



To whom it may concern:

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[Summary] Notice Regarding the Formulation of the "4th Medium-Term Management Plan"

We hereby announce that the KAWADA Group has formulated its 4th Medium-Term Management Plan (hereinafter the "Plan"), with the fiscal year 2026 as its initial year.

1. Background and Purpose of Formulating the Medium-Term Management Plan

The KAWADA Group, guided by its Group philosophy of "Creating a Safe, Comfortable and Sustainable Society," aims to contribute to society through technology and become a corporate group that shares happiness with all stakeholders involved with us. To achieve this, we have formulated "KAWADA VISION," which outlines our desired future state, and have been engaged in management from a medium to long-term perspective.

The "3rd Medium-Term Management Plan (FY2023-2025)" focused on the theme of "Aiming to realize KAWADA VISION and transform into a resilient company," and we have steadily implemented various measures with a focus on four basic policies.

As a result of these efforts, while sales did not reach the target, profitability significantly exceeded the initial target. In addition to profit creation, we also achieved our ROE (Return on Equity) target by promoting a shift to capital-efficient management that effectively utilizes capital. On the other hand, there remain management challenges that were not clearly addressed during the 3rd Medium-Term Management Plan period.

Based on these achievements and challenges, and in anticipation of an uncertain future business environment, we recognize the imperative to identify and leverage our solid strengths to create value unique to KAWADA. Through the Plan, we will steadily advance our basic policies and achieve sustainable growth and enhancement of corporate value over the medium to long-term to meet your expectations.

2. Basic Policies

Under the theme of "Clarifying the direction of our business portfolio and aiming to realize KAWADA VISION," we will implement measures based on the following basic policies:

Basic Policies:

(1) Strengthening Ambidextrous Management

Aim to establish a balanced revenue base in core businesses and growth businesses, and accelerate business portfolio reform.

(2) Technology Development Unique to KAWADA

Amid the growing labor shortage, accelerate the development of labor-saving and automation technologies by leveraging KAWADA's strengths in "Construction" x "Robotics".

(3) Evolution of Sustainability Management

Evolve sustainability initiatives from individual "points" of activity to organizational "lines" of collaboration, and further to "surfaces" that form the foundation for creating social value.

(4) Deepening Capital-Efficient Management and Enhancing Shareholder Return

While prioritizing profitability, deepen ROE-focused management with return on equity as a key indicator, and enhance shareholder return further.

3. Plan Period

Three fiscal years, from FY2026 to FY2028 (FY ending March 31, 2027 to FY ending March 31, 2029)

4. Key Numerical Targets

(1) Consolidated Net Sales, Net Income, etc.

	Third Medium-Term Management Plan (result)	Fourth Medium-Term Management Plan (target)	Change
Net sales (3-year cumulative total)	377.0 billion yen	383.0 billion yen or more	6 billion yen
Operating profit (3-year cumulative total)	27.0 billion yen	23.5 billion yen or more	(3.5 billion yen)
Profit (3-year cumulative total)	27.4 billion yen	23.2 billion yen or more	(4.2 billion yen)
ROE (Final fiscal year)	9.2%	8.0% or more	(1.2 pp)

(2) Shareholder Return Policy

	Third Medium-Term Management Plan (result)	Fourth Medium-Term Management Plan (target)	Change
Payout ratio (3-year average)	27.6%	30.0%	2.4%
Total return ratio (3-year average)	32.0%	50.0%	18.0%

(Note)

* Dividend Payout Ratio = Total Dividends / Net Income

* Total Return Ratio = (Total Dividends + Amount of Treasury Stock Acquired) / Net Income

* Payout ratio of 30% is calculated excluding the amount caused by non-recurring special factors from net income

* For the period of the Plan, we set the floor of 35 yen per share for the annual dividends.