

Integrated Report

2025

Kyokuto Kaihatsu Group Integrated Report
Fiscal year 2024 (year ending in March 2025)



Harmony with.

Connection. It's the power to support.

In an era of rapid change and increasing diversity of needs, the Kyokuto Kaihatsu Group continues to respond swiftly and precisely to these shifts — building strong connections with customers, employees, and partners, and contributing to the realization of a sustainable society through the technologies and expertise we have cultivated. Connection. It's the power to support. As a comprehensive infrastructure manufacturer, we will continue to support an ever-changing world with a global perspective, guided by the spirit of Wakyo — harmony and cooperation.



Management Philosophy

Value technology and trust,
make concerted efforts to develop the company,
and widely contribute to the society

Since our founding, our management philosophy has been to "aim to be a company that contributes to society by respecting the skills and trust that have been passed down to us."

Company Principles

Trust Reliability Harmony

"To be a trusted company"

"Carry out reliable work"

"In the spirit of harmony and cooperation"

In order to actualize our founding spirit and management philosophy through our daily work, we uphold "Trust, Reliability, and Harmony" as the guiding principles for our employees.

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Editorial Policy

This report was created with the intention of conveying the Group's value creation story in an easy-to-understand manner to a wide range of stakeholders, including shareholders and investors. The automobile industry is currently said to be undergoing a once-in-a-century period of transformation. It describes how we will respond to these turbulent times and how we will realize a sustainable society by leveraging our group's collective strengths. We value the opportunity to have dialogue with everyone, using the integrated report as a starting point. We would appreciate it if you could give us any feedback that you may have.

Target Organization We report on the activities of Kyokuto Kaihatsu Group, centered on Kyokuto Kaihatsu Kogyo Co., including our domestic and overseas affiliated companies.

Target Period: April 01, 2024 - March 31, 2025 (Some articles include content from April 2025 onwards.)

Target Audience: To all stakeholders involved with the Kyokuto Kaihatsu Group

Issued Date: January 2026

[Reference guidelines]

ISO 26000 Guidelines
Ministry of the Environment
"Environmental Reporting Guidelines (2018 Edition)"
Ministry of Economy, Trade and Industry
"Guidance for Collaborative Value Creation"
IIRC "International Integrated Reporting Framework"



This report has been printed using environmentally friendly printing methods (vegetable oil ink, waterless printing) and paper (FSC-certified paper).
*Waterless printing is used only for the main text.

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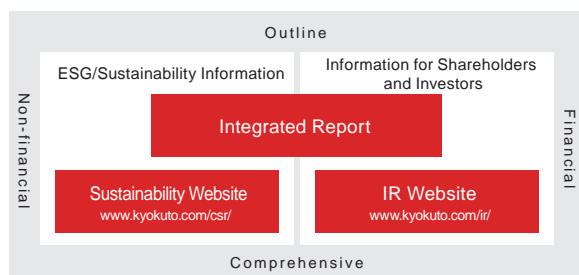
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Information Disclosure System



Kyokuto Kaihatsu Group website/ Social Media Information

Japanese	www.kyokuto.com/	
English	www.kyokuto.com/en/	

Updated with the latest information.
Kyokuto Kaihatsu Kogyo official social media account






Transforming Our Largest Initiatives into the Power of Value. A New Step Toward Growth, Driven by the Synergy of “Wakyo” (Harmony and Cooperation)

Since FY2022, the Kyokuto Group has been advancing its long-term management vision Kyokuto Kaihatsu 2030, beginning with the 1st Step — Medium-Term Management Plan 2022–24: “Creating The Future As One.”

Through proactive growth investments and the acceleration of global expansion, the Group has steadily built a solid foundation for the future. Starting in FY2025, the Group enters its 2nd Step — Medium-Term Management Plan 2025–27: “Creating The Future As One (II).”

This phase focuses on developing high value-added products, expanding service offerings, enhancing productivity, and strengthening profitability, to firmly build upon the achievements of the 1st Step. Grounded in outstanding technological capability and reliable quality, the Kyokuto Group is taking a bold new step forward—striving to become an industry-leading, comprehensive infrastructure manufacturer dedicated to realizing a sustainable society.

Representative Director, President, CEO, Kyokuto Kaihatsu Kogyo Co., Ltd

TATSUYA NUNOH

Review of the 1st Step ① — Record Growth Investment and Price Optimization

In FY2024, the 1st Step of the long-term management vision Kyokuto Kaihatsu 2030 — the Medium-Term Management Plan 2022–24 “Creating The Future As One” — came to completion. During this period, the Kyokuto Group devoted its full efforts to building a foundation for future growth. In particular, growth investments reached an unprecedented scale, totaling approximately 30 billion yen for initiatives such as automation equipment, plant expansion, work environment improvements, and ESG-related measures, along with over 10 billion yen in M&A investments — marking the largest total investment in the Group’s history. Within the Group, NIPPON TREX also began operating a new plant, achieving a 40% increase in trailer production efficiency.

At the same time, the Group has positioned price optimization as a key management priority. The 1st Step began at a time when business performance faced major challenges — including the sharp rise in raw material costs triggered by the COVID-19 pandemic and other global disruptions. Amid these challenges, we continued active dialogue with customers, steadily working to adjust prices to reflect rising costs and to establish a sustainable pricing structure necessary for profitability. Although it has taken time for these efforts to fully appear in financial results, orders under the new pricing system have gradually increased, and profitability is trending upward.

Review of the 1st Step ② — Expanding Global Operations

During the 1st Step, the Group also strengthened its focus on overseas business expansion. We initiated new plant construction for local subsidiaries in India and Indonesia, while in Australia, we expanded the scale of our overseas operations. Australia, with a population of approximately 25 million, enjoys a high standard of living and steady commercial vehicle demand, providing an ideal market for high value-added products. In this market, we first integrated our local distributor in 2023 (renamed Kyokuto Australia in October 2024), followed by the acquisition of STG Global, an international specialty vehicle manufacturer, in 2024. This M&A, valued at around 10 billion yen, was the largest in the Group’s history. Through it, we not only strengthened our position in the Australian market but also acquired STG Global’s global-scale cross-selling expertise and network management expertise — both of which serve as strategic advantages in our evolution into a truly global company. Traditionally, our Group’s overseas operations have followed a localized production and sales model, where each subsidiary manufactures and sells products independently within its region. While this approach allowed for local autonomy, it also limited cross-regional collaboration. By applying STG Global’s centralized management expertise, we can now overcome this limitation, enabling more efficient, profitable, and integrated global operations.

In this way, the 1st Step marked a period of dynamic change in our overseas business — energizing regional operations, forging new

partnerships, and gaining valuable expertise. Looking ahead, we will continue to expand both scale and profitability, accelerating our transformation into a globally competitive enterprise as we enter the critical 2nd Step of our journey.



Beginning the Crucial 2nd Step

In the 1st Step of the long-term management vision Kyokuto Kaihatsu 2030, the Group sowed the seeds for future growth through a wide range of initiatives — including the largest growth investments in its history. Now, with the start of FY2025, the Group has entered the 2nd Step under the Medium-Term Management Plan 2025–27: “Creating The Future As One (II)”. The primary mission of this stage is to harvest the results of the efforts made during the 1st Step.

Positioned as a three-year phase of breakthrough and progress beginning with the Group’s 70th anniversary, this step focuses on achieving higher sophistication across both financial and non-financial dimensions by further strengthening synergies within the Group. To this end, we have established five key policies: Solving social issues and creating value through high value-added products and services, Improving productivity and strengthening profitability, Accelerating the growth of overseas operations, Promoting sustainability management to build an attractive corporate presence, Enhancing corporate value through sound capital strategies.

In terms of performance, the Group aims to achieve sales of 190 billion yen and both an operating profit margin and return on equity (ROE) of 8 percent by FY 2027, the final year of the plan. Achieving these goals will bring the Group’s profitability close to the average level of companies listed on the Tokyo Stock Exchange Prime Market. Additionally, the Group seeks to triple overseas sales, increasing from the current 12 billion yen to roughly 36 billion yen.

As Kyokuto Kaihatsu 2030 reaches its midpoint, the Group now stands at a major turning point. Whether we can successfully establish ourselves on this next growth trajectory will determine our future — and at this very moment, we face a critical test of resolve and capability.

Technical Center Consolidating Japan's Leading Expertise

Achieving the high-value-added products and services envisioned in the 2nd Step requires accurately grasping the accelerating pace of market needs and product life cycles, and delivering products of assured technology and quality swiftly to market. To this end, the Kyokuto Kaihatsu Group is consolidating its expertise and establishing a new Kyokuto Kaihatsu Group Technical Center in Toyota City, Aichi Prefecture, which will serve as the core of research and development (R&D). Scheduled for completion in June 2026, the facility will function as a key development hub for special purpose vehicles and trailers.

It will be equipped with some of the most advanced facilities in Japan, including a large-scale vibration test system, a full-size trailer-compatible road simulator, and a 600-meter test track, enabling an innovative approach that transcends the conventional limits of special purpose vehicle development. For example, as EV chassis become more widespread, body weight reduction has become a crucial issue for special purpose vehicles. Achieving the optimal balance between weight and strength has traditionally required real-world trials and incremental improvement, since current computer simulations alone are not sufficient. However, the new Technical Center will make it possible to conduct real-vehicle durability testing in a short time frame, allowing the company to overcome this challenge decisively. Leveraging these strengths, the Group also envisions advancing into next-generation R&D, such as technologies to reduce trailer rolling resistance and develop energy recovery systems, contributing to higher efficiency and sustainability across the transport sector.

The Technical Center represents the embodiment of Kyokuto Kaihatsu Group's dedication to research and development (R&D)—a facility designed to pursue new possibilities in Japan's special purpose vehicle and trailer development by bringing together state-of-the-art technology and innovative approaches. While R&D investments seldom yield short-term returns, and many companies hesitate to commit resources for that reason, Kyokuto stands firm in its conviction that creating value through the resolution of social challenges is a path to strengthening competitiveness. As a market leader, the Group will continue to invest proactively in R&D as a long-term driver of innovation and sustainable growth.

Determined to Drive Fundamental Reform in the Special Purpose Vehicle Business

In pursuit of higher productivity and stronger profitability, Kyokuto is building upon the growth investments initiated during the 1st Step, embarking on a new phase of comprehensive reform.

The company is intensifying plant reorganization, expanding automation in manufacturing, and developing production lines with greater flexibility to accommodate a wide range of body specifications. These measures aim to ensure the efficient production of high-quality products offered at fair, value-based prices that are fully recognized by the market.

To further strengthen profitability, Kyokuto is advancing a mindset transformation within its sales divisions. Achieving this requires a deep understanding of the balance between cost and value creation. The key principle guiding this transformation is that the customer's benefit is directly proportional to our profit. In other words, the greater our product's contribution to solving the customer's challenges, the greater its value—and the more justified its price. This approach leads to sustainable profitability that does not rely solely on sales volume, aligning business growth with genuine customer value creation. The Kyokuto Group views challenges such as decarbonization and tightened regulations, which may appear at first to impose greater burdens, as significant business opportunities—actively developing products that turn these societal shifts into engines of innovation.

In strengthening profitability within the Special Purpose Vehicle Business, the company is also focusing on the trailer market. As Japan faces an ongoing shortage of drivers, the demand for greater transport efficiency is rising sharply. Because trailers can carry larger loads per vehicle, their demand is expected to continue expanding, making them an essential part of future logistics infrastructure.



Shifting Toward "Selling Solutions" — Environmental Equipment and Systems Business and Parking Business

In the Environmental Equipment and Systems Business, Kyokuto is evolving from a traditional model centered on selling equipment and facility construction toward a solution-oriented approach ("koto-uri") that aims to address customers' broader challenges comprehensively. This strategic transformation enhances overall profitability by focusing on system-based solutions rather than individual product sales.

For example, in recent years the company has launched biomass energy initiatives that utilize wood chips and pruned materials as fuel, establishing local production and consumption of energy for communities and facilities through heat supply systems. It has also leveraged its extensive experience in waste treatment and plant construction to participate in the development of waste transfer stations, which are increasingly in demand as municipalities consolidate their waste management operations.

Through these new fields of activity, Kyokuto has expanded cross-industry collaboration, opening new opportunities for joint operations and service partnerships. The knowledge and experience gained from these initiatives are expected to make significant contributions to the Group's future growth and innovation capacity.

In the Parking Business, Kyokuto has built a stable profit structure across both mechanical multistory parking equipment and toll parking. Looking ahead, the toll parking segment is expected to focus on optimizing pricing and enhancing value-added services as the key drivers of profitability.

Maximizing Group Synergy for Greater Competitive Advantage

The Kyokuto Group will continue to foster the dynamic exchange of talent across its three core business segments — Special Purpose Vehicles, Environmental Equipment and Systems, and Parking.

This cross-sector mobility of personnel has already proven highly effective, facilitating the mutual sharing of expertise and technology. For instance, biomass-related projects have benefited greatly from technical know-how originally developed in special purpose vehicle engineering. As the Group continues to pursue new forms of value creation across its businesses, incorporating fresh perspectives will be essential. By deepening inter-segment collaboration, Kyokuto aims to generate stronger synergies that directly enhance profitability.

A symbolic example of this direction is the establishment of the new Kyokuto Group Technical Center, which will bring together engineers from different business domains and development frameworks. By integrating their strengths, technologies, and

accumulated expertise under one roof, the Center will serve as a hub for innovation — driving the development of high-value-added products that defy market commoditization and establish new technological advantages for the Group.

Sustainability Initiatives

Sustainability is an imperative priority, with CO₂ emissions management being one of the most critical challenges. Under the 2nd Step plan, the Group has set a target to reduce total emissions by 28% compared to FY 2013, reflecting the growing importance of environmental responsibility alongside business expansion. One of the key initiatives is the introduction of renewable energy within production processes. At the Miki Plant, for example, approximately 40% of its electricity consumption is now supplied by solar panels installed on a nearby reservoir, demonstrating the practical implementation of clean energy within operations. Furthermore, Kyokuto is extending its sustainability efforts to cover the entire product life cycle, focusing on reducing CO₂ emissions not only during manufacturing but also throughout product use and disposal — reaffirming its commitment to a carbon-conscious, sustainable future. Creating products that contribute to decarbonization is our paramount mission. For instance, lightweight body designs not only increase payload capacity and improve transport efficiency but also help reduce overall CO₂ emissions across the logistics industry. In trailer development as well, a range of technical innovations—such as reducing rolling resistance and implementing energy regeneration systems—offer diverse pathways toward greater sustainability. The aforementioned Technical Center is expected to play a central role in accelerating these advancements, positioning Kyokuto as an industry leader in decarbonization technologies. We are also committed to developing recyclable products and have set a goal of achieving a 100% certification rate for the Gold Label, a new environmental standard that certifies special purpose vehicles as environmentally friendly. Furthermore, the Group aims to achieve a waste recycling rate of 99% or higher by FY 2027, pursuing this through waste separation and reviewing disposal processes across its operations.

Building an Organization for Growth with Spirit of “Wakyo”

At the heart of all these initiatives are people. Even the boldest investments and strategies can only be realized and sustained through human effort and collaboration. A company is, in essence, the collective strength of its people, and the connections and achievements born from their unity shape the entire organization's direction and success. Therefore, investment in human capital and the improvement of working environments are essential elements that will underpin the Group's future growth. To this end, Kyokuto is promoting initiatives that enhance employee motivation and engagement, focusing on diversity and equitable work practices. The special purpose vehicle industry has traditionally been male-dominated, and Kyokuto is actively working to eliminate this bias by promoting female leadership, providing gender-bias awareness and inclusion training, and improving workplace environments to support all employees. In recruitment and evaluation, the company also aims to establish systems where each individual's skills and experience are fairly recognized and reflected. Regarding working hours, Kyokuto is targeting a 5% reduction in total working hours over the next three years (by FY 2027 compared with FY 2024). When personal goals align with organizational objectives, a positive cycle emerges—individual fulfillment leads directly to corporate success. This synergy, born from internal engagement, is what we strive for. I constantly remind every employee: “Find what you truly want to do—and make it happen.” The unity of



each individual strengthens the company as a whole. At the foundation of all these efforts lies the spirit of “Wakyo” — harmony and cooperation — which remains central to the Kyokuto Group's philosophy. Our company upholds “Trust, Reliability, and Harmony (Wakyo)” as the core values of our corporate philosophy. Among these, “Wakyo” represents the spirit of harmony and cooperation, which lies at the foundation of everything we do. The long-term management vision — “to become a leading global integrated infrastructure manufacturer based on technological expertise, trust, and the spirit of harmony and cooperation” — can only be realized when the aspirations of people both inside and outside the organization align and work as one. Through the spirit of Wakyo, we aim to achieve both individual fulfillment and corporate growth — a form of organization that truly reflects who we are.

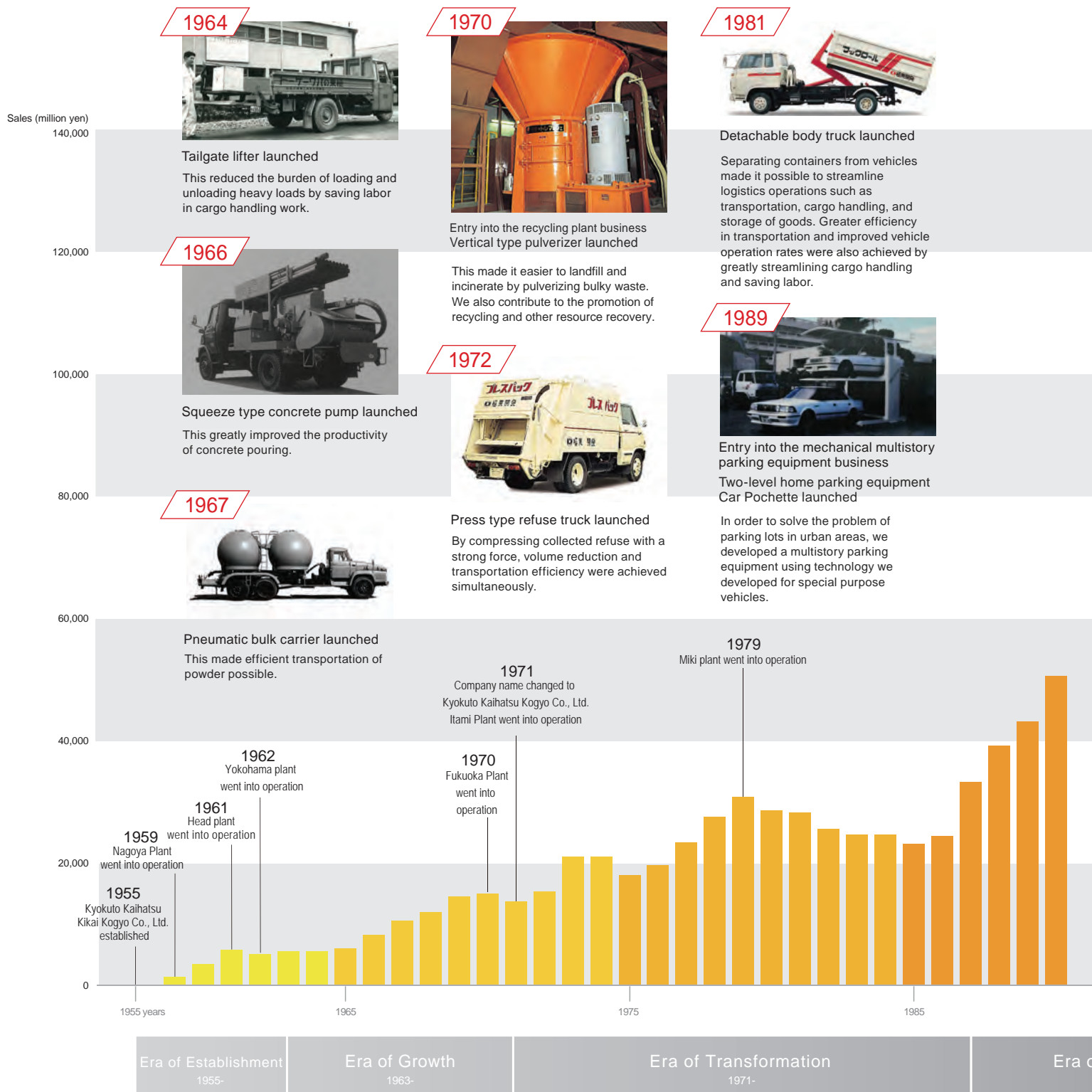
Maximizing Shareholder Value

Under the 2nd Step, we are also strengthening efforts to enhance corporate value through capital policy and pursuing appropriate cash allocation. As part of this, we have transitioned our dividend policy from a traditional total return ratio (based on net income) to a Dividend on Equity (DOE) standard. Unlike the former approach, DOE expresses dividends as a percentage of shareholders' equity, allowing us to maintain a consistently high level of dividends regardless of short-term profit fluctuations. We currently target a DOE of 4% or higher, which exceeds the Tokyo Stock Exchange-listed company average of around 3%, and we aim for cumulative dividends of over 15 billion yen during the 2nd Step period (compared with approximately 11 billion yen in the 1st Step). This approach enables us to deliver stable returns to shareholders and provide tangible benefits for long-term shareholding. Improving capital efficiency is also a key objective. We have set a target Return on Equity (ROE) of 8% for the 2nd Step. Achieving this would surpass our current cost of equity (7% for FY 2025) and is expected to lift our Price-to-Book Ratio (PBR) above 1. In recognition of our sustainability initiatives, Kyokuto has been included for four consecutive years in the FTSE Blossom Japan Sector Relative Index and, for the first time, in the FTSE Blossom Japan Index. Moving forward, we will continue to enhance cash flow through business growth and strengthen our sustainability initiatives, aiming to maximize shareholder value and maintain our position as an attractive investment for stakeholders.

History of Growth

Kyokuto Kaihatsu Group has always understood the needs of society and provided products that have contribute to its development.

We will continue to respond flexibly to changes in the times and contribute to the realization of a sustainable society.



1991



Single car carrier truck launched

By lowering the loading platform to ground level, it is also possible to load low-height luxury cars and sports cars.

2017



25m double trailer truck launched

Capable of transporting two large trucks with a single vehicle. Reduced CO₂ emissions and fuel consumption by approximately 40% while maintaining the logistics volume.

2023



Head office moved to Osaka

We moved our head office to Osaka for the purpose of BCP measures and further securing human resources.

2024
STG Global Holdings Pty Ltd
(Australia)
grouped

2023

Kyokuto Australia
(Australia) established

Kyushu Tokusyu Motors Co., Ltd. grouped

2020
SATRAC
ENGINEERING
PRIVATE LIMITED
(India) grouped

2018
Hokuriku Heavy
Industries, Ltd.
grouped

2016
Mori Plant Co., Ltd.
grouped

2012
PT. Kyokuto
Indomobil
Manufacturing
Indonesia
(Indonesia) established

2007
NIPPON TREX Co., Ltd.
grouped

2003
Kyokuto Kaihatsu (Kunshan) Machinery
Co., Ltd. (China) established

2002
Shinko Automobile
Co., Ltd.
grouped

1996
Itami/Head Plant integrated
into the Miki Plant

CG1000 tailgate lifter launched

Even though it is a van-type truck equipped with tail gate lifter, the rear door can be opened and closed at any time, so it can connect to dock shelters*.

*An air-tight device that fills the gap between the vehicle loading platform and the entrance of a warehouse or factory.

SATRAC ENGINEERING
(India) became part of the Group

We have brought SATRAC ENGINEERING into the group in order to contribute to the growth of the logistics sector in India and the demand for infrastructure development resulting from population growth and economic development.

Net Sales
(million yen)
140,000

120,000

100,000

80,000

60,000

40,000

20,000

0

1995

2005

2015

2024

Integration

Era of Selection and Concentration

1995-

Era of Sustainable Growth

2006-

Moving Forward with a Changing Society — 70 Years of Progress

In 2025, Kyokuto Kaihatsu Kogyo Co., Ltd. celebrates its 70th anniversary. Since its founding in 1955, Japan has undergone remarkable transformation — from the period of rapid economic growth to an era where public awareness of safety, security, and disaster preparedness has become increasingly important. Throughout these decades, Kyokuto Kaihatsu has consistently supported society by delivering technologies and products that serve people's daily lives. Its history of challenges and innovation, meeting the demands of each era, has been built through a steady accumulation of effort, wisdom, and decisive action. This page reflects on the 70-year journey carved through a changing society, highlighting the milestones and legacy that continue to shape Kyokuto Kaihatsu's path forward.

70 Years of the Kyokuto Kaihatsu Group

01 The Era of Establishment (1955–1962)

In June 1955, Kyokuto Kaihatsu Kikai Kogyo Co., Ltd. was established in Yokohama, Kanagawa Prefecture, by Isao Miyahara (the first president and other founders as a company engaged in the sales of special purpose vehicles.

It is widely believed that the company name "Kyokuto Kaihatsu Kikai Kogyo" was chosen by Mr. Miyahara, who had studied in the United Kingdom, to express his aspiration to "develop our nation through industry," with "Kyokuto" meaning "Far East."

In 1962, the company's management philosophy was established: "Value technology and trust, make concerted efforts to develop the company, and widely contribute to the society." At the same time, the company principles were set forth as: 'Trust' (to be a company worthy of trust), 'Reliability' (to deliver dependable work), and 'Harmony and Cooperation' (to act with unity and mutual support). The following year, in 1963, the in-house newsletter "Wakyo"—named after part of these principles - was first published. The same year, the Yokohama Plant, one of the company's key production bases, was completed.

02 The Era of Growth and Transformation (1963–1979)

In 1967, Kyokuto Kaihatsu completed its new head office building alongside the Koshien Plant in Nishinomiya, Hyogo Prefecture. This was followed by the completion of key production bases such as the Nagoya Plant and the Fukuoka Plant. In 1970, the company introduced waste pulverizer technology from the British firm Tremash Ltd., laying the foundation for what would later become its environmental business. United as one, the company worked to expand its operations.

In 1971, the company name was changed to the current Kyokuto Kaihatsu Kogyo Co., Ltd. Although orders dropped sharply in 1973 due to the first oil crisis, the company swiftly recovered its performance. By 1979, it had completed construction of the Miki Plant—one of its core plants—marking a major milestone in its continued growth.

03 The Era of Adversity and Integration (1980–1994)

Beginning in 1981, Japan experienced a prolonged period of economic stagnation—the most severe recession since the postwar era—brought on by monetary tightening policies that lasted six years. Although this was followed by the boom of the so-called "bubble economy," the subsequent collapse brought another dramatic downturn, creating a

turbulent business environment.

Even amid these challenges, Kyokuto Kaihatsu continued to advance steadily toward future growth through the formulation and execution of medium-term management plans, the systematization of core operations such as production management and design, and the strengthening of its sales and service networks. In 1989, the company's shares were listed on the Second Section of the Osaka Stock Exchange, and in 1992, on the Second Section of the Tokyo Stock Exchange. In 1994, the company established the Special Equipment Division, which laid the foundation for what is now its Parking Business.

04 The Era of Selection and Concentration (1995–2006)

In 1995, Kyokuto Kaihatsu marked its 40th anniversary; however, the Great Hanshin–Awaji Earthquake struck that same year, causing severe damage to the company's headquarters, plants, and employees in Hyogo Prefecture. Amid these hardships, the company achieved a major milestone that same year—listing its shares on the First Section of both the Tokyo and Osaka Stock Exchanges, symbolizing resilience through adversity.

In 1996, Kyokuto consolidated its three plants in Hyogo Prefecture into the Miki Plant, fundamentally restructuring its production system for the Special Purpose Vehicle Business.

In 2002, it established KYOKUTO SPECIAL AUTOMOBILES TRADING (Shanghai) CO., LTD. as a procurement base in China for special purpose vehicle parts. The following year, in 2003, it established Kyokuto Kaihatsu (Kunshan) Machinery Co., Ltd., its first overseas production base for special purpose vehicles. Then in 2005, the company founded Kyokuto Kaihatsu Parking Co., Ltd., which became the core of today's parking systems business. This move integrated the group's mechanical multistory parking and toll parking operations under a single entity, paving the way for the next era of group-wide management.

05 The Era of Group Management (2007–2018)

In 2007, Kyokuto Kaihatsu strengthened its Special Purpose Vehicle Business by bringing NIPPON TREX Co., Ltd. — a company with proven expertise in trailers and wing bodies — into the group.

In 2010, the company established a joint-venture production plant for special purpose vehicles in Vijayawada, Andhra Pradesh, southern India. This was followed by the establishment of a manufacturing company in



Indonesia in 2021, and a sales company in November of the same year. Subsequent expansions included setting up dealerships in Malaysia and the Philippines, steadily advancing the group's international business development.

Following the Great East Japan Earthquake in 2011, the company ramped up production of dump trucks to meet the increased demand for reconstruction work. In 2013, it developed and deployed a trailer-mounted mobile pulverizer to assist with disaster waste disposal in the affected areas, contributing significantly to the debris recovery efforts.

Alongside strengthening its core businesses, Kyokuto Kaihatsu also entered the solar power generation business to promote renewable energy and support the creation of a circular society. Power generation projects began in 2013 at the Fukuoka Plant, followed by operations at the former Tohoku Plant site.

In 2015, as the company celebrated its 60th anniversary, strong demand from post-disaster reconstruction and Tokyo Olympic-related infrastructure helped sustain robust business performance across the group.

In 2018, as part of its commitment to diversity and inclusion, the company launched Kyokuto Kashiwa Farm, an agricultural employment initiative aimed at promoting job opportunities for people with disabilities.

06 The Era of Sustainability (2019–2025)

In 2019, the global outbreak of COVID-19 created unprecedented challenges, yet Kyokuto Kaihatsu continued its effort to enhance corporate value and pursue sustainable growth.

In 2020, the company advanced the integration and reorganization of group companies to strengthen its stock-type business in the special purpose vehicle sector, establishing FI-Auto Co., Ltd. This move reinforced group collaboration across the entire value chain — from new vehicle manufacturing and sales to after-sales service and used-vehicle sales.

In 2022, the company transitioned its listing from the First Section of the Tokyo Stock Exchange to the Prime Market, marking a new stage of corporate evolution. That same year, it formulated the long-term management vision “Kyokuto Kaihatsu 2030.”

This vision positions technological advancement for solving social issues, infrastructure development in global markets, and demographic shifts such as Japan's declining birthrate and aging population as opportunities. By 2030, the company aims to become a global integrated infrastructure manufacturer that contributes to a sustainable society — building upon its long-nurtured technological capabilities and its founding principles of “Trust,” “Reliability,” and “Harmony.”

Also in 2022, the company established the Sustainability Committee, chaired by the president, and defined clear materialities (key sustainability priorities). Under the long-term vision, Kyokuto Kaihatsu set ambitious environmental goals — including a 38% reduction in CO₂ emissions (compared with FY 2013) as part of its carbon-neutral commitment, as well as achieving a recycling rate of 99% or higher for waste from business activities. To promote employee well-being, the company expanded its health management initiatives, earning certification as a “Health & Productivity Management Organization 2021 (Large Enterprise Category)” alongside NIPPON TREX.

In 2023, the headquarters was relocated from Nishinomiya, Hyogo Prefecture, to Osaka's Chuo Ward (Yodoyabashi area).

The move to a newly built, earthquake-resistant, and BCP-compliant office was aimed at ensuring a safe, comfortable workplace while symbolizing a fresh start toward becoming a truly sustainable, global infrastructure manufacturer.

In 2024, Kyokuto Kaihatsu acquired STG Global Holdings Pty Ltd, a leading Australian manufacturer of special purpose vehicles, bringing it into the group to expand business scale and accelerate global development.

In 2025, the company began construction of the Kyokuto Kaihatsu Group Technical Center in Toyota City, Aichi Prefecture. Scheduled for completion in 2026, the center will serve as a hub for strengthening R&D across the group, enabling the rapid market introduction of high-value-added products and services that address social challenges and diverse customer needs.

Capital Status

The Kyokuto Kaihatsu Group has unique capital that has been accumulated throughout its history.

This capital provides our strengths in meeting stakeholder expectations and is a source of sustainable growth.

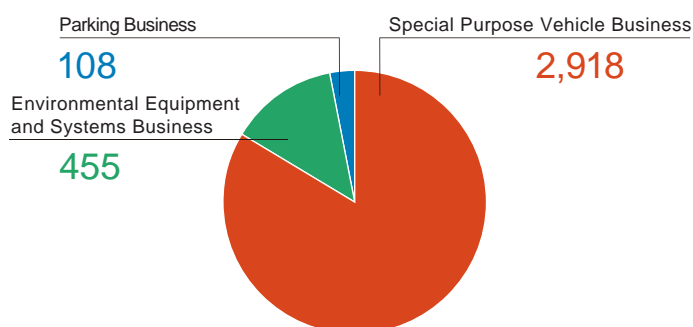
Human Capital



Number of Employees: **3,481**

*As of the end of March 2025 (consolidated)

We have a diverse workforce that supports our Group.



Intellectual Capital



Licensed Professional Engineers: **10** Research and Development Expenses **1,938** million yen

*As of the end of March 2025 (consolidated)

*FY2024 Results (Consolidated)

Research and development in all fields to quickly respond to society's needs.

Main Research and Development Activities

Development of New Products and Technology

Exploration of New Fields

Improvement of Existing Products



Number of Applications of Industrial Property Rights: **139**

*FY2024 Results (Consolidated)

Social and Related Capital



Number of Organizations Joined: **189**

*As of the end of March 2025 (Kyokuto Kaihatsu Kogyo results)

We are affiliated with and work in collaboration with various organizations for the purpose of gathering information in various fields and contributing to the local community.

Natural Capital



Solar Power Generation: **8,149,989** kWh

FY2024 (consolidated) results *Some data could not be retrieved due to a system error.

Our group is also working to produce clean energy by introducing solar power generation systems at former plant sites and factories.

Manufacturing Capital



Capital Investment

8,344 million yen

*FY2024 Results (Consolidated)

We are making capital investments primarily in BCP measures, such as strengthening and streamlining our production system, expanding our service system, responding to risks such as deterioration and aging at each base, and introducing new technologies.

Service Plants

(Special Purpose Vehicle Business)

Kyokuto Kaihatsu Kogyo: **376**

NIPPON TREX: **74**

*As of the end of March 2025

We have established a system to quickly respond to product problems by collaborating with service plants across the country.

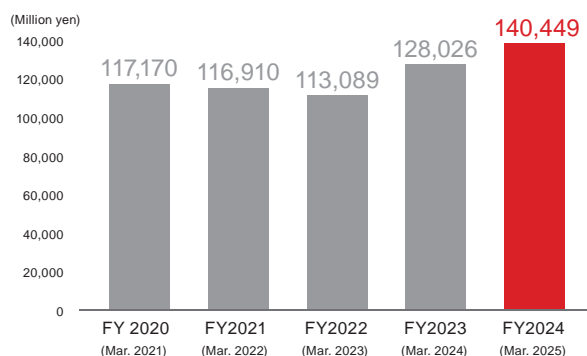
Financial Highlights

(Consolidated)

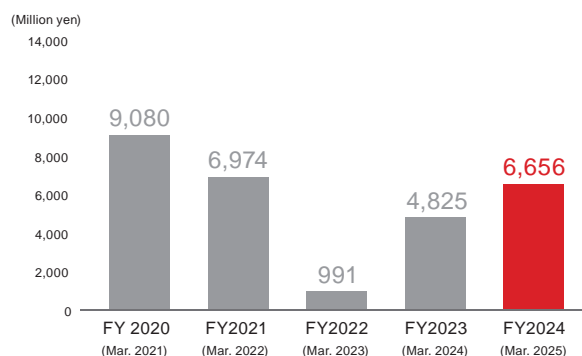
We are working to build a highly sound financial foundation that supports sustainable growth.

Financial Capital

Net Sales

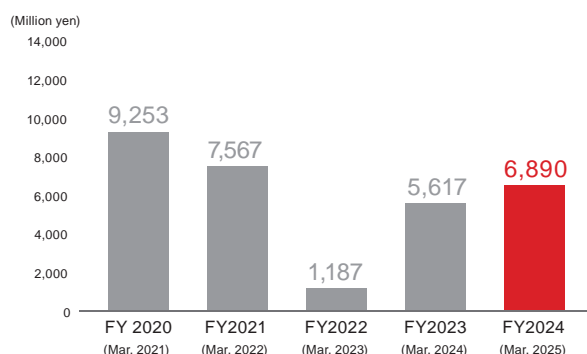


Operating Income

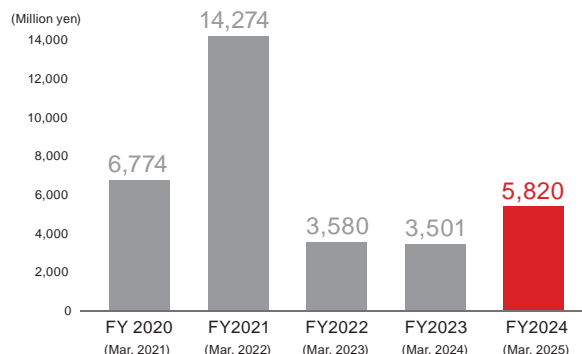


*In fiscal year 2022 (ending March 2023), performance temporarily stagnated due to significant delays in the supply of truck chassis caused by factors such as a shortage of semiconductors caused by the COVID-19 pandemic.

Ordinary Income

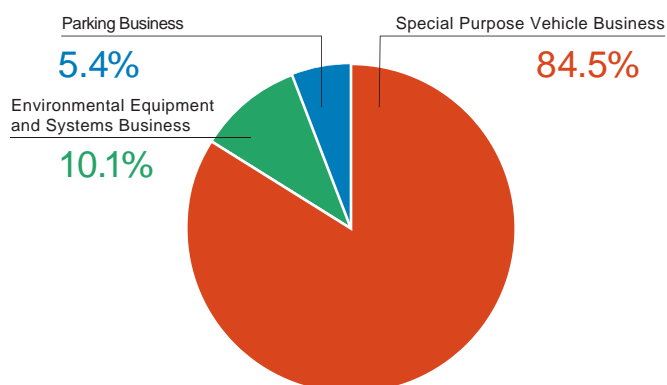


Net Income Attributable to Parent Company Shareholders

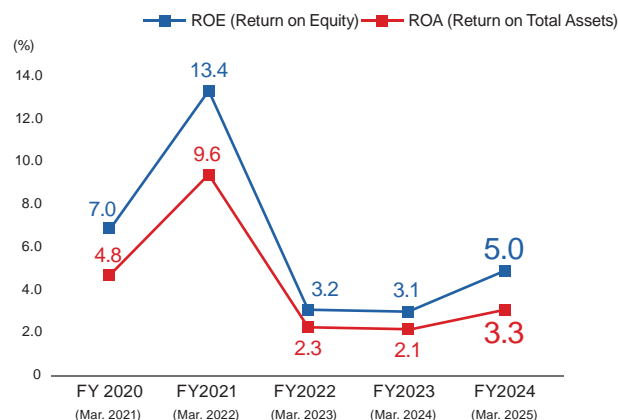


*In FY2021 (year ending March 2022), a gain on sale of fixed assets of 13,221 million yen was recorded.

Sales Breakdown by Segment FY2024 (FY ended March 31, 2025)



ROE/ROA








*In FY2021 (year ending March 31, 2022), a gain on sale of fixed assets of 13,221 million yen was recorded.

Value Creation Model

We aim to realize a sustainable society and increase corporate value by appropriately allocating the capital we have cultivated together with our stakeholders.

Value Creation Resources

Resources that Support the Group

	Financial Capital
Consolidated Net Assets	117,271 Million Yen
	Manufacturing Capital
Domestic Production Bases	7 Locations
Overseas Production Base	6 Locations
	Human and Intellectual Capital
Number of Employees	3,481
R&D Expenses	1,938 Million Yen
Number of Industrial Property Rights Application	139
	Social Capital
Number of Affiliated Organizations	
Kyoto Kaihatsu Kogyo	189 Groups
Special Purpose Vehicle Business	
Designated Service Plants	
Kyoto Kaihatsu Kogyo	376
NIPPON TREX	74
Customers / Sales Destinations	
Kyoto Kaihatsu Kogyo	763
NIPPON TREX	6,218
Environmental Equipment and Systems Business	
Partner Companies	329
Parking Business	
Partner Companies	140
	Natural Capital
Solar Power Generation	
Self-Consumption	3,931,656 kWh
Electricity Sales	4,218,333 kWh*
Water Consumption	270,000 m3
Total Energy Consumption (crude oil equivalent)	12,107 kL

INPUT

Internal and External Circumstances

Social Issues/SDGs

Stakeholder Needs and Expectations

P39-40

Special Purpose Vehicle Business
Creating the future with working vehicles

P27-30

Business Model

Creating the future of cities and lives

Environmental Equipment and Systems Business
Creating a Recycling-oriented society for the future

P31-32

Mid- to Long-Term Vision

Long-term Management Vision - Kyokuto Kaihatsu 2030 - P17-18

*1 Some data could not be collected due to a system error.

Reallocation of Capital

Business Model × Sustainability Management

Value Creation Outcomes

What the Group Aims
to Achieve

Become an industry-leading global
comprehensive infrastructure manufacturer
that contributes to the realization
of a sustainable society.

Group Strengths

Outstanding technical capabilities and
reliable quality

KYOKUTO's Sustainability Activities



Environment

P45-56

- Responding to Climate Change Risks
- Promotion of Carbon Neutrality
- Contributing to a Recycling
-Oriented Society
- Coexistence with Nature



Society

P57-68

- Respecting Human Rights
- Together with Our Employees
- Together with Our Customers
- Together with Our Business Partners
- Together with Our Local Communities



Governance

P69-74

- Compliance Response
- Corruption Prevention
- Measures against Natural Disasters
- Information Security

Products and
services that
solve social
issues

P23-26

OUTPUT

Creating Value with Stakeholders



Financial Capital

P83-90

Net Sales	140,449	Million Yen
Operating Income	6,656	Million Yen
ROE	5.0	%
Total Return Ratio	104.1	%



Manufacturing Capital

Capital Investment Amount	8,344	Million Yen
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Human and Intellectual Capital

Paid Leave Acquisition Rate	76.0	%
Female Ratio Within Number of Hires (domestic)	11.24	%
Percentage of Male Employees Taking Childcare Leave	35.5	%



Social Capital

Sustainable Procurement Briefing Sessions	Approx. 200	Companies *2
Event Sponsorship	42	
Participation in Local Cleanups and Events	106	Activities
Support for Sports and Cultural Activities	6	Activities



Natural Capital

CO ₂ Emissions (Intensity Basis) Compared to FY 2020 *3	15.9	% Reduction
Recycling Rate *4	97.5	%

*2 Results of Kyokuto Kaihatsu Kogyo, NIPPON TREX, and Kyokuto Kaihatsu Parking

*3 Emission intensity compared to fiscal 2020 levels for Kyokuto Kaihatsu Kogyo, NIPPON TREX, and Kyokuto Kaihatsu Parking

*4 Results of Kyokuto Kaihatsu Kogyo and NIPPON TREX

Target Vision and Value Creation Process

Long-Term Management Vision

-Kyokuto Kaihatsu 2030-

The Kyokuto Kaihatsu Group has established a long-term management vision with fiscal 2030 as a key milestone. By viewing the various social and environmental changes surrounding the Group as “opportunities,” we aim to drive growth through the dual engines of expanding profitability in our domestic businesses and advancing growth in our overseas operations. Through addressing social challenges, we will continue to create the future of society as a global, comprehensive infrastructure manufacturer that delivers lasting value to all stakeholders.

Kyokuto Kaihatsu Group aims to become a leading global integrated infrastructure manufacturer, contributing to the realization and advancement of a sustainable society, based on the core values we have carefully cultivated since our founding: technological expertise, trust, and the spirit of harmony and cooperation.



Outstanding Technological Capability

Reliable Quality

3 Steps to Realizing Our Goals

1st Step — Building the Foundation

Medium-Term Management Plan 2022-24

Centered on proactive investment for further growth and strengthening group synergies, we implemented a range of company-wide initiatives aimed at enhancing corporate value, resulting in steady progress toward building a strong business foundation.

2nd Step Toward Growth

Medium-Term Management Plan 2025-2027

We will carry forward and deepen the ongoing initiatives from the previous medium-term management plan to make steady progress that will lead into the third step — the next Medium-Term Management Plan 2028–30.

3rd Step Toward Fruition —

Medium-Term Management Plan 2028-30

By achieving both “outstanding technological capabilities” and “reliable quality,” and further expanding our business domains, we will ensure stable profit generation while addressing non-financial challenges to realize our long-term management vision.

Management Performance Vision (FY 2030)

Net Sales: **200** Billion yen

Operating Income Ratio: **10** %

ROE **10** %

Long-Term Business Strategies

Special Purpose Vehicles Business: Sales – 173 billion yen

- Establishing strong sales, technological, production, and service capabilities to provide high added value
- Accelerate the development of solutions-oriented products addressing social issues through the utilization of the Kyokuto Kaihatsu Group Technical Center
- Improving productivity through the optimal placement of products and equipment, as well as continuous improvement activities.
- Establish a production system that balances improved profit margins with reduced CO₂ emission
- Expanding overseas business primarily in India, Indonesia, and Australia, and contributing to social development.
- Establishing a global supply system by utilizing production bases in China and the Philippines.

Environmental Equipment and Systems Business: Sales – 20 billion yen

- Establishing a solid position in the industry as a manufacturer specializing in recycling facilities.
- Incorporating waste transfer facilities and next-generation recycling plants.
- Operating and managing waste disposal facilities that are safe, stable, and provide reassurance to the local community.
- Establishing a stable revenue base for biomass-related businesses that contribute to a carbon-neutral society.

Parking Business: Sales – 10 billion yen

- Expanding high-value-added mechanical multistory parking system products.
- Improving customer satisfaction and securing greater profits through the strengthening of the renewal and service departments.
- Expansion of the hourly parking business through development of new areas and strengthened relationships with existing landowners
- Flexible business strategy development for new mobility

Revision of the Sustainability Vision

In conjunction with the formulation of our new Medium-Term Management Plan, the Group has revised parts of its Sustainability Vision to better reflect current challenges and global trends surrounding our business. The key changes and their reasons are as follows:

[Environment] Manufacturing Vision

*From "Prohibition of Hazardous Chemicals and Reduction of Plastic Use"*1 to "100% Acquisition of the New Environmental Standard Certification (Gold Label)"

We aim for a 100% certification rate under the new environmental standards set by the Japan Automobile Body Industry Association. By developing highly recyclable products free from environmentally harmful substances, we will contribute to the realization of a circular economy.

[People] Society Creation Vision

From "Human Rights Risk Management" to "Eradication of Harassment"

Among the broad spectrum of human rights issues, we have identified harassment prevention as an essential priority for building a healthy organization that fosters diversity and value creation.

From "Work-Life Balance Satisfaction of 70%" to "Enhancement of Employee Engagement"

We have shifted from traditional work-life balance surveys to comprehensive employee engagement surveys to monitor organizational health and drive continuous improvement.

From "Acquisition of ISO 45001 Certification" to "Elimination of Workplace Accidents and Promotion of Employee Health"

Our focus has evolved from certification acquisition to a more proactive approach centered on eliminating occupational accidents and enhancing employee well-being. We will also place greater emphasis on maintaining and improving employee health.

From "20% Female Ratio in Domestic Hiring" to "4% Female Ratio in Managerial Positions (Assistant Manager Level and Above)"

Our focus has shifted from the composition of the workforce to promoting diversity among those in leadership and decision-making roles, fostering an inclusive organizational culture.

Sustainability Vision (2030)

Environment - Manufacturing Vision



Decarbonization

Reduce CO₂ Emissions by 38%*2
(Compared to 2013)

Towards achieving carbon neutrality by 2050, we will promote efforts to decarbonize products, services, and manufacturing processes.



Product Recycling

**New Environmental Standards
Compliance Label (Gold Label)
Certification Acquisition Rate 100%*1**

Promoting acquisition of the Japan Automobile Body Industry Association's new environmental standard certification (Gold Label) and working to improve the recyclability of our products.



Resource Recycling

**Recycling Rate of Waste Generated from
Business Activities: 99% or Higher*3**

We will reduce waste generated from business activities while promoting recycling, and drive the group's efforts toward achieving zero emissions.

People - Society Creation Vision



Human Rights

Eliminating Harassment

Promoting the creation of an environment and systems that protect diversity and human rights, ensuring that no harassment occurs at any stage of the business process.



Safety and Health

**Eliminating Occupational
Accidents and Promoting
Employee Health**

Improving risks related to workplace safety, hygiene, and employee health, and promoting the creation of a work environment where everyone can work safely and securely while fully demonstrating their abilities.



Employee Engagement

**Improving Employee
Engagement*4**

Promoting the creation of an organization where employees resonate with the group's vision and direction, are motivated to contribute toward its achievement, and are supported in enhancing their individual abilities.



Diversity

**Percentage of women in
management positions
(Assistant Manager level
and above): 4%*5**

Promoting the creation of a creative workplace where all employees embrace differences and diversity, and make the most of each other's strengths.

Governance - Organizational vision



Risk Response

**Strengthening Risk Management Systems and Building
Systems in Business Continuity Management (BCM)**

Identifying risks related to business continuity and working to strengthen risk response systems and enhance organizational capability through a management system based on the PDCA cycle.



Sustainable Procurement

Promoting Sustainable Procurement

To realize a sustainable society, we consider not only cost but also the environmental and human impact when selecting materials and energy used in our products and services.

*1 Gold Label: A certification established by the Japan Automobile Body Industry Association (JABIA), with one of the certification requirements being a "material recyclability rate of 95% or higher."

Scope: New products of Kyokuto Kaihatsu Kogyo Industry and Nippon Trex that are applicable to the subcommittee of the Japan Automobile Manufacturers Association. Products other than these will comply with the Gold Label requirements.

*2 Total emissions within the Group's domestic consolidated operations compared to fiscal 2013

*3 Scope: Kyokuto Kaihatsu Kogyo, NIPPON TREX

*4 To be evaluated based on the results of the employee engagement survey, with measurement beginning in fiscal 2025

*5 Fiscal 2024 result: 2.0%

Previous Medium-Term Management Plan 2022–2024

Review of – Creating The Future As One –

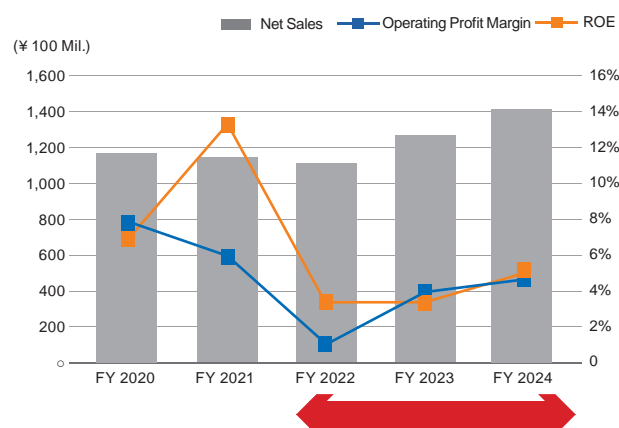
As the first step toward realizing our long-term vision, Kyokuto Kaihatsu 2030, we strengthened the foundation for becoming a global, comprehensive infrastructure manufacturer with advanced technological capabilities and high productivity. This was achieved through proactive investments for further growth and enhanced synergy across the Group, paving the way toward a sustainable future.

01

Achievement Status Against Goals

1 Consolidated Performance Targets

	FY 2024 Target Value	2024 Results
Net Sales	Over 140 billion yen	140.4 billion yen
Operating Profit Margin	7% or more	4.7%
ROE	6%	5.0%



In the first year of the plan (FY 2022), production in the core Special Purpose Vehicles Business stalled due to domestic truck chassis supply constraints caused by semiconductor shortages, while soaring raw material and energy prices further impacted results. Consequently, sales and operating profit margins declined across all segments compared to the previous year.

In FY 2023, the supply of domestic truck chassis in the Special Purpose Vehicles Business gradually improved, and the effects of product price revisions began to emerge, resulting in a significant increase in both sales and operating profit. The Environmental Equipment and Systems Business and Parking Systems Business also achieved higher sales and profits, leading to record-high consolidated net sales and a notable recovery in operating profit margin. In the final year of the plan (FY 2024), all three segments—the Special Purpose Vehicles, Environmental Equipment and Systems, and Parking Systems Businesses—continued to perform strongly. In addition, the newly grouped STG Global contributed partially to earnings, enabling the Group to surpass the previous year's record and achieve its target of over 140 billion yen in consolidated net sales. On the profit side, the Special Purpose Vehicles Business improved its margin, and the Environmental Equipment and Systems Business saw a major contribution from its stock-based operations, resulting in a record-high operating profit. Parking Systems Business also achieved its highest-ever operating profit in the toll parking segment. Overall, operating income rose 38% year on year; however, the target operating margin of 7% or higher was not achieved. Regarding ROE, despite efforts to curb growth in shareholders' equity and enhance capital efficiency through share buybacks, the sale of policy shareholdings, and the continuation of high-level dividends, the FY 2024 target of 6% was not reached.

2 Sustainability Goals

	FY 2024 Target Value	2024 Results
CO ₂ Emission Reduction *1	More than a 10% reduction	-15.9%
Recycling Rate *2	99.0% or more	97.5%

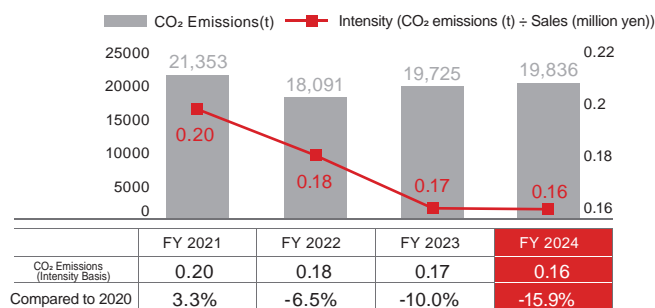
*1. Emission intensity compared to fiscal 2020 levels for Kyokuto Kaihatsu Kogyo, NIPPON TREX, and Kyokuto Kaihatsu Parking

*2. Scope: Kyokuto Kaihatsu Kogyo and NIPPON TREX

■ Recycling Rate Performance [FY 2024]

At Kyokuto Kaihatsu Kogyo and NIPPON TREX, total waste generated in fiscal 2024 was 2,658 tons, an increase from the previous year. Of this, 2,592 tons—or 97.5%—was reused (including heat recovery). However, since recycling rate improvements at some production sites remain in progress, the target recycling rate of 99.0% or higher was not achieved.

■ CO₂ Emissions [FY 2024]



The total CO₂ emissions of Kyokuto Kaihatsu Kogyo, NIPPON TREX, and Kyokuto Kaihatsu Parking for fiscal 2024 amounted to 19,836 tons, showing a slight overall increase. However, through efforts such as installing solar panels on reservoirs near Kyokuto Kaihatsu Kogyo's Miki Plant and adding new solar panels during the renovation and reconstruction of existing buildings at various sites, the Group worked to suppress CO₂ emissions associated with increased production volumes. As sales continued to grow steadily throughout the plan period, the CO₂ emissions intensity (CO₂ emissions [t] ÷ net sales [million yen]) achieved a 15.9% reduction—surpassing the target of minus 10%.

Key Initiatives and Achievements

1 Initiatives by Business Segment

Special Purpose Vehicles Business	<ul style="list-style-type: none"> ■ Renewal and establishment of buildings and facilities to improve productivity and strengthen BCP measures ■ Timely product price revisions to improve profit margins ■ Focused on sales of high-transport-efficiency dump trailers, achieving the top market share ■ Expansion and relocation of directly operated service plant ■ Accumulation of expertise in mounting bodies on electric truck chassis ■ Promotion of construction plans for the Kyokuto Kaihatsu Group Technical Center ■ Integration of Kyushu Tokushu Motors into the Group ■ Establishment of a driving school for trailer operation
Overseas Business	<ul style="list-style-type: none"> ■ Promotion of construction of the Chennai plant in India ■ Development of ultra-large side dump trailers for mining in Indonesia ■ Strengthening of supply systems for Japan-bound parts and components at the China facility ■ Integration of Australia's STG Global and the local distributor (current Kyokuto Australia) into the Group
Environmental Equipment and Systems Business	<ul style="list-style-type: none"> ■ Awarded the contract for the Chubu Non-Combustible and Large Waste Treatment Facility construction project from the Clean Association of Tokyo 23 Wards ■ Completed the company's first waste transfer station project ■ Focused on maintenance and operation outsourcing as a stock business ■ Launched a heat supply business using wood biomass boilers
Parking Systems Business	<ul style="list-style-type: none"> ■ Introduced the EV charging equipment installation and management service ■ Promoted the installation of cashless and lockless systems in time-based parking facilities ■ Delivered the first wire-lift and remote-control type mechanical parking systems in the industry

2 Sustainability Initiatives

Environment (E)	<ul style="list-style-type: none"> ■ Promotion of solar power equipment installation, including solar panels on reservoirs near the Kyokuto Kaihatsu Kogyo Miki Plant ■ Declaration of support for the TCFD and disclosure of climate-related financial information ■ Reduction of plastic materials and promotion of recycled material utilization ■ Launch of an internal Carbon Neutral Project to achieve long-term targets
Society (S)	<ul style="list-style-type: none"> ■ Implementation of unconscious bias and harassment training programs ■ Completion of "Human Rights Due Diligence Manual" ■ Preparation of manuals for ISO 45001 certification acquisition ■ Implementation of initiatives to promote employee health, such as walking campaigns ■ Trial introduction of an employee engagement score measurement tool ■ Sponsorship and participation in various local community events
Governance (G)	<ul style="list-style-type: none"> ■ Online briefing sessions for suppliers as part of strengthening the procurement risk management framework ■ Corporate PR activities through exhibition participation, transit advertising, and social media operations ■ Information security risk assessments and security training for employees ■ Distribution of anti-fraud seminar videos for internal staff

Investment and Shareholder Returns

As part of our growth investments, we made the largest capital expenditure in our history—exceeding planned levels—to strengthen our development, production, and service capabilities, while also enhancing employee safety, security, and environmental performance. In addition, we carried out our largest-ever investment in new M&A projects, including the integration of Australia-based STG Global into the Group.

In terms of shareholder returns, we continued to provide stable and high-level distributions, including the flexible execution of share buybacks.

		3 Year Plan	3 Year Results
Growth Investment		30 billion yen or more	Approx. 31.6 billion yen
New M&A investments		Approx. 10 billion yen	Approx. 10.5 billion yen
Stock Dividends	Overall Stockholder Return Ratio (Dividend Payout Ratio)	100%	FY2022: 125.5% (59.0%) FY2023: 98.6% (95.1%) FY2024: 104.1% (104.1%)
	Annual Dividend Per Share	54 yen or more	FY2022: 54 yen FY2023: 87 yen FY2024: 158 yen

New Medium-term Management Plan 2025-27

- Creating The Future As One (II) -

A three-year period of advancement beginning with our 70th anniversary

Plan Period: April 1, 2025 – March 31, 2028

As the second step toward realizing the Long-Term Management Vision – Kyokuto Kaihatsu 2030, this plan builds upon the results of the Group's largest-ever growth investments and initiatives implemented during the previous medium-term management plan. By further strengthening synergies across the Group, we aim to achieve greater sophistication in both financial and non-financial performance, thereby enhancing overall corporate value.

01

Basic Direction

1 Helping Solve Social Issues and Creating Value through High-Value-Added Products and Services

By leveraging the Kyokuto Kaihatsu Group Technical Center and integrating the collective expertise of the Group, we will swiftly introduce new products and services that respond to evolving external environments and market needs. Through these efforts, we aim to contribute to the realization of a circular economy, the enhancement of logistics efficiency, and the achievement of carbon neutrality.

3 Accelerating the Growth of Overseas Business

We will establish a system that can timely provide high-quality products tailored to the diverse needs of each country, including the establishment and restructuring of production bases, and will further grow and expand our overseas business.

5 Promoting Capital Policies to Enhance Corporate Value

To achieve an appropriate corporate valuation as a listed company on the Tokyo Stock Exchange Prime Market and realize corporate value, we will implement capital policies and cash allocations that prioritize investment efficiency.

2 Improving Productivity and Strengthen Income Structures

By realizing the effects of various investments made in the previous medium-term management plan and restructuring domestic and international production bases to maximize productivity, we will enhance group synergies further and achieve an improvement in profit margins.

4 Creating an Attractive Company through the Promotion of Sustainability Management

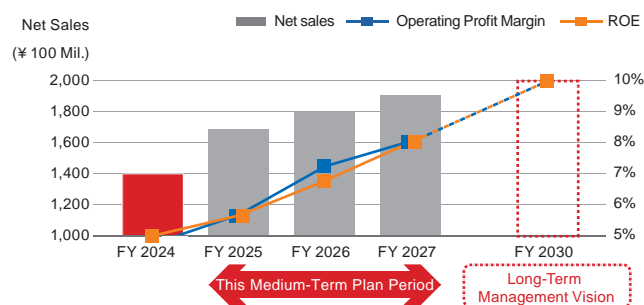
To be a corporate group that continues to contribute to a sustainable society, we will work together as a group to address materiality (key issues) in the areas of environment, people, society, and governance, aiming to improve stakeholder engagement, including that of our employees.

02

Goals and Policies such as Business Performance

Consolidated Results Targets

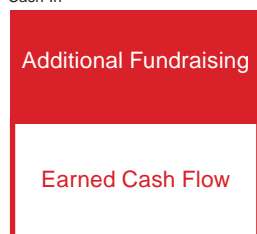
	FY 2027 Target Value	Long-Term Management Vision
Net Sales	190 billion yen	200 billion yen
Operating Profit Margin	8%	10%
ROE	8%	10%



Investment and Return Policy

We will continue to make investments on the same scale as those carried out during the previous Medium-Term Management Plan period, which marked the largest strategic investment phase in our history. These will be funded through cash flow generated from business operations and additional financing. At the same time, we will provide high and stable shareholder returns under our newly adopted DOE-based standard, ensuring sustainable growth while maintaining financial soundness.

Cash-In



Cash Out



*: Figures represent the cumulative total over the three-year plan period.

Growth Investments: 30 billion yen

- Kyokuto Kaihatsu Group Technical Center
- Reorganization and Capacity Expansion of Domestic Production Plants
- Establishment and Relocation of Service Bases
- Construction of new overseas plants
- Environmental and Human Capital Investments, BCP (Business Continuity Planning) Measures, etc.

New M&A Investments: 10 billion yen

Dividends: Aiming to maintain a stable and high-level shareholder return with a DOE (Dividend on Equity) of 4% or higher.

■ Non-Financial Targets

The Kyokuto Kaihatsu Group practices sustainability management that meets the various needs and expectations of its stakeholders. Under this Medium-Term Management Plan, we will promote company-wide initiatives aimed at addressing our material issues (key challenges) in line with the established materiality management framework.

	FY2027 Target Value	Long-Term Management Vision
CO ₂ Emission Reduction *1	Compared to the fiscal year 2013: -28%	Compared to the fiscal year 2013: -38%
New Environmental Standards Compliance Label (Gold Label) Certification Acquisition Rate: 100%*2	100%	100%
Waste Recycling Rate in Business Activities*3	Over 99%	Over 99%
Percentage of Women in Management Positions (Assistant Manager Level and Above)*1	3%	4%
Reduction in Total Working Hours	Compared to the fiscal year 2024: -5%	—
Reduction in Work-Related Accidents*3	Lost-time Injury Frequency Rate*4 = 1.16 (2023 fiscal year manufacturing industry average: 1.29)	—

We have identified 16 material issues (key topics) representing the Group's major risks and opportunities, which are managed under the supervision of the Sustainability Committee. (For details ⇒ P38)

*1. Scope: Domestic group companies *2. Scope: New products by Kyokuto Kaihatsu Kogyo and NIPPON TREX that fall under the Japan Automobile Body Industry Association's subcommittee classification. Products outside this classification will follow the requirements of the Gold Label standard.

*3. Scope: Kyokuto Kaihatsu Kogyo and NIPPON TREX *4. Frequency rate = (Number of lost-time injuries ÷ Total working hours) × 1,000,000

3 Business Specific Strategies

Special Purpose Vehicles Business	Fundamental review of the production system and pursuit of high added value across all areas of sales, production, and service.
	<ul style="list-style-type: none"> In addition to further improving operational efficiency through the promotion of automation, etc., we will create a lean production system by reducing inventory and collaborating with chassis manufacturers. As Japan's top comprehensive special purpose vehicle manufacturer, we will fully utilize the resources within the group to achieve a competitive advantage over other companies. Accurately identify diversifying and increasingly sophisticated user needs, and swiftly introduce new technologies and products to the market that contribute to profitability
Overseas Business	<p>Business expansion through the enhancement of production sites and product lines, and the promotion of mutual cooperation between facilities</p> <ul style="list-style-type: none"> Strengthening cooperation between the overseas sales department and each overseas local subsidiary, and develop products that accurately meet the needs of users in the destination country, leading to increased sales In India and Indonesia, we will proceed with the construction of new plants to meet strong demand and create future revenue sources The Chinese base will act as a hub for the stable and inexpensive supply of parts and components for Japan and body units for overseas markets, contributing to improving the profit margins of both domestic and overseas businesses.
Environmental Equipment and Systems Business	<p>Establishing a solid position in the industry through the introduction of new technologies and construction methods, as well as strengthened collaboration within the group.</p> <ul style="list-style-type: none"> In order to establish a solid position in the recycling facility industry, we will proactively introduce new technologies and construction methods to increase added value and differentiate ourselves from other companies. By maximizing inter-group collaboration and resource utilization, and enhancing proposal capabilities and cost competitiveness, we aim to prevent lost orders and achieve efficient order acquisition. As the third pillar of our Environmental Business, we are fully committed to the early launch of new businesses that contribute to achieving carbon neutrality. (First pillar : Construction of recycling facility Second pillar : Outsourced machine operation)
Parking Systems Business	<p>Responding flexibly to structural changes in mobility and achieving differentiation through the rapid deployment of proprietary technologies.</p> <ul style="list-style-type: none"> In the mechanical parking system business, we aim to expand stock business revenue and build a stable profit-generating foundation by leveraging our strengths as a manufacturer in renovation and maintenance. In the hourly parking business, we aim to expand sales and ensure profits by developing prime locations that are chosen by customers and by differentiating our facilities. DX business will be established as a new source of revenue by expanding the functionality of services based on needs and developing new customers.

Growth Topics

01

Acquisition of Australia's STG Global into the Group

In July 2023, the Kyokuto Group established its first base in the Australia–Oceania region by integrating its Australian distributor (current Kyokuto Australia) into the Group, laying the foundation for expanding sales of products such as mixer trucks and single car carrier trucks. Building on this, in December 2024, the Group executed its largest-ever M&A investment to acquire STG Global, an Australian manufacturer of special purpose vehicles. This acquisition aims to further expand operations in Australia, strengthen profitability, and accelerate global business growth across the Kyokuto Group.



STG Global's Proprietary Technologies and Business Model

True to its name, STG Global is dedicated to delivering its products worldwide. Guided by its philosophy of "Integrity, Creativity, and Value Pursuit," the company has been manufacturing water trucks, vacuum excavation vehicles, and fuel tankers since its founding in 2001, steadily growing through its unique technologies and business model.

The body units produced at its manufacturing bases in China and the Philippines are coated with hot-dip galvanized steel, providing exceptional corrosion resistance. This contributes to reduced maintenance costs and improved vehicle uptime. These units are then shipped by marine container to Australia, where they are mounted on various truck chassis at domestic facilities. This structure enables STG Global to achieve strong competitiveness in cost, quality, delivery, and service support, earning high acclaim across Australia through its extensive sales network that serves a wide range of customers.



Group photo of STG Global employees

Aiming for Global-Scale Synergy

While Australia's economy is not expected to experience rapid mid- to long-term growth, demand in the construction and infrastructure sectors remains steady—particularly with the 2032 Brisbane Olympics approaching.

To enhance management efficiency and accelerate the realization of synergies, the company has begun consolidating dispersed operations in Queensland together with Kyokuto Australia. Already, several synergistic outcomes have emerged—for instance, STG Global's sales team has begun handling products previously sold by Kyokuto Australia, successfully securing new orders.

Looking ahead, the company aims to expand beyond the Australian market by leveraging the Kyokuto Group's international network. This will include promoting cross-selling, whereby STG Global products will be marketed through the Group's overseas bases, while products and components manufactured at those bases will be sold through STG Global—strengthening collaboration and driving global growth. The Kyokuto Group aims to leverage STG Global's core strength — the modularization of body units — to streamline its value chain across all global locations. By sharing this expertise throughout the Group, we are strengthening collaboration in product development and procurement, enabling faster responses to market needs, regulatory requirements, and local challenges. This approach supports the expansion of our product portfolio and drives sustained global growth.



Vacuum Excavation Trucks



Water Trucks

02 NIPPON TREX Strengthening Production Capacity with the Launch of the New Plant Building

In February 2025, NIPPON TREX completed a new trailer production plant at its headquarters site.

Currently, market demand for trailers remains strong, and NIPPON TREX continues to receive a high volume of orders. To ensure timely product delivery in response to this demand, the company undertook a major capital investment of approximately 5.3 billion yen * to strengthen its production capacity. As a result, the completion and operation of the new plant have significantly improved production efficiency, boosting trailer output capacity by about 40% compared to previous levels. Since full-scale operations began in February 2025, the plant has been running at full capacity to meet robust market demand.

*Excluding costs for solar panels and NAS battery installation



■ Achieving More Efficient Production Operations

The new plant building is distinguished not only by expanded production capacity but also by a fundamental redesign of the entire workflow for greater efficiency. In the past, welding and painting were carried out in separate buildings. The new facility integrates these processes under one roof, eliminating the need to move large trailers between plant buildings — a step that previously reduced productivity. With the completion of the new plant, the number of active welding lines has increased from one to five, allowing for flexible operation according to production demand. This expansion has greatly improved productivity for key products such as wing-type semi-trailers and container semi-trailers. In addition, robots have been introduced for shot blasting and powder coating, significantly reducing labor requirements. This automation enables the company to maintain consistently high quality with a smaller workforce, marking a major step toward leaner, more efficient, and higher-quality manufacturing.



The plant is equipped with five welding lines.

■ Achieving Safe, Sustainable, and Environmentally Conscious Manufacturing

The new plant building has also improved working conditions from an occupational health and safety perspective. Various measures have been implemented to ensure a safer work environment. For example, gondolas were introduced for high-altitude painting operations, enhancing safety during those tasks. Additionally, by increasing the ceiling height and widening the span between columns compared with the previous plant, products can now be moved and rotated more safely during production. The new plant is also equipped with systems that reflect a strong commitment to environmental sustainability. Solar panels installed on the roof now supply approximately 10–15% of the electricity used at the NIPPON TREX headquarters plant. Furthermore, the inclusion of NAS batteries allows electricity stored on non-operating days to be used during production days. With this new plant as its base—combining safety, environmental consideration, and advanced efficiency—NIPPON TREX aims to realize truly sustainable manufacturing.



Shot Blasting Robots



Powder Coating Robots

ESG Topics

01

Innovation Recognized for Addressing Social Issues The “Swap Refrigerated Van Body” received the FY2024 Good Design Award “Best 100” and the Good Focus Award [New Business Design] (METI Commissioner for Commerce and Service Award).

In FY 2024, NIPPON TREX developed and launched the “Swap Refrigerated Van Body Truck”, a new type of refrigerated van that allows the cab and cargo body to be detached. By separating loading operations from driving duties, this product addresses Japan’s so-called “2024 logistics issue”—helping to reduce long working hours for drivers and improve transport efficiency.

In its development, the vehicle incorporates not only the existing swap-body mechanism, but also structural and technical expertise accumulated through years of producing refrigerated trucks and semi-trailers. It also complies with JABIA standards (Japan Auto-Body Industries Association), ensuring compatibility with other vehicles, while integrating key refrigeration components—such as cooling units and fuel tanks—into the cargo body itself. This innovation achieves both high practicality and durability, while maximizing cargo capacity.

The product’s functionality and design have been highly acclaimed, earning the Good Design Award “Best 100” and the Good Focus Award [New Business Design] (METI Commissioner for Commerce and Service Award). However, due to its unique refrigeration structure differing from standard large trucks, the cargo length is shorter compared to conventional vehicles—an engineering challenge that will continue to be refined in future models. Going forward, we will continue to actively incorporate user feedback to further improve our products. Through the wider adoption of the Swap Refrigerated Van Body, we aim to contribute to solving key social challenges—such as labor savings and improved working conditions in logistics operations.



Swap-Type Refrigerated Van Body

02

Innovating User Convenience Japan’s First Remote-Controlled Multistory Parking System “Remote Park”

At the same time, Kyokuto Kaihatsu Group is committed to enhancing the convenience and comfort of users of mechanical parking systems. We have developed “Remote Park,” the first remote-operation system introduced in the two- and multistory parking industry. Following its first delivery in FY 2023, the system’s convenience was highly evaluated, and installations have been steadily expanding in FY 2024.

With Remote Park, users can call up a parking pallet remotely — from up to approximately 50 meters away — before arriving at the parking unit. This eliminates the need to wait at the control panel on site. After the vehicle exits, the pallet automatically returns to its original position via the auto-reset function, minimizing wait time for the next user.

This high level of convenience is supported by an equally advanced safety system. We designed a new, higher, and more robust entrance gate and surrounding fence to reliably prevent entry into the operating area, while incorporating an emergency-release structure that allows partial opening for firefighting or rescue activities. This patented gate structure ensures reliable operation and enhances safety. In addition, contactless IC-key authentication enables intuitive, stress-free operation. Remote Park is a user-centric solution designed to eliminate small inconveniences in daily parking and to provide a sense of safety and comfort in everyday mobility. Going forward, we will continue to take the user’s perspective as our starting point, striving to build infrastructure that enhances social convenience and quality of life.



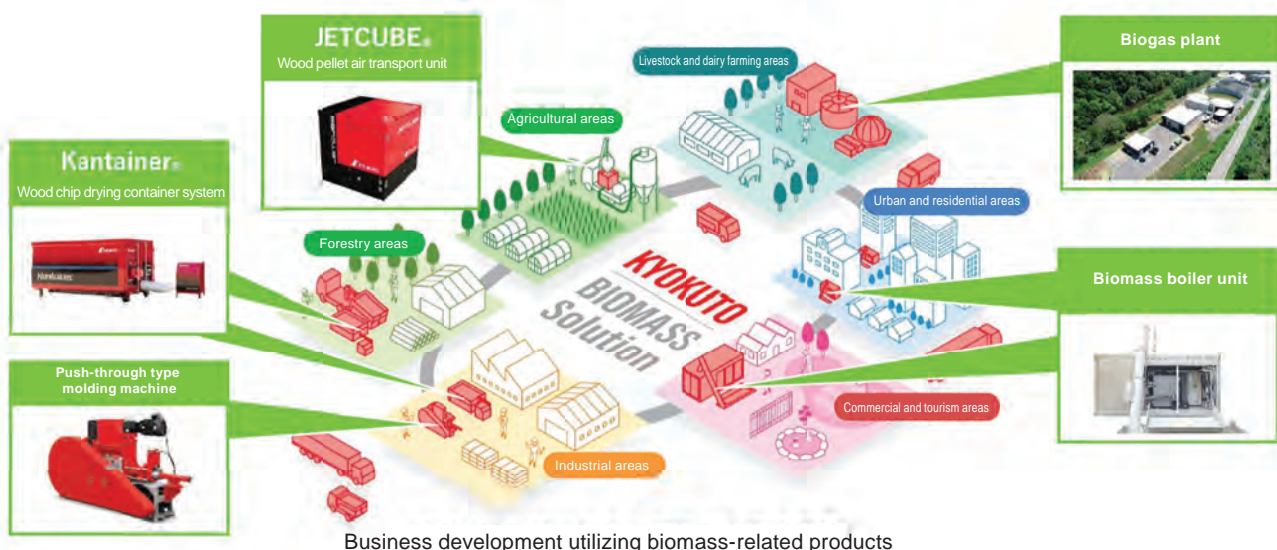
3 Expanding Kyokuto's Biomass-Related Business

As of 2025, approximately 80% of Japan's primary energy still depends on fossil fuels. Of total final energy consumption, about 30% is in the form of electricity, while the remaining 70% comes from heat and mechanical power. Toward the realization of a decarbonized society by 2050, electrification of heat and power systems is expected to accelerate, along with a shift in electricity generation toward renewable energy. In addition, the introduction of hydrogen and biomass-based power generation is projected to advance in earnest.

Within this changing landscape, our Environmental Equipment and Systems Business integrates the engineering expertise cultivated through plant construction with the mobility technologies of our Special Purpose Vehicles Business, providing a comprehensive solution that covers everything from regional energy generation and transportation to biomass utilization.

In FY 2024, we promoted projects such as heat energy supply using woody biomass boilers and the use of biomass briquettes as a substitute for coke fuel. Our achievements include the delivery of a woody biomass boiler to Chugai Match Co., Ltd., and the contract award for the biomass boiler installation project at Chiba Zoological Park commissioned by Chiba City. Furthermore, in Matsukawa Village, Nagano Prefecture, we concluded an agreement to jointly implement a heat energy supply project—our first solution-based “value creation” business model—in which our company installs a woody biomass boiler and supplies heat energy to the community. For biomass briquettes, we are currently advancing plans for demonstration testing and commercial implementation.

In this way, Kyokuto Kaihatsu is developing a diverse range of biomass-related products and services, combining established technologies such as biogas plants and “kantainer®” woody chip drying containers. Going forward, we will continue to promote the creation of regional energy circulation models tailored to local characteristics and needs—supporting resource recycling, stable energy supply, and the realization of a sustainable society.



4 Contract Awarded for Yufu City Waste Transfer Facility Construction

Under the leadership of the Ministry of the Environment, Japan is advancing the regional integration and consolidation of waste treatment facilities to build a sustainable waste management system. This initiative is also an important measure from the perspectives of climate change mitigation and disaster preparedness, aiming to consolidate small-scale incineration plants and promote energy generation through large-scale, high-efficiency incineration.

Through this consolidation, the energy produced during incineration can be effectively utilized as electricity, thereby reducing the use of fossil fuel-derived power and helping to curb CO₂ emissions. On the other hand, challenges accompany this transition — such as longer waste transport distances, which may lead to reduced collection efficiency, increased CO₂ emissions, and higher transportation costs.

To address these challenges, our company is actively promoting the introduction of waste transfer facilities, where waste collected by smaller collection vehicles is transferred to larger transport trucks. In 2024, we completed the Kitahiroshima City Combustible Waste Transfer Facility, which incorporates a pre-compression compactor system. By compressing waste in advance, the system maximizes the loading capacity per large truck, thereby reducing the number of transport trips and lowering CO₂ emissions. As a result of these efforts being recognized, we have also received a second contract — the Yufu City Waste Transfer Facility Construction Project — which is currently under development.

Through such projects, we will continue to contribute to greater efficiency and decarbonization in municipal waste management, supporting the creation of a sustainable society through infrastructure development.

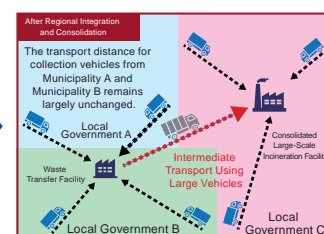
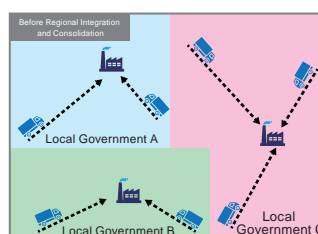


Diagram: Efficiency Improvement through Waste Transfer Facilities



Kitahiroshima City Combustible Waste Transfer Facility (Concept Image)

Creating Value Through Manufacturing — Pursuing “Excellence” with People at the Core

In the Special Purpose Vehicles Business, recovery has progressed from the challenges posed by the COVID-19 pandemic and the global semiconductor shortage, leading to an improving performance trend in FY 2024. Looking ahead, we aim to accelerate our response to evolving market needs through initiatives such as enhancing added value with DX and AI, expanding overseas operations, and strengthening our development capabilities. As a core business of the Kyokuto Kaihatsu Group, we are embarking on efforts toward 2030 to achieve excellence in both technology and quality.

Special Purpose Vehicles Business Director
Associate Senior Executive
Officer
Kyokuto Kaihatsu Kogyo Co., Ltd.

TERUYUKI KIZU



■ Toward “Chosen Special Purpose Vehicles” — From Selling Products to Selling Value

In Japan's special purpose vehicle market, competition for market share has intensified amid a mature and saturated demand environment. Against this backdrop, we are advancing the introduction of products and systems that integrate advanced technologies such as DX and AI, adding new dimensions of value — including experience and service — to our vehicles. Representative examples include K-DaSS® (Kyokuto Data Smart System), which provides remote vehicle management and operational support, and KIES® (Kyokuto Intelligent Eye System), which uses a high-performance onboard camera and AI on refuse collection vehicles to detect people and automatically stop the equipment. These systems are expected to make a significant contribution to enhancing the practicality and safety of special purpose vehicles.

We are further advancing the shift from selling products to selling value, pursuing not only usability and functionality, but also safety, security, and efficiency. In doing so, we aim to create special purpose vehicles that customers actively choose — vehicles that deliver genuine value and trust beyond performance alone.

■ The Core Strength of the Special Purpose Vehicles Business — The Power of Human Connection

The power of human connection. That connection is also indispensable to us. First and foremost, we have built and deepened long-standing relationships with our customers, developing a strong ability to make value-driven proposals based on trust and experience. This is the very foundation of the position we hold today in the special purpose vehicle market — and we will never forget our gratitude toward our customers.

Internal connections are equally important. Each special purpose vehicle is custom-built, requiring close collaboration between the sales and production teams to accurately reflect the voice of the customer in design and manufacturing. That's why we are also focusing on building internal systems that enhance information sharing across departments, promote design automation, and improve delivery times and quality. We believe that this cross-functional synergy is another key strength that supports the quality and reliability of our special purpose vehicle business.

■ Expanding Our Expertise Beyond Borders — Growing Our Global Reach

Under our group's Long-Term Management Vision — Kyokuto Kaihatsu 2030, we have set a target of achieving an operating profit margin of 10%. To reach this goal, we are actively expanding our presence in overseas markets, with a particular focus on India and Australia.

In India, the world's most populous nation, the growing demand in the market has become a key pillar of our global strategy. To meet this demand, we are strengthening our production capacity by

constructing a new plant in Chennai, following our existing facility in Bangalore.

In Australia, we are deepening our market presence in collaboration with STG Global, a local special purpose vehicle manufacturer we acquired in 2024. Together, we are exploring cross-selling opportunities and new value creation to further expand our reach across the region.

In the past, Japan's special purpose vehicle industry was built and developed through technological imports from Europe and the United States. Now, we are entering a new phase — exporting the technologies and expertise we have cultivated to markets around the world.

■ Toward a Leap in Technology and Quality — Kyokuto Kaihatsu Group Technical Center

In response to the unprecedented technological transformation brought about by electrification, often described as occurring “once in a century,” and with the goal of achieving a major leap forward in both technology and quality, we plan to commence operations of the Kyokuto Kaihatsu Group Technical Center in FY2026. This facility will serve as a core hub for the development of trailers and special purpose vehicles, featuring an array of advanced equipment that enables full-scale, real-world testing — including a 600-meter test track and a state-of-the-art road simulator. These capabilities will allow for the rapid development of vehicles tailored to market needs. In addition, we are considering offering testing services to external partners and expect the center to facilitate engagement with new engineering talent. Together, these initiatives will drive the accumulation of technical expertise and serve as a powerful engine for future profit growth. Through this Technical Center, we aim to achieve the goals outlined in our long-term management vision — attaining “outstanding technological capabilities” and “reliable quality.”

■ The Power of Human Awareness — Transforming Manufacturing into Value Creation through Excellence

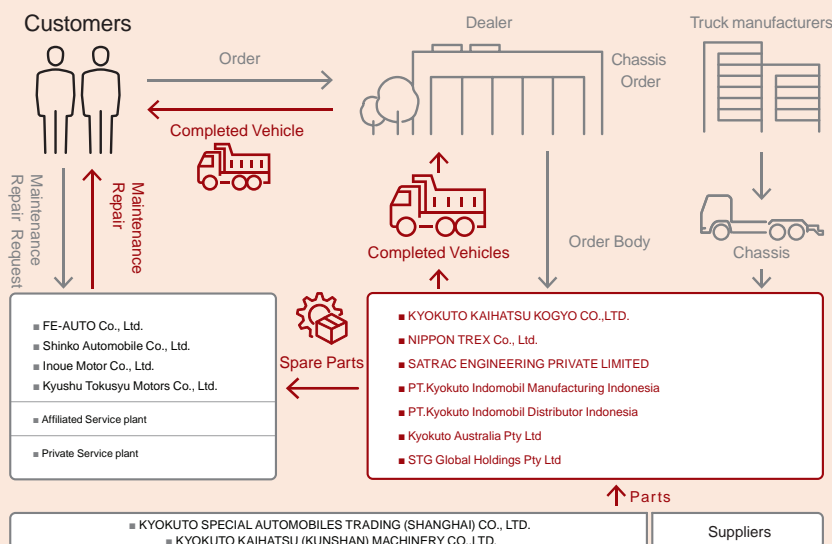
As we pursue the realization of higher added value, we are advancing a wide range of initiatives. Yet, at the foundation of everything we do lies one essential element — people. The true foundation for transforming an organization or a business lies in the awareness of each individual. As my personal motto states: “When awareness changes, actions change. When actions change, habits change. When habits change, character changes. When character changes, destiny changes.” With our outstanding technological capabilities and reliable quality, we will elevate manufacturing into true value creation and pioneer the future of the Kyokuto Kaihatsu Group.

Special Purpose Vehicles Business

We manufacture and sell special purpose vehicles that are used in fields such as construction, logistics and labor saving, and the environment, as well as maintenance vehicles (track and overhead wire maintenance vehicles) to ensure safe and smooth railway operation. We also provide repairs, after-sales services, and sell used special purpose vehicles.

Business Model

Special purpose vehicles are mainly composed of two parts. One is the "chassis," which consists of the engine, driver's cabin, and frame, and the other is the body mounted on top of the chassis. Our group manufactures bodywork in response to customer orders received through dealers, and ships them mounted on chassis manufactured by truck manufacturers. In addition, our group operates not only directly managed service factories but also affiliated service factories, ensuring nationwide coverage for after-sales maintenance.



*The above flow is for the main custom-made products, and will vary depending on the product type.

Special Purpose Vehicles Business Status



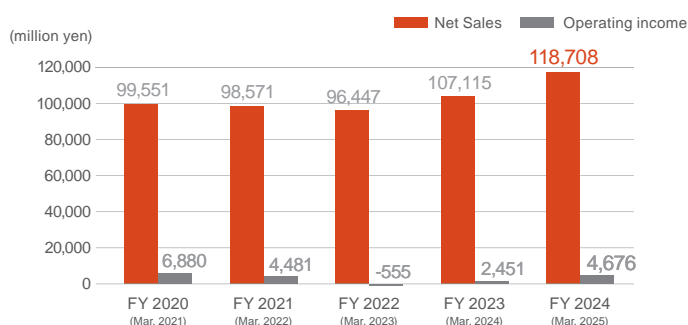
Strategy under the New Medium-Term Management Plan 2025–27

- In addition to further improving operational efficiency through the promotion of automation, etc., we will create a lean production system by reducing inventory and collaborating with chassis manufacturers.
- As Japan's top comprehensive special purpose vehicle manufacturer, we will fully utilize the resources within the group to achieve a competitive advantage over other companies.
- Accurately identify diversifying and increasingly sophisticated user needs, and swiftly introduce new technologies and products to the market that contribute to profitability

*For details on overseas expansion plans, please refer to page 30.

Special Purpose Vehicles Business Performance Trends (including overseas business)

Orders remained solid both domestically and internationally, showing a steady upward trend. Additionally, thanks to the positive effects of continuous product price revisions and the gradual improvement in truck chassis supply, productivity increased, resulting in higher sales and profits.



TOPICS

Development of the Front-Lift Detachable Body Truck Full Trailer — “Two Containers, Made Easier and Faster”

The Detachable Body Truck Full Trailer is capable of transporting two containers at once — one on the tractor (towing vehicle) and another on the connected trailer (towed vehicle). However, with the traditional rear-lift type, the tractor needed to repeatedly U-turn and reverse every time a container was transferred to the trailer. This required a large work area and considerable time, presenting a challenge to operational efficiency. To solve this, Kyokuto Kaihatsu Kogyo developed a front-lift full trailer.

In this new system, the drawbar (coupling device) bends and lowers during loading, allowing the tractor and the front of the trailer to come closer together. Additionally, by lowering the trailer height using an air suspension system, containers can be smoothly transferred without complex driving maneuvers, greatly improving efficiency and ease of operation.

In addition, the container lock mechanism on the trailer has been upgraded from a manual system to an air-driven system operated by a simple button press. This improvement enables faster and more secure container locking, further enhancing both operability and work efficiency.

By eliminating the need for tractor U-turns during container transfers and reducing required space and time, the Front-Lift Detachable Body Truck Full Trailer greatly improves ease of use, while retaining the full benefits of two-container transport. Moving forward, the Kyokuto Kaihatsu Group will continue to drive innovation in product development, contributing to greater logistics efficiency through advanced vehicle solutions.

Container Loading Procedure



Front-Loading Type



Rear-Loading Type

Learning About Resource Circulation Through an Electric Refuse Truck — The Birth of “Skeleton Packer Truck” for Environmental Education

In October 2024, a specially designed educational version of the electric refuse truck “e-Packer” was delivered to Minato City, Tokyo. Since launching Japan's first electric packer truck in 2010, Kyokuto Kaihatsu Kogyo has continued to refine its electrification technologies through the development of twin-drive and hybrid models. This latest model represents the culmination of those technologies. By powering not only the driving but also the waste collection operations entirely by battery-driven electric motors, the e-Packer achieves zero exhaust emissions and significantly reduced noise levels compared to conventional diesel trucks. Its design is optimized to match the chassis characteristics, allowing for quiet operation even during late-night or early-morning collections in residential areas.

The vehicle delivered to Minato City features a skeleton-style body with large transparent side panels, enabling observers to safely view the mechanisms of waste loading, compression, and discharge—making it an ideal tool for environmental education on resource circulation. To make it easier to observe the movement inside the truck body during waste discharge, the vehicle is equipped with lighting synchronized with the motion of the discharge plate. It also features an LED display panel and onboard speakers for public outreach and educational use, making it a specialized, hands-on learning vehicle. Developing the skeleton version presented unique challenges, such as cutting openings into curved steel body panels and maintaining watertight integrity, which differed significantly from standard production models. However, through close collaboration between design, manufacturing, and related departments, the team successfully overcame these challenges through repeated prototyping and testing.

Kyokuto Kaihatsu Kogyo has always placed great importance on listening carefully to customer needs and responding sincerely to each specific request. This commitment has made it possible to realize special purpose vehicles for educational and learning applications. Going forward, we will continue to value trust and honest dialogue, striving to deliver even better products for our customers and communities.



e-Packer (Minato City Skeleton Model) — Front View



e-Packer (Minato City Skeleton Model) — Rear View

Overseas Expansion

India

SATRAC ENGINEERING PRIVATE LIMITED

Since its establishment in 1997, SATRAC ENGINEERING has built a solid position in the special purpose vehicle market in India, with its high-quality manufacturing, sales network and service system that covers all of India, and product development capabilities that can flexibly respond to diverse needs. In addition to its main products, dump trucks and trailers, they also produce tank trucks and powder and bulk trucks. Since becoming a member of our group in 2020, we have continued to grow further through the synergy created by the group. The Indian economy is expected to continue to grow in the future. In this environment, in order for SATRAC ENGINEERING to continue contributing to our customers and the local community, we are strengthening our production system, including the construction of a new plant in Chennai, which is currently underway.



Rear Dump Truck

China

Kyokuto Kaihatsu (Kunshan) Machinery Co., Ltd.

At Kyokuto Kaihatsu (Kunshan) Machinery, we manufacture special purpose vehicles such as concrete mixers, as well as parts and components for production bases within our group in Japan. We have exported concrete mixers to many countries, including Southeast Asia and Australia, and have contributed to infrastructure development in each country. In the future, we plan to continue to improve the quality of our mainstay concrete mixers and expand specifications to meet the needs of each country. In addition, we will expand the production items and supply volume of parts and other items supplied to group companies in Japan.



Concrete Mixer Truck

Indonesia

PT. Kyokuto Indomobil Manufacturing Indonesia

In 2012, our group established PT. Kyokuto Indomobil Manufacturing Indonesia through a joint venture with the Indomobil Group, a member of Indonesia's leading Salim Group conglomerate. Through the production of large dump trucks, we provide products that support infrastructure development and material transportation across Southeast Asia. Sales are conducted in collaboration with PT. Kyokuto Indomobil Distributor Indonesia, another joint venture with the Indomobil Group, primarily serving the construction and resource development sectors. In recent years, demand for large dump trucks, our core product, has grown significantly due to increased demand for transportation of resources such as coal and nickel. To respond to this rising demand, we are planning the construction of a new plant adjacent to our existing facility, aiming to expand production capacity and further strengthen our competitiveness in the local market.



Rear Dump Truck

Australia

Kyokuto Australia Pty Ltd STG Global Holdings Pty Ltd

In 2023, our group established its first base in Australia by integrating a local sales agency and launching Kyokuto Australia Pty Ltd. Then, in 2024, we further expanded our presence in Oceania by adding STG Global Holdings Pty Ltd to the group. STG Global holds a strong market share in Australia for products such as vacuum excavation trucks and water tankers. The company operates cost-efficient production facilities located near major ports both within Australia and overseas, allowing it to maintain a highly competitive business model. Going forward, we aim to enhance efficiency through the integration of Kyokuto Australia and STG Global operations, while leveraging their complementary sales and service networks to expand orders and strengthen sales across the region.



Concrete Mixer Truck

China

Toward New Possibilities for the Kyokuto Kaihatsu Group Every Member as a Key Player

In fiscal year 2024, the Environmental Equipment and Systems Business segment achieved a record-high operating profit of over 2.7 billion yen. This success was driven by a wide range of projects, including the Material Recycling Promotion Facility construction for Anamizu Town, Wajima City, Ishikawa Prefecture, the Waste Transfer Facility construction for Yufu City, Oita Prefecture, and the commercialization of biomass-related businesses, among others. The Environmental Business is actively exploring new possibilities while building upon a solid foundation of steady plant construction orders and the recurring stock-based businesses that arise from them. Through technology and human resources that align with the evolving needs of the times, the segment continues to deliver tangible results.

Environmental Equipment and Systems
Business Director
Director, Associate Senior
Executive Officer
Kyokuto Kaihatsu Kogyo Co., Ltd.
NOBORU HORIMOTO



As a Leading Company in Recycling Facilities

Kyokuto Kaihatsu Kogyo's Environmental Equipment and Systems Business began with the construction of waste treatment facilities and has since accumulated over 200 projects nationwide. In the field of recycling facilities, we take pride in our position as an industry leader. While our current focus is primarily on public-sector projects, we anticipate a gradual shift toward private-sector waste processing, and we are preparing our business development strategy accordingly. Furthermore, our business model is evolving from the traditional product-based approach—centered on equipment and machinery—toward a service- and value-based model, in line with the changing needs and expectations of society.

Establishing a New Model through Biomass

In recent years, we have been placing particular focus on biomass-related businesses. For example, several municipalities have launched initiatives that utilize thermal energy derived from locally sourced waste wood and pruned branches. In the manufacturing sector, there are also cases where companies have

shifted their energy sources from fossil fuels to nearby waste wood, contributing to plant decarbonization. Through these efforts, our biomass business promotes local production and local consumption of energy, thereby contributing to the creation of a sustainable society.

Furthermore, we aim to help establish a circular economy that recycles and reuses resources. While addressing both technical and economic challenges, we are also considering expanding our business framework through initiatives such as M&A.

Every Member as a Key Player

Looking ahead, I believe the most crucial factor for our business growth is the ability to accurately identify and respond to social needs. Each member must act with the competence and mindset of a key person, engaging sincerely with our customers. This collective strength is what defines us — and I believe it will be the key to our next stage of progress.

We will continue to foster motivation across the organization, cultivate the capacity to take on challenges, and work together as one team to drive the sustained growth of our business.

Kyokuto Kaihatsu wins biomass boiler thermal energy supply project in Matsukawa Village, Nagano Prefecture

On May 9, 2025, Kyokuto Kaihatsu Kogyo Co., Ltd. signed an agreement with Matsukawa Village (Kitaazumi District, Nagano Prefecture) and the Kita-alps Forest owner's Association to jointly implement a project for thermal energy supply using a wood biomass boiler.

Under this project, Kyokuto Kaihatsu will install and maintain a 130 kWh wood biomass boiler unit at the village's public hot spring facility, Matsukaso. The boiler will be fueled by approximately 140 tons of locally sourced wood chips per year, supplied by the Kita-alps Forest owner's Association. The thermal energy generated will be sold to Matsukawa Village and used to heat the facility's bathing areas and walking pool, reducing CO₂ emissions by 114 tons annually—equivalent to about 7% of the village's total greenhouse gas emissions. This initiative has attracted attention as Japan's first model case that enables rapid implementation through a direct business-to-business contract, without relying on government or prefectural subsidies or imposing any initial cost on the municipality. Preparations are underway to commence operations within FY 2025.

Through this project, Kyokuto Kaihatsu aims to contribute to the realization of a sustainable, decarbonized society by promoting the circular use of unused local resources and creating renewable energy while addressing regional challenges.



Signing ceremony held at Matsukawa Village Office on May 9, 2025
(Center) Mr. Kazuhiko Suzawa, Mayor of Matsukawa Village
(Right) Mr. Toshiaki Warita, Chairman, Kita-Alps Forest Cooperative
(Left) Noboru Horimoto, Director and Managing Executive Officer, General Manager of Environmental Equipment and Systems Business, Kyokuto Kaihatsu Kogyo Co., Ltd.

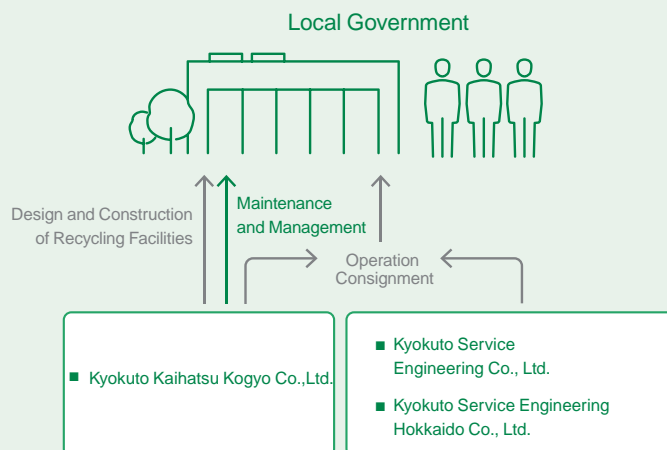


Environmental Equipment and Systems Business

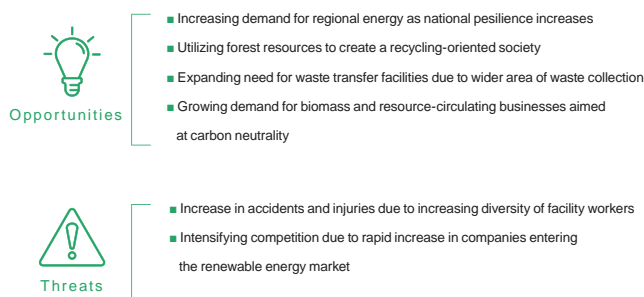
We are engaged in businesses related to resource recycling, including the development of waste pulverizing and sorting equipment, as well as the design, construction, and operation of recycling facilities. In addition, we are expanding our biomass-related business, which utilizes waste-derived materials and forest resources.

Business Model

The mainstay of our environmental equipment and systems business is the construction of recycling plants equipped with pulverizer and the maintenance, management, and operation of facilities. Facilities are mainly delivered to local governments, with competitive bidding testing technical capabilities and ability to make proposals. In addition, Kyokuto Service Engineering and Kyokuto Service Engineering Hokkaido are companies that operate and maintain the facilities, and the knowledge gained there is reflected in the plant design. In recent years, we have also been developing facilities and equipment that contribute to carbon neutrality, utilizing organic resources such as biogas plants and woody biomass. As the projects and scale of these processes differ for each customer, we examine and propose the optimal treatment method for each customer.



Environmental Equipment and Systems Business Status



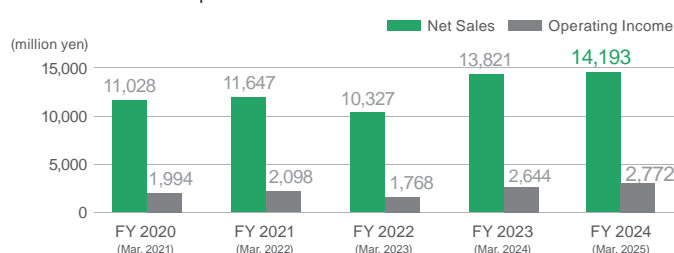
Strategy under the New Medium-Term Management Plan 2025–27

- In order to establish a solid position in the recycling facility industry, we will proactively introduce new technologies and construction methods to increase added value and differentiate ourselves from other companies.
- By maximizing inter-group collaboration and resource utilization, and enhancing proposal capabilities and cost competitiveness, we aim to prevent lost orders and achieve efficient order acquisition.
- As the third pillar*1 of our environmental business, we will make every effort to quickly launch a new business that will contribute to achieving carbon neutrality.

*1: First pillar: Construction of Recycling Facilities
Second pillar: Outsourced operation and maintenance

Environmental Equipment and Systems Business Performance Trends

In plant construction, as a result of advancing both construction work for existing contracts and efforts to secure new projects, we received several major orders: in June 2024, from Amagasaki City, Hyogo Prefecture, for the construction and operation of a general waste treatment facility; in July 2024, from the Wajima City–Anamizu Town Environmental Sanitation Facility Association (a joint organization of Wajima City and Anamizu Town in Ishikawa Prefecture), for the construction of a material recycling promotion facility; and in September 2024, from Yufu City, Oita Prefecture, for the construction of a waste transfer facility. At the same time, we continued to place strong emphasis on stock-type businesses, including maintenance and operation contract services.



Evolving “Parking” Without Pause Kyokuto Kaihatsu Parking’s Growth Strategy

As a member of the Kyokuto Kaihatsu Group, Kyokuto Kaihatsu Parking operates mechanical multistory parking system and toll parking businesses. During the first stage of its long-term management vision, Kyokuto Kaihatsu 2030 — namely the Medium-Term Management Plan 2022–24 — the company achieved record profits for three consecutive years. Looking ahead toward its 2030 goal of 10 billion yen in sales, Kyokuto Kaihatsu Parking continues to take on diverse challenges, including promoting digital transformation (DX) through AI and IoT utilization and renewing its service framework.

Representative Director
and President
Kyokuto Kaihatsu Parking Co., Ltd.
YUTAKA YOSHIDA



The Belief that “Parking is a Lifeline”

We position parking facilities as a lifeline that supports people's everyday lives and, together with service partners across Japan, have built a maintenance system to ensure safe and reliable operation 24 hours a day, 365 days a year.

In recent years, we have introduced various technologies to improve this system and reduce the workload of service partners — initiatives that also help address labor shortages.

Enhancing Convenience in Parking Facilities

One example of our efforts is “Remote Park,” a system that enables smooth vehicle entry and exit in mechanical parking facilities via remote control operation. One of the most common sources of frustration among users of mechanical parking systems has been the long waiting time. This product was developed to reduce that stress while ensuring safety. As the first system of its kind in the industry, it allows users to remotely call or reserve their vehicles, greatly enhancing overall convenience. In anticipation of future changes in mobility, we are also actively promoting the

introduction of our EV charging service, EV charging system into mechanical parking systems and toll parking facilities, helping prepare for the evolving needs of the automotive society.

Advancing User Experience and Global Expansion — Becoming an Innovator in the Parking Industry

Our business connects directly with consumers, and ideas for services that truly reflect the real needs of parking users are essential for future growth. One such initiative currently in development is a new entry and exit system for mechanical parking facilities that utilizes the now-common ETC (Electronic Toll Collection) technology to enhance both convenience and safety.

In addition to deepening our presence in the domestic market, we are also looking toward expansion into overseas markets, particularly in Asia. We remain committed to developing innovative parking solutions that create new value, continuously driving the evolution of “parking” and strengthening our position as an industry innovator.

Creating New Synergies Through Functional Integration That Harnesses Scalability

In 2023, Kyokuto Kaihatsu Parking launched EV charging system, a service that combines remote monitoring and control technology for EV (electric vehicle) chargers with an integrated billing system. The service primarily installs EV chargers on mechanical parking systems in apartment complexes, enabling centralized management of charging operations.

Supporting this service is the company's proprietary cloud platform, KKP Cloud™, which serves as the core infrastructure of the entire system. It manages charger settings, real-time monitoring, reservation functions, payment processing, and usage history, providing both a user-friendly interface for end users and efficient operational management tools for administrators.

In fiscal 2024, Kyokuto Kaihatsu Group focused on enhancing KKP Cloud™'s strength as a platform—its expandability that allows integration with various devices and services. The company began implementing interconnection concepts with other systems commonly used in residential complexes, such as delivery lockers, parking shutters, and gate systems. Furthermore, leveraging the broader Kyokuto Kaihatsu Group's capabilities, the company has initiated efforts to use KKP Cloud™ in collaboration with its Special Purpose Vehicle (SPV) and Environmental divisions, aiming to build systems that support efficient operation of EV-based special purpose vehicles.

Leveraging the flexibility and scalability of KKP Cloud™, our group will continue to pursue the creation of new synergies and value generated through our products and services.



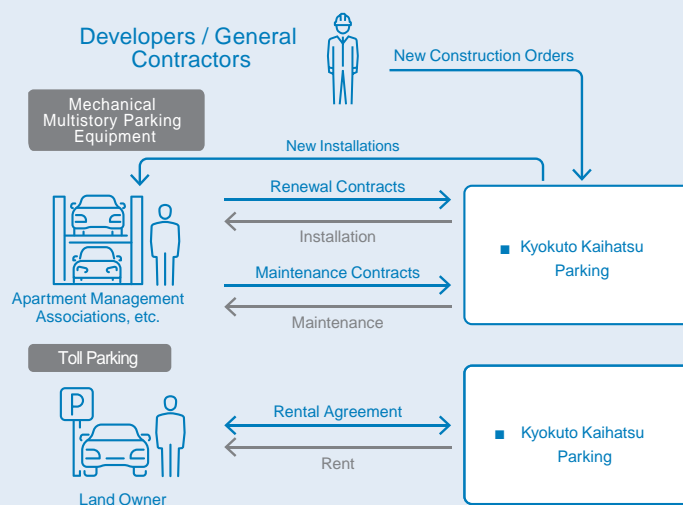
KKP Cloud™ (PC screen)

Parking Systems Business

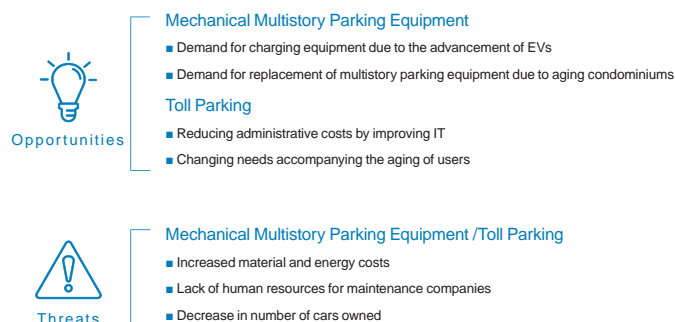
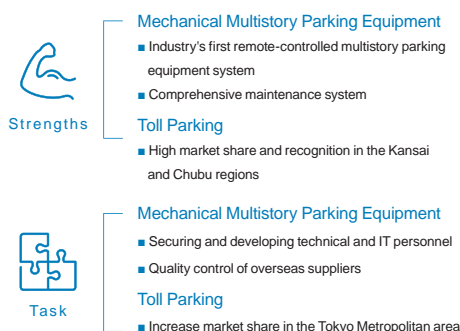
We manufacture and sell mechanical multistory parking systems for condominiums and tenant buildings, and perform renovation work. We also install and operate toll parking lots.

Business Model

The Parking Systems Business is comprised of the Multistory Parking Equipment Business, which manufactures and sells mechanical multistory parking equipment for apartment complexes and other collective housing, and the Toll Parking Business, which installs and manages toll based parking lots. When installing mechanical multistory parking systems in newly constructed condominiums, orders are typically received from general contractors or developers. However, post-installation management and renovation projects are contracted directly with condominium management associations or similar entities. On the other hand, toll parking will enter into a lease agreement with the land owner of the business site, and Kyokuto Kaihatsu Parking will install the equipment and operate the business.



Parking Systems Business Status

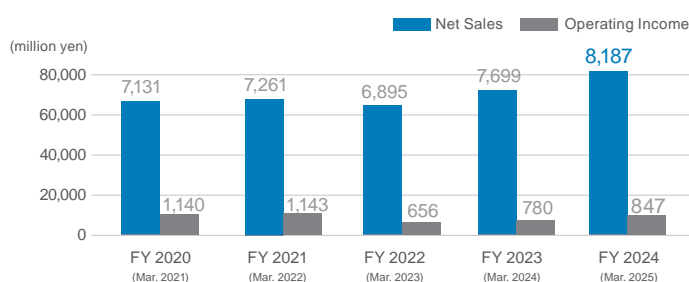


Strategy Under the New Medium-Term Management Plan 2025–27

- In the mechanical parking system business, we aim to expand stock-based business revenue and build a stable stock-based foundation by leveraging our strengths as a manufacturer in renovation and maintenance.
- In the hourly parking business, we aim to expand sales and ensure profits by developing prime locations that are chosen by customers and by differentiating our facilities.
- DX business will be established as a new source of revenue by expanding the functionality of services based on needs and developing new customers.

Parking Systems Business Performance Trends

We focused on securing stable revenue in our mechanical parking system business by strengthening stock-based operations such as renewals and maintenance, while also actively pursuing new project orders. In the toll parking business, we worked to improve utilization rates and promote a profitability-oriented approach, thereby ensuring both sales and profits. Additionally, we advanced the rollout of our new business initiative — the EV charging equipment installation and management service for mechanical parking systems and toll parking facilities.



Toward a More Concrete Approach to Sustainability Management — Enhancing Corporate Value Based on the Spirit of “Wakyo” (Harmony and Cooperation)

Sustainability management is one of the key themes of the Kyokuto Kaihatsu Group's efforts toward sustainable business growth and social contribution. Since the launch of our long-term management vision, Kyokuto Kaihatsu 2030, in FY 2022, we have advanced our materiality initiatives centered on the Sustainability Committee, while actively enhancing disclosure through our CSR Reports and Integrated Reports (issued from FY 2023 onward). In recent years, approaches to sustainability management have come to significantly influence market evaluation and are now directly linked to a company's very purpose of existence. In light of this, we are working as a Group to further strengthen our sustainability management and enhance corporate value.

Representative Director, Senior Managing Director,
Senior Managing Executive Officer
Kyokuto Kaihatsu Kogyo Co., Ltd.

TAKEO NORIMITSU



Our Steady Progress to Date

The Kyokuto Kaihatsu Group's sustainability management framework was established in FY2022 with the formation of the Sustainability Committee. At that time, we identified seven materiality themes—Branding, Governance, Workstyle Reform, Management Systems, Carbon Neutrality and Environmental Issues, Health and Productivity Management, and Community Contribution—and strengthened initiatives to address these challenges from both financial and non-financial perspectives. For example, under Carbon Neutrality, we introduced energy-saving diagnostics and energy usage management tools, achieving a 15.9% reduction in CO₂ emissions (intensity basis, compared with FY2020) in FY2024, while continuing to expand our business activities. We have also enhanced information disclosure by proactively updating our Integrated Report and corporate website. Through these practical initiatives and improved visibility, we have made steady progress in advancing our sustainability management.

Maximizing Corporate Value through ESG Management that Identifies and Addresses Key Challenges

As the second step of our long-term management vision, the Medium-Term Management Plan 2025–27 — Creating the Future as One (II), launched in FY 2025, defines 16 detailed materiality topics (see p.41–42) and establishes three-year plans for Environment (E), Social (S), and Governance (G). In brief, under the environmental (E) category, the plan sets targets of a 28% reduction in total CO₂ emissions (compared with FY 2013 levels) and a waste recycling rate of 99% or higher in business activities by FY 2027. The Carbon Neutral Project was already launched in FY 2024 to accelerate CO₂ reduction efforts. In the social (S) category, we are focusing on promoting active participation of women, encouraging male parental leave, and strengthening diversity and human rights risk management. At the same time, we aim to create

a safe and rewarding workplace environment by enhancing employee engagement and establishing safety systems that address both occupational and natural disaster risks. In the governance (G) category, we are advancing the development of organizational structures, rules, and strategies to support global expansion, including resource allocation, cash management, and human capital strategies. In addition to strengthening education on compliance, we are enhancing opportunities for stakeholder engagement through initiatives such as branding and information disclosure, while also working to improve internal systems and information security.

Through these efforts, we are confident that a more dynamic organization will generate greater synergy, ultimately leading to the maximization of corporate value.

Each Individual as the Starting Point Advancing through the Spirit of “Wakyo” (Harmony and Cooperation)

To create new corporate value, investment in people is essential for the Kyokuto Kaihatsu Group. We actively collect employee feedback through engagement and various internal surveys, using these insights to guide our future investments in human capital. Our initiatives to enhance workplace environments represent one concrete step in this direction. By providing an environment that encourages comfort, growth, and challenge, we seek to increase each employee's motivation. The positive attitude of each individual ultimately fosters connection, driving the collective strength of the organization. This, in essence, is the realization of the spirit of “Wakyo” — harmony and cooperation — with each individual as the foundation, and it embodies the very corporate value enhancement that the Kyokuto Kaihatsu Group strives to achieve. We will continue to embody the spirit of “Wakyo” (Harmony and Cooperation) in all our actions, striving to be a company that earns the trust and confidence of our customers and investors alike.

SDGs Declaration

Kyokuto Kaihatsu Group SDGs Declaration

Our group's management philosophy is to "value technology and trust, make concerted efforts to develop the company, and widely contribute to the society."

Based on this management philosophy, we will continue to work proactively to achieve the SDGs (Sustainable Development Goals) by balancing the resolution of social issues related to "local communities," "environment," "people," and "governance" with the pursuit of economic value for the company.

Activities	SDGs
Local Communities Sustainable City and Community Building ■ We will contribute to the development of disaster-resistant city infrastructure. ■ We will contribute to solving labor shortages in all fields by realizing efficient transportation and savings in labor. ■ We will contribute to the establishment of a recycling-oriented society by building a foundation for resource recycling.	 
Environment Manufacturing that Considerate the Global Environment ■ We strive to reduce the environmental impact at every stage of our supply chain. ■ We will promote the 3Rs (Reduce, Reuse, Recycle) for our products and promote energy conservation to produce environmentally conscious products. ■ We encourage the creation of environmentally friendly products.	 
People Building a Society Where Every Individual is Respected ■ We will strive to build a work environment where all employees can fully utilize their abilities while experiencing a sense of fulfillment and job satisfaction. ■ We will promote the development of products that are safe and easy to use for all customers. ■ We will promote the development of products that consider people at all stages of the supply chain.	   
Governance Building an Organization Trusted by Society ■ We will identify risks and opportunities for the Group and manage them with a management system. ■ We will value dialogue with stakeholders and respond to their needs and expectations. ■ We will promote sound corporate management in accordance with compliance.	 

United Nations Global Compact (UNGC)

In November 2016, Kyokuto Kaihatsu Kogyo signed the United Nations Global Compact (UNGC). The UNGC subcommittee is engaged in sharing the latest trends and examples of sustainability-related initiatives, as well as creating tools to help companies promote sustainability. We will practice the 10 principles of conduct required by the United Nations in the areas of human rights, labor, the environment, and anti-corruption, and play our role as a member of the international community.



United Nations
Global Compact (UNGC)

Participation in Regional Platforms

We aim to work in collaboration with local governments and local companies to help solve local issues and create new innovations.

Examples of participating platform

- Regional Revitalization SDGs Public-Private Partnership Platform (Kyokuto Kaihatsu Kogyo)
- Kansai SDGs Platform (Kyokuto Kaihatsu Kogyo)
- Kanagawa SDGs Partner (Kyokuto Kaihatsu Kogyo)
- Toyohashi City SDGs Promotion Partner (NIPPON TREX)
- Participation in the "Komaki SDGs Declaration" (Kyokuto Kaihatsu Kogyo)



Kanagawa
SDGs
Partner



Toyohashi City
SDGs
Promotion Partner

Sustainability Management

Strategy

Kyokuto Kaihatsu Group has incorporated sustainability into its business strategy and is practicing "sustainability management" to meet the various needs and expectations of stakeholders in the context of social issues. By fulfilling the "Principles of Social Responsibility" for the "Core Subjects" related to our stakeholders, we aim to achieve both a sustainable society and increase the social value of our group.

Core Subjects	Principles of Social Responsibility
<ol style="list-style-type: none"> 1 Organizational governance 2 Human rights 3 Labor practices 4 Environment 5 Fair business practices 6 Consumer issues 7 Community participation and collaboration 	<ol style="list-style-type: none"> 1 Accountability 2 Transparency 3 Ethical actions 4 Respect for interests of stakeholder 5 Respect for the rule of law 6 Respect for international norms of behavior 7 Respecting human rights



Flow of Identifying Materiality (Priority Management Issues)



1 Identify the impact of various issues related to sustainable societies, such as the SDGs, on our Group.

3 With regard to clarified needs and expectations, we assess the magnitude of risk and opportunities from the two perspectives of "degree of interest and importance for stakeholders" and "degree of impact on our Group."

2 Based on the international guideline standard for social responsibility, ISO 26000, we clarify needs and expectations of the Group's stakeholders in realizing a sustainable society through questionnaires and interviews.

4 Based on the results of a risk and opportunity assessment, we select items of high risk and opportunity as materialities (priority management issues). Materialities are approved by the Board of Directors after deliberation by the Sustainability Committee.

Referenced frameworks, guidelines, etc.

- GRI Standards
- ISO26000
- Sustainable Development Goals (SDGs)
- The 10 Principles of the United Nations Global Compact
- OECD Guidelines for Multinational Enterprises

- IFRS Sustainability Disclosure Standard S2 (Climate-Related Disclosures)
*Previously, we have disclosed information based on the Task Force on Climate-related Financial Disclosures (TCFD), but from fiscal 2024 onwards, we will refer to IFRS S2.
- International Integrated Reporting Council (IIRC) "International Integrated Reporting Framework"

Sustainability Promotion System

ISO26000

Organizational Governance	Human Rights	Labor Practices	Climate Change and the Environment
Fair Business Practices	Consumer Issues	Community Involvement and Collaboration	

Determine materiality based on risk and opportunity assessment, and manage highly relevant items by dividing them into groups

Materiality

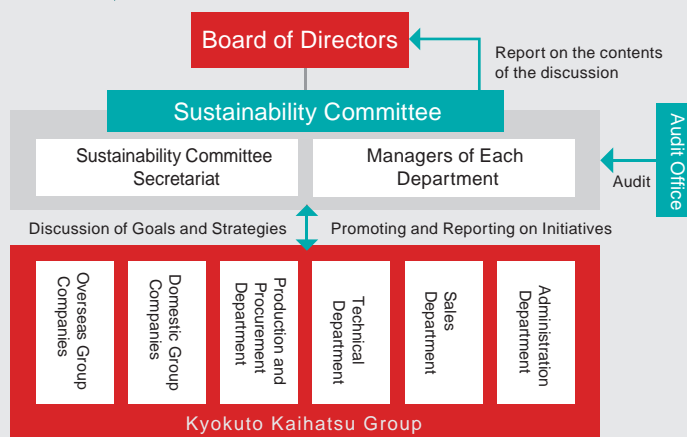
Beginning in FY2025, we restructured our materiality topics into 16 key items.

Environment (E)	Society (S)	Governance (G)
Environmental contribution through products and services	Development of universally designed products	Diversification of management talent
Promotion of carbon neutrality	Consideration of human rights	Building a robust business structure
Contributing to a recycling-oriented society	Promotion of health management	Thorough compliance
Coexistence with nature	Eliminating occupational accidents	Implementation of supply chain management
	Promoting diversity (achieving DEIB*)	
	Human resource development	
	Pursuit of work-life balance	
	Contributing to local communities	

*DEIB stands for Diversity, Equity, Inclusion, and Belonging.

This refers to a workplace environment in which individuals' diverse characteristics are respected and accepted, equal opportunities are provided, and psychological safety is maintained.

In order to manage identified materiality, the Group has established a Sustainability Committee, chaired by the President and CEO. The Sustainability Committee sets goals, develops countermeasures, monitors the status of initiatives, and regularly reports to the Board of Directors regarding the status of risks and opportunities associated with changes in the internal and external environment and the 16 material issues. In addition, the Audit Office will conduct an audit once a year to objectively evaluate the appropriateness and validity of the initiatives.



Activity Schedule

Period	I			II			III			IV		
	April	May	June	July	August	September	October	November	December	January	February	March
Committee			●			●		●				●

*The internal audit schedule is currently being coordinated.

Risks and Opportunities

Our group identifies risks and opportunities based on internal and external challenges, as well as the needs and expectations of stakeholders. From these, we have selected 16 key items to manage as 'materiality' priorities.

ISO26000 Classification	Stakeholder Needs and Expectations	Risks and Opportunities
Organizational Governance	<ul style="list-style-type: none"> Active stakeholder engagement, respecting their needs and expectations Continuation and stability of business activities and future-oriented management Timely and appropriate information disclosure Disseminating information with consideration for privacy and appropriate information management without leakage or fabrications Diversity in management, etc. 	<p>[Risk] Serious violations to comply with of laws, regulations, and Group regulations, etc.</p> <p>[Risk] Inappropriate information disclosure and lack of transparency</p> <p>[Risk] Failure to achieve medium- to long-term and single-fiscal year management targets</p> <p>[Risk] Deterioration of business efficiency due to mismatch of processes with objectives and goals</p> <p>[Risk] Inappropriate business decisions</p> <p>[Opportunity] Improving employee engagement through active dialogue between management and employees</p>
Human Rights	<ul style="list-style-type: none"> Respecting human rights Responding to human rights issues appropriately Avoiding complicity in human rights violations Eliminating discrimination 	<p>[Risk] Human rights violations due to harassment</p> <p>[Risk] Difficulty in hiring and separation/retirement due to lack of work styles options</p> <p>[Risk] Being complicit in human rights issues through procurement activities</p> <p>[Opportunity] Promoting growth opportunities for individuals and companies by recognizing and utilizing diverse human resources</p> <p>[Opportunity] Providing relief from human rights violations by establishing systems for support and improvement</p>
Labor Practices	<ul style="list-style-type: none"> Guaranteeing workers' rights Considering occupational health and safety Appropriate evaluation and compensation for labor Developing worker skills and fostering motivation 	<p>[Risk] Increase in accidents, injuries, and mental illnesses caused by excessive fatigue due to long working hours, etc.</p> <p>[Risk] Increase in the number of people leaving their jobs and loss of employment opportunities due to changes in working hours, etc.</p> <p>[Risk] Increase in health problems such as lifestyle-related diseases due to changes in lifestyle and working environment</p> <p>[Opportunity] Improving employee motivation by increasing communication between the employer and employees</p> <p>[Opportunity] Improving safety and productivity by strengthening measures to address the diverse needs of human resources, including inexperienced and elderly workers.</p> <p>[Opportunity] Improving productivity and creativity through appropriate staffing and skills development</p>
Environment	<ul style="list-style-type: none"> Preventing pollution Mitigating climate change and global warming Adapting to disasters caused by climate change Promoting sustainable resource use Ecosystem conservation (maintenance of biodiversity) 	<p>[Risk] Claims for damages due to the leakage of hazardous substances, damage to the company's reputation, and damage to the ecosystem</p> <p>[Risk] Rising material and procurement prices due to resource shortages</p> <p>[Opportunity] Improving corporate image through effective utilization of water resources</p> <p>[Opportunity] Improving corporate image through increasing recycling rates</p> <p>*Refer to pages 45-50 for "Risks and Opportunities" related to climate change</p>
Fair Business Practices	<ul style="list-style-type: none"> Clean business activities free from corruption Considerations and collaboration with supply chain 	<p>[Risk] Human rights violations and environmental pollution in the supply chain</p> <p>[Risk] Fraud such as bribery in order-taking activities, etc.</p> <p>[Risk] Procurement stagnation due to suppliers going out of business or going bankrupt</p> <p>[Risk] Leakage of confidential business and transaction information</p> <p>[Risk] Copyright Infringement, etc.</p> <p>[Opportunity] Achieve greenhouse gas reduction targets in the value chain</p>
Consumer Issues	<ul style="list-style-type: none"> Providing products and services that meet user needs Providing safe and easy-to-use products (Products that can be used with confidence) Energy-saving and low greenhouse gas emission products Products with high reliability and durability 	<p>[Risk] Accidents and disasters during product use</p> <p>[Risk] Contribution to the global warming due to CO₂ emitted from products</p> <p>[Risk] Loss of sales opportunities due to products not meeting ethical needs of the market</p> <p>[Risk] Leakage of customer information</p> <p>[Opportunity] Increase sales opportunities by making products suitable for more diverse users</p>
Community Participation and Collaboration	<ul style="list-style-type: none"> Understanding the region Participating in the community Providing opportunities for local employment (giving back to the local economy) Investing in local communities 	<p>[Risk] Complaints from communities</p> <p>[Risk] Environmental pollution, including the destruction of local ecosystems</p> <p>[Opportunity] Development of local area through collaboration with the local community</p> <p>[Opportunity] Developing local human resources</p>

ons of stakeholders.

	Action
employees	<ul style="list-style-type: none"> ■ Monitoring of materiality by the Sustainability Committee ■ Expansion and strengthening of Group information disclosure media ■ Application of ISO management systems to each Group company ■ Promoting internal branding ■ Establishment of a Business Continuity Management (BCM) system ■ Improving information security ■ Promoting stakeholder engagement ■ Response to third-party evaluation
ous bias edress	<ul style="list-style-type: none"> ■ Implementing human rights due diligence ■ Increasing female recruitment ratio ■ Strengthening anti-harassment measures ■ Promoting sustainable procurement ■ Expansion of the management system regarding conflict minerals ■ Adoption of universal designs in the workplaces, products and services ■ Establishment of a consultation desk for Group companies
working hours to long s and and the tion of nt	<ul style="list-style-type: none"> ■ Application of ISO45001 (Occupational Safety and Health) ■ Thorough management of working hours ■ Improving automation rates in production processes ■ Conducting dialogue with labor unions and employees ■ Promotion of health management ■ Promotion of taking paid leave
amage,	<ul style="list-style-type: none"> ■ Thoroughly implement pollution control measures and enhance the management system for hazardous substances ■ Establish manufacturing systems that can reduce waste generation ■ Consideration of recycling of landfilled waste ■ Establish a manufacturing framework that enables reduction of water usage *For "Measures" regarding climate change, refer to pages 45-50.
	<ul style="list-style-type: none"> ■ Application of procurement policies and guidelines to the entire Group ■ Building a management system for supply chain risks ■ Strengthening information security ■ Expansion of system related to privacy protection ■ Implementation of education on related laws such as the Antimonopoly Act
	<ul style="list-style-type: none"> ■ Promoting universal design of product ■ Establishment of product design standards that strengthen the items related to the environment, safety, and in human rights ■ Thorough customer information management ■ Expansion of ISO9001 (quality) certification
	<ul style="list-style-type: none"> ■ Acceptance of plant tours ■ Cooperation and sponsorship of local events ■ Support for sports and cultural activities ■ Participation in social contribution and volunteer activities

Identified high-risk and
opportunity items as
"Materiality (Key Management Issues)"

Materiality List

	Materiality (Key Issues)	Vision	Target Values (2025–27)
Environment (E)	Environmental Contribution through Products and Services		-
	Promotion of Carbon Neutrality	Achievement of carbon neutrality, Creation of circular economy-based businesses, Promotion of circular manufacturing	<ul style="list-style-type: none"> ■ CO₂ emissions (total emissions) FY2027: 28% reduction compared to FY2013 (Target: domestic group companies) ■ Acquisition rate of Gold Label Certification (New Environmental Standard Compliance Label)*1 FY2027: 100% (Target: new products of Kyokuto Kaihatsu Kogyo and NIPPON TREX subject to the Japan Auto Body Industries Association subcommittee) ■ Waste recycling rate in business activities FY2027: 99% or higher (Target: Kyokuto Kaihatsu Kogyo and NIPPON TREX)
	Contributing to a recycling-oriented society		
	Coexistence with Nature	Effective use of natural capital and prevention of environmental pollution	-
Society (S)	Development of Universally Designed Products	Development of products that consider safety and diversity	-
	Consideration of Human Rights	Establishing a management system for human rights issues and taking appropriate measures	<ul style="list-style-type: none"> ■ Harassment training FY2027: 2 hours per person (Target: managers of domestic group companies) ■ Human rights education FY2027: 0.5 hours per person (Target: domestic group companies)
	Promotion of Health Management	WORK & WELLNESS ~Exciting Work x Healthy, Fulfilling Lives~	-
	Eliminating Occupational Accidents	Ensuring the health and safety of workers	<ul style="list-style-type: none"> ■ Lost-time incident rate FY2027: 1.16 (Target: Kyokuto Kaihatsu Kogyo and NIPPON TREX) ■ Number of lost-time incidents FY2027: 8 cases (Target: Kyokuto Kaihatsu Kogyo and NIPPON TREX)
	Promoting Diversity (Achieving DEIB*3)	A workplace where diverse talents respect each other and thrive	<ul style="list-style-type: none"> ■ Ratio of female recruits FY2027: 20% (Target: entire group / regular employees) ■ Ratio of female managers (assistant manager level and above) FY2027: 3% (Target: entire group)
	Human Resource Development	Development of human resources capable of creating value through their work	-
	Pursuit of Work-Life Balance	A rewarding workplace without long working hours	<ul style="list-style-type: none"> ■ Total working hours FY2027: 5% reduction compared to FY2024 (Target: entire group) ■ Male parental leave utilization rate FY2027: 65% (Target: entire group)
	Contributing to Local Communities	Actively contributing to local communities through business activities	-
Governance (G)	Diversification of Management Talent	An organization where diverse personnel participate in decision-making	<ul style="list-style-type: none"> ■ Ratio of female directors FY2026: 20% or higher (Target: Kyokuto Kaihatsu Kogyo)
	Building a Robust Business structure	Establishment of a Business Continuity Management System (BCM) Prevention of cyberattacks and information leaks	<ul style="list-style-type: none"> ■ Information security education FY2027: 0.5 hour per person (Target: domestic group companies)
	Thorough Compliance	An organization free from compliance violations	<ul style="list-style-type: none"> ■ Compliance training FY2027: 1 hour per person (Target: domestic group companies) ■ Anti-corruption education FY2027: 0.5 hours per person (Target: all group companies)
	Implementation of Supply Chain Management	Managing supply chain risks appropriately	<ul style="list-style-type: none"> ■ Supplier survey implementation rate FY2027 Target: 100% (applicable to domestic group companies) *Surveys will be conducted for major suppliers accounting for 80% of each company's total procurement value.

*1: Gold Label — A certification established by the Japan Auto Body Industries Association, one of the requirements for which is a product material recyclability rate of 95%

*2: Zero Emissions: An initiative aimed at achieving near-zero waste through recycling and other resource recovery efforts.

EX

Action Items	
EX	<ul style="list-style-type: none"> ■ Establish a framework requiring that, during new product or service development or renewal, design and development plans specify how the product contributes to environmental improvement ■ Trial calculation of life cycle assessment (LCA) to visualize the environmental impact of products
	<ul style="list-style-type: none"> ■ Monitor CO₂ emissions of domestic group companies in a timely manner and manage reduction targets ■ Promote CO₂ reduction initiatives centered on the Carbon Neutral Project (e.g., upgrading or installing new production equipment, utilizing renewable energy)
	<ul style="list-style-type: none"> ■ Develop "solution-based" and sharing service businesses ■ Provide after-sales service maintenance ■ Achieve zero emissions of waste generated in business activities*2 ■ Recycle products through replacement of chassis and bodies ■ Study and implement remanufacturing business initiatives
	<ul style="list-style-type: none"> ■ Monitor water usage and reduce wasteful consumption ■ Ensure strict wastewater management (monitoring pH, urea, ammonia levels, etc.) and introduce detection systems for sewage leaks ■ Prevent air pollution
	<ul style="list-style-type: none"> ■ Establish a framework requiring that, during new product or service development or renewal, design and development plans specify how the product considers safety and diversity
	<ul style="list-style-type: none"> ■ Identify and manage human rights risks; establish and operate a management framework ■ Conduct harassment and human rights training at domestic group companies
	<ul style="list-style-type: none"> ■ Plan and implement initiatives that contribute to employee health promotion ■ Continue efforts to maintain certification as a Health and Productivity Management Organization
	<ul style="list-style-type: none"> ■ Obtain and operate certification under the Occupational Health and Safety Management System (ISO 45001) ■ Eliminate potential hazards by reviewing work procedures
	<ul style="list-style-type: none"> ■ Improve workplace environments and systems, and promote understanding of diversity ■ Conduct diversity training ■ Provide education on psychological safety
	<ul style="list-style-type: none"> ■ Strengthen management and foster specialists through a dual-track system (managerial and expert positions) ■ Refine personnel training programs and enhance e-learning initiatives ■ Promote education of younger employees by engineers with specialized knowledge
	<ul style="list-style-type: none"> ■ Promote management and education of technical skills using the QMS framework (Management using skill maps, etc.) ■ Centralize manuals and know-how into a single database
	<ul style="list-style-type: none"> ■ Conduct employee engagement surveys and implement measures based on survey results ■ Improve productivity and reduce total working hours while increasing various leave utilization rates through business process reviews
	<ul style="list-style-type: none"> ■ Contribute to local communities through the use of Group products ■ Continue initiatives such as hosting plant tours and supporting local events
	<ul style="list-style-type: none"> ■ Appoint additional female directors ■ Consider appointment of foreign national directors ■ Consider establishment of female department heads
	<ul style="list-style-type: none"> ■ Develop and disseminate business continuity manuals and related regulations ■ Provide information security education and training
	<ul style="list-style-type: none"> ■ Conduct compliance training ■ Conduct anti-corruption training and establish and operate a corruption risk management framework ■ Ensure proper and effective operation of harassment consultation and internal reporting hotlines
	<ul style="list-style-type: none"> ■ Sharing Procurement Policy and Conducting Supplier Surveys for Major Suppliers of Domestic Group Companies

*3: DEIB stands for Diversity, Equity, Inclusion, and Belonging. This refers to a workplace environment in which individuals' diverse characteristics are respected and accepted, equal opportunities are provided, and psychological safety is maintained.

Balancing Continuous Growth Investment with Financial Stability to Enhance Corporate Value

Director, Executive Officer,
General Manager of Finance Department,
Kyokuto Kaihatsu Kogyo Co., Ltd.

TETSUYA ICHIMURA



Domestic Special Purpose Vehicles Business Recovering in FY2025

In the fiscal year ended March 2025, the Group achieved higher revenue and profit in its core Special Purpose Vehicles Business, as both unit sales and profitability of domestic trucks and trailers showed a strong recovery. Although overseas business temporarily slowed due to political factors in certain regions, the December 2024 acquisition of STG Global, an Australian special purpose vehicle manufacturer, provided a springboard toward the second phase of the long-term management vision. STG Global also has production bases in China and the Philippines, and going forward, synergies in production and sales are expected across the Group's overseas bases in China, India, Indonesia, and Australia. In the environmental business, progress in large-scale recycling plant construction and strong after-sales service operations contributed to performance, while the Parking Systems Business — including both mechanical parking systems and toll parking operations — also expanded. As a result, consolidated net sales increased by 10 percent year on year, reaching 140.4 billion yen, marking a record high for the second consecutive year. Operating income was affected by one-time expenses related to M&A activities and amortization of goodwill, but still rose by 38 percent, from 4.8 billion yen in the previous fiscal year to 6.6 billion yen.

Looking ahead to the fiscal year ending March 2026, we expect continued improvement in profitability within the domestic special purpose vehicles business. To address the high level of outstanding orders, we will work to enhance productivity at manufacturing sites, thereby driving further growth in sales. In the overseas business, we will aim to expand sales in Australia, as well as in India and Indonesia, where potential demand remains strong.

New Medium-Term Management Plan 2025–27 and Performance Improvement

During the three years of the previous Medium-Term Management Plan (2022–24), we invested approximately 30 billion yen in growth initiatives and around 10 billion yen in M&A, achieving the foundation needed to accelerate growth over the next three years. Under the Medium-Term Management Plan starting in FY2025, we are targeting a similar scale of investment in both growth and M&A, focusing primarily on the Special Purpose Vehicles Business. In Japan, efforts will center on enhancing productivity, while overseas, we will pursue new facility development and

expansion of after-sales service operations. Through these initiatives, we aim to achieve our FY2027 performance targets (Consolidated net sales: 190 billion yen, Operating income margin: 8 percent ROE: 8 percent) - We are fully committed, as a Group, to realizing these objectives and advancing the company's sustainable growth.

Financial Structure Improvement and Shareholder Returns

Within the Kyokuto Kaihatsu Group's financial structure, key challenges remain in improving the balance between debt and equity and enhancing profitability relative to capital. During the previous Medium-Term Management Plan period, we actively utilized borrowings to fund growth investments, while achieving our target total shareholder return ratio of 100 percent. As a result of these initiatives, the equity ratio at the end of March 2025 stood at 61.8 percent (compared with 73.0 percent at the end of March 2022), and interest-bearing debt totaled 29.5 billion yen, reflecting a steady improvement in the balance between debt and equity financing.

For the next three years, we have set new shareholder return indicators of a DOE (Dividend on Equity) of 4 percent or higher and a total dividend payout of 15 billion yen or more. These targets demonstrate our commitment to providing stable and high-level shareholder returns, while ensuring that the results of past investments translate into tangible enhancement of corporate value. We will continue to utilize debt financing as appropriate, while maintaining a sound financial position by closely monitoring future interest rate trends and exercising prudent financial control.

Cash Allocation under the New Medium-Term Management Plan

Three-Year Total Strategic
Investments

Growth Investments: 30 billion yen

New M&A Investments: 10 billion yen

Three-Year Total Shareholder Returns

Total: 15 billion yen or more

Dividend: Stable profit return with a Dividend on Equity (DOE) of 4% or more.

Toward the Medium- to Long-Term Management Goals Growth Investment Plan, Achievements, and Progress

1. Long-Term Management Vision and Achievements up to FY2024

1 Overview

Our Group has been pursuing a range of initiatives toward realizing the long-term management vision “Kyokuto Kaihatsu 2030,” which sets out our goals with fiscal 2030 as a milestone. The first step in this vision, the Medium-Term Management Plan 2022–24 “Creating the Future As One,” concluded at the end of March 2025. During the plan period, total growth investments exceeded expectations: against the initial plan of 30 billion yen, the actual result reached approximately 31.6 billion yen. Similarly, for new M&A investments, results totaled around 10.5 billion yen versus the planned 10 billion yen, again surpassing targets. In addition to initiatives to strengthen development, production, and service capabilities, we actively invested in ESG-related measures to enhance employee safety and well-being and reduce environmental impact.

2 Strengthening Overseas Business

With an eye toward further expanding its overseas business, SATRAC ENGINEERING PRIVATE LIMITED in India began constructing a new plant near Chennai, while PT. Kyokuto Indomobil Manufacturing Indonesia commenced construction of a new plant adjacent to its existing facility in Purwakarta. In addition, to strengthen our presence in the Australian market, we undertook the largest strategic investment in our history — acquiring our local distributor Import Machinery and Equipment Pty Ltd. (IMAEA) in 2023, followed by the Australian special purpose vehicle manufacturer STG Global Holdings Pty Ltd in 2024. IMAEA has since changed its company name to Kyokuto Australia Pty Ltd.

Through these investments, the cash allocation plan set forth in the previous Medium-Term Management Plan progressed as scheduled, successfully achieving its intended goals.

3 Shareholder Returns and Corporate Value

In terms of shareholder returns, we continued to maintain a high level of shareholder payout, including flexible share repurchases. As a result, our share price rose steadily.

The total shareholder return ratio was set at 100%, with an annual dividend of at least 54 yen per share. For the fiscal year ended March 2025, the actual total shareholder return ratio reached 104%, and the annual dividend amounted to 158 yen per share.

Consequently, the share price rose significantly — from 1,361 yen at the start of the previous Medium-Term Management Plan (closing price on April 1, 2022) to 2,369 yen at its conclusion (closing price on March 31, 2025).

2. New Medium-Term Management Plan

1 Initiatives Starting in FY2025

We have now entered the second stage of our long-term management vision with the formulation of the new Medium-Term Management Plan 2025–27 — “Creating The Future As One (II)”, a three-year plan ending in fiscal 2027.

In this plan, we are placing particular emphasis on new growth investments, focusing on the following key strategic initiatives. Our basic policy is to optimize cash allocation through a balanced strategy that combines “proactive investment in growth” with “returns to society and stakeholders.”

This will be achieved by utilizing funds accumulated from past business activities and the cash flow to be generated during the current plan period, together with efficient financing, all aimed at further enhancing corporate value.

2 Cash Allocation

Specifically, in terms of cash allocation for investment and returns, we plan a cash outflow of approximately 40 billion yen for strategic investments and at least 15 billion yen for shareholder returns. The corresponding cash inflows will be derived from additional financing and cash flow generated during the plan period. Of the planned 40 billion yen in strategic investments, approximately 30 billion yen is earmarked for growth investments, while 10 billion yen is allocated for new M&A investments.

3 Adopting DOE for Shareholder Returns

In terms of shareholder returns, we have revised our target benchmark from the conventional total shareholder return ratio to DOE (Dividend on Equity).

By adopting the DOE standard, we aim to provide shareholders with stable and high-level returns on a continuous basis.

Specifically, we have set a target DOE of 4% or higher, with a planned total dividend payout of at least 15 billion yen over the next three years (compared to approximately 11 billion yen during the previous Medium-Term Management Plan period).

For the fiscal year ending March 2026, the planned annual dividend is 140 yen per share, which is expected to result in a DOE of approximately 4.9%.

The progress and results of this new Medium-Term Management Plan will be disclosed in future Integrated Reports and other publications as appropriate.

Through these initiatives, we aim to achieve sustainable growth and enhanced corporate value for the Kyokuto Kaihatsu Group.

Responding to Climate Change Risks



Our Group's Approach to Climate Change

The Group has expressed its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and has been promoting information disclosure based on the TCFD framework while strengthening engagement with stakeholders.

In FY 2023, we advanced information disclosure based on the IFRS Sustainability Disclosure Standard S2 (Climate-Related Disclosures), published in June 2023, to promote sustainable management and realize a comprehensive, sustainable society. Additionally, we are actively working to mitigate risks and create seize opportunities related to climate change.

Going forward, we will continue to take into account the latest trends in climate change and analyze its impact on the value chain and on society as a whole as we advance our initiatives and disclose information. We will also work with our suppliers to reduce GHG emissions.

*IFRS...International Financial Reporting Standards

01

Governance

1 Governance Overview

Our Group recognizes that responding to environmental issues, including climate change, is one of its key management priorities, and has included this issue in its "Long-term Management Vision - Kyokuto Kaihatsu 2030" and "Medium-term Management Plan 2025-27 - Creating The Future As One (II)." The Sustainability Committee (chaired by the President and Representative Director), which reports directly to the Board of Directors, determines plans and monitors the status of climate change risks and opportunities for assessment, management, and improvement.

2 Governance Skills Matrix

Our Group discloses the knowledge, experience, and capabilities of each Director in each area of materiality in the value creation model under corporate governance. The Group's directors involved in climate-related issues are selected based on their knowledge of social issues such as climate change, as well as their ability to promote the resolution of those issues.

Climate change in corporate governance is included in the materiality area of "responding to climate change risks," and three directors have knowledge, experience and ability in this area.

3 Frequency of Reporting Information on Climate Change-Related Risks and Opportunities to Governance

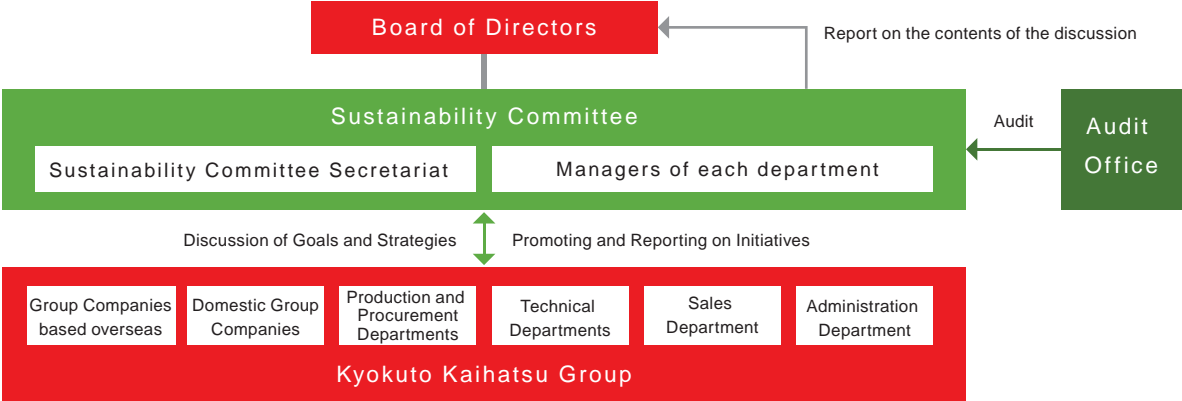
The Sustainability Committee is responsible for compiling decisions regarding the risks and opportunities posed by climate change to governance. The Sustainability Committee has come together once a quarter in FY 2025 and, following reporting and discussion, any matters deemed important to our business strategy were reported to the Board of Directors, which is the highest decision-making body for our Group.

4 How to Consider Climate Change-Related Risks and Opportunities, Corporate Strategies, and Trade-Offs in Deciding Major Transactions

Our Group's governance committees and President always consider climate change-related risks and opportunities, and implement resilience measures, when making decisions on corporate strategy and major transactions. In this way, we address various transactions while considering climate-related risks and opportunities, as well as the scale of client companies, transaction details, and transaction amounts in regular business, to ensure that no trade-offs occur.

5 Climate Change-Related Performance Indicators and Reward Systems

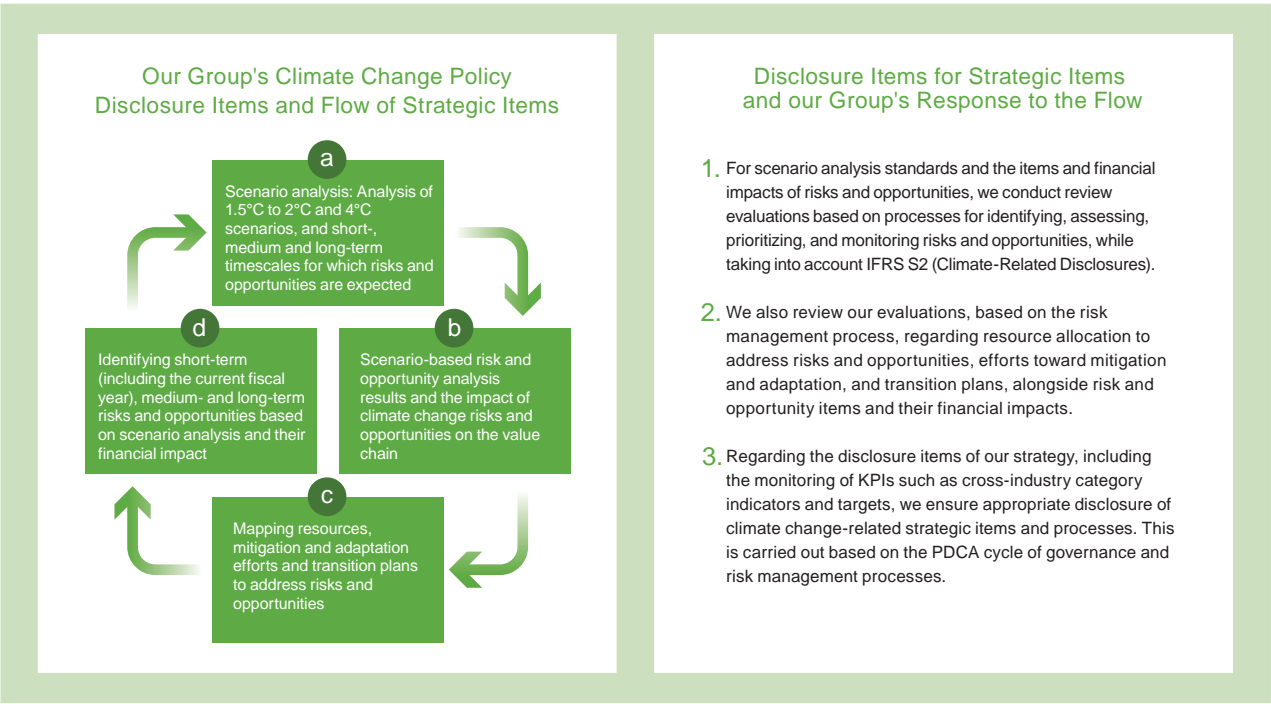
Currently, our Group has not introduced any indicators for evaluating sustainability/ESG-related initiatives in its executive remuneration.



2 Strategy

1 Strategy Overview

Based on our analysis of climate change scenarios of 1.5°C to 2°C and 4°C, and in accordance with IFRS S2 (Climate Change), we are disclosing the following key items of our climate change strategy.



2 Scenario Analysis

Our group has developed a strategy based on the assumption that the Earth's average temperature will rise by 1.5°C compared to pre-industrial levels. We have conducted multiple scenario analyses in accordance with the standards outlined in the 1.5°C to 2°C and 4°C scenarios of the WEO (World Economic Outlook) and the 5th and 6th IPCC (Intergovernmental Panel on Climate Change) reports. These analyses include identifying risk and opportunity factors within the strategy and calculating the associated financial impacts.

Reference Scenario	1.5°C–2°C Scenario	4°C Scenario
Transition Scenarios	International Energy Agency (IEA) Transition Scenarios NZE (Net Zero Emissions by 2050) APS (Announced Pledges Scenario)	International Energy Agency (IEA) Transition Scenarios STEPS (Stated Policies Scenario)
Physical Scenarios	Climate change projection scenarios by Intergovernmental Panel on Climate Change (IPCC): RCP1.9, RCP2.6, SSP1-1.9, SSP1-2.6	Climate change projection scenarios by Intergovernmental Panel on Climate Change (IPCC): RCP8.5, SSP5-8.5

Source: IPCC AR5 and AR6, IEA World Energy Outlook 2024

KYOKUTO's Sustainability Activities Environment

3 The Short-, Medium-, and Long-Term Time Frames Over Which Risks and Opportunities Are Expected

Based on scenario analysis of climate change increases of 1.5°C–2°C and 4°C, the Group identifies short-, medium-, and long-term risks, opportunities and analyses and discloses their financial impacts in accordance with IFRS S2 (Climate Change).

Approach to the short-, medium-, and long-term time frames over which risks and opportunities are expected

In our Group, we assess and reflect on risks and opportunities within our strategy based on a timeline that considers short-, medium-, and long-term perspectives. This includes examining transition risks, such as the implementation of government policies and regulations or changes in market needs, as well as physical risks, such as extreme weather events caused by climate change. Additionally, we identify opportunities for expansion within each business division.

Time frame of risks and opportunities posed by climate change for the Group

Classification and Period	Short-term: FY2026	Medium-term: FY2027–FY2029	Long-term: FY2027–FY2034
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Note: Based on the timeframes defined under the SSBJ standards, our Group discloses risks and opportunities using a long-term timeframe that also encompasses the medium term.

4 Impact of Risks and Opportunities on the Value Chain

The Group believes that the risks and opportunities associated with climate change are likely to have a significant impact on our value chain and the impacts they will have are as follows:

Items expected to have a significant impact on the value chain and their significant impacts due to risks and opportunities:

Business Division	Item	Significant Impact
Special Purpose Vehicles Business	<ul style="list-style-type: none"> Purchasing Activities Procurement and storage of raw materials and parts for product manufacturing. 	Passing on the amount equivalent to the carbon tax to the prices of raw materials such as steel
	<ul style="list-style-type: none"> Manufacturing Product manufacturing, equipment and vehicle maintenance, inspection, etc. 	Decrease in labor productivity in summer on production lines in plants, etc.
	<ul style="list-style-type: none"> Procurement and shipping activities From purchasing raw materials to storing and shipping products to the destination, to after-sales services such as maintenance and repairs 	Decrease in labor productivity during the summer in after-sales service operations such as maintenance and repairs
Environmental Equipment and Systems Business	<ul style="list-style-type: none"> Services After-sales services such as maintenance and operation services, handling of complaints, etc. 	Decrease in labor productivity in summer for plant inspections, monitoring, and facility operation, etc.
Parking Business	<ul style="list-style-type: none"> Purchasing Activities Procurement and storage of raw materials and parts for product manufacturing. 	Passing on the amount equivalent to the carbon tax to the prices of raw materials such as steel
	<ul style="list-style-type: none"> Services After-sales services such as maintenance and operation services, handling of complaints, etc. 	Decline in summer labor productivity until the operation of toll parking lots and the completion of mechanical multistory parking equipment systems

5 Mapping Resource Commitments to Address Risks and Opportunities, Transition and Adaptation Efforts, and an Overview of Transition Plans

Resource allocation for risks and opportunities, mitigation and adaptation initiatives, transition plans, and GHG emission reduction target plans

No	Disclosure Items	Response Methods and Plans
1	Current and anticipated changes to the entity's business model, including resource allocation to address risks and opportunities.	Expanding business opportunities in response to climate change Expenditures for capital investments such as the construction of technical centers and research and development with this in mind
2	Direct mitigation and adaptation efforts (changes in production processes or equipment, facility relocations, labor adjustments, changes in product specifications, etc.)	<ol style="list-style-type: none"> As a resilience measure against reduced labor productivity due to an increase in extremely hot days, we are implementing air-conditioning installations and strengthening health and safety management. Initiatives to reduce GHG and carbon taxes through supply-chain efficiency. Strengthening the BCP system to cover damage to company-owned assets and equipment, such as flooding, purchasing and installing BCP equipment such as drainage pumps, and recovering damages by taking out insurance
3	Indirect mitigation and adaptation efforts (Collaboration with customers and the supply chain, etc.)	<ol style="list-style-type: none"> Collaboration with customers and consumers: Improving the efficiency of products and solution services, and reducing Scope 3 categories 11 and 12 Collaboration with the supply chain: Improving the efficiency of products and solution services; reducing Scope 3 Categories 1, 4, and 9
4	The transition plan and its assumptions and dependencies	Please refer to page 48 7 for overview of our climate transition plan.
5	Plans for achieving targets such as reducing GHG emissions	By FY2030 (target year), reduce Scope 1 and 2 emissions by 38% (compared to base year: FY2013 levels)

Outline of the procurement or plan for procurement of resources to address risks and opportunities

Whether the company has raised or plans to raise resources (funding sources) for its own strategy and decision-making	Financial planning based on prioritized opportunities for risk resilience measures and transition plans to expand risk response costs and opportunities
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6 Major Risks and Opportunities from Climate Change

Based on scenario analysis of climate change increases of 1.5°C–2°C and 4°C, the Group identifies short-, medium-, and long-term risks, opportunities and analyzes and discloses their financial impacts in accordance with IFRS S2 (Climate Change). The details of the identification of short-, medium-, and long-term risks and opportunities, as well as their financial impacts, along with an overview of our risks and opportunities based on the 1.5°C–2°C and 4°C scenarios, are their associated financial implications, are outlined below.

Major risks and opportunities for the Group based on an analysis of scenario's of climate change								
Item	Major risks and opportunities	Consideration of major risks and opportunities	1.5°C to 2°C Scenario	4°C Scenario	Period	Short term	Mid-term	Long term
Transition Risks (Regulations)	Carbon Price	<ul style="list-style-type: none"> • Increase in transportation costs due to taxation on procured materials and transport fuels following the introduction of a carbon tax • Increased manufacturing costs in countries with high carbon prices 	○	—	Mid-term/Long-term	—	↗	↗
	Change in Energy Mix	<ul style="list-style-type: none"> • Increase in electricity costs due to the review of supply contracts in response to energy mix (introduction of green energy) 	○	—	Mid-term/Long-term	—	↗	↗
Transition Risks (Reputation)	Decline of Corporate Value	<ul style="list-style-type: none"> • Increased negative impact on corporate value and market capitalization due to delays in requests from investors for disclosure of ESG-related information, non-financial disclosure related to climate change, and a decline in credibility. 	○	○	Mid-term/Long-term	—	↗	↗
Physical Risks (Acute)	Rising Average Temperatures	<ul style="list-style-type: none"> • Increased costs for measures to prevent heatstroke and other issues related to room temperature control in plants 	○	○	Mid-term/Long-term	—	↗	↗
	Extreme Weather Intensification	<ul style="list-style-type: none"> • Increased recovery costs in the event of damage to inventory or trouble with production facilities due to frequent heavy rains or typhoons • Losses from production interruption due to disruptions to the supply of materials, etc. caused by damage to suppliers or the supply network, and the suspension or stagnation of plant operations 	○	○	Short-term to Long-term	↗	↗	↗
Opportunity	Products and Services	<ul style="list-style-type: none"> • Expanding the manufacture and sale of special purpose vehicles with excellent environmental performance 	○	—	Short-term to Long-term	↗	↗	↗
		<ul style="list-style-type: none"> • Development of new products and services through research and development and technological innovation, development and sales of plants related to biomass and biogas power generation, etc. 	○	—	Short-term to Long-term	↗	↗	↗
		<ul style="list-style-type: none"> • Expanding sales of EV charging systems 	○	—	Mid-term/Long-term	—	↗	↗

7 Overview of Climate Change Transition Plan

Based on the transition plan in our climate change strategy, our Group is promoting efforts to reduce GHG emissions and transition to a low-carbon economy.

Category	Details
Strategic Alignment	<p>Our Group has set a target to reduce Scope 1 and Scope 2 emissions by 38% by fiscal year 2030, using fiscal year 2013 as the base year. For Scope 3 emissions, we are working in collaboration with our supply chain to enhance data visibility and promote reduction efforts.</p> <p>1 Scope 1 & 2: Transition to renewable energy / Introduction of non-fossil fuel certificates / Adoption of self-consumption-type renewable energy systems</p> <p>2 Scope 3: Implementing reduction measures for categories 1, 4, 9, 11, and 12 from procurement to disposal in cooperation with the supply chain</p> <ul style="list-style-type: none"> • Introduction of an internal carbon price (targeted for FY2025–FY2026) <p>3. Disclosure based on indicators and targets under the “cross-industry category.”</p>
Plan Assumptions	<p>The assumptions made in the Group's transition plan are as follows:</p> <p>1. Based on identifying risks and opportunities from 1.5°C to 2°C and 4°C climate change scenarios and the results of financial impacts, implement financial planning, capital investment and investment decisions to reduce risks and expand opportunities</p>
High-Priority Opportunities	<p>As a result of scenario analysis of climate change-related opportunities, the Group is formulating initiatives and plans to shift and maximize its business in response to the following opportunities:</p> <p>1 Expanding the manufacture and sale of special purpose vehicles with excellent environmental performance</p> <p>2 Development of new products and services through research and development and technological innovation, development and sales of plants related to biomass and biogas power generation, etc.</p> <p>3 Expanding sales of EV charging systems</p>
Action Plan	<p>The mid-term strategic action plan for our transition plan is based on high-priority opportunity items and involves formulating financial plans to expand opportunities.</p>
Financial Planning	<p>The financial planning, budgeting and associated investment planning objectives in support of the transition plan are as below:</p> <ul style="list-style-type: none"> • Investment Amount - Items and Overview <p>1 Expanding the manufacture and sale of special purpose vehicles with excellent environmental performance</p> <p>2 Development of new products and services through research and development and technological innovation, development and sales of plants related to biomass and biogas power generation, etc.</p> <p>3 Expanding sales of EV charging systems</p>
Scenario Analysis	<p>Our Group has established multiple scenarios under the 1.5°C, 2°C, and 4°C pathways, and verifies the feasibility of achieving our targets based on analyses of related risks and opportunities. Specific details are described in Strategy (Scenario Analysis).</p>

03

Risk Management

The Group implements climate change risk management in accordance with IFRS S2.

Overview of the Group's Climate Change-Related Risk Management

Categories	Contents
Methods and Processes for Monitoring Risks and Opportunities Related to Climate Change	<p>Overview of monitoring methods for climate change-related risks</p> <p>The Group reports climate change-related risks to the Board of Directors at least once a quarter through the Sustainability Committee. Additionally, the Board of Directors deliberates and makes decisions on matters requiring decision-making under the leadership of the President and Representative Director, who serves as Chairman of the Board of Directors.</p> <p>Monitoring process for climate change-related risks</p> <p>Regarding climate change-related risks, the Sustainability Committee identifies and evaluates corporate risks, including environmental issues, based on internal and external environmental analyses, and ultimately extracts those corporate risks that are deemed significant as our materiality.</p> <p>The identified climate change-related risks are handled by the Sustainability Committee, which investigates and analyzes them in cooperation with the committee secretariat and each relevant department based on instructions from the President and the directors who are committee members. The results are then reported to the Sustainability Committee, which then deliberates on the matter, and any matters approved are ultimately reported to the Board of Directors.</p> <p>Furthermore, if any instructions are issued by the Board of Directors after the report, each business division will implement improvements and measures under the direction of the Sustainability Committee, thereby implementing the PDCA cycle in the risk management process.</p> <p>In addition, the Audit Office conducts second-party audits of these processes.</p>
Process for Identifying, Assessing, Prioritizing and Monitoring Risks and Opportunities Related to Climate Change	<p>Process for identifying, assessing, prioritizing and monitoring climate change-related opportunities</p> <p>The identification, assessment, and prioritization of opportunities related to climate change are disclosed in the Overview of the Transition Plan for Climate Change on page 48 [7]. In addition, the Group evaluates the nature and possibility of opportunities, as well as the magnitude of their financial impact as using a process to identify and monitor risks and opportunities related to climate change, including the use of scenario analysis at the Sustainability Committee, which meets quarterly. Furthermore, any matters deemed to be particularly important are reported to the Board of Directors.</p>

04

Indicators and Targets

The Group is setting and disclosing climate change indicators and targets in accordance with IFRS S2.

1 Information Disclosure Related to Cross-Industry Indicator Categories

(a) GHG emissions, (b) climate-related transition risks, (c) climate change physical risks, (d) climate change opportunities, (e) capital investments, (f) internal carbon price, (g) compensation.

Overview of our Group's climate change related indicators and targets

		Disclosure items and contents	The figures or the timing of disclosure of the figures (Note)	
Indicators and Targets	GHG Emissions	<p>Our Group's Scope 1 and 2 emissions and major KPIs are as follows:</p> <p><Major KPI> Our Group has set a GHG reduction target of 38% for Scope 1 and 2 emissions by FY2030, with FY2013 as the baseline year.</p> <p>1: Scope 1 and 2 GHG emissions (t)</p>	<p>2024 Results:</p> <p>Combined Scope 1 and Scope 2 GHG Emissions: 19,836 t-CO₂</p> <p>Reduction percentage compared to FY2013 baseline: -27.4%</p>	
	Transition Risks	<p>The Group's approach to calculating the amounts and percentages of vulnerable assets or target business activities that are susceptible to climate change-related transition risks is as follows:</p> <p>1: Calculation of costs and percentages of business activities (The costs of business activities)</p> <p>1. Total amount of carbon tax and fuel/electricity charges in the energy mix</p> <p>2. Total expenses for the fiscal year as of year-end (How to calculate percentages)</p> <p>Total amount of carbon tax and fuel/electricity charges for the energy mix applicable to the transition risk at the end of the fiscal year / Total expenses for the fiscal year</p>	<p>Monetary value of business activities vulnerable to transition risks.</p> <p>1 Approx. 840 million~1.68 billion yen (corresponding to 5 years of long-term value)</p> <p>2 Approx. 702.2 billion yen (consolidated sales equivalent for 5 years of long-term value)</p>	<p>Percentage of business activities vulnerable to transition risks (%)</p> <p>1 Approx. 0.12%~0.24%</p> <p>2 100%</p>

Indicators and Targets	Physical Risks	<p>The Group's approach to calculating the amounts and percentages of vulnerable assets or target business activities that are susceptible to climate change-related physical risks is as follows:</p> <p>1: Calculation of costs and percentages of business activities (The costs of business activities)</p> <p>1. Loss on business interruption due to natural disasters such as flooding at the end of the fiscal year</p> <p>2. Sales loss due to reduced labor productivity caused by extreme heat (How to calculate percentages)</p> <p>1. Loss on business interruption due to natural disasters such as flooding at the end of the fiscal year / Sales for the fiscal year</p> <p>2. Sales loss due to reduced labor productivity caused by extreme heat / Sales for the fiscal year</p>	<p>Monetary value of business activities susceptible to the impact of physical risks.</p> <p>1. Approx. 30 million to 172 million yen</p> <p>2. Approx. 2.2 billion yen</p>	<p>Percentage of business activities vulnerable to physical risks (%):</p> <p>1. 0.007%~0.041%</p> <p>2. 0.3%</p>	
	Climate Change Related Opportunities	<p>The Group's approach to calculating the amount and percentage of assets or business activities aligned with climate change-related opportunities is as follows:</p> <p>1: Calculation of costs and percentages of business activities (The costs of business activities)</p> <p>1. Increase in sales from the expansion of manufacturing and sales of special-purpose vehicles with excellent environmental performance</p> <p>2. Sales from products and services that support the transition to a low-carbon economy (special-purpose vehicle business sales) (Percentage calculation method)</p> <p>1. Increase in sales from the expansion of manufacturing and sales of special-purpose vehicles with excellent environmental performance / total sales at the end of the period</p> <p>2. Sales from products and services that support the transition to a low-carbon economy (special-purpose vehicle business sales) / total sales at the end of the period</p>	<p>Sales amount of businesses classified as related to climate-change opportunities.</p> <p>1. Approx. 250 million to 500 million yen</p> <p>2. Approx. 118.7 billion yen</p>	<p>Percentage of total sales</p> <p>1. 0.2%~0.4%</p> <p>2. 84.5%</p>	
	Capital Drop	<p>For our Group, the items and amounts of capital investment aligned with climate change-related risks and opportunities are as follows:</p> <p>Risks</p> <p>1. Installation cost of solar power generation equipment (short term)</p> <p>2. Installation cost of air-conditioning equipment at the Group's plants</p> <p>Opportunities</p> <p>1 Expanding the manufacture and sale of special purpose vehicles with excellent environmental performance</p> <p>2 Development of new products and services through research and development and technological innovation, development and sales of plants related to biomass and biogas power generation, etc.</p> <p>3 Expanding sales of EV charging systems</p> <p>(Note) The investment amount related to the construction of the Kyokuto Kaihatsu Group Technical Center in item 1 has not yet been determined and is therefore not included in the disclosed figures.</p>	<p>Capital allocation for investments to enhance resilience against risks</p> <p>Approx. 2.1 billion yen</p>	<p>Capital allocation for investments to realize increased opportunities</p> <p>Approx. 10.6 billion yen</p>	
	Internal Carbon Prices	<p>The Group plans to disclose its internal carbon price once it has decided to formally introduce an internal carbon pricing system.</p>	<p>To be disclosed upon final determination</p>		
	Rewards	<p>As of now, our Group has not introduced any indicators for evaluating sustainability/ESG-related initiatives in its executive remuneration.</p>	<p>None</p>		
Note:	<p>Note: The financial impact amounts are disclosed based on the projected influence within the defined timeframes of short-, medium-, and long-term periods for identified risks and opportunities.</p>				

2 GHG Reduction Target

Our group sets and discloses GHG reduction targets related to climate change in accordance with IFRS S2 and other relevant frameworks.

Overview of our Group's GHG reduction targets for climate change

GHG Reduction Target	Disclosure Items and Contents	
	Metrics used to set goals	For Scope 1 and 2, the reduction rate is based on the target aligned with the 1.5°C goal, which is the level required by the SBT initiative and the Paris Agreement.
	The objective of the target (e.g., mitigation, adaptation, or addressing science-based initiatives)	For Scope 1 and 2, we plan to promote GHG emission reductions aligned with the level required to limit global warming to around 1.5°C, as stipulated by the Paris Agreement. This will be pursued while considering the annual reduction target of 4.2% set by the Science Based Targets (SBT) initiative.
	Portion of the entity to which the target applies: Scope of the target	Scope of consolidation based on financial management (whole group) → Control basis

Promotion of Carbon Neutrality

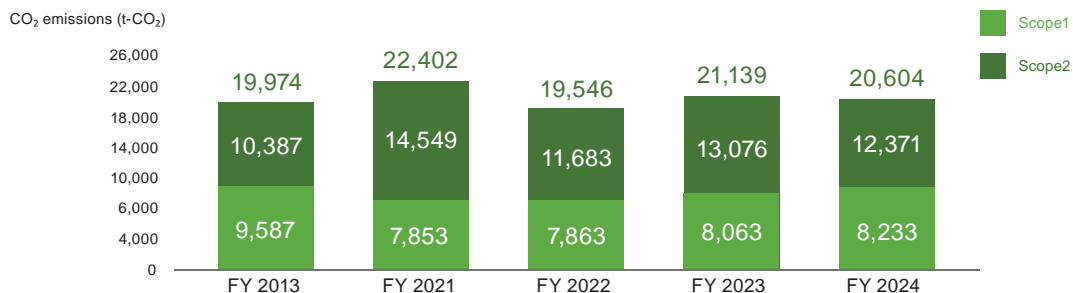


01

Carbon Neutrality in Business Activities

In today's world, where climate change is progressing rapidly, reducing greenhouse gas emissions from business operations has become a critical issue for companies. The Kyokuto Kaihatsu Group has set targets to reduce domestic CO₂ emissions by 28% by FY2027 and 38% by FY2030 compared with FY2013 levels. To achieve these goals, we launched the Carbon Neutral Project in October 2024, establishing a cross-company structure to accelerate our efforts toward carbon neutrality throughout all operations.

Past Initiatives



* Scope: Domestic Kyokuto Kaihatsu Group; calculated based on market standards.

1 Installation of Groundwater-Based Air Conditioning

At Kyokuto Kaihatsu Kogyo's Nagoya Plant, groundwater-based air conditioning was introduced and began operation in the summer of 2025. This system performs heat exchange using well water instead of refrigerant, resulting in greater energy efficiency compared with conventional air conditioning. The estimated energy savings from this installation, compared to a conventional system, are 71,808 kWh per year and 26.6 t-CO₂ per year.

Future Initiatives

- Identification of excessive and wasted energy use through energy efficiency diagnostics
- Promotion of energy visualization
- Buyback of environmental certificates for FIT power sales
- Development of a roadmap toward carbon neutrality

02

Carbon Neutrality in Business Activities

Our Group manufactures products essential to social infrastructure—including those for construction, logistics, and recycling—and holds a significant responsibility in contributing to the realization of a sustainable society. In the Special Purpose Vehicle Business, we are pursuing improvements in transport efficiency and fuel economy, as well as challenges in electrification through the installation of our equipment on EV chassis. In our Environmental Equipment and Systems Business, we provide society with energy-creation solutions such as biogas power generation and heat supply systems utilizing wood chips. In the Parking Business, we contribute to a decarbonized society by installing EV charging facilities in parking lots, providing essential infrastructure for a carbon-neutral future.

FY 2024 Results

1 Development of a Stationary Pump System

As major general contractors set numerical targets for greenhouse gas reduction to realize a decarbonized society, the adoption of electric construction machinery is rapidly expanding. To meet this growing demand, the company has developed a stationary electric high-pressure concrete pump. This product is based on the high-pressure concrete pump unit with a proven track record in vehicle-mounted applications, with its power source replaced from a diesel engine to two 160 kW electric motors. In addition to inverter control, it features an energy-saving mode that allows operation with only one side active, significantly reducing on-site CO₂ and NO_x emissions and minimizing environmental impact.

As of October 2025, not yet released — scheduled for release soon.

2 Development of the Swap-Type Refrigerated Van Body by NIPPON TREX

For details, see page 25.

3 Biomass-related

For details, see page 26.

Future Initiatives

- Trial calculation of Life Cycle Assessment (LCA) in the Special Purpose Vehicle business

Contributing to a Recycling-Oriented Society



Promotion of Recycling

Toward the realization of a recycling-oriented society, the Group is implementing measures from two perspectives. The first is to reduce the amount of waste generated in our business activities and strive to conserve resources by recycling as much as possible. In particular, going forward, we will promote the recycling of plastics, which account for a large portion of emissions. The second focus is on manufacturing products using recyclable materials and reusing structural components. While it can be difficult to utilize recycled materials in cases where strength and other requirements must be met, we are committed to manufacturing with an awareness of contributing to a recycling-oriented society.

FY 2024 Results

- 1 Recycling rate of waste generated from business activities: 97.5%

Past Initiatives

- 1 Reduction of Waste through Improved Coating Efficiency Using Electrostatic Coating Equipment

At Kyokuto Kaihatsu Kogyo's Miki Plant, the painting process previously relied on air spray systems. However, for certain products, the plant has transitioned to electrostatic coating equipment. Compared with conventional air spraying, this method improves coating efficiency and reduces paint waste by approximately 10–20%.

Future Initiatives

- Promotion of recycling initiatives for high-volume plastic waste
- New Environmental Standards Compliance Label (Gold Label)
Certification Acquisition Rate: 100%*
- Study of a Remanufacturing Business



Coexistence with Nature



The Kyokuto Kaihatsu Group continues its efforts to minimize environmental impact and promote harmony with nature in its business activities. In addition to reducing water resource usage, the Group actively implements various pollution control measures and engages in community contribution activities such as cleanup campaigns, striving for sustainable operations that coexist with the natural environment.

Past Initiatives

- 1 Reducing Water Consumption

At Kyokuto Kaihatsu Kogyo's Miki Plant, freshwater is used for watertight testing and calibration of completed tank trucks. However, instead of discharging the water after use, the plant reuses it. This practice reduces both water intake and wastewater output, helping to minimize the environmental load associated with water quality.

Future Initiatives

- Additional measures for reducing water usage
- Consideration of conducting a TNFD
(Taskforce on Nature-related Financial Disclosures) analysis

*Gold Label: A certification established by the Japan Automobile Body Industry Association (JABIA), with one of the certification requirements being a "material recyclability rate of 95% or higher."


Scope: New products of Kyokuto Kaihatsu Kogyo and NIPPON TREX that are applicable to the subcommittee of the Japan Automobile Manufacturers Association. Products other than these will comply with the Gold Label requirements.

Expanding Region-Based Biomass

– The Challenge of the Environmental Solutions Department –

The Environmental Solutions Department of the Environmental Equipment and Systems Business leverages the Kyokuto Kaihatsu Group's proven track record and technical expertise to contribute to building a sustainable society. As part of the long-term management vision "Kyokuto Kaihatsu 2030," the department continues to explore new possibilities as a comprehensive infrastructure manufacturer.

In recent years, it has expanded its initiatives toward a carbon-neutral society — including the production and sale of biomass briquette fuel and the supply of thermal energy from woody biomass. Here, we introduce an overview of these initiatives and the passion behind them, shared by members of the Environmental Solutions Department.



Manager,
Environmental Solutions
Department
Yu Kato

General Manager,
Environmental Solutions
Department
Tsuyoshi Kato

General Manager,
Environmental Solutions
Department
Kenjiro Nii

Manager,
Environmental Solutions
Department
Takashi Sakate

Uniting Internal Capabilities to Pursue Carbon Neutrality

The Environmental Solutions Department was established in 2017, bringing together members from across different business units and positions within the company. Each member applies their unique background and expertise to steadily achieve tangible results. The major theme we are addressing is carbon neutrality. Japan has declared its goal of realizing a carbon-neutral society by 2050, with an interim target of 46% reduction in greenhouse gas emissions (compared to 2013 levels) by 2030. In this context, our division channels the collective strengths of the organization into biomass-related projects, taking on the challenge of contributing to this national goal.

Hatanaka: “We are driven by the determination to be the section that pioneers the future possibilities of Kyokuto Kaihatsu Kogyo, taking on new businesses with enthusiasm and purpose.” The biomass-related business is particularly compelling, as it focuses on converting previously unused or discarded resources into energy.

From Selling Products to Selling Value Building Business Models that Anticipate Future Needs

Aiming to establish a model of community-based energy circulation, the biomass-related business currently operates under three main schemes:

1. Biomass Briquette Fuel Business: This is a carbon-neutral fuel made from woody biomass. Initially, the team focused on developing the manufacturing equipment (a piston-type briquette forming machine). However, with the growing awareness of decarbonization and rising fossil fuel costs, the business has expanded beyond equipment sales to include the manufacture and sale of the fuel itself.

2. Woody Biomass Thermal Energy Supply Business: The origins of this project lie in the sale of drying container systems for wood chips used in biomass boilers. Building upon that foundation, the division developed biomass boiler units that utilize dried wood chips and launched a business that supplies the resulting thermal energy. This initiative represents one of the most prominent examples of the Kyokuto Kaihatsu Group's transition from selling products to providing solutions (from “mono-uri” to “koto-uri”).

3. Biogas Plant Business: This business involves the planning and construction of biogas plants that generate biogas from food waste and livestock manure, then use that gas as a fuel source to produce electricity and heat.

Environmental Solutions
Department

Tomohiko Fukuda

Assistant Manager,
Environmental Solutions
Department

Wataru Maekawa

Assistant Section Chief,
Environmental Solutions
Department

Maki Miyauchi

Manager,
Environmental Solutions
Department

Hiroaki Noritake

Manager,
Environmental Solutions
Department

Yukihiko Hatanaka

Special Feature: Interview on Biomass-Related Business

Kato (Tsuyoshi): Initially, many of our biogas plant projects focused on treating livestock manure, but recently we've been receiving an increasing number of inquiries from food manufacturers seeking to process their own food waste. I feel this reflects a growing and diversifying demand. Since a biogas plant typically has a service life of around 20 years, considering both durability and profitability, we maintain ongoing relationships with customers through regular maintenance and operational support during that time — allowing us to build deep, long-term trust.

Sakate: If left untreated, both food waste and livestock manure become sources of greenhouse gas emissions. I find great purpose in transforming these materials efficiently into renewable energy. Our role is to provide the infrastructure that helps customers meet their decarbonization goals and solve environmental challenges.

Turning Waste into Value — Transforming It into Energy

Here's an example of how our biomass-related business provides value to customers.

In Chiba City, a project is underway to install a woody biomass boiler at the Chiba Zoological Park. This initiative is part of the city's efforts toward achieving carbon neutrality by 2050, with the boiler providing heating for the Animal Science Museum. A major feature of this project is that, instead of using conventional fossil-fuel boilers, it utilizes locally sourced wood chips from pruned branches as fuel, enabling a localized energy cycle. Completion is scheduled for 2027, and Chiba City expects the project to effectively utilize pruned branches while contributing to the reduction of CO₂ emissions.

Fukuda: I find it fascinating that we can take waste materials and transform them into energy. I'm eager to see the tangible results of this project as soon as possible — that motivation drives my daily work.

Kato (Yu): In the past, pruned branches were commonly used as fuel for cooking stoves and baths. Nowadays, however, they're treated as ordinary waste and simply incinerated — which seems wrong, doesn't it? They used to serve a real purpose. With our biomass boilers, we're bringing those pruned branches back to life as a valuable fuel once again. That revival of value is something I deeply appreciate.

At Chugai Match Co., Ltd. in Okayama Prefecture, our woody



biomass boiler has been introduced to the drying process for match head compounds. Previously, the company operated an oil-fired boiler consuming 4,000–6,000 liters of heavy fuel oil annually. This has now been replaced by a biomass boiler that uses defective and broken wooden sticks generated in production, along with wood chips processed from nearby timber. Through this transition—and alongside their prior efforts such as the installation of solar panels—Chugai Match Co., Ltd. has achieved 100% renewable energy usage within their operations.

This project also utilized subsidies from Japan's Ministry of the Environment (CO₂ Emission Reduction Countermeasure Subsidy Program) to cover part of the installation costs, with our company providing full support during the application process. As the business continues to grow, we expect to receive more such requests from customers. Moving forward, we plan to make subsidy application support an integral part of our services.



A project that best represents the “solution-based value creation” approach pursued by the Kyokuto Kaihatsu Group is the heat energy supply initiative being carried out in collaboration with Matsukawa Village (Nagano Prefecture) and the Kita-Alps Forestry Cooperative. Woody biomass boilers, which generate heat energy, often require high initial investment costs—making it difficult for many organizations to proceed with installation. To address this, our company owns the boiler units themselves, while the Kita-Alps Forestry Cooperative supplies locally sourced fuel made from thinned wood and other regional timber resources. The generated heat energy will be supplied to the public hot spring facility “Matsuka-so” in Matsukawa Village, with operation scheduled to begin during fiscal year 2025. This project represents Japan's first public-private partnership for renewable energy utilization without the use of subsidies.



Miyauchi: “If wood chips are transported from distant locations, CO₂ emissions are inevitably generated during transport. However, when local wood is used as fuel—like in Matsukawa Village—it enables true decarbonization through local energy production and consumption. We’d like to see more projects like this take root nationwide.”

Maekawa: “Our strength lies in offering a one-stop service that covers consulting, design, plant manufacturing, and operation for biomass boiler installation. My dream is to establish a strong identity for our group as ‘Kyokuto Kaihatsu — the name synonymous with biomass solutions.’ Also, as part of our CSR efforts, I hope to create learning environments where children can study decarbonization firsthand.”



Providing the “Trump Card” for Emerging Social Challenges

As Japan’s population continues to age, new social issues are emerging—and one such challenge is the rapid increase in used disposable diapers. Because they contain moisture, incineration is difficult and costly, creating serious burdens for local governments.

One solution is the Nishi-Tenpoku Thermal Recycling Factory, a

facility for converting used diapers into fuel. Constructed in 2021 by the Nishitenpoku Gocho Eiseishisetsu Kumiai in Horonobe, Hokkaido, the facility incorporates our group’s waste-treatment expertise. In this region, the sharp rise in used diapers had outpaced landfill capacity. To solve this, the facility produces pelletized fuel by mixing used diapers with woody biomass. The pellets are then burned in boilers installed at local elderly care facilities, providing hot water and enabling localized energy circulation.

Such examples illustrate how issues like aging populations and rural depopulation will continue to give rise to new challenges in waste management and energy utilization. And with each challenge, there will be new opportunities for innovative solutions. Our mission is to remain forward-looking—leveraging accumulated experience and technology to develop fresh responses—and to advance as a top runner in environmental solutions.

Nii: “The Kyokuto Kaihatsu Group has extensive know-how and technology gained through years of involvement in infrastructure development. We will continue to apply this expertise to practical environmental solutions, including biomass-related projects, to support society.”

Noritake: Rather than seeing ourselves as just one section, we constantly ask: what can we accomplish as part of the Kyokuto Kaihatsu Group — a comprehensive infrastructure manufacturer — and how should we contribute to society? And by leveraging the expertise we have cultivated and the insights gained through new businesses, we aim to become a key solution to the emerging challenges of future society. That is the value we aspire for the Environmental Solutions Department to deliver through its work.



Respecting Human Rights

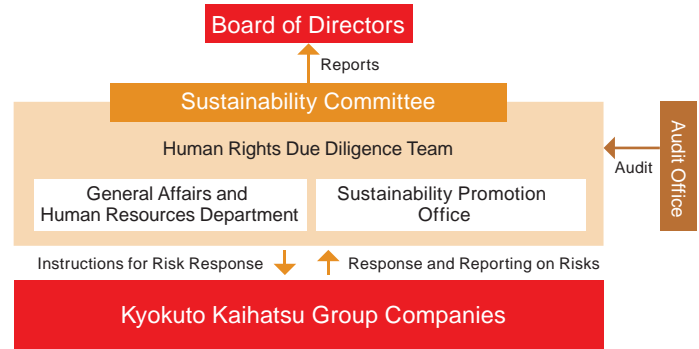


01

Human Rights Due Diligence

The Kyokuto Kaihatsu Group has identified respect for and consideration of human rights as a key material issue. Referring to the UN Guiding Principles on Business and Human Rights and Japan's Guidelines on Respecting Human Rights in Responsible Supply Chains, the Group is developing a human rights due diligence process. As a first step toward identifying high-dependency and high-impact risks, a preliminary (first-stage) assessment was conducted through a trial by the Human Rights Due Diligence Team. Going forward, the Group will engage in communication with each stakeholder to carry out secondary evaluations—through interviews, surveys, and on-site investigations—to conduct a detailed assessment of the risks identified in the trial. The goal is to complete the identification of human rights risks relevant to the Kyokuto Kaihatsu Group.

Our Group's Human Rights Risk Management Framework



Human Rights Risks Identified in the Trial Evaluation



FY 2024 Results

- 1 Consideration of Internal Training on "Business and Human Rights"
- 2 A Trial to Identify Human Rights Risks Related to Each Stakeholder Group Has Been Completed.

Future Initiatives

Identification of risks through communication with each stakeholder

In the trial risk assessment conducted in fiscal 2024, risks were analyzed for each stakeholder group — "employees," "customers," "suppliers," and "local communities." Going forward, we will communicate directly with each group to jointly identify, manage, and address these risks.

Communication with Employees

Through employee surveys, we identify and confirm actual risks that exist in the workplace. Kyokuto Kaihatsu Kogyo and NIPPON TREX also engage in dialogue with labor unions to assess current conditions and implement countermeasures.

Communication with Suppliers

The Sustainability Development Office regularly holds Sustainability Procurement Meetings together with the procurement departments of each Group company. In these meetings, we provide information to suppliers and conduct procurement surveys using SAQs (Self-Assessment Questionnaires). (For details, see p.66)

2 Prevention of Harassment

As clearly stated in our Human Rights Policy, our Group does not tolerate any form of harassment. Aiming to create an organization where every employee can make the most of their strengths and individuality, we provide education and training on harassment, focusing on management-level staff. We have also established dedicated consultation desks for harassment to ensure early response before issues escalate and to enable smooth access to corrective and remedial measures. In 2024, in addition to harassment training for managers, NIPPON TREX launched harassment training programs for general employees as well.

FY 2024 Results

1 Number of Managers Who Completed Harassment Training

Kyokuto Kaihatsu Kogyo: 231 | NIPPON TREX: 101

Future Initiatives

- Harassment training implemented across all domestic Group companies
- Strengthened awareness of harassment reporting channels among employees, Group companies, and business partners

3 Human Rights Considerations in Products and Services

The Group's core Special Purpose Vehicles Business is closely tied to social infrastructure, and its role is expected to diversify and advance further in the coming years. Amid these changes, the need to incorporate perspectives such as "inclusive design"^{*1} and "accessible design"^{*2}—centered on each user's experience—into our products is increasing. Currently, such considerations are still limited across the industry, and our company is no exception.

However, our Group views product development that responds to user diversity as an important opportunity for market differentiation and building brand trust. Accordingly, we have newly added "universal design product development" as a material (priority) issue. Going forward, we will position universal design product development as a new form of value creation rooted in respect for human rights and advance product design that takes diverse perspectives into account. And through Special Purpose Vehicles that everyone can use safely, securely, and comfortably, we will contribute to solving social issues.

^{*1} Design conceived to be usable by everyone

^{*2} Design created through collaboration with, and inclusion of, people who have traditionally been excluded from the design process

Past Initiatives

1 One-Hand Operable Sliding Cover

The garbage truck's loading cover can now be opened, closed, and locked with one hand. This makes it easier to use for people with limited upper limb mobility.



Integrated One-touch Handle

2 Switch Panel with Pictograms

The operation panel of the sprinkler truck now features displays that allow intuitive operation even for non-Japanese speakers.



Operation Panel of the Water Sprinkler Truck featuring Pictogram Indicators

Together with Our Employees



01

Human Capital Management

To realize the Kyokuto Group's management philosophy of being "a company that widely contribute to the society," we are committed to developing human resources who can create value through their work. However, amid declining birthrates and an aging population, securing a stable workforce will become increasingly difficult. As society and markets continue to evolve, strategically acquiring, retaining, and developing talent with the necessary skills and diverse experiences will be critically important. Our Group will focus on seven key areas of human capital management to promote the activation and growth of our people.

The Seven Thematic Areas for Action

1 Defining the Ideal State of Individuals and the Organization

Our Group will clearly define the desired profile of talent and develop a portfolio of roles and organizational structures that align with business needs. We will deepen our understanding of the aspirations of each individual and enhance our organization into one that grows through innovation and collective advancement.

3 Reducing Human Resource Risks

We strive to create a safe, healthy, and supportive workplace environment and foster a corporate culture that enables employees to work with confidence and peace of mind.

5 Human Resource Development

We aim to build mechanisms that promote the expansion of knowledge and skills, as well as the development of personal growth and competencies required for each role. Career paths, training programs, and reskilling opportunities will be designed based on the needs, abilities, and responsibilities of each department, division, and individual.

7 Personnel System

We will establish and review systems—such as remuneration structures and qualification frameworks—to reflect the principles of human capital management and to realize the organization we aspire to become.

2 Enhancing Employee Retention

We aim to build an organization where every employee can work with fulfillment and motivation. By leveraging the results of employee engagement surveys, we will optimize total rewards* and pursue more flexible working styles.

*Total rewards: a comprehensive approach to remuneration management that balances monetary and non-monetary rewards.

4 Human Resource Recruitment

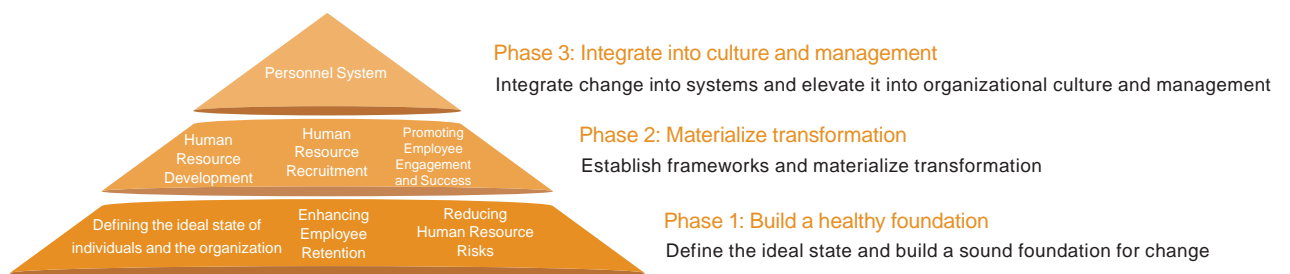
We will review our recruitment methods and areas of focus, and consider promoting the effective utilization of human resources through personnel transfers within the Group, to ensure that the right people are placed in the right positions.

6 Promoting Employee Engagement and Success

We aim to create an environment where every employee can perform to their fullest potential and where their contributions are properly recognized and rewarded. We will provide opportunities for individuals to reflect on and discuss their own career paths, visualize their skills and experiences, and develop mechanisms that feed this "human potential" back into organizational management.

Execution Steps for the Seven Thematic Areas

To continuously advance human capital management in a spiral-up manner, our Group has set priorities across seven thematic areas and plans to implement initiatives in a phased approach.



In our Group's human capital management, we have also set sustainability goals in several key areas. Improvement activities have already begun in collaboration and dialogue with employees—the key stakeholders in this effort. Going forward, these initiatives will be linked with our Human Capital Activation Plan, accelerating implementation across the entire organization.

2 Employee Engagement

Through its employee awareness surveys conducted every three years, Kyokuto Kaihatsu Kogyo has monitored the organization's condition and tracked "work-life balance satisfaction" as one of its key indicators. However, in order to further advance human capital management, the company recognizes the need for more comprehensive surveys and deeper analysis. Therefore, it plans to introduce a new engagement survey system. In FY2024, Kyokuto conducted an internal review to prepare for the change in survey methodology, and beginning in FY2025, the new survey will be rolled out sequentially across domestic group companies.

3 Human Resource Development

Our Group aims to revitalize the organization and its business by enabling each employee to fully demonstrate their individual abilities. We offer rank-specific training to acquire the skills required for the job, and career training to support individual career development. In addition, to encourage employees to develop their abilities on their own initiative, we have established various programs related to self-development, including a self-development correspondence course incentive program, a qualification acquisition incentive program, and a video training service.

4 Promoting Diversity

In response to societal changes, emerging trends, labor shortages, and the need for organizational resilience, diversity is an essential element for the sustainable growth of our Group. We are committed to fostering a work environment and organizational culture where every employee can demonstrate their strengths and work with vitality, while striving to build a truly diverse organization. As part of these efforts, we are promoting the creation of an age-friendly workplace and conducting Unconscious Bias and Inclusive Leadership training programs. Furthermore, in promoting women's participation, we aim to improve the overall ratio of female employees and women in managerial positions, as well as appoint diverse talent to management roles, thereby enhancing the quality of decision-making and strengthening organizational creativity.

FY 2024 Results

1 Number of Employees Who Participated in the Unconscious Bias Training / Inclusive Leadership Training

Kyokuto Kaihatsu Kogyo: 208 | NIPPON TREX: 149

Voices of Employees Who Participated in the Inclusive Leadership Training

In this training, I learned about "unconscious bias," which refers to the unintentional assumptions and prejudices that influence our judgments and actions without us realizing it. It was a term I had never heard before, but I came to understand how important it is to overcome such biases. Even in manufacturing settings, there are tendencies such as the Einstellung effect—the unconscious belief that traditional methods are always best—and stereotype bias, where people are judged based on specific attributes. While I do not believe we should deny all the perspectives and approaches we have followed until now, I realized that these biases can hinder innovation and prevent individuals from realizing their full potential.

I learned that being aware that everyone possesses unconscious biases is essential, and I reaffirmed the importance of listening to and accepting different opinions. By putting into practice what I learned from this training, I aim to foster a culture where diverse perspectives and ideas are actively exchanged, ultimately enhancing overall organizational performance and creating a workplace where every employee can fully demonstrate their abilities.



Shigeharu Suzuki
Manager,
Trailer Production Section,
Manufacturing Department
NIPPON TREX

VOICE

05 Work-Life Balance

In the current labor shortage environment, creating an organization where employees can work with long-term security is crucial for sustainable talent retention and the development of human capital. The Kyokuto Kaihatsu Group is working to reduce working hours by reviewing operations and promoting labor-saving measures through equipment upgrades. Additionally, to ensure that employees can continue working with peace of mind during various life events such as childcare or caregiving, the Group is improving related systems and promoting their use.

FY 2024 Results

1 Parental Leave Utilization Rate

Males: 35.5% | Females: 87.5%

* Kyokuto Kaihatsu Group (Japan)

2 Kyokuto Kaihatsu Kogyo Yokohama Plant

Labor-Saving Through Automation of the
Light-Duty Rear Dump Truck Production Line



Automated Light-Duty Rear Dump Truck Production Line

Comments from employees who took childcare leave

By taking childcare leave, I was able to fully devote myself to supporting my family—from preparing for childbirth to caring for our baby after birth—and we were able to welcome our new family member with peace of mind. I also had valuable time to strengthen our family bond by taking my eldest son to and from kindergarten and participating in his school events, making it a truly fulfilling childcare leave. Although I initially felt anxious about stepping away from work, I am deeply grateful to my colleagues who supported and covered my duties during my absence. This experience reaffirmed that the childcare leave system is a wonderful initiative that supports diverse working styles and respects important life events. Going forward, I hope to help create an environment where it feels even easier for others to take childcare leave.

Keisuke Hara
Hokkaido Service Section,
Field Service Department,
Service Division,
Special Purpose Vehicles Division
Kyoto Kaihatsu Kogyo



Supervisor comment

We believe Mr. Hara was able to spend precious, irreplaceable time with his family and build an even closer relationship. Although his absence created a temporary staffing gap, preparations were made beforehand by increasing opportunities for communication with senior and fellow colleagues to share workloads and transfer responsibilities, ensuring business quality was maintained. Furthermore, by raising awareness of work efficiency and working together to build a system that prevents over-reliance on individuals, the entire team was strengthened. Going forward, we hope Mr. Hara` will share his own experience to encourage others who are considering taking childcare leave.

Future Initiatives

- Strengthening employee communication to further promote childcare leave among male employees
- Considering the development and introduction of systems that make it easier for employees engaged in caregiving to work

Health Management

To continue growing our business and consistently creating value for society, we must strive to maximize organizational strength. To achieve this, it is essential to reduce individual employee health risks and create an environment where everyone can work with vitality and enthusiasm. Our group places strong emphasis on health management, hosting and implementing various events and subsidy programs to help employees maintain good health. These initiatives have also been recognized externally—Kyokuto Kaihatsu Kogyo and NIPPON TREX were both certified as “Health and Productivity Management Organizations 2025 (Large Enterprise Category)”. This marks the fifth consecutive year of certification for Kyokuto Kaihatsu Kogyo and the sixth consecutive year for NIPPON TREX.

Kyokuto Kaihatsu Group Health Management Policy

The Kyokuto Kaihatsu Group believes that enabling every employee to work energetically and with a sense of purpose is essential to realizing its management philosophy, and therefore promotes the health and well-being of its employees.

1. We promote the creation of comfortable and pleasant working environments that consider both mental and physical health.
2. In cooperation with labor unions and health insurance associations, we work to enhance the health of employees and their families.
3. We identify employees' health challenges and promote initiatives that raise awareness and encourage health improvement among all staff.

April 01, 2024

Tatsuya Nunohara

Representative Director, President, CEO
Kyokuto Kaihatsu Kogyo Co., Ltd.

FY 2024 Results

1 Certified as an Excellent Health Management Corporation (Kyokuto Kaihatsu Kogyo, NIPPON TREX)

2 Implementation of Various Health Events and Initiatives

- Comprehensive medical examination subsidy program
- Consultations for high-risk individuals to prevent serious illness
- Walking campaign
- Toyokawa “Kenko-Mileage” (Healthy Living Mileage) program
- Health check-up interpretation sessions
- Health campaign (using apps for diet and health management)
- Health seminars (on topics such as sleep and menopause)
- Influenza vaccination subsidy program
- Dental check-up subsidy program
- Mental health counseling
- Anti-smoking programs
- Gym membership discount system through employee welfare programs
- Bone density testing
- Vascular age measurement

Health Checkup Interpretation Sessions

Kyokuto Kaihatsu Kogyo holds briefing sessions for employees who reach the age of 35, explaining how to read and understand their health check-up results. During these sessions, participants review their own test values through self-checks while learning accurate knowledge about lifestyle habits. In fiscal 2024, many employees from domestic group companies outside the age of 35 also voluntarily participated, reflecting a high level of health awareness.

“Yuru RUN” (casual running) event

At NIPPON TREX, as a new initiative in fiscal 2024, a “Yuru RUN” event was held on weekends, allowing employees and their families to participate. The purpose of this event was to encourage participants to enjoy running at their own pace without setting a specific distance or speed, helping them build the habit of exercising naturally. Held three times throughout the year, the “Yuru RUN” attracted more participants each time and was well received. Through the event, participants enjoyed wide-ranging interactions that transcended departmental boundaries and became more familiar with exercise while refreshing themselves.



Future Initiatives

• Enhancement of Measures Toward Achieving Health Targets

Since fiscal 2023, Kyokuto Kaihatsu Kogyo and NIPPON TREX have formulated a “Health Management Strategy Map” and established specific health-related target values. Going forward, it will be necessary to further strengthen efforts to monitor these indicators and implement initiatives aimed at improving numerical results toward achieving these goals.

Occupational Health and Safety

To create workplaces where employees can work safely and with peace of mind, the Kyokuto Kaihatsu Group promotes workplace environment improvements and employee education and training from a labor safety perspective, while sharing and exchanging information across the entire group. Although the number of occupational accidents within the Group has declined since FY2020, both non-lost-time and lost-time incidents still occur. To significantly reduce these, Kyokuto Kaihatsu Kogyo and NIPPON TREX are strengthening their management systems through the introduction of ISO 45001 and are preparing to obtain certification.

FY 2024 Results

1 Risk Assessment Training by Safety Consultants

At NIPPON TREX, efforts have recently focused on lectures and training conducted by external consultants* to prevent occupational accidents. Now in its fourth year, this program aims to promote logical safety management, with the themes and content of activities being progressively advanced. In fiscal 2024, under the guidance of external consultants, all personnel involved in 24 different work processes learned a method for identifying potential hazards and assessing risks within each actual work unit, thereby revealing latent risks. By continuing these sessions, the company aims to enhance each worker's logical thinking toward risk and further strengthen occupational health and safety awareness across the entire organization.

*External consultants: Certified specialists holding national qualifications as "Occupational Safety Consultants" and "Occupational Health Consultants."

2 Strengthening On-site Accident Reduction Initiatives

At NIPPON TREX, an internal qualification system has been introduced for drivers operating within plant premises to prevent vehicle-related accidents. Eligible personnel can obtain internal certification after completing learning sessions based on past accident cases. In fiscal 2024, measures for responding to on-site accidents were also strengthened. When an incident occurs, all employees involved in related operations conduct on-site inspections to verify and share the circumstances and causes of the accident. Through these efforts, the number of on-site accidents in FY2024 decreased by 26% compared to the previous year.

3 Establishment of Safety Training Centers

Among Kyokuto Kaihatsu Kogyo's plants, the Yokohama and Nagoya plants have established Safety Training Centers to provide employees with hands-on safety learning and deepen their understanding of occupational health and safety. These facilities display clear and accessible information about hazardous chemicals handled within the plant and past workplace accident cases, allowing employees to strengthen their awareness and knowledge of safe work practices. A similar facility is planned to be established at the Fukuoka plant in the future.



Exterior view of the Nagoya Plant Safety Training Center



Inside the Safety Training Center

4 Enhancing Occupational Health and Safety Education

At Kyokuto Kaihatsu Kogyo, labor safety promotion activities are implemented through both top-down and bottom-up approaches.

As part of the top-down initiatives, training sessions led by external instructors were conducted for managers responsible for promoting safety management, strengthening their leadership and ability to communicate safety information effectively. From the bottom-up perspective, efforts to raise safety awareness include programs where young employees, new hires, and partner company workers participate in safety patrols alongside senior staff.



Young employees conducting a safety patrol

Kyokuto Kaihatsu Kogyo's Heatstroke Countermeasures

In the Special Purpose Vehicles Business, large products are handled, and due to the structural characteristics of the plants, it is difficult to control the working environment temperature with air conditioning. Under such circumstances, extreme summer heat not only reduces work efficiency but also poses a major risk of heatstroke. To address this, the company has improved facilities by installing spot coolers and cooling rooms, and by providing drinking water stations close to work areas. In addition, alerts are issued according to temperature and humidity levels to remind employees to take thorough precautions against heatstroke. These measures have resulted in a sharp decline in heatstroke-related workplace accidents in recent years.



Spot Coolers



OS-1 and Ice Packs kept on hand

Future Initiatives

● Strengthening Initiatives at Key Sites

In recent years, some plants and offices have experienced occupational accidents, highlighting the need for focused countermeasures. It is necessary to further enhance equipment investment and training programs through the operation of the occupational health and safety management system.

For the Creation of Safe Workplaces The Current State of Occupational Health and Safety Activities Promoted by the Kyokuto Kaihatsu Group

The Kyokuto Kaihatsu Group has numerous production and service sites across Japan, and protecting the safety of the employees and partner-company workers at these sites is one of the most critical priorities supporting the foundation of our corporate activities.

Our Group has long positioned the elimination of occupational accidents as a key material issue, with each company's occupational health and safety division working in coordination with the Safety Management Department to create workplaces where everyone can work safely. As a result of many years of continuous improvement activities, unsafe conditions at worksites have steadily decreased. However, we have not yet achieved zero accidents, and occupational accidents continue to occur.

An analysis of recent incidents across the Group has revealed that further measures focusing on preventing unsafe behavior are necessary. In addition to traditional classroom-based safety training, we believe it is essential to further enhance hands-on, practical training at worksites.

Kyokuto Kaihatsu Kogyo is also in the process of establishing a framework to obtain certification for ISO 45001, the international occupational health and safety management system. Once a PDCA-based framework is fully implemented, we expect to see increased knowledge sharing between plants and new improvement proposals emerging from fresh perspectives.

At the same time, to support high-quality training, developing the people who lead it is indispensable. There remain many challenges, such as strengthening the training system led by qualified instructors.

Although change cannot happen overnight, we believe that steady, step-by-step progress is vital. Through this accumulation of continuous effort, the Kyokuto Kaihatsu Group will keep moving forward—committed to building safer and more comfortable workplaces for everyone.



Masahiro Kasai
General Manager,
Safety Management Department,
Administration Division
Kyoto Kaihatsu Kogyo Co., Ltd.

VOICE

Together with Our Customers



01

Delivering Safe and Reliable Quality

The Kyokuto Kaihatsu Group has obtained ISO 9001 certification at its major production and multiple service sites and continues to work on improving quality. In addition, to pass on advanced technical expertise and ensure the production of high-quality products, the company conducts various training sessions and educational programs for workers focused on different skill areas.

FY 2024 Results

- 1 At Kyokuto Kaihatsu Kogyo's Special Purpose Vehicles Business, Preparations Are Underway for the Sales Department to Obtain ISO 9001 Certification.

In addition to production and service sites, the Sales Department is also working toward obtaining ISO 9001 certification.

Continuation of Qpro Activities

Kyokuto Kaihatsu Kogyo has been continuously implementing quality improvement activities aimed at meeting customer needs. These activities are overseen by the in-house project *Quality-Project (Qpro)*, which sets annual themes and carries out various improvement initiatives. By steadily addressing challenges through this project, the company continues to pursue further enhancement of product and service quality.

- 13th Company-Wide Welding Skills Competition

In Kyokuto Kaihatsu Kogyo's Special Purpose Vehicles Business, many products are custom-made to meet individual customer specifications. Because of their complex structures, welding by skilled workers with flexible techniques is essential, and maintaining quality requires a high level of welding proficiency.

As part of the company's Qpro (Quality Improvement Program) activities, each factory conducts an annual Welding Skills Test, followed by a Company-Wide Competition among top performers. The 13th competition, held in FY2024, brought together Kyokuto Kaihatsu Kogyo employees and partner company workers engaged in welding operations to compete in their welding skills. The competition features challenges modeled on actual product conditions, and the content is reviewed annually, becoming increasingly difficult each year. This serves as a strong motivation for participants to improve their technical abilities and enhances overall awareness of product quality.



In FY 2024, the challenge was to attach an oval patch to a base plate. At the edges, the welded sections were close together, making it more difficult than the previous year.

02

Strengthening Communication for Better Products

The Kyokuto Kaihatsu Group promotes the creation of new value by engaging in dialogue with customers and other stakeholders to identify potential needs and work toward effective problem-solving.

Initiatives in FY 2024

- 1 Established a Sales Planning Department within the Special Purpose Vehicles Business

In April 2024, Kyokuto Kaihatsu Kogyo established a Marketing Department within the Special Purpose Vehicles Business.

This department functions as a hub for the effective collection and analysis of user and market information, with the goal of creating new value in products and services. With this new department overseeing information gathering, it has become possible to consistently collect, store, and appropriately analyze market feedback that is useful for departments such as Sales, Development, and Design. Specifically, the company sends "Thank You Letters" accompanied by questionnaires to customers who have purchased its products, allowing it to collect user-based opinions on needs and improvement requests.

Although user communication activities led by the Marketing Department have only just begun, new product and service concepts are already being developed. Information gathering from the user's perspective is expected to become increasingly important in the Special Purpose Vehicles Business. Our Group will continue to promote value creation through effective communication with stakeholders.

Together with Our Business Partners



Supply Chain Management

The Group has established the Sustainable Procurement Policy and Sustainable Procurement Guidelines with the goal of achieving sustainable procurement across the supply chain. Full-scale supplier communication began in FY2023, and going forward, the Group will place greater emphasis on mutual dialogue through tools such as the SAQ (Self-Assessment Questionnaire). Through these efforts, the Group aims to promote risk reduction and improvement in areas such as the environment, human rights, and occupational health and safety, and to further advance sustainable procurement.

FY 2024 Results

1 Revision of the “Procurement Policy” and “Procurement Guidelines”

Additionally, the existing “Procurement Policy” and “Procurement Guidelines” have been revised and renamed as the “Sustainable Procurement Policy” and “Sustainable Procurement Guidelines.” The scope of these policies and guidelines has also been expanded to cover the entire Kyokuto Kaihatsu Group.

2 A Procurement Briefing Was Held for Approximately 200 Key Suppliers.*

3 Responses to the SAQ Were Received from 119 Key Suppliers.*

Through SAQ exchanges, the Group holds dialogues with business partners identified as needing improvement, confirming their status and encouraging corrective action. Going forward, the company plans to expand the scope of target suppliers to include Group companies, aiming to further strengthen its supply chain management framework.

*Target: Key suppliers of Kyokuto Kaihatsu Kogyo, NIPPON TREX, and Kyokuto Kaihatsu Parking

Future Initiatives

- Conducted engagement activities with all major suppliers within the Group
- Strengthened responses to supplier situations identified through SAQ (Self-Assessment Questionnaire) communications

Resource Reduction Activities Across the Supply Chain

The Group is engaged in activities to promote sustainable manufacturing by exploring ways to optimize resource use throughout the entire supply chain.

Past Initiatives

1 Switch to Paper Packaging Materials

In the Group's Special Purpose Vehicles Business, most repairs are carried out at partner service factories, and the necessary replacement parts are shipped from the company's Parts Center to those facilities. Previously, plastic packaging materials were used for these shipments, but in order to reduce plastic consumption and promote resource circulation, the Group has gradually switched to paper-based packaging materials. This initiative not only reduced environmental impact but also achieved lower packaging costs.

Together with Our Local Communities



01

Nurturing the Next Generation

The Kyokuto Kaihatsu Group manufactures special purpose vehicles and multi-story parking systems that support social infrastructure, and contributes to people's daily lives through the construction and operation of waste treatment plants. To help more people understand and appreciate the role of the Group's products and services in everyday life, a variety of outreach initiatives are undertaken. Among these, the Group places special emphasis on education and engagement for younger generations, which have been highly regarded by local communities.

FY 2024 Results

1 Educational Support through the "Special Purpose Vehicle Designer" Experience

As part of its commitment to education and social contribution for future generations, Kyokuto Kaihatsu Kogyo decided to exhibit a pavilion at the children's career and social experience facility KidZania Koshien. The company's pavilion, "Special Purpose Vehicle Design Company," officially opened on July 31, 2025. This marks the company's first participation in such a facility. At the pavilion, children can take on the role of special purpose vehicle designers and enjoy learning about the appeal of manufacturing and the important role that special purpose vehicles play in society.

Through this experience, children gain an understanding of the structure and functions of vehicles such as rear dump trucks, refuse trucks, and car carriers, while challenging themselves to design vehicles that meet customer needs. Using a dedicated design app, participants can create their own blueprints and take them home as paper craft models, allowing them to experience the joy of thinking creatively, problem-solving, and bringing their ideas to life.



2 Donations to Local Elementary Schools

PT. Kyokuto Indomobil Manufacturing Indonesia participates in donation programs for local elementary schools. In 2024, the company donated soccer balls, stationery, whiteboards, and cleaning kits. During the donation ceremony, employees and students also interacted through mini-games and other activities, deepening their connection.



Presentation of Soccer Balls

Past Initiatives

For many years, the Kyokuto Kaihatsu Group has engaged in various activities to share information and implement initiatives aimed at supporting and inspiring the next generation.

1 Hosting and Sponsoring Events for Children

Since FY2023, NIPPON TREX has sponsored the Elementary School Radio Commercial Contest. In this initiative, local elementary school students and their parents create radio commercials based on what they learn through workplace visits to local companies and facilities. This program helps local stakeholders learn more about NIPPON TREX while contributing to educational activities for the next generation.

Children's Events Hosted and Sponsored in FY2024

- Elementary School Radio Commercial Contest
- "Working Vehicles Gathering" at Suzuka Circuit
- Parent-Child Factory Tour at the Nagoya Plant
- Sakishima Kodomo EXPO 2024

2 Factory Tours and Work Experience

The Kyokuto Kaihatsu Group actively welcomes factory tours and hands-on work experience programs at its subsidiaries and production sites, providing opportunities for visitors to learn about the Group's manufacturing processes and technologies firsthand.

3 Enhancing Children's Content

One of the Kyokuto Kaihatsu Group's main businesses — Special Purpose Vehicles Business — plays a vital role in supporting social infrastructure through a wide range of "working vehicles." To help children learn about and connect with these vehicles, the Group offers paper craft models and other child-friendly content on its official website, expanding awareness of its products among younger generations.

2 Coexistence with Local Communities

The Kyokuto Kaihatsu Group operates bases both in Japan and overseas, conducting responsible corporate activities as a member of each local community. Through these efforts, each site has earned recognition as a community-rooted company that contributes to local development and engagement.

FY 2024 Results

1 Participation in Community Events

The Kyokuto Kaihatsu Group hosts and sponsors various local events and community programs at its sites.

NIPPON TREX Participation in Aeon Mall Events

In August 2024, NIPPON TREX participated in the event “Cool Share with a Refrigerated Truck Experience & Quiz Rally — Learn About Working Vehicles!” held at Aeon Mall Toyokawa in Toyokawa City, Aichi Prefecture. This was the first collaboration between NIPPON TREX and Aeon Mall, providing a meaningful opportunity for the company, as a local business, to build new connections with the community. The event featured displays of a double-connected refrigerated truck and the “Inarin-go” cargo vehicle, where visitors could experience the truck’s interior cooled to -30°C and ride in the cargo bed, allowing people of all ages to directly experience the features of the company’s products. NIPPON TREX trailers are recognized as part of the “Toyokawa Brand,” a designation for outstanding local assets of Toyokawa City, and this event also served as an opportunity to share that value widely with local residents.



2 Local Environmental Conservation

Each Group site conducts regular community clean-up activities. Some locations also engage in greening initiatives such as tree planting.

At SATRAC ENGINEERING in India, trees were planted along a nearby median strip in celebration of World Environment Day. This initiative contributed to improving the local environment and helped employees recognize the importance of environmental conservation.



Tree-Planting Scene

3 Community Health Initiatives

The Group also recognizes that supporting community health is an important part of its social contribution mission. At SATRAC ENGINEERING in India, the company donated an ambulance to support the health and well-being of residents in the area surrounding its new Chennai plant, currently under construction. The ambulance is available for use by both SATRAC employees and local residents, enhancing access to emergency medical services. This contribution has helped establish critical medical infrastructure, ensuring rapid transport of patients in urgent cases and improved access to emergency care during disasters.

Meanwhile, NIPPON TREX has launched a “Used Stamp Collection Project,” an initiative through which collected used postage stamps are exchanged to fund vaccines for people in need around the world.



Donated Ambulance

4 Support for Local Communities

At STG Global, the company has donated to organizations related to breast cancer and other cancer causes, and participated in charity walks and running events as part of its fundraising efforts. It also supports and sponsors local youth sports clubs, including local basketball teams. Beyond these efforts, the Kyokuto Kaihatsu Group provides ongoing support for community initiatives, cultural programs, and sports activities in the regions and countries where it operates.

Compliance Response



On the Cease and Desist Order from the Japan Fair Trade Commission

Kyokuto Kaihatsu Kogyo Co., Ltd. and its group company NIPPON TREX Co., Ltd. were subjected to an on-site inspection by the Japan Fair Trade Commission (JFTC) on November 12, 2024, due to suspected cartel activities related to the sales of their manufactured “vehicle body products.” Following the inspection, both companies fully cooperated with the JFTC’s investigation. However, on September 24, 2025, the companies received a Cease and Desist Order and a Surcharge Payment Order under the Antimonopoly Act.

We deeply apologize to our customers, business partners, shareholders, and all other stakeholders for the great concern and inconvenience this matter has caused.

We take the receipt of these orders with the utmost seriousness and will make every effort, across the entire Kyokuto Kaihatsu Group, to prevent recurrence and strengthen compliance throughout our organization.

In the Kyokuto Kaihatsu Group, compliance is defined not merely as “adherence to laws and internal rules,” but as acting with integrity based on social norms, corporate ethics, and the company’s management philosophy — in order to meet the expectations and demands of society. It is regarded as one of the Group’s key material issues (management priorities).

Currently, led by the Legal Department, the Sustainability Committee regularly evaluates bribery risks across Group companies and business units and works to establish preventive frameworks. If an issue should arise, the Board of Directors and other relevant bodies deliberate and determine appropriate response and recurrence prevention measures.

FY 2024 Results

1 Formulation of the “Kyokuto Kaihatsu Group Compliance Policy”

2 Employee Education

The Kyokuto Kaihatsu Group conducts in-house education and training programs for all employees to ensure compliance with applicable laws and regulations in the course of business activities. These programs are designed to familiarize employees with the Group’s various compliance policies and codes of conduct, fostering a culture of integrity and ethical awareness throughout the organization.

- “Anti-Corruption Seminar” ... Conducted for all Group employees
- “Anti-monopoly Act Training” ... For all sales personnel across in the Group

3 Establishment of the Internal Reporting System

In accordance with the Whistle-blower Protection Act, the company has established both an Ethics Consultation Desk and a Harassment Consultation Desk, which receive reports and consultations from a fair and neutral standpoint. All reports made through these channels are treated as confidential, including the whistle-blower’s name and the content of the report. Internal investigations are conducted to ensure strict handling, disciplinary action where necessary, and implementation of recurrence-prevention and corrective processes. Furthermore, whistle-blowers are protected from any disadvantage or retaliation within the organization.

• Ethics Consultation Desk

The Kyokuto Kaihatsu Group has established an Ethics Consultation Desk that serves as a contact point for all stakeholders — including Group employees, temporary staff, and business partners — to seek advice or report concerns related to legal violations or human rights issues within the Group. Both internal and external consultation channels are available. The desk can be used not only to report clear cases of legal or regulatory violations, but also to consult about or report matters that may appear suspicious or questionable, ensuring early detection and proper response.

• Harassment Consultation Hotline

The company has also established a dedicated “Harassment Consultation Desk” for employees who have experienced or witnessed any form of harassment. Consultation channels are available both internally and externally, ensuring accessibility and confidentiality. When a reported case is confirmed to be factual, the Harassment Investigation Committee conducts a thorough investigation, and the Disciplinary Committee determines appropriate actions to resolve the matter. In addition, we will provide relief to the victim by thoroughly implementing measures to prevent recurrence and monitoring the progress.

Future Initiatives

• Establishment of a Risk Management Committee

A Risk Management Committee chaired by the President has been established.

• Development of a System to Prevent Recurrence of Anti-monopoly Act Violations

A roadmap has been formulated to build a compliance framework for preventing recurrence, and measures are being implemented in stages.

Development of a System to Prevent Recurrence of Anti-monopoly Act Violations

1. Development and Strengthening of Organizational Systems

- Adopted a Board resolution stating that no acts in violation of the Anti-monopoly Act will be committed, and issued it as a top management message
- Formed an investigative team consisting of external legal counsel and the internal legal department, and conducted a questionnaire survey among all sales-related personnel to determine whether any potentially unlawful activities had occurred
- Began building an internal audit structure for the regular implementation of compliance audits

2. Establishment of Rules and Manuals

- Established behavioral guidelines and internal regulations concerning Anti-monopoly Act compliance (including disciplinary rules, leniency provisions*, and contact rules)
- Developed compliance manuals and related documents

3. Education and Awareness Activities

- Conducted training for all officers and employees on compliance with the Anti-monopoly Act
- Implemented regular awareness activities regarding the internal whistle-blowing system

By regularly reviewing and continuously improving (spiraling up) these preventive measures, the Group aims to build a sound and ethical organization free from compliance violations.

* A provision was established to grant leniency or exemption from disciplinary action for entities that voluntarily report or cooperate in investigations.

Anti-Corruption



The Kyokuto Kaihatsu Group positions the strengthening of its compliance framework as a top management priority, and within that, is actively engaged in anti-corruption initiatives.

In particular, any act of bribery involving public officials undermines the fairness and integrity of public service, hinders fair competition, and threatens a nation's social, economic, and democratic stability and sustainable development. With this understanding, the Group maintains a zero-tolerance policy toward any form of bribery. Furthermore, as a signatory to the United Nations Global Compact (UNGC), the Group supports its principle in the area of anti-corruption — namely, that “businesses should work against corruption in all its forms, including extortion and bribery.”

FY 2024 Results

1 Formulation of the Basic Policy on the Prevention of Bribery

The company has formulated the “Kyokuto Kaihatsu Group Basic Policy on the Prevention of Bribery” and communicated it to all relevant parties both in Japan and overseas. This policy stipulates the prohibition of bribery, strict disciplinary responses, and the implementation of organizational frameworks and initiatives aimed at preventing bribery across the Group.

Future Initiatives

• Establishment of a Framework for Preventing Bribery

Establishment of a system to prevent bribery

1. Risk Management Framework

- Conduct regular assessments of bribery risks and establish preventive frameworks across all Group companies and business units
- Ensure thorough compliance with this Basic Policy through internal training and education
- Periodically verify adherence to this Basic Policy through internal audits

2. Strengthening Checks When Engaging External Parties Such as Consultants

3. Raising Awareness on Preventing Bribery and Corruption Among Suppliers and Other Business Partners

Measures against Natural Disasters



Kyokuto Kaihatsu Group operates across many domestic and international sites. Particularly in the Special Purpose Vehicle (SPV) business, seismic and disaster countermeasures for production bases are urgent priorities.

FY 2024 Results

1 Renovation and Renewal of Buildings Based on Seismic Assessments

In 2019, Kyokuto Kaihatsu Kogyo conducted detailed seismic assessments of all buildings constructed under the former seismic standards and has since been implementing countermeasures for those found to be at risk of collapse. As of September 2025, reinforcement and reconstruction work has been completed at the Nagoya Plant, Miki Plant, and Fukuoka Plant, along with the relocation of the Head Office to Osaka and the relocation of the Tohoku Branch Office. Specific countermeasure plans have also been finalized for the remaining two buildings at the Yokohama Plant. Upon completion of these final reinforcement works, seismic countermeasures across all Kyokuto Kaihatsu Kogyo production sites will be fully complete. At NIPPON TREX's Head Office facility, six buildings were identified as requiring countermeasures. Reinforcement work is planned for three of these buildings, while the remaining three are scheduled for demolition, with removal expected to be completed around FY2027.

	Base	Buildings	Measures	Status
Kyoto Kaihatsu Kogyo	Head office	3	Relocation	Completed
	Yokohama Plant	2	Reinforcement	Planning
	Nagoya Plant	2	Reconstruction	Completed
		9	Reinforcement	Completed
	Miki Plant	1	Reinforcement	Completed
	Fukuoka Plant	1	Reconstruction	Completed
		3	Reinforcement	Completed
	Tohoku Branch	2	Relocation	Completed
FE-AUTO	Nagoya Service Center	1	Reinforcement	Completed
NIPPON TREX	Head Office Facility	3	Reinforcement	Planning
		3	Demolition	Planning

● Confirmed improved seismic resistance through thorough inspections

The following main methods were used in the seismic reinforcement work:

1. Addition of Beams and Braces to Walls and Ceilings



- Added beams
- Reinforced braces from single to double configuration

Nagoya Plant – Second Steel Fabrication Facility

2. Reinforcement of Column Bases



Install new bolts



Weld and secure the plates and bolts



Inject grout material to fill the gaps

Four additional bolts have been added to enhance the column's anchoring strength.

Nagoya Plant – Final Inspection Area

3. Addition and Reinforcement of Underground Beams



After Excavation
Before Construction



Before Backfilling
After Construction

Nagoya Plant – Assembly Factory 1

To ensure sufficient seismic performance, in addition to structural verification through calculations, on-site testing was carried out during construction — including tensile tests on anchor bolts, various concrete tests, and welding inspections — to maintain strict control over construction quality.

2 Formulation of the Initial Response Manual

Kyokuto Kaihatsu Kogyo is continuously working to enhance and expand its manuals for responding to actual disasters. Through previous initiatives—such as the introduction of a safety confirmation system—the Company has already established the basic infrastructure necessary for initial emergency response. Going forward, it recognizes the need to develop detailed response plans for specific scenarios based on various possible disaster situations. As the first step toward achieving full Business Continuity Management (BCM) implementation, Kyokuto Kaihatsu Kogyo has begun creating an Initial Response Manual in collaboration with external consultants. Field surveys have been completed at the Head Office, Tokyo Headquarters, Yokohama Plant, Nagoya Plant, Miki Plant, and Fukuoka Plant, with the goal of completing the manual in FY 2025. After the manual's completion, the Company plans to conduct internal training exercises simulating various types of disasters to raise crisis awareness and establish systems and frameworks that enable the continuation of business operations even under unforeseen circumstances. At the same time, other companies within the Kyokuto Kaihatsu Group are also required to prepare similar plans and manuals to ensure readiness for emergencies—an important task moving forward.

Past Initiatives

1 Measures against Flooding

In response to the recent increase in torrential “guerrilla” rainstorms, the Kyokuto Kaihatsu Group has implemented a range of flood prevention measures at its plants, such as installing flood barriers and preparing sandbags. In addition, we have completed the relocation of sales offices that suffered damage from inland flooding caused by torrential rains in the past, resulting in flooding above the floor level.

2 Replacement of Boundary Walls

To prevent potential collapse from earthquakes and other natural disasters, the Group replaced traditional mandai-hei (solid concrete boundary walls) that faced sidewalks and roadways at each factory with privacy or mesh fences that are structurally safe and flexible. All replacement works have now been completed across every plant.

Information Security



As part of building a more resilient business structure, the Kyokuto Kaihatsu Group is strengthening its information security measures. In FY 2024, the Group revised its Information Security Basic Policy, expanding its scope to cover the entire Group. By protecting information assets from various threats, the Group aims to maintain the trust of all stakeholders.

FY 2024 Results

1 Revision of the “Information Security Basic Policy”

The scope of application has been expanded to cover the entire Group, and the range of stakeholders has been broadened beyond customers to include all stakeholders.

2 Implementation of Information Security Risk Assessments

The Kyokuto Kaihatsu Group analyzes and evaluates the information assets it holds, implementing efficient and effective security measures that are proportionate to the level of identified risk.

3 Implementation of Information Security Education

The Kyokuto Kaihatsu Group actively shares information on the latest cyber threats—such as latest malware and phishing scams—across all Group companies and implements appropriate countermeasures to address these risks. In FY 2024, the Group conducted a hands-on training initiative by distributing simulated phishing emails to employees, allowing them to experience actual threat scenarios. This initiative made it possible to visualize employees’ risk awareness levels across the organization and provided each participant with a valuable opportunity to learn appropriate initial response procedures.

To Realize Innovation — Now is the Time to Build an Organization with the Power to Execute.

In FY2025, the Kyokuto Kaihatsu Group launched its new Medium-Term Management Plan 2025–2027 — Creating The Future As One (II) — as the second stage of its long-term management vision, Kyokuto Kaihatsu 2030. Amid a rapidly changing business environment and increasingly diverse social challenges, what do the outside directors see from their perspectives? They discuss the current challenges in enhancing corporate value, the organization's strengths, and the capabilities required for further growth. Outside Directors Mr. Terakawa, Ms. Kaneko, and Mr. Tomohiro of Kyokuto Kaihatsu Kogyo share their views on the Group's journey so far and its path forward.

Adding a touch of transformation to steadfastness and reliability

Terakawa: During the first stage of our Medium-Term Management Plan 2022–2024 — Creating The Future As One — the Special Purpose Vehicles Business faced delays in chassis supply due to the impact of COVID-19 and the semiconductor shortage. As a result, it took time for orders to be reflected in sales. However, this situation is now showing signs of improvement, and we expect to return to our original growth trajectory soon.

In the Environmental Equipment and Systems Business, our continuous efforts have begun to bear fruit. A major achievement was winning various contracts from local governments and private companies, including the construction of a non-combustible bulky waste crushing and processing facility at the Inner Central Breakwater Landfill Site in Koto-ku, Tokyo, scheduled for FY 2024.

As for the Parking Business, I believe it is entering the next growth phase by leveraging its long-cultivated technological capabilities to respond meticulously to the growing demand for replacements and new developments of multistory parking systems.

Kaneko: I get the impression that expansion of the existing businesses is progressing steadily. At the same time, I feel that the Group needs to take a bolder step toward growth. For example, one of our flagship products — the concrete pump truck — was originally developed in response to on-site feedback to address challenges at construction sites. In the same way, accelerating product development that stays

close to end-user needs and actively tackles real-world problems — in other words, innovation — could become the driving force that propels our next stage of growth.

Tomohiro: The special purpose vehicle market is structurally stable, with few competitors and high barriers to entry for newcomers from other industries. That said, the domestic market is inevitably shrinking, and issues such as a declining labor force due to an aging population and the succession of technical skills are becoming increasingly pronounced. Given these circumstances, I believe the Group has entered a phase where it must seriously consider bold initiatives beyond the conventional framework— such as expanding into overseas markets and taking on new business fields. At this point, the Kyokuto Kaihatsu Group needs to add a sense of boldness and momentum to the steadfastness it has long prided itself on.

What is now being tested is execution and driving force

Terakawa: In the first stage of the Medium-Term Management Plan, while we achieved our sales targets, profitability indicators such as ROE and operating margin fell short due to rising costs and delays in efficiency improvements. In the newly launched second stage, the key challenge will be ensuring execution power. To prevent the excellent Medium-Term Management Plan from ending as mere theory, I hope to see strong execution and driving force from the leadership team.

Outside Director
Kyokuto Kaihatsu Kogyo Co., Ltd.

HIROYUKI TERAKAWA

Outside Director
Kyokuto Kaihatsu Kogyo Co., Ltd.

KEIKO KANEKO

Kaneko: Exactly — building a framework that supports execution will be the key going forward. The second stage emphasizes innovation, but the question is how to build an organization capable of leading that innovation in practice. Furthermore, achieving innovation requires strengthening contact points with customers — the end users. For instance, in the construction and civil engineering sectors, where labor shortages and efficiency are major challenges, special purpose vehicles can play a pivotal role in solving these issues. That's why I'd like to see more effort invested in steady, on-the-ground activities — like being attentive "listeners" to end users' needs directly at their worksites.

Tomohiro: To ensure strong execution capabilities, diversity in human resources is also essential. For the Kyokuto Kaihatsu Group to achieve further growth, the current scale of its workforce has its limits. In addition, the Group's workforce is characterized by a large proportion of technical personnel and a high ratio of male employees. In such a homogeneous organization, it is crucial to consciously incorporate diverse perspectives. Therefore, the Group should proactively promote mid-career recruitment and the appointment of external talent. Human resources will also play a vital role in global expansion. As the Group works to strengthen its overseas bases and develop a structure capable of competing in global markets through large-scale M&A, it will be increasingly important for all employees to clearly understand their roles and foster strong partnerships with their counterparts. This makes it indispensable to approach talent management and development from a global perspective.

Supporting "Stand-Out" Talent through the Spirit of Wakyo

Terakawa: The Group's management philosophy—Trust, Reliability, and Wakyo (Harmony and Cooperation)—is deeply rooted throughout the organization. In particular, the spirit of Wakyo, which emphasizes mutual support in promoting business and contributing to society, is clearly reflected in how the Group utilizes its human resources. Take research and development, for example. Members from across different sections and fields come together as one team, sincerely engaging with their themes and turning ideas into reality. The Group has also set the acceleration of overseas business growth as one of its key policies, and I believe the human resource strategy rooted in Wakyo can be effectively applied there as well. As global expansion becomes a reality and the need for more personnel grows urgent, both internal development and external recruitment will be important. Regardless of the approach, I am confident that the Group's corporate culture—where people gathered under a shared mission of global expansion support each other, take on challenges, and achieve their goals—will enable success.

Kaneko: I sense that Kyokuto Kaihatsu Group's technical staff embody a spirit of diligence, discipline, and a strong emphasis on safety. On the other hand, they tend to be reserved, which sometimes makes it difficult

for them to take proactive initiative. Similarly, sales staff may be caught up in daily routines, making it challenging for them to share their awareness of various issues across the organization. However, these latent voices are extremely valuable. By listening carefully and drawing them out, I believe there is still significant potential to revitalize the organization from the bottom up.

Diversity in human resources will also guide the corporate culture in a positive direction. In the special purpose vehicle industry, the ratio of female managers remains low, but by developing role models within the company and actively communicating that it is a workplace where anyone—regardless of gender—can work with confidence, the Group can become an attractive choice for talented young professionals.

Tomohiro: Indeed, the Kyokuto Kaihatsu Group has a corporate culture that sincerely strives to achieve the goals it sets for itself. This is a major strength; however, by itself, it is not enough to keep pace with an era of rapid change. To promote the creation of new businesses and advance global expansion, the Group will need individuals who can boldly move the organization forward — people who are, in a positive sense, unconventional. It is essential to foster change by adopting perspectives that differ from traditional ways of thinking about objectives and strategies. There is a saying, "The nail that sticks out gets hammered down." Yet, a nail that stands far above the rest cannot be hammered down. Supporting and nurturing bold, out-of-the-box thinkers through the spirit of Wakyo — this, too, may serve as a key to breaking through the status quo from the perspective of human resource development.

What we look forward to is the strength of the corporate brand built by each and every individual

Terakawa: The Kyokuto Kaihatsu Group has products that hold a high market share and strong future potential. However, its name recognition is still relatively low. Therefore, efforts to raise awareness and enhance the value of the corporate brand are essential. I believe initiatives such as installing advertising billboards at major locations like Osaka Station and exhibiting a Special Purpose Vehicle Design Company pavilion at KidZania Koshien are excellent steps in that direction.

I also have high expectations that the Group's Technical Center, equipped with world-class functions, will continue to produce outstanding products with overwhelming market strength. By uniting the Group's collective know-how, refining its technologies, and proactively communicating its passion and achievements, I hope the strength of the Kyokuto brand will be conveyed far and wide.

Kaneko: I completely agree. At the same time, it's important not only to disseminate information but also to gather it. Innovation begins by confronting users' challenges head-on and finding solutions to them. To do so, the Group must accurately understand customer needs and build an organizational framework capable of swiftly reflecting that information in both product development and management decisions. The ability to sense changes in markets and society is now more important than ever.

Tomohiro: Going forward, I believe it will also be important to actively engage with the broader public to gain wider empathy and recognition. This approach can strengthen connections with new customers, enhance the company's appeal to prospective employees, and foster unity and motivation within the organization. By sharpening its sensitivity to change and communicating the Group's commitment to delivering high-quality products that contribute to society, Kyokuto can leave a lasting impression on people. That, in itself, represents brand enhancement and is a vital element in increasing corporate value. To achieve this, I hope the organization will continue to evolve into one where every employee can take initiative and step forward with confidence.

Outside Director
 Kyokuto Kaihatsu Kogyo Co., Ltd.

TAKANOBU TOMOHIRO



Corporate Governance

Basic Policy

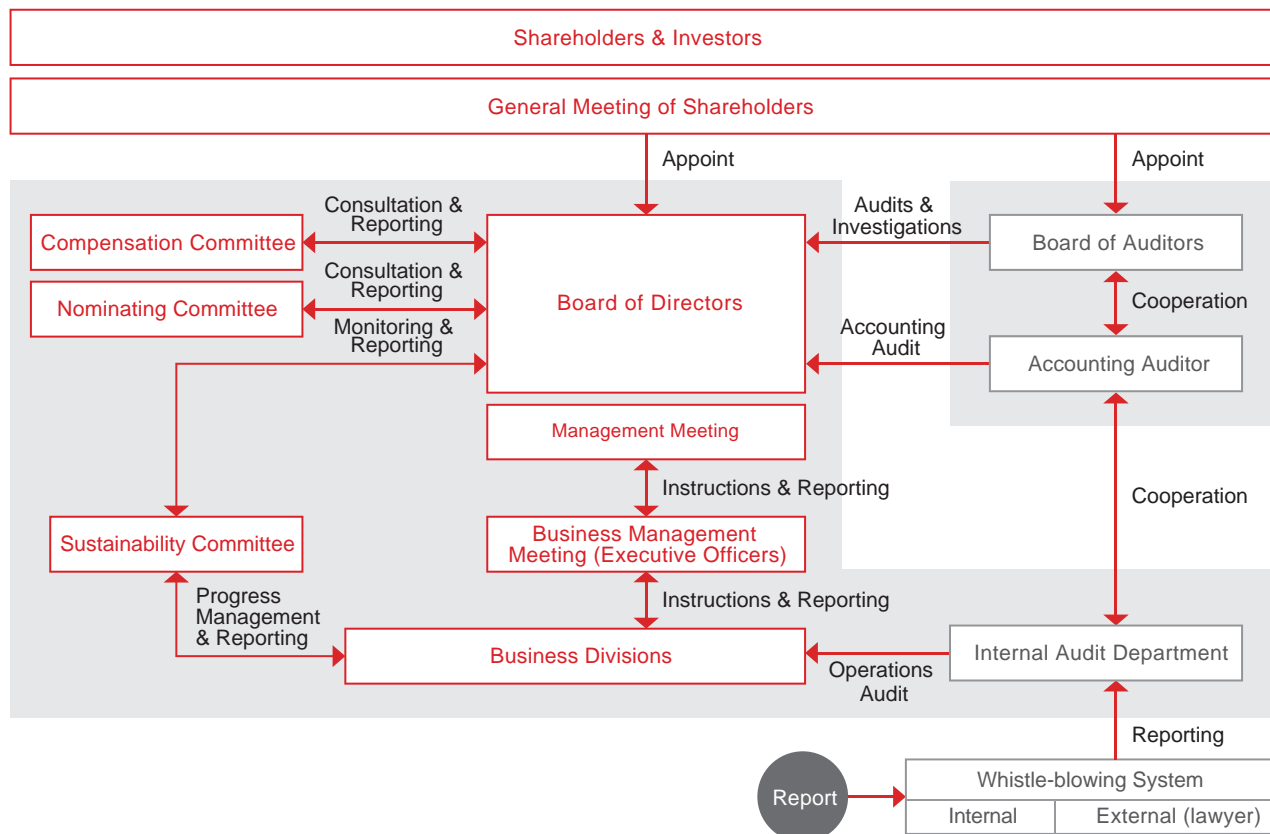
The Kyokuto Kaihatsu Group's management focuses on expanding corporate value by making prompt decisions on management policies and strategies in response to changes in the business environment, and by strengthening the system for implementing those policies and strategies in a reliable, speedy, and timely manner. We are also strengthening our auditing and supervisory functions to ensure compliance with laws, regulations, and rules in the process from decision-making to execution. We consider it an important management issue to build good relationships with various stakeholders, including customers, employees, business partners, shareholders and investors, and local communities, while enhancing corporate ethics and being aware of its social responsibilities and roles as a company and as a member of society through sound corporate activities.

Changes in Corporate Governance

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Appointment of Outside Directors	2 Directors appointed							3 Directors appointed (One female Director)			
Board of Directors Effectiveness Evaluation	Introduction of Board of Directors effectiveness evaluation							Evaluation by third-party institution			
Compensation Committee		Establishment of Compensation Committee									
Nominating Committee			Establishment of Nominating Committee								
Compensation System					Restricted Stock Reward system introduced				Review of the Executive Compensation System		
Mission Statement				Formulation of Kyokuto Kaihatsu Group Code of Conduct							
Sustainability Committee							Establishment of Sustainability Committee				

Corporate Governance System

■ Schematic Diagram of the Corporate Governance System including an overview of the Internal Control System



■ Overview of Each Committee

	Composition	FY 2024 Times Held	Objective
Board of Directors	8 Directors (incl. 3 Outside Directors) 4 Auditors (incl. 2 External Auditors)	13	Make important management decisions and supervise the execution of duties in order to improve corporate value
Board of Auditors	4 Auditors (incl. 2 External Auditors)	12	Based on audit policies, etc., audits the execution of duties by Directors and supervises management by investigating the status of operations and assets.
Management Meeting	5 Directors, 1 full-time Auditor	31	Deliberates on important matters and specific countermeasures for business execution
Business Management Meeting	19 Executive Officers (5 in concurrent position as Director), 1 full-time Auditor	12	Each Executive Officer reports on the progress of the department in charge, promoting thorough implementation of business plans and ensuring business performance
Compensation Committee	5 Directors (3 Outside Directors)	4	The Outside Director acts as the chair and deliberates on Executive compensation
Nominating Committee	5 Directors (3 Outside Directors)	3	The Outside Director acts as the chair and deliberates on appointment of senior management and candidates
Sustainability Committee	3 Directors, 10 Heads of Departments	4	The Representative Director and President acts as the chair and aims to deepen sustainability management

■ Monitoring Initiatives for Sustainability

Materiality (key management issues) is managed and monitored by the Sustainability Committee, which is composed of representatives from Group companies and chaired by the President and Representative Director. In addition to approving risks and opportunities related to materiality, the Board of Directors also reassesses the status of risks and opportunities on a quarterly basis. The appropriateness of these activities in general is ensured through audits by the Audit Office.

(For details, see ⇒ P38)

■ System for Correction and Relief

In order to prevent negative effects on management and to respond to problems as soon as they occur, we have established a whistle-blowing system (with the Representative Director and President in overall charge) based on the Whistle-blower Protection Act (the internal contact point is the General Manager of the Audit Office and the external contact point is an outside attorney). It is stipulated in the internal policies that parties who report to or consult the point of contact will not be treated unfavorably due to their actions.

Executive Profiles (As of June end 2025)



Tatsuya
Nunohara

Representative Director, President, CEO
Attended 13/13 of Board of Directors Meeting in FY2024

1982 Apr. Joined Company
2013 Apr. Executive Officer, Deputy Executive General Manager, Engineering Div.
2015 Apr. Executive General Manager, Engineering Div.
2017 Apr. Executive General Manager, Production Div.
2017 Jun. Director
2018 Apr. Executive General Manager, Special Purpose Vehicles Business Div.
2019 Jun. Associate Senior Executive Officer
2020 Jun. Representative Director, President, CEO (current)



Takeo
Norimitsu

Representative Director, Senior Managing Director, Senior Executive Officer
Attended 13/13 of Board of Directors Meeting in FY2024

1982 Apr. Joined Company
2011 Apr. Executive Officer, General Manager, Overseas Business Development Dept.
2017 Apr. Division Director, Overseas Business Div.
2017 Jun. General Manager, Overseas Sales Dept.
2018 Apr. Director
2018 Apr. Director, KYOKUTO SPECIAL AUTOMOBILE TRADING (SHANG HAI) CO., LTD., Director, KYOKUTO KAIHATSU (KUNSHAN) MACHINERY CO., LTD.
2019 Jun. Associate Senior Executive Officer
2020 Sep. Director, SATRAC ENGINEERING PRIVATE LIMITED (current)
2022 Apr. Executive General Manager, Administration Div. (current), General Manager, Corporate Planning Dept., involved in overseas business (current), and car parking systems business (current)
2024 Apr. Senior Executive Officer (current)
2024 Jun. Representative Director, Senior Managing Director, Senior Executive Officer (current)



Noboru
Horimoto

Director, Associate Senior Executive Officer
Attended 13/13 of Board of Directors Meeting in FY2024

1988 Apr. Joined Company
2008 Apr. General Manager, Construction Dept., Environmental Equipment and Systems Div.
2010 Apr. General Manager, Engineering Dept., Environmental Equipment and Systems Div.
2011 Apr. Executive Officer, Deputy Division Director of the Environmental Equipment and Systems Div.
2013 Apr. Executive General Manager, Sales Dept. of the Environmental Equipment and Systems Div. and General Manager, Service Dept. of the Environmental Equipment and Systems Div.
2013 Oct. General Manager, Environmental Planning Office, Environmental Equipment and Systems Div.
2019 Apr. Division Director, Environmental Equipment and Systems Div. (current)
2019 Jun. Director (current), involved in Environmental Equipment and Systems business-related companies (current)
2022 Apr. Associate Senior Executive Officer (current)
2023 Apr. Executive General Manager, Engineering Dept., Environmental Equipment and Systems Div.



Teruyuki
Kizu

Director, Associate Senior Executive Officer
Attended 12/13 of Board of Directors Meeting in FY2024

1992 Nov. Joined Company
2016 Apr. Plant Manager, Miki Plant
2017 Apr. Plant Manager, Yokohama Plant
2018 Apr. Executive Officer
2019 Apr. Executive General Manager, Production Div.
2021 Apr. Associate Senior Executive Officer (current)
2022 Apr. Division Director, Special Purpose Vehicles Div. (current)
Representative Director, KYOKUTO SPECIAL AUTOMOBILE TRADING (SHANG HAI) CO., LTD. (current)
Representative Director of KYOKUTO KAIHATSU (KUNSHAN) MACHINERY CO., LTD. (current)
2022 Jun. Director (current)



Tetsuya
Ichimura

Director and Executive Officer
Attended 10/10 of Board of Directors Meeting in FY2024
*Held 10 times after being appointed

2003 Sep. Joined Company
2019 Apr. General Manager, Finance Dept., Administration Div. (current)
2022 Apr. Executive Officer (current)
Auditor of NIPPON TREX Co., Ltd. (current)
2024 Jun. Director (current)



Hiroyuki
Terakawa

Director (Outside, Independent Officer)
Attended 13/13 of Board of Directors Meeting in FY2024

1979 Apr. Joined Hanshin Electric Railway Co., Ltd.
2001 Jul. Manager, Nishi Umeda Management Dept.
2005 Jul. Manager, Umeda Business Dept.
2007 Oct. Director, Senior Executive Officer, Hankyu Hanshin Building Management Co., Ltd.
2009 Apr. Director, Hanshin Electric Railway Co., Ltd.
2011 Apr. Deputy General Manager of Real Estate Business Div.
2013 Apr. Senior Managing Director
2015 Apr. Executive General Manager, Real Estate Business Div.
2017 Apr. Senior Management Director
Representative Director, Chairman, Hankyu Hanshin Building Management Co., Ltd.
2018 Jan. Director, Building Owners & Managers Association, Osaka
2022 Apr. Director, Japan Life-Style Culture Association (current)
2022 Jun. Outside Director (current), Independent Officer, Kyokuto Kaihatsu Kogyo Co., Ltd. (current)



Keiko
Kaneko

Director (Outside, Independent Officer)
Attended 13/13 of Board of Directors Meeting in FY2024

1981 Apr. Joined Matsushita Electric Industrial Co., Ltd. (current Panasonic Holdings Corporation)
2007 Apr. Executive General Manager, Information Security Dept.
2014 Apr. Director in charge of Personal Information Protection, Legal Affairs
2014 Oct. Executive General Manager, Security and Compliance Dept., Benesse Holdings Inc.
2016 Jun. Executive General Manager, Information Security Dept.
2016 Nov. Vice Chief Director, Information Network Legal Society
2018 Apr. Associate Professor, Business Law, Business Administration, Osaka University of Economics
2019 Jun. Outside Director, Marudai Food Co., Ltd. (current)
2022 Jun. Outside Director, Independent Officer of Kyokuto Kaihatsu Kogyo (current)
2024 Jun. Outside Director, SENSU IKEDA HOLDINGS, Inc. (current)
Director, The Senshu Ikeda Bank, Ltd. (current)



Takanobu
Tomohiro

Director (Outside, Independent Officer)
Attended 12/13 of Board of Directors Meeting in FY2024

1991 Apr. Attorney registration (in Japan)
Joined Kogoshi Takizawa Law Office (currently Kobe Kaito Law Office)
1994 Apr. Partner, Kobe Kaito Law Office (current)
2004 Apr. Vice Chairman, Hyogo Bar Association
2016 Apr. Outside Auditor, Sawai Pharmaceutical Co., Ltd. (currently Sawai Group Holding Co., Ltd.)
2020 Apr. Chairman, Hyogo Bar Association
Executive Director, Japan Federation of Bar Associations
Executive Director, Kinki Federation of Bar Associations
Chairman, Regular members Council of the Hyogo Bar Association
2021 Apr. Association
2023 Jun. Outside Auditor, Independent Officer (current) at Kyokuto Kaihatsu Kogyo



Akira
Sakurai

Standing Auditor
Attended 13/13 of Board of Directors Meeting in FY2024

1981 Apr. Joined Company
2000 May. Representative Director and President, Softec Co., Ltd.
2006 Apr. General Manager, Information Systems Dept. of Kyokuto Kaihatsu Kogyo
2009 Apr. General Manager, General Affairs and Human Resources Dept.
2013 Apr. Executive Officer, Deputy Executive General Manager, Administration Div.
Involved in the CSR Office
2015 Apr. General Manager, Human Resources Dept.
2017 Apr. Director, Associate Senior Executive Officer, Executive General Manager, Administration Div., NIPPON TREX Co., Ltd.
2019 Apr. General Manager Audit Dept., NIPPON TREX Co., Ltd.
2022 Jun. Standing Auditor at Kyokuto Kaihatsu Kogyo (current)



Hiroaki
Kuriyama

Auditor
Attended 13/13 of Board of Directors Meeting in FY2024

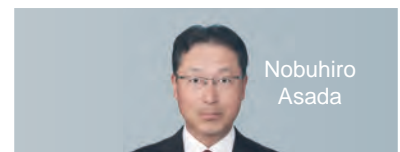
1980 Apr. Joined Company
2007 May. General Manager, Product Planning Dept.
2009 Apr. General Manager, Production Promotion Dept.
2012 Apr. Plant Manager, Miki Plant
2014 Apr. Executive Officer
2015 Apr. Executive General Manager, Sales Div.
2017 Apr. Director, Associate Senior Executive Officer, NIPPON TREX Co., Ltd.
2019 Apr. Representative Director, President, Kyokuto Kaihatsu Parking Co., Ltd.
Representative Director, President, Sasashima Live Parking Co., Ltd.
2023 Jun. Auditor, Kyokuto Kaihatsu Kogyo Co., Ltd. (current)



Kuniaki
Fujiwara

Auditor (Outside, Independent Officer)
Attended 13/13 of Board of Directors Meeting in FY2024

1978 Apr. Joined Taiyo Kobe Bank Ltd. (current Sumitomo Mitsui Banking Corporation)
2007 Apr. Executive Officer, Sumitomo Mitsui Banking Corporation
2009 Apr. Resignation, Sumitomo Mitsui Banking Corporation
2009 May. Senior Executive Officer, Ginsen Co., Ltd.
2009 Jun. Senior Managing Director
2011 Apr. Vice President, Executive Officer, Sakura KCS Corporation
2013 Oct. Representative Director, President, CEO
2018 Jun. Outside Auditor, Sanyo Color Works, Ltd. (current)
2019 Jun. Outside Auditor, Independent Officer, Kyokuto Kaihatsu Kogyo (current)



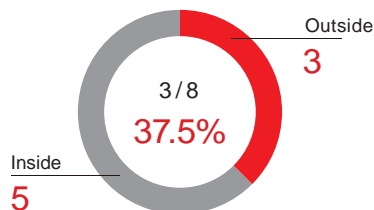
Nobuhiro
Asada

Auditor (Outside, Independent Officer)
Attended 13/13 of Board of Directors Meeting in FY2024

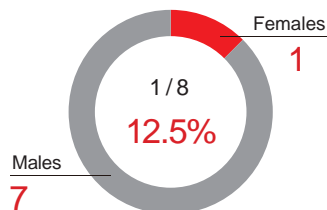
1998 Apr. Attorney registration, Joined Rokko Sogo Law Office (current Rokko Law Office)
2010 Apr. Vice Chairman, Hyogo Bar Association
2012 Apr. Vice Chairman, Legal Training Committee, Japan Federation of Bar Associations, Vice Chairman, Hyogo Bar Association
2013 Apr. Deputy Director, Hyogo Regional Office, Japan Legal Support Center
2016 Jul. Committee, Hyogo Prefecture Administrative Appeal (current)
2018 Jan. Managing Partner, Rokko Law Office (current)
2021 Oct. Committee, Hyogo Prefecture Labor Commission Arbitrator (current)
2023 Jun. Outside Auditor, Independent Officer, Kyokuto Kaihatsu Kogyo Co., Ltd. (current)

Composition of Directors and Auditors

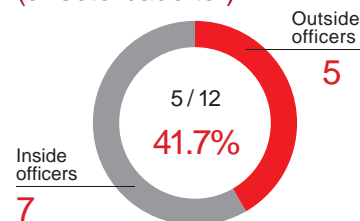
Ratio of outside directors on the Board of Directors



Ratio of female directors



Ratio of outside officers (director /auditor)



Skill matrix (knowledge, experience, ability, etc. of each director)

* indicates an Outside Director

Skills of the directors	Tatsuya Nunohara	Takeo Norimitsu	Noboru Horimoto	Teruyuki Kizu	Tetsuya Ichimura	Hiroyuki Terakawa*	Keiko Kaneko*	Takanobu Tomohiro*
Corporate Management / Business Strategy	●	●	●	●	●	●	●	
Production / Technology Development	●		●	●				
Sales / Marketing			●	●		●		
International Strategy		●		●				
Finance / Accounting / Capital policy	●				●	●		
Legal Governance		●				●	●	●
Human Resources Labor Diversity					●		●	●
Sustainability	●	●	●					
IT & Digital Transformation	●	●					●	

(Note) 1. The Company has created a skill matrix to ensure the diversity of the Board of Directors by clarifying the wealth of experience and high level views of each director in order to achieve the medium-term management plan and long-term management vision.

2. The skills possessed by each director are based on past career experience, experience based on position, and high level of expertise in the current position, and do not represent all knowledge.

Evaluation of effectiveness of Board of Directors

In order to improve corporate value and strengthen corporate governance over the medium to long term, the Company conducts a Board of Directors evaluation for the purpose of confirming whether the Board of Directors is functioning effectively. To more effectively implement initiatives aimed at achieving the plan and enhancing corporate value, the Company conducted research and analysis through an external organization. A summary of the latest evaluation and results is as follows.

Method of Evaluation	Target of investigation: All directors and auditors (total of 12 people) Period of investigation: March 2025 Method of investigation: Online survey by an external institution (confidential survey) Details of the investigation: Composition of the Board of Directors, knowledge-experience balance, content and management of the Board of Directors, system that support the Board of Directors
FY2024 Evaluation Results	The Company's current Board of Directors composition, management, support system, etc. are generally appropriate and have been evaluated to be effective. Although there are no immediate issues, we will work on each issue identified in the survey to further strengthen the Company's governance and revitalize the Board of Directors in order to realize a more sophisticated Board of Directors.

	Points that were evaluated as Ensuring Effectiveness	Issues for Enhancing the Effectiveness of the Board of Directors
Composition and Management of the Board of Directors	Proportion and Utilization of Independent outside directors and delegation of authority	Content, Volume, and Prior Distribution/Explanation of Board Materials, and Executive Training
Management and Business Strategies	Addressing Supervision of Ensuring Diversity among Core Talent	Appropriate Oversight of Human Resource Strategy and Supervision of Core Talent Diversity
Corporate Ethics and Risk Management	Reporting and Addressing of Significant Risks Effectiveness of the Whistleblowing System	Formulation and Oversight of the Code of Conduct, Crisis Identification and Response Planning
Performance Monitoring and Management Evaluating and Compensation	Effectiveness of the Nomination and Compensation Committees	Involvement in and Oversight of CEO and Executive Succession Planning
Dialogue with Shareholders, etc.	Utilizing Dialogue with Shareholders to Enhance Corporate Value	Communication with Stakeholders

Compensation for Officers, etc.

In order to build a compensation system that fully functions as an incentive for the sustainable improvement of corporate value, is linked to shareholder returns, and is also based on the medium-term management plan, our Company has established the content of individual compensation for Directors. The decision policy regarding this has been established as follows.

In addition, to ensure transparency in determining Executive Officer compensation, our Company has established a Compensation Committee chaired by an Outside Director, as a voluntary advisory body. In order to further share value with our shareholders, we will continue to closely monitor social trends and consider reviewing the compensation system that is appropriate for our Company.

Overview of Decision-making Policies

1. Basic Policies

The compensation of the Company's directors is structured to function effectively as an incentive for achieving the performance targets set forth in the Medium-Term Management Plan and for enhancing corporate value over the medium to long term. The remuneration system is therefore designed to strengthen the link between compensation, business performance, and shareholder returns. When determining the remuneration of each director, the Company ensures that levels are appropriate relative to their duties and responsibilities.

Specifically, director compensation consists of basic fixed compensation, performance-linked compensation, and non-monetary remuneration.

Outside directors, whose primary role is supervision, receive only basic compensation.

2. Basic compensation

The basic compensation for our Company Directors shall be a monthly fixed compensation, which shall be determined based on their position, responsibilities, and years in office, taking into consideration the standards at other companies, our Company's business performance, and the level of employee salaries, while comprehensively considering all factors.

3. Performance-based compensation, etc. and non-monetary compensation, etc.

Performance-based compensation comprises short-term and medium-to-long-term incentive bonuses:

Short-term incentive compensation is cash-based and reflects the degree of achievement against the annual consolidated operating profit target. The amount is determined by the Board of Directors, taking into account the opinion of the Compensation Committee.

Medium-to-long-term incentive compensation is designed to encourage sustained growth in corporate value and strengthen alignment with shareholders. It is calculated based on a matrix that links the achievement of key performance indicators (KPIs) and management efficiency/shareholder value targets set in the final year of the Medium-Term Management Plan. Depending on the degree of achievement, the payment fluctuates between 0% and 150% of the base salary, with the final amount decided by the Board following the Committee's recommendation. The specific indicators are reviewed and set for each Medium-Term Plan.

Non-monetary compensation consists of restricted stock grants. The number of shares and the conditions of allocation (including timing and restrictions) are determined by the Board of Directors, based on overall business performance and other relevant factors, after consultation with the Compensation Committee.

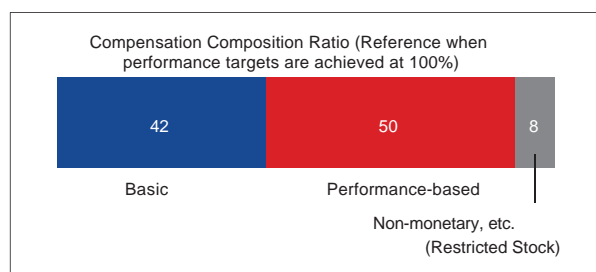
4. Compensation composition ratio

The ratio of compensation components for directors is determined with reference to compensation levels at companies of comparable business scale and within similar or related industries. The Compensation Committee reviews and advises on the appropriate composition of compensation by type.

The Representative Director and President, acting under delegation from the Board of Directors, determines each director's individual remuneration package within the range recommended by the Compensation Committee.

As a general guideline, when performance targets are achieved at 100%, the ratio of compensation components is as follows:

Basic compensation : Performance-Linked compensation (Short- and Medium-to-Long-Term Incentives) : Non-Monetary compensation = 42 : 50 : 8.



5. Individual Compensation of Directors

The monetary compensation for each individual director is determined by the Representative Director and President, based on delegation from the Board of Directors. This delegation grants authority to decide the specific amount of each director's basic remuneration and the allocation of performance-linked remuneration.

To ensure that this authority is exercised appropriately, the Board of Directors seeks the Compensation Committee's review and recommendations prior to finalization. The Representative Director and President must make decisions in accordance with the Committee's recommendations.

As for stock-based remuneration, the number of shares allocated to each director is resolved by the Board of Directors, taking into account the Compensation Committee's opinion.

FY2024 Officer Compensation

Officer Classification	Total amount of compensation, etc. (million yen)	Total amount of compensation by type (million yen)			Number of Applicable Officers (persons)
		Basic Compensation	Performance-based Compensation	Non-monetary Compensation, etc.	
Director (excluding Outside Directors)	183	84	80	19	6
Auditors (Excluding outside auditors)	27	27	—	—	2
Outside Officers	45	45	—	—	5

Director Compensation

The compensation is paid within the limit of 300 million yen per year as resolved at the 79th Ordinary Meeting of Shareholders held on June 26, 2014. In addition to the above, the restricted share compensation system, which falls under non-monetary compensation, is paid within 50 million yen per year and 50,000 shares per year, as resolved at the 86th Ordinary Meeting of Shareholders held on June 25, 2021.

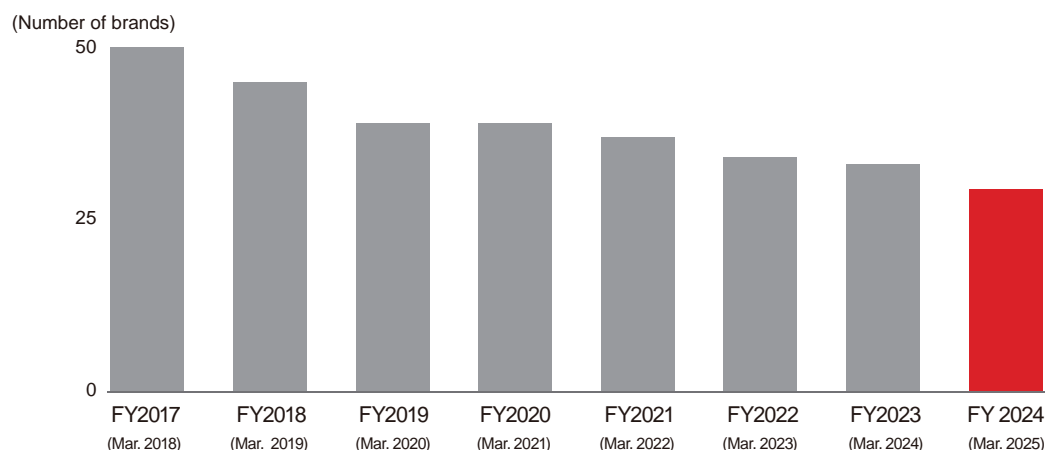
Auditor Compensation

The compensation is paid within the limit of 48 million yen per year as resolved at the 73rd Ordinary Meeting of Shareholders held on June 25, 2008. Remuneration for auditors is determined through discussions among auditors, taking into consideration full-time, part-time, and division of duties.

Policy on Strategic Shareholdings

In order to expand our corporate value and profit, we hold shares in companies deemed necessary as part of our management strategy, such as business alliances and strengthening business relationships, as well as to build good relationships with our business partners and local communities and to promote smooth business operations. However, in accordance with the intent of the Corporate Governance Code, we are diligently working to dispose of or reduce as soon as possible those shares that have little relationship with us or contribute little to the enhancement of our corporate value, based on a comprehensive review of their cost of capital costs and contribution to our business performance. Specifically, the Board of Directors formulates an annual plan, and after fully considering the opinions of independent external officers and auditors, confirms and verifies the significance of cross holdings for each share. As a result, if there are any stocks that are not deemed to contribute to the expansion of the Group's corporate value over the medium to long term and the smooth promotion of business, we will comprehensively consider the profits and losses, financial plans, tax effects, etc. that will occur in the relevant fiscal year. The Board of Directors will determine details such as the shares to be sold and the number of shares to be sold, and after conducting necessary and sufficient communication with the target company, we will carry out the sale in a timely and appropriate manner. In addition, this progress will be followed up at the Board of Directors meeting every quarter.

Status of cross-shareholdings reduction (listed stocks)



FY 2024
Number of Policy-
Holding Stocks Sold
1 stock
Approx.
2.0 billion yen

Balance
32 stocks
Approx.
12.1 billion yen

Sustainability Data

Environment

*Due to a review of calculation methods, some figures have been revised from those reported in previous years.

■ Energy Consumption (crude oil equivalent) Target: Kyokuto Kaihatsu Group (Domestic and Overseas)*

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Energy usage (kL)	11,534	12,443	12,094	11,216	12,107

*Kyokuto Indomobil Manufacturing Indonesia started calculations from fiscal year 2020. F.E. Auto and SATRAC ENGINEERING PRIVATE LIMITED began calculations in fiscal year 2021. Figures up to FY2023 include emissions data from Kyokuto Special Purpose Vehicle Trading (Shanghai) Co., Ltd. From FY2024 onward, emissions data from Kyokuto Special Purpose Vehicle Trading (Shanghai) Co., Ltd. are excluded from calculations as the company is no longer included in the consolidated scope.

■ CO₂ Emissions Target: Kyokuto Kaihatsu Group (Domestic and Overseas)*1Scope 1.2 (t-CO₂)

		FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Scope 1 (Direct Emissions)		7,680	8,186	8,433	8,466 ^{*4}	8,462 ^{*4}
Scope 2 (Indirect Emissions)	Market-based method ^{*2}	15,098	18,471	15,844	18,243	15,967 ^{*4}
	Location-based method ^{*3}	14,487	16,995	16,709	18,098 ^{*4}	15,873 ^{*4}
Total	Market-based method	22,778	26,657	24,277	26,709	24,429
	Location-based method	22,167	25,181	25,142	26,564	24,335

*1 Calculated from FY2020 for Kyokuto Indomobil Manufacturing Indonesia. Calculated from FY2021 for F.E. Auto and SATRAC ENGINEERING PRIVATE LIMITED.

Figures up to FY2023 include emissions data from Kyokuto Special Purpose Vehicle Trading (Shanghai) Co., Ltd. From FY2024 onward, emissions data from Kyokuto Special Purpose Vehicle Trading (Shanghai) Co., Ltd. are excluded from calculations as the company is no longer included in the consolidated scope.

*2 Market-based method: A method that uses emission factors based on electricity purchase contracts. In Japan, emission coefficients by electric power company (Ministry of the Environment and Ministry of Economy, Trade and Industry) are used. Overseas figures are based on the location-based standard.

*3 Location-based method: A method of calculation using the average emission coefficients for electricity generated in a specific area such as a country or region. In Japan, the emission coefficients (Ministry of the Environment and Ministry of Economy, Trade and Industry) are used. Overseas values used location-based figures. From FY2023 onward, the Institute for Global Environmental Strategies (IGES) List of Grid Emission Factors were used, and from FY2024 the International Energy Agency (IEA) Emission Factors are used.

*4 Third-party verification obtained.

Scope3 (t-CO₂e)

Type	Category	FY 2022	FY 2023	FY 2024
Upstream	1 Purchased Goods and Services	—	—	—
	2 Capital Goods	14,396	30,516 [*]	20,006 [*]
	3 Fuel- and Energy-Related Activities Not Included in Scope 1 or 2	—	—	4,937
	4 Upstream Transportation and Distribution	—	—	—
	5 Waste Generated in Operations	—	—	1,369,707
	6 Business Travel	1,303	1,548 [*]	1,631 [*]
	7 Employee commuting	2,642	2,627	2,711 [*]
	8 Upstream Leased Assets	—	—	—
Downstream	9 Downstream Transportation and Distribution	—	—	—
	10 Processing of Sold Products	—	—	—
	11 Use of Sold Products	9,180,752	9,829,940 [*]	8,240,051 [*]
	12 End-of-Life Treatment of Sold Products	—	—	—
	13 Downstream Leased Assets	—	—	—
	14 Franchises	—	—	—
	15 Investments	—	—	—
Total		9,199,093	9,864,631	9,639,043

*Third-party verification obtained.

■ CO₂ Emissions based on Medium-Term Management Plan targets (t-CO₂/net sales)

Target: Kyokuto Kaihatsu Kogyo, NIPPON TREX, Kyokuto Kaihatsu Parking

	FY 2020 (reference year)	FY 2021	FY 2022	FY 2023	FY 2024
CO ₂ Emissions (t)	21,277	21,353	18,091	19,725	19,836
Net Sales (million yen)	110,260	107,099	100,248	113,530	122,245
Intensity (t-CO ₂ /million yen)	0.19	0.20	0.18	0.17	0.16
Results compared to FY2020 (%)	—	3.3	-6.5	-10.0	-15.9

■ Solar Power Generation (kWh) Target: Kyokuto Kaihatsu Group (Domestic and Overseas)

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Self-consumption	0	0	0	478,711	3,931,656
Electricity Sales	4,478,177	4,585,079	4,528,470	4,588,759	4,218,333 [*]

* Some data could not be collected due to a system error.

■ VOC emission levels Target: Kyoto Kaihatsu Kogyo

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
VOC emissions (t)	72	75	61	65	61
Intensity (g/m ²)	96	103	98	99	107

Totals may not match component figures due to rounding.

Water Resource Input and Discharge Volumes

Target: Kyokuto Kaihatsu Group (Domestic and Overseas)

Shinko Jidosha, Hokuriku Heavy Industries, F.E. Auto, and overseas bases have been included in the calculation since FY2022.

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Input (m³)	236,617	280,869	243,716	300,530	270,000
Discharge (m³)	203,474	201,625	228,197	264,196	238,255

Waste Emissions and Recycling Rate

Target: Kyokuto Kaihatsu Kogyo and NIPPON TREX

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Total amount of waste (t)	2,345	2,426	2,132	2,593	2,658
Recycling Volume (t)	2,303	2,388	2,068	2,537	2,592
Final disposal amount (t)	42	38	64	56	65
Recycling rate (%)	98.2	98.4	97.0	97.8	97.5

Human Resource Data (FY 2024)

Basic Information

Target: Kyokuto Kaihatsu Group (Domestic and Overseas)
*Calculated for permanent and contract employees

	Male	Female
Number of employees	Under 20s	30
	20s	575
	30s	780
	40s	715
	50s	723
	60s	227
	70s	37
	Total (attendees)	3,087
		3,481
Average age (years)	41.7	
Average years of service	12.7	

Recruitment Information

Target: Kyokuto Kaihatsu Group (Domestic)
*Aggregated for permanent employees only

	Male	Female
Number of New Graduate Hires	45	3
	Total	48
Number of Mid-Career Hires	Under 20s	1
	20s	38
	30s	41
	40s	15
	50s	14
	60s	4
	Total	113
		130
Three-year turnover rate for new graduates (%)	17.7	

Diversity

Target: Kyokuto Kaihatsu Group (Domestic and Overseas)
*Calculated for full-time employees and contract employees

Promoting the active participation of female	Female managers (people)	12
	Percentage of female managers (%)	2.8
	Female assistant managers (people)	18
	Percentage of female assistant managers (%)	5.7
International employees	Technical intern trainees (people)	49
	Specified technical intern trainees (people)	32
Employees with disabilities (people)	57	
People rehired after retirement (people)	220	

Work-life Balance

Target: Kyokuto Kaihatsu Group (Domestic)
*Calculated for permanent and contract employees

Childcare Leave Taken (people)	Male	27
	Female	7
	Total	34
Childcare Leave Taken (%)	Male	35.5
	Female	87.5
Return Rate after Childcare Leave (%)	Male	100
	Female	100
Retention Rate after Childcare Leave (%)	Male	92.6
	Female	66.7

Paid Leave*1	Average number of days taken (days)	13.8
	Average acquisition rate (%)	76.0
Work Hours *1	Average total working hours (hours)	2,077.7
	Monthly average overtime hours (hours)	25.1

*1 Aggregated for permanent employees only

Totals may not match component figures due to rounding.

Gender Pay Gap

	All Employees	Permanent Employees	Contract/Part-time Employees
Gender Wage Gap among Employees (%) *2			
Kyoto Kaihatsu Kogyo	64.6	67.8	67.7
NIPPON TREX	70.6	71.7	68.3
Kyokuto Service Engineering	50.5	77.3	52.6

*2 Calculated based on total wages including wages, salaries, allowances, and bonuses

Occupation Health and Safety

Target: Kyokuto Kaihatsu Group (Domestic)
*Calculated for permanent employees, contract employees, and employees of in-house partner companies

Lost-Time Incident Rate		1.46
Number of Occupational Accidents (excluding overseas)*3	Number of accidents without lost work time (cases)	32
	Number of accidents with lost work time (cases)	13
	Number of Fatal Accidents (cases)	0
	Total	45

*3 According to our group standards, the number of workplace injury cases is counted if even one day of work is missed due to the incident.

Key financial data

*Due to changes in accounting policies, some figures have been revised

Changes in key management indicators (11 years)

	Unit	FY 2014 (As of end of Mar. 2015)	FY 2015 (As of end of Mar. 2016)	FY 2016 (As of end of Mar. 2017)	FY 2017 (As of end of Mar. 2018)
Profit and Loss Information (Fiscal year)					
Net Sales	Million Yen	99,331	103,862	106,745	112,690
Gross Profit	Million Yen	20,958	22,110	23,492	23,241
Selling, general and administrative expenses (excluding research and development expenses)	Million Yen	10,054	10,200	10,829	11,418
R&D Costs	Million Yen	1,485	1,409	1,515	1,577
Operating profit	Million Yen	9,418	10,500	11,146	10,245
Net income before income taxes	Million Yen	7,026	9,449	10,753	9,889
Tax expenses	Million Yen	2,683	3,408	2,804	3,040
Net income attributable to parent company shareholders	Million Yen	4,332	6,034	8,130	7,190
Financial status (end of fiscal year)					
Total assets	Million Yen	119,120	120,539	128,542	138,859
Corporate bonds and borrowings	Million Yen	8,191	8,892	6,779	5,519
Net worth	Million Yen	68,617	71,665	80,107	87,030
Information per share					
Net income per share	Yen	109.06	151.88	204.66	180.99
Net assets per share	Yen	1,727.14	1,803.87	2,016.39	2,190.68
Shareholder dividends	Yen	26.0	31.0	34.0	36.0
Dividend payout ratio	%	23.8	20.4	16.6	19.9
Cash flow (fiscal year)					
Cash and cash equivalents (end balance)	Million Yen	10,102	12,613	17,584	21,357
Cash flow from operating activities	Million Yen	1,097	6,910	11,973	10,857
Cash flow from investment activities	Million Yen	-4,177	-3,434	-3,274	-4,083
Cash flow from financing activities	Million Yen	-1,221	-948	-3,773	-2,973
Depreciation Expenses	Million Yen	1,792	1,979	2,212	2,528
Other financial information					
Gross profit margin	%	21.1	21.3	22.0	20.6
Operating profit margin	%	9.5	10.1	10.4	9.1
Return on total assets (ROA)	%	3.8	5.0	6.5	5.4
Return on equity (ROE)	%	6.6	8.6	10.7	8.6
Equity ratio	%	57.6	59.5	62.3	62.7
Overall stockholder return ratio	%	23.8	20.4	16.6	19.9
Capital investment	Million Yen	2,678	2,785	2,725	3,202

*Equity Capital = Total net assets - Non-controlling interests

from those reported in previous years.

FY 2018 (As of end of Mar. 2019)	FY 2019 (As of end of Mar. 2020)	FY 2020 (As of end of Mar. 2021)	FY 2021 (As of end of Mar. 2022)	FY 2022 (As of end of Mar. 2023)	FY 2023 (As of end of Mar. 2024)	FY 2024 (As of end of Mar. 2025)
114,301	120,173	117,170	116,910	113,089	128,026	140,449
22,310	22,945	23,161	21,168	16,007	20,702	24,752
12,350	12,972	12,571	12,680	13,431	14,288	16,157
1,405	1,479	1,509	1,513	1,583	1,589	1,938
8,554	8,493	9,080	6,974	991	4,825	6,656
9,155	8,699	9,126	20,671	5,251	5,328	8,753
3,094	2,730	2,407	6,405	1,581	1,702	2,884
6,284	6,114	6,774	14,274	3,580	3,501	5,820
138,878	136,607	142,763	154,370	158,175	170,417	187,748
4,138	2,206	1,044	1,234	11,068	11,829	29,546
90,157	92,223	100,323	112,727	111,578	117,041	116,106
158.20	153.91	170.49	358.35	90.91	91.49	151.74
2,269.44	2,321.46	2,523.31	2,826.11	2,911.41	3,053.07	3,022.00
38.0	40.0	42.0	54.0	54.0	87.0	158.0
24.0	26.0	24.6	15.1	59.0	95.1	104.1
19,083	20,065	21,240	37,248	32,064	19,397	20,253
4,029	5,799	8,263	6,867	-3,416	-1,845	5,225
-3,230	-2,746	-4,304	10,661	-6,823	-9,482	-15,472
-3,056	-2,284	-2,771	-1,555	5,121	-1,496	11,200
2,644	2,624	2,805	2,908	2,883	3,069	4,001
19.5	19.1	19.8	18.1	14.2	16.2	17.6
7.5	7.1	7.7	6.0	0.9	3.8	4.7
4.5	4.4	4.8	9.6	2.3	2.1	3.3
7.1	6.7	7.0	13.4	3.2	3.1	5.0
64.9	67.5	70.3	73.0	70.5	68.7	61.8
24.0	26.0	24.6	15.1	125.5	98.6	104.1
2,066	3,973	3,850	5,157	11,804	11,410	8,344

Consolidated Balance Sheet

Assets	(Unit: million yen)	
	Previous Consolidated FY (May 31, 2024)	Current Consolidated FY (May 31, 2025)
Current Assets		
Cash and Deposits	15,740	20,291
Notes Receivable	5,486	3,227
Accounts Receivable	28,275	28,172
Contract Assets	2,286	2,761
Electronic Recorded Monetary Claims	9,651	10,933
Securities	3,700	—
Goods and Products	2,192	2,471
Work in Process	8,989	15,339
Raw Materials and Supplies	12,574	11,052
Prepaid Expenses	385	612
Other	2,185	2,181
Allowance for Doubtful Accounts	-62	-110
Total Current Assets	91,405	96,933
Fixed Assets		
Tangible Fixed Assets		
Buildings and Structures (net)	17,544	17,293
Machinery, Equipment and Vehicles (net)	5,873	9,052
Land	29,148	28,249
Construction in Progress	2,988	4,836
Other (net amount)	1,244	2,158
Total Tangible Fixed Assets	56,799	61,590
Intangible Fixed Assets		
Goodwill	661	7,629
Customer Related Assets	436	1,189
Other	1,092	2,166
Total Intangible Fixed Assets	2,190	10,984
Investment and Other Assets		
Investment Securities	17,149	15,379
Long-Term Loans	221	188
Long-Term Prepaid Expenses	297	239
Retirement Benefit-Related Assets	1,187	1,094
Deferred Tax Assets	361	371
Other	1,521	1,670
Allowance for Doubtful Accounts	-718	-704
Total Investments and Other Assets	20,021	18,239
Total Fixed Assets	79,011	90,814
Total Assets	170,417	187,748

Liabilities

	Previous Consolidated FY (May 31, 2024)	(Unit: million yen) Current Consolidated FY (May 31, 2025)
Current Liabilities		
Notes and Accounts Payable-Trade	9,141	13,653
Electronically Recorded Obligations	13,373	3,548
Short-Term Loans	1,684	19,113
Long-Term Loans Due within One Year	8	8
Accrued Corporate Taxes, etc.	733	2,665
Accrued Consumption Tax, etc.	813	1,829
Accrued Expenses	5,098	5,291
Product Warranty Reserve	868	906
Reserve for Construction Losses	374	465
Provision for Board Members' Bonuses	—	47
Other	2,337	4,494
Total Current Liabilities	34,433	52,023

Fixed Liabilities		
Corporate Bonds	2,800	2,800
Long-Term Loans	7,336	7,625
Liabilities Related to Retirement Benefits	40	53
Provision for Board Members' Retirement Benefits	79	85
Deferred Tax Liability	6,753	6,180
Other	1,280	1,708
Total Fixed Liabilities	18,290	18,453
Total Liabilities	52,723	70,476

Net Assets Section

Stockholders' Equity		
Capital	11,899	11,899
Capital Surplus	11,750	11,880
Earned Surplus	86,760	87,481
Treasury Stock	-1,836	-1,749
Total Shareholders' Equity	108,574	109,511

Accumulated Other Comprehensive Income		
Valuation Difference on Available-for-Sale Securities	7,419	6,228
Foreign Currency Translation Adjustments	366	26
Cumulative Amount of Adjustments Related to Retirement Benefits	680	339
Total Accumulated Other Comprehensive Income	8,466	6,594

Non-Controlling Interests	652	1,165
Total Net Assets	117,693	117,271
Total Liabilities and Net Assets	170,417	187,748

Consolidated Profit and Loss Statement

(Unit: million yen)

	Previous Consolidated FY From April 1, 2023 To March 31, 2024	Current Consolidated FY From April 1, 2024 To March 31, 2025
Net Sales	128,026	140,449
Cost of Sales	107,324	115,697
Gross Profit	20,702	24,752
Selling, General and Administrative Expenses	15,877	18,096
Operating Profit	4,825	6,656
Non-Operating Income		
Interest and Dividends Received	394	514
Exchange Gains	386	13
Equity Method Investment Gains	83	—
Other Revenue	145	234
Total Non-Operating Income	1,009	763
Non-Operating Expenses		
Interest Expenses	63	181
Equity Method Investment Losses	—	50
Miscellaneous Expenses	154	297
Total Non-Operating Expenses	217	528
Ordinary Income	5,617	6,890
Extraordinary Income		
Gains on Sales of Fixed Assets	1	11
Gains on Sale of Investment Securities	61	1,907
Subsidy Income	295	499
Other	2	—
Total Extraordinary Income	361	2,417
Extraordinary Loss		
Loss on Disposal of Fixed Assets	288	35
Fixed Asset Reduction Loss	295	498
Loss on Sale of Investment Securities	14	—
Other	51	21
Total Extraordinary Losses	650	555
Income Before Income Taxes	5,328	8,753
Corporate Taxes, Resident Tax, Business Tax	1,433	3,032
Corporate Tax Adjusted Amount	269	-148
Total Corporate Taxes, etc.	1,702	2,884
Net Income	3,626	5,868
Net Income Attributable to Non-Controlling Interests	124	47
Net Income Attributable to Parent Company Shareholders	3,501	5,820

Consolidated Statement of Comprehensive Income

Net Income	3,626	5,868
Other Comprehensive Income		
Valuation Difference on Available-for-Sale Securities	3,015	-1,191
Foreign Currency Translation Adjustments	283	-319
Adjustments Related to Retirement Benefits	781	-342
Share of Other Comprehensive Income of Entities Accounted for Using Equity Method	21	38
Total Other Comprehensive Income	4,101	-1,815
Comprehensive Income	7,728	4,053
(Breakdown) Comprehensive Income Related to Parent Company Shareholders	7,570	3,949
Comprehensive Income Related to Non-Controlling Shareholders	157	104

Consolidated Statement of Changes in Shareholders' Equity

■ Previous Consolidated Fiscal Year (April 1, 2023 to March 31, 2024)

(Unit: million yen)

	Shareholders' Equity					Accumulated Other Comprehensive Income				Non-controlling Interests	Total Net Assets
	Capital	Capital Surplus	Profit Surplus	Treasury Stock	Total Stockholders' equity	Other Valuation Difference on Securities	Foreign Currency Adjustment Account	Cumulative Adjustment Amount Related to Retirement Benefits	Total Accumulated Other Comprehensive Income		
Balance at the Beginning of the Current Period	11,899	11,679	85,362	-1,801	107,139	4,402	96	-100	4,397	426	111,964
Cumulative Effect of Changes in Accounting Policies	-	-	41	-	41	-	-	-	-	-	41
Balance at the Beginning of the Current Period	11,899	11,679	85,403	-1,801	107,181	4,402	96	-100	4,397	426	112,005
Changes of items during the period											
Payments of Dividends	-	-	-2,144	-	-2,144	-	-	-	-	-	-2,144
Net Profit Attributable to Parent Company Shareholders	-	-	3,501	-	3,501	-	-	-	-	-	3,501
Acquisition of Treasury Stock	-	-	-	-122	-122	-	-	-	-	-	-122
Disposal of Treasury Stock	-	71	-	87	158	-	-	-	-	-	158
Current Period Changes in Items other than Shareholders' Equity (Net Amount)	-	-	-	-	-	3,016	270	781	4,068	225	4,294
Total Amount of Changes for the Current Period	-	71	1,357	-34	1,393	3,016	270	781	4,068	225	5,688
Balance at End of Current Period	11,899	11,750	86,760	-1,836	108,574	7,419	366	680	8,466	652	117,693

■ Current Consolidated Fiscal Year (April 1, 2024 to March 31, 2025)

(Unit: million yen)

	Shareholders' Equity					Accumulated Other Comprehensive Income				Non-controlling Interests	Total Net Assets
	Capital	Capital Surplus	Profit Surplus	Treasury Stock	Total Stockholders' Equity	Other Valuation Difference on Securities	Foreign Currency Adjustment Account	Cumulative Adjustment Amount Related to Retirement Benefits	Total Accumulated Other Comprehensive Income		
Balance at the Beginning of the Current Period	11,899	11,750	86,760	-1,836	108,574	7,419	366	680	8,466	652	117,693
Changes of items during the period											
Payments of Dividends	-	-	-5,100	-	-5,100	-	-	-	-	-	-5,100
Net Income Attributable to Parent Company Shareholders	-	-	5,820	-	5,820	-	-	-	-	-	5,820
Acquisition of Treasury Stock	-	-	-	-1	-1	-	-	-	-	-	-1
Disposal of Treasury Stock	-	129	-	87	217	-	-	-	-	-	217
Current Period Changes in Items other than Shareholders' Equity (Net Amount)	-	-	-	-	-	-1,190	-339	-340	-1,871	512	-1,358
Total Amount of Changes for the Current Period	-	129	720	86	936	-1,190	-339	-340	-1,871	512	-422
Balance at End of Current Period	11,899	11,880	87,481	-1,749	109,511	6,228	26	339	6,594	1,165	117,271

Consolidated Cash Flow Statement

(Unit: million yen)

	Previous Consolidated FY From April 1, 2023 To March 31, 2024	Current Consolidated FY From April 1, 2024 To March 31, 2025
Cash flow from operating activities		
Income before Income Taxes	5,328	8,753
Depreciation and Amortization Expenses	3,069	4,001
Goodwill Amortization Amount	97	284
Increase/Decrease in Liability Related to Retirement Benefits (- indicates a decrease)	-122	381
Increase/Decrease in Allowance for Doubtful Accounts (- indicates decrease)	8	24
Increase/Decrease in Other Provisions (- indicates a decrease)	117	2
Interest and Dividends Received	-394	514
Interest Expenses	63	181
Other Non-operating Profits and Losses (- indicates a profit)	-230	-73
Equity Method Investment Profit/Loss (- indicates a profit)	-83	50
Gain/Loss on Sale of Securities (- indicates a profit)	47	-1,907
Gain/Loss on Sale of Fixed Assets (- indicates a profit)	-1	-11
Gain/Loss on Disposal of Fixed assets (- indicates a profit)	78	35
Increase/Decrease in Trade Receivables (- indicates an increase)	-8,867	2,136
Increase/Decrease in Inventories (- indicates an increase)	-2,366	-80
Increase/Decrease in Trade Payables (- indicates a decrease)	3,503	-9,017
Increase/Decrease in Accrued Consumption Taxes, etc. (- indicates a decrease)	220	819
Other	-243	2,018
Subtotal	130	6,320
Amount of Interest and Dividends Received	405	518
Interest Payment Amount	-64	-187
Amount of Corporate Tax etc. Paid	-2,316	1,426
Cash Flow from Operating Activities	-1,845	5,225
Cash Flow from Investment Activities		
Expenditures for Acquisition of Fixed Assets	-10,818	-7,873
Proceeds from Sale of Fixed Assets	4	11
Expenditures for Acquisition of Investment Securities	-69	-8
Proceeds from Sale of Investment Securities	311	2,069
Expenditures for Acquisition of Subsidiary Shares	-369	—
Expenditures for the Acquisition of Shares of Subsidiaries Involving Changes in the Scope of Consolidation	—	-9,619
Proceeds from Redemption of Securities	1,500	—
Increase/Decrease in Short-Term Loans (- indicates an increase)	-91	-87
Payments of Long-Term Receivable	-8	-48
Collection of Long-Term Loan Receivables	30	80
Other	26	4
Cash Flow from Investment Activities	-9,482	-15,472
Cash Flow from Financing Activities		
Increase/Decrease in Short-Term Loans Payable (- indicates a decrease)	767	17,461
Proceeds from Long-Term Loans Payable	-21	-1,465
Payments for Acquisition of Treasury Stock	-122	-1
Repayment of Lease Obligations	-46	-112
Proceeds from Contributions from Non-Controlling Shareholders	68	406
Cash Dividends Paid	-2,141	-5,088
Cash Flow from Financing Activities	-1,496	11,200
Differences on Cash and Cash Equivalents	158	-97
Increase/Decrease in Cash and Cash Equivalents (- indicates a decrease)	-12,666	855
Cash and Cash Equivalents at Beginning of Period	32,064	19,397
Cash and Cash Equivalents at End of Period	19,397	20,253

Stock Information

(As of March 31, 2025)

Basic Information

Listing Exchange	Tokyo Stock Exchange Prime Market
Stock Code	7226
Fiscal Year	From April 1 to March 31 of the following year
Ordinary General Meeting of Shareholders	Every June
Dividend Recipient Shareholder Determination Date	End of period March 31st - Interim period September 30th

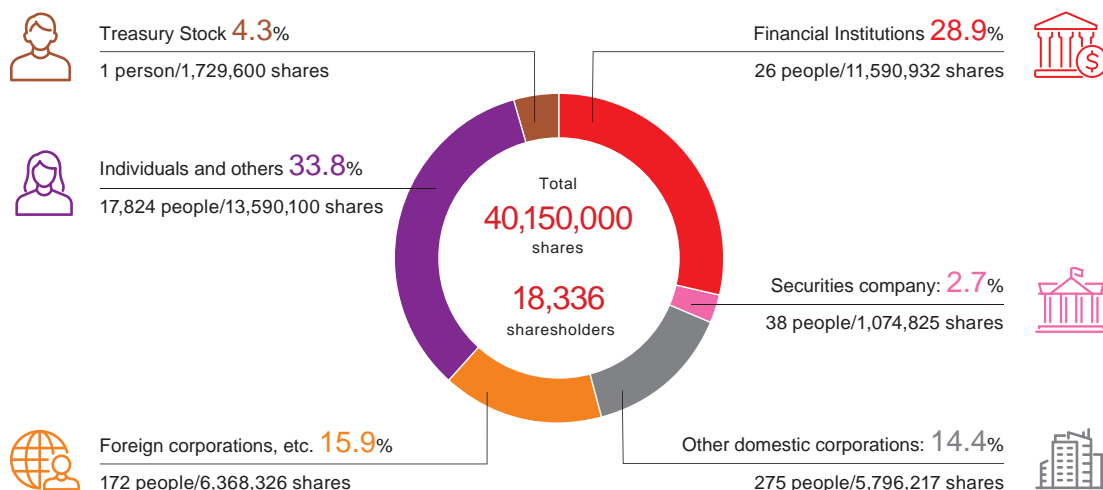
Number of Shares Constituting One Unit	100 shares
Total Number of Authorized Shares	170,950,672 shares
Total Number of Issued Shares	40,150,000 shares
Number of shareholders	18,336 persons

Major Shareholders

	Number of shares owned (1,000 shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	3,531	9.19
Kyokuto Kaihatsu Kyoeikai	1,620	4.22
Sumitomo Mitsui Banking Corporation	1,600	4.17
Custody Bank of Japan, Ltd. (Resona Bank Re-Trust Portion / Minato Bank Retirement Benefit Trust Account)	1,498	3.90
Kyokuto Kaihatsu Employee Stock Ownership Association	1,182	3.08
Mitsubishi UFJ Trust and Banking Corporation	1,012	2.64
Custody Bank of Japan, Ltd. (Trust Account)	922	2.40
Ikuo Miyahara	814	2.12
Custody Bank of Japan, Ltd. (Sumitomo Mitsui Trust Bank, Limited (re-trustee) - Kajima Road Corporation Retirement Benefit Trust Account)	660	1.72
Topre Corporation	607	1.58

(Note) Shareholding ratio is calculated after deducting our company held treasury stock(1,729,000 shares).

Stock Distribution by Owner



* Percentages indicate the ratio of shareholding.

Business Profile

(As of March 31, 2025)

Company Name	KYOKUTO KAIHATSU KOGYO CO.,LTD
	Kyokuto Kaihatsu Group Head Office Building
Head Offices	2-5-11 Awajimachi, Chuo-ku, Osaka
	541-8519 Japan
	Phone +81-6-6205-7800
Homepage	www.kyokuto.com
Establishment	1 June 1955
Capital	11,899 million yen
Number of Employees	Consolidated 3,481 Non-consolidated 1,180

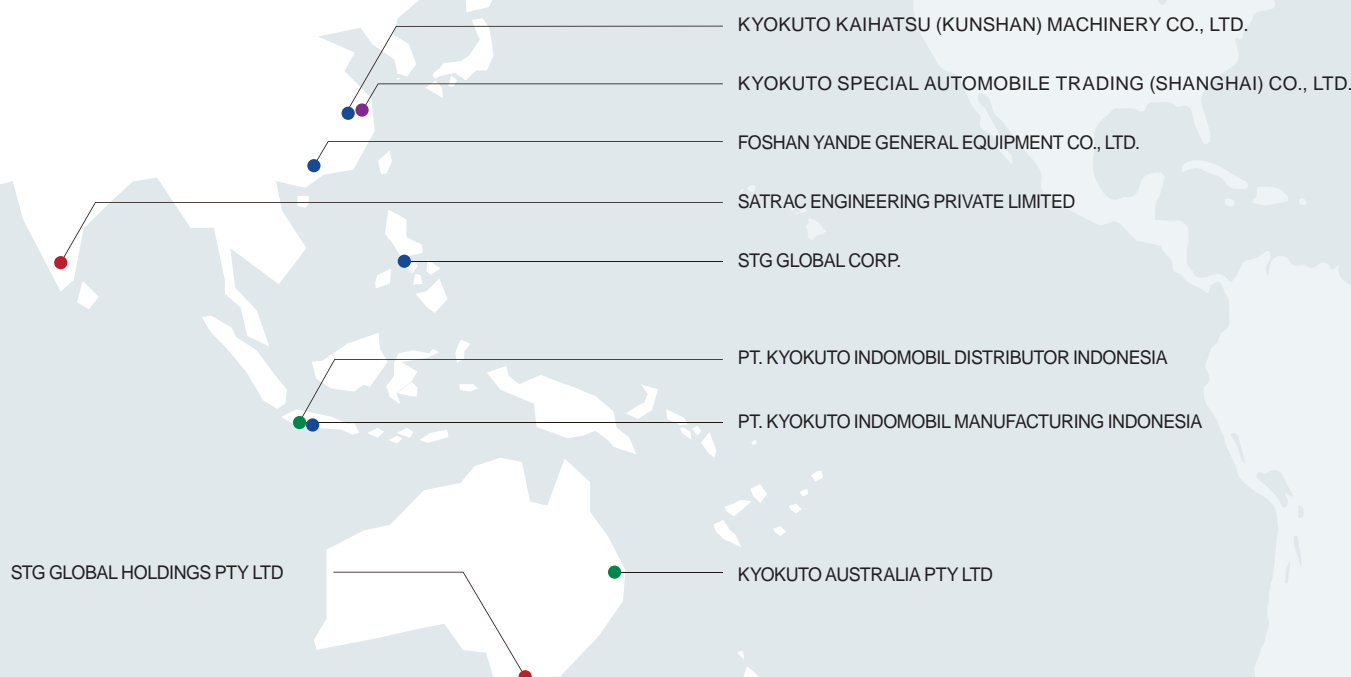


Group Companies and Production Bases

(As of March 31, 2025)

Products manufactured at the Group's bases around the world are supplied to more than 150 countries through the Company's own sales network, as well as through ODA channels and the distribution networks of truck manufacturers and trading companies.

● Production and Sales Base ● Production Base ● Sales Point ● Procurement Base



Affiliated Company Information

(As of March 31, 2025)

Special Purpose Vehicles Business

Domestic companies

NIPPON TREX Co., Ltd.
FE-Auto Co., Ltd.
Shinko Automobile Co., Ltd.
Hokuriku Heavy Industries, Ltd.
Inoue Jidousha Kogyo Co., Ltd.
Kyushu Tokusyu Motors Co., Ltd.

Overseas Companies

KYOKUTO SPECIAL AUTOMOBILE TRADING (SHANG HAI) CO., LTD. (China)
KYOKUTO KAIHATSU (KUNSHAN) MACHINERY CO.,LTD. (China)
SATRAC ENGINEERING PRIVATE LIMITED (India)
PT. KYOKUTO INDOMOBIL MANUFACTURING INDONESIA (Indonesia)
PT. KYOKUTO INDOBOBIL DISTRIBUTOR INDONESIA (Indonesia)
KYOKUTO AUSTRALIA PTY LTD (Australia)
*STG GLOBAL HOLDINGS PTY LTD (Australia)

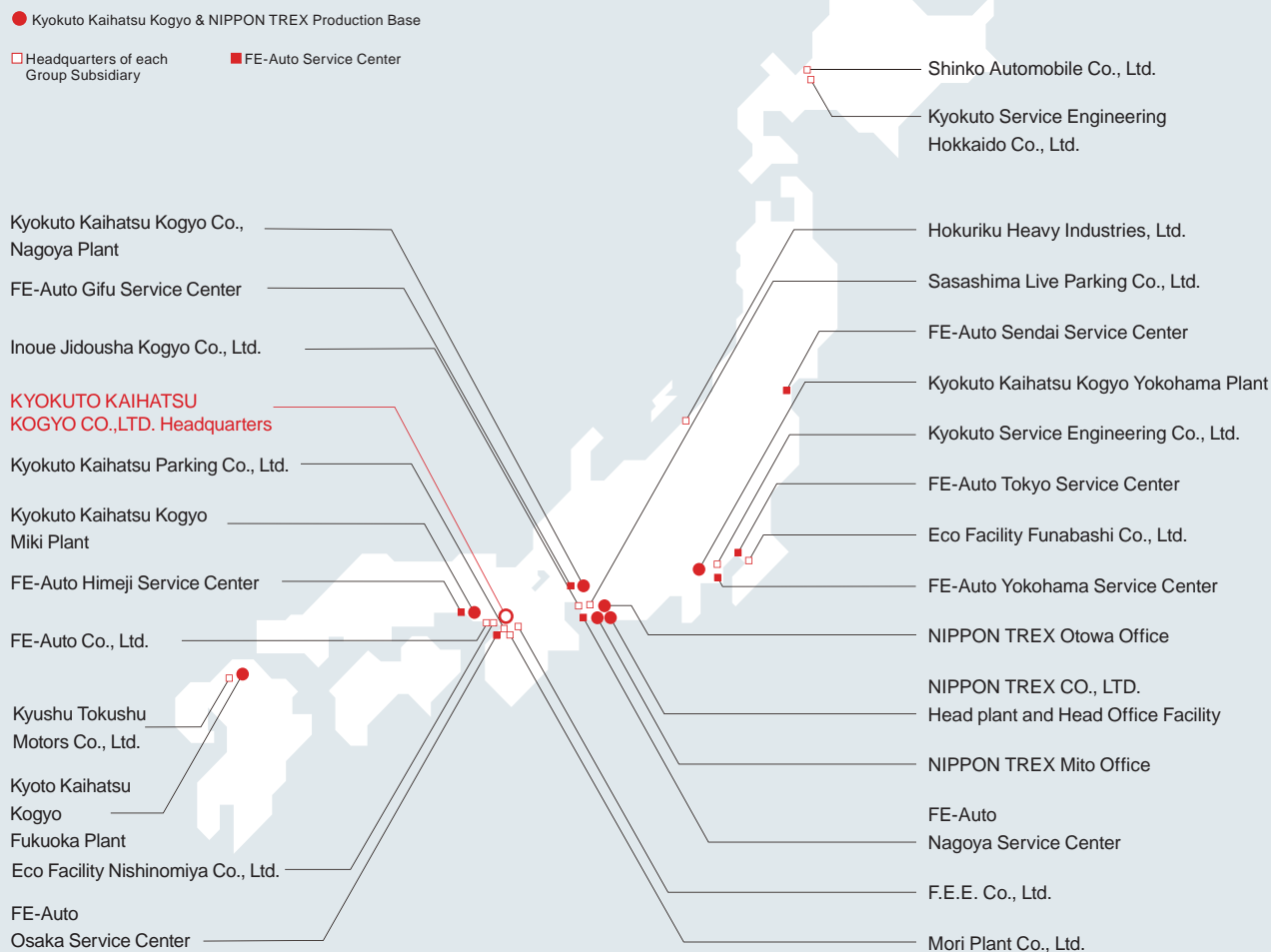
*Includes subsidiaries FOSHAN YANDE GENERAL EQUIPMENT CO., LTD. and STG GLOBAL CORP.

Environmental Business

Kyokuto Service Engineering Co., Ltd.
Kyokuto Service Engineering Hokkaido Co., Ltd.
Mori Plant Co., Ltd.
Eco Facility Funabashi Co., Ltd.
Eco Facility Nishinomiya Co., Ltd.

Parking Business

Kyokuto Kaihatsu Parking Co., Ltd.
Sasashima Live Parking Co., Ltd.
F.E.E. Co., Ltd.



Third-party Assurance of CO₂ Emissions Data

Kyokuto Kaihatsu Group underwent an independent third-party assurance by the Japan Quality Assurance Organization (JQA) to enhance the reliability of its CO₂ emissions performance data.

➤ See here for more details. URL: www.kyokuto.com/csr/pdf/csr_climate03.pdf

*The published assurance results are for CO₂ emissions in fiscal year 2024.



External Evaluation & Awards

■ SRI (Socially Responsible Investment)

In 2025, Kyokuto Kaihatsu Kogyo was selected for the first time as a constituent of the FTSE Blossom Japan Index, which recognizes Japanese companies with outstanding ESG (Environmental, Social, and Governance) practices. The company has also been included in the FTSE Blossom Japan Sector Relative Index for four consecutive years since its initial selection in 2021.



FTSE Blossom
Japan Index

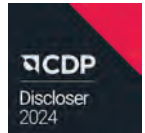


FTSE Blossom
Japan Sector
Relative Index

■ Environment

Kyokuto Kaihatsu Kogyo discloses information on climate change and water security through the CDP, an international non-profit organization that operates an environmental information disclosure system.

In 2024, the company was selected as a “B List” company for both Climate Change and Water Security.



■ Health Management

Kyokuto Kaihatsu Kogyo and NIPPON TREX have been certified as a 'Health and Productivity Management Outstanding Organizations 2025' (Large Enterprise Category) by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi. Kyokuto Kaihatsu Kogyo has received this certification for five consecutive years, while NIPPON TREX has been recognized for six consecutive years.

Kyokuto Kaihatsu Kogyo was also certified by the Japan Sports Agency as a “Sports Yell Company 2025.”



2025
健康経営優良法人
KENKO Investment for Health
大臣認定部門

■ Other

NIPPON TREX

The company was certified as a “Hataraku Yell 2025” organization.

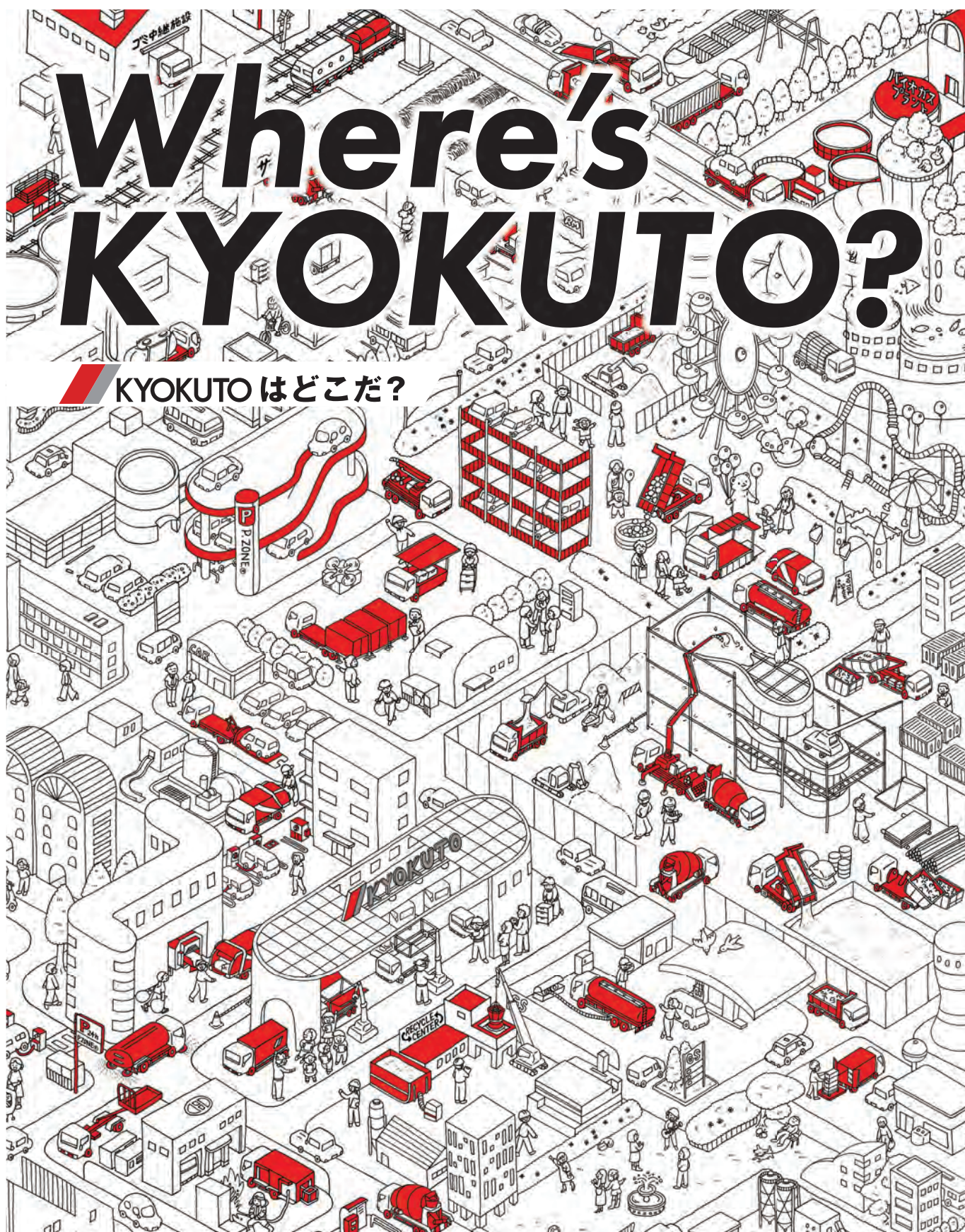
FE-AUTO

It also received a letter of appreciation from the Japan Diplomatic Association in recognition of its understanding, cooperation, and contributions through the donation of goods to developing countries.

Dialogue with Stakeholders

Through dialogue with our stakeholders, we are working to meet their respective challenges and expectations.

Stakeholders	Purpose of the Dialogue	Method
Customer	<ul style="list-style-type: none"> Promoting mutual understanding and building better relationships Producing Better Products 	<ul style="list-style-type: none"> Various seminars Customer consultation desk, disclosure of recall information
Employees	<ul style="list-style-type: none"> Improving workplace environments and reviewing labor and personnel policies Strengthening labor–management relations and creating a comfortable, rewarding workplace 	<ul style="list-style-type: none"> Various research Collective bargaining Evaluation interviews, employee awareness surveys Labor-management council
Business Partners	<ul style="list-style-type: none"> Promoting mutual understanding and building better relationships 	<ul style="list-style-type: none"> Various meetings and training Business partner evaluation
Shareholders Investor	<ul style="list-style-type: none"> Improving the quality of management through dialogue 	<ul style="list-style-type: none"> Ordinary General Meeting of Shareholders Financial results briefing Issuance of Securities Report and Quarterly Report Issuance of IR report Publication of corporate governance report
Local Community	<ul style="list-style-type: none"> Promoting mutual understanding and building better relationships Understanding social needs 	<ul style="list-style-type: none"> Organizing events and plant tours Participation in local events Participation in economic/industry organizations and local organizations



KYOKUTOはどこだ？

まちと暮らしのミライをつくる。

はたらくクルマと、
ミライをつくる
特装車事業

循環型社会の、
ミライをつくる
環境事業

モビリティ社会の、
ミライをつくる
パーキング事業

極東開発工業株式会社

www.kyokuto.com



Kyokuto Kaihatsu Group Branding Advertisement (2025 Edition)



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