

FY2025 Financial Results

12 May 2026

Kanadevia Corporation

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Key Messages for Today

Addressing FY2025 technology and quality challenges and entering the next phase of growth in FY2026



Net sales and order intake reached record highs in FY2025,
supported by strong demand in overseas markets

Operating income is expected to recover in FY2026,
driven by the absence of one-off expenses related to technology issues
recognized in FY2025

**Strengthening global governance and strategically capturing
growth opportunities** to drive sustainable value creation

1. FY2025 Results Summary

FY2025 Performance Highlights

Order Intake and Net Sales reached record highs, while profits declined due to one-off costs related to overseas technology issues

Order Intake

897.7 JPY
billions

YoY +17.2%↑

Achieved a record high, primarily driven by large-scale WtE (Waste-to-Energy) plant orders secured by Kanadevia Inova

Net Sales

645.2 JPY
billions

YoY +5.7%↑

Net Sales increased **for the eighth consecutive year, reaching a record high**, led by growth in the Environmental Business

Operating Income

12.1 JPY
billions

YoY -54.8%↓

Declined due to:

- Costs related to technology issues in overseas projects
- A decrease in high-margin projects

Measures to address technology and quality issues are underway

Profit attributable to Shareholders of Kanadevia

11.1 JPY
billions

YoY -49.6%↓

Decreased due to extraordinary losses, including inappropriate quality-related losses and impairment losses
Structural reforms are being implemented

FY2025 Consolidated Financial Results Summary (YoY)

Net sales increased year on year, while profit declined due to the recording of costs related to technology issues, a decrease in high-margin projects, and increased investment in human capital

(JPY billions)	FY24 Results	FY25 Results	YoY
Order Intake	765.9	897.7	131.8
Net Sales	610.5	645.2	34.7
Gross profit	114.1	109.1	-5.0
Selling, General and Administrative Expenses	87.2	96.9	9.7
Operating Income	26.9	12.1	-14.8
% to Net Sales	4.4%	1.9%	-2.5pt
Non-Operating Income	-2.6	1.5	+4.1
Ordinary Income	24.3	13.6	-10.7
Extraordinary Income and Loss	-0.7	-2.6	-1.9
Profit attributable to Shareholders of Kanadevia	22.1	11.1	-11.0

Order Intake/Net Sales

Increased due to the progress of overseas projects

Operating Income

Decreased due to:

- Costs related to technology issues
- Decrease in high-margin projects
- Increased expenses for investment in human capital

Profit attributable to Shareholders of Kanadevia

Decreased due to:

- Decline in operating income
- Recognition of extraordinary losses, including quality-related losses and impairment losses associated with business restructuring

FY2025 Consolidated Financial Results Summary (vs. Forecast)

Operating income fell short of the previous forecast due to the recognition of provisions for future risks related to technology issues, while profit attributable to Shareholders exceeded the forecast due to a review of tax expenses

(JPY billions)	FY2025			vs. Initial Forecast	vs. Previous Forecast
	Initial Forecast	Previous Forecast	Results		
Order Intake	700.0	720.0	897.7	+197.7	+177.7
Net Sales	620.0	620.0	645.2	+25.2	+25.2
Operating Income	27.0	13.5	12.1	-14.9	-1.4
% to Net Sales	4.4%	2.2%	1.9%	-2.5pt	-0.3pt
Non-Operating Income	-4.0	-0.5	1.5	+5.5	+2.0
Ordinary Income	23.0	13.0	13.6	-9.4	+0.6
Extraordinary Income and Loss	-	-3.2	-2.6	-	+0.6
Profit attributable to Shareholders of Kanadevia	16.0	5.0	11.1	-4.9	+6.1

Order Intake

Exceeded both initial and previous forecasts significantly due to large project orders at Inova

Operating Income

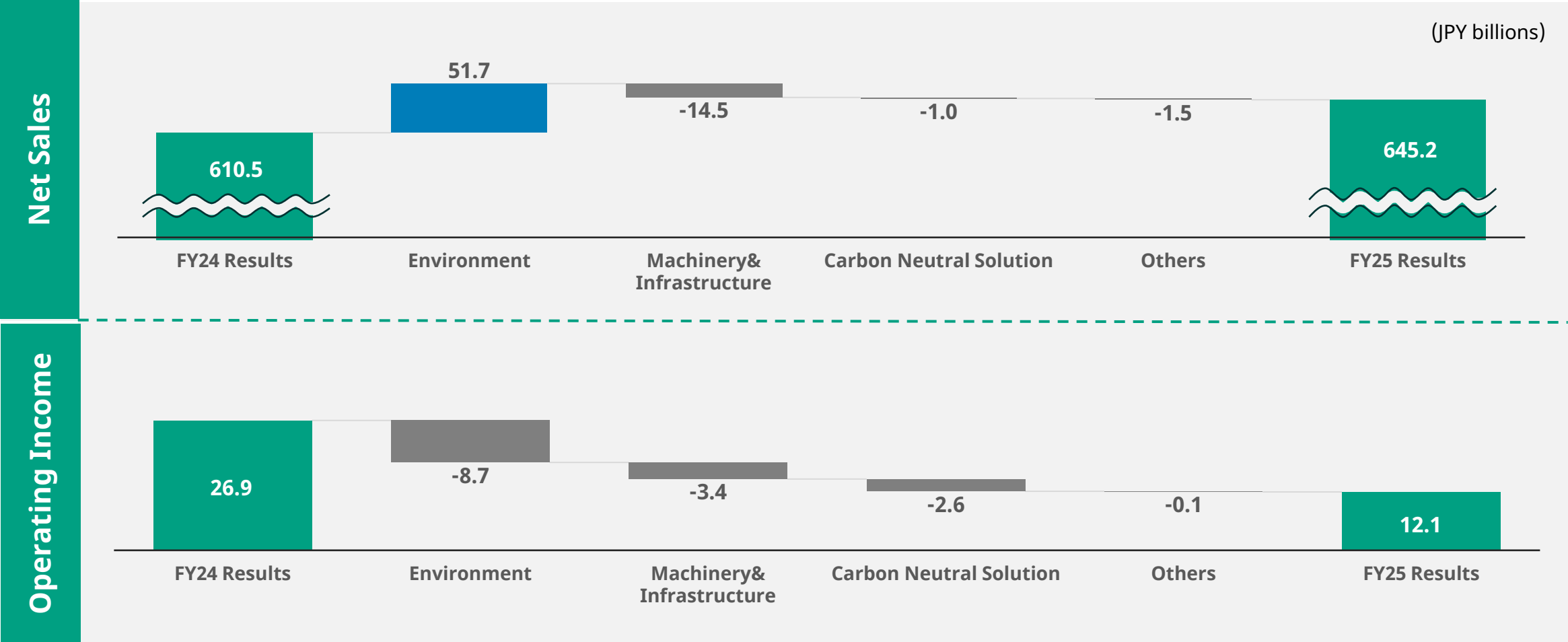
Fell short of the previous forecast due to the conservative recognition of provisions for future risks related to technology issues

Profit attributable to Shareholders of Kanadevia

Exceeded the previous forecast due to a review of tax expenses

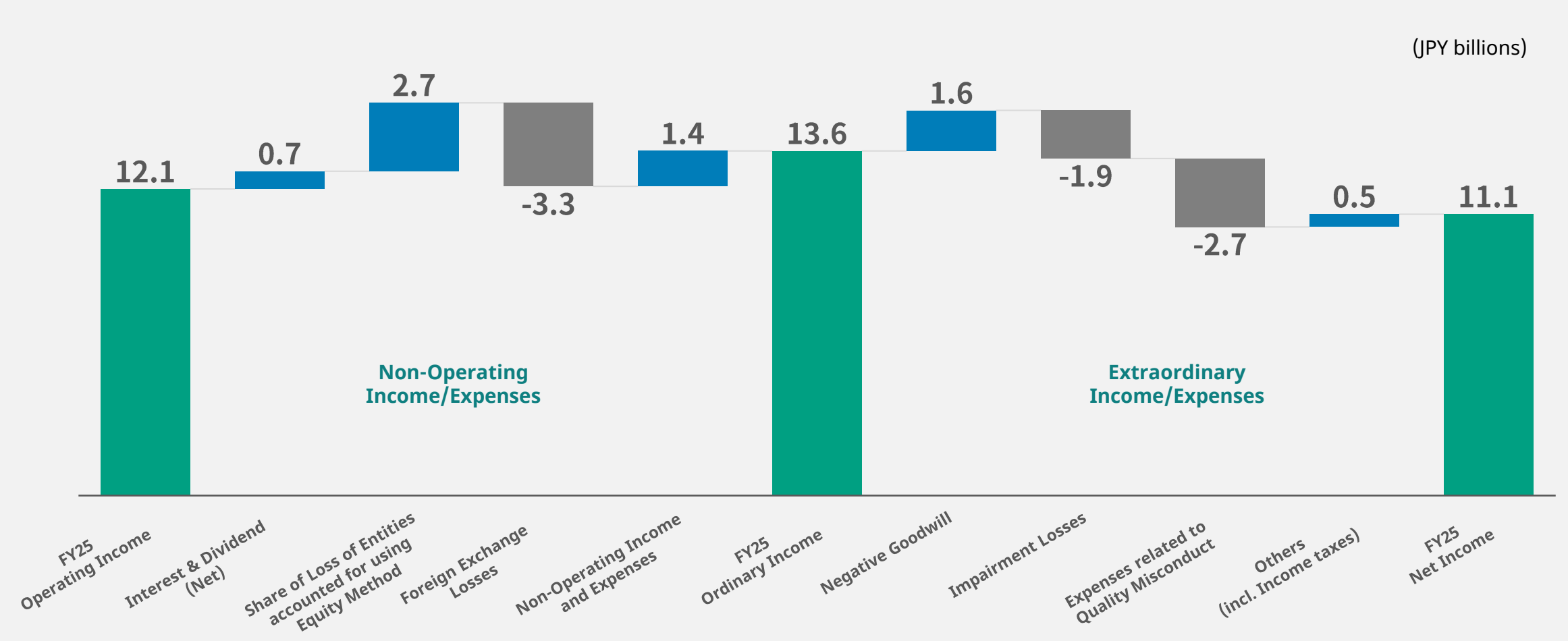
FY2025 Net Sales and Operating Income Changes by Segment (YoY)

Net sales increased to JPY 645.2 billion, while operating income declined due to costs related to technology issues in the Environmental Business



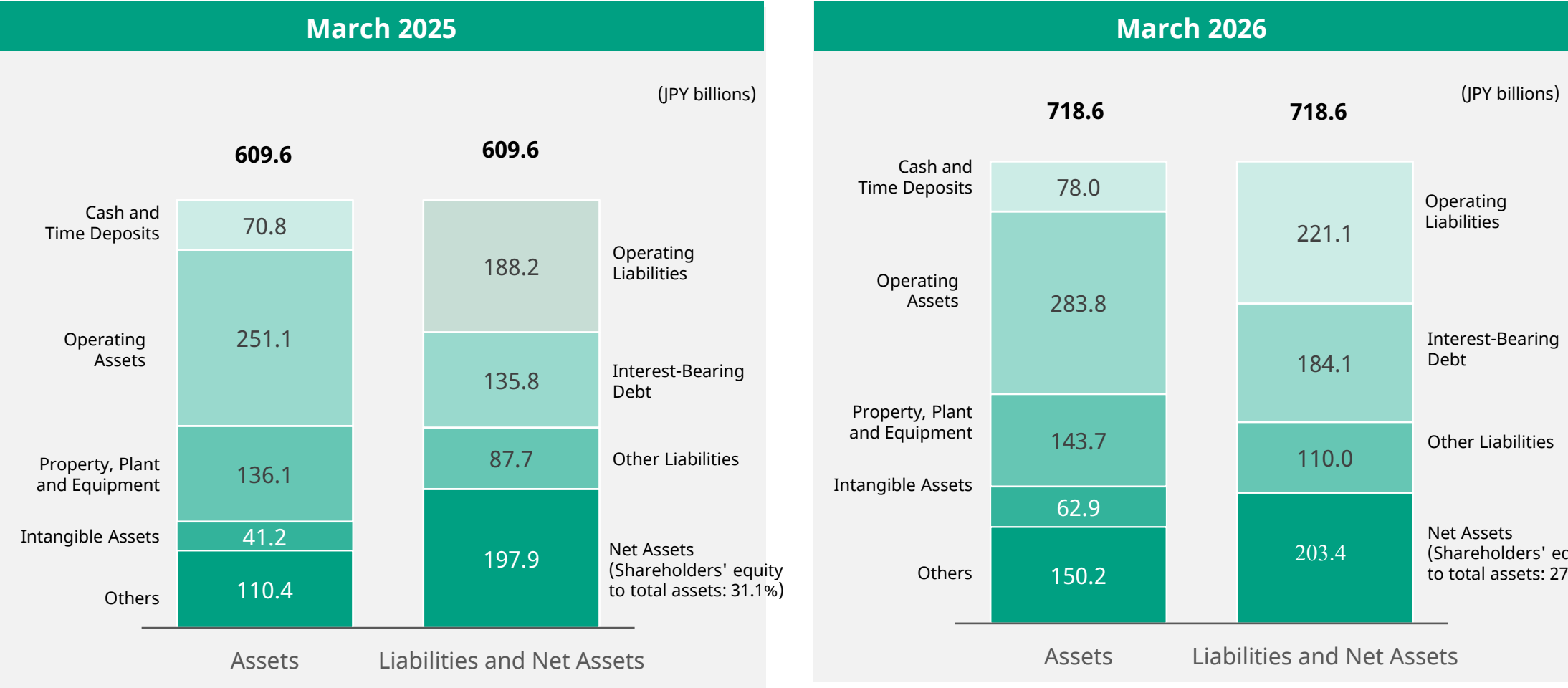
Bridge from Operating Income to Net Income

Recorded gain on negative goodwill from M&A, as well as costs related to structural reforms and quality issues



Financial Position

Total assets increased with business expansion, while interest-bearing debt rose to fund growth investments

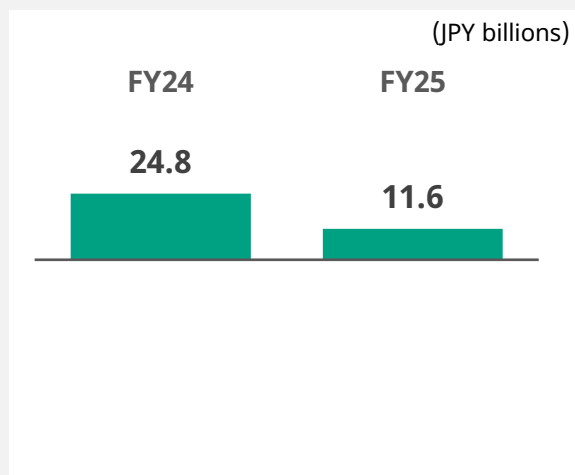


Cash Flow

Stable liquidity maintained through flexible financing to meet funding needs for working capital expansion and growth investments

Cash Flows from Operating Activities

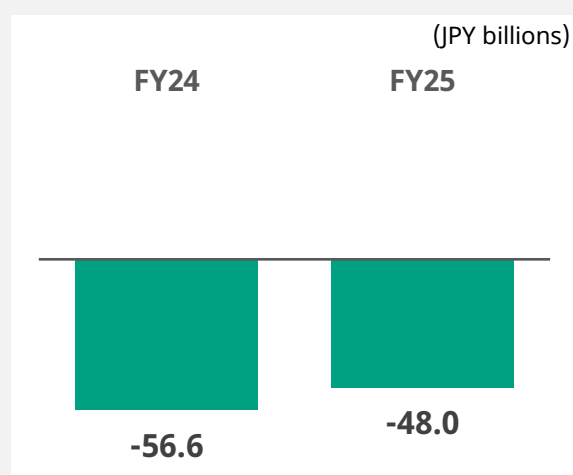
Decreased due to lower profit and an increase in working capital associated with revenue growth



- Decrease in profit before tax: JPY -12.6 billion
- Increase in working capital

Cash Flows from Investing Activities

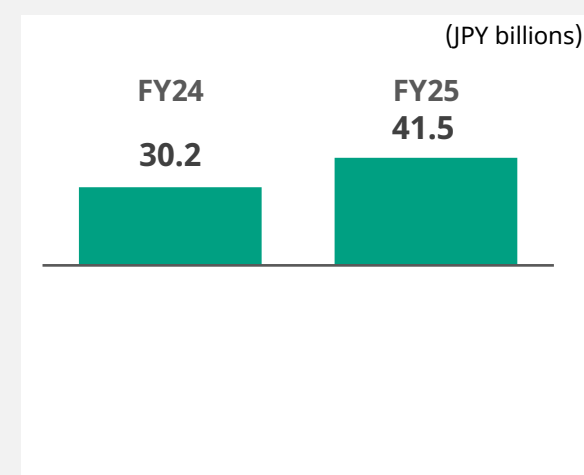
Continued investment for future growth



- Acquisition of property, plant and equipment: JPY 21.7 billion
- Acquisition of shares of subsidiaries: JPY 19.0 billion

Cash Flows from Financing Activities

Funds secured to support growth investments



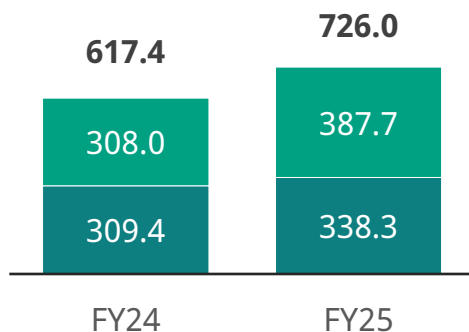
- Flexible borrowings to meet funding needs for growth investments and working capital

FY2025 Results – Environment Business

■ O&M
■ EPC

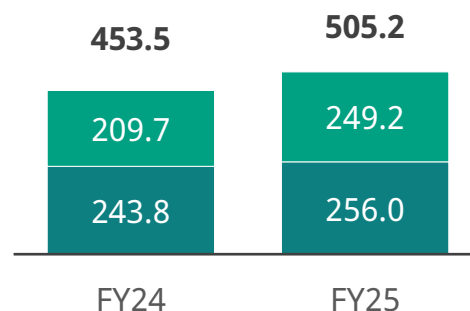
Orders received and revenue increased in both EPC and recurring business, while profit declined due to costs related to technology issues

Order Intake (JPY billions)



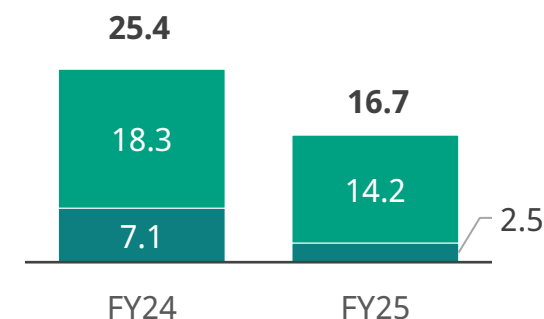
- EPC*: Decreased in domestic projects due to lost orders and timing differences, but exceeded the previous year due to large overseas projects (such as a CO₂ capture facility in the UK)
- O&M*: Domestic orders were weak, but overseas WtE and water businesses remained strong, exceeding the previous year

Net Sales (JPY billions)



- EPC: Increased due to strong performance in overseas WtE and water business
- O&M: Increased due to contributions from multiple M&A transactions by Inova

Operating Income (JPY billions)

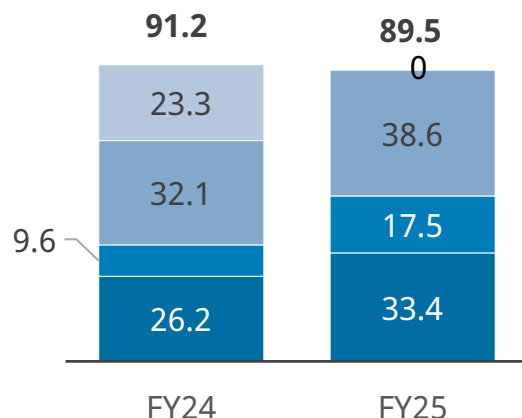


- Costs related to technology issues at Inova (including provisions for future risks)
- Increased personnel expenses for long-term operation business at domestic operating subsidiaries

FY2025 Results – Machinery & Infrastructure Business

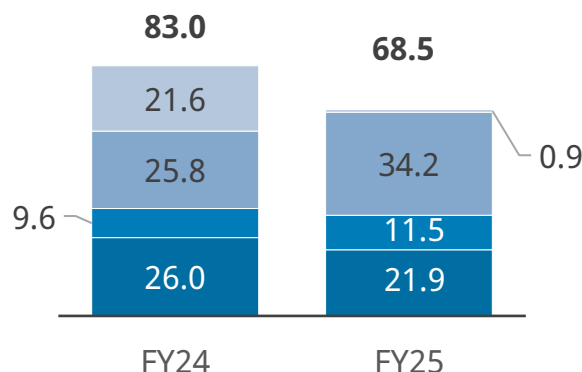
Order intake, net sales, and operating income decreased due to the transfer of the Press business and deterioration in the performance of the Bridge business

Order Intake (JPY billions)



- Press Machine: Orders decreased to zero due to the transfer of business subsidiary (May 2025)
- Precision Machinery: Large-scale project orders (Spring-8 II)
- Others: Received orders for boilers, etc.
- Infrastructure: Although bridge-related orders declined, orders increased due to strong performance in floodgates, including projects for Sakuma Dam

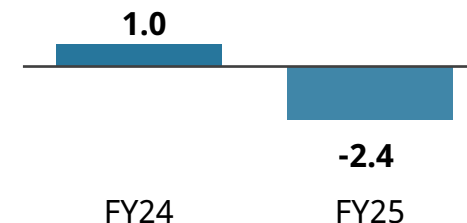
Net Sales (JPY billions)



- Increased net sales in Precision Machinery
- Overall net sales decreased due to the transfer of the Press business subsidiary and a decline in Infrastructure

Operating Income (JPY billions)

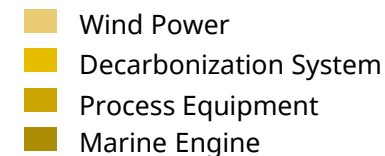
	FY24	FY25
Press Machine	1.4	0
Precision Machinery	-0.1	1.4
Others	0.2	0.5
Infrastructure	-0.5	-4.3



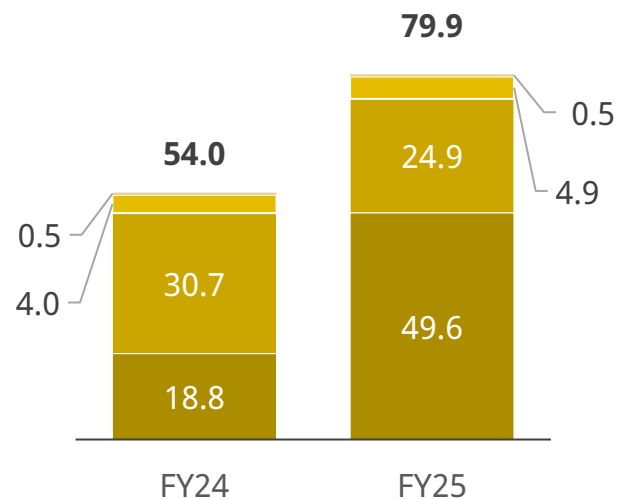
- Operating income recovered in Precision Machinery due to increased sales of high-margin projects
- However, overall operating income decreased due to:
 - Loss of profit from the transfer of the Press business
 - Deterioration in the performance of Infrastructure (Bridge business)

FY2025 Results – Carbon Neutral Solution Business

Operating income declined due to project delays at a subsidiary in the nuclear-related business and deterioration in profitability of the marine engine business

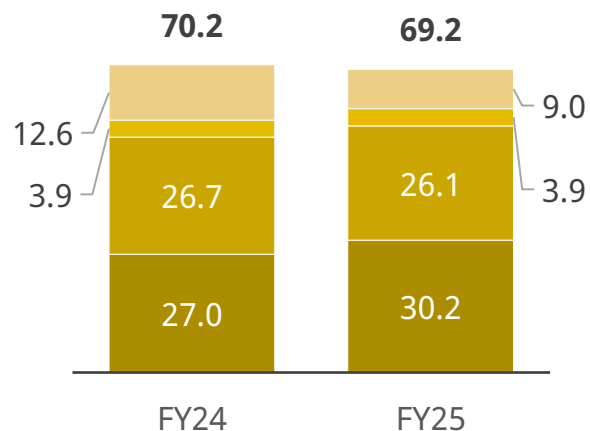


Order Intake (JPY billions)



- Marine Engine:
Increased due to timing differences from FY2024
- Process equipment:
Decreased due to project delays at NAC (a subsidiary in the nuclear-related equipment business) and other factors

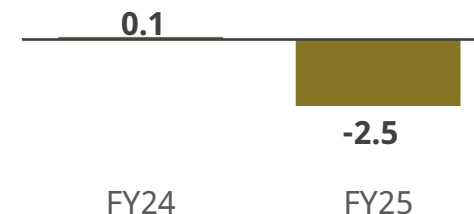
Net Sales (JPY billions)



- Marine engine business increased due to timing differences
- Process equipment business decreased due to project delays and slower progress at NAC
- As a result, overall net sales decreased

Operating Income (JPY billions)

	FY24	FY25
Wind Power	-0.5	-0.8
Decarbonization	-0.3	-0.4
Process Equipment	1.1	-0.4
Marine Engine	-0.2	-0.9



- Decreased due to:
 - Deterioration in profitability of the marine engine business
 - Project delays at NAC

Major Orders received in FY2025

Received projects globally that contribute to carbon neutrality and resource circulation

WtE

Malaysia

Addressing Environmental Issues caused by Landfill Waste Disposal while Supplying Energy

Details : Design, Procurement, and SV dispatch for WtE plant
Capacity : Processing capacity 1,056t/day, power generation 22MW
Construction Site : Malacca, Malaysia
Completion : May 2029 (planned)

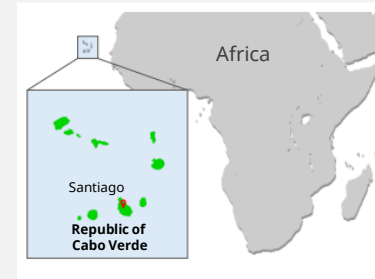


Seawater Desalination

Republic of Cabo Verde

Providing Access to Safe and Stable Water in an Island Nation with Scarce Water Resources

Details : Design and equipment supply for seawater desalination plant
Capacity : Total 15,000 m³/day
Construction site : Santiago Island, Republic of Cabo Verde
Completion : January 2029 (planned)



CO₂ Capture Facility at WtE

UK

The UK's First Project to Capture CO₂ from WtE Plant Flue Gas

Details : Design, Procurement, and Construction of CO₂ Capture Facility
Capacity : CO₂ capture of 370,000 t/year
Construction site : Cheshire, England, UK
Completion : 2029 (planned)



Dam Revitalization Project (Sluice Gate Renovation Work) Japan

Contributing to Further Expansion of Renewable Energy and Value Creation with Local Communities

Details : Procurement, fabrication, transportation, installation, testing, and inspection of surface water intake facility (bottom intake gate)
Construction site: Sakuma Power Station, Sakuma Dam (Hamamatsu City)
Completion: Unit 1: 2031 (planned), Unit2: 2035 (planned)

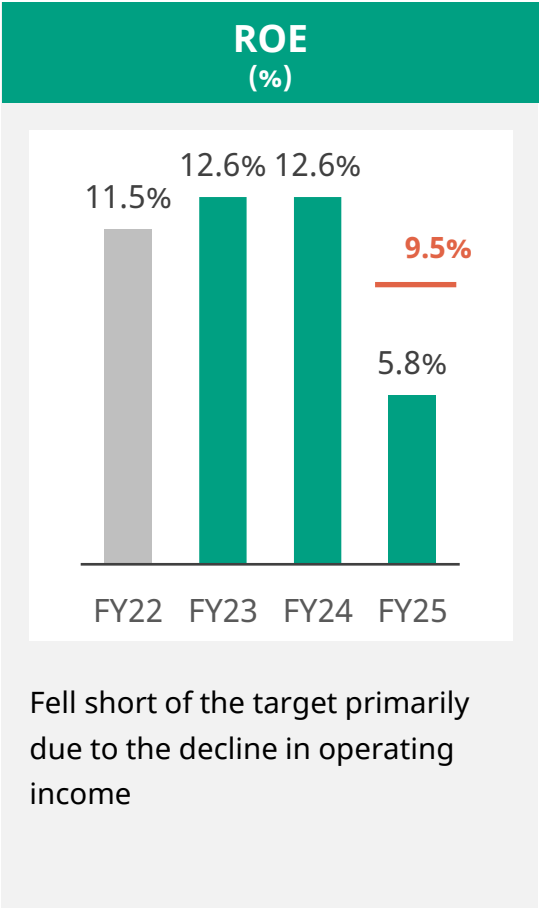
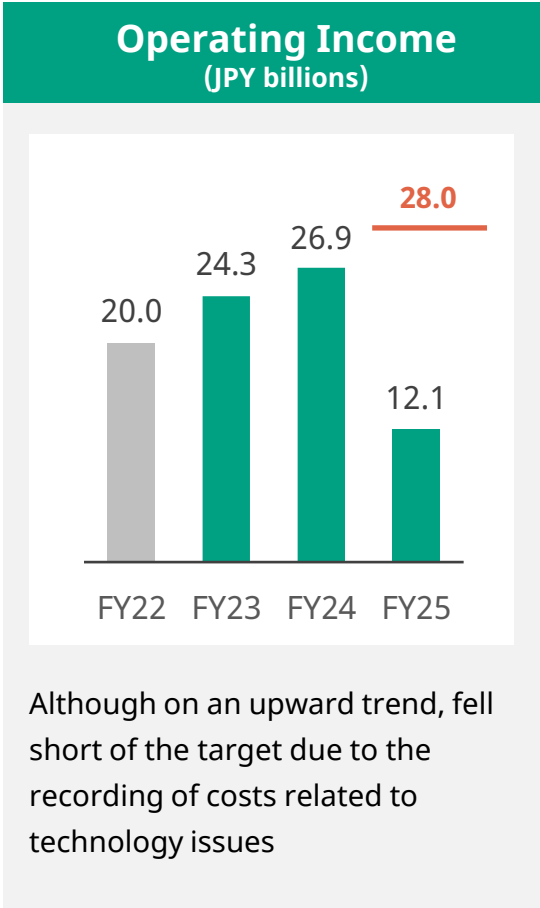
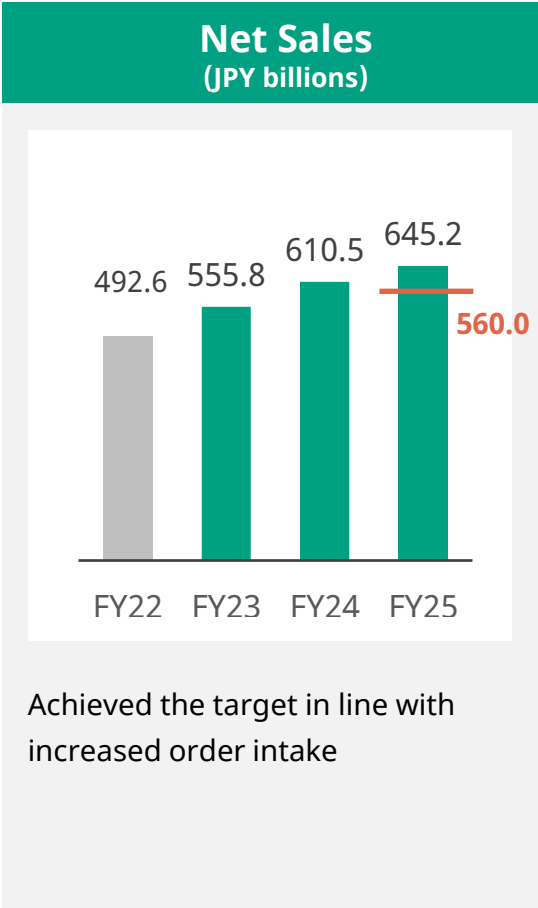
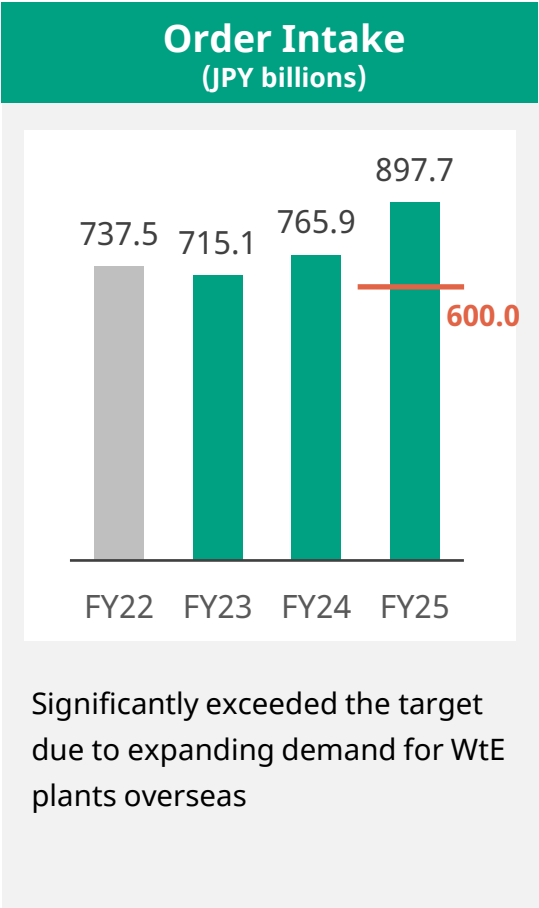


2. Review of the Medium-Term Management Plan "Forward 25"

Forward 25 | Financial Targets and Results

Order intake and net sales significantly exceeded targets and reached record highs. Operating income and ROE fell short due to temporary factors

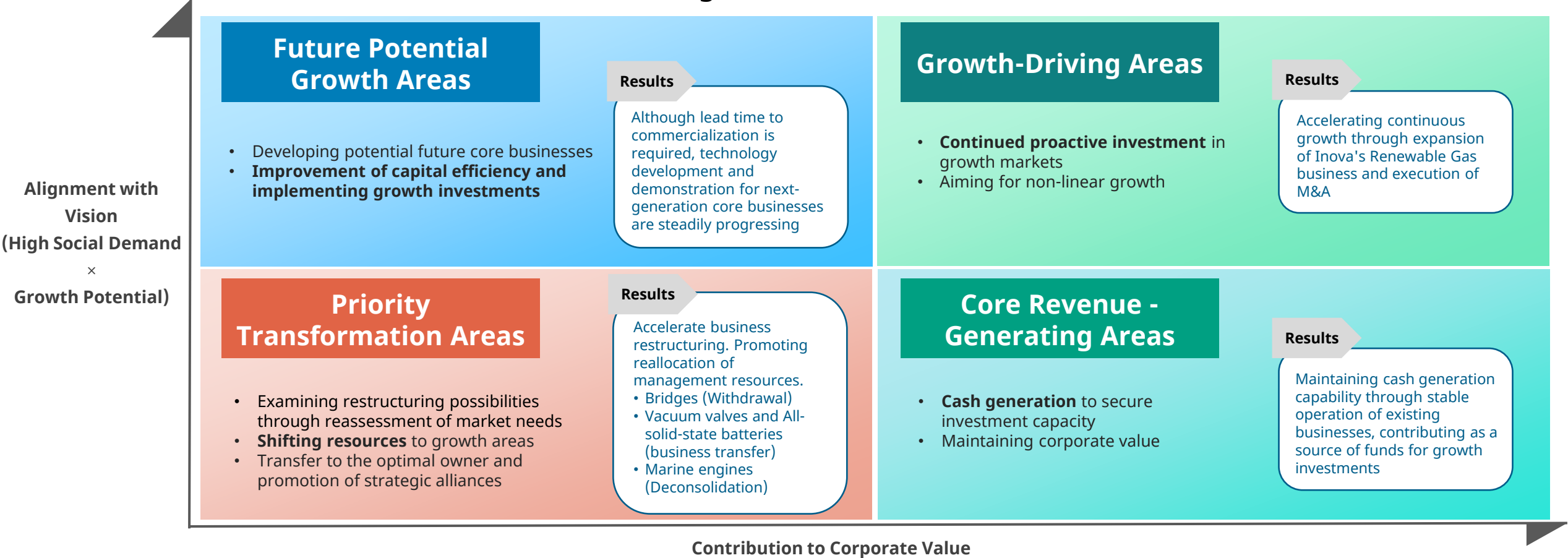
— FY2025 Target



Forward 25 | Business Portfolio Management

Through Business Portfolio Management, promoting resource shift to growth businesses and maximizing investment efficiency

Promotion of Business Portfolio Management

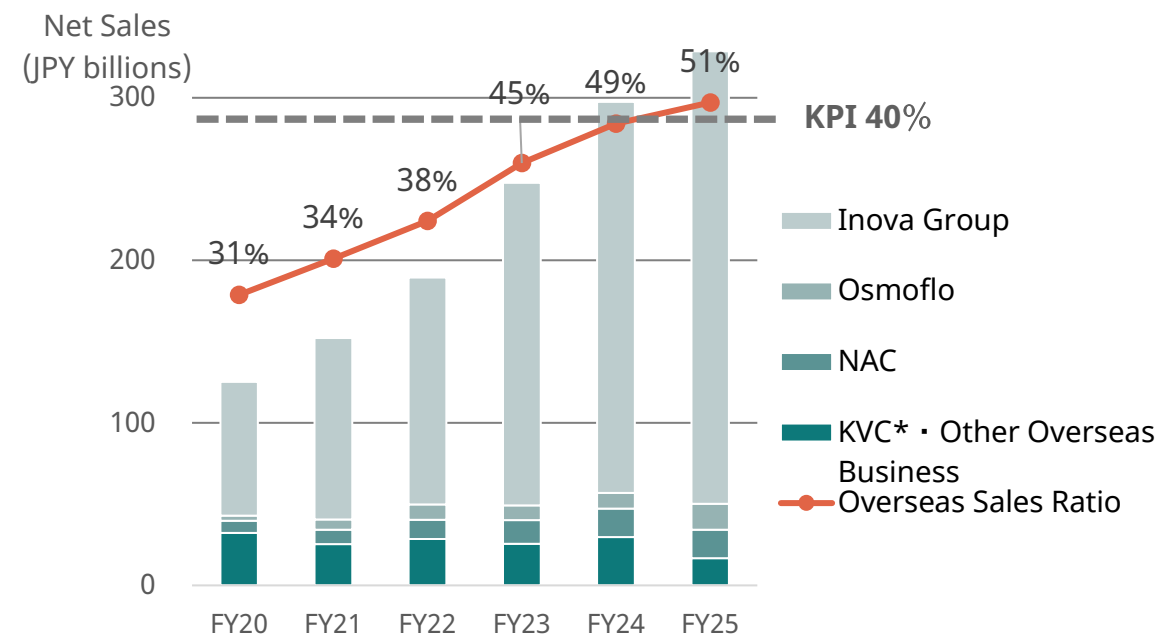


Forward 25 | Growth of Overseas Business and O&M Business

The overseas group sales ratio significantly exceeded the target, while the O&M business sales ratio fell short, although the O&M business sales amount increased steadily

Growth of Overseas Business

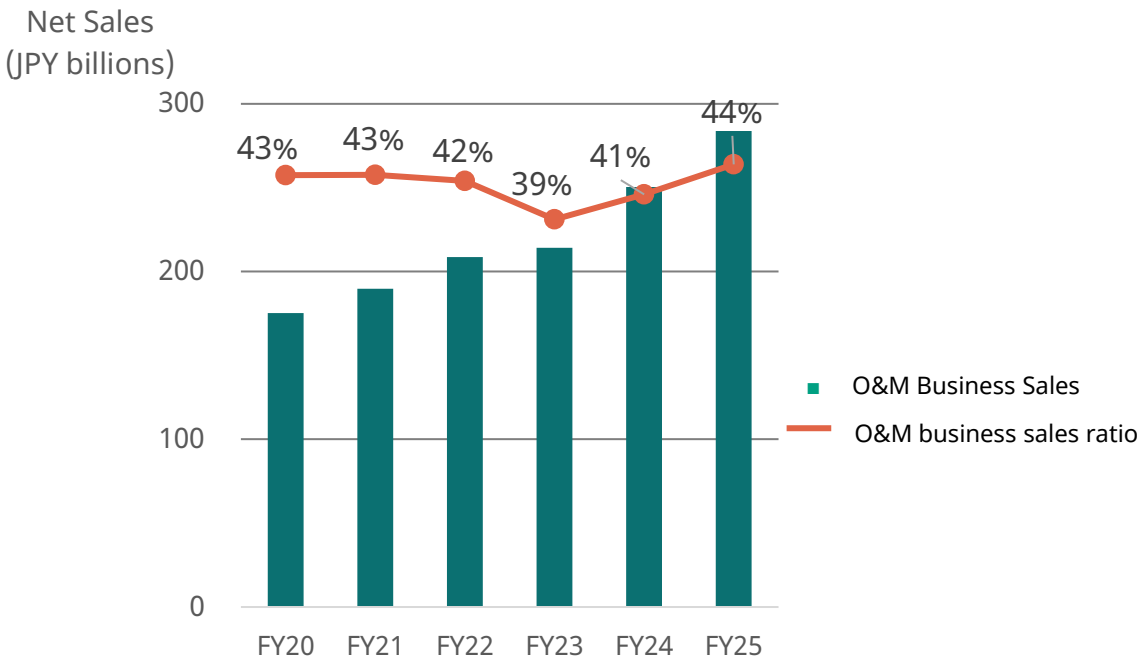
KPI (FY25) Overseas Group Sales Ratio 40%



KVC: Kanadevia Corporation

Expansion of O&M Business

KPI (FY25) O&M Business Sales Ratio 50%



Forward 25 | Expansion of Overseas Business Platform

Expanded global business platform through strategic M&A across WtE, biogas, nuclear, and sluice gates



Forward 25 | Progress on Non-Financial Targets

Progress in DX and Environment, with improvements underway in Human Capital and Risk Management

Category	Item	Forward 25 Target	FY23 Results	FY24 Results	FY25 Results	Status
Human Resources	Female New Graduate Hiring Rate(Administrative/Technical)	50% / 10%	28.6% / 13.2%	50.0% / 6.9%	60.0% / 17.5%	Achieved
	Employee Engagement Index*1	70%	42%	44%	48%	Improving
	Male Childcare Leave Acquisition Rate	100%	92.6%	94.8%	(Being compiled)	Improving
	Average Rate of Lifestyle Disease Findings	21%	27.2%	25.5%	25.5%	Improving
Environment	CO ₂ Emissions (Scope 1+2)	34% reduction (vs. FY2013)	42.6% reduction	37.3% reduction	(Being compiled)	Expected to Achieve
DX	Product IoT Rate*2	60%	40.4%	64.2%	69.8%	Achieved
	Number of DX Personnel Trained (cumulative)	500 people	158 people	352 people	544 people	Achieved
Risk Management	Number of Lost-time Accidents	0	12 cases	14 cases	10 cases	Priority Initiative
	Defect Cost Ratio to Sales	0.5% or less	1.3%	1.2%	1.3%	Priority Initiative

※1 Since fiscal year 2023, the survey content has been significantly revised, changing from a survey focused solely on job satisfaction to an engagement survey that emphasizes the connection between employees and the company. Due to this change, the gap between the previously set target (70%) and actual results has widened

※2 The percentage of our products equipped with IoT functionality that enables data utilization

Status of Consideration for Business Integration with Nippon Steel Engineering Co., Ltd.

Due Diligence underway since the announcement of business integration consideration on February 5, 2026

| Aims of the Business Integration Consideration

- While continuing to pursue standalone growth, considering the possibility of accelerating discontinuous growth through business integration as an important option for capturing greater growth opportunities and strengthening medium- to long-term competitiveness.

| Expected Synergies

- Building a stable and growth-oriented earnings base through domestic and international business expansion centered on WtE business.
- Enhancing technological competitiveness to handle design through implementation in decarbonization fields including Carbon Capture and Storage (CCS).
- Strengthening the business operation structure integrating organization, human resources, and operations to support global business expansion.

| Current Progress

- Due diligence underway aiming for final agreement in September 2026.
- Integration terms, including the post-integration governance and business operation framework as well as capital conditions such as the integration ratio, will be discussed based on the results of DD.



(Note) : The content described in this document is at the consideration stage toward business integration, and no decisions have been made at this point.

3. FY2026 Earnings Forecast

FY2026 Forecast

Impact of technology issues has already been provisioned in FY2025; significant recovery in Operating Income expected

(JPY billions)

	FY25 Results	FY26 Forecast	Difference
Order Intake	897.7	810.0	-87.7
Net Sales	645.2	640.0	-5.2
Operating Income	12.1	25.5	+13.4
% to Net Sales	1.9%	4.0%	+2.1pt
Ordinary Income	13.6	22.0	+8.4
Profit attributable to Shareholders of Kanadevia	11.1	21.0	+9.9

Order Intake

- Remains at a high level in Environmental Business
- Decrease in some businesses due to portfolio transformation, including deconsolidation of the marine engine subsidiary

Net Sales

- Environmental Business to increase
- Machinery & Infrastructure and Carbon Neutral Solution Business to decrease due to portfolio transformation

Operating Income

- Risk-related costs for technology issues already provisioned in FY2025
- Absence of one-off costs expected to drive significant recovery

Profit attributable to Shareholders

- Includes costs related to quality issues, as well as gains on sale of subsidiary shares and business transfers

Order Intake and Order Backlog

Order backlog exceeded JPY 2 trillion, reaching a record high, driven by large-scale projects at Inova and M&A



Secured a long-term earnings base supported by an order backlog equivalent to approximately four times annual revenue

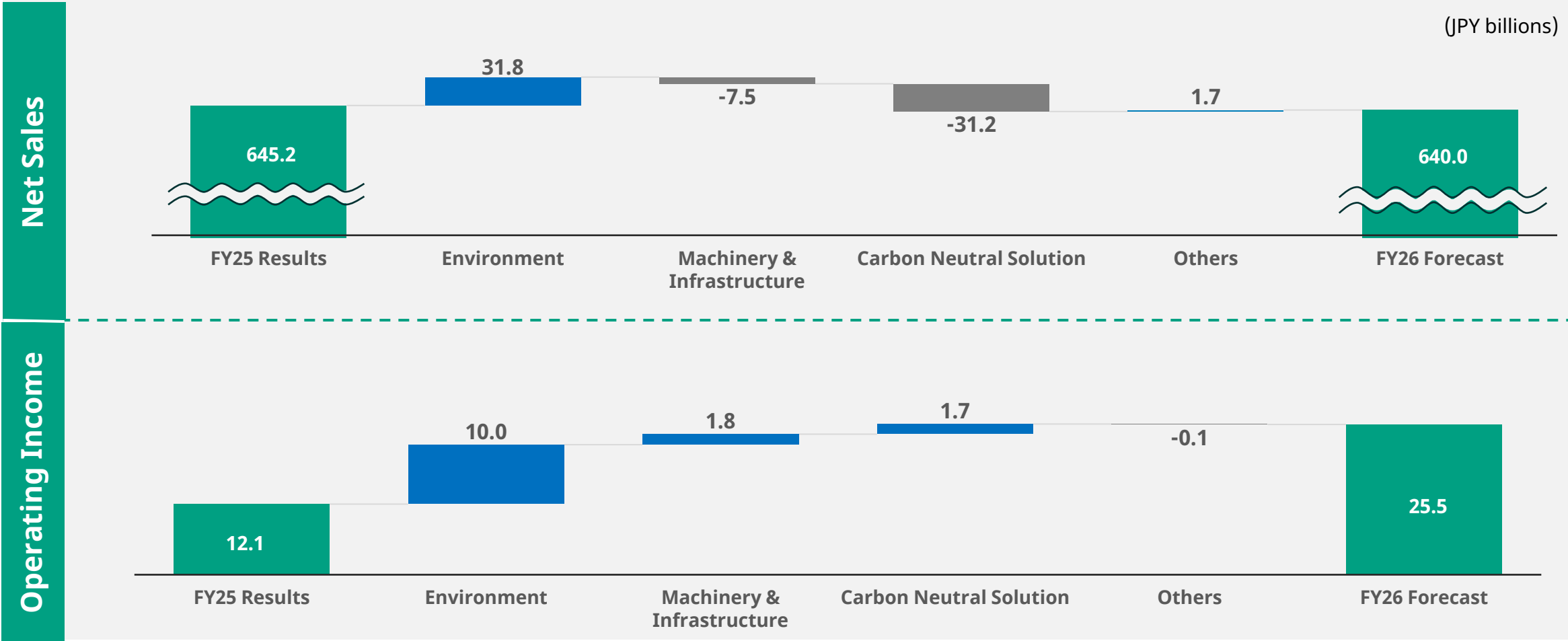


Rendering of the WtE plant for which Inova received an EPC contract in 2026

Construction site : Redcar, Northeast England, UK
Capacity : Up to 450,000t/year
Power Generation : Up to 49.9MW
Scheduled to Start Operation : 2030

FY2026 Forecast – Net Sales and Operating Income by Segment (YoY)

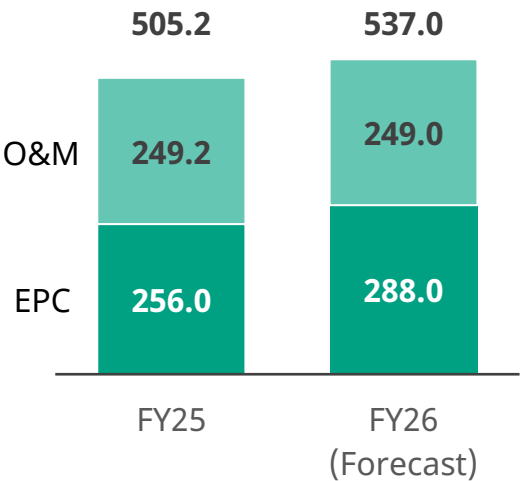
Net sales expected to remain broadly flat, while Operating Income to increase driven by significant improvement in the Environmental Business and gains across other segments



FY2026 Forecast | Environment Business

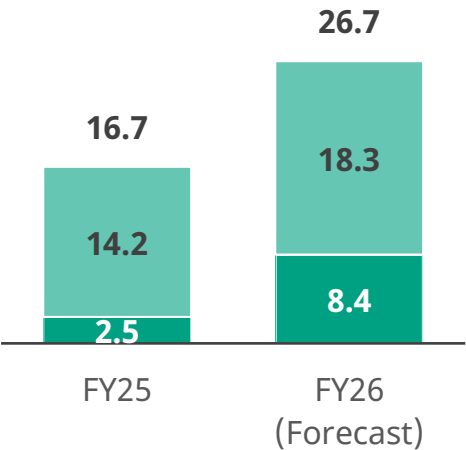
Revenue to increase steadily, with Operating Income improving due to the absence of one-off costs

Net Sales (JPY billions)



- Increase in sales due to progress on large-scale overseas EPC contracts

Operating Income (JPY billions)



- Operating margin : 3.3% → 5.0%
- Recovery expected as costs related to technology issues at Inova were already provisioned in FY2025

Key Topics

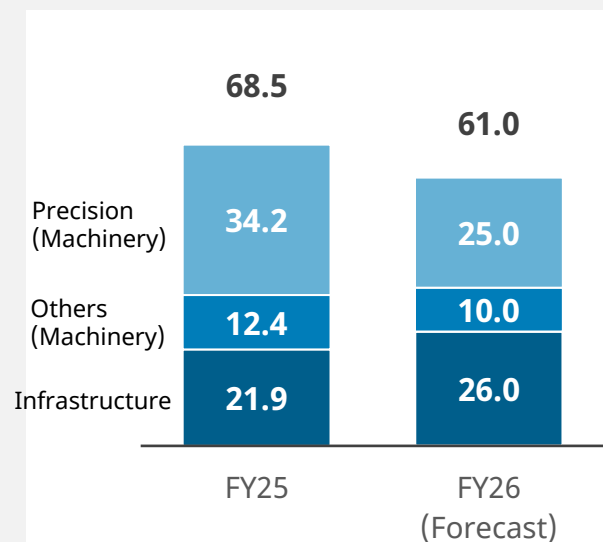
[Status of Middle East WtE Plant Construction]

- Main equipment has been delivered to the Abu Dhabi site. No impact from asset damage, but some impact from logistics disruptions
- Factoring in schedule delays due to prioritizing worker safety
- Force majeure notification has been issued regarding the risk of liquidated damages

FY2026 Forecast | Machinery & Infrastructure Business

Revenue expected to decline due to portfolio transformation, while profitability improves driven by recovery in the Infrastructure business

Net Sales (JPY billions)

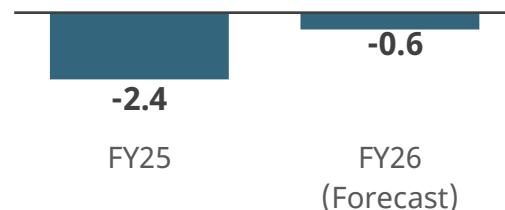


- Decrease due to divestiture of the vacuum valve business

Note) Net sales of "Press Machine" (0.9 billion yen in FY25) is included in "Others (Machinery)"

Operating Income (JPY billions)

	FY25	FY26 Forecast
Precision	1.4	0.5
Others	0.5	0.5
Infrastructure	-4.3	-1.6



- Despite lower sales, profitability expected to improve due to reduced losses in the bridge business recorded in the previous year

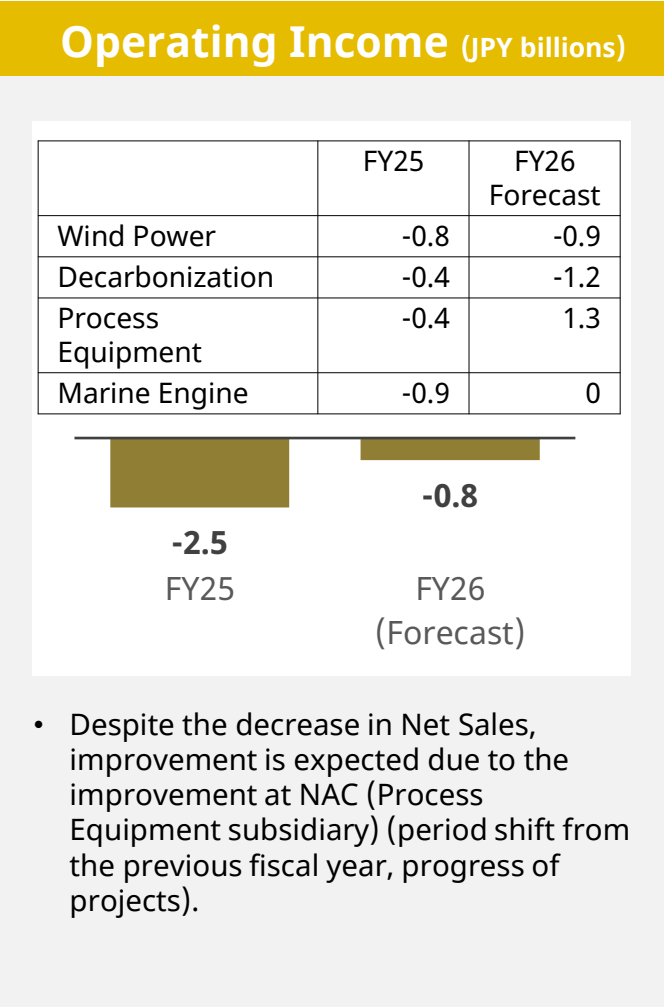
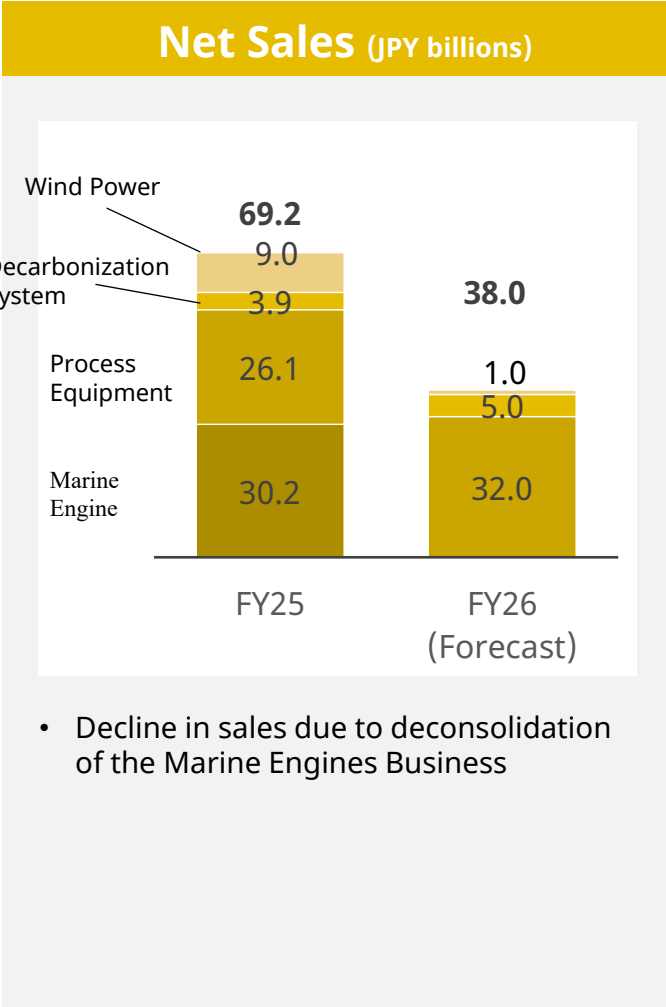
Key Topics

[Portfolio Transformation]

- Vacuum Valve : All shares of wholly-owned subsidiary V TEX are scheduled to be transferred as of June 1, 2026
- All-Solid-State Batteries : Business transfer scheduled as of July 1, 2026
- Bridges Business : New project orders have been suspended since February 2026. After completion of factory production for existing orders, operations at Mukaishima Works are scheduled to end during FY26

FY2026 Forecast | Carbon Neutral Solution Business

Net sales expected to decline due to portfolio transformation, while profitability improves driven by recovery in the Process business¹⁴



Key Topics

[Portfolio Transformation]

- Marine engines: As of March 31, 2026, part of the shares of consolidated subsidiary Hitachi Zosen Marine Engine were transferred, changing it to an equity-method affiliate (65% → 40%)

[Growth Areas]

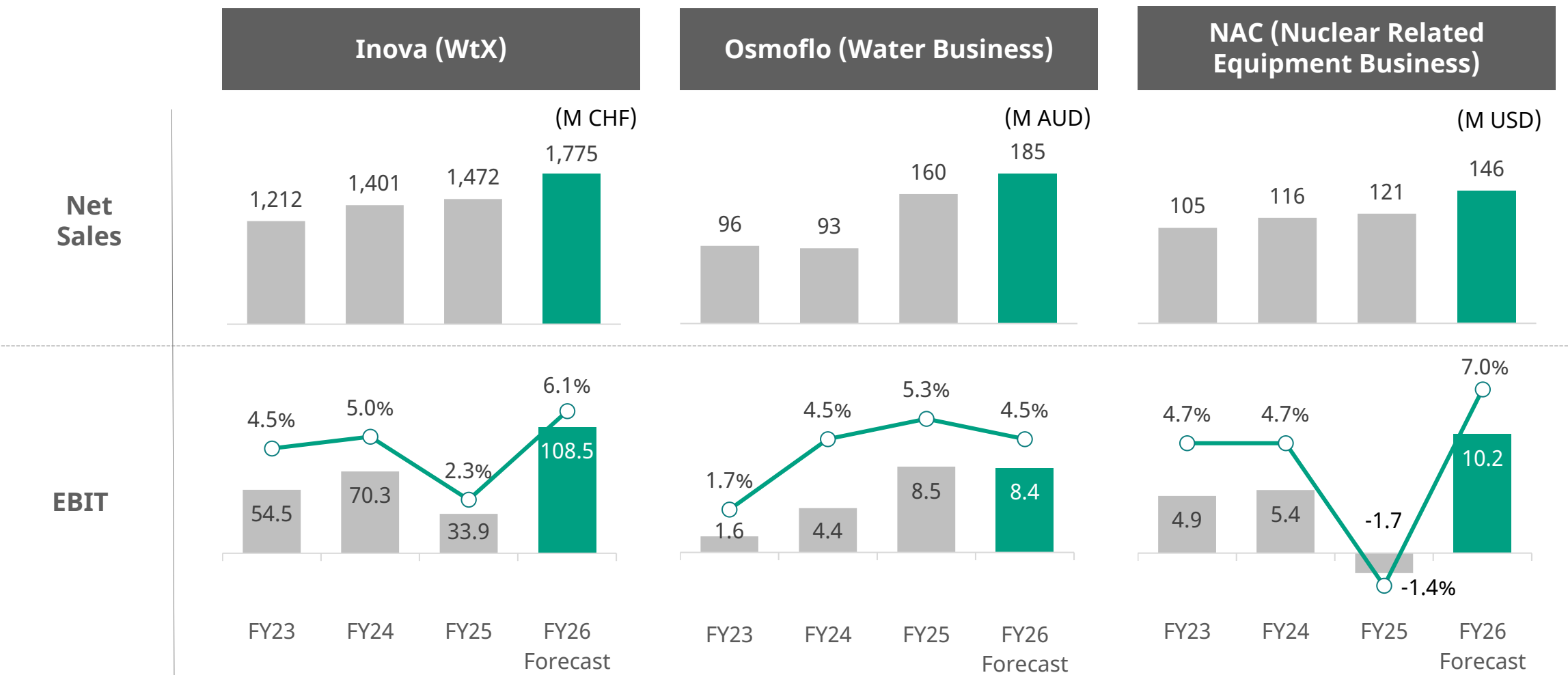
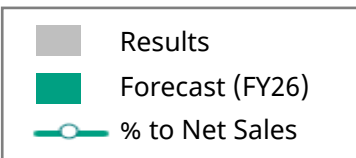
- Process equipment business remains firm
- High expectations for Marine SCR¹ and new catalysts for methane slip²

¹ Marine SCR (Selective Catalytic Reduction) : Exhaust gas treatment system that reduces nitrogen oxides (NOx) contained in ship engine emissions

² Methane slip catalyst : A new catalyst that oxidizes unburned methane emitted from gas engines, such as LNG-fueled vessels, into CO₂ and water through catalytic reactions

(Reference) Overseas Subsidiaries: Net Sales & EBIT Trends

Inova and NAC are expected to achieve record-high performance in FY2026, while Osmoflo continues to steadily expand revenue



4. Capital Policy and Shareholder Returns

Capital Allocation Policy for Achieving "2030 Vision"

Prioritizing growth investment for sustainable growth while balancing capital efficiency and financial soundness

2030 Vision Targets:
Net Sales: 1 trillion yen (in the 2030s), Operating margin: 10%, ROE: Over 10%

Growth Investment [Top Priority]

As the core of capital allocation, concentrating capital on future earnings growth and enhancement of the business portfolio

- Focused investment in businesses expected to create higher added value and overseas businesses
- Expansion of growth areas through M&A and strategic investments
- Driving medium- to long-term sales and profit growth

Profitability & Capital Efficiency [Investment Discipline]

Toward a profit structure that stably achieves ROE exceeding 10%

- Investment projects are selected with emphasis on ROIC and profitability
- Continuing review of non-core assets and businesses
- Pursuing improvement in capital efficiency while achieving growth

Financial Soundness [Prerequisites for Growth Investment]

Strengthen the financial base while balancing growth investment and financial discipline

- Maintain a sound financial base to support growth investments
- Financial management with emphasis on long-term creditworthiness and funding capacity
- Continuous management of the balance between investment and financial discipline

Shareholder Returns [Distribution of Results]

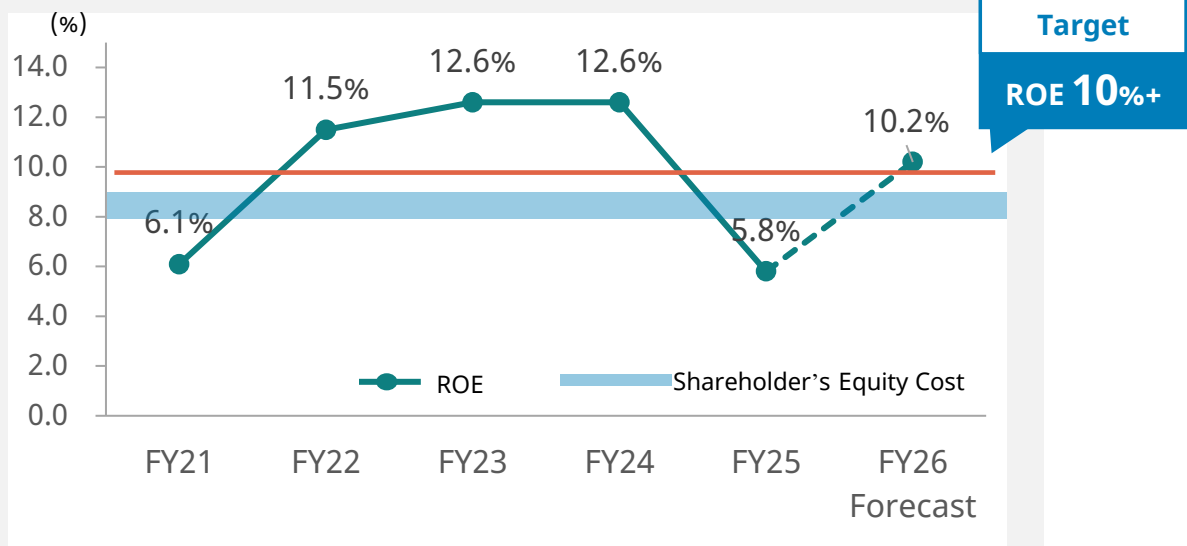
Sustainable shareholder returns based on growth outcomes

- Returning the outcomes of growth investment to shareholders through earnings growth and improved capital efficiency
- Disciplined shareholder returns based on progress in growth and capital efficiency improvement

Approach to Improving ROE and ROIC with Awareness of Cost of Capital

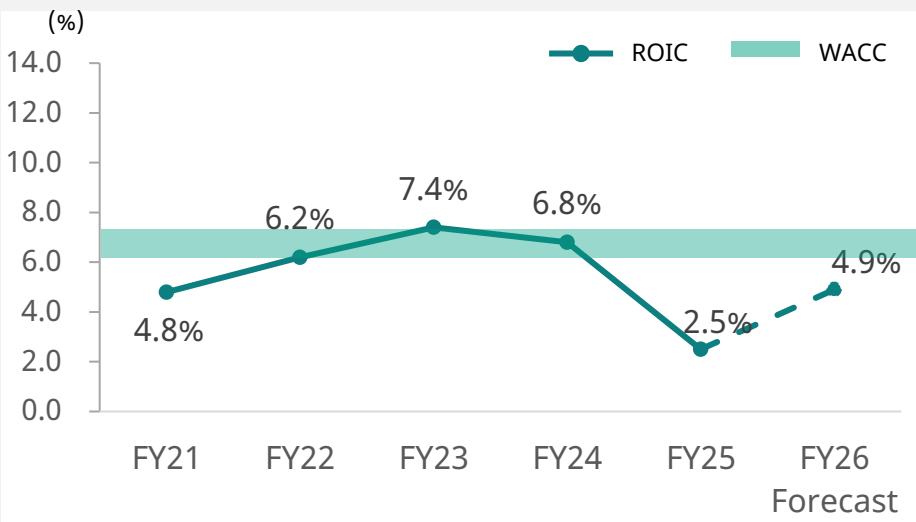
Transitioning to execution of business portfolio management based on ROIC, aiming to sustain ROE above 10% through improved profitability

ROE & Shareholder's Equity Cost



- Cost of equity is recognized at approximately 8–9% (market-expected return)
- Although indicators declined in FY2025 due to temporary factors, ROE is expected to recover and stabilize above 10% from FY2026 onward through improved profitability

ROIC & WACC



- Improve capital efficiency through measures addressing low-profit businesses
- Enhance ROIC through improvements in operating margin as well as working capital efficiency and cash conversion cycle (CCC)
- Set investment hurdle rates based on WACC by business

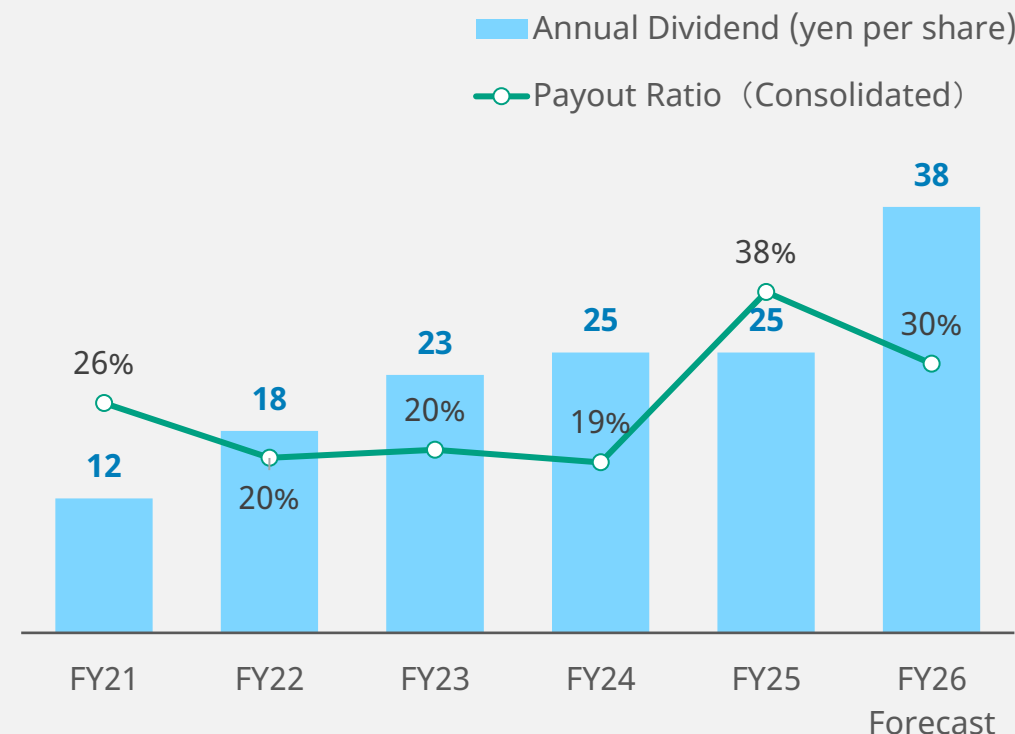
Shareholder Returns

Despite a decline in earnings in FY25, we maintained the dividend at 25 yen per share. For FY26, we plan to increase the dividend to 38 yen per share (+13 yen) in line with earnings recovery and a new policy

— Basic Policy for Shareholder Returns —

To enhance long-term shareholder value, we are committed to strengthening our management and financial foundations through growth investments, R&D, and capital expenditures, while delivering stable and predictable dividends with increases in line with growth.

As our basic policy, we target a dividend payout ratio of approximately 30% and will continue to implement progressive dividends while balancing business performance trends and growth investments.



Annual Dividend and Payout Ratio (consolidated)

5. Key Issues and Strategic Responses for Mid- to Long-Term Growth

Structural Growth Opportunities Driven by Global Social Challenges

Rapid & Structural Expansion of Waste Treatment Needs

Accompanying Urbanization & Population Growth in Emerging Countries

- In emerging countries, waste generation is increasing against a backdrop of population growth, urbanization, and economic growth
- Conventional landfill-based waste management is reaching its limits, and **demand is increasing for solutions that enable both environmental impact reduction and stable processing capacity**

Emerging Demand for "Energy Independence & Decentralization"

Seeking Simultaneous Achievement of Energy Security & Decarbonization

- Amid growing awareness of energy security and supply chain disruption risks, moves are expanding across countries to simultaneously pursue stable energy supply and decarbonization measures
- The environment and energy-related sector is positioned as **one of the fields expected to achieve medium- to long-term growth**

A Global Shift toward a Circular Economy That Redefines Waste as a "Resource"

- WtE and Renewable Gas, which utilize waste as resources, are gaining recognition as regionally distributed energy sources capable of stable supply
- As solutions that can address both waste issues and energy challenges, **these are becoming areas of growing adoption and consideration in various countries**

From "Waste Disposal" to "Environmental Infrastructure for Resource Circulation & Energy Supply"

Growth Strategy Based on The Business Environment Shift

Business Environment & Social Issues

[Domestic]

- **Aging Infrastructure & Labor Shortages**
Increase in replacement demand and expansion of efficiency needs through DX and automation
- **Development of GX (Green Transformation)**
Against the backdrop of government-led expansion of renewable energy adoption, the importance of regional circular models is expanding

[Global]

- **Sanitation & Energy Demand in Emerging Countries**
Amid the growing severity of waste issues, demand for circular infrastructure including WtE is increasing
- **Environmental Regulations & Circular Economy**
The shift toward decarbonization and resource circulation, centered in Europe, is driving medium- to long-term market growth

Kanadevia's Strategy

1

Accelerating The Restructuring of Our Business Portfolio

- Accelerating focus on core businesses and optimal resource allocation based on profitability and growth

2

Expansion of Growth Opportunities Centered on Inova

- Accelerate global expansion in WtE and renewable energy fields

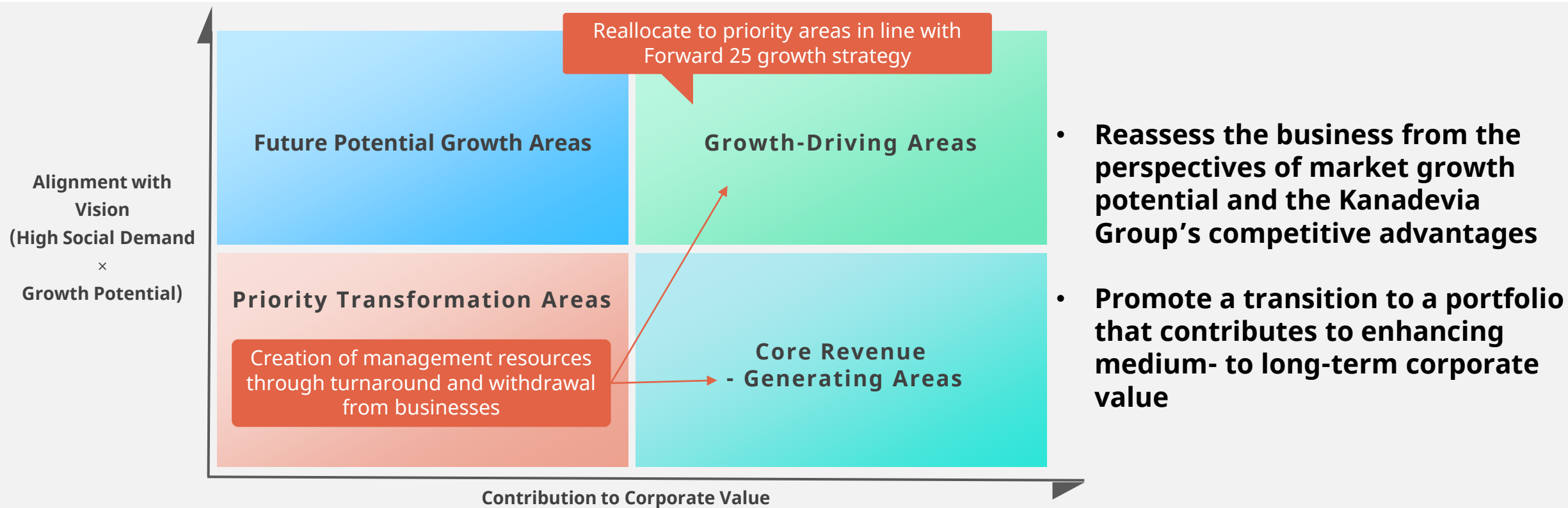
3

Improving Execution Capabilities Through Strengthened Governance

- Build a structure that enables prompt and accurate decision-making

Business Portfolio Approach Supporting Growth Strategy

Positioning based on business characteristics and review of management resource allocation



1 Business Optimization in Priority Transformation Areas

- Re-evaluation based on business characteristics and consideration of countermeasures
- Creation of management resources and reallocation to growth areas

2 Clarification of Positioning of Core Revenue-Generating Businesses

- Focus on stable cash generation
- Operations with careful assessment of investment priorities


3 Concentration on Growth Areas

- Decarbonization and Environment areas
- Businesses supporting social infrastructure
- Areas where long-term market expansion is expected

Continued Restructuring of Our Business Portfolio

Continued restructuring of our Business Portfolio and further promotion of concentration of management resources on core businesses

Progress of Business Portfolio Restructuring

 Progress as of May 12, 2026



Global Growth Strategy Centered on Inova

WtE Business: Geographic Expansion to Emerging Countries

- Leverage global track record and expertise in the WtE field to expand business opportunities in emerging markets
- Utilize integrated operations from EPC to O&M as a competitive advantage
- Accelerate market expansion by leveraging the customer base built in Europe and North America, utilizing the Asia regional headquarters and Indian design facilities

WtE Business: Advanced Functionality in Existing Markets Such as CCS and Metal Recovery

- Leverage existing plant infrastructure in Europe and North America to deploy value-added technologies such as CCS¹ and metal recovery while also aiming to create synergies with CCU² initiatives undertaken by Kanadevia's headquarters
- Pursue differentiation and improved profitability in existing markets based on regulatory trends and customer needs
- Aim to expand project unit prices and recurring revenue opportunities through renovation and upgrade projects

RG (Renewable Gas) Business: Pursuing Capital Efficiency Through Asset Management Business Model

- Promote business operations through an asset management model in the RG field
- Aim for stable cash generation and improved capital efficiency by combining ownership, operation, and capital recycling
- Enhance certainty of medium- to long-term business growth through investor collaboration and portfolio management

¹CCS (Carbon dioxide Capture and Storage) : A technology that separates and captures CO₂ and stores it underground

²CCU (Carbon dioxide Capture and Utilization) : A technology that separates and captures CO₂ and utilizes it

Inova's Growth Model: Achieving Disciplined Growth

Transform Revenue Structure to a More Sophisticated "40/40/20 Model" with Reduced Volatility

Strategic Investment & Foundation Strengthening

2023-2025

Groundwork for non-continuous growth (Implemented)

Executed strategic M&A in WtE and Renewable Gas fields (Babcock & Wilcox Renewable Service, Iona Capital Ltd., etc.).
Secured technology and market share to support future growth

Recovery & Regeneration

2026

Resolving Issues and Improved Predictability

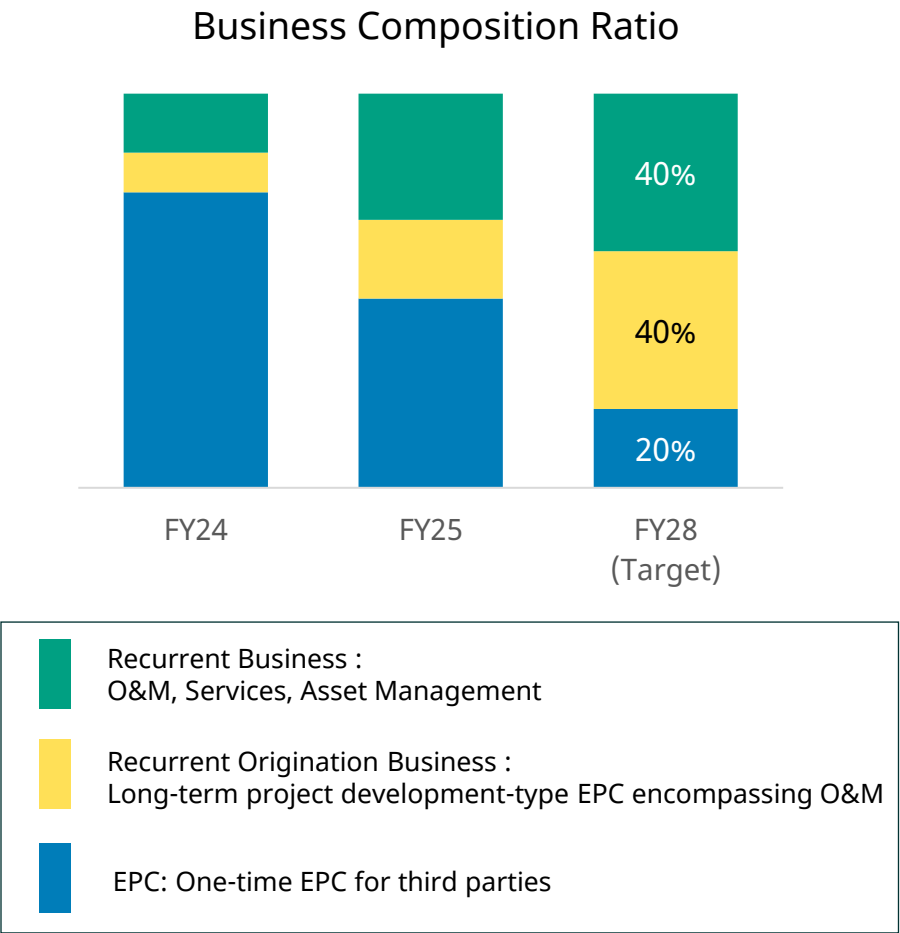
Resolve one-time technical issues that emerged in FY25.
Return to normal profit levels and establish a sustainable, stable earnings structure through business expansion

Growth & Scale

2027-

Disciplined Growth

Expand business while maintaining strict risk management and investment discipline.
Maximize capital efficiency and establish a highly profitable and stable "40/40/20 Model"



Establishment of Group CxO Structure



Michi Kuwahara

**Group CEO and
Representative Director,
President**

- Joined 1986; accounting, finance, corporate planning
- U.S. and Switzerland assignments
- Led Inova acquisition and management reform



Koichiro Oshima

**Group CFO and Head of
Corporate Planning
Headquarters**

- Investment banking and structured finance at a major financial institution
- Extensive international finance experience



Taro Dohi

**Group CPO and Head of People
& Culture Headquarters**
(Chief People & culture Officer)

- Senior HR roles in multinational companies
- Former CHRO at OYO Group and Japan Display



Tomofusa Harada

Group CSO*
(Safety, Hygiene, Disaster
Preparedness, BCP, and Special
Assignment)
(Chief Safety Officer)

- Former JSDF senior leader (Chief of Staff; Northeastern Army Commander)
- Former Tokyo Metropolitan Government Director General for Crisis Management (disaster prevention, BCP)



Takayuki Kitajima

**Group CLO* and Head of
Legal & Intellectual
Property Headquarters**
(Chief Legal Officer)

- Legal career in trading companies and multinationals
- Former General Counsel and Representative Director, Unilever Japan



Hidekazu Kojima

Group CRGO*
(Responsible for risk
management and sustainability)
(Chief Risk Governance Officer)

- Executive experience in risk management, compliance, sustainability (financial institution, consulting firms)

* Harada, Kitajima, and Kojima are scheduled to assume Group CxO positions on July 1, 2026

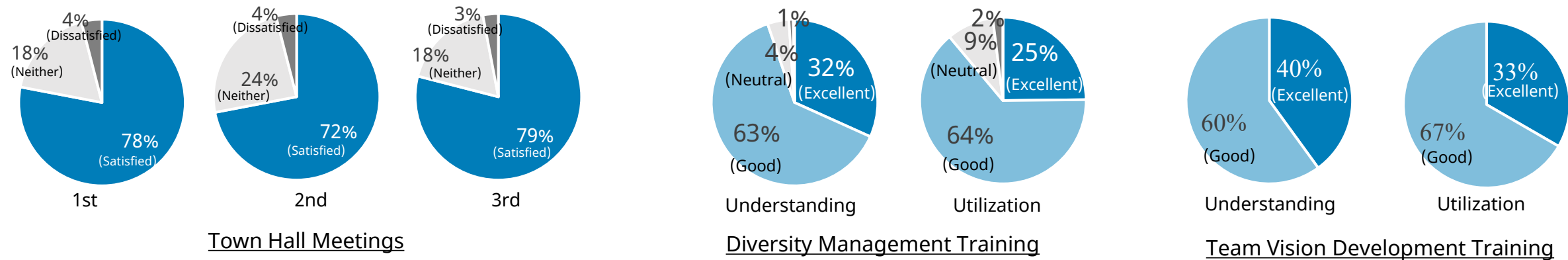
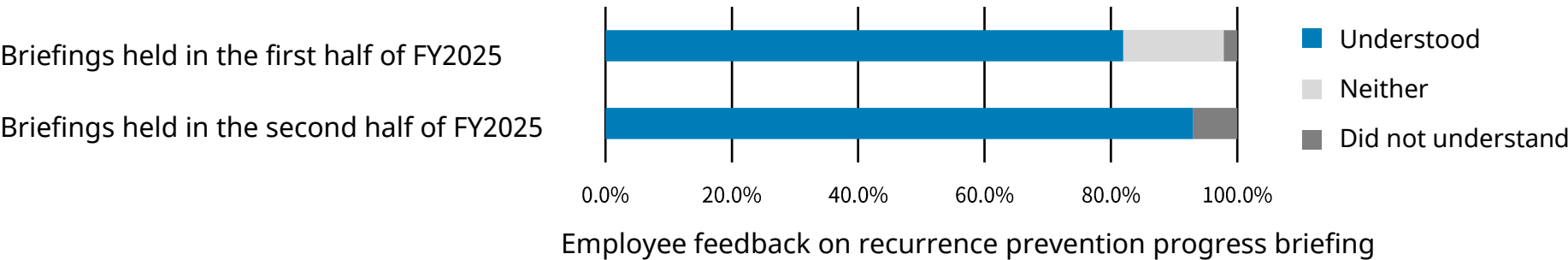
* Kojima is scheduled to be appointed Senior Executive Officer on June 1, 2026

6. Initiatives to Prevent Recurrence of Inappropriate Quality-Related Conduct

Prevent Recurrence of Inappropriate Quality-Related Conduct

Implementation Status of Recurrence Prevention Measures

- ✓ Promote initiatives to prevent recurrence in accordance with action plan and report quarterly to the Board of Directors
- ✓ Semi-annual explanations of the implementation status of recurrence prevention measures are provided to officers and employees in a town hall meeting format



Evaluation from Employees at Recurrence Prevention Measures Progress Briefings

Prevent Recurrence of Inappropriate Quality-Related Conduct

Monitoring Behavioral Changes of Officers and Employees through Recurrence Prevention Measures

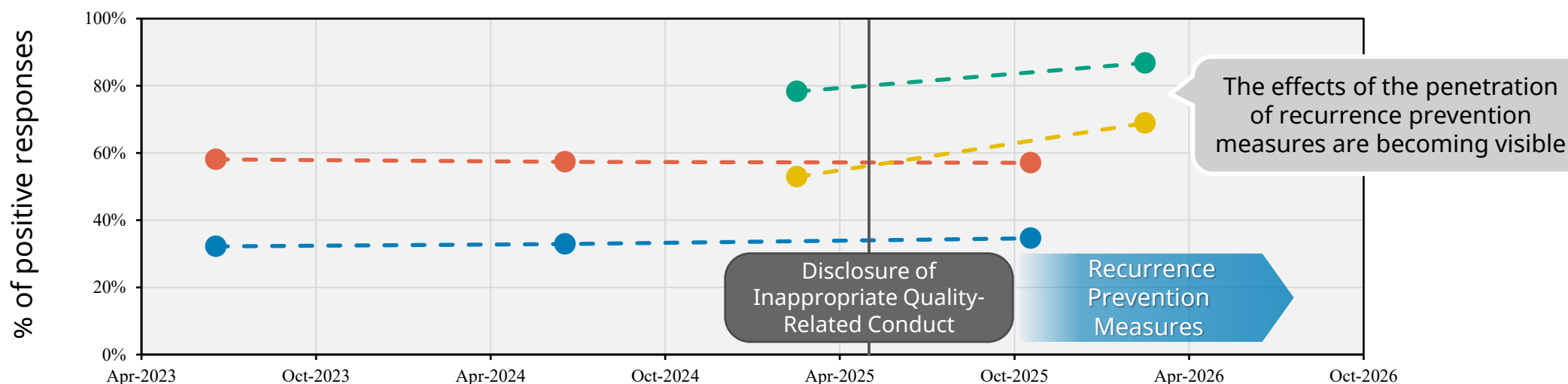
- ✓ Verifying the effectiveness of recurrence prevention measures with guidance and advice from external experts

[Engagement Survey Questionnaire]

- Management addresses employee feedback
- I believe our management makes the right decisions for the company

[Quality Awareness Survey Questionnaire]

- Management clearly communicates quality policies
- Management encourages review of quality-related workflows and processes (conducting regular evaluations)



Evaluation from Employees on Management Commitment

Appendix

Company Profile

Kanadevia Corporation

Founded

April 1, 1881

Location

Head Office(Osaka): 1-7-89 Nanko Kita, Suminoe-ku, Osaka
Head Office(Tokyo): Omori Bellport D Building 15F, 6-26-3
Minami-Oi, Shinagawa-ku, Tokyo

Representative

Michi Kuwahara

Number of Employees

12,668 (As of March 31, 2026)

Group Companies

168 Consolidated Subsidiaries, 37 Equity-Method Affiliates

About Business

Design and manufacture of waste-to-energy plants, seawater desalination plants, water supply/sewage and sludge recycling treatment plants, process equipment, precision machinery, floodgates, disaster prevention equipment, etc.



Founder: E.H. Hunter



1881

Founded as Osaka Iron Works with shipbuilding as its original business

1943

Changed company name to Hitachi Zosen

October 1, 2024

Changed company name to Kanadevia

2002

Separated shipbuilding business

Major Overseas Subsidiaries

Kanadevia Inova (Switzerland)

WtE, Biogas

Osmoflo Holdings (Australia)

Seawater Desalination, Water Treatment

NAC International (USA)

Design of storage and transportation equipment for spent nuclear fuel, etc.

Business Portfolio

Environment

Growth Field centered on Overseas Markets

- WtE Plants
- Water/Sludge Treatment Plants
- Biogas
- Desalination Plants
- Energy Systems (Power Generation Equipment)
- Wholesale electricity etc.



WtE Plants



Biogas Plants



Sludge Regeneration Treatment Plants



WasteWater Treatment Plants

Machinery & Infrastructure

Niche Industry Sector

- Precision Machinery
- Plastic Machinery
- Food and Pharmaceutical Equipment
- Hydraulic Gate
- Marine Civil Engineering
- Disaster Prevention System
- Boiler etc.



Precision Machinery



Hydraulic Gate



Flap-Gate Type Seawall Against flood disaster



Boiler

Carbon Neutral Solution

Next-Generation Growth Field

- Pressure Vessels
- Nuclear Fuel Related Equipment
- Hydrogen Generation Systems
- Methanation Equipment
- Wind Power Generation
- SCR etc.



Methanation Equipment



Wind Power Generation



Pressure Vessels



SCR

Profit and Loss Statements

(JPY billions)	FY21	FY22	FY23	FY24	FY25
Net Sales	441.7	492.6	555.8	610.5	645.2
Cost of Sales	369.6	409.3	460.5	496.3	536.2
Gross Profit	72.1	83.4	95.3	114.2	109.1
Selling, General and Administrative Expenses	56.6	63.3	71.0	87.2	96.9
Operating Income	15.5	20.0	24.3	26.9	12.1
Non-Operating Income	1.6	2.2	5.9	3.3	10.1
Non-Operating Expenses	5.4	4.4	4.6	5.9	8.7
Ordinary Income	11.7	17.8	25.6	24.3	13.6
Extraordinary Income	3.8	4.2	0.0	2.9	2.0
Extraordinary Losses	3.7	3.5	1.6	3.6	4.6
Profit before Income Taxes	11.9	18.5	24.1	23.7	11.0
Total Income taxes	4.0	2.9	5.0	1.4	-0.3
Profit Attributable to Shareholders of Kanadevia	7.8	15.5	18.9	22.1	11.1

Balance Sheets

(JPY billions)	FY21	FY22	FY23	FY24	FY25
Cash and Deposits	67.2	86.4	71.6	70.8	78.0
Operating Assets	204.2	215.6	254.7	251.1	283.8
Trade Notes and Accounts Receivable	189.8	198.3	234.8	228.0	261.2
Inventories	14.5	17.2	19.9	23.1	22.6
Tangible Fixed Assets	110.5	98.3	104.5	136.1	143.7
Intangible Fixed Assets	11.5	11.1	19.2	41.2	62.9
Goodwill	1.5	1.1	4.3	14.1	31.1
Other	10.0	10.0	15.0	27.2	31.8
Others	67.7	68.3	83.5	110.5	150.2
Total Assets	461.1	479.6	533.5	609.6	718.6
Operating Liabilities	172.0	184.8	190.8	188.2	221.1
Notes and Accounts Payable, Electronically Recorded Obligations-Operating	71.8	73.3	57.9	65.8	67.1
Accrued Expenses	71.0	70.1	84.1	81.8	99.2
Advances Received/ Contract Assets	29.1	41.4	48.7	40.6	54.8
Interest Bearing Debt	91.9	86.5	91.4	135.8	184.1
Bank Borrowings (incl. Lease Obligations)	61.9	56.5	61.4	115.8	174.1
Bonds Payable	30.0	30.0	30.0	20.0	10.0
Others	64.4	67.1	82.4	87.8	110.0
Total Liabilities	328.2	338.3	364.5	411.7	515.2
Shareholders' Equity	131.3	139.6	162.7	189.4	196.8
Non-Controlling Interests	1.6	1.7	6.3	8.5	6.6
Total Net Assets	132.9	141.3	169.0	197.9	203.4
Total Liabilities and Net Assets	461.1	479.6	533.5	609.6	718.6

Cash Flows

(JPY billions)	FY21	FY22	FY23	FY24	FY25
Cash Flows from Operating Activities	26.8	28.0	0.5	24.8	11.6
Cash Flows from Investing Activities	0.9	-2.5	-21.5	-56.6	-48.0
Cash Flows from Financing Activities	-8.7	-7.8	-2.6	30.2	41.5
Foreign Currency Translation Differences	1.1	1.2	5.0	0.6	3.5
Increase in Cash and Cash Equivalents	20.1	18.9	-18.6	-1.0	8.6
Cash and Cash Equivalents at Beginning	45.8	65.9	84.8	69.7	68.7
Cash and Cash Equivalents at End	65.9	84.8	69.7	68.7	77.3

Key Financial Indicators

(JPY billions)	FY22 Results	FY23 Results	FY24 Results	FY25 Results	FY26 Forecast
Shareholders' Equity Ratio	29.1%	30.5%	31.1%	27.4%	30.2%
Interest Bearing Debt	86.5	91.4	135.8	184.1	171.0
R&D Expenses	8.6	11.2	12.0	12.5	14.4
Capital Investment	7.9	9.6	27.4	25.2	27.8
Depreciation	10.5	11.1	11.9	15.6	15.7
ROE	11.5%	12.6%	12.6%	5.8%	10.2%
ROIC	6.2%	7.4%	6.8%	2.5%	4.9%

Order Intake, Net Sales, & Operating Income

(Environment Business)

		Environment Business (Consolidated)				Environment Business (Inova Group)				Environment Business (Excluding Inova)			
(JPY billions)		FY23 (Results)	FY24 (Results)	FY25 (Results)	FY26 (Forecast)	FY23 (Results)	FY24 (Results)	FY25 (Results)	FY26 (Forecast)	FY23 (Results)	FY24 (Results)	FY25 (Results)	FY26 (Forecast)
Order Intake		558.8	617.4	726.0	713.0	321.8	361.3	532.4	455.0	237.0	256.1	193.6	258.0
	EPC	194.8	309.4	338.3	324.0	156.2	218.3	282.7	195.0	38.6	91.1	55.6	129.0
	O&M	364.0	308.0	387.7	389.0	165.6	143.0	249.7	260.0	198.4	165.0	138.0	129.0
Net Sales		407.3	453.5	505.2	537.0	198.3	240.4	278.4	318.0	209.0	213.1	226.8	219.0
	EPC	232.5	243.8	256.0	288.0	165.4	176.7	179.1	219.0	67.1	67.1	76.9	69.0
	O&M	174.8	209.7	249.2	249.0	32.9	63.7	99.3	99.0	141.9	146.0	149.9	150.0
Operating Income		19.1	25.4	16.7	26.7	9.9	12.3	4.4	19.9	9.2	13.1	12.3	6.8
	EPC	1.5	7.1	2.5	8.4	7.9	11.0	4.6	14.0	-6.4	-3.9	-2.1	-5.6
	O&M	17.6	18.3	14.2	18.3	2.0	1.3	-0.2	5.9	15.6	17.0	14.4	12.4

Order Intake, Net Sales, & Operating Income (Machinery & Infrastructure / Carbon Neutral Solution Business)

Machinery & Infrastructure Business				
(JPY billions)	FY23 (Results)	FY24 (Results)	FY25 (Results)	FY26 (Forecast)
Order Intake	80.8	91.2	89.5	55.0
Machinery Business	54.8	65.0	56.1	35.0
Press Machine	22.0	23.3	0.0	0.0
Precision Machinery	23.7	32.1	38.6	25.0
Other Machinery	9.1	9.6	17.5	10.0
Infrastructure Business	26.0	26.2	33.4	20.0
Net Sales	91.0	83.0	68.5	61.0
Machinery Business	60.4	57.0	46.6	35.0
Press Machine	19.5	21.6	0.9	0.0
Precision Machinery	28.0	25.8	34.2	25.0
Other Machinery	12.9	9.6	11.5	10.0
Infrastructure Business	30.6	26.0	21.9	26.0
Operating Income	3.0	1.0	-2.4	-0.6
Machinery Business	2.6	1.5	1.9	1.0
Press Machine	0.8	1.4	0.0	0.0
Precision Machinery	1.3	-0.1	1.4	0.5
Other Machinery	0.5	0.2	0.5	0.5
Infrastructure Business	0.4	-0.5	-4.3	-1.6

Carbon Neutral Solution Business				
(JPY billions)	FY23 (Results)	FY24 (Results)	FY25 (Results)	FY26 (Forecast)
Order Intake	72.6	54.0	79.9	38.0
Marine Engine	37.0	18.8	49.6	0.0
Process Equipment	20.7	30.7	24.9	30.0
Decarbonization Systems	3.8	4.0	4.9	7.5
Wind Power	11.1	0.5	0.5	0.5
Net Sales	55.2	70.2	69.2	38.0
Marine Engine	24.2	27.0	30.2	0.0
Process Equipment	21.8	26.7	26.1	32.0
Decarbonization Systems	4.4	3.9	3.9	5.0
Wind Power	4.8	12.6	9.0	1.0
Operating Income	1.8	0.1	-2.5	-0.8
Marine Engine	-0.3	-0.2	-0.9	0.0
Process Equipment	2.0	1.1	-0.4	1.3
Decarbonization Systems	0.4	-0.3	-0.4	-1.2
Wind Power	-0.3	-0.5	-0.8	-0.9



(Cautionary Statement)

The forward-looking statements in this document, including performance forecasts, are based on information currently available and on certain assumptions deemed reasonable at this time. Actual results may differ materially due to various factors.