

September 24, 2025

To All

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(Code: 7226)  
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Notice concerning receipt of a cease and desist order and a surcharge payment order from  
the Japan Fair Trade Commission

On November 12, 2024, we and Nippon Trex Co., Ltd., our subsidiary (hereinafter, "Both Companies"), had on-site inspections by the Japan Fair Trade Commission on suspicion of forming a cartel regarding the sale of "upper bodies" manufactured by Both Companies. While Both Companies have fully cooperated with the Commission's investigation since then, we hereby inform you that today, Both companies received a cease and desist order and a surcharge payment order based on the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade from the Japan Fair Trade Commission with respect to the above matter.

It is deeply regrettable that this situation has come to pass. We wish to reiterate our deepest apologies to our customers, business partners, shareholders, and other related parties for the great inconvenience and concern caused. Going forward, we will make Group-wide efforts to enforce compliance as well as reinforce our internal management structure, endeavor to prevent the reoccurrence of such matters, and work towards regaining trust in us.

Additionally, as we take these orders solemnly, we shall voluntarily return a portion of director and other officer remuneration as described below in order to clarify our commitment to regaining trust.

1. Overview of Cease and Desist Order

- (1) With regard to certain special purpose vehicles manufactured by us and certain trailers manufactured by Nippon Trex Co., Ltd. (hereinafter, the "Specified Products"), verify that any agreement to raise selling prices that was jointly reached with other violators has been nullified, and in the future, autonomously decide on selling prices for the Specified Products without deciding on them jointly with other business operators.

- (2) Notify the end users, distributors, etc. of the Specified Products, which constitute business parties of Both Companies, of measures taken based on (1) above, and thoroughly disseminate those measures among the employees of Both Companies.
- (3) Going forward, deciding on selling prices for the Specified Products jointly with other business operators is forbidden.
- (4) Going forward, exchanging information on selling prices for the Specified Products with other business operators is forbidden.
- (5) Necessary measures for preparing action guidelines as well as disseminating them among the directors and other officers and employees of Both Companies with respect to compliance with the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade as it pertains to selling activities for the Specified Products and for conducting regular training for the directors and other officers and employees of Both Companies who engage in such selling activities as well as regular audits by personnel in charge of legal affairs with respect to compliance with the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade as it pertains to such selling activities of Specified Products must be taken. Such measures must be sufficiently detailed so that the measures under (3) and (4) above are complied with.

## 2. Overview of Surcharge Payment Order

Pay a surcharge totaling 5,925,530 thousand yen (Us: 2,601,890 thousand yen; Nippon Trex Co., Ltd.: 3,323,640 thousand yen) to the National Treasury no later than April 27, 2026, the prescribed payment deadline.

(\*Note that the above surcharge amounts follow a reduction of 30% in accordance with the application of the surcharge reduction and exemption system.)

## 3. Measures to Prevent Reoccurrence and Reinforcement of Compliance Structure

The Group takes the facts of this violation of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (hereinafter, the “Act”) solemnly and seriously. Our directors and other officers and employees will work as one to tackle the below challenges as we move to prevent reoccurrence of such violations, revisit our compliance structure, and tackle the elimination of legal and regulatory violations.

- (1) Have the Board of Directors pass a resolution to not conduct any actions that violate the Act going forward.
- (2) Establish a risk management committee chaired by the Representative Director, President, CEO.

- (3) Prepare a roadmap aimed at improving the structure to comply with the Act in order to prevent the reoccurrence of violations.
- (4) Have the Representative Director, President, CEO relay messages from management citing the need to enforce compliance to all Group directors and other officers and employees.
- (5) Establish action guidelines and internal regulations for complying with the Act (including disciplinary regulations, leniency regulations and contact rules) and ensure awareness of them among directors and other officers and employees.
- (6) Prepare a compliance manual, etc.
- (7) Have a survey team consisting of an outside attorney and the legal affairs division administer a questionnaire survey to all sales-related persons, etc. on the presence of any actions that run the risk of violating the Act.
- (8) Regularly implement education and training on compliance with the Act for all directors and other officers and employees.
- (9) Ensure awareness of whistleblowing systems based on the Whistleblower Protection Act and recommend usage of the systems.
- (10) Perform regular internal audits and reinforce the internal audit structure.
- (11) Conduct regular evaluations and updates on the above measures to prevent the reoccurrence of violations.

#### 4. Voluntary Return of Director and Other Officer Remuneration

As the Group takes this situation solemnly and seriously, in order to clarify where responsibility for the matter lies as well as to indicate the strong resolve and position of management to strictly ensure similar situations do not reoccur, we have made the decision to conduct the voluntary return of a portion of the remuneration of the following eight directors and other officers with involvement in our special purpose vehicles, starting with the Representative Director, President, CEO, and in the trailer business of Nippon Trex Co., Ltd.

##### (1) KYOKUTO KAIHATSU KOGYO CO., LTD.

Representative Director, President, CEO. (1)	30% of monthly remuneration	Three months
Representative Director, Senior Managing Director (1)	10% of monthly remuneration	Three months
Director, Associate Senior Executive Officer (1)	20% of monthly remuneration	Three months
Executive Officer (1)	10% of monthly remuneration	Three months

##### (2) Nippon Trex Co., Ltd.

Representative Director, President (1)	30% of monthly remuneration	Three months
Managing Director (1)	10% of monthly remuneration	Three months
Executive Officer (2)	10% of monthly remuneration	Three months

#### 5. Impact on Earnings

As we disclosed in our “Notice regarding the recording of extraordinary losses and revisions of earnings forecasts” dated July 8, 2025, we recorded an extraordinary loss of 5,924,000 thousand yen in the first quarter of the fiscal year ending March 2026 as a provision for losses related to the Act, and will not revise our consolidated earnings forecast or dividend forecast for the fiscal year ending March 2026 as a result of this matter.