

Kanadevia Group

INTEGRATED REPORT 2025



Kanadevia

Technology for people and planet

The Source of Our Value Creation/Contents

We aim to create a world that lives in balance with nature, using our “spirit of challenge” and “human resources” as the wellspring of value creation



**Our founder,
Edward Hazlett Hunter**
[1843~1917]

British entrepreneur; arrived in Japan in 1865; contributed to Japan's modernization through the development of industries, notably shipbuilding.

The Kanadevia Group's long history of over 140 years began on April 1, 1881, with the founding of Osaka Iron Works by the British entrepreneur Edward Hazlett Hunter. Recognizing the growth potential of Japan's shipping industry, Hunter set up the new company to engage in shipbuilding. At that time, most of Japan's major shipyards had started up thanks to the provision of government surplus land and other materials. In contrast, Osaka Iron Works was a shipyard established solely by an individual foreign entrepreneur. It was, therefore, a huge challenge.

Even today, when Kanadevia has shifted its core business from shipbuilding to decarbonization, resource circulation, and the development of safe and prosperous communities, this spirit of challenge lives on. We advocate “strive boldly to achieve success” as one of our standards of business behavior, and each and every director and employee continues to take on challenges with the aim of creating a world that lives in balance with nature.

Kanadevia Value

Corporate philosophy

We create value useful to society with technology and integrity to contribute to a prosperous future.

Our management stance

Making safety the first priority
We give top priority to safety in all business activities.

Thorough implementation of compliance
We comply with domestic and foreign laws and regulations, and respect social conventions and culture.

Coexistence with society
We value coexistence with all stakeholders, including enhancing employee satisfaction, and live up to their trust.

Always pursuing quality
We are always aware of the improvement of technology and pursue quality that satisfies our customers.

Standards of business behavior

Strive boldly to achieve success

Communicate with sincerity

Learn widely, think deeply

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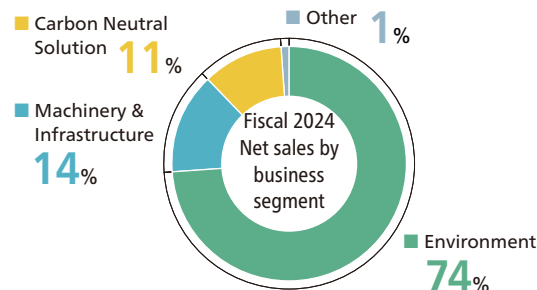
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At a Glance

Net sales
(fiscal 2024) **¥610.5 billion**



Date of founding

1881

Number of employees,
consolidated basis (March 2025)

12,964

Number of Group
companies in Japan

85

Number of Group
companies overseas

108

Total number of Group companies **193**

Share of orders for Waste to
Energy plant (including licensees)

No. 1 in the world

Major manufacturing
bases in Japan

7

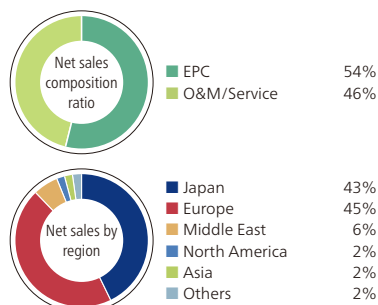
Environment Business

Net sales
(fiscal 2024) **¥453.5 billion**

Our main businesses include EPC (engineering, procurement, and construction) and O&M/Service (operation, maintenance and services) of environmental facilities such as Waste to Energy (WtE) plants, biogas plants, sludge recycling centers, and desalination plants.

Main businesses

- WtE plants and recycling facilities
- Biogas facilities
- Water and sludge treatment facilities
- Energy systems (power generation equipment)
- Biomass utilization systems



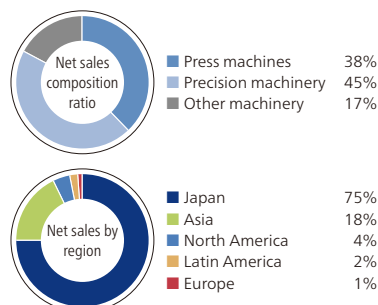
Machinery Business

Net sales
(fiscal 2024) **¥57.0 billion**

In the machinery field, we face issues in various industrial fields including equipment used in semiconductor manufacturing processes and various precision machinery for food and medical equipment, and we provide consistent support from development to after-sales service.

Main businesses

- Food machinery
- Pharmaceutical machinery
- Precision machinery
- Electronics and control systems
- Boilers
- Plastic machinery



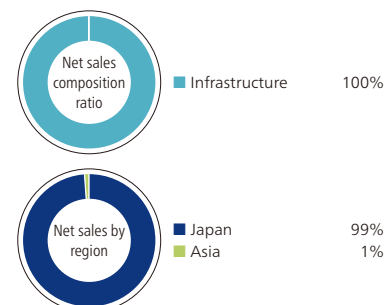
Infrastructure Business

Net sales
(fiscal 2024) **¥26.0 billion**

We offer comprehensive services encompassing the design, construction, operation, and maintenance of flood gates, bridges, stacks, and other infrastructure facilities. Utilizing our advanced technical capabilities and experience, we build infrastructure that is customized according to customer needs.

Main businesses

- Bridges
- Hydraulic gates and steel pipes
- Steel stacks



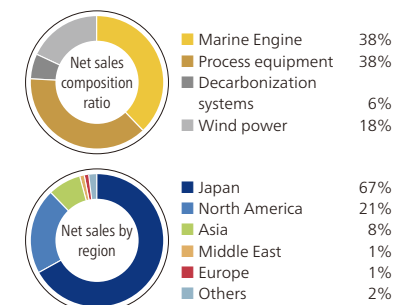
Carbon Neutral Solution Business

Net sales
(fiscal 2024) **¥70.2 billion**

In order to further accelerate innovation in technologies to counter global warming, we established the Carbon Neutral Solution Business Headquarters in April 2022. We will contribute to the realization of a decarbonized society by providing clean energy.

Main businesses

- Marine diesel engines
- NOx removal catalysts
- Various process equipment such as pressure vessels
- Nuclear power related equipment
- Electrolyzers / PtG
- Wind power generation



At a Glance

World's Number One Provider of Waste Treatment Solutions

(As of March 2025)

Waste treatment plant delivery record

No.1 in the world

Expanding to **44** countries
and regions around the world

543 facilities in Japan

977 facilities overseas

(including facilities operated by licensees)

Since delivering the first large-sized Waste to Energy (WtE) plants in Japan in 1965, we have consistently provided engineering, construction, operation, and maintenance services with a focus on Waste to Energy plant. In addition, we possess an overwhelming share in overseas markets where demand is rapidly expanding, and we are contributing to hygienic waste treatment and the supply of clean energy on a global level.



Warsan Waste Management Centre (Dubai)

Biogas plant delivery record

World-class

Expanding to **21** countries
and regions around the world

20 facilities in Japan

436 facilities overseas

(including facilities operated by licensees)

Our Group possesses the biogas technologies of Kompogas® and Schrack, which have achieved top-class results in Europe, and we are expanding our business to the United States and various Asian countries where environmental awareness is growing. In addition to both dry and wet biogas technologies, our Group possesses a wide range of technologies including biomethane purification technologies.



Jönköping Biogas (Sweden)

Number of operating waste treatment plants

49 facilities
in Japan

3 facilities
overseas

We contribute to local communities through the operation and maintenance of waste treatment plants. Furthermore, we utilize advanced AI technologies to provide remote support for labor-saving and automated facilities and to monitor the status of automated operation.



A.I/TEC

In-house operation and participation in the overseas waste treatment business

Capital participation in the Waste to Energy business

- Dubai, Abu Dhabi, etc.

In-house operation of the biogas business

- The U.K., the U.S., Sweden, etc.

Previously, our overseas business was centered around EPC (engineering, procurement, and construction), but in recent years we have been actively expanding into investing in Waste to Energy projects and through the in-house ownership and operation of biogas businesses. Through these efforts, we will contribute to the realization of a global resource recycling society while striving to build a sustainable business foundation.

Strategic acquisitions

Number of overseas companies acquired during the period of the "Forward 25" Medium-term

Management Plan: 8 companies

We are actively engaging in M&A overseas to expand our overseas business and achieve continuous business expansion (long-term operation and maintenance services, etc. after construction completion).

A History of Creating New Value

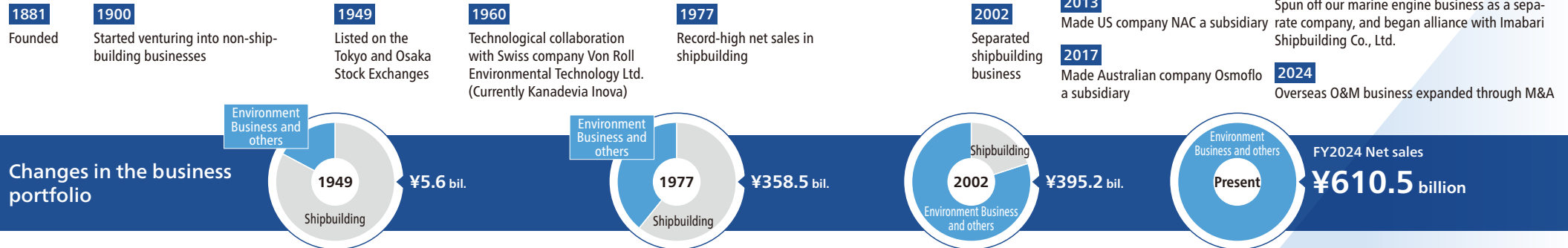
Creating new businesses leveraging technologies developed since the establishment of our Company

Building on the foundation provided by the technology that we developed in our shipbuilding business, our Group has been transforming our business portfolio by developing new businesses that are not directly related to shipbuilding. Going forward, we are aiming to create value that is genuinely useful to society, by continuing to take on the challenge of addressing society's problems, which are constantly changing with the passage of time.

Kanadevia

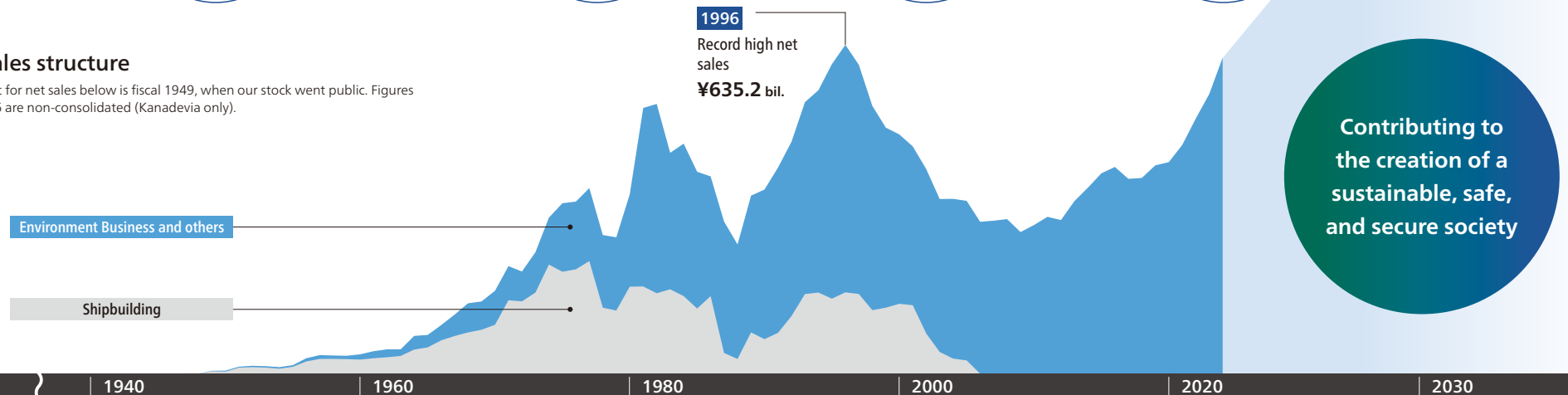
October 1, 2024

Company name changed from Hitachi Zosen Corporation



Changes in sales structure

Note: The starting point for net sales below is fiscal 1949, when our stock went public. Figures before fiscal 1976 are non-consolidated (Kanadevia only).



A History of Creating New Value

How our business has changed over time

1881

Started shipbuilding business

Social needs

Increasing need to trade with foreign countries through growing international ties after Meiji Restoration

Driving the growth of the shipbuilding sector

With a high level of technological competence and willingness to take on every challenge, we led the growth of the domestic shipbuilding industry by building Japan's first steel-hulled ship and tanker. In 1957, we launched 240,000 gross tons of new ships (26 vessels), ranking second in the world.

Leveraging plant technologies

Rapid increase of terrestrial work /

Increasing waste, increasing air pollution /

Increased demand for water & power in Middle East /

Use of organic waste for energy

1930s

Start of manufacturing industrial machinery and plants in a wide range of fields
(1,000-ton blast furnace for Nippon Steel)



1965

Japan's first Waste to Energy plant delivered
(Nishiyodo Plant, Osaka)



1979

First unit of desalination plant delivered
(Saudi Saline Water Conversion Corporation)



2018

Started in-house operations of the first Kompogas® plant in the United States
(California)



2024

Completion of the world's largest Waste to Energy plant in Dubai



Environment

Leveraging machine manufacturing technologies

Developing chemical industry /

Larger ships /

Period of growth for the beverage industry /

Increase of nuclear power plants /

Prevention of oceanic air pollution /

Increased demand for renewable energy

1920s

Started process equipment business using plating technologies such as marine boilers and tanks



1950

Introduced marine diesel engine technology
(B&W Ltd., * Denmark)
* Currently Everlence



1971

Delivery of Japan's first aluminum can beer canning machine
(Large delivery of our product to the Nishinomiya Plant of Asahi Breweries, Ltd.)



1978

First nuclear casks delivered
(for a power company)



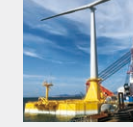
2017

Delivery of first SCR system for marine engines
(for a shipbuilding company)



2019

Started demonstration operation of floating offshore wind power generation system



2022

Established the Carbon Neutral Solution Business Headquarters

Carbon Neutral Solution

Machinery

Leveraging large structure manufacturing technologies

From wooden to steel bridges /

Increased demand for hydropower generation /

Spectacular progress of welding technology /

Increased demand for sewerage development /

The era of long-span bridges /

Increased awareness of disaster prevention /

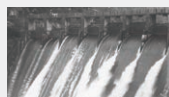
1900

Started bridge business



1923

Started hydraulic gate business



1950s

Production of all-welded bridge ahead of others in the industry
(Furue Bridge, Osaka Prefecture)



1967

First shield tunneling machine delivered
(Nissan Construction Co., Ltd., * Yokohama City's sewerage installation)
*Currently Rinkai Nissan Construction Co., Ltd.



1980s and 1990s

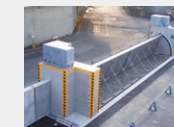
Participated in the manufacturing and construction of underwater caissons and superstructures for long-span bridges



(Honshu-Shikoku Bridge Authority*, Akashi-Kaikyo Bridge)
*Currently Honshu-Shikoku Bridge Expressway Company Limited

2013

Started flap-gate type seawall against flood disaster business



Infrastructure

1880

1900

1920

1940

1960

1980

2000

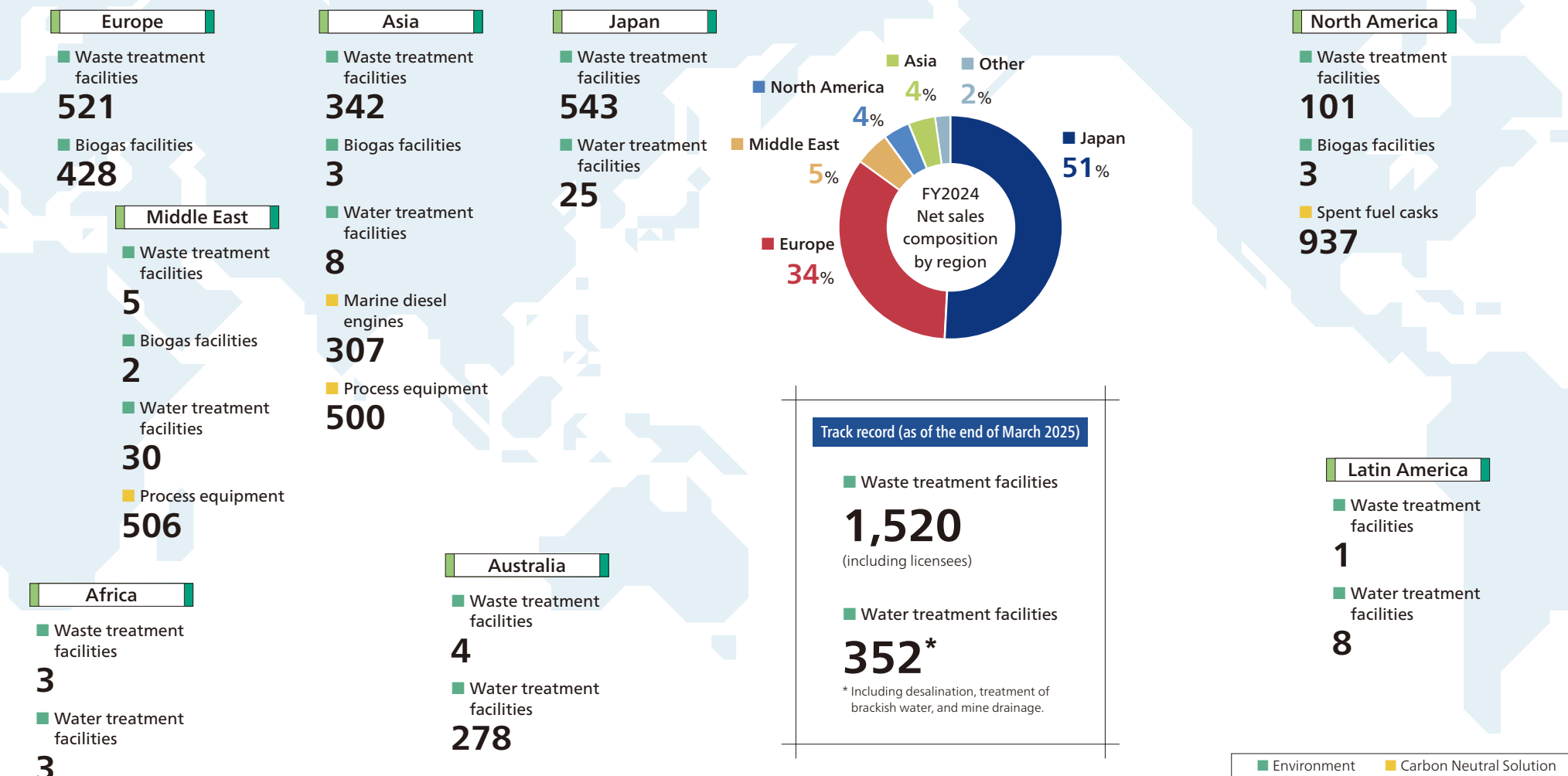
2020

2030

Expanding Value Provision

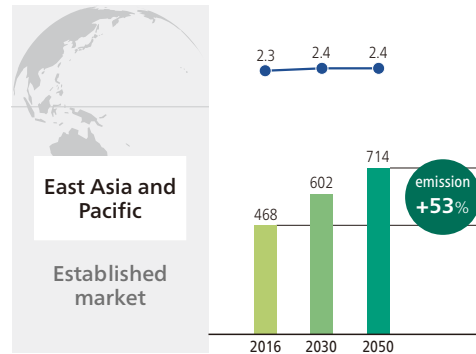
All over the world our technologies are facilitating affluent life and conservation of the global environment

The Kanadevia Group is developing businesses all over the world to contribute to solving global social issues.

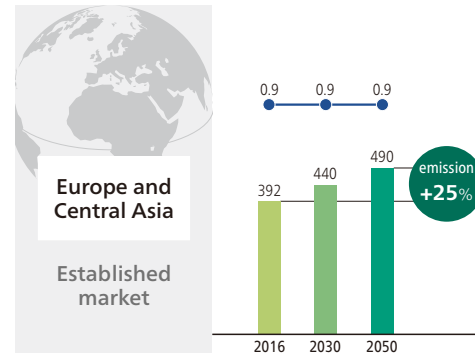


Expanding Value Provision

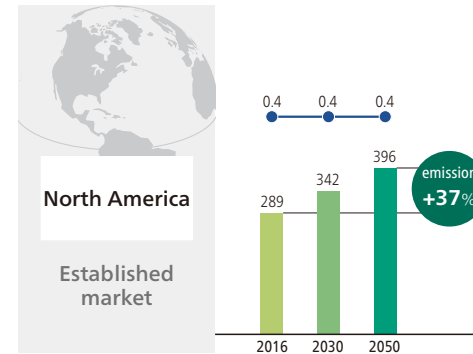
Growth Potential in Global Markets : Municipal Waste Emissions Forecast



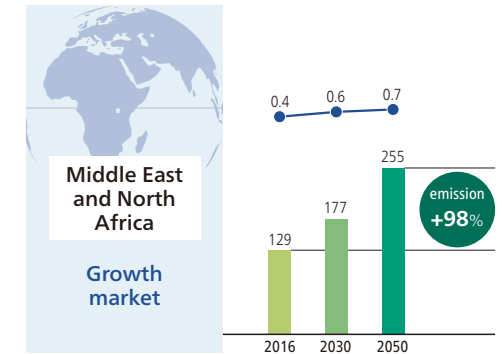
- In Japan, Taiwan, Singapore and other countries, waste treatment facilities are widespread with a focus on replacement demand. In China, Waste to Energy plants are rapidly spreading as the country's domestic production policy advances, and the demand for new construction is nearing saturation. In Southeast Asia, economic development is spurring demand for social infrastructure.
- Due to the introduction of a landfill tax and growing environmental awareness in Australia, there is the potential for a shift from landfill disposal to Waste to Energy (WtE).



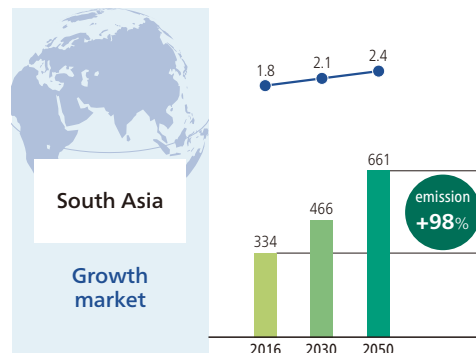
- The UK and EU countries are taking the lead in policies to reduce landfills, and Waste to Energy (WtE) is coming into wide use. In recent years, they have pursued policies to increase the number of biogas facilities from the perspective of strengthening energy security.
- In Central Asia and Eastern Europe, progress is being made on the closure of old facilities and the construction of centralized facilities with the goal of optimizing waste treatment. In the EU-member states of Central and Eastern Europe, the demand for Waste to Energy (WtE) is increasing to comply with waste-related regulations.



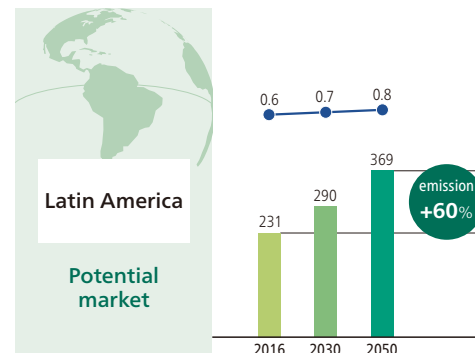
- Although Waste to Energy (WtE) has been introduced in some states, landfill disposal is the most common method. In regions with a high level of environmental awareness, the introduction of biogas facilities is being considered, which is expected to be a potential market.



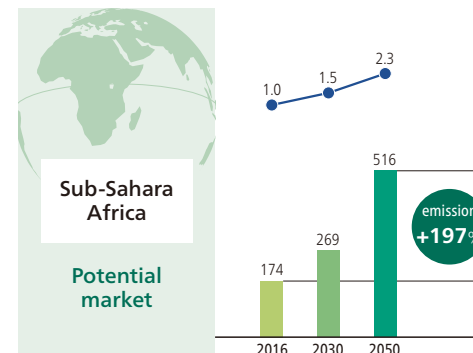
- In regions such as the UAE, demand for Waste to Energy (WtE) is becoming evident as investment in clean energy expands in line with growing environmental awareness. Going forward, the market is expected to expand into North Africa as well.



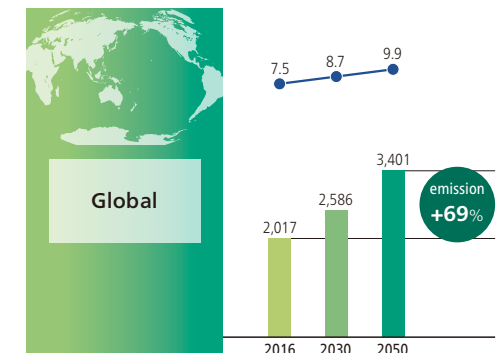
- The amount of waste generated is significantly increasing in India due to rapid population growth and urbanization. There is great potential demand for Waste to Energy (WtE) and other forms of clean energy. However, the development of various systems and project profitability remain as future challenges.



- Incineration treatment is not widespread, and most waste is handled through landfill disposal or open dumping. The introduction of Waste to Energy (WtE) and other forms of clean energy are expected to take time.



- Due to rapid population growth and urbanization, the amount of waste generated by 2050 is expected to increase by approximately three times compared to 2016 levels. Currently, open dumping is the primary approach, but it is a potential market where demand for Waste to Energy (WtE) is anticipated in the future.



- In general, the amount of waste generated increases with population growth and economic development. In particular, regions with a high proportion of low- and middle-income countries are expected to see a significant increase in waste generation in the future.
- Waste treatment methods vary depending on the income level and geographical conditions of each country or region. Globally, many countries and regions still rely on open dumping and landfill disposal, but due to growing environmental awareness and the perspective of energy utilization, demand for Waste to Energy (WtE) is also increasing.

Message from the President and CEO



We will work toward our 2050 Sustainable Vision by expanding the overseas business, advancing business portfolio management, and undertaking fundamental corporate culture reform to enhance corporate value.

Representative Director,
President and Chief Executive Officer

Message from the President and CEO

Reflecting on My First Year

Since becoming president in April 2024, I have clearly stated that I have two important missions to fulfill. One is expanding the overseas business, and the other is advancing business portfolio management. Moreover, I believe organizational and personnel reforms are essential to drive these missions and lead Kanadevia to a new growth stage, and after one year, I hold this conviction even more strongly.

First, regarding our overseas business, our subsidiary Kanadevia Inova AG (hereinafter Inova) has achieved growth at a pace exceeding expectations. Having experienced two overseas assignments myself and deepening relationships with local management, I could sense Inova was on a growth trajectory, but establishing a solid presence in Europe and the Middle East while competitors struggled is the result of outstanding talent and the trust relationships we've built with them.

However, regarding business portfolio management, we haven't yet achieved satisfactory results. While we decided to transfer our press business subsidiary H&F Corporation in January 2025, I believe we could have shown more achievements in other areas. The biggest factor in this delay was responding to the series of inappropriate conduct in the marine engine business and other areas. Having to spend considerable time and effort on this issue meant we had to slow down our business portfolio management efforts.

In personnel system reform, we implemented various measures including executive compensation system revisions, introduction of a new management personnel system, salary level increases, and transition to a 65-year retirement age. However, these are still insufficient. To solve the challenges that are deeply rooted in our company's talent development and organizational culture, I recruited a CHRO (Chief Human Resources Officer)* from outside in April 2025, which I had been planning since

before becoming president. Though later than anticipated, I believe we've made another significant move toward personnel system reform.

The name change to Kanadevia in October 2024 also marked a major milestone for our company. I've communicated internally and externally that this represents a declaration of our determination to change everything. We adopted Harmonious Green as our corporate color—a gradation from green to blue—bringing a fresh image along with many visible changes. We activated branding through TV commercials and YouTube, and pursued unprecedented initiatives like participating in the comprehensive digital innovation exhibition CEATEC and making our first appearance at COP29 (29th Conference of the Parties to the UN Framework Convention on Climate Change) held in Azerbaijan. We received significant responses not only from employees but also from their families and friends, and I believe stakeholders were able to sense the great potential our company possesses as well.

* Name changed to CPO (Chief People and Culture Officer) on October 1, 2025.

Progress in Year Two of Medium-Term Management Plan Forward 25

Under our medium-term management plan Forward 25, we're advancing key initiatives under three basic policies: sustainable growth of existing businesses, creation and expansion of growth businesses, and promotion of sustainable management.

First, in sustainable growth of existing businesses, our overseas business ratio reached 49% of FY2024 sales due to Inova's growth, achieving the KPI we set of 40% ahead of schedule. Meanwhile, for O&M/Service, we remained at 41% in FY2024 against our KPI sales ratio of 50%. This was influenced by increased Inova EPC business as a proportion of the consolidated net sales. In FY2024, Inova acquired a Danish after-sales service company, and O&M/Service itself is growing steadily, with further expansion



expected from this fiscal year onward.

Regarding creation and expansion of growth businesses, we're steadily advancing our three-year business investment plan of 75 billion yen. In Europe, growth opportunities in the biogas business are expanding against the backdrop of heightened energy security awareness. We've also decided on development investments for mass production facilities for water electrolysis stacks, which are core equipment for hydrogen generators, floating off-shore wind power generation verification testing, and development of high-concentration CO₂ combustion technology. These won't show immediate results and will take considerable time to generate profits. However, unless we invest now, future competitive advantages and differentiation won't emerge. I believe we've made important decisions for that purpose.

For promotion of sustainable management, in addition to personnel system reform, we issued a TNFD (Task Force on Nature-related Financial Disclosures) Report as a sustainability initiative—a first in the engineering industry. I take pride in this as a pioneering challenge demonstrating the new Kanadevia's stance.

Message from the President and CEO

Future Business Strategy and Challenges

To realize our group's corporate philosophy, "We create value useful to society with technology and integrity to contribute to a prosperous future," we must maximize business opportunities domestically and internationally while enhancing the organizational capabilities that support them.

Speaking of expanding overseas business, one of our missions, we expect our overseas business ratio to exceed 50% in FY2025. In the Waste-to-Energy (WtE) field, markets are expected to expand into the Middle East and North Africa regions, with completion of major projects in Istanbul and Dubai and an ongoing project in Abu Dhabi serving as important model cases for this region. In January 2025, Inova acquired Iona Capital, a biogas plant asset management company. Leveraging the acquired business development and plant operation know-how and talent, we will develop a full-scale biogas business in Europe going forward. Regarding the used nuclear fuel storage cask business, the acquisition of Canada's NIAGARA ENERGY PRODUCTS by our subsidiary NAC International in FY2023 has created high expectations for future expansion in the Canadian market.

In the domestic market, aging of existing facilities is progressing in environmental business fields like waste incineration and water treatment facilities, and social infrastructure business fields like bridges, dams, and water gates, increasing the demand for upgrades and opportunities for equipment maintenance. It's important to accurately understand these needs and provide optimal proposals and services. Our strength lies in our intimate knowledge of plants and infrastructure equipment we've worked with for years, and we will predict demand several years ahead and connect this to proactive professional proposals. However, talent shortages have become an industry-wide challenge domestically. With this background in mind, we want to strengthen our competitive-

ness while promoting DX and utilization of AI.

The development of business portfolio management, our other important mission, is also becoming increasingly important. In the environmental business, which currently accounts for about 75% of our net sales, we will further strengthen profitability as our core business. The remaining 25% of our business includes both future growth businesses and businesses requiring countermeasures. In making judgments about these businesses, I'll consider not only current evaluations but also future business environment changes (such as intensified competition in talent acquisition due to population decline, resulting difficulties in technology transfer, expansion of DX investment, and supply chain security) to examine all options including alliances with other companies. The perspective of "best owner" will also become important in these considerations.

Safety, Quality, and Governance for Corporate Value Enhancement

We deeply apologize for the inappropriate conduct in the marine engine business announced in July 2024, along with incidents in multiple other businesses and products that significantly damaged stakeholder trust.

Why did such extensive problems occur? I continue to ask myself that question. One hypothesis I hold is that through experiencing multiple management crises, our company developed entrenched thinking that prioritized performance and avoiding losses, resulting in safety and quality initiatives being deprioritized. Furthermore, within siloed organizations, each department became fragmented, forming unique cultures within each. This created conservative, precedent-following, instruction-waiting

Major initiatives relating to business portfolio management that have been implemented since 2020

Date	Content	Acquisition	Strategic alliance	Transfer
April 2020	Inova acquired French maintenance company ESTI	○		
November 2020	NAC International invested in US company Deep Isolation		○	
July 2021	Inova acquired a German biogas-related company from Schmack Group	○		
October 2021	Kanadevia began alliance with Kawasaki Heavy Industries Ltd. in shield machine business		○	
February 2022	Inova acquired German company Steinmüller	○		
September 2022	Kanadevia transferred shares in a subsidiary that manufactures deck machinery for ships			○
October 2022	Kanadevia formed a joint venture company with Tokyo Electric Power Company Holdings to manufacture spent fuel casks		○	
January 2023	NAC International acquired US company Philotechnics	○		
February 2023	Kanadevia transferred 66.6% of the shares in a subsidiary providing logistics services			○
April 2023	Kanadevia spun off its marine engine business, and began alliance with Imabari Shipbuilding Co., Ltd.		○	
May 2023	Kanadevia established an operations tie-up with TRE Holdings Corporation in the environmental business segment		○	
June 2023	NAC International acquired Canadian company NIAGARA ENERGY PRODUCTS	○		
March 2024	Inova acquired Italian company Schmack Biogas	○		
June 2024	Inova acquired Danish company Babcock & Wilcox Renewable Service	○		
October 2024	Inova makes French EST Industries a subsidiary	○		
January 2025	Inova acquires biogas plant asset management company	○		
April 2025	Inova acquires Waste to Energy plant related company in the U.S.	○		
April 2025	Inova acquires intellectual property rights and engineers for Waste to Energy plant combustion equipment	○		
May 2025	Transfer of press machinery subsidiary			○
Fall 2025 (planned)	Inova acquires Irish O&M company (acquisition contract signed March 2025)	○		

Message from the President and CEO

attitudes that spread not only among general employees but also senior management.

With strong determination never to repeat such situations, we're working on recurrence prevention measures and strengthening safety and quality department functions. In October 2024, we established the Quality Assurance Unit consolidating quality assurance functions previously distributed across departments and factories; in March 2025, the ERM (Enterprise Risk Management) Office; and in April, the Safety Unit (currently Health and Safety Unit) - all as organizations that report directly to the president with executive officers as heads.

We've mandated quarterly on-site safety inspections for Management Strategy Committee members, who serve as the executive side's highest decision-making body, dedicating significant time to dialogue with young and mid-level field staff. We conducted over 50 inspections last fiscal year. I myself engaged in dialogue with many employees through town hall meetings, one-on-ones, and group interviews. Through these steady activities, we will reduce the psychological distance with employees and advance organizational culture transformation.

In board meetings, we spent considerable time on compliance-related discussions and received much valuable advice from outside officers. These opinions are reflected

in our approaches to compliance, internal control, quality management, and ERM.

I don't believe that investing resources in safety and quality creates a trade-off relationship with profitability. We will steadily advance our efforts toward corporate value enhancement.

Human Capital Strategy Linked to Business Strategy

As our net sales expands further through inorganic growth and the ratio of overseas business increases, can our current structure and personnel respond to these changes? I have strong concerns about this point.

I learned much during my two Inova assignments, but the biggest insight was about HR dynamism. If personnel needed to execute business strategy aren't available internally, acquire them quickly from outside. The excellent talent gathered this way attracts even more excellent talent. I learned that this virtuous cycle of people is crucial. To create such a cycle, I took steps toward recruiting a chief human resources officer even before becoming president. Taro Dohi, who assumed the position of Senior Managing Executive Officer, General Manager of General Administration Headquarters and CHRO (currently General Manager of People & Culture Headquarters and CPO) in April 2025, has experience leading organizational reform in various companies including foreign companies in the HR field. Under CPO Dohi's extensive experience, we will advance personnel system reform, optimize personnel allocation, and streamline indirect departments while reducing fixed costs and improving profitability.

Simultaneously, securing and developing global talent is important, requiring both external talent recruitment and the development of young talent. We will build a system where the Japanese headquarters and overseas group companies collaborate to support growth, and to deepen mutual understanding globally, we will actively promote

personnel exchanges from overseas to Japan to strengthen awareness sharing and alignment regarding our group-wide business strategy.

Message for Creating the Future

Our standards of business behavior include "Communicate with sincerity." When facing our stakeholders, I believe this is everything. Regarding the series of quality compliance issues, we received many severe criticisms from stakeholders, but I will continue explaining sincerely and carefully without evading responsibility. Moreover, we will use the lessons learned to transform our thinking and actions toward what they should be. We promise to our stakeholders that we will demonstrate steady transformation.

Kanadevia has established a Sustainable Vision for 2050: realize zero environmental impact and maximize people's well-being, and we believe we can contribute to its realization through initiatives in decarbonization and resource circulation. I will dedicate all efforts to building management foundations across the group toward realizing our Sustainable Vision. I respectfully ask all stakeholders for their continued support.

Representative Director,
President and Chief Executive Officer

Michi Kuwahara



Measures to Prevent Recurrence of Inappropriate Conduct

Background

Following a warning issued to marine engine manufacturers by the Maritime Bureau of the Ministry of Land, Infrastructure, Transport and Tourism, we conducted an internal investigation into our subsidiaries, Hitachi Zosen Marine Engines Co., Ltd. (hereinafter, HZME) and IMEX Co., Ltd. (hereinafter, IMEX). As a result, we confirmed that data regarding fuel consumption rates during onshore operation conducted in the presence of customers had been improperly altered, and we made these facts public on July 5, 2024.

The Special Investigation Committee composed of external experts was established and, as a result of its investigation, it was confirmed that numerical values had been falsified and measurements of instrument readings had been arbitrarily manipulated with regard to exhaust gas component concentrations and fuel consumption, which are subject to international standards. The number of engines affected by the inappropriate conduct is shown in the table below. Based on the results of this investigation, we announced the causes of the inappropriate conduct and measures to prevent recurrence on March 25, 2025.

Inappropriate conduct in the marine engine business

Inappropriate conduct	Number of engines affected by inappropriate conduct	
	HZME	IMEX
Fuel consumption	959	412
Exhaust gas component concentrations	343	72

In parallel with its investigation into inappropriate conduct in the marine engine business, the Special Investigation Committee also investigated inappropriate conduct related to quality across all of the Group's businesses. As a result, the inappropriate conduct listed in the table below was confirmed in five businesses of the Company and its subsidiaries. These have been made public, along with an overview of the inappropriate conduct, its causes, and measures to prevent recurrence.

Inappropriate conduct in businesses other than marine engines

Business site	Business details	Details of inappropriate conduct
Mukaishima Works	Fabrication of steel structures, primarily bridges	- Unqualified personnel performing qualified work - Falsification or fabrication of inspection records - Specification changes without customer consent
Wakasa Works	Manufacture of special equipment surface plates and related parts as cast products	- Falsification of inspection results - Shipment of products that failed inspection - Failure to submit 4M* changes to inspection equipment - Specification changes without customer consent
ATAKA ASANO CO., LTD.	Operation and maintenance of water treatment facilities, etc.	- Falsification of test results - Improper water quality sampling
Kanadevia Environment Service Company Limited (and its subsidiaries)	Operation and management of Waste to Energy facilities and recycling facilities	- Improper measurement of Waste to Energy volume - Falsification of exhaust gas and furnace temperature records - Tampering with inspection equipment
V-TEX Corporation	Development and manufacturing of special valves, etc.	- Inaccurate records during evaluation testing in the development stage - Unauthorized 4M* changes

* 4M represents the initials of Man, Machine, Material, and Method.

Causal Analysis

Through the investigation by the Special Investigation Committee, it was determined that the causes of the inappropriate conduct in the marine engine business were problems on the frontline, second- and third-line departments, and management. Details are set out in the investigation report published on March 25, 2025.

Furthermore, the causes of inappropriate conduct in businesses other than marine engines were found to be the failure to establish a basic system to prevent the occurrence of inappropriate conduct such as falsification, a low level of awareness of compliance with laws and customer agreements, as well as insufficient supervision of quality compliance and a lack of understanding of problems at the operational level due to low awareness among management. Details of these were set out in the investigation report published on April 30, 2025.

 **March 25, 2025 (Progress of Disclosed Matters) Notice of Inappropriate Conduct in the Marine Engine Business of Kanadevia Group (Available in Japanese only)**
<https://www.kanadevia.com/newsroom/news/assets/pdf/FY2024-136.pdf>

 **April 30, 2025 (Progress of Disclosed Matters) Notice of Inappropriate Conduct in Businesses Other than the Marine Engine Business of Kanadevia Group**
<https://www.kanadevia.com/english/newsroom/news/ir/assets/pdf/FY2025-9.pdf>

Measures to Prevent Recurrence of Inappropriate Conduct

Measures to Prevent Recurrence and Status of Implementation


Based on the results of the above-mentioned causal analysis, individual measures to prevent recurrence (announced on March 25, 2025 and April 30, 2025) have been established for each business where inappropriate conduct was confirmed, and these measures have already been implemented. In addition, the measures to prevent recurrence for the entire Group (announced on March 25, 2025) and their implementation status are as shown in the table below.

The implementation status of the measures to prevent recurrence will be monitored by the second- and third-line departments and the Quality Reform Promotion

Department, which was established as an organization directly under the President, while receiving advice and guidance from external legal advisors.

 **March 25, 2025 (Progress of Disclosed Matters) Notice of Measures to Prevent Recurrence (Available in Japanese only)**

<https://www.kanadevia.com/newsroom/news/assets/pdf/FY2024-137.pdf>

 **April 30, 2025 (Progress of Disclosed Matters) Notice of the Measures to Prevent Recurrence for Inappropriate Conduct in Businesses Other than the Marine Engine Business**

<https://www.kanadevia.com/english/newsroom/news/ir/assets/pdf/FY2025-11.pdf>

Measures to prevent recurrence of inappropriate conduct across the entire Group and their implementation status

(1) Commitment of top management

Through the leadership of top management, we will demonstrate to our officers and employees, as well as to the public, our determination to break away from misconduct.

Implementation
Status

The Special Investigation Committee held a debriefing session for employees to report on the results of its investigation, with explanations given directly by senior management, including the president, the general manager of the Quality Assurance Unit, and the general manager of the headquarters. A total of eight two-hour debriefing sessions were held, with approximately 5,800 people attending.

(2) Organizational culture reform and mindset reform

To ensure that all employees have an ethical sense that allows them to reject misconduct, management and supervisors will take the lead in transforming the organizational culture and will continuously implement personnel policies, including education.

Implementation
Status

We are working to reform our organizational culture and mindset by holding meetings and interviews between the president and other management team members and employees, as well as holding workshops for managers.

(3) Improvements to business processes

We will eliminate and review processes that could lead to serious misconduct, promote efficiency through visualization and standardization of business processes, and revise our business management regulations to be effective in preventing misconduct.

Implementation
Status

We are correcting the business processes where inappropriate conduct occurred and are working to make business processes more visible and standardized.

(4) Initiatives for preventing quality misconduct

We will build a system that allows top management to grasp quality-related issues and initiatives in a timely manner and disseminate information to officers and employees. We will also build a system that allows employees to easily consult and confirm any doubts or thoughts about quality.

Implementation
Status

We have established a Quality Compliance Committee and created a system to evaluate quality compliance risks on a quarterly basis, with the first meeting held in June 2025. We have also set up a chatbot-powered quality consultation desk, which has handled approximately 500 consultations in the past six months.

(5) Securing personnel for quality assurance departments

In order to strengthen the quality assurance unit, we will increase personnel and provide training and education to acquire the knowledge and skills necessary for quality assurance work.

Implementation
Status

The Quality Assurance Unit was placed under the direct control of the president (effective October 1, 2024) to strengthen its functions, and its headcount has been increased from 136 at the time of its launch to 152.

(6) Strengthening supervisory function of the Board of Directors

In addition to increasing the number of compliance-related activities reported to the Board of Directors, we will clarify the reporting lines for sharing information on significant compliance risks, thereby strengthening the supervisory function of the Board of Directors.

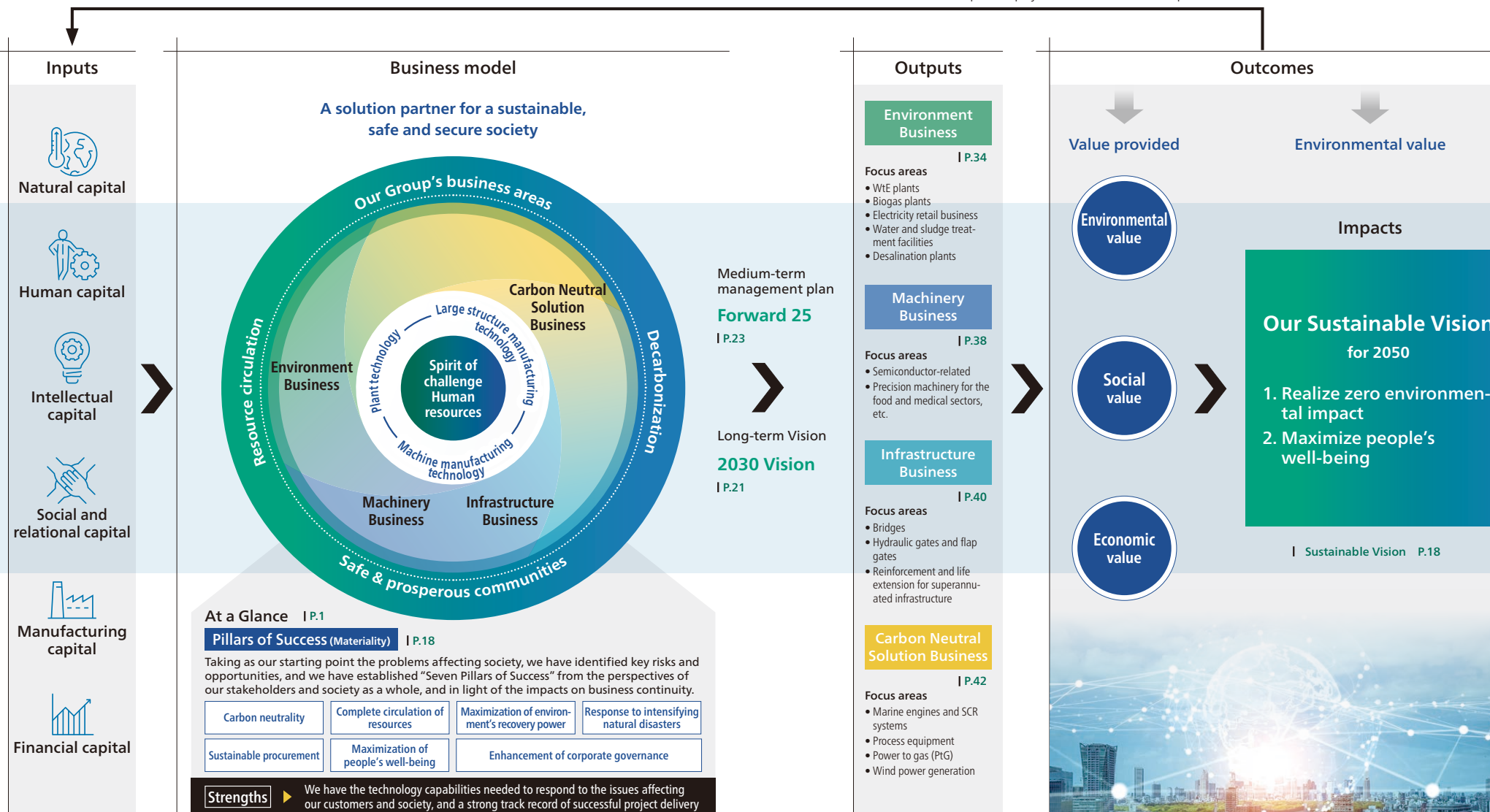
Implementation
Status

The Compliance Committee has increased the frequency of its activity reports to the Board of Directors, and the Quality Reform Promotion Department now reports on the implementation status of recurrence prevention measures once a quarter.

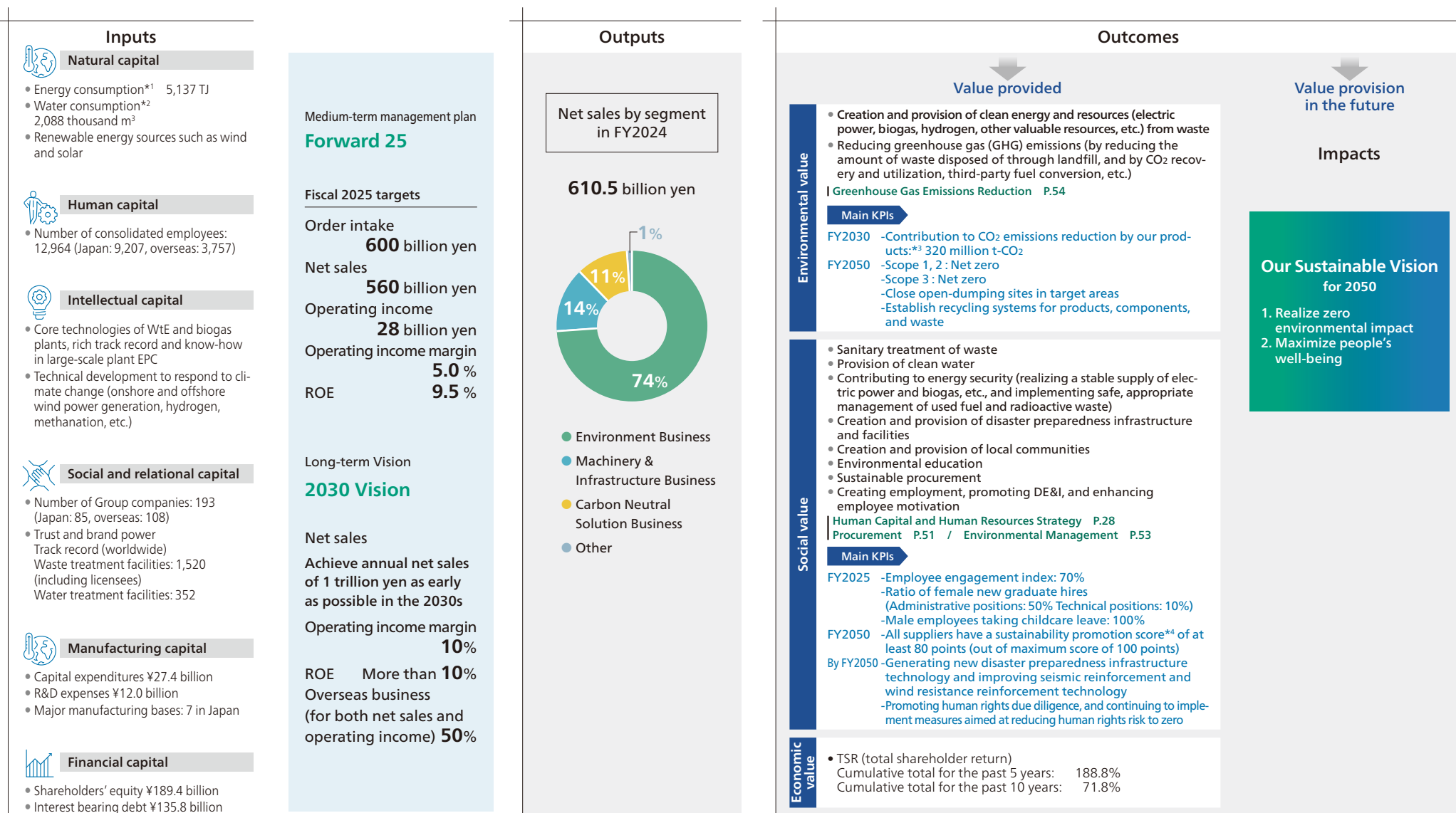
Value Creation Process

Corporate Philosophy, Our Management Stance, and Our Standards of Business Behavior

The basic philosophy of the Kanadevia Group



Value Creation Process



*1 Kanadevia Corporation and its main consolidated subsidiaries: 129 companies (accounting for 99% of consolidated net sales)

*2 Kanadevia Corporation and its main consolidated subsidiaries: 109 companies (accounting for 95% of consolidated net sales)

*3 Waste-to-energy power generation, biogas power generation, biomass power generation, wind power generation, etc.

*4 Scores calculated using the UN Global Compact Self-Assessment Questionnaire (SAQ).

Overview of Each Business Segment (Markets, Products, etc.)

Environment Business

| P.34

The Environment Business broadly deploys engineering, procurement, and construction (EPC) as well as long-term operation and maintenance services (O&M) after the completion of construction both domestically and internationally with a focus on infrastructure facilities that are essential to community life such as WtE, biogas, and water treatment, etc.

- Since the waste fuel used in Waste to energy is not uniform and varies by location and season, our extensive experience in construction and operation is a significant strength.
- In Japan, we have secured orders for both EPC and O&M services through local government bidding, and O&M is forming a foundation for long-term and stable revenue for our Group. Incineration facilities for general waste generated by households have proliferated throughout the country, and stable replacement demand is expected in the form of rebuilding and core improvements of deteriorating facilities.
- Overseas, the Group's primary market has been Europe, which has been actively engaged in reducing landfill waste since the 1990s. With the increasing global awareness of environmental issues in recent years, we are rapidly expanding new markets such as the Middle East and Australia. Due to the increasing size of overseas facilities and the growing need for "turnkey contracts" that cover all aspects of plant design, procurement, construction, and test operation, our Group's unrivaled track record and know-how are becoming major differentiating factors.
- With the trend toward outsourcing of public services to the private sector in Europe, the waste management companies that traditionally formed our customer base have been joined by energy companies and other customers in recent years, and the number of opportunities to receive long-term O&M orders is increasing overseas just as they are in Japan.
- Future demand for maintenance, rebuilding, and core improvements is expected from facilities involved with new construction. We are actively engaging in M&A in Europe to expand the foundation for capturing this potential demand.
- Looking ahead, rather than limiting ourselves to orders for EPC and O&M services, we will be aiming to participate in the development and operation of WtE plants and biogas plants and expand our involvement in projects with higher added value that we own and operate.

Machinery Business

| P.38

In our machinery business, we provide products primarily to private sector customers in a wide range of fields including machinery used in semiconductor manufacturing processes, food plants, medicine, and transportation, etc.

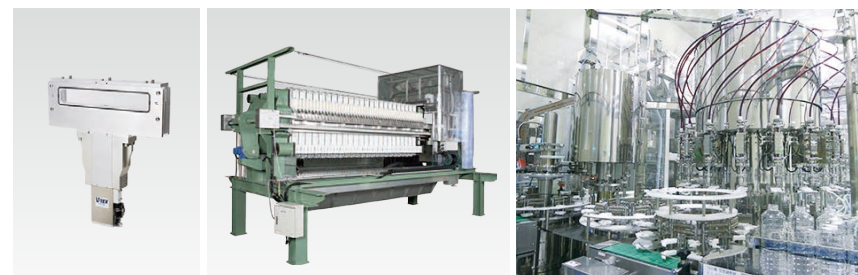
■ Precision machinery

We provide various industrial machines that are vital to daily life, such as those for food, pharmaceutical, and chemical products, as well as filter presses for a wide range of industries. We also offer vacuum film deposition equipment for the protective films used on FPDs (liquid crystal and organic EL panels). This equipment is essential for products like smartphones and for perovskite solar cells, a market expected to see future growth. We assist our customers with prototyping from the product development stage, supply the appropriate equipment, and provide consistent support through the subsequent maintenance to help their production systems achieve high efficiency.

In addition, we handle everything from design and development to manufacturing, sales, and after-sales service for vacuum valves used in the manufacture of semiconductors and FPDs, etc. as well as rupture discs used in various plants, etc. With sites located in East Asia and Silicon Valley (US), we are able to address both domestic and overseas demand.

■ Electronic control

Our primary customers include semiconductor equipment manufacturers, railways, food companies, and other private sector companies as well as public research institutions such as RIKEN and the Japan Atomic Energy Agency. We provide value to customers by promoting a solutions business that develops, designs, and fabricates products that meet customer needs. We generate revenue by selling various types of hardware and software such as electronic boards, video recording devices, and various control devices directly to customers. Recently, we have also been developing a service business that sells analyzed data and provides analysis services.



Overview of Each Business Segment (Markets, Products, etc.)

Infrastructure Business

| P.40

The Infrastructure Business has responded to the social needs of the time throughout the long history of our Group. We comprehensively provide services ranging from the design, construction, operation, and maintenance of hydraulic gates, bridges, stacks, and other infrastructure facilities with a focus on the public sector. Utilizing our advanced technical capabilities and experience, we build infrastructure with an emphasis on durability and safety and provide solutions that are customized to customer needs.

- Through the design, manufacturing and construction of steel structures such as hydraulic gates, bridges, and stacks, and by providing seismic reinforcement services for these structures, as well as maintenance and repair of superannuated facilities, we contribute toward enhancing national resilience and toward the building of communities whose residents can enjoy safety and peace of mind. We have also rolled out flap-gate type seawalls, which operate by using the power of tsunamis and high tides against them, thereby helping to build a society that is able to cope well with natural disasters. The last few years have also seen an increase in inquiries for hydraulic gate facilities for hydroelectric power generation, as part of efforts to realize carbon neutrality.
- Overseas, we aim to expand the Hydraulic Gate Business and will focus our efforts on business models utilizing ODA (Official Development Assistance). TANGENT Kanadevia, a joint company established in Thailand in 2023, functions as a base for fabricating and installing hydraulic gate equipment and steel structures and addresses the demand for flood control measures and hydroelectric power generation projects that are specific to the Southeast Asian region. The utilization of ODA supports the development of infrastructure in countries such as the Philippines and Indonesia; it is an important way to contribute to local social issues, and an effective business model that balances regional contribution with business expansion.



Carbon Neutral Solution Business

| P.42

In the Carbon Neutral Solution Business, we are contributing to the realization of decarbonization by addressing the need to transition to clean energy through two existing businesses and two growth businesses (new fields).

■ Marine Engines

In marine engines compatible with clean fuels (LNG, methanol), we have already developed a production system and established a manufacturing track record. Going forward, we will continue to promote capital investment and product development to address the needs of shipyards and shipowners to transition to ships powered by new fuels (ammonia, etc.)

■ Process equipment

We produce pressure vessels and heat exchangers for fertilizer and other industrial plants as well as containers (casks and canisters) for transporting and storing spent nuclear fuel generated by nuclear power plants. Going forward, we will also focus our efforts on bringing products and equipment to market for ammonia and other types of clean energy and carbon dioxide capture and storage facilities.

■ Decarbonization systems

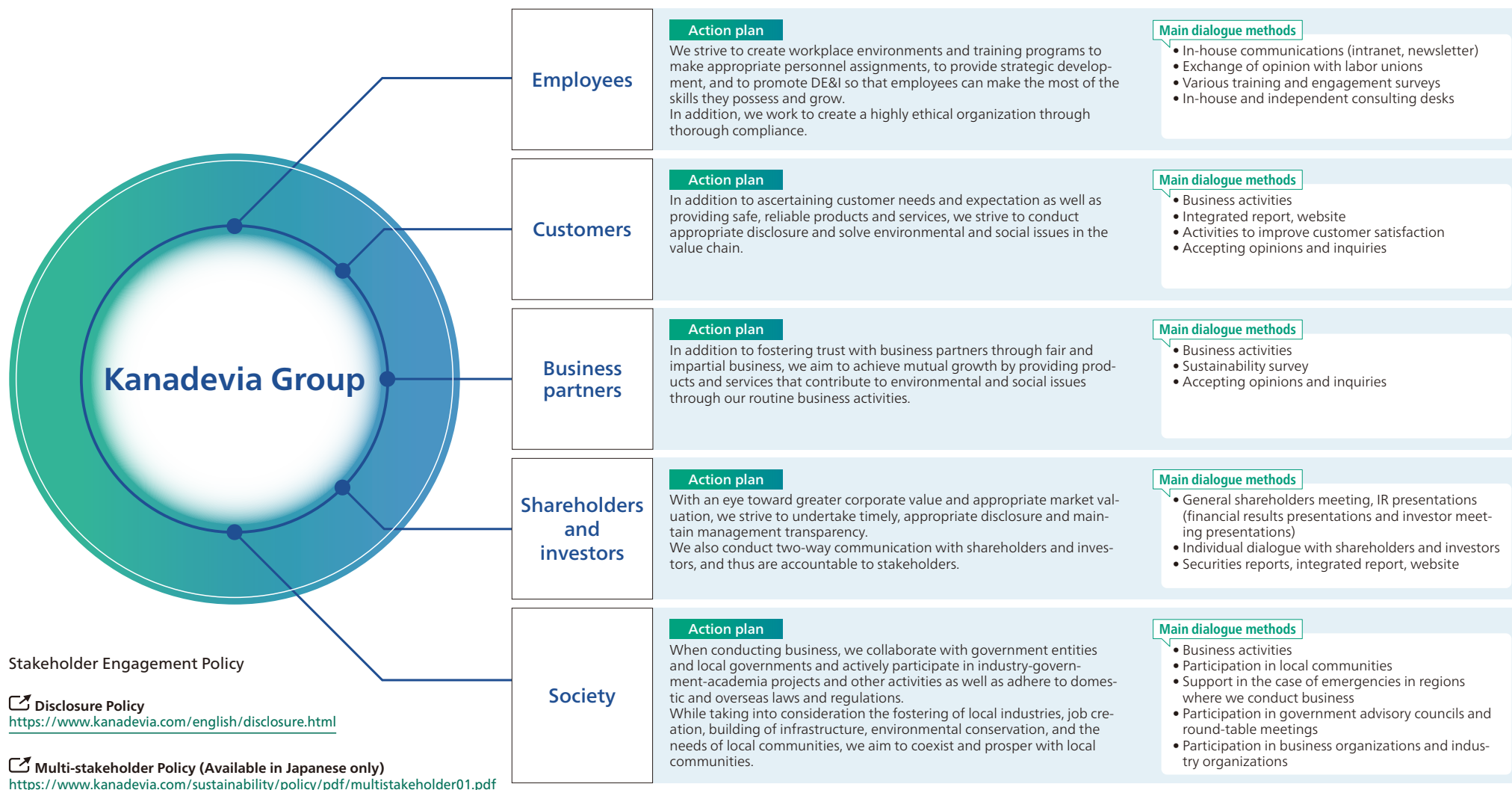
We are working to increase the size of hydrogen generation equipment and methanation equipment using our Group's technologies with the goal of full-scale societal implementation of hydrogen and synthetic methane, which are expected to see significant growth in the future. In addition, we are also using our advanced catalyst technologies to promote the development and instrumentation of catalysts that reduce N₂O emissions when using ammonia and other next-generation fuels.

■ Wind power generation

In onshore wind power generation, we handle everything for project development as well as facility EPC and O&M. Moreover, we also invest in businesses, which is leading to stable income from wind power generation businesses. Meanwhile, in offshore wind power generation, we will deliver products to wind power generation operators as a manufacturer of foundation structures. Currently, the bottom-fixed type of structure is being adopted in public offerings, and the floating type of structure is being implemented in demonstration projects.

Co-Creating Value with Stakeholders

The Kanadevia Group thinks that properly ascertaining society's expectations and demands leads to new business opportunities and sustainable business growth. We value proactive disclosure and continuous dialogue in order to strengthen trust with diverse stakeholders.



Sustainable Vision

The Kanadevia Group's corporate philosophy is to "create value useful to society with technology and integrity to contribute to a prosperous future." Our mission is "to take on the challenge, through the power of technology, to create a world that lives in balance with nature," or in other words, to contribute toward solving various problems affecting society, so as to help realize a sustainable society through our business activities. We will spare no effort in making the changes necessary to realize these goals.

The vision outlining our desired image in the year 2050

- (1) Realize zero environmental impact
- (2) Maximize people's well-being

The Path to the Resilience Eco Society

Our Group is a company that strives for harmony between humanity and nature through the power of technology. Last year, the Group announced that inappropriate conduct related to gas emissions in the Marine Engine Business. This was a truly regrettable situation, and we are thoroughly instructing all executives and employees that quality, safety, and compliance should be prioritized over costs while also enacting measures to strengthen governance and prevent a recurrence of such actions.

The technologies that Kanadevia possesses can contribute to addressing environmental challenges such as climate change, biodiversity loss, and pollution. As the global population increases and urban functions become increasingly advanced in today's world, we believe that the need for the Group's technologies will continue to expand in order to achieve further economic growth. Like an orchestra playing in harmony, Kanadevia will work together with our stakeholders to address climate change, biodiversity loss, pollution, human rights violations, and other social issues of increasing importance to realize a world with the ultimate cycle where nothing goes to waste and to forge a path to the Resilience Eco Society.

October 2025

Michi Kuwahara,
Representative Director
President and Chief Executive Officer

Social issues, and risks and opportunities, relating to our Pillars of Success (Materiality)

To clarify the key issues for our Group's business strategy, we have analyzed the problems affecting society from a long-term perspective, and identified the related risks and opportunities. This has provided us with the foundation for considering our Pillars of Success (Materiality).

Seven Pillars of Success (Materiality)	Awareness of social issues	Opportunities	Risks
Carbon neutrality	<ul style="list-style-type: none"> To achieve the 1.5°C target of the Paris Agreement, it is essential for society as a whole to achieve carbon neutrality. The demand for a transition to a decarbonized society is growing rapidly. 	<ul style="list-style-type: none"> Mainstreaming of renewable energy Increasing demand for low-carbon and decarbonized products and technologies 	<ul style="list-style-type: none"> Tightening regulations on GHG emissions, carbon tax, etc Decreasing demand for high environmental impact products
Complete circulation of resources	<ul style="list-style-type: none"> The explosive growth of the world's population is causing shortages of energy, resources, food, and water, dwelling problems, waste problems, and the collapse of biodiversity. Demand to make the transition to a society with net-zero environmental impacts is increasing rapidly. 	<ul style="list-style-type: none"> Expansion of the market for environment-related businesses due to growing awareness of the environment and stricter regulations Creation of new business models through the circular economy 	<ul style="list-style-type: none"> Higher business costs caused by stricter environmental regulations and response to the circular economy
Maximization of the environment's recovery power	<ul style="list-style-type: none"> To continue sustainable development, it is necessary not to exceed the reproductive capacity of nature, and above that, to restore that capacity. Sustainable development cannot be achieved by solving environmental issues alone; it is also necessary to maintain and restore people's basic needs, especially their health. 	<ul style="list-style-type: none"> Creation of new businesses in response to growing awareness of the need to regenerate open dumping sites and prevent marine pollution, etc. Pandemic-led rapid increase in demand for healthier and safer living 	<ul style="list-style-type: none"> Increasing costs associated with conservation and restoration of ecosystems in developed areas
Response to intensifying natural disasters	<ul style="list-style-type: none"> To prepare for emergencies such as intense natural disasters, pandemics, and other emergencies, there has been increasing demand for the establishment of a multilayered supply network for energy and food, the improvement of self-sufficiency rates, and the strengthening of social infrastructure. In particular, infrastructure development is an issue in emerging countries, and aging infrastructure is an issue in developed countries. 	<ul style="list-style-type: none"> Increasing demand for infrastructure development necessary for smart cities and resilient urban development Rising demand for disaster preventive and mitigative infrastructure technology in anticipation of severe disasters Increasing demand for establishment of a multilayered energy supply network and improved self-sufficiency 	<ul style="list-style-type: none"> Supply chain disruption in the event of an emergency Increasing need for disaster prevention measures at production bases and risk management in businesses
Sustainable procurement	<ul style="list-style-type: none"> Expanding environmental and social responsibility in the supply chain 	<ul style="list-style-type: none"> Enhancement of social credibility by contributing to the sustainability of the entire value chain by net-zero environmental impacts throughout the supply chain and creating social value 	<ul style="list-style-type: none"> Deterioration of reputation due to human rights infringements and environmental impacts in the supply chain
Maximization of people's well-being	<ul style="list-style-type: none"> To solve environmental issues, sustainable development also requires that people's health, influential power, capacities, equity, meaning and significance be recognized. Demand for the realization of workplaces where diverse human resources can be physically and mentally healthy and make the most of their abilities. Strong requirement not to be complicit in human rights infringements by third parties. 	<ul style="list-style-type: none"> Improvement of credibility by creating value for the entire business value chain of our Group Increase of corporate competitiveness by creating innovation through the promotion of DE&I Increase of productivity, efficiency, and motivation by accelerating workstyle reform 	<ul style="list-style-type: none"> Outflow of human resources due to loss of opportunities for diverse human resources to play active roles Decline in competitiveness and slump in business performance due to inability to respond to changes in the business environment
Enhancement of corporate governance	<ul style="list-style-type: none"> Expanding requirement for highly effective corporate governance Increasing importance of business activities based on high ethical standards and transparency of business activities 	<ul style="list-style-type: none"> Sustainable enhancement of corporate value by realizing highly effective corporate governance Improvement of the credibility of the Company through corporate activities based on high ethical standards 	<ul style="list-style-type: none"> Lack of appropriate management decisions due to dysfunctional corporate governance and internal controls; business stagnation, slumps, and scandals, and loss of stakeholders' confidence due to these Occurrence of compliance violations, including anti-competitive acts, corruption, bribery, etc. due to lack of compliance awareness and ethics among officers and employees

Materiality—Indicators and Targets

The process used to set our Materiality

When setting our Pillars of Success (Materiality), we took our Group's corporate philosophy and Sustainable Vision as the foundation. Our starting point was to identify issues across a wide range of areas, based on an awareness of the external environment from a long-term perspective, and in accordance with four basic Sustainability Principles.*¹ By considering our Company's business strategy, international sustainability standards and the evaluation criteria used by sustainability assessment providers, etc., we developed an understanding of society's expectations, and identified candidate items for our Pillars of Success. We then selected those items that needed to be prioritized as Pillars of Success, taking into account the perspective of our stakeholders and society as a whole, the impact in terms of business continuity, and the difficulty of achievement (utilizing the Future-Fit Business Benchmark*²).

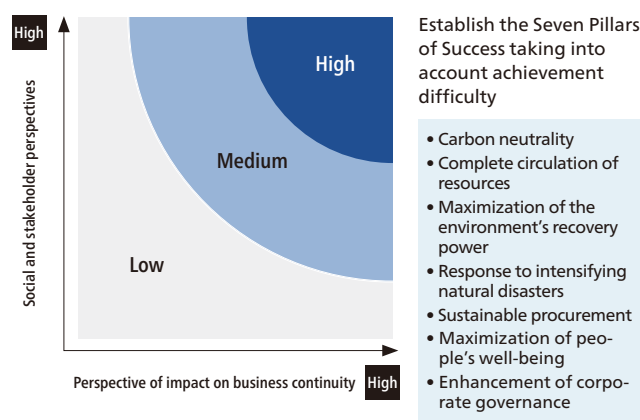
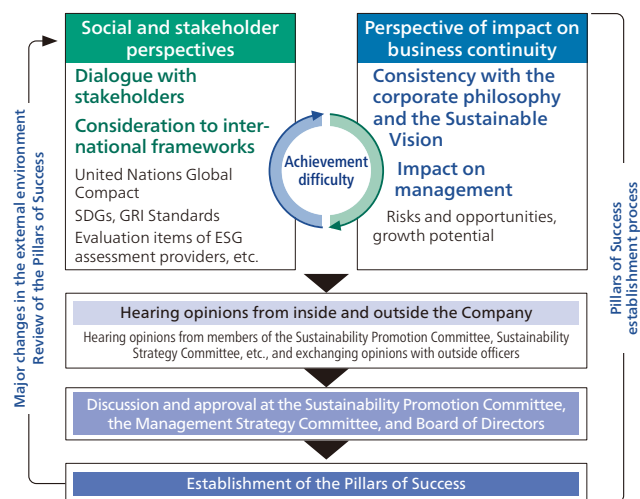
During the review, over 80 members of the Sustainability Strategy Committee split into 15 subcommittees to engage in repeated discussions. During the subcommittee discussions, the members found it extremely

difficult to organize the issues from a backcasting perspective. However, after receiving information from external consultants and exchanging opinions with outside directors, the members identified important issues that provided an overhead view of the entire Group.

Further discussions were later held in the Sustainability Promotion Committee and Management Meeting, which ultimately led to the establishment of seven "Pillars of Success" for us to aim for after discussion and approval at the Board of Directors meeting.

The "Pillars of Success" will be periodically reviewed roughly every three years to appropriately reflect changes in the external environment and changes in social needs and expectations in our business plans. This will maintain the sustainability of our business and also ensure flexibility in responding to the demands of society. The external environment concerning sustainability has changed over the past three years. We will analyze the opportunities and risks once again in FY2025 and review the "Pillars of Success" based on the assessments of external experts and external stakeholders received after establishing the "Pillars of Success."

Materiality establishment process



Opinions from outside experts
<https://www.kanadevia.com/english/sustainability/management/comments.html>

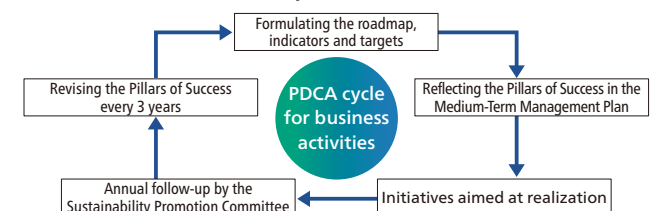
*1 These are four principles advocated by The Natural Step, an international NGO (<https://thenaturalstep.org/approach/>), for guiding corporate activities with a focus on four of the fundamental reasons for an absence of sustainability: We will not participate in the following types of activities: (1) Activities that lead to increasing concentrations of substances from the earth's crust in the natural environment; (2) Activities that lead to increasing concentrations of substances produced by society in the natural environment; (3) Activities that lead to degradation of the natural environment by physical means; (4) Activities that systematically prevent behavior that meets people's basic needs (in terms of health, influence, competence, impartiality and meaning).

*2 This is a KPI tool developed by the Future-Fit Foundation in the UK to incorporate the four key principles of sustainability into the promotion of sustainable management by business enterprises.

Strategies, indicators and goal for realizing the Pillars of Success (Materiality)

We have set a number of strategies for realizing the Pillars of Success (Materiality), and have drawn up roadmaps for each of them. It goes without saying that, with regard to goal management for each individual strategy, it is difficult to gauge the extent to which the Pillars of Success have been achieved in and of themselves, and so we have set targets for each Pillar of Success, and we have put in place a framework for monitoring progress status, with the progress being verified once every six months. The results will be reported to the Sustainability Promotion Committee, and, while maintaining linkage with the monitoring of progress status in relation to the Company's business strategy, the results will also be reported to the Management Strategy Committee and the Board of Directors. The initiatives and targets set for each of the Pillars of Success are outlined on the following page.

Managing indicators and targets for the realization of the Pillars of Success (Materiality)



Materiality—Indicators and Targets

Seven Pillars of Success (Materiality)	Indicators and targets/FY2024 results	Raw materials procurement	Manufacturing (including product development)	Provision of products and services	Disposal of used products	Linkage with the SDGs
Carbon neutrality	<ul style="list-style-type: none"> • FY2030 - Contribution to CO₂ emissions reduction through products:*1 320 million t-CO₂ (Cumulative total since fiscal year 2020) • FY2050 - FY2050- Scope 1, and Scope 2 net zero - Scope 3 net zero • FY2024 results - Contribution to CO₂ emission reductions through products: 27.02 million t-CO₂ Greenhouse Gas (GHG) Emissions Reduction P.54	<ul style="list-style-type: none"> • Net zero environmental load across the entire supply chain 	<ul style="list-style-type: none"> • Undertake product development and commercialization to meet demand for clean energy, including third-party fuel conversion, hydrogen, synthetic methane, ammonia, etc. • Establish and commercialize Carbon dioxide Capture, Utilization and Storage (CCUS) technology • Expand the onshore and offshore wind power business • Implement fuel conversion, enhance our energy self-sufficiency rate, and adopt energy-saving equipment 			
Complete circulation of resources	<ul style="list-style-type: none"> • FY2050 - Establish recycling systems for products, components, and waste - Landfill disposal rate*2 to zero emissions - Achieve water intake reduction targets*3 • FY2024 results - Landfill disposal rate 2.9% Environmental Management P.53		<ul style="list-style-type: none"> • Make recycling in manufacturing processes more systematic • Minimization of sludge and incineration residue • Recycle water used for industrial purposes, etc. 	<ul style="list-style-type: none"> • Promote recycling-friendly design, use long-lifespan components, and establish long-life technologies 	<ul style="list-style-type: none"> • Recycle valuable metals contained in recovered product and waste 	
Maximization of the environment's recovery power	<ul style="list-style-type: none"> • FY2050 - Close open-dumping sites in target areas - Realize 100% replacement of materials that are environmental pollutants*4 - Ensure that domestic production sites comply with waste gas and waste water standards (additional voluntary standards) • FY2024 results - Seven plants in Japan achieved the more stringent standard 		<ul style="list-style-type: none"> • Invest in forest management, greenification, and offset projects (afforestation) • Undertake conservation and restoration of ecosystems in development zones • Life science-related technologies 	<ul style="list-style-type: none"> • Undertake restoration work to address air, water and soil pollution 	<ul style="list-style-type: none"> • Reduce and rehabilitate open-dumping sites • Undertake conservation and restoration of ecosystems in development zones 	
Response to intensifying natural disasters	<ul style="list-style-type: none"> • By FY2050 (continuous) - Generate new disaster preparedness infrastructure technology and improve seismic reinforcement and wind resistance reinforcement technology 		<ul style="list-style-type: none"> • Generate disaster preparedness infrastructure technology to cope with serious natural disasters 	<ul style="list-style-type: none"> • Provide local disaster response location functionality, and establish mechanisms for collaboration with local government authorities, etc. 		
Sustainable procurement	<ul style="list-style-type: none"> • FY2050 - All suppliers have a sustainability promotion score*5 of at least 80 points (out of maximum score of 100 points) • FY2024 results - Implemented the UN Global Compact SAQ: The questionnaire targeted 627 companies, which corresponds to approximately 87% of our individual order amount, and the response rate was approximately 84% (526 companies). Procurement P.51	<ul style="list-style-type: none"> • Realize thorough dissemination of sustainable procurement principles 				
Maximization of people's well-being	<ul style="list-style-type: none"> • FY2025 - Employee engagement index: 70% • FY2050 - Maintain zero human rights risks - All suppliers have a sustainability promotion score*5 of at least 80 points (out of maximum score of 100 points) • FY2024 results - Human rights policy established (April 2024) - FY2024 Employee engagement index: 44% Human Capital and Human Resources Strategy P.28		<ul style="list-style-type: none"> • Promote DE&I, expand human capital, and enhance motivation • Realize harmonious coexistence between our business locations and the local community • Spread awareness of our Group's human rights policy 			
Enhancement of corporate governance	<ul style="list-style-type: none"> • FY2025 - Complete the establishment of a sustainable management system throughout the Group • FY2024 results - Anti-bribery regulations established (April 2024) - Sustainability Promotion Committee convened (four times a year) - ERM office newly established (March 2025) Corporate Governance P.64		<ul style="list-style-type: none"> • Maintain systems centered on the Sustainability Promotion Committee • Ensure thorough implementation of effective corporate governance and compliance 			

*1 Waste-to-energy power generation, biogas power generation, biomass power generation, wind power generation, etc. *2 Assuming compliance with local rules and circumstances. *3 Due to be set in FY2025. *4 Specified chemical substances, etc.

*5 Scores calculated using the UN Global Compact Self-Assessment Questionnaire (SAQ).

Long-Term Vision: The 2030 Vision

2030 Vision Overview

With the Seven Pillars of Success (Materiality) stipulated in the Sustainable Vision in mind, the Kanadevia Group set “decarbonization,” “resource circulation,” and the “development of safe and prosperous community” as the Group’s business fields and actively works to solve social issues in these fields. As for finances, we have set increasing profitability as our priority issue and aim to achieve an operating income margin of 10% in fiscal 2030. By doing our utmost to solve issues through dialogue with customers and the market, we will contribute to the creation of a sustainable society and tie that to improved operating income for the Group.

2030 Vision targets				
Net Sales	Operating Income Margin	ROE	Overseas Business Ratio	O&M/Service Ratio
1 trillion yen as early as possible in the 2030s	10%	More than 10%	50% of Sales and Operating income	EPC/New < O&M/Service

Efforts toward realization of the 2030 Vision

Through 2030 Vision, we are working to create and expand growth businesses on the foundation of sustainable growth of our existing businesses. For existing businesses, we will secure stable earnings by expanding O&M/Service, such as maintenance and outsourced plant operations, as well as increase the value added of products and services through the use of DX technology and other activities. At the same, we will reinforce the Group’s earnings structure by continuing to select and concentrate our businesses.

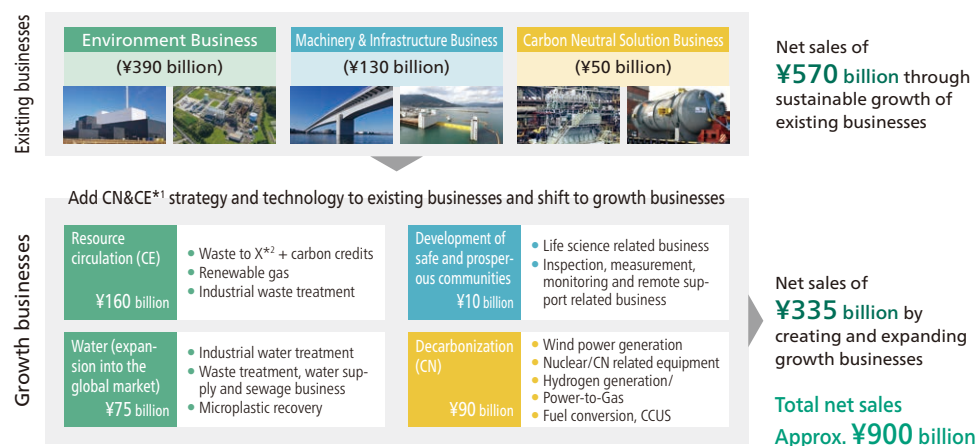
For growth businesses, our goal is to create highly profitable businesses, particularly in the fields of resource circulation and decarbonization, through strategic business investments and investments in development. In overseas markets that are expected to continue to grow, we will reinforce our global business system, implement the optimal strategy for each country and region, and generate synergies within the group, and thus expand the overseas business. In fiscal 2022, new projects and O&M/Service account for about 60% and 40% of net sales, respectively, and through the above initiatives we aim to have O&M/Service account for a majority of net sales and generate 50% of net sales and operating income from overseas businesses by fiscal 2030.

Our goal is to grow the combination of existing businesses and growth businesses into ¥900.0 billion businesses and to achieve net sales of ¥1 trillion as early as possible in the 2030s. Although total assets are expected to increase due to aggressive investment for growth, our policy is to maintain a sound balance sheet and financial structure.

2030 Vision

Our business vision

Vision for 2030: Sustainable growth of existing businesses and creation and expansion of growth businesses



* 1 Carbon Neutral & Circular Economy

* 2 Energy, material, chemical, fuel, hydrogen, carbon storage, phosphorus recovery, etc.

2030 Vision

The 2030 Vision—Strategy to increase profitability (operating income margin of 10%)

Create growth businesses and highly profitable businesses (operating income margin of 10%) by expanding strategic business and R&D investments



Enhance the underlying earnings base (Improvement of profit margin in new projects)

Create new products, businesses, and business models

Expand O&M/Service in all businesses

- Labor-saving business, high-added-value, multipurpose development, and solution provision
- Strengthen competitiveness through strategic partnerships

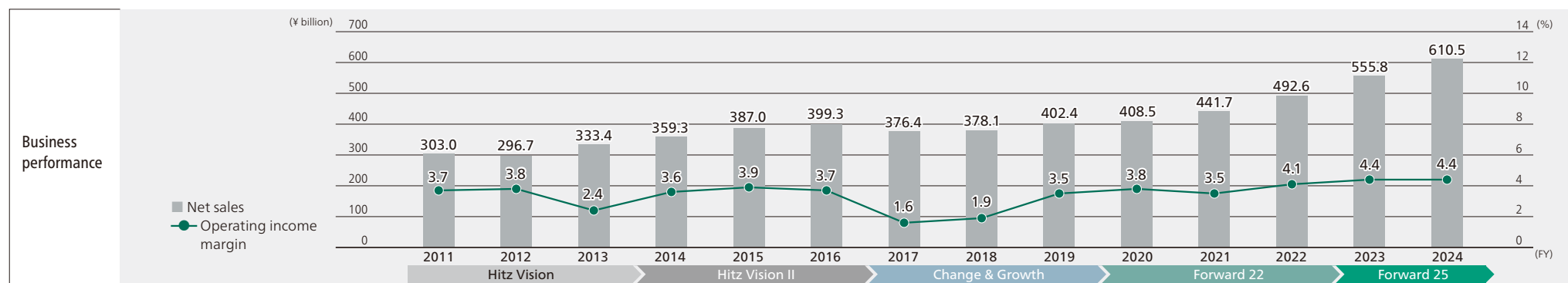
- Optimize strategies by country and region and strengthen global organizational structure
- Overseas business growth through group synergies

* EPC/New: Projects to hand over new assets to customers in the fields of construction, manufacturing, and sales. O&M/Service: Incidental projects after the handover of plants or products, such as maintenance, operation, management, and other services, and projects based on long-term contracts, such as power generation.

Medium-Term Management Plan

Review of Past Medium-Term Management Plans

	Change & Growth Fiscal 2017–2019	Forward 22 Fiscal 2020–2022
Positioning	Three years of laying the foundation to realize the Hitz 2030 Vision	A period for boosting profitability to ensure that results are achieved
Basic policies	<ol style="list-style-type: none"> Restructure the business foundation and improve productivity <ol style="list-style-type: none"> Expand business areas Utilize ICT Strengthen the risk management system Actualize and promote measures for high profitability Strengthen financial position and expand growth investment capacity Maximize the Group's comprehensive strengths <ol style="list-style-type: none"> Realize synergies by forming business clusters Focus on consolidated business management Develop human resources through job rotation Promote portfolio management <ol style="list-style-type: none"> Clarify business positioning through portfolios Prioritize management resources for growth and new businesses Consider revitalizing sluggish products and assess their prospects carefully 	<ul style="list-style-type: none"> Contribute to the realization of a sustainable, safe, and secure society through all our corporate activities Boost our own profitability and aim to be a corporate group that can achieve sustainable growth <ol style="list-style-type: none"> Enhance the added value of products and services <ol style="list-style-type: none"> Utilize cutting-edge technologies Shift business locations and promote interaction with customers and markets Maximize the Group's comprehensive strengths Promote business selection and concentration and allocate resources to growth areas <ol style="list-style-type: none"> Introduce the Goal Achievement Monitoring System Further promote portfolio management Achieve workstyle reform by improving operational efficiency and productivity <ol style="list-style-type: none"> Improve operational efficiency through changes in the Group management system Review the state of manufacturing businesses Promote human resource development and workstyle reform
Financial targets and results	<div> <div>Fiscal 2019 targets (at the time of planning)</div> <div>Order intake ¥460 billion, net sales ¥430 billion</div> <div>operating income ¥20.5 billion (Operating income margin 4.8%)</div> </div> <div> <div>Fiscal 2019 results</div> <div>Order intake ¥454.1 billion, net sales ¥402.4 billion</div> <div>operating income ¥13.8 billion (Operating income margin 3.5%)</div> </div>	<div> <div>Fiscal 2022 targets (at the time of planning)</div> <div>Order intake and net sales ¥400 billion level,</div> <div>operating income margin 5%</div> </div> <div> <div>Fiscal 2022 results</div> <div>Order intake ¥737.5 billion, net sales ¥492.6 billion,</div> <div>operating income ¥20 billion (Operating income margin 4.1%)</div> </div>
Achievements	<ul style="list-style-type: none"> Established the Kanadevia Advanced Information Technology Center (AI/TEC) and implemented a new core business system (SAP) to improve operational efficiency and enhance profitability Implemented management reforms under the new CEO and strengthened Kanadevia's governance to restore Inova's earnings. Improved the balance sheet: Recorded impairment loss in fiscal 2019 in inventories related to the U.S. shield tunneling machine business and in Japan Marine United stocks 	<ul style="list-style-type: none"> Improved Inova's performance through management reform, acquired new WtE business, and won overseas O&M projects The Goal Achievement Monitoring System: Established system for monitoring KSF and KPI by business unit Closed and consolidated Kashiwa Works to other facilities, established joint ventures with other companies in shield tunneling machines, marine engines, and radioactive waste-related businesses, and transferred shares in non-core businesses (logistics, deck machinery, etc.) Executed strategic acquisitions to expand WtE, biogas, and O&M businesses in Europe Established Carbon Neutral Solution Business Headquarters and Global Headquarters
Continuing issues	<ul style="list-style-type: none"> Missed targets for operating income and other profit items Break away from an earnings structure in which the O&M services of the environmental and plant division support company-wide profits Further promote portfolio reform aimed at structural reform of the manufacturing business and optimal allocation of management resources 	<ul style="list-style-type: none"> Enhance profitability (reduce defect costs by eliminating technical troubles, respond to global supply chain disruptions, minimize the impact of inflation on earnings) Strengthen synergies with domestic and overseas Group companies Continue to implement business portfolio management as part of organizational reforms to expand growth areas and focus businesses Execute strategic investments to create growth businesses



Medium-Term Management Plan

Medium-term management plan Forward 25

Basic Policy and Priority Measures

Environmental awareness and issue	Basic policies	Priority measures	Initiatives	KPI (Fiscal 2025)/Numerical targets
External environment <ul style="list-style-type: none"> Domestic WtE market is mature and stable, centered on renewal demand Large potential demand for sanitary treatment of waste, and water, energy due to population growth, especially in emerging countries Growing environmental awareness and transition to a decarbonized society Mobilization of human resources 	1 Sustainable growth of existing businesses	① Expanding overseas businesses	<ul style="list-style-type: none"> Provide long-term O&M services for overseas WtE Generate synergies with overseas Group companies Make domestic EPC profitable (appropriately select projects and eliminate troubles) Expand O&M/Service for the Machinery & Infrastructure Business and Carbon Neutral Solution Business Review business portfolio Create new business models by shifting businesses locations 	Percentage of overseas sales: 40% Percentage of sales from O&M/Service: 50% Make new engineering, procurement, and construction (EPC) projects profitable
		② Promoting structural reform of businesses ③ Expanding O&M services and improving profitability of new EPC projects		
	2 Creation and expansion of growth businesses	① Execution of investment strategies	<ul style="list-style-type: none"> Biogas own business in Europe and U.S. Promote "Waste to X" initiatives Enter the industrial waste field Globalize the water business and nuclear power-related business Develop waste gasification and other next-generation technologies Conduct R&D that leverages the Green Innovation Fund, etc. 	Total investments during Forward 25: ¥140.0 billion
		② Investment in priority areas		
Management issues <ul style="list-style-type: none"> Majority of consolidated operating income depending on domestic O&M/Service of Environment Business Losses in domestic environmental EPC Profitability issues in some businesses Recruitment, training, and retention of human resources capable of responding to changes in the business environment 	3 Promotion of sustainable management (enhancement of corporate value)	① Strengthening human capital	Human Capital and Human Resources Strategy P.28 <ul style="list-style-type: none"> Secure diverse human resources Develop human resources (management, DX, and global human resources) Promote diversity and inclusion 	Females in new graduate hires: 50% for administrative jobs and 10% for technical jobs Male employees taking childcare leave: 100% Employee engagement index: 70% Prevalence of lifestyle disease: 21% or lower
		② Decarbonization in human capital business activities	Environmental Management P.53 Greenhouse Gas Emissions Reduction P.54 <ul style="list-style-type: none"> Convert fuel (hydrogen, etc.) and introduce electric vehicles and energy-saving equipment Increase share of renewables in the overall energy mix Ascertain Scope 3 GHG emissions and reduce emissions in the supply chain 	GHG emissions Scope 1, 2 Reduce: 34% (compared to fiscal 2013)
		③ Promoting DX Strategies	DX Promotion P.45 <ul style="list-style-type: none"> Create business value from the customer's perspective through digital transformation of business (Business DX) Reform both operation process and employee work styles (Corporate DX) Reinforce digital technology foundation and train digital human resources (DX Platform) 	Product IoT rate: 60% Number of DX human resources trained: 500
		④ Thorough risk management	Health and Safety P.49 Risk Management P.73 <ul style="list-style-type: none"> Manage ordered projects risks Manage business investment project risks Strengthen safety management network through ICT 	Number of lost time injuries: 0 Defect cost to sales ratio: 0.5% or less

Financial targets

	Fiscal 2023 (result)	Fiscal 2024 (result)	Fiscal 2025 (target)	Fiscal 2025 (Targets at the time of Forward 25 formulation)
Order intake	¥715.1 billion	¥765.9 billion	¥700.0 billion	¥600.0 billion
Net sales	¥555.8 billion	¥610.5 billion	¥620.0 billion	¥560.0 billion
Operating income (operating income margin)	¥24.3 billion (4.4%)	¥26.9 billion (4.4%)	¥27.0 billion (4.4%)	¥28.0 billion (5.0%)
ROE	12.6%	12.6%	8.2%	9.5%

* As of Q1 fiscal 2025 financial results announcement

Status of growth business expansion

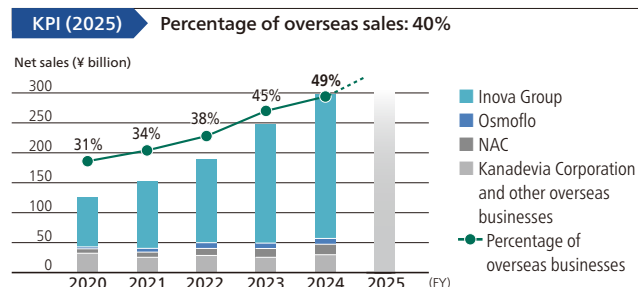
Sales targets for FY2025 (at the time of Forward 25 formulation)				FY2024 sales performance	
Resource circulation (CE)	<ul style="list-style-type: none"> Waste to X*2 + carbon credits Renewable gas Industrial waste treatment 	<ul style="list-style-type: none"> Development of safe and prosperous communities Life science related business Inspection, measurement, monitoring and remote support related business 		Resource circulation (CE)	Development of safe and prosperous communities
¥40 billion		¥3 billion		¥23 billion	¥2 billion
Water (expansion into the global market)	<ul style="list-style-type: none"> Industrial water treatment Waste treatment, water supply and sewage business Microplastic recovery 	<ul style="list-style-type: none"> Decarbonization (CN) Wind power generation Nuclear/CN related equipment Hydrogen generation/Power-to-Gas Fuel conversion, CCUS 		Water	Decarbonization (CN)
¥40 billion		¥25 billion		¥41 billion	¥20 billion
¥108 billion				¥86 billion	

Medium-Term Management Plan

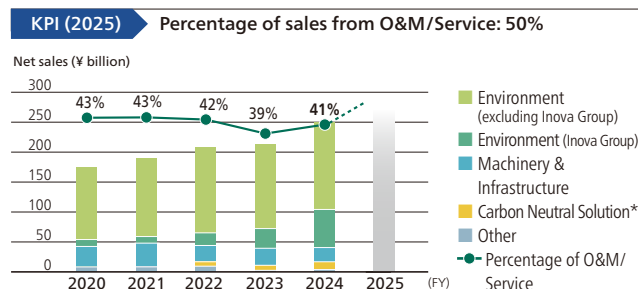
Sustainable Growth of Existing Businesses Expanding overseas businesses

In FY2024, the overseas sales ratio for the entire Group reached 49% and achieved the target of 40% by FY2025 due to the growth of the Inova Group's WtE and other Waste to X businesses. In addition to acquiring the shares of Denmark's Babcock & Wilcox Renewable Service A/S (BWRS) and continuously expanding O&M/Service through the subsidiary acquisition of companies involved in the operation and maintenance of WtE plants, the Inova Group is expanding the business areas of Waste to X through the acquisition of Iona Capital and its group companies, which are engaged in developing and operating biogas projects in the UK.

Expanding overseas businesses



Expanding O&M/Service



* Established Carbon Neutral Solution Business Headquarters in fiscal 2022. For fiscal 2021 and before, Carbon Neutral Solution Business Headquarters figures are included in figures for the Machinery & Infrastructure Headquarters.

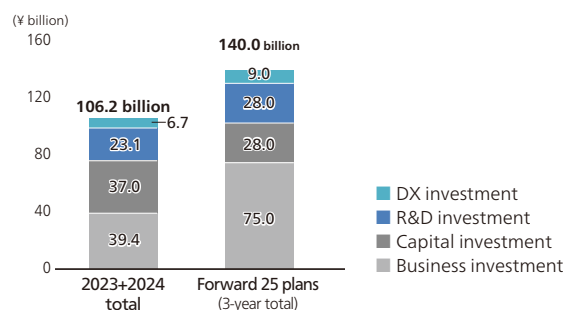
Promoting structural reform of businesses

From a social sustainability and corporate sustainability perspective, we are conducting business evaluations as well as reviewing and reforming our business portfolio. In addition to merging our wholly owned subsidiaries Hitachi Zosen Plant Techno-Service Corporation and Promotec Corporation to improve management efficiency, we also transferred all issued shares of H&F Co., Ltd. to Amada Co., Ltd., this past May. We will continue to promote the selective investment of resources.

Expanding O&M/Service and improving profitability of new EPC projects

In FY2024, the sales ratio from O&M/Service reached 41%. In recent years, the growth in the sales ratio of O&M/Service has slowed slightly due to the growth of new businesses by the Inova Group. However, in addition to the steady progress of the domestic Environment Business, significant expansion of O&M/Service is expected in the future due to the subsidiary acquisition of companies involved in the operation and maintenance of WtE plants by Inova. Moreover, our goal in FY2025 is to make our new businesses profitable, and we are working to create new business models and enhancing the value of our products and businesses through the promotion of DX to strengthen our profitability.

State of investments



However, there has been insufficient success with expanding O&M/Service for the Machinery & Infrastructure Business and Carbon Neutral Solution Business and making new domestic environment business profitable, but we will continue to tackle these issues.

Creation and Expansion of Growth Businesses

The three-year investment plan for "Forward 25" totals 140 billion yen with the cumulative investment amount for FY2023 and FY2024 reaching 106.2 billion yen, and we are advancing growth investments at a level which exceeds our initial plan.

In the Carbon Neutral Solution Business, which is a priority area, we have decided to invest approximately 8 billion yen to construct a mass production plant for water electrolysis stacks, which are core components in hydrogen generation equipment, in Tsuru, Yamanashi Prefecture. In addition, we are making multiple development investments using subsidies in decarbonization and resource circulation areas such as WtE, Power to Gas, floating offshore wind power generation, and methane production from sewage sludge, etc.

In overseas markets, the EU has established a plan to increase the ratio of renewable energy to 45% by 2030, and biogas production facilities are expected to be significantly expanded as a part of that plan. The Group aims to secure high value added and stable profits by handling the entire value chain of the Biogas Business from business development to construction, operation, and gas sales. In FY2024, we decided to invest in multiple biogas and related businesses in the UK and Italy. We will carefully examine profitability and risks and steadily pursue active investments in promising projects.

Financial Strategy

Hiroshi Miyazaki

Director, Managing Executive
Officer, General Manager of
Corporate Planning
Headquarters



Working to promote business portfolio management and enhancing corporate value with an awareness of capital efficiency

The financial strategy in Forward 25 has five roles. The first is improving capital efficiency. Prioritizing, monitoring, and maximizing return on investments are the most important points for optimizing our business portfolio and investing in M&As. The second role is financial support for growth strategies, and we will support fund-raising for M&As and new business development from a financial perspective. The third is risk management regarding drastic changes in the market, and the fourth is profit distribution.

Forward 25 has a policy of proactive growth investments, but it is also important to maintain stable dividends to our shareholders. The fifth role of Forward 25 is to strengthen communication through IR and other activities to enhance corporate value and shareholder value.

As for the inappropriate conduct regarding quality that we announced publicly last year, we have implemented measures to prevent reoccurrence and are making steady progress in reforming our organizational culture and transforming attitudes, and we will continue to ensure a dedicated response to our customers. We will also clearly define the path toward restructuring our business portfolio and achieving our future earnings targets, linking this to enhancing corporate value.

Looking Back on the Second Year of Forward 25

Looking back on the second year of Forward 25, overseas business was on a growth track and expanded successfully. That progress was particularly aided by M&As at Kanadevia Inova and proactive business investments.

Regarding the promotion of business portfolio management, we are focusing on business areas that contribute to solving problems affecting society, such as carbon neutrality, the circular economy, and disaster prevention. We have implemented carve-outs or formed alliances with other companies, particularly for businesses where we could not foresee profit improvement or long-term growth on a standalone basis. These decisions were made after extensive, multi-faceted discussions, including from the “best owner” perspective. In April 2023, we spun off our marine engine business as a separate company and received capital participation from Imabari Shipbuilding Co., Ltd. to establish Hitachi Zosen Marine Engine Co., Ltd. In May 2025, we transferred the shares of our subsidiary in the press business H&F Corporation to Amada Co., Ltd. This was a strategic decision to allow our Group to concentrate on our core focus areas amid a period of drastic changes in the automotive industry, and we would like to continue to promote portfolio management going forward.

The progress of our financial strategy has been recognized for its implementation of business investments at a pace exceeding initial expectations. While appropriately raising funds related to this, we have maintained the soundness of our balance sheet, with an equity ratio of 31.1% at the end of fiscal 2024.

Financial Strategy to Achieve Our Long-term Vision

Under Forward 25, we have made investments related to renewable gas through Inova. We acquired the UK’s Iona Capital Ltd., an asset management company for biogas plants, in January 2025. We will accelerate development in investment projects in the renewable gas business and continue investments through this acquisition, and we will enhance investment decisions and the monitoring process, connecting this to enhancing corporate value, to reap reliable results. At the same time, we are also considering cyclical use of capital, such as selling some assets when they have reached a stage to stably generate profits and reallocating the proceeds to new investments.

Specifically, Iona Capital has 11 biogas plants, and we are also considering selling these with added value and using the capital gained for new investments. Iona Capital also has human resources with advanced expertise in the development of business investment projects and asset management, and our policy for the next medium-term management plan is to collaborate with them to make proactive efforts to lead to investment efficiency and profits.

Financial information

	FY2024 Results	FY2025 Forecast
Total assets	609.6 billion yen	635.0 billion yen
Cash and deposits	70.8 billion yen	70.0 billion yen
Equity	189.4 billion yen	201.2 billion yen
Shareholders’ equity ratio	31.1%	31.7%
Interest-bearing debt	135.8 billion yen	155.0 billion yen

Balance sheet items are as of the end of each year

Financial Strategy

The Company's main business is the environment business both in Japan and overseas, but we expect the carbon neutral solution business to be our next pillar. In this business, we are promoting power to gas (PtG) and offshore wind power generation. In PtG, in particular, we have decided to invest in the mass production of hydrogen generation equipment. We are currently proceeding with verification testing of offshore wind power generation in the sea off Aichi Prefecture, and we will invest under the next medium-term management plan while also keeping an eye on areas that will be the next growth drivers.

We have shared the hurdle rate that will form the basis

of our investment decisions across the Company and will use capital according to factors such as the nature of the business, the payback period, and the country and region of the investment. However, the overly wide range of business types is an issue. It can be assumed that troubles and risks will arise in practice, and resources will be used in response to them. Businesses for which future profitability and strategic consistency cannot be expected require decisive reorganization.

The Group's long-term vision with the goal of fiscal 2030 states an operating income margin of 10%, but this remained at 4.4% in fiscal 2024. However, a close look at

business content shows differences in the rates of return. Even in the same environment business, the operating income margin for EPC was zero or slightly negative for domestic projects, while existing businesses after O&M/Service business (operations, maintenance, and after-sales service) exceeded 10%. We will take improvement measures based on such differences in rates of return.

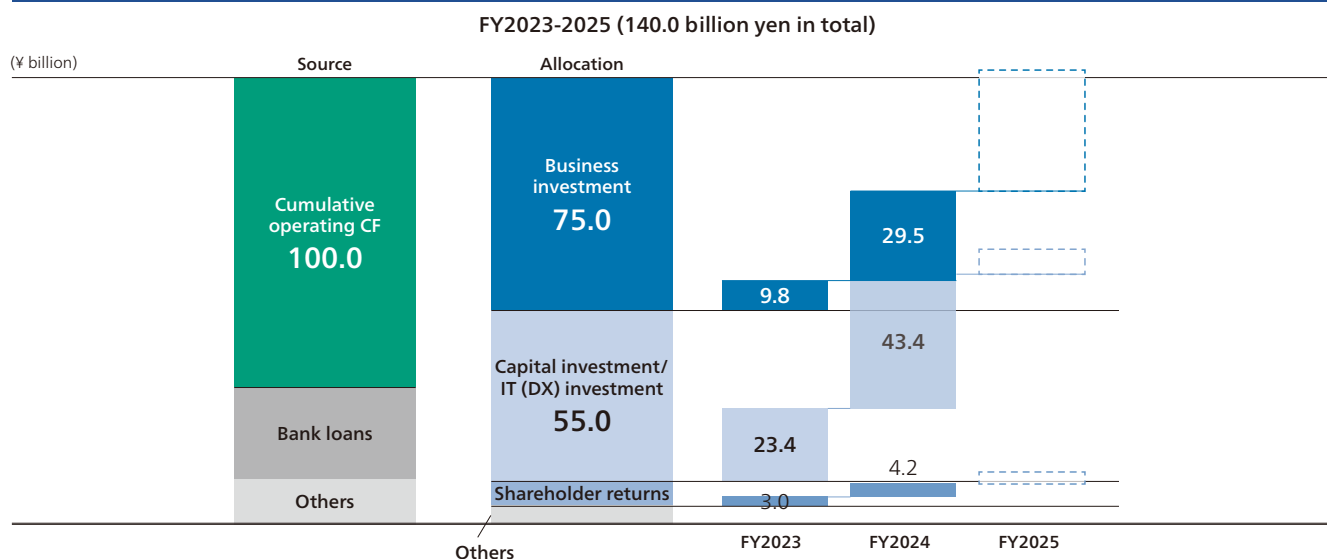
Kanadevia's Approach to Cost of Capital

Kanadevia adopts the principle of ROIC management and is spreading this principle within the Company, but at present, our performance evaluation method remains conventional, with a focus on profit and loss (PL), and it is a problem that ROIC management has not been sufficiently adopted, including by management. To improve ROIC, we need not only to raise our operating income margin but also make the entire Kanadevia Group aware of optimizing working capital and improving the cash conversion cycle (CCC), for example, by revising the conditions for receiving money when accepting orders.

Our policy is to utilize ROIC and strengthen our business portfolio management, but we do not believe that the viability of our businesses should be determined solely on the rise and fall in ROIC values. A characteristic of the Company's businesses is the coexistence of manufacturing type businesses with facilities and engineering-type businesses without facilities, and the latter have an advantage from an ROIC standpoint. Although the current ROIC values themselves are low in the manufacturing business being developed throughout Kanadevia, we believe there is significant room for improvement through efforts with an awareness of capital efficiency.

Medium-Term Management Plan Forward 25 Cash Allocation

Allocating cash accumulated through improving profitability of existing businesses to create and expand growth businesses



Financial Strategy

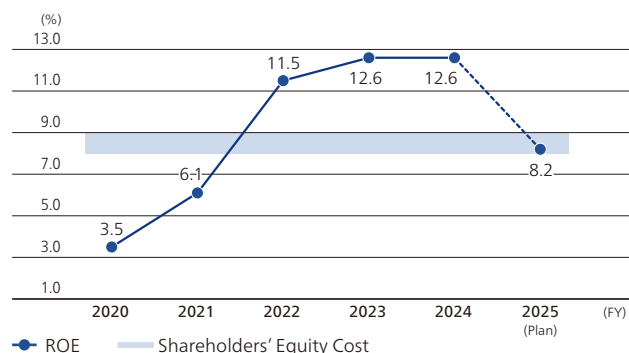
Shareholder Return Policy

As a result of our emphasis on growth-oriented investments, dividends did not increase substantially in fiscal 2024. We also considered a further dividend increase but paid dividends this fiscal year based on our basic policy of sustainable and stable dividends. However, we recognize that these dividends did not reach the level our shareholders expect in the current market, and we accept that this is a problem.

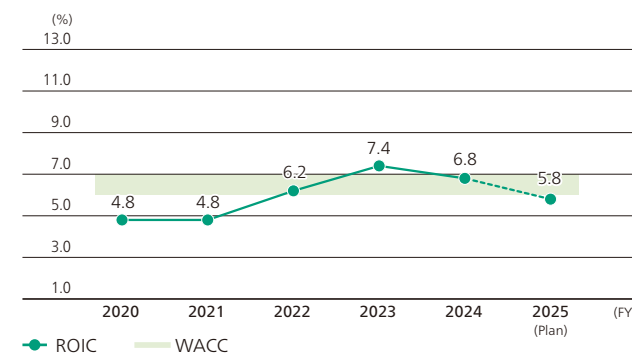
From the perspective of cash allocation, there is a division into three categories: business investments, capital/IT investments, and shareholder returns. Going forward, rather than expanding business investments unilaterally, we believe it would be preferable to progress to a stage where profit generation gradually expands shareholder returns. To realize this, we will steadily circulate assets, such as through the sale of assets, and strengthen our financial base to ascertain how much shareholder returns can be expanded in the next medium-term management plan.

Through our IR meetings, we find that many investors understand our current focus on prioritizing business investments. We have also received positive feedback that investors expect not only higher dividend amounts but also a sustainable rise in corporate value and share prices through the enhancement of future business value. We will promote a balanced capital policy while continuing to hold dialogue in high regard.

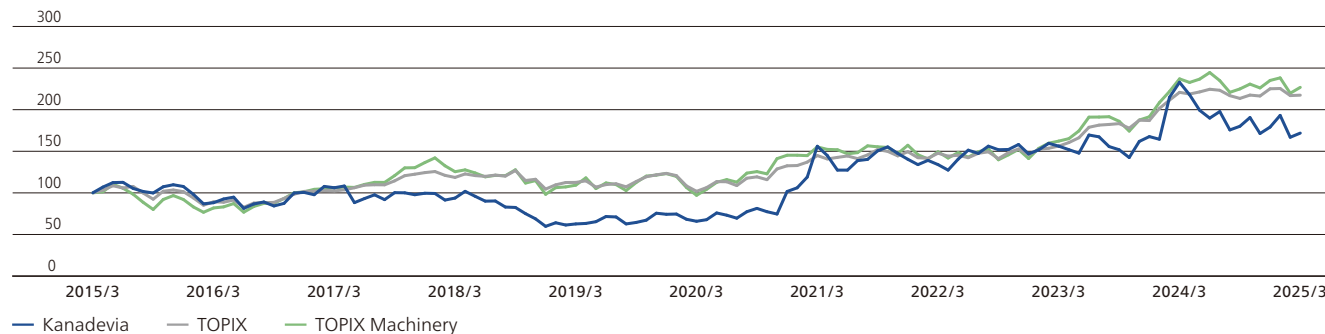
ROE/Shareholders' Equity Cost



ROIC/WACC



Stock Price Performance (Total Shareholder Return)



	1 year	3 years		5 years		10 years	
		Cumulative	Annual rate	Cumulative	Annual rate	Cumulative	Annual rate
Kanadevia	-28.7%	+31.5%	+9.6%	+188.8%	+23.6%	+71.8%	+5.6%
TOPIX	-1.5%	+47.2%	+13.8%	+113.4%	+16.4%	+117.4%	+8.1%
TOPIX Machinery	-4.3%	+51.9%	+14.9%	+133.7%	+18.5%	+126.8%	+8.5%

* Total shareholder return (TSR): Represents the total return on investment to shareholders, combining capital gains and dividends.

* Kanadevia calculates TSR based on the cumulative dividend amount and stock price change amount. TOPIX is calculated based on the stock price index including dividends (compiled by the Company from Bloomberg data, etc.).

* The values in the graph are the market value based on TSR using the closing price data as of March 31, 2015 as 100 (until March 31, 2025).

Human Capital and Human Resources Strategy

Taro Dohi

Senior Managing Executive Officer,
General Manager of
People & Culture
Headquarters, CPO



Transforming into an employer of choice where human capital drives our strategy

The environment surrounding the Kanadevia Group has changed significantly, including intense competition for human talent, diverse workstyle preferences, and globalization of business. In times like these, for the Group to remain attractive to potential employees in the future, it is essential for us to respond flexibly to change and build an organization that enables every individual employee to maximize their potential and grow while enjoying safety and peace of mind.

The Human Resources Department plays a core role in implementing the Company's business strategy, and we recognize that we are a management partner that brings about added value in the organization.

Going forward, we will contribute to creating new value for customers and society by improving engagement, cultivating a culture that respects diversity, and transforming into a chosen organization that sets strategy in motion with human capital as the starting point.

Establishment of the CPO

The Kanadevia Group's Forward 25 medium-term management plan includes strengthening human capital as one of its priority measures. This is based on the idea that the virtuous circle of individual growth and organizational growth drives company growth and enhances corporate value.

Besides nurturing our corporate culture by sharing the spirit of challenge that we inherited from our founder, and the Kanadevia Values, we have focused on putting in place and

strengthening the foundations for our human resources strategy.

In Forward 25, to respond to the need to secure human talent, the impact of globalization, and the diversification of workstyles, we have positioned three individual human resources strategies as priority measures: securing talent, appropriate allocation and strategic development, and talent retention.

To further strengthen these measures, we established a Chief People and Culture Officer (CPO) position beginning in fiscal 2025. Our human resources strategy is an important management issue in a business environment that is becoming more complicated. The CPO, who possesses expertise and strong leadership, will unify the human resources strategy throughout the Group and accelerate the securing, development, and

retention of talent in connection with the Company's business strategy. Through these measures, we will encourage individuals' self-directed growth and aim to realize our management strategy and business strategy in line with our corporate philosophy, which in turn will lead to enhanced corporate value.

Priority Measure: Securing Talent Ensuring a diverse workforce

KPI (2025)	Ratio of female new graduate hires		FY2024 results (Kanadevia Corporation only)
	Administrative positions:	50%	
	Technical positions:	10%	
			50%
			7%

The recruitment results for fiscal 2024 are provided.

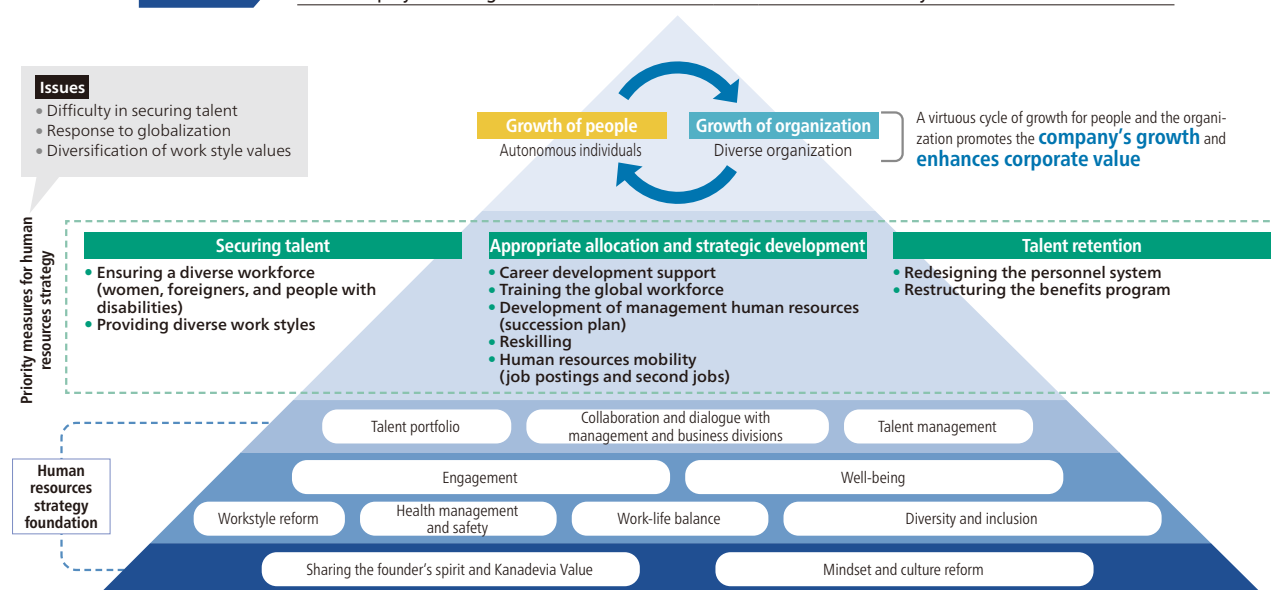
With regard to the recruitment and securing of human resources, besides clarifying the type of human talent that we

Secure, deploy, train, and retain the talent needed to execute management and business strategies

KPI
(2025)

Females in new graduate hires: **50%** for administrative jobs and **10%** for technical jobs
Male employees taking childcare leave: **100%**

Employee engagement index: **70%**
Prevalence of lifestyle disease: **21%**



Human Capital and Human Resources Strategy

need in order to realize sustainable growth and corporate value enhancement for the Kanadevia Group, and implementing appropriate recruitment and development activities, in terms of invigorating the organization and generating new ideas, we are aiming to recruit and secure human talent with diverse backgrounds and outlooks (in terms of gender, nationality, age, etc.).

In our medium-term management plan, we have set raising the share of new hires who are female as a KPI. Our targets for fiscal 2024 were 50% for administrative roles and 10% for technical roles. Although we fell below our target for the female share of new hires for technical roles at 7%, we did achieve the target with respect to new hires for administrative roles at 50%. Looking ahead, to realize sustainable growth for the Kanadevia Group, we will be proactively rolling out recruitment activities to recruit diverse talent.

Providing diverse work styles

KPI (2025)	FY2024 results (Kanadevia Corporation only)	
	Male employees taking childcare leave:	100%
		94.8%

Share of male employees taking childcare leave = (number of male employees who took childcare leave for the first time in that particular fiscal year) / (number of male employees whose partner gave birth during the same year) × 100

The data given in the Integrated Report 2023 (published in 2023) do not include non-statutory childcare leave.

To recruit and secure human resources, it is important to build an organizational ethos that is accepting of diversity, to establish a workplace environment in which people feel safe from a psychological and emotional standpoint, and an environment in which high levels of physical and mental well-being enable employees to maximize their potential. Kanadevia has established systems for taking leave to handle childcare and other family care responsibilities, and systems to support flexible work styles (including reduced working hours, working from home, etc.).

The ratio of female managers as of the end of fiscal 2024 was 4.0%, an improvement of 0.6 percentage points

compared with the end of fiscal 2023. In addition, we are holding seminars and exchange events periodically so that foreign employees do not experience unease or worry due to the need to adapt to a different culture and environment.

In our medium-term management plan, we set a KPI of raising the percentage of eligible male employees taking childcare leave to 100%. The percentage in fiscal 2024 was 94.8%, an increase on fiscal 2023, when it was 92.6%. The primary reason for not reaching 100% was that some employees in busy, on-site departments postponed their leave depending on the timing of their child's birth. Going forward, we will build a workplace environment and nurture a culture in which male employees feel comfortable taking childcare leave without hesitation.

Priority Measure: Appropriate Allocation and Strategic Development

Development of management human resources (succession planning)

Since fiscal 2022, we have been implementing the Management Human Resources Development Program, to systematically implement a cycle of identifying, developing, and evaluating human talent who could be candidates for company officer positions (including the position of CEO) in

the future. In selecting candidates, we conduct interviews with outside experts, 360-degree evaluations, and task presentations to assess whether or not employees have the ability to execute management strategies and operate businesses as the next generation of officers of the Group, and whether or not they have the ideas, abilities, and behavioral qualities appropriate for fulfilling the Group's corporate philosophy.

Those selected undergo group training, mainly involving lectures and group discussions, after which there is a two- to three-year period of development based on individual development plans, which may involve transfer to other departments or overseas postings; trainees are then added to our talent pool as future candidates for company officer positions. The first cohort of trainees completed the group training stage in August 2024, and moved on to the individual development plan stage.

The selection of the second cohort of trainees was completed in June 2025, and this cohort began taking lectures in the first half of the fiscal year.

The selection and training of management candidates and the operation and maintenance of the human resource pool are handled by the Human Resources Development Committee, which reports directly to the president. The Nomination and Remuneration Advisory Committee discusses



Working on measures to enhance engagement

The role of managers, who are responsible for daily communication, is important to enhance employee engagement. That is why Kanadevia created and distributed a Management Guidebook for the purpose of improving management skills and held workshops for all managers. The number of workshop participants was 623, achieving a participation rate of 100%. This was a valuable experience to heighten understanding of engagement through lectures and the exchange of views between managers. In a post-workshop questionnaire, we received much positive feedback from managers about their own actions and goals, such as "I thought it would be very difficult to improve engagement, but I would like to realize an improvement starting from what I can do," and "I would like to grow step by step once again as a manager."

In the future, Kanadevia will make new plans for a variety of trainings for the purpose of acquiring management skills to enhance engagement, as well as further strengthen the enhancement of engagement throughout the organization by also incorporating engagement elements in rank-specific training for employees.



A workshop for managers

Human Capital and Human Resources Strategy

matters such as officer appointments.

We are currently considering the development of an integrated system that expands the scope of this program to include training for candidates for general manager and manager positions.

Career development support

Kanadevia continues to strengthen the development of digital transformation (DX) talent and global talent. In July 2024, in line with the revision of our management positions system, we also began new training for each category of position to fulfill the duties required of their respective positions.

DX Promotion P.45 / Global Expansion P.46

In addition to the more than 100 internal training courses we provide, we introduced a new learning management system (LMS) in December 2024, creating an environment where all company officers and employees can learn regardless of time or place. The system compiles various content including the knowledge, skills, and experience held in the Company to promote self-directed learning that meets the needs of employees' roles and career development.

Key training programs

- New employee training (two years: induction training, follow-up training, etc.)
- Rank-specific training
- Skills training (skills training school)
- Technical courses
- Career planning training
 - For young to mid-career (2nd/3rd/10th year)
 - For mid-career and experienced employees (age 45–50s)
- Various skills training (logical thinking, accounting and finance, marketing, logical coaching, etc.)
- Language training (English, Chinese, Japanese, etc.)
- External training (external dispatch, study programs in Japan and overseas, etc.)

Fiscal 2024

• Training expenses	277 million yen
Per employee	69,879 yen
• Training hours	79,474 hours
Per employee	20.0 hours

* Kanadevia Corporation only (trainings implemented by the Human Resources Department)

Priority Measure: Talent Retention

Changing the mandatory retirement age to 65

From the point of view of human capital management, we changed the mandatory retirement age to 65 starting from April 2025, extending the retirement age from the previous age of 60, in line with the revision of the public pension system and continuous employment benefits for older workers. The purpose of this change is to secure excellent talent and create an environment where employees can thrive throughout a long-term career. This revision is a plan to eliminate discrepancies in compensation based on age, grounded in the approach of equal pay for equal work.

Going forward, Kanadevia will strive to achieve further growth by further accelerating our strengthening of human capital by revising our systems for compensation, benefits, and policies on outside employment (such as side businesses and second jobs), in response to changes in the business environment, the intensification of competition to secure human resources, and the diversifying of values regarding work styles.

The Foundations of Our Human Resources Strategy

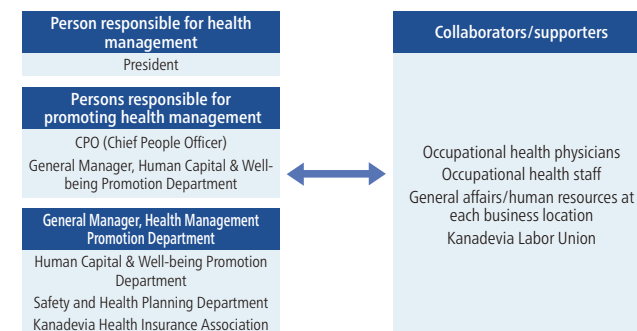
Health management

The Kanadevia Group believes that measures to maintain and improve employees' health are vitally important for enhancing corporate value, and represent an investment in the Group's future. Our vision of where we want to be in the future is for our employees to enjoy good physical and emotional health, and to be able to work with enthusiasm and vigor, thereby continuing to create value that is genuinely useful to society, and contributing toward society's sustainable development. To realize this goal, we have set key performance indicators (KPIs) and we are proceeding with health management.

In fiscal 2024, we achieved an increase in the percentage of employees taking their paid annual leave, through promotion of work style reform, and we reduced the percentage of employees who smoke, through effective implementation of measures to help people quit smoking. In addition, employee

stress checks revealed an improvement trend in the overall, company-wide health risk level, and in the percentage of employees experiencing high stress levels. However, we also recognize that there are new issues, such as an increase in certain adverse findings from health examinations related to lifestyle diseases.

As measures to improve mental health, besides implementing annual stress checks, we are also providing Line Care training for line managers, implementing fatigue checks to prevent health issues that can be caused by overwork, such as neurological and cardiovascular conditions and mental health issues. We are also strengthening the provision of guidance by occupational health physicians and enhancing our counseling system. In particular, in the case of units where stress checks show a high overall health risk level, besides requiring these units to implement workplace environment improvement activities, we are also having the Human Resources Department perform follow-up (including the holding of meetings to clarify the current situation in the workplace). Furthermore, for personnel on long-term assignments, whether in Japan or overseas, we provide various forms of support, including through health status checks before employees are sent on assignment, follow-up including regular interviews during the assignment, and provision of consultations by trained counselors. For personnel on long-term assignments overseas, especially, we are developing manuals and working to enhance our follow-up system.



Human Capital and Human Resources Strategy

Going forward, the Kanadevia Group will be making further efforts to promote health management, through a variety of different initiatives, including the strengthening of health education and follow-up systems.

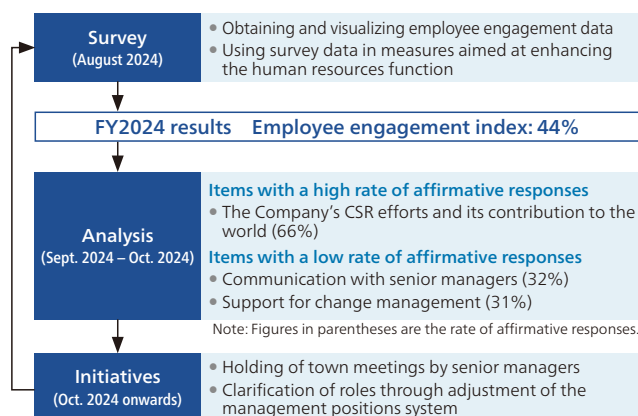
Engagement

KPI (FY2025)	Employee engagement index	70%	FY2024 results (Kanadevia Corporation only)
			44%

* The employee engagement index was measured using the employee survey carried out every two years since fiscal 2009. Since fiscal 2023, we changed to a specialized engagement survey that explores in greater depth the main factors that affect engagement in order to lead to effective action.

The Kanadevia Group positions employee engagement as an important index in our Forward 25 medium-term management plan. In fiscal 2023, which was the first year of the plan, we began conducting an Employee Engagement Survey, emphasizing the links between employees and the Company. The engagement index improved by two percentage points to 44% in fiscal 2024 from 42% in fiscal 2023, meaning that the survey results fell 26 percentage points below our target. Although measures such as events leading up to the company name change and providing opportunities for dialogue

PDCA cycle for strengthening engagement



with management produced results, inappropriate conduct in the marine engine business, etc., caused anxiety for our employees, and analysis shows limited improvement. However, we believe that employees attached considerable importance to the survey and had high expectations for improvement, as the response rate continued at last year's high level of 95%. Based on these survey results, we will encourage individual improvement activities with feedback to the business divisions, as well as actively establish opportunities for the president himself to visit each business location to speak directly with employees.

Furthermore, as part of human capital management, we introduced a human resources system to instill job satisfaction, including introducing changing the retirement age to 65 and changing to a management positions system based on roles. We are also building a sound organizational culture that ensures psychological safety by developing a Management Guidebook to achieve organizational management that enhances engagement. In addition, with respect to branding activities, including our trade name change, we are strengthening the spread of information both inside and outside the Company, such as through various advertisements, events, and the distribution of brand tools, and improving brand recognition not only for external stakeholders but also Group officers, employees, and their families. Through these activities, we will aim to secure the best and brightest human resources and build a corporate brand to which Group officers and employees can feel more attached, and of which they can be proud.

Share-based performance-linked remuneration for officers also reflects the employee engagement index as a non-financial value, and we will work to enhance engagement rooted in the strong commitment of management.

Respect for Human Rights

Basic approach

Recognizing the importance of respecting the human rights of people affected by our global business activities, the

Kanadevia Group has established our human rights policy based on the concept of "Respect for Human Rights" as set forth in our Group's Charter of Ethics Behavior. The Group's officers and employees behave in line with this human rights policy, and all stakeholders, including our supply chain, understand the Group's human rights policy and make efforts to respect human rights, thereby promoting our initiatives to respect human rights. In addition, as a signatory to the United Nations Global Compact, the Kanadevia Group respects the ten principles of the UN Global Compact.

Thorough enforcement of Human Rights Due Diligence

The Kanadevia Group conducts human rights due diligence to identify, mitigate, and prevent negative human rights impacts. As part of our human rights due diligence process, we implement a PDCA cycle to identify and assess human rights risks, prevent human rights violations, implement measures to redress them such as mitigation, conduct monitoring, and disclose information on the status of our efforts to enhance our initiatives to respect human rights. In addition, to effectively address negative human rights impacts, we will continuously review the methods and effectiveness of our human rights due diligence practices.

Human Rights training

We conduct human rights training at the Company to eliminate problems related to fundamental human rights. We invite expert instructors from outside the Company and hold lectures as opportunities for our employees to consider human rights issues. As per the coverage from sources such as the daily news and newspapers, there exist many human rights-related issues, including regarding harassment, nationality, and the presence or absence of disabilities. Raising individual employees' awareness of human rights is essential to eliminate human rights issues. Regardless of whether someone is an officer or a new employee, it is necessary to conduct corporate activities without ever neglecting the human rights perspective. We will continue efforts to enforce such activities.

Research and Development, and Intellectual Property Strategy

Naoaki Fukuda

Executive Officer,
General Manager of the
R&D Headquarters

Working on technological innovation to create new products and new businesses

The Kanadevia Group aims to fulfill a key role by developing and deploying technologies that reduce environmental impact against the backdrop of growing needs to achieve carbon neutrality and the circular economy.

The R&D Headquarters drives the entire organization as the core of its technology, and we continue to take on daily challenges to build a sustainable society and our corporate future. The mission of the R&D Headquarters is to leverage knowledge such as technology, know-how, and insight to maximize business growth and social contributions. The knowledge held by individual employees is our most important capital, and we will always develop organizational knowledge and use it as a foundation supporting strategic decision-making through the generation of new knowledge and organizational learning. We will continue to meet society's expectations through technology management.

Overall Direction and Strategies

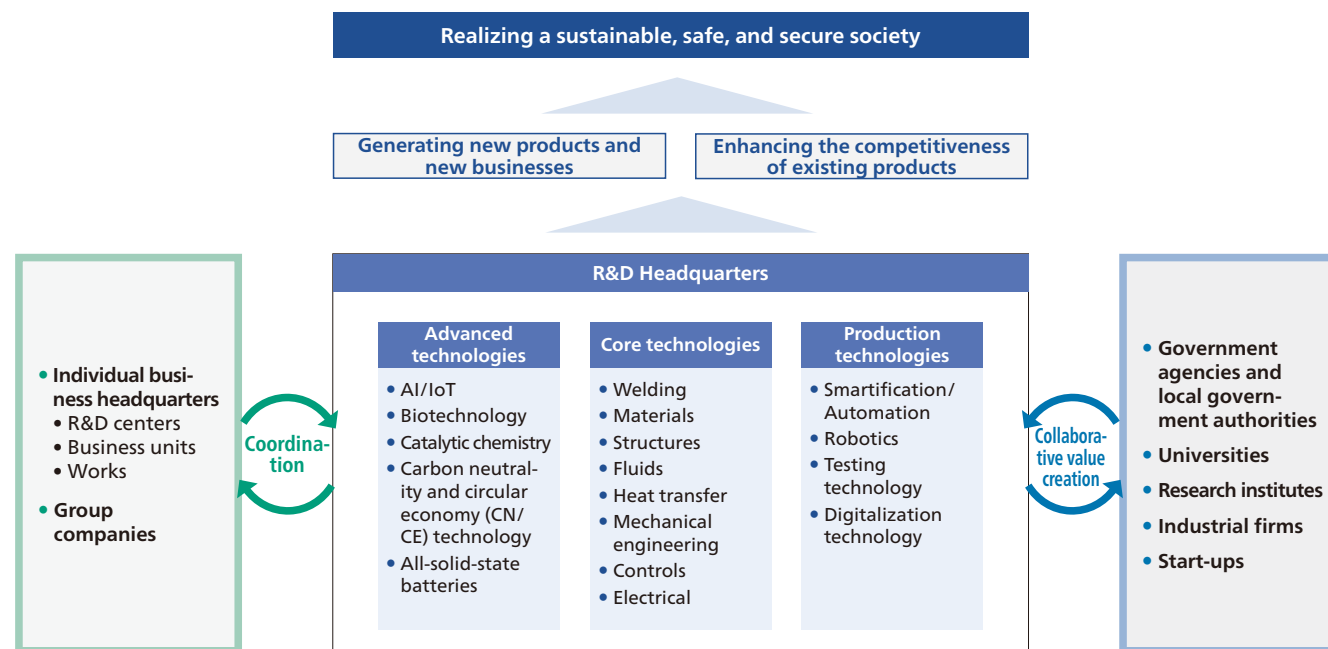
The mission of the R&D Headquarters is (1) the continuous generation of new products and new businesses, (2) enhancing the competitiveness of existing products, and (3) developing and cultivating innovative talent.

Based on these measures, we will create new businesses in line with national goals and the social context (including the need to realize carbon neutrality), leading to increased earnings in the future. At the same time, we are also

working to enhance the competitiveness of our existing products by strengthening their functionality and their ability to provide added value, and working to provide technology support to enhance reliability regarding quality and eliminate problems, and the R&D Headquarters will strive for technological innovation by taking the lead in training innovation talent.

As regards our R&D system, we have established the Technical Research Institute at the R&D Headquarters and set up R&D centers in business headquarters. We are enhancing our organizational framework that allows Kanadevia and our Group companies, including Kanadevia Inova, to conduct the entire series of development steps from planning new products to launching them on the market, and to enhance core technologies.

R&D aimed at realizing a sustainable society



Research and Development, and Intellectual Property Strategy

companies, and accumulating cutting-edge technology and know-how in various fields to proceed with the development of new businesses.

In addition, we position the enhancement of R&D capabilities as an important issue for the Kanadevia Group, and we are strengthening linkages between Group companies, both within and outside Japan. In particular, we are formulating a shared development roadmap with Kanadevia Inova and pursuing joint development themes to generate synergies, including effective use of development resources. While continuing to exchange human resources between the companies, we are also continuing to consider the ideal state of R&D, including development strategy and talent management, and aiming to build an R&D system to be applied globally and to train researchers of the world's highest caliber. We will contribute to the realization of a sustainable society through these efforts.

Participation in Green Innovation Funds projects

Hydrogen production using water electrolysis with renewable electricity

- Development of energy demand conversion and utilization technology using a large-scale power-to-gas (PtG) system to achieve carbon neutrality

Development of next-generation vessels

- Development of methane slip reduction technology for LNG-fueled vessels through catalyst and engine improvements

Cost reduction of offshore wind power generation

- Mass production and cost reduction of semi-submersible hybrid floating structures
- Floating offshore wind power verification testing in Aichi Prefecture, Japan

Realizing carbon neutrality in the waste and resource recycling sector

- Development of new waste incineration processing technology based on CO₂ separation and recovery

Intellectual Property

With a basic policy of strengthening market competitiveness by creating and maintaining intellectual property rights, the Group is working to promote identifying inventions, and applying for and obtaining patents that are appropriate to the business model. We are also using technology and patent maps to analyze our patent portfolio as well as those of other companies, ensuring strategic patent applications and acquisitions. Furthermore, in addition to stepping up the acquisition of overseas patents in response to our global business expansion and the acquisition of intellectual property rights related to AI and IoT, we are conducting ethical intellectual property activities rooted in fair competition.

Our business headquarters and R&D Headquarters also have team members in charge of intellectual property promotion activities who cooperate with the Intellectual Property Department, and we strive to nurture an intellectual property-oriented corporate culture by holding intellectual property seminars for each employment level, such as seminars focused on AI and IoT. We have established an invention award system and are also focusing on encouraging inventions.

Record of patent applications, acquisitions, and possession (Non-consolidated) (applications)

		Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
No. of patent applications	Japan	72	81	80	76
	Overseas	85	59	60	45
No. of patent acquisitions	Japan	93	83	74	42
	Overseas	60	61	60	51
No. of patents held	Japan	744	779	789	781
	Overseas	506	470	485	512

Number of design rights and trademark rights held (Non-consolidated) (applications)

		Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
No. of design rights	Japan	100	96	96	96
	Overseas	46	28	32	30
No. of trademarks	Japan	170	171	161	166
	Overseas	51	56	51	67

Voice

Value creation outcomes

Expanding the product lineup in collaboration with customers and the Intellectual Property Department

In 2001, I took the opportunity of working on a technology proposal related to high-tide measures sponsored by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) to work on the creation of Kanadevia's flap-gate type seawall against flood disaster product. Since then, I have turned various ideas into patented inventions.

In addition to patents for the purpose of using one's own inventions (not letting others use them), there are patents for the purpose of using one's inventions with others. The product mentioned above is often used by public facilities, so it can be said to align with the latter purpose. I have focused on building a business model that takes into account license sharing to popularize products. I have also held dialogues with customers to discover latent challenges and cooperated with the Intellectual Property Department to proceed from idea generation to acquiring patents in a timely fashion, which has also led to expanding the product lineup.

I will continue honing our technologies and working with my colleagues to contribute to a prosperous future.



Kyoichi Nakayasu

Infrastructure Business Headquarters
Infrastructure Technology Management
Unit, Flap-Gate Project Department

Environment Business



Takeshi Minemura
Managing Executive Officer,
General Manager of
Environment Business
Headquarters

Aiming for sustainable growth by strengthening the governance of our overseas businesses as well as seeking domestic M&A and alliances

The Environment Business accounts for more than 70% of our consolidated net sales and drives the sustainable growth of our Group. Currently, our core business is "Waste to Energy (WtE)

power generation plant)." However, we aim to further evolve toward a "Waste to X" model that not only generates energy but also recycles and reuses various resources, and we are advancing various new businesses and technological developments both domestically and internationally.

Since 2020, our Kanadevia Inova subsidiary and other overseas businesses have grown significantly. However, to achieve even more sustainable growth, we will also actively pursue domestic M&A and alliances going forward.

At the same time, we are also addressing issues such as trouble prevention and quality management to improve profitability. In our Engineering Business, which focuses on setting up plants from scratch, such issues are extremely important as is deploying personnel who can solve problems quickly. Furthermore, we take last year's discovery of inappropriate conduct within the Group's environment segment very seriously and will take the lead in reforming our organizational culture and strengthening various initiatives to ensure thorough safety, quality, and compliance while also prioritizing communication with our customers, thoughtfully approaching each project, and striving to build even stronger relationships of trust than before.

Market characteristics

Waste to Energy (WtE) plants

- Japan: Demand for waste treatment facilities is expected to remain flat, mainly with renewal demand (annual order volume: 3,000–5,000 tons/day on a processing capacity basis).
- Europe: The region began early efforts to prevent and reduce waste emissions and their harmful effects, resulting in widespread use of WtE facilities. The EU issued the Landfill Directive in 1999 to reduce landfill. The EU also plans to significantly expand biogas production to diversify energy sources.
- China: Although the number of new constructions is the largest in the world, it is difficult for foreign companies to be directly involved (the Kanadevia Group grants licenses to local companies).
- New markets: Against a backdrop of increasing environmental awareness, an increase in waste and decreasing capacity at landfills, WtE began to be introduced in earnest from the late 2010s onward and is expanding (Middle East, Australia, Eastern Europe, Southeast Asia).

Water treatment facilities

- Needs for water and sewage services in the emerging markets, need for desalination in the Middle East and island countries.

Other risks and opportunities

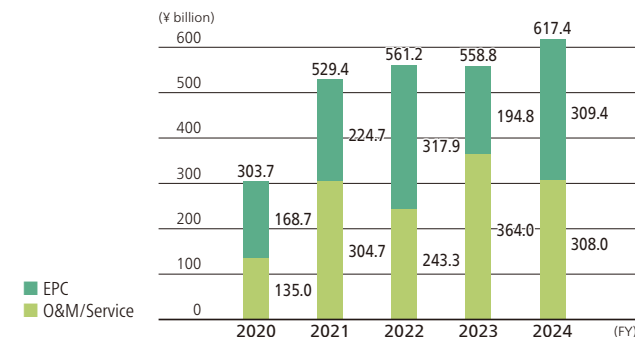
- Expansion of our willingness to invest in decarbonization and carbon neutrality
- Concerns about sharp increases in costs such as energy and material prices, and labor costs.

Our strengths

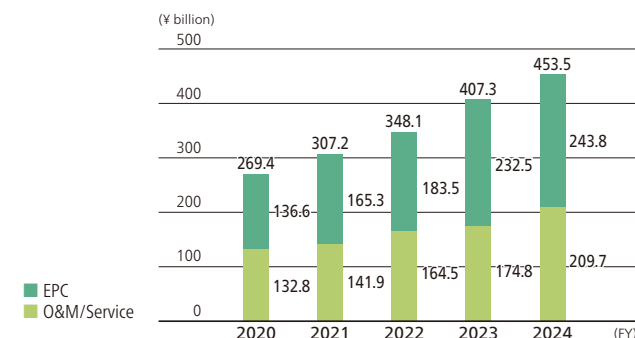
- Core WtE technology and business development, engineering, construction, O&M, and operations capabilities.
- A world-class delivery record and proven know-how in waste-to-energy combustion
- World-leading technological capabilities that can handle ultra-large plants
- Wide-ranging technology and construction and operating experience in biogas (methane fermentation) facilities.
- Ability to make proposals that integrate technologies possessed by other departments and Group companies such as CO₂ recovery and methanation.



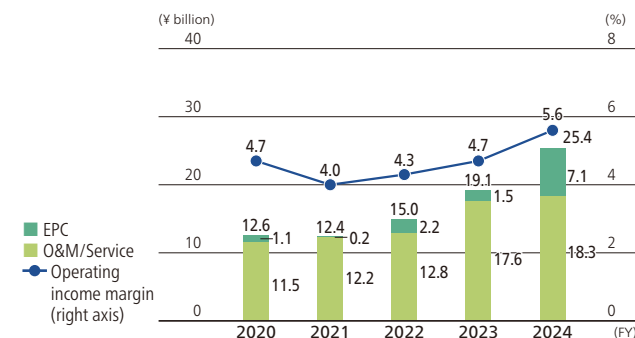
Order intake



Net sales



Operating income/Operating income margin



Environment Business

Reviewing the Second Year of “Forward 25”

The “Forward 25” medium-term management plan sets forth “sustainable growth of existing businesses” and “the creation and expansion of growth businesses” as our basic policies.

In our existing businesses, the growth of our overseas businesses and O&M/Service (facility maintenance and operation), which we are undertaking as a priority measure, is steadily producing results. In 2024, Inova completed the contracted construction of the world’s largest WtE plant in Dubai. While the construction of this massive plant, which has a daily processing capacity of over 5,000 tons or more than 10 times the average Japanese plant, was a challenging project for Inova, they were able to leverage our previous experience and knowledge in constructing a large-scale desalination plant in the Middle East region to achieve great results. On a global level, the number of companies that can accept an order for a WtE plant on this scale is extremely limited, which demonstrates our Group’s overwhelming competitiveness in this field.

With Inova contributing more than half of the revenue for the entire Environment Business, governance of our

overseas businesses is becoming increasingly important for the Group. Therefore, we are strengthening governance through measures such as establishing a Chairman’s Office independent from local management at Inova and dispatching multiple executive-class members from the company.

On the other hand, while the domestic market is mature, we have achieved results such as enhancing revenue in O&M/Service by strengthening after-sales services such as equipment replacement and core improvement work in the Water Business. In addition, we will actively leverage M&A and alliances to expand our foundation for sustainable growth.

In growth businesses, we are working to expand our business domains into areas that are expected to add even higher value within the value chain of the Waste Treatment Business such as the full-scale launch of our own biogas businesses in the European market, which is emphasizing an orientation toward renewable energy and energy security, as well as investment and participation in WtE projects. Furthermore, on the technology side, we are developing broader forms of “Waste to X” that recover and reuse CO₂ and metals in addition to conventional

energy recovery from waste treatment and working to promote the practical application of such technologies.

Initiatives for Realizing the “Sustainable Vision”

Strengthening safety and quality management prevents the deterioration of construction profits due to problems and leads improved profitability in existing businesses. In DBO (Design, Build, Operate), we have received positive feedback from customers after the operation period has expired, which has led to contract renewals in some cases. We will secure additional revenue through the after-sales services business and solution development as our recurring revenue business.

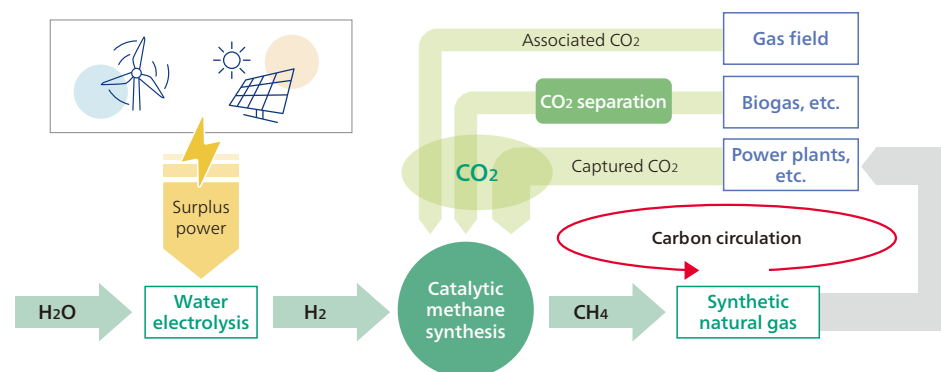
In the promotion of carbon neutrality, we are currently working on several projects to establish the technological foundations and business models to realize carbon neutrality by 2050. Projects such as the “Development of waste combustion technology for high concentrations of CO₂” to capture high concentrations of CO₂ in exhaust gas from waste incineration, which was selected as a NEDO (New Energy and Industrial Technology Development Organization) Green Innovation Fund Project, as well as a demonstration project to build a carbon cycle model by

Becoming a business group that leads the global creation of a recycling society

- Utilize waste as a valuable resource or energy source to contribute to the realization of a resource circulation society
- Expand the business scope to high value-added areas to strengthen profitability

Creating and expanding growth businesses	<ul style="list-style-type: none"> ■ Evolve from WtE to WtX ■ Deepen carbon neutral technologies such as bio-methanation and high-CO₂ combustion, etc.
Expanding business areas and scale	<ul style="list-style-type: none"> ■ Promote collaboration, M&A, and alliances with industrial waste treatment companies ■ Establish technologies for using sewage sludge
Sustainable growth for existing businesses	<ul style="list-style-type: none"> ■ Improve DBO (EPC + operating businesses) profitability and secure continuous revenue through after-sales services ■ Cooperation between business units and collaboration with overseas group companies

Carbon circulation society model (illustration)



Environment Business

recycling CO₂ captured from incineration plants, demonstrations of bio-methanation technologies, and a field test of sewage fuel gasification. We are working to advance these technologies further. Moreover, our Group businesses specialize in general waste with a focus on household waste, and we will explore various possibilities including industrial waste within areas for future business expansion.

In addition, regarding overseas expansion, we will also respond to the demand for WtE in the Asian market. Using our Asia headquarters in Thailand as a base, we are expanding our business by focusing on Thailand, Malaysia, Philippines, Indonesia, and Vietnam, which are positioned as growth areas.

Contributing to society and local communities through our businesses are the essence of our Group's corporate philosophy.

As part of our recovery support for the Great East Japan earthquake, we have been disposing earthquake debris and other waste in Namie, Fukushima Prefecture with the highest priority placed on contributing to local reconstruction and the safety of our employees. After 11 years, we were able to complete the project in February 2025.

At the Expo 2025 Osaka, Kansai which opened in April 2025, we have been responsible for the design, construction, and operation of a biogas power plant at the Japan Pavilion while also presenting videos that introduce the progress from "Waste to Energy" to "Waste to X" and disseminating messages in line with the principles of our SDGs in our exhibition area within the "Future City" pavilion.

Going forward, we will continue to thoughtfully approach each project and emphasize communication with our many stakeholders including local residents and our customers to strive to build trust relationships.

Osmoflo Holdings

Overview

Founded in 1991. Based in Adelaide, Australia. Possesses desalination and water treatment technologies. Joined the Kanadevia Group in 2017.



Carmine Ciccocioppo
Chief Executive Officer and
Managing Director

The past financial year has been a landmark year of growth and change for Osmoflo which has seen significant advancements towards our mission of providing innovative, sustainable and value-based water solutions that contribute to a circular economy. We design, build, operate, maintain and rent tailored water treatment solutions throughout different market sectors globally.

Brief Biography

Joined Osmoflo in 2010 after holding various senior management positions at Abigroup, United Utilities Australia, and Sinclair Knight Merz. Assumed his current position in April 2022. Director of the Australian Water Association from 2003 to 2011. B.E. of Civil Engineering, Master of Environmental Engineering Science, Master of Business Administration (MBA).

Sustainable Growth of Existing Business

The highlight for the year was executing our contract with John Holland Group as the technology partner and process contractor for Hunter Water Corporation's 30 MLD Belmont Desalination Plant to provide a climate-resilient potable water source for the Newcastle community. This is a milestone for Osmoflo being the largest Australian project order at more than A\$80m and marked a significant achievement towards our goal of increasing market share in the municipal sector. The 12 MLD Rio Tinto Dampier project is in progress, with a second phase (duplicating capacity) under engineering design review and awaiting contract execution. Osmoflo also secured its first large-scale Purified Recycled Water (PRW) project at Kwinana in Western Australia. In line with the UN's SDG 6, Osmoflo also delivered 2 x SWRO plants in the Kiribati islands and has begun the O&M period utilizing both local and offshore staff.

In the MENA region Osmoflo delivered eight mineralized water systems to NEOM's Sindalah Island, designed to produce high-quality bottled water, setting a new benchmark in sustainable luxury. Additionally, the Osmoflo India Hub secured a significant contract from Saipem-Clough JV for the Ion Exchange Condensate Polishing Package for the Perdaman Fertiliser Plant in Western Australia.

Finally, along with this unprecedented global project activity Osmoflo continues to steadily grow its O&M and rentals businesses with new contracts signed for Senex, Newmont and Origin Energy.

Sustainable Management and the Creation of Growth Business

With increasing global temperatures, the intensity of droughts and floods is rising which creates significant potential for Osmoflo in

supporting sustainable industrial expansion and utility 'resilience'. To this end, Osmoflo finalized a strategic investment in Aqua Membranes and at the same time became their exclusive Distribution Agent in the ANZ and South Pacific Region. This, along with further exclusive distribution agreements signed with our 2 other strategic partners, Cerafiltec and ERI, cements Osmoflo's technology and market leadership in providing innovative, reliable and sustainable water solutions.

Along with the new strategic products portfolio, our 'OASIS' business unit, which specializes in sustaining capital and 'brownfield' asset upgrades, continues to grow from strength to strength and is a key capability that enables us to assist our clients reduce their waste, carbon footprint and their demand for new resources.

Finally, we continue to collaborate with and support KVC on potential global opportunities, and we are excited to work on joint R&D initiatives in emerging technology areas such as PFAS destruction.



Environment Business

Kanadevia Inova

Overview

Founded in 1933. Based in Zurich, Switzerland. Owns, designs and delivers core WtE and renewable gas technologies. Inova formed a technical partnership with Kanadevia in the 1960s and joined the Kanadevia Group in 2010.



Kanadevia Inova is a global, vertically integrated green utility, leading innovation in waste infrastructure. We drive decarbonization, resource circularity, and supply security. With strong technology and EPC expertise, we design, build, operate, and maintain Waste-to-Energy and Renewable Gas plants worldwide, positioning the company as the partner of choice for customers around the globe.

Bruno-Frédéric Baudouin
Chief Executive Officer and
Member of the Supervisory Board

Brief biography

Bruno joined Inova in 2018, bringing expertise from GE and Alstom to drive a major restructuring that reshaped the company into an agile technology provider. He expanded the company's value chain to include asset management, opening longer-term recurrent revenue streams. Bruno holds a dual Master's degree in science and business administration.

"For a future free of wasted waste."

Kanadevia Inova's mission has never been more urgent. Global municipal solid waste (MSW) generation is projected to rise from 2.3 billion tonnes in 2023 to 3.8 billion tonnes by 2050 — an increase of over 60% (unep.org). This surge highlights the critical need for sustainable waste management solutions that enhance decarbonization, circularity and supply security of key resources.

Current and Future Market Environment

Demand for service, retrofit, operations & maintenance (O&M), and technologies such as carbon capture is strong — and growing — particularly in markets with established waste thermal treatment plant infrastructure such as Western Europe and the Nordics. With leading technology, a strong footprint reinforced by recent acquisitions, and long-standing relationships, Kanadevia Inova holds a robust competitive edge in these regions.

Beyond this healthy backyard, demand for new-build waste infrastructure — thermal for MSW and biological for agro-industrial and food/green waste — is strong, including in regions with less developed systems. In MENA, momentum is building. WtX is increasingly regarded as the optimal solution to MSW, and affordability — once a barrier — is now addressed through advanced technologies and financing schemes. Biological treatment is gaining attention. Flagship WtX plants in new markets such as the Middle East are becoming beacons for emerging economies seeking to move from landfills to advanced technologies that recover valuable resources while drastically reducing carbon emissions.

In the long term, we view widespread adoption of WtX — and renewable gas where feasible — as inevitable. This includes wealthy but

low-penetration markets like the Middle East, the United States, and Oceania. A similar trend is emerging across Southeast Asia, Africa, South America, and the broader developing world, where infrastructure is becoming more accessible and affordable, and awareness of waste challenges is increasing.

Our Strength and Competitiveness

Kanadevia Inova is well positioned to capture long-term, recurrent revenues. Our integrated value chain — from development through Asset Management and EPC to O&M/Service — allows us to convert short-term contracts into long-term partnerships.

Our new Asset Management Business Unit strengthens this position. It enables direct investment in full project pipelines (already underway) and lays the foundation for commodity sales — including biomethane, SAF, and metals. We've already secured a cross-border gas offtake agreement between Italy and Switzerland — the first of many more.

Medium-Term Strategic Direction

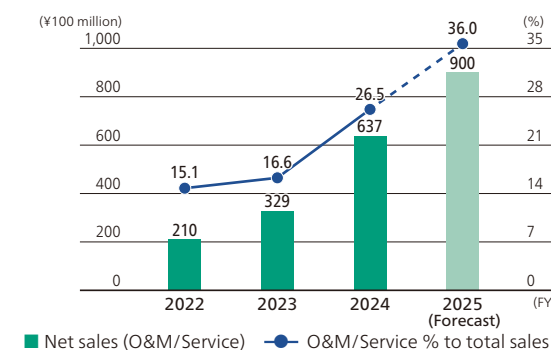
In 2025, key acquisitions helped raise recurrent business to 36% of revenue (from ~10% in FY21), while supporting strong organic growth. In Service, we now work with two-thirds of operating WtX plants in Europe and the U.S. The Iona Capital acquisition expanded our BOO capabilities while allowing us to expand our balance sheet with enhanced access to co-investors in our plants.

Kanadevia Inova's model is now geared to long-term revenue — from recurrent streams and BOO-linked EPC. Third-party EPC will decline to below 40% as we expand, de-risking our business while fuelling sustainable growth.

Synergy with Kanadevia Corporation

As shareholder, Kanadevia Corporation underpins our strategy with financial strength and credibility, supporting large-scale bids and long-term contracts. Joint technology development — especially SAF from captured CO₂ — also supports our circularity-focused growth.

Inova's sales from O&M/Service and ratio to total sales

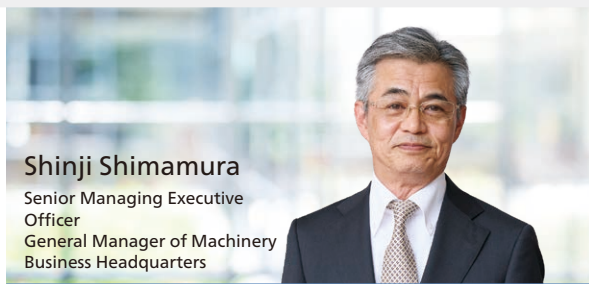


Inova's long-term operation orders received

Order received	Country	Project	Number of years under operation contract (after plant completion)
2021	UAE	Dubai	35 years
2021	UK	Westfield	25 years
2023	UK	Slough	25 years
2023	UK	Earls Gate	25 years
2024	UAE	Abu Dhabi	30 years

We also received orders for design and supply of major equipment (or construction) for the above projects, with the exception of Earls Gate.

Machinery Business



Shinji Shimamura
Senior Managing Executive
Officer
General Manager of Machinery
Business Headquarters

Working to expand our repeat-order products and contribute to the use of AI in our products and the promotion of DX

The Machinery Business Headquarters became independent from the existing Machinery & Infrastructure Business Headquarters in April 2025. It is understood that one of the major goals of this organizational restructuring is to further clarify responsibilities to

promote the long-standing issue of business portfolio management. While the Machinery Business primarily focuses on BtoB business, the Social Infrastructure Business has many public sector projects, and the business environments and goals of the two businesses are quite different. While we have delivered many pieces of equipment and systems that support the production activities of customers, it is important that we focus our efforts on businesses that can be expected to grow in a stable manner without being affected by economic trends going forward. During the period of this medium-term management plan, we will determine what businesses we should concentrate our resources on in the future.

In addition, we believe that figuring out how to use AI will become an important theme in the next medium-term management plan, which is scheduled to start from FY2026. With this business headquarters playing a central role shouldering the responsibility for our Company's manufacturing, we hope to contribute to the use of AI in our products and the promotion of DX while anticipating how the world will change.

Market characteristics

Precision machinery

- In 2024, logic products such as memory and GPUs drove semiconductor market growth due to investments in data centers according to the increase in AI demand. The market is expected to continue to expand over the medium-to-long term.
- The demand for protective films for smartphones and displays continues to grow. Furthermore, the social implementation of perovskite solar cells is expected to expand from 2030.

Electronic control

- Expanding business opportunities to support mechanization and labor-saving measures due to the labor shortage
- Expanding business opportunities due to the response to the threat of disasters (enhanced monitoring, recovery support, and streamlining of social infrastructure inspection)

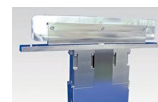
Our strengths

Precision machinery

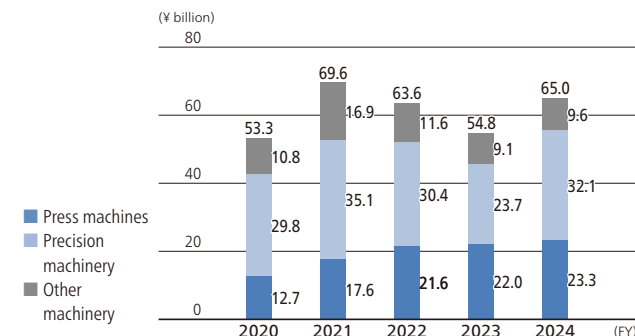
- High quality, high durability, and strong delivery track record.
- Second largest share of the vacuum slit valve market in terms of sales and strong relationships with semiconductor manufacturing equipment companies. Having expanded production capacity in Japan, Korea, and China for future growth in the semiconductor market.
- Possession of film deposition technology for anti-reflection film (AR film) and anti-fingerprint film (AF film) based on a Roll to Roll conveying vacuum film deposition system developed in-house and the adoption by top manufacturers in the film industry in recognition of our technology and quality.

Electronic control

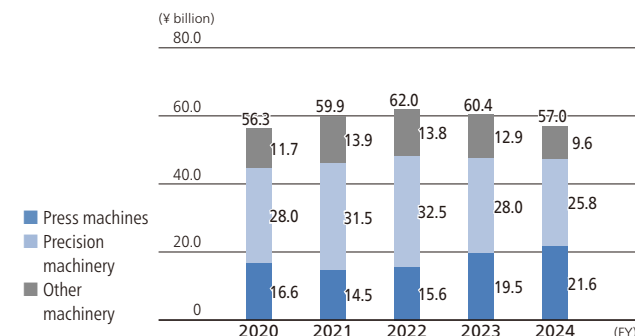
- In addition to sales of various control equipment, we also sell analyzed data and offer analysis services.



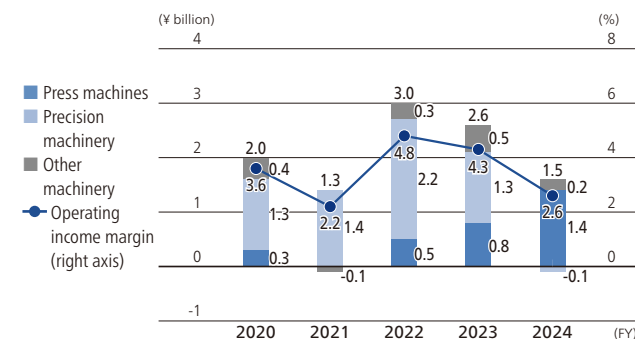
Order intake



Net sales



Operating income/Operating income margin



Machinery Business

Reviewing the Second Year of “Forward 25”

“Forward 25” is positioned as a period for strengthening our business foundation towards achieving our “2030 Vision,” and we are considering organizational reforms and areas of focus to selectively allocate resources to products for which the markets are expected to expand.

Perovskite solar cells are a particularly promising growth area, and the market is expected to reach a size of one trillion yen in the future. By using our Roll to Roll film deposition equipment, we can form perovskite solar cells on top of thin films with superior lightness and flexibility, which enables them to be installed in various locations such as the walls of buildings. In FY2024, we received orders for Roll to Roll film deposition equipment for the mass production of perovskite solar cells, and we can expect to receive further orders for mass production equipment due to market expansion. We perceive this to be a golden opportunity, and our goal is to secure the leading share in this field.

Initiatives for Realizing the “Sustainable Vision”

We will pursue higher added value for each product in the Machinery Business as we aim to contribute to the realization of a safe and prosperous society. Within the Precision Machinery Business, the market for vacuum valves used in semiconductor manufacturing equipment produced by our subsidiary V-TEX Corporation is expected to grow going forward, and we are increasing the production capacity of our Japanese and overseas factories. Meanwhile, many of the products handled by Kanadevia itself are made according to customer applications and usage conditions with the revenue greatly impacted by business conditions and market trends. While each individual product requires high-standard specifications and quality, the lack of repeat products is a factor behind the difficulty in securing recurring revenue, and it is important to shift away from a custom-order business model and expand orders for repeat products to improve profitability. The filter press, which is one type of solid-liquid separation system, is already being deployed as a repeat

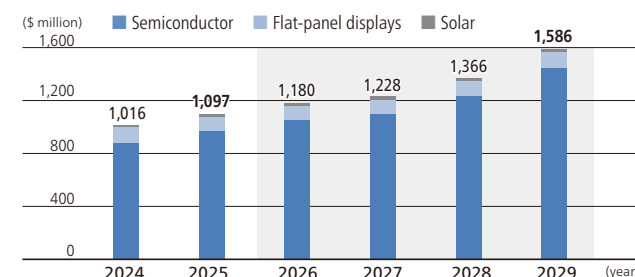
product in the domestic market, and we are also considering overseas sales in Southeast Asia and other markets. Going forward, we will work to further expand our repeat products with a focus on products in the system machinery field including the aforementioned Roll to Roll film deposition equipment for the mass production of perovskite solar cells.

At the same time, we will also actively advance the development of new businesses. The manufacture and sale of cell growth factor for cultivated meat is one such example, and we established Kanadevia Bio Corporation in April 2025 for the purpose of actively promoting business expansion in Singapore. Moreover, in the life science field, we developed the world’s first system that uses AI to diagnose fetal arrhythmia using only ultrasound video, which was awarded the Minister of Health, Labour and Welfare Award at the 2025 Japan Open Innovation Prize. These are the results of our efforts to build an agile system for promoting new development, and we will tie these initiatives to further expand our business.

In June 2025, we received an order from the Institute of Physical and Chemical Research (RIKEN) for vacuum

equipment to be used in the storage ring of the “SPRING-8” large-scale synchrotron radiation facility. SPRING-8 will be broadly used in cutting-edge fields such as next-generation semiconductors, protein structural analysis, and carbon-free material research, etc. By applying our technological capabilities to help increase the performance and energy efficiency of the facility, we will contribute to the realization of a circular economy and contribute to the development of a manufacturing foundation in biotechnology and other fields.

Sales forecast for vacuum valves by industry



* Created by V-TEX from the TI 2025-06-13-Critical Subsystem forecasts

Voice

Value creation outcomes

Tackling the challenge of realizing a sustainable society through life science related technologies

In 2050, the global population will reach 9.7 billion people from the current 8.2 billion, and the demand for meat is expected to increase. There are concerns about an increase in the load on the global environment due to greenhouse gas emissions from livestock farming and the loss of marine resources due to fishing.

At the same time, it is said that the average global temperature will rise by roughly 2°C from the current levels and the climate will significantly fluctuate. The supplies of livestock and fishery products are decreasing due to drought, extreme heat, heavy rainfall, flooding, and other disasters as well as rising sea temperatures, raising fears that this will lead to a meat shortage. It is anticipated that the adoption of cultivated meat will curtail the increase in environmental load due to livestock and fishing as one measure to solve the shortage of meat.

We are applying life science related technologies to the business of manufacturing and selling of cell growth factor needed for cultivated meat. To accelerate this business, we established Kanadevia Bio Corporation in April 2025.

Our goal is to contribute to the harmony between humanity and nature through a sustainable cultivated meat business.

Cited from the global population growth forecast (Available in Japanese only)
https://www.unic.or.jp/activities/economic_social_development/social_development/population/



Takayasu Yokobayashi

Kanadevia Bio Corporation
President

Infrastructure Business



Utilizing our unique technologies to contribute to the “creation of safe and prosperous communities” while also challenging new fields

As a result of the organizational restructuring, the headquarters which previously handled both machinery and infrastructure products has been separated into separate headquarters. By clarifying our business domains and being able to drive them in a

focused way, employees will have a greater sense of responsibility and be expected to take the initiative to achieve results such as securing orders and generating revenue. Based on this reorganization, we are strengthening the Social Infrastructure Business.

This business headquarters handles highly public infrastructure products such as floodgates, steel pipes, and bridges, and we believe that our primary mission is social contribution. To respond to disasters that are becoming particularly severe, we are deploying flap gates to prevent flooding during high tides and tsunamis, GNSS marine buoys for early detection of tsunamis, and floating temporary cofferdam facilities used in dam redevelopment projects, and we incorporate our unique technologies in all of these solutions. Moreover, we are also contributing to measures to combat aging infrastructure facilities and the renovation of hydroelectric power plants that are being reassessed for carbon neutrality. In addition, our ability to manufacture large structures using the Sakai Works docks is a unique strength that sets us apart from other companies. We believe that the ability to flexibly deploy engineers amid the fluctuations of each market is one of the benefits of this organizational restructuring.

Regarding the issue of inappropriate conduct, we sincerely regret that the primary cause was a lack of communication between the head office and the plants. We will immediately work to reform our culture and way of thinking.

Market characteristics

Hydraulic gates

- Increase in large-scale renovation projects and rebuilding/repair projects due to intensifying natural disasters and facility aging
- Strong demand for maintenance and renovation of hydroelectric power equipment for decarbonization at the power companies

Bridges

- The market for new bridge construction shows signs of declining, but the demand for maintenance (repair) and renovation to combat aging is increasing

Marine

- Steady demand for port facilities such as caissons due to improvements in port functions and enhanced defense capabilities

Stacks

- Deals concerning repairs and seismic strengthening to extend lifespan are increasing



Our strengths

Hydraulic gates

- Our extensive proprietary technologies (dam temporary cofferdam facilities, flap gates, ICT-based hydraulic gate monitoring systems, etc.)
- Our overseas production plant (TANGENT Kanadevia)

Bridges

- Long-span bridge construction technologies, extensive experience in seismic strengthening work, and 3D modeling technologies



Marine

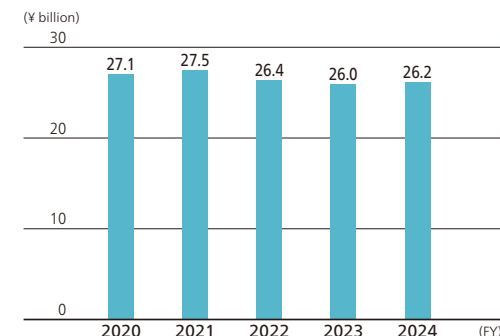
- Possess docks for large-scale marine structures



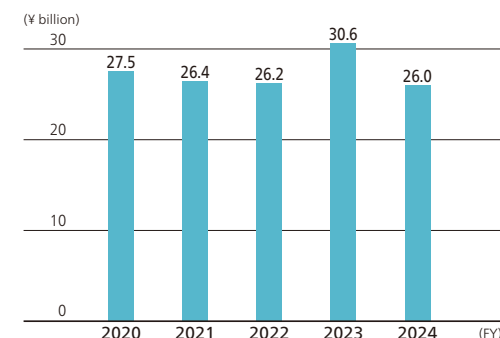
Stacks

- Extensive construction experience in the building of high rise stacks and seismic strengthening

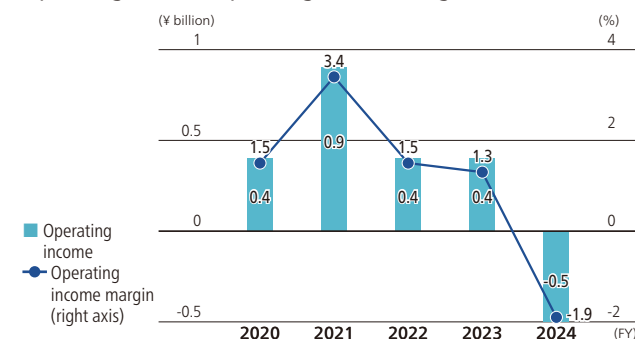
Order intake



Net sales



Operating income/Operating income margin



Infrastructure Business

Reviewing the Second Year of “Forward 25”

The Public Infrastructure Business has a stable market, but it is difficult to generate significant revenue. Under such circumstances, we have been able to generate revenue in floating temporary cofferdam facilities and flap gates using our unique technologies and the field of carbon neutrality initiatives.

In particular, we achieved a higher profit margin than planned in dam renovation construction using the “floating temporary cofferdam method” and the construction of penstocks used in hydroelectric power plants. Going forward, we will shift our business to such fields to increase overall revenue. In hydraulic gates, we are deploying “Shinemon” to provide condition monitoring and deterioration indicators by automatically collecting and analyzing data during normal operation. With preventive maintenance and the determination of renovation periods (detecting signs) becoming societal issues due to the shortage of engineers and aging infrastructure, an initiative that uses DX to solve those problems has currently been introduced at 12 hydraulic gate facilities across Japan.

Initiatives aimed at expanding our overseas business are also progressing. Using our TANGENT Kanadevia joint venture set up in Thailand in August 2023 as a base, we handle Official Development Assistance (ODA) projects, etc. with a focus on addressing the demand for hydraulic gates in Southeast Asia. In September 2024, we received an order for hydraulic gate construction to reduce flood damage in the Philippines as part of ODA efforts. With a focus on hydraulic gates and steel pipes, we are steadily establishing a foothold in the global market.

Initiatives for Realizing the “Sustainable Vision”

This business headquarters is striving to contribute to the “response to intensifying natural disasters,” which is one of the Seven Pillars of Success (materialities) established in our Sustainable Vision, and the “development of safe and prosperous communities,” etc. for the business areas as

defined in the 2030 Vision.

The DX-based “Shinemon” solution is one example, and it is essential to collect the data which forms the basis for diagnosis. Currently, we are focusing our efforts on mechanisms that can efficiently collect such data, and we aim to build a system that will enable us to provide customers with inspections and diagnoses all at once by accumulating data. Our initial focus is on hydraulic gates, but we will expand such data collection to other products in the future.

When it comes to responding to natural disasters and aging infrastructure, we have a long history and a proven record that spans 125 years of working on bridge business and over 100 years on hydraulic gate business to accumulate significant know-how. We believe that applying this knowledge to lifetime extension and maintenance is one way to contribute to the “development of safe and prosperous communities.”

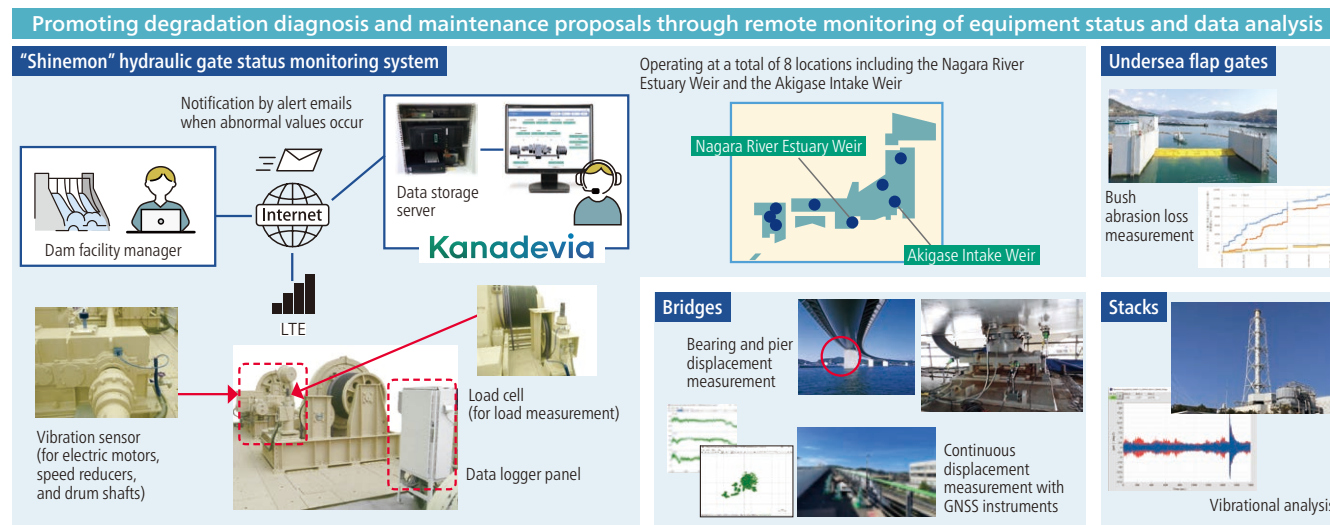
The human resources who leverage technology are an important asset. We strive to create a comfortable work envi-

ronment and maximize the capabilities of each individual.

We are also tackling challenges in new fields. Using the technologies that we have cultivated in our Social Infrastructure Business, we are working to support academic research fields such as particle physics experimental facilities and space development experimental facilities as well as defense-related research fields. Although we have not yet received any concrete orders, this is a promising initiative from the perspective of improving future profitability.

At the same time, we recognize that the question of how to balance profitability and social contribution is an important issue. With sales and revenue difficult to achieve solely within the domestic market, global expansion is essential. Southeast Asia is promoting infrastructure development, and we expect it to become a growth market in the future. We are focusing our efforts on accurately providing the products necessary to meet such needs, and we will consider expanding into Africa and other regions following Southeast Asia in the future.

ICT technologies for social infrastructure facilities incorporating DX



Carbon Neutral Solution Business



Junichi Yamamoto

Executive Officer
General Manager of
Carbon Neutral Solution
Business Headquarters

Working to implement decarbonization technologies in society to respond to social needs.

I believe that reducing GHG emissions is an important responsibility that we must fulfill as a company in order to protect the global environment for the future and realize a sustainable society. We have positioned decarbonization as one of our core businesses that will lead the next generation, and it is our policy to actively develop it. Contributing to a wide range of environmental issues,

including waste disposal and climate change, has been my unchanged desire since I joined the Company.

The Carbon Neutral Solution Business Headquarters has four pillars: marine engines, process equipment, decarbonization systems, and wind power. In particular, our power-to-gas business, which includes hydrogen generators, within the decarbonization systems business, leverages our technological strengths. As the impact of climate change is predicted to become even more pronounced after 2030, we will work to implement decarbonization technologies in society, including renewable energy such as wind power, in order to respond promptly to societal needs.

Regarding the inappropriate conduct in our marine engine business, which was announced in July 2024, we believe that one of the factors was a longstanding organizational insularity and lack of communication. We will sincerely address the causes and make every effort to restore trust by applying the lessons learned to future business operations. At the same time, we will focus on strengthening partnerships with other companies, exploring M&A opportunities, and developing human resources, and will strive to develop our business from a global perspective.

Market characteristics

■ Marine engines

- Although the current order intake is steady, buoyed by the favorable new shipbuilding market, profitability is a challenge due to soaring raw material prices
- New demand for ship exhaust gas regulation and fuel conversion

■ Process equipment

- New demand for tanks for alternative fuels such as ammonia
- Demand for casks and canisters for spent fuel and decommissioned reactors at nuclear power plants in North America, latent demand for the same in Japan

■ Decarbonization systems

- As part of the Green Growth Strategy, the Japanese government has announced a target of injecting 90% synthetic methane into existing infrastructure by 2050 as well as Basic Hydrogen Strategy
- Increasing size and reducing costs will be issues to be resolved for implementation in society

■ Wind power

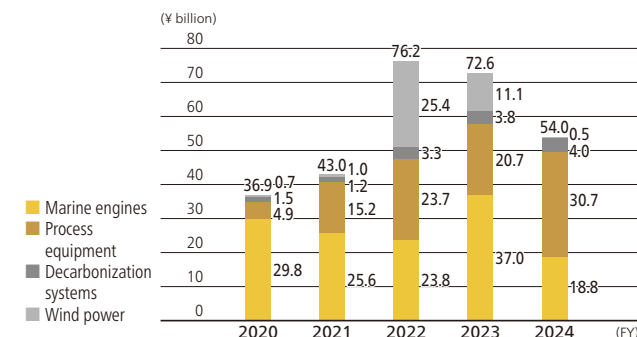
- The Japanese government has announced and is actively pursuing a target of introducing 10 million kW of offshore wind power generation by 2030 and a maximum of 45 million kW by 2040 (total wind power generation installed in Japan by the end of 2024 was 5,844 million kW)

Our Strengths

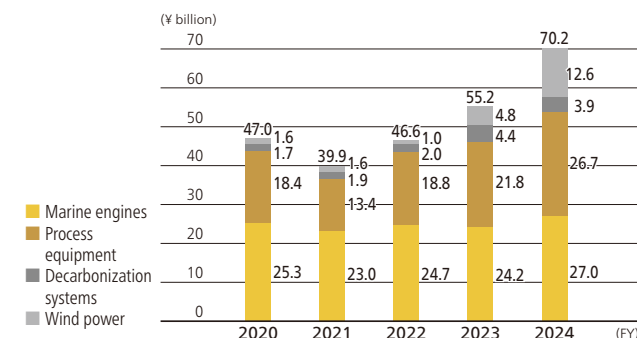
- Utilizing our domestic and overseas Group companies and sites in the global market
- Extensive experience in plant engineering both in Japan and overseas
- Extensive manufacturing capabilities and a strong delivery record for pressure vessels, heat exchangers, and more.
- Marine engines: Compatible with various decarbonized fuels / Exhaust gas NOx removal equipment using our own catalysts
- Onshore wind power generation: Expertise in integrated development, construction, and operation
- Offshore wind power generation: Design and manufacturing technology for offshore structures and floating structures
- Decarbonization systems: Providing large-scale hydrogen generators and power-to-gas systems



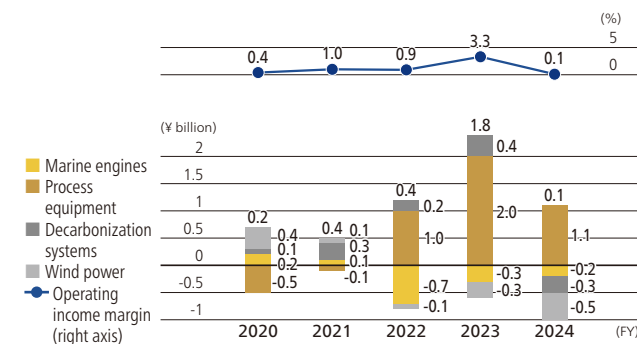
Order intake



Net sales



Operating income/ Operating income margin



Carbon Neutral Solution Business

Reviewing the Second Year of “Forward 25”

In FY2024, we decided to build a mass production plant for water electrolysis stacks, the core equipment of polymer electrolyte membrane (PEM) hydrogen generation devices, in Tsuru City, Yamanashi Prefecture, as a new base for our **decarbonization systems business**. The construction of this mass production plant is part of our priority investment plan under Forward 25, and the size of the capital investment will be approximately 8 billion yen. This plan has been adopted for funding by the Ministry of Economy, Trade and Industry’s “GX Supply Chain Construction Support Project.” The new plant will have an annual production capacity of 1 GW of water electrolysis stacks, and is scheduled for completion at the end of FY2028. The construction of this mass production plant will mark a major step toward the development of hydrogen-related businesses both domestically and internationally.

Additionally, in March 2024, we signed a Memorandum of Understanding regarding cooperation in the field of Methanation with Oman LNG LCC, an LNG business company in the Sultanate of Oman. After a year of negotiations, we concluded an agreement with Oman LNG in June 2025 for technical verification and design work for the construction of a methanation plant. This will contribute to the realization of Oman’s National Green Hydrogen Strategy, and is a major development for us as well.

In the **wind power business**, we have launched an onshore wind power generation project in Mutsu-Ogawara, Aomori Prefecture. Of the planned 15 4.3 MW wind turbines, installation of 12 has been completed as of September 15, and trial operation is beginning one after another. We are responsible for managing operation and conducting maintenance for about 20 years after operations starts. In the field of offshore wind power generation, we are focusing on the manufacturing of foundation structures (bottom-fixed and floating types). The fact that the Floating Offshore Wind Turbine Demonstration Project

off the Coast of Aichi Prefecture, jointly proposed by five companies including Kanadevia, was adopted as a Green Innovation Fund project will be a major milestone in the development of our floating offshore wind power generation business.

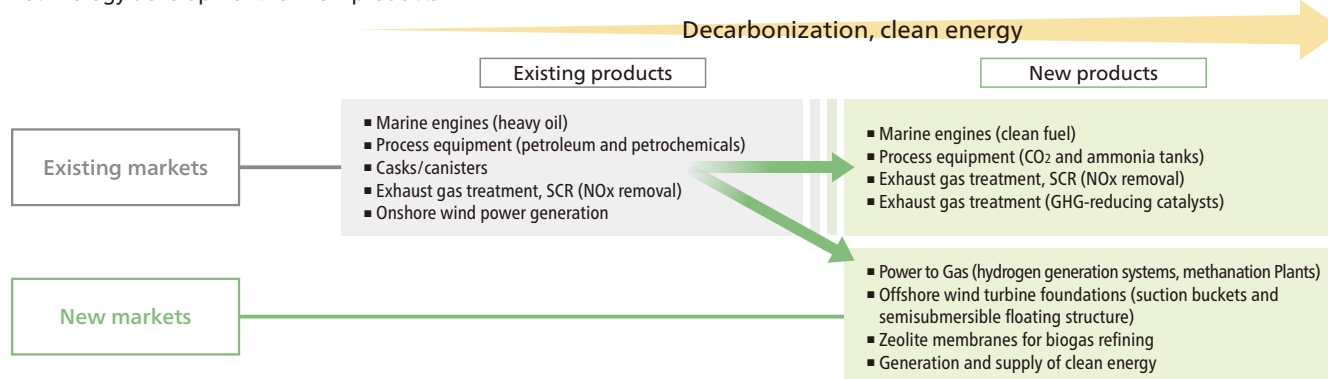
In the **process equipment business**, the technology cultivated at the Ariake Plant in Kumamoto Prefecture was recognized, and ammonia converters and other products performed well. On the other hand, the business development of storage and transport tanks for alternative fuels such as ammonia did not progress significantly in fiscal 2024, which is an issue for this fiscal year and beyond. In the nuclear power-related equipment business, which manufactures and sells spent nuclear fuel containers, preparations are progressing for a leap forward in the future as the role of nuclear power is being reevaluated worldwide as an important option for decarbonization. In Japan, construction is about to begin on a plant at Tousou Mirai Manufacturing Co., Ltd., which we established jointly with Tokyo Electric Power Company Holdings, Inc. Overseas, we are working on projects in collaboration with NAC International (hereinafter, NAC). NIAGARA ENERGY PRODUCTS of Canada, which NAC acquired in June 2023, is also contributing to the global expansion of this business.

In the **marine engine business**, orders remained strong, supported by a robust new shipbuilding market. As fuel conversion efforts toward decarbonization in the shipping and shipbuilding industries accelerate, we are manufacturing and delivering dual-fuel engines that run on LNG and methanol. Going forward, we will also work to accommodate new fuel-powered ships, such as those using ammonia. Meanwhile, the inappropriate conduct regarding the onshore operating records of our products, which we announced in July 2024, is a serious matter that has significantly damaged the trust of our stakeholders. The entire Group is working together to thoroughly prevent recurrence and will do our utmost to restore trust.

Initiatives for Realizing the “Sustainable Vision”

In our long-term vision, the Carbon Neutral Solution Business Headquarters aims to double net sales from the current level of approximately 70 billion yen to 140 billion yen and achieve an operating margin of 10% by 2030. However, there is a high degree of uncertainty in the decarbonization market, and rather than pursuing hasty expansion, we believe that our top priority is to constantly keep an eye on market trends and solidify our technological foundations, which is the source of our competitiveness.

Technology development for new products



Carbon Neutral Solution Business

In the decarbonization systems business, we will shift our mindset from “selling products” to “providing systems that utilize our engineering expertise.” In addition, in expanding overseas, we will not only export finished products, but will also flexibly explore collaborative models in which we supply component equipment such as water electrolysis stacks to local partner companies and manufacture the final products locally.

In the wind power business, we are steadily advancing the onshore wind power generation project in Mutsu Ogawara, Aomori Prefecture, and believe that once completed, it will be able to make a significant contribution to the spread of renewable energy. On the other hand, floating offshore wind power generation is a future challenge, and it is essential to commercialize it at an internationally competitive price and use that as a foothold for overseas expansion.

In the process equipment business, we will further accelerate our existing overseas expansion. In addition to advancing the introduction of spherical tank manufacturing technology through a technical partnership with a Taiwanese company, we will also collaborate with other decarbonization businesses to pursue synergy effects by expanding overseas together.

In the marine engine business, we appointed a person who has previously led our process equipment business and has a track record of strengthening our relationship with NAC as president of Hitachi Zosen Marine Engines in April 2025. Under his leadership, we will further strengthen our relationships of trust with our licensors, Everllence (formerly MAN Energy Solutions) and WinGD.

Kanadevia’s corporate colors represent our strong commitment to promoting the environment and decarbonization. However, our efforts are not yet fully recognized. We will continue to work steadily toward both business growth and social contribution, contributing to the realization of a sustainable society and achieving our vision.

NAC International

Overview

Established in 1968, located in Peachtree Corners, Georgia, U.S. Engaged in all aspects of the nuclear fuel cycle and nuclear energy with deep expertise in spent fuel and nuclear material and waste packaging, storage, transportation, and disposition equipment supply and services. Joined the Kanadevia Group in 2013.



NAC International (NAC) is dedicated to promoting the environmentally responsible use and expansion of nuclear energy. We achieve this by ensuring the safe, secure, and efficient management of radioactive material and waste produced in nuclear power and fuel cycle facilities, with the goal of achieving a decarbonized society.

Kent S. Cole
President and Chief Executive Officer

Brief Biography
After decades of progressive responsibility in General Electric’s nuclear energy business, he joined NAC in 2003, first serving as Vice President of Spent Fuel Projects, before becoming President in 2006. He assumed his current position in 2013. Master of Mechanical Engineering.

Meeting global decarbonization targets and projected electrical power demands by 2050 will require a major expansion of nuclear power. At COP28, over 20 countries pledged to triple nuclear capacity. This growth will involve both traditional large, water-cooled reactors and Small Modular Reactors (SMRs), which produce 1-300 MWe. SMRs are portable, scalable, and can generate heat or electricity for various applications.

NAC is well-positioned to contribute to the growth of the nuclear sector through the fabrication of components for new nuclear reactors, the development of strategies for reliable supply of nuclear fuels, and the management, packaging, storage, transportation, and disposition of nuclear materials, spent fuel, and radioactive waste. Recently, NAC has expanded its operations through acquisitions and plans to continue this strategy, broadening the range of solutions it can provide to the nuclear industry. However, much of the anticipated growth in the “New Nuclear” domain will be driven by the establishment and investment in strategic partnerships with reactor technology developers or early adopter customers. NAC is currently engaged with over a dozen new reactor technology companies at various stages of technical and commercial development.

A particularly exciting development is NAC’s partnership with and minority ownership of Deep Isolation Nuclear, Inc., a technology company that aims to revolutionize the nuclear waste disposal industry through its innovative deep borehole technology, by delivering a safe, scalable, and cost-effective solution for spent fuel and high activity nuclear waste disposal — addressing the global need to move these wastes from temporary above-ground storage to permanent disposal. A full-scale demonstration of the technology is planned to initiate

later this year.

NAC is committed to balancing this significant future growth initiative in the New Nuclear sector with a continued focus on its core business and existing markets. The company fully acknowledges that future success hinges on consistently delivering high-quality products and services on time, thereby ensuring customer satisfaction. NAC takes pride in its role in supporting clean, carbon-free electricity generation from nuclear energy by providing environmentally friendly products and services.

To meet industry demands, recruiting and retaining top talent is essential. NAC values its employees and aims to offer a rewarding environment for professional growth. NAC is positioned for success in 2025 and beyond, supporting carbon neutrality and environmental stewardship efforts in the nuclear industry.



NAC is the exclusive supplier of Deep Isolation’s Universal Canister System (UCS) (shown here).

DX Promotion

 **Kanadevia DX**
<https://www.kanadevia.com/english/company/dx/>



Munenobu Hashizume
 Director and Managing Executive Officer
 General Manager of Information and Communication Technology Promotion Headquarters

Contributing to maximize customer value through DX strategy implementation and DX talent cultivation

Our Group began with its shipbuilding business and has continued to solve social issues by applying its strengths in manufacturing and engineering technology all the way to our current core business of Waste to Energy (WtE) plant. Private-sector businesses are already utilizing digital technologies in products and facilities for the medical field and land-based aquaculture, etc. In addition, the use of digital technologies such as IoT and AI is essential in the public infrastructure business as well to anticipate the needs of customers and the users of their services, increase the added value of products and services, and respond to environmental changes. This year marks the 145th anniversary of our founding, and as we look toward the next 100 years, we will contribute to society based on customer-focused thinking while simultaneously using digital technologies as a source for our own profit to grow as a company.

Overall Direction and Strategies

Our DX strategy consists of Business DX (customers, products, and services), Corporate DX (productivity enhancement and workstyle reform), and the DX Platform (the foundation which supports the other two). Ahead of the next medium-term management plan, which will start from FY2026, we have also newly established an organization to prioritize the promotion of generative AI. We aim to improve profitability by adding new forms of value to existing products and services while delighting customers and contributing to the solution of social issues.

Initiatives

Driving the shift to IoT and promoting the use of AI in products

We have been building the “EVOLIoT” IoT platform for collecting, storing, and analyzing product and facility operational data and reached the product IoT implementation rate of 60% listed as a KPI in the medium-term management plan one year ahead of schedule. EVOLIoT has been introduced in WtE plants, land-based aquaculture, hydrogen generators, etc., and we aim to increase customer value by further expanding the scope of application.

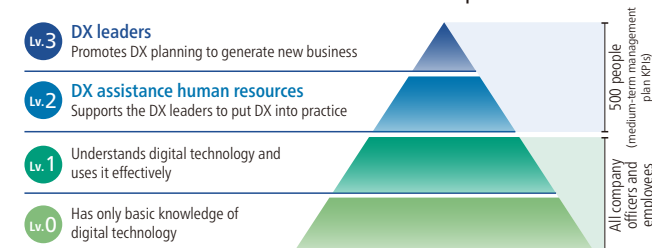
For the AI-based fetal arrhythmia diagnostic system, we developed the world’s first system capable of diagnosis using only ultrasound video, which was awarded the 7th Japan Open Innovation Prize (Minister of Health, Labour and Welfare Award) in 2025.

Developing DX human resources and fostering a culture of new business creation

We are developing DX human resources based on the DX human resource grand design and have assigned 550 DX leaders and DX assistance personnel (including those

scheduled to complete in FY2025) to the various business units. In the DX leader training which started in FY2021, we have adopted a curriculum that creates DX ideas (What) through customer-focused thinking centered around design thinking. From there, we select promising themes and work to realize them as businesses to foster a culture that tackles challenges while also increasing the number of opportunities to create new businesses.

Overview of our DX human resources development



KPI (FY2025)	Results achieved in FY2024	
Product IoT rate:	60%	64.2%
Number of DX human resources trained:	500	352 (cumulative total)

Voice

Value creation outcomes

The Future Shaped by DX: How the Wave of Transformation Strengthens Organizational Capability and Corporate Value

My experience as a participant in the first cohort of the DX Leader Training was a major turning point for me. Through the program, I came to deeply understand that DX promotion is not merely about the introduction of new technologies, but lies at the very core of enhancing corporate value. This realization made me acutely aware of the need to transform our business models themselves.

Even after completing the program, I have continued to work on creating new businesses aimed at improving corporate value. Currently, I am exploring ideas that focus on forest resources, with the goal of revitalizing local industries and achieving coexistence and mutual prosperity with regional communities.

What I value most, however, is the connection with peers who share the same mindset. Individual learning is spreading throughout the organization, fostering a workplace culture that welcomes new ideas and encourages taking on challenges.

I strongly feel that the establishment of such a framework for learning opportunities has become a powerful driver for taking on “challenges” that go beyond the boundaries of conventional work.



Kensaku Teraya

Environment Business Headquarters
 Management Business Unit
 Energy Management Department
 Ibaraki Power Station

Global Expansion

Koichiro Oshima

Senior Managing Executive
Officer
General Manager of
Global Headquarters



Promoting globalization driven by the growth of overseas Group companies

My name is Koichiro Oshima, and I was appointed General Manager of the Global Headquarters in April 2025. The Group's overseas business, led by Inova, continues to grow steadily and is becoming increasingly important as a growth driver for the entire Group. In my previous job at a financial institution, I spent many years working on investments and loans for the power, infrastructure, and energy sectors around the world. I will utilize the knowledge, know-how, and experience I gained there to advance our overseas business. Over the past few years, we have invested a significant amount of resources in overseas M&A and business investments. To maximize the benefits of these investments, I will focus on post-merger integration (PMI) and work to strengthen our governance structure to match our expanding business scale.

Overall Direction and Strategies

In the Forward 25 medium-term management plan, expanding overseas business is positioned as a key strategy. We achieved the KPI of an overseas sales ratio of 40% ahead of schedule, and now, the Global Headquarters will further focus on strengthening the Group's overseas business foundations for the future, including growing the business and strengthening governance of its three main overseas subsidiaries (Kanadevia Inova, Osmoflo Holdings, and NAC International). Another focus is fundamentally strengthening our business

development capabilities in Southeast Asia and South Asia by reviewing the site management structure from April this year.

Initiatives

Sales from our overseas business in FY2024 reached approximately 297.4 billion yen, an increase of 49.8 billion yen, or 20%, compared to the previous fiscal year, accounting for 49% of total Group sales. This is mainly due to the improved performance of our three overseas subsidiaries. In particular, Inova has carried out numerous M&A transactions that contribute to business expansion and optimization of our business portfolio. Deals have included the acquisition of an Operation & Maintenance (O&M) company for strengthening its ongoing business and the acquisition of a UK company with the aim of entering the asset management business. In FY2025, we will closely monitor whether these investments are producing the results we initially planned and provide any necessary support. Regarding the overseas business expansion of Kanadevia Corporation which has been an issue, in April of this year, the Company positioned its Thai subsidiary as a regional headquarters, with the aim of fundamentally strengthening its business development capabilities, particularly in the

growth markets of Southeast Asia and South Asia. By dispatching an executive to head up the regional headquarters and further strengthening the transfer of authority and collaboration with the Global Headquarters, we will build a swift and effective business promotion system. Furthermore, on the business side, we will contribute to global decarbonization through our seawater desalination, water electrolysis, and methanation technologies, including participating in a demonstration project in Oman aimed at the future construction of a commercial methanation plant.

We are also strengthening the operational foundation that supports the growth of our overseas business. We plan to improve our global talent cultivation program, which began two years ago, to make it even more effective by going beyond classroom training and combining it with overseas assignments and engagement in overseas-related businesses. We will also focus on further strengthening our compliance system at our overseas business sites.

KPI
(FY2025)

Overseas
sales ratio:
40%

Key existing market: [Europe, East Asia](#)
Key growth market: [Southeast Asia, South Asia](#)
New market development: [North America, Middle East](#)



Seeking to maximize synergies through the Global Meeting

The Group holds an annual "Global Meeting," bringing together the executives of our three overseas subsidiaries and the general managers of each overseas business site. The 11th Global Meeting, held on June 5, 2025 at the Osaka International Convention Center, kicked off with a speech by President Kuwabara on the Kanadevia Group's FY2024 financial results and overall policy. Following this, the CEOs of each subsidiary presented and discussed the status of their operations and future strategies. They also shared their Group's quality enhancement policy, a summary of last year's participation at COP29 in Azerbaijan, and the status of their efforts toward COP30. Furthermore, in a first-time attempt, a panel discussion was held featuring the CEOs of each subsidiary and the general manager of the Asia headquarters, leading to a lively exchange of opinions on a wide range of topics, including strategic business areas, human resources, and the Kanadevia brand.

Going forward, we will continue to utilize the Global Meeting to foster a sense of unity within the Kanadevia Group and maximize synergies.



Panel discussion at the Global Meeting



Special Feature: First-ever Booth at COP29

Proposing new waste treatment systems and decarbonization technologies to contribute to global decarbonization and resource circulation

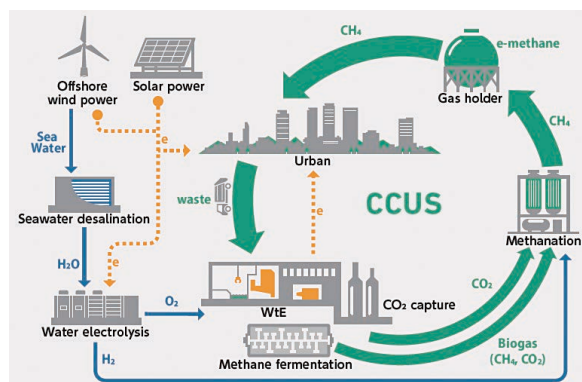
We hosted a booth for the first time at the Japan Pavilion at the 29th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP29), held in Baku, the capital of the Republic of Azerbaijan, in November 2024. During the event, President & CEO, Michi Kuwahara, proposed resource circulation achieved through diverse waste treatment technologies and CCUS at a seminar hosted by the Japan Environmental Facilities Manufacturers Association (JEFMA).

The booth, themed realizing a circular economy and net-zero GHG emissions through innovative waste treatment systems, exhibited our technologies such as waste to energy (WtE), wind power generation, seawater desalination, water electrolysis, and methanation. It attracted over 1,000 visitors, including presidents, cabinet members, and other VIPs from 123 countries and regions.

In many parts of the world, waste is disposed of in landfills, but in Japan, waste to energy (WtE) technology has evolved, and by combining this with technologies such as CO₂ capture and methanation, we can contribute to decarbonization and a circular economy. Through our first exhibition at COP29, we were reminded that our technologies and products are in demand around the world and contribute to a circular economy and decarbonization.

Kanadevia's display at COP29

Initiatives for decarbonization aimed at carbon neutrality



Kanadevia Group proposed an innovative waste management system that combines existing technology packages and those under development, including waste to energy (WtE), methane fermentation, wind power, desalination, water electrolysis, methanation, and efficient CO₂ capture. Water electrolysis produces oxygen and hydrogen, and the oxygen is supplied to waste incineration for highly efficient CO₂ capture, while the hydrogen is converted to e-methane through a methanation reaction with the captured CO₂.

Event venue



COP29 was held from November 11 to 24, 2024. On November 20, President & CEO Kuwahara gave a presentation at a seminar hosted by JEFMA. The event, which began with a greeting from Minister of the Environment, Mr. Asao, was so well attended that it was standing room only.



Video of President & CEO Kuwahara's presentation at the JEFMA seminar

https://www.youtube.com/embed/Tbl_rbyo4t4?feature=oembed

Our booth was visited by more than 120 people from all over the world, including Azerbaijan, Scotland, Taiwan, Somalia, Thailand, Turkey, Zambia, the United States, Nigeria, Russia, Indonesia, Uzbekistan, Belgium, Brazil, Australia, Madagascar, Israel, China, Tajikistan, Lesotho, Italy, South Africa, Kenya, Switzerland, Ukraine, Pakistan, Morocco, South Sudan, Uganda, the United Kingdom, Canada, Egypt, Yemen, and Japan, making the first day especially a great success.

We received very positive feedback and reactions from visitors to our booth regarding our innovative exhibition. The on-site exhibit and seminar presentation were a very meaningful opportunity not only to showcase our efforts to the international community, but also to raise awareness of climate change within the Company.

We are committed to continuing to make a difference when it comes to climate change measures.



Promoting Sustainability

Aiko Tomooka

Executive Officer
General Manager of
Sustainability Promotion
Department



A step of responsibility toward a sustainable future

The society we envision for 2050 is one where an ultimate circulation of resources is realized, with absolutely no waste. We have named this vision Resilience Eco Society® and set goals accordingly. For example, in the area of impact of water use, we set the goal of becoming water positive for each basin where we and our customers operate. In regions where the water risk is high, we will explore measures such as replenishing 100% of the water, conserving forests that protect watersheds, and the use of water credits. We will also enforce stricter voluntary standards for management of wastewater quality. In low-risk regions, we will prioritize strict management of water quality and provide design and operational support to help customers achieve the same standards. Through such efforts, we will aim to reduce our environmental impact and achieve water positivity across all businesses.

However, modern society faces other difficult issues, such as human rights violations and poverty. While solving environmental issues may help alleviate social issues, Kanadevia alone cannot solve the various environmental and social issues. Joint action between Kanadevia and its stakeholders is essential. We believe that realizing Resilience Eco Society® will lead to the maximization of people's wellbeing. Kanadevia will work with its stakeholders to realize a sustainable future: Resilience Eco Society®.

Basic Approach

The Group's business helps solve three environmental issues—climate change, biodiversity loss, and pollution—and realize a sustainable, safe, and secure society. The Group's growth leads to a reduced environmental impact, ultimately improving people's well-being.

Recognizing that promoting sustainability represents the very essence of Kanadevia Value, the Kanadevia Group established a system for the promotion of sustainability and continues to implement a variety of measures to promote sustainability in order to capture new business opportunities and achieve sustainable growth for the Group.

Sustainable management

<https://kanadevia.com/english/sustainability/policy/>

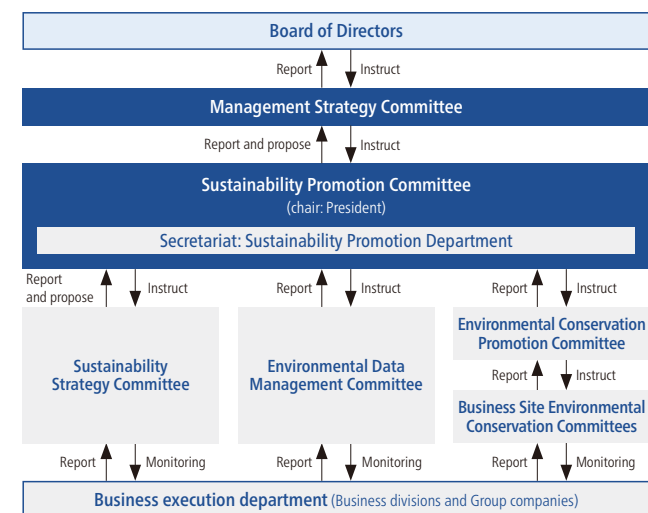
Promotion System

At our company, the Board of Directors and the Sustainability Promotion Committee take the lead in supervising and giving instructions regarding the strategies and targets established to realize our Sustainable Vision, as well as the progress of measures related to the Pillars of Success (Materiality). When formulating this medium-term management plan, we review our strategies and targets, taking into account climate change, nature-related risks and opportunities, ESG risks, and other factors.

Sustainability Promotion Committee meetings are held four times a year. Under the President, who serves as chair, the Committee discusses and confirms key issues and measures across the entire Group, providing approvals as necessary. The Sustainability Promotion Department serves as the secretariat and is responsible for formulating policy, supporting the execution of measures, and disseminating information. It also reports to management on the progress of high-priority items.

Discussions within Sustainability Promotion Committee meetings are reported to the Management Strategy Committee and the Board of Directors. Board meetings that address sustainability-related agenda items are held twice a year.

Sustainability Promotion Framework



Sustainability Promotion Committee

Chaired by the President, and with members that include general managers, business site heads, Group company presidents, etc., the Sustainability Promotion Committee engages in discussion of sustainability-related policies, strategies, and important measures, etc.

Committee Chair	President
Members	General managers, business site heads, Group company presidents, etc.
Items discussed and reported	Various Group sustainability-related policies, strategies, important measures, etc.
Activities in FY2024	No. of meetings held: 4 • Third-party assurance of environmental data reported and externally disclosed data • Reported on progress of TNFD Report disclosure • Reported on progress of the roadmap for sustainability • Introduced Inova's ESG initiatives
Secretariat	Sustainability Promotion Department

Health and Safety

Masanobu Tokuo

Executive Officer
General Manager of the
Health and Safety Unit



Returning to the fundamentals of health and safety management

I recognize that for the Group to sustainably enhance corporate value it is paramount that we ensure safety-first in all of our business activities, as stated in our management stance, Kanadevia Value.

Returning to the fundamental principle that ensuring and maintaining the health and safety of employees protects the most important resource to corporate management—human resources—we will create workplaces across the entire Group where employees can continue to work safely, healthily, and with peace of mind. I believe this, in turn, will enhance the peace of mind our customers feel. By fostering a culture of safety, we will further strengthen our human resource development, organizational systems, and management systems (namely, risk assessment and promoting intrinsic safety) to achieve safety.

Basic Approach

The Group's management stance is to ensure safety-first in all of our business activities. In all processes from equipment procurement to design, manufacturing, delivery, and operation, we are improving our knowledge and skills to place the highest priority on safety. We are also promoting the creation of a system that enables us to put this

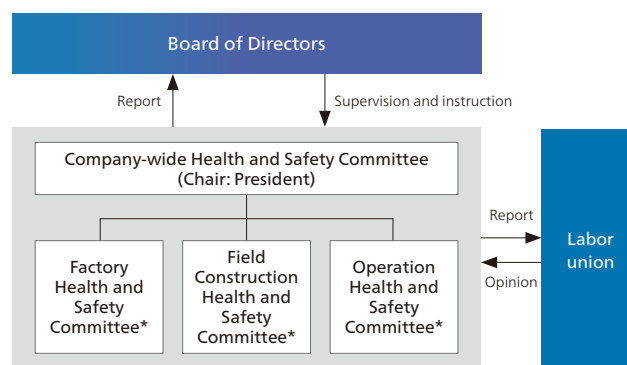
knowledge and these skills into practice in our business activities.

By developing business activities with a safety-first management stance, we will strive to improve our work environment and aim to create a workplace where every employee can work safely.

Safety Management System

We have in place a Company-wide Health and Safety Committee, chaired by the President, to develop safety and health management activities across the entire Group. The Committee is chaired by the president and includes the general managers of each business headquarters and headquarters management department. Based on the basic policies decided by the committee, we are developing the health and safety management activities of each business headquarters and Group company.

Company-wide Health and Safety Committee organization chart



* Includes presidents of group companies

Health and Safety Unit established

To further strengthen our health and safety management systems, we established the Safety Unit (currently Health and Safety Unit) in April 2025 as an organization reporting directly to the president. This has enabled us to implement safety inspections, accident and disaster response, safety training, and the sharing of safety and health information across the entire Group.

Fostering a Culture of Safety Line walks by management

Starting in fiscal 2024, we have management conduct Senior Manager Patrols. The purpose of these patrols is to have all senior managers visit the Group's factories, plant construction sites, and operation offices of WtE plants and water treatment facilities, and instill a safety-first mindset in all officers and employees. By confirming actual conditions on-site and directly hearing issues and suggestions for improvement from site supervisors and staff, we aim to improve work environments, strengthen safety measures, and boost staff motivation. Furthermore, we incorporate on-site feedback into our management strategy, using it to create a comfortable work environment.

We have continued this initiative in fiscal 2025 under the new name, Line Walk. With Line Walk, management as well as line managers from each business headquarters proactively go on-site to strengthen understanding of actual



Strengthening communication with management

Health and Safety

conditions and communication, deepen collaboration with the frontline, and resolve issues early.

Safety activities based on dialogue

The safety evaluation conducted by an external organization revealed various issues not only in safety management but also in organizational structure, leadership, and other areas. We will strengthen our internal structures by having management, plant managers, and the safety departments recognize these issues as management issues, take the lead, and resolve them. The foundation for this will lie in identifying issues through dialogue between management, managers from each business headquarters, the Safety Department, and Works and on-site staff. We will proactively shift from the previous approach of safety management, based on pointing out and correcting, to safety activities that are based on dialogue. We will also share case studies at workshops to enhance our safety culture. We will improve workplace

safety through these efforts and, by encouraging proactive daily communication among employees, aim to spread safety-related knowledge and awareness and reduce risks.

KPI
(FY2025)

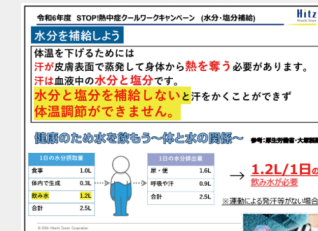
Number of lost time injuries: 0

We will develop an occupational health and safety management system that focuses on eliminating and reducing risks that lead to lost time injuries, with the goal of eliminating all accidents.

Column Preventing heatstroke

Preventing heatstroke during heatwaves is an important issue for the Group, which has employees working in harsh environments, such as Works and construction sites. In fiscal 2024, based on the Ministry of Health, Labour and Welfare's campaign to prevent heatstroke, we created and distributed materials to raise awareness on preventing heatstroke; recommended heatstroke countermeasure supplies; and recognized work-sites with exemplary heatstroke countermeasures.

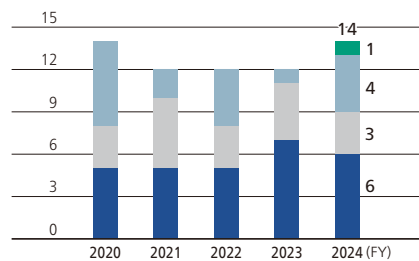
Furthermore, in fiscal 2025, we will continue activities based on the Ministry's campaign to prevent heatstroke while strengthening guidance on newly mandated countermeasures.



Number of Lost Time Injuries

Occupational accidents requiring 1 day or more absence from work

■ Head Office / Branch Office
■ Operation
■ Factory
■ On-site work

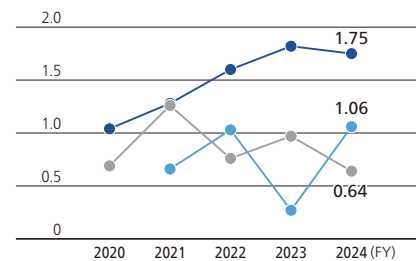


* On-site construction includes overseas construction.

Lost Time Injury Frequency Rate

(Number of fatalities and injuries due to occupational accidents requiring 1 day or more absence from work ÷ cumulative hours worked) x 1,000,000

● On-site work
● Factory
● Operation



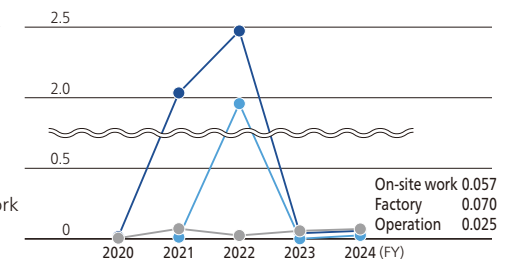
* Operation is totaled from 2021.

* On-site construction covers domestic construction only.

Lost Time Injury Severity Rate

(Number of days absent from work ÷ cumulative hours worked) x 1,000

● On-site work
● Factory
● Operation



* Operation is totaled from 2021.

* On-site construction covers domestic construction only.

Procurement

Koichi Kaibuchi
Executive Officer
General Manager of
Procurement
Headquarters



Aiming for zero environmental load and sustainable procurement

The Procurement Headquarters plays an extremely significant role in realizing the Group's Sustainable Vision. From materials, machinery, electrical equipment, and other equipment to construction, design, and other services, approximately 80% of our costs are procured from outside the Company, and we currently have more than 3,000 business partners. In addition, we need to incorporate new technologies and aim for zero environmental impact. We must keep a constant eye on various industries to see what technologies are being developed and which business partners possess those technologies, and we must control our expanding supply chain. We also have overseas business partners and must consider exchange rate, geopolitical, and other risks. Both the managers and staff of the Procurement Headquarters will continue striving to improve our sustainable procurement.

Since fiscal 2019, we have been conducting sustainable procurement surveys of our major suppliers using the SAQ (Self-Assessment Questionnaire) created by the United Nations Global Compact. These surveys serve as an indicator for building a sustainable supply chain through a cycle which consists of "survey, evaluation, feedback to each company, requests for improvement, and re-evaluation."

Initiatives

Currently, we have adopted the SAQ evaluation points as a KPI for sustainable procurement. Based on the answers received from all of our suppliers, we visualize the status of sustainability progress and provide feedback on areas that require improvement to steadily increase the evaluation points every year.

In addition, to further analyze the survey results, we have weighted the two following themes, which are particularly important as a form of social responsibility, as questions that should be evaluated for the highest possible rating since the fiscal 2024 sustainability survey.

- (1) Questions which assess the understanding of relevant laws and regulations
- (2) Questions concerning employees' lives, health, and healthy lifestyles

We have strengthened our communication with all of our suppliers to ensure that they address these items on a priority basis.

Furthermore, as a new initiative aimed at net zero CO₂, some of our business sites have started to trade carbon credits.

Going forward, we hope to continue pursuing new policies while coordinating with internal parties and working together with all of the business partners in our supply chain.

SAQ research

An awareness survey conducted annually with regard to suppliers' sustainability initiatives and prepared by the Global Compact Network Japan (GCNJ) Subcommittee.


Results in FY2024

Targets: 627 companies
(86.7% of our non-consolidated orders)

Response rate: 83.9% (526 companies)

Survey results and responses:

- Scores in all areas improved by 3% to 5% from the previous year.
- Communication, including interviews, was conducted with suppliers with low scores.

 **Initiative: Building a Sustainable Supply Chain**
(Available in Japanese only)

<https://www.kanadevia.com/sustainability/social/procurement.html>

Policy and Strategy

In 2023, we established the "Kanadevia Group Basic Procurement Principles," and we aim to achieve sustainable procurement, which is one of the "Pillars of Success," based on the principles of "Fair and impartial transactions," "Human rights," "Labor safety," and "Environmental conservation promotion," etc. Therefore, the understanding and cooperation of all of our suppliers is essential.

Column

Emphasizing sustainability and engaging in carbon credit trading

As part of our measures to reduce our environmental impact, we initiated a change in fiscal 2024 to make the LPG (butane) used in the manufacturing processes (heat treatment, annealing, and shrink fitting) for process equipment at the Ariake Works subject to carbon credits. In addition, we are working on sustainability-focused procurement activities across the entire Group such as using carbon neutral LNG, etc. in the test operation of marine engines at our subsidiary company Hitachi Zosen Marine Engine Co., Ltd. These new initiatives embody the environmental considerations in the procurement processes that are part of the Group's procurement principles. Going forward, we will continue to further strengthen these activities to promote the building of sustainable business models that emphasize sustainability.



Promoting measures to reduce environmental impact at the Ariake Works

Quality

Sachiko Ohchi
Executive Officer,
General Manager of
Quality Assurance Unit



Pursuing quality to achieve customer satisfaction based on “Kanadevia Value”

Vulnerabilities in our Group’s quality compliance efforts came to light following inappropriate conduct which was reported in fiscal 2024. Reform is needed in terms of both the quality assurance system and the awareness of our staff members. The Quality Assurance Unit was newly established in October 2024 as under the direct supervision of the President in a way that integrates the previous Quality Assurance Departments. We are working to prevent the recurrence of inappropriate conduct, provide company-wide support for the prevention and early resolution of quality problems in advance through prompt information sharing about problems, and further transform our awareness of quality. To achieve the management stance of “always pursuing quality” as stated under “Kanadevia Value,” we aim to provide products and services that satisfy and impress our customers.

Basic Approach

Our Group is “always pursuing quality,” that is to say aiming to achieve customer satisfaction based on the “Kanadevia Value,” which is the basic philosophy of the Group. Based on this concept, we strive to eliminate quality misconduct, which is fundamental to the value our customers expect.

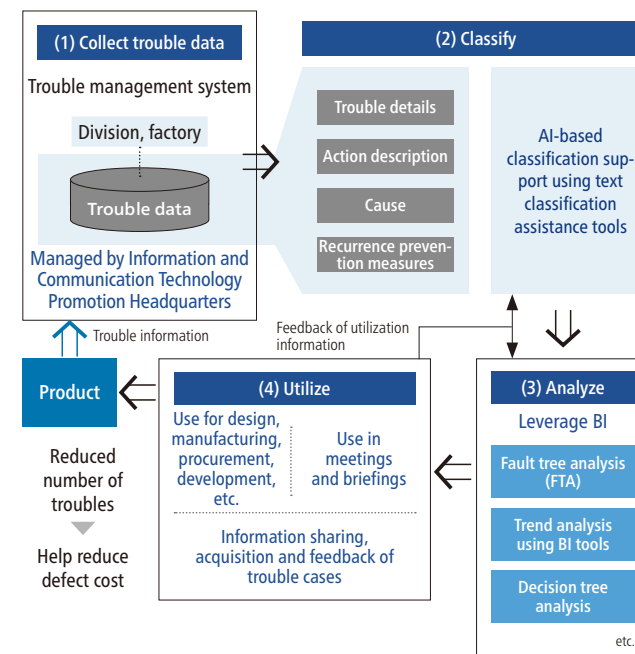
System for Promoting Initiatives

The Quality Assurance Unit consists of the Quality Planning Department, which is responsible for planning, drafting, and promoting quality-related strategies for the entire Group, and six Quality Assurance Departments that guarantee the quality of products and services produced and provided by our business headquarters and factories. The Unit also participates in the Quality Reform Promotion Department, established in July 2025, and is driving the implementation of recurrence prevention measures related to this instance of inappropriate conduct.

Database of Quality Troubles and Future Initiatives

We are making effective use of a problem search system that uses artificial intelligence (AI), and we are planning to deploy it across the Company in the future. Furthermore, to ensure data integrity, we are working on the automatic recording of inspection data and the automatic creation of results.

Flow of using trouble data



Voice

Value creation outcomes

Striving to prevent quality problems to ensure customer satisfaction

After joining the Company, I worked on measuring the driving pressure, vibration, and noise, etc. of marine engines. Later, I became involved in the digitization of information about quality problems occurring at the Ariake Works. Currently, I am working in the Quality Planning Department on the digitization of information concerning quality problems occurring within the Group and developing procedures for how it is used.

In my work at the Ariake Works, we recognized the importance of creating systems and mechanisms that prevent the same problems from repeatedly occurring to reduce the burden and labor of factory workers. In my current role as a member of the Quality Assurance Unit, I am working to prevent quality problems before they occur in the products and services that our Group produces and offers to achieve customer satisfaction. This is because work that does not meet customer needs or satisfy customers will not be accepted. In my work, I prioritize our customers’ needs and consider their satisfaction as my own.



Tomoya Nishiki
Planning Group
Quality Planning Department

Environmental Management

Basic Approach

To promote environmental conservation activities in our business activities, the Kanadevia Group has established, maintains, and operates an environmental management system based on the Basic Environmental Conservation Policies, ISO 14001, and environmental laws and guidelines in each country and region.

Structure

The Group's environmental conservation promotion system is led by the Environmental Conservation Promotion Committee, a subcommittee of the Sustainability Promotion Committee, and the Environmental Conservation Committees of each business site, and is aimed at promoting compliance with environmental laws and regulations, preventing environmental risks including climate change-related risks from materializing, and promoting environmental conservation activities.

The Environmental Conservation Promotion Committee sets up an Environmental Conservation Promotion Plan based on the roadmap established for achieving our Sustainable Vision, and regularly follows up and reviews the progress and processes of the plan. In addition, the Committee receives reports on the results of environmental audits conducted by the Sustainability Promotion Department, and provides instructions and guidance to each factory.

I Sustainability promotion framework P.48

Environmental Conservation Promotion Committee

Committee chair	Members	Items discussed and reported	Meeting frequency
General Manager of Sustainability Promotion Department	General managers of each business headquarters General managers in charge of environment at each business site	Formulation of basic policies on environmental protection and important implementation items	2 times/year

Acquisition of ISO 14001

ISO 14001 acquisition rate of domestic and overseas business sites: 80.4% (FY2024) (consolidated net sales basis)

Environmental management system for Group companies

In principle, the environmental management system of the Kanadevia Group covers its consolidated subsidiaries, including overseas Group companies. The business formats of Group companies include those with manufacturing facilities, those primarily engaged in engineering and field construction, and those with only offices and no manufacturing facilities. To ensure compliance with environmental laws and regulations, prevent environmental risks from materializing, and promote environmental conservation activities, we select items to be managed at each applicable business site based on the industry, impact on the environment and ecosystems, and other factors, and collect environmental information. In addition, we include companies that have manufacturing facilities in the scope of environmental audits.

Initiatives

Water resources

Our Group strives to manage water use in the appropriate manner and prevent the outflow of pollutants through the planned intake of water from stable sources, proper facility maintenance, and appropriate site management. In particular, we set voluntary standards that are stricter than the legal standards for wastewater generated by our business activities and monitor water quality.

Furthermore, we make efforts to reduce the amount of water intake by using recycled cooling water, etc. as much as possible in product test operation, excluding the evaporated amount.

Waste material

Our Group has established "Complete circulation of resources" as one of the Pillars of Success, and we are working to reduce waste material due to business activities and reuse products.

Our employees have long been highly aware of reducing

waste material generated by manufacturing processes, and the managers of each plant visit other plants to share best practices and jointly improve. Furthermore, we expanded the scope of waste material management from fiscal 2024 to include not only the plants but also on-site construction. Since on-site construction is carried out through joint ventures with third parties outside of the Group, it can be difficult to directly apply our management principles. However, we are working to thoroughly separate waste material through discussions with the relevant parties.

Environmental communication

Our Group businesses may affect the daily lives of people in local communities due to noise, vibration, and odors, etc. At each plant and office, we strive to remove sources of noise, vibration, and odors, etc. while also valuing communication with the local community as we engage in business activities.

Utilization of green finance

Formulation of the Green Finance Framework

In October 2024, we revised the "Hitachi Zosen Corporation Green Bond Framework" and issued the "Kanadevia Corporation Green Finance Framework" at the time of the Company name change for the purpose of aligning it with our "Sustainable Vision," "2030 Vision," "Forward25," and the latest principles and guidelines as well as to add new uses of funds (methane fermentation systems, nuclear power-related facilities, and other uses). Going forward, we will continue to utilize green finance as part of our efforts to raise funds needed for business activities to contribute to the realization of a sustainable society.

 **Kanadevia Corporation Green Finance Framework**
https://www.kanadevia.com/sustainability/pdf/ENG_GBFramework20241120.pdf

 **Hitachi Zosen Green Bonds (27th series of unsecured bonds of Kanadevia Corporation Reporting)** (Available in Japanese only)
https://www.kanadevia.com/sustainability/pdf/reporting_2025.pdf

Greenhouse Gas (GHG) Emissions Reduction

Basic Approach

To achieve “Carbon neutrality,” which is one of the Pillars of Success (Materialities), our Group aims to reduce greenhouse gas emissions (GHG) originating from the business activities of the Group and achieve net zero by combining CO₂ reduction effects through our products.

Initiatives Aimed at Achieving Carbon Neutrality in Our Own Business Activities

Targets

Our Group has set a goal of achieving carbon neutrality in its own operations. Specifically, that means net zero for Scope 1 and Scope 2 emissions. To reach this goal, we are transitioning fuel used in manufacturing processes to carbon neutral fuel, increasing energy self-sufficiency, and systematically introducing energy-saving equipment, etc.

In addition, in fiscal 2024, we purchased fuel with approximately 200t-CO₂ of carbon credits, and we aim to generate credits through our Group businesses in the future.

Results

Energy input

In fiscal 2024, we made various capital investments that contribute to reducing energy consumption. However, due to the substantial amount of fuel used to handle inappropriate conduct, the amount of energy input is increasing.

In addition to striving for energy conservation at each office, we will promote further efficiency by sharing information about outstanding initiatives within the Group.

Scope 1 and 2 GHG emissions

Total Scope 1 and 2 GHG emissions in fiscal 2024 increased by 19.7 kt-CO₂e from fiscal 2023 to 232.0 kt-CO₂e. During the previous fiscal year, the use of fuel and electricity

increased due to the handling of inappropriate conduct in the marine engine business, and Scope 1 and Scope 2 emissions both increased as a result.

We have already achieved a 37.3% reduction compared to the fiscal 2025 target of 34% compared to fiscal 2013. Going forward, we will continue to improve equipment

efficiency by introducing and updating high-efficiency equipment, and promote initiatives such as switching to zero-GHG emission electricity to further reduce Scope 1 and 2 emissions.

For our GHG emissions in fiscal 2024 (for emissions in Japan), we obtained third-party assurance from KPMG

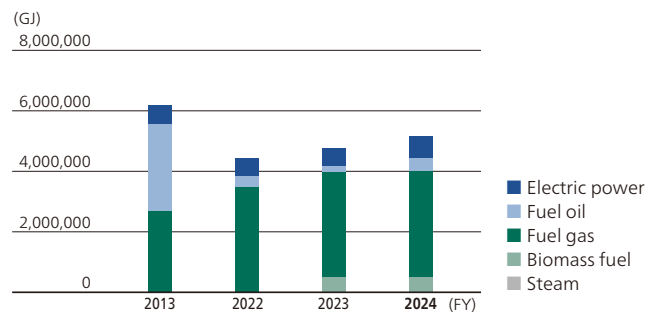
Reduction targets		FY2025	FY2030	FY2035	FY2040	FY2050
Kanadevia Group GHG emissions reduction* ¹	Scope 1, 2* ²	34% reduction	50% reduction	60% reduction	75% reduction	Carbon neutrality* ³
	Scope 3	—	—	—	—	
CO ₂ reduction through our products			Approx. 40 million t-CO ₂ annually			

*1 Reduction of GHG emissions across our activities and our value chain.

*2 Reduction targets are compared to the base year of fiscal 2013.

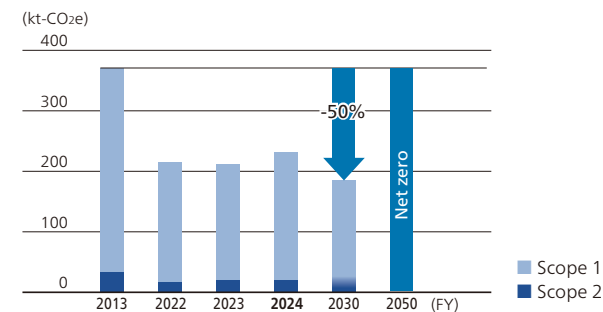
*3 Refers to achieving net zero by subtracting absorption/removal and offset amounts from the Kanadevia Group's emissions and including third-party GHG reduction contributions.

Input Energy input results



	2013	2022	2023	2024 (FY)
Electric power	628,302	598,717	592,012	696,921
Fuel oil	2,849,812	365,124	225,887	452,788
Fuel gas	2,692,789	3,475,873	3,455,597	3,482,903
Biomass fuel	—	—	495,164	501,313
Steam	—	1,950	2,922	2,981
Total	6,170,903	4,441,664	4,771,582	5,136,906

Output GHG emissions Scope 1 and 2 targets and results



Targets					
Scope 1	336.9	198.0	193.1	211.1	50% reduction compared to FY2013
Scope 2	33.0	16.5	19.2	20.9	
Scope 1+2	369.9	214.6	212.3	232.0	
					Achieve carbon neutrality

Scope of data disclosure: Kanadevia and 129 consolidated subsidiaries

Coverage ratio: 99%

Greenhouse Gas (GHG) Emissions Reduction

AZSA Sustainability Co., Ltd. In fiscal 2023, only domestic emissions were included, but in fiscal 2024 we are working to expand the scope of third-party assurance to include overseas emissions as well.

Initiatives Aimed at Achieving Carbon Neutrality across the Entire Value Chain

Targets

Our goal is to have the amount of greenhouse gas emission reduction due to the introduction of the Group's products and services exceed Scope 3 emissions. The greenhouse gas (GHG) emission reduction contribution includes the amount of methane and other greenhouse gases reduced by closing open dumping sites in addition to the amount of GHG emissions that could be avoided by creating alternative energy derived from fossil fuels through the introduction of our Group's products and services.

Regarding carbon neutrality at our suppliers, we are working to minimize Scope 3, Category 1 emissions. It is thought that a significant volume of greenhouse gases are emitted during steel manufacturing, power generation, and infrastructure construction. We are working to increase awareness of decarbonization, share methods and know-how for managing and reducing greenhouse gas emissions, and working to ensure that our suppliers understand the Group's procurement principles.

Regarding customer carbon neutrality, minimizing Scope 3, Category 11 emissions is a challenge. Our Group will examine the use of alternative fuels and greenhouse gas capture while also approaching relevant stakeholders and considering specific measures.

Initiatives aimed at achieving net zero environmental impact in the WtE/WtX businesses

Our Group is promoting the evolution of the WtX business including material and chemical recycling from the WtE business to realize the goal of "zero environmental impact" in the Sustainable Vision. Regarding greenhouse gas emissions, our goal is to achieve carbon neutrality by reducing Scope 1 and Scope 2 emissions and transitioning to carbon neutral fuels and promoting the minimization of Scope 3 emissions by customers and suppliers. We are aiming for net zero impact from fossil-based plastics, minimizing land use and mineral use, and zero impact from hazardous chemical substances and increasing environmental performance across our entire supply chain. Since physical risks are concentrated downstream from the supply chain, namely at customer facilities, we will reduce risks by providing incineration facilities with high environmental performance. We will address transition risks through proposals that offer facilities with high environmental improvement effects and create business opportunities that utilize our technological capabilities. In addition, we will advance the development of technologies that generate green electricity, biomethane, green hydrogen, and other resources from waste material and develop diverse business models according to local issues.

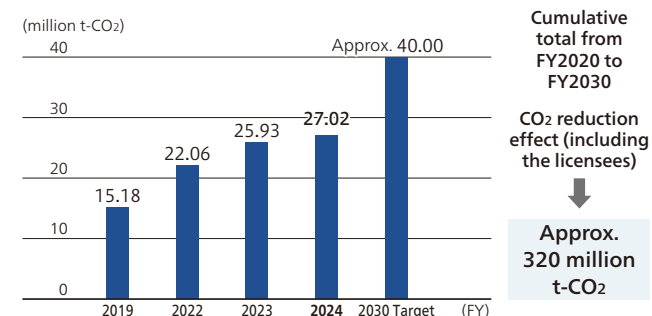
Results

Contribution to GHG emissions reduction from the Group's products

Clean energy facilities, including Waste to Energy (WtE), biogas, biomass, and wind power plants, using our Group's technologies contribute to reducing GHG emissions through our customers' business activities. As of the end of fiscal 2024, our Group's products (including the

products of licensees) had reduced CO₂ by 27.02 million tons per year worldwide. We will continue to contribute to CO₂ reduction through our products, aiming to create an annual CO₂ reduction effect of approximately 40 million tons by the end of fiscal 2030.

Contribution to CO₂ emissions reduction from the Group's products



Response to TCFD/TNFD

Our Approach to Climate and Nature

The Kanadevia Group's Sustainable Vision for 2050 is to realize net-zero environmental impact and maximize people's well-being. To realize this vision, the Group has defined its Pillars of Success (Materiality) that form the basis of our business strategy development to include the following five key elements: "Complete circulation of resources" and "Maximization of environment's recovery power," which are highly pertinent to natural capital, as well as "Response to intensifying natural disasters" and "Sustainable procurement," in addition to carbon neutrality. The Kanadevia Group aims to achieve net-zero environmental impact by ensuring that the environmental burden from our supply chain and from customers using our products and services remains within the natural recovery capacity of each region.

General Requirements

The general requirements outlined in the TNFD recommendations are addressed as follows:

- Disclosures are made based on both financial materiality and impact materiality standards.
- The scope of disclosure covers all business activities, from procurement to disposal, across owned and operated facilities.
- Key nature-related issues are primarily associated with the Group's water treatment facilities and wind power plant locations.
- This report covers the period from the present through to 2050.
- As part of stakeholder engagement, sustainability-focused procurement assessments are conducted.

Governance

Discussions within the Group regarding sustainability, including climate and nature, are primarily conducted by the Sustainability Promotion Committee, chaired by the president and operating under the Board of Directors.

| Sustainability Promotion System P.48

Strategy

Impacts of climate change and dependencies and impacts on natural capital

The evaluation of dependencies and impacts was conducted using Life Cycle Assessment (LCA)*¹ and the ENCORE tool*².

LCA results indicated that the most significant climate-related impact stems from Scope 3 Category 11 GHG emissions, specifically those generated during the use phase of sold products. This category represents the largest share of total GHG emissions across Scope 1, 2, and 3.

The ENCORE-based assessment revealed high dependencies across multiple business operations on climate-regulating ecosystem services, such as precipitation pattern regulation and climate moderation. Additionally, due to landfill generation during construction and end-of-life phases, there is a notable dependency on solid waste purification. Regarding impacts, substantial nature-related pressures were identified in environmental businesses (including WtE, biomass power generation, and WtX technologies) and infrastructure business. These impacts are primarily associated with land use, freshwater use, and seabed disturbance. Common trends across business units also include emissions of GHGs, non-GHGs, and pollutants, and disruptions to local ecosystems.

*1 LCA: Life Cycle Assessment: a method for assessing the environmental impacts associated with all stages of a product or service's life cycle.

*2 ENCORE: A TNFD-recommended framework developed under the leadership of the Natural Capital Finance Alliance, designed to help financial institutions assess corporate dependencies and impacts on natural capital.

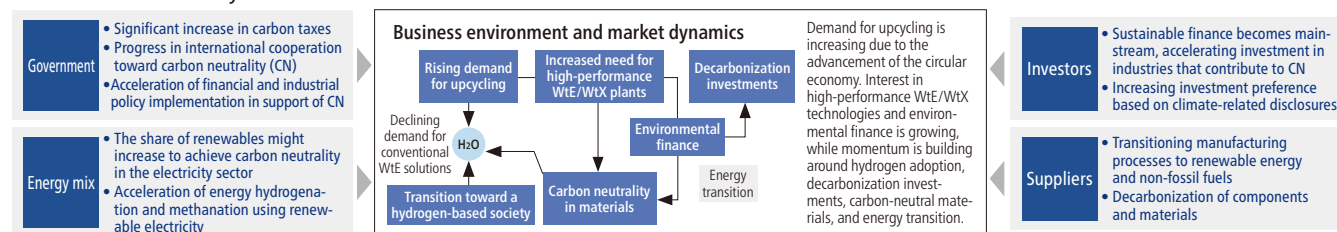
Biodiversity considerations in business operations

We analyzed our business sites and the importance of biodiversity with reference to protected areas and key biodiversity regions. The most critical locations were those where Kanadevia Group equipment is installed for our customers. These locations play an important role, as when operating effectively, their systems not only prevent ecological harm but can help restore natural conditions, thereby supporting nature-positive outcomes.

Scenario analysis

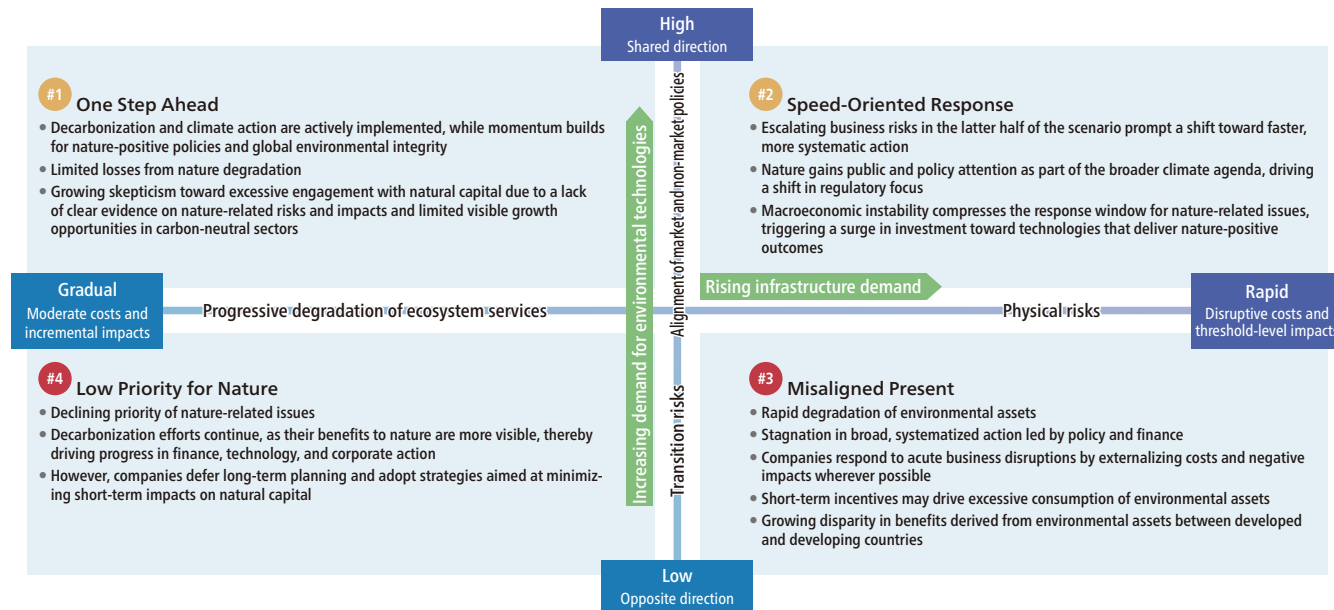
We assessed climate risks based on the IPCC's 1.5°C and 4°C scenarios, and nature-related risks referencing TNFD's recommendations, considering both physical (serious or medium ecosystem degradation) and transition risks (policy and market shifts toward nature whether small or large). In high net-zero and nature-positive scenarios, the Kanadevia Group is well-positioned to grow through its environmental and decarbonization businesses. In lower-momentum scenarios, while decarbonization growth may be limited, demand for industrialization and infrastructure, especially in developing regions, supports expansion of our existing environmental as well as machinery and infrastructure businesses.

Future vision of society under the 1.5°C scenario



Response to TCFD/TNFD

Future vision of society in four nature scenarios



Financial risk

We conducted a financial risk analysis based on the above assessments and analyses, as well as strategic direction outlined in our 2030 Vision. The findings indicated that in RFP-driven and licensed businesses, low climate and nature awareness among clients or licensors may reduce demand for the vision the Kanadevia Group is aiming for and the advanced environmental technologies required to achieve it, posing financial risks through constrained growth and potential loss of returns on development investments.

On the opportunity side, assuming a societal shift toward net-zero environmental impact, we examined specific actions for each business segment based on scenario analysis results. In the environmental business, we identified the strategic potential to evolve from WtE to WtX,

and ultimately position ourselves as an integrated solution provider for circular economy models centered on waste.

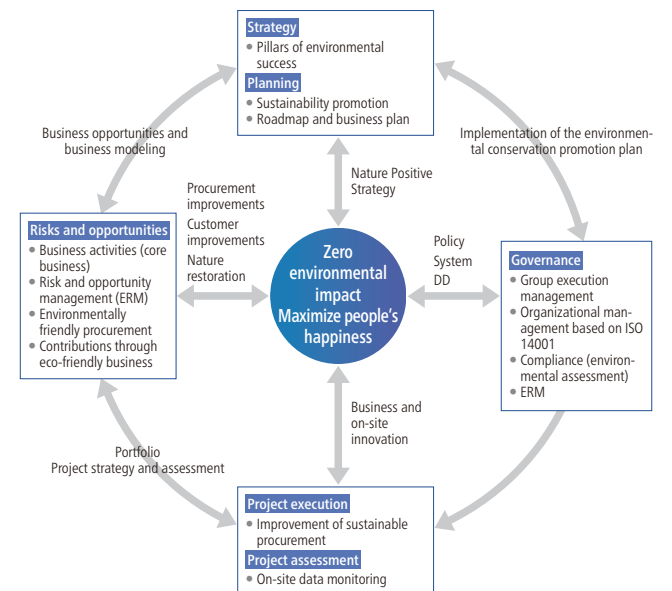
Management of Risks and Impacts

Given the Kanadevia Group's deep involvement with the environmental sector, our business activities are closely linked to the reduction of environmental impacts in local communities. To realize our Group's ideal vision for society "Resilience Eco Society®," in which regional environmental impacts are kept within the recovery capacity of local ecosystems by 2050, it is essential to integrate climate- and nature-related risk management processes into our Group-wide risk governance framework. Risk assessments are conducted using tools such as ENCORE and Life Cycle Assessment (LCA), and are managed using quantitative targets. These assessments are reviewed periodically, while

we actively strive to expand the scope of evaluation across the entire value chain.

For medium- to long-term ESG-related risks, the Sustainability Promotion Committee conducts comprehensive discussions encompassing the full value chain. Outcomes are submitted to the Risk Management Committee and incorporated into the Group's overall risk management framework. These insights inform revisions to our medium-term management plan and guide the strategic direction of our business activities, while also supporting the advancement of environmental conservation initiatives.

Integration of nature risk management processes with risk management across the organization



Response to TCFD/TNFD

Indicators and Targets

We have compiled the indicators recommended for disclosure by the TCFD and TNFD. In this report, in addition to the indicators disclosed in fiscal 2024 (TNFD Global Core Disclosure Indicators (C1-5) including GHG emissions), we have also disclosed the Global Core Disclosure Indicator (C7) and Global Additional Disclosure Indicators (A1-25) related to risks and opportunities based on data availability.

Regarding targets, we have reviewed the goals set for FY2024 and reset them as follows:

Climate- and nature-related goal setting

Area	Goal
GHG emissions	Carbon neutral
Water use impact	Water positive
Plastic emissions	Net-zero impact from fossil-based plastics
Land use impact	Minimizing landfill waste by customers
Mineral use impact	Net-zero impact from mineral use
Hazardous chemical impact	Achieving zero emissions of hazardous chemicals

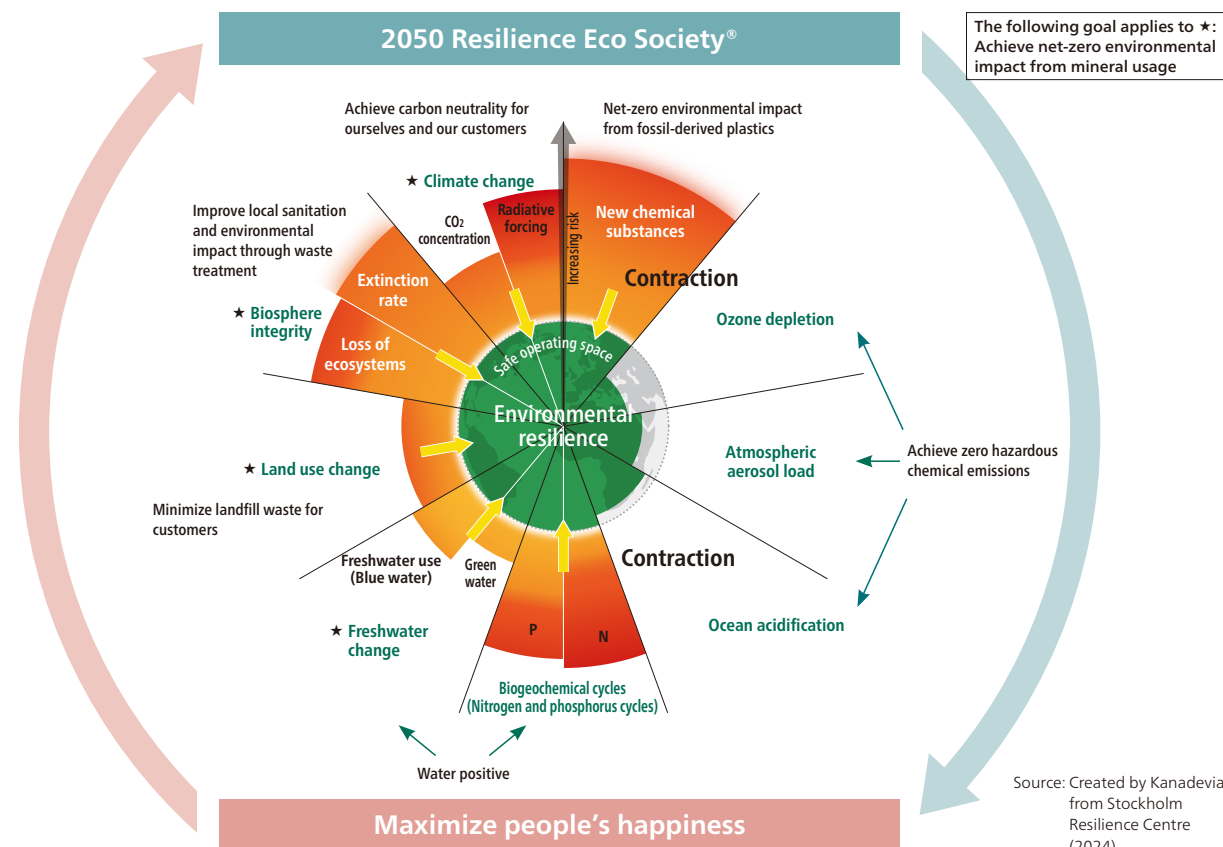
For more information, please see the TCFD/TNFD report.
<https://www.kanadevia.com/english/sustainability/data/>

Resilience Eco Society®

Based on these analyses, we have formulated a transition plan with 2040 as a milestone, aiming to realize a Resilience Eco Society® by 2050.

A Resilience Eco Society® is a society where human activity remains within its limits, based on the concept of planetary boundaries, which indicate the safe zone of activity

within which humanity can survive and its limits, and where the global environment's own resilience is at work, resulting in a net-zero environmental impact. We believe that beyond a Resilience Eco Society® is a future with greater happiness. We will work together with all our stakeholders to realize a Resilience Eco Society®.



Board of Directors and Corporate Auditors



4 Director and Managing Executive Officer
Hiroshi Miyazaki

2 Director and Managing Executive Officer
Munenobu Hashizume

1 Representative Director, President and Chief Executive Officer
Michi Kuwahara

3 Director and Senior Managing Executive Officer
Hitoshi Kogi

9 Full-time Corporate Auditor
Yuichi Ohkura

10 Full-time Corporate Auditor
Toshihiko Yasuda

8 Outside Director
Maki Miyazaki

7 Outside Director
Akiko Horiguchi

6 Outside Director
Shinoi Sakata

5 Outside Director
Tetsuya Shoji

11 Outside Corporate Auditor
Hirofumi Yasuhara

12 Outside Corporate Auditor
Koji Inada

Board of Directors and Corporate Auditors

Directors

Attendance refers to the number of Board of Directors meetings attended during the fiscal year ending March 2025, and the number of the Company's shares owned is as of March 31, 2025.

Representative Director, President and Chief Executive Officer

Michi Kuwahara

1

Number of the Company's shares owned: 16,787
Attendance: 18/18

Apr. 1986 Joined the Company
Jan. 2018 Chairman of the Supervisory Board of Hitachi Zosen Inova AG (currently, Kanadevia Inova AG)
Jul. 2020 General Manager of General Administration Headquarters, and Corporate Planning Headquarters, the Company
Jun. 2021 Director, the Company
Apr. 2022 Managing Director, the Company, and General Manager of Environment Business Headquarters
Apr. 2024 Representative Director, President and Chief Operating Officer, the Company
Apr. 2025 Representative Director, President and Chief Executive Officer, the Company (current position)

Director

Munenobu Hashizume

2

Number of the Company's shares owned: 592
Attendance: 14/14

Apr. 1988 Joined Nippon Telegraph and Telephone Public Corporation
Jun. 2013 Representative Director & President of NTT DATA TERANOS CORPORATION (currently, KNT-CT IT Solutions Co., Ltd.)
Jul. 2018 Joined the Company
Apr. 2019 General Manager of Information and Communication Technology Promotion Headquarters (current position) and General Manager of Advanced Information Technology Center, the Company
Apr. 2022 Managing Executive Officer, the Company (current position)
Jun. 2024 Director, the Company (current position)

Director

Mitoshi Kogi

3

Number of the Company's shares owned: 22,400

Apr. 1983 Joined the Company
Apr. 2015 General Manager of Environmental Systems Sales Unit, Environment Business Headquarters, the Company
Apr. 2021 Senior Managing Executive Officer, the Company (current position) General Manager of Environment Business Headquarters, the Company
Apr. 2022 Responsible for Sales, Sales Planning Dept. and Yumeshima Area Development Promotion Dept., the Company (current position)
Jun. 2025 Director, the Company (current position)

Director

Hiroshi Miyazaki

4

Number of the Company's shares owned: 4,600

Apr. 1986 Joined the Company
Apr. 2018 General Manager of Corporate Planning Dept., Corporate Planning Headquarters, the Company
Apr. 2025 Managing Executive Officer, the Company (current position) General Manager of Corporate Planning Headquarters, the Company (current position)
Jun. 2025 Director, the Company (current position)

Outside Directors

Outside Director

Tetsuya Shoji

5

Number of the Company's shares owned: None
Attendance: 18/18

Apr. 1977 Joined Nippon Telegraph and Telephone Public Corporation
Jun. 2015 President & CEO, Representative Member of the Board, NTT Communications Corporation
Jun. 2020 Corporate Advisor, NTT Communications Corporation (current position)
Dec. 2020 Outside Director, circiade Inc. (current position)
Mar. 2021 Outside Director, Sapporo Holdings Limited (current position)
Jun. 2021 Outside Director, the Company (current position)
Outside Director, Mitsubishi Logistics Corporation (current position)
Mar. 2022 Outside Director, Japan Tobacco Inc. (current position)

Outside Director

Shinoi Sakata

6

Number of the Company's shares owned: None
Attendance: 18/18

Apr. 1979 Joined Sumitomo Chemical Co., Ltd. (currently, SUMITOMO CHEMICAL COMPANY, LIMITED)
Apr. 2013 Executive Officer, Responsible for Intellectual Property Department, SUMITOMO CHEMICAL COMPANY, LIMITED
Apr. 2016 Advisor, SUMITOMO CHEMICAL COMPANY, LIMITED
Director & Vice President, Sumika Technical Information Service, Inc.
Jun. 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)
Jun. 2020 Outside Director, Nomura Research Institute, Ltd.
Jun. 2023 Outside Director, the Company (current position)

Outside Director

Akiko Horiguchi

7

Number of the Company's shares owned: None
Attendance: 18/18

Apr. 1985 Joined Oki Electric Industry Co., Ltd.
Apr. 2015 Director, Oki Consulting Solutions Co., Ltd.
Apr. 2017 Executive Officer & Head of Human Resources Department, Corporate Management Headquarters, Oki Electric Industry Co., Ltd.
Director, Oki Proserve Co., Ltd. (retired in April 2019)
Jun. 2018 Director, Japan Institute for Women's Empowerment & Diversity Management
Apr. 2019 Representative Director, President and Executive Officer, Oki Workwel Co., Ltd. (current position)
Apr. 2020 Associate Executive Officer, Corporate Headquarters, Oki Electric Industry Co., Ltd.
Jun. 2023 Outside Director, the Company (current position)

Outside Director

Maki Miyazaki

8

Number of the Company's shares owned: None
Attendance: 14/14

Apr. 1992 Registered as attorney-at-law
Joined Law Offices of Yumoto, Kogo & Mori (currently, Law Offices of Yumoto, Ota & Miyazaki)
Sep. 1996 Joined Kelley Drye & Warren LLP
Oct. 1997 Admitted to the bar of the State of New York
Jan. 2003 Partner, Law Offices of Yumoto & Ota (currently, Law Offices of Yumoto, Ota & Miyazaki)
Jan. 2007 Managing Partner, Law Offices of Yumoto, Ota & Miyazaki (current position)
Jun. 2024 Outside Director, the Company (current position)

(Note) 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.

Corporate Auditors

Full-time Corporate Auditor

Yuichi Ohkura

9

Number of the Company's shares owned: 6,200

Apr. 1982 Joined The Sanwa Bank, Ltd. (currently, MUFG Bank, Ltd.)
May 2012 Managing Executive Officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently, MUFG Bank, Ltd.)
Jun. 2016 Representative Director and President, MU Frontier Servicer Co., Ltd.
Jul. 2021 Joined the Company
Senior Managing Executive Officer, the Company
General Manager of Global Headquarters, the Company
Oct. 2024 Chairman of the Board, NAC International Inc.
Apr. 2025 Corporate Advisor, the Company
Jun. 2025 Full-time Corporate Auditor, the Company (current position)

Full-time Corporate Auditor

Toshihiko Yasuda

10

Number of the Company's shares owned: 5,700

Apr. 1985 Joined the Company
Apr. 2018 General Manager of Industrial Equipment Business Unit, Machinery Business Headquarters, the Company
Apr. 2021 General Manager of Technical Research Institute, R&D Headquarters and General Manager of Power to Gas Business Promotion Office, the Company
Apr. 2022 General Manager of Technical Research Institute, R&D Headquarters, the Company
Apr. 2024 Managing Executive Officer, the Company
General Manager of R&D Headquarters and General Manager of Technical Research Institute, the Company
Apr. 2025 Corporate Advisor, the Company
Jun. 2025 Full-time Corporate Auditor, the Company (current position)

Outside Corporate Auditors

Attendance refers to the number of Board of Directors meetings (left) and Audit & Supervisory Board meetings (right) attended during the fiscal year ending March 2025.

Corporate Auditor

Hirofumi Yasuhara

11

Number of the Company's shares owned: None
Attendance: 16/18 9/9

Apr. 1979 Joined Matsushita Electric Industrial Co., Ltd. (currently, Panasonic Holdings Corporation)
Sep. 1996 Director and CFO, America Matsushita Battery Industrial Co., Ltd. (currently, Panasonic Energy Corporation of North America)
Jun. 2012 Representative Director, PanaHome Corporation (currently, Panasonic Homes Co., Ltd.)
Jun. 2015 Senior Audit & Supervisory Board Member, Panasonic Corporation (currently, Panasonic Holdings Corporation)
Jun. 2019 Outside Corporate Auditor, Santen Pharmaceutical Co., Ltd.
Mar. 2020 Outside Corporate Auditor, Sumitomo Rubber Industries, Ltd. (current position)
Jun. 2020 Outside Corporate Auditor, the Company (current position)
Jun. 2023 Outside Director, Sumitomo Denetsu Co., Ltd. (current position)

Corporate Auditor

Koji Inada

12

Number of the Company's shares owned: None
Attendance: 13/14 6/6

Apr. 1984 Joined The Kansai Electric Power Company, Incorporated
Jun. 2019 Representative Director, Executive Vice President, The Kansai Electric Power Company, Incorporated
Outside Director, Toyo Tec Co., Ltd. (current position)
Jun. 2020 Director, Representative Executive Officer and Vice President, The Kansai Electric Power Company, Incorporated
Jun. 2024 Corporate Adviser, The Kansai Electric Power Company, Incorporated (current position)
Outside Corporate Auditor, the Company (current position)

Outside Directors' Roundtable Discussion



Kanadevia's First Year and the Road Ahead -Supporting Our 2030 Vision-

Reflecting on Our First Year as Kanadevia

Sakata In April 2024, President Kuwahara succeeded former President Mino, and in October of the same year, we changed our Company name. Meanwhile, in this year's board meetings, we spent considerable time uncovering the full scope of inappropriate conduct that came to light from July 2024 onward in our marine engine business and other areas, as well as developing countermeasures. However, with the refreshed management structure, I feel the atmosphere has become one where opinions can be expressed more freely.

Shoji My impression of this Company was that despite undergoing transformations including the exit from shipbuilding and changes in capital affiliation, it had

maintained its core technologies and spirit of challenge. However, speaking in terms of "shu-ha-ri"—the concept of preserving, breaking, and transcending to achieve mastery—I felt the Company had become overly focused on the "shu" (preserving) aspect in certain areas. Through the inappropriate conduct incidents, there was a renewed recognition that business cannot rely on "shu" alone, and now we're in the "ha" (breaking) stage, just one step away from "ri" (transcending), advancing further transformation.

Miyazaki It's been a year since my appointment, and I find it rewarding that everyone is more proactive in speaking up than I expected. From a legal perspective, when I raised concerns or confirmation points as a lawyer, the executive team investigated and responded by the board meeting date, and when I proposed involving legal

advisors, they implemented this swiftly. I believe my role in the board is not so much providing legal knowledge, but rather offering a legal mindset perspective—considering the Company's legal position and whether there are risks of disadvantage. As a member with a different background, I want to contribute to diversity of perspectives.

Horiguchi Last year, risk incidents occurred that could shake the foundations of our corporate management, requiring us to demonstrate effective governance. At the same time, we made major decisions directly linked to enhancing corporate value, including multiple M&As centered on the overseas business, investment decisions for the Yamanashi mass production facility for water electrolysis, and an application for an offshore wind power generation project off Aichi Prefecture. Regarding these defensive and offensive agenda items, the board engaged in frank discussions without hesitation. President Kuwahara has shown a careful approach, sending monthly messages internally and engaging in direct dialogue with staff on-site, which has enabled the board to move forward with various initiatives.

Kuwahara You mentioned the board meetings, but simultaneously with my appointment as president, all business unit heads were also replaced, significantly changing the executive structure. Since April 2024, I've felt that the Management Strategy Committee I chair has transformed into a session where almost everyone actively participates. Based on these meetings, the board provided crisis communication advice based on diverse careers and expertise when inappropriate conduct was discovered, along with medium- to long-term perspectives. I was extremely grateful for this support during a time when we couldn't see much light ahead.

Initiatives for Rebuilding Trust

Shoji Based on reflection on the series of inappropriate conduct, we established the Quality Reform Promotion

Outside Directors' Roundtable Discussion



Department and the Enterprise Risk Management Department. I strongly sense a mindset of moving forward from President Kuwahara and the management team.

While the Special Investigation Committee's activities—equivalent to surgical diagnosis—have concluded, we now need cultural reform as a holistic treatment for organizational improvement. Given information asymmetries, it's difficult for us outside directors to detect gray areas from limited information. However, at Kanadevia, we outside directors have opportunities for direct dialogue with group company and field managers, which enables us to bridge these gaps. Since Management Strategy Committee minutes are also shared, the board can engage in discussions that get to the heart of issues.

Miyazaki Outside directors bear the responsibility of supervising executive directors' operations, establishing appropriate internal control systems, and minimizing damage and credibility loss when scandals occur. I was informed of the inappropriate conduct cases immediately after my appointment and strongly felt the gravity of my duties. I believe we outside directors were able to work together as one, strongly advocating for responses in each process: early disclosure of information, establishment of a Special Investigation Committee, internal investigations for root cause analysis, and compilation of investigation reports. Going forward, we will advance the initiatives of the newly established Quality Reform Promotion Department through PDCA cycles, monitor their progress, and work to further enhance internal controls.

Horiguchi To rebuild trust, we need to accelerate the creation of mechanisms, given that there were gaps and omissions in internal control rules. We responded swiftly with measures like establishing the Enterprise Risk Management Department, and the Internal Auditing

Department is also operating with a broad scope. In this way, we're working to restore trust through these mechanisms. Additionally, stakeholder dialogue is important, and while the president is leading this effort, I want to actively engage as an outside director as well. Furthermore, cultural reform is necessary. Previously, we often heard statements that there's no precedent, but I believe we will move in a positive direction when each employee becomes a driver of rebuilding trust.

Sakata What I emphasize is taking proactive approaches to inappropriate conduct and compliance violations, rather than reactive responses to regulations. This is practiced globally in the chemical industry where I worked—without proactive initiatives, corporate culture won't change and misconduct will reoccur. Through board reports, I can see that officers and employees are deepening their proactive responses, but we need to continue monitoring how field staff are behaving.

Kuwahara I feel that proactive actions are still insufficient. What became clear was the weakness of corporate departments that support resilience. To address this challenge, we launched the Quality Assurance Unit in October 2024 and are also strengthening personnel. The role we expect from the board in rebuilding trust is to provide multifaceted input from outside directors so that the executive side doesn't proceed in isolation and become self-serving. Regarding mindset, while our business model changed significantly when we transferred shipbuilding in 2002, the consciousness aspect hadn't changed, and the inappropriate conduct that occurred made us recognize that challenge again.

Shoji I believe we've now exposed structural problems where units and factories operated in self-contained, negatively insular ways. We need a form of tension where



corporate departments check and report to the board as appropriate, and we provide advice.

Kuwahara In the Management Strategy Committee, I communicate that just reporting performance data is meaningless—what matters is what we learn from it. My understanding is that we've been caught up responding to individual issues without being able to take an overall perspective.

Human Capital Management Toward Realization of the 2030 Vision

Horiguchi Among the measures in our long-term vision 2030 Vision, improving employee engagement scores is a challenge, but transitioning the management personnel system from a job function system to a role-grade system represents a major change. By evaluating based on expected roles rather than seniority and reflecting the results in compensation and positions, we're creating visibility around satisfaction and motivation. I believe this initiative will strengthen the connection between human resource strategy and business strategy. We're making progress on the second phase of our Management Human Resources Development Program and DX talent development, and I'll support this value-creating talent development from my perspective as someone with HR management experience.



Sakata We possess a spirit of challenge inherited from our founder Hunter, and I hear that many students are attracted to join us because of this spirit. Talent development is an important challenge. In 2024, we held company-wide research presentations (held biennially). It was a treasure trove of ideas, showing promising research seeds with future potential. To nurture these into profitable busi-

Outside Directors' Roundtable Discussion

nesses that will support Kanadevia's foundation, it's essential to develop not only technical talent but also personnel who can bridge the gap to commercialization.

Miyazaki Indeed, while the board discusses human capital frequently, we haven't talked much from the perspective of developing technical talent. I also saw various technical research at the November research presentations last year and was impressed by the passionate explanations from those involved—it truly made me feel that we are a technology company. Creating an environment where technical talent can pursue development with high engagement is extremely important for the Company and aligns with our Kanadevia Value corporate philosophy of "technology and integrity." Positioning technology as a top risk in ERM could be one approach.

Shoji Technology evolves rapidly, and how many personnel we have who can respond to this, and furthermore create new innovations, determines corporate competitiveness and value. Traditional HR was mainly about managing people, but true HR is management itself—managing talent, skills, and potential to leverage human capital. European companies call it People and Culture rather than the Human Resources Department. This is based on the concept that people create corporate culture and are the source of generating corporate value. Cultural transformation is advancing at our Company as well. As one example, the chairman of the Nomination and Compensation Advisory Committee, previously held by the president, is now filled by me as an outside director to ensure transparency and objectivity by incorporating external perspectives.



Kuwahara Based on that line of thinking, we also decided to change the name of our organization to the People & Culture Headquarters as of October 2025. Upon becoming

president, I instructed corporate departments to always submit agenda items for discussing corporate matters in the Management Strategy Committee. As a result, HR-related agenda items increased significantly, leading to HR system changes and ultimately gaining board approval, which I believe has boosted the HR department's motivation. While it's tough work for the HR department, I feel it's been communicated internally that this is positioned as management's top priority.

The Board of Directors' Role in Promoting Cultural Reform

Miyazaki Generally, fraud occurs when three elements align: motive, opportunity, and rationalization. This is known as the "fraud triangle." While opportunity can be eliminated through business process reviews, strong ethical standards are needed to deter motive and rationalization. From a legal perspective, having ethical standards is a prerequisite for corporate economic activities. The Special Investigation Committee's report also pointed out that our Kanadevia Value philosophy, "We create value useful to society with technology and integrity to contribute to a prosperous future," hadn't sufficiently permeated the organization. Cultural reform to instill ethical standards must be cultivated over the long term, including continuous communication of the commitment from top management and reconfirmation through management education programs. As an outside director, I will continuously monitor these efforts.

Horiguchi To succeed in cultural reform, it's important for top management to consistently communicate genuine commitment to reform, which is already being implemented. Next, we need to establish both the



empowerment of personnel with diverse values and backgrounds and an environment that encourages challenge. Appointing two female executive officers to head departments that are key to risk management represents a good example of diversity promotion and demonstrates their presence as role models within the Company. We outside directors, with three out of four being women, will leverage this composition to contribute to promoting cultural reform.

Sakata A workplace with good communication means either having no doubts or concerns, or having clear paths to quickly resolve them when they arise. To achieve this, internal and external dialogue, in other words risk communication, is important. While the content of dialogue may differ by business type, psychological safety is nurtured through such dialogue. I want to work on creating such an environment.

Shoji With our Company name change and efforts to clear past negative legacy while being reborn, we must not lose this dynamism. Kanadevia, now in the "ha" (breaking) stage of "shu-ha-ri," needs to clarify what to discard, what to create, and what to preserve going forward. Of course, challenges like investment carry risks, but the board, in its supervisory role, will check and create a mindset aiming for higher ground.

Kuwahara I have high expectations for the town hall meetings on inappropriate conduct as an aid to cultural reform. We've held eight sessions, and I always start by saying "There are no taboo questions, and we will basically answer everything. When we can't answer, we will explain why." My policy is to speak honestly without evasion, even to tough questions. Rebuilding trust requires long-term commitment. We're positioning the next three years of our medium-term management plan as a period for building new foundations, and developing management talent to drive this is also important. To ensure I don't become self-serving, I ask our outside directors to continue providing strict guidance and insights.

Corporate Governance

Basic Approach

Kanadevia recognizes that responding sincerely to the expectations of stakeholders including shareholders, employees, customers, business partners, and local communities, and ensuring management soundness, transparency, and efficiency are essential for sustainable growth and enhancement of medium- to long-term corporate value, and we are working on enhancing corporate governance as an important management issue.

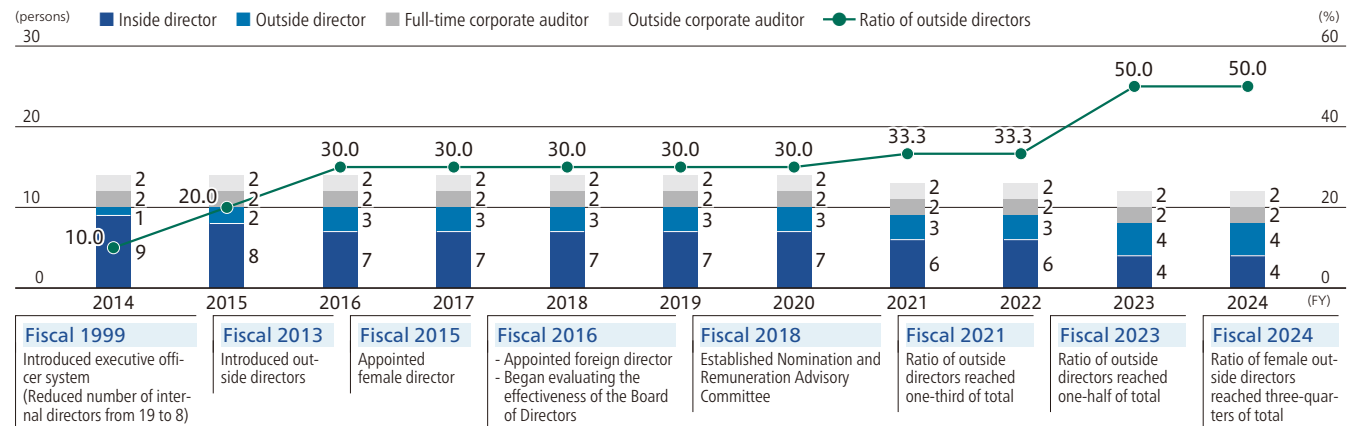
Enhancing Corporate Governance

In fiscal 2023, Kanadevia established a policy of having 50% outside directors (of eight directors, four are outside directors) for the purpose of further strengthening corporate governance. Since fiscal 2024, three of the four outside directors are women, thereby ensuring diversity for the members to effectively fulfill their roles and responsibilities as the Board of Directors.

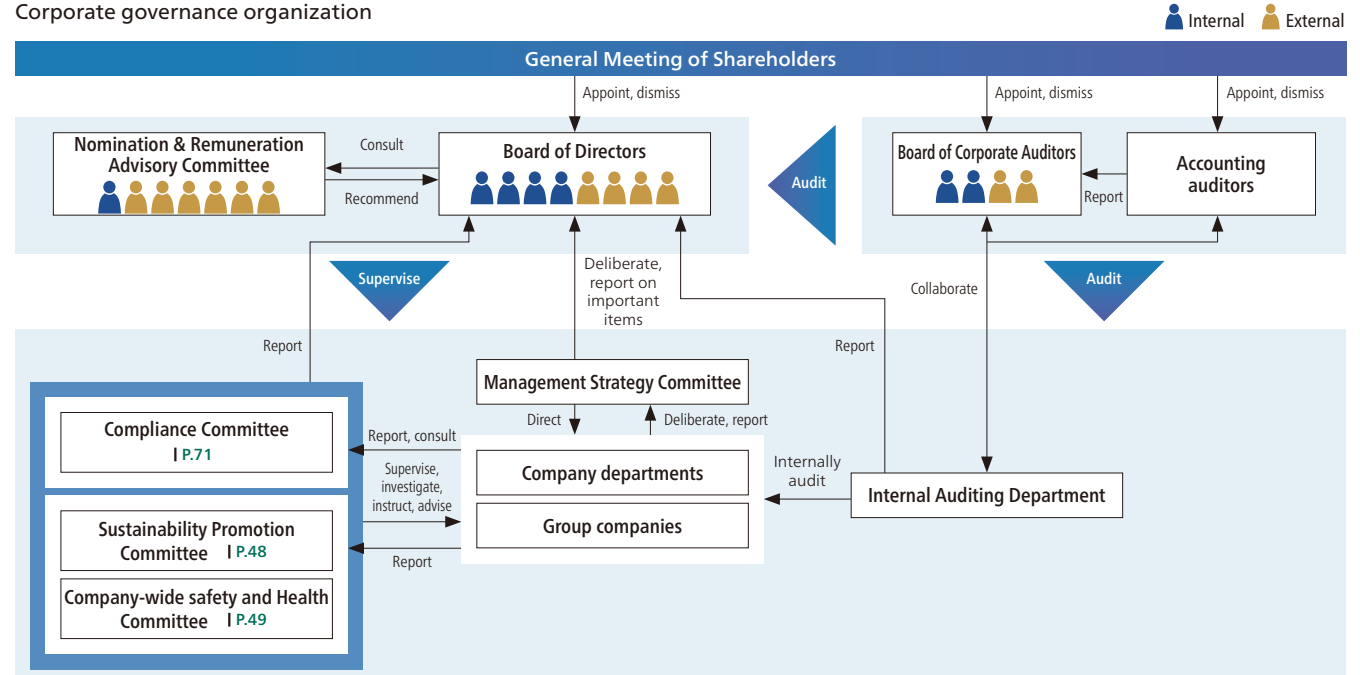
In addition, based on the recognition that the promotion of sustainable management is the source of gaining new business opportunities and sustainable growth for the Kanadevia Group, the Sustainability Promotion Committee discusses sustainability-related policies, strategies, and important measures for the whole Group and reports regularly to the Board of Directors. In response to these reports, the Board of Directors holds active discussions on sustainable management strategies and issues to enhance medium- to long-term corporate value.

[Promoting Sustainability P.48](#)

History of enhancing corporate governance



Corporate governance organization



Corporate Governance

Board of Directors

The Board of Directors consists of eight members, including four independent outside directors. By making half of the directors independent outside directors, we have strengthened our governance structure. The Board of Directors makes decisions on important matters such as basic management policies and strategies, in addition to matters stipulated by law, and supervises business execution.

Kanadevia has introduced an executive officer system, delegating part of the directors' business execution functions to executive officers (26 members). This aims to achieve both strengthening the supervisory function of the Board of Directors and ensuring the promptness of business execution.

Additionally, to ensure that basic policies and important measures related to management and business operations are deliberated on and management decisions are made in a timely and appropriate manner, we have established a Management Strategy Committee. Particularly important matters are deliberated on at the Management Strategy Committee and then thoroughly discussed at the Board of Directors before deciding on their approval or rejection.

Chairperson for FY2024: Sadao Mino (Chairman of the Board & Chief Executive Officer)

Number of meetings held in FY2024: 18 Attendance rate: 100%

Board of Corporate Auditors

The Company has adopted a corporate auditor system.

Corporate auditors hold Board of Corporate Auditors meetings to consolidate audit opinions. In addition, they monitor and verify the development and operation status of the internal control system, and take necessary measures such as giving advice and recommendations to directors and executive officers as needed.

Furthermore, all four corporate auditors, including two outside corporate auditors, attend Board of Directors meetings, and the two full-time corporate auditors also

attend important internal meetings including the Management Strategy Committee, expressing opinions from a neutral standpoint and auditing the business execution of directors and executive officers.

Chairperson for FY2024: Kazuhisa Yamamoto (Full-time Corporate Auditor)

Number of meetings held in FY2024: 9 Attendance rate: 100%

Nomination & Remuneration Advisory Committee

Kanadevia established the Nomination & Remuneration Advisory Committee as a voluntary advisory body in 2018 with the aim of ensuring objectivity and transparency of procedures and fulfilling accountability by having important matters related to the nomination of director and corporate auditor candidates, appointment and dismissal of the President and Representative Directors, and remuneration of directors deliberated and answered by a voluntary committee before being deliberated and decided by the Board of Directors.

This committee consists of seven members in total, with an independent outside director as the chairperson, and includes the other three independent outside directors, the two outside corporate auditors, and the President and CEO. By obtaining appropriate involvement and advice from outside officers, we aim to ensure transparency, appropriateness, and objectivity in officer personnel matters and director remuneration. In addition, an independent outside corporate auditor attends the committee as an observer.

Chairperson: Tetsuya Shoji (outside director)

Number of meetings held in FY2024: 12 Attendance rate: 100%

Evaluation of Board of Directors Effectiveness Purpose

Based on the belief that identifying issues related to the functions and operations of the Board of Directors and actively working on improvements will contribute to strengthening corporate governance and ultimately

enhancing corporate value, we have been conducting evaluations of the effectiveness of the Board of Directors once per fiscal year since fiscal 2016.

Method of effectiveness evaluation

We conducted a questionnaire targeting all directors and corporate auditors. The specific evaluation procedures and schedule are as follows.

- (1) Roles and responsibilities of the Board of Directors
- (2) Stimulation of discussions
- (3) Board composition and system
- (4) Optimizing the conduct of meetings
- (5) Roles of the Nomination and Remuneration Advisory Committee

Schedule of effectiveness evaluation

(1) Early March 2025	Confirm the operation status of the Board of Directors in fiscal 2024 regarding issues identified in fiscal 2023 at the Board of Directors meetings, and decide on the implementation method (evaluation method, question items, etc.) for the fiscal 2024 effectiveness evaluation.
(2) Early March to early April 2025	Conduct a questionnaire targeting all directors and corporate auditors. The evaluation targets in the questionnaire are the Board of Directors and the voluntary Nomination & Remuneration Advisory Committee. Additionally, conduct separate, individual interviews with outside directors and corporate auditors.
(3) Mid-April 2025	The Board of Directors Secretariat (Corporate Planning Dept.) compiles and analyzes the questionnaire and interview results.
(4) Late April 2025	Based on the analysis results, summarize current issues and points for improvement, and extract key themes and action policies to be discussed in fiscal 2025. The Board of Directors conducts an interim report.
(5) May 2025	Based on (4) above, discuss current issues and points for improvement at the Board of Directors meeting, and decide on the results of the fiscal 2024 Board effectiveness evaluation and key themes and action policies for fiscal 2025.

Corporate Governance

Overview of fiscal 2024 evaluation results

The status of initiatives in fiscal 2024 for issues identified in the fiscal 2023 effectiveness evaluation and opinions from outside directors and corporate auditors are as follows.

Evaluation results overview

It was evaluated that Kanadevia's Board of Directors discussed important agenda items such as enterprise risk management (ERM), branding strategy, management human resources development, personnel strategy, structural reform of businesses based on portfolio management, investment strategy, and measures for reporting and prevention of reoccurrence of inappropriate conduct in the marine engine business while ensuring sufficient discussion time and providing materials and explanations to stimulate active discussions. While some improvements and creativity are needed in the operation method, it was confirmed that the role of the Board of Directors is functioning effectively overall.

Initiatives for past issues and future actions

(1) Enhancing discussions on important themes at Board of Directors meetings	
FY2024 Action Policy	Incorporate the following important themes into the annual operation plan and strive for discussions under sufficient deliberation time <ul style="list-style-type: none"> ■ Medium- to long-term group strategy (structure, organization, governance), personnel strategy and sustainability promotion ■ Consideration of the state of investment policy and risks for investment projects ■ Review of the progress of the medium-term management plan Forward 25
FY2024 Main Implementation Items	Conduct discussions in line with initiative policies under sufficient deliberation time based on the annual operation plan (Main themes) <ul style="list-style-type: none"> ■ Measures for reporting and prevention of reoccurrence of inappropriate conduct in the marine engine business, strengthening of internal controls, and introduction of ERM ■ Shareholder return policy ■ Officer remuneration structure and policy for determining remuneration, and introduction of a stock remuneration system ■ Promotion of sustainability (disclosure of a TNFD report) ■ Risk consideration and investment feasibility study for investment policy, individual investments, and M&A projects (Waste to Energy, renewable gas, water electrolysis, offshore wind power generation, etc.) ■ Promotion of portfolio management (divestment of the press business, subsidiary consolidation) ■ Initiatives for management human resources development (selection and development of candidate human resources), personnel strategy (revision of the management positions system) ■ Promotion of DX strategy and branding strategy
Opinions from Outside Directors and Corporate Auditors	It is necessary to increase opportunities for discussions related to Group governance (including ERM), overseas business strategy, internal controls, and investment policy and investment projects (including risk response).
FY2025 Action Policy	<ul style="list-style-type: none"> ■ The next medium-term management plan (overall targets and indicators, important measures, building a new corporate ethos, business areas, investment strategy, strategic personnel, Group governance, DX) ■ ERM, internal controls, compliance, safety, quality ■ Strategy related to overseas Group companies Incorporate the above as key themes in the annual operation plan for discussion.
(2) Strengthening governance structure	
FY2024 Action Policy	Work on more active discussion at meetings of the Board of Directors and Nomination & Remuneration Advisory Committee. Encourage active discussion of themes including risk management and the state of corporate governance, the officer remuneration structure, and the personnel system for management positions to strengthen the governance system.
FY2024 Main Implementation Items	The Board of Directors worked to strengthen the governance structure through deliberation of important themes. The Nomination & Remuneration Advisory Committee was held twelve times and made recommendations to the Board of Directors on revising the officer remuneration system (the officer remuneration structure and policy for determining remuneration, and the introduction of a stock remuneration system). Progress was also made in considering the succession planning (Management Human Resources Development Program), personnel system for management positions, and the ideal form of organizational design.

Opinions from Outside Directors and Corporate Auditors	<ul style="list-style-type: none"> ■ Kanadevia's Board of Directors tends to be management oriented rather than monitoring oriented, and there are agenda items that are not suitable for discussion at Board of Directors meetings. As there is a tendency for micro-management in extension of Management Strategy Committee meetings, the Board should delegate slightly more decision-making authority and focus efforts on discussing important management issues. ■ Enhancing meeting efficiency is an issue. There are issues with selecting agenda items (placing focus on important issues, etc.) and improving the skills of both those asking and answering questions (concisely stating the objective of the question, clearly indicating the main points, etc.). ■ Board of Directors meetings tend to be an opportunity for gaining approval of items for deliberation, and focus should be redirected to creating opportunities to discuss management issues. ■ Inside directors volunteer fewer opinions than outside directors. The Board should focus on discussion among all directors. When a point of discussion is brought up by a director, opinions should also be solicited from other directors.
FY2025 Action Policy	<ul style="list-style-type: none"> ■ In order to avoid lingering on discussions in extension of Management Strategy Committee meetings, Board of Directors meeting materials should be sure to describe the course of discussions at Management Strategy Committee meetings, or this should be reported verbally. Efforts should also be made to introduce agenda items and materials in which the points of discussion (context, reasons, and strategy) are clear. This will shift discussions at Board of Directors meetings to strategic areas and important matters. ■ Regarding points of discussion on important themes, an atmosphere in which there is no hesitation to state opposing opinions should be nurtured to activate discussion.
(3) Continued implementation of off-site board meetings (voluntary meetings of directors, corporate auditors, and General Managers)	
FY2024 Action Policy	Selecting necessary themes for discussion and encouraging enhanced discussions in fiscal 2024, while improving theme selection and content of materials.
FY2024 Main Implementation Items	Held one time. The meeting discussed the themes of revision of the Kanadevia Value (formerly Hitz Value) and the Kanadevia Group business domain, and shared issues and corresponding policies for the next medium-term management plan.
Opinions from Outside Directors and Corporate Auditors	Free and active discussions at off-site board meetings are reflected in deliberations at Board of Directors meetings. In addition to off-site board meetings, off-site meetings should be further enhanced for outside officers, the Board of Directors Secretariat, and related departments to discuss important themes.
FY2025 Action Policy	Off-site board meetings are positioned as an important complement to Board of Directors meetings, so they will be implemented in fiscal 2025 on the theme of the next medium-term management plan. In addition, off-site board meetings will be more frequent, and opportunities will be further enhanced to offer management information and exchange opinions on important themes.
(4) Enhancement of support system for outside officers	
FY2024 Action Policy	Enhance the quality of prior explanations to outside officers to further activate deliberations at Board of Directors meetings. For particularly important and urgent themes, further increase opportunities and time for explanations to ensure sufficient understanding by outside officers.
FY2024 Main Implementation Items	<ul style="list-style-type: none"> ■ Through prior explanation meetings for outside officers, etc., we made efforts to ensure sufficient understanding of agenda contents, including the background, issues and response policies, and related information. ■ Separately from Board of Directors meetings, we shared information and exchanged opinions with outside officers on important and latest management policies and management information. ■ Held meetings between senior management and outside officers for opinion exchange. ■ Conducted factory visits for outside directors.
Opinions from Outside Directors and Corporate Auditors	<ul style="list-style-type: none"> ■ There is room for improvement in shortening explanation time and further refining materials to narrow down points for discussion and make them easier to understand. ■ Continuation of providing management policy/information, site visits, and interaction with management candidate layers is requested.
FY2025 Action Policy	Strive to make discussions at Board of Directors meetings and Nomination & Remuneration Advisory Committee meetings more active and efficient, in addition to improving sharing of management information with outside officers, through early submission of materials and implementation of easy-to-understand materials and explanations.

Corporate Governance

Fiscal 2024 meeting record of Board of Directors, Nomination & Remuneration Advisory Committee, etc.

(number of meetings held)

	2024									2025			Total
	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	
Board of Directors meetings	1	2	3	1	2	1	0	2	1	0	2	3	18
Board of Corporate Auditors meetings	0	2	2	1	1	0	0	0	1	0	0	2	9
Nomination & Remuneration Advisory Committee meetings	1	1	1	0	1	1	0	2	1	0	1	3	12
Off-site board meetings	0	0	0	0	0	0	0	0	0	0	0	1	1
Opinion exchange meetings between outside officers and management	0	0	1	0	0	0	0	0	1	0	0	0	2
Management Strategy Committee	2	4	2	2	2	2	2	2	3	2	2	4	29

Key Themes at Board Meetings

1 Regarding Investments to Achieve the Targets of Forward 25

The corporate planning department has provided explanations at Board of Directors meetings of the state of progress of investments in key areas under the basic policy of the Forward 25 medium-term management plan's investment strategy in Japan and overseas, which is aimed at the creation and expansion of growth businesses. These key areas especially include carbon neutral solution and resource recycling businesses.

As part of that strategy, our European Group company Kanadevia Inova proposed strategic M&As and business investments related to Waste to Energy (WtE) plant operations and biogas businesses in Europe and the USA as a strategy to contribute to the growth of overseas businesses and the expansion of O&M/Service.

In addition, in Japan, the business execution department proposed using projects such as the Ministry of Economy, Trade and Industry's (METI's) GX Supply Chain Construction Support Project to build a mass-production plant for polymer electrolyte membrane (PEM) type water electrolysis stacks for hydrogen generation devices in Tsuru City, Yamanashi Prefecture (an investment amount of approximately 8 billion yen) in order to expand hydrogen-related businesses, one of Kanadevia's growth businesses.

In response to these proposals, outside directors and outside corporate auditors made points about matters such as the Group's overall investment policy, strategies by business area and region, the likelihood of recovering investments, and comprehensive risk management and countermeasures, and had active discussions. As a result of the votes, these proposals were approved as originally proposed.

2 Regarding the Kanadevia Group's Response to Inappropriate Conduct in the Marine Engine Business, Etc.

In order to respond to the inappropriate conduct publicly announced in the "Notice of Inappropriate Conduct in the Marine Engine Business of Hitachi Zosen Group" dated July 5, 2024, the corporate planning department established a Special Investigation Committee on July 17, 2024, and proposed an investigation of inappropriate conduct (hereinafter, "the conduct") related to the marine engine business as well as some other businesses and products including Waste treatment facilities, sewage treatment facilities, bridges, cast-metal products, and special valves.

Repeated discussions with outside directors and outside corporate auditors were held across a total of 14 Board of Directors meetings (including five Extraordinary Board of Directors meetings) on the context and reasons for the conduct, the state of the system to prevent fraud, and highly effective measures. Specifically, a succession of harsh opinions was expressed, creating active discussion on points such as the delay in identifying and responding to the conduct, further clarifying our stance on fraud prevention and compliance for top management, working across the group to reform the organizational culture and transform attitudes, and the need to further strengthen the supervisory functions of the Board of Directors. As a result of the votes, this proposal was approved after necessary revisions, and disclosure was conducted in a timely fashion.

Corporate Governance

Officer Remuneration

Director remuneration consists of fixed remuneration, performance-linked bonuses, and performance-linked share-based remuneration, with each director's remuneration determined within the total amount resolved at the General Meeting of Shareholders. However, remuneration for outside directors consists only of fixed remuneration from the perspective of ensuring independence. Performance-linked share-based remuneration was introduced from fiscal 2024.

To ensure that director remuneration functions as a sound incentive, the Nomination & Remuneration Advisory Committee periodically verifies the remuneration system and remuneration levels.

Additionally, all officer remuneration is determined by the Board of Directors, based on the deliberations and answers of the Nomination & Remuneration Advisory Committee.

Fixed remuneration

This is annual fixed remuneration set by position, with the equivalent amount for one month paid monthly. The amount is determined by the Board of Directors, comprehensively considering factors such as levels at other companies and Kanadevia's performance.

Performance-linked bonus

After the Board of Directors decides on the total amount, the Chairperson of the Board (or the President if there is no Chairperson of the Board), entrusted by the Board of Directors, determines the amount of performance-linked bonus (evaluation allocation) for each director according to the decision method established by the Board of Directors. The indicator for calculation is net income attributable to shareholders of the parent company, which is the final profit resulting from corporate management, as a single-year performance indicator.

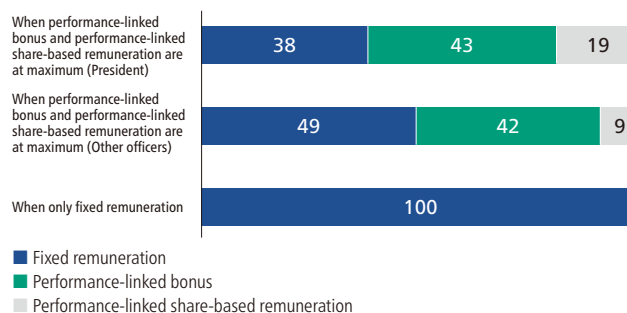
Calculation method for performance-linked bonus

The base amount is obtained by multiplying the equivalent amount for one month of the annual fixed remuneration by the number of payment months set according to the net income level, and is determined within the range of 50% to 150% of this base amount, considering the performance of each responsible division and the status of business execution.

Performance-linked share-based remuneration

Performance-linked share-based remuneration for each director is determined according to the degree of achievement of performance targets for each fiscal year in accordance with the Officer share-based Remuneration Regulations established by resolution of the Board of Directors. The indicators for calculation are the degree of achievement of consolidated operating income margin and consolidated net sales performance for each fiscal year, which are emphasized in management strategy as medium- to long-term performance indicators, as well as evaluation of non-financial value (employee engagement index), etc.

Composition ratio of individual remuneration



Total amount of remuneration by officer category and remuneration type, and number of eligible officers (fiscal 2024)

(¥ million)

Officer category	Total amount of remuneration	Total amount of remuneration by type			Number of eligible officers
		Fixed remuneration	Performance-linked bonus	Performance-linked share-based remuneration	
Directors (excluding outside directors)	290	173	94	22	6
Corporate Auditors (excluding Outside Corporate Auditors)	63	63	—	—	2
Outside Officers	67	67	—	—	8

Successor Development Process and Officer Training

To achieve sustainable growth and enhance our corporate value over the medium to long term, we believe that successor development, including for the CEO position, is one of the most important strategic decisions in our Group's management.

Senior management team members must possess a mindset, skills, and ability to act appropriate to lead the Group and implement the corporate philosophy. When appointing and removing senior management team members, the Nomination and Remuneration Advisory Committee discusses the issue, and then the Board of Directors conducts further discussions and decides on the issue.

Director and corporate auditor candidates must possess not only outstanding character and insight but also the knowledge, experience, and skills to appropriately execute the duties required of their position. Outside director and outside corporate auditor candidates must possess abundant experience, expertise, and broad insight related to corporate management and meet the Company's independence criteria.

As for the successor development plan, the policy was decided on by the Board of Directors in February 2020 after consulting with the Nomination and Remuneration Advisory Committee. At the current time, we are moving forward with fostering CEO candidates based on this plan. The Nomination and Remuneration Advisory Committee receives regular reports on the state of development, and we will steadily move forward with training while receiving advice from the committee.

Skills Matrix

The Board of Directors decided on the skills that the Board as a whole should have to ensure the sustainable growth of the Group and the achievement of its management objectives, following deliberations by the Nomination and Remuneration Advisory Committee.

Corporate Governance

Main approach

Knowledge, experience, and abilities that the whole Board of Directors should possess

The Kanadevia Group's mission is "Taking on the challenge, through the power of technology, to create a world that lives in balance with nature." We have therefore selected "Sustainability and ESG" as a skill that all members of the Board of Directors should possess when implementing management that emphasizes sustainability.

In addition, from the viewpoint of the basic policies of the Forward 25 medium-term management plan (sustainable growth of existing businesses, creation and expansion of growth businesses, and promoting sustainable management [enhancing corporate value]), "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"; and "Legal affairs,

risk management and compliance" have been selected as skills that all members of the Board of Directors should possess. These categories will be revised as necessary.

Tax Governance

The Kanadevia Group complies with the Kanadevia Group Charter of Ethical Behavior and pays appropriate taxes in accordance with tax-related laws and regulations stipulated in each country and region where we conduct business activities, OECD Transfer Pricing Guidelines, and each action plan such as the BEPS (Base Erosion and Profit Shifting) policy, contributing to the economic and social development of each country.

Regarding the execution of tax operations, we are strengthening our business execution system to reduce tax risks by receiving advice from external tax experts and placing certified tax accountants. Important matters regarding tax are reported in a timely fashion to the officer in charge of the Accounting

Department who is responsible for tax governance, and the Company responds based on those instructions.

We also conduct internal education and awareness-raising activities on appropriate accounting processing and tax returns to raise awareness of tax compliance.

Cross-shareholdings Policy

Kanadevia holds investment shares as cross-shareholdings for the purpose of enhancing corporate value and expanding businesses by maintaining and strengthening business partnerships and transactional relationships. These shareholdings are established to be the minimum necessary. We give comprehensive consideration to our business strategy and transactional relationships regarding the appropriateness of continuing these shareholdings and make decisions after determining whether these shareholdings are contributing to their purpose from a medium- to long-term viewpoint, and if the shareholdings are determined to be lacking in significance, we dispose of and reduce them as quickly as possible. The Board of Directors verifies matters such as the latest status of transactions and collaborative technological relationships regarding the appropriateness of holding individual share issues and makes decisions after considering future transactional relationships based on our business policies. As of the end of March 2025, we hold only one listed share issue.

Skill categories expected of the Board of Directors

Skill category	Reasons for selecting the category
Corporate management	Knowledge of corporate management, and experience contributing to decision-making in a position of responsibility and commitment to the results, was selected as a necessary skill for fulfilling the role of supervising and assisting in management.
Global experience	Experience in business or management overseas, and knowledge and experience in understanding different cultures, etc., was selected as a necessary skill for supervising and assisting in global business development, governance of overseas subsidiaries, etc.
Sales, marketing and business strategy	Understanding of changes in customers and the market environment, and knowledge and experience in discovering business opportunities, gaining new customers, improving customer satisfaction, enhancing the corporate brand, etc., was selected as a necessary skill for supervising and assisting in the strategy and system for the Kanadevia Group to continue as a solution partner.
Engineering, manufacturing, and SCM	Understanding of products and services, and knowledge and experience contributing to optimal strategic decisions, etc., in efforts to create added value using technology and to enhance safety, quality, and supply chain management (SCM), was selected as a necessary skill for supervising and assisting in the strategy and system to create added value.

Skill category	Reasons for selecting the category
ICT, DX, and innovation	Great sensitivity to technological innovation, and knowledge and experience in innovative value creation that leads to pioneering, etc., of new products and services, and to enhancement of corporate value, was selected as a necessary skill for supervising and assisting in the strategy and system to create value that is useful to society.
Human resources and human resource development	Knowledge and experience in formulating initiatives and appropriate strategies to maximize working people's well-being and abilities was selected as a necessary skill for supervising and assisting in the strategy and system to promote strengthening human capital management.
Finance and accounting	Knowledge and experience in not only maintaining financial soundness to gain stakeholders' trust but also in contributing to decision-making in financial strategy such as optimization of investment decisions and capital structure was selected as a necessary skill for supervising and assisting in accurate financial reporting and management soundness.
Legal affairs, risk management and compliance	Understanding of social norms such as laws and regulations, ethics, morals, and public order, and knowledge and experience in contributing to maximizing the Kanadevia Group's profits and minimizing risks, was selected as a necessary skill for supervising and assisting in the system and operations of compliance to abide by laws, regulations, and corporate ethics.

Number of share issues and amounts calculated on the balance sheet

	Number of share issues	Total amount calculated on the balance sheet (¥ million)
Unlisted shares	64	2,621
Listed shares	1	71

Share issues with a reduced number of shares in fiscal 2024

	Number of share issues	Total amount of sale value pertaining to the reduction in the number of shares (¥ million)
Unlisted shares	1	57

Corporate Governance

Executive skills matrix

Directors and corporate auditors

(Note 1) For inside officers, skills possessed are marked with “■,” and skills that they are expected especially to contribute are marked with “■.” For outside officers and Full-time Corporate Auditors, skills with which they are expected to fulfill their roles regarding professional opinions from a different perspective than inside officers are denoted by “●.”

(Note 2) The skills denoted by each symbol do not represent all the knowledge and experience possessed by each person. (Note 3) The skills matrix is as of the conclusion of the shareholders’ meeting held in June 2025.

Position (As of October 1, 2025)	Supervising/Responsible Operations	Years as Director	Gender	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
Representative Director, President and CEO	Michi Kuwahara	4 years	Male	■	■	■		■		■	■	■
Director (Concurrent Executive Officer)	Hitoshi Kogi	—	Male	■			■	■				
Director (Concurrent Executive Officer)	Munenobu Hashizume	1 year	Male	■	■		■		■			
Director (Concurrent Executive Officer)	Hiroshi Miyazaki	—	Male	■	■						■	■
Outside Director	Shinoi Sakata	2 years	Female	●	●			●	●			
Outside Director	Tetsuya Shoji	4 years	Male	●	●	●	●		●	●		
Outside Director	Akiko Horiguchi	2 years	Female	●	●				●	●		
Outside Director	Maki Miyazaki	1 year	Female	●		●						●
Full-time Corporate Auditor	Yuichi Ohkura		Male	●	●	●	●				●	●
Full-time Corporate Auditor	Toshihiko Yasuda		Male	●			●	●	●			
Outside Corporate Auditor	Koji Inada		Male	●	●				●			●
Outside Corporate Auditor	Hirofumi Yasuhara		Male	●	●	●					●	

Executive officers

Position (As of October 1, 2025)	Supervising/Responsible Operations	Gender	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
Senior Managing Executive Officer	Koichiro Oshima	Male	■		■	■				■	
Senior Managing Executive Officer (Concurrent Director)	Hitoshi Kogi	Male	■			■	■				
Senior Managing Executive Officer	Shinji Shimamura	Male	■	■	■		■	■			
Senior Managing Executive Officer	Taro Dohi	Male	■		■				■		
Managing Executive Officer	Kei Tomomi	Male	■		■	■	■				
Managing Executive Officer (Concurrent Director)	Munenobu Hashizume	Male	■	■		■		■			
Managing Executive Officer	Takeshi Minemura	Male	■			■					
Managing Executive Officer (Concurrent Director)	Hiroshi Miyazaki	Male	■	■						■	■
Executive Officer	Toshihiko Akagawa	Male	■		■		■				■
Executive Officer	Takashi Ibe	Male	■		■	■					
Executive Officer	Tadashi Iwanaga	Male	■		■					■	■
Executive Officer	Sachiko Ohchi	Female	■					■			
Executive Officer	Koichi Kaibuchi	Male	■		■		■				
Executive Officer	Toru Kawasaki	Male	■	■		■					
Executive Officer	Shunji Kimura	Male	■							■	
Executive Officer	Mamoru Kondo	Male	■				■	■			
Executive Officer	Toshiya Takenaka	Male	■		■		■				
Executive Officer	Masanobu Tokuo	Male	■			■					
Executive Officer	Aiko Tomooka	Female	■								■
Executive Officer	Mitsuyoshi Nakatani	Male	■					■			
Executive Officer	Naoaki Fukuda	Male	■			■		■			
Executive Officer	Takashi Fujita	Male	■			■	■	■			
Executive Officer	Toshifumi Makihata	Male	■						■		
Executive Officer	Kenichi Masuda	Male	■				■				
Executive Officer	Koji Yano	Male	■			■					
Executive Officer	Junichi Yamamoto	Male	■		■		■				

Judgement criteria for skill categories: For “Sustainability and ESG,” those with knowledge and experience regarding initiatives to realize a sustainable society through business, promotion of diversity, innovation for carbon neutrality, etc.

For “Corporate management,” those with experience as a top executive (e.g., full-time chairperson, president, vice president, or other representative director) of Kanadevia, a Kanadevia Group company, or another company, or those with experience as a line manager in Kanadevia’s Corporate Planning Department.

For other skills, those with experience as a line manager in the relevant department, or those with equivalent experience.

Compliance

Basic Approach

The Kanadevia Group considers thorough implementation of compliance as one of the most important management issues in order to conduct management that complies with laws and corporate ethics and fulfill our corporate social responsibility. We also include "Enhancement of corporate governance" in the Seven Pillars of Success (Materiality) of our Sustainable Vision, and are working on effective corporate governance and thorough implementation of compliance to realize this. We are advancing initiatives to raise compliance awareness among all officers and employees, ensure thorough implementation of compliance in daily business execution, create an environment where employees can devote themselves to their duties in an open manner and with peace of mind, and realize the acquisition of social trust and enhancement of corporate value for the Kanadevia Group.

Kanadevia Group Charter of Ethical Behavior

We have established the Kanadevia Group Charter of Ethical Behavior as a fundamental guideline for all Group officers and employees to practice compliance. This code stipulates ethical conduct guidelines that all officers and employees of the Kanadevia Group must comply with, including compliance with antitrust laws and prevention of corruption. Every year, we distribute pocket-sized cards to all Group officers and employees, including those overseas. All officers and employees are instructed to always carry this card or be able to check it online, use it to confirm their own actions, and be mindful of acting with good sense and responsibility in accordance with corporate ethics.

Compliance Promotion System

Compliance Committee

We have established the Compliance Committee, chaired by the President, as an organization to promote compliance management throughout the Company. The

Compliance Committee implements various measures for compliance with laws and corporate ethics and awareness-raising, and holds a general committee meeting once a year to deliberate and decide on annual activity reports and future activity policies. The activities of the Compliance Committee are reported to the Board of Directors and are supervised by the Board of Directors.

Marketing Compliance Committee

We have established the Marketing Compliance Committee as an organization to guide and supervise compliance with laws and corporate ethics in sales activities and promotion of proper order-taking activities. By conducting monthly monitoring (physical checks of documents related to estimates, bids, and orders, interviews with department heads and estimation departments, etc.) for each sales department, we verify the presence or absence of fraudulent or illegal acts in order-taking activities and provide supervision and guidance. In addition, at the committee meetings held twice a year, we share measures to be taken company-wide and improvement guidance made in other departments, providing an

opportunity to further raise awareness and reaffirm the importance of compliance.

Quality Compliance Committee

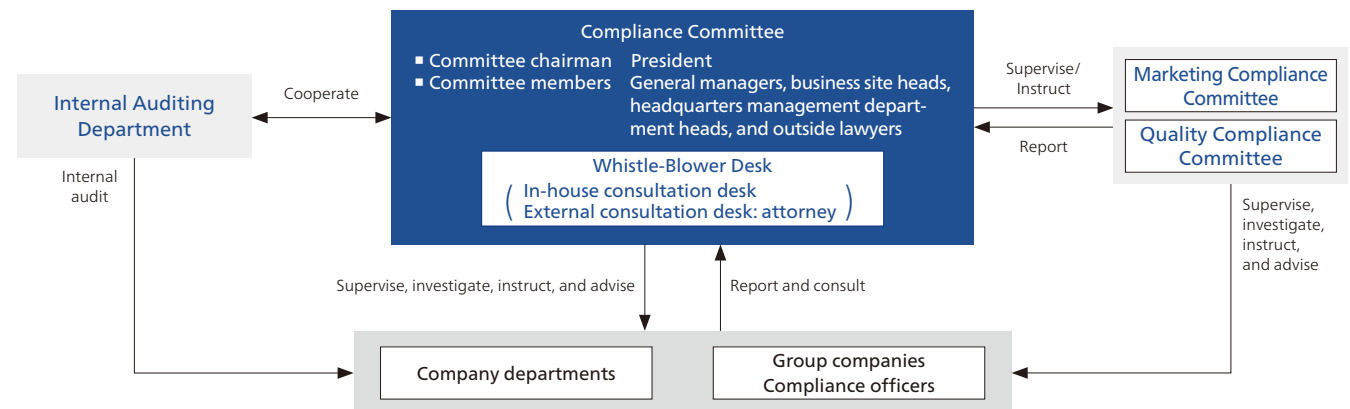
We established the Quality Compliance Committee in April 2025 as an organization to guide and supervise compliance with laws, in-house regulations, and contract conditions related to the Kanadevia Group's product and service quality; enhance the quality assurance system; and enact prevention, early detection, and appropriate corrective measures for quality-related compliance.

Compliance Initiatives

Implementation of education and training

We conduct various training sessions to foster compliance awareness. Since 2004, in principle once a year, all officers and employees learn about the Kanadevia Group Charter of Ethical Behavior through e-learning, and we conduct compliance training to correctly understand and act on compliance with antitrust laws and other competition laws, prevention of bribery, and prevention of harassment. In addition, we revised the Compliance Guidebook in April

Compliance organization



Compliance

2025, reviewing the content based on recent changes in the social environment and legal revisions. It contains explanations of over 100 cases and is used as a judgment criterion for taking appropriate actions as officers and employees of the Kanadevia Group.

Compliance training

(participants)

Fiscal year	2020	2021	2022	2023	2024
New recruit training	118	115	99	89	108
New managerial personnel training	244	222	256	214	211
e-learning	6,383	6,082	6,423	8,440	8,900
Compliance seminar	335	560	888	732	1,377

(Some also include Group companies)

Internal reporting system “Kanadevia Helpline”

We have established a contact point for officers and employees of Kanadevia and Group companies (including contract employees, seconded employees, and dispatched workers) and related parties of our business partners to consult or report when they become aware of or have questions or suspicions about compliance violations related to Kanadevia. Users can optionally choose between internal and external (external lawyer) contact points. Anonymous consultations and reports are also possible. After receipt, the Compliance Committee investigates the facts, and may entrust the investigation to external experts or specialized institutions if necessary. If the reported content is found to be true, the Compliance Committee considers and implements necessary measures and countermeasures. For cases where compliance violations are recognized, corrective measures are taken and strict disciplinary action is implemented.

Tax Compliance

The Kanadevia Group complies with the Kanadevia Group Charter of Ethical Behavior and pays appropriate taxes in accordance with tax-related laws and regulations

stipulated in each country and region where we conduct business activities, OECD Transfer Pricing Guidelines, and each action plan such as BEPS (Base Erosion and Profit Shifting), contributing to the economic and social development of each country.

Regarding the execution of tax operations, under the supervision of the Director and Senior Managing Executive Officer, General Manager of Corporate Planning Headquarters, we are strengthening our business execution system to reduce tax risks by receiving advice from external tax experts and placing certified tax accountants. We also conduct internal education and awareness-raising activities on appropriate accounting processing and tax returns to raise awareness of tax compliance.

Initiatives for Compliance with Antitrust Laws

To promote fairness, transparency, and free competition, the Kanadevia Group stipulates the following in the Kanadevia Group Charter of Ethical Behavior and thoroughly enforces compliance with laws regarding fair competition, such as antitrust laws.

6. Fair, Transparent and Free Competition

We pursue reasonable profits through fair competition complying with business laws and regulations including Antimonopoly Act (competition law), which are applicable worldwide.

In addition, the Marketing Compliance Committee guides and supervises sales activities, and the Legal Affairs Department keeps a close eye on trends in competition laws as well as conducts compliance e-learning each year to improve awareness of competition laws.

Initiatives to Prevent Corruption

Corrupt conduct negatively impacts free economic activity and hinders the realization of a highly transparent society. The Kanadevia Group has established regulations to prevent bribery, preventing bribery by the Kanadevia Group

or its officers and employees, and also strives to comply with laws related to bribery prevention in each country, and to establish and maintain corruption prevention and fair business customs. The Kanadevia Group stipulates the following in the Kanadevia Group Charter of Ethical Behavior and strictly forbids participation by officers or employees in corrupt conduct.

8. Refraining from Excessive Entertainment and Gifts

We refrain from giving and receiving entertainment or gifts which go beyond common sense both in amount and frequency.

Furthermore, to avoid the risk of corrupt conduct, we carefully confirm risks of being involved in corrupt conduct. The Legal Affairs Department keeps a close eye on the latest state of initiatives to prevent corruption as well as shares knowledge and implements training through compliance e-learning and guidebooks to improve awareness of corruption prevention.

Security Export Control

To properly implement export control aimed at international security, Kanadevia has established Security Export Control Regulations. Under the Representative Director, who is the highest responsible person, we have built an export control system consisting of the export control division (Legal Department) and each business department, and conduct strict export control for each individual case. To maintain the above export control system, we conduct education and audits every year.

Furthermore, we have established a system to appropriately share information with internal related parties including management as well as Group companies about changes in the export control environment, including recent constantly changing export regulation and economic sanction revision trends in each country and their impact on business, from the Export Control Management Department, and have established a system to respond quickly and accurately to such environmental changes.

Risk Management

Basic Approach

In the Kanadevia Group, each responsible department evaluates and monitors risks that may arise in business operations, such as compliance, environment, safety, disasters, information security, and others, and conducts education and guidance. Risks that may have a significant impact on the Kanadevia Group's financial condition and business performance are reported to the Board of Directors. To respond quickly and appropriately to significant risks, we have established regulations regarding information transmission means, response policies, and management systems, and are working to strengthen our system. In addition, the internal audit department audits the effectiveness and appropriateness of these and regularly reports to Kanadevia's Board of Directors.

Establishment of the Enterprise Risk Management Department

Effective control of strategic risks is essential for the Group's business development and continuity. After defining key risks and risk tolerance levels, we established the ERM Department in March 2025 as a unit reporting directly to the President to expedite the implementation of an Enterprise Risk Management (ERM) framework. This framework manages the current state of risks we accept. In July 2025, we launched the Risk Management Committee as the core feature of ERM. Centered around this committee, we are building a mechanism to comprehensively extract, identify, and analyze risks related to external environmental changes, such as geopolitical risks and ESG-related risks, and to prioritize, monitor, and mitigate them. This will enable us to manage capital, liquidity, revenue, and risk in an integrated manner and reflect this in our management and business strategies.

 **128th Annual Securities Report (Available in Japanese only)**
https://ssl4.eir-parts.net/doc/7004/yuho_pdf/S100W2GB/00.pdf

Major operational risks recognized and managed by the Company

Type of risk	Potential impact	Our response
Risks potentially arising during normal business activities		
Violation of laws and regulations	Risks arise from ignorance of, or unwillingness to comply with, laws, regulations and socially accepted norms. Since public works projects account for a significant percentage of the Group's sales volume, in the event of bid-rigging or other violations of the Antimonopoly Act, the Group could be penalized with fines, damages, suspension of nominations, or loss of social credibility, which could result in losses that would materially affect its financial position and operating results.	The Kanadevia Group positions compliance as a basic management policy and thorough implementation of compliance as one of the most important management issues, and continues to implement various measures related to promoting compliance management. Regarding measures to prevent violations of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, we have established the Marketing Compliance Committee as a subordinate organization of the Compliance Committee to provide guidance and supervision on sales activities, and in 2021, we revised the "Antimonopoly Act Compliance Guidebook (for Officers and Employees)" and are thoroughly implementing legal compliance through continuous implementation of internal training. Compliance P.71
Environmental pollution	The natural and human environments of the communities in which our business operations are located may be severely affected by the release of pollutants or noise.	The Kanadevia Group is working on environmental conservation in the areas where each business site and factory is located and at construction sites based on the Environmental Conservation Promotion Plan in accordance with ISO14001 and international guidelines for environmental consideration. In environmental conservation activities at each business site and factory, we set voluntary standard values that go beyond legal requirements for management of air, water, and soil pollutants, as well as noise, vibration, and odor, and conduct monitoring and work on preventive maintenance. Environmental Management P.53
Accidents and workplace injuries	As the Kanadevia Group's business activities involve engineering and manufacturing, we face the risk of causing personal injury to third parties and occupational accidents to employees directly or indirectly as a result of lack of safety measures, unsafe practices, incorrect operation, or equipment failure.	With the basic policy of "Safety first and a compassionate, pleasant workplace for everyone", "we always grasp the situation at work sites and take appropriate measures, developing business by "Making safety the first priority." In addition, to improve the level of understanding of safety throughout the lifecycle of our products until they are operated and disposed of, the Safety Department, Human Resources Department, and each Business Headquarters collaborate to provide various safety and health-related education. Health and Safety P.49
Information security incidents	There is a risk that malware infections, including ransomware, attacks exploiting software vulnerabilities, unauthorized access, and account hijacking could lead to tampering of the corporate website, destruction or alteration of data, leakage of information, distribution of spam email, and denial-of-service (DoS) attacks.	We have formulated a Global Security Policy (GSP) and conduct regular education and training for all officers and employees to prevent information leakage due to suspicious emails, websites, and human errors, thoroughly protecting information assets. In terms of external attacks, we have implemented multi-layered defense measures for networks, servers, and clients, and have also established a support system with external security experts in preparation for emergencies. Information Security P.75
Quality	If unexpected product/service defects, quality deficiencies, or quality fraud occur, it may affect the Kanadevia Group's financial condition and even the existence of the Kanadevia Group due to payment of damages, costs necessary to correct quality deficiencies, loss of social credibility, etc.	We have defined "Always pursuing quality" as one of the basic philosophies of "Kanadevia Value" and are working to always pursue quality that satisfies our customers. We have also built and operate a quality management system based on ISO 9001, and conduct regular reviews and continuous improvement to maintain its effectiveness and appropriateness. Furthermore, from fiscal 2024, we have integrated quality assurance departments scattered across business headquarters and factories into a direct organization under the President to ensure the independence of the quality assurance department and strengthen internal control functions, while further strengthening the quality management system by enhancing governance functions. Quality P.52
Risks that cannot be managed by conventional systems		
Natural disasters and terrorism	Human casualties and property damage caused by earthquakes, typhoons, or pandemics may adversely affect the business performance and financial condition of the Kanadevia Group.	In order to minimize human casualties and property damage in the event of a disaster, we have established a business continuity plan (BCP) and carry out inspections and training to respond to such a disaster. We also maintain emergency communication systems. In addition, we are working to commercialize both remote monitoring and operation support technology and unattended operation technology.

* For other risks (decline in order prices due to price competition, soaring material prices, interest rate hikes, exchange rate fluctuations, etc.), please refer to the 128th Annual Securities Report.

Risk Management

Risk management for individual projects

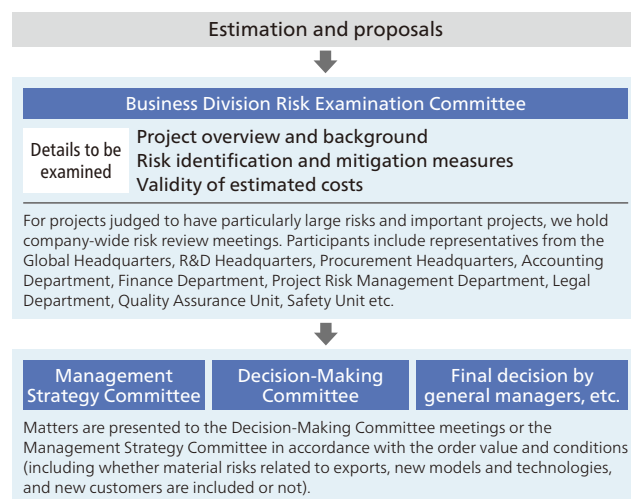
Decision-making and risk management process at time of order acceptance

To realize expected profits after order acceptance, at the time of order acceptance, the department in charge of the estimated project extracts and evaluates risks related to technology, the estimate, delivery date, contracts, etc., incorporates countermeasures, and thoroughly manages risks at the time of order acceptance through risk review meetings, etc.

- (1) Extract and evaluate all anticipated risks related to technology, delivery date, commercial matters, and customer credit, etc.
- (2) Consider risk countermeasures (avoidance, mitigation, transfer, acceptance)
- (3) After implementing risk countermeasures, evaluate the residual risks and make a proposal to the decision-maker on whether to accept or reject the residual risks

Risk items are continuously reviewed based on lessons learned from past problems, and risk reviews are conducted particularly carefully for new products/technologies and products without long-term track records.

Risk management process up to order acceptance



Risk management process after order acceptance

As part of risk management for individual projects, we are working on profit management for major large-scale projects of the entire Company and related companies.

- (1) Each business division holds monthly follow-up meetings to monitor the progress status and profit outlook of important projects. Participants from risk management departments, etc., make improvement proposals and give advice.
- (2) Follow up and report on the implementation status of measures and profit status, and expand to other projects.
- (3) Report 3-5 important cases monthly at the Top Management Review Meeting chaired by the President.
- (4) Hold project result reporting meetings for completed projects to share good points, reflections, issues, and future lessons learned from the project, including before order acceptance, and apply them to improve profitability and prevent troubles in ongoing and future projects.

Risk management for individual projects of overseas group companies

We have delegated authority for decision-making for order acceptance by major overseas group companies based on certain amounts and conditions, but for large-scale projects and projects that require attention to risks, we require Kanadevia's approval, and for projects with particularly large risks, final judgment is made at the Management Strategy Committee. At Kanadevia Inova, a dedicated department was established in 2018 to strengthen risk management for individual projects. Objective analysis and evaluation using numerical data have improved the profit margins of large-scale projects, increased trust in the market, and led to further orders.

Risk management for business investment projects

To manage risks associated with business investment projects and make timely investment decisions and monitoring, we established an Investment Committee and started full-scale operation from September 2023. The Investment Committee examines various risks related to investment

projects in detail, provides advice to responsible departments, and makes or recommends investment decisions according to the investment amount. Risks to be scrutinized include sponsor risk, completion risk, offtake risk, raw material supply risk, operational risk, market risk, cash flow risk, finance risk, country risk, and withdrawal risk.

Investment Committee

Chairperson	General Manager of Corporate Planning Headquarters
Members	General Manager of Corporate Planning Department, General Manager of Finance Department, General Manager of Accounting Department, General Manager of Project Risk Management Department, General Manager of Legal Department, and others selected according to the project
FY2024 Meeting Results and Future Response	<ul style="list-style-type: none"> Conducted reviews for 6 Kanadevia business investment projects and mid-term monitoring for 3 projects Regarding investments in Kanadevia Inova's business, we aim to improve investment returns and risk assessment by strengthening monitoring in collaboration with the Global Business Headquarters.

Mid-term monitoring process

For projects where investments have been executed, we verify the possibility of meeting withdrawal conditions, as well as business profitability, cash flow, etc., every six months. If it is foreseen that withdrawal conditions may be met or if there are problems with business profitability, etc., improvement measures are deliberated on.

Withdrawal decision process

The final withdrawal decision is made at the Management Strategy Committee or the Board of Directors.

Information Security

Basic Approach

To protect the information assets possessed by the Kanadevia Group and those entrusted to us by customers from such threats as unauthorized access, crimes, loss, and incidents, the Group stipulated a Global Security Policy (GSP) in 2023. The policy expresses our plan to pursue greater corporate value through the recognition of information security as an important management issue as well as the stipulation and continual implementation of basic items such as countermeasures and systems to ensure information security at the Group.

In addition to strengthening our own initiatives in line with this basic policy, we support initiatives to improve information security at Group companies.

Global Security Policy (GSP)
<https://www.kanadevia.com/english/security/>

Information Security Management System

Effective April 2025, to clarify our company-wide security framework, the Cyber Security Center was separated from the former ICT Information Systems Department and reorganized directly under the ICT Promotion Headquarters. This enables more rapid and consistent planning and execution of security measures.

The Information Security Committee is chaired by the Director and Managing Executive Officer of the ICT Promotion Headquarters. It comprises the information security management officers from the various Business Headquarters and shared departments, along with representatives from the human resources and legal departments. The Cyber Security Center serves as the committee's secretariat.

The ICT Information Systems Department implements and operates technical countermeasures related to information security, while the Cyber Security Center handles analysis and response to various alerts.

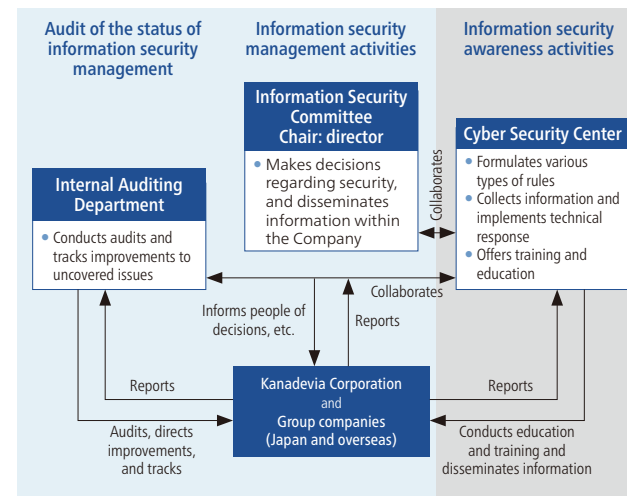
Furthermore, we maintain 24/7 security monitoring utilizing outsourced SOC*¹ services. In the event of an

incident, our internal CSIRT*² and external experts collaborate to respond.

*1. Security Operation Center (SOC): This is a specialized organization that undertakes real-time monitoring of items such as networks and systems 24 hours a day, 365 days a year, detects cyberattacks, analyzes incidents, and implements countermeasures.

*2. Computer Security Incident Response Team (CSIRT) is an entity that responds to information security incidents.

Information security management organizational structure



Information Security Training and Education

The Kanadevia Group considers people the ultimate linchpin to information security measures and strives to raise the security level of the overall organization through information security-related education and training.

Information security training

Fiscal year	2020	2021	2022	2023	2024
e-learning	4,446	4,062	4,584	5,202	5,949

(Including some Group companies from FY2022 onwards)

At the same time, we encourage greater literacy on the issue by providing information on information security

through regular e-mail newsletters and our website. Specifically, we are always on the lookout for email-based cyberattacks, provide annual training on handling suspicious emails to all officers and employees of Kanadevia, and strive to gain experience so that we can quickly address information security issues when they occur.

We are moving forward with initiatives to expand communication with Group companies, too.

Incident Response

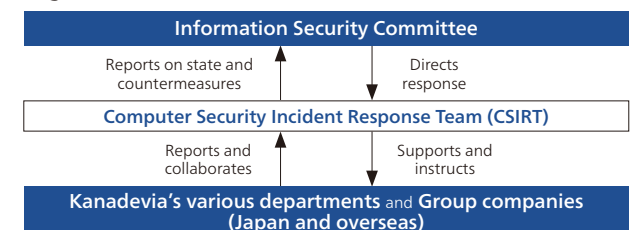
A CSIRT was established in the Information and Communication Technology Promotion Headquarters to handle incidents, and there is a system to conduct investigations of potential incidences and address issues with the support of outside security experts when necessary. In the case of a whistleblower report, there is a system to promptly handle the report, including established response procedures.

Furthermore, the CSIRT provides training to all its members to increase their experience so that they can promptly address incidents.

As for group companies, we not only provide guidance so that they can establish response procedures but are also moving forward with establishing a system for support by Kanadevia.

Moreover, Kanadevia is involved in the response in the case of a major incident.

Organization chart in case of incident

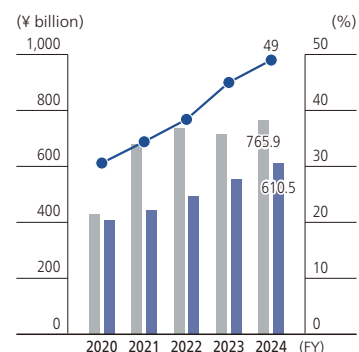


Financial and Non-Financial Highlights

Financial information

Order intake / Net sales / Overseas sales ratio

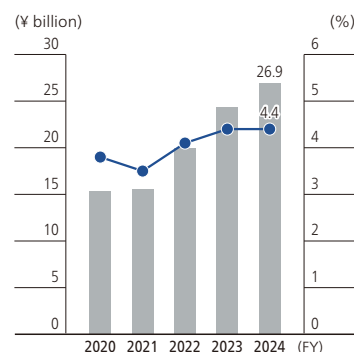
Order intake Net sales
¥765.9 billion **¥610.5 billion**
 Overseas sales ratio



Seven consecutive years of increased revenue due to growth in overseas business, achieving the target of 40% overseas sales ratio ahead of plan

Operating income / Operating income margin

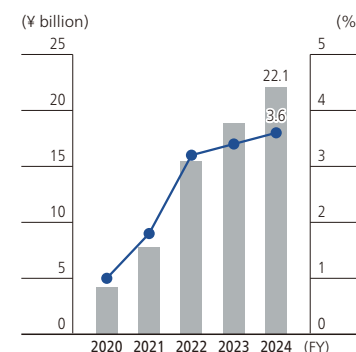
Operating income Operating income margin
¥26.9 billion **4.4%**



Seven consecutive years of increased operating income amid the improving bottom line of the Environment Business

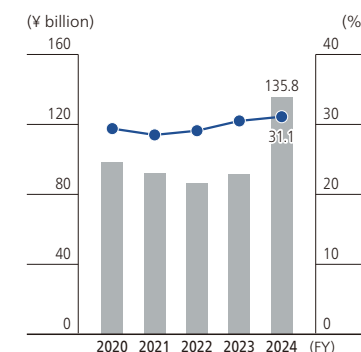
Net income / Net income ratio

Net income Net income ratio
¥22.1 billion **3.6%**



Shareholders' equity ratio / Interest-bearing debt

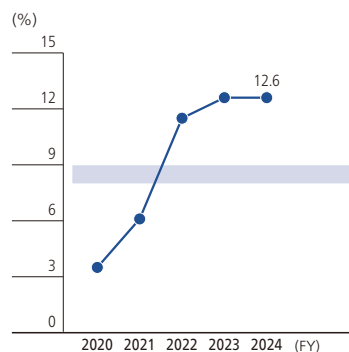
Shareholders' equity ratio Interest-bearing debt
31.1% **¥135.8 billion**



Interest-bearing debt increased due to growth investments, while equity ratio remained at a sound level

ROE / Shareholders' equity cost

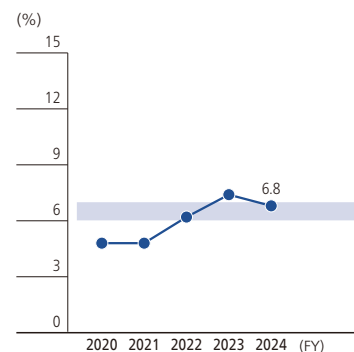
ROE Shareholders' equity cost
12.6% **Around 8-9%**



Maintained ROE at a high level that exceeded the cost of shareholders' equity (shareholders' expected return)

ROIC / WACC

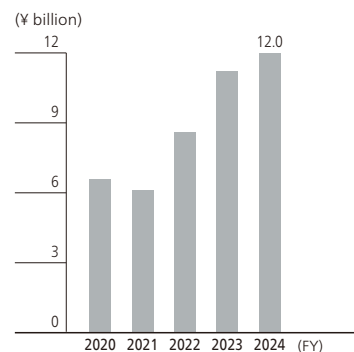
ROIC WACC
6.8% **Around 6-7%**



In FY2024, ROIC declined despite higher profit due to an increase in invested capital (growth investments)

Research and development expenses

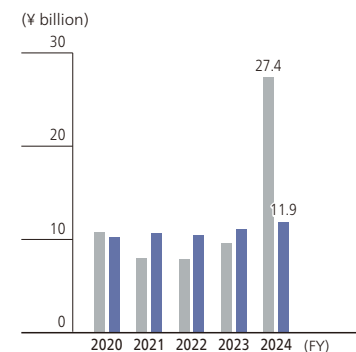
¥12.0 billion



Focusing development of next-generation waste treatment technology mainly at overseas subsidiaries

Capital expenditures / Depreciation expenses

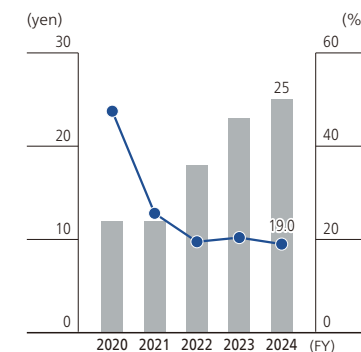
Capital expenditures Depreciation expenses
¥27.4 billion **¥11.9 billion**



Capital expenditures totaled 27.5 billion yen, focused mainly on the Machinery & Infrastructure Business

Dividend per share / Dividend payout ratio

Dividend per share Dividend payout ratio
25 yen **19.0%**



In FY2024, increased the dividend by 2 yen per share to 25 yen, under the policy of continuous and stable dividends

Financial and Non-Financial Highlights

For other non financial data, please refer to the Databook.
<https://www.kanadevia.com/english/sustainability/data/>

Non-financial Information

*1 The Company, non-consolidated

*2 The percentage of employees taking childcare leave, etc. or short-term leave for childcare leave, etc. is calculated based on "Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and other measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of Japanese Ministry of Labor No. 25 of 1991)", Article 71-6, Paragraph 2, based on the provisions of the "Act on the Welfare of Workers Who Take Childcare Leave, Family Care Leave, etc., for Children or Other Family Members" (Act No. 76 of 1991)

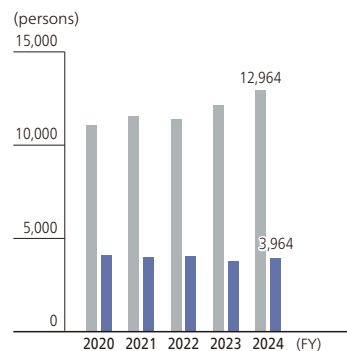
*3 (Number of fatalities and injuries due to occupational accidents requiring 1 day or more absence from work ÷ cumulative hours worked) x 1,000,000

*4 Kanadevia factories in Japan, and subsidiaries that conduct business activities on these premises in accordance with the principles of consolidated financial statements.

*5 Total of on-site construction in Japan (for projects where Kanadevia was the prime contractor, including subcontractors).

Number of consolidated employees / Number of non-consolidated employees

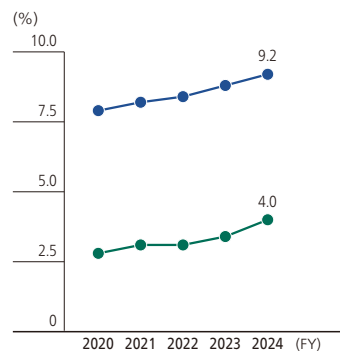
Number of consolidated employees: 12,964
 Number of non-consolidated employees: 3,964



The number of employees on a non-consolidated basis increased due to the expansion of mid-career hiring, and the number of employees also increased on a consolidated basis due to M&A.

Ratio of female employees / Ratio of female managers*1

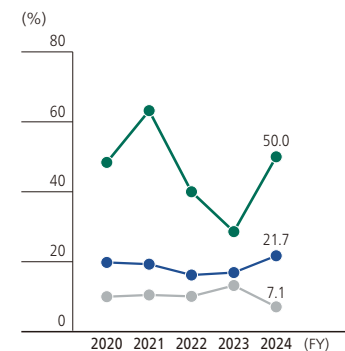
Ratio of female employees: 9.2%
 Ratio of female managers: 4.0%



Aiming for improvement by continuing to promote career development and stimulating sponsorships, etc.

Ratio of female new graduate hires (university degree or higher)*1

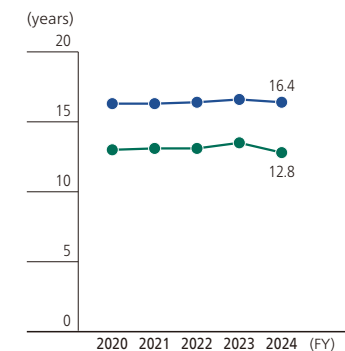
Total number: 21.7%
 Administrative: 50.0%
 Technical: 7.1%



The target is 50% female recruitment for administrative positions and 10% for technical positions, but technical positions fell short in fiscal 2024.

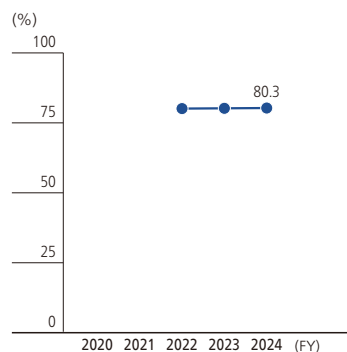
Average years of service*1

Male: 16.4 years
 Female: 12.8 years



Gender wage gap*1

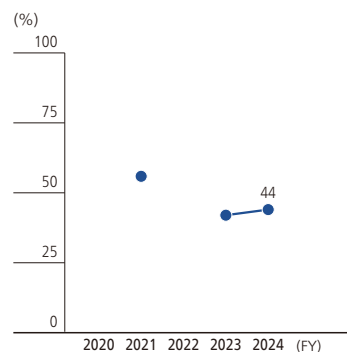
80.3%



Influenced by female manager ratio and male childcare leave days, etc., continue efforts for improvement

Employee engagement index*1

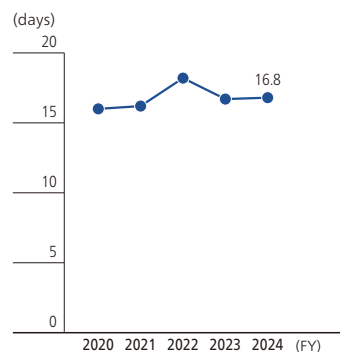
44%



Changed the survey methodology in fiscal 2023. Slight increase from the previous year, employee interest remains high (95% response rate).

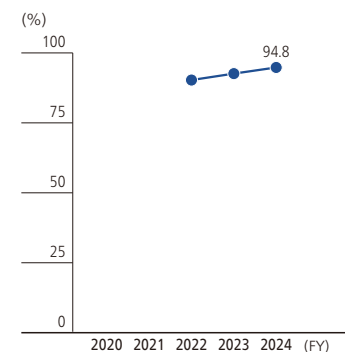
Average number of paid annual leave days taken*1

16.8 days



Ratio of men taking childcare leave*1,2

94.8%

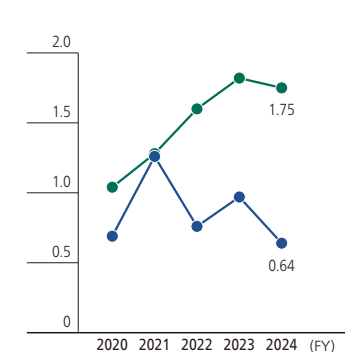


Promoting awareness activities, such as e-learning for managers and follow-up emails to those yet to take leave, to achieve a 100% acquisition rate.

Lost time injury frequency rate*3

0.64

1.75



Established the Safety Unit (currently Health and Safety Unit) in April 2025 to further improve safety management levels. Safety activities implemented Group-wide.

Eleven-Year Financial Summary

(Fiscal year)

Operating results	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Order intake (¥ million)	452,757	435,435	398,943	400,461	455,051	454,121	429,421	677,949	737,530	715,134	765,910
Net sales (¥ million)	359,332	387,043	399,331	376,437	378,140	402,450	408,592	441,797	492,692	555,844	610,523
Overseas sales ratio (%)	34.0	33.3	32.8	27.2	25.5	27.5	30.6	34.4	38.4	44.5	48.7
Operating income (¥ million)	12,818	15,112	14,947	5,907	7,358	13,891	15,396	15,541	20,056	24,323	26,946
Operating income margin (%)	3.6	3.9	3.7	1.6	1.9	3.5	3.8	3.5	4.1	4.4	4.4
Ordinary income (¥ million)	7,568	12,272	11,225	3,365	6,720	9,429	11,792	11,783	17,834	25,646	24,329
Net income attributable to shareholders of the parent company (¥ million)	5,100	5,848	5,864	2,171	5,445	2,197	4,258	7,899	15,577	18,999	22,103
Research and development expenses (¥ million)	6,181	6,526	7,089	7,411	7,162	6,897	6,664	6,136	8,581	11,246	12,028
Capital expenditures (¥ million)	11,882	8,194	8,174	9,973	6,896	10,302	10,831	8,057	7,945	9,596	27,493
Depreciation expenses (¥ million)	8,196	8,428	8,536	9,115	8,940	10,090	10,241	10,663	10,515	11,134	11,913
Cash flows											
Cash flows from operating activities (¥ million)	9,085	8,147	17,304	(3,373)	(5,428)	32,808	22,680	26,858	28,008	478	24,769
Cash flows from investing activities (¥ million)	(14,680)	(3,666)	(6,998)	(10,725)	(7,574)	6,179	(13,847)	943	(2,462)	(21,491)	(56,573)
Cash flows from financing activities (¥ million)	12,178	(15,948)	(8,417)	(4,018)	14,982	(31,364)	(5,271)	(8,759)	(7,841)	(2,606)	30,150
Cash and cash equivalents at end of period (¥ million)	60,769	49,671	50,848	32,743	34,394	41,595	45,812	65,956	84,874	69,774	68,707
Financial position (year-end)											
Total assets (¥ million)	408,803	401,648	393,587	391,860	429,040	409,531	429,336	461,161	479,682	533,593	609,666
Shareholders' equity (¥ million)	108,766	114,158	115,692	116,894	119,479	118,003	126,330	131,299	139,619	162,658	189,364
Interest-bearing debt (¥ million)	119,054	105,133	109,167	107,249	126,343	99,588	98,149	91,880	86,467	91,441	135,763
Financial indicators											
Return on equity (%)	4.9	5.2	5.1	1.9	4.6	1.9	3.5	6.1	11.5	12.6	12.6
Return on assets (based on ordinary income) (%)	1.9	3.0	2.8	0.9	1.6	2.2	2.8	2.6	3.8	5.1	4.3
Shareholders' equity ratio (%)	26.6	28.4	29.4	29.8	27.8	28.8	29.4	28.5	29.1	30.5	31.1
Per share data											
Net income (¥)	30.52	34.96	34.79	12.88	32.31	13.04	25.26	46.87	92.43	112.74	131.33
Net assets (¥)	651.24	677.24	685.83	693.53	708.89	700.15	749.58	779.08	828.47	965.21	1,125.91
Dividend (¥)	10	12	12	12	12	12	12	12	18	23	25
Dividend payout ratio (%)	32.8	34.3	34.5	93.2	37.1	92.0	47.5	25.6	19.5	20.4	19.0

 Please refer to this web page for segment-specific data.
<https://www.kanadevia.com/english/ir/finance/segment.html>

Investor Information/Corporate Information (as of March 31, 2025)

In accordance with the Kanadevia Value (corporate philosophy, management stance, and standards of business behavior), the Kanadevia Group strives to disclose information in a timely and appropriate manner based on laws and regulations. We also strive to enhance corporate value by actively engaging in dialogue with shareholders and investors, to ensure they sufficiently understand our management policies and plans, and by reflecting opinions and suggestions obtained through such dialogue in our management.

General Meeting of Shareholders

In order to enable more shareholders to participate, we are seeking to improve the environment by setting dates for General Meetings of Shareholders that avoid concentrated days, sending and disclosing convocation notices as early as possible, adopting an online system for exercising voting rights, and issuing English translations of convocation notices for overseas investors.

Dialogue with institutional and individual investors

Our Group strives to disclose information on management policies, business conditions, and other matters in a timely and appropriate manner. We are working to enhance our long-term corporate value by actively engaging in dialogue with investors, including through briefings for analysts and institutional investors at the time of the announcement of quarterly and annual financial results and the release of management plans, and the disclosure of information using various means such as our corporate website and integrated reports.

Fiscal 2024 dialogue examples

Content	Target	Results
Tours of delivered plant (Suginami Incineration Plant)	Individual shareholders	1 time
Factory tours (Sakai Works)	Securities analysts, Institutional investors	1 time
IR meetings (Japan/Overseas)	Securities analysts, Institutional investors	222 times
SR meetings	Institutional investors' voting rights managers, ESG managers	9 times
Small meetings	Securities analysts, Institutional investors	1 time
• Kanadevia Inova on-site presentation		1 time
• President's small meeting		1 time
• IR Day		2 times
• Tours of delivered plant		
IR Briefings	Individual investors	2 times

| Co-Creating Value with Stakeholders P.17

Frequently asked questions from investors (FAQ)

Q1 What is EPC?

EPC refers to Engineering, Procurement, and Construction in plant construction, which is the Kanadevia Group's main business.

Q2 What is O&M/Service?

O&M/Service refers to operation, maintenance, parts supply, etc. after plant completion, leading to stable earnings. For a long time, the proportion of O&M/Service has been high in the Environment Business in Japan, but we strive to increase the proportion of O&M/Service in other businesses and overseas markets as well.

Target FY2025: 50% of Group sales
FY2030: Majority in Group sales

Q3 What is Waste to X?

Until now, we have mainly focused on waste to energy power generation, but now we are working on Waste to X, which transforms waste into some kind of resource or energy. X includes energy, metal, chemicals, fuel, hydrogen, carbon storage, phosphorus recovery, etc.

| Environment Business P.34

Q4 Why does revenue tend to be concentrated in the second half of each year? Will the tendency for losses in the first half improve in the future?

Our Environment Business and infrastructure business in Japan have many public projects, of which profits tend to be concentrated at the end of the fiscal year, resulting in a loss or near-loss in the first half. In recent years, we have been working on making EPC projects in Japan profitable, and as the overseas sales ratio has increased, the leveling of operating profit throughout the year has gradually progressed.

Q5 What are Kanadevia's ESG initiatives?

The Kanadevia Group has identified the Sustainable Vision of "realize zero environmental impact" and "maximize people's well-being," and the Seven Pillars of Success (Materiality) to realize it, and is advancing initiatives.

| Sustainable Vision P.18, Materiality/Indicators and Targets P.19-20, Promoting Sustainability P.48
| Environment (E) P.53-58, Social (S) P.28-31, P.49-52, Governance (G) P.64-70

 **Sustainability**
<https://www.kanadevia.com/english/sustainability/>

Q6 Why is the overseas business growing significantly?

Although waste-to-energy plants have become increasingly large-scale in Europe, a primary market for such plants, because not many companies can handle such projects, the industry has consolidated. Furthermore, driven by rising global environmental awareness, waste-to-energy plants have begun to spread even in regions like the Middle East. Coupled with the shift from traditional construction-focused business models to an increase in long-term contracts for operation and maintenance, our Group's overseas business continues to grow significantly.

Q7 What is the shareholder return policy?

During the period of this medium-term management plan Forward 25 (FY2023-2025), from the perspective of long-term shareholder value enhancement, we plan to allocate cash primarily to growth investments that will lead to future corporate value enhancement. In addition, our basic policy is to also implement continuous and stable dividends to our shareholders. Dividend per share FY2024: 25 yen, FY2025 (forecast): 25 yen

| Financial Strategy P.27

Investor Information / Corporate Information (as of March 31, 2025)

Corporate data

Date of founding	April 1, 1881
Date of establishment	May 29, 1934
Representative	Michi Kuwahara*, President and Chief Executive Officer
Capital	45,442,365,005 yen
Number of employees	12,964 (consolidated) / 3,964 (non-consolidated)
Business	Design, construction and manufacture of Waste to Energy plants, desalination plants, water and sewage treatment plants, marine engines, process equipment, precision machinery, bridges, hydraulic gates, and equipment for use in disaster prevention/mitigation
Number of Group companies	193 (158 consolidated subsidiaries and 35 affiliates)

* Effective April 1, 2025

Major shareholders (Top 10 shareholders)

Name of shareholder	Number of shares held (Thousands of shares)	Shareholdings 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.

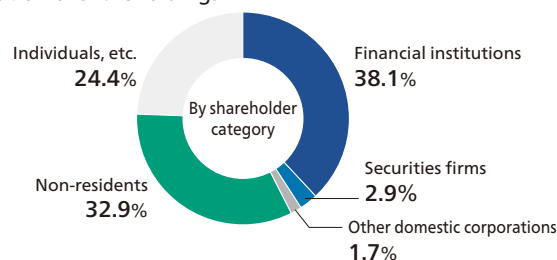
Shareholder information

Business year	April 1 to March 31
Annual General Meeting of Shareholders	Late June
Final date for voting right registration	March 31
Dividend record date (term-end)	March 31
Dividend record date (interim)	September 30
Public notices	Via Company's website https://www.kanadevia.com/ir/publication.html (Available in Japanese only)
Share trading unit	100 shares
Shareholder registry administrator and special account custodian	Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Stock listing	Tokyo Stock Exchange

Stock data

Number of shares authorized	400,000,000
Number of shares issued	170,214,843 (including 1,696,833 treasury shares)
Number of shareholders	71,583

Distribution of shareholdings



Sustainability evaluation



Initiatives for sustainability



* FTSE Russell (a registered trademark of FTSE International Limited and Frank Russell Company) hereby certifies that, based on the results of a third-party review, and having met the requirements for inclusion in the FTSE Blossom Japan Sector Relative Index, the Company has been selected as a constituent of these indices. These indices were created by FTSE Russell, a global index provider, and are designed to measure the performance of Japanese companies demonstrating strong environmental, social, and governance (ESG) practices. They are widely used in the creation and evaluation of sustainable investment funds and other financial products.

* THE INCLUSION OF KANADEVIA CORPORATION IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF KANADEVIA CORPORATION BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

Note regarding the publication of Integrated Report 2025

The Kanadevia Group places great importance on dialogue with our shareholders, investors, and other stakeholders. To help them better understand the Group's value creation initiatives towards realizing our long-term vision, we have been publishing an Integrated Report since fiscal 2018.

Our Group formulates its vision and strategy from a medium- to long-term perspective. In the Integrated Report 2025, we will outline our future-oriented value creation story by explaining the progress of initiatives to achieve our 2050 goal, Sustainable Vision; our management strategy, 2030 Vision; and our medium-term management plan, Forward 25.

This report was produced in cooperation with relevant departments, with the Management Planning Department of the Corporate Planning Headquarters serving as the main editor. As the person responsible for the production of this Report, I hereby certify that its contents are accurate.

We will continue to engage in active dialogue with stakeholders to enhance corporate value, and sincerely listen to your candid opinions. We sincerely appreciate your continued support for the Kanadevia Group.



Hiroshi Miyazaki
Director
General Manager of Corporate Planning Headquarters

Editorial policy

To help our shareholders, investors, and other stakeholders better understand the Kanadevia Group's value creation initiatives towards realizing our long-term vision, we have been publishing an Integrated Report since fiscal 2018. In editing, we refer to the framework presented by the International Financial Reporting Standards (IFRS) Foundation and the Guidance for Collaborative Value Creation 2.0 by the Ministry of Economy, Trade and Industry. For detailed figures and information on financial information, environmental conservation and protection initiatives, and other general corporate activities, please refer to our corporate website.