To our shareholders,

Representative Director and President

Kawada's perspective on ISS Report

KAWADA Technologies, Inc. (hereinafter referred to as "Kawada") is scheduled to hold its 14th annual general meeting of shareholders on June 29th, 2022. We have confirmed that ISS, Institutional Shareholder Services Inc., an advisory firm for exercise of voting rights, has issued a report recommending against Proposal No.4-2, Election of Director Who Are Audit and Supervisory Committee Member Shigeo Takagi (hereinafter referred to as "Mr. Takagi") for lack of independence. But Kawada understands that Mr. Takagi's independence is sufficiently secured.

Kawada sincerely appreciates it if you consider the following before exercising your voting rights.

1. Reason for ISS recommending against Proposal 4-2

ISS classifies Mr. Takagi as "Affiliated Outsider", indicating "Significant Shareholding (4.82%), Major Lending and Cross Shareholding".

2. Kawada's perspective on the report

Kawada understands that Mr. Takagi is sufficiently independent of Kawada and there is no concern for conflicts of interest with general shareholders for the following reasons:

(1) Mr. Takagi was once the president of Hokuriku Bank Ltd, a major lender for Kawada, and its parent company, Hokugin Financial Group, Inc. (currently Hokuhoku Financial Group, Inc.), but Mr. Takagi resigned from the both positions in June 2013.

(2) Mr. Takagi still serves the Bank, but only as a Supreme Advisor (or Tokubetsu-Sanyo) and is not in the position to influence business operation nor management decision of the Bank.

(3) Mr. Takagi mainly serves highly public positions at present, such as the chairman of Toyama Chamber of Commerce and Industry, Toyama Chamber of Commerce and Industry Association (both since December 2013), the president of Toyama Tourism Promotion Organization and Toyama Convention Bureau.
*Toyama is the name of a prefecture, in northwestern Japan.

(4) Additionally, Mr. Takagi is appointed and registered as Kawada's Independent Director under Tokyo Stock Exchange listing rules, and will continue to be so if Proposal to be resolved as is.

*As to Independent Director under TSE listing rule, please refer to:
https://www.jpx.co.jp/english/equities/listing/ind-executive/index.html

(Note) The purpose of this material is to provide supplementary information on the agenda, in addition to the reference material for the general meeting of shareholders stipulated by law.