed remuneration	Corporate performance-linked bonus	Corporate Performance-linked share-based remuneration	
Director (of which, Outside Directors)	338 (48)	221 (48)	94 (—)	22 (—)	11 (5)
Corporate Auditor (of which, Outside Corporate Auditors)	82 (19)	82 (19)	— (—)	— (—)	5 (3)
Total (of which, Outside Directors and Outside Corporate Auditors)	421 (67)	304 (67)	94 (—)	22 (—)	16 (8)

- (Notes) 1. The total amount of remuneration etc. for Directors does not include remuneration for duties as employees by Directors who also serve as employees. Among the above, Satoshi Kimura and Munenobu Hashizume, are Directors who also serve as employees. However, they are not paid salaries as employees.
2. Corporate performance-linked share-based remuneration is the total amount expensed based on the corporate performance-linked share-based remuneration plan approved at the 127th Ordinary General Meeting of Shareholders held on June 20, 2024.
3. As of March 31, 2025, there are eight (8) Directors (including four (4) Outside Directors) and four (4) Corporate Auditors (including two (2) Outside Corporate Auditors), and the difference from the above number of applicable persons is due to the inclusion of three (3) Directors (including one (1) Outside Director) and one (1) Outside Corporate Auditor, who retired at the conclusion of the 127th Ordinary General Meeting of Shareholders held on June 20, 2024.
4. The indicator for the calculation of corporate performance-linked bonus is profit attributable to shareholders of Kanadevia, which is the final profit as a result of corporate management, as a performance indicator for a single fiscal year, and the actual result amounted to 22.1 billion yen. The total amount of corporate performance-linked bonus is calculated according to the profit level of the relevant profit attributable to shareholders of Kanadevia. The calculation method for the amounts of corporate performance-linked bonus is provided in the remuneration system in (4) 2) “a) Policy for Determining Details of Individual Remuneration, etc. for Directors” on page 55.
5. Corporate performance-linked share-based remuneration shall be calculated based on the medium to long-term corporate performance indicators, namely the level of target achievement in consolidated operating income margin and consolidated net sales, along with the evaluation of non-financial value, etc. in each fiscal year, which are of primary concern from the perspective of management strategy. The actual result is shown below. The calculation method for the amounts of corporate performance-linked share-based remuneration is provided in the remuneration system in (4) 2) “a) Policy for Determining Details of Individual Remuneration, etc. for Directors” on page 55.

Indicator	Actual
Consolidated operating income margin	4.4%
Consolidated net sales	¥610.5 billion
Non-financial value, etc. (Employee engagement index)	44%

6. Corporate performance-linked share-based remuneration which is non-monetary remuneration, consists of shares of the Company, and the conditions, etc. at the time of allotment are as described in the (4) 2) “a) Policy for Determining Details of Individual Remuneration, etc. for Directors” on page 55.
7. The Board of Directors determines the total amount of corporate performance-linked bonus, and delegates the Representative Director, President and Chief Executive Officer Michi Kuwahara to determine the amount (allocation by evaluation) thereof for each Director (excluding Outside Directors). This is because he has been deemed to be appropriate for conducting the evaluation on the performance, business execution status and other related elements of each Director’s division. In addition, in order that the said delegation is exercised properly, the remuneration amount shall be determined within the range of 50% to 150% of the base amount of corporate performance-linked bonus, in accordance with the method of decision-making specified by the Board of Directors, based on deliberations and reports by the Nomination & Remuneration Advisory Committee.
8. The Board of Directors deems that the individual remuneration for Directors for fiscal year 2024 is in accordance with the policy, because it is determined in accordance with the decision-making procedure described in the policy for determining details of individual remuneration, etc. for Directors.

(5) Matters Concerning Outside Directors and Outside Corporate Auditors

1) Concurrent positions as executive officers and outside directors for other corporations, etc. served by Outside Directors and Outside Corporate Auditors

Classification	Name	Concurrent Positions
Outside Director	Tetsuya Shoji	Corporate Advisor, NTT Communications Corporation Outside Director, circlace Inc. Outside Director, Sapporo Holdings Limited Outside Director, Mitsubishi Logistics Corporation Outside Director, Japan Tobacco Inc.
	Shinoi Sakata	Outside Director, Nomura Research Institute, Ltd.
	Akiko Horiguchi	Representative Director, President and Executive Officer, Oki Workwel Co., Ltd.
	Maki Miyazaki	Managing Partner, Law Offices of YUMOTO, OTA & MIYAZAKI
Outside Corporate Auditor	Hirofumi Yasuhara	Outside Corporate Auditor, Sumitomo Rubber Industries, Ltd. Outside Director, Sumitomo Densetsu Co., Ltd.
	Koji Inada	Outside Director, Toyo Tec Co., Ltd. Advisor, The Kansai Electric Power Company, Incorporated

(Notes) 1. Concurrent positions are as of March 31, 2025.

2. The relationships between the Company and the companies where our outside directors and outside corporate auditors hold significant concurrent positions are as follows. There is no special relationship between the other companies where the concurrent positions are held and the Company.
- Although there is a business relationship between the Company and NTT Communications Corporation, where Outside Director Tetsuya Shoji holds a concurrent position, the average annual value of transactions between the two companies in the past three fiscal years was less than 0.1% of the Company's consolidated net sales and less than 0.1% of NTT Communications Corporation's consolidated operating revenue. In addition, although there is a business relationship between the Company and circlace Inc., where Outside Director Tetsuya Shoji holds a concurrent position, the average annual value of transactions between the two companies in the past three fiscal years was less than 0.1% of circlace Inc.'s consolidated net sales and there were no sales from the Company. In addition, although there is a business relationship between the Company and Mitsubishi Logistics Corporation, where Outside Director Tetsuya Shoji holds a concurrent position, the average annual value of transactions between the two companies in the past three fiscal years was less than 0.1% of Mitsubishi Logistics Corporation's consolidated operating revenue and there were no sales from the Company.
 - Although there is a business relationship between the Company and Nomura Research Institute, Ltd., where Outside Director Shinoi Sakata holds a concurrent position, the average annual value of transactions between the two companies in the past three fiscal years was less than 0.1% of Nomura Research Institute, Ltd.'s consolidated revenue and there were no sales from the Company.
 - Although there is a business relationship between the Company and Sumitomo Densetsu Co., Ltd., where Outside Corporate Auditor Hirofumi Yasuhara holds a concurrent position, the average annual value of transactions between the two companies in the past three fiscal years was less than 0.1% of the Company's consolidated net sales and less than 0.1% of Sumitomo Densetsu Co., Ltd.'s consolidated net sales.
 - Although there is a business relationship between the Company and Toyo Tec Co., Ltd., where

Outside Corporate Auditor Koji Inada holds a concurrent position, the average annual value of transactions between the two companies in the past three fiscal years was less than 0.1% of Toyo Tec Co., Ltd.'s consolidated net sales and there were no sales from Toyo Tec Co., Ltd. Although there is a business relationship between the Company. In addition, although there is a business relationship between the Company and The Kansai Electric Power Company, Incorporated, where Outside Corporate Auditor Koji Inada holds a concurrent position, the average annual value of transactions between the two companies in the past three fiscal years was less than 0.2% of the Company's consolidated net sales and less than 0.1% of The Kansai Electric Power Company, Incorporated's consolidated net sales.

2) Main activities during fiscal year 2024

Classification	Name	Attendance			Main Activities
		Board of Directors meetings	Board of Corporate Auditors meetings	Nomination & Remuneration Advisory Committee	
Outside Director	Tetsuya Shoji	18/18	—	12/12	Based on his extensive experience serving as a representative director of a telecommunications carrier, etc. and being involved in the management of multiple companies, and his wide-ranging knowledge concerning corporate management thereby gained, made statements to ensure the improvement of the Group's corporate value and the validity and appropriateness of the Company's decision-making and business execution. Also served as Chair of the Nomination & Remuneration Advisory Committee and supervised management from an independent and objective standpoint.
	Shinoi Sakata	18/18	—	12/12	Based on her extensive experience serving as an Executive Officer of a chemical manufacturer, as a Representative Director of an information company and in other positions, as well as her wide-ranging knowledge concerning safety and sustainability assessment of technological strategies and corporate management thereby gained, made statements to ensure the improvement of the Group's corporate value and the validity and appropriateness of the Company's decision-making and business execution. Also served as a member of the Nomination & Remuneration Advisory Committee and supervised management from an independent and objective standpoint.

Classification	Name	Attendance			Main Activities
		Board of Directors meetings	Board of Corporate Auditors meetings	Nomination & Remuneration Advisory Committee	
Outside Director	Akiko Horiguchi	18/18	—	12/12	Based on her extensive experience serving as Head of Public Relations and Head of Human Resources Division at an information and communication equipment manufacturer, as a Representative Director of a special affiliate subsidiary and in other positions, as well as her wide-ranging knowledge concerning corporate management and diversity-focused management thereby gained, made statements to ensure the improvement of the Group's corporate value and the validity and appropriateness of the Company's decision-making and business execution. Also served as a member of the Nomination & Remuneration Advisory Committee and supervised management from an independent and objective standpoint.
	Maki Miyazaki	14/14	—	10/10	Based on her extensive experience and expertise in international corporate legal matters as the managing partner of a law firm, made statements to ensure the improvement of the Group's corporate value and the validity and appropriateness of the Company's decision-making and business execution. Also served as a member of the Nomination & Remuneration Advisory Committee and supervised management from an independent and objective standpoint.

Classification	Name	Attendance			Main Activities
		Board of Directors meetings	Board of Corporate Auditors meetings	Nomination & Remuneration Advisory Committee	
Outside Corporate Auditor	Hirofumi Yasuhara	16/18	9/9	11/12	Based on his extensive experience serving as a Senior Audit & Supervisory Board Member at an electronics and machinery manufacturer, and as a Representative Director and the person responsible for departments in charge of accounting divisions within the same group company, as well as his wide-ranging knowledge concerning corporate management, finance and accounting thereby gained, made statements to ensure the legality and appropriateness of the Company's decision-making and business execution.
	Koji Inada	13/14	6/6	10/10	Based on his extensive experience serving as head of IT department and corporate planning of an electric power company and as a director and representative executive officer, as well as his wide-ranging knowledge concerning ICT, digital and corporate management thereby gained, made statements to ensure the legality and appropriateness of the Company's decision-making and business execution.

- (Notes) 1. In addition to the above-stated number of Board of Directors meetings held, there were six occasions of a written resolution, which is deemed to be a resolution of the Board of Directors under the provisions of Article 370 of the Companies Act and Article 25 of the Company's Articles of Incorporation.
2. As of June 20, 2024, Outside Corporate Auditors went from being members of the Nomination & Remuneration Advisory Committee to being observers of the Committee. On and after that date, the Nomination & Remuneration Advisory Committee held 10 meetings. Corporate Auditor Hirofumi Yasuhara attended nine of the 10 meetings and Corporate Auditor Koji Inada attended all 10 meetings.
3. For Director Maki Miyazaki, we have described her attendance of the Board of Directors meetings and the Nomination & Remuneration Advisory Committee meetings held since she assumed the position of Director on June 20, 2024.
4. For Corporate Auditor Koji Inada, we have described his attendance of the Board of Directors meetings, the Board of Corporate Auditors meetings and the Nomination & Remuneration Advisory Committee meetings held since he assumed the position of Corporate Auditor on June 20, 2024.
5. As announced on March 25 and April 30, 2025, the Group was found to have engaged in inappropriate conduct in relation to some of our businesses and products, including marine engines, flammable waste incineration facilities, sewage treatment facilities, bridges, casting products, and special valves. The

Outside Directors and Outside Corporate Auditors were not aware of the inappropriate conduct until it was uncovered through an internal investigation conducted in response to an alert issued for marine engines by the Ministry of Land, Infrastructure, Transport and Tourism in April 2024, followed by an investigation by a Special Investigation Committee established in July 2024. However, prior to this, they had been requesting thorough compliance with laws and regulations and had issued related warnings at meetings of the Board of Directors, etc. After becoming aware of the inappropriate conduct, the Outside Directors and Outside Corporate Auditors have fulfilled their responsibilities by receiving ongoing reports on the investigation into its causes and measures to prevent recurrence, and by providing recommendations to ensure thorough legal compliance.

V. Status of Accounting Auditor

(1) Name of Accounting Auditor KPMG AZSA LLC

(2) Amount of Remuneration, etc. of Accounting Auditor

(Millions of yen)

Category	Amount of Remunerations, etc.
Amount of remuneration, etc. payable by the Company	108
Total amount of cash and other financial benefits payable by the Company and its subsidiaries	238

(Notes) 1. In the audit agreement between the Company and the Accounting Auditor, no differentiation is made between remuneration on the basis of the Companies Act and remuneration on the basis of the Financial Instruments and Exchange Act, and it is not possible to make a substantial differentiation between the two. As a consequence, the amount of remuneration, etc. for services as Accounting Auditor of the Company provided in the table above is the total of the two.

2. In addition to the above, there is additional remuneration of 4 million yen for the audit for the previous consolidated fiscal year.

3. The Board of Corporate Auditors has consented to the amount of remuneration, etc. for the Accounting Auditor as a result of having verified and discussed the reasonableness of the Accounting Auditor's audit plan and the basis for the estimate of remuneration, based on a review and evaluation of reports from relevant internal departments and results of audit for fiscal year 2023.

4. Of the Company's significant subsidiaries, the auditing of Kanadevia Inova AG, Osmoflo Holdings Pty Ltd, Kanadevia Inova Steinmüller GmbH, NAC International Inc. and NIAGARA ENERGY PRODUCTS, Inc. is performed by audit corporations other than the Accounting Auditor of the Company (including those with equivalent status overseas).

(3) Non-audit Services

The Company pays the Accounting Auditor fees for the retained service with respect to assistance for the adoption of international financial reporting standards, which is a service (Non-audit service) other than services provided for in Article 2, paragraph 1 of the Certified Public Accountants Act.

(4) Policy for Determining Dismissal or Non-reappointment of Accounting Auditor

If it is deemed that the Accounting Auditor falls within the grounds of each item of Article 340, paragraph 1 of the Company Act and that no improvement in the situation is expected, the Board of Corporate Auditors shall dismiss the Accounting Auditor based on the agreement of all the Corporate Auditors.

If the Board of Corporate Auditors determines the Accounting Auditor is unsuitable after taking into consideration such matters as the execution of duties of the Accounting Auditor and the number of years it has been performing audits, the Board of Corporate Auditors shall determine details of a proposal for dismissal or non-reappointment of the Accounting Auditor to be submitted to the General Meeting of Shareholders.

VI. Matters Concerning the Development of Systems to Ensure Appropriateness of Operations, etc.

(1) Systems to Ensure Appropriateness of Operations

The following summarizes the contents of the resolutions of the Company's Board of Directors concerning the development of systems to ensure that the execution of duties by Directors is in compliance with laws and regulations and the Articles of Incorporation and other systems necessary to ensure the appropriateness of operations.

As announced on March 25 and April 30, 2025, inappropriate conduct occurred in connection with some of the Group's businesses and products, including marine engines, flammable waste incineration facilities, sewage treatment facilities, bridges, casting products, and special valves. In response, and with the aim of thoroughly preventing the recurrence of inappropriate conduct and fostering an organizational culture in which all Directors, Corporate Auditors and employee possess the ethical awareness to reject violations of laws and regulations and corporate ethics, the Board of Directors resolved on April 23, 2025 to partially revise the Company's basic policy for the development of the systems above ("Basic Policy on Internal Controls"). The following also outlines the details of the revisions (including additions) (including systems that were already in place prior to the revisions).

1) Systems to Ensure that the Execution of Duties by Directors and Employees of the Company and Group Companies Complies with the Laws and Regulations and the Articles of Incorporation

a) The Company shall formulate the Charter of Ethical Behavior with which all Directors, Corporate Auditors, and employees must comply, and shall make this charter known to all Directors, Corporate Auditors, and employees. In addition, the President shall ceaselessly and clearly demonstrate the spirit of such charter to the Directors, Corporate Auditors, and employees, thus ensuring that compliance with laws and regulations and corporate ethics forms the basis of the Company's existence and the premise of all corporate activities.

b) The Company shall establish the Compliance Committee, with a President and Director of the Company as Chairperson. This Committee shall continuously implement measures with respect to compliance and shall make reports on its activities to the Board of Directors of the Company.

[Addition] The Company shall establish a Marketing Compliance Committee under the Compliance Committee to provide guidance and oversight related to compliance with laws, regulations, and corporate ethics in marketing activities. The Committee shall report on its activities to the Compliance Committee. Similarly, the Company shall establish a Quality Compliance Committee under the Compliance Committee to strengthen the quality assurance framework and prevent quality-related misconduct. The Committee shall report on its activities to the Compliance Committee.

c) The Company shall work to prevent violations of laws and regulations, discover such violations at an early stage and deal with them promptly and effectively by establishing a whistle-blowing system that enables the opinions of Directors, Corporate Auditors, and employees regarding compliance to be reflected in company management.

d) The Company shall have all Directors, Corporate Auditors, and employees of the Company enter into covenants regarding compliance with laws and regulations and corporate ethics and develop disciplinary measures to be taken against violators and those who are aware of violations but conceal them.

[Addition] The Company's Group companies shall have all their Directors, Corporate Auditors, and employees enter into the covenants.

e) Rules on the management of financial data and other important facts about the operations of the Company and the Group shall be formulated, and such facts shall be disclosed in a timely and appropriate manner.

f) To ensure the reliability of its financial reporting on the basis of the Financial

Instruments and Exchange Act, the Company shall establish a department in charge of this purpose, and shall regularly evaluate the development and management of financial reporting through a system of cooperation among departments of the Company and work to make improvements accordingly.

[Addition] The results of evaluations and improvements regarding the development and management of these systems shall be reported to the Board of Directors.

- g) The department of the Company in charge of internal auditing shall perform audits of compliance and shall report to the Board of Directors.
 - h) The Charter of Ethical Behavior shall be made known to Group companies, which shall develop structures for compliance with laws and regulations and corporate ethics based on the circumstances of each company with support from the Company. Furthermore, the Company's whistle-blowing system shall be made available for use by the Directors, Corporate Auditors, and employees of Group companies.
 - i) Internal auditing performed by the department of the Company in charge of internal auditing shall also be applicable to Group companies, and the Company's rules regarding internal auditing shall apply mutatis mutandis to the guidelines for such auditing.
 - j) The Company shall determinedly eliminate and block anti-social forces, and the department in charge of general affairs shall construct and develop a system for this purpose in cooperation with external specialist bodies such as law enforcement.
- 2) Systems to Retain and Manage Information Concerning the Directors' Execution of Duties
- a) Minutes of meetings of the Board of Directors and other management bodies holding meetings shall be prepared, retained, and managed appropriately by the administrative offices of each management body in accordance with laws and regulations and internal rules.
 - b) Records of information concerning decision making and execution of duties by the Directors shall be retained and managed appropriately in accordance with the rules on the management of documents or electromagnetic records stipulated by the Company.
 - c) Rules regarding the retention, management and operation of company secrets, significant matters that are not publicly disclosed, and personal information shall be formulated, and the relevant information shall be managed with due care.
- 3) Rules and Other Organizational Structures of the Company and Group Companies Concerning Management of Risk of Loss
- a) Risks that may occur in the course of business operations shall be evaluated and monitored continuously. Risks with the potential to have a substantial impact on the financial position and business results shall be reported to the Board of Directors of the Company.

[Addition] The above-mentioned risks shall be evaluated and monitored by the departments in charge at the Company and its Group companies in accordance with the type of risk. These departments shall also take timely and appropriate corrective action and provide education and guidance to facilitate such action. Furthermore, the department in charge of compliance, department in charge of quality assurance, and other administrative departments shall appropriately and clearly allocate responsibility for risks and continuously evaluate and monitor the risks inherent in each department in charge of the Company and its Group companies. These departments shall also implement corrective action and provide education and guidance, in the same manner as the departments in charge.

In addition, the Company shall establish a system to promptly report to the Board of Directors any risks identified in the initiatives of each department in charge or administrative department, or in the initiatives described in item (b) below, that may significantly affect the Company's financial condition or business performance, or seriously undermine stakeholder confidence.

Moreover, to oversee the above initiatives, the Company shall introduce and promote an enterprise risk management system that comprehensively identifies and assesses group-wide risks, including those related to compliance and fraud prevention, defines risk tolerance levels, and evaluates and addresses risks based on these risk tolerance levels.

- b) To prevent and eliminate risks related to earnings from individual products, appropriate risk management shall be carried out through deliberations to identify and evaluate risks and formulation of avoidance measures at the Risk Examination Committee, which is composed of relevant related departments.

[Addition] To prevent and eliminate risks related to the return or recoverability of business investments, appropriate risk management shall be carried out through deliberations to identify and evaluate risks and formulation of avoidance measures at the Investment Committee, which is composed of relevant departments.

- c) To promptly and appropriately deal with such a serious risk that has emerged, systems shall be developed in advance including the formulation of rules on such matters as means of transmitting information, methods of handling such events, and structures for their management.

- d) The department of the Company in charge of internal auditing shall monitor risk management statuses at each department in charge of the Company and each Group company. It shall also perform audits of the effectiveness and adequacy of risk management and make reports on this to the Board of Directors of the Company.

[Addition] In addition to the above, the department of the Company in charge of internal auditing shall provide feedback on the results of the audits to each department in charge. Furthermore, the department of the Company in charge of internal auditing shall ensure the effectiveness of the audits for the purpose of fraud prevention, and perform audits of the effectiveness and adequacy of the risk management, by having the administrative department share the details of their risk management with each department in charge.

4) Systems to Ensure that Directors of the Company and Group Companies Execute their Duties in an Efficient Manner

- a) Meetings of the Board of Directors shall in principle be held once a month and extraordinary meetings of the Board of Directors shall be held as necessary to determine important matters and to supervise the execution of business. For meetings of the Board of Directors to be operated appropriately and efficiently, rules on the matters to be decided upon at the meetings and standards for submitting such matters for deliberation and reporting on them shall be formulated.

- b) The Company shall establish a Management Strategy Committee comprising the Company's key management personnel, including the President, at which sufficient advance deliberations on basic strategies and important matters shall be carried out, thus putting in place a system enabling accurate managerial judgment.

- c) The Board of Directors of the Company shall determine the Group's medium-term management plans and plans for each year. Based on such plans, all Directors of the Company shall develop detailed measures and systems for efficient business execution, and make progress reports on these measures to the Board of Directors of the Company.

- d) The Company shall establish the Management Plan Follow-Up Committee with the President and Director of the Company as Chairperson. This Committee shall monitor and inspect progress made with the measures and work towards the early discovery and prevention of problems, thus ensuring efficient business operations.

- e) To efficiently achieve management targets, the Company shall formulate rules on organizational structure, division of duties, and decision-making authority, and clarify duties and authorities. The Company shall also formulate rules on the operation of information and communication systems and the protection of information assets, and shall utilize such rules effectively.

- f) The department of the Company in charge of internal auditing shall perform audits to

determine whether business operations at each department in charge of the Company and each Group company are carried out efficiently in accordance with laws and regulations, the Articles of Incorporation and other internal rules, and shall report to the Board of Directors on this matter.

5) Systems for Reporting to the Company on the Matters regarding Execution of Duties by Directors of Group Companies

To carry out deliberations on establishing internal control systems and to share information on Group management policies and other matters, the Company shall regularly hold conferences attended by the Directors of the Company and the President and Director of each Group company. Group companies shall report any material events at the conferences.

6) Other Systems to Ensure Appropriateness of Operations in the Group Consisting of the Company and the Group companies

a) Regarding the management of Group companies, the Company shall supervise and monitor the appropriateness of operations at Group companies, while also respecting their autonomy, by assigning Directors and Corporate Auditors of the Company to work at each Group company, thus working to strengthen governance and supervisory functions under Group management.

b) The Company shall establish a main control division to control and guide Group companies, thus advancing efficient Group management in accordance with the standards for Group control and management. The control division shall also provide support for the establishment of internal control systems at each Group company.

[Revised] The Company shall establish functional divisions in order to control and guide Group companies, thus advancing efficient Group management in accordance with the standards for Group control and management. The control division shall also provide support for the establishment of internal control systems at each Group company.

7) Matters Concerning Employees who are Requested by Corporate Auditors to Assist in the Duties of Corporate Auditors and Matters Concerning Ensuring the Independence from Directors of Such Employees and the Effectiveness of Directions to Such Employees

a) The Company shall put in place the Assistant to the Corporate Auditors as a body to assist the Corporate Auditors of the Company in their duties.

b) Employees belonging to other departments shall not be precluded from serving concurrently as staff in the Assistant to the Corporate Auditors. However, if Corporate Auditors request the assignment of dedicated staff to the Assistant to the Corporate Auditors, this shall not be refused without rational grounds.

c) When performing duties in accordance with the directions of the Corporate Auditors, staff in the Assistant to the Corporate Auditors shall not be under the command of Directors or other business executives.

d) Personnel matters relating to staff in the Assistant to the Corporate Auditors shall be determined by the Directors after deliberations with the Corporate Auditors.

8) Systems for Reporting to Corporate Auditors of the Company by Directors and Employees of the Company and Group Companies, Other Systems Concerning Reporting to Corporate Auditors, and Systems to Ensure that Persons who Report to Corporate Auditors Are not Treated Unfavorably as a Result of Making Such Report

a) If a Director of the Company discovers a matter with the potential to cause substantial harm to the Company and the Group, such Director shall report such matter to the Board of Corporate Auditors of the Company immediately.

b) To monitor important decision-making processes and the status of business execution, the Corporate Auditors of the Company shall be permitted to attend meetings of the

Board of Directors and other important meetings of the Company, and shall be permitted to request explanations on such matters from Directors or employees. Furthermore, when they are unable to attend such meetings due to circumstances, Corporate Auditors shall be permitted to receive explanations of the contents of such meetings, and inspect minutes and other related documents.

- c) Corporate Auditors of the Company shall be permitted to inspect important documents related to business execution, and to request explanations of such matters from Directors or employees of the Company and Group companies as necessary.
 - d) Representative Directors of the Company shall regularly hold talks with Corporate Auditors of the Company, make reports to the Corporate Auditors of the Company regarding important matters with an impact on the Company and the Group, and exchange opinions with the Corporate Auditors on such matters.
 - e) It is prohibited for Directors and employees of the Company or Group Companies who report to Corporate Auditors of the Company to be treated unfavorably as a result of making such report.
- 9) Matters Concerning the Policy Relating to Advance Payment of Expenses Accompanying Execution of Duties by the Corporate Auditors or Reimbursement thereof, or Other Treatments of Expenses or Liabilities Generated from Execution of those Relevant Duties When Corporate Auditors of the Company request advance payment of expenses and others on the basis of Article 388 of the Companies Act for executing their duties, those expenses or liabilities shall be processed immediately through deliberation within the department in charge, except as may be recognized as unnecessary for executing duties of the Corporate Auditor.
- 10) Other Systems to Ensure that Corporate Auditors Effectively Perform Audits
- a) The Directors of the Company shall cooperate with the Corporate Auditors of the Company to enable them to perform effective audits through cooperation with the Accounting Auditor, the department in charge of internal auditing, and the Corporate Auditors of Group companies.
 - b) The Directors of the Company shall have an awareness and understanding of the importance and usefulness of auditing by the Corporate Auditors. They shall also inform employees of the rules relating to auditing operations and auditing standards and help to establish an environment in which the Corporate Auditors can perform their audits effectively.
 - c) The department of the Company in charge of internal auditing shall provide internal audit plans, internal audit reports and other necessary information it receives in the course of performing internal auditing to the Corporate Auditors.

(2) Outline of Status of Systems to Ensure the Appropriateness of Operations

Outline of status of systems to ensure the appropriateness of operations is as follows.

1) Regarding Compliance

Within “Kanadevia Value,” the values at the core of the Group’s business activities, one of the management stances aimed at achieving the corporate philosophy is the “thorough implementation of compliance.” This clearly shows that “thorough implementation of compliance” is crucial to meet the expectations and gain the understanding of the stakeholders that support the Company’s business activities. Furthermore, the President himself has taken various opportunities, such as the New Year’s address and workshops, to clearly state that compliance should be the ultimate priority in company management. Each April, the Company distributes the Kanadevia Group Charter of Ethical Behavior cards (published in Japanese, English, and Chinese) to be carried by employees at all times. This features a Message from the President based on the compliance situation for fiscal year 2023 and is used as the code upon which employees carry out their work.

The Compliance Committee, on which the President serves as Chairperson, decides the basic policy and specific measures for fiscal year 2024 based on the compliance situation for fiscal year 2023, and engages in compliance activities across the entire Group. Specifically, it ensures the thorough implementation of compliance through means such as implementing e-learning, holding various workshops and lectures, and providing information through internal newsletters. It also detects improper conduct at an early stage through the whistle-blowing system and deals with this swiftly. Moreover, in addition to having set up a regular reporting system from domestic and overseas Group companies and overseas offices, the Company checks the state of compliance at each company and office once every six months, and undertakes appropriate follow-up as necessary, thereby ensuring compliance across the entire Group.

In response to the discovering of inappropriate conduct in connection with some of our businesses and products, including marine engines, flammable waste incineration facilities, sewage treatment facilities, bridges, casting products, and special valves, the Company reviewed the state of compliance, and the President issued communications regarding the investigation into the causes, formulation and implementation of measures to prevent recurrence, and reinforcement of compliance.

2) Regarding Risk Management

The Company and each Group company has established systems in which individual risks related to compliance, quality, the environment, safety, disasters, information security, and other risks that may occur in the course of business operations are continuously managed by each department in charge and each Group company, in order to prevent risks. With regard to order intake projects, in each department in charge, the Company examines the risk in each business from the project estimate stage to clarify risks associated with technologies, estimates, delivery date, and contracts and takes measures against those risks before judging whether or not to accept an order, thereby working to eliminate the risks. After order intake, the Company secures the quality and processes, etc. of projects by following up project progress in a timely way, and discovering risks and addressing them promptly.

In business investment projects that involve investing in shares, it is not only the judgment on whether to invest and follow-up after making the decision to invest that are important; establishing criteria for withdrawal and clarifying the exit strategy are also vital, so we implement thorough risk management in regard to these processes.

For our order intake projects, we have established a department within the Corporate Planning Headquarters to manage project risks, and also established an investment committee with decision-making functions for our business investment projects, to ensure thorough risk management for the entire Group, including major subsidiaries both within

Japan and overseas.

The Company is strengthening its handling of country risk of its overseas projects. In particular, the Company has put in place such environmental enhancements as preparing guidelines in case of emergency, and concluding contracts with overseas safety and emergency services, in order to put in place systems for the safety and medical care of employees dispatched overseas.

As of March 1, 2025, the Company newly established an ERM Department to promote the implementation of an enterprise risk management system that comprehensively identifies and assesses group-wide strategic risks, defines risk tolerance levels, and evaluates and addresses risks based on these risk tolerance levels. Going forward, the Company shall establish a Risk Management Committee to operate the risk management framework, manage Group-wide risks, and monitor individual departments and Group companies. The Committee will report risk management policies and material risk issues to the Board of Directors, and will be overseen by the Board of Directors.

3) Regarding the Execution of Duties by Directors

In fiscal year 2024, meetings of the Board of Directors were held 18 times. During these meetings, inappropriate conduct found in certain businesses and products, including the marine engine business, were reported and deliberated. The Board also discussed and determined important management matters (management basic policies, initiatives to strengthen internal controls, the promotion of enterprise risk management, progress of the medium-term management plan, budget formulation and follow-up, promotion of the selection and concentration of businesses based on portfolio analysis, promotion of sustainability, promotion of branding, human resource strategies, decarbonization business initiatives, and important investment projects including overseas subsidiaries, etc.) prescribed by laws and regulations, the Articles of Incorporation, and Rules of the Board of Directors, while the execution of duties of the Directors are supervised. To further enhance and promote the efficiency of discussions by the Board of Directors, the Company conducts an interview and questionnaire survey with individual Directors to assess and analyze the effectiveness of the Board of Directors as a whole, and uses issues identified to improve the operations of the Board of Directors.

4) Regarding the Management of Group Companies

To share information on Group management policies, the management plan, and other items, conferences are held on a regular basis, and the Company provides oversight and instruction on important matters regarding the management of Group companies (including the status of compliance and internal controls). In particular, the Company discusses and determines important business activities of Group companies at Management Strategy Committee meetings and at Board of Directors meetings, thereby sharing the management strategies group-wide, streamlining the entire Group's business activities and maximizing its synergies, while securing the appropriateness of the business and avoiding risk.

5) Regarding Internal Auditing

To evaluate and improve the effectiveness of the risk management, control, and governance processes of the Company and its Group companies, in accordance with the Internal Auditing Rule and based on an annual audit plan taking into consideration such factors as business type, scale, and importance, the Internal Auditing Department (Internal Auditing Section) implements ongoing internal audits related to all management activities of domestic and overseas Group companies (business risks, compliance, finance and accounting, operational controls and procedures, quality management, safety and environment management, IT management, etc.), to conduct evaluations and provide

advice and correction guidance from an objective standpoint. In particular, in response to the recent escalation in information security risks, the Company has been enhancing its auditing efforts related to IT management since fiscal year 2024. In addition, the Company is progressively reinforcing the auditing system for overseas branches and overseas Group companies, in response to their increasing importance.

The Internal Auditing Department also submits reports on the results of audits, as well as the status of corrective actions to Directors, Corporate Auditors, and responsible persons of audited segments from time to time, while providing regular comprehensive reports on the status of audits to the Management Strategy Committee, as well as the Board of Directors.

6) Regarding Audits Performed by Corporate Auditors

Corporate Auditors audit operations and status of assets at respective business locations and segments, as well as carrying out similar investigations on major domestic and overseas subsidiaries. Specifically, in fiscal year 2024, following the disclosure of inappropriate conduct in the marine engine business, the Corporate Auditors received a report on the implementation status of recurrence prevention measures and reviewed its contents. They also conducted reviews of the quality management and internal control systems in other business areas with the respective departments. They have made audits on the execution of business of Directors and others by receiving reports on important matters through attending important internal meetings such as meetings of the Board of Directors and the Management Strategy Committee, meetings with the Representative Directors, and by stating opinions where necessary. Furthermore, Corporate Auditors are in close cooperation with Outside Directors such as by exchanging information appropriately. In fiscal year 2024, the Board of Corporate Auditors held nine meetings at which information regarding auditing was exchanged, opinions on auditing were collected from each Corporate Auditor, and resolutions were passed.

Corporate Auditors exchange information about such matters as audit plans and results with the Accounting Auditor on a regular basis, while monitoring and verifying whether the Accounting Auditor is conducting its audits appropriately. In addition, Corporate Auditors implement regular information exchanges and maintain close collaboration with the Internal Auditing Department by receiving such matters as audit plans and results, as well as necessary information obtained through audits with respect to internal auditing, in order to promote effective and efficient audits.

Consolidated Balance Sheets

As of March 31, 2025

	(Millions of yen)
Assets	609,666
Current assets	357,114
Cash and time deposits	70,763
Notes, accounts receivable - trade, and contract assets	228,020
Securities	1
Merchandise and finished goods	2,049
Work in progress	8,261
Raw materials and supplies	12,772
Other current assets	36,135
Allowance for doubtful receivables	-889
Noncurrent assets	252,532
Property, plant and equipment, net	[136,060]
Buildings and structures	41,034
Machinery, equipment and vehicles	21,478
Tools, furniture and fixtures	5,221
Land	52,414
Lease assets	429
Right-of-use assets	8,581
Construction in progress	6,901
Intangible assets	[41,218]
Goodwill	14,060
Other intangible assets	27,158
Investments and other noncurrent assets	[75,252]
Investments in securities	27,571
Long-term loans receivable	3,628
Net defined benefit assets	16,192
Deferred tax assets	21,341
Other investments and noncurrent assets	7,213
Allowance for doubtful receivables	-694
Deferred assets	20
Bond issue expenses	20
Total assets	609,666

	(Millions of yen)
Liabilities	411,771
Current liabilities	294,283
Notes and accounts payable - trade	56,913
Electronically recorded obligations	8,910
Short-term borrowings	36,396
Current portion of bonds payable	10,000
Lease obligations	1,661
Accrued expenses	81,803
Accrued income taxes	4,966
Contract liabilities	40,600
Provision for share-based payments	52
Provision for expenses related to quality-related inappropriate conduct	1,484
Reserve for product warranty	17,394
Reserve for losses on construction contracts	7,063
Other current liabilities	27,034
Noncurrent liabilities	117,488
Bonds payable	10,000
Long-term borrowings	70,132
Lease obligations	7,574
Deferred tax liabilities	5,820
Net defined benefit liability	16,468
Directors' and corporate auditors' severance and retirement benefits	29
Provision for loss on litigation	946
Provision for demolition and removal	858
Asset retirement obligations	1,125
Other noncurrent liabilities	4,532
Net assets	197,895
Shareholders' equity	170,780
Common stock	45,442
Capital surplus	7,802
Retained earnings	118,870
Treasury stock, at cost	-1,334
Accumulated other comprehensive income	18,583
Net unrealized holding gains (losses) on securities	1,476
Net unrealized holding gains (losses) on hedging derivatives	528
Land revaluation difference	-20
Foreign currency translation adjustments	2,794
Remeasurements of defined benefit plans	13,804
Non-controlling interests in consolidated subsidiaries	8,530
Total liabilities and net assets	609,666

Consolidated Statements of Income

For the fiscal year ended March 31, 2025

(Millions of yen)

Net sales		610,523
Cost of sales		496,338
Gross profit		114,184
Selling, general and administrative expenses		87,238
Operating income		26,946
Non-operating income		
Interest income	905	
Dividend income	179	
Equity in net profit of affiliates	645	
Foreign exchange gains	477	
Other non-operating income	1,120	3,329
Non-operating expenses		
Interest expense	817	
Other non-operating expenses	5,128	5,946
Ordinary income		24,329
Extraordinary income		
Settlement income	2,187	
Reversal of provision for loss on business liquidation	729	2,916
Extraordinary loss		
Expenses related to quality-related inappropriate conduct	3,567	3,567
Profit before income taxes and non-controlling interests		23,678
Income taxes - current	5,115	
Income taxes - deferred	-3,728	1,386
Profit		22,291
Profit attributable to non-controlling interests		188
Profit attributable to shareholders of Kanadevia		22,103

[Reference] Monetary amounts in the Consolidated Financial Statements are presented with amounts of less than 1 million yen discarded.

Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	45,442	7,805	100,651	-1,034	152,865
Changes of items during the period					
Cash dividends			-3,876		-3,876
Profit attributable to shareholders of Kanadevia			22,103		22,103
Treasury stock disposed, net		0		0	0
Treasury stock purchased, net				-299	-299
Difference on change in equity		-3	-21		-24
Reversal of revaluation reserve for land			12		12
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-3	18,218	-299	17,915
Balance at end of year	45,442	7,802	118,870	-1,334	170,780

	Accumulated other comprehensive income						Non-controlling interests in consolidated subsidiaries	Total net assets
	Net unrealized holding gains (losses) on securities	Net unrealized holding gains (losses) on hedging derivatives	Land revaluation difference	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of year	1,114	737	-7	2,194	5,755	9,792	6,288	168,946
Changes of items during the period								
Cash dividends								-3,876
Profit attributable to shareholders of Kanadevia								22,103
Treasury stock disposed, net								0
Treasury stock purchased, net								-299
Difference on change in equity								-24
Reversal of revaluation reserve for land								12
Net changes of items other than shareholders' equity	362	-208	-12	600	8,049	8,790	2,242	11,032
Total changes of items during the period	362	-208	-12	600	8,049	8,790	2,242	28,948
Balance at end of year	1,476	528	-20	2,794	13,804	18,583	8,530	197,895

[Reference] Monetary amounts in the Consolidated Financial Statements are presented with amounts of less than 1 million yen discarded.

Non-consolidated Balance Sheets

As of March 31, 2025

	(Millions of yen)
Assets	355,016
Current assets	185,376
Cash and time deposits	14,923
Trade notes receivable	4,508
Trade accounts receivable	48,734
Contract assets	49,700
Securities	1
Work in progress	3,418
Raw materials and supplies	2,190
Advance payments	14,133
Prepaid expenses	870
Other accounts receivable	8,324
Advances paid	4,387
Short-term loans receivable	32,202
Other current assets	3,084
Allowance for doubtful receivables	-1,102
Noncurrent assets	169,618
Property, plant and equipment, net	[74,507]
Buildings	13,458
Structures	3,736
Machinery and equipment	6,757
Vehicles	27
Tools, furniture and fixtures	915
Land	47,884
Lease assets	540
Construction in progress	1,185
Intangible assets	[3,332]
Patent rights	0
Software	2,284
Rights of using facilities	86
Other intangible assets	961
Investments and other noncurrent assets	[91,778]
Investments in securities	3,569
Stocks of subsidiaries and affiliates	47,602
Investments in capital of subsidiaries and affiliates	2,518
Long-term loans receivable	21,739
Noncurrent prepaid expenses	940
Deferred tax assets	15,224
Other investments and noncurrent assets	1,366
Allowance for doubtful receivables	-1,182
Deferred assets	20
Bond issue expenses	20
Total assets	355,016

	(Millions of yen)
Liabilities	253,487
Current liabilities	167,100
Trade notes payable	418
Electronically recorded obligations	3,043
Trade accounts payable	21,182
Current portion of bonds payable	10,000
Short-term borrowings	32,220
Lease obligations	164
Other accounts payable	2,215
Accrued expenses	32,630
Provision for share-based payments	52
Accrued income taxes	1,337
Contract liabilities	8,749
Deposits received	46,980
Reserve for product warranty	3,213
Reserve for losses on construction contracts	3,537
Provision for expenses related to quality-related inappropriate conduct	1,217
Other current liabilities	138
Noncurrent liabilities	86,386
Bonds payable	10,000
Long-term borrowings	60,900
Lease obligations	326
Employees' severance and retirement benefits	12,957
Provision for loss on support to subsidiaries and affiliates	131
Provision for demolition and removal	858
Asset retirement obligations	794
Other noncurrent liabilities	418
Net assets	101,528
Shareholders' equity	100,982
Common stock	45,442
Capital surplus	10,194
Legal capital surplus	5,946
Other capital surplus	4,248
Retained earnings	46,679
Legal retained earnings	3,063
Other retained earnings	43,615
Retained earnings brought forward	43,615
Treasury stock, at cost	-1,334
Valuation and translation adjustments	546
Net unrealized holding gains (losses) on securities	-21
Net unrealized holding gains (losses) on hedging derivatives	907
Land revaluation difference	-340
Total liabilities and net assets	355,016

Non-consolidated Statements of Income

For the fiscal year ended March 31, 2025

		(Millions of yen)
Net sales		216,255
Cost of sales		180,896
Gross profit		35,358
Selling, general and administrative expenses		30,936
Operating income		4,422
Non-operating income		
Interest income	1,226	
Dividend income	2,295	
Other non-operating income	1,260	4,783
Non-operating expenses		
Interest expense	829	
Other non-operating expenses	3,342	4,172
Ordinary income		5,032
Extraordinary income		
Settlement income	2,187	
Reversal of provision for loss on support to subsidiaries and affiliates	713	
Gain on extinguishment of shares due to merger	254	3,155
Extraordinary loss		
Expenses related to quality-related inappropriate conduct	3,299	3,299
Profit before income taxes		4,888
Income taxes - current	1,016	
Income taxes - deferred	-7,222	-6,205
Profit		11,093

Non-consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity								
	Common stock	Capital surplus			Retained earnings			Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at beginning of year	45,442	5,946	4,248	10,194	2,675	36,785	39,461	-1,034	94,063
Changes of items during the period									
Cash dividends						-3,876	-3,876		-3,876
Reserve for dividends payment					387	-387	-		-
Profit						11,093	11,093		11,093
Treasury stock disposed, net			0	0				0	0
Treasury stock purchased, net								-299	-299
Net changes of items other than shareholders' equity									
Total changes of items during the period	-	-	0	0	387	6,830	7,217	-299	6,918
Balance at end of year	45,442	5,946	4,248	10,194	3,063	43,615	46,679	-1,334	100,982

	Valuation and translation adjustments				Total net assets
	Net unrealized holding gains (losses) on securities	Net unrealized holding gains (losses) on hedging derivatives	Land revaluation difference	Total valuation and translation adjustments	
Balance at beginning of year	-25	767	-340	401	94,465
Changes of items during the period					
Cash dividends					-3,876
Reserve for dividends payment					-
Profit					11,093
Treasury stock disposed, net					0
Treasury stock purchased, net					-299
Net changes of items other than shareholders' equity	4	140	-	144	144
Total changes of items during the period	4	140	-	144	7,063
Balance at end of year	-21	907	-340	546	101,528

[Reference] Monetary amounts in the Non-consolidated Financial Statements are presented with amounts of less than 1 million yen discarded.

Independent Auditor's Report

May 14, 2025

The Board of Corporate Auditors
Kanadevia Corporation

KPMG AZSA LLC
Osaka Office

Kenta Tsujii
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takehiro Nakamura
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Audit Opinion

Pursuant to Article 444, paragraph (4) of the Companies Act, we have audited the consolidated financial statements of Kanadevia Corporation, which comprise the consolidated balance sheets, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements applicable to the fiscal year from April 1, 2024 through March 31, 2025.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Group, which consisted of Kanadevia Corporation and its consolidated subsidiaries, applicable to the fiscal year ended March 31, 2025 in accordance with accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for expression of our opinion.

Other Information

Other information comprises a business report and its supplementary schedules. It is the responsibility of management to prepare and disclose other information, and it is the responsibility of Corporate Auditors and the Board of Corporate Auditors to supervise Directors in their execution of duties relating to the development and operation of a reporting process for the other information. Our audit opinion concerning the consolidated financial statements does not cover the other information, and we do not express any opinions as to the matters included in the other information. Our responsibility for auditing consolidated financial statements is to review the other information, and in connection with this review, discuss whether there is any material discrepancy between the other information and the consolidated financial statements or knowledge which we obtained in the course of audit and pay attention as to whether there is any indication of material error in the other information, other than such material discrepancy. We are required to report any material error in the other information found as a result of the work performed. There are no matters to be reported by us in relation to the other information.

Responsibilities of Management, Corporate Auditors and Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan; this includes the maintenance and operation of internal control deemed necessary by management for the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of a going concern, and in accordance with accounting principles generally accepted in Japan, for disclosing, as necessary, matters related to going concern.

Corporate Auditors and Board of Corporate Auditors are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that expresses our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of these consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:

- Identify and assess the risks of material misstatement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for expression of our opinion.
- When auditing the consolidated financial statements, obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances in making risk assessments, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.
- Conclude on the appropriateness of preparing the consolidated financial statements with the assumption of a going concern by management, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the notes to the consolidated financial statements or, if the notes to the consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the consolidated financial statements and notes to the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, as well as evaluate the presentation, structure, and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements fairly present the underlying transactions and accounting events.
- Plan and perform audit of the consolidated financial statements to obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to provide a basis for expression of our opinion on the consolidated financial statements. We are responsible for the direction, supervision and inspection of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We report to the Corporate Auditors and the Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit process, and other matters required by auditing standards.

We also provide the Corporate Auditors and the Board of Corporate Auditors with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and to communicate with them all relationships and other matters that may reasonably be deemed to bear on our independence, and where applicable, related measures in order to eliminate obstruction factors or safeguards to reduce them to an acceptable level.

Conflicts of Interest

We or engagement partners have no interests in the Company and its consolidated subsidiaries, which should be stated in compliance with the Certified Public Accountants Act.

Independent Auditor's Report

May 14, 2025

The Board of Directors
Kanadevia Corporation

KPMG AZSA LLC
Osaka Office

Kenta Tsujii
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takehiro Nakamura
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Audit Opinion

Pursuant to Article 436, paragraph (2), item (i) of the Companies Act, we have audited the non-consolidated financial statements of Kanadevia Corporation, which comprise the non-consolidated balance sheets, the non-consolidated statement of income, the non-consolidated statement of changes in net assets, the notes to the non-consolidated financial statements, and the supplementary schedules (hereafter collectively referred to as the “non-consolidated financial statements”) of Kanadevia Corporation applicable to the 128th fiscal year from April 1, 2024 through March 31, 2025.

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of Kanadevia Corporation, applicable to the fiscal year ended March 31, 2025 in accordance with accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Japan, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for expression of our opinion.

Other Information

Other information comprises a business report and its supplementary schedules. It is the responsibility of management to prepare and disclose other information, and it is the responsibility of Corporate Auditors and the Board of Corporate Auditors to supervise Directors in their execution of duties relating to the development and operation of a reporting process for the other information. Our audit opinion concerning the non-consolidated financial statements does not cover the other information, and we do not express any opinions as to the matters included in the other information. Our responsibility for auditing the non-consolidated financial statements is to review the other information, and in connection with this review, discuss whether there is any material discrepancy between the other information and the non-consolidated financial statements or knowledge which we obtained in the course of audit and pay attention as to whether there is any indication of material error in the other information, other than such material discrepancy. We are required to report any material error in the other information found as a result of the work performed. There are no matters to be reported by us in relation to the other information.

Responsibilities of Management, Corporate Auditors and Board of Corporate Auditors for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with accounting principles generally accepted in Japan; this includes the maintenance and operation of internal control deemed necessary by management for the preparation and fair presentation of the non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements with the assumption of a going concern, and in accordance with accounting principles generally accepted in Japan, for disclosing, as necessary, matters related to going concern.

Corporate Auditors and Board of Corporate Auditors are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that expresses our opinion on the non-consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of these non-consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:

- Identify and assess the risks of material misstatement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for expression of our opinion.
- When auditing the non-consolidated financial statements, obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances in making risk assessments, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.
- Conclude on the appropriateness of preparing the non-consolidated financial statements with the assumption of a going concern by management, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the notes to the non-consolidated financial statements or, if the notes to the non-consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the non-consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the non-consolidated financial statements and notes to the non-consolidated financial statements are in accordance with accounting standards generally accepted in Japan, as well as evaluate the presentation, structure, and content of the non-consolidated financial statements, including the related notes thereto, and whether the non-consolidated financial statements fairly present the underlying transactions and accounting events.

We report to the Corporate Auditors and the Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit process, and other

matters required by auditing standards.

We also provide the Corporate Auditors and the Board of Corporate Auditors with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and to communicate with them all relationships and other matters that may reasonably be deemed to bear on our independence, and where applicable, related measures in order to eliminate obstruction factors or safeguards to reduce them to an acceptable level.

Conflicts of Interest

We or engagement partners have no interests in the Company, which should be stated in compliance with the Certified Public Accountants Act.

Audit Report

With respect to the Directors' performance of their duties during the 128th fiscal year (from April 1, 2024 to March 31, 2025), the Board of Corporate Auditors has prepared this audit report as the consensus of all its members after deliberations based on the audit reports prepared by each Corporate Auditor, and hereby reports as follows:

1. Method and Contents of Audit by Corporate Auditors and the Board of Corporate Auditors

- (1) The Board of Corporate Auditors determined the audit policies, audit plan, etc., received reports from each Corporate Auditor on the progress and results of audits, exchanged opinions, and shared information. Additionally, they received reports from the Accounting Auditor on the status of its performance of duties, and requested explanations as necessary.
- (2) In accordance with the audit standards for Corporate Auditors determined by the Board of Corporate Auditors and based on the audit policies and audit plan, each Corporate Auditor took steps to facilitate mutual understanding with Directors, the department in charge of internal auditing, and other employees, strove to collect information and establish an environment for auditing, and performed audits using the methods below. Regarding the results of their investigations or audit activities, each Corporate Auditor provided opinions to Directors and those in charge of various departments as necessary.
 - (i) Each Corporate Auditor attended meetings of the Board of Directors and other important meetings, received reports from Directors and other employees on the status of their performance of duties and requested explanations as necessary, inspected documents regarding important decisions and the like, and investigated the status of the business operations and assets at Head Office and major business locations. With respect to the subsidiaries, they took steps to facilitate mutual understanding and information exchange with Directors, Corporate Auditors, etc., at each subsidiary, received reports from subsidiaries on their respective businesses periodically, and investigated as necessary.
 - (ii) Each Corporate Auditor discussed the audit plan with the department in charge of internal auditing in advance and received explanations on the results of audits, and regarding matters mentioned in audits, each Corporate Auditor confirmed that they had been rectified in a timely manner.
 - (iii) Each Corporate Auditor received reports on a regular basis from the Directors and employees, etc., requested explanations as necessary, and provided opinions with respect to matters mentioned in the business report. Such matters consist of the contents of the Board of Directors' resolutions regarding the development and maintenance of the system to ensure that the Directors' performance of their duties complied with applicable laws and regulations and the Articles of Incorporation of the Company and other systems that are set forth in Article 100, paragraphs (1) and (3) of the Ordinance for Enforcement of the Companies Act of Japan as being necessary for ensuring the appropriateness of the corporate affairs of the corporate group consisting of a joint stock company (kabushiki kaisha) and its subsidiaries, and the systems developed and maintained based on such resolutions (internal control systems). Regarding internal control over financial reporting, each Corporate Auditor received reports from Directors and others as well as KPMG AZSA LLC concerning the evaluation of said internal control and the audit status, and requested explanations as necessary.
 - (iv) Each Corporate Auditor monitored and verified whether the Accounting Auditor maintained its independence and properly conducted its audit, received a report from

the Accounting Auditor on the status of its performance of duties, and requested explanations as necessary. In addition, each Corporate Auditor was informed of the establishment of the “System for ensuring that duties are performed appropriately” (matters stipulated in the items of Article 131 of the Corporate Calculation Regulations) in accordance with “Standards for the Quality Control of Audits” (Business Accounting Council), etc. by the Accounting Auditor and requested explanations as necessary.

Based on the above-described methods, each Corporate Auditor examined the business report and the supplementary schedule thereto, non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets, and notes to non-consolidated financial statements) and the supplementary schedule thereto, as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and notes to consolidated financial statements), for the fiscal year under consideration.

2. Results of Audits

(1) Results of Audit of Business Report, etc.

- (i) We acknowledge that the business report and the supplementary schedule thereto fairly present the status of the Company in conformity with the applicable laws and regulations and the Articles of Incorporation of the Company.
- (ii) We acknowledge that no misconduct or material fact constituting a violation of any law or regulation or the Articles of Incorporation of the Company was found with respect to the Directors’ performance of their duties.
- (iii) We acknowledge that the Board of Directors’ resolutions with respect to the internal control systems are appropriate. We did not find any matter to be mentioned with respect to the contents in the business report and Directors’ performance of their duties concerning the internal control systems, including internal control over financial reporting.

As stated in the Business Report, the Group was found to have engaged in inappropriate conduct in relation to some of its businesses and products, including marine engines, flammable waste incineration facilities, sewage treatment facilities, bridges, casting products, and special valves. As such, an investigation by a Special Investigation Committee was implemented, and the Group received from the Committee the investigation results and recommendations for measures to prevent recurrence regarding inappropriate conduct in relation to the marine engine business on March 25, 2025, as well as for other inappropriate conduct on April 30, 2025. In response to these incidents of inappropriate conduct, the Company set measures to prevent recurrence and amended its Basic Policy on Internal Controls on April 23, 2025. Additionally, the Company is developing more effective measures to prevent recurrence based on the recommendations provided. The Board of Corporate Auditors will continue to monitor and verify the progress of measures to prevent recurrence.

(2) Results of Audit of Non-consolidated Financial Statements and Their Supplementary Schedules

We acknowledge that the methods and results of audit performed by the Accounting Auditor KPMG AZSA LLC are appropriate.

(3) Results of Audit of Consolidated Financial Statements

We acknowledge that the methods and results of audit performed by the Accounting Auditor KPMG AZSA LLC are appropriate.

May 16, 2025

The Board of Corporate Auditors, Kanadevia Corporation		
Full-time Corporate Auditor	Kazuhisa Yamamoto	(Seal)
Full-time Corporate Auditor	Masayuki Morikata	(Seal)
Outside Corporate Auditor	Hirofumi Yasuhara	(Seal)
Outside Corporate Auditor	Koji Inada	(Seal)