

September 26, 2025

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 of Determination of Basic Policy on Absorption-Type Merger (Simplified Merger/Short Form Merger) with Consolidated Subsidiary

KYOKUTO KAIHATSU KOGYO CO., LTD. ("the Company") hereby announces that at its meeting of the Board of Directors held on September 26, 2025, it resolved its basic policy on conducting an absorption-type merger with Kyokuto Kaihatsu Parking Co., Ltd. ("Kyokuto Kaihatsu Parking"), a wholly-owned subsidiary of the Company, with April 1, 2026 as the merger date (effective date), and decided to commence the procedures that will be necessary going forward.

Note that since this merger is a simple merger with a wholly-owned subsidiary of the Company, certain disclosure items and details have been omitted.

1. Purpose of Merger

Kyokuto Kaihatsu Parking is a wholly-owned subsidiary of the Company and is engaged in the manufacture and sale of mechanical multi-story parking equipment and a coin-operated parking business. The Company decided to conduct an absorption-type merger with Kyokuto Kaihatsu Parking in order to improve its business value through the concentration of management resources and enhancement of efficiency.

2. Summary of Merger

(1) Merger schedule

Date of Board of Directors resolution (approval of basic policy) September 26, 2025

Date of Board of Directors' resolution (approval of contract execution) / Date of contract execution November 12, 2025
(tent.)

Scheduled date of merger (effective date) April 1, 2026 (tent.)

(Note) Since this merger constitutes a simplified merger as defined in Article 796, paragraph (2) of the Companies Act for the Company, the surviving company, and a short-form merger as defined in Article 784, paragraph (1) of the Companies Act for Kyokuto Kaihatsu Parking, the extinct company, it will be conducted without obtaining approval of the absorption-type merger agreement at their respective shareholders' meetings.

(2) Method of merger

Kyokuto Kaihatsu Parking will be dissolved in an absorption-type merger with the Company as the surviving company.

(3) Details of allotment of shares in relation to the merger

Since Kyokuto Kaihatsu Parking is a wholly-owned subsidiary of the Company, no shares or other assets will be allocated as a result of this merger.

- (4) Treatment of share acquisition rights and bonds with share acquisition rights in connection with the merger
Not applicable.

3. Overview of Companies that Are Parties to Merger (As of March 31, 2025)

	Surviving company in absorption-type merger	Extinct company in absorption-type merger
(1) Name	KYOKUTO KAIHATSU KOGYO CO., LTD.	Kyokuto Kaihatsu Parking Co., Ltd.
(2) Location	5-11, Awaji-machi 2-chome, Chuo-ku, Osaka	5-11, Awaji-machi 2-chome, Chuo-ku, Osaka
(3) Title and name of representative	Tatsuya Nunohara, Representative Director, President, CEO	Yutaka Yoshida, Representative Director and President
(4) Business activities	Manufacture, installation, sale, and repair of special motor vehicles and other transportation equipment and manufacture and sale of parts thereof. Manufacture and sale of trailers, truck bodies, etc. Manufacture, installation, sale, and repair of environmental improvement equipment and facilities and manufacture and sale of parts thereof. Operation and management of environmental improvement equipment and facilities.	Manufacture, installation, sale, and repair of multi-level parking systems and equipment. Management of parking lots (coin-operated parking). Real estate leasing and management. Power generation business and trading of electricity.
(5) Share capital	11,899 million yen	100 million yen
(6) Date of establishment	June 1, 1955	October 3, 2005
(7) Number of outstanding shares	40,150,000 shares	2,000 shares
(8) Fiscal year-end	March 31	March 31
(9) Major shareholders and shareholding ratios (Excluding treasury shares)	The Master Trust Bank of Japan, Ltd. (trust account) 9.19% Kyokuto Kaihatsu Kyoeikai 4.22% Sumitomo Mitsui Banking Corporation 4.17% Custody Bank of Japan, Ltd. (Resona Bank re-trust portion / Minato Bank retirement benefit trust account) 3.90% Kyokuto Kaihatsu Employee Stock Ownership Association 3.08%	KYOKUTO KAIHATSU KOGYO CO., LTD. 100%

(10) Financial position and operating results for the immediately preceding fiscal year		
	KYOKUTO KAIHATSU KOGYO CO., LTD. (consolidated)	Kyokuto Kaihatsu Parking Co., Ltd.
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2025
Net assets	117,271 million yen	2,598 million yen
Total assets	187,748 million yen	3,818 million yen
Net assets per share	3,022.00 yen	1,299,413.04 yen
Net sales	140,449 million yen	6,749 million yen
Operating profit	6,656 million yen	624 million yen
Ordinary profit	6,890 million yen	626 million yen
Profit attributable to owners of parent and profit	5,820 million yen	406 million yen
Profit per share	151.74 yen	203,131.07 yen

4. Post-merger status

There will be no change in the Company's name, location, representative name or title, business activities, share capital, or fiscal year-end as a result of this merger.

5. Future outlook

Since this merger is a merger with a wholly-owned subsidiary of the Company, its impact on consolidated results is negligible.

(Reference) Consolidated earnings forecast for the current fiscal year (announced on July 8, 2025) and consolidated results for the previous fiscal year

(Unit: Million yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Results forecast for the current fiscal year (Fiscal year ending March 31, 2026)	168,000	9,600	9,500	2,645
Results for the previous fiscal year (Fiscal year ended March 31, 2025)	140,449	6,656	6,890	5,820