



# **Action to Implement Management That Is Conscious of the Cost of Capital and Stock Prices**

June 30, 2025

**KYOKUTO KAIHATSU KOGYO CO., LTD.**

**TSE Prime Market: 7226**

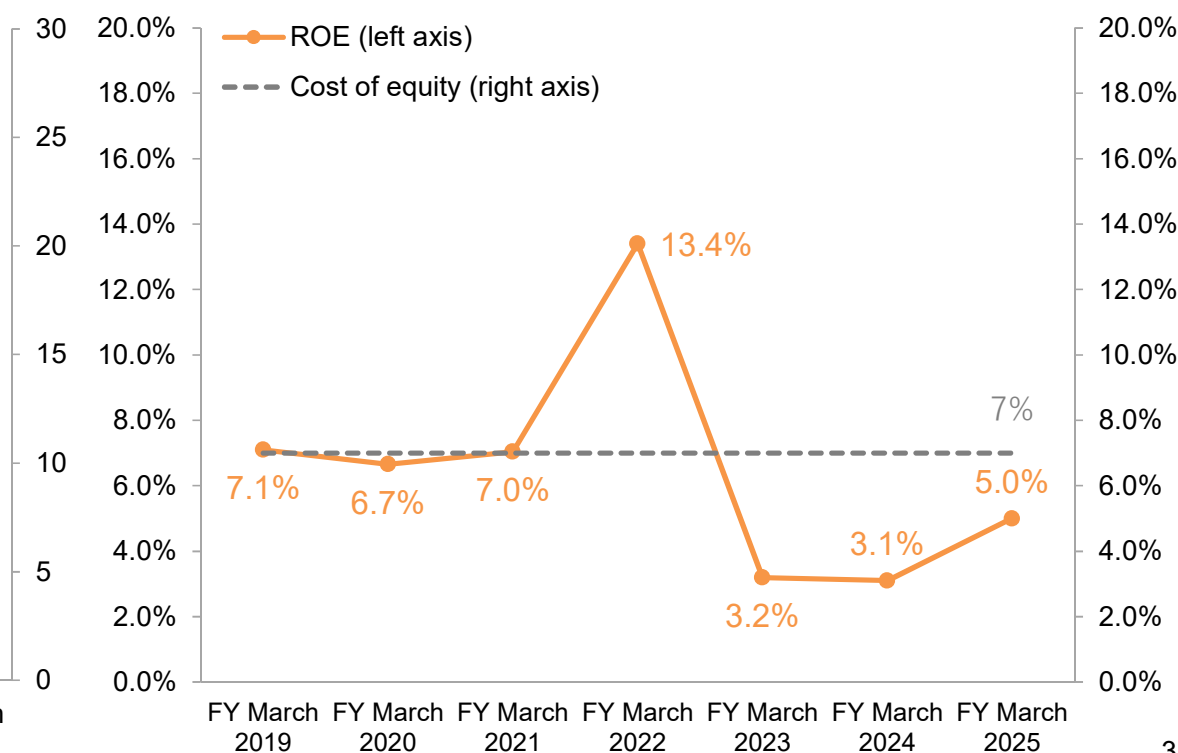
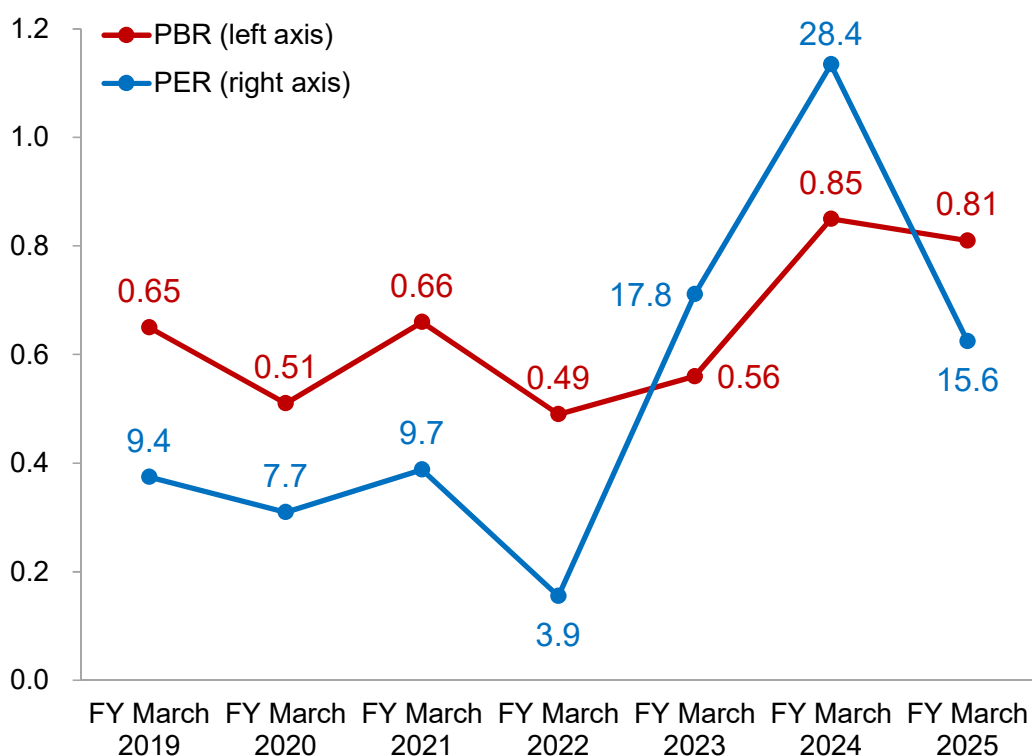
- 1. Recognition of the Current Status**
- 2. Initiatives to Improve PBR**
- 3. New Medium-term Management Plan 2025–2027**

[Creating The Future As One (II)]

# Recognition of the Current Status



- As a result of continuing to enhance corporate value, PBR was 0.81 times as at the end of March 2025.
- The Company recognizes that its Weighted Average Cost of Capital (WACC) was approximately 6% and the cost of equity was about 7% as at the end of March 2025.
- ROE at the end of March 2025 was 5%.



# Recognition of the Current Status



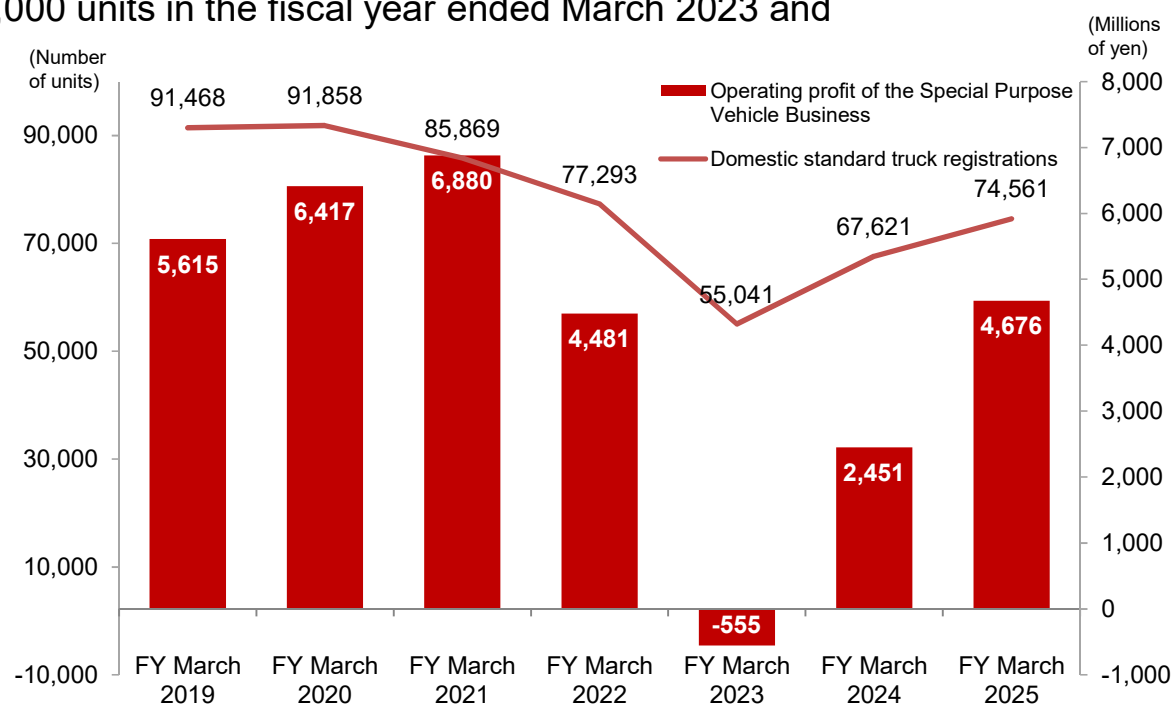
## Factors that keep PBR low (less than 1x)

### Return on equity (ROE) to exceed the cost of capital is not yet achieved

- Delays in the supply of truck chassis due to semiconductor shortages, chassis manufacturers' certification irregularities, etc. (external factors)
- Domestic standard truck registrations fell sharply to 55,000 units in the fiscal year ended March 2023 and were 74,000 units in the fiscal year ended March 2025, the final year of the previous medium-term management plan, falling short of the initial forecast of 80,000 units (market environment).

### Not sufficiently valued on the stock market

- Recognizing that corporate PR and dialogue with investors (shareholders) were still in the process of being expanded and that awareness of the Company was still insufficient.

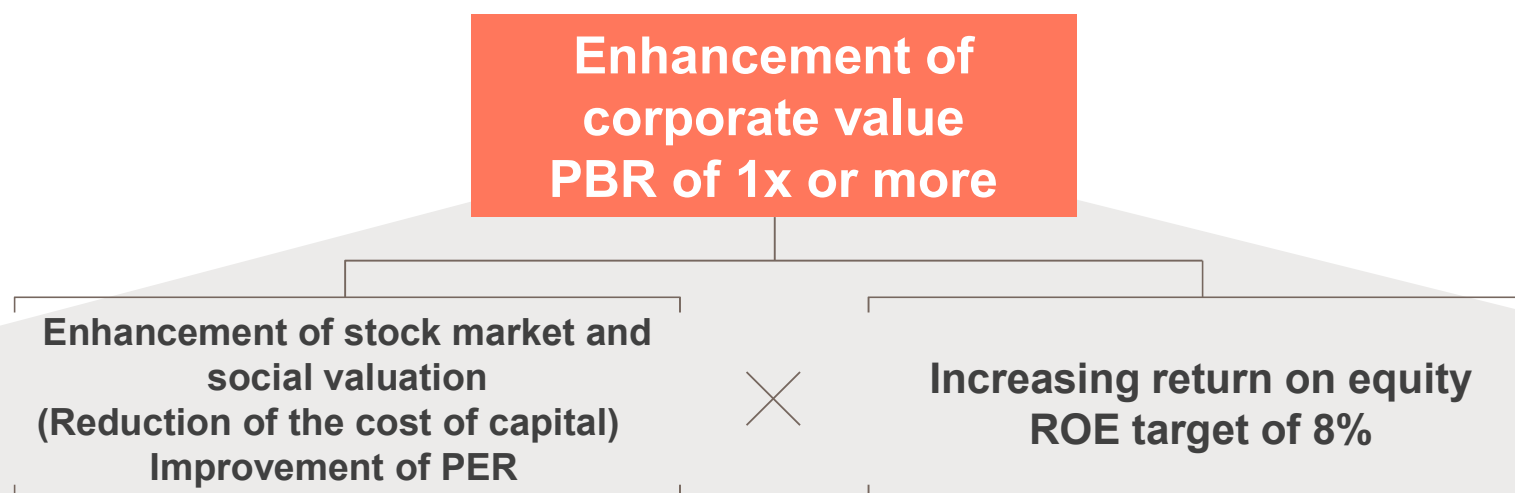


# Initiatives to Improve PBR (Basic Policy)



To improve PBR,

it is necessary to reduce the cost of capital (improve PER) and increase the return on equity (ROE)



# Initiatives to Improve PBR (Improving PER)

Enhancement of stock market and  
social valuation  
(Reduction of the cost of capital)  
Improving PER

By expanding information disclosure and practicing effective dialogue with investors and eliminating information asymmetry with investors (shareholders), we will reduce the cost of capital and enhance valuation on the market.

## Initiatives for dialogue with investors (shareholders)

### Enhancement of financial result briefings and individual meetings

- At financial result briefings for institutional investors, the representative directors serve as the main speakers and engage in dialogue regarding future management policies. In addition, we held 78 individual interviews during the year, with the director in charge of IR and SR as the main speaker.
- We engage in dialogue covering a wide range of topics, including management strategy, capital policy and other specific measures, the contents of the new medium-term management plan, and the status of governance and ESG initiatives.

Implemented events	Financial result briefing	Individual interview
Number of times implemented	Two times: Second quarter, year-end closing	Total of 78 times
Persons representing the Company	President and Representative Director Representative Director and Senior Managing Director Director, Executive Officer, General Manager of Finance Department	Director, Executive Officer, General Manager of Finance Department Officer in charge of IR
Investors	Domestic and foreign institutional investors, analysts, etc. Total of 23 companies, 41 persons	Domestic and foreign institutional investors, analysts, etc. Total of 36 companies, 131 persons

# Initiatives to Improve PBR (Improving PER)

## Initiatives for dialogue with investors (shareholders) (continued)

### Establishment of a dedicated IR department

- By establishing the Legal and Corporate Communication Department as a dedicated IR department and appointing a full-time staff member, we have put in place a system that can respond to inquiries from shareholders at any time.

### Publication of a research report by Shared Research, Inc.

- We disclose information through research reports published by Shared Research, one of the largest research firms in Japan, which provides reports to over 6,000 institutional investors in 130 countries as well as many individual investors, to ensure that objective information about us is available in an accurate and timely manner.



<https://sharedresearch.jp/ja/companies/7226>

### Conducting factory tours for investors

- In January 2025, we organized a plant tour at our Yokohama Plant for institutional investors to introduce our efforts to improve production efficiency in the special purpose vehicle business.



# Initiatives to Improve PBR (Improving PER)

## Initiatives to enhance stock market and social valuation

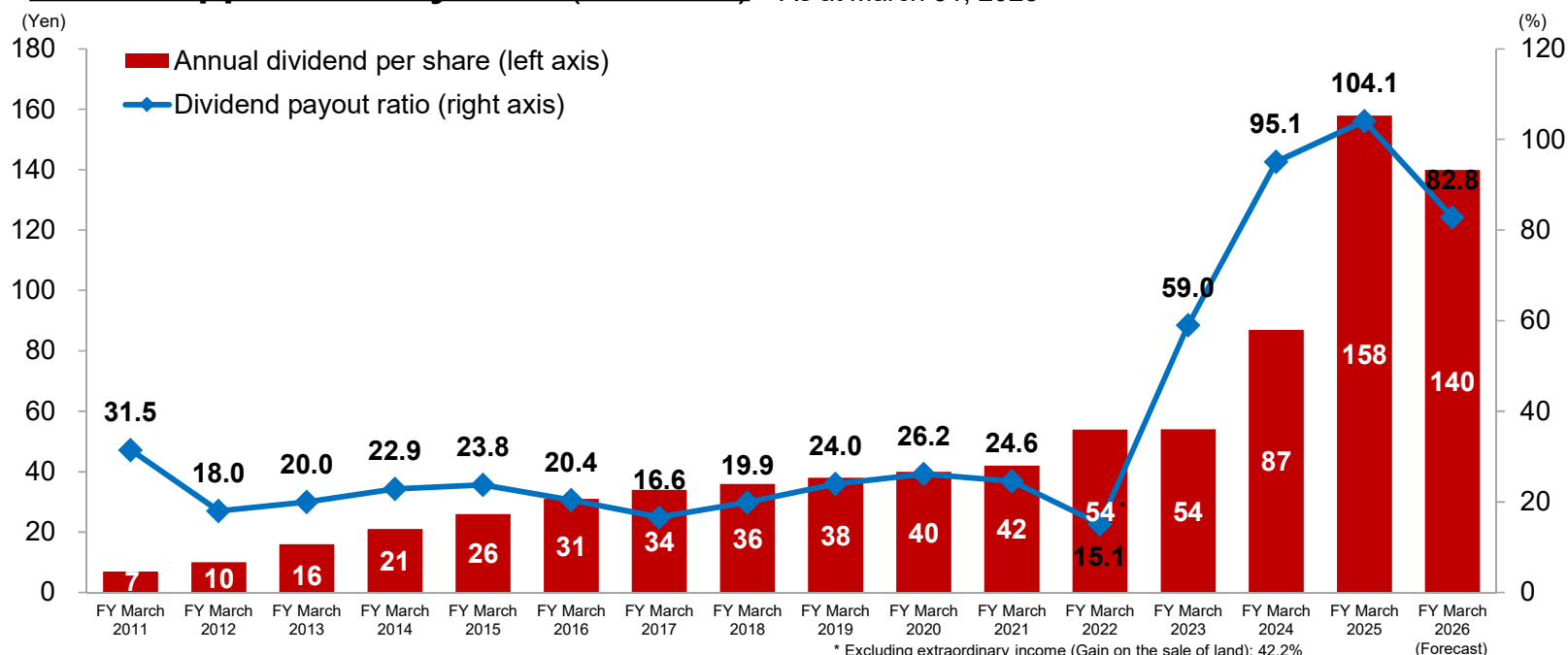
### Shareholder returns

- In order to ensure stable dividends that are not affected by temporary ups and downs in business performance, we have introduced a DOE (dividend on equity) standard and aim to achieve a DOE of 4% or more during the new medium-term management plan period.

**Dividend forecast  
for FY ending  
March 2026**

Interim dividend: 70 yen Year-end dividend: 70 yen Total: 140 yen (Dividend per share)

DOE of approximately 4.9% (estimate) \*As at March 31, 2025





# Initiatives to Improve PBR (Increasing ROE)

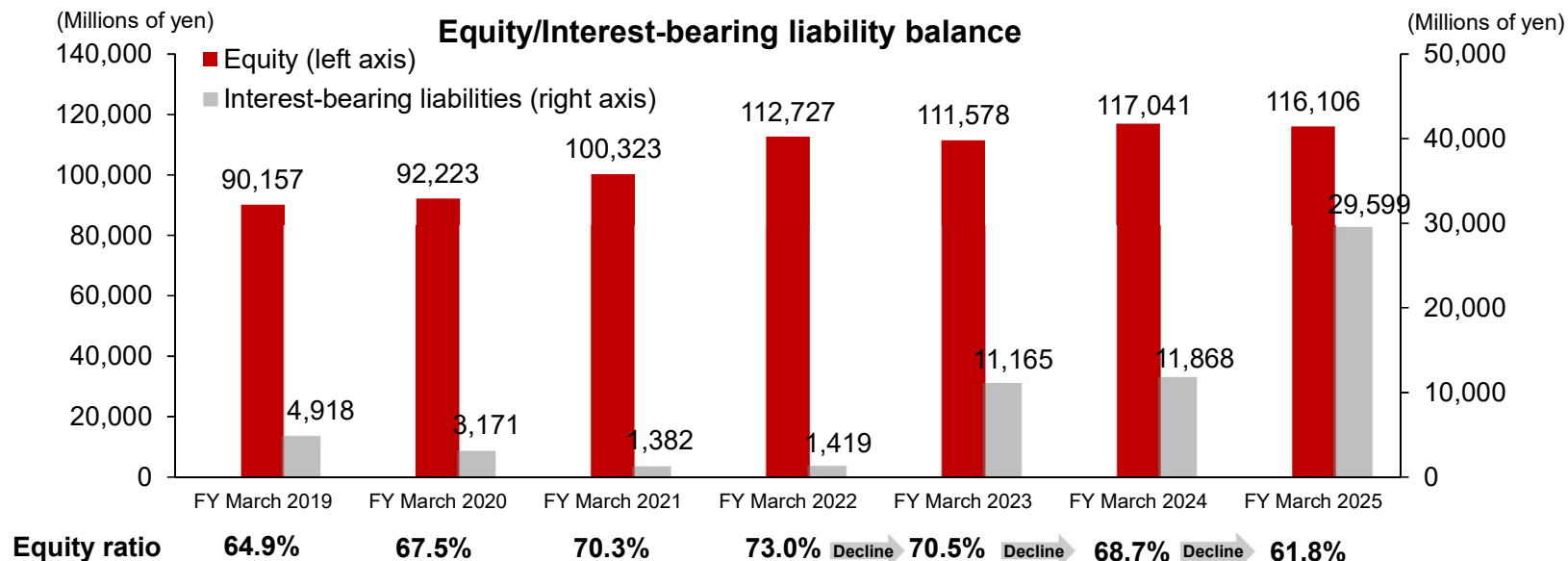
**Increasing return on equity**  
**ROE target of 8%**

We will make efficient use of the equity capital contributed by our shareholders, who are important stakeholders for the Company, to enhance our corporate value.

## Initiatives to increase the return on equity (ROE)

### Use of interest-bearing liabilities

- We control the capital adequacy ratio appropriately by improving capital efficiency through the use of interest-bearing liabilities and other means.



# Initiatives to Improve PBR (Increasing ROE) KYOKUTO

## Initiatives to increase the return on equity (ROE) (continued)

### Special Purpose Vehicle Business: Price revisions

- In order to cope with price hikes, we have been continuously revising product prices since the fiscal year ended March 31, 2023.
- We will continue to implement price revisions as needed.



Implementation period	Applicable products	Price revision rates
April 2022	All finished goods	Approx. 5% to 15%
May 2022	Repair parts	Approx. 14%
April 2023	Tailgate lifters	Approx. 5%
	Refuse trucks	Approx. 7%
	Single-car carrier trucks	Approx. 8%
	Concrete mixer trucks	Approx. 2% to 10%
April 2025	Repair parts in general	Average of approx. 9%



Implementation period	Applicable products	Price revision rates
February 2023	All finished goods	10% - 20%
April 2023	Repair parts	15% - 20%
January 2024	All finished goods	10% - 18%
April 2024	Repair parts	10% - 18%
April 2025	Repair parts in general	Average of approx. 10% to 20%

### Review of the remuneration system for directors (and other officers)

- In January 2024, we revised the system of remuneration for directors (and other officers). By reducing basic remuneration and introducing medium- to long-term incentive remuneration, which is a medium- to long-term variable remuneration, the Company aims to increase the link between the enhancement of corporate value and remuneration.

# Initiatives to Improve PBR (Increasing ROE)

## Initiatives to increase the return on equity (ROE) (continued)

### Special purpose vehicle business: Strengthening overseas expansion

Acquired shares of STG Global Holdings Pty Ltd, an Australian manufacturer of special purpose vehicles, and made it a group company.

- Enabled cross-selling mainly in the Japanese and Australian markets by leveraging the highly complementary product lineups of both companies.
- Acquired platforms for expansion into the North American and European markets.
- Improved efficiency and profitability by utilizing/integrating the bases of both companies in Australia and China.
- Expanded the business scope and business performance as well as further strengthened global expansion by promoting early, medium- and long-term contribution to consolidated financial results.

**Accelerated production efficiency and synergy**  
**by consolidating bases in**  
**Kyokuto Australia and STG's in Queensland**

[Summary] 

Name	STG Global Holdings Pty Ltd
Location	29-31 Evolution Drive, Dandenong South, VIC, 3175
Representative	Chief Executive Officer: Ross William Yendle
Business description	Manufacture and sale of special purpose vehicles
Capital	AUD 40,087 thousand (approx. 3,808 million yen)
Date established	2001 (became a holdings company on September 28, 2022)



Suction-cut excavator

[Main products]



Left: Front loader-type refuse truck  
Right: Side loader-type refuse truck

# Initiatives to Improve PBR (Increasing ROE)

## Initiatives to increase the return on equity (ROE) (continued)

### Reduction of cross-shareholdings

Status of efforts up to the end of March 2025

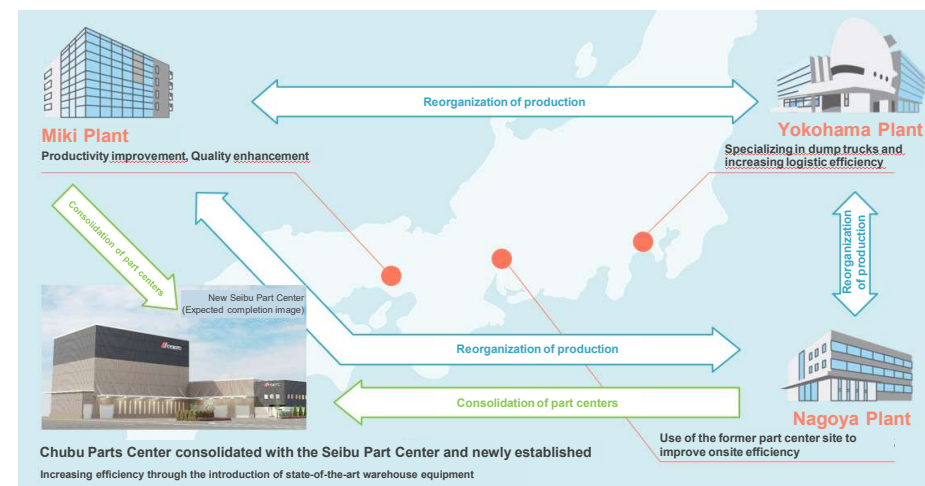
- Sold a total of 19 issues (38.0%)
- 10.3% of consolidated net assets of 117,271 million yen at the end of March 2025  
\*For reference: 12.1% at the end of March 2024
- Sold approximately 4.4 billion yen of total market capitalization \* Excluding market value fluctuations

### Reorganization of production items at production plants

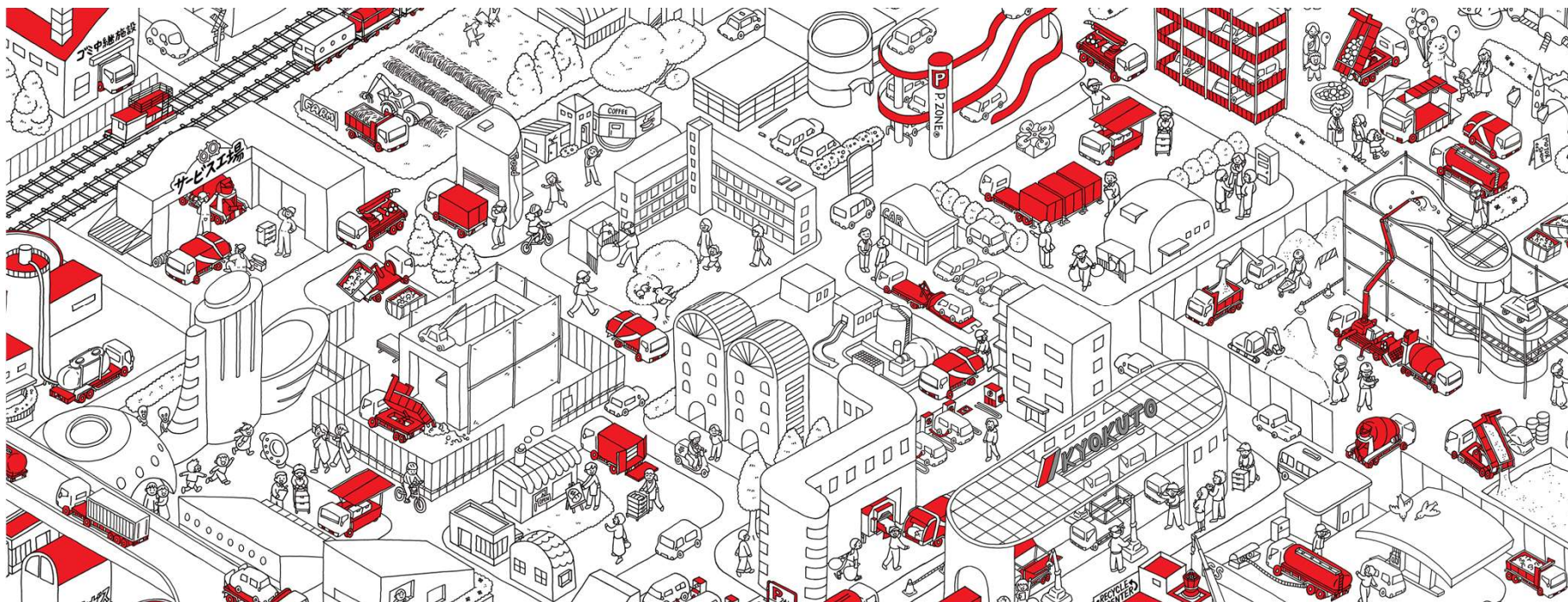
- Efforts are underway to reorganize production items among plants and part centers. We will promote productivity enhancement by streamlining production and logistics.

### Steady implementation of the medium-term management plan

- We will steadily implement the medium-term management plan described from the next page and work to meet the expectations of our investors (shareholders).







Designing a better **future** for **towns** and **everyday** living

Kyokuto Kaihatsu Group

# Medium-term Management Plan

2025 - 27

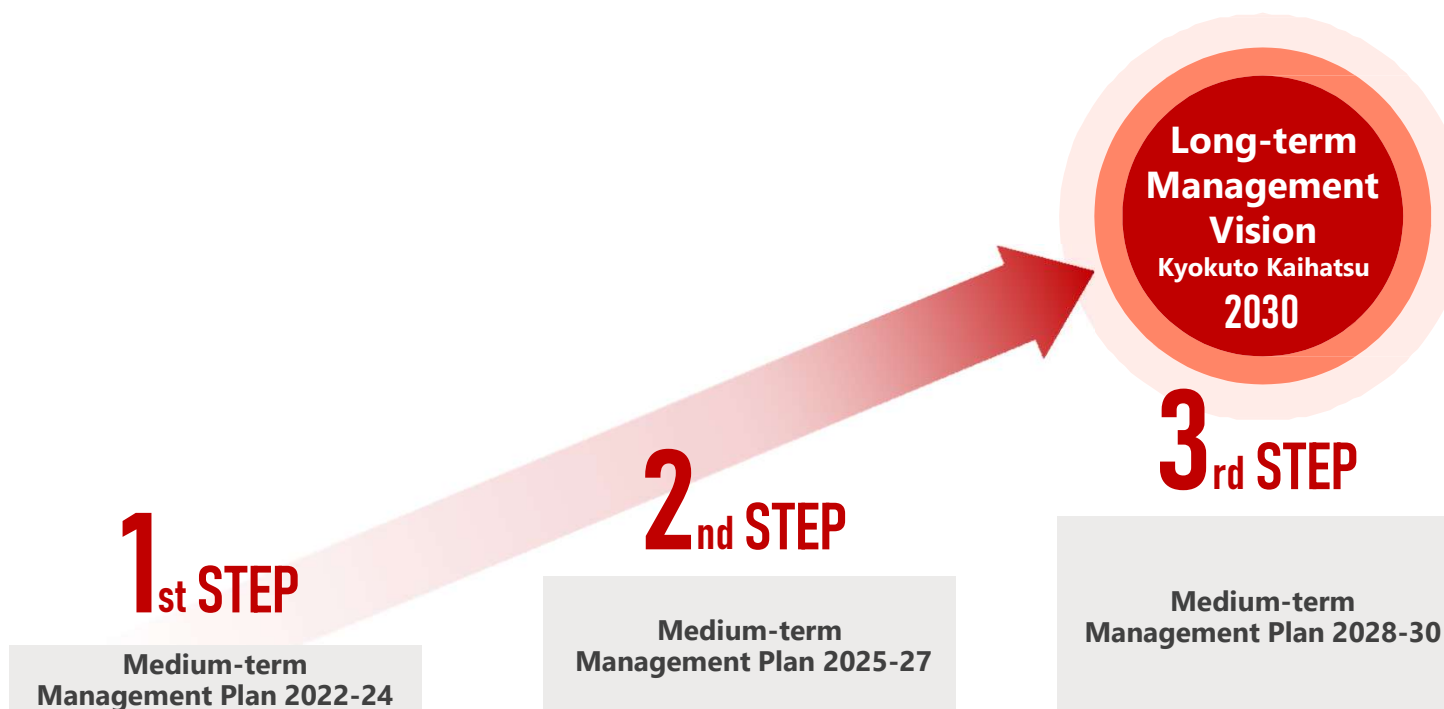
Creating The Future As One (II)

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**I**

# Long-term Management Vision



## Long-term Management Vision - Kyokuto Kaihatsu 2030 -

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  
Technical Capabilities

Solid Quality

We view the various social and environmental changes surrounding our group as opportunities, and by driving both domestic profit expansion and overseas business growth, we will continue to deliver value to all stakeholders as a global integrated infrastructure manufacturer shaping the future of society.

Business  
Results  
Vision

Net Sales

200 billion yen

Operating  
Income  
Ratio

10%

ROE

10%

## Long-Term Business Strategies



## Special Purpose Vehicle Business

\*Including overseas business.

Net Sales

173 billion yen

- Establishing strong sales, technological, production, and service capabilities to provide high added value.
- Accelerating the development of solutions-oriented products through effective use of the Technical Center.
- Improving productivity through the optimal placement of products and equipment, as well as continuous improvement activities.
- Building a production system that balances improved profit margins with CO2 emission reduction.
- 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

Net 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.



## Car Parking Systems Business

Net Sales

10 billion yen

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



## Sustainability Vision

### [Environment] Manufacturing Vision

**CO<sub>2</sub> Emissions: -38% <sup>\*1</sup>**  
(Compared to 2013)



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

**New Environmental Standards Compliance Label (Gold Label) Certification Acquisition Rate: 100% <sup>\*2</sup>**



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.

**Waste Recycling Rate during Production: Over 99% <sup>\*3</sup>**



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

### [People] Society Creation Vision

**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.

**Improving Employee Engagement <sup>\*4</sup>**



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.

**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.

**Percentage of women in management positions (Assistant Manager level and above): 4% <sup>\*5</sup>**



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

**Enhancing risk management frameworks and developing a Business Continuity Management (BCM) system.**



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 Promotion**

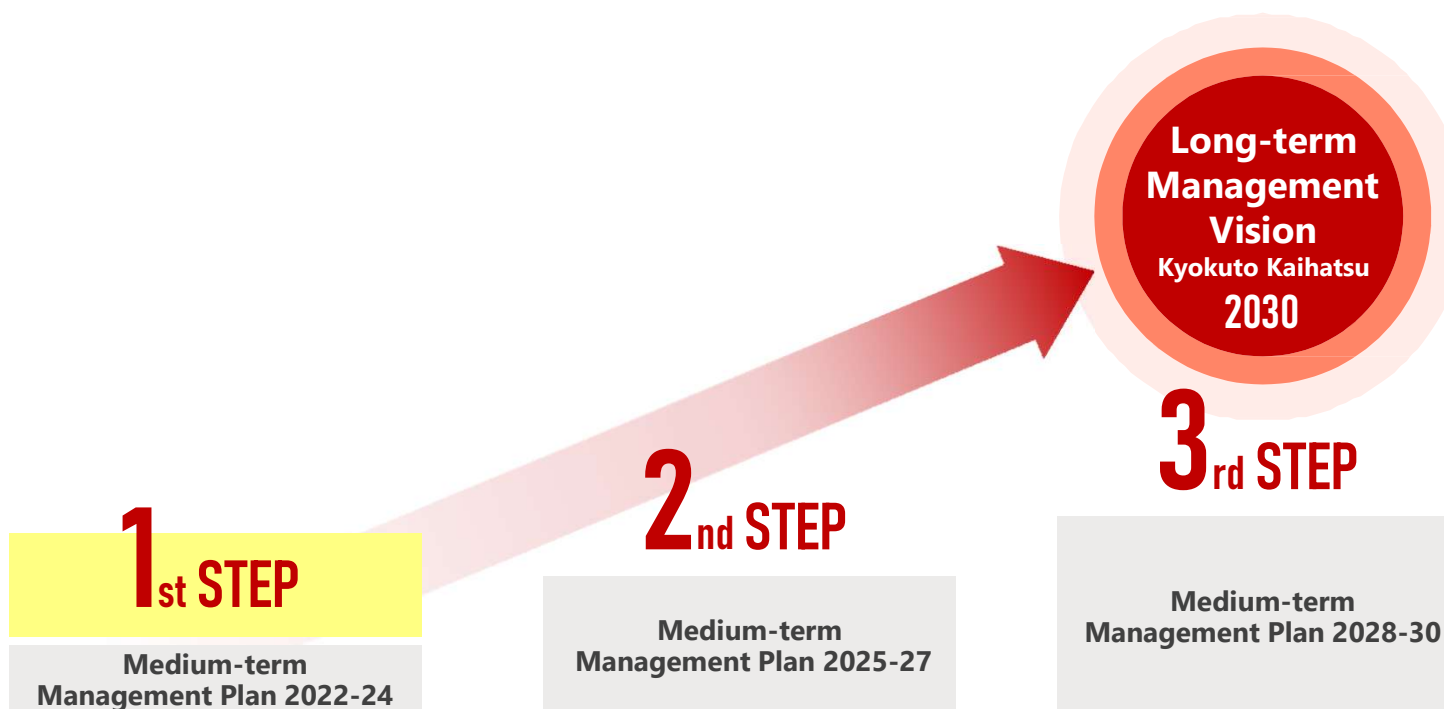


To realize a sustainable society, we consider not only cost but also the environmental and human impact when selecting materials and energy used in our products and services.

<sup>\*1</sup>Total emissions compared to the fiscal year 2019 for the group consolidated (domestic). <sup>\*2</sup>Gold Label: A certification defined by the Japan Automobile Manufacturers Association, with one of the certification requirements being a "material recycling rate of 95% for products. Scope: New products of Kyokuto Kaihatsu Kogyo Industry and Nippon Trex that are applicable to the subcommittee of the Japan Automobile Manufacturers Association. Other products will comply with the Gold Label requirements. <sup>\*3</sup>Scope: Kyokuto Kaihatsu Kogyo Industry and Nippon Trex. <sup>\*4</sup>Evaluation based on the results of the employee engagement survey. <sup>\*5</sup>Fiscal year 2023 performance: 1.9%.

# II

## Review on the previous Medium-term Management Plan



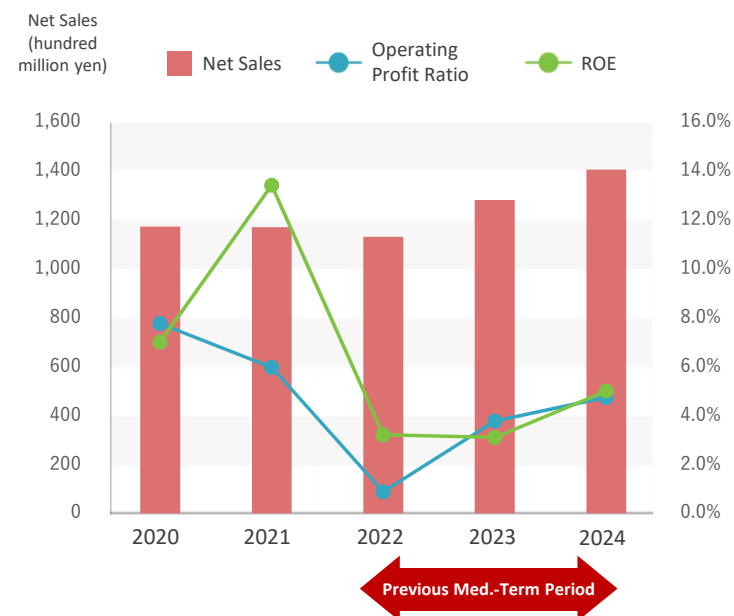
In the previous Medium-Term Management Plan 2022–24, positioned as the first step toward realizing the long-term management vision “Kyokuto Kaihatsu 2030,” we focused on two key themes: “proactive investment for further growth” and “strengthening group synergies,” while laying the foundation for our evolution into a global company contributing to a sustainable future.

	FY2024 Performance Targets	FY2024 Actual
Net Sales	Over 140 bil. yen	140 bil. yen
Op. Profit Ratio	Over 7%	4.7%
ROE	6%	5.0%
CO <sub>2</sub> Emission Reduction <sup>*1</sup>	More than a 10% reduction	18.2% reduction <sup>*2</sup>
Recycling Rate <sup>*3</sup>	Over 99%	97.5%

\*1. Compared to FY2020 unit values for Kyokuto Kaihatsu Kogyo, Nippon Trex, and Kyokuto Kaihatsu Parking

\*2. There is a possibility of revisions based on the result of third-party verification

\*3. Scope: Kyokuto Kaihatsu Kogyo and Nippon Trex



In terms of performance, the supply of domestic truck chassis in our core special-purpose vehicle business, which had slowed due to the impact of the COVID-19 pandemic, gradually recovered. As a result of price revisions and productivity improvement initiatives, net sales reached record highs consecutively in both FY2023 and FY2024, achieving the sales target.

Regarding non-financial KPI's, we established a Sustainability Committee and implemented company-wide management of materiality. As a result, the CO<sub>2</sub> reduction target was achieved; however, the recycling rate fell short of the target due to ongoing improvements at some production sites.

## [Investment]

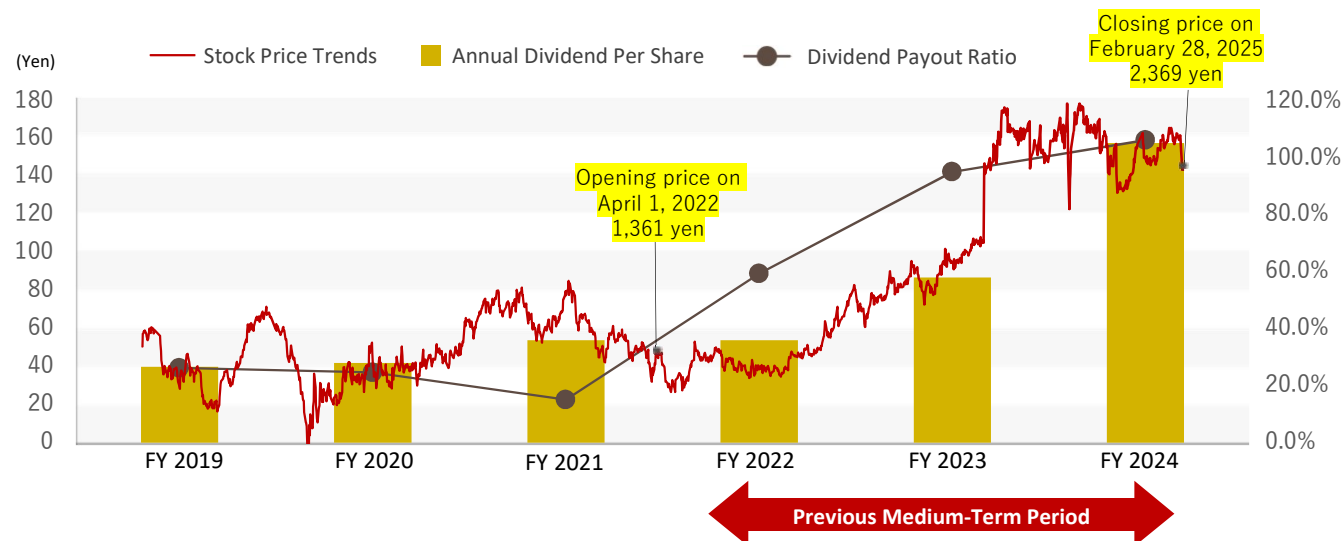
In addition to investments aimed at strengthening business capabilities such as development, production, and service, we have actively carried out ESG investments to contribute to employee safety and security, as well as environmental impact reduction.

	3 Year Plan	3 Year Actual
Growth Investments	<b>30 bil. yen</b> or more	<p>Approx. <b>31.6 bil. yen</b></p> <ul style="list-style-type: none"> <li>- Construction of Technical Center</li> <li>- Construction of a second plant in Indonesia</li> <li>- Automation line at Kyokuto Kaihatsu Kogyo Yokohama Plant</li> <li>- New service factories and facility renewals</li> <li>- Installation of solar panels at multiple locations</li> </ul> <ul style="list-style-type: none"> <li>- Construction of a new plant for SATRAC in India</li> <li>- New plant for NIPPON TREX</li> <li>- New building at Kyokuto Kaihatsu Kogyo Fukuoka Plant</li> <li>- Seismic reinforcement work for buildings</li> </ul> <p>etc.</p>
New M&A investments	Approx. <b>10 bil. yen</b>	<p>Approx. <b>10.5 bil. yen</b></p> <ul style="list-style-type: none"> <li>- Integration of Kyushu Special Motors into the group</li> <li>- Integration of the Australian sales agency (currently Kyokuto Australia) into the group</li> <li>- Integration of STG Global into the group</li> </ul>

## Review on the previous Medium-term Management Plan

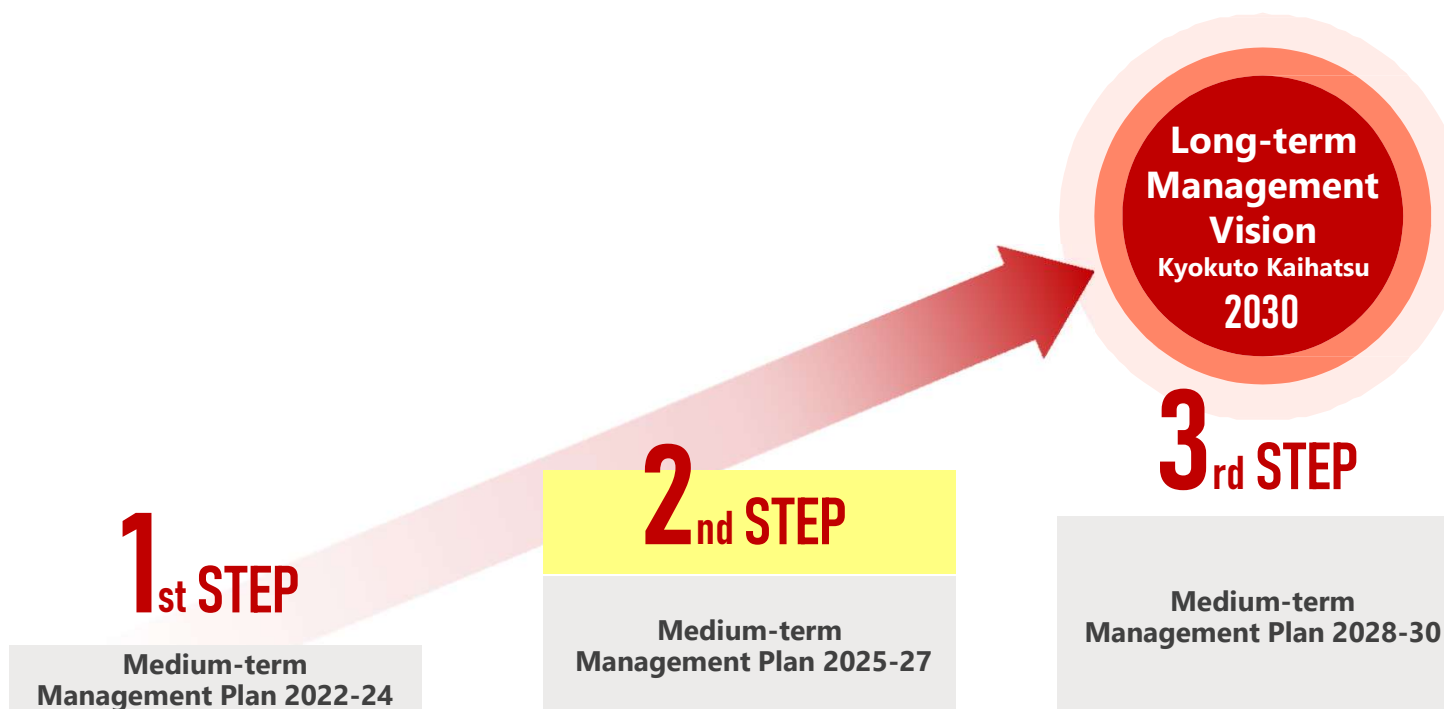
We continued to provide high-level returns, including the flexible repurchase of our own shares, which led to an increase in stock prices.

Shareholder Returns	3 Year Plan	3 Year Actual		
	Total Return Ratio <b>100%</b>	Total Return Ratio (Dividend Payout Ratio)		
		FY 2022	FY 2023	FY 2024
		126.1% (59.0%)	98.6% (95.1%)	104.1% (104.1%)
	Annual Dividend Per Share <b>54 yen or over</b>	Annual Dividend Per Share		
		FY 2022   54yen	FY 2023   87yen	FY 2024   158yen





# New Medium-term Management Plan





## Strategic Role of the Current Plan



Kyokuto Kaihatsu Group

### Medium-term Management Plan 2025 - 27

Creating The Future As One (II)

Planning Period **1 April 2025 ~ 31 March 2028**

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

In the current medium-term management plan, we aim to enhance corporate value by further strengthening group synergies, based on the results of the largest growth investments and various initiatives implemented during the previous medium-term management plan period. This will enhance both financial and non-financial aspects.

### Enhanced Corporate Value

**Dramatically  
Changing Business  
Environment**

- Sales  
- ROE

- Profit  
- Shareholder  
Returns



- Environment  
- People

- Society  
- Governance

**Growing demands  
regarding non-  
financial factors**

- Further strengthening synergies within the group
- Results of the largest growth investments made under the previous medium-term management plan

As the second step toward realizing our long-term management vision, we will steadily move forward by focusing on the following five basic policies.

1

**Helping solve social issues and creating value through high-value-added products and services**

By leveraging the Group Technical Center and consolidating the expertise within the group, we will swiftly bring new products and services to market that respond to changing external environments and needs, thereby contributing to the development of a circular economy, the efficiency of logistics, and the realization of carbon neutrality.

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.

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.

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.

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.





# Understanding the Market Landscape Ahead



## General



Japan's labor shortage continues



Raw material prices remain high and there are concerns that they will rise further



Increased risk of business continuity due to natural disasters, worsening working conditions due to rising temperatures



## Special Purpose Vehicle Business

- Domestic truck demand has recovered to a certain extent, and trailer demand is also strong, but has not yet reached pre-COVID levels
- Increasing demand for high-value-added, highly efficient transportation products to address driver shortages
- In addition to steady progress in the adoption of EVs and FCVs, advancements in CASE technologies are expanding the potential for developing new functions and products that were previously difficult to realize
- Cooperation with chassis manufacturers is becoming increasingly important to ensure efficient supply of truck chassis



## Overseas Business

- High levels of growth in truck demand are expected in India due to an increase in infrastructure development projects
- Truck demand recovers in Indonesia as economic activity recovers following national elections
- Although economic growth in Australia is slowing, the special-purpose vehicle sector continues to experience moderate growth



## Environmental Equipment and Systems Business

- Continued demand for bundled bidding projects with heat recovery facilities and for waste transfer stations associated with wide-area processing
- The bidding method for recycling facilities is shifting from the EPC model (design and construction) to the DBO model (design, construction, and long-term operational outsourcing)
- In addition to the expansion of decarbonization businesses (utilization of biomass resources), efforts toward a circular economy are accelerating



## Car Parking Systems Business

- While demand for two-level and multi-level mechanical parking systems remains flat, the proportion of renovation projects is increasing
- Demand for hourly parking and EV charging facilities is on the rise
- Progress in efforts to utilize AI and IoT for maintenance and to improve the efficiency of facility construction

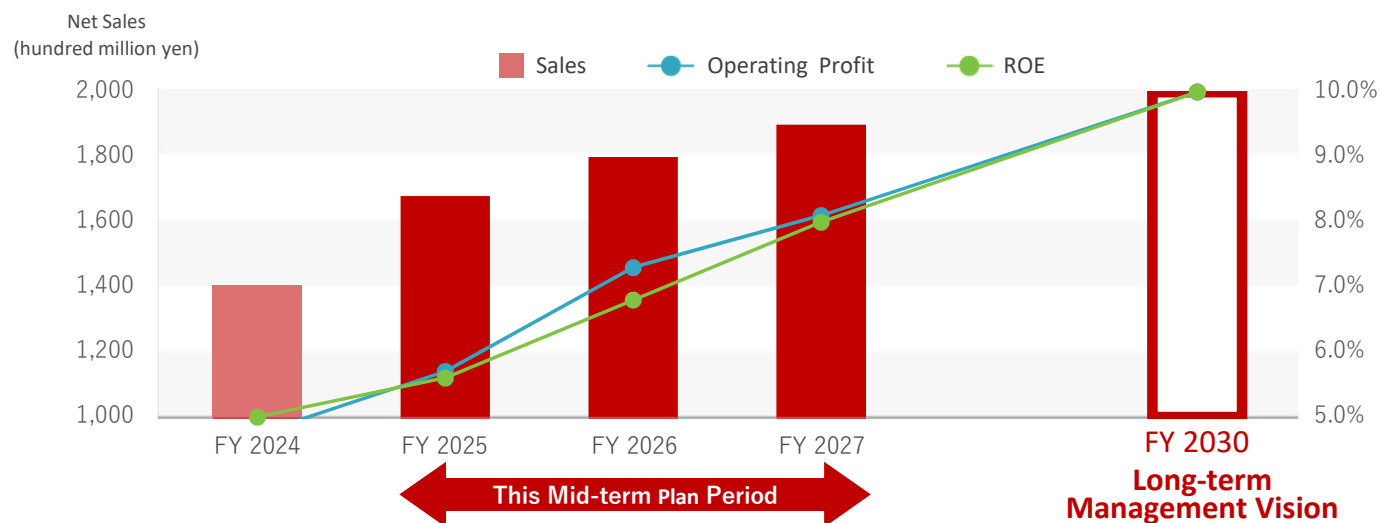


## Goals and Policies such as Business Performance



In this medium-term management plan, we have set the following performance targets with a view toward realizing our long-term management vision.

	FY2027 Target Value	Long-term Management Vision
Net Sales	190 billion yen	200 billion yen
Op. Profit Ratio	8%	10%
ROE	8%	10%



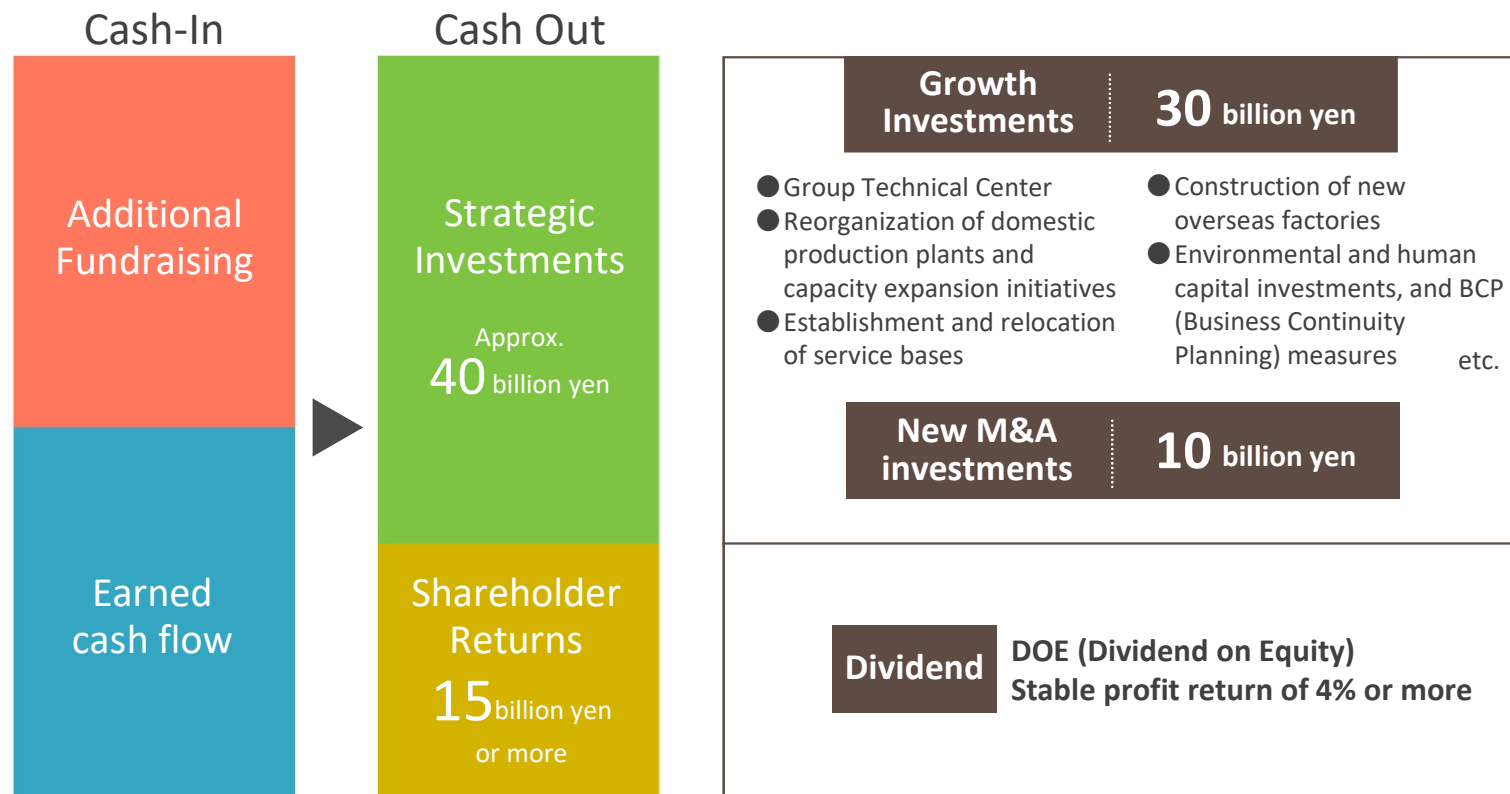
## Performance Targets by Business

		FY2027 target value
<b>Special Purpose Vehicle Business</b> ( ) indicates Overseas Business	Net Sales	165.0 billion yen (37 billion yen)
	Operating Profit Ratio	8.8% (8.0%)
<b>Environmental Equipment and Systems Business</b>	Net Sales	20 billion yen
	Operating Profit Ratio	10.2%
<b>Car Parking Systems Business*</b>	Net Sales	8.5 billion yen
	Operating Profit Ratio	8.7%

\*Kyokuto Kaihatsu Parking (standalone basis)

## Cash allocation for Investment and Return

\*Each amount represents the total for a three-year period.





### High dividends based on DOE [Dividend on Equity]

**Stable** × **High Level**

- Stable dividend payouts that are not affected by temporary fluctuations in business performance
- DOE level of 4% or more (TSE average: approx. 3%)

Medium-term Management Plan  
2022-24

Cumulative Dividend

Approx. **11** billion yen

Medium-term Management Plan  
2025-27

Cumulative Dividend

**15** billion yen  
or more



## Goals and Policies such as Business Performance

Enhanced Corporate Value



**Enhanced Corporate Value**  
**PBR\* of 1 or higher**  
\*(Price-to-Book Ratio)

**Improvement of Return on Equity**  
**ROE 8% guideline**



**Enhancement of market and  
social valuation**  
**(Reduction of capital costs)**  
**Increase in PER**



### **Strengthening Profitability**

- High Added Value
- Productivity Improvement
- Growth investments, mainly overseas



### **Capital Efficiency Control**

- Stable and proactive shareholder returns
- Control of equity ratio and debt-to-equity (D/E) ratio



### **Promoting Sustainability Management**

- Materiality Management
- Improved employee engagement
- Information disclosure and corporate PR promotion



### Cautionary Statement Regarding Forward-Looking Information

The statements in this document regarding management targets and future forecasts have been made by the Company based on information available at the time of publication of this document. As these are subject to change due to various factors, the stated targets and forecasts do not guarantee actual results or achievement. Please note that even if there are changes to the forward-looking information in this document, the Company is under no obligation to update such information. Additionally, the Company bears no responsibility for any damages that may arise as a result of using this document. Thank you for your understanding.