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May 9, 2025

Formulation of Medium-Term Management Plan 2027 and Revision of 2030 Vision - Aiming For Greater Heights -

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Listing: Tokyo Stock Exchange
Securities code: 9025
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Konoike Transport Co., Ltd. ("Konoike," the "Company") recently finalized *Medium-Term Management Plan 2027*, covering fiscal years ending March 31, 2026, through March 31, 2028. The Company also decided to conduct a review of the current *2030 Vision* numerical targets.

1. Basic Management Policy

Toward continued innovation and growth, the Konoike Group created a Corporate Philosophy that states we pursue innovation at the foundations of our society that creates unique value, driven by respect for humanity and relationships of trust. This philosophy demonstrates our strong commitment and pride in the safety and quality of our services, which forms the foundation of the trust and credibility built over a long history in business. *Our Promise: Striving to Go Beyond Expectations* is our brand message and a reminder to always pursue our mission. We created a medium-term management plan embodies this promise, as well as *Our Values*, which serves as a code of conduct for all employees.



2. Medium-Term Management Strategy and Issues to Address

People form the core of Konoike Group businesses, and labor shortages will be a major challenge for us over the medium to long term. The so-called 2024 Problem, which is a cap on overtime hours for truck drivers and construction workers, will make the shortages even more serious. The policy came into effect in April 2024, and the issue will only become more severe with the decrease in working-age population in Japan over the medium to long term. At the same time, we expect innovations to continue in AI, IoT, big data, robotics, and other fields, fostering automation and labor savings across all industries. Even as operations involving direct human intervention decrease, the skills required of human resources will become more specialized and sophisticated. These skills include the ability to oversee an entire business process and a high degree of ability in managing, maintaining, and servicing machines and systems.

The Konoike Group will find permanent improvement in corporate value by viewing foreseeable challenges not as threats, but as new business opportunities. Specifically, we will leverage our expertise in on-site operations to improve the value we provide our customers. We will do so through operational improvements and innovations that incorporate new technologies, even as we offer ideas and insights into new, efficient business processes.

To this end, we must create a positive environment in which each employee sharpens their abilities and contributes their true talents without hesitation. At the same time, we want to foster a virtuous cycle of growth through business improvements and reform.

In light of these social developments, changes in the economic environment, and emerging issues, we formulated Medium-Term Management Plan 2027 and revised our 2030 Vision. These new plans and revisions include establishing a management foundation to support materiality and the Konoike vision of social infrastructure innovation.

■ 2030 Vision

People, leveraging technology to reach for new heights

Through the next-generation Konoike spirit that involves the use of cutting-edge technologies, we will evolve concepts on how to approach on-site solutions to the problems facing our customers and society.

What does it mean to reach for new heights?

1. We will adopt new technologies to make further progress in on-site safety as well as in improvements and advanced techniques, in order to realize a rich style of working that fosters individual creativity.
2. We will seek to transform the tacit knowledge of experts into strengths in the form of shared group assets that everyone can use, honing the ability to respond to change that is a part of our DNA.
3. We will raise standards of safety and security, enhance our ability to create next-generation businesses, and engage in further innovations to achieve the creation of a sustainable social infrastructure.

3. Medium-Term Management Plan 2027

(1) Main Message

Maximize employee happiness and corporate value through investments in growth and growth investments in people, technology, and ICT.

(2) Business Strategy

a. Expand business overseas

- Accelerate growth, treating India and North and Central America as key regions

Following our previous medium-term management plan, we will continue to invest in growth and accelerate business development overseas in India, where we expect significant economic growth, and in North and Central America, an existing large market.

In India, demand for logistics and contracted services is rising amid expanding manufacturing and infrastructure development. We intend to maximize business opportunities by leveraging the Konoike Group expertise cultivated in Japan. We plan to expand our chilled/frozen business in North and Central America. We also intend to pursue high-value-added and new customer development, leveraging forwarding to build design packaging and engineering businesses. Strengthening our businesses in these regions is an important part of Medium-Term Management Plan 2027.

b. Strengthen businesses in Japan

- Strengthen services (medical and airport)
- Adopt strategies for logistics (including integrated solutions) related to (1) general, (2) temperature-controlled, and (3) strategic accounts

We have already established a firm industry position for integrated solutions. We will continue to strengthen our competitiveness and accelerate growth to ensure services in areas of stable demand (medical and airport) remain the driver of our growth. We intend to split our Domestic Logistics Business into three (general, temperature-controlled, and strategic accounts). We will optimize management resources by implementing business strategies based on the characteristics of each domain and by strengthening cooperation. We also intend to build higher value-added businesses as a value-creating partner that solves customer logistics issues.

c. Reform business structure

- Expand repairs and maintenance in existing businesses
- Improve productivity and innovate business models through KOMBO* activities

*KOMBO: **KONOIKE** advanced proposal by **COMBINING** solution Know-how and new technology

- Transform profit structure through business continuity assessments

We will leverage our operations business infrastructure in existing businesses to expand and add higher value to our engineering offerings, including facilities repairs and maintenance and HVAC upgrades. In this way, we will make a qualitative shift in our outsourcing business and secure a stable base of revenues.

Konoike Group KOMBO activities include improving profitability and developing businesses

through greater efficiency and labor savings through technology and ICT, leveraging our expertise in productivity improvement at customer work sites to propose improvements and reforms to customer systems.

In addition to growth in these areas, we will begin a new transparent business feasibility evaluation system (business continuity evaluation system) to optimize management resources toward improved profitability. Specifically, we intend to assess the profitability of all locations, including domestic and overseas group companies, in terms of ROIC, EBITDA, and profit size. The Business Continuity Committee will make decisions on business continuation, restructuring, or withdrawal.

(3) Finance and Capital Policy

Assuming the cost of shareholders' equity is currently between 8% and 9%, the Konoike Group will allocate funds in a balanced manner, investing in human resources, growth, and enhancements toward sustainable corporate value improvement. At the same time, we will maintain financial stability and enhance shareholder returns.

a. Financial and capital policy

	Previous Medium-Term Management Plan	Medium-Term Management Plan 2027
Cash conversion cycle	—	Roughly 1.2 months
DE ratio	0.8 or less	0.8 or less
Shareholders' equity ratio*	Current standard: 40% or higher	Including leases: 40% to 45% (Current standard: 45-50%)
Rating (JCR)	A- or higher	A or higher

*Calculated assuming we will record 55 billion yen of lease assets (right-of-use assets) and lease liabilities under the application of new lease accounting standards in FY2027. Standard levels as of May 2025 are shown in parentheses.

b. Shareholder returns

We will balance shareholder returns with investments in growth, seeking to provide consistent and stable dividends while increasing our dividend payout ratio from 30% or greater at present to 40% or greater. We will also consider opportunistic share buybacks in response to the business environment and financial conditions, balanced by a preference for stock liquidity improvement.

c. Cash allocation

We plan to invest in human resources toward medium-term growth under a policy of maximizing employee happiness and corporate value. We intend to invest at least 20 billion yen over three years, including improved employee compensation. The main source of these funds for these systematic investments will be approximately 73 billion yen from operating cash flow, in addition to approximately 18 billion yen in cash on hand and interest-bearing debt. Specifically, we plan to allocate 48 billion yen for investments in growth (including 20 billion

yen for M&A). Here, we intend to focus on the airport, medical, and engineering businesses where we expect growth, as well as the regions of India and North and Central America. We will invest in productivity improvements, technology, and ICT related to DX, AI, and other advanced technologies expected to raise the level of innovation in the future. We also plan to invest 24 billion yen in maintenance and enhancements to strengthen the competitiveness of existing businesses.

(4) Building a More Robust Management Foundation

a. Strengthen internal controls

We recognize that we must strengthen group corporate governance system and build a sound management foundation if we are to achieve sustainable growth.

We will improve transparency in management and enhance our management monitoring function. To this end, we integrated the functions of the Internal Control Subcommittee and Management Quality Committee (currently under the Sustainability Committee) into the Internal Control Committee, an advisory body to the board of directors. We believe this move will strengthen our internal control function.

b. Strengthen foundation through the Strategy Committee

We established the Strategy Committee to quickly address medium- to long-term issues related to people and technology for sustainable group growth.

More specifically, we established the Human Resources Strategy Committee to address the growing labor shortage, to develop human resources linked to our business strategy, and to build a new human resources management system. At the same time, we are stepping up efforts to create comfortable work environments. We established the Technology Strategy Committee to address innovative technologies, including AI, IoT, big data, and robotics. Meanwhile, the Technology Innovation Division and ICT Promotion Division will collaborate to create a medium- to long-term roadmap for technology overall and to pursue initiatives to resolve issues.

(5) Target Management Indicators

a. Financial targets

Our 2030 Vision calls for an increase in operating income above our initial target of 25 billion yen, aiming for a higher goal of 30 billion yen. The chart below shows specific financial targets in the vision.

	FY3/2025 Results	FY3/2028 Plan (Medium-Term Management Plan 2027)	FY3/2031 (2030 Vision)
Net sales	344.9 billion yen	410.0 billion yen	460.0 billion yen ^{*1}
Operating income	21.3 billion yen	26.0 billion yen	30.0 billion yen
Operating income margin	6.2%	6.3%	6.5% or higher

R O E	10.0%	10% or higher	10% or higher
Overseas operating income* ²	1.8 billion yen	3.3 billion yen	6.0 billion yen

*1 Net sales shown for FY3/2031 are a guideline

*2 Overseas operating income = Operating income of overseas offices - Headquarters expenses charged

b. Non-financial targets

	FY3/2028 Plan (Medium-Term Management Plan 2027)	FY3/2031 (2030 Vision)
Environmental*	Reduce CO2 emissions by 28% (vs. FY3/2019)	Reduce CO2 emissions by 35% (vs. FY3/2019)
People	Pursue human resources hiring and development under our management strategy Improve employee well-being	
Technology	Automate and save labor through technological innovation and DX Pursue safety always by improving work environments	

*Scope: Scope 1 and 2 from energy sources used at the non-consolidated parent and consolidated companies in Japan

We plan to announce more details of our Medium-Term Management Plan 2027 during our year-end financial results and medium-term management plan presentation scheduled for May 21, 2025.