

Operating Results for FY2024 2Q



Kyokuto Kaihatsu Kogyo Co., Ltd.
TSE Prime: 7226

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1. Results of FY2024 2Q

Summary of Consolidated Financial Results for FY2024 1Q

Millions of yen	Fiscal year	FY2023 2Q	FY2024 2Q	Change	Percentage
Net sales		59,570	64,007	+ 4,437	+7.4%
Operating profit		1,311	2,740	+ 1,429	+109.0%
Ordinary profit		1,858	2,672	+ 814	+43.8%
Profit attributable to owners of parent		1,063	3,068	+ 2,005	+188.6%
Special Purpose Vehicles Business: Orders Received		43,041	49,515	+ 6,474	+15.0%
Special Purpose Vehicles Business: Order Backlogs		81,470	82,784	+ 1,314	+1.6%

- FY2024 2Q**
- Key points of consolidated operating results**
- ✓ **Net sales reached a record high for 2Q**
 - ✓ **Compared to the previous period, with the exception of net sales for the Environmental Equipment and Systems Business, sales and income increased in all segments**
 - ✓ **Improved supply of truck chassis in Japan and the effect of price revisions for finished goods have been realized, resulting in improved profit margins**

Quarterly Trends in Consolidated Financial Results

(Accumulation period)

Fiscal year Millions of yen	FY2023				FY2024		Change (Year-on-year)	
	1Q	2Q	3Q	4Q	1Q	2Q	Amount	Percentage
Net sales	26,091	59,570	90,311	128,026	28,626	64,007	+ 4,437	+7.4%
Special Purpose Vehicles	22,313	51,153	76,964	107,115	24,741	55,104	+ 3,950	+7.7%
Overseas figures	2,321	5,110	7,764	10,182	2,062	4,486	△ 624	△11.2%
Environmental Equipment and Systems	2,301	5,332	8,311	13,821	2,163	5,271	△ 61	△1.1%
Car Parking Systems	1,619	3,371	5,472	7,699	1,886	3,965	+ 593	+17.6%
Operating profit	△ 87	1,311	2,161	4,825	931	2,740	+ 1,429	+109.0%
Special Purpose Vehicles	△ 240	743	1,262	2,451	733	2,064	+ 1,321	+177.7%
Overseas figures	156	402	554	773	101	299	△ 103	△35.3%
Environmental Equipment and Systems	200	691	1,074	2,644	197	714	+ 23	+3.4%
Car Parking Systems	145	342	551	780	191	424	+ 82	+24.0%

2. Results by Segment



As of FY2024 2Q

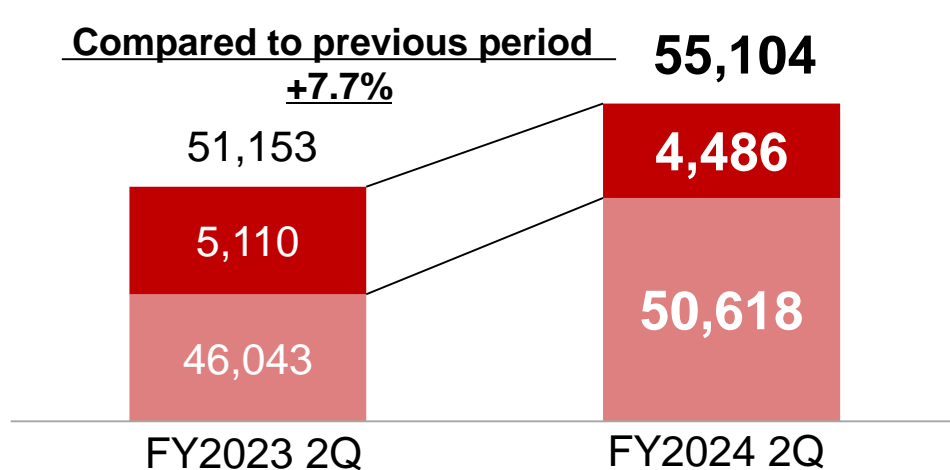
Net sales

- While production volume decreased from the previous period, the share of net sales increased due to price revisions for finished goods

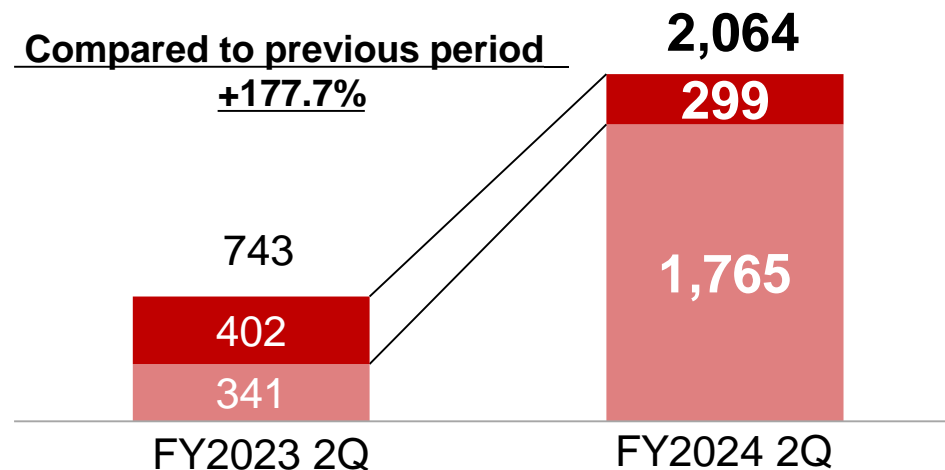
Operating profit (turned profitable)

- Profitability improved through price revisions for finished goods
- Productivity improved thanks to improvements to the supply of truck chassis in Japan

(Millions of yen) **Net sales**
■ Domestic ■ Overseas



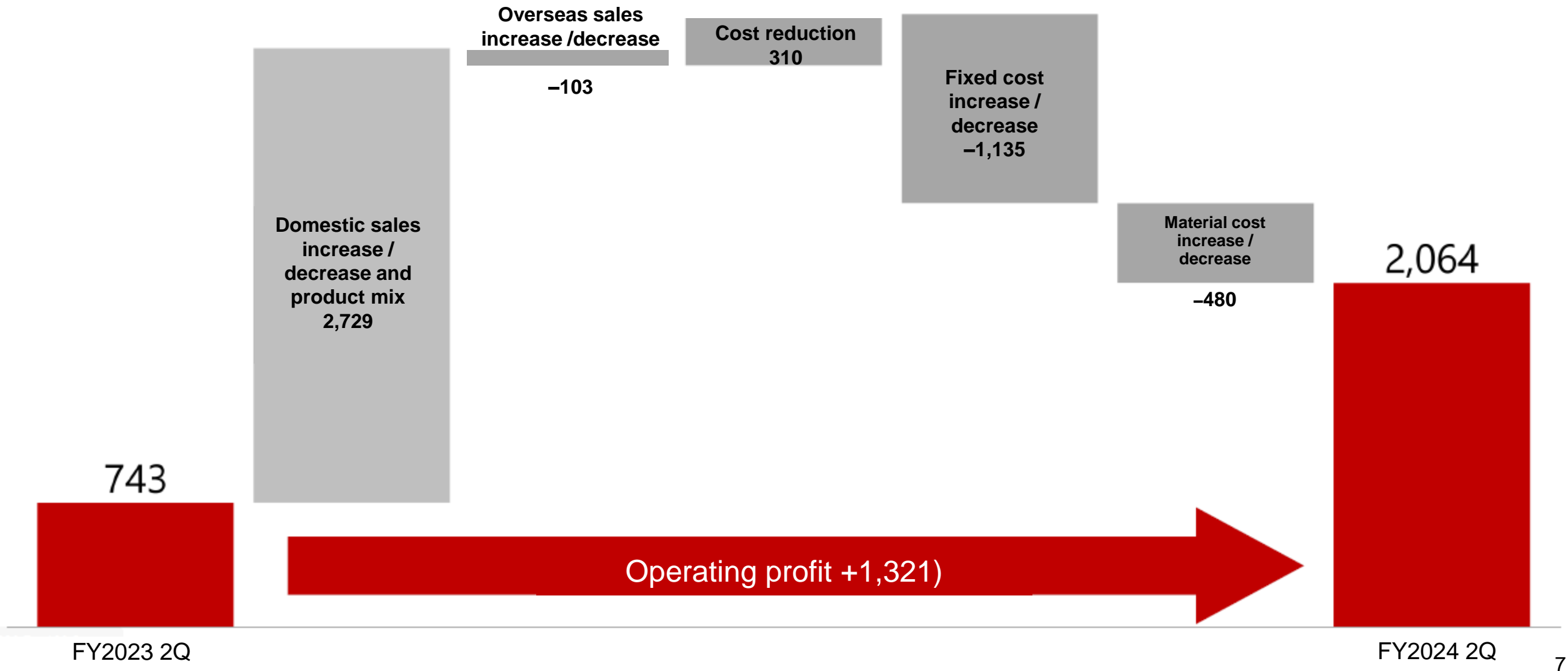
(Millions of yen) **Operating profit**
■ Domestic ■ Overseas



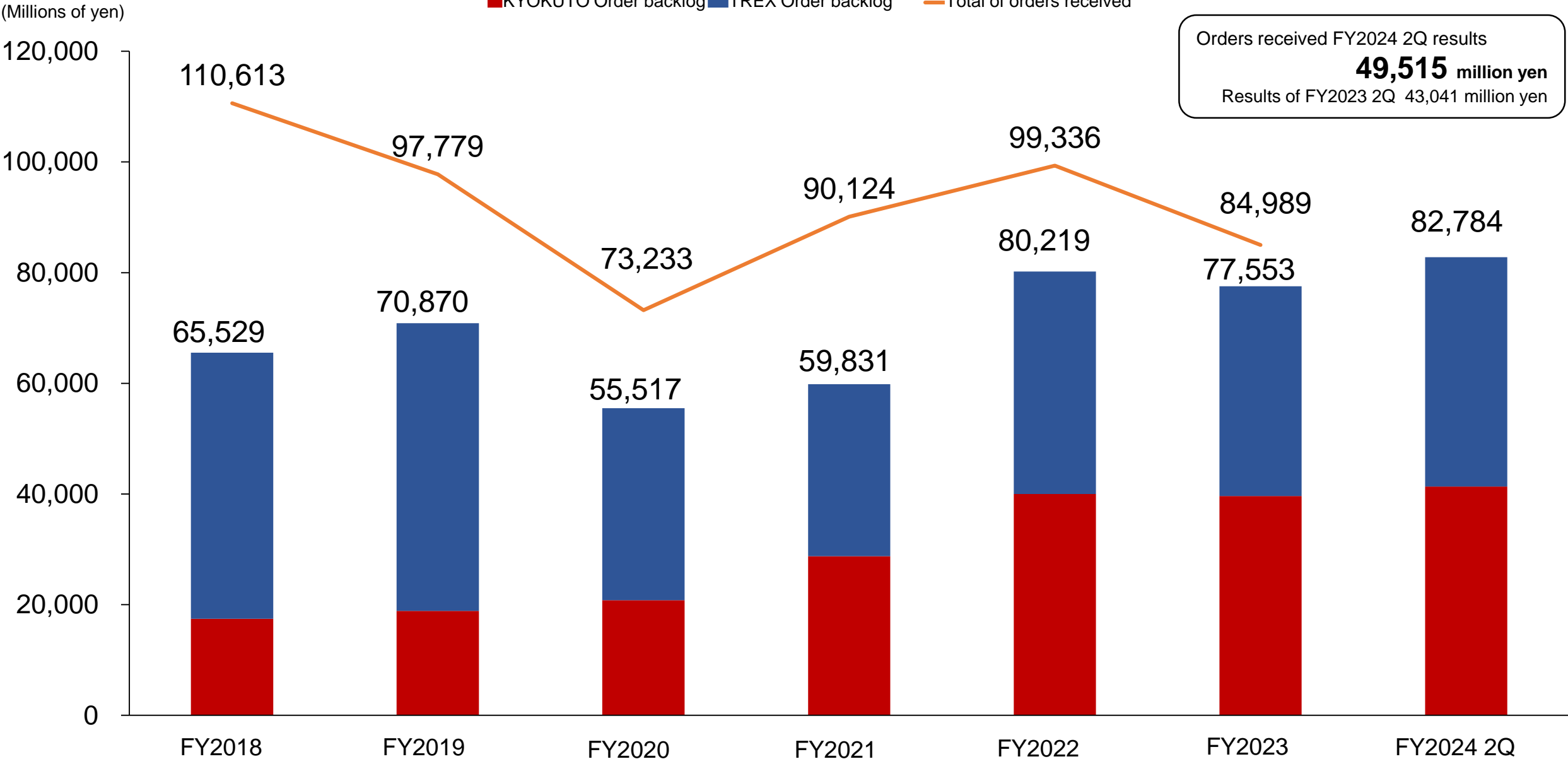
Factors Causing Increase / Decrease in Consolidated Operating Profit (Special Purpose Vehicles Business)



(Millions of yen)



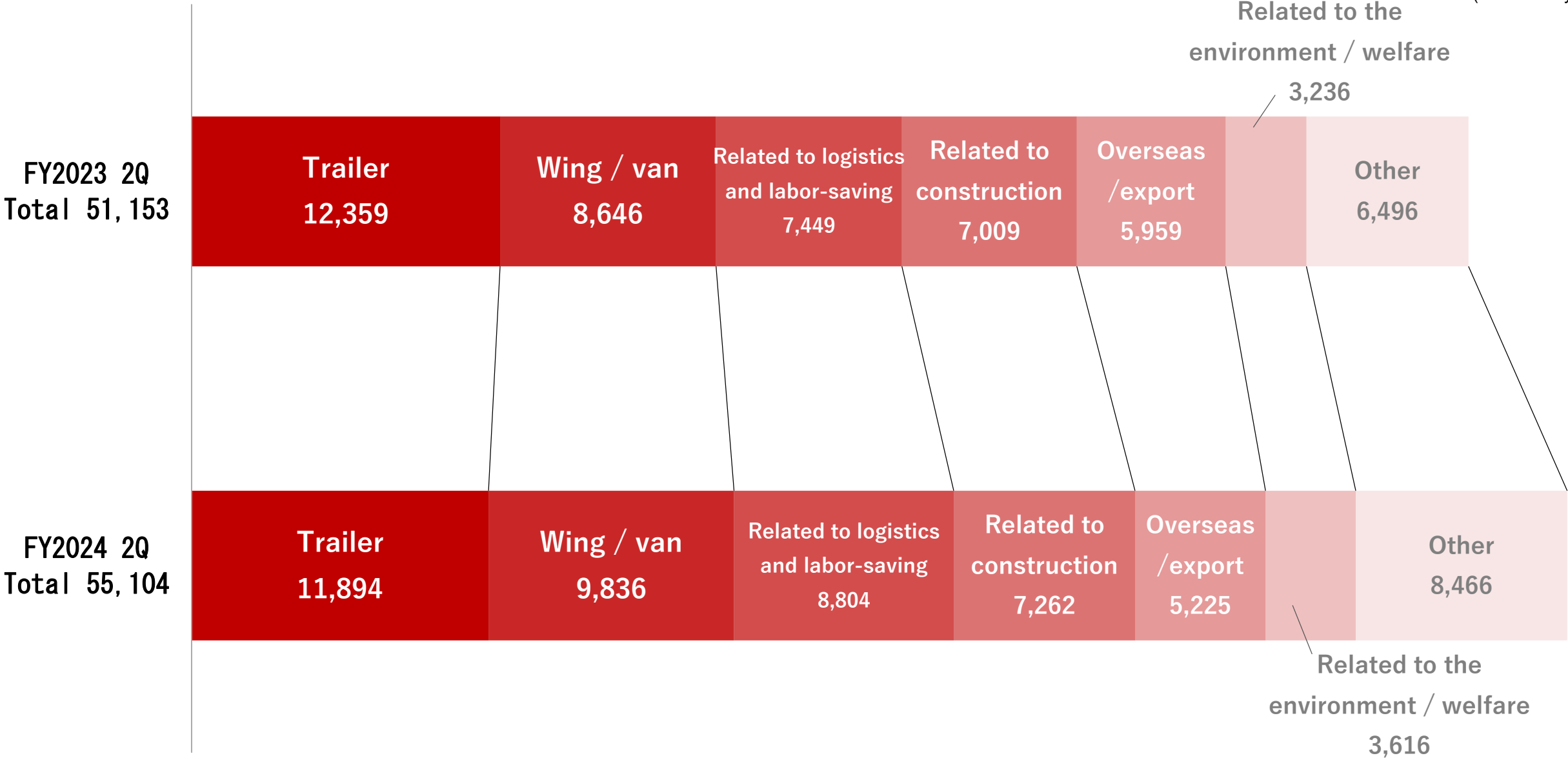
Special Purpose Vehicles Business: Orders Received and Backlog

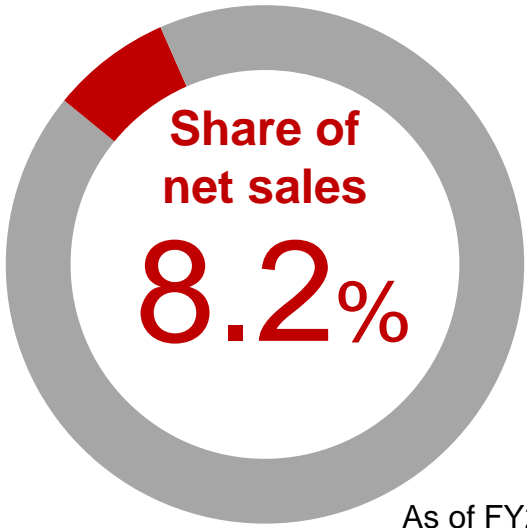


Special Purpose Vehicles Business: Sales Composition



(Millions of yen)



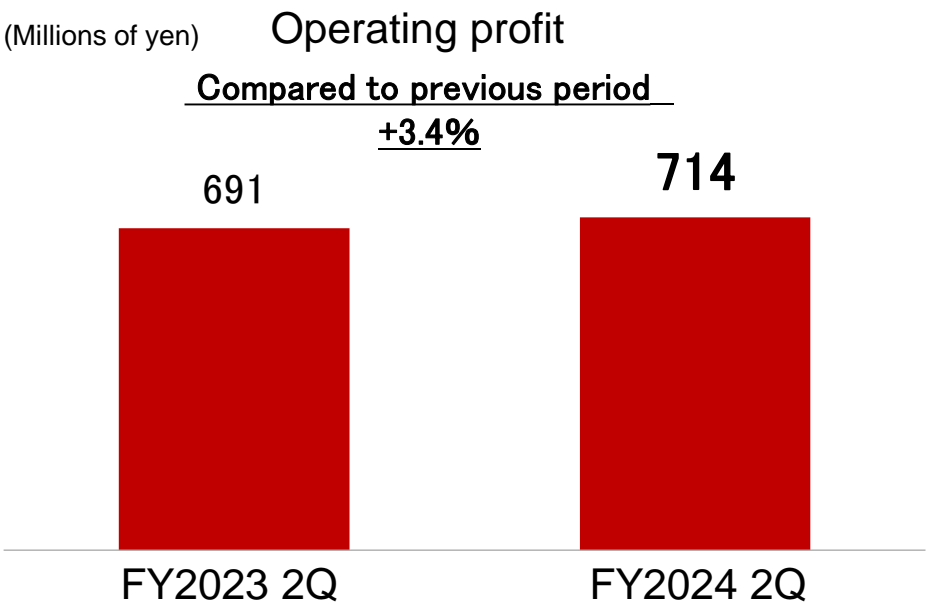
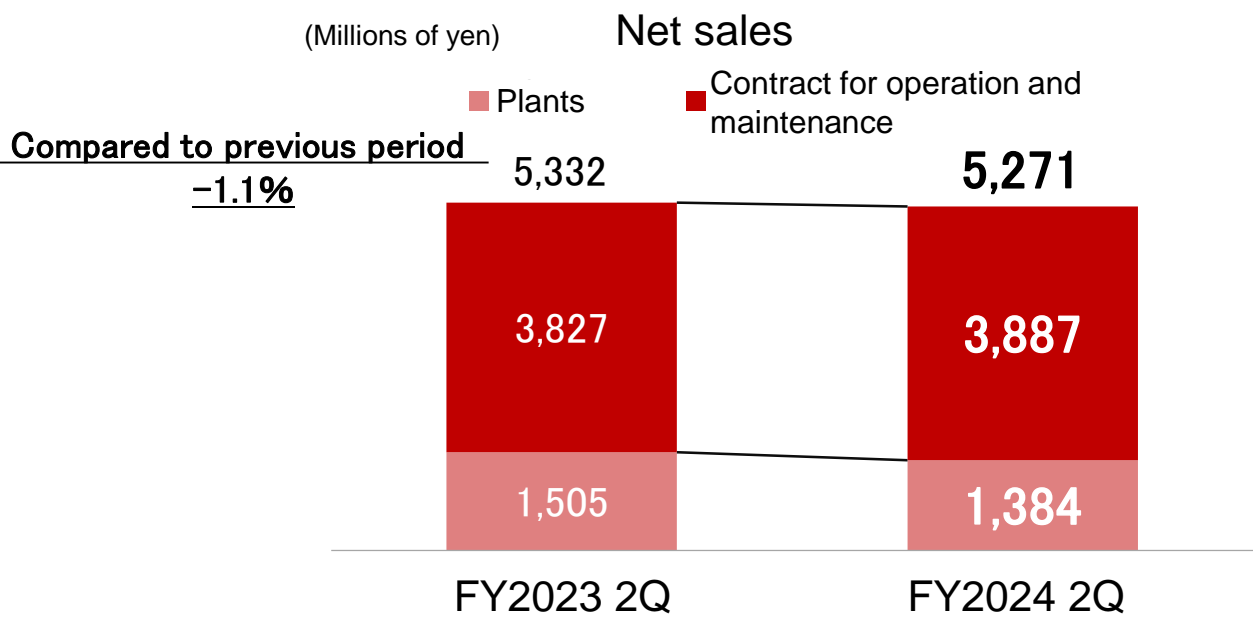


Net sales

- ➡ Plant construction: Continuation of construction of projects from backlog
- ➡ Focus on stock-type business of winning contracts for maintenance and operation

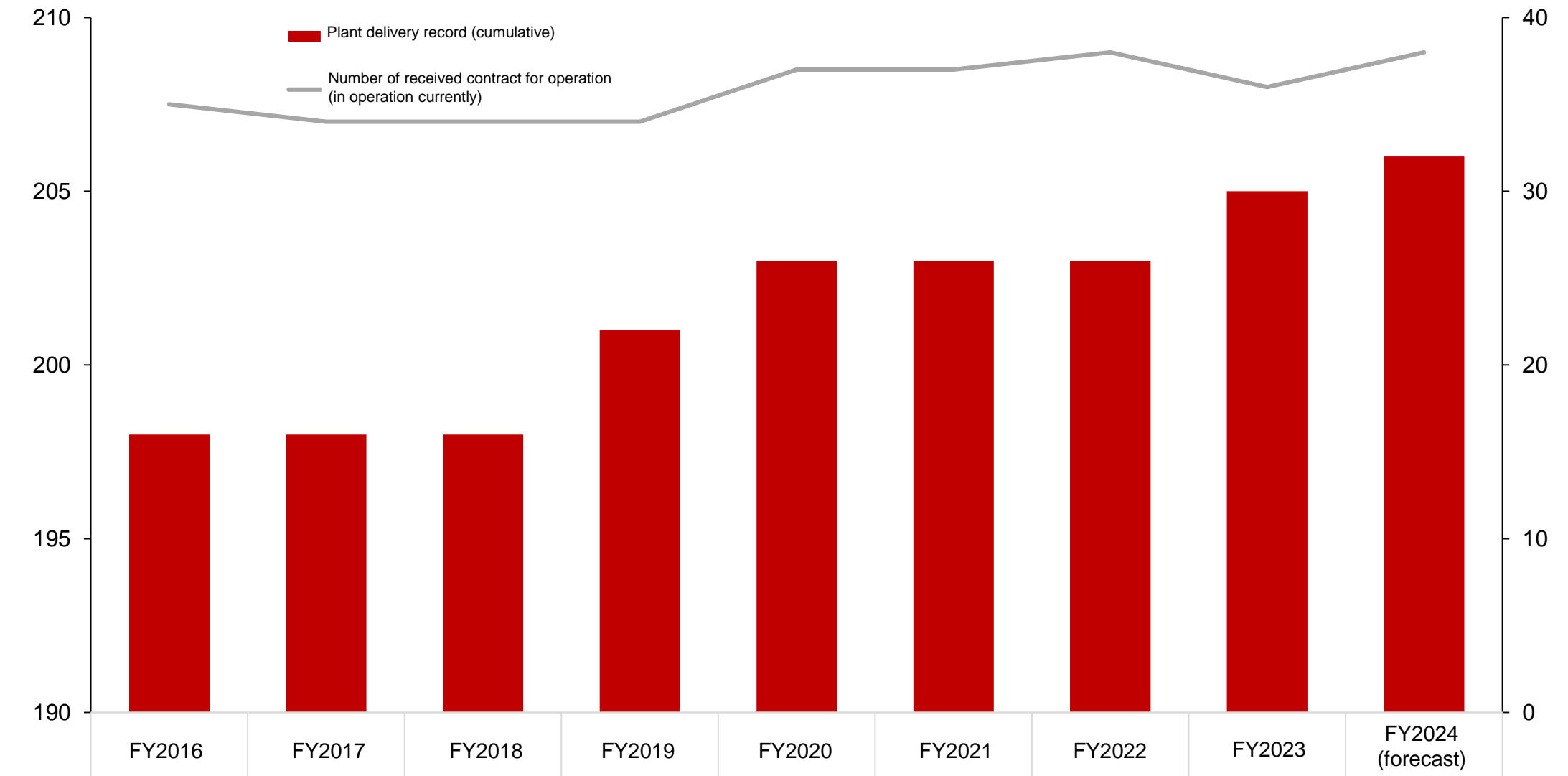
Operating profit

- ➡ Stayed on a level similar as FY2023 2Q

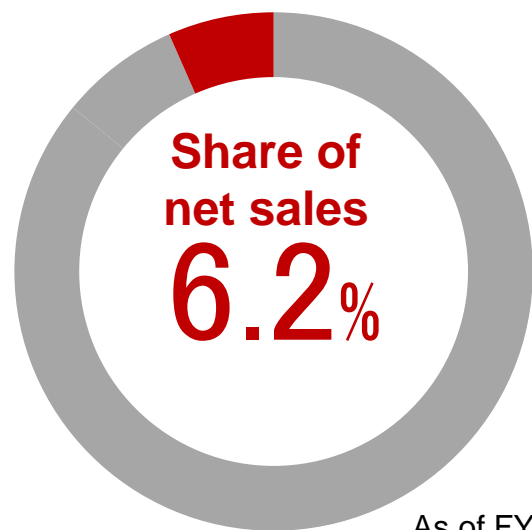


(Plants/unit)

(Acquired contract for operation/case)



Plant delivery record (cumulative)	198	198	198	201	203	203	203	205	206
Number of received contract for operation (in operation currently)	35	34	34	34	37	37	38	36	38



As of FY2024 2Q

Net sales

- ↗ In multi-story parking systems, both new orders and maintenance contracts increased significantly
- ↗ Net sales of pay-and-display parking lots increased slightly as the operational rate continued recovering from the previous year

Operating profit

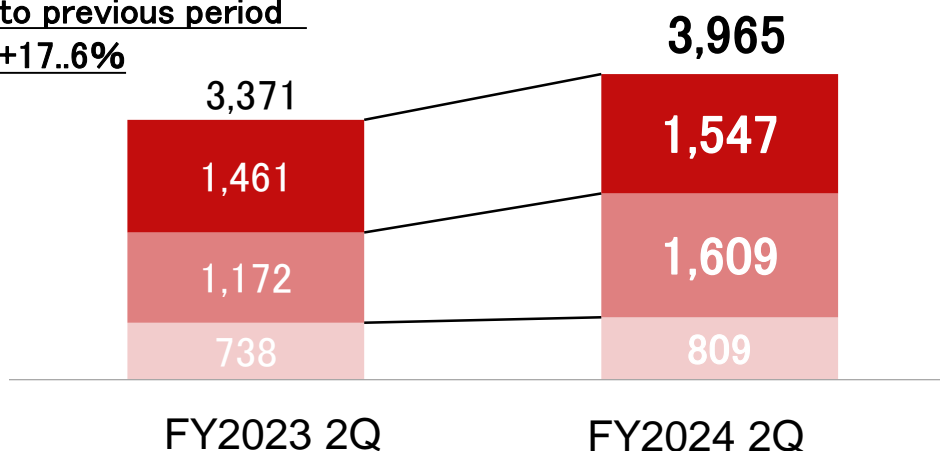
- ↗ The stock-type business (renovation and maintenance) of multi-story parking systems made a massive contribution, raising overall profits

(Millions of yen)

Net sales

Other Multi-story parking systems Pay-and-display parking lots

Compared to previous period
+17.6%

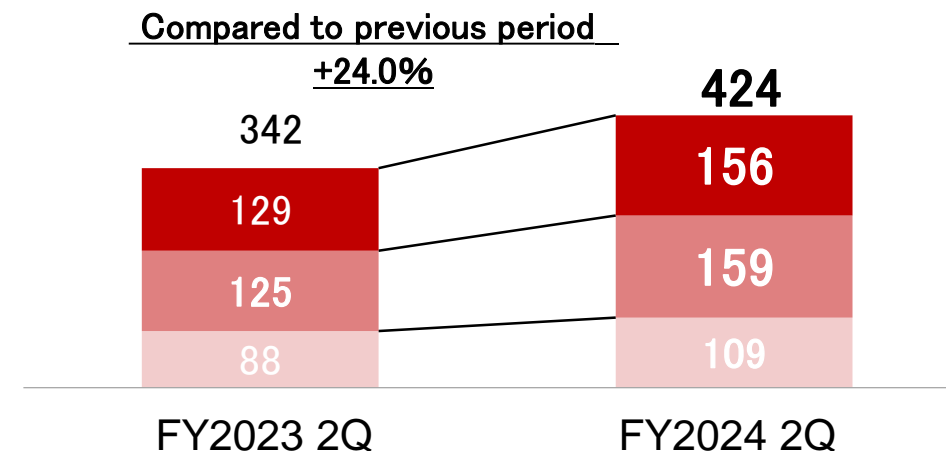


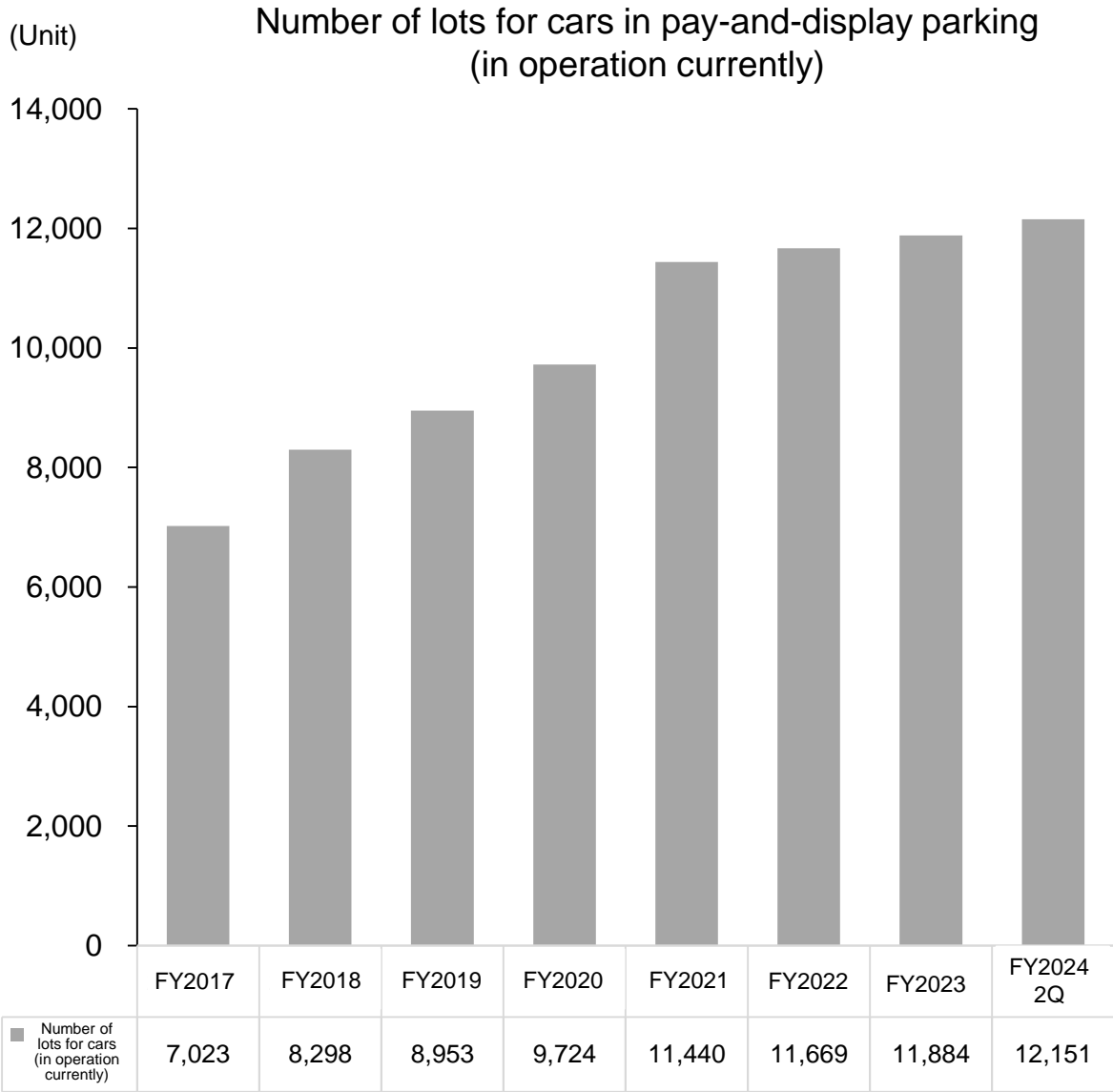
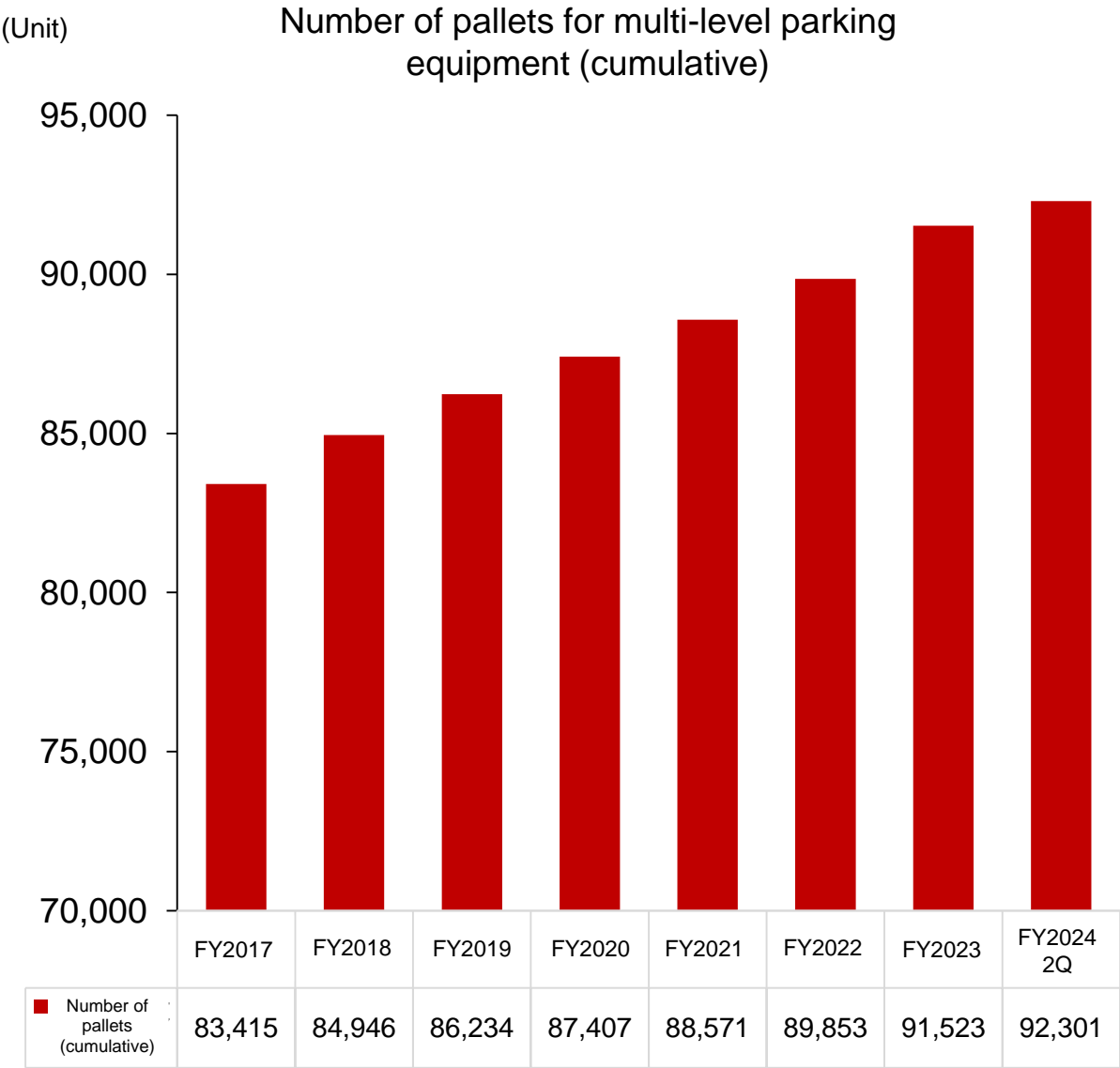
(Millions of yen)

Operating profit

Other Multi-story parking systems Pay-and-display parking lots

Compared to previous period
+24.0%





3. Full-Year Forecast for FY2024

FY2024: Consolidated Results Forecast



Fiscal year Millions of yen	FY2023 (Results)	FY2024 (Forecast)	Change	Percentage
Net sales	128,026	134,000	+ 5,974	+4.7%
Operating profit	4,825	6,300	+ 1,475	+30.6%
Ordinary profit	5,617	6,500	+ 883	+15.7%
Profit attributable to owners of parent	3,501	5,700	+ 2,199	+62.8%

FY2024: Consolidated Results Forecast

No Revised from the forecast announced in August 2024

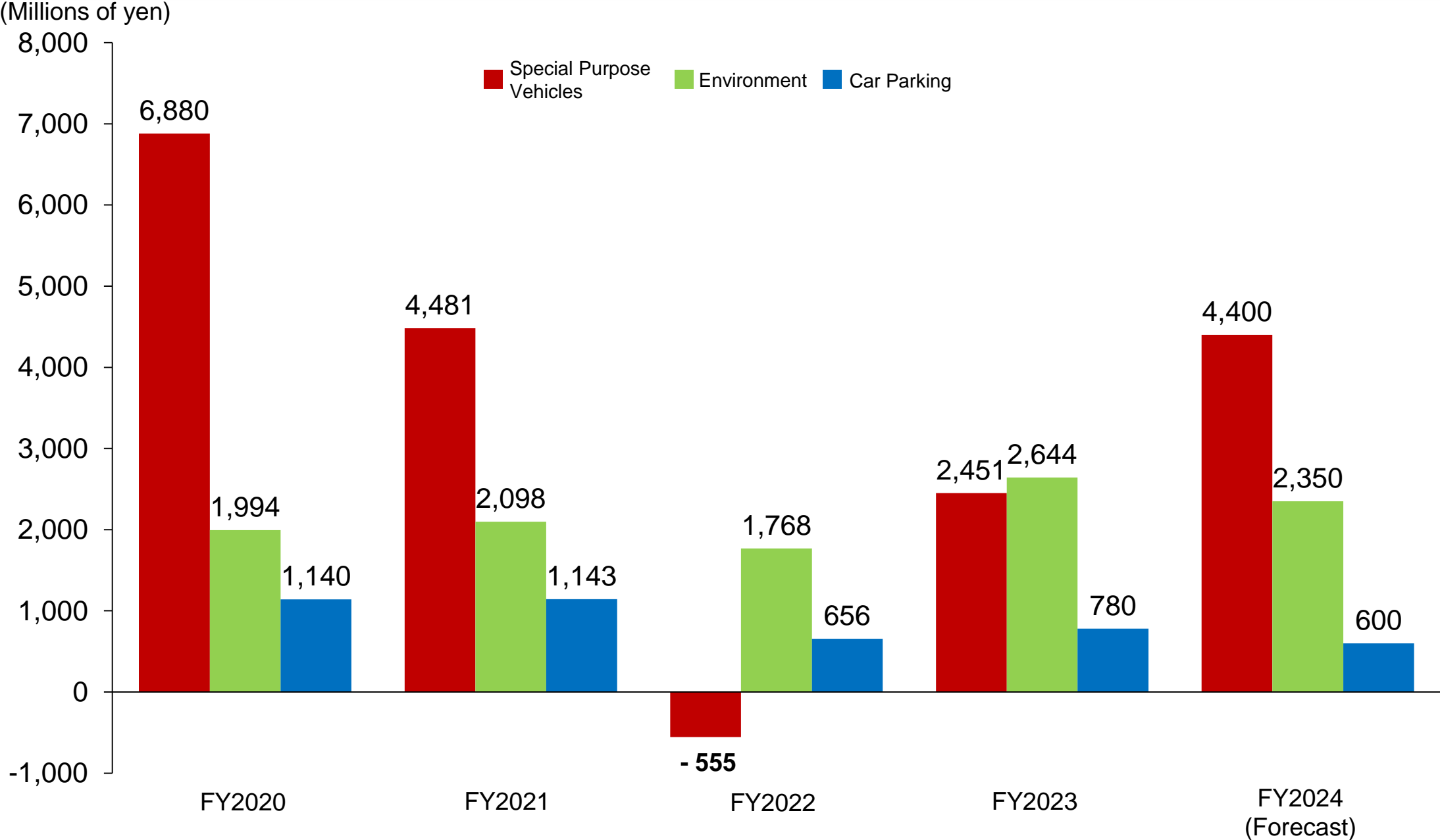
Net sales : **134,000** million yen Operating profit : **6,300** million yen
 Ordinary profit : **6,500** million yen
 Profit attributable to owners of parent: **5,700** million yen

FY2024: Dividend Forecast

No Revised from the forecast announced in August 2024

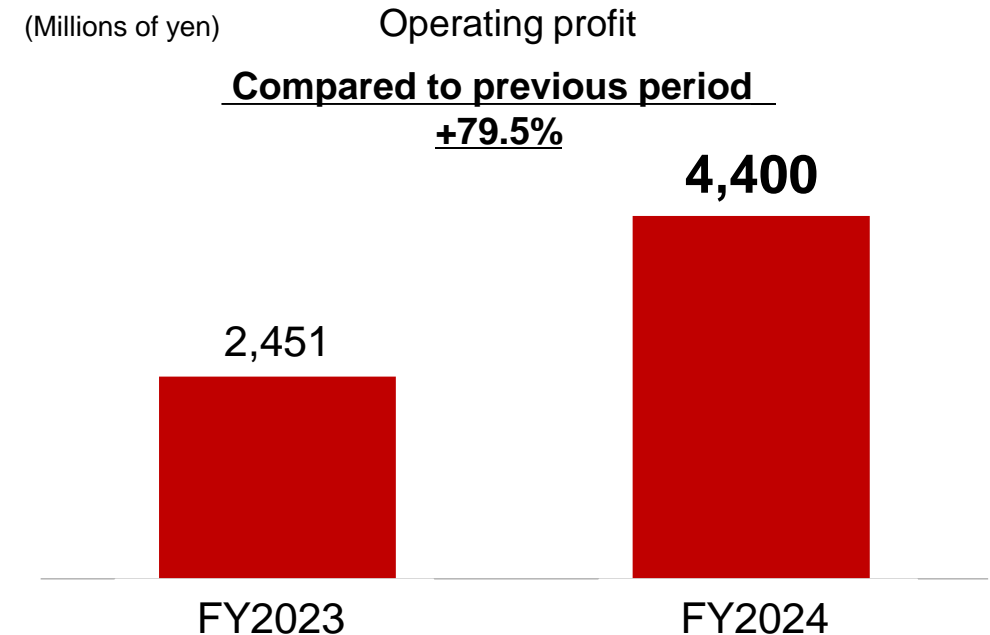
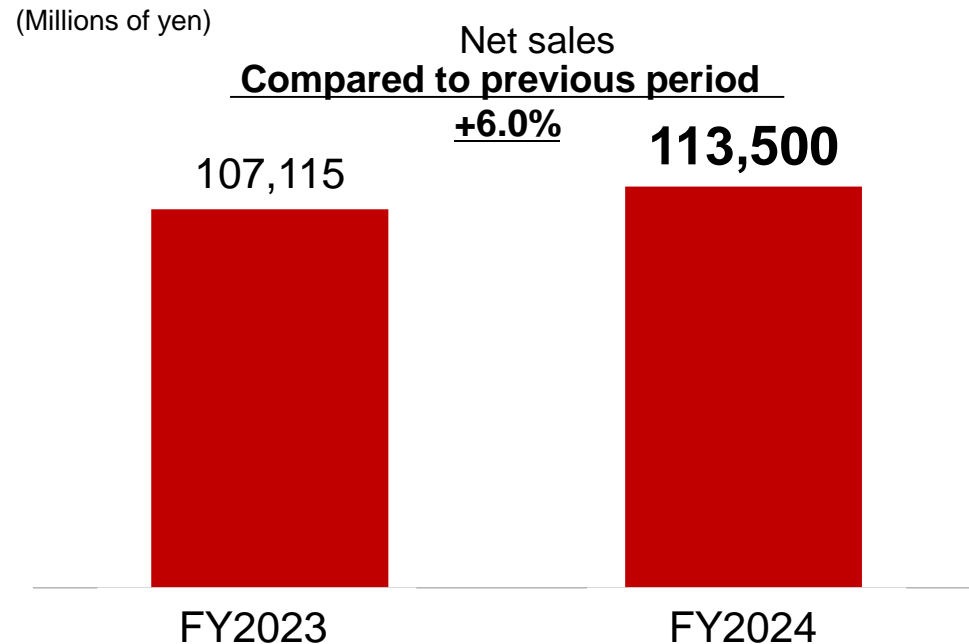
Dividend per share
 Interim dividend: **75** yen and
 year-end dividend: **75** yen (each up 17 yen from the previously announced 58 yen) **Total: 150** yen

Trend in Consolidated Operating Profit (by Segment)



Special Purpose Vehicles Business

- Both orders and backlogs remained at high levels
(Backlogs: KYOKUTO: approx. 41,300 million yen and TREX: approx. 41,400 million yen.
Total: approx. 82,700 million yen) *As of September 30
- Improved supply of truck chassis in Japan
- Increase in sales of finished goods after price revisions

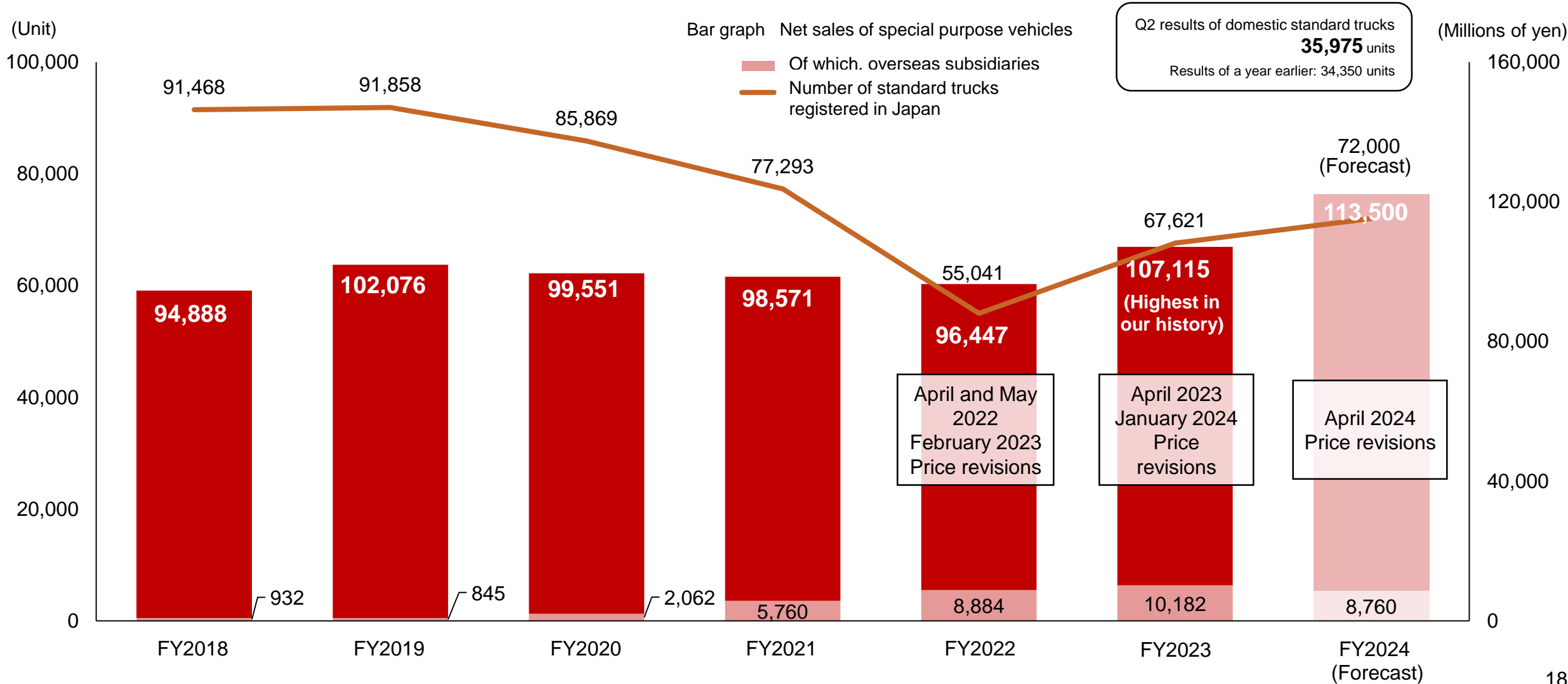


Operating profit margin 2.3% 3.9%

Truck Market and Net Sales trend of Special Purpose Vehicles Business



While the truck market has remained stagnant temporarily due in large part to the pandemic, semiconductor shortages, and chassis manufacturers’ misconduct related to vehicle certification, we have managed to secure sales through revising product selling prices to offset a surge in raw materials and strengthening the overseas business.



Circumstances Surrounding the Special Purpose Vehicles Business and Response

Status of price revisions

- ✓ Base orders up approx. 14–15%, Base sales up approx. 10% *Compared with the period before the price increases (FY2021)
- ✓ Will continue to revise prices in accordance with circumstances

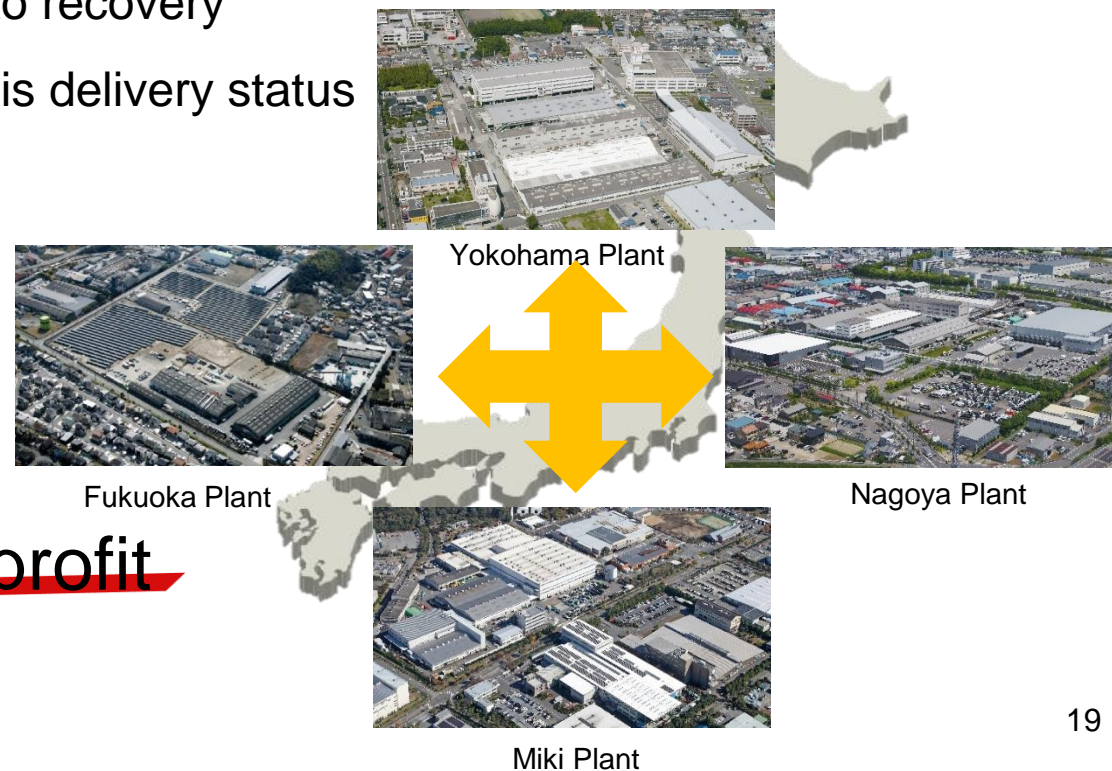
Status of chassis supply

- ✓ Impacted due to delays in domestic chassis certification, procurement of truck parts, etc.
- ✓ Still have not reached full-scale operation, but on the road to recovery
- ✓ Production plans are being made in accordance with chassis delivery status

Streamlining production

- ✓ Reviewed the production systems for all four plants in Japan and optimized the production process

➡ Improved productivity and operating profit



Make STG a Group Company



We acquire shares of STG Global Holdings Pty Ltd (STG), an Australian Special Purpose Vehicles manufacturer, and make STG a Group Company.

Reason for acquiring shares

- ✓ Cross selling, centered on Japan and Australia markets, by leveraging the product lineup of both highly complementary products.
- ✓ Acquiring platforms for the expansion of North America and Europe.
- ✓ Enhancing efficiency and profitability by utilizing and integrating the bases of both companies in Australia and China.
- ✓ It aims to contribute to quick and medium- to long-term consolidated results, and expand business and business performance and further strengthen global expansion.

[Outline of STG]

Name	STG Global Holdings Pty Ltd
Address	29-31 Evolution Drive, Dandenong South, VIC, 3175
Title and name of Representative	Chief Executive Officer: Ross William Yendle
Business	Manufacture and sales of Special Purpose Vehicles
Common stock	AUD 36,808 thousand (approx. ¥3,717 million))
Date of Establishment	2001 (became a holding company on September 28, 2022)

 **Aim to accelerate integrated management and maximize synergies moving forward**

[Main Products]



Suction-cut excavator



Water sprinkler truck/water truck



Garbage truck

Make STG a Group Company

Suction Excavation
Vehicles
(Vacuum trucks)

No.2 share in
Australia^(※)



Suction-cut
excavator

Water sprinkler
truck/water truck

No. 1 share in
Australia^(※)



Water sprinkler
truck/water truck

garbage truck



Garbage truck



Demountable
vehicle

Others (Vehicle carriers,
fueling vehicles, etc.)
(Vehicle carriers, fueling
vehicles, etc.)



Vehicle carrier



Refueling vehicle

Use

Non-destructive drilling,
Electrical, gas, and
communication piping
construction

Road construction, dust
suppression
water supply

Garbage Collection

(Vehicle transporter)
Transportation of vehicles
and heavy equipment
(Refueling vehicle) Refueling

Perfo
man
ce

Loading capacity 3,000 to
16,000L

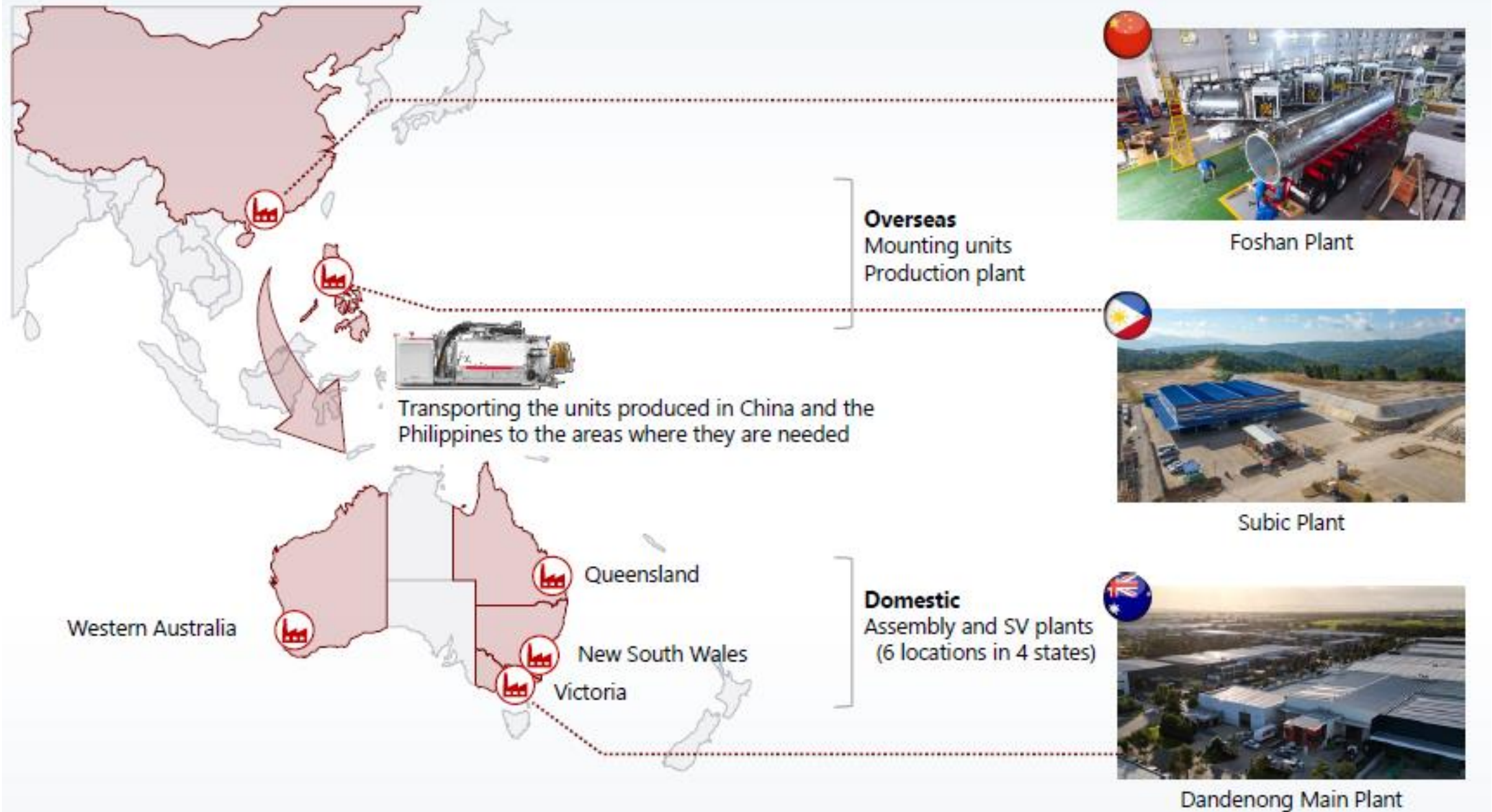
Steel tank / Polyethylene
tank
Loading capacity 8,000 to
19,000L

Front loader / Side loader /
Rear loader
Loading capacity 12m³-
33.5m²

(Vehicle carrier)
Cargo bed length 8.7m / 9.2m
(Refueling vehicle)
Loading capacity 2,100L / 4,900L

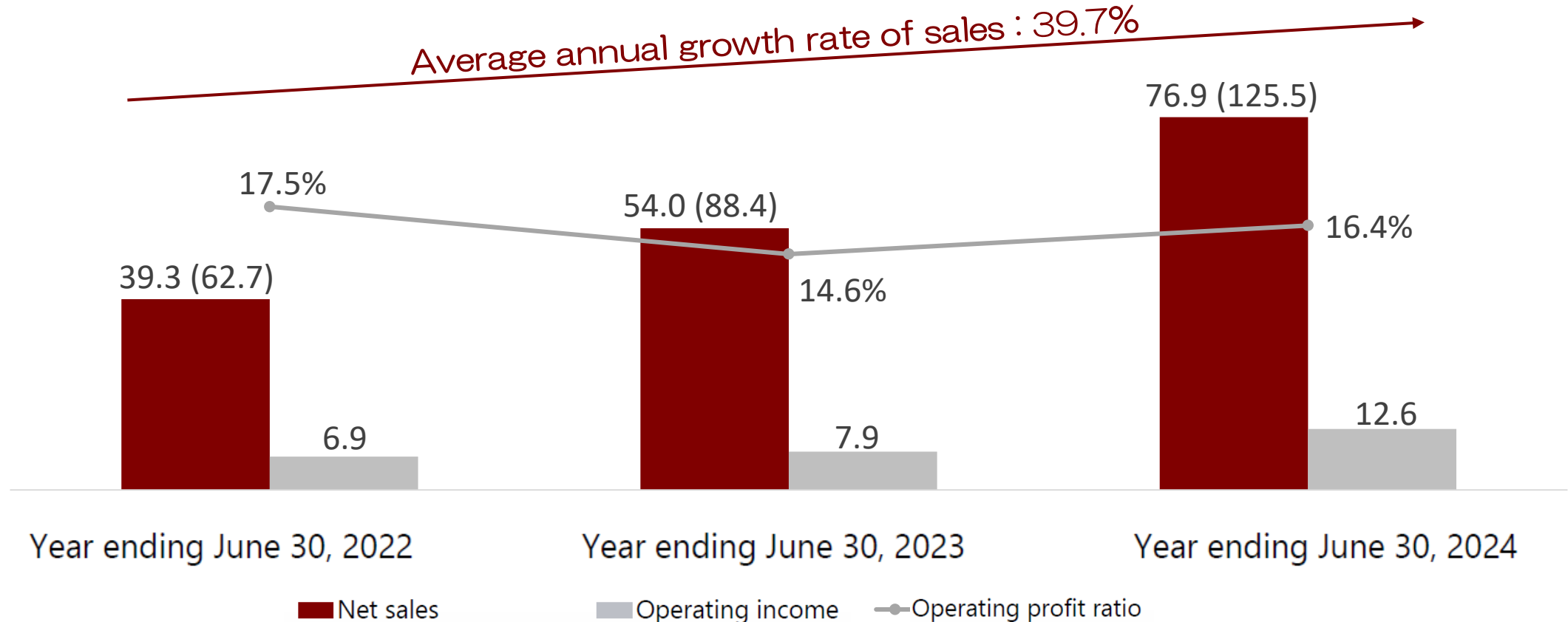
※ Share is based on STG research.

STG - Major Locations



STG -Financial Results

(In millions of Australian dollars)

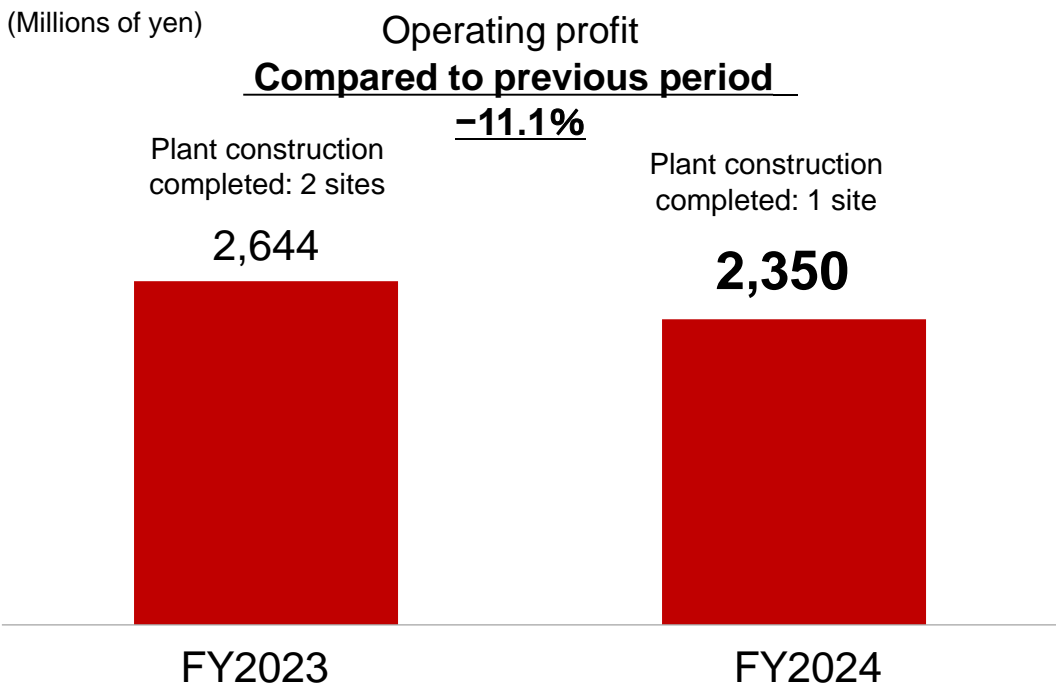
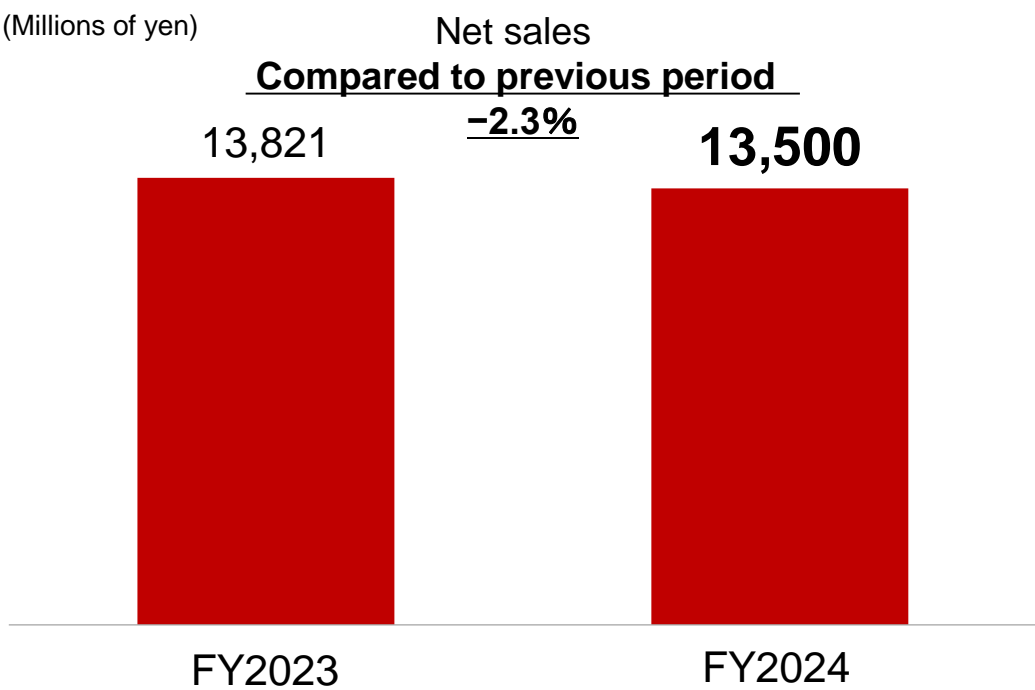


★The figure in parentheses for sales is sales including chassis.

- ✓ Rapid growth in both sales and operating income at an average annual growth rate of approximately 40%.
- ✓ Stable growth is expected in the future.

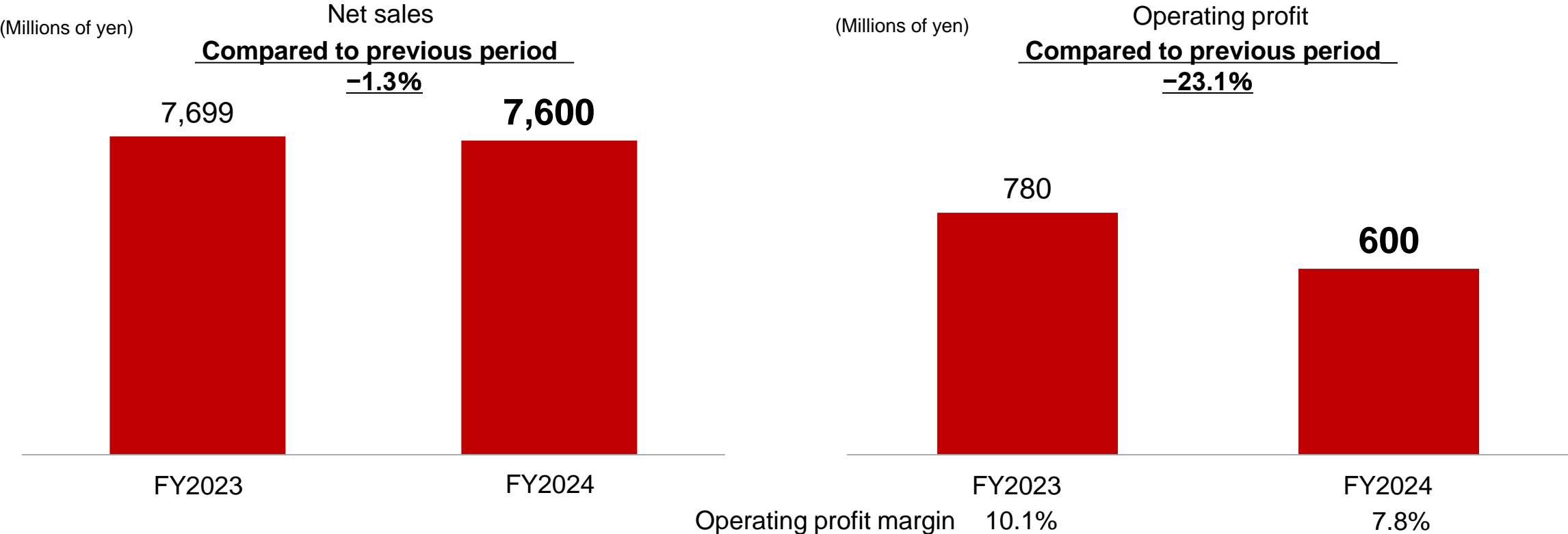
Environmental Equipment and Systems Business

- Stock-type business of winning contracts for operation, maintenance remains firm.
- Increase in plant construction due to increases in orders received (sales on a percentage basis)
- Increase in parts sales, outsourced operations, and repair sales
- Construction in progress: Total of 7 projects (Hokkaido, Tokyo, Saitama, Ishikawa, Hyogo)



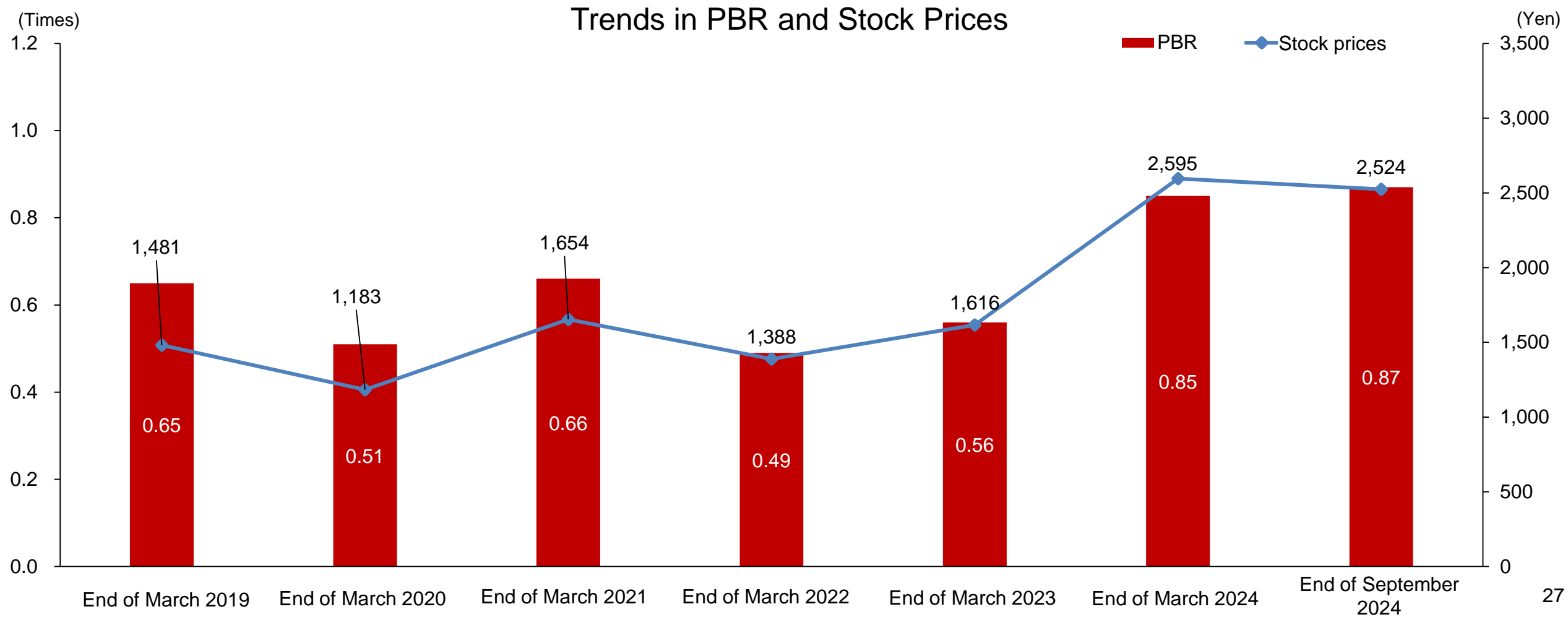
Car Parking Systems Business

- **Multi-story parking systems** : Strengthen stock-type business such as renovation and maintenance.
- **Pay-and-display parking lots** : Secure earnings by increasing the number of business sites and parking lots, and revising prices
Expand and reinforce response to EVs by introducing the new service “Charge-mo”



4. Initiatives for Enhancement of Corporate Value

As a result of continuing to engage in sustainable enhancement of corporate value, PBR improved to 0.87× (as of the end of September 2024). Continuing the effort toward achieving PBR 1× at an early stage remains an important management issue of the Company.



◆ Being conscious of our assessment by a wide range of stakeholders and the need to enhance corporate value, we are pushing forward with appropriate cash allocation

Medium-term Management Plan 2022–24 — Creating The Future As One

Earned cash flow

Cash in hand

Efficient procurement

Strategic investment

(A total of three years)

Growth investment

30 billion yen or more

Specialty Truck Business Reinforce main plants

Approx. 11 billion yen

Strengthen overseas business

Approx. 3 billion yen

BCP measures and response to SDGs

Approx. 8.5 billion yen

Specialty Truck Business Reinforce directly operated service plants

Approx. 1.5 billion yen

Strengthen group-wide R&D

Approx. 6 billion yen

New M&A investment

Approx. 10 billion yen

Shareholder Returns

Total return ratio (Medium-term management plan 2022–24)

100%

Minimum annual dividend per share

54 yen



State of progress

Strategic investment

(A total of three years)

Growth investment

27.1 billion yen

(cumulative total through September 2024)

New NIPPON TREX plant Automated line at the Yokohama Plant

New Fukuoka Plant Building

SATRAC ENGINEERING Construction of a plant in Chennai

Reservoir Solar at Miki Plant

Solar panel installation at Fukuoka, Sendai, and Himeji

New “e-Packer” electric garbage truck developed

Sendai Service Center

Himeji Service Center Renovation

Construction of a technical center

New M&A investment

Approx. 10.5 billion yen

(cumulative total through September 2024)

Adding Kyushutokusyu Motors to the Group

Adding the Australian distributor to the Group

Adding STG to the Group

Shareholder returns

Total return ratio

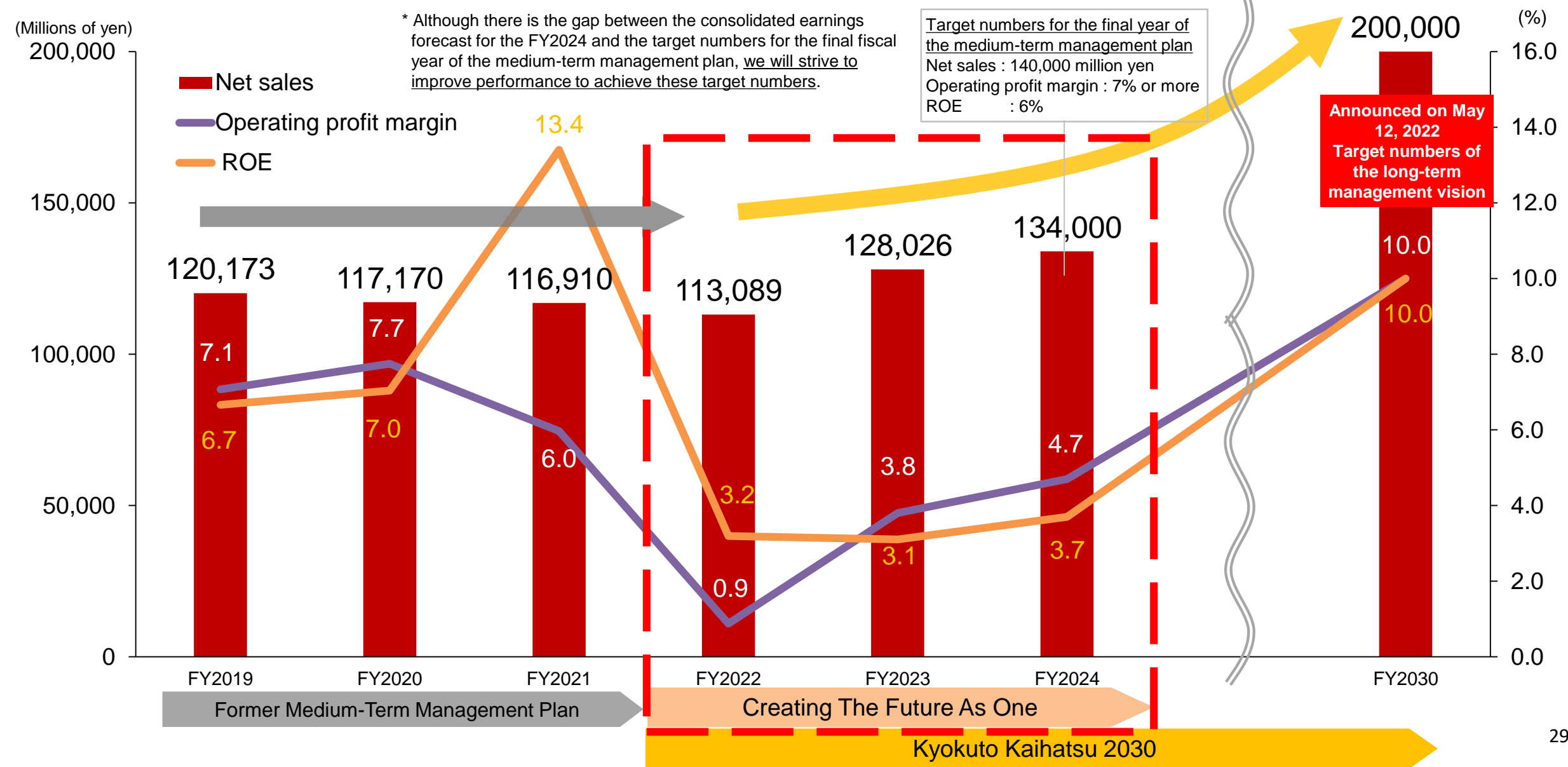
Approx. 101%

Annual dividend per share

150 yen

Progress in Medium-Term Management Plan

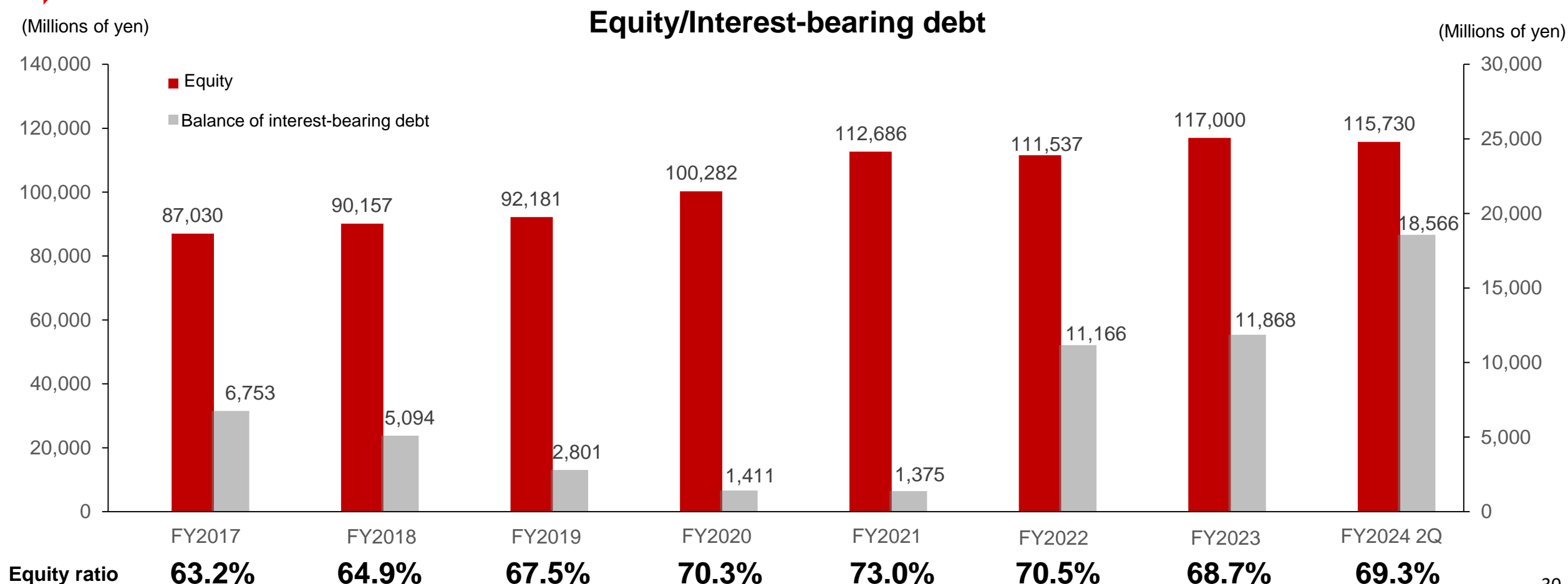
Net sales, operating profit margin, and ROE targets



- ◆ Our recognition is: Cost of capital at approx. 7% and WACC at approx. 6%.
- ◆ We will take measures, such as utilizing interest-bearing liabilities, to improve capital efficiency, and in this way we will further lower the cost of capital and WACC
- Equity ratio in FY2024 2Q is 69.3% (68.7% at the end of FY2023).

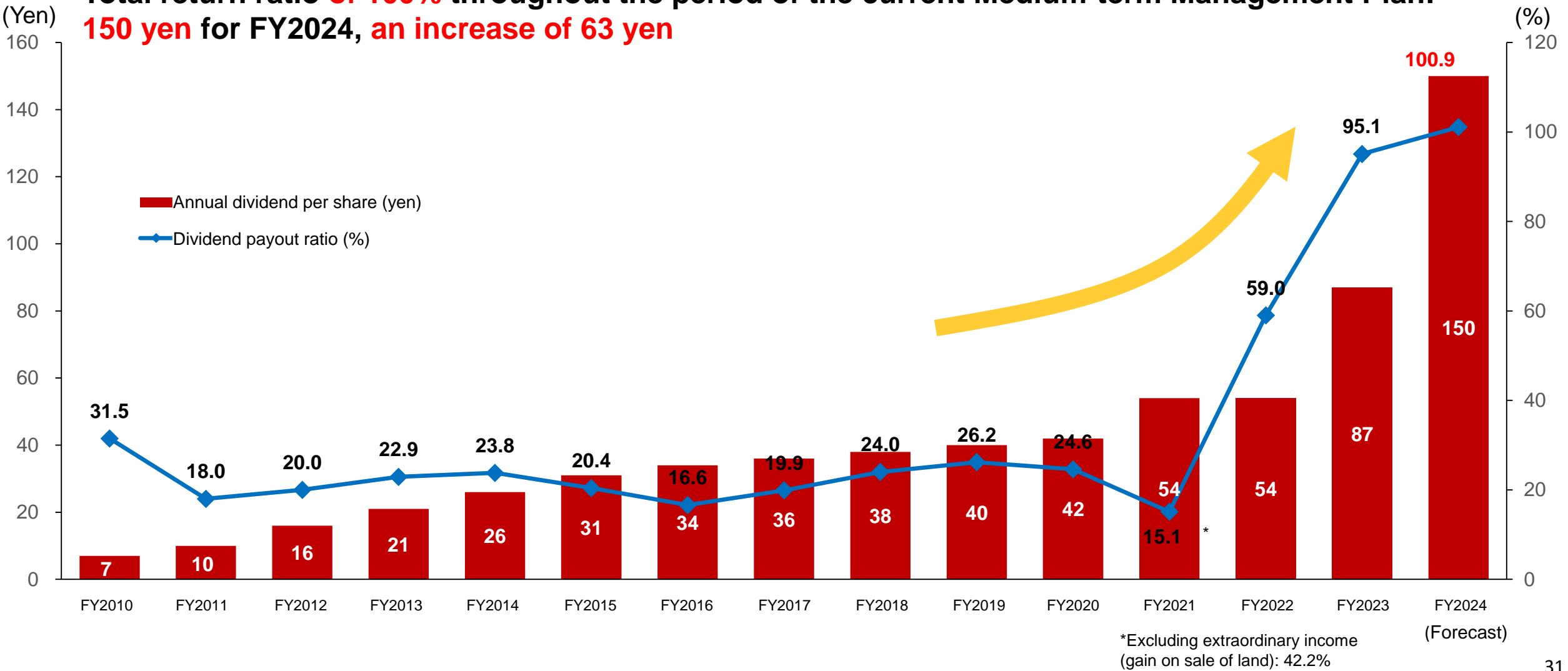


Enhance shareholder returns and capital investment and improve capital efficiency while curtailing the growth of capital



Shareholder return policy: Minimum annual dividend of 54 yen per share + Flexible purchase of treasury shares.

Total return ratio of 100% throughout the period of the current Medium-term Management Plan:
150 yen for FY2024, an increase of 63 yen



For Reference: Supplementary Data

Company Name : **KYOKUTO KAIHATSU KOGYO CO.,LTD.**

Location of headquarters : **Chuo-ku, Osaka, Japan**

Founding date : **June 1, 1955**

C a p i t a l : **11,899,867,400 yen**

Title and name of Representative : **Representative Director, President, CEO
Tatsuya Nunohara**

Number of employees : **consolidated 3,237
non-consolidated 1,133 (as of March 31, 2024)**

Consolidated subsidiaries : **11 companies**

Special Purpose Vehicles Business



Manufacture, mounting, sale, and repair of special purpose vehicles and other transportation equipment, and manufacture and sale of parts thereof.
Manufacture and sale of trailers, truck bodies, etc.



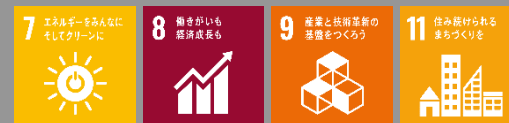
Environmental Equipment and Systems Business



Manufacture, sale, and repair of environmental improvement/maintenance equipment and facilities, and manufacture and sale of parts thereof.
Operation and management of environmental improvement/maintenance equipment and facilities.



Car Parking Systems Business



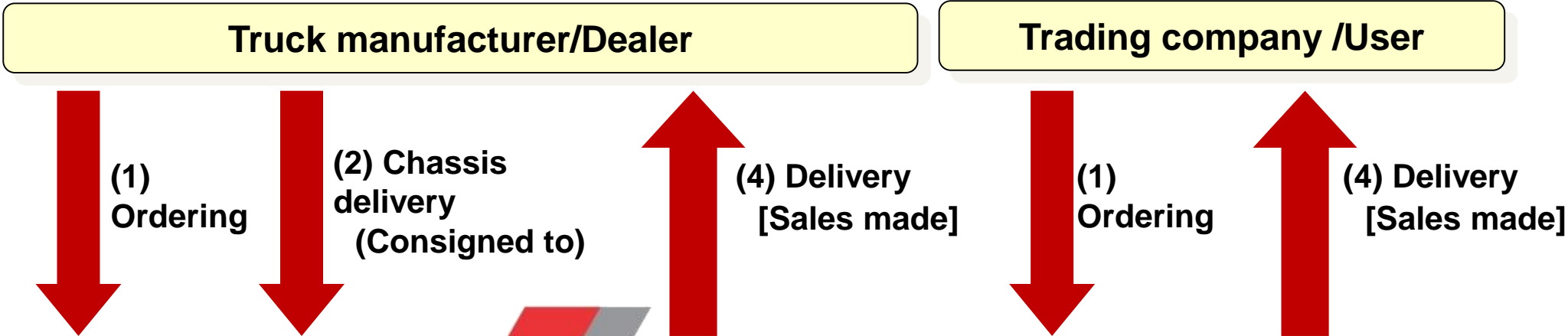
Manufacture, installation, sale and repair of multi-story parking equipment and systems.
Business management of parking lots (pay-and-display parking lots).



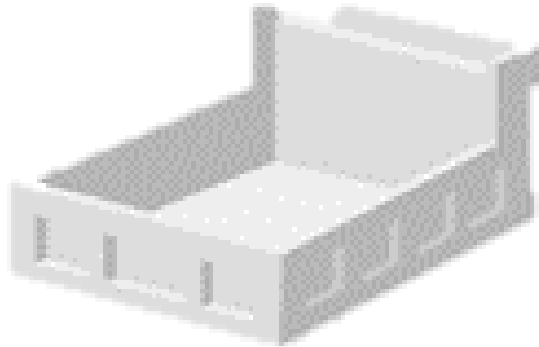
Overview of Special Purpose Vehicles Business



*In case of mounting on trucks

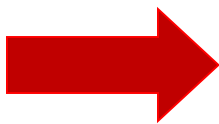


Truck undercarriage (chassis)



Body

(3) Mounting



Completion

*Kyokuto purchases chassis for some products, such as concrete pump trucks.

Long-term Management Vision

Long-term Management Vision

- Kyokuto Kaihatsu 2030 -

Step-up strategy following three steps

1st STEP

- Strengthening synergies among group companies
- Aggressive investment for growth
- Strengthen R&D systems for responding to social issues
- Steady progress toward the realization and development of a sustainable society

TERM : FY2022-24

2nd STEP

- Business development and expansion that fully utilize the comprehensive strengths of the Group
- Demonstrate strong influence through both high productivity and quality
- Active response to social issues

TERM : FY2025-27

3rd STEP

- Achievement of both “outstanding technology” and “solid quality”
- Realization of stable and efficient income
- Further expansion of business activities and social contribution areas

TERM : FY2028-30

Final target value

Sustainability Vision^{*1}

- CO₂ emissions reduction: Minus**38%**^{*2}
- Recycling rate: **Maintain99.0%** or more
(Zero waste for landfill)

*1: Details will be posted in “Environmental Vision 2030” to be released at a later date.
*2: Compared with the emission intensity of Kyokuto Kaihatsu Kogyo, Nippon Trex, and Kyokuto Kaihatsu Parking for FYE March 2013

Management Performance Vision

- Consolidated net sales : **200 billion yen**
- Consolidated operating profit margin : **10% or more**
- ROE : **10 %**

Consolidated Performance Targets

<Targets for FY ending March 2025

- Consolidated net sales :
140 billion yen or more
(including the growth of new M&As)
- Consolidated operating profit margin :
7% or more
- ROE : **6 %**

Shareholder Returns

Total return ratio (Medium-term management plan 2022–24)

100%

Minimum annual dividend per share

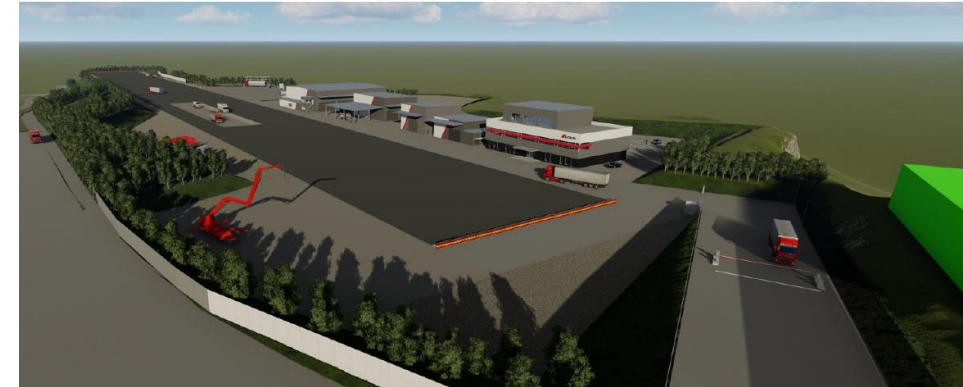
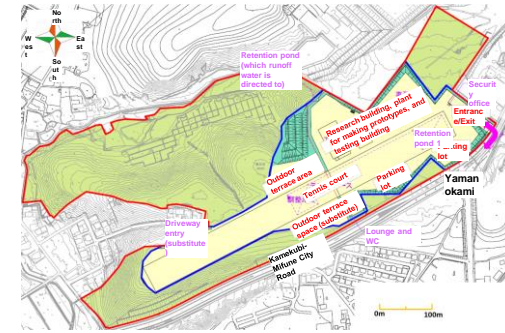
54 yen

Major Capital Investments and M&A

Business	Investment item	Investment details	Implementation period
	Construction of a technical center	Strengthen the R&D System The speed in developing new products will be roughly doubled.	FY2026 Planned to be completed
	SATRAC ENGINEERING PRIVATE LIMITED, India Construction of a plant in Chennai	Boost production capacity Increase market share by expanding sales channels	FY2025 Planned to be completed
	NIPPON TREX: Construction of a new plant	Boost production capacity: An increase of approx. 40%	FY2024 Planned to be completed
Special Purpose Vehicles	Yokohama Plant Automated line for small dump trucks	Boost production capacity: An increase of approx. 45%	Year 2024 To be completed in July
	Sendai Service Center Reopening after renovation	Reinforce the service system	Year 2024 Completed in April
	Himeji Service Center Reopening after renovation	Reinforce the service system	Year 2024 Completed in January
	Fukuoka Plant: Completion of a new plant building and a new office	Boost production capacity: An increase of approx. 30%	Year 2023 Completed in September
	Adding the Australian distributor to the Group	First base to expand into Australia and Oceania	Year 2023 Implemented in July
	Adding Kyushu Tokusyu Motors to the Group	Reinforce the service system	Year 2023 Implemented in April

Construction of a technical center (to be completed in FY2026)

- ◆ The speed in developing new products will be roughly doubled.
- ◆ Reinforcement of an R&D system to address social issues/Proactive response to social issues
 - Shorten the development cycle
 - Respond to market needs swiftly
 - Make products lighter in weight and carbon neutral
 - Enhance the capability to adopt the IoT, AI and EV
- ◆ Determined initiative to improve quality
 - Install a test course for certification testing of trailers.
 - Response to regulations swiftly
- ◆ Strengthening synergies among group companies



Conceptual bird's-eye view

Construction of a new plant in NIPPON TREX (to be completed in 2024)

* Under construction in the compound of the head office

- ◆ Automation of key processes will increase production capacity by about 40%.
- ◆ Establishment of a safe working environment by reducing work at high places in the production process
- ◆ Become a more environmentally friendly plant
 - * Reduce volatile organic compounds generated by coating of parts by approx. 6.3 tons a year.
 - * Slash CO₂ emissions by about 3.2 tons a year by installing solar light power generation systems.



Conceptual presentation of the new plant

SATRAC, India: Construction of a plant in Chennai (to be completed in FY2025)

SATRAC, a group company that posted record-high sales in the FY2023 due to high demand for specialty tracks in India, is constructing a new plant near the city of Chennai, in the state of Tamil Nadu, India, with the aim of capturing more contracts by boosting production capacity, and adding market share through expanding sales channels as well as starting exports of products in the future.



◆ CO₂ emission reduction rate

Reservoir Solar at Miki Plant

- The facility nicknamed “Reservoir Solar” started operating in January, aimed at reducing electricity costs and CO₂ emissions at Miki Plant.
- The electricity generated by solar cell floats on a reservoir is transmitted to the plant via a 1-kilometer self-managed electricity line, and all the electricity is used to meet internal needs.
- Renewable energy accounts for about 40% of the electricity consumed at Miki Plant, and this effort reduces 1,000 tons of CO₂ emissions a year.
- Overview of Facility
 - Solar battery module Approx. 2,600 kW
 - Power conditioner Approx. 2,000 kW

◆ Recycling rate

Progress in recycling rate 97.8% (FY2023)

Target 99.0% or more (FY2024)

*Maintain a recycling rate equivalent to that in FY2021 of Kyokuto Kaihatsu Kogyo (99.5%).

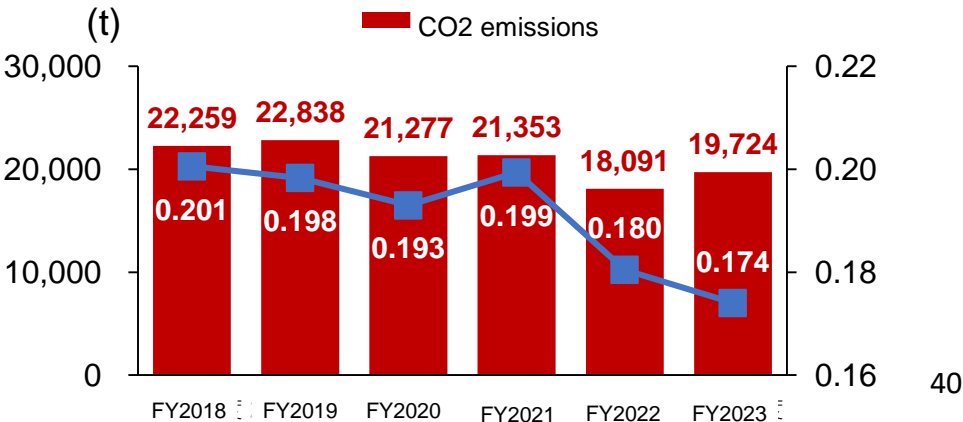
Target values and progress

Long-term Management Vision	Target: Cut 38% or more (FY2030) *CO ₂ emission factor compared with FY2013 Progress: Cut 22.3% (FY2023)
Medium-term Management Plan	Target: Cut 10% or more (FY2024) *CO ₂ emission factor compared with FY2020 Progress: Cut 10.0% (FY2023)



Reservoir Solar (aerial view)

Solar battery floats



TOPICS (1) Amagasaki City: Order Received for Development and Operation of the Former No. 1 Plant Site



Joining a corporate group represented by TAKUMA Co., Ltd., we received an order from Amagasaki City on June 28, 2024 for a project to develop and operate the site of the former No. 1 Plant (*General waste treatment facility).

Amagasaki City currently has two incineration facilities (No. 1 and No. 2 Plants) in operation, but due to the aging of the facilities and a decrease in the amount of waste processed, the existing facility at the No. 1 Plant is scheduled to be demolished and a new facility will be built on the site that will integrate both waste treatment and recycling equipment.

Construction of the new facility will be carried out by a special joint construction venture consisting of five companies, including us. After completion, a special purpose company established by the members of the special venture will operate and maintain the facility for a 20-year period.

We are in charge of plant construction work for the recycling facilities (shredding and sorting equipment) as well as operation and maintenance of the plant.

(News release, August 19, 2024)



[Facility Overview]

Order amount	
72,500 million yen	
Throughput	
Incineration facilities	: 447 t/24 h
Recycling facilities	: 55 t/ 5 h
Sewage treatment facilities	: 19 kL/day

Example image of completed facility

TOPICS (2) Wajima City/Anamizu Town: Order Received for Construction of Regional Material Recycling Promotion Facility

On July 9, 2024, we received an order from the Wajima City-Anamizu Town Environmental Sanitation Facility Cooperative, which consists of Wajima City and Anamizu Town in Ishikawa Prefecture, for the construction of a regional material recycling promotion facility for the area.

The project involves constructing a new material recycling promotion facility by utilizing the building of the Wajima-Anamizu Regional RDF Center, which was abolished as a result of the change in the disposal method of combustible waste from RDF to incineration.

We will dismantle the old building and design and construct the plant, with General Contractor Miyaji Company performing civil engineering and construction work.

(News release, September 2, 2024)



[Facility Overview]

Order amount 2,355 million yen

Throughput 18.7 t/5 h

Example image of completed facility



AIMING TO BECOME A GLOBAL COMPANY WITH FLEXIBILITY TO ADAPT TO CHANGES

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