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CORPORATE GOVERNANCE

Last updated: February 3, 2026

Kanaden Corporation

Futoshi Moriya, President (Representative Director)

Contact: General Affairs Division

Securities Code: 8081

<https://www.kanaden.co.jp>

The status of the Company's corporate governance is as described below.

I. Basic Viewpoint Concerning Corporate Governance, and Capital Structure, Corporate Attributes and Other Basic Information

I. 1. Basic Viewpoint

The Company recognizes that enhancing corporate governance is one of the most important management issues as a foundation for the KANADEN group to realize sustainable growth, increase corporate value over the medium to long term, and fulfill its responsibilities to its diverse stakeholders. Based on this basic approach, we are working to enhance our corporate governance system.

[Reasons why the Company does not enforce the Principles of the Corporate Governance Code]

The Company continues to take initiatives on corporate governance based on the Basic Viewpoint described above and is in compliance with each of the items of the Corporate Governance Code. Therefore, the Company recognizes that there is no item to be stated here.

[Disclosure Based on the Principles of the Corporate Governance Code]

[Principle 1-4 Cross-shareholdings]

(1) Policy on cross-shareholdings of listed companies

The Company has been reducing its cross-shareholdings based on the principle that it does not hold shares that do not make sense to hold, after verifying the necessity for business operations and appropriateness of its holdings according to the status of transactions and other factors, and examining, on an annual basis, the significance of its holdings by comprehensively taking into account the risks, capital costs and other factors.

In FY2024, the Company sold two unlisted stocks for approximately 12 million yen (market value at the time of sale).

As of the end of FY2024, the ratio of policy shareholdings to net assets was 7.2%.

Information on the number of shares and balance sheet amounts of specified investment stocks by issue is included in the Securities Report.

Securities Report

<https://www.kanaden.co.jp/ir/library/securities-report/>

(2) Standards for exercising voting rights for shares held

The Company exercises its voting rights based on a comprehensive judgment of the reasonableness of the proposals made by the company whose shares it holds from the perspective of enhancing corporate value.

[Principle 1-7 Related Party Transactions]

In the Rules for the Board of Directors, it is provided that competing and conflict-of-interest transactions by Directors are matters to be resolved by the Board of Directors.

In addition, the Company periodically investigates the existence of transactions between related parties, such as Directors and their close relatives, and the Company.

In transactions with major shareholders and others, the Company appropriately determines prices and other terms and conditions for net sales, purchases and purchase discounts after negotiations with reference to actual market conditions.

[Supplementary Principle 2-4-1 Ensuring Diversity within the Company, Including Promotion of Active Participation by Women]

The Company conducts hiring, personnel development and appointment to key positions in accordance with its Human Resource Policy. The Human Resource Policy, human resource development, and workplace environment initiatives are disclosed on the Company website.

<https://www.kanaden.co.jp/sustainability/esg/social/>

Percentage of women in managerial positions and their appointment (promotion of active participation by female employees)

As of March 2025, the percentage of women in managerial positions in the Company is currently 0.8%. The Company is working to reform its human resource system and improve the work environment with the goal of increasing the percentage of women in managerial positions to 10% by March 2030.

In addition, as part of the initiatives toward increasing the percentage of women in managerial positions, the Company sets out in its General Employer Action Plan a goal to increase female employees who are candidates for managerial positions by 30% over a period of two years from April 1, 2024 to March 31, 2026 and is working on abolishing the job group system while enhancing the training system.

Percentage of foreign nationals in managerial positions and their appointment

Although there are currently no foreign nationals in managerial positions in the Company as of March 2025, the Company treats them fairly without discriminating on the basis of nationality when recruiting and appointing them to management positions. In order to further strengthen its competitiveness in an increasingly globalized business environment, the Company places a high priority on recruiting and developing global human resources.

Percentage of mid-career hires in managerial positions and their appointment

As of March 2025, the percentage of mid-career hires in managerial positions in the Company is 11.8%.

Two of the six Executive Officers are mid-career hires. (As of June 30, 2025)

The Company will continue to actively recruit and appoint personnel with diverse experience and perspectives.

[Principle 2-6 Fulfillment of Functions of Corporate Pension Funds as Asset Owners]

The Company has introduced a defined contribution (DC) pension plan, in order to reduce future risk in corporate accounting and facilitate flexible asset formation by employees in ways suited to their own life plans. The Company selects appropriate operational institutions with advanced specialist expertise to which to entrust operation, recording, and asset management related to the plan. The Company also continuously provides investment education related to asset formation to employees every year.

[Principle 3-1 Enhancement of Information Disclosure]

(1) Company objectives (e.g., management philosophy), business strategies and business plans

Corporate Philosophy

The KANADEN Group has established the following mission and vision as its corporate philosophy:

Mission (raison d'être): Opening the Future with Technology and Ingenuity

We will lead the way to a better future with solutions that combine the technology and ingenuity of the KANADEN Group and its partner companies.

Vision (ideal state): Creating New Value for Society

We will develop business activities as a group that constantly creates new value for our customers, partner companies, and ultimately society.

Corporate Philosophy

<https://www.kanaden.co.jp/corporate/philosophy/>

Materiality (Material issues)

We identify and disclose material issues for achieving sustainable growth for the Group as the KANADEN Group's materiality. By sincerely addressing each materiality, we will be able to resolve social issues and achieve sustainable growth for the Group.

For further information, please refer to the Company website.

Materiality

<https://www.kanaden.co.jp/sustainability/materiality/>

Medium-Term Management Plan (ES-C2025)

The KANADEN Group has been promoting the "Electronic Solutions • Company 2025" five-year Medium-term Management Plan since FY2021. Under the basic policy of "become an Electronics Solutions Company that contributes to solving social issues and realizes sustainable growth through SDG initiatives," we are working on various measures to achieve our numerical targets for the final fiscal year of the plan as follows: (1) operating profit of 5.7 billion yen, (2) operating profit ratio of 4.5%, (3) ROE of 8.0% or more, and (4) net sales of 10 billion yen from strategic investments.

For further information, please refer to the Company website.

Medium-term Management Plan

<https://www.kanaden.co.jp/ir/plan/>

(2) Basic viewpoint and policies on corporate governance

Please refer to “I. 1. Basic Viewpoint” in “I. Basic Viewpoint Concerning Corporate Governance, and Capital Structure, Corporate Attributes and Other Basic Information.”

(3) Policies for determining executive remuneration, etc.

Please refer to “II. 1. [Director remuneration].”

(4) Policies and Procedures for nominating and appointing Directors and Audit & Supervisory Board Members

The Company comprehensively assesses whether a person has the personality, insights and business and professional experience appropriate for supervising management. The Company nominates candidates for Directors after consultation with the Nomination and Compensation Advisory Committee, and nominates candidates for Audit & Supervisory Board Members after obtaining the approval of the Audit & Supervisory Board.

In addition, the Nomination and Compensation Advisory Committee comprehensively assesses whether a person has the personality, insights and business and professional experience appropriate for serving as the head of an operating division, and appoints persons with sufficient ability as Executive Officers.

(5) Reasons for nominating and appointing Directors and Audit & Supervisory Board Members

The background and reasons for appointing Directors and Audit & Supervisory Board Members are disclosed in the “Notice of General Meeting of Shareholders.”

Notice of General Meeting of Shareholders

<https://www.kanaden.co.jp/ir/stocks/meeting/>

[Supplementary Principle 3-1-3 Disclosure of Sustainability]

The Company recognizes Environment (E), Society (S) and Governance (G) as key management issues and engages in various initiatives under its Sustainability Policy.

Sustainability Policy

We will be highly mindful of and practice sustainability in all of our corporate activities, with the goal of realizing a sustainable society and increasing our corporate value as an electronics solutions company.

i. We will work to resolve social and environmental issues through actions towards the achievement of the Sustainable Development Goals (SDGs) and through this achieve sustainable growth.

We will ubiquitize energy efficient devices and expand the renewable energy business to help achieve a low-carbon emission, recycling-oriented society.

We will contribute to the development of a safe and secure society through the social infrastructure business and the provision of solutions that monitor, prevent and mitigate natural disasters.

ii. We will implement fair and impartial management to earn the trust of society.

We will live up to the trust and expectations of all stakeholders through proper communication.

We will observe laws and regulations and respect social norms as we conduct conscientious corporate activities.

To strengthen its sustainability efforts, the Company established a Sustainability Committee chaired by the representative director. The committee holds regular meetings to assist the Board of Directors in making

appropriate decisions and providing proper oversight with regard to sustainability. Members conduct research on sustainability to deepen their insight, and the results of the committee's intensive deliberations are reported to the Board of Directors.

Recognizing that the issue of climate change is a top priority, the Committee will also consider disclosure in line with the TCFD framework.

Details of the efforts are disclosed in the Securities Report and on the Company website.

Securities Report

<https://www.kanaden.co.jp/ir/library/securities-report/>

Sustainability Initiatives

<https://www.kanaden.co.jp/sustainability/>

Human Capital Initiatives

<https://www.kanaden.co.jp/sustainability/esg/social/>

In addition, as a trading company, the Company has an extremely small number of items of intellectual property that are protected by patent law and other laws. However, it is essential for the Company to further develop its technologies and know-how, which have been cultivated over many years, in order to pursue sustainability, and the Company considers such matters to be intellectual property and intangible assets that are a source of its competitiveness. The Company works to further strengthen its competitiveness by digitizing and utilizing data through KANADEN DX, which the Company is currently working on.

[Supplementary Principle 4-1-1 Matters to Be Decided by the Board of Directors, etc.]

Please refer to "II. 2."

[Principle 4-9 Criteria for Independence of Independent Outside Directors]

The Company expects Outside Directors to supervise its management from a high-level perspective backed by their experience, and the basic policy is to comprehensively assess whether they have the personality, insights, and business and professional experience appropriate for said role, and to nominate candidates who are sufficiently capable and independent and have no potential conflicts of interest with general shareholders.

In addition, the Independence Criteria for Independent Outside Directors are the same as the requirements for independent officers under the rules of the Tokyo Stock Exchange, and the Company believes that sufficient independence can be ensured.

[Principle 4-10-1 Use of Voluntary Mechanisms]

Please refer to "II. 1. [Establishment of voluntary committee, structure, and attributes of chairperson]."

[Supplementary Principle 4-11-1 Views on the Balance of Knowledge, Experience and Abilities, Diversity and Size of the Board of Directors as a Whole]

The Board of Directors consists of seven Directors, including three Independent Outside Directors, to ensure swift and accurate management decisions.

As a general rule, candidates for Directors are selected from among Executive Officers who possess the knowledge and capability to make comprehensive judgements based on business experience gained in operating divisions and corporate divisions, taking into account the balance of the Board of Directors as a whole, and the

Company recommends candidates after consulting the Nomination and Compensation Advisory Committee.

Candidates for Independent Outside Directors should be those who have experience in management at other companies, as well as those who possess a high level of knowledge that contributes to corporate management, including finance, legal affairs and ICT.

The major professional experience of each Director is disclosed in the “Notice of General Meeting of Shareholders” and the Integrated Report.

Notice of General Meeting of Shareholders

<https://www.kanaden.co.jp/ir/stocks/meeting/>

Integrated Report

<https://www.kanaden.co.jp/ir/library/kanaden-report>

[Supplementary Principle 4-11-2 Concurrent Positions Held by Directors and Executive Officers at Other Listed Companies]

The status of significant concurrent positions held by Directors is disclosed annually in the Notice of General Meeting of Shareholders and such.

Notice of General Meeting of Shareholders

<https://www.kanaden.co.jp/ir/stocks/meeting/>

[Supplementary Principle 4-11-3 Analysis and Evaluation of the Effectiveness of the Board of Directors]

(1) Outline and Process of Evaluation

The Chairman of the Board of Directors conducts a written survey of each director and auditor regarding the effectiveness of the Board of Directors, and the Board of Directors discusses and deliberates the results, which are disclosed on the Company's website .

The written survey consists of a total of 25 questions in accordance with the following questionnaire items, which are rated on a six-point scale and evaluated by free writing.

- a. Composition of the Board of Directors
- b. Operation of the Board of Directors
- c. Roles and responsibilities of the Board of Directors
- d. Functioning of the Board of Directors (use of voluntary committees)
- e. Support system for the Board of Directors

(2) Summary of evaluation results for FY2024 and future actions

In the effectiveness evaluation conducted in FY2024, the average score was 3.8 out of 6 levels (0 to 5), We believe that the Company's Board of Directors is generally effective. Improvements since last year include the evolution of the efforts of the Succession Plan Committee established in 2024, the enhancement of the content of internal information provided, and the acceleration of sustainability initiatives through the identification of material

properties. On the other hand, the survey also pointed to future issues such as increasing the ratio of outside directors, utilization of external

organizations, and group governance including overseas subsidiaries and affiliates.

Based on these results, this fiscal year we will focus on examining the future composition of the Board of Directors and strengthening group governance, including domestic and overseas affiliates.

For more details, please refer to the Company's website.

Governance

<https://www.kanaden.co.jp/sustainability/esg/governance/>

[Supplementary Principle 4-14-2 Policies for Training for Directors and Executive Officers]

The Company provides compliance education and training for Directors and Audit & Supervisory Board Members so that they can appropriately fulfill their roles and responsibilities.

In addition, the Company provides training to Executive Officers, who are candidates for Directors, on the roles, responsibilities and responses, etc. required of senior management.

[Supplementary Principle 5-1 Policies for Constructive Dialogue with Shareholders]

The Company's basic policy is to accurately disclose management information, such as the financial condition and status of its business activities, to shareholders and investors, clearly communicate its corporate philosophy and management policy, and take seriously any opinions or criticisms that may arise from such information.

Under this basic policy, the Director and General Manager of the Administration Division is in charge of dialogue with shareholders and investors, and the department in charge is the Financial Planning Section, Finance Department, Administration Division.

In addition to engaging with individual shareholders and investors, we regularly hold earnings briefings for institutional investors and company information sessions for individual investors. We also conduct an annual shareholder survey to gather a wide range of opinions and suggestions from our shareholders, which we incorporate into our business activities and investor relations efforts.

The Company strictly manages insider information in its dialogue with shareholders and investors and in information disclosure in accordance with the Disclosure Policy.

[Action to Implement Management That Is Conscious of Cost of Capital and Stock Price]

Description	Disclosure of Efforts (Update)
Disclosed in English	Yes
Last Update	December 24, 2025

Explanation of the relevant items

The Company has set the following numerical targets for fiscal 2025 in its Medium-to-Long-Term Management Plan (ES・C2025):

- ① Operating profit of ¥5.7 billion,
- ② Operating profit margin of 4.5% or higher,

- ③ ROE of 8.0% or higher,
- ④ Generation of ¥10 billion in sales through strategic investments, etc.

We recognize our cost of capital to be approximately 7.0%, calculated using CAPM. We believe that consistently achieving ROE above this cost of capital will lead to an improvement in PBR.

<Summary>

1. Optimizing the Business Portfolio

We will appropriately allocate management resources to profitable businesses while strengthening our earnings structure by reviewing low-margin operations. In the FA Systems and Information & Communication Devices businesses, we aim to expand scale through M&A and enhanced technological capabilities. In the Building Equipment and Infrastructure businesses, we will focus on improving profit margins through cross-departmental collaboration and developing value-added businesses. We will generate stable cash flow by forming an optimal business portfolio.

2. Strengthening the Growth Foundation through Proactive Investment

We are investing the generated cash flow into proactive growth investments. During this mid-term management plan period, we plan to invest ¥9 billion in growth initiatives. By making effective capital investments, mindful of the cost of capital, in human capital, intellectual capital, and social capital—the sources of value creation—we will strengthen our Group's growth foundation and create a virtuous cycle that generates new value.

3. Enhancing Shareholder Returns

To reliably advance “sound management” that combines solidity and growth potential, we secure the internal reserves necessary for future business development and strengthening our corporate structure, we position returning profits to our shareholders as one of our most important management priorities. For dividends, we will implement a progressive dividend policy, maintaining or increasing annual dividends in principle without reducing them, while using a consolidated dividend payout ratio of 40% as a benchmark indicator. Furthermore, we will flexibly implement share buybacks after comprehensively assessing financial soundness and capital efficiency.

<Disclosure Documents>

For more details, please refer to the documents posted on our website.

- First Half of Fiscal Year Ending March 2026 Earnings Announcement (November 24, 2025)

<https://www.kanaden.co.jp/ir/library/results-briefing/#librarys>

- Integrated Report「KANADEN REPORT 2025」

<https://www.kanaden.co.jp/en/ir/library/kanaden-report/>

I. 2. Capital Structure

Shareholding ratio of foreigners	10% or more but less than 20%
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[Major shareholders]

Name	Number of shares held (shares)	Percentage (%)
Mitsubishi Electric Corporation	4,720,000	21.17
Kanaden Corporation Client Stock Ownership Association	3,047,300	13.67
The Master Trust Bank of Japan, Ltd. (trust account)	1,446,700	6.49
Kanaden Corporation Employee Stock Ownership Association	853,668	3.83
Mitsubishi Logistics Corporation	656,329	2.94
BBH BOSTON FOR NOMURA JAPAN SMALLER CAPITALIZATION FUND 620065	454,900	2.04
DFA INTL SMALL CAP VALLUE PORTFOLIO	280,896	1.26
Sansei Technos Co., Ltd.	226,000	1.01
Custody Bank of Japan, Ltd. (trust account)	222,700	1.00
JP MORGAN CHASE BANK 385781	199,043	0.89

Controlling shareholder (except for the parent company)	—
Parent company	None

Supplementary explanation

Notes)

- 1 The Company holds 204,161 shares of treasury stock but is excluded from the above major shareholders.
- 2 The shareholding ratio is calculated after deducting treasury shares (204,161 shares).
- 3 The status of major shareholders is based on figures in the shareholder register as of September 30, 2025.

I. 3. Corporate Attributes

Listed exchange and market category	Tokyo Prime
Fiscal year-end	March
Industry	Wholesale
Number of employees (consolidated) as of the end of the previous fiscal year	500 employees or more but less than 1000 employees
Net sales (consolidated) as of the end of the previous fiscal year	100 billion yen or more but less than 1 trillion yen
Number of consolidated subsidiaries as of the end of the previous fiscal year	10 companies or more but less than 50 companies

I. 4. Guidelines on Measures to Protect Minority Shareholders in Conducting Transactions, etc. with Controlling Shareholders

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I. 5. Other Special Circumstances That May Have a Material Impact on Corporate Governance

Mitsubishi Electric Corporation, which is the Company's "other" affiliate, holds 21.17% of the Company's shares, and the Company is Mitsubishi Electric Corporation's affiliate accounted for by the equity method. The Company invites one Audit & Supervisory Board Member (Outside) and one person on secondment from the said firm.

In addition, Mitsubishi Electric Corporation is a major supplier of our sales divisions and our key business partner, and accounts for 3.07% of the Company's net sales and 51.56% of our purchases. The Company has concluded a distribution contract with the said firm and maintains a stable business relationship. Transaction prices are determined based on negotiations on prices related to net sales, purchases and purchase discounts and other terms of transactions in consideration of prevailing market conditions.

Mitsubishi Electric Corporation places no business restrictions on the Company, and we pursue business activities based on our own management decisions.

II. Business Management Organization and Other Corporate Governance Systems Concerning Management Decision-Making, Execution and Supervision

II. 1. Matters Concerning Institutional Structure, Organizational Management and Others

Organizational form	Company with Audit & Supervisory Board
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[Directors]

Number of Directors as stipulated in the Articles of Incorporation	9 persons
Term of office of Directors as stipulated in the Articles of Incorporation	1 year
Chairperson of the Board of Directors	President
Number of Directors	7 persons
Appointment of Outside Directors	Appointed
Number of Outside Directors	3 persons
Number of Outside Directors designated as Independent Officers	3 persons

Relationship with the Company (1)

Name	Attributes	Relationship with the Company (*)										
		a	b	c	d	e	f	g	h	i	j	k
Yoshiro Nagashima	Other											
Yayoi Ito	Other											
Tomoe Imado	Lawyer											

* Items to be selected concerning Relationship with the Company

* Select "○" if the relevant item presently applies or has recently applied to the person or "△" if the item applied to the person in the past

* Select "●" if the relevant item presently applies or has recently applied to a close relative or "▲" if the item applied to a close relative in the past

a An executive of a listed company or its subsidiary

b An executive or non-executive director of the parent company of a listed company

- c An executive of a fellow subsidiary of a listed company
- d A person whose major business partner is a listed company or an executive thereof
- e A major business partner of a listed company or an executive thereof
- f A consultant, accounting professional or legal professional who receives a large sum of money or other assets, other than executive remuneration, from a listed company
- g A major shareholder of a listed company (If the major shareholder is a corporation, an executive thereof)
- h An executive of a business partner of a listed company (Those who do not fall under any of d, e and f) (only the individual him/herself)
- i An executive of a company that has an arrangement for the mutual appointment of outside officers (only the individual him/herself)
- j An executive of a company to which a listed company makes a donation (only the individual him/herself)
- k Other

Relationship with the Company (2)

Name	Independent officer	Supplementary explanation of applicable items	Reasons for appointment
Yoshiro Nagashima	○	—	<p>In addition to his experience as a corporate manager, Yoshiro Nagashima has served as an Audit & Supervisory Board Member as well as an Outside Director of listed companies, and the Company has appointed him expecting that he will provide appropriate advice on business and financial strategies.</p> <p>In addition, we have determined that he meets the requirements for an independent officer and has no risk of having a conflict of interest with general shareholders.</p>
Yayoi Ito	○	—	<p>Although Yayoi Ito has not been involved in corporate management other than in her role as an Outside Director, she has extensive experience and insight regarding business strategies and ICT, and has provided appropriate advice to the Company's management on promoting digital transformation (DX) etc.</p> <p>In addition, we have determined that she meets the requirements for an independent officer and has no risk of having a conflict of interest with general shareholders.</p>
Tomoe Imado	○	—	<p>Although Tomoe Imado has not been involved in corporate management other than in her role as an Outside Director, she is thoroughly familiar with corporate legal affairs as an attorney and has provided appropriate advice at the Company's Board of Directors meetings based on her</p>

			<p>experience of being an outside director at listed companies.</p> <p>In addition, we have determined that she meets the requirements for an independent officer and has no risk of having a conflict of interest with general shareholders.</p>
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Voluntary committee equivalent to a nomination committee or compensation committee	Yes
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Establishment of voluntary committee, structure, and attributes of chairperson

	Name of the committee	All members (persons)	Full-time member (persons)	Inside Director (persons)	Outside Director (persons)	Outside expert (persons)	Others (person)	Chairperson
Voluntary committee equivalent to a nomination committee	Nomination and Compensation Advisory Committee	4	1	1	3	0	0	Outside Director
Voluntary committee equivalent to a compensation committee	Nomination and Compensation Advisory Committee	4	1	1	3	0	0	Outside Director

Supplementary explanation

Overview of the Nomination and Compensation Advisory Committee

[Objective]

In FY2018, the Company established the Nomination and Compensation Advisory Committee to further enhance corporate governance by enhancing the fairness, transparency and objectivity of the procedures relating to the nomination of Directors and Executive Officers and the remuneration, etc. for Directors.

[Structure]

In order to ensure independence and neutrality, the Committee is chaired by an Independent Outside Director, and the majority of its members are appointed from among Outside Directors. The Committee consists of four members: three Outside Directors (Chairperson: Yoshiro Nagashima, Committee Members: Yayoi Ito, Tomoe Imado) and one Inside Director (Committee Member: Nobuhiro Kuroda).

[Status of activities]

The Committee discusses and makes recommendations on the appointment and dismissal of Directors and Executive Officers, formulation of a succession plan and the remuneration, etc. for Directors based on consultation with the Board of Directors or the Representative Director.

Attendance of members of the Nomination and Compensation Advisory Committee at the meetings held in FY2024

Name	Attendance
Yoshiro Nagashima (Outside Director)	Attended three out of three meetings

Yayoi Ito (Outside Director)	Attended three out of three meetings
Tomoe Imado (Outside Director)	Attended three out of three meetings
Hironori Saigusa (Inside Director)	Attended three out of three meetings

- * Director Hironori Saegusa retired due to expiration of his term of office at the conclusion of the 175th Ordinary General Meeting of Shareholders held on June 27, 2025.

[Audit & Supervisory Board Members]

Establishment of Audit & Supervisory Board	Established
Number of Audit & Supervisory Board Members as stipulated in the Articles of Incorporation	4 persons
Number of Audit & Supervisory Board Members	3 persons

Cooperation among Audit & Supervisory Board Members, Accounting Auditors and Internal Auditing Division

The Audit & Supervisory Board and Accounting Auditor regularly exchange opinions.

The Internal Auditing Division is responsible for reporting to Audit & Supervisory Board Members on matters that have a significant impact on the Company and the KANADEN Group, the status of audits, and other matters important for compliance.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	2 persons
Number of Outside Audit & Supervisory Board Members designated as Independent Officers	2 persons

Relationship with the Company (1)

Name	Attributes	Relationship with the Company (*)												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Yoshikuni Noguchi	Certified Public Accountant							○		○				
Chieko Ogawa	Certified Public Accountant													

- * Items to be selected concerning Relationship with the Company
- * Select “○” if the relevant item presently applies or has recently applied to the person or “△” if the item applied to the person in the past
- * Select “●” if the relevant item presently applies or has recently applied to a close relative or “▲” if the item applied to a close relative in the past
- a An executive of a listed company or its subsidiary
- b A non-executive director or an accounting advisor of a listed company or its subsidiary
- c An executive or non-executive director of the parent company of a listed company
- d An auditor of the parent company of a listed company
- e An executive of a fellow subsidiary of a listed company

- f A person whose major business partner is a listed company or an executive thereof
- g A major business partner of a listed company or an executive thereof
- h A consultant, accounting professional or legal professional who receives a large sum of money or other assets, other than executive remuneration, from a listed company
- i A major shareholder of a listed company (If the major shareholder is a corporation, an executive thereof)
- j An executive of a business partner of a listed company (Those who do not fall under any of f, g and h) (only the individual him/herself)
- k An executive of a company that has an arrangement for the mutual appointment of outside officers (only the individual him/herself)
- l An executive of a company to which a listed company makes a donation (only the individual him/herself)
- m Other

Relationship with the Company (2)

Name	Independent officer	Supplementary explanation of applicable items	Reasons for appointment
Yoshikuni Noguchi	○	—	Although Yoshikuni Noguchi has not been involved in corporate management other than in his role as an Outside Audit & Supervisory Board Member, he is qualified as a certified public accountant and has cultivated extensive knowledge related to finance and accounting by serving roles such as an Outside Audit & Supervisory Board Member for listed companies. He was elected as an outside auditor of the Company in recognition of his knowledge and expertise in management auditing. In addition, we have determined that he meets the requirements for an independent officer and has no risk of having a conflict of interest with general shareholders.
Chieko Ogawa	○	—	Although Chieko Ogawa has not been involved in corporate management other than in her role as an Outside Audit & Supervisory Board Member, she is qualified as a certified public accountant and her cultivated extensive knowledge related to finance

			<p>and accounting by serving roles such as an Outside Audit & Supervisory Board Member for listed companies. She was elected as an outside auditor of the Company in recognition of her knowledge and expertise in management auditing.</p> <p>In addition, we have determined that she meets the requirements for an independent officer and has no risk of having a conflict of interest with general shareholders.</p>
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[Independent Officers]

Number of Independent Officers	5 persons
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Other matters related to Independent Officers

The Company has designated all persons who satisfy the requirements for Independent Officers as Independent Officers.

[Incentives]

Implementation of measures to grant incentives to Directors	Introduction of performance-based remuneration, others
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Supplementary explanation of applicable items

To ensure that the remuneration structure fully functions as an incentive to achieve sustainable growth in corporate value, the Company has established a remuneration structure that is linked to shareholder interests and consists of fixed basic remuneration, performance-based remuneration (bonus), and share remuneration, which contributes to medium- to long-term growth in corporate value.

The Company only pays basic remuneration to Outside Directors in view of the nature of their duties.

For policies for determining the performance-based remuneration (bonus) and share remuneration mentioned above, please refer to “II. 1. [Director remuneration].”

Directors eligible to receive stock options	
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Supplementary explanation of applicable items

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[Director remuneration]

Disclosure (of remuneration for individual Directors)	Individual remuneration not disclosed
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Supplementary explanation of applicable items

Total amount of remuneration, etc. paid to Directors and Audit & Supervisory Board Members in FY2024

	Number of those eligible to receive remuneration	Total amount of remuneration, etc.	Basic remuneration	Bonus	Share remuneration (Performance-based)	Share remuneration (Service-based)
Directors (of those, Outside Directors)	9 persons (3 persons)	257 million yen (25 million yen)	115 million yen (25 million yen)	108 million yen (-)	16 million yen (-)	16 million yen (-)
Audit & Supervisory Board Members (of those, Outside Audit & Supervisory Board Members)	3 persons (2 persons)	24 million yen (12 million yen)	24 million yen (12 million yen)	—	—	—
Total (of those, Outside Officers)	12 persons (5 persons)	281 million yen (37 million yen)	139 million yen (37 million yen)	108 million yen (-)	16 million yen (-)	16 million yen (-)

Notes)

- 1 The above amount paid includes one Director who retired at the conclusion of the 174rd General Meeting of Shareholders held on June 28, 2024.
- 2 The amount paid to Directors does not include employee salaries and bonuses for Directors who also serve as employees.
- 3 Indicators for performance-based remuneration include ordinary profit and others. For the actual results, please refer to II Business Management Organization and Other Corporate Governance Systems Concerning Management Decision-Making, Execution and Supervision, 1. Matters Concerning Institutional Structure, Organizational Management and Others [Director remuneration] “Information disclosed on policies for determining the amount of remuneration and the calculation method thereof.”
- 4 For the conditions and such for the allotment of share remuneration, please refer to II Business Management Organization and Other Corporate Governance Systems Concerning Management Decision-Making, Execution and Supervision, 1. Matters Concerning Institutional Structure, Organizational Management and Others [Director remuneration] “Information disclosed on policies for determining the amount of remuneration and the calculation method thereof.”
- 5 At the 162nd General Meeting of Shareholders held on June 28, 2012, it was resolved that the maximum amount of remuneration for Directors shall be 300 million yen per year (not including employee salaries and bonuses). At the conclusion of said General Meeting of Shareholders, there were nine Directors (of those, one was an Outside Director). In addition to this remuneration limit, at the 168th General Meeting of Shareholders

held on June 20, 2018, it was resolved that the maximum amount of remuneration granted in the form of restricted shares to Directors (excluding Outside Directors) shall be 50 million yen per year. At the conclusion of said General Meeting of Shareholders, there were eight Directors (of those, two were Outside Directors). In addition, at the 171st General Meeting of Shareholders held on June 24, 2021, it was resolved that the restricted share remuneration for Directors (excluding Outside Directors) shall consist of performance-based and service-based remuneration. At the conclusion of said General Meeting of Shareholders, there were nine Directors (of those, three were Outside Directors).

At the 171st General Meeting of Shareholders held on June 24, 2021, it was resolved that, of the restricted share remuneration for Directors (excluding Outside Directors), the maximum amount of performance-based restricted share remuneration shall be 30 million yen per year, and the maximum amount of service-based restricted share remuneration shall be 30 million yen, and the total shall be 50 million yen or less per year. At the conclusion of said General Meeting of Shareholders, there were nine Directors (of those, three were Outside Directors).

- 6 The Nomination and Compensation Advisory Committee makes recommendations to the Board of Directors on the remuneration for individual Directors after a multifaceted review of various matters, including the consistency thereof with the policy for determining remuneration, etc. The Board of Directors then makes decisions by respecting those recommendations. Based on this, the Board of Directors has determined that the remuneration, etc. for individual Directors is in line with the basic policy and the policy for determining remuneration.
- 7 At the 162nd General Meeting of Shareholders held on June 28, 2012, it was resolved that the maximum amount of remuneration for Audit & Supervisory Board Members shall be 50 million yen per year. At the conclusion of said General Meeting of Shareholders, there were four Audit & Supervisory Board Members.
- 8 The Company lifted the restriction on transfer of shares with service conditions granted to two Directors who retired at the 175th Ordinary General Meeting of Shareholders during his term of office. The performance-linked transfer restriction was lifted for the former director. The restriction on the transfer of performance-based restricted stock for this former director will continue until the end of the medium-term management plan (fiscal 2021 to 2025).

Policies for determining the amount of remuneration and the calculation method thereof	Yes
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Information disclosed on policies for determining the amount of remuneration and the calculation method thereof

With respect to the remuneration, etc. for Directors and Audit & Supervisory Board Members, the maximum amount of remuneration is determined for each of the Directors and Audit & Supervisory Board Members by resolution of the General Meeting of Shareholders.

The policy for determining remuneration, etc. for Directors is as follows.

1. Basic Policy

To ensure that the remuneration structure for Directors of the Company fully functions as an incentive to achieve sustainable growth in corporate value, the Company has established a remuneration structure that is linked to shareholder interests. The basic policy for determining remuneration for individual Directors is to set a level that is appropriate in light of their position and earnings performance. Specifically, Director remuneration consists of three components: basic remuneration, which is fixed remuneration; performance-based remuneration, etc.; and share remuneration. However, only basic remuneration is paid to Outside Directors in view of the nature of their duties.

2. Policies for Determining the Amount of Basic Remuneration (Monetary Remuneration) for Individual Directors (Including Policies for Determining the Time or Conditions for Paying Remuneration, etc.)

Basic remuneration for the Directors of the Company consists of fixed monthly remuneration at a level appropriate for their position, which is determined comprehensively by taking into account objective remuneration survey data (such as industry, business category, net sales, market capitalization, and number of employees) obtained from specialized external third-party organizations, and the salary level of employees.

3. Policies for Determining the Content of Performance-based Remuneration and Non-monetary Remuneration, and the Method of Calculating the Amount or Volume (Including Policies for Determining the Time or Conditions for Paying Remuneration, etc.)

A certain percentage of consolidated ordinary profit in each fiscal year is used as the source of funds for performance-based remuneration, etc., and the remuneration is paid as a bonus on a fixed date every year.

The amount of remuneration for each Director is determined on the basis of his/her contribution to earnings performance and his/her position.

Non-monetary remuneration, etc. is provided in the form of restricted share remuneration.

< Details of restricted share remuneration >

(1) Overview

With respect to restricted shares granted to Directors (hereinafter referred to as “eligible Directors”), excluding Outside Directors, (a) Shares for which transfer restrictions will be lifted “contingent on the degree of achievement of the management target values set in advance by the Board of Directors of the Company for each target in the medium-term management plan” (hereinafter referred to as the “performance-based restricted share remuneration”) and (b) Shares for which transfer restrictions will be lifted “contingent on an Eligible Director continuing to hold the position of Director of the Company or other position stipulated by the Board of Directors during the transfer restriction period (hereinafter referred to as the “service-based restricted share remuneration”) coexist.

(2) Maximum amount and maximum number of restricted shares to be granted to eligible Directors

For the total amount of common shares of the Company to be issued and disposed of to eligible Directors as restricted shares, the maximum amount of performance-based restricted share remuneration shall be 30 million yen per year, and the maximum amount of service-based restricted share remuneration shall be 30 million yen, and the total shall be 50 million yen or less per year.

For the total number of common shares of the Company to be issued and disposed of accordingly, the maximum number of shares granted as performance-based restricted share remuneration shall be 60 thousand shares per year, and the maximum number of shares granted as service-based restricted share remuneration shall be 60 thousand shares per year, and the total shall be 100 thousand shares or less per year.

The Board of Directors determines the specific allocation to each eligible Director.

The grant of restricted shares involves the issuance of common shares or the disposal of treasury shares as remuneration, etc. for Directors of the Company and requires no payment of money, etc. The amount of remuneration for eligible Directors is calculated based on the closing price per share of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the Board of Directors resolution.

(3) Overview of performance-based restricted shares to be granted to eligible Directors

In granting performance-based restricted shares, the Company and eligible Directors are to enter into an agreement for the allotment of restricted shares (hereinafter referred to as "Allotment Agreement 1"), which includes the following:

- a. A stipulation that eligible Directors shall not transfer, create a security interest over or otherwise dispose of the common shares of the Company allotted under the Allotment Agreement 1 (hereinafter referred to as "Allotted Shares 1") during the transfer restriction period. (hereinafter referred to as "Transfer Restrictions 1")

The transfer restriction period is one to five years, as determined by the Board of Directors, depending on the period covered by the Medium-Term Management Plan.

- b. Depending on the degree of achievement of the management target values set in advance by the Board of Directors of the Company for each of the target medium-term management plans, the Transfer Restrictions 1 will be lifted for all or part of the Allotted Shares 1 upon the expiration of the transfer restriction period, and thereafter, eligible Directors will be free to transfer, etc. the Allotted Shares 1 for which the Transfer Restrictions 1 have been lifted.

- c. If, before the expiration of the transfer restriction period, an eligible Director loses his/her position as a Director of the Company, the Company shall rightfully acquire the Allotted Shares 1 without compensation, except where there are reasons deemed justifiable by the Board of Directors of the Company.

On the other hand, in the event that an eligible Director loses his/her position as a Director of the Company due to reasons deemed justifiable by the Board of Directors of the Company, the Company shall lift the Transfer Restrictions 1 for all or part of the Allotted Shares 1 upon the expiration of the transfer restriction period.

- d. Upon the expiration of the transfer restriction period, the Company shall rightfully acquire, without compensation, the Allotted Shares 1 for which the Transfer Restrictions 1 have not been lifted in accordance with the provisions of b. and c. above.

- e. If, during the transfer restriction period, a merger agreement under which the Company will be an absorbed company, a share exchange agreement under which the Company will become a wholly owned subsidiary, a share transfer plan, or any other matter relating to a reorganization is approved at a General Meeting of Shareholders of the Company, prior to the effective date of the reorganization, etc., the Company shall, by a resolution of the Board of Directors of the Company, lift the Transfer Restrictions 1 for all of the Allotted Shares 1 held by eligible Directors on the date of the approval of the reorganization, etc.

- f. In the case described in e. above, the Company shall rightfully acquire, without compensation, the Allotted Shares 1 for which the Transfer Restrictions 1 have not been lifted, immediately after the lifting of the Transfer Restrictions 1 in accordance with e. above.

- g. In addition to a. through f. above, the Allotment Agreement 1 sets forth the method of expressing intent and giving notification in relation to the Allotment Agreement 1, the method of revising the Allotment Agreement 1 and other matters prescribed by the Board of Directors.

(4) Overview of service-based restricted shares to be granted to eligible Directors

In granting service-based restricted shares, the Company and eligible Directors are to enter into an agreement for the allotment of restricted shares (hereinafter referred to as “Allotment Agreement 2”), which includes the following:

- a. A stipulation that eligible Directors shall not transfer, create a security interest over or otherwise dispose of the common shares of the Company allotted under the Allotment Agreement 2 (hereinafter referred to as “Allotted Shares 2”) during the transfer restriction period. (hereinafter referred to as “Transfer Restrictions 2”)
The transfer restriction period is one to five years, as determined by the Board of Directors, depending on the period covered by the Medium-Term Management Plan.
- b. If, before the expiration of the transfer restriction period, an eligible Director loses his/her position as a Director of the Company or as personnel stipulated by the Board of Directors of the Company, the Company shall rightfully acquire the Allotted Shares 2 without compensation, except where there are reasons deemed justifiable by the Board of Directors of the Company.
- c. On the condition that an eligible Director has been continuously serving as a Director of the Company or in other positions stipulated by the Board of Directors of the Company during the transfer restriction period, the Company shall lift the Transfer Restrictions 2 for all of the Allotted Shares 2 upon the expiration of the transfer restriction period. However, if, before the expiration of the transfer restriction period, an eligible Director loses any of the positions set forth in b. above due to reasons deemed justifiable by the Board of Directors of the Company as set forth in b. above, the Company shall adjust, as reasonable and necessary, the number of the Allotted Shares 2 for which the Transfer Restrictions 2 are to be lifted and the timing at which the Transfer Restrictions 2 are to be lifted.
- d. Upon the expiration of the transfer restriction period, the Company shall rightfully acquire, without compensation, the Allotted Shares 2 for which the Transfer Restrictions 2 have not been lifted in accordance with the provisions of c. above.
- e. If, during the transfer restriction period, a merger agreement under which the Company will be an absorbed company, a share exchange agreement under which the Company will become a wholly owned subsidiary, a share transfer plan, or any other matter relating to a reorganization is approved at a General Meeting of Shareholders of the Company, prior to the effective date of the reorganization, etc., the Company shall, by a resolution of the Board of Directors of the Company, lift the Transfer Restrictions 2 for all of the Allotted Shares 2 held by eligible Directors on the date of the approval of the reorganization, etc.
- f. In the case described in e. above, the Company shall rightfully acquire, without compensation, the Allotted Shares 2 for which the Transfer Restrictions 2 have not been lifted, immediately after the lifting of the Transfer Restrictions 2 in accordance with e. above.
- g. In addition to a. through f. above, the Allotment Agreement 2 sets forth the method of expressing intent and

giving notification in relation to the Allotment Agreement 2, the method of revising the Allotment Agreement 2 and other matters prescribed by the Board of Directors.

4. Policies for Determining the Ratio of Monetary Remuneration, Performance-based Remuneration, Etc. or Non-monetary Remuneration, Etc. to the Amount of Remuneration, Etc. for Each Director

With respect to the ratio of each type of remuneration for individual Directors, the higher a Director's position, the higher the ratio of performance-based remuneration, which is reviewed by the Nomination and Compensation Advisory Committee. The Board of Directors respects the recommendations of the Nomination and Compensation Advisory Committee and makes decisions on the remuneration, etc. for each Director based on the ratio of each type of remuneration presented in those recommendations.

Position	Basic remuneration	Performance-based bonus	Restricted share remuneration	
			Performance-based	Service-based
President	42.3%	43.5%	7.1%	7.1%
Director with special titles	43.7%	42.7%	6.8%	6.8%
Director	44.9%	41.9%	6.6%	6.6%

Notes 1 Remuneration includes salaries for Directors who also serve as employees. Outside Directors are not included.

2 The above percentages represent the percentages when 100% of the management targets in the ES-C2025 Medium-term Management Plan are achieved. The ratio of remuneration varies depending on the results of earnings performance.

5. Matters Concerning Decisions on the Content of Remuneration, Etc. for Individual Directors

The Company calculates the amounts of basic remuneration for each Director, the extent of each Director's contribution to earnings performance, the bonuses to be allocated according to each Director's position, and the allotment of share remuneration based on internal regulations, and the details shall be reviewed by the Nomination and Compensation Advisory Committee. The Board of Directors respects the recommendations of the Nomination and Compensation Advisory Committee and makes decisions on the remuneration, etc. for each Director.

[Support system for Outside Directors (Outside Audit & Supervisory Board Members)]

The General Affairs Division at the Head Office is responsible for assisting and communicating information to Outside Directors and Outside Audit & Supervisory Board Members whenever necessary or at the request of Outside Directors and Outside Audit & Supervisory Board Members.

[Status of persons who retired from the position of President and Representative Director, etc.]

Names, etc., of advisors, etc., who are former president and representative director, etc.

Name	Nobuyuki Motohashi
Position	Senior Advisor
Duties	Consultation, advice, etc. in response to consultations from the President, etc.

Type and conditions of service (full-time or part-time, with or without remuneration, etc.)	Full-time, with compensation
Date of retirement	June 27, 2025
Term of office	1 year

Total number of advisors, counselors, etc. who are former president and representative director, etc.	1 person
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II. 2. Matters Concerning Functions Such As Business Execution, Audit and Supervision, Nomination, and Remuneration Determination (Overview of Current Corporate Governance System)

The Company has established a corporate governance system as follows. Please refer to V. 2. “Corporate Governance System Chart” of this report for a diagram of this system.

1. Board of Directors

The Board of Directors consists of seven Directors, including three Outside Directors, to ensure swift and appropriate managerial decision-making. It holds ordinary board meetings every month and extraordinary board meetings as needed.

In addition, the Management Meeting has been established as a subsidiary body of the Board of Directors and, in principle, deliberates and makes decisions on important management matters once a week.

Furthermore, the Board of Executive Officers, which is composed of Directors and Executive Officers, regularly meets once a month to request reports on the details of business operations so that management decision-making is accurately reflected in operating divisions.

[Deliberations of the Board of Directors]

In FY2024, the Board of Directors met 13 times in total (of which, one meeting were extraordinary meetings). (Time required for each meeting of the Board of Directors: approximately 1 hour 40 minutes)

The results of deliberations were as follows.

・ Management Policy and Business Strategy

The Board of Directors discussed the annual financial plan, materiality identification, and overseas expansion. Not only financial but also non-financial risks and opportunities in the market environment were identified and reflected in the linkage with each business strategy. Overseas, we discussed initiatives for ASEAN as a whole, with a focus on our India base, which opened in April 2025.

・ (Group) Governance

The Board of Directors held active discussions on next-generation leader development, along with the establishment of the Succession Plan Committee. We also discussed how to strengthen the governance of the group as a whole, including domestic affiliates that have implemented M&A in 2023 and overseas affiliates.

- Strengthening human capital

The Board of Directors discussed the monitoring of the penetration of each system and the strengthening of development and training programs in conjunction with the launch of the new personnel system. The number of training programs for actual executives was also increased and their effectiveness and other issues were discussed.

- Strategic investments (M&A)

The Board of Directors' meeting focused on the business transfer of affiliated companies implemented in September 2024 and M&A in December 2024. We will continue discussions on building synergies with grouped companies and monitoring investment results.

- KANADEN DX

The Board of Directors discussed the effectiveness of the core system, which was renewed in November 2024, and the progress of inside sales. We will also continue discussions on further use of digital marketing, including Ai, and measures for internal penetration.

2. Audit & Supervisory Board

The Audit & Supervisory Board is comprised of three Audit & Supervisory Board Members, including two Outside Audit & Supervisory Board Members. In accordance with the audit policy, etc. it has formulated, Audit & Supervisory Board Members attend meetings of the Board of Directors, the Board of Executive Officers and other key meetings, and carry out audits such as by learning from Directors and other personnel about the status of the performance of their duties and inspecting documents whereby important decisions were made, etc. They also carry out audits, including investigation of operations and assets at the Head Office and principal offices. If necessary, the Board also audits subsidiaries, for example, by asking them for reports on their operations.

3. Accounting Auditor

Deloitte Touche Tohmatsu LLC has been appointed as the Accounting Auditor, but there is no special interest between the Company and Deloitte Touche Tohmatsu LLC or its managing partners engaged in the accounting audit of the Company. In addition, Deloitte Touche Tohmatsu LLC has voluntarily taken measures to ensure that its managing partners are not involved in the Company's accounting audit beyond a certain period of time. The Company has signed an audit agreement with Deloitte Touche Tohmatsu LLC for the audits based on the Companies Act and the Financial Instruments and Exchange Act, and pays fees based on the agreement.

4. Internal Auditing

The Company has set up an Internal Auditing Division. With four staff members, including a chief, it works from a standpoint independent of business execution to check whether the business operations and activities in individual segments comply with laws and regulations, the Articles of Incorporation and internal regulations, and the Company's management policy and business plan and offers specific advice and recommendations in an effort to maintain the soundness of the Company. Internal audits are conducted in accordance with the annual plan. Their results are reported to the Representative Director and Audit & Supervisory Board Members. Management thus understands the implementation status and results thereof, and Executive Officers of audited divisions carry out follow-ups.

5. Voluntary Committee

As for the nomination and remuneration function for Officers, in FY2018, the Company established the Nomination and Compensation Advisory Committee to further enhance corporate governance by enhancing the fairness, transparency and objectivity of the procedures relating to the nomination of Directors and Executive Officers and the remuneration, etc. for Directors. Please refer to “II. 1. [Establishment of voluntary committee, structure, and attributes of chairperson].”

II. 3. Reasons for Adopting the Current Corporate Governance System

The Company has adopted the Audit & Supervisory Board system. In addition, the Executive Officer system allows the Board of Directors to accelerate decision-making and enhance management efficiency by separating management from execution. This Executive Officer system has the confidence of shareholders and is also stipulated in the Articles of Incorporation. In addition, three Outside Directors and three Outside Audit & Supervisory Board Members have been appointed to ensure the transparency and fairness of management.

Furthermore, the Nomination and Compensation Advisory Committee, which is chaired by an Outside Director, has been established to ensure the fairness, transparency and objectivity of the procedures relating to the nomination and remuneration of Directors and Executive Officers.

As such, by clearly separating business execution from auditing and supervision and enforcing controls, the Company's corporate governance system is functioning effectively, and the Company believes that it is the most appropriate system for the Company as of now.

III. Implementation of Measures for Shareholders and Other Stakeholders

III. 1. Initiatives to Revitalize the General Meeting of Shareholders and Facilitate the Exercise of Voting Rights

	Supplementary explanation
Early dispatch of notices of convocation of general meetings of shareholders	A notice of convocation is sent out approximately three weeks prior to the date of the shareholders' meeting. Prior to this, the notice is posted on the Company's website approximately one month prior to the date of the General Meeting of Shareholders to enable shareholders to review the agenda at an early stage.
Exercise of voting rights by electromagnetic means	A system for exercising voting rights by electromagnetic means has been introduced.
Participation in an electronic voting platform and other initiatives to improve the voting environment for institutional investors	The company participates in a voting platform to promote the exercise of voting rights by institutional investors.
Provision of the Notice of General Meeting of Shareholders (summary) in English	An English translation of a summary of the “Notice of General Meeting of Shareholders” is available on the website of the Tokyo Stock Exchange and on the Company website. Notice of General Meeting of Shareholders in English https://www.kanaden.co.jp/en/ir/library/meeting/
Other	The General Meeting of Shareholders is held at a venue in the head office facility in Chuo-ku, Tokyo. A video of the General Meeting of Shareholders is posted on the Company website after the Meeting.

	Video of the General Meeting of Shareholders https://www.kanaden.co.jp/ir/stocks/meeting/
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III. 2. Status of IR Activities

	Supplementary explanation	Explanations by the representative himself
Preparation and publication of disclosure policy	The Company's disclosure policy is posted on the Company website. Disclosure Policy https://www.kanaden.co.jp/ir/disclosure-policy/	
Holding of regular briefings for individual investors	The Company holds company briefings for individual investors. The Company also posts materials and videos of company briefings on the Company website. Company briefings for individual investors https://www.kanaden.co.jp/ir/investor/	Yes
Holding of regular briefings for analysts and institutional investors	The Company holds a briefing on the final financial results and the second quarter (interim) financial results for institutional investors. The Company also posts materials and videos of financial results briefings on the Company website. Financial Results Briefing Materials https://www.kanaden.co.jp/ir/library/results-briefing/	Yes
Posting of IR materials on the website	Such materials include financial results summaries, Securities Reports (Semiannual reports), notices of General Meetings of Shareholders, corporate governance reports, materials for financial results briefings, Integrated Report and Shareholder Newsletters and they are posted on the Company website. The Company also posts information on financial highlights and the Medium-term Management Plan on the Company website. Japanese version https://www.kanaden.co.jp/ir/library/settlement/ English version https://www.kanaden.co.jp/en/ir/library/settlement/	
Establishment of department (person in charge) related to IR	As the department in charge of IR, the Financial Planning Section was established in April 2023 within the Finance Department of the Administration Division, and is responsible for all IR and stock administration. The officer in charge of this section is Nobuhiro Kuroda, Director and General Manager of Administration Division, Administration Headquarters.	
Other	In addition to preparing and mailing the "Shareholder Newsletter" to shareholders twice a year, the Company conducts an annual shareholder survey to obtain the views of shareholders.	

III. 3. Status of Initiatives to Ensure Due Respect for Stakeholders

	Supplementary explanation
Provision concerning respect for stakeholders in internal regulations, etc.	The KANADEN Group fully reflects and implements the concept of respecting the position of shareholders and other stakeholders in its internal regulations, etc., such as the Rules for Handling of Shares.
Implementation of environmental conservation and CSR activities, etc.	<p>The KANADEN Group considers environmental issues to be one of its most important issues and, under the KANADEN Group Environmental Policy, aims to conserve and be in harmony with the global environment. In its business activities, the Group will create new environmental businesses by proposing the best solutions for its customers. Details of its environmental conservation and social contribution activities are available on the Company website.</p> <p>Sustainability https://www.kanaden.co.jp/sustainability/</p>
Formulation of policies, etc. for providing information to stakeholders	<p>The KANADEN Group has high ethical standards and its basic policy is to fulfill the expectations and garner the trust of diverse stakeholders, not only shareholders but employees, business partners, financial institutions, and local communities, through dialogue with them and sound and sincere business practices. Based on this policy, the KANADEN Group strives to communicate broadly with society and to disclose corporate information in a timely and appropriate manner. The KANADEN Group also publishes the Integrated Report summarizing the Group's business activities and financial and non-financial information once a year in order to promote a deeper understanding of the KANADEN Group.</p> <p>Integrated Report https://www.kanaden.co.jp/ir/library/kanaden-report/</p>

IV. Matters Concerning Internal Control Systems, Etc.

IV. 1. Basic Viewpoint concerning Internal Control Systems and Their Development Status

<p>Basic Policies for Systems to Ensure Appropriateness of Business Operations</p> <p>1. System to Ensure That the Performance of Duties by Directors and Employees Complies with Laws and Regulations and the Articles of Incorporation</p> <p>(1) The Company has established the Kanaden Group Action Charter and Kanaden Group Ethics and Code of Conduct Policy for its officers and employees to comply with laws and regulations and conduct business activities in accordance with social norms, and provides education to them at every opportunity.</p> <p>(2) The Company has established the Compliance Committee, chaired by the Representative Director, to discuss and implement initiatives to promote compliance so that officers and employees act based on high ethical standards.</p> <p>(3) The Company has clarified and practices its stance of rejecting relations with antisocial forces and organizations in accordance with its Kanaden Group Action Charter and Kanaden Group Ethics and Code of Conduct Policy.</p> <p>(4) The Company has established the Rules for Administrative Authority to ensure that officers perform their duties in accordance with laws and regulations and the Articles of Incorporation, and has clarified the responsibilities and authority of each position.</p> <p>(5) The Company has established the Corporate Ethics Hotline through its General Affairs Division, Human Resources Division, Internal Auditing Division and outside lawyers to prevent violations of laws and</p>
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regulations and the Articles of Incorporation before they occur, and to take prompt and appropriate corrective action when such violations do occur.

(6) The Company has established the Rules for Ringi System (Request for Managerial Decision) to encourage the clarification of responsibilities and authority in accordance with the Rules for Administrative Authority, to ensure confirmation, to make records and to ensure the appropriateness of business operations through the retention and management thereof.

(7) Under the direction of the Representative Director, the Company strengthens internal controls throughout the KANADEN Group and controls the activities of each business process, and operates internal controls over financial reporting in a fair and appropriate manner. The Company also continually evaluates whether the system functions properly and makes necessary corrections.

2. System for Retention and Management of Information Related to the Performance of Duties by Directors

(1) The Company retains the minutes of the Board of Directors meetings and the minutes of the Management Meetings in the General Affairs Division at the Head Office for a period of 10 years, in accordance with the Rules for the Board of Directors and the Rules for the Management Meetings.

(2) When a Director or an Audit & Supervisory Board Member requests to inspect the minutes of the Board of Directors meetings and the minutes of the Management Meetings, the General Affairs Division at the Head Office shall promptly make them available for inspection.

3. Regulations and Other Systems for Management of Risk of Loss

(1) The General Affairs Division at the Head Office is responsible for monitoring and addressing overall risks within the Company and the KANADEN Group, while each division is responsible for managing risks associated with the operations of their division, such as property risks, legal risks, environmental risks, labor risks, as well as information security and transaction credit risks.

(2) The Company has established the Rules for Crisis Management and the Rules for Disaster Response to provide basic responses to critical situations the Company and the KANADEN Group could encounter.

4. System to Ensure That Duties of Directors Are Performed Efficiently

(1) The Company has established the KANADEN Group's corporate philosophy and management policies and formulates a medium-term management plan to embody these principles.

(2) The Company has established the Executive Officer system to accelerate management decision-making and ensure operational mobility.

(3) The Board of Directors appoints Executive Officers and has established the Rules for Executive Officers and the Rules for the Board of Executive Officers to supervise the execution of operations by Executive Officers.

5. System to Ensure the Appropriateness of Business Operations within the Corporate Group Consisting of the Company and Its Affiliates

The Company has established the Rules for Managing Affiliated Companies to ensure that their business operations are conducted properly, and in accordance with these Rules, the Business Promotion Division is responsible for managing affiliated companies.

In addition, the Company has its officers or employees concurrently serve as Directors or Audit & Supervisory Board Members of its affiliated companies, and has them report on the performance of duties by Directors of such affiliated companies.

(1) The Business Promotion Division provides comprehensive advice and guidance to affiliated companies on

matters such as corporate governance in order to ensure appropriate business operations, in accordance with the Rules for Administrative Authority.

- (2) The Internal Auditing Division conducts regular audits of the operations of affiliated companies.
- (3) The General Affairs Division at the Head Office provides advice and guidance on legal compliance to affiliated companies.
- (4) The Export Administration Division provides advice and guidance on export control to affiliated companies.
- (5) The Human Resources Division provides advice and guidance on labor management to affiliated companies.
- (6) The Accounting Division and the Finance Division provide advice and guidance on finance and accounting to affiliated companies.

6. Matters Concerning the System for Employees in the Event that Audit & Supervisory Board Members Request the Appointment of Employees to Assist with Their Duties and the Independence of Such Employees from the Directors

- (1) The Company, in consultation with the Audit & Supervisory Board, does not appoint any employees to assist with the duties of Audit & Supervisory Board Members. However, when specifically requested by an Audit & Supervisory Board Member, the Company will appoint such employees on a temporary basis.
- (2) A person who assists Audit & Supervisory Board Members on a temporary basis shall be a non-management employee of the Administration Division, and when he/she is engaged in assisting Audit & Supervisory Board Members, he/she shall not receive any orders or instructions from anyone other than Audit & Supervisory Board Members.
- (3) During the period a person who assists Audit & Supervisory Board Members on a temporary basis is engaged in assisting Audit & Supervisory Board Members, the Company seeks opinions from the Audit & Supervisory Board regarding his/her performance review and personnel transfer.

7. System for Directors and Employees to Report to Audit & Supervisory Board Members and Other Systems for Reporting to Audit & Supervisory Board Members

- (1) Directors and employees shall report to the Audit & Supervisory Board on, in addition to statutory matters, matters that have a significant impact on the Company and the KANADEN Group, the status of audits by the Accounting Auditors and internal auditors, and other matters important for compliance, and they shall not be treated disadvantageously on account of having reported such matters.
- (2) When the Company learns of material facts that violate laws and regulations, the Articles of Incorporation, etc. or other matters important for compliance through the operation of the Corporate Ethics Hotline, it makes an appropriate report to Audit & Supervisory Board Members.

8. Other Systems to Ensure That Audits by Audit & Supervisory Board Members Are Conducted Effectively

- (1) The Audit & Supervisory Board regularly holds meetings to exchange opinions with the Representative Director.
- (2) When an Audit & Supervisory Board Member requests an advance payment or reimbursement of expenses arising in connection with the performance of his/her duties or repayment of debts incurred, the Company responds to such request unless such expenses are deemed unnecessary for the performance of the duties of the Audit & Supervisory Board Member.

Reference: "Corporate Governance System Chart" at the end of this report

IV. 2. Basic Viewpoint concerning Elimination of Anti-Social Forces and the Status of Measures Therefor

In order to eliminate anti-social forces, the Company sets forth the following in its Kanaden Group Action Charter and Kanaden Group Ethics and Code of Conduct Policy.

We will maintain a firm attitude toward antisocial forces and will not have any relationships with them.

- (1) When an unfair demand is received from antisocial forces, we will not choose an easy way such as providing money to solve the issue but will maintain a firm attitude toward them.
- (2) We will not conduct any transactions with antisocial forces.
- (3) We will not provide any cooperation with money laundering. Also, we will pay sufficient attention to avoid being used for money laundering in transactions.

V. Other

V. 1. Adoption of Anti-takeover Measures

Adoption of Anti-takeover Measures	None
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Supplementary explanation of applicable items

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V. 2. Other Matters Related to Corporate Governance System

The Company has set forth a timely disclosure system as follows.

[Internal system for disclosure of decisions and financial information]

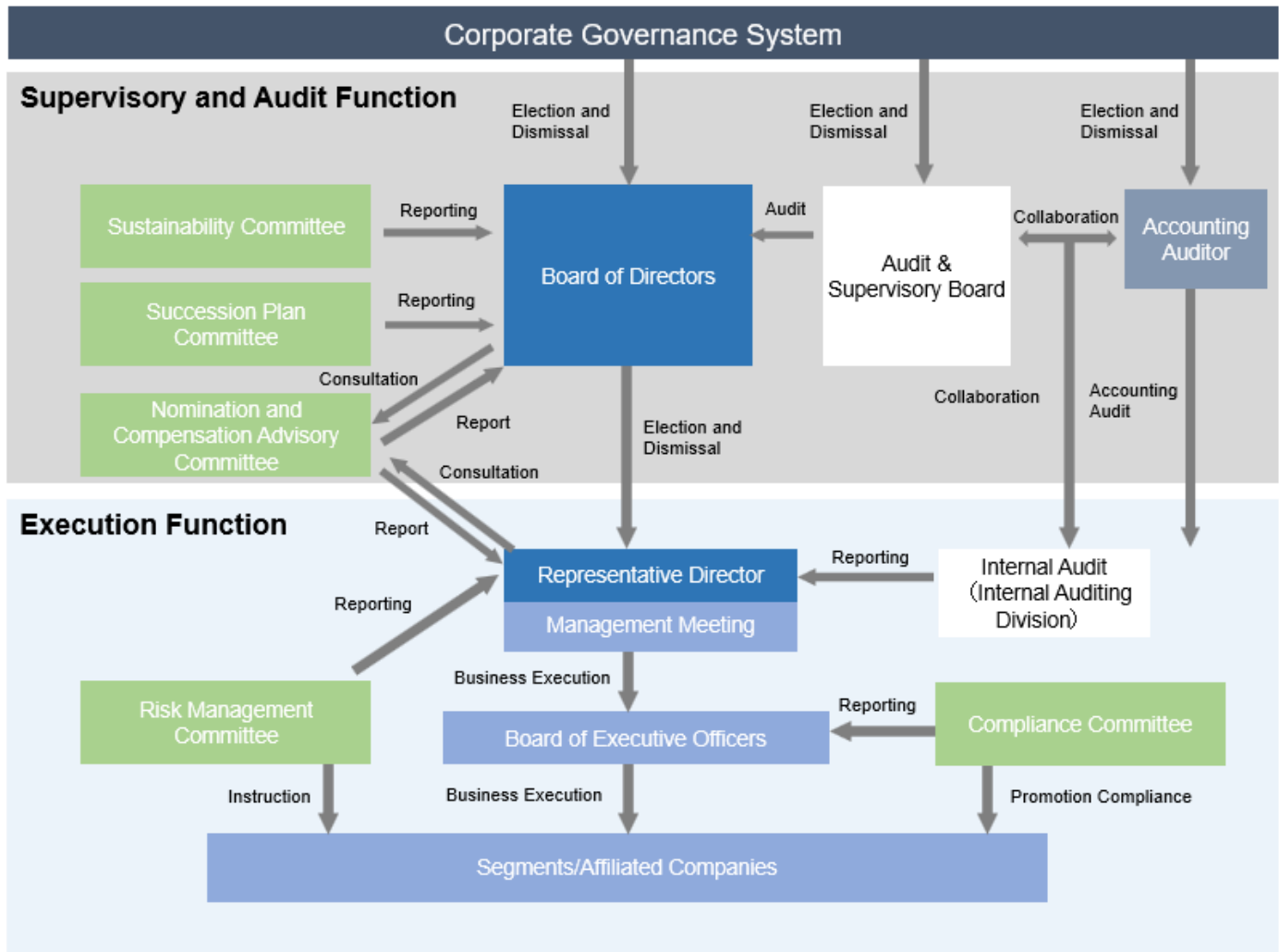
- After a resolution of the Board of Directors, the Representative Director promptly discloses information in accordance with the Rules for Timely Disclosure.

[Internal system for disclosure of occurrences]

- After the fact, the Representative Director promptly discloses information in accordance with the Rules for Timely Disclosure.

Reference: “Timely Disclosure System” at the end of this report

“Corporate governance System chart”



“Timely Disclosure System”

[Internal system for disclosure of decisions and financial information]

- After a resolution of the Board of Directors, the Representative Director promptly discloses information in accordance with the Rules for Timely Disclosure.

[Internal system for disclosure of occurrences]

- After the fact, the Representative Director promptly discloses information in accordance with the Rules for Timely Disclosure.

