“Creating a Safe, Comfortable and Sustainable Society" with KAWADA’s Technology

# Kawada Technologies, Inc. (Stock Code: 3443)

# Financial Summary for FY3/2026

(April 1, 2025 through March 31, 2026)

KAWADA

- What’s next? -

**Kawada**: Good afternoon, everyone. I am Kawada, President and Representative Director of Kawada Technologies. Thank you very much for joining us today for our fiscal year 2026 earnings presentation. Let us begin. Please refer to the screen in front of you or the materials provided. For those joining via webinar, you may view the presentation on your screen or download the materials from our IR website.

## Contents





**Kawada**: Today, Watanabe, our Executive Managing Director, and I will present our performance for the fiscal year ended March 2026, our outlook for the fiscal year ending March 2027, and our shareholder return policy. Following that, I will outline our 4th Medium-Term Management Plan.

【Part 1】

## 1. Financial Results for the FY Ended March 2026

**Kawada**: Let me start with our performance for the fiscal year ended March 2026.

# FY3/2026 — Revenue Summary



Closed with lower revenue and lower profit. Revenue decreased due to fewer projects contributing to this term's completed work amid longer project schedules caused by larger-scale projects and a shortage of personnel. Although we secured multiple major contract modifications, SG&A increased and profit declined.

(Million yen, unless otherwise stated)

| | FY3/2024 | | FY3/2025 | | FY3/2026 | | YoY (26 on 25) | |
|---|---|---|---|---|---|---|---|---|
| | result | % to sales | result | % to sales | result | % to sales | In amount | In % |
| **Sales** | 129,127 | 100.0% | 132,905 | 100.0% | **115,025** | **100.0%** | -17,880 | -13.5% |
| **Gross Profit** | 20,098 | 15.6% | 21,742 | 16.4% | **21,354** | **18.6%** | -387 | -1.8% |
| **Operating Profit** | 8,734 | 6.8% | 9,684 | 7.3% | **8,598** | **7.5%** | -1,086 | -11.2% |
| **Ordinary Profit** | 10,538 | 8.2% | 12,616 | 9.5% | **11,055** | **9.6%** | -1,561 | -12.4% |
| **Net Income** Attributable to Owners of Kawada | 7,541 | 5.8% | 11,107 | 8.4% | **8,782** | **7.6%** | -2,325 | -20.9% |
| **Earnings Per Share (yen)** | 144.69円 | - | 214.32 | - | **168.03** | **-** | 46.29 | -21.6% |

* Calculated assuming the April 1,2024 and April 1,2026 stock splits were in effect at the start of the displayed period.

**Kawada**: As you can see, we unfortunately recorded a decline in both revenue and profit compared to the previous fiscal year. Although we began the year with a strong order backlog, the trend toward larger-scale projects has led to longer construction periods. Consequently, fewer projects contributed to this year's revenue. Coupled with industry-wide labor shortages, this resulted in a revenue decline of over 10%, particularly in the steel bridge and architectural steel frame business in the Steel Structures segment and the PC bridges in the Civil Engineering segment. Regarding operating profit and subsequent profit levels, despite securing multiple significant contract modifications during construction, increased SG&A expenses—such as personnel and R&D costs—led to a 10% decrease in operating profit and a 20% decrease in net income attributable to owners of the parent. Specifically, net sales fell 14% year-on-year to 115 billion yen, gross profit decreased 2% to 21.3 billion yen, operating profit decreased 11% to 8.5 billion yen, ordinary profit decreased 12% to 11 billion yen, net income attributable to owners of the parent decreased 21% to 8.7 billion yen, and EPS declined 22% to 168.03 yen.

# Orders Status for FY3/2026



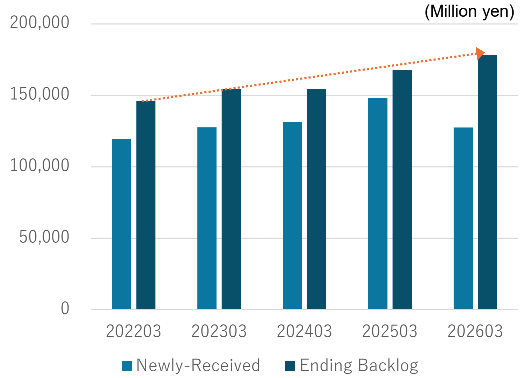
Orders for steel and PC bridges remained weak throughout the year; competition for orders was intense and the environment stayed very challenging. Orders in the Steel Construction and Civil Engineering segments, which include these projects, fell sharply YoY. Other segments were roughly flat, but overall orders declined about 14%. Due to sluggish progress on backlog projects, ending order backlog exceeded the previous year and reached a record high.

(Million yen)

| | FY3/2024 | FY3/2025 | FY3/2026 | YoY (26 on 25) |
|---|---|---|---|---|
| **Opening Backlog** | 154,364 | 154,730 | **167,917** | +13,186 +8.5% |
| **Newly-Received** | 131,241 | 148,202 | **127,638** | -20,564 -13.9% |
| **To Sales** | 130,876 | 135,015 | **117,248** | -17,767 -13.2% |
| **Ending Backlog** | 154,730 | 167,917 | **178,306** | +10,389 +6.2% |

* Internal sales between business segments are not adjusted

【Trends in Newly-Received Orders and Ending Backlog】




**Kawada**: Next, regarding our order status, the environment was extremely challenging throughout the year due to sluggish orders in our core Steel Structures and Civil Engineering segments. Compared to the previous year, which saw strong performance, orders in these segments decreased significantly. the While other segments maintained levels comparable to the previous year, overall orders were approximately 14% lower than last year. On the other hand, as mentioned earlier, sales also declined, resulting in a year-end order backlog of 178.3 billion yen, a 6% increase from the previous year and a record high. Please note that while our order backlog has remained high for several years, it includes long-term projects and is subject to potential delays in contributing to sales and profit due to industry labor shortages and material shortages caused by global instability.

# Key Metrics of B/S, Status of Cash flows, Provisions



Collection of receivables progressed and short-term borrowings for working capital were repaid. Total assets decreased and net assets increased. ROE and ROA declined YoY. Provisions increased due to cost-preceding for projects ordered in the Steel Construction segment during the term.

【Total assets / Net assets / Related indicators】 (Million yen)

| | FY3/2024 | FY3/2025 | **FY3/2026** | YoY (26 on 25) |
|---|---|---|---|---|
| Total Asset | 160,238 | 165,511 | **162,986** | -2,525<br>-1.5% |
| Net Asset | 82,363 | 91,569 | **99,510** | +7,941<br>+8.7% |
| Equity Ratio | 51.1% | 55.0% | **60.7%** | +5.7pp |
| ROE ※ | 9.6% | 12.8% | **9.2%** | -3.6pp |
| ROA ※ | 6.5% | 7.7% | **6.7%** | -1.0pp |

*ROE numerator is net income, ROA numerator is ordinary income.

【Cash Flows】 (Million yen)

| | FY3/2024 | FY3/2025 | **FY3/2026** | YoY (26 on 25) |
|---|---|---|---|---|
| Operating | 13,320 | 9,839 | **15,160** | +5,321 |
| Investing | -2,553 | -2,981 | **-1,828** | +1,153 |
| Financing | -10,337 | -8,659 | **-10,134** | -1,475 |

【Provisions for Construction Losses】 (Million yen)

| | FY3/2024 | FY3/2025 | **FY3/2026** | YoY (26 on 25) |
|---|---|---|---|---|
| Total | 1,674 | 2,908 | **3,805** | +897<br>+30.9% |
| Of which Steel Construction | 1,212 | 1,839 | **2,678** | +839<br>+45.6% |
| Of which Civil Engineering | 461 | 1,068 | **1,126** | +57<br>+5.4% |

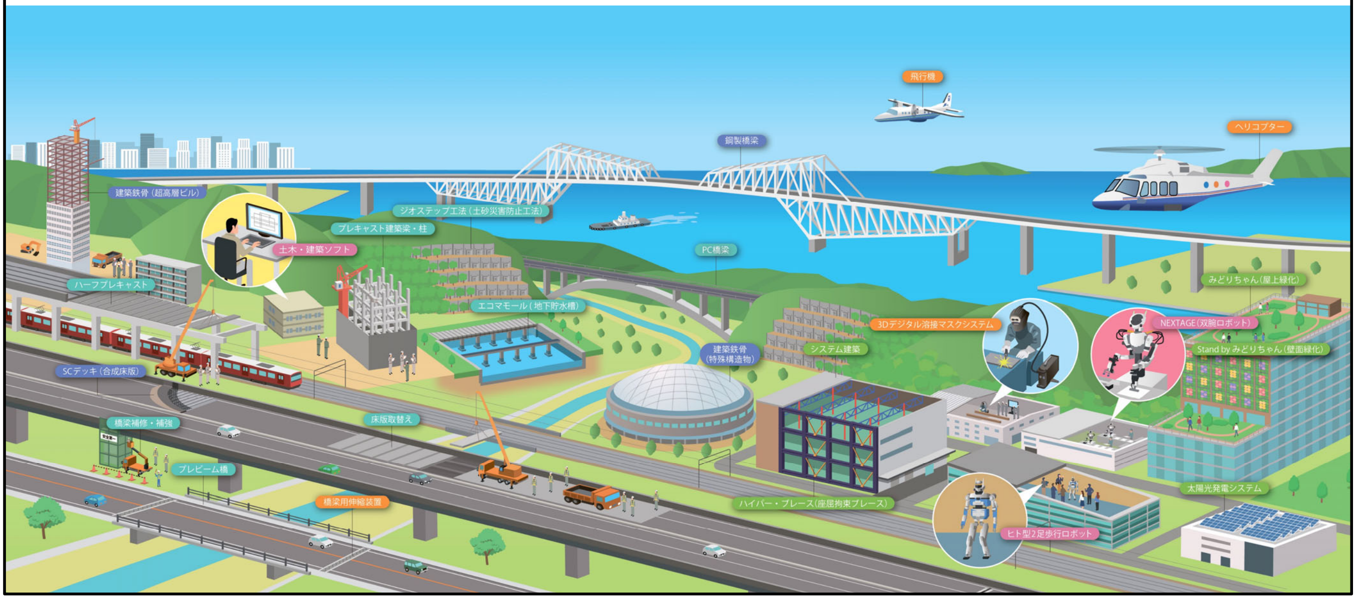
**Kawada**: Moving on, the balance sheet indicators, cash flow summary, and the status of the provision for loss on construction contracts are as shown. Total assets decreased primarily due to a reduction in short-term borrowings for working capital, while net assets increased due to profit recording. As a result, our equity ratio reached 60.7%. ROE, which was nearly 13% in the previous year, fell to the 9% range, and ROA also declined. Regarding cash flow, operating cash flow increased as we were in a period of collecting trade receivables. Investing cash flow increased by 1 billion yen year-on-year, due to higher dividends received and the sale of investment securities during the period. The provision for loss on construction contracts increased by approximately 900 million yen year-on-year, primarily due to a cost-preceding status for projects received in the current fiscal year in the Steel Structures segment, and delays in some large-scale projects caused by delays in adjacent construction work. We expect these issues to be resolved in the future.

I will now hand over to Watanabe to provide a detailed breakdown by segment.

# Segment Overview — Four Business Segments



Steel Construction | Civil Engineering | Architecture | Solution




**Watanabe**: Good afternoon, everyone. I am Watanabe. Our company's Steel Structures segment consists of the design, fabrication, and construction of steel bridges and high-rise architectural steel frames. The Civil Engineering segment focuses on new concrete bridges, PC deck replacement, and repair work. Additionally, we have the Architectural segment, which specializes in low-rise pre-engineered metal building as single or two-story buildings, and the Solutions segment, which covers software including CAD and information sharing systems, bridge design, and robotics.

FY3/2026 (i)Steel Construction Segment



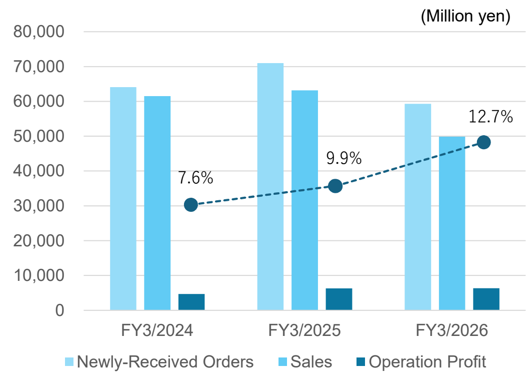
**Steel bridge**: Market size is holding. Among "new construction", "repair / maintenance", and "modification", repair / maintenance and modification are increasing while new construction is declining. Projects are getting larger, lengthening schedules. Although backlog is ample, progress this term was limited and net sales decreased. Profit margin and profit improved due to captured contract modifications. Securing factory-fabricated items is an issue due to the decline in new construction.

**Architectural Steel Frame**: Orders were covered by projects in the Kansai area during a lull in Tokyo-area projects. Net sales fell due to reduced carryover from the prior term. Profit margin rose with contract modifications won, but profit slightly decreased.

(Million yen)

| | FY3/2024 | FY3/2025 | **FY3/2026** | YoY (26 on 25) |
|---|---|---|---|---|
| Opening Backlog | 84,990 | 87,561 | **95,372** | +7,810 +8.9% |
| Newly-Received Orders | 64,091 | 70,983 | **59,301** | -11,681 -16.5% |
| Ending Backlog | 87,561 | 95,372 | **104,794** | +9,422 +9.9% |
| Sales | 61,519 | 63,172 | **49,879** | -13,292 -21.0% |
| Operating Profit | 4,648 | 6,274 | **6,320** | +45 +0.7% |
| Operating Margin | 7.6% | 9.9% | **12.7%** | +2.8pp |

* Internal sales between business segments are not adjusted




**Watanabe**: In the Steel Structures segment, the market landscape has shifted significantly, which has greatly impacted our financial results. The road bridge market has remained steady at approximately 340 billion yen over the past three years, but the composition has changed. New construction tonnage has dropped from 130,000 to 120,000, and then to 90,000 tons. While the shift from new construction to maintenance and repair due to aging infrastructure, we are seeing an increasing ratio of contract modifications for existing projects. Since these contract modifications apply to projects already won, the field for new competitive bidding is shrinking. To clarify, we categorize our business into “new construction,” “repair and maintenance,” and “contract modifications”. While the first two represent new orders, “contract modifications” involve increasing the contract value of existing projects. Although the total market value remains stable, the shift toward repair and maintenance, and contract modifications—coupled with the decline in new construction—has made securing factory fabrication projects an urgent priority. The fact that we have a large order backlog but low progress this year is due to this shift. Maintenance and repair projects tend to have longer construction periods and require more design time. As the ratio of new construction projects—where design is completed and construction follows—decreases, the volume of projects won and completed within the same fiscal year decreases, which had a significant impact. Our profitability is also heavily influenced by securing contract modifications. While we had a considerable number of project completions in the previous fiscal year compared to this year, the high volume of completions in the previous year meant that a certain amount of “contract modification potential” was generated, which was then realized as contract modifications in the current fiscal year, contributing to an increase in both profit and profit margins. Regarding architectural steel frames, while large-scale projects are expected from fiscal

2028 onwards, projects in Tokyo metropolitan area is currently in a transition period. This year, we covered this with orders for IR projects in the Kansai region. Sales decreased due to a reduction in carry-over from the previous year. Profitability also fluctuated; while profit margins rose due to contract modifications, total profit decreased slightly due to lower volume.

As a result, while last year's orders were 70 billion yen, this included 16 billion yen from projects where we had priority negotiation rights for construction after design completion. Due to the reaction to that, orders for this fiscal year were 59 billion yen. With sales of 49 billion yen, operating profit of 6.3 billion yen and operating margin of 12.7%, please recognize that the high profit margin is due to the significant increase in contract modifications.

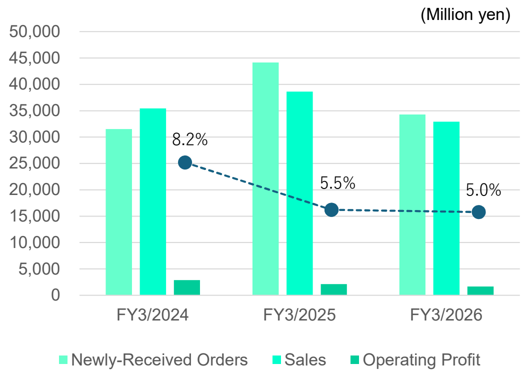
# FY3/2026 (ii)Civil Engineering Segment

In the Prestressed-Concrete bridge market, the proportion of "modifications" has increased among "new construction", "renewal", and "modification", and new bid opportunities have declined. Orders for new construction and renewal remained only slightly down. Intensified competition for securing orders and a large order won in renewal in the prior term mainly caused the order decline.
Order targets were met. Net sales fell in new construction and maintenance due to longer schedules. Contract modifications won in new construction improved profit and profit margin, but renewal and maintenance declined due to the absence of prior-term large contract modification gains, resulting in an overall profit decrease. Profit margin increased.

(Million yen)

| | FY3/2024 | FY3/2025 | **FY3/2026** | YoY (26 on 25) |
|---|---|---|---|---|
| Opening Backlog | 49,100 | 45,184 | **50,700** | +5,515 +12.2% |
| Newly-Received Orders | 31,516 | 44,137 | **34,283** | -9,854 -22.3% |
| Ending Backlog | 45,184 | 50,700 | **52,064** | +1,364 +2.7% |
| Sales | 35,432 | 38,622 | **32,918** | -5,703 -14.8% |
| Operating Profit | 2,891 | 2,106 | **1,654** | -451 -21.4% |
| Operating Margin | 8.2% | 5.5% | **5.0%** | -0.5pp |

* Internal sales between business segments are not adjusted




**Watanabe**: In the Civil Engineering segment, the PC deck replacement market is growing. Similar to the steel bridge market, we categorize the PC market into "new construction" and "renewal" for new project orders, and "modifications" for adjustments to existing contracts. We are seeing a substantial increase in the proportion of these "modifications", as the ratio of "modifications" to existing projects is increasing, while new orders for "new construction" and "renewal" are decreasing. In the early stages of PC deck replacement, there were many new orders, but these have decreased in recent years. Conversely, "modifications"—additional modifications to existing orders—are increasing. Therefore, competition for new projects is becoming very intense. Regarding orders, the total of new construction and renewal is not significantly different from the previous year, but we missed some target repair projects. Last year, we won two large-scale projects, which accounts for the difference in orders this year. However, we achieved our order target of 32 billion yen, partly due to winning a JRTT project at the end. Sales decreased in new construction and maintenance due to the aforementioned longer project durations. The segment recorded sales of 32.9 billion yen and an operating profit of 1.6 billion yen.

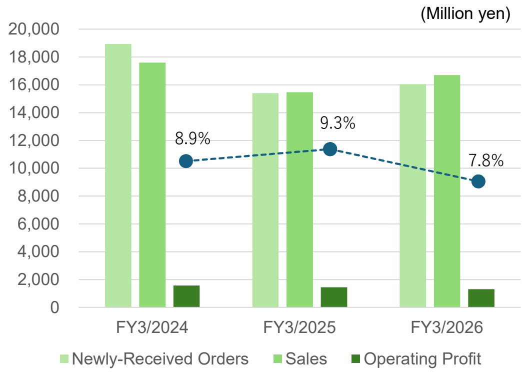
# (iii)Architecture Segment


Developers' and companies' investment appetite remains strong, but the industry faces a labor shortage, leading to selective ordering based on profitability and easier price pass-through negotiations. Construction costs remain high. Some projects missed contracting within the term, but orders increased YoY. While pre-engineered metal building margins were maintained, profit margin declined due to steady progress on a challenging multi-story warehouse project, and profit slightly decreased.

(Million yen)

| | FY3/2024 | FY3/2025 | **FY3/2026** | YoY (26 on 25) |
|---|---|---|---|---|
| Opening Backlog | 16,526 | 17,862 | **17,788** | -74<br>-0.4% |
| Newly-Received Orders | 18,936 | 15,398 | **16,042** | +643<br>+4.2% |
| Ending Backlog | 17,862 | 17,788 | **17,127** | -661<br>-3.7% |
| Sales | 17,601 | 15,473 | **16,703** | +1,230<br>+8.0% |
| Operating Profit | 1,574 | 1,444 | **1,308** | -135<br>-9.4% |
| Operating Margin | 8.9% | 9.3% | **7.8%** | -1.5pp |

* Internal sales between business segments are not adjusted




**Watanabe**: Regarding the Architectural segment, I believe the market is slightly stronger than these figures suggest. Orders were 160 billion yen, against an initial target of 190 billion yen. With rising construction costs, the time clients take to consider projects has lengthened, delaying the transition from the design stage to the construction order stage. There are many inquiries, and recently, due to cost considerations for rental properties, we are receiving more requests for single or two-story warehouses rather than multi-story buildings. We expected 190 billion yen in orders, but the delay in transitioning from design to construction was the main reason it remained at 160 billion yen. If you look at the orders for the fiscal year ended March 2024, they were slightly higher, which was when we won multi-story projects. The progress of these multi-story projects contributed to revenue in the fiscal year ended March 2026, but because they are slightly less profitable than general single or two-story buildings, the profit margin has decreased slightly.

## FY3/2026 (iv)Solution Segment



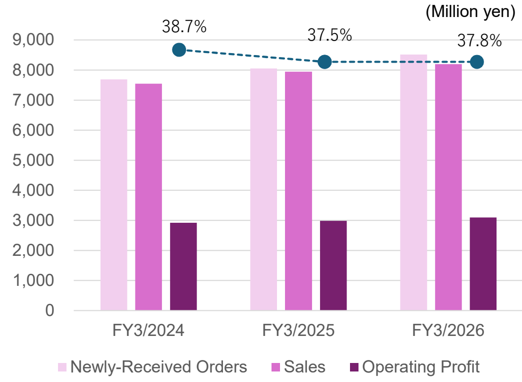
**Software**: A decline in bridge orders modestly constrained growth, but DX adoption driven by labor shortages is inevitable. Information-sharing services remain solid. Upgrades planned in river and erosion-control fields to strengthen linkage between 3D models and 2D drawings.

**Robot**: Competition in robot development intensifies, the market is entering the practical phase and is expected to expand rapidly. Direct sales are strong, robot SI business is also growing, increasing orders and sales. Fixed-cost reductions reduced loss magnitude.

(Million yen)

| | FY3/2024 | FY3/2025 | **FY3/2026** | YoY (26 on 25) |
|---|---|---|---|---|
| Opening Backlog | 3,355 | 3,498 | **3,603** | +104 +3.0% |
| Newly-Received Orders | 7,692 | 8,053 | **8,520** | +466 +5.8% |
| Ending Backlog | 3,498 | 3,603 | **3,926** | +323 9.0% |
| Sales | 7,550 | 7,949 | **8,197** | +248 3.1% |
| Operating Profit | 2,919 | 2,982 | **3,098** | +115 +3.9% |
| Operating Margin | 38.7% | 37.5% | **37.8%** | +0.3pp |

* Internal sales between business segments are not adjusted

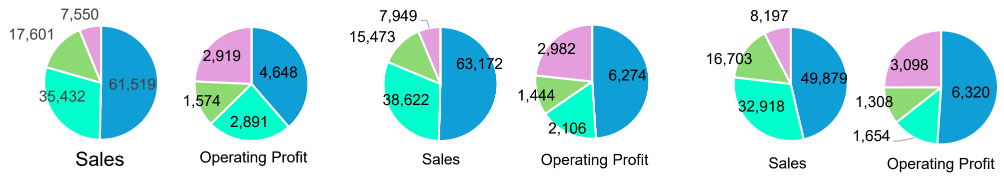



**Watanabe**: In the Solutions segment, the decrease in bridge orders, particularly the reduction in new construction tonnage, has slowed down our contract design business and led to some restraint in CAD contracts from construction consultants. On the other hand, our information sharing service has grown steadily by increasing its added value. The Ministry of Land, Infrastructure, Transport and Tourism is strongly promoting the integration of 3D models and 2D drawings, and we have upgraded our system to strengthen this integration in the river and erosion control fields. We intend to strengthen this movement in the road sector as well. As you know, competition in robotics development is intensifying, and we believe it is entering the practical application phase. The expansion of the robot market and the move from R&D to practical use are basically tailwinds for us. This year, direct sales were strong, and thanks to our system integration business and fixed cost reductions, the loss has been significantly reduced. Overall, the segment recorded 8.1 billion yen in sales and 3 billion yen in operating profit.

FY3/2026 **Segment Revenue Trends** 

(Million yen)

| | FY3/2024 | | | FY3/2025 | | | **FY3/2026** | | |
|---|---|---|---|---|---|---|---|---|---|
| | Sales | Operating Profit | Operating Margin | Sales | Operating Profit | Operating Margin | Sales | Operating Profit | Operating Margin |
| **Steel Construction** | 61,519 | 4,648 | 7.6% | 63,172<br>+2.7% | 6,274<br>+35.0% | 9.9%<br>+2.3pp | **49,879**<br>**-21.0%** | **6,320**<br>**+0.7%** | **12.7%**<br>**+2.8pp** |
| **Civil Engineering** | 35,432 | 2,891 | 8.2% | 38,622<br>+9.0% | 2,106<br>-27.2% | 5.5%<br>-2.7pp | **32,918**<br>**-14.8%** | **1,654**<br>**-21.4%** | **5.0%**<br>**-0.5pp** |
| **Architecture** | 17,601 | 1,574 | 8.9% | 15,473<br>-12.1% | 1,444<br>-8.3% | 9.3%<br>+0.4pp | **16,703**<br>**+8.0%** | **1,308**<br>**-9.4%** | **7.8%**<br>**-1.5pp** |
| **Solution** | 7,550 | 2,919 | 38.7% | 7,949<br>+5.3% | 2,982<br>+2.1% | 37.5%<br>-1.2pp | **8,197**<br>**+3.1%** | **3,098**<br>**+3.9%** | **37.8%**<br>**+0.3pp** |




* Steel Construction ■ Civil Engineering ■ Architecture ■ Solution

* Internal sales between business segments are not adjusted

**Watanabe**: This summarizes what I have discussed so far. Please review it later.

## 2. Forecast for the FY Ending March 2027

**Watanabe**: Regarding our earnings outlook,

## Forecast for FY3/2027 (i)Steel Construction Segment



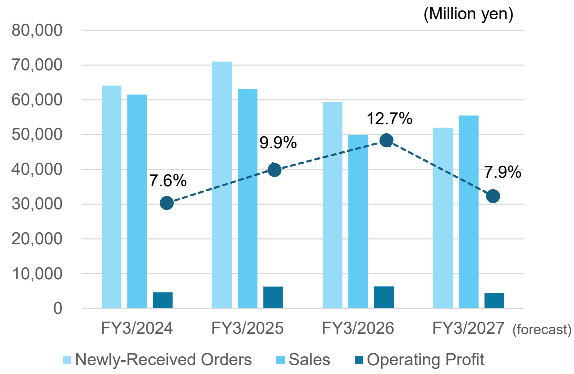
**Steel bridge**: New bids for "new construction" are expected to decline further. We will strengthen repair and maintenance operations.
From FY2027 onward, issuance of orders for the Osaka Bay Road westward extension construction portion is expected.
Net sales are expected to increase slightly, but with fewer contract modifications than the prior term, profit and profit margin are expected to decrease.

**Architectural Steel Frame**: Although large Tokyo-area projects are planned, this term is a lull. Covered by Kansai-area projects. Net sales will increase with more fabrication projects in Kansai and construction projects in addition to fabrication projects in Tokyo-area. Profit will decline compared with the prior term, which posted large contract modification gains, as the share of higher-margin Tokyo fabrication projects falls.

(Million yen)

| | FY3/2024 | FY3/2025 | FY3/2026 | **FY3/2026 (forecast)** | YoY (27 on 26) |
|---|---|---|---|---|---|
| Opening Backlog | 84,990 | 87,561 | 95,372 | **104,794** | +9,422<br>+9.9% |
| Newly-Received Orders | 64,091 | 70,983 | 59,301 | **52,000** | -7,301<br>-12.3% |
| Ending Backlog | 87,561 | 95,372 | 104,794 | **101,294** | -3,500<br>-3.3% |
| Sales | 61,519 | 63,172 | 49,879 | **55,500** | +5,620<br>+11.3% |
| Operating Profit | 4,648 | 6,274 | 6,320 | **4,400** | -1,920<br>-30.4% |
| Operating Margin | 7.6% | 9.9% | 12.7% | **7.9%** | -4.8pp |

* Internal sales between business segments are not adjusted




**Watanabe**: Starting with the Steel Structures segment, as new construction bidding is expected to decrease further, we aim to strengthen our maintenance and repair business. While new construction is declining, we have secured orders for deck replacements, including concrete and steel decks, last year. We will continue to aim for strengthening maintenance and repair. We also anticipate the order for the "Osaka Bay Coastal Highway West Extension, Shinko-Nadahama Section", for which we are currently working on the design. Sales will increase slightly, but profit and profit margin will decrease because there are fewer contract modifications for steel bridges compared to the previous year. Regarding architectural steel frames, while there are future plans for large-scale projects in the Tokyo metropolitan area, such as the development of the former Tsukiji site, we consider this a transition period. We will cover this with projects in the Kansai region. Our models differ between the two regions: in the Tokyo area, we basically handle the full line of fabrication in-house, while in the Kansai region, we use the ED method, where we technically coordinate with partner contractors. While our strength is not just fabrication but also “fabricating and erecting” steel, in this fiscal year, while fabrication projects in the Tokyo area are few, fabrication in the Kansai region and construction projects will increase significantly. However, since the profit margin for these Kansai projects is lower than those in the Tokyo area, the overall profit margin will decrease as the ratio of relatively high-margin Tokyo projects declines. We forecast sales of 55.5 billion yen, with most of the increase coming from architectural steel frames. We currently expect operating profit to decrease. As explained, this is because there are not many contract modifications recorded at this stage. We forecast an operating profit of 4.4 billion yen and an operating margin of 7.9%.

## Forecast for FY3/2027 (ii)Civil Engineering Segment

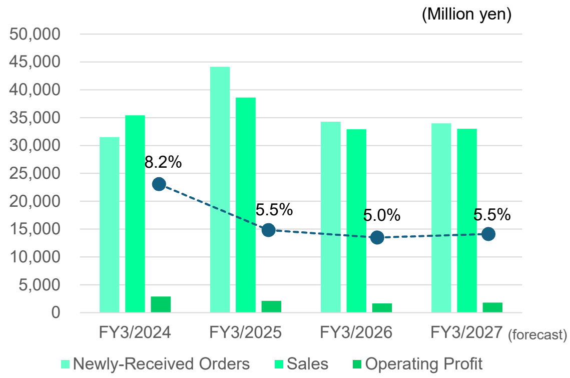


New bids for "new construction" and "renewal" are expected to decline further, and order competition is expected to intensify. Including a recovery in maintenance following last term's weakness, we aim to achieve the prior-term level. We target net sales at the prior-term level and aim for profit growth through actively capturing contract modifications.

(Million yen)

| | FY3/2024 | FY3/2025 | FY3/2026 | **FY3/2026 (forecast)** | YoY (27over26) |
|---|---|---|---|---|---|
| Opening Backlog | 49,100 | 45,184 | 50,700 | **52,064** | +1,364<br>+2.7% |
| Newly-Received Orders | 31,516 | 44,137 | 34,283 | **34,000** | -283<br>-0.8% |
| Ending Backlog | 45,184 | 50,700 | 52,064 | **53,064** | +1,000<br>+1.9% |
| Sales | 35,432 | 38,622 | 32,918 | **33,000** | +81<br>+0.2% |
| Operating Profit | 2,891 | 2,106 | 1,654 | **1,800** | +145<br>+8.8% |
| Operating Margin | 8.2% | 5.5% | 5.0% | **5.5%** | +0.5pp |

* Internal sales between business segments are not adjusted




**Watanabe**: In Civil Engineering, as mentioned regarding steel bridges, new bidding projects are expected to decrease further, and we anticipate even fiercer competition. The “modification" portion is significant, but as mentioned, these are extensions of projects already won, meaning there are fewer new projects to compete for. We aim for sales at the same level as the previous year, but we hope to increase profit by actively securing contract modifications.

## Forecast for FY3/2027 (iii)Architecture Segment

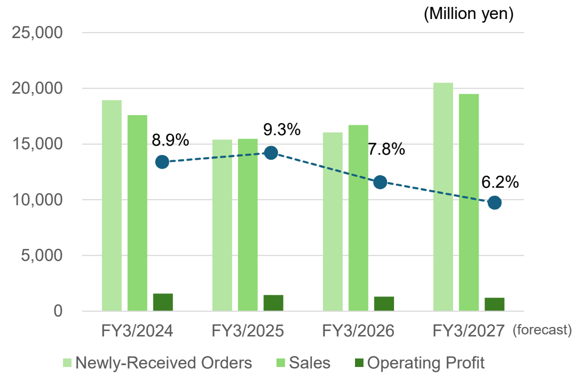


Strong private investment is expected to continue, driven by e-commerce expansion, labor shortages pushing logistics efficiency and functionality improvements, and reshoring of manufacturing bases to Japan. Some trend shifts from multi-story warehouses to low-rise warehouses exist; we aim to expand orders with our strength in pre-engineered metal buildings. Despite high material prices, we will seek timely price pass-through through appropriate communication and ensure robust procurement.

(Million yen)

| | FY3/2024 | FY3/2025 | FY3/2026 | **FY3/2026 (forecast)** | YoY (27over26) |
|---|---|---|---|---|---|
| Opening Backlog | 16,526 | 17,862 | 17,788 | **17,127** | -661<br>-3.7% |
| Newly-Received Orders | 18,936 | 15,398 | 16,042 | **20,500** | +4,457<br>+27.8% |
| Ending Backlog | 17,862 | 17,788 | 17,127 | **18,127** | +1,000<br>+5.8% |
| Sales | 17,601 | 15,473 | 16,703 | **19,500** | +2,796<br>+16.7% |
| Operating Profit | 1,574 | 1,444 | 1,308 | **1,200** | -108<br>-8.3% |
| Operating Margin | 8.9% | 9.3% | 7.8% | **6.2%** | -1.6pp |

* Internal sales between business segments are not adjusted




**Watanabe**: In the Architectural segment, as mentioned, there are many inquiries due to the expansion of e-commerce and the need for logistics efficiency and improved functionality due to labor shortages. We aim for 20.5 billion yen in orders. We forecast sales of 19.5 billion yen and an operating profit of 1.2 billion yen. In the Architecture business, profit improvement comes not so much from securing contract modifications, but from how we release risk reserves and control costs toward the end of construction. Since we do not expect many projects to be completed this fiscal year, we have set the profit at 1.2 billion yen, taking some risks into account.

## Forecast for FY3/2027 (iv)Solution Segment



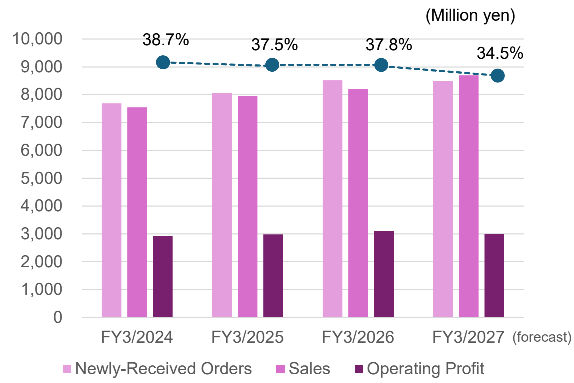
**Software**: Riding the tailwind of construction DX, our in-house software products are expected to perform well but penetration into customers progresses. We aim to raise unit prices through enhanced functionality and to advance into the public infrastructure market (electrical, gas, water, etc.) with initiatives like visualizing underground utilities under the slogan "Solve public infrastructure issues with DX“.

**Robot**: Humanoids are moving from R&D to practical application. We aim for a leap forward by capturing market momentum.

(Million yen)

| | FY3/2024 | FY3/2025 | FY3/2026 | **FY3/2027 (forecast)** | YoY (27over26) |
|---|---|---|---|---|---|
| Opening Backlog | 3,355 | 3,498 | 3,603 | **3,926** | +323 +9.0% |
| Newly-Received Orders | 7,692 | 8,053 | 8,520 | **8,500** | -20 -0.2% |
| Ending Backlog | 3,498 | 3,603 | 3,926 | **3,726** | -200 -5.1% |
| Sales | 7,550 | 7,949 | 8,197 | **8,700** | +502 +6.1% |
| Operating Profit | 2,919 | 2,982 | 3,098 | **3,000** | -98 -3.2% |
| Operating Margin | 38.7% | 37.5% | 37.8% | **34.5%** | -3.3pp |

* Internal sales between business segments are not adjusted




**Watanabe**: In the Solutions segment, as mentioned, the Ministry of Land, Infrastructure, Transport and Tourism has announced a policy to integrate 3D models and 2D drawings over three years. We have released products for river and erosion control, and we are adding various functions for roads and other areas. It will take two or three years for this to penetrate, but I believe our CAD business can grow further. Regarding underground structures, we are still in the early stages of practical application, but we hope to improve accuracy and turn them into products. We are implementing various initiatives and believe we can gradually return to a growth trajectory. Robotics is moving from the R&D phase to the practical application phase. Our humanoid robots are already being used in many customer factory lines, and we hope to further advance this business.

# Forecast for FY3/2027



With continued yen depreciation, labor shortages, and rising prices of various goods, and given uncertain global conditions that could strain construction materials, we assume a challenging business environment for this term. Some segments are bullish while some bearish, but overall net sales are expected to exceed the prior term while operating income and below are forecast to decline YoY at this point.

(Million yen)

| | FY3/2025 | FY3/2026 | **FY3/2027 (forecast)** | YoY 26 on 25 | YoY 27 on 26 |
|---|---|---|---|---|---|
| **Sales** | 132,905 | 115,025 | **125,000** | -17,880<br>-13.5% | +9,974<br>+8.7% |
| **Operating Profit** | 9,684 | 8,598 | **7,200** | -1,086<br>-11.2% | -1,398<br>-16.3% |
| **Ordinary Profit** | 12,616 | 11,055 | **9,500** | -1,561<br>-12.4% | -1,555<br>-14.1% |
| **Net Income Attributable to Owners of Kawada** | 11,107 | 8,782 | **7,100** | -2,325<br>-20.9% | -1,682<br>-19.2% |
| **Earning Per Share(yen)** | 214.32 | 168.03 | **135.71** | -46.29<br>-21.6% | -32.32<br>-19.2% |

*1 Calculated assuming the April 1, 2026 stock split was in effect at the start of the displayed period.

**Watanabe**: Combining these, we forecast sales to increase to 125 billion yen, but operating profit and ordinary profit will decrease. While revenue will increase, profit will decline, which we believe is primarily due to the timing of contract modifications and changes in project composition, rather than the profitability of each business. We will respond to market changes, secure orders, and improve profitability.

# 3. Shareholder Returns

**Watanabe**: Regarding shareholder returns,

# Shareholder Returns



- **We implemented a 1-for-3 ordinary share split as an effective date April 1, 2026**
- **We are currently conducting a share repurchase up to 1.5 billion yen, with an acquisition period from April 1, 2026 to June 24, 2026**

Other recent shareholder-return initiatives

- Sep 2023: Share repurchase of 1.0 billion yen
- Apr 2024: 1-for-3 ordinary share split
- May 2024: Set the minimum annual dividend during the 3rd medium-term plan at 90 yen *
- Jun 2024: Introduced an interim dividend system
- Mar 2025: Cancelled 400,000 treasury shares

*Figures are before the April 1, 2026 stock split.

**Watanabe**: We conducted a stock split effective April 1, 2026. We are also currently conducting a share buyback of up to 1.5 billion yen from April 1 to June 24. Other recent major shareholder return initiatives include a 1 billion yen share buyback in September 2023, a 1-to-3 stock split in April 2024, setting a minimum annual dividend of 90 yen in May 2024, introducing an interim dividend system in June 2024, and canceling 100,000 treasury shares in March 2025.

# Outlook for Shareholder Returns



From April 2026 we replaced the "dividend policy" with the "shareholder returns policy"

■Shareholder Returns Policy (from April 1, 2026)

- We recognize shareholders return as one of the primary initiatives, as well as increasing company value
- Basic idea is to continue stable dividend with a target for consolidated dividend ratio of roughly 30%, excluding profits and losses caused by non-recurring special factors (please refer to the right box)
- During the 4th medium-term plan period, aim for a total shareholder return ratio of around 50% and set a floor for annual dividends per share during the period at 35 yen.

**Q. What is "profits and losses caused by non-recurring special factors"?**

A. It's purely accounting profits and losses, accrued outside of normal business activities, with no future cash-flow expected to follow

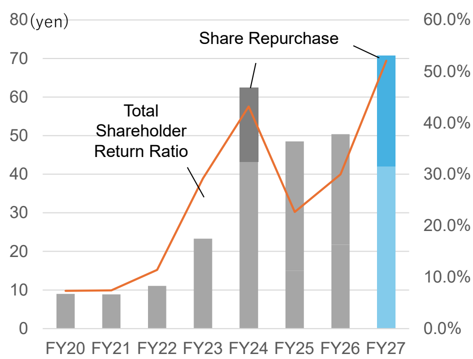
* it does not necessarily mean items in "extraordinary items" on P/L

| | FY3/2024 | FY3/2025 | FY3/2026 | FY3/2027 (forecast) |
|---|---|---|---|---|
| EPS *1 | 144.69 yen | 214.32 yen | 168.03 yen | 135.71 yen |
| Dividend per Share *1 | 43.7 yen | 48.3円 (interim 15.0) | 50.3 yen (interim 21.6) | 42.0 yen (interim 21.0) |
| Dividend Ratio | 30.2% | 22.6% *2 | 30.0% | 30.9% |
| Share Repurchase | 999 M yen | - | - | 1,500 M yen |
| Total Shareholder Returns ratio | 43.2% | 22.6% *2 | 30.0% | 52.1% |

*1 Calculated assuming the April 1,2024 and April 1,2026 stock splits were in effect at the start of the displayed period.

*2 The ratio would be 29.6% if calculated excluding the effects of "fair value adjustment from Sato Kogyo's first-time application of equity method" and "income tax-deferred due to the reassessment of recoverability of DTA" under the dividend policy.

Trends in per-share shareholder returns *1



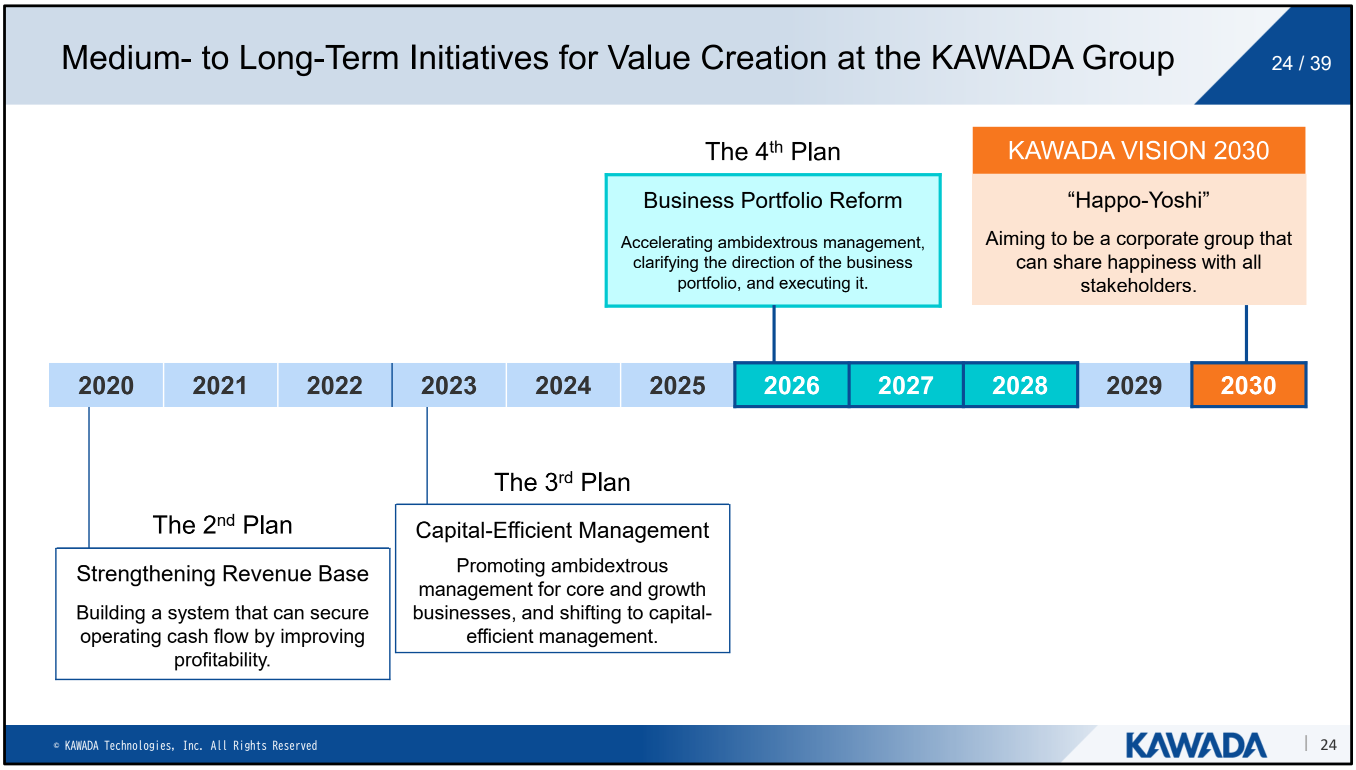

**Watanabe**: From April 2026, we have revised our dividend policy and established a shareholder return policy. Our earnings tend to fluctuate depending on when we secure contract modifications. Since relying solely on a 30% dividend payout ratio would lead to significant annual fluctuations, we have set a new target of a 50% total return ratio during the 4th Medium-Term Management Plan period. Furthermore, we have set a minimum annual dividend of 35 yen per share for the same period. This is equivalent to 105 yen before the recent stock split, compared to the previous 90 yen.
This concludes my explanation, and Kawada will now explain the 4th Medium-Term Management Plan.

【Part 2】

The 4th Medium-Term Management Plan

**Kawada**: I will now outline the 4th Medium-Term Management Plan.


**Kawada**: The materials you see today were already disclosed on May 12, so this is an excerpt. For details, please refer to our website.




**Kawada**: First, looking back, we have been working toward our long-term vision of "Happo-yoshi" (good for all eight directions) based on the themes you see. In the 2nd Medium-Term Management Plan, our theme was strengthening our earnings base and improving our financial structure. At that time, we had high debt and a weak management base, so we focused on strengthening our earnings base and using retained earnings to improve our equity ratio. In the 3rd Medium-Term Management Plan, we shifted our focus to how to create new value and improve corporate value using our equity. In this 4th Medium-Term Management Plan, we recognize that how to utilize our equity to create corporate value remains a challenge. We will focus on accelerating our "ambidextrous management," reviewing our business portfolio, and further increasing capital efficiency.

## The 3rd Medium-Term Management Plan — Achievement Status (Numerical Targets 1)



(Million Yen)

| | Initial Target | | Result | Achievement Ratio | (Ref.) Amendments May 2024 | May 2025 | Nov 2025 |
|---|---|---|---|---|---|---|---|
| **Sales Revenues** (3-year cumulative) *1 | 391,000 | or more | 377,058 | 96.4 % | 391,000 | 391,000 | 377,000 |
| **Operating Profit** (3-year cumulative) *1 | 18,600 | Or more | 27,016 | 145.3 % | 22,300 | 26,100 | 26,100 |
| **Net Income (i)** (3-year cumulative) *1 | 15,600 | Or more | 27,431 | 175.8 % | 18,300 | 26,100 | 26,100 |
| **Net Income (ii)** (3-year cumulative, excluding the effect of equity-method application) | 12,100 | Or more | 20,356 | 168.2 % | 14,600 | 19,600 | 19,600 |
| **ROE (i)** (at the 3rd FY) | 8.0% | or more | 9.2% | 115.5 % | 8.0% | 8.0% | 8.0% |
| **ROE (ii)** (at the 3rd FY, excluding the effect of equity-method application) *2 | 11.0% | Or more | 12.1% | 110.4 % | 11.0% | 11.0% | 11.0% |
| **Shareholders Return** (average for 3 years) *3 | 30.0% | roughly | 27.6% | 92.0 % | 30.0% | 30.0% | 30.0% |

*1 Because our group undertakes multi-year projects and results fluctuate by year, targets are stated as cumulative totals over three years.
*2 Due to significant influence from equity-method investment income, we set ROE targets excluding equity holdings of affiliates from shareholders' equity to indicate efficiency against business profit.
*3 Regarding shareholder returns, we clarified a policy targeting a consolidated payout ratio of about 30% excluding non-recurring special items; while surface targets may look unmet, the principle of a 30% payout ratio continues.



KAWADA



**Kawada**: In the 3rd Medium-Term Management Plan, covering the period from April 2023 to March 2026, we set numerical targets for sales, operating profit, net income, ROE, and shareholder returns. Although we changed the targets three times during the period, compared to the initial targets, we missed the sales target due to sluggish orders, but we achieved all targets related to profit and capital efficiency. Regarding the shareholder return target, it was slightly below the 30% target, but it reaches 30% if we exclude non-recurring special factors as defined in our dividend policy.

## The 3rd Medium-Term Management Plan — Outcomes and Issues of Basic Policies

| Basic Policy | Achievements | Challenges |
|---|---|---|
| Sustainable Growth of Core Businesses | - Acquired priority negotiation rights for the Osaka Bay Coastal Road West Extension Cable-Stayed Bridge, and participated in major projects such as the Shin-Suzaki Section Renovation Project and the Nishimeihan Matsubara-Kashiwara Bridge Renovation Project. | - Difficulty in securing factory operations due to a decrease in the ordered weight of new bridges.<br>- Urgent need to secure steel structures to compensate for the decrease in new bridge production. |
| Expansion and Creation of Growth Businesses | - Software-related businesses steadily expanded in scale.<br>- Started external sales of "Construction x Robotics" achievements, which were developed for core businesses. | - Expansion of robot-related businesses is halfway, and with increasing demand due to labor shortages, establishing a system for business expansion is an urgent task. |
| Promotion of Sustainability Management | - Established the direction (policy) for the Kawada Group to address social issues.<br>- Steady progress in KPIs for important issues (materiality). | - Linking sustainability initiatives with business strategy. |
| Transition to Capital-Efficient Management | - ROE levels improved during this medium-term plan period due to improved profitability of core businesses and expanded scale of growth businesses. | - Aiming to transform into a business structure less susceptible to market fluctuations. |



KAWADA



**Kawada**: In the 3rd Medium-Term Management Plan, we focused on four basic policies: sustainable growth of core businesses, expansion and creation of growth businesses, promotion of sustainability management, and transformation to capital-efficient management. While some challenges remain, we believe we have achieved certain results.

## The 4th Medium-Term Management Plan — Management Challenges to Address



**External Environment**

- Declining birthrate and aging population / Decrease in domestic working population
- Aging of various social infrastructures
- Intensification of disasters due to climate change
- Progress of digital technology
- Work style reform / Diversity
- Global supply chain disruption
- Sustainability management
- Response to corporate governance
- Increasing market awareness of capital efficiency

**Business Environment**

- Aging of construction industry workers, shortage of skilled labor
- Progress of disaster prevention and mitigation, national resilience plan
- Development of high-standard roads considering convenience
- Promotion of productivity improvement in the construction industry
- Diversification of work styles and lifestyles
- Appropriate collaboration with stakeholders
- Transition to management emphasizing capital efficiency

**Management Issues to Address in the 4th Medium-Term Plan**

**1) Growth and Expansion of Business**
→ Balanced revenue base in existing and growth businesses
→ Business portfolio reform pursuing overall optimization

**2) Strengthening Investment for the Future**
→ Productivity improvement through capital investment and DX
→ Accelerating R&D centered on "Construction x Robotics“
→ Technology development for solving social and environmental issues
→ Expansion of business areas

**3) Sustainability Management**
→ Accelerating initiatives for carbon neutrality
→ First step towards responding to natural capital and biodiversity
→ Enhancing human capital management
→ Promoting human rights-respecting management

**4) Capital-Efficient Management**
→ Strengthening initiatives contributing to corporate value improvement
→ Strengthening management monitoring system





**Kawada**: Based on these results, for the 4th Medium-Term Management Plan, we have identified four key management issues: Growth and Expansion of Business, strengthening investment for the future, sustainability management, and capital-efficient management.

## The 4th Medium-Term Management Plan — Basic Policies

Theme

**Clarify the direction of the business portfolio and aim to realize KAWADA VISION**

Basic Policy

| | |
|---|---|
| Strengthening Ambidextrous Management | Aim to establish a balanced revenue base in core and growth businesses, and accelerate business portfolio reform. |
| "Kawada's Unique" Technology Development | Amid the apparent shortage of skilled labor, accelerate the development of labor-saving technologies by combining Kawada's strengths in "Construction" x "Robotics". |
| Evolution of Sustainability Management | Evolve sustainability initiatives from individual activities ("points") to organizational collaboration ("lines"), and then to a foundation for creating social value ("surfaces"). |
| Deepening Capital Efficiency and Enhancing Shareholder Returns | While emphasizing profitability, deepen ROE management using return on equity as an indicator, and further enhance shareholder returns. |



KAWADA

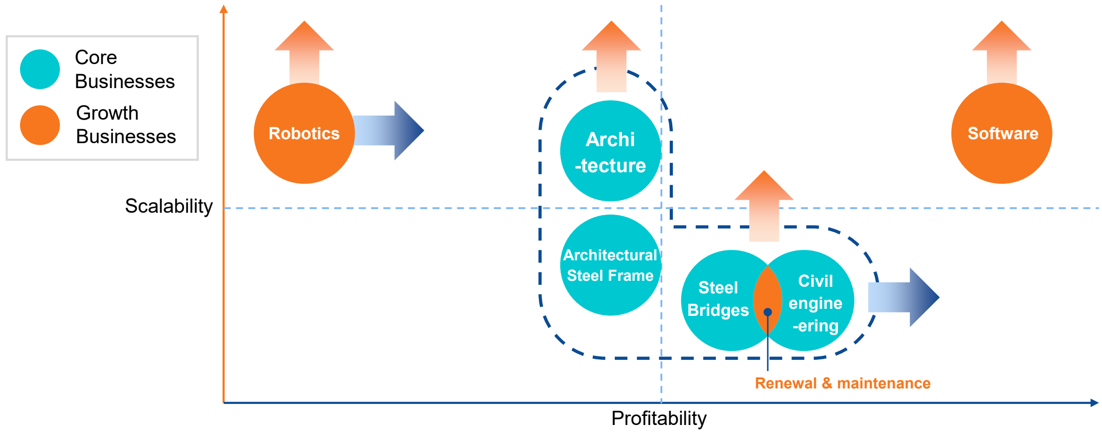


**Kawada**: Our theme for the 4th Medium-Term Management Plan is "Clarify the direction of the business portfolio and aim to realize KAWADA VISION“. Our four basic policies are: "Strengthening Ambidextrous Management" to nurture core and growth businesses in a balanced manner, "Kawada’s Unique Technology Development" to accelerate the development of labor-saving and manpower-saving technologies by combining our two strengths—construction and robotics, "Evolution of Sustainability Management“. and "Deepening Capital Efficiency and Enhancing Shareholder Returns“.

## The 4th Medium-Term Management Plan — Direction of Business Portfolio (1)



- For overlapping renewal and maintenance work in steel bridges and civil engineering, optimize resources to expand revenue.
- Our core businesses will pursue improved profitability through "Construction × Robotics".
- We will consider carefully M&A and alliances while expanding core businesses.
- Target revenue growth and improved profitability for robotics, positioned as a growth business.
- Target revenue growth for software, positioned as a growth business.





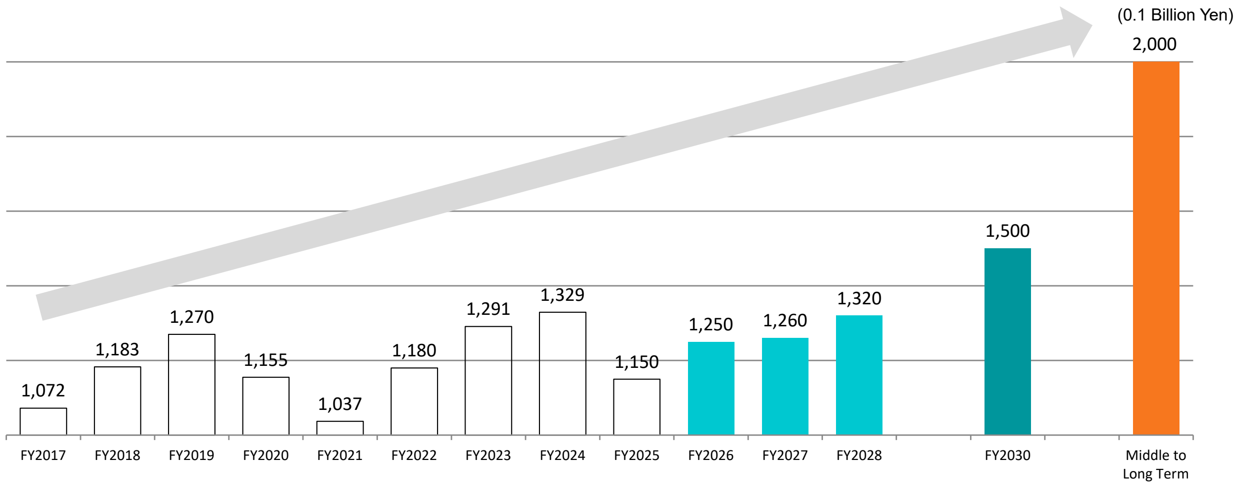
KAWADA


**Kawada**: Regarding the first, "Strengthening Ambidextrous Management“, we aim to accelerate business portfolio reform and build a balanced earnings base of core and growth businesses. We position Steel Bridge, Architectural Steel Frame, Civil Engineering, and Architecture businesses as core businesses, and Software and Robotics as growth businesses. Through "Construction x Robotics“, we will further strengthen our business base by improving productivity and profitability. For growth businesses, we will aim for sales growth in Software and sales expansion and profit improvement in Robotics.

# The 4th Medium-Term Management Plan — Growth Story



By pursuing ambidextrous management, we aim for JPY 150 billion in revenue by FY2030 and JPY 200 billion in the medium to long term.
The 4th Medium-Term Plan outlines measures to achieve this.






KAWADA



**Kawada**: Quantitatively, we aim for consolidated sales of 150 billion yen by 2030, and 200 billion yen in the medium to long term.

## The 4th Medium-Term Management Plan — Core Business Policies



- Execute business policies to steadily improve profitability
- Expand business areas with a dual approach: "Civil × Architecture“, "Metal × PC“, “Fabrication × Erection"

**Steel Structure**

**(Steel Bridge Business)**

1) Business development based on three pillars: new construction, maintenance, and private sector projects
2) Adoption of new technologies including AI, DX, and GX
3) Pursue new markets
4) Skill preservation including suspension bridge techniques

**(Architectural Steel Frame Business)**

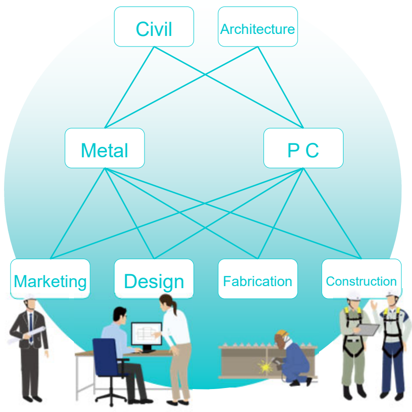
1) Improve productivity through DX
2) Strengthen brand as a fabrication partner capable of erection
3) Expand environmentally friendly products
4) Strengthen talent development

**Civil Engineering**

1) Enhance capability to respond to renewal and maintenance work
2) Reinforce product and construction methods based on proprietary technologies
3) Strengthen end-to-end capabilities for private PC/Pca products from design to erection
4) Increase and develop human resources

**Architecture**

1) Creation of building value through technical proposals
2) Infrastructure development for DX
3) Further enhancement of facility design
4) Strengthening human resource development initiatives






KAWADA



**Kawada**: To achieve 150 billion yen in consolidated sales by fiscal 2030, we will steadily execute our business policies for core businesses and aim to improve profitability. We will expand our business domain through “nitoryu”, or "dual-wielding", in “Civil Engineering and Architecture", “Steel Structures and PC Structures", and “Fabrication and Erection". For example, regarding Architecture and PC Structures, our group is very skilled in manufacturing PC products and precast concrete products. By acquiring and combining building design know-how, we will build a system that can handle everything from design to erection of private PC and precast products. Furthermore, based on “Fabrication and Erection" in “Metal and PC Structures" and “Architecture and Civil Engineering” fields, we will expand our business domain by growing fields where we have been slightly weak, including upstream processes.

## The 4th Medium-Term Management Plan — Growth Business Policies

**Solution**

**(Software-Related Business)**
1) Expand by developing public infrastructure markets
2) Provide support solutions for owners/clients
3) Build platforms combining CAD and cloud businesses
4) Expand scope of commissioned design applications

**(Robotics-Related Business)**
1) Improve completeness of application packages
2) Strengthen production, quality and service systems
3) Build a sales structure for robot deployment
4) Develop next-generation models suitable for food, cosmetics and pharmaceuticals industries

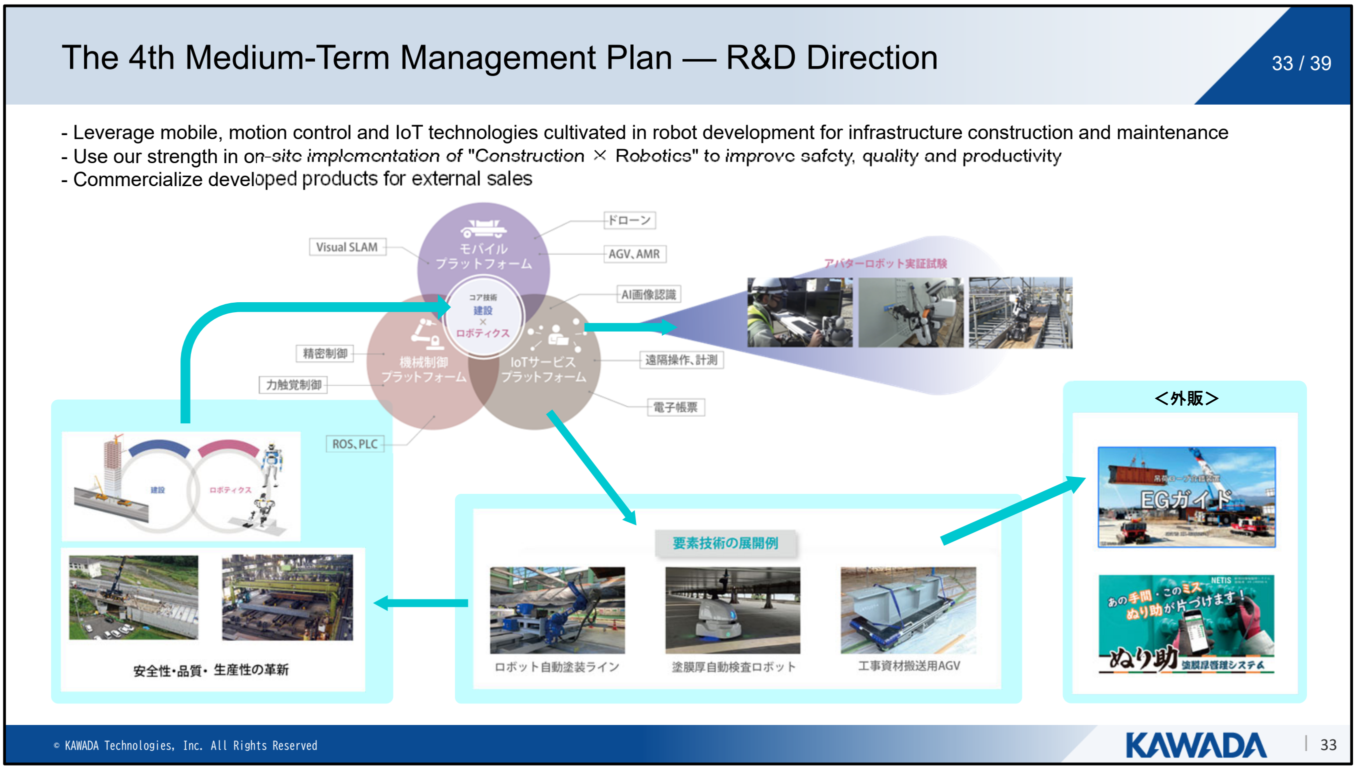
**(New Businesses)**
1) Build a sales framework for the welding monitoring system "C-LUM"
2) Commercialize products developed through R&D (EG Guide, Nurisuke, others)
3) Explore new businesses using data and AI







**Kawada**: Regarding growth businesses, we will continue to nurture both software and robotics, and actively promote the new "Construction x Robotics" initiative. Regarding software, as mentioned in the earnings explanation, growth is currently slightly sluggish. While the numbers may suggest this, we are looking forward to the full-scale provision of updates for our proprietary 3D-CAD "V-nas Clair," which can also be used in the river and erosion control industry. We also believe our deep knowledge of both 2D and 3D will be very useful in bridging the gap in the 3D drawing initiative promoted by the Ministry of Land, Infrastructure, Transport and Tourism. In addition, we are working on visualizing underground utilities such as electricity, gas, and water, which is becoming a social issue, and I am convinced there is still room for growth. Regarding robotics, although not shown here, I have a "dual-wielding" concept of hardware and software, which in modern terms is physical AI. This is a concept I have been nurturing for a long time, and I believe in the evolution of AI and robots together, and that an era where people and robots work together will come. We will move forward step by step toward this goal. Regarding new businesses, the top two were developed based on the idea of "Construction x Robotics." Originally intended for our own construction sites and factories, some have already been sold externally. This is because our robot specialists, who have been nurtured within the group for a long time, have actually shaped the needs born from real problems such as labor shortages at our bridge, steel, and building sites. I believe this is a very strong point that other companies do not have, and we want to continue to shape them.

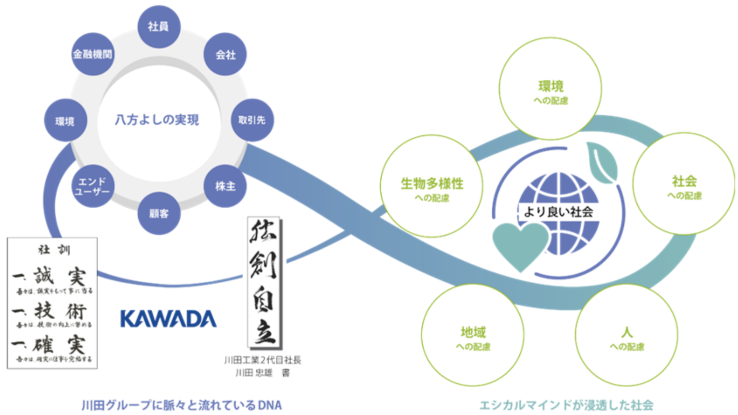



**Kawada**: The new businesses I just mentioned are the results of our hard work in R&D. I don't think there are many companies that can immediately deploy robot technology developed for nearly 30 years to their own sites in fields like infrastructure construction and maintenance, and then turn it into a product to sell to other companies. Not only does this robot technology itself help improve productivity at production and construction sites, but it also indirectly contributes to order activities, such as technical proposals for our bridge business, which is a public works business. R&D is the foundation of the Kawada Group. We intend to continue to work boldly in accordance with our beliefs.

Driven by the DNA of our founding, our sustainability initiatives evolve from "points" to "lines" and then to "surfaces“
~ Elevating the spirit of "Happo-yoshi" into a foundation for creating social value (surface) through organizational collaboration (line) ~

We have a solid foundation based on our founding DNA and the "Happo-yoshi“, or eight-way good (benefiting all parties) philosophy. Against this backdrop, ethical consumer behavior is emerging. Using our founding DNA as momentum, we will elevate sustainability efforts from points to lines and then to planes—transforming the "Happo-yoshi" spirit into a basis for creating social value through organized collaboration.

Under the 4th Medium-Term Plan, we will evolve sustainability management from "points" to "lines" and then to “surfaces" on this foundation.







**Kawada**: We have long held our own "Happo-yoshi" philosophy, modeled after the Omi merchants' "Sanpo-yoshi" (good for the buyer, the seller, and society), and have conducted our business under this banner. I believe this is exactly the same as the current trend of sustainability. We will continue to steadily promote sustainability management based on the spirit of "Happo-yoshi“.

## Responses to Management Issues in the Prior Medium-Term Plan



**Issues Identified**

- Affiliated company Sato Kogyo, accounted for by the equity method, represents a large portion of our shareholders' equity and its performance has a major impact on our results
- Sato Kogyo's ROE showed improvement in the previous medium-term plan period

**Our View**

- Collaboration between general contractors and specialty contractors can generate synergies that outweigh dis-synergies
- While promoting a dual approach in core businesses, we will further enhance business synergies with Sato Kogyo
- As Sato Kogyo shifts toward ROE-focused management, we will continue to request improvements in profitability and capital efficiency

| Business Synergy We Envision | Status of Initiatives |
|---|---|
| 1) JV formation and joint research in civil engineering and construction fields<br>2) Strengthening initiatives in large-scale renewal projects<br>3) Collaboration on highly difficult structures | - JV formed for multi-story large logistics warehouses in the construction field<br>- JV awarded for a private project in Toyama Prefecture through sales cooperation<br>- Collaboration on large-scale renewal projects considered but abandoned due to personnel adjustment issues |

Momentum for our business synergy has been growing and we aim for further deepening



KAWADA



**Kawada**: Sato Kogyo, which is accounted for using the equity method, has a significant impact on our performance. We believe we can generate synergies by collaborating with Sato Kogyo, a general contractor, and ourselves, who have the aspect of a specialized construction company. As we promote our core businesses, we intend to further evolve synergies with Sato Kogyo through the formation of JVs in civil engineering and building fields, joint research, strengthening joint efforts in large-scale bridge renewal work, and strengthening collaboration on highly difficult structures such as multi-story logistics warehouses. At the same time, we will continue to request improvements in profitability and capital efficiency from Sato Kogyo.

## The 4th Medium-Term Management Plan — Numerical Targets (1)



| | The 1st Plan (result) | The 2nd Plan (result) | The 3rd Plan (result) | The 4th Plan (target) |
|---|---|---|---|---|
| **Sales** (3-year cumulative) *1 | 352,668 | 337,392 | 377,058 | 383,000 or more |
| **Operating Profit** (3-year cumulative) *1 | 17,261 | 17,004 | 27,016 | 23,500 or more |
| **Net Income (i)** (3-year cumulative) *1 | 16,583 | 15,749 | 27,431 | 23,200 or more |
| **Net Income (ii)** (3-year cumulative, excluding the effect of equity-method application) | 10,971 | 10,970 | 20,356 | 15,900 or more |
| **ROE (i)** (at the 3rd FY) | 11.3% | 5.8% | 9.2% | 8.0% or more |
| **ROE (ii)** (at the 3rd FY, excluding the effect of equity-method application) *2 | 15.5% | 7.3% | 12.1% | 10.0% or more |
| **Payout Ratio** (3-year average) *3 | 8.5% | 16.0% | 27.6% | 30.0% roughly |
| **Total Shareholders Return** (3-years average) | 9.4% *4 | 18.5% *4 | 32.0% *4 | 50.0% roughly |

We set a minimum annual dividend of **JPY 35** per share for the 4th Medium-Term Plan period.

*1 Targets are stated as cumulative totals over three years due to multi-year projects and year-to-year fluctuations.

*2 Because results are significantly affected by equity-method income, we set ROE targets excluding affiliate equity holdings from shareholders' equity as an efficiency indicator.

*3 For dividend payout ratio, we exclude non-recurring special items from profit and set a consolidated target of about 30% *4 No numerical targets set for each plan terms



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**Kawada**: These are the numerical targets for the 4th Medium-Term Management Plan. The far right is the current target, and like the 3rd Medium-Term Management Plan, we have set targets for sales, profit, ROE, and shareholder returns. We handle many projects with long construction periods, which leads to preceding costs. Securing contract modifications to resolve this often concentrates at the time of completion of each project, and depending on when this occurs, annual profit and loss can fluctuate significantly. Therefore, we have set targets based on the cumulative total or average of three years, rather than a single year. In addition, from this time, we have formulated a target for the total return ratio in addition to the dividend payout ratio.

## The 4th Medium-Term Management Plan — Numerical Targets (Summary)

### Sales

- Steel bridge and civil engineering businesses are expected to see decreased revenue due to a reduction in market orders. Prolonged carry-over projects also have an impact. On the other hand, if the Osaka Bay Coastal Road West Extension, a big project, is awarded, it will contribute to sales from the final year of this medium-term plan.
- Architectural steel frame business has seen sluggish orders in both the Tokyo metropolitan area and the Kansai region. Multiple large-scale redevelopment projects are expected to be ordered after FY2028.
- The construction business expects increased revenue due to multiple large-scale projects currently in design, although there are internal revisions to plans due to rising construction costs.
- Solutions aim for increased revenue through business area expansion during this medium-term plan period.

### Profit / Loss

- Steel bridge and civil engineering businesses are expected to see decreased profit due to reduced business volume. Also, the decrease in large-scale projects ordered by expressway companies will lead to a reduction in contract modification acquisition amounts compared to the previous medium-term plan.
- Solutions expect increased profit due to expanded sales scale.
- Equity method investment income expects increased profit due to expanded business volume while holding abundant carry-over projects.

### ROE

- By the final year of this medium-term plan, we will promote management to achieve ROE of 8%, a criterion for positive spread, or more, through improved profitability and capital efficiency.

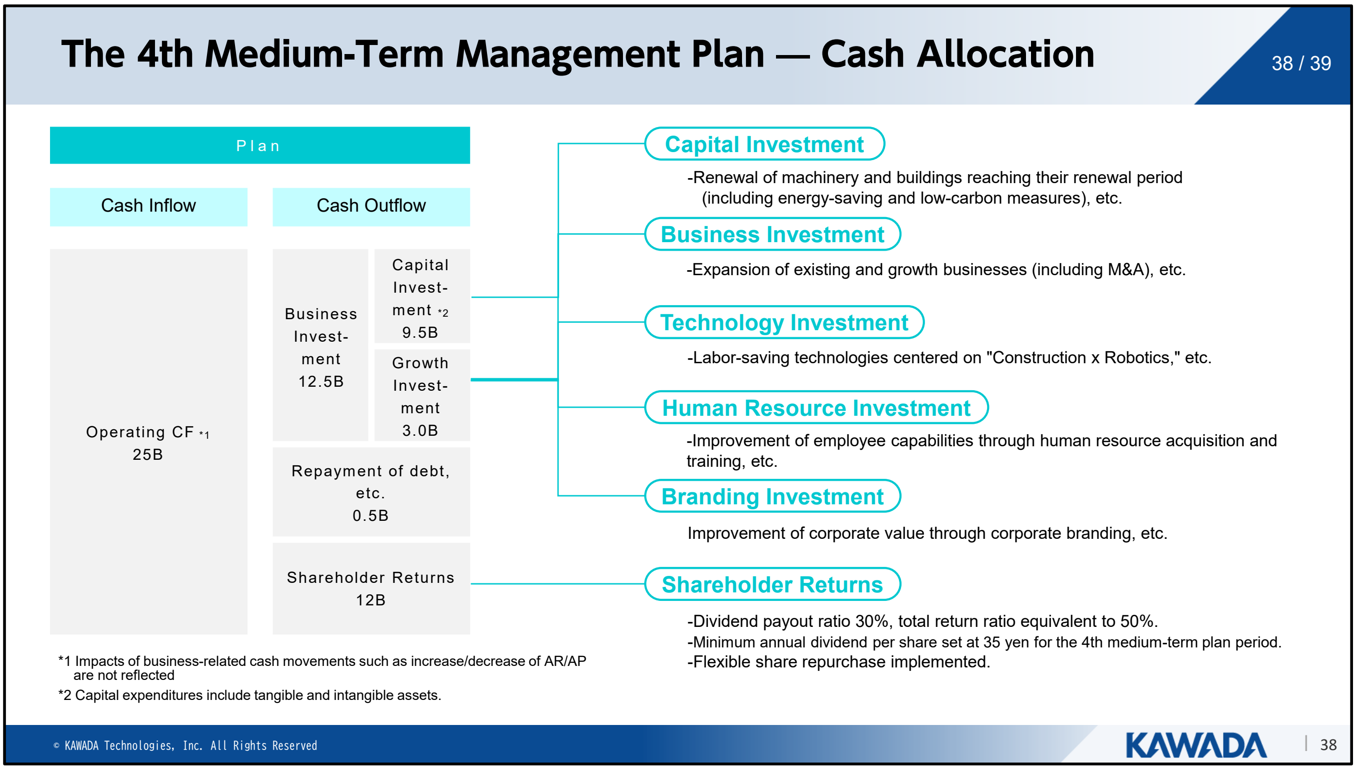
### Shareholders Returns

- The consolidated dividend payout ratio will be around 30%, and the minimum annual dividend per share will be 35 yen during this medium-term plan period.
- To further enhance shareholder returns, a total return ratio of 50% including through share repurchase will be set as a numerical target.





**Kawada**: This is our current understanding of the situation, which we used as a premise for setting these numerical targets. Please review it later if you like.




**Kawada**: We have planned the cash allocation for the 4th Medium-Term Management Plan as shown. Excluding changes in operating receivables and payables, we expect an inflow of 25 billion yen in operating cash flow, which we plan to use for 12.5 billion yen in business investment, 500 million yen for repayment of interest-bearing debt, and 12 billion yen for shareholder returns. Regarding business investment, we plan to use 9.5 billion yen for maintenance and renewal of existing facilities, and 3 billion yen for growth investment.

# Introduction to the Press Releases

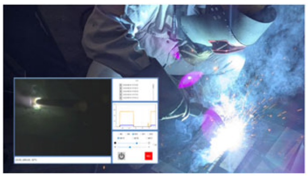


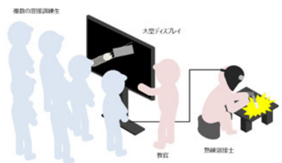
### Launch of "C-LUM" Welding Monitoring System

This groundbreaking system utilizes proprietary image synthesis technology to replicate the view seen by welders through protective glass, allowing instructors and trainees to share the same perspective in real time.

We are shifting the training paradigm from "learning by observing“ skilled technicians' tacit knowledge to "data-driven" development based on visual and numerical information. We will actively deploy this system to industrial high schools, vocational training centers, and corporate training facilities nationwide.

Released on May 18: https://www.kawada.jp/news/detail/202605_c-lum.html





### New Kawada Group Logo Unveiled!

To enhance our group-wide brand presence, we have introduced a new logo accompanied by our brand reinforcement slogan: "What will we challenge next?“

Released on April 1:
https://www.kawada.jp/news/detail/pdf/20260401_release_KAWADAtech.pdf

【New Logo】 KAWADA

### Joint Demonstration Experiment by NTT-ME and Kawada Robotics on Labor-Saving and Efficiency Improvements for High-Altitude Telecommunications Construction Work Using Humanoid Robots

To address labor shortages in the telecommunications construction sector caused by a shrinking workforce and to help prevent serious accidents during high-altitude work, we have launched a demonstration experiment aimed at labor-saving and efficiency improvements using Kawada Robotics' "NEXTAGE" technology.

Ultimately, we aim to establish a new paradigm for high-altitude work where humans and robots collaborate, contributing to the acceleration of digital transformation across the entire telecommunications construction industry and the development of sustainable social infrastructure.

Released on May 20 by NTT-ME CORPORATION:
https://www.kawadarobot.co.jp/news/1663/

**Kawada**: This concludes the explanation of the 4th Medium-Term Management Plan. Finally, I would like to introduce a few things. All have been announced via press releases. First, the welding system that allows you to see inside the weld, which we have been working hard to create, has become a product called "C-LUM“. As part of our "Construction x Robotics" initiative, it is already on sale and is being deployed both domestically and internationally. This technology uses proprietary image synthesis technology to reproduce in real-time the light and dark, and the field of view that a welder sees through a light-shielding glass—for example, very shiny and bright areas and pitch-black areas. Welding faces the challenge of many skilled technicians reaching retirement age and few young entrants. By using this technology for the education of young entrants, the tacit knowledge of skilled craftsmen, which is very difficult to verbalize—which in the past was something you had to "steal by watching the master's back"—can now be learned through video and numerical data, so we can expect educational effects efficiently in a short period of time. It is already being used by educational institutions, training facilities, and corporate training across the country, and we want to expand this further. Next, on the right, just the other day, we conducted a joint demonstration research on high-altitude work with NTT-ME CORPORATION. This is a demonstration experiment aimed at labor-saving and manpower-saving by using our humanoid robots for high-altitude work with NTT-ME CORPORATION. We believe this will contribute to responding to labor shortages in telecommunications construction work due to the declining working population and preventing personal accidents in high-altitude work. This is ongoing. Also, we have changed our group logo. With the new logo, and because we are a company that has been taking on various challenges for over 100 years, we will strengthen the brand communication power of the entire group with the slogan "What's next?" I think it has become a cool logo. For details on all of these, please see the press releases on our website.

This concludes the overview of the 4th Medium-Term Management Plan. Thank you for your attention. Please check the detailed version on our website. Thank you very much.

# (Ref.) Financial Indicators of the Last 5 FY

(Million Yen)

| | FY3/2022 | FY3/2023 | FY3/2024 | FY3/2025 | **FY3/2026** |
|---|---|---|---|---|---|
| Sales Revenues | 103,760 | 118,086 | 129,127 | 132,905 | **115,025** |
| Operating Profit | 6,412 | 5,025 | 8,734 | 9,684 | **8,598** |
| Ordinary Profit | 7,689 | 6,298 | 10,538 | 12,616 | **11,055** |
| Net Income attributable to owners of Kawada | 5,176 | 4,231 | 7,541 | 11,107 | **8,782** |
| Earnings Per Share (yen) * | 97.51 | 79.98 | 144.69 | 214.32 | **168.03** |
| Net income / equity (%) | 7.6% | 5.8% | 9.6% | 12.8% | **9.2%** |
| Ordinary Profit / Total Asset (%) | 5.5% | 4.3% | 6.5% | 7.7% | **6.7%** |
| Operating Profit / Sales (%) | 6.2% | 4.3% | 6.8% | 7.3% | **7.5%** |
| Total Asset | 133,337 | 162,158 | 160,238 | 165,511 | **162,986** |
| Net Asset | 71,921 | 76,697 | 82,363 | 91,569 | **99,510** |
| Equity Ratio (%) | 53.2% | 46.6% | 51.1% | 55.0% | **60.7%** |
| Net Asset per share (yen) * | 1,336.54 | 1,429.38 | 1,584.85 | 1,746.07 | **1,891.42** |
| Cashflow from Operating activities | 20,391 | -9,673 | 13,320 | 9,839 | **15,160** |
| Cashflows from Investing Activities | -1,948 | -1,504 | -2,553 | -2,981 | **-1,828** |
| Cashflows from Financing Activities | -15,811 | 12,213 | -10,337 | -8,659 | **-10,134** |
| Yearly Dividend per share (yen) * | 11.14 | 23.33 | 43.29 | 48.56 | **50.38** |
| Total Shareholder Return Ratio | 11.4% | 29.2% | 43.2% | 22.7% | **30.0%** |

* Calculated as if the stock split on April 1, 2024 and April 1, 2026 took effect at the beginning of the presented period.

The information in this document is based on assumption considering 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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