

Kawada Technologies, Inc. (Stock Code: 3443)

Financial Summary for FY202403

(April 1, 2023 through March 31, 2024)

Note: This document is an English translation from the original Japanese-language document.
All financial information is prepared in accordance with Japanese GAAP.

Kawada Group celebrated the 100th-year anniversary since its foundation in May 2022.
We have and will always contribute to the society through world-class technologies and quality.



1. Results for FY202403
2. Forecasts for FY202503
3. Progress and Partial Revisions on the Target Numbers of the 3rd Medium-Term Management Plan etc.

1. Results for FY202403

FY202403 Highlights

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Sales increased as large projects and so on progressed steadily through the term. Each profit boosted as highly-profitable Solution segment continued growing, in addition to receiving contract alterations especially in Steel Structure and Civil Engineering segment.

(Million Yen)

	FY202303		Latest Forecast for FY202403 *1		FY202403		YoY	
	Result	% to Sales	Result	% to Sales	Result	% to Sales	vs FY202303 Result	vs Latest Forecast
Sales Revenues	118,086	100.0%	128,000	100.0%	129,127	100.0%	11,041 (9.3%)	1,127 (0.9%)
Gross Profit	15,626	13.2%	-	-	20,098	15.6%	4,472 (28.6%)	-
Operating Profit	5,025	4.3%	7,800	6.1%	8,734	6.8%	3,709 (73.8%)	934 (12.0%)
Ordinary Profit	6,298	5.3%	9,500	7.4%	10,538	8.2%	4,240 (67.3%)	1,038 (10.9%)
Net Income <small>Attributable to owners of KAWADA</small>	4,231	3.6%	6,500	5.1%	7,541	5.8%	3,310 (78.2%)	1,041 (16.0%)
Earnings Per Share *2	239.94Yen	-	378.04Yen	-	434.06Yen	-	194.12Yen	56.02Yen
Depreciation	2,874	-	-	-	2,903	-	29	-
Change in Tangible and Intangible Assets	4,087	-	-	-	3,892	-	△195	-

*1 Published on March 12, 2024.

*2 The company conducted stock split at a ratio of 3-for-1 on April 1, 2024.

EPS is calculated on an assumption that said split had been made at the beginning of FY202303.

FY202403 Progress of the Current Medium-Term Management Plan 4 / 22

FY202403 is the first FY of the current Medium-term Management Plan (the 3rd, for 3 years through FY202403 to FY202603). Managed to make considerable progress with more profits than expected, we made partial upward revisions on some numerical targets.

*Please refer to page 18 for the revised targets

(Million Yen)

	FY202403	FY202403 (1 st FY of the Plan)	YoY	The 3 rd Medium-Term Plan	
				Original Targets	Progress
Sales Revenues	118,086	129,127	11,041 (9.3%)	391,000 or more (3-year cumulative)	33.0%
Operating Profit	5,025	8,734	3,709 (73.8%)	18,600 or more (3-year cumulative)	46.8%
Net Income(1)	4,231	7,541	3,310 (78.2%)	15,600 or more (3-year cumulative)	48.1%
Net Income(2) <small>(excluding the effect of equity-method application)</small>	2,852	5,818	2,966 (104.0%)	More than 12,100 (3-year cumulative)	47.9%
ROE(1)	5.8%	9.6%	3.8pts	8.0% or more (at the 3 rd FY)	-
ROE(2) <small>(excluding the effect of equity-method application)</small>	7.3%	13.8%	6.5pts	11.0% or more (at the 3 rd FY)	-

Target numbers are partially revised for considerable progress has been made

Financial, Cashflows and Orders Status

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Net Assets increased for profits piling up, and Equity Ratio has reached 50% mark. CF from Operating Activities is back in positive with account receivable collection, to repay short-term borrowings financing working capital temporarily. As to Orders, From Prior FY, Newly-Received and To Sales increased. On Hand is still in high position.

◎Financial and Cashflow Status

(Million Yen)

	FY202303	FY202403	YoY
Total Assets	162,158	160,216	△1,941 (△1.2%)
Net Assets	76,697	82,341	5,644 (7.4%)
Equity Ratio	46.6%	51.1%	4.5pts
Net Assets Per Share (*)	4,288.11yen	4,753.28yen	465.17yen
CF from Operating Activities	△9,673	13,320	22,994
CF from Investing Activities	△1,504	△ 2,553	△1,048
CF from Financing Activities	12,213	△ 10,337	△22,845

◎Orders Status

(Million Yen)

	FY202303	FY202403	YoY
From Prior FY	146,334	154,364	8,030 (5.5%)
Newly-Received	127,657	131,241	3,584 (2.8%)
To Sales	119,626	130,876	11,249 (9.4%)
On Hand	154,364	154,730	365 (0.2%)

*Internal Sales between business segments are NOT adjusted.

* Calculated on an assumption that the stock split had been made at the beginning of the FY202303

Steel Construction

Design, fabrication and construction of steel bridges, steel structures, etc. Trade of steel products



Tokyo Gate Bridge (Tokyo)

Civil Engineering

Planning, fabrication and construction of PC bridges, "Prebeam" bridges and structures. Maintenance and repair of bridges



Fudo Ohashi Bridge (Gunma Pref.)

Architecture

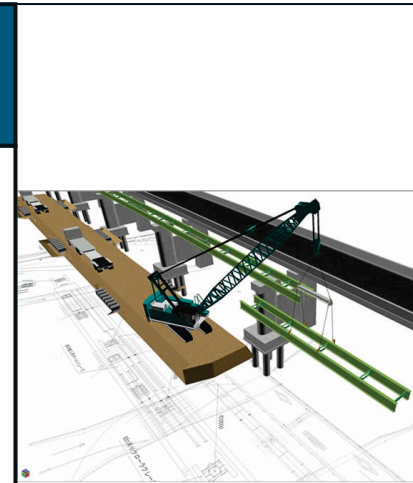
Design and construction of conventional buildings and pre-engineered metal building system buildings



Polatech West Japan Shiga Factory (Shiga Pref.)

Solution

(1) Development and sales of ASP service. Analysis, design and drawing of bridges.
(2) Development, design, sales and consultation on various machines, computer systems.
(3) Manufactures and sales of next-generation industrial robots



Architectural 3D-CAD
V-nasClair



NEXTAGE

FY202403 Business Segments Overview

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Steel Construction(**SC**) and Civil Engineering(**CE**) attained large contract alterations, Architecture(**AR**) recovered profitability and Solution(**SL**) continued growing.

SC

Steel Bridge : large new-construction projects progressed, receiving more contract alterations than expected.
Building Structure : Received orders of redevelopment in metropolitan areas, semiconductor-related facilities, but sales did not reach the previous FY level.
→Sales 61,519 million yen (+5,448 million yen, +9.7%) Operating Profit 4,648 million yen (+551 million yen +13.5%)

CE

Received orders steadily in New-construction and Maintenance business, but sluggish in Renewal business. Newly-Received Orders substantially decreased. Projects on hand progressed and Sales slightly increased. Profit increased for receiving contract alterations for large projects in Renewal and Maintenance business.
→Sales 35,432 million yen (+396 million yen, +1.1%) Operating Profit 2,891 million yen (+824 million yen, +39.9%)

AR

Orders for both multi-floored and low-rise distribution warehouses were firm. Steady progress of projects on hand contributed Sales to increase. Profitability recovered and operating profit improved YoY significantly.
→Sales 17,601 million yen (+3,442 million yen, +24.3%) Operating Profit 1,574 million yen (+1,997 million yen)

SL

Both 3D-CAD software and information-sharing cloud service showed strong performance.
Robots increased sales volume.
→Sales 7,550 million yen (+1,178 million yen, +18.5%) Operating Profit 2,919 million yen (+871 million yen, +42.6%)

*Internal Sales between business segments are NOT adjusted.

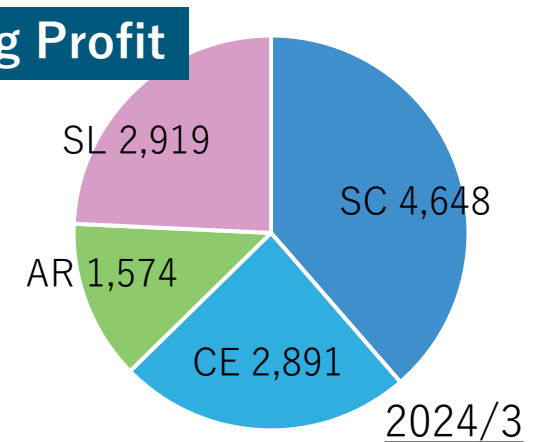
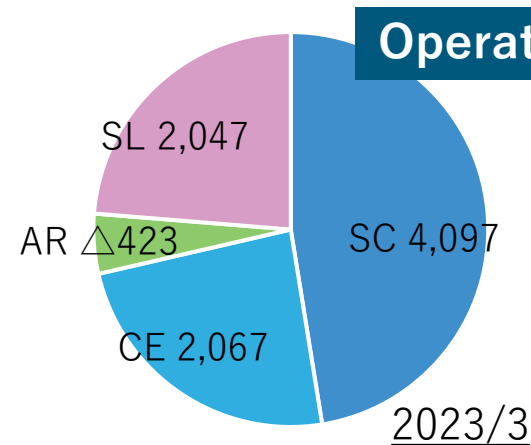
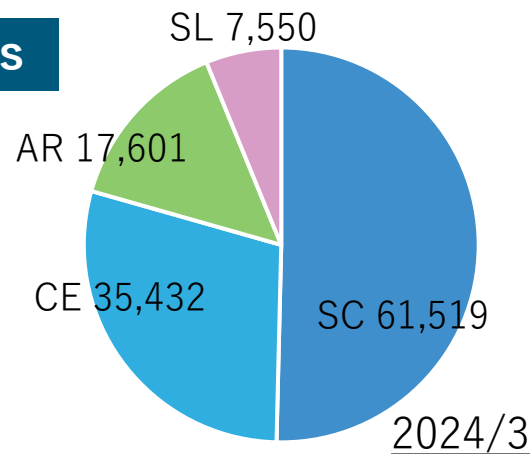
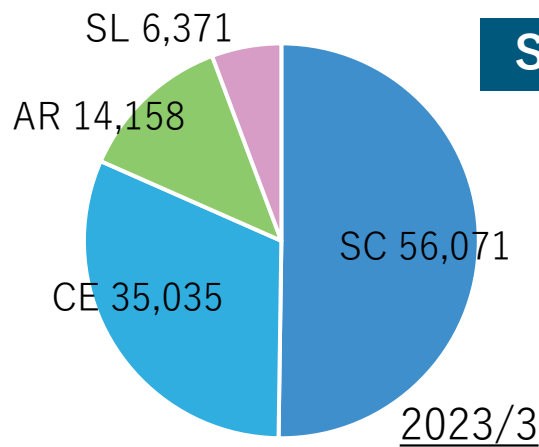
FY202403 P/L Summary by Segments

Sales and Operating Profit increased YoY in all segments. Solution maintains high profitability.

SC: Steel Construction **CE:** Civil Engineering **AR:** Architecture **SO:** Solution

(Million Yen)

	FY202303			FY202403			YoY		
	Sales	Operating Profit	OP /Sales	Sales	Operating Profit	OP /Sales	Sales	Operating Profit	OP /Sales
S C	56,071	4,097	7.3%	61,519	4,648	7.6%	5,448 (9.7%)	551 (13.5%)	0.3pts
C E	35,035	2,067	5.9%	35,432	2,891	8.2%	396 (1.1%)	824 (39.9%)	2.3pts
A R	14,158	△423	-	17,601	1,574	8.9%	3,442 (24.3%)	1,997 (-)	-
S L	6,371	2,047	32.1%	7,550	2,919	38.7%	1,178 (18.5%)	871 (42.6%)	6.6pts



*Internal Sales between business segments are NOT adjusted.

FY202403 Order Status by Segments

Orders were sluggish in Civil Engineering. The market is potentially substantial but is expected to decline in the short-term. In other segments orders increased, especially in Architecture significantly after some stagnant years, leading to Orders On Hand is record high in total.

SC: Steel Construction **CE:** Civil Engineering **AR:** Architecture **SO:** Solution

(Million Yen)

	From Previous FY			Newly-Received			To Sales			On Hand(To Next FY)		
	FY 202303	FY 202403	YoY	FY 202303	FY 202403	YoY	FY 202303	FY 202403	YoY	FY 202303	FY 202403	YoY
S C	77,869	84,990	7,120 (9.1%)	63,192	64,091	898 (1.4%)	56,071	61,519	5,448 (9.7%)	84,990	87,561	2,571 (3.0%)
C E	47,256	49,100	1,843 (3.9%)	36,879	31,516	△5,362 (△14.5%)	35,035	35,432	396 (1.1%)	49,100	45,184	△3,915 (△8.0%)
A R	17,965	16,526	△1,439 (△8.0%)	12,719	18,936	6,217 (48.9%)	14,158	17,601	3,442 (24.3%)	16,526	17,862	1,335 (8.1%)
S L	2,734	3,355	621 (22.7%)	6,992	7,692	699 (10.0%)	6,371	7,550	1,178 (18.5%)	3,355	3,498	142 (4.2%)

*Internal Sales between business segments are NOT adjusted.

2. Forecasts for FY202503

FY202503 Forecasts

Sales are expected to be at the same level, but each profits to decrease for the moment. For there are expectedly few completions of large projects within the FY in Steel Structure segment, which earns 30-40% of the total profit, and attaining contract alterations would be in the next FY onwards.

(Million Yen)

	FY202303	FY202403	FY202503 (Forecast)	YoY	
				FY23 to FY24	FY24 to FY25
Sales Revenues	118,086	129,127	128,000	11,041 (9.3%)	△1,127 (△0.9%)
Operating Profit	5,025	8,734	5,800	3,709 (73.8%)	△2,934 (△33.6%)
Ordinary Profit	6,298	10,538	6,000	4,240 (67.3%)	△4,538 (△43.1%)
Net Income Attributable to owners of KAWADA	4,231	7,541	4,100	3,310 (78.2%)	△3,411 (△45.6%)
Earnings Per Share *	239.94yen	434.06yen	238.02yen	194.12yen	△196.04yen

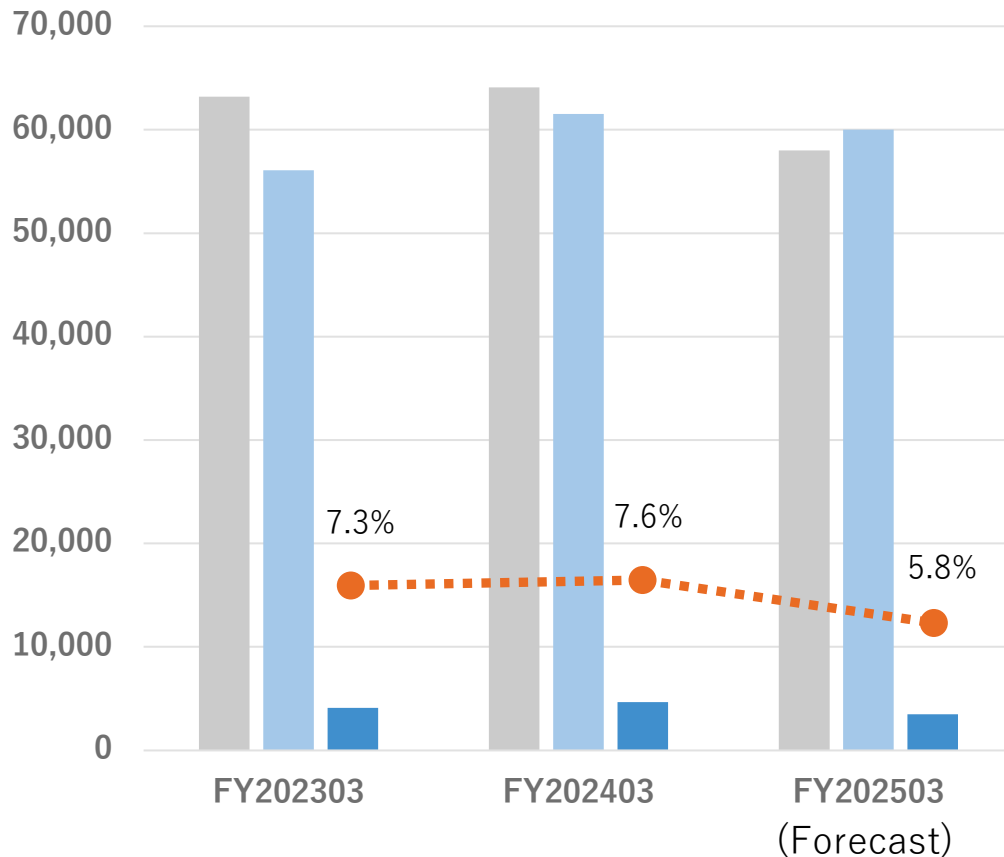
* EPS is calculated on an assumption that the stock split had been made at the beginning of the FY202303

FY202503 Forecast (1) Steel Construction Segment

Steel Bridge : The new-construction shows declining trend in the medium-to-long term, but the market for renewal and maintenance work is firm for a while.

Building Structure : The market for super high-rise steel structure is strong due to redevelopments in metropolitan areas, Osaka IR-related and semiconductor-related facilities in Kyusyu region, etc. Operational rate of the plants is high due to production for large projects coming into full swing. It is even more crucial to manage costs and schedule properly in the background of high prices and the workstyle reform.

(Million Yen)



*Internal Sales between business segments are NOT adjusted.

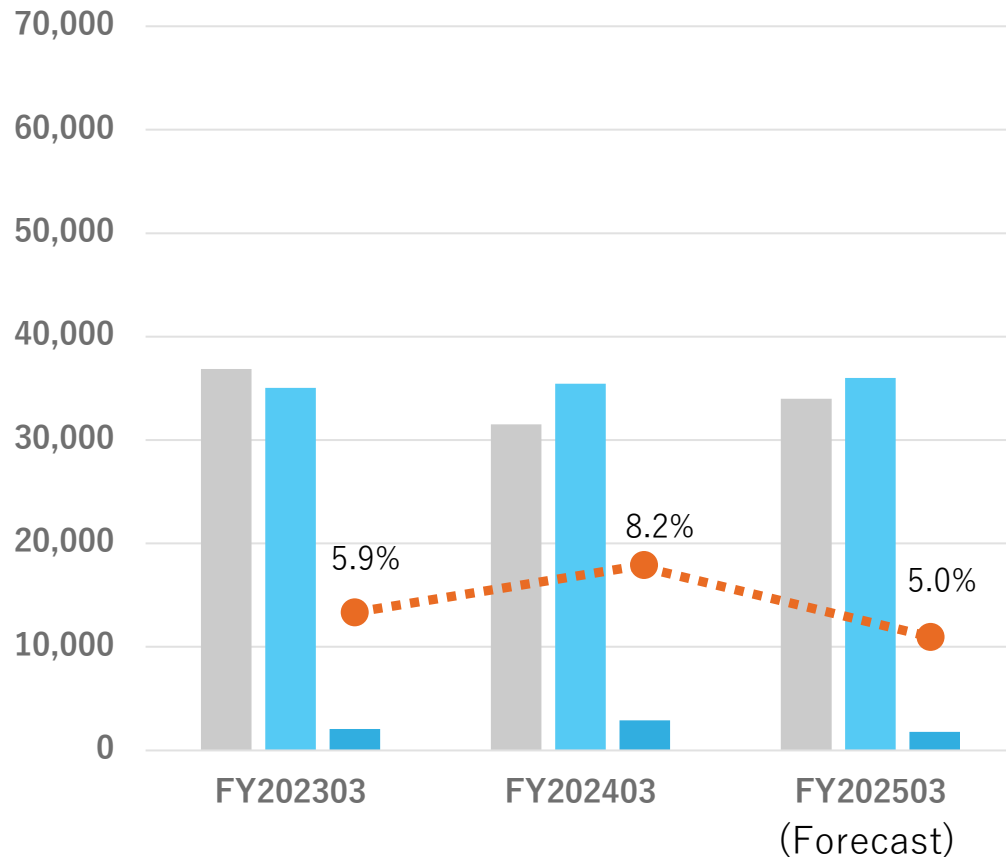
	FY 202303	FY 202403	FY 202503 (Forecast)	YoY	
				FY23 to 24	FY24 to 25
Newly-Received Orders	63,192	64,091	58,000	898 (1.4%)	△6,091 (△9.5%)
Sales	56,071	61,519	60,000	5,448 (9.7%)	△1,519 (△2.5%)
Operating Profit	4,097	4,648	3,500	551 (13.5%)	△1,148 (△24.7%)
OP/Sales	7.3%	7.6%	5.8%	0.3pts	△1.8pts

FY202503 Forecast (2) Civil Engineering Segment

Outstanding market shift is underway from new-construction to renewal and maintenance. In FY202403 order placement decreased in renewal market for the moment, but the market is still substantial potentially. Competitive environment becomes even tougher with some indications of industry restructuring. New-construction and Maintenance business covered the decreased order in Renewal business. Received many MLIT(*2) orders especially in New-construction business.

* MLIT: Ministry of Land, Infrastructure, Transportation and Tourism

(Million Yen)



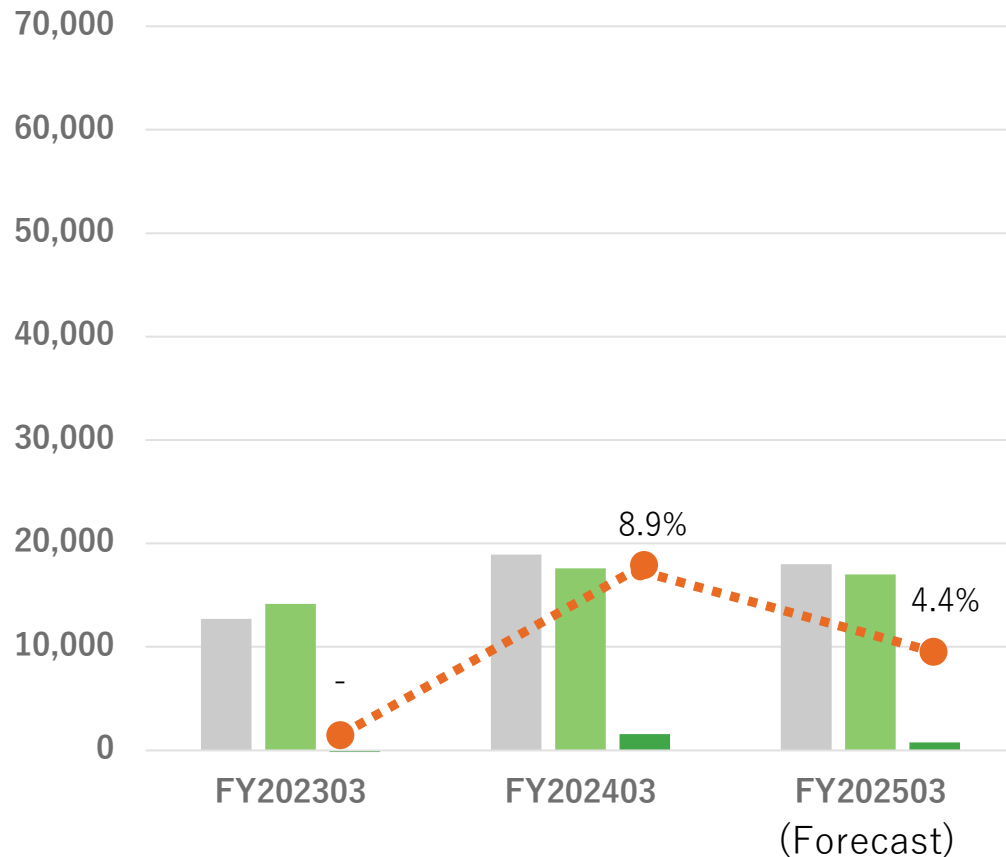
	FY 202303	FY 202403	FY 202503 (Forecast)	YoY	
				FY23 to 24	FY24 to 25
Newly-Received Orders	36,879	31,516	34,000	△5,362 (△14.5%)	2,484 (7.9%)
Sales	35,035	35,432	36,000	396 (1.1%)	568 (1.6%)
Operating Profit	2,067	2,891	1,800	824 (39.9%)	△ 1,091 (△37.7%)
OP/Sales	5.9%	8.2%	5.0%	2.3pts	△ 3.2pts

*Internal Sales between business segments are NOT adjusted.

FY202503 Forecast (3) Architecture Segment

Demands for distribution warehouses are still high in the context of the 2024 overtime regulation issue, etc. Besides our patented pre-manufactured low-rise metal buildings, we have and will pursue large multi-floored projects proactively. Profit in FY202403 rose compared to the previous FY, but uncertain factors such as high construction costs suppress the forecast for FY202503.

(Million Yen)



	FY 202303	FY 202403	FY 202503 (Forecast)	YoY	
				FY23 to 24	FY24 to 25
Newly-Received Orders	12,719	18,936	18,000	6,217 (+48.9%)	△936 (△4.9%)
Sales	14,158	17,601	17,000	3,442 (24.3%)	△601 (△3.4%)
Operating Profit	△423	1,574	750	1,997 (-)	△824 (△52.4%)
OP/Sales	-	8.9%	4.4%	-	△4.5pts

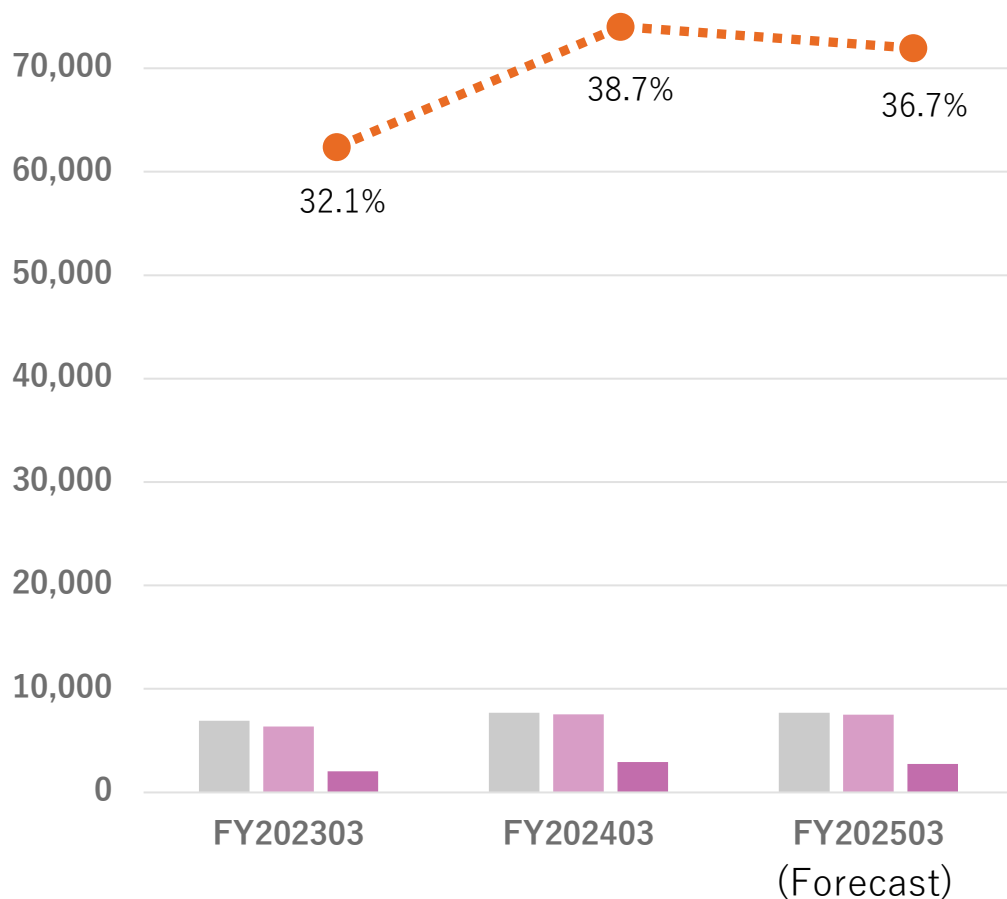
*Internal Sales between business segments are NOT adjusted.

FY202503 Forecast (4)Solution Segment

Software-Related : 3D-CAD software and information-sharing cloud service showed strong performance in the background of the construction DX movement. Furthermore, Consulting service starts growing.

Robot-Related : Market is potentially considerable. It has been expanding as production facilities returning to Japan and labor force declining. Development competition of humanoid robot intensifies worldwide. The number of units sold did not reach the target but increased YoY. Intend to increase sales with new sales agencies.

(Million Yen)



	FY 202303	FY 202403	FY 202503 (Forecast)	YoY	
				FY23 to 24	FY24 to 25
Newly-Received Orders	6,922	7,692	7,700	699 (10.0%)	8 (+0.1%)
Sales	6,371	7,550	7,500	1,178 (18.5%)	△50 (△0.7%)
Operating Profit	2,047	2,919	2,750	871 (42.6%)	△169 (△5.8%)
OP/Sales	32.1%	38.7%	36.7%	6.6pts	△2.0pts

*Internal Sales between business segments are NOT adjusted.

3. Progress and Partial Revisions on the Target Numbers of the 3rd Medium-Term Management Plan etc.

Purpose	To realize KAWADA VISION, we aim for both sustainable growth of our group and realization of the sustainable society. Business environments changing substantially, we face sincerely with the <u>Business Challenges</u> , tackling them quickly and flexibly <u>to become a resilient company</u> .
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Business Challenge	Promote management to <u>(1)increase ROE</u> , considering capital costs, and <u>(2)enhance management base</u>	(1) Increase ROE	<u>Increase profitability in the core businesses, expand business fields in other growing businesses, and shift to capital-efficient management</u>
		(2) Enhance Management Base	Increase productivity through securing talents, talent trainings and DX, building IP landscape, promoting sustainable management for the sustainable society.

Theme : Transforming to a resilient company to realize KAWADA VISION

Principles	Sustainable Growth of Core Businesses	Participate in big projects and the expanding bridge renewal and maintenance market with technologies we have attained for over 100years.
	Enhance and Create Growing Businesses	Allocate management resources into promising business fields and generate new business opportunities with KAWADA-original value creation.
	Promoting Sustainability Management	Maximize our long-term corporate value, solving social issues with sincere and responsible corporate management under our philosophy of “Creation of a Safe, Comfortable and Sustainable Society”,
	Shifting to Capital-Efficient Management	Pushing forward ROE-focused management in the spirit of our “Eight-Way Satisfaction”.

Partial Upward Revisions of Targets (Million Yen)

	The 1 st Plan (Result)	The 2 nd Plan (Result)	The 3 rd Plan (Original)	The 3 rd Plan (Revised)
Sales Revenues (3-year Cumulative)	352,600	337,300	391,000 or more	391,000 or more
Operating Profit (3-year Cumulative)	17,200	17,000	18,600 or more	22,300 or more
Net Income (1) (3-year Cumulative)	16,500	15,700	15,600 or more	18,300 or more
Net Income (2) (3-year cumulative, excluding the effect of equity-method application)	10,900	10,900	12,100 or more	14,600 or more
ROE (1) (At the 3 rd FY)	11.3%	5.8%	8.0% or more	8.0% or more
ROE (2) (At the 3 rd FY, excluding the effect of equity-method application)	15.8%	7.3%	11.0% or more	11.0% or more
Shareholders Return (Average for 3 years)	8.5%	16.0%	30.0% target	30.0% target

Progress Forecast

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Targets are partially revised upward due to the result of FY2024 and the expectation for FY2025 and FY2026. Sales and ROE(1) are estimated not to reach the target at this moment, but we aim for it through receiving further orders and contract alterations, etc.

(Million Yen)

	Target (Original)	Target (Revised)	Change	Progress Forecast								
				FY202403(1 st Year)			FY202503(2 nd Year)			FY202603(3 rd Year)		
				Result	vs Original	vs Revised	Forecast	vs Original	vs Revised	Forecast	vs Original	vs Revised
Sales	3,910	3,910	-	1,291	33.0%	33.0%	1,280	65.8%	65.8%	1,320	99.5%	99.5%
Operating Profit	186	223	37 (19.9%)	87	46.8%	39.0%	58	78.0%	65.0%	78	119.9%	100.0%
Net Income (1)	156	183	27 (17.3%)	75	48.1%	41.0%	41	74.4%	63.4%	67	117.3%	100.0%
Net Income (2)	121	146	25	58	47.9%	39.7%	34	76.0%	63.0%	54	120.7%	100.0%
ROE (1)	8.0%	8.0%	-	9.6%	-	-	5.0%	-	-	7.8%	-	-
ROE (2)	11.0%	11.0%	-	13.8%	-	-	7.7%	-	-	11.2%	-	-
Payout Ratio	30.0%	30.0%	-	30.2%	-	-	37.8%	-	-	30.1%	-	-

*Target for Sales, Operating Profit and Net Income are 3-year cumulative. Target for ROE is at FY202603 and Payout Ratio is average for the term.
“(1)” is for the whole company, “(2)” excludes the effect of equity-method application.

Setting the Lower limit for Yearly Dividend and Dividend Forecast

For the term of the 3rd Plan(FY202403-FY202603), we aim for “Payout Ratio of target 30% and dividend totaling to 4,600million yen” with stable dividends and agile share repurchases. In the fist FY we paid out about 2,250 million yen as dividend, repurchased for roughly 1,000 million yen. We aim for increasing the total amount by piling up profits. In addition, we changed the dividend policy and set the lower limit of 90 yen on yearly dividend per share for the remaining period of the 3rd Plan.



	FY202303	FY202403	FY202503 (forecast)	FY202603 (forecast)
Net Income	4,231million yen	7,541million yen	4,100million yen	6,700million yen
Earnings Per Share *1	239.94yen	434.06yen	238.02yen	388.95yen
Dividend Per Share *1 *2	70yen	131yen	72yen→90yen (for the lower limit)	117yen
Payout Ratio *3	29.2%	30.2%	37.8%	30.1%
Total Dividend	1,234million yen	2,256million yen	1,550million yen *4	2,015million yen *4

Setting Lower Limit for Yearly Dividend
(valid for the plan's remaining term)

Dividend policy changed to Set the lower limit of 90 yen on a yearly dividend per share for the remaining period of the 3rd Plan (FY202403-FY202603)

*1 On an assumption of the stock-split taking effect at the start of the presented period, and the issued shares in FY202503 onward are that of FY202403 (excluding treasury stock)

*2 For FY202503 onward, the higher of the @NI forecast multiplied by payout ratio of 30% or the lower limit of 90 yen

*3 Calculated as DPS/EPS *4 Calculated as EPS multiplied by the total number of issued shares at the end of FY202403(excluding treasury shares)

◎Progress of the Plan's Capital Management Policy

The 3rd Plan

Result of the First FY

Increase Profit level
Investment for Growth
Engagement with Stakeholders

Creating CFO of 20,000 million yen over the term *excluding working capital fluctuation
Enhance the base businesses, invest in growing businesses, capital investments of 10,000 million yen
Shareholders Meeting, Letters for Shareholders, Earnings presentations、 1-on-1 MTGs

10,800 million yen *differs from the number in C/S for excluding working capital fluctuation
Invested 3,800 million yen
1 Shareholders Meeting, 2 Letters for shareholders, 2 Earnings presentations, and 84 times of 1-on-1 MTGs besides 3 small group meetings

◎Other Efforts

Stock Split (1:3)
Kawada Technosystem Made Wholly-Owned Subsidiary

Split 1 common stock to 3, effective as of April 1, 2024 with March 31, 2024 as reference date
Made Kawada Technosystem Co., Ltd. our wholly-owned subsidiary as of March 29, 2024

(Appendix) Financial Summary

(Million Yen)

	FY202003	FY202103	FY202203	FY202303	FY202403
Sales Revenues	127,048	115,545	103,760	118,086	129,127
Operating Profit	6,759	5,565	6,412	5,025	8,734
Ordinary Profit	8,543	8,048	7,689	6,298	10,538
Net Income attributable to owners of Kawada	6,449	6,340	5,176	4,231	7,541
Earnings Per Share (yen) *	366.23	359.10	292.54	239.94	434.06
EPS/Equity (%)	11.3	10.1	7.6	5.8	9.6
Ordinary Profit / Total Asset (%)	6.4	5.6	5.5	4.3	6.5
Operating Profit / Sales (%)	5.3	4.8	6.2	4.3	6.8
Total Asset	139,093	147,408	133,337	162,158	160,216
Net Asset	60,630	66,964	71,921	76,697	82,341
Equity Ratio (%)	43.0	44.8	53.2	46.6	51.1
Net Asset per share (yen) *	3,395.07	3,740.50	4,009.61	4,288.11	4,753.28
Cashflow from Operating activities	△4,126	△2,547	20,391	△9,673	13,320
Cashflows from Investing Activities	△2,764	△4,183	△1,948	△1,504	△2,553
Cashflows from Financing Activities	5,535	8,220	△15,811	12,213	△10,337
Yearly Dividend per share (yen) *	26.67	26.67	33.33 (including memorial dividend of 6.67)	70	131

* On an assumption of the stock-split taking effect at the start of the presented period

The information in this document is based on assumption in light of information available as of the date of announcement of this material, and the factors of uncertainty that may possibly impact the future results of operations. These forward-looking statements involve risks, uncertainties and other factors that may cause actual results and achievements to differ from those anticipated in these statements.

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 **KAWADA** technologies