



To whom it may concern:

June 26, 2025

Name of the Company: KAWADA TECHNOLOGIES, INC.
Name of the Representative: Tadahiro Kawada
Representative Director and President
(Stock Code: 3443; Prime Market of TSE)
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Notice Regarding Action to Implement Management That Is Conscious of Cost of Capital and Stock Price (Review of the Fiscal Year Ended March 31, 2025)

KAWADA TECHNOLOGIES, INC. (the "Company") hereby announces that at the Board of Directors meeting held today, it has deliberated on the matter specified in the title. The summary of said deliberations is as follows.

1. Analysis of current situation and evaluation

- 1) Net sales have continued to increase over the past few years, achieving over ¥130.0 billion in the fiscal year ended May 31, 2025.
- 2) In addition to the growth of profit, centered on core businesses, there was an increase in equity method profits and a review of tax effect classification, marking a record high in profit amounts.
- 3) Although ROE was below 8% for the fiscal year ended March 31, 2023, it recovered to over 8% for the fiscal years ended March 31, 2024 and March 31, 2025.
- 4) In addition to the recovery of ROE, stock price is on a recovery trend from the end of the fiscal year ended March 31, 2025, due to the effects of revising the guidance method for the next fiscal year.
- 5) PBR is still below 1, as the PER remains low due to the inability to demonstrate a growth strategy.
- 6) An overall evaluation shows that further efforts are required to improve PBR.

(Millions of yen, unless otherwise noted)							
Consolidated metrics	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Net sales	127,048	115,545	103,760	118,086	129,127	132,905	125,000
Operating profit	6,759	5,565	6,412	5,025	8,734	9,684	7,800
Operating profit ratio (%)	5.3	4.8	6.2	4.3	6.8	7.3	6.2
Profit	6,449	6,340	5,176	4,231	7,541	11,107	7,500
Share of profit (loss) of entities accounted for using equity method	2,247	2,516	883	1,378	1,722	3,052	
Total assets	139,094	147,224	133,337	162,158	160,216	165,511	
Net assets	60,630	66,789	71,921	76,697	82,341	91,569	
Equity ratio (%)	43.0	44.8	53.2	46.6	51.1	55.0	
ROE (%)	11.3	10.1	7.6	5.8	9.6	12.8	8.0
Stock price (as of March 31)	1,803	1,570	1,203	1,255	3,430	2,900	
PER (times)	4.92	4.37	4.11	5.23	7.90	4.51	
PBR (times)	0.53	0.42	0.30	0.29	0.72	0.55	

2. Status of main initiatives for the fiscal year ended March 31, 2025

1) Improving profitability

- ◆ The second year of the 3rd Medium-Term Management Plan has concluded, and the accumulated profits for the first two years have exceeded expectations. In light of this fact, plus the revision of the earnings forecast for the fiscal year ending March 31, 2026, we have revised the profit targets upward.

	Original target (Announced on May 12, 2023)	Previous target (Announced on May 14, 2024)	Current target (Announced on May 13, 2025)
Operating profit	18.6	22.3	26.1
Profit (i)	15.6	18.3	26.1
Profit (ii) (excluding the effect of equity-method application)	12.1	14.6	19.6

2) Capital efficiency

- ◆ In the fiscal year ended March 31, 2025, we made investments totaling ¥4.2 billion, focusing on core and growth businesses (capital investment and R&D expenses)
- ◆ Set a minimum annual dividend of ¥90 during the period of the 3rd Medium-Term Management Plan, announced in May 2024
- ◆ Introduced an interim dividend system in June 2024 to increase opportunities for the distribution of profits to shareholders

- 3) Improving market valuation (enhancing dialogue with shareholders and information disclosure)
 - ◆ Expanded individual meetings and small meetings to enhance dialogue with shareholders and investors (85 individual meetings, an increase of seven from the previous fiscal year; three small meetings)
 - ◆ Feedback from the above dialogues, including opinions and requests, was regularly provided to the Board of Directors and utilized as reference for subsequent corporate management and business operations
 - ◆ Published the first edition of the Integrated Report in both Japanese and English

3. Policy for improvement

To achieve a PBR of 1, we believe it is necessary to further improve ROE, enhance PER through clear explanations of growth strategies and their execution, and reduce capital costs. We will engage in further discussions and considerations on the following matters.

- 1) Improving profitability
 - ◆ Engage in discussions and considerations to further strengthen the profitability of Kawada Group amidst rising capital costs
 - ◆ Request SATO KOGYO, an equity-method affiliate, to secure profits comparable to industry peers and deepen governance
- 2) Capital efficiency
 - ◆ Engage in discussions and considerations regarding profit return strategies (including methods and levels of dividends, as well as acquisition of treasury shares)
 - ◆ Request capital efficiency improvements from SATO KOGYO, an equity-method affiliate
- 3) Growth story
 - ◆ Recognize that one of the reasons for the low PER is the lack of a clearly defined growth story, resulting in low expectations for growth. Engage in discussions and considerations to clearly present growth strategies and enhance corporate value
- 4) Improving market valuation
 - ◆ Consider how to present earnings forecasts (guidance) at the beginning of the fiscal year to reduce volatility
 - ◆ Enhance IR activities and further enrich disclosed information

4. Future outlook

We evaluate that there have been certain achievements in the initiatives for the fiscal year ended March 31, 2025. However, PBR remains below 1, indicating that these initiatives are still insufficient.

Towards the announcement of the 4th Medium-Term Management Plan scheduled for May 2026, we will engage in thorough discussions and considerations within the Company, expand specific initiatives to “implement management that is conscious of cost of capital and stock price,” and strive to enhance corporate value.