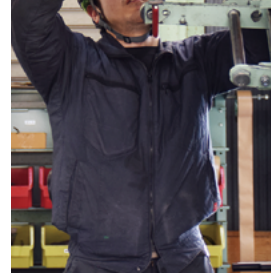


KAWADA Group  
**Integrated Report**  
2024



# A corporate group that contributes to society through t



## Editorial policy

KAWADA TECHNOLOGIES has published its first Integrated Report to provide a clear understanding of the KAWADA Group's business, corporate value, and medium- to long-term goals from both a financial and non-financial perspective to a wide range of stakeholders, including shareholders and investors.

We referred to resources such as the International <IR> Framework recommended by the International Integrated Reporting Council and the Guidance for Collaborative Value Creation advocated by the Ministry of Economy, Trade and Industry in editing this report.

We will use this report as a tool for dialogue with stakeholders, and we will strive to enhance corporate value, ensure transparency in management, and disclose timely and appropriate information.

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### Message from the CFO .....



# Technology ————— We are the KAWADA Group.



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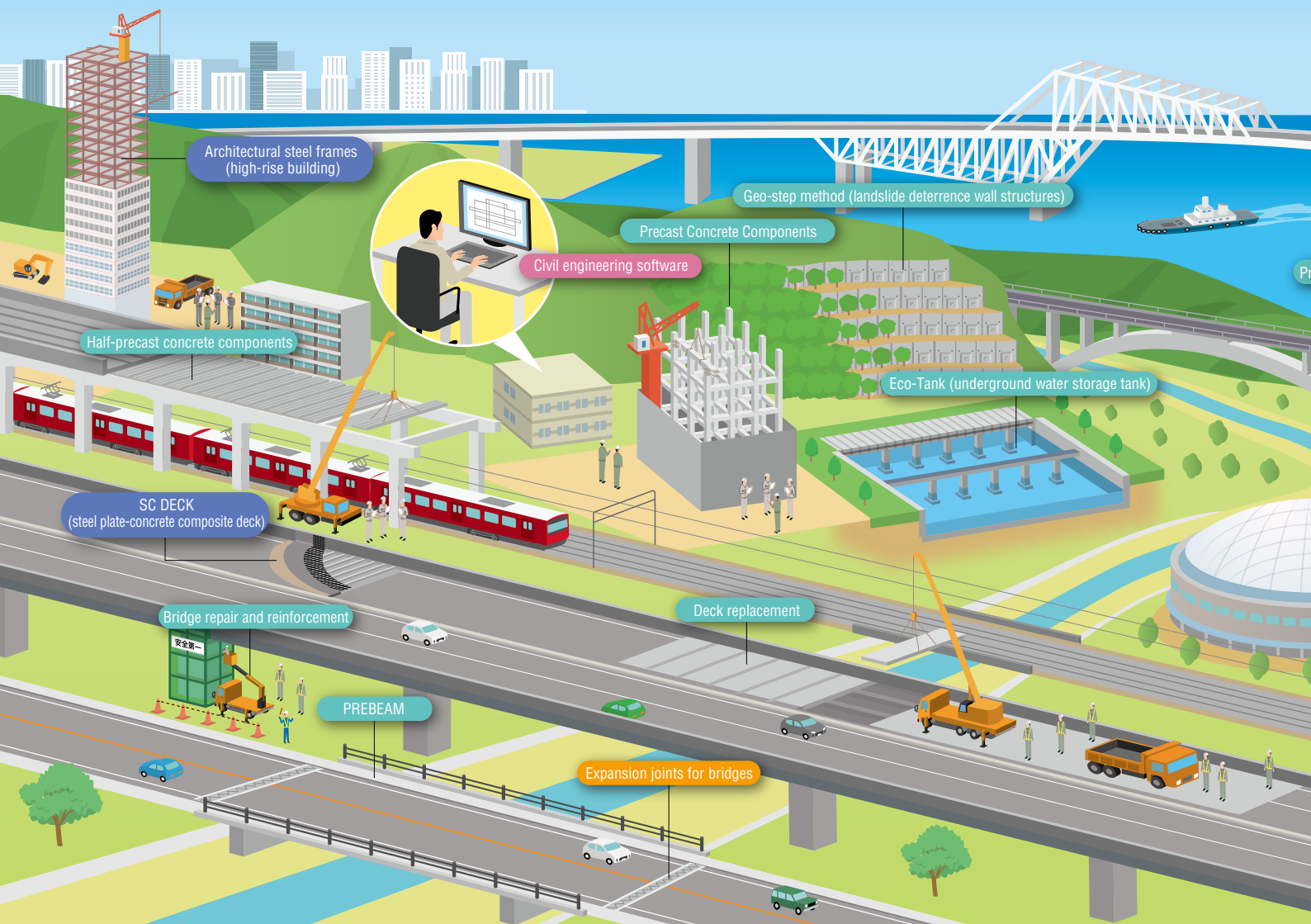
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# We create added value in various fields, and provide safe and comfortable living environments



● Steel Construction Segment ● Civil Engineering Segment ● Architecture Segment ● Solution Segment ● Others

## Steel Construction Segment

We are engaged in the design, fabrication and erection of steel bridges, the fabrication and erection of architectural steel frames, and the fabrication and sale of steel products. In steel bridges, we have participated in a number of major projects, including the Akashi-Kaikyo Bridge, which has the longest span of any suspension bridge in Japan. As for architectural steel frames, we handle everything from the steel frame production to the erection work of extra-large steel structures.



© Shibuya Hikarie

## Civil Engineering Segment

We have been involved in various projects in prestressed concrete bridges and steel-concrete composite girders, and have built up a considerable track record in construction work. Furthermore, amid the rapid aging of many bridges constructed during Japan's period of high economic growth, we are accelerating various initiatives in the area of maintenance to tackle the issue.



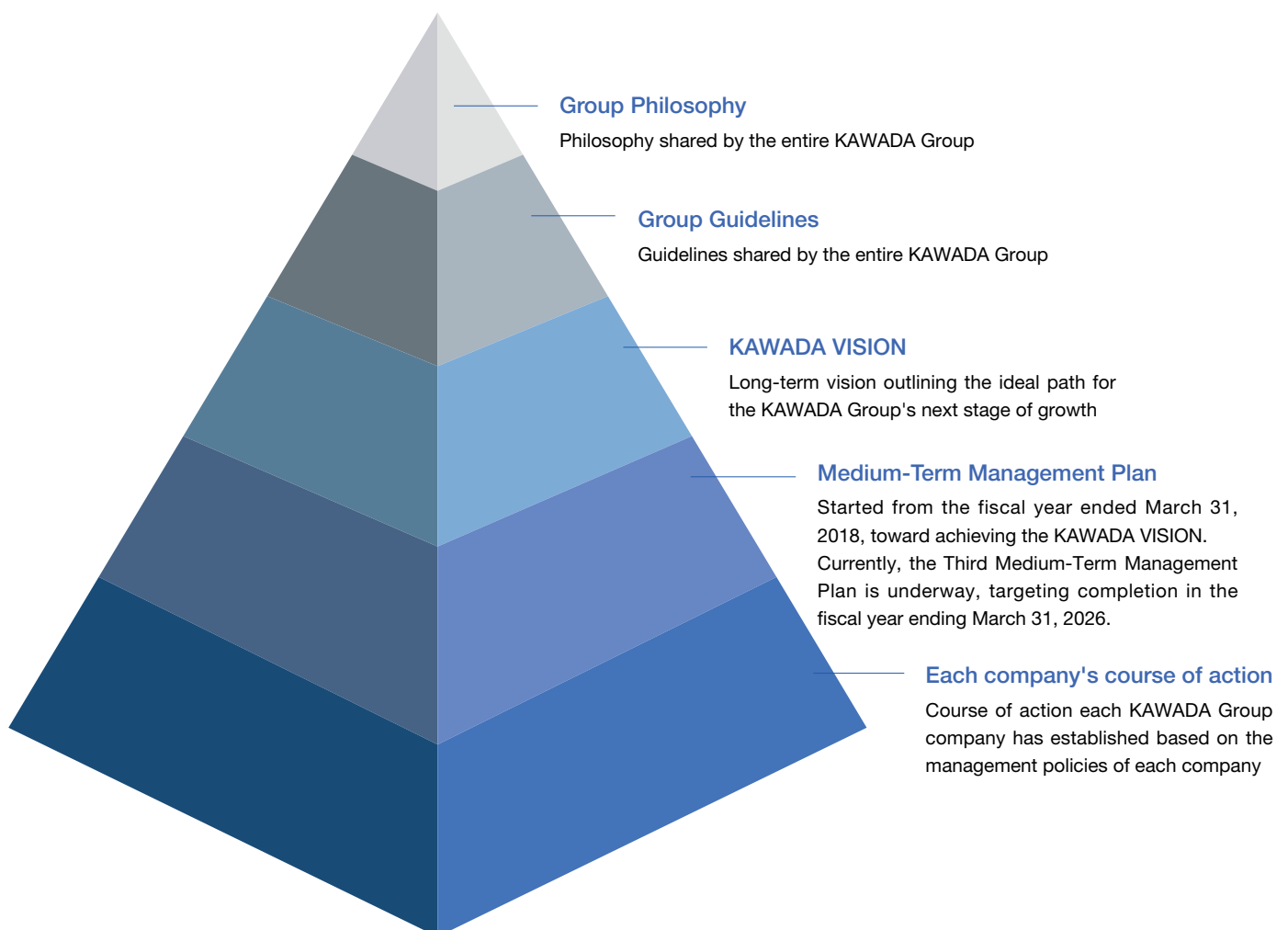




## Creating a Safe, Comfortable, and Sustainable Society

The Group Philosophy of the KAWADA Group is "Creating a Safe, Comfortable, and Sustainable Society." Since our founding, our company has inherited the mission of "contributing to society through technology throughout the ages," and will continue to contribute to society as a company that responds to various social needs with high technological capabilities and a spirit of challenge. We create an environment where people can live safely and comfortably.

Based on this Group Philosophy, each group company respects the spirit of "Ingenuity and Independence," maximizes creativity, creates new synergies, and aims to improve the corporate value of the entire group.



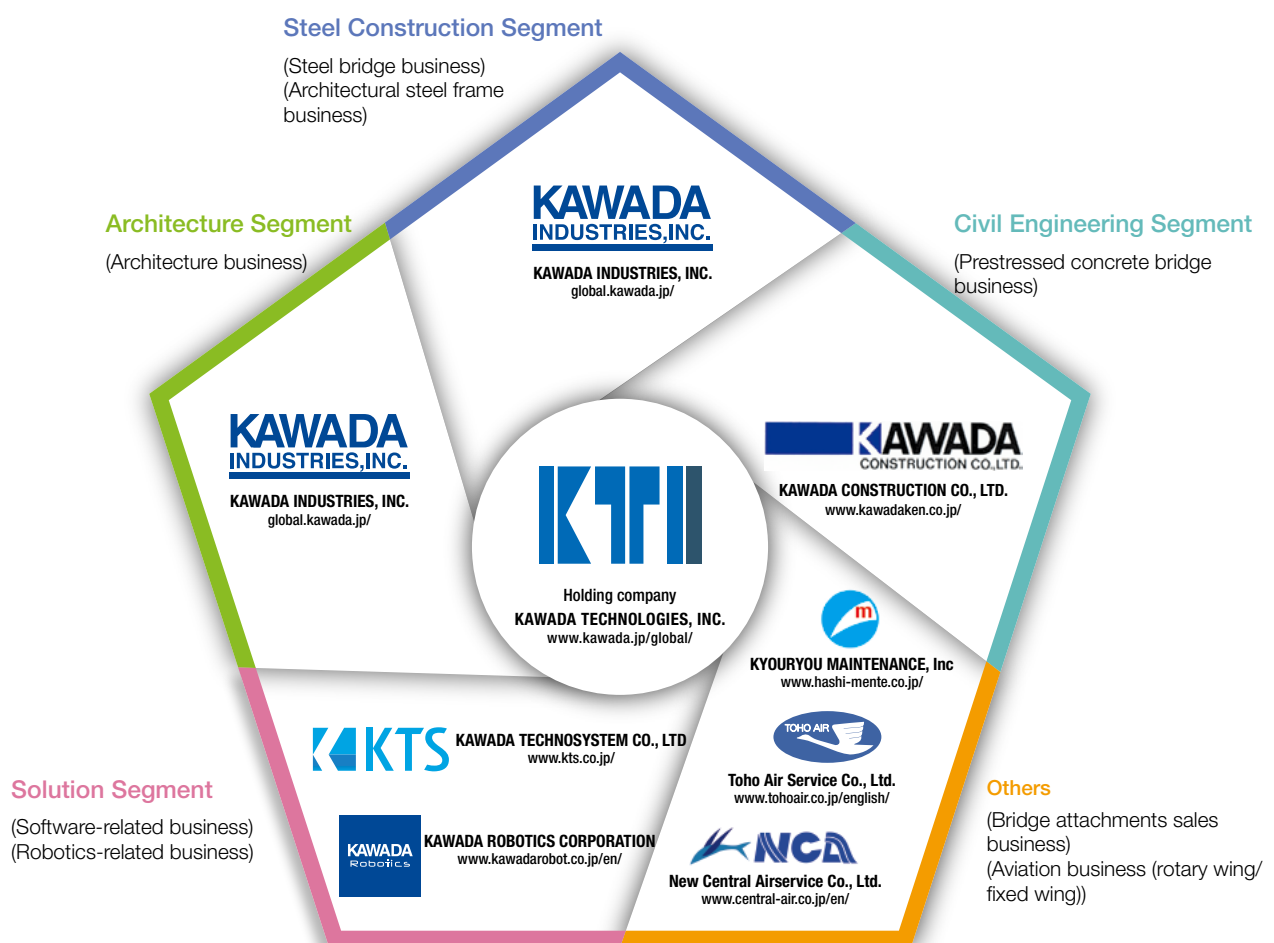


## Management structure

# Pursuing the total optimization of the Group to maximize corporate value

In order to achieve further growth and development as the KAWADA Group, we believe that it is essential to establish a management system that pursues the overall optimization of the Group, and therefore we are managing the Group using KAWADA TECHNOLOGIES as a holding company.

The KAWADA Group is working to ensure fairness and transparency in management, and is striving to ensure thorough corporate governance and accelerate management, restructure businesses and integrate common operations within the Group, form flexible business partnerships with parties outside the Group, and strengthen the competitiveness and profitability of the entire Group in an aim to improve overall corporate value.



# Aiming for further growth by advancing the spirit of "Happo Yoshi (Eight-Way Good)"<sup>\*1</sup> in stakeholder management in the KAWADA Group

<sup>\*1</sup> Happo Yoshi (Eight-Way Good) is the further expansion of the Three-Way Good philosophy of Omi merchants of being good for the seller, good for the buyer, and good for society, and the aim is to benefit all stakeholders as a corporate group.

The KAWADA Group has a history of contributing to society through technology for over 100 years. During this period, we have faced many difficult situations due to changes in the international situation and fluctuations in the market environment. Each time, we have overcome difficulties and evolved into a strong corporate group, keeping in mind our Corporate Pledge of "Integrity, Technology, and Certainty" and our Group Philosophy of "Creating a Safe, Comfortable, and Sustainable Society." Although the business environment continues to be unpredictable, we will continue to grow as a resilient company that will overcome any difficulties with the spirit of "Happo Yoshi" of KAWADA VISION.

## We will strive to achieve the targets of the Medium-Term Management Plan, and aim to become a resilient company

The first year of the Third Medium-Term Management Plan, the fiscal year ended March 31, 2024, saw profits exceed projections.

This was largely due to securing contract modifications that covered the increased costs from contract modifications and additional work in the core Steel Construction and Civil Engineering Segments, as well as improving profitability in the Architecture Segment by reducing costs for projects that significantly deteriorated in profitability in the previous fiscal year. In addition, in the software-related business of the Solution Segment, which is a growth business, the KAWADA Group's lineup of 3D CAD-based products performed well amid the Ministry of Land, Infrastructure, Transport and Tourism (MLIT)'s push for digital transformation (DX), with BIM/CIM<sup>\*2</sup> becoming more widespread. The cloud service, which enables information to be shared between customers and contractors, is also performing well and achieving significant growth. In the robotics-related business of the same Solution Segment, the market is expected to grow due to the declining trend in the labor force in Japan, and we are focusing on this business as a future primary source of revenue.

As a result of the fact that revenue in the first year of the plan exceeded expectations and that the performance of the segment as a whole is expected to remain strong over the short term based on the market environment in the future, we have revised some of the numerical targets of the Third Medium-Term Management Plan upward.

However, when we look back on the history of the KAWADA Group up until now, we have learned that it is precisely when business is going well that we must be prepared for changes in the market environment and risks. For example, the steel bridge business in the Steel Construction Segment, the prestressed

concrete bridge business in the Civil Engineering Segment receive orders from the national government, local governments, expressway companies, etc., and the amount of orders received may be significantly lower than planned due to national policies, financial conditions, etc. Additionally, needs in the domestic bridge market are shifting from new construction to repairing and extending the lifespan of aging bridges. If we are unable to respond appropriately to such changes in the environment, our business results may deteriorate. The architectural steel frame business in the Steel Construction Segment and the architecture business in the Architecture Segment both rely on orders from the private sector, so there is a risk that capital investment will decline due to economic downturns.

We need to be constantly aware of changes in the times and take preemptive action, such as switching to business models that can respond to those changes and taking measures in response to various risks.

This approach is based on a difficult experience I had before becoming President of KAWADA INDUSTRIES. At the time, I was the general manager of the company's Aviation Division, which was developing its own helicopters as a new business. However, we were forced to freeze the helicopter development project due to the impact of the economic downturn in Japan after the bubble economy burst. Although it was the company's decision, I was very frustrated, and it pained me greatly to see the employees who had worked hard for the shared goal of helicopter development experience this situation.

After consulting with colleagues who had lost their goals, I decided to take on the challenge of applying the compact and lightweight mechatronics technology I had cultivated through the development of helicopters to many unknown fields. After gaining various experiences over the next few years, I was able to move on to my current robot-related business. Since then, I have utilized this experience in my management.

Furthermore, when I became President of KAWADA INDUSTRIES in 2005, the company was in a very difficult financial situation and I will never forget the fact that we were unable to generate profits as hoped for. After that, the company was hit by a series of crises, including the Lehman Shock and the Great East Japan Earthquake, and the difficult business environment continued for a long time. Based on my experience during this difficult period, I have always strived to maintain a flexible mindset and make prompt management decisions.

During this period, my main concern was that I did not want to cause any distress to all stakeholders involved in the company, especially my colleagues and their families. At that time, there were likely many employees who could not take pride in being part of the KAWADA Group, let alone hope for raises or bonuses. The situation was particularly painful for me.

<sup>\*2</sup> This is a system that aims to improve the efficiency and sophistication of work by linking the necessary information that is generated at each stage of the survey, planning, design, construction, and maintenance and management through a data model (BIM/CIM model).





川田忠裕

Tadahiro KAWADA

Representative Director and President



Based on this experience, I have made a strong determination to build a corporate group where all employees can work in good health, peace of mind, and with pride. In addition, we worked to foster an environment and culture where employees can take on new challenges even under difficult circumstances.

However, the president alone cannot do anything to implement decisions. For this reason, I learned the importance of thoroughly explaining decisions not only to the management team but also to all those involved.

In this era of rapid change and high uncertainty, I will continue to draw on my past experience as a corporate manager, and strive to make forward-looking, flexible, and swift decisions that are appropriate to the situation.

### Human assets are the key to future growth

We made significant achievements in the first year of the Third Medium-Term Management Plan, including not only increased revenue and profit but also improvements in the operating profit margin from 4.3% to 6.8% and ROE from 5.8% to 9.6% year-on-year. I am grateful for these achievements, which are the result of

the proactive efforts of each and every one of our colleagues.

However, as a manager, I must not be satisfied with the current numbers and must aim for even greater heights. For this reason, I believe that the theme we should focus on most going forward is human assets.

Looking back, our company started out in 1922 as a small ironworks in Toyama Prefecture. Even though KAWADA INDUSTRIES was a latecomer to the bridge business, having only just started out in the field, we were able to expand our business and become one of the top bridge manufacturers in Japan by constantly honing our skills and boldly taking on new challenges, inspired by our Founding Spirit of "Ingenuity and Independence" and guided by our Corporate Pledge of "Integrity, Technology, Certainty." I am confident that our development up until now is the result of an unwavering spirit of challenge (innovative mindset) and the efforts of our predecessors.

The importance of human assets has not changed over time. Each and every one of our colleagues takes on challenges in their daily work, accumulates experience, and responds to the needs of society. The only way to enhance human asset capabilities is through such steady, continuous efforts. Moreover,



the KAWADA Group has a practice of delegating authority that has been established by our predecessors. Responsibilities and authority are delegated according to each role, and this allows employees to take on challenging work. This is a valuable part of our corporate culture.

The current business activities of the KAWADA Group are very diverse. However, no matter how the business changes, we will continue to carry forward the values and perspectives passed down by our predecessors, recognize and utilize each member's individuality and abilities, identify customer needs, and create added value. Such human assets are the source of the KAWADA Group's value creation and growth. As diversity progresses, individuals' ideas become richer, and organizations also become more lively. This is one of our great assets.

The KAWADA Group is a treasure trove of diverse businesses and skilled human assets, and this is one of our strengths.

### A spirit of taking on challenges creates a business unique to KAWADA

The Innovation Promotion Committee has been established as a cross-cutting organization to create Group synergies by systematically and organically combining the abundant technology and skills of human assets cultivated over many years. Although each operating company operated in a standalone manner in the past, Group companies with their diverse technologies are now able to create new developments by leveraging synergies.

For example, we are providing various products and solutions that meet the needs of a diversifying and complex society, including hybrid structures made of steel and concrete and sales methods using a subscription-based business model. In particular, the Innovation Promotion Committee facilitates efforts for personnel from various fields to share information and help each other out when necessary to encourage innovation. This will lead to the creation of new business channels and further evolution into an even stronger Group.

An example of KAWADA Group's innovative thinking is the development of the 3D digital welding mask system. Traditional welding relies on the institution and experience of skilled workers, and the idea that "practice makes perfect" serves as the motto for acquiring skills. So, it takes many years to become a proficient welder. To solve this problem, a system was developed that displays and records the welder's field of view as a 3D digital image with overwhelming clarity. We expect this system to spread not only in Japan but also around the world someday.

When creating new businesses, we value the idea that "there are issues within existing businesses, and the hints to solving them lie outside existing businesses." Based on this idea, we will continue to pursue synergies between core businesses and

growth businesses, and work to deepen innovation.

### Creating a conglomerate premium through Group management

My father, Tadaki KAWADA, who was the third President, predicted changes in the market environment even at a time when the bridge business was growing rapidly and accounted for the majority of the KAWADA Group's sales and profits. He advocated the idea of an era of only one-third of business coming from bridges, and promoted business diversification. Even if one business is not doing well, other businesses will compensate for it. This concept, which applies a famous 16th century samurai lord MORI Motonari's Three Arrows (a Japanese legend that communicates the importance of unity and collaboration) to business, underlies our diversified business portfolio today.

As a parent company, KAWADA TECHNOLOGIES gives management authority to the top executives of each operating company. This increases the independence of each company and enables vertical management, while also ensuring governance through horizontal collaboration among our group companies. The rules and system designs shared across the Group are defined by the holding company KAWADA TECHNOLOGIES, while business decisions for each business are made by the respective operating companies. The at times conflicting challenges involved in optimizing the Group as a whole and operating companies on an individual basis are overcome through coordination between the vertical axis and horizontal axis. In other words, we recognize that the ideal form of Group management is to achieve coexistence and mutual prosperity between overall optimization and individual optimization.

It is also essential to respond to the issues and risks in each business. In the field of bridges, the market environment is changing significantly from new bridge construction to repair and life extension work for aging bridges. We will continue to strengthen our business earnings by further improving our systems to gain an accurate understanding of the needs of our customers. In the labor-intensive Steel Construction, Civil Engineering, and Architecture Segments, which are the core businesses of the Group, we will promote efficiency through DX and consider M&As in order to develop our business amid a rapidly and continually shrinking labor force in Japan. The Solution Segment, which is a growth business, maintains a high profit margin, and we will continue to invest management resources to expand the scale of the business going forward.

Furthermore, we must also pursue business targeting the global market, where population growth is set to continue in the opposite direction to that in Japan. Based on our past experience, we recognize the need to shift our thinking away from the approach in Japan of operating as a prime contractor

when conducting business overseas. Possible strategies include cooperating with local partners to sell KAWADA Group products or providing technical support to local partners.

As the KAWADA Group, we will continue to exercise appropriate governance, respect the independence of our operating companies, and identify the path that the entire Group should take to create a conglomerate premium.

### Further strengthening stakeholder management for the Group

The Group Philosophy of "Creating a Safe, Comfortable, and Sustainable Society" defines what must be accomplished, while the Corporate Pledge of "Integrity, Technology, Certainty" represents the mindset required to carry out business operations. Based on these principles, the Group embodies "Ingenuity and Independence," and takes on challenges with its technological capabilities and responds to the needs of society. This is a philosophy that has been passed down continuously from our predecessors.

The KAWADA Group formulated the KAWADA VISION that incorporates these ideas and outlines its ideal future. The KAWADA Group's stance of developing together with all stakeholders involved in its business is expressed by the spirit of "Happo Yoshi" which is a unique expansion of "Sampo yoshi (Three-Way Good)" philosophy of Omi merchants that business should be good for the seller, the buyer, and for the society.

The Western-style idea that the company belongs to the shareholders known as shareholder capitalism gained prominence for a time in Japan as well. However, I believe that a mindset that only certain stakeholders or the company itself should prosper will never lead to sustainable growth for a company. Happo Yoshi is a corporate stance that aims to achieve long-term results and share profits with all stakeholders (Corporate associates, the company, business partners, shareholders, customers, end users, the environment, and financial institutions), and it is a symbol of stakeholder management. The KAWADA Group's business activities have always been in line with the needs of society, and we have received the support of many people. The reason we have been able to contribute to society through our business activities for so long is because we have worked together with all our stakeholders, including our many partners and clients, without falling into only serving our self-interest.

For the KAWADA Group to grow stronger, it is necessary to create a premium through the dual management of our core businesses and growth businesses. As a compass for achieving this goal, we believe in "ambidextrous management", which emphasizes the importance of both deepening knowledge to evolve existing businesses and seeking knowledge to develop new businesses in response to change. We must further promote

this ambidextrous management and make it even stronger. We will combine these two elements with the technology, know-how, and track record we have cultivated over our long history of over 100 years to create businesses unique to KAWADA and continue to meet the needs of society.

Furthermore, in order to address environmental issues and sustainability challenges, we have established a Sustainability Basic Policy and identified material issues (materiality), and we are also actively addressing the issue of the environment, which is part of Happo Yoshi. I believe that the two things that are indispensable for management are strength in core businesses and growth businesses, and kindness in terms of environmental considerations towards a sustainable society.

We contribute to society and the environment through stakeholder management based on Happo Yoshi. The result is increased revenue and sustained growth. This is my management philosophy and what I view as KAWADA Group's sustainability management.

### Sustainable growth through innovation and resiliency

In 1973, in order to participate in the Honshu-Shikoku Bridge Project, KAWADA INDUSTRIES borrowed funds equivalent to almost all of its annual sales and several times its capital and built a factory in Kagawa Prefecture. However, in the same year, the First Oil Shock occurred, and the project was canceled just before construction began, and Japan subsequently suffered from the worst post-war recession. At the time, there were around 50 companies in the bridge industry, and all faced severe financial difficulties. There were rumors that KAWADA was in real financial trouble after making such a huge investment. However, while KAWADA was aiming to participate in the project, it was also expanding overseas, and by winning large orders in the Middle East and Taiwan, it was able to secure enough work to replace the cancelled project. This demonstrates KAWADA's ability to constantly identify what is necessary in each era and take on challenges.

The story Tadaki KAWADA shared in an internal morning meeting about how to respond to adversity has left a lasting impression on me. It was a saying from Yunmen Wenyan, a Zen monk of the Tang Dynasty in China, to the effect that "I possess great strength; when the wind comes, I promptly bow low." "Great strength" refers to immense power. This saying means that while one may be strong and not affected by ordinary winds, when faced with a powerful wind, one can survive by lying low and enduring, and then standing again once the wind has passed. When a strong wind blows, instead of blindly confronting it, you should lie down when you need to, and wait for the wind to pass. You can then get up again after it has passed.



Additionally, the KAWADA Group has a unique corporate culture called "Kuroshio (Warm Current) Management." The ocean contains both warm and cold currents, and warm currents flow even in the harsh cold of winter in the Sea of Japan. We have a corporate culture of taking on new ventures and living as a warm current based on the idea that no matter how harsh the surrounding environment may be, we must steadfastly continue along the path we must take without succumbing to adversity.

For over 100 years, the KAWADA Group has consistently embraced challenges, refined its technology, and contributed to society as an innovative company. The businesses of each Group company are mainly related to social infrastructure and support people's lives. We contribute to maintaining social infrastructure and strengthening national resilience by participating in public works projects to prepare for natural disasters such as heavy rain, typhoons, and earthquakes, which have caused damage throughout Japan recently, as well as disaster recovery efforts. As a resilient company that can face up to any challenge in any difficult business environment, we will continue to grow sustainably by creating value through people and technology.



hope that our shareholders will continue to have a long-term relationship with the KAWADA Group, and that we will be able to maintain both dividend payments and stock price growth.

### Hoping for your continued support for many years to come

There is no doubt that returning profits to shareholders is an extremely important measure for the KAWADA Group to further improve its corporate value. Although our basic policy has always been to continue paying stable dividends while taking into account factors such as capital demand and the status of improvements to our financial position, we had not set a target dividend payout ratio up until now. I think there was a gap between our thinking and the expectations of our shareholders. For this reason, we established and announced a target dividend payout ratio of 30% in February 2023. However, due to the nature of the KAWADA Group's business, unexpected revenue fluctuations may occur during the fiscal year depending on the timing and amount of contract modifications, and it is difficult to incorporate all of these factors into the initial earnings forecast. Since the year-end performance indicated in the initial earnings forecast will often be lower than that of the previous fiscal year, dividends are expected to be reduced, which will lead to shareholder disappointment.

To address this situation, we have decided to set a minimum annual dividend of 90 yen per share for the remaining period of the Third Medium-Term Management Plan (fiscal year ending March 31, 2025 to the fiscal year ending March 31, 2026). We

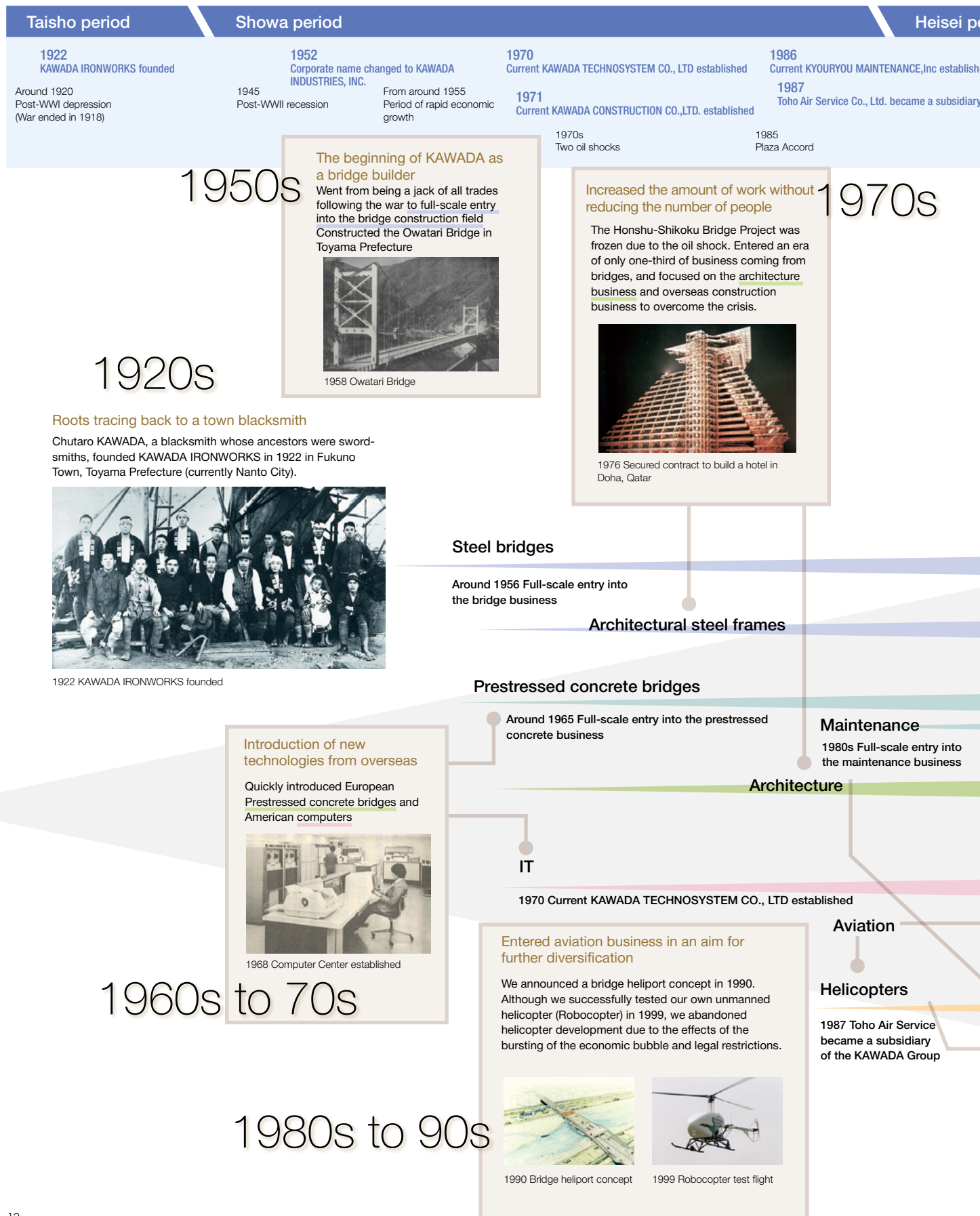
### Creating value in society together with stakeholders

I believe that the mission of the KAWADA Group is to contribute to society and the environment through stakeholder management, as expressed in the phrase Happo Yoshi.

The most important thing for this is the human assets mentioned above. At our company, each and every unique and diverse employee discovers issues on their own, actively promotes reforms and improvements, and works with pride. Such human assets create new value and solve social issues. Furthermore, we will strive to ensure that the KAWADA Group continues to be a company that parents can be proud of having their children join the company, and employees can be proud of knowing that this is the company they work for.

# Trajectory of value creation

For over 100 years since its founding, the KAWADA Group has pursued its mission to "contribute to society through technology throughout the ages" while "Creating a Safe, Comfortable, and Sustainable Society."



period

Reiwa period

1994

New Central Airservice Co., Ltd. became a subsidiary of KAWADA Group

Early 1990s

Collapse of the bubble economy

of KAWADA Group

2009

KAWADA TECHNOLOGIES, INC.  
established (Transitioned to a holding  
company structure)

2008

Bankruptcy of the Lehman Brothers

2013

KAWADA ROBOTICS CORPORATION  
established

2015

Adoption of the SDGs

2011

Great East Japan Earthquake

2022

100th anniversary  
of foundation

2020

Spread of COVID-19

## Participated in a number of big projects



## Japan's first air dome-style stadium

The technology we developed through numerous large-scale bridge projects led to the steel frame fabrication and roof cable work for the Tokyo Dome, on which construction began in 1985.



## Realization of the Bridge of Dreams

The Akashi-Kaikyo Bridge became the first large-scale suspension bridge in the world in 1993 to attempt the pilot rope installation method using helicopters. We brought together the full strength of the Group to make the project a success, including helicopters from Toho Air Service, cable work by KAWADA CONSTRUCTION, and calculation systems by KAWADA TECHNOSYSTEM.



## Guinness World Record-

certified bronze Buddha statue  
We completed the world's tallest bronze Buddha statue, the Ushiku Daibutsu, in 1993 after seven years of work.

2000s

## Restructuring of Group synergies

In 2009, we transitioned to a holding company structure and established KAWADA TECHNOLOGIES. The entire Group was restructured to establish an efficient management system.



2009 KAWADA TECHNOLOGIES, INC. listed on the First Section of the Tokyo Stock Exchange

1980s to 90s



2010 Tokyo Gate Bridge  
Provided by the Tokyo Port Office,  
Kanto Regional Development  
Bureau, Ministry of Land,  
Infrastructure, Transport and Tourism



2023 Azabudai Hills



2010 World's first extradosed  
bridge, Fudo-oashi Bridge



2023 Hokuriku Expressway Tonami Interchange  
to Kosugi Interchange deck replacement work

Steel Construction  
Segment

See pages 23-26 for  
details.

Civil Engineering  
Segment

See pages 27-28 for  
details.

Architecture  
Segment

See pages 29-30 for  
details.

## Solution Segment

See pages 31-34 for  
details.

## Others

See pages 35-36 for  
details.



1991 Expansion of the  
pre-engineered metal building  
business

## Environment



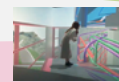
2003 Rooftop greening system Midori-chan

2000 Applied helicopter  
technology to robotics  
and successfully  
developed a bipedal  
walking robot within  
seven months



## Robotics

2013  
KAWADA ROBOTICS  
CORPORATION established



2022 Opened the DX Room



2022 NEXTAGE Filie



1993 Launched the Tokyo Ai-land Shuttle service

## Small aircraft

1994 New Central Airservice Co., Ltd.  
became a subsidiary of the KAWADA Group



Regular flights between  
Chofu and the Izu Islands

Maintenance and  
management

At a time when new construction  
was dominant, quickly focused on  
bridge repair work and established  
a company specializing in  
maintenance and management

1986 Current KYOURYOU  
MAINTENANCE, Inc established



2003 KMA Joint

## Bridge attachments

Developed into a manufacturer  
of bridge attachments, including  
expansion joints for bridges



# Value creation process

The KAWADA Group has continued to take on challenges in new technologies in a rapidly changing environment by leveraging the technologies and track record cultivated over the years, and consistently contributing to society to create new value.

## INPUTS

### Diverse capital that is the source of sustainable growth

(Data as of March 31, 2024)

#### Financial capital

- Total assets  
160.2 billion yen
- Net assets per share  
4,753.28 yen

#### Intellectual capital

- ▶ Wide range of business areas
- ▶ Ability to win orders, responding to changes in market conditions (proposal ability, cost estimation ability, sales ability)
- ▶ Development ability (cutting-edge technology, unique products)
- ▶ Industry-leading market share, response ability
- ▶ Steel bridge business, prestressed concrete bridge business  
Industry-leading market share
- ▶ Architectural steel frame business  
Leading domestic supply capacity
- ▶ Architecture business  
Providing unique, competitive "pre-engineered metal buildings"
- ▶ Software-related business  
Becoming the standard for public agencies
- ▶ Management capabilities to create Group synergies

#### Manufacturing capital

- ▶ Abundant production track record  
Five large production sites throughout Japan (three of which are among the few S-grade certified plants in Japan)



- ▶ Abundant construction track record  
Possesses equipment capable of performing high-difficulty specialized work



#### Human capital

- ▶ Securing human resources and further improving quality

- Number of employees  
2,373

- ▶ A group of outstanding engineers with a track record of implementing a wide range of construction projects

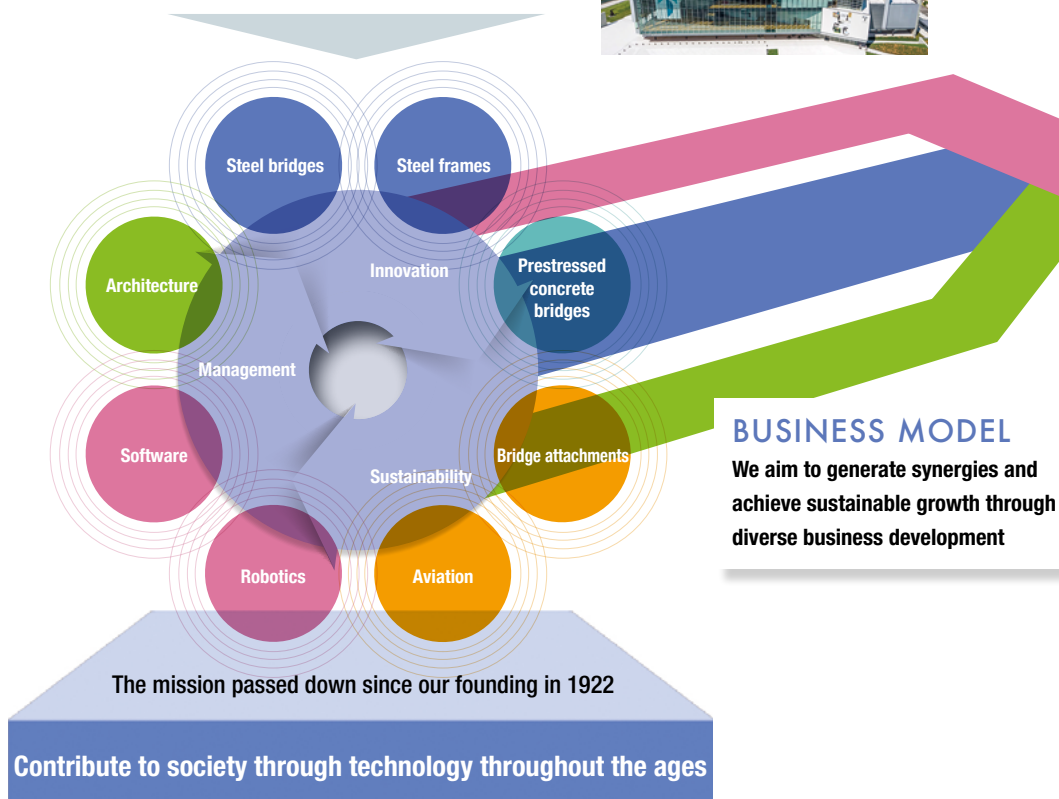
#### Social and relationship capital

- ▶ Trust-based relationships with partners such as customers and local communities



#### Natural capital

- ▶ Contribution to the environment through business, such as promoting the spread of greening systems
- ▶ Disclosure of information based on TCFD recommendations



## OUTPUTS

### Diverse business development

See pages 23–38 for details.

#### Core businesses

##### Steel Construction Segment

- Steel bridge business
- Architectural steel frame business

##### Civil Engineering Segment

- Prestressed concrete bridge business

##### Architecture Segment

- Architecture business

#### Growth businesses

##### Solution Segment

- Software-related business
- Robotics-related business

#### Others

- Bridge attachments sales business
- Aviation business (rotary wing/fixed wing)

Shifting to a business model focused on earning profit through products and services

Provide high-quality products and services within the required deadlines and consistently meet customer demands.  
Continuously provide a safe and comfortable environment for end-users of infrastructure.

## KAWADA VISION 2030

- ▶ Transforming to become the strongest group through the comprehensive strength of the Group
- ▶ Achievement of Happo Yoshi

## OUTCOMES

### Realizing a sustainable society and the sustainable growth of the Group

#### Economic value

##### Stable profitability

(Data for the fiscal year ended March 31, 2024)

- Net sales  
129.1 billion yen
- Operating profit  
8.7 billion yen

- Profit attributable to owners of parent  
7.5 billion yen
- ROE  
9.6%
- Dividend payout ratio  
30.2%

See pages 55–56 for details.

#### Environmental and social value

##### Promoting sustainability management

- Solving social issues through technology
- Contribution to the global environment

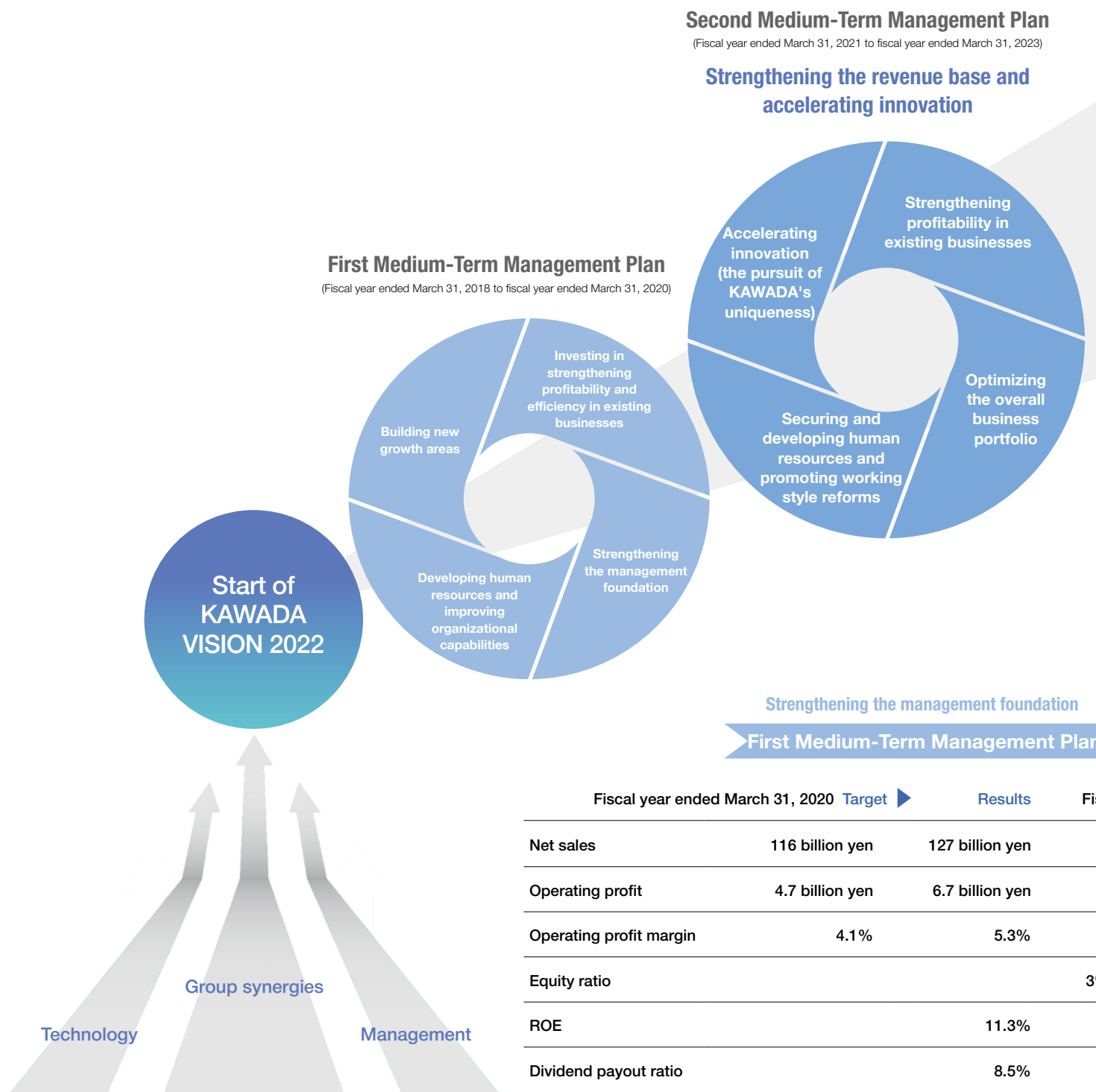
- Maintaining and improving a safe and fair working environment
- Complying with corporate ethics and governance
- Co-creation of value with stakeholders

See pages 39–50 for details.

# Long-Term Vision and Medium-Term Management Plan

We started our Medium-Term Management Plan based on our long-term vision, KAWADA VISION 2022.

Since then, we have been steadily accumulating a track record by continuing to implement a three-year plan in line with clear policies and strategies, with the aim of realizing KAWADA VISION 2030, which has been set out as our vision for the next ten years.



	Fiscal year ended March 31, 2020	Target	Results	Fi
Net sales	116 billion yen		127 billion yen	
Operating profit	4.7 billion yen		6.7 billion yen	
Operating profit margin	4.1%		5.3%	
Equity ratio				3
ROE			11.3%	
Dividend payout ratio			8.5%	



### Third Medium-Term Management Plan

(Fiscal year ended March 31, 2024 to fiscal year ending March 31, 2026)

**We will transform into a resilient company  
in an aim to achieve the KAWADA VISION**



#### Shifting to stakeholder management

#### Second Medium-Term Management Plan

#### Management aimed at improving ROE with an awareness of the cost of capital

#### Third Medium-Term Management Plan

Fiscal year ended March 31, 2023 **Target** **Results**

116 billion yen 112.4 billion yen

4.2 billion yen 5.6 billion yen

3.6% 5.0%

(3-year average)

Fiscal year ending March 31, 2026 **Target** (Upwardly revised in May 2024)

391 billion yen or more

22.3 billion yen or more

(3-year cumulative total)

% or more improvement 3.6% or more improvement (As of March 31, 2020)

5.8%

8.0% or more (Final fiscal year)

16.0%

30.0% target (3-year average)

## Aiming to strengthen our management base through ROE management that is conscious of the cost of capital and to further increase earnings



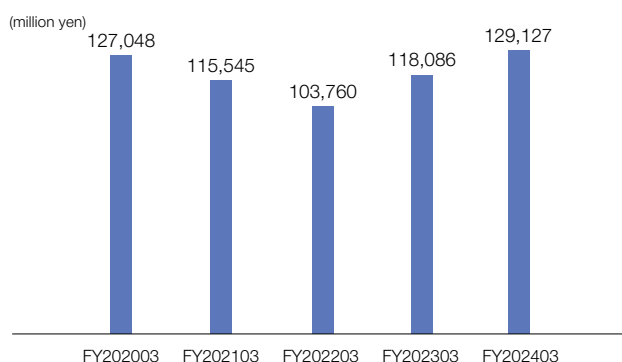
### Business environment and business results for the fiscal year ended March 31, 2024

In the business environment for the fiscal year ended March 31, 2024, although orders for new construction in the steel bridge business in the Steel Construction Segment and the prestressed concrete bridge business in the Civil Engineering Segment (collectively, the "bridge business") shrank significantly, repair and maintenance work have continued to increase at a rapid pace recently. In the bridge business, repair and maintenance projects increasingly involve contract modifications to initial contract specifications, and the market structure is fundamentally shifting

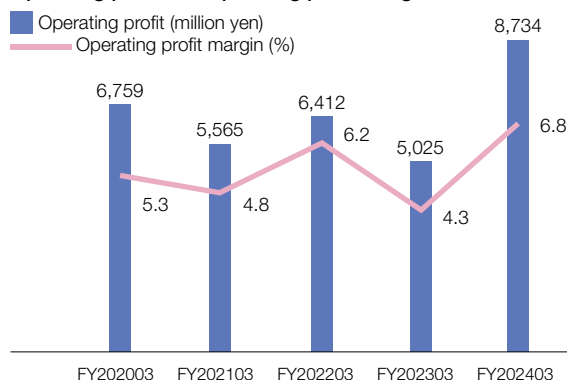
to one where companies with high engineering capabilities can generate revenue more easily.

Against this backdrop, the KAWADA Group saw steady progress throughout the year in the construction projects it had on hand, mainly large-scale projects, and profits increased more than the initial forecast. In particular, both the Steel Construction Segment and Civil Engineering Segment saw increases in both net sales and operating profit due to the acquisition of orders for contract modifications. In addition, the Architecture Segment, which experienced a significant decline in profitability in the previous fiscal year, made a strong recovery, while the highly profitable Solution Segment also maintained strong growth.

#### Net sales



#### Operating profit and operating profit margin



## KAWADA Group's revenue structure and business portfolio

The software-related business in the Solution Segment, which serves as a driver for the growth of the KAWADA Group, continues to perform well. In projects contracted by the Ministry of Land, Infrastructure, Transport and Tourism, the obligation to prepare an information sharing system for businesses has meant that, in addition to the construction information sharing system for construction work, a business information sharing system is also required for design work. The product developed by KAWADA TECHNOSYSTEM for this business information sharing system is becoming the de facto standard, and it benefited from significant growth in the fiscal year ended March 31, 2024. Furthermore, the 3D CAD provided by KAWADA TECHNOSYSTEM is supported by many customers due to its high level of convenience, and sales have also increased significantly along with the progress of working style reforms.

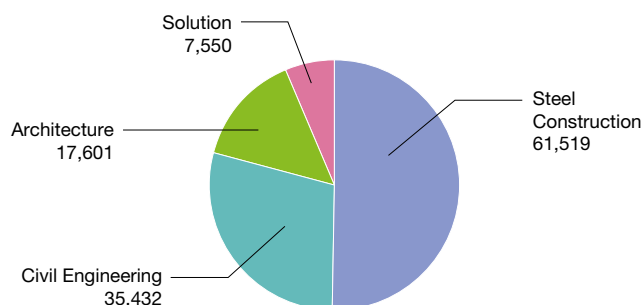
The KAWADA Group's revenue structure is one in which the core businesses of the Steel Construction, Civil Engineering, and Architecture Segments accumulate revenue in a flow-type manner, while the software-related business in the Solution Segment, which is a growth business, secures stable revenue in a stock-type or subscription model. Within this revenue structure, the Group's overall business portfolio management has traditionally been based on a product portfolio approach. This approach stems from the company's history since its founding, where a heavy reliance on the bridge business, combined with extended periods when sufficient sales could not be secured in the architectural steel frame business of the Steel Construction Segment or the Architecture Segment, led to the development of new businesses in various related fields, ultimately shaping the KAWADA Group as it exists today. I believe that this diverse business portfolio is a strength of the KAWADA Group. In order to continue to read the changes of the times and discover new business channels and

products, and to achieve long-term, stable growth, we will aim to further increase profits by reinvesting profits from core businesses into core businesses, and we will also make investments aimed at expanding businesses in growth areas and thereby optimize the allocation of management resources.

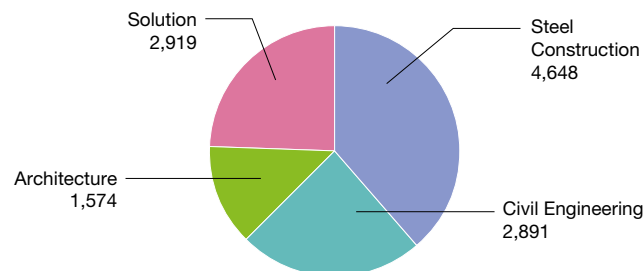
Of course, it takes time to generate revenue from new businesses. I still remember the words once said to me when I was younger by the former President, Tadaki Kawada, "Enter through the narrow gate and never let it become a case of easy come, easy go." What this means is that you should take the difficult path if you want to achieve valuable results, and that things that are easy to obtain can also be easy to lose. Although it takes time to get new systems accepted within a company and to get new businesses up and running, and improving a company is a matter of taking one step at a time, I believe the KAWADA has a corporate culture with a tenacious approach to management. In addition, even though the KAWADA Group is involved in a wide range of businesses, it has a long-standing commitment to manufacturing that has been passed down through its history. Our corporate culture is rooted in the belief that without the ability to create things, there is no purpose for our existence, and as the needs surrounding the steel bridge business shift from being centered on plant production to focusing on on-site execution, we aim to enhance manufacturing capabilities in on-site construction, or engineering capabilities, to adapt accurately to environmental changes, while maintaining a strong commitment to plant production. Looking at the market environment, we expect that plant production for the steel bridge business will decline in the future, and that there will be an expansion in marine structures such as offshore wind power generation. We aim to use the bridge technology know-how we have developed over more than 100 years as a foundation to achieve results that exceed the expectations of our customers and to generate continuous revenue as a result. Furthermore, in the Solution Segment that is positioned as a growth business, the software handled by

### Fiscal year ended March 31, 2024 net sales and operating profit by segment

Net sales by segment (million yen)



Operating profit by segment (million yen)





KAWADA TECHNOSYSTEM is continuing to grow, and we expect it to generate even higher earnings. As for the robotics-related business, we believe the market holds extremely high potential, although it will take some time for full-scale commercialization.

The KAWADA Group engages in a wide range of businesses, and it has always placed great importance on the concept of management of technology (MOT) in developing its business. We will continue to be a group of specialists that takes pride in refining its expertise in every field. Even in a rapidly changing business environment, we aim to create a conglomerate premium by refining our technologies in every field and leveraging synergies within the Group.

### Progress of the Medium-Term Management Plan

Some numerical targets in the Third Medium-Term Management Plan were revised upward following the strong performance for the fiscal year ended March 31, 2024. The cumulative three-year operating profit target was raised from the initial target of at least 18.6 billion yen to at least 22.3 billion yen, profit was revised from at least 15.6 billion yen to at least 18.3 billion yen, and profit excluding share of profit/loss of entities accounted for using the equity method was revised from at least 12.1 billion yen to at least 14.6 billion yen. Under the basic policies of increasing profitability in the core businesses, expanding business fields in other growing businesses, promoting sustainability management, and shifting to capital-efficient management, the Third Medium-Term Management Plan sets a target of achieving ROE of 8.0% or more\*.

Although the measures in the Second Medium-Term Management Plan increased capital and improved our financial position, profitability declined. In light of this, the Third Medium-Term Management Plan is promoting management that is conscious of the cost of capital and aims to improve ROE, while

also strengthening the management foundation that supports such efforts.

Although we were able to achieve our target ROE of 8.0% or more in the first year of the plan, we will need to implement various measures to maintain this high figure in the future. To achieve our target of 8.0% or more in the final year of the plan as well, the extent to which order volumes can be stably secured and how much profitability can be improved on contracted projects will be key points. While I believe the KAWADA Group's business portfolio is functioning with a good balance in the current market environment, at the same time, the labor shortage in the construction department is becoming apparent, and concerns are arising regarding the impact of the upper limit on overtime work introduced in April 2024, known as the "2024 problem." Because the introduction of ICT and robot-based systems in plants and construction sites is becoming important as one countermeasure, we will actively invest in these areas.

Meanwhile, regarding cash flow, the situation differs depending on the type of work, so it is necessary to gain an understanding of the situation of each segment individually. In each segment, we recognize that the trend towards a longer cash conversion cycle (CCC) will make appropriate cash flow management an issue. The profitability of the KAWADA Group is not high compared to other companies. We will continue to work steadily on building solid fundamentals going forward.

In addition, as an equity-method affiliate, the KAWADA Group holds 49.9% of the shares of mid-tier general contractor SATO KOGYO., LTD., and the financial structure of the KAWADA Group is such that the profits and losses of SATO KOGYO are reflected in the profits, losses, and equity of the KAWADA Group in proportion to the shareholding ratio. The scale of SATO KOGYO's business is larger than that of the KAWADA Group, and its performance could significantly affect the Group's profits, so we recognize that appropriately managing ROE from this

### Partial changes to the numerical targets of the Third Medium-Term Management Plan

	First Medium-Term Management Plan (results)	Second Medium-Term Management Plan (results)	Third Medium-Term Management Plan (initial)	Third Medium-Term Management Plan (after change)
Net sales (3-year cumulative total)	352.6 billion yen	337.3 billion yen	391 billion yen or more	391 billion yen or more
Operating profit (3-year cumulative total)	17.2 billion yen	17 billion yen	18.6 billion yen or more	22.3 billion yen or more
Profit (1) (3-year cumulative total)	16.5 billion yen	15.7 billion yen	15.6 billion yen or more	18.3 billion yen or more
Profit (2) (3-year total, excluding share of profit/loss of entities accounted for using equity method)	10.9 billion yen	10.9 billion yen	12.1 billion yen or more	14.6 billion yen or more
ROE (1) (Final fiscal year)	11.3%	5.8%	8.0% or more	8.0% or more
ROE (2) (Excluding shares of subsidiaries and associates)	15.5%	7.3%	11.0% or more	11.0% or more
Dividend payout ratio (3-year average)	8.5%	16.0%	30.0% target	30.0% target

perspective is an important financial issue. With this in mind, the Third Medium-Term Management Plan discloses both profits that include and exclude share of profit/loss of entities accounted for using equity method, and ROE figures that include and exclude the value of shares of subsidiaries and associates.

Regarding shareholder returns, in February 2023, we changed our dividend policy to aim for a stable dividend payout ratio of 30% and to flexibly acquire treasury shares. In addition to this policy, in May 2024, we set a minimum annual dividend of 90 yen per share for the remaining period of the Third Medium-Term Management Plan (fiscal year ending March 31, 2025 to the fiscal year ending March 31, 2026). By implementing ROE management, we will improve our financial position, build a solid revenue base, and maintain a minimum dividend payout ratio of 30% going forward.

\* The cost of capital assumed in the ROE plan, which is approximately 7.0%, is calculated based on the CAPM theory, and takes into account trading volume liquidity and market capitalization.

## To our shareholders and investors

To enhance opportunities for shareholder return, we introduced an interim dividend system starting in the fiscal year ending March 31, 2025, in addition to the year-end dividend, and implemented a 3-for-1 stock split in April 2024 with the hope of attracting more people to become our shareholders.

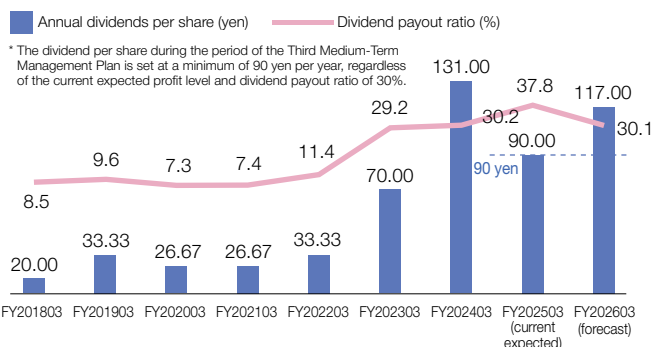
We have received various requests and feedback from our shareholders and investors, such as a desire for clearer identification of the targets within the Solution Segment and increased confidence in the potential of the robotics-related business compared to initial expectations. We intend to further strengthen communication with all stakeholders, especially opportunities for communication with retail shareholders, to increase interaction and foster more fans of the KAWADA Group. We will continue to enhance our investor relations and strive to

make it even easier to understand.

During times of financial difficulty in the past, I made decisions as CFO to limit new business development and impose various restrictions on operations to secure revenue. Looking back, while these decisions stemmed from a sense of mission to preserve the KAWADA Group, I believe we have now overcome such a stage. The KAWADA Group has now grown into a corporate group that also handles IT and robot development.

For the KAWADA Group to aim for further growth, I believe that we must make the KAWADA Group a corporate group that can evolve towards a common goal for the entire Group, while maintaining independent management that refines each operating company as a specialist organization, and pursuing the overall optimization of the KAWADA Group. I recognize that my role as CFO is to control the overall optimization and individual optimization of Group management and work to secure revenue for the entire Group.

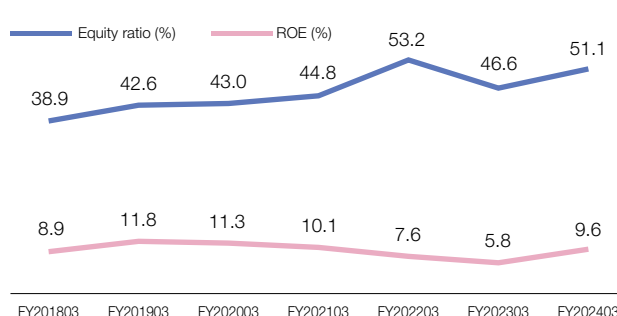
### Annual dividends per share/dividend payout ratio



First Medium-Term Management Plan Second Medium-Term Management Plan Third Medium-Term Management Plan

(Note) The figures are based on the assumption that the stock split on April 1, 2024 was conducted at the beginning of the period shown.

### Equity ratio/ROE



First Medium-Term Management Plan Second Medium-Term Management Plan Third Medium-Term Management Plan

## Steel Construction Segment Steel bridges

**We will achieve further growth through the comprehensive strength of the Group, based on our industry-leading track record**



### Yasushi UCHIUMI

Director, General Manager of Bridge Division  
KAWADA INDUSTRIES, INC.

Apr. 1981	Joined KAWADA INDUSTRIES, INC.
Apr. 2017	Executive Officer, Deputy General Manager of Steel Construction Division, in charge of Project Proposal, KAWADA INDUSTRIES, INC.
June 2017	Executive Officer, Deputy General Manager of Steel Construction Division, KAWADA INDUSTRIES, INC.
June 2020	Director, General Manager of Bridge Division, General Manager of Production Promotion Office, KAWADA INDUSTRIES, INC.
June 2021	Director, General Manager of Bridge Division, KAWADA INDUSTRIES, INC. (present position)

### Characteristics and strengths of the business

The steel bridge business in the Steel Construction Segment focuses on design, fabrication, erection, and maintenance (maintenance and repairs) primarily for public works projects, and KAWADA INDUSTRIES has a top-class position in the steel bridge industry and an extensive track record in construction, especially for long-span bridges. We have the equipment to carry out highly challenging special construction work, and we have many engineers with abundant experience on our staff. We have two production bases: the Shikoku Plant, which has a quay, and the Toyama Plant, which produces our unique products, and this gives us the strength to handle all types of bridges, including large-scale bridges.

In the expanding maintenance business, many challenging projects require know-how and technical capabilities for both steel bridges and prestressed concrete bridges, along with high levels of capability in design and on-site construction, so the fact that the Group has the management resources of KAWADA CONSTRUCTION, which handles prestressed concrete bridges, is

a major advantage.

Furthermore, we fabricate composite bridge-related products made from concrete and steel materials, such as composite floor slab (product name: SC DECK) and prebeam girders. In particular, the production of SC DECK has expanded recently due to the development of a new type that has improved durability and construction efficiency.

### Business overview

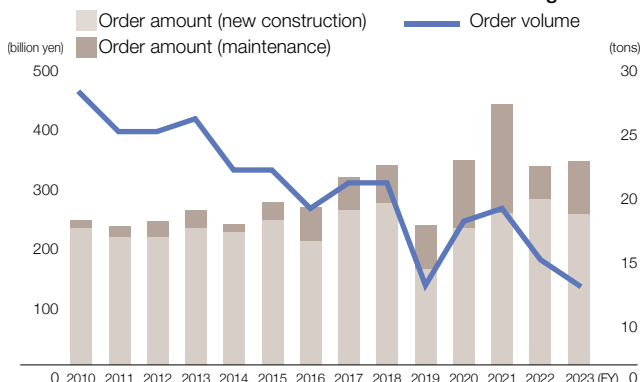
The government's efforts to promote disaster prevention, disaster mitigation, and national resilience are accelerating, and there is medium- to long-term shift toward the maintenance business including repairing or rebuilding (renovation) aging social infrastructure, instead of the construction of new bridges. In the short term, there have been orders for large projects such as the Osaka Wangan Route western extension project, so a focus on both new bridge construction and maintenance projects is required.

The entire construction industry is facing challenges such as



Tenryukyo-ohashi Bridge

### Transition of order amounts and volumes for steel bridges



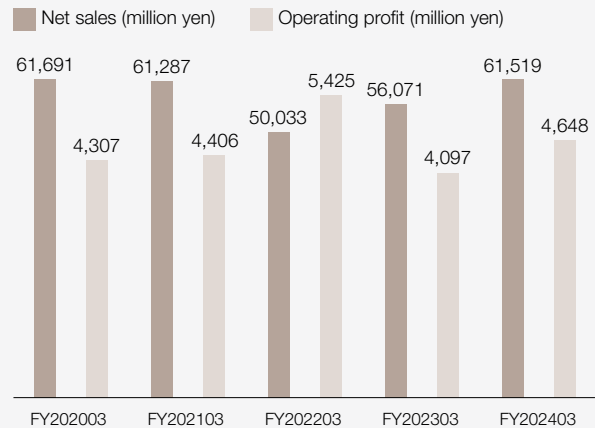


**Steel Construction Segment net sales** (fiscal year ended March 31, 2024)**61,519 million yen (up 9.7% YoY)****Steel Construction Segment operating profit** (fiscal year ended March 31, 2024)**4,648 million yen (up 13.5% YoY)****Main business activities**

Design, fabrication, erection, and installation of steel bridges, and sale of steel products

**Business policies in the Third Medium-Term Management Plan**

- (1) Strengthen order acquisition for new bridges (participation in large-scale projects)
- (2) Increase orders for maintenance and renewal projects
- (3) Take on the challenge of new markets (marine structures, overseas)
- (4) Promote DX and GX



a shortage of workers due to the aging of engineers and skilled workers, as well as the introduction of an upper limit on overtime work starting in FY2024, and this has heightened the need for workforce reduction and labor saving through digital technology. Against this backdrop, KAWADA INDUSTRIES has introduced a digital field notebook, and implemented tools such as one-person surveying and a digital coating thickness gauge using the cloud, and has worked to reduce the burden on staff in the field by having teleworkers in the office convert the data gathered with these tools into deliverables. For painting operations at plants, where it is believed that it will become difficult to secure workers in the future, we are developing an automatic painting robot system that utilizes the Group's robotics technology.

### Status of initiatives in the Third Medium-Term Management Plan

In the first year of the plan, the fiscal year ended March 31, 2024, despite a decline in orders for new bridges, we secured a stable volume of orders, primarily from the Ministry of

Land, Infrastructure, Transport and Tourism. We were able to significantly exceed our sales and profit targets by acquiring orders for contract modifications for large-scale construction projects, particularly for expressway companies.

Going forward over the medium to long term, with the number of new bridges expected to decline, we will work to increase our market share and actively take on the challenge of developing products to replace steel bridges. In the fiscal year ended March 31, 2024, we fabricated steel caissons, a type of marine structure. KAWADA INDUSTRIES has a plant equipped with a quay and is capable of shipping large structures, so there are opportunities for the production of offshore wind power generation, which is expanding. We hope to take advantage of this opportunity and continue to build up our track record.

In the maintenance business, we hold regular maintenance meetings with KAWADA CONSTRUCTION to share information on projects and exchange information on technological development, which is a key point of differentiation. Going forward, we will work to aggregate the KAWADA Group's technologies and use the comprehensive strength of the Group to win orders.

### Employee interview

**Yuji TORIYAMA**

Assistant Manager of Osaka Sales Section, Osaka Sales Department, Sales Management Department, Bridge Division  
KAWADA INDUSTRIES, INC.

The Sales Management Department I belong to handles bidding and contracting tasks before receiving orders, as well as internal coordination and discussions with the customer for the construction work that has been ordered.

For the construction work that has been ordered, we aim to complete it as "ONE TEAM" with the customer, not just with our internal departments. Although there are many challenges in my work, I feel that all the hard work has been worthwhile when the construction work I was in charge of is completed and I receive words of thanks from the customer. I also feel very proud of my work when I pass over a bridge that I was involved in building while playing golf, fishing, or on a family trip, or when I tell my family or friends about it.



## Steel Construction Segment Architectural steel frames

# Sales, plant, and construction work in unison to maximize profits



### Yasufumi TAKAHASHI

Director, General Manager of Steel Structure Division,  
General Manager of Tochigi Plant  
**KAWADA INDUSTRIES, INC.**

Apr. 1983    Joined KAWADA INDUSTRIES, INC.  
Apr. 2011    General Manager of Tokyo Sales Department, Steel Structure Division,  
General Manager of CE Promotion Office, KAWADA INDUSTRIES, INC.  
Apr. 2013    General Manager of Tochigi Plant, Engineering Management  
Department, Steel Construction Division, KAWADA INDUSTRIES, INC.  
Apr. 2016    Executive Officer, General Manager of Tochigi Plant, Production  
Department, Steel Construction Division, KAWADA INDUSTRIES, INC.  
June 2022    Director, General Manager of Steel Structure Division, General Manager  
of Tochigi Plant, KAWADA INDUSTRIES, INC. (present position)

### Characteristics and strengths of the business

The architectural steel frame business is involved in many prominent buildings, including ultra high-rise buildings and special structures in the Tokyo and Kansai metropolitan areas, and we are involved in the entire process from plant production to on-site erection work.

We have three plants in Japan that have been certified as S-grade plants, the highest rank for steel frame production plants, and we have a track record that is among the best in the industry. Another strength is our ability to handle on-site erection work, and we have earned high praise from general contractors who are our customers.

Although there are often many changes and additions to the original contract as the project progresses, we have established a system that makes it possible to respond to the delivery deadlines required by the customer, even if the production period is short, without compromising product quality, through repeated discussions with design offices and general contractors.



Production line at the Tochigi Plant

### Business environment

Large-scale projects such as large-scale redevelopment in the Tokyo metropolitan area, integrated resort-related facilities in Kansai, and semiconductor-related facilities in Kyushu are thriving now. On the other hand, rising construction material prices and labor shortages have begun to cause delays in starting construction projects, and in addition to this, the future order situation has become uncertain due to the so-called "2024 problem," which is related to the upper limit on overtime work that came into effect in April 2024.

Under these conditions, it will be important in the short term to secure order volumes through target construction projects, and in the medium term, to selectively focus on projects scheduled to be ordered. Meanwhile, in the long term, we should select projects in light of plant operations for planned projects in the Tokyo metropolitan area, which are expected to remain plentiful. The shrinking labor force is a major issue for the construction industry. It is necessary to aim for further automation and labor saving in plant production and erection work by utilizing digital technologies and new technologies.



Tokyo Midtown Yaesu

### Main business activities

Design, fabrication, erection, and installation of architectural steel frames, and sale of steel products

### Business policies in the Third Medium-Term Management Plan

- (1) Expand scale of business through enhancement of the production line
- (2) Further strengthen relationships with customers
- (3) Instill the KAWADA brand as a steel frame fabricator capable of erection work
- (4) Strengthen cost competitiveness



Grand Ring (wooden) of Expo 2025 Osaka, Kansai

## Status of initiatives in the Third Medium-Term Management Plan

In the first year of the plan, the fiscal year ended March 31, 2024, demand fell by 410,000 tons from the previous year to 3.91 million tons. Even for ultra high-rise buildings, which are the main target of KAWADA INDUSTRIES, the construction period and other aspects of multiple projects were revised due to factors such as the impact of the sharp rise in the price of construction materials. Against this backdrop, although net sales did not reach the target due to the reactionary decline from the peak production of semiconductor-related facilities in Kyushu last year, we achieved profit goals thanks to smooth progress on projects carried-over and securing orders for contract modifications in large-scale projects.

In terms of initiatives in the first year, we started up a new production line at our Tochigi Plant, our main plant in the Tokyo metropolitan area, with an eye to the future, and we also improved productivity through progress in the smart plant plan, which aims

to visualize production conditions. In the construction department, we took on the challenge of erecting the wooden Grand Ring that is the symbol of the Expo 2025 Osaka, Kansai, and were able to expand business in a new structural form.

Looking at the market environment, while there are many plans for large-scale construction projects over the medium to long term, in the short term, there are issues such as the rising cost of building materials and the 2024 problem, and we believe it will not be possible to respond to these issues with our current sales approach. In addition, orders for Japan's tallest skyscraper are expected to be placed in the fiscal year ending March 31, 2025. In order to secure profits going forward, it will be necessary to establish estimates and contract conditions aimed at risk avoidance.

In order to achieve the goals of the Medium-Term Management Plan, we will first work to secure the volume of orders we are targeting, and then pursue initiatives aimed at maximizing profits through the sales, plant, and construction departments working together in unison.

## Employee interview

### Ryuta SHIGEOKA

Chief of Production Engineering Section, Production Engineering Department, Tochigi Plant, Steel Structure Division  
KAWADA INDUSTRIES, INC.

The Tochigi Plant, where I work, fabricates steel frames, primarily for skyscrapers that have become landmarks known to everyone. In addition to that, as one of Japan's leading steel frame fabricators, we also collaborate in structural assessments during the design phase. The quality level required of steel frames is increasing, and the structures are also becoming more complex, so it is difficult to fabricate while maintaining the process and quality. However, seeing the tangible results of my work take shape and remain is an attraction like no other.





## Civil Engineering Segment

**We will work to differentiate ourselves from other companies as the need for maintenance and repair work grows**



### Takuya KAWADA

Representative Director and President  
KAWADA CONSTRUCTION CO.,LTD.

Apr. 1991 Joined KAWADA INDUSTRIES, INC.  
June 2001 Director, General Manager of Accounting Department, KAWADA CONSTRUCTION CO.,LTD.  
Mar. 2003 Director, in charge of Management Planning, SATO KOGYO CO.,LTD.  
June 2005 Executive Officer, General Manager of Tokyo Sales Department, Bridge Division, KAWADA INDUSTRIES, INC.  
Mar. 2008 Managing Executive Officer, General Manager of Bridge Division, KAWADA INDUSTRIES, INC.  
June 2010 Director, General Manager of Osaka Branch, KAWADA INDUSTRIES, INC.  
June 2012 Representative Director and President, KAWADA CONSTRUCTION CO.,LTD. (present position)  
June 2017 Director, the Company (present position)

### Characteristics and strengths of the business

The primary business of the Civil Engineering Segment focuses on bridge construction utilizing prestressed concrete (PC) technology, and we have participated in numerous major projects in Japan. As demand for precasting has increased recently to improve productivity in on-site construction, we have expanded the scope of operations by having two production bases: the Nasu Plant, which is close to the Tokyo metropolitan area, and the Kyushu Plant, which has a quay.

In addition, as existing bridges continue to age and the need for maintenance and repair work increases, our long-standing track record and know-how in steel bridge maintenance and repair on the Metropolitan Expressway are significant strengths.

Furthermore, in the pursuit of working style reforms in bridge construction, the KAWADA Group is able to utilize its robot technology and IT technology to address the issues of labor saving and productivity improvement at construction sites, which is a particular strength of the KAWADA Group.



Shimogo-ohashi Bridge

### Business environment

Up until now, the bridge construction market in Japan was mainly focused on new construction, but the focus has shifted to maintenance and repair work recently. Large-scale repair and renewal projects are currently being carried out by expressway companies, and many orders are being placed for steel bridge deck replacement work. Going forward, it is expected that there will be an increase in PC bridge repair and reinforcement work, and in particular, measures to prevent corrosion of PC steel materials and insufficient grouting and measures to prevent deterioration of reinforced concrete decks and hollow decks will become key issues. With this business environment in mind, we will strive to further improve productivity, and at the same time, we will need to develop technologies that will allow us to differentiate ourselves from other companies in relation to the key issues that are expected to arise in the future. In addition, because it is expected that orders for new construction will increase in the form of replacement work, it will become important to pass on the technical capabilities we have developed so far by accumulating a track record in major structural forms and construction methods.



Hokuriku Expressway Tonami Interchange to Kosugi Interchange deck replacement work

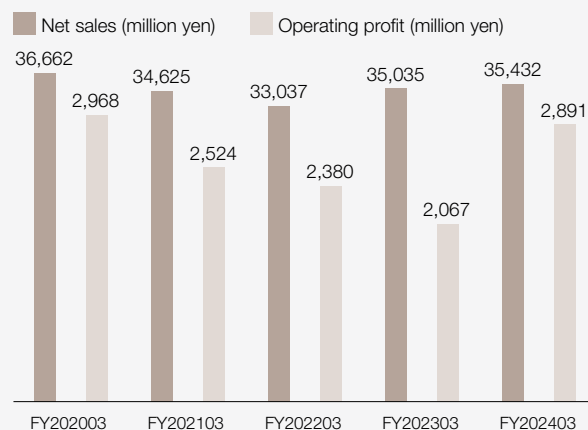


**Civil Engineering Segment net sales** (fiscal year ended March 31, 2024)**35,432** million yen (up 1.1% YoY)**Civil Engineering Segment operating profit** (fiscal year ended March 31, 2024)**2,891** million yen (up 39.9% YoY)**Main business activities**

Design, fabrication, installation and erection of Prestressed concrete bridge and prebeam bridges, and bridge maintenance work contracting

**Business policies in the Third Medium-Term Management Plan**

- (1) Increase market share for Ministry of Land, Infrastructure, Transport and Tourism projects subject to the GPA
- (2) Support renewal projects through group collaboration
- (3) Improve construction capabilities (expand mechanical technology development capabilities, promote DX and CIM)
- (4) Increase human assets (acquire and develop human resources)



## Status of initiatives in the Third Medium-Term Management Plan

In the first year of the plan, the fiscal year ended March 31, 2024, we were able to significantly exceed our targets for net sales and operating profit thanks to the smooth progress of work carried over from the previous year and the acquisition of orders for contract modifications in large-scale projects. In new construction work, although we were able to increase our market share by accumulating orders, particularly for projects subject to the GPA commissioned by the Ministry of Land, Infrastructure, Transport and Tourism, due to in part to intensifying competition, we struggled greatly with the deck replacement work contracted by expressway companies. As securing a stable order volume for deck replacement projects remains an urgent issue, we have reorganized our structure to improve our ability to win orders for infrastructure renewal work and build a personnel structure, with the aim of regaining momentum.

The business environment surrounding prestressed concrete bridge is undergoing a major transition, with a shortage of workers due to the declining birthrate and population aging

in Japan, and a shift in the market environment from new construction to maintenance and repair. In light of these changes in the business environment, we are developing the KAWAKEN Academy to actively develop human assets, with the aim of being an organization where each and every one of our colleagues can think independently and grow. In FY2023, KAWADA CONSTRUCTION was awarded the Ministry of Land, Infrastructure, Transport and Tourism's Real Estate and Construction Economy Bureau Director-General's Award in the 2nd Construction Human Resources Development Excellent Company Awards in recognition of its efforts to secure and develop human assets for the construction industry. This award was a great honor for the KAWADA Group, which positions human assets as its most important management asset.

In the second year of the plan, the fiscal year ending March 31, 2025, we aim to secure stable order volumes for infrastructure renewal projects while leveraging KAWADA Group's strengths in robotics and IT technologies to improve productivity and reduce costs in order to achieve our targets. We will continue to focus on human assets development.

## Employee interview

**Satoshi SHIMIZU**

Construction Manager, Construction Section, Construction Department, Tokyo Branch  
KAWADA CONSTRUCTION CO.,LTD.

I am responsible for a project to renew a section of expressway. We are always operating the site with the utmost care to ensure safety and prevent congestion because the work involves traffic restrictions on the expressway. I believe that as the person responsible for the site, it is my responsibility to ensure a high level of construction quality and respond to requests to shorten traffic restriction periods while ensuring safety, so we are working to shorten construction periods by using precast components and the latest construction machinery. I share a sense of mission with our partner companies and work every day to complete projects safely and without incidents.



## Architecture Segment

# We pursue our own strengths, using the competitive advantage of KAWADA Pre-Engineered Metal Buildings as an asset



### Harunobu HASEGAWA

Executive Officer, General Manager of Architecture Division  
KAWADA INDUSTRIES, INC.

- Apr. 1992 Joined KAWADA INDUSTRIES, INC.
- Apr. 2016 Deputy General Manager of Sales Department, in charge of East Japan, Architecture Division, KAWADA INDUSTRIES, INC.
- Apr. 2019 General Manager of Sales Department, in charge of East Japan, Architecture Division, KAWADA INDUSTRIES, INC.
- Apr. 2020 General Manager of Sales Department, Architecture Division, KAWADA INDUSTRIES, INC.
- Apr. 2021 Executive Officer, General Manager of Architecture Division, KAWADA INDUSTRIES, INC. (present position)

### Characteristics and strengths of the business

Building on technology developed over many years in general construction, KAWADA's Architecture Segment adopted a pre-engineered metal building system from the US, originally designed for cost efficiency, and uniquely adapted it for our business. We positioned these KAWADA Pre-Engineered Metal Buildings, which are advantageous for low-rise and medium to- large-scale warehouses and plants in Japan, as our core business. KAWADA Pre-Engineered Metal Buildings combine strengths such as low cost, short construction periods, and high quality with technologies that enable flexible design and large, column-free spaces through design-build processes, and offer high adaptability and the ability to meet the needs of building owners, which is a competitive advantage unmatched by others. In addition, collaboration with KBS Association members (construction partners) with which long-standing partnerships have been built enables operations throughout Japan. Recently, we have accumulated a track record in constructing hazardous material warehouses and cold storage facilities, and we aim to expand the range of applications where we can leverage our strengths.



Refrigerated warehouse by KAWADA Pre-Engineered Metal Buildings (Landcube Urawa)

### Business environment

In the construction industry, the aging of the workforce is more pronounced than in other industries, and as the number of people working in the construction industry is decreasing along with a shortage of workers, it is a challenge to continue business without reducing project volume. Against this backdrop, since the previous fiscal year, we have been steadily reducing the burden on construction sites by setting construction processes mindful of the upper limit on overtime work and working to improve productivity at construction sites. It will be necessary to develop technologies that shorten construction schedules and streamline on-site work through multi-skilled workers to ensure that KAWADA Pre-Engineered Metal Buildings remain a preferred choice. In addition, as an era approaches where environmentally friendly proposals to reduce CO<sub>2</sub> emissions and the use of natural energy in warehouses and plants become standard, demand is growing among customers for initiatives aimed at work environment improvements, such as automation. First, we will explore and verify environmentally-conscious equipment proposals, and develop a business framework capable of handling projects that integrate buildings and equipment as a set.



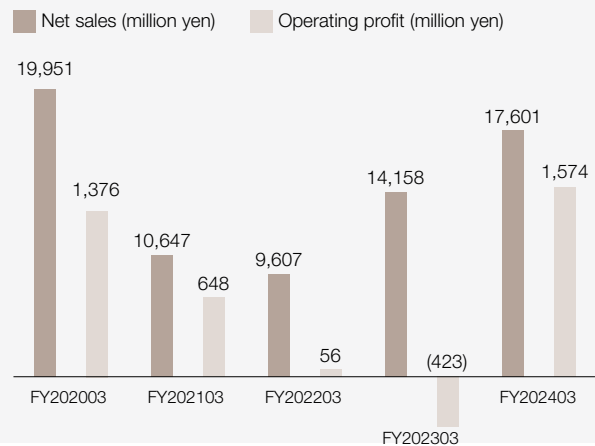
Rooftop greening system Midori-kan (Toyama Prefectural Museum of Art and Design)

**Architecture Segment net sales** (fiscal year ended March 31, 2024)**17,601** million yen (up 24.3% YoY)**Architecture Segment operating profit** (fiscal year ended March 31, 2024)**1,574** million yen (operating loss of 423 million yen in the previous fiscal year)**Main business activities**

Design and construction contracting for general construction and pre-engineered metal buildings in Japan

**Business policies in the Third Medium-Term Management Plan**

- (1) Ensure stable order volumes through technical proposals
- (2) Promote DX for estimates and design
- (3) Internalize multi-story large-scale logistics warehouses (acquire knowledge on structural design to improve cost competitiveness)
- (4) Expand KBS Association partner companies



## Status of initiatives in the Third Medium-Term Management Plan

In the first year of the plan, the fiscal year ended March 31, 2024, demand for medium- and large-scale logistics warehouses in urban areas and warehouses as real estate investment projects remained strong, due in part to the impact of an era of coexisting with the COVID-19 and changes in distribution in society. However, we started the year in a difficult situation with a number of unprofitable large-scale projects being carried over due to factors such as the significant increase in the price of construction materials.

To achieve our goals and ensure continued stable profits, we began by questioning all members of the organization afresh on what the strengths are of our company. We also reviewed the basic operations of each department, including the problems they faced and their collaboration with other departments, and reorganized these operations as required. We strengthened our sales system with a focus on the design and construction of warehouses and plants for medium- to large-scale low-rise projects that leverage the strengths of KAWADA Pre-Engineered

Metal Buildings, and we also restructured our order-receiving system by increasing sales department staff and selectively accepting orders. Furthermore, we expanded sales channels and promoted proactive sales and strengthened collaboration with SATO KOGYO, an equity-method affiliate, including shared sales information, which resulted in orders for large-scale projects through a joint venture. We also worked to enhance information-gathering capabilities by actively interacting with the KBS Association and recruiting new members. Furthermore, in order to further improve the quality of our sales proposals, we added estimation and design functions to the sales department, and began operating as a sales department that integrates technical capabilities. Along with this, we reviewed workflows, improved our estimation software, and transformed our awareness of costs, and while net sales did not reach our goal in the first year, we were able to improve operating profit significantly.

In the second year of the plan, the fiscal year ending March 31, 2025, amidst labor shortages and an upper limit on overtime work, we are aiming to achieve our goals by ensuring that we secure orders for contract modifications in active projects, and by reducing costs through value engineering and cost-down proposals.

## Employee interview

**Kazuaki IKEDA**Chief of Design Section 1, Design Department, Architecture Division  
KAWADA INDUSTRIES, INC.

I belong to the Design Department and am responsible for structural design for pre-engineered metal building projects. In addition to my design work, I am also responsible for R&D to improve operational efficiency through the use of DX. Although learning new knowledge can be tough at times, I feel a joy that is even greater than the effort I put in when I get results that are useful for my work. Going forward, I believe the importance of IT tools in the construction industry will continue to grow, and I aim to further expand my knowledge in order to improve customer satisfaction.



## Solution Segment Software-related business

# Playing a role in construction DX and aiming to transform into an information services consultant



### Nagahiro YAMANO

Representative Director and President  
KAWADA TECHNOSYSTEM CO., LTD

Apr. 1985 Joined KAWADA INDUSTRIES, INC.  
June 2005 General Manager of Osaka Branch, General Manager of Osaka Sales Department, KAWADA TECHNOSYSTEM CO., LTD  
Mar. 2006 Director, General Manager of Tokyo Sales Department, General Manager of ICT Solutions Department, KAWADA TECHNOSYSTEM CO., LTD  
Mar. 2009 Managing Director, General Manager of Sales Management Department, KAWADA TECHNOSYSTEM CO., LTD  
Jan. 2010 Representative Director and President, KAWADA TECHNOSYSTEM CO., LTD (present position)

### Characteristics and strengths of the business

The software-related business of the Solution Segment (below, "the Business") provides products and services such as commissioned design, design-related software, and various cloud services to social infrastructure-related companies, government agencies, and local municipalities. Recently, the construction industry has been facing issues including rising construction costs, labor shortages, and the maintenance and repair of public infrastructure, and DX is being pursued as a measure to respond to these issues. DX comprises the stages of information generation, distribution, and utilization. In the generation stage, we are promoting our unique 3D oriented design system\*, which combines our over 40 years of experience in civil engineering software with our mainstay product, 3D CAD, to reform conventional business processes. In addition, we are engaged in services that use the latest technology, centered on image processing, at the distribution stage. In the Business, we are expanding our business domains to include consulting for central government agencies and local governments, while taking advantage of our strengths in being able to provide services for all stages of DX.

### Business environment

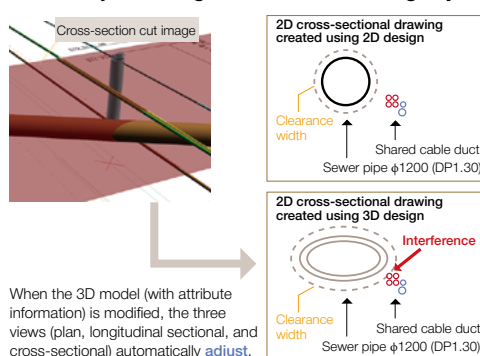
In the short term, the consulting business for central government agencies is expanding along with the progress of DX policies. In the medium term, we expect DX to disseminate into local governments and the further expansion of related markets. In addition, MLIT's initiative to change to cost estimation methods based on 3D design serves as a tailwind for the Business. As for the long-term business environment, public works projects will be centered around small-scale projects such as maintenance and repair, and it is expected that there will be an oligopoly of major companies as can be seen in the ordering practices of expressway companies. As a result, it is believed that business types such as contractors and design consultants will either be integrated into collaborative frameworks with major construction companies or be eliminated. Because the number of customers for the Business is expected to decline, we recognize that investment in more advanced expertise and innovative, creative technology will be a challenge for continued growth.

#### \* 3D oriented design system

The 3D oriented design system is a system that consolidates design information into a 3D space and automatically creates various design deliverables in a batch (3D models, 2D drawings, quantity calculations, design computations, etc.) using a design support system. The introduction of this system, which allows for 3D design from the earliest stages, greatly improves the conventional 2D design process, which has the effect of improving quality and allowing designers to focus on creative work.

In addition, MLIT has a policy of developing initiatives to promote the use of 3D models, which makes the application of this system promising.

#### Example of automatically generating a cross-sectional drawing of underground buried objects using the 3D oriented design system



With conventional 2D design, there seems to be no interference. However, in reality...

**Great consistency between the 3D model and the 2D cross-sectional drawing**  
Because cross-sectional drawings that consider oblique cuts and composite gradients are automatically generated, interference that **would have been overlooked in traditional 2D design** can be **identified in advance**.



**Solution Segment net sales** (fiscal year ended March 31, 2024)

**7,550 million yen (up 18.5% YoY)**

**Solution Segment operating profit** (fiscal year ended March 31, 2024)

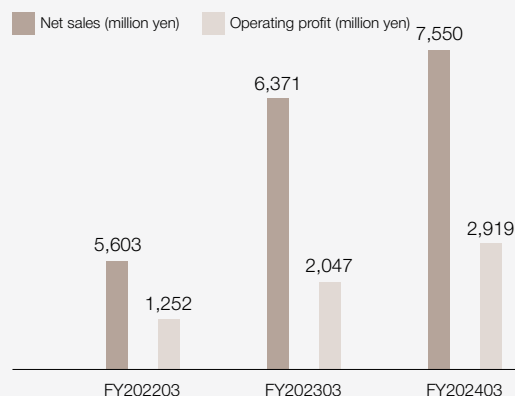
**2,919 million yen (up 42.6% YoY)**

#### Main business activities

Development and sales of software, sales of system equipment, and structural analysis, design, and drafting of bridges, etc.

#### Business policies in the Third Medium-Term Management Plan

- (1) Improve productivity
- (2) Increase the added value of existing businesses
- (3) Create new business
- (4) Transform the conventional business model
- (5) Transform the corporate culture



\*Until the fiscal year ended March 31, 2021, the Solution Segment was included in "Others."

## Status of initiatives in the Third Medium-Term Management Plan

In the first year of the plan, the fiscal year ended March 31, 2024, we achieved revenue and profit growth for the seventh consecutive year. The reason for this is that high profitability was achieved by increasing the unit price per customer through product investment and improving sales efficiency.

In the Third Medium-Term Management Plan, the Solution Segment is positioned as a growth business, and in addition to achieving stable growth in our main businesses, we are also acquiring new technologies and investing for medium- to long-term growth. In our mainstay 3D CAD business, we are pursuing our unique 3D oriented design system by linking and integrating it with existing design software assets, and expanding the scope of our business to include not only structures such as bridges and roads, but also underground structures such as shared cable ducts. In addition, our cloud service business, which is an information sharing service between customers and contractors for public works projects, has grown significantly due to our upfront investments in anticipation of DX policies, and

the development of unique services such as 360-degree images and remote presence. The brand power of the Business has also steadily improved due to this growth, and we are proud to say that it is now a leading business that plays a role in promoting construction DX.

In the IT industry, where the business environment is changing rapidly, the swift optimization and restructuring of business operations is required. In order to steadily achieve our management plan, the most important thing for the Business is to present clear goals tied to the actions of each and every employee, and to ensure that all employees understand the management policy and achieve collaboration that transcends organizational boundaries. Transforming into an information services consultant has been set as a new target for the Business. This means transforming into a high-value-added business that makes the most of the Business management resources.

For the fiscal year ending March 31, 2025, the Business aims to surpass the performance of the previous year under the themes of sustaining growth and achieving new goals, against the backdrop of the business environment described above.

## Employee interview

### Miku TAKAHASHI

Chief of DX Promotion Section 1, Social Infrastructure DX Promotion Department, Sales Department

KAWADA TECHNO SYSTEM CO., LTD

I am involved in a wide range of work, mainly proposing products and services to government offices, local governments, and social infrastructure-related companies. In particular, I find it challenging to provide solutions and consulting services to government offices and local governments, as this requires a different level of expertise and critical thinking than product sales promotion activities. However, when my proposals and analyses line up with the customer's issues, I feel a sense of personal growth, which translates into job satisfaction.



## Solution Segment Robotics-related business

# Spreading humanoid robots that work alongside people throughout the world to address the issue of labor shortages



### Naohito SHIROMA

Director, Business Management  
KAWADA ROBOTICS CORPORATION

Apr. 1990 Joined KAWADA INDUSTRIES, INC.  
Apr. 2013 Director, in charge of Planning, General Manager of General Administration Department, KAWADA ROBOTICS CORPORATION  
Apr. 2016 Director, General Manager of Planning Department, General Manager of Tochigi Office, KAWADA ROBOTICS CORPORATION  
Oct. 2018 Director, Business Management, KAWADA ROBOTICS CORPORATION (present position)  
Apr. 2021 General Manager of Core Platform Laboratory, the Company (present position)

### Characteristics and strengths of the business

In the robotics-related business of the Solution Segment, we are developing humanoid robots, and the main business is the planning, development, manufacturing, sales, and maintenance of the NEXTAGE series of humanoid robots that work alongside people. Our primary customers are companies, mainly in the manufacturing sector, that are anticipating labor shortages in the near future and are considering automation or workforce reduction, and our upper-body humanoid robots equipped with vision and two arms have an extensive track record of adoption, with no similar competing products available in the market. This business helps to resolve labor shortages by consistently handling the planning, development, manufacturing, sales, and maintenance of humanoid robots. By developing and proposing new methods for workforce reduction and automation while embedding technologies that enable customer companies to make their own improvements, we aim to expand the market and accelerate these efforts by offering solutions based on technologies accumulated through previous application developments.



Working together with people - NEXTAGE

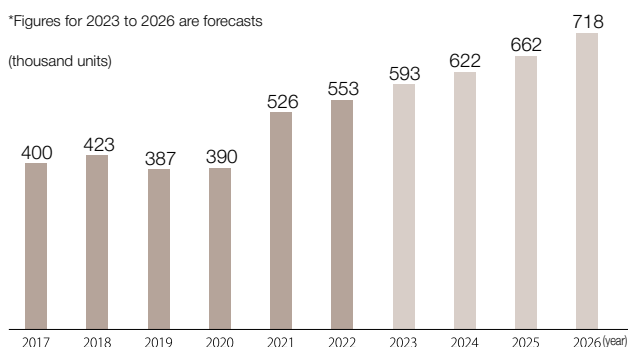
### Business environment

In Japan, labor shortages are growing increasingly severe due to declining birthrates and an aging population. Furthermore, following the COVID-19 pandemic, the method of mass-producing goods by gathering people in plants has become challenging, and the trend towards reducing the workforce and automation is accelerating from the perspective of work style reform and compliance. However, while there is a strong demand for humanoid robots, the shortage of engineering personnel required for their introduction is a significant issue. In response to this issue, it is necessary to provide package robot applications to reduce the engineering person-hours required for implementation. In addition, it is also necessary to incorporate rapidly advancing remote control and AI technologies and to develop technologies to reduce the engineering person-hours needed for implementation. The demand for solutions to labor shortages is expected to grow even further in the medium to long term, and there is a possibility that the situations in which robots are used will rapidly expand in the future due to the development of new technologies.

### Annual installations of industrial robots

\*Figures for 2023 to 2026 are forecasts

(thousand units)



Source: World Robotics 2023

#### Main business activities

Manufacturing and sales of next-generation industrial robots, etc.  
Development, design, sales, and consulting of various machinery,  
computer systems, and software

#### Business policies in the Third Medium-Term Management Plan

- (1) Establish a production system and a fabless system
- (2) Establish a sales expansion system through sales agents
- (3) Expand API software
- (4) Strengthen proposals for markets unique to humanoid robots
- (5) Enhance contract development by utilizing robot technologies



reddot winner 2022

NEXTAGE Fillie won the Red Dot Design Award, one of the world's three major design awards, in Germany in 2022

### Status of initiatives in the Third Medium-Term Management Plan

In the first year of the plan, the fiscal year ended March 31, 2024, in addition to achieving the numerical targets, we focused on getting the humanoid robot business back on track as the willingness of customers to adopt robots rose following reluctance triggered by COVID-19. To achieve this, we first identified the tasks in which humanoid robots could demonstrate their strengths, and then clarified the sales targets for subsequent fiscal years. We worked to establish a sales expansion system through sales partners (agents) and a fabless production system, and developed an efficient organizational structure. The rise in customers' willingness to adopt robots aligned with the rollout of the new robot NEXTAGE Fillie announced in 2022, and direct sales orders began to gain momentum, further supported by the successful allocation of management resources for technology development to system integration. As a result, net sales increased year-on-year and the profit target for the fiscal year ended March 31, 2024, was achieved. However, the number

of orders through sales partners stagnated. Going forward, we will focus on developing new markets through direct sales and developing sales partners to expand sales in order to leverage the strengths of humanoid robots. In the fiscal year ending March 31, 2025, we are accelerating the development of package applications and introducing robots tailored to target markets. Furthermore, we will also consider expanding into overseas markets such as Europe, the United States, and Asia, where operations were suspended due to the COVID-19 pandemic. In addition to initiatives to increase robot sales volumes, we will also invest management resources in areas such as the contract business and maintenance business to stabilize earnings. In the final fiscal year of the plan, the fiscal year ending March 31, 2026, the plan is to expand the lineup of package applications and increase sales channels to establish a stable business trajectory.

### Employee interview

#### Kenta SUGAWARA

Chief of Product Group, Production Technology Section, Production Department, Chief of Production Management Section, Production Department  
KAWADA ROBOTICS CORPORATION

At KAWADA ROBOTICS, where I work, we have the potential to continuously create new value centered around humanoid robots, and we are developing a wide range of products. It is important to take on new challenges by learning from past failures and successes in order to grow the business. In my work, although there is a lot of coordination between the technical department, manufacturing department, and manufacturing subcontractors, and it can be hard work, seeing my efforts reflected in product quality and cost makes the work highly rewarding.



## Others

# Working to diversify our business based on "Creating a Safe, Comfortable, and Sustainable Society"

### Bridge attachments sales business

#### KYOURYOU MAINTENANCE, Inc

KYOURYOU MAINTENANCE is engaged in the bridge attachments sales business centered around the manufacture and sale of expansion devices (joints).

Expansion joints are installed at the edges of bridge road surfaces and absorb bridge expansion and contraction due to temperature changes, as well as deformation caused by earthquakes or vehicle traffic, which ensures smooth passage for cars and pedestrians. Because expansion joints are among the most vulnerable parts of a bridge, they require highly durable products. A high level of water-tightness is also needed because water leakage from these devices can damage the ends of the bridge.

The mainstay product, KMA Joint, is made of aluminum alloy castings, so it has no welded or bolted joints, which makes it highly durable with no risk of weld fatigue or bolt loosening, and its use of aluminum alloy ensures that it is both lightweight and very easy to install. In addition, the use of honeycomb-shaped rubber in the water-sealing section provides high water-tightness and sound insulation that reduces noise reaching the underside of the girder, and the triangular-shaped fingers further improve driving performance and reduce road surface noise when vehicles pass over them. The product has received high praise from customers for its performance in respect of durability, rideability, water-tightness, sound insulation, and ease of installation, and it has an approximately 30% market share for large expansion joints with an expansion and contraction range of 100 mm or more.

Furthermore, the extended replacement cycle due to its long-term durability has environmental benefits, such as reducing life cycle costs, and it was the first product from the KAWADA Group to win the Good Design Award in 2006 as a product having a level of performance not found in conventional expansion joints.



KMA Joint, an aluminum alloy expansion joint

### Aviation business (rotary wing)

#### Toho Air Service Co., Ltd.

The aviation business (rotary wing) is handled by Toho Air Service, which is engaged in a wide range of businesses centered on the helicopter commuter Tokyo Ai-land Shuttle, cargo transport, and the operation of emergency medical helicopters and news helicopters.

The Tokyo Ai-land Shuttle uses two helicopters, a Leonardo AW139 and a Sikorsky S76, each with a capacity of 9 passengers, and operates as the only regular helicopter route in Japan connecting six islands in the Tokyo Izu Archipelago. Although the weather conditions at the island heliports are subject to extreme fluctuations, making the route one of the most difficult in the world to operate, the service marked its 30th anniversary in 2023, having transported over 500,000 passengers. It has become an essential means of transport for people living on the islands.

The cargo transport business began in around 1970 with mountain hut supply deliveries in Kamikochi, Nagano Prefecture, and today it handles the transportation of supplies to mountain lodges across almost the entire area from the Yari-Hotaka mountain range to Mt. Tsurugi in the Northern Japan Alps, and from the Central and Southern Japan Alps to Mt. Yatsugatake. The company has been recognized for its achievements in the technically challenging field of high-altitude mountain cargo transport, and the piloting skills of the pilots involved in this business have been evaluated as being among the best in the industry.

The emergency medical helicopter business currently operates from two bases, Niigata University Medical & Dental Hospital and Toyama Prefectural Central Hospital.

The news helicopter business is contracted to operate by multiple commercial television networks. It supports news coverage across various genres, including natural disasters such as earthquakes and volcanic eruptions, and marathon events.

The aircraft maintenance business handles inspection and maintenance of government agency helicopters.



Tokyo Ai-land Shuttle helicopter commuter service connecting six islands in the Tokyo Izu Archipelago



## Aviation business (fixed wing)

### New Central Airservice Co., Ltd.

The aviation business (fixed wing) is handled by New Central Airservice, and its main business is a scheduled airline service connecting four of the Izu Islands (Oshima, Niiijima, Kozushima, and Miyakejima) from its base at Chofu Airport in Tokyo. The fleet consists of five Dornier aircraft made in Germany, with a crew of two and a capacity of 19 passengers, operates between two to four flights per day on each route, with a maximum of 13 flights in total, and serves around 100,000 passengers per year. As well as being a means of transport for the islanders, who make up around half of the passengers, it also meets the needs of business and tourism, serving as an indispensable form of infrastructure supporting the lives and economy of the Izu Islands.



A German-made Dornier aircraft flying over Miyakejima Island

## TOPICS

### Utilization of environmentally friendly alternative energy

Toho Air Service and New Central Airservice are promoting the use of alternative energy that can significantly reduce CO<sub>2</sub> emissions as part of their environmentally friendly initiatives. New Central Airservice has conducted test flights on scheduled routes using sustainable aviation fuel (SAF), also known as bio-jet fuel, and Toho Air Service has also conducted test flights using SAF. In addition, we are actively engaged in sustainability management, such as by using biodiesel fuel at an airport.



Actively using biodiesel fuel at an airport

**Others net sales** (fiscal year ended March 31, 2024)

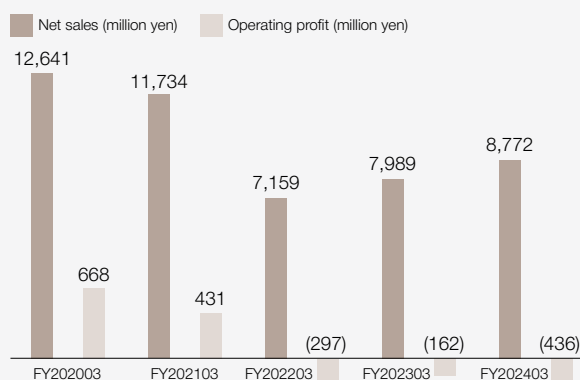
**8,772 million yen (up 9.8% YoY)**

**Others operating loss** (fiscal year ended March 31, 2024)

**436 million yen (operating loss of 162 million yen in the previous fiscal year)**

#### Main business activities

- Manufacturing and sales of bridge expansion joints
- Air transportation services and aerial work services
- Aircraft repair and maintenance, and transportation and maintenance contract business



\* Until the fiscal year ended March 31, 2021, the Solution Segment was included in "Others."

## Technology and R&D

The driving force behind the business growth of the KAWADA Group is its wealth of technology and tireless research and development. The synergy created throughout the Group not only leads to the sharing and improvement of knowledge, but also to the speeding up of development and the achievement of creative products and services.

### "Seek Romanticism in Technology"

This phrase first appeared in the first publication (1978) of the Kawada Technical Report, which compiles the latest research outcomes and construction reports. True to this phrase, the KAWADA Group continues to conduct research and development with passion and creativity to meet the needs of society.

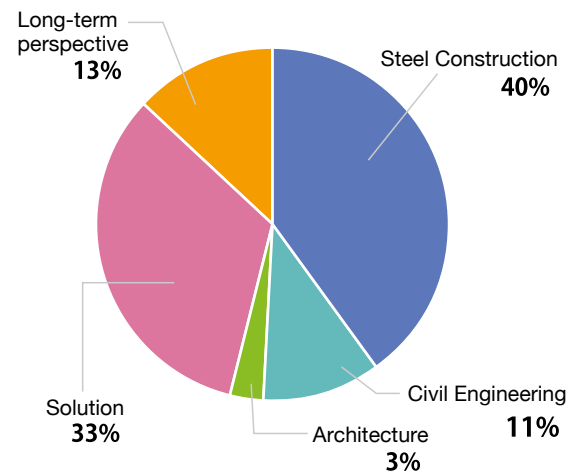
Since its founding, the KAWADA Group has continued to take on the challenge of cutting-edge technology based on its mission of "contributing to society through technology." In order to fulfill this mission, we are actively conducting research and development in a wide range of areas, and this is the driving force behind our business growth. We are also engaged in research from a long-term perspective to build a future society.

### Basic policies for R&D

We are conducting research and development based on the following five basic policies with the "sustainable growth of core businesses" and "expanding and creating growth business" set out in the Third Medium-Term Management Plan in mind.

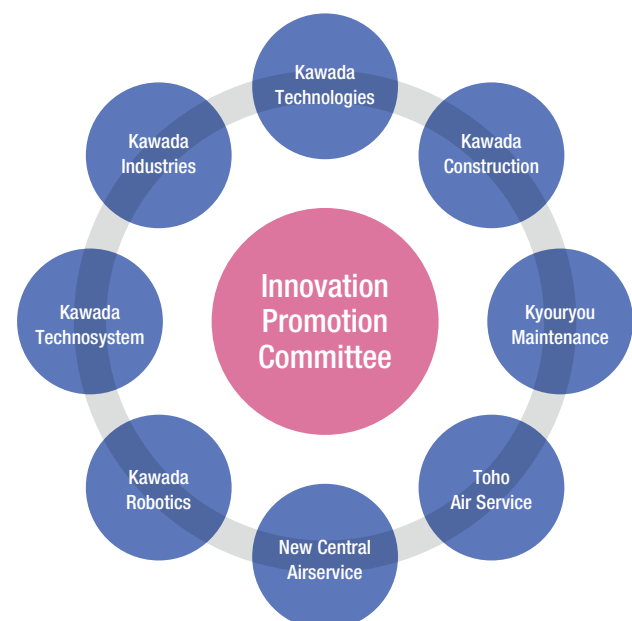
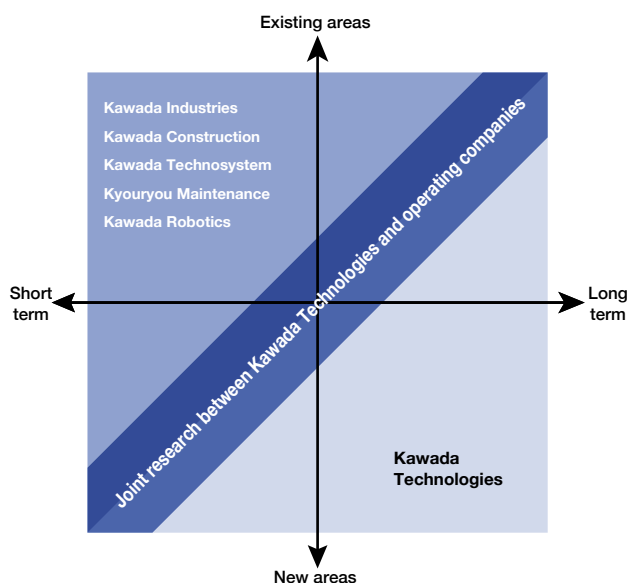
- (1) Achieving both high quality and productivity
- (2) Creating added value
- (3) Creating synergies between Group companies
- (4) Actively collaborating with external organizations
- (5) Linking intellectual property strategy and technology strategy

Breakdown of research and development expenses (FY2022)



### R&D structure

In terms of the R&D structure, KAWADA TECHNOLOGIES is engaged in the development of productivity improvement technologies and technologies aimed at new markets across business lines, while each Group company is engaged in R&D directly linked to its business activities. In addition, the Innovation Promotion Committee, a cross-Group organization serving as a hub for R&D, aggregates information and conducts planning on cross-sectional themes. This structure ensures a balance between independent R&D by each company and the generation of synergies.



## R&D strategies by business area

### Core business area

In the core business area, we are engaged in R&D in the Steel Construction Segment, Civil Engineering Segment, and Architecture Segment along the three axes of deepening our expertise, creating new value, and improving productivity.

First, in terms of deepening our expertise, we are conducting industry-leading R&D in the areas of welding and concrete, which are the core technologies of our core businesses, while actively collaborating with universities and related organizations. In welding, we are conducting research on new welding techniques and AI-driven quality evaluation methods, focusing not only on understanding the underlying mechanisms of phenomena, but also on developing products with an eye to external sales.

In terms of productivity improvement, we are working to establish information-sharing platforms aimed at mechanization and automation of production and construction sites, as well as fundamental reforms in working styles. In addition, in terms of our efforts toward labor-saving and effort-saving initiatives, we are accelerating DX through synergies with the Group's software development and robotics technologies.

As for the creation of new value, we are engaged in developing new products for bridge composite structures, innovative construction methods for bridge maintenance and renewal, and unique greening technologies in the architectural field, all from a long-term perspective.



Pulsed gas MAG welding method, a new low-sputter welding method



Deck replacement work using KK Rationalized Joints, a proprietary jointing method

### Growth and expansion business area

The growth and expansion business area consists of the software solutions domain and the robotics domain. In the software solutions domain, we are developing systems to promote construction DX, which is being advocated by MLIT. In particular, against the backdrop of frequently occurring weather disasters such as floods and landslides, we are conducting research and development with the aim of contributing to society by providing systems capable of smooth information transmission, rapid emergency recovery, and the planning of resilient infrastructure development.

In the robotics domain, we provide the upper-body humanoid robot NEXTAGE in the areas of industry and research, leveraging the humanoid technology we have developed up until now. In the industrial area, we are focusing on improving the functions and performance required for the development of robot solutions, and in the research area, we are working with research institutions, universities, and companies in Japan and overseas to conduct R&D, and we are aiming to improve our competitiveness by incorporating the results of this R&D into our products.



Software solutions that enable information sharing, information expression, and collaborative design

### Growth creation business area

In the growth creation business area, we are conducting R&D aimed at creating new value that is not limited to existing business areas. In this area, we are addressing the issues facing society and industry head-on, and we are exploring the technologies that will be needed ten years in the future through cross-Group projects and collaborations with external organizations.



3D Digital Welding Mask System that achieves DX in the transfer of welding skills

# Sustainability Basic Policy

The KAWADA Group, guided by its Group philosophy of "Creating a Safe, Comfortable, and Sustainable Society" and adhering to the spirit of Happo Yoshi, established its Sustainability Basic Policy in March 2022 with the goals of achieving a sustainable society and sustainable growth of the Group through dialogue and co-creation with all stakeholders.

1

## Solving social issues

We will contribute to society through technology at all times and strive to solve various social issues.

2

## Conservation and improvement of the global environment

We will strive to conserve and improve the global environment so that people can live comfortably.

## Material issues (materiality)

### Identification of material issues (materiality)

The KAWADA Group focuses on long-term trends in corporate management and social issues, and identifies various risks and opportunities by considering the long-term outlook and vision for the business environment and social and global issues. We also look at the roles and social missions expected of the industry, and consider the responsibilities that companies should fulfill. Furthermore, we clarify the corporate philosophy and values shared throughout the organization, with actions aligned to these being required. Considering these factors, we identified material issues (materiality) relating to sustainability as an organization in March 2023. In addition, we established key issues to enable the organization and individuals to optimize resources and manage time effectively while addressing material issues.

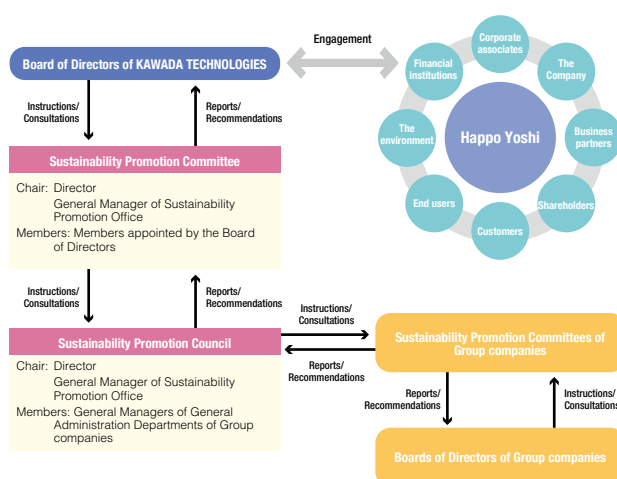
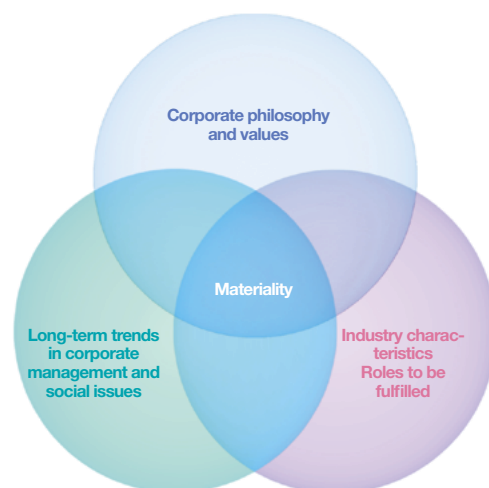
### Sustainability implementation system

The Sustainability Promotion Committee was established in October 2021 as an advisory body to the Company's Board of Directors. The Sustainability Promotion Committee meets monthly, in principle, to discuss risks and opportunities related to a wide range of sustainability issues and consider countermeasures based on the reports and recommendations given by the Sustainability Promotion Council, a subordinate organization, and the Sustainability Promotion Committees of Group companies, which are subordinate to the Council, in response to the Committee's instructions and consultations. The Committee then reports and gives recommendations to the Company's Board of Directors.

The Company's Board of Directors deliberates and decides on important policies and issues, and monitors the content and progress of various activities. In addition, the Company's Board of Directors assumes responsibility for directing and supervising to ensure sustainability initiatives, including those within the supply chain, are appropriately implemented.

In this manner, the Company's Board of Directors, the Sustainability Promotion Committees, and the Sustainability Promotion Council work together organically to steadily promote sustainability management through their respective roles.

### Factors to be considered for material issues (materiality)





## 3

**Maintaining and improving a safe and fair working environment**

We will respect the dignity and rights of all people and strive to create workplaces and a supply chain where everyone can work safely and be treated fairly.

## 4

**Complying with corporate ethics and governance**

In addition to complying with all applicable laws and regulations, we will also act in a manner consistent with social ethics and strive to ensure corporate governance in order to achieve both business growth and solutions to social issues.

Material issues (materiality)	Key issues	Approach
<b>[A] Solving social issues through technology</b>	Resilient infrastructure development	We will enhance the resilience of society by focusing our technological capabilities on the development of sustainable infrastructure to help combat natural disasters and emergencies.
	Strengthening of comprehensive safety and quality management systems	We will work to further strengthen safety and quality management systems, including measures against infectious diseases, in order to provide safety and comfort for all stakeholders.
	Response to technology innovation and regulatory changes	We will advance innovative technology development and actively respond to accompanying regulatory reforms to improve productivity, respond to an aging society, and address environmental issues.
<b>[B] Contribution to the global environment</b>	Active contributions to addressing climate change	We will actively contribute to addressing climate change through measures such as reducing greenhouse gas emissions and switching to sustainable energy sources.
	Active contributions to addressing natural capital and biodiversity issues	We will maintain the balance of ecosystems and actively contribute to the conservation of species through the preservation and enhancement of biodiversity.
	Active contributions to the formation of a recycling-oriented economy and society	We will actively contribute to the improvement of recycling not only in economic activities, but also in society as a whole through the reuse of resources, the reduction of waste, and the optimization of product life cycles.
<b>[C] Maintaining and improving a safe and fair working environment</b>	Thorough implementation of human capital management	We will respect the diversity of our employees and promote human capital management that draws out the full potential of each individual's abilities and motivation, and aim to create a work environment where everyone can actively participate.
	Thorough implementation of management that respects human rights	We will respect the human rights of all stakeholders, including employees, business partners, customers, and local communities, and aim to build an inclusive society by establishing a mechanism for addressing human rights violations and the handling of complaints.
<b>[D] Complying with corporate ethics and governance</b>	Strengthening of corporate governance systems	We aim to strengthen our corporate governance system in order to enhance the transparency and fairness of corporate management and to achieve sustainable growth and improve corporate value.
	Promotion of compliance and ethical management	We will comply with corporate ethics and governance, including measures to prevent corruption, in order to foster a corporate culture and climate in which all employees act with a high level of ethics.
	Optimization of risk and information management	We aim to optimize our risk management system, including the formulation of a BCP*, and our information management system, including privacy protection and information security, in order to improve the stability and transparency of corporate management.
<b>[E] Co-creation of value with stakeholders</b>	Contribution to local communities	We aim to contribute to the development of local communities by actively working with them, including through educational support, sponsorship of local events, and environmental conservation activities.
	Strengthening of relationships with stakeholders	We aim to build stronger relationships of trust through initiatives that foster mutual understanding with all stakeholders, including customers, partners, and local communities.

\*BCP refers to a business continuity plan for companies and organizations in the event of an emergency such as a disaster.

## Report on activities up until now

### Solving social issues through technology

Material issues (materiality)	Key issues	Initiatives	Specific details	Indicators	Target values	FY2023 results
<b>[A] Solving social issues through technology</b>	Resilient infrastructure development	Construction of infrastructure that contributes to disaster prevention and mitigation and national resilience	Promotion of the development of resilient infrastructure construction and disaster recovery and differentiation technologies	Research and development expenses	(Under review)	1,343 million yen
				Number of patent applications	(Under review)	13
	Strengthening of comprehensive safety and quality management systems	Thorough prevention of accidents	Elimination of industrial injuries	Injury frequency rate <sup>*1</sup>	(Under review)	1.34
		Promotion of quality improvement activities	Improvement of construction performance scores and customer satisfaction	Construction performance average score	(Under review)	83
	Response to technology innovation and regulatory changes	Promotion of DX and GX <sup>*2</sup>	Utilization of BIM/CIM and digital management tools, etc.	DX and GX site coverage rate	(Under review)	<ul style="list-style-type: none"> <li>• BIM/CIM site coverage rate: 10.3%</li> <li>• Digital management tool site coverage rate: 40.6%</li> </ul>
		Promotion of work sharing <sup>*3</sup>	Utilization of communication tools, etc.	Work sharing site coverage rate	(Under review)	8.5%

<sup>\*1</sup> Injury frequency rate indicates the frequency of accidents occurring, and refers to the number of injuries and fatalities caused by industrial injuries per million total actual working hours. It is calculated as: (number of injuries and fatalities caused by occupational accidents ÷ total working hours) × 1,000,000

<sup>\*2</sup> GX (green transformation) is an approach that aims to transform the entire economic and social system by shifting from a conventional fossil fuel-centered economy, society, and industrial structure to one centered on clean energy.

<sup>\*3</sup> Work sharing is a system that optimizes the overall workload by sharing work and working hours between the workplace and the office.

#### Key issue: Resilient infrastructure development

##### Repairing riveted bridges with improved operational efficiency and safety

KAWADA INDUSTRIES has developed a new method called the KM Rivet Method that uses a high-frequency induction heating method to replace rivet joints<sup>\*</sup>, which are used in many historical steel bridges (Patent No. 6897940: Rivet Construction Method and Construction System).

Unlike traditional heating methods using coke and fire beds that require skilled labor, this method enables instant high-temperature heating of rivets and unitizes the construction equipment, which allows for speedy rivet construction. With this new method, a 4-ton truck crane with the necessary equipment for the job is driven to the site, and the heating coil is placed near the rivets that need to be replaced. This eliminates the need for heating rivets with coke or throwing heated rivets to the construction location, which significantly improves work efficiency and safety compared to traditional methods.

Going forward, we aim to pass on rivet construction techniques, which are in danger of being lost, in a new form and contribute to the repair and reinforcement of riveted bridges, including steel bridges designated as important cultural properties.

<sup>\*</sup> A method of joining metal products in which two flat base materials are stacked, holes are drilled in the same position on both, a metal rivet is inserted through the holes, and the tip of the rivet is crushed to secure the two materials in place.



Rivet



Traditional method: Required skilled work such as throwing high-temperature rivets heated by coke to workers



New method: By rapidly heating the rivets with a heating coil and shortening the distance to the installation site, there is no longer a need to throw high-temperature rivets, which improves both work efficiency and safety.



See our website for the latest research results: <https://www.kawada.co.jp/technology/gihou/>

## Key issue: Strengthening of comprehensive safety and quality management systems

### Promotion of why-why analysis

As a measure to prevent industrial accidents, KAWADA INDUSTRIES promotes why-why analysis as a means of investigating the causes of occupational accidents and quality issues that occur at construction sites and plants, and coming up with effective recurrence prevention measures.

This is a method that makes it possible to analyze the causes of an occupational accident in a logical and objective way, fundamentally review work methods and procedures, and come up with specific recurrence prevention measures that anyone can follow by repeatedly asking why in a step-by-step manner as you go back through the sequence of events that led up to the accident.

As a result of these activities, the cause of accidents and effective recurrence prevention measures are being investigated and reported based on why-why analysis in the records of recurrence prevention meetings when occupational accidents occur and in the corrective action reports when quality issues occur. We are working to achieve zero accidents and zero quality issues by continuing improvement activities.



Field staff and safety managers investigating causes and considering measures to prevent recurrence

## Key issue: Response to technology innovation and regulatory changes

### Back-up support for construction sites provided by teleworkers

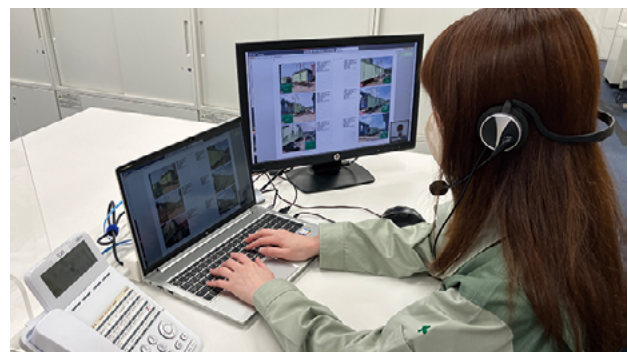
The Act on the Arrangement of Related Acts to Promote Work Style Reform (Work Style Reform Act) has also been applied to the construction industry since April 2024. Until now, limits on overtime work were only administratively defined by the Minister of Health, Labour and Welfare, but with the implementation of the Work Style Reform Act, improving the working environment and increasing productivity to reduce overtime hours for staff in the field have become more important issues than ever before.

Staff in the field bear the heavy responsibility of completing construction safely and without accidents within deadlines, and in addition to construction management, they also handle various meetings with customers, contract modifications, preparation for inspections, deliverables, and many other construction-related documents, which has led to the normalization of long working hours. This work was extremely diverse and placed a significant burden on staff in the field, who spent their days engaged in on-site quality and safety management and then spent long hours after returning to the office in the evenings preparing related documents.

As part of this work, organizing construction photos has been a particularly heavy burden for staff in the field. It is necessary to take photos of the construction as it progresses and compile these photos into a construction photo log. In order to reduce the burden of this work, KAWADA INDUSTRIES has established a system in which office-based teleworkers support the creation of the required deliverables by having staff in the field prepare a photography plan before actual construction begins on-site. By

supporting the work that was previously handled by staff in the field from the office, it has been possible to improve the efficiency and productivity of staff in the field and reduce their working hours. This approach has extended beyond photo organization to include support for creating other construction-related documents.

By having office-based teleworkers assist with administrative tasks such as document preparation and photo organization, staff in the field can focus on their primary fieldwork, which results in more effective and reliable construction management.



Back-up support for construction photo organization provided by teleworkers

## Report on activities up until now

### Contribution to the global environment

Material issues (materiality)	Key issues	Initiatives	Specific details	Indicators	Target values	FY2023 results
<b>[B] Contribution to the global environment</b>	Active contributions to addressing climate change	Promotion of activities that combine the three elements of "improving the efficiency of energy consumption," "switching to renewable energy," and "creating clean energy"	Reduction in total CO <sub>2</sub> emissions	Greenhouse gas emissions (Covers Scope 1 and 2 <sup>*1</sup> )	FY2030 11,047 t-CO <sub>2</sub> (Down 47% compared to FY2022)	21,336 t-CO <sub>2</sub> (Up 3% compared to FY2022)
			Utilization of sustainable and alternative energy	In-house renewable energy generation	(Under review)	36,978 kWh
				SAF <sup>*2</sup> usage rate	(Under review)	0.03%
			Expansion of use of electric furnace materials	Weight ratio of electric furnace materials purchased	(Under review)	11.2%
	Active contributions to addressing natural capital and biodiversity issues	Support for carbon sequestration <sup>*3</sup> projects	Cooperation with forest improvement projects	Amount of donation	(Under review)	1 million yen
	Active contributions to the formation of a recycling-oriented economy and society	Promotion of resource utilization for industrial waste	Strengthening of mixed waste <sup>*4</sup> sorting	Mixed waste emission rate	(Under review)	1.04 t/100 million yen

\*1: Scope 1 refers to the direct greenhouse gas emissions from our company, while Scope 2 refers to indirect emissions resulting from the use of electricity, heat, and steam supplied by other companies.

\*2: SAF (sustainable aviation fuel) is biofuel made from plants and waste oils, which can reduce carbon dioxide (CO<sub>2</sub>) emissions by approximately 80% compared to conventional fossil-based fuels.

\*3: Carbon sequestration refers to the process of capturing carbon dioxide (CO<sub>2</sub>) from the atmosphere through natural processes such as plants and soil, and stabilizing that carbon.

\*4: Mixed waste refers to waste that is a mixture of various types of materials.

#### Key issue: Active contributions to addressing climate change

##### Reduction of greenhouse gas emissions

The KAWADA Group considers greenhouse gas emissions, which are an important factor for environmental impact, as an indicator for managing the risks and opportunities related to climate change. In addition to reducing greenhouse gas emissions within the KAWADA Group, we also believe that it is important to work to reduce emissions throughout the supply chain in order to implement initiatives to address climate change and minimize the impact on the environment.

When calculating and reporting greenhouse gas (GHG) emissions, we use the GHG Protocol, an international standard, and calculate the direct (Scope 1) and indirect (Scope 2)

emissions of the KAWADA Group, using FY2022 as the base year, to implement initiatives to reduce our environmental impact. The KAWADA Group has set a target of reducing greenhouse gas emissions to virtually zero by FY2050 and 47% by FY2030 compared to FY2022 (breakdown: 4% reduction for the two airlines combined and 70% reduction for the other companies combined).

In addition, we have calculated indirect emissions including supply chain emissions (Scope 3) for FY2023, and we plan to set greenhouse gas emission reduction targets for Scope 3 based on FY2023 going forward.



See our website for results and targets for greenhouse gas emissions: <https://www.kawada.jp/csr/environment/tcfd/>

##### Utilization of sustainable alternative energy

In order to achieve a sustainable society, the KAWADA Group is not only working to reduce the amount of electricity it purchases from external sources, but is also generating and using its own renewable energy. KAWADA INDUSTRIES has already installed solar panels on the roofs of some of its plants to generate renewable energy, and it will continue to install new solar panels at multiple locations in the future. In addition, we have installed geothermal air conditioners that use geothermal heat to maintain a constant temperature throughout the year at some of our offices, and we are working to reduce the power consumption of air conditioners in summer and winter by using these together with air conditioning. We generated and utilized 36,978 kWh of renewable energy in-house in FY2023.



Solar panels on the roof of the Tochigi Plant of KAWADA INDUSTRIES



In addition, Toho Air Service and New Central Airservice, which consume jet fuel in the course of their aviation business, are promoting the use of SAF, which is expected to significantly reduce CO<sub>2</sub> emissions. Following New Central Airservice, which conducted test flights using SAF in FY2022, Toho Air Service also conducted test flights in FY2023.



Refueling a helicopter with SAF-mixed fuel

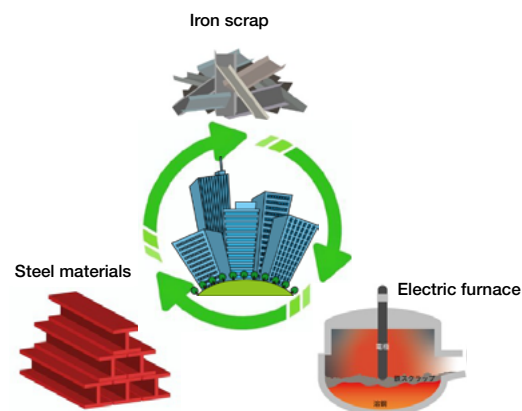
#### Using environmentally-friendly steel materials made from iron scrap

The main materials for KAWADA INDUSTRIES' steel bridges and steel structures are steel materials, specifically iron.

There are two methods for producing iron: extracting iron from iron ore using a blast furnace and recycling iron from iron scrap using an electric furnace. The blast furnace method emits a significant amount of CO<sub>2</sub>, whereas the electric furnace method significantly reduces CO<sub>2</sub> emissions compared to blast furnaces.

In FY2023, 11.2% of the steel materials purchased by the KAWADA Group was derived from electric furnaces, which has contributed to CO<sub>2</sub> emissions reductions across the supply chain and promoted the development of a circular economy and society.

#### Iron scrap resource circulation image



### Key issue: Active contributions to addressing natural capital and biodiversity issues

#### Donations to the Greenery Donation Funds

With the aim of maintaining the balance of ecosystems and preserving species, KAWADA TECHNOSYSTEM donates a portion of its sales to the Greenery Donation Funds managed

by the National Land Afforestation Promotion Organization, and cooperates in forest maintenance projects.



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See the National Land Afforestation Promotion Organization's website for details on greenery activities using Greenery Donation Funds : <https://www.green.or.jp/bokin/>

### Key issue: Active contributions to the formation of a recycling-oriented economy and society

#### Separation and recycling of waste generated from construction work

According to a survey by MLIT on the actual situation of construction by-products, construction mixed waste ranks first for final disposal rate of industrial waste. This waste includes stable mixed waste such as rubble and plastic waste, as well as wood waste and paper scraps. Although impurities are manually removed and waste is sorted by material type at intermediate treatment facilities, this has limitations. As a construction company, the KAWADA Group considers it important to sort waste by material type and improve recycling rates, rather than simply disposing of waste. Waste that cannot be recycled or reduced in volume at intermediate treatment facilities is disposed of at final disposal sites, and it is said that the remaining lifespan of these final disposal sites is only a few decades. The KAWADA Group is making further efforts to reduce waste emissions and promote recycling through its day-to-day activities in order to

pass on a beautiful global environment to future generations.



Example of sorted disposal of construction mixed waste (Ibi-nagara-ohashi Bridge repair and reinforcement work in FY2022)



## Report on activities up until now

## Maintaining and improving a safe and fair working environment

Material issues (materiality)	Key issues	Initiatives	Specific details	Indicators	Target values	FY2023 results
<b>[C] Maintaining and improving a safe and fair working environment</b>	Thorough implementation of human capital management	Hiring of diverse personnel	Promotion of hiring of women, mid-career hires, and foreign nationals	Percentage of women among total hires	Average of 20% or more over three years from FY2023 to FY2025	23.2%
				Percentage of mid-career hires among total hires	Average of 30% or more over three years from FY2023 to FY2025	34.3%
				Hiring of foreign personnel	A total of 15 employees hired from FY2023 to FY2025	5
		Human resource development and support for career building	Support for acquiring necessary qualifications with a focus on career development	Support implementation rate for eligible employees	FY2025 100%	100%
		Continuous promotion of a work-life balance and health and productivity management	Encouragement of acquisition of the Certification Test for Mental Health Management	Percentage of managers who have obtained the Certification Test for Mental Health Management II (Managers' Course)	FY2025 100%	87.8%
			Encouragement of male workers to take childcare leave	Percentage of male workers taking childcare leave	FY2025 60% or more	67.3%
	Thorough implementation of management that respects human rights	Fostering of an awareness of human rights	Provision of human rights education to deepen empathy and understanding	Rate of participation in human rights awareness training	FY2025 100%	61.2%

\* The Certification Test for Mental Health Management is a registered trademark of the Osaka Chamber of Commerce and Industry.

## Key issue: Thorough implementation of human capital management

## Basic approach

The KAWADA Group is a corporate group that has been contributing to society through technology for over 100 years since its founding, and we believe that our mission is to provide all stakeholders with safe and comfortable products and services through the reliable transfer and further development of the technology we have developed. Recognizing that

human resources are the most important factor in fulfilling this mission, the KAWADA Group established the Human Resource Development Policy and the Internal Environment Improvement Policy in March 2024 with the aim of creating an environment in which each and every employee can work proudly and actively.



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See our website for policies on human resource development and in-house environment creation: <https://www.kawada.jp/csr/guideline/human-resources/>

## Aiming to be a corporate group where diverse personnel can actively participate

The KAWADA Group is engaged in diversity and inclusion initiatives based on a philosophy that balances Group-wide optimization and the individual optimization of its operating companies.

In terms of diversifying our internal human resources, we are actively hiring mid-career employees, including highly specialized professionals and those from different industries, and promoting them to management positions, while also increasing the ratio of female and foreign employees, who are in absolute terms still in low numbers, as a Group-wide measure.

In terms of improving the internal environment, KAWADA CONSTRUCTION obtained Kurumin certification<sup>\*</sup> in 2022, and KAWADA INDUSTRIES obtained Eruboshi certification (second level) in 2023, as we are creating a progressively better working environment. To promote the uptake of childcare leave among

male employees, training on the revised Childcare and Family Care Leave Act was held for managers and non-managers in 2022, and subsequent efforts have included ongoing individual outreach, checking intentions, and internal communications to promote leave acquisition. In FY2023, the percentage of male workers taking childcare leave in the KAWADA Group reached 67.3%, a 16.3% increase compared to the previous year.

Furthermore, in promoting the active participation of women, the general administration department of KAWADA TECHNOLOGIES held a discussion in 2023 with Keiko Fukuchi, an Outside Director and member of the Gender Equality Subcommittee of the Japan Federation of Certified Public Tax Accountants' Associations (Tokyo), to explore overall optimization for the KAWADA Group.

<sup>\*</sup> Both Kurumin certification, which is related to working and childcare, and Eruboshi certification, which is related to promoting women's activities, are certifications awarded by the Minister of Health, Labor and Welfare based on related laws.

## Human resource development and support for career building

The KAWADA Group conducts training for acquiring work knowledge based on on-the-job training, including original training tailored to businesses and job types, as well as company and division-wide training related to construction sites. For companies with similar business environments, joint hierarchical training is conducted for the acquisition of business skills, training on shared knowledge such as compliance and sustainability is implemented as common KAWADA Group training, and we also utilize e-learning. In addition, going beyond joint training, the Group endeavors to foster unity and maximize synergies by facilitating exchanges among personnel with diverse skills and experiences.

Among these efforts, KAWADA CONSTRUCTION's initiatives under its unique human resource development system, the KAWAKEN Academy, were recognized, which earned the company MLIT's Real Estate and Construction Economy Bureau Director-General's Award in the 2nd Construction Human Resources Development Excellent Company Awards in 2023, as a company that has made outstanding achievements in securing and developing the next generation of the construction industry.

Each Group company operates a unique system for supporting the acquisition of qualifications according to its characteristics. For companies that have introduced a role-based grading system, we have set important official qualifications for each grade as requirements for promotion, and we have also set a requirement for managers to obtain the Certification Test for Mental Health Management II and provide regular opportunities for group examinations to encourage employees to build their careers and acquire the necessary knowledge.

## Internal training materials for male employees taking childcare leave



Group-wide joint new employee training



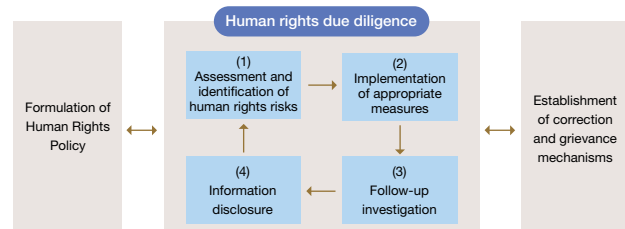
Company and division-wide training (construction department training)

## Key issue: Thorough implementation of management that respects human rights

### Establishment of the Human Rights Policy

The KAWADA Group established the Human Rights Policy in March 2024, and in line with the United Nations Guiding Principles on Business and Human Rights, it conducted an assessment and identification of important human rights risks as part of the human rights due diligence process. In addition, human rights awareness training was conducted for all employees to foster a corporate culture that respects human rights. Going forward, the Group will continue training and establish a human rights due diligence system in an aim to ensure management that thoroughly respects human rights.

### Overall initiatives for management that respects human rights



Human rights risks identified by the KAWADA Group
Workplace harassment
Occupational health and safety
Excessive and unjust working hours
Human rights issues related to the environment and climate change
Anti-corruption and corporate ethics



See our website for our Human Rights Policy: [https://www.kawada.jp/csr/guideline/human-rights/pdf/HR\\_policy\\_ja.pdf](https://www.kawada.jp/csr/guideline/human-rights/pdf/HR_policy_ja.pdf)

## Report on activities up until now

## Complying with corporate ethics and governance

Material issues (materiality)	Key issues	Initiatives	Specific details	Indicators	Target values	FY2023 results
<b>[D] Complying with corporate ethics and governance</b>	Strengthening of corporate governance systems	Complying with Japan's Corporate Governance Code (the Code) <sup>*1</sup>	Thorough implementation of human capital management	Rate of compliance with the Code	(Under review)	97.5%
	Promotion of compliance and ethical management	Development and effective management and supervision of various guidelines, etc.	Utilization of online learning	Compliance training participation rate	(Under review)	88.1%
	Optimization of risk and information management	Establishment of a comprehensive risk management system	Formulation of BCP centered on Group sites in Japan, and implementation and training of the BCP	Response rate for safety confirmation drills at business sites	(Under review)	96.5% <sup>*2</sup>
				Number of evacuation drills and BCP emergency operation drills	(Under review)	<ul style="list-style-type: none"> <li>Evacuation drills Conducted at 46 sites out of 74 sites</li> <li>BCP emergency operation drills Implemented at 11 sites out of 13 sites</li> </ul>
		Establishment of an information governance system	Fostering of an information security culture	Rate of participation in information security training	(Under review)	85.5%

\*1: Japan's Corporate Governance Code is a set of principles, compiled jointly by the Financial Services Agency and the Tokyo Stock Exchange as guidelines for corporate governance of listed companies.

\*2: One company has not yet conducted a drill and is not included in the count.

## Key issue: Strengthening of corporate governance systems

## Basic approach and initiatives to strengthen governance

In order to achieve sustainable growth and enhance corporate value over the medium to long term, the KAWADA Group is continuously working to enhance and strengthen its corporate

governance to achieve transparent, fair, quick, and decisive decision-making.

## Basic approach to corporate governance

1. We respect the rights of shareholders, and work to create an environment that allows shareholders to exercise their rights appropriately and to ensure substantive equality among shareholders.
2. We consider the interests of various stakeholders, including shareholders, customers, local communities, business partners, and employees, and appropriately collaborate with these stakeholders.
3. We disclose company information in a timely and appropriate manner to ensure transparency.
4. We will strive to ensure the effectiveness of the supervisory function of the Board of Directors in executing operations as the holding company at the core of the KAWADA Group.
5. We will strive to engage in constructive dialogue with our shareholders, and will work to develop systems to promote constructive dialogue with shareholders and to understand our shareholder structure.

As a company listed on the Prime Market, we have established a system in line with the Code, and have been taking steps such as evaluating the effectiveness of the Board of Directors and establishing standards for the independence of independent Outside Directors. Recently, we have also been focusing on

sustainability management and human capital initiatives, as well as on the disclosure of such information. We will continue to review the content of our disclosures and aim to provide easy-to-understand information for our stakeholders.



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See our website for our corporate governance structure: <https://www.kawada.jp/global/ir/corpgovernance/>



## Key issue: Promotion of compliance and ethical management

### Raising awareness and Group governance initiatives

The KAWADA Group has established the KAWADA Group Compliance Charter as a basic principle for continuously contributing to society through not only complying with all relevant laws and regulations in all business activities, but also through acting with integrity in a way that does not violate social ethics.

As part of employee education, the legal department of KAWADA TECHNOLOGIES regularly conducts compliance training with the aim of fostering compliance awareness, establishing legal knowledge, and eradicating harassment, during which it introduces updates to laws and specific examples of harassment, as well as raising awareness about the whistleblowing system. In addition, we regularly publish compliance newsletters, which introduce current news and case studies related to compliance violations.

With regard to the compliance system, we have established and operate a Compliance Committee at each Group company, and we also hold a meeting of the Group Compliance Committee once a year to ensure Group-wide control. In addition, a meeting for exchanging opinions is held once a year between the officers responsible for compliance of KAWADA TECHNOLOGIES

and employees of Group companies, and we use this as an opportunity to resolve doubts and deepen the understanding of employees in respect of compliance by holding study sessions on compliance and exchanging opinions on the compliance situation at each workplace.



Compliance training



Meeting for exchanging opinions with officers responsible for compliance



See our website for the KAWADA Group Compliance Charter: <https://www.kawada.jp/global/ir/compliance/>

## Key issue: Optimization of risk and information management

### Implementing BCP and cyber security

The KAWADA Group recognizes that accurately identifying and appropriately addressing risks is essential for maintaining sound business activities that are sustainable, and that this is important for fulfilling our social responsibilities to all of our stakeholders.

In particular, with regard to risks caused by external factors, creating systems alongside regular employee education is important, so the Group conducts regular training for raising awareness. In addition to promoting measures such as business continuity planning (BCP) for disaster response, we are also working to prepare for disasters by holding employee safety confirmation drills and evacuation drills.

KAWADA INDUSTRIES held a special training session at SONA AREA TOKYO as part of its disaster prevention awareness-raising activities, and employees working in Tokyo participated in FY2023. Participants deepened their understanding of the immediate aftermath and disaster countermeasures for the anticipated BCP disaster, an earthquake occurring directly beneath the Tokyo metropolitan area, and also learned about preparations that can be made to help oneself.



Disaster prevention experiential learning at SONA AREA TOKYO

The KAWADA Group has established an information security policy, advanced technical security measures, and developed a system that includes creating and disseminating guidelines as cybersecurity initiatives in order to strengthen and optimize information management. The Group also conducts regular employee training, and in FY2023, targeted email attack simulations and e-learning-based information security training were implemented to enhance literacy.



See our Securities Report for internal control and risk management: [https://www.kawada.jp/ir/securities/pdf/20240628\\_1.pdf](https://www.kawada.jp/ir/securities/pdf/20240628_1.pdf)

## Report on activities up until now

### Co-creation of value with stakeholders

Material issues (materiality)	Key issues	Initiatives	Specific details	Indicators	Target values	FY2023 results
[E] Co-creation of value with stakeholders	Contribution to local communities	Promotion of information dissemination	Sponsorship of local events, etc.	Number of times held	(Under review)	<ul style="list-style-type: none"> <li>Sponsored events, etc. 54</li> <li>Plant and site tours 39</li> </ul>
		Support for maintaining infrastructure functions	Promotion of disaster recovery support	Number of disaster support agreements, etc. signed	(Under review)	111
				Number of times disaster support, etc. was dispatched	(Under review)	7
	Strengthening of relationships with stakeholders	Improvement of added value throughout the supply chain	Compliance with desirable trade practices with partner companies	Number of cases systems were provided free of charge in the event of a disaster	(Under review)	<ul style="list-style-type: none"> <li>CAD and other software 86</li> <li>basepage Registered companies: 3 offices (67 users)</li> </ul>
				Number of KAWADA Group companies registered under the Declaration of Partnership Building*	(Under review)	2 out of 9 companies

\*The Declaration of Partnership Building is an initiative in which companies, regardless of size, declare their own business policies from the perspective of the ordering party.

#### Key issue: Contribution to local communities

##### Strengthening cooperation and communication with local communities

The KAWADA Group participates in local cleanup activities and sponsors local events such as festivals and sports organizations.

We also host field trips and tours for local residents and schools, as well as holding events to observe the construction process of essential local infrastructure, such as dynamic bridge

girder erection and highway walking tours to areas not normally accessible on foot. Through this, we aim to strengthen ties and communication with the local community, while also raising awareness of the significance of the KAWADA Group's existence.



A bridge painting event was held at Tabikawa Bridge (Nanto City, Toyama Prefecture) with 100 fourth-grade and 100 fifth-grade students from a local elementary school

### Emergency response and utilization of information-sharing systems during disasters

KAWADA INDUSTRIES and KAWADA CONSTRUCTION have been involved in emergency inspections and responses in the event of a disaster, and have been working on restoration and reconstruction projects for social infrastructure, particularly for road bridges. In particular, support was provided for river blockage recovery and road clearing construction at the request of general contractors following the Noto Peninsula Earthquake.

In the event of a disaster, it is necessary to be able to collect accurate and appropriate disaster information at the scene and give prompt instructions based on this information. The information-sharing system, basepage, provided by KAWADA TECHNOSSYSTEM enables the sharing of photos and location information of disaster sites taken with smartphones on an electronic map via the Internet, and the accumulation of this information in a database, enabling multifaceted on-site analysis and quick decision-making.

We will continue to work to ensure a safe and secure living environment.



Prefectural Route 269, damaged by the Noto Peninsula Earthquake

### Key issue: Strengthening of relationships with stakeholders

#### Building relationships with partner companies based on the Declaration of Partnership Building

KAWADA INDUSTRIES and KAWADA CONSTRUCTION are engaged in the following initiatives to build strong relationships with partner companies based on the Declaration of Partnership Building.

##### 1. Promoting transparent trade practices

At regular general meetings of the Koseikai and the Safety Council, which are organizations of partner companies, we communicate our commitment to complying with the Ministry of Economy, Trade and Industry's Declaration of Partnership Building and the Cabinet Secretariat and the Fair Trade Commission's Guidelines on Price Negotiation for Appropriate Pass-through of Labor Costs.



FY2024 KAWADA INDUSTRIES Bridge Business Safety Council General Meeting

##### 2. Regular communication

The Bridge Business Safety Council of KAWADA INDUSTRIES publishes a newsletter twice a year, which provides information on the occurrence of occupational accidents (including causes and countermeasures), introducing new orders received, the status of orders received and orders placed (including completed and carried-over construction work), initiatives to resolve various issues in the construction industry, and the promotion of sustainability management in order to deepen mutual understanding.

##### 3. Promoting environmentally-friendly procurement

The KAWADA Group is working with its partner companies to promote environmentally-friendly procurement with the aim of achieving a sustainable future. Much of the greenhouse gases emitted at construction sites comes from fossil fuels such as diesel used in construction machinery. We have begun using biodiesel fuel (B100 fuel) on a trial basis to address this issue. B100 fuel is refined from used plant-based waste oil, such as cooking oil, and significantly contributes to reducing greenhouse gas emissions.



Bio-diesel fuel (B100 fuel) dedicated generator  
(National Route 7 Yachita District Bridge Superstructure Construction)



## List of directors



**Megumi KATSUNO**

Outside Director who is an Audit and Supervisory Committee Member

**Toshinari OKADA**

Director who is a Full-time Audit and Supervisory Committee Member

**Takuya KAWADA**

Director

**Kensaku MIYATA**

Director

**Tadahiro KAWADA**

Representative Director and President



**Takahisa YAMAKAWA**

Outside Director

**Satoru WATANABE**

Managing Director

**Koichi TAKAKUWA**

Outside Director

**Keiko FUKUCHI**Outside Director who is an Audit and  
Supervisory Committee Member**Hidenori MUGINO**

Outside Director



## List of directors



**Tadahiro KAWADA**  
Representative Director and President

**Present position in the KAWADA Group**

- Representative Director and President, the Company
- Representative Director and President, KAWADA INDUSTRIES, INC.
- Director, KAWADA CONSTRUCTION CO., LTD.
- Director, KAWADA TECHSYSTEM CO., LTD
- Director, KYOURYOU MAINTENANCE, Inc.
- President, KAWADA ROBOTICS CORPORATION

May 1985 Joined KAWADA INDUSTRIES, INC.  
June 1997 Director, General Manager of Aviation Division, KAWADA INDUSTRIES, INC.  
June 2003 Managing Director, Deputy General Manager of Business Administration Division, General Manager of Aviation and Machinery Division, KAWADA INDUSTRIES, INC.  
June 2005 Representative Director and President, KAWADA INDUSTRIES, INC. (present position)  
Feb. 2009 Representative Director and President, the Company (present position)  
June 2018 President, KAWADA ROBOTICS CORPORATION (present position)



**Satoru WATANABE**  
Managing Director

**Present position in the KAWADA Group**

- Managing Director, the Company
- Senior Managing Director, KAWADA INDUSTRIES, INC.
- Audit & Supervisory Board Member, KAWADA CONSTRUCTION CO., LTD.
- Director, KYOURYOU MAINTENANCE, Inc.
- Audit & Supervisory Board Member, Toho Air Service Co., Ltd.
- Director, KAWADA ROBOTICS CORPORATION

Apr. 1983 Joined KAWADA INDUSTRIES, INC.  
June 2001 Director, General Manager of Accounting Department, KAWADA INDUSTRIES, INC.  
June 2005 Managing Director, General Manager of Accounting Department, KAWADA INDUSTRIES, INC.  
Apr. 2008 Managing Director, in charge of Management Planning, Finance and Investor Relations, KAWADA INDUSTRIES, INC.  
Feb. 2009 Director, in charge of Management Planning, Finance and Investor Relations, the Company  
June 2011 Managing Director, in charge of Management Planning, Finance and Investor Relations, the Company  
June 2019 Senior Managing Director, in charge of Management Planning, Finance and Investor Relations, KAWADA INDUSTRIES, INC.  
June 2022 Senior Managing Director, in charge of Management Planning, Finance and General Administration, KAWADA INDUSTRIES, INC. (present position)  
June 2023 Managing Director, in charge of Management Planning, Finance, General Administration, Investor Relations, Compliance, Legal and ICT, the Company (present position)



**Takuya KAWADA**  
Director

**Present position in the KAWADA Group**

- Director, the Company
- Representative Director and President, KAWADA CONSTRUCTION CO., LTD.

Apr. 1991 Joined KAWADA INDUSTRIES, INC.  
June 2001 Director, General Manager of Accounting Department, KAWADA CONSTRUCTION CO., LTD.  
Mar. 2003 Director, in charge of Management Planning, SATO KOGYO CO., LTD.  
June 2005 Executive Officer, General Manager of Tokyo Sales Department, Bridge Division, KAWADA INDUSTRIES, INC.  
Mar. 2008 Managing Executive Officer, General Manager of Bridge Division, KAWADA INDUSTRIES, INC.  
June 2010 Director, General Manager of Osaka Branch, KAWADA INDUSTRIES, INC.  
June 2012 Representative Director and President, KAWADA CONSTRUCTION CO., LTD. (present position)  
June 2017 Director, the Company (present position)



**Kensaku MIYATA**  
Director

**Present position in the KAWADA Group**

- Director, the Company
- Managing Director, KAWADA INDUSTRIES, INC.
- Audit & Supervisory Board Member, KAWADA TECHSYSTEM CO., LTD

Apr. 1979 Joined The Hokuriku Bank, Ltd.  
Apr. 2011 Joined the Company Deputy General Manager of Accounting Department, in charge of Finance  
Aug. 2011 General Manager of Accounting Department, the Company  
General Manager of Accounting Department, KAWADA INDUSTRIES, INC.  
June 2013 Director, General Manager of Accounting Department, KAWADA INDUSTRIES, INC.  
June 2020 Director, General Manager of Accounting Department, General Manager of Corporate Administration Department, in charge of General Administration, the Company  
July 2023 Managing Director, in charge of Hokuriku region, General Manager of Finance Department, KAWADA INDUSTRIES, INC. (present position)  
July 2024 Director, General Manager of Accounting Department, General Manager of Corporate Administration Department, General Manager of Sustainability Promotion Office, the Company (present position)



**Takahisa YAMAKAWA**  
Outside Director

Apr. 1985 Registered as an Attorney-at-Law (Admitted to the Tokyo Bar Association)  
Joined Hiroshi Ishihara Law Office  
Mar. 2001 Outside Statutory Auditor, Bell-Park Co., Ltd. (present position)  
Apr. 2002 Co-founded Renaissance Law Office (present position)  
May 2015 Outside Director, MINISTOP Co., Ltd. (present position)  
June 2015 Outside Director, the Company (present position)



**Koichi TAKAKUWA**  
Outside Director

Apr. 1974 Joined Hokuriku Electric Power Company  
June 2007 Managing Director, Hokuriku Electric Power Company  
June 2009 Full-time Audit & Supervisory Board Member, Hokuriku Electric Power Company  
June 2016 Outside Director, the Company (present position)  
Apr. 2017 Visiting Professor, School of Economics, University of Toyama (present position)



**Hidenori MUGINO**  
Outside Director

Apr. 1979 Joined The Hokuriku Bank, Ltd.  
June 2009 Director, Executive Officer, The Hokuriku Bank, Ltd.  
June 2010 Director, Senior Executive Officer, The Hokuriku Bank, Ltd.  
June 2013 Director, Hokuhoku Financial Group, Inc.  
Chairman, The Hokuriku Bank, Ltd.

Apr. 2017 Chairman, Toyama Association of Corporate Executives (present position)  
June 2018 Representative Director and Vice Chairman, Toyama International Center (present position)  
Jan. 2021 Chairperson, TOYAMA Environment Foundation (present position)  
June 2022 Senior Advisor, The Hokuriku Bank, Ltd. (present position)  
June 2024 Outside Director, the Company (present position)



### Toshinari OKADA

Director who is a Full-time Audit and Supervisory Committee Member

**Present position in the KAWADA Group**

- Director who is a Full-time Audit and Supervisory Committee Member, the Company
- Audit & Supervisory Board Member, KAWADA INDUSTRIES, INC.

Apr. 1981 Joined KAWADA INDUSTRIES, INC.  
 Apr. 2013 General Manager of Management Department, in charge of Management and Operation, Steel Construction Division, KAWADA INDUSTRIES, INC.  
 Sept. 2015 Full-time Audit & Supervisory Board Member, KAWADA INDUSTRIES, INC.  
 June 2016 Audit & Supervisory Board Member, the Company  
 June 2022 Director who is a Full-time Audit and Supervisory Committee Member, the Company (present position)  
 Audit & Supervisory Board Member, KAWADA INDUSTRIES, INC. (present position)



### Keiko FUKUCHI

Outside Director who is an Audit and Supervisory Committee Member

**Present position in the KAWADA Group**

- Outside Director who is an Audit and Supervisory Committee Member, the Company
- Audit & Supervisory Board Member, KAWADA INDUSTRIES, INC.

Apr. 1981 Joined Tokyo Regional Taxation Bureau  
 July 2008 Professor, National Tax College  
 July 2013 Director (Mutual Agreement Procedures), International Operations Division, Commissioner's Secretariat, National Tax Agency  
 Mar. 2018 Regional Commissioner, Kanazawa Regional Taxation Bureau  
 Aug. 2019 Registered as a Certified Public Tax Accountant  
 Representative of Tax Accountant Office (present position)  
 June 2020 Outside Director who is an Audit and Supervisory Committee Member, the Company (present position)  
 Audit & Supervisory Board Member, KAWADA INDUSTRIES, INC. (present position)  
 Outside Audit & Supervisory Board Member, ASKA Pharmaceutical Holdings Co., Ltd. (present position)



### Megumi KATSUNO

Outside Director who is an Audit and Supervisory Committee Member

Oct. 2000 Registered as an Attorney-at-Law (Admitted to the Daini Tokyo Bar Association)  
 Joined Anderson & Mori (currently: Anderson Mori & Tomotsune)  
 Apr. 2002 Re-registered as an Attorney-at-Law (Admitted to the Tokyo Bar Association)  
 Joined Renaiss Law Office  
 Mar. 2011 Engaged as partner at Maeda Law Office  
 Sept. 2015 Outside Audit & Supervisory Board Member, KAWADA ROBOTICS CORPORATION  
 July 2021 Co-founded Fukuda&Katsuno Law Office (present position)  
 June 2022 Outside Audit & Supervisory Board Member, NineSigma Holdings, Inc. (present position)  
 June 2024 Outside Director who is an Audit and Supervisory Committee Member, the Company (present position)

### Skills and expertise of directors

Name	Corporate Management	Finance & Accounting & Taxation	Legal Affairs & Risk Management	Industry Knowledge & Research and Development	IT & Digitalization	Sustainability/ ESG	Internationality
Tadahiro KAWADA	●			●	●	●	●
Satoru WATANABE	●	●	●	●	●		●
Takuya KAWADA	●	●		●			●
Kensaku MIYATA	●	●		●		●	●
Takahisa YAMAKAWA	●		●				
Koichi TAKAKUWA	●		●		●	●	
Hidenori MUGINO	●	●		●			●
Toshinari OKADA			●	●			
Keiko FUKUCHI		●				●	●
Megumi KATSUNO	●		●				

(Note) This does not represent all the knowledge and experience of the Directors.

## 10-year trends for key indicators

		Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
<b>Consolidated data</b>					
Orders received	(Million yen)	110,594	121,589	108,392	122,177
Net sales	(Million yen)	104,075	95,153	103,473	107,250
Operating profit	(Million yen)	2,526	3,052	5,904	4,436
Operating profit margin	(%)	2.4	3.2	5.7	4.1
Ordinary profit	(Million yen)	2,546	2,632	8,701	4,586
Profit attributable to owners of parent	(Million yen)	1,403	1,674	8,140	4,070
Total assets	(Million yen)	111,672	105,918	108,754	123,583
Net assets	(Million yen)	34,007	35,682	43,859	48,761
Net assets per share <sup>*1</sup>	(yen)	1,975.82	2,065.13	2,502.87	2,768.09
Earnings per share <sup>*1</sup>	(yen)	82.11	97.98	474.64	234.24
Total dividends	(Million yen)	173	173	350	351
Annual dividends per share <sup>*1</sup>	(yen)	10.00	10.00	20.00	20.00
Dividend payout ratio	(%)	12.2	10.2	4.2	8.5
Equity	(Million yen)	33,767	35,290	43,407	48,122
Equity ratio	(%)	30.2	33.3	39.9	38.9
ROE	(%)	4.3	4.8	20.7	8.9
Interest-bearing debt	(Million yen)	34,705	29,435	24,746	28,639
Capital investments	(Million yen)	3,108	2,304	3,977	3,755
Research and development expenses	(Million yen)	507	749	763	1,384
Cash flows from operating activities	(Million yen)	(1,457)	7,623	13,855	3,328
Cash flows from investing activities	(Million yen)	(1,190)	(1,822)	(3,338)	(3,232)
Cash flows from financing activities	(Million yen)	4,086	(6,781)	(8,223)	2,774
Number of employees	(people)	2,111	2,165	2,216	2,256
<b>Segment data</b>					
<b>Orders received</b>	(Million yen)				
Steel Construction Segment		54,979	62,192	47,312	62,606
Civil Engineering Segment		26,647	29,013	30,809	29,058
Architecture Segment		17,012	17,940	18,297	18,235
Solution Segment <sup>*2</sup>		—	—	—	—
Others <sup>*2</sup>		11,954	12,442	11,973	12,277
<b>Net sales</b>	(Million yen)				
Steel Construction Segment		49,576	42,447	45,940	52,788
Civil Engineering Segment		27,114	24,696	28,921	31,266
Architecture Segment		16,992	17,562	18,308	12,818
Solution Segment <sup>*2</sup>		—	—	—	—
Others <sup>*2</sup>		11,919	12,128	12,101	12,563
<b>Operating profit</b>	(Million yen)				
Steel Construction Segment		495	2,628	4,161	3,771
Civil Engineering Segment		971	258	914	1,871
Architecture Segment		1,670	1,615	2,306	825
Solution Segment <sup>*2</sup>		—	—	—	—
Others <sup>*2</sup>		838	81	200	(26)
<b>Balance carried forward</b>	(Million yen)				
Steel Construction Segment		55,535	75,280	76,652	86,469
Civil Engineering Segment		28,484	32,802	34,689	32,481
Architecture Segment		11,480	11,857	11,847	17,264
Solution Segment <sup>*2</sup>		—	—	—	—
Others <sup>*2</sup>		1,193	1,507	1,379	1,093

\*1: A 3-for-1 stock split of common shares was conducted on April 1, 2024. All figures are calculated assuming the stock split occurred at the beginning of the fiscal year ended March 31, 2015.

\*2: Starting from the fiscal year ended March 31, 2022, the "Solution Segment" that was previously included under "Others," has been reclassified as a reportable segment due to its increased quantitative importance.



Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
141,585	106,384	118,978	119,584	127,657	131,241
118,369	127,048	115,545	103,760	118,086	129,127
6,065	6,759	5,565	6,412	5,025	8,734
5.1	5.3	4.8	6.2	4.3	6.8
8,541	8,543	8,048	7,689	6,298	10,538
6,063	6,449	6,340	5,176	4,231	7,541
128,062	139,093	147,408	133,337	162,158	160,216
55,245	60,630	66,964	71,921	76,697	82,341
3,103.06	3,395.07	3,740.50	4,009.61	4,288.11	4,753.28
347.08	366.23	359.10	292.54	239.94	434.06
590	472	473	591	1,234	2,256
33.33	26.67	26.67	33.33	70.00	131.00
9.6	7.3	7.4	11.4	29.2	30.2
54,526	59,856	66,102	71,001	75,615	81,878
42.6	43.0	44.8	53.2	46.6	51.1
11.8	11.3	10.1	7.6	5.8	9.6
19,479	26,122	35,525	20,674	36,514	29,636
2,763	3,844	3,323	2,554	4,087	3,892
1,050	908	941	1,318	1,006	1,343
13,031	(4,126)	(2,547)	20,391	(9,673)	13,320
(3,811)	(2,764)	(4,183)	(1,948)	(1,504)	(2,553)
(9,847)	5,535	8,220	(15,811)	12,213	(10,337)
2,294	2,322	2,338	2,375	2,357	2,373
54,719	42,056	65,193	59,006	63,192	64,091
51,234	38,498	31,315	31,405	36,879	31,516
22,811	13,479	10,390	15,715	12,719	18,936
—	—	—	6,276	6,992	7,692
12,819	12,349	12,078	7,181	7,873	9,003
53,044	61,691	61,287	50,033	56,071	61,519
33,385	36,662	34,625	33,037	35,035	35,432
21,489	19,951	10,647	9,607	14,158	17,601
—	—	—	5,603	6,371	7,550
12,401	12,641	11,734	7,159	7,989	8,772
4,567	4,307	4,406	5,425	4,097	4,648
1,789	2,968	2,524	2,380	2,067	2,891
1,555	1,376	648	56	(423)	1,574
—	—	—	1,252	2,047	2,919
414	668	431	(297)	(162)	(436)
88,144	68,510	72,416	77,869	84,990	87,561
50,330	52,166	48,855	47,256	49,100	45,184
18,586	12,114	11,857	17,965	16,526	17,862
—	—	—	2,734	3,355	3,498
1,510	1,218	1,562	508	391	623

## Company information (as of March 31, 2024)

Company name	KAWADA TECHNOLOGIES,INC.
Main business	Management planning and administration of Group companies, related tasks, and technological research and development
Establishment	February 2009
Location of headquarters	Tokyo Headquarters 1-3-11 Takinogawa, Kita City, Tokyo 114-8563, Japan Toyama Headquarters 4610 Nojima, Nanto City, Toyama 939-1593, Japan
Capital	5.3 billion yen
Stock exchange listing	Tokyo Stock Exchange Prime Market (Securities code: 3443)
Fiscal year end	March 31
Number of employees	Consolidated: 2,373 Non-consolidated: 94
Website	<a href="https://www.kawada.jp/global/">https://www.kawada.jp/global/</a>
Inquiries regarding this report	Corporate Administration Department TEL: +81-3-3915-7722 (main)

### Main sponsorship activities

The KAWADA Group provides various types of sponsorships and technical support, centered on support for people with disabilities and contributions to the local community.

#### Support for people with disabilities



#### Regional contribution (environmental beautification and conservation)



The Beautiful Toyama Bay Club



#### Regional contribution (sports organizations)



TOYAMA GROUSES  
(Basketball)

Universal Sports  
Experience Session  
in Kita City, Tokyo

## Shareholder information (as of March 31, 2024)

Number of shares authorized	20,000,000 shares
Number of shares issued	5,928,070 shares (including 186,183 treasury shares)* <sup>1</sup>
Number of shareholders	5,949

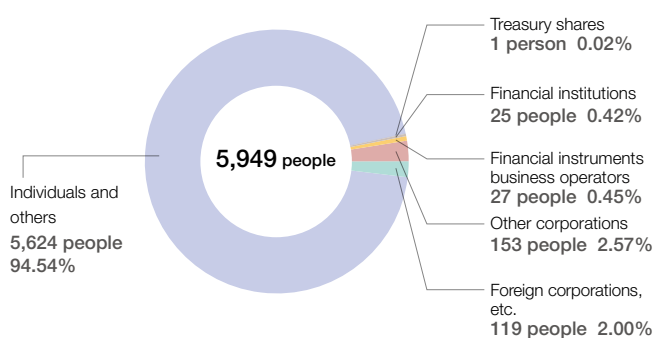
\*1: Although a 3-for-1 stock split of common shares was conducted on April 1, 2024, the figures above are those before the stock split.

### Major shareholders

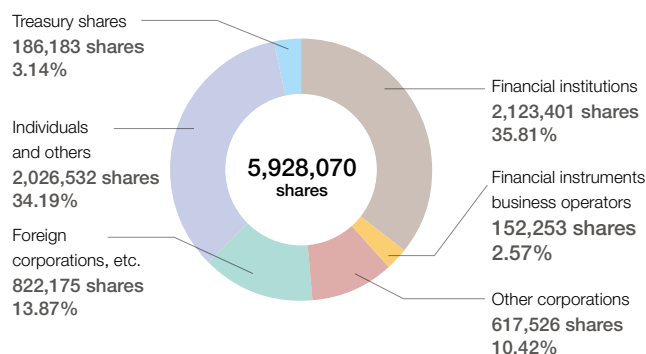
Name of shareholder	Number of shares held (thousand shares)	Shareholding ratio (%) <sup>*2</sup>
The Master Trust Bank of Japan, Ltd. (Trust Account)	639	11.13
Custody Bank of Japan, Ltd. (Trust Account)	455	7.94
The Hokuriku Bank, Ltd.	283	4.95
MUFG Bank, Ltd.	265	4.63
KAWADA TECHNOLOGIES' employees' stock ownership association	212	3.70
KAWADA INDUSTRIES Cooperation's stock ownership association	209	3.65
Fujimae Trading Co., Ltd.	141	2.47
Mitsubishi UFJ Trust and Banking Corporation	100	1.74
NIPPON STEEL CORPORATION	93	1.63
DFA INTL SMALL CAP VALUE PORTFOLIO	87	1.53

\*2: The shareholding ratio is calculated excluding treasury shares (186,183 shares).

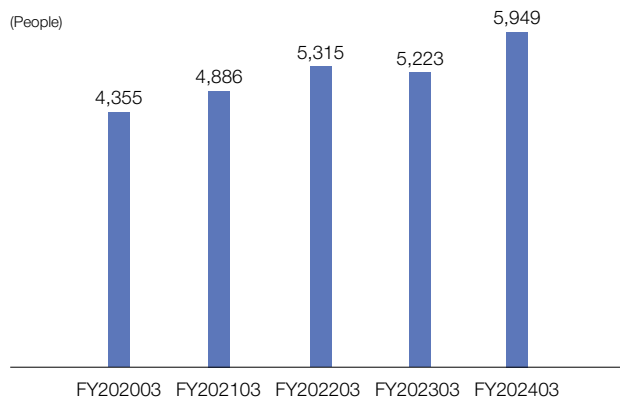
### Composition ratio by shareholder



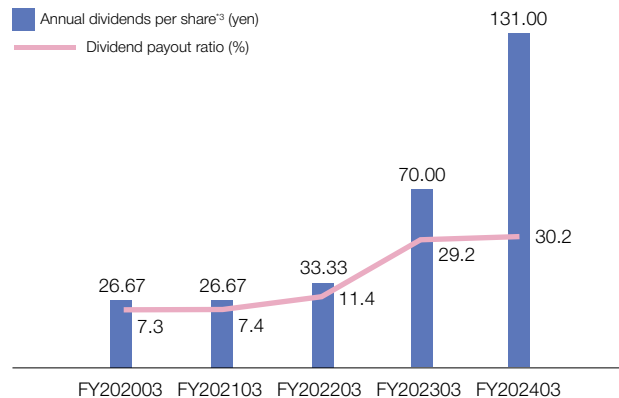
### Composition ratio by number of shares



### Number of shareholders



### Annual dividends per share/dividend payout ratio



\*3: A 3-for-1 stock split of common shares was conducted on April 1, 2024.  
All figures are calculated assuming the stock split occurred at the beginning of the fiscal year ended March 31, 2015.

