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November 12, 2024

To All

Company name: KYOKUTO KAIHATSU KOGYO CO., LTD.
Representative: Tatsuya Nunohara,
Representative Director, President, CEO
(Code: 7226)
Contact: Takeshi Fujimoto,
General Manager, Legal & Corporate
Communication Department, Administration
Division
(Telephone: +81-6-6205-7826)

Notice Concerning the Adoption of STG Global Holdings Pty Ltd. as a Group Company

We hereby announce that at the meeting of the Board of Directors held on November 12, 2024, we resolved to acquire shares of STG Global Holdings Pty Ltd (STG), an Australian Special Purpose Vehicles manufacturer, and make STG a Group Company, as follows.

Notation

1. Reason for acquiring shares

In the final year of the Medium-Term Management Plan (three-year plan) 2022-24 - Creating The Future As One - (2022 April 1, 2031 to March 31, 2025, which is the first step toward realizing the Long-Term Management Vision-Kyokuto Kaihatsu 2030-that looks ahead to the fiscal year ending March 31, 2031 (fiscal 2030), we are working to strengthen our earnings structure by improving productivity, and to implement various measures, such as building a solid business foundation that supports sustainable growth and transformation.

In this plan, the Group plans to invest 10 billion Japanese yen in strategic new M&A to strengthen its overseas business as aggressive investment in growth. The Group will gain the following synergies by adding STG, which broadly operates a Special Purpose Vehicles business in Australia, to the Group: Enhancing efficiency and profitability by utilizing and integrating the bases of both companies in Australia and China; cross selling, centered on Japan and Australia markets, by leveraging the product lineup of both highly complementary products; and acquiring platforms for the expansion of North America and Europe. This acquisition aims to contribute to quick and medium- to long-term consolidated results by maximizing the synergies effectively. It also aims to expand business and business performance and further strengthen global expansion.

2. Outline of the second-tier subsidiary company to be transferred (STG)

(*Hereinafter, converted at the rate of November 11, 2024 (1 Australian dollar = 101.0 Japanese yen))

(1)	Name	STG Global Holdings Pty Ltd		
(2)	Address	29-31 Evolution Drive, Dandenong South, VIC, 3175		
(3)	Job title/name of representative	Chief Executive Officer: Ross William Yendle		
(4)	Business Activities	Manufacture and sales of Special Purpose Vehicles		
(5)	Common stock	<p>AUD 36,808 thousand (approx. ¥3,717 million)</p> <p>(Note) STG conducted an internal reorganization on October 22, 2022, acquiring shares of its consolidated subsidiary for 39,893 thousand Australian dollars in self-issued shares. This resulted in an increase in its formal capital. A reserve of minus 39,893 thousand Australian dollars was recorded at this time, and there is no actual increase in capital as a result of this reorganization.</p> <p>Excluding the impact of the reorganization, the effective capital amount is 6,300 Australian dollars (approx. 0.64 million Japanese yen).</p>		
(6)	Date of Establishment	2001 (became a holding company on September 28, 2022)		
(7)	Major shareholders and percentage of shares	RRA Pty Ltd (47.72%), OCP Industrial Holdings Pty Ltd (46.26%)		
(8)	Relationship between Listed company and the company	Capital relationship	Not applicable	
		Human relations	Not applicable	
		Business relationship	Not applicable	
(9)	Consolidated results of operations and financial position of the company for the past three years			
	Fiscal year-end	FYE June 2022	FYE June 2023	FYE June 2024
		Thousands of Australian dollars (Millions of yen)	Thousands of Australian dollars (Millions of yen)	Thousands of Australian dollars (Millions of yen)
	Consolidated net assets	13,734 (Approx. 1,387)	13,838 (Approx. 1,398)	17,018 (Approx. 1,719)
	Consolidated total assets	31,010 (Approx. 3,132)	36,582 (Approx. 3,695)	77,987 (Approx. 7,877)
	Consolidated sales	62,680 (Approx. 6,331)	88,417 (Approx. 8,930)	125,475 (Approx. 12,673)
	Consolidated ordinary income	6,652 (Approx. 672)	7,344 (Approx. 742)	11,345 (Approx. 1,146)
	Net Profit attributable to owners of parent company	5,176 (Approx. 523)	4,709 (Approx. 476)	8,048 (Approx. 813)

3. Outline of the subsidiary whose shares are to be acquired

Shares of STG will be acquired by Kyokuto Australia Holdings Pty Ltd, a subsidiary and special purpose company (SPC) established in the country. An overview of the company is as follows.

(1)	Name	Kyokuto Australia Holdings Pty Ltd
(2)	Location	11 Enterprise Street, Caloundra West, 4551, QLD

(3)	Title and name of representative	Yusuke Mori (Director)
(4)	Business	Management and operation of group companies
(5)	Date of Establishment	November 7, 2024
(6)	Major Shareholders and Shareholding Ratio	Kyokuto Kaihatsu Kogyo Co., Ltd. (100%)
(7)	Relationship with the Company	A wholly owned subsidiary to manage and operate our group companies in Australia.

4. Outline of the counterparty to the share acquisition

(1)	Name	RRA Pty Ltd
(2)	Address	49 Motorway Circuit, Ormeau QLD 4208
(3)	Title and name of representative	Ross William Yendle (Director)
(4)	Business Activities	Personal asset management
(5)	Date of Establishment	September 25, 2022
(6)	Major shareholders and percentage of shares	Alanna Nicole Leating(33.3%),Lara Jane Sanci Crocker(33.3%) Caroline Margrit Hazler(33.3%)
(7)	Our relationship	There are no capital relationships, personal relationships, business relationships, or related parties that should be described.

(1)	Name	OCP Industrial Holdings Pty Ltd
(2)	Address	Suite 57, 14 Narabang Way, Belrose, NSW 2085
(3)	Title and name of representative	Lionel Winston Baldwin (Managing Director)
(4)	Business Activities	Fund management mainly targeting investments in unlisted and privately held companies
(5)	Date of Establishment	April 24, 2024
(6)	Major shareholders and percentage of shares	Oceania Capital Partners Limited(100%)
(7)	Our relationship	There are no capital relationships, personal relationships, business relationships, or related parties that should be described.

(Note) In addition to the above, shares will be acquired from 17 shareholders (individuals) of STG employees.

5. Number of Shares Acquired, Acquisition Price, and Shareholding Before and After Acquisition

(1) Shares owned prior to the transaction	0 shares (Number of voting rights: 0) (Percentage of voting rights: 0.0%)
(2) Total share repurchased	39,167,551 shares (Number of voting rights: 36,808,801)

- (3) Acquisition cost STG common shares AUD 100 million
(approx. ¥10,100 million)
*The actual acquisition price will be determined by price adjustments, etc., as stipulated in the share transfer agreement. In addition, approximately 5 million Australian dollars (approximately 500 million Japanese yen: approximate amount) of advisory expenses, etc. are not included.
- (4) Shares owned after the transaction 39,167,551 shares
(Number of voting rights: 36,808,801)
(Percentage of voting rights: 100.0%)

6. Schedule

- (1) Date of resolution of the Board of Directors November 12, 2024
(2) Signing day November 12, 2024
(3) Date of share transfer During December 2024 (planned)

7. Future Outlook

The impact of the acquisition of shares on our full-year consolidated earnings forecasts for the year ending March 2025 is currently under scrutiny, and as soon as the forecast becomes available, we will promptly inform you of the impact.

We believe this will contribute significantly to our consolidated earnings from the year ended March 31, 2026 and beyond, and will improve our corporate value.

Or more

(Reference) Forecast of Consolidated Financial Results for the Fiscal Year under Review (Announced on August 7, 2024) and Consolidated Results for the Previous Fiscal Year

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Consolidated Financial Results Forecast (Fiscal Year Ending March 31, 2025)	134,000	6,300	6,500	5,700
Previous Period Consolidated Financial Results (Fiscal Year Ended March 31, 2024)	128,026	4,825	5,617	3,501

*The earnings forecasts and other forward-looking statements herein have been prepared based on information available as of the date when this document was released. Actual results may differ from the forecasts due to various factors going forward.