

# Growth Strategy

## Our Long-Term Vision and Strategic Business Domains

Beyond our core automotive recycling operations, we are scaling globally by developing the Kaiho Recyclers Alliance (KRA) system a proprietary core management platform specifically designed for the recycling industry. Our digital infrastructure also includes the global rollout of our online marketplaces, ePartsWorld and eCarsAuction, for used automotive parts and vehicles. By exporting our specialized recycling technologies, we empower nations to

establish domestic resource circulation, directly contributing to the realization of a Global Circular Economy.

The foundation of these activities is our commitment to Human Capital: cultivating proactive professionals who deliver exceptional value and inspiration to others. Together with our talented workforce, Kaiho industry is committed to sustainable growth as a value-creating enterprise for local communities, global society, and the planet.

## Strategy 1 Recycling Business × Global Online Platform Strategy

### Our Continuously Evolving Proprietary Core System – KRA System –

The Company operates two online sales platforms, ePartsWorld and eCarsAuction, and provides sales promotion support to industry peers. At the core of building a platform that enables customers worldwide to purchase with confidence is the KRA System, our proprietary core business system.

The KRA System centrally manages the entire process from procurement of end-of-life vehicles through production and sales, ensuring product quality information, history management, and traceability. Built on more

than 20 years of operational know-how, the system was launched as a cloud-based platform in 2017 and is now used by 123 member companies across 43 prefectures as of February 2026.

Utilizing AI-based image recognition and QR code-based individual management, the system simplifies vehicle and parts procurement and inventory control. It also enables comprehensive management of reused parts as well as scrap materials.

Going forward, we will enhance functions such

as dynamic vehicle purchase price assessment based on domestic and international market data, CRM systems to improve customer conversion rates, and integration with external systems, including genuine parts

number databases. Through these initiatives, we aim to support data-driven management and contribute to improved performance across alliance member companies.

## Global Distribution Platform for Recycled Parts : ePartsWorld

ePartsWorld is one of the world's largest cross-border e-commerce platforms for used vehicles, recycled auto parts, and new parts. In the past, overseas buyers were required to obtain Japanese visas and incur significant travel costs to source parts in Japan. By using ePartsWorld, customers around the world can search for, order, and purchase the products they need entirely online.

The platform supports multiple languages and currencies, with a strong focus on ease of access and ordering from overseas. Its key features include the ability to select parts based on the condition of the vehicle prior to dismantling, as well as full traceability information for all parts even after dismantling. This enables overseas buyers to purchase products with confidence.

The Company began operating ePartsWorld in 2022. Over the two-year period through 2024, export sales increased by 141%, with transactions spanning 90 countries, including the Middle East, Africa, and Central and South America. From 2025, to meet growing global demand, the platform has expanded to accept listings from alliance members across Japan, allowing buyers worldwide to view and order inventory data for used vehicles and recycled parts nationwide. As a result, alliance distribution volume reached approximately ¥270 million in 2025.



## eCarsAuction : Connecting the world directly to Japan's used car market.

eCarsAuction is a global online auction that directly connects Japanese companies selling trucks, buses, and heavy machinery with 1,377 buyers across 90 countries. Using our app, sellers can list vehicles from their own parking lot without expensive transport costs. By cutting out the middleman, sellers get higher prices and buyers pay less. In 2025, our

transaction volume grew to approximately 400 million JPY.



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## Japan's Largest Export-Focused On-Site Auction for Recycled Auto Parts – Chiba Auction –

Chiba Auction, launched in August 2017 at our Chiba branch, is an export-oriented auction specializing in used automotive parts, primarily engines. Each week, around 1,000 items are listed by recyclers nationwide, attracting 110 companies and over 300 overseas buyers. Buyers can inspect a wide range of parts in one location, eliminating the time and cost of sourcing across Japan. In addition to overseas traders based in Japan, remote bidding from abroad is also available. For sellers, the auction removes the burden of individual price negotiations with overseas buyers.

By leveraging the scarcity of used auto parts and concentrating rare items in one marketplace, Chiba Auction maximizes both sales volume and pricing.

In 2025, transaction volume reached approximately JPY 2.53 billion.



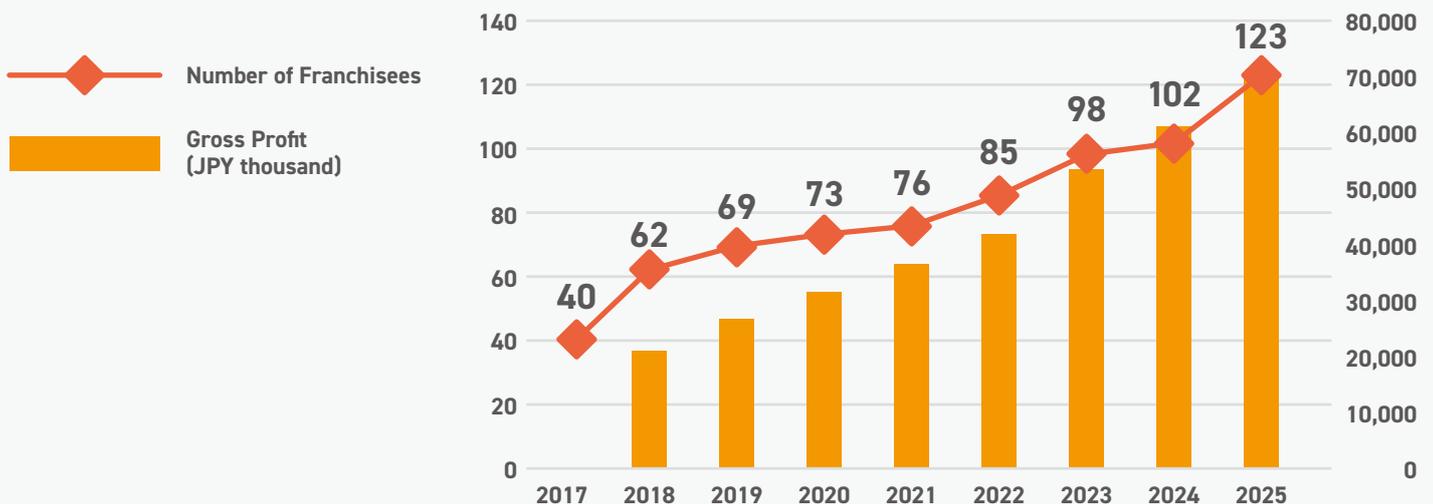
## Strategy 2 Expanding the domestic recycling industry

### From Competition to Collaboration – Our Alliance Business –

The Alliance business leverages the Company's sales network, data, and know-how across approximately 90 countries to provide services to domestic recycling companies. As of February 2026, 123 companies nationwide participate in the alliance.

Member companies have access to the proprietary KRA System, which enables market data viewing, profitability estimation

for end-of-life vehicles, automated electronic manifest reporting, and listing integration with sales platforms such as ePartsWorld, eCarsAuction, and the Chiba Auction. In addition, the Company promotes knowledge sharing and human resource development through regular information updates and study sessions, contributing to improved industry profitability and social value creation



## Strategy 3 Expanding the Global Automotive Circular Economy – Maximizing the life time Value of Every Vehicle. –

### Global Recycling Business

#### Bringing Automotive Recycling Technology to the World

In many parts of the world, old cars are often dumped illegally, causing serious pollution because local communities lack the tools and knowledge to recycle them safely. Kaiho Industry is solving this global challenge by providing a total recycling solution through our specialized training programs. We teach government leaders and private businesses how to dismantle cars properly, recover high-quality parts, and manage hazardous materials safely.

Beyond just teaching skills, we help international partners set up their own eco-friendly recycling factories from scratch.

By transferring this vital knowledge to over 500 graduates across 14 countries by 2025, we are establishing the necessary infrastructure for a global circular economy. We empower local communities to treat every vehicle as a valuable resource rather than a source of pollution, turning automotive waste into a sustainable local industry.



#### International Recycling Education Center (IREC)

In 2007, we founded IREC to serve as a bridge for technical innovation, inviting trainees from across the globe to learn our specialized recycling methods. This center has been the foundation of our mission to spread high-quality automotive dismantling and recovery skills worldwide



#### Achievements

2010	14 participants from government agencies and insurance companies in Brazil, Argentina, Mexico, and Colombia
2012 - 2013	35 participants from local governments and private companies in Nigeria
2013	8 participants from a university in the Democratic Republic of the Congo
2014	8 participants from insurance companies in the Philippines
2016	7 university professors from Minas Gerais State, Brazil
2017 - 2019	34 participants from Malaysia's Ministry of Environment, Ministry of Transport, Ministry of Education, and Road Transport Department
2021	10 participants from Vietnam
2022	7 participants from Malaysia's executive branch; 3 university professors and 2 private-sector participants from Kenya
2023	2 instructors from a vocational training institute in Uganda; 100 students trained in Uganda
2024	3 participants from private companies in China; 2 instructors from a vocational training institute in Uganda; 100 students trained in Uganda
2025	Kenya: 2 instructors from a vocational training institute; 150 students Tanzania: 2 instructors from a vocational training institute; 50 students

Total : 539 participants from 14 countries

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## Strategic Global Hub : Building India's Circular Economy

In 2019, Kaiho industry teamed up with India's Abhishek Group to form AKK, the first government authorized recycling factory in the Haryana region. India is a global leader in car manufacturing, making it the perfect place for our long-term growth. We use advanced Japanese technology to recycle old cars safely and efficiently. This partnership does more than just clean up the environment; it creates local jobs and recovers valuable materials. Today, AKK is not only helping India's own industries but is also exporting quality used

parts to countries like Ghana and South Africa, making it a key part of our worldwide network.



## Global Auction Business

### Delivering Used Auto Parts to the World from the UAE – A Global Logistics Hub

In 2014, we established our UAE subsidiary, Kaiho Middle East FZE, and launched an online auction for used automotive parts. Sharjah's Industrial Area—home to more than 3,000 auto parts dealers—is widely known as the world's largest hub for used auto parts. Reusable parts from Japan and other advanced countries are imported into this market, where buyers from the Middle East and Africa procure goods for re-export. Traditionally, transactions relied on direct negotiations with limited transparency in quality or pricing. The KME Auction was created to improve market fairness by disclosing product quality, history, and market price information. Leveraging the UAE's

strategic position, KME also serves as a sourcing hub for older reusable parts no longer available in Japan, exporting them mainly to South America.



## Strategy 4 Building a Resilient Organization

### Initiatives for a Self-Driven Organization

#### KAIHO 2030 Project

Shaping Our Future Together Since 2018, we have been working on a special initiative called the KAIHO 2030 Project. Instead of just looking at the present, we imagine what the world will be like in 2030 and work backward to set our goals today. To achieve this, we

formed dedicated teams focusing on Health Management, X Trade, Factory Scientists, Metaverse, Next-Generation Batteries, and Liaison work. Through these teams, we are ensuring that both our company and our individuals are ready for the future.

#### Wellness Team

We want everyone at Kaiho industry to be healthy and happy. Our Wellness Team brings this vision to life by serving healthy lunches made with local Ishikawa vegetables and our own homemade miso. We also focus on rest and energy, running wellness challenges for the staff and testing "Power Nap" breaks to help everyone stay refreshed. At Kaiho, we believe a healthy team is the foundation of a great company.

#### X Trade Team

Our X Trade Team works to deliver automotive parts to every corner of the globe. By utilizing our international network, we provide customers with access to a wide range of components, including those impossible to source within the Japanese market. We are dedicated to building a world where geography is no barrier to vehicle maintenance, ensuring a steady flow of parts through our global partner hubs.

#### Factory Data Scientist Team

Our vision is to change industry with technology that benefits the Earth. The Factory Scientist Team uses the KRA System to link our physical tools with digital data, making every step of the recycling process visible. By focusing on productivity and visualizing our workflow, we are creating a "Smart Factory" that maximizes resources and sets a new global standard for the circular economy.

#### Metaverse Team

Our vision is to share the importance of Atoshimatsu properly closing the loop—with the world. The Metaverse Team uses immersive technology to turn auto recycling into a fascinating digital experience. By creating engaging virtual activities, we inspire a global audience to appreciate the art of finishing well and the true value of our planet's resources.

#### Next-Generation Battery Team

Our mission is to lead the way in EV battery recycling and reuse. The Next-Generation Battery Team develops the technology needed to handle modern vehicle batteries safely and efficiently. By turning old batteries into valuable resources, we are building the essential infrastructure for a sustainable, electric future.

#### Liaison Team

The Liaison Team aims to create a space where we can learn together and act as a bridge for people worldwide. We manage the Kaiho Academy, our internal learning center, to help our team grow, and we write our company's Integrated Report to share our progress with everyone. We believe that by learning from each other and communicating clearly, we can build stronger relationships across the globe.

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## Our Commitment to Mind and Body Health

### Certified Health and Productivity Management Organization

We are proud to be certified as a "Health & Productivity Management Outstanding Organization 2025," earning our third Bright 500 selection as one of Japan's top 500 SMEs. Guided by our vision to produce a space of health and happiness, we provide proactive support to ensure every employee works with vitality and stays physically and mentally fulfilled.



### Health Promotion Allowance Program

Our "Genki Allowance" rewards the self-discipline needed to stay healthy and productive. This focus on self-care has led to a breakthrough in health data. As of 2024, our average medical cost per employee is 107,690 JPY, remarkably low at 53% of the national average (201,975 JPY). We prove that when employees are empowered to stay "Ultra-Healthy," both the individual and the company thrive.

RANK	Wellness Allowance	Annual Sick Leave	MARK	BMI
Excellent Health	¥ 36,000	0 days	0	18.5-22.5
Good Health	¥ 24,000	0 days	1	18.5-24.9
Mostly Healthy	¥ 18,000	~ 1 day	2	18.5-24.9
Fair Health	¥ 12,000	~ 3 days	~6	17.5-25.9
Other	¥ 0			

### Why is a Car Recycler Doing Agriculture? Redefining "Atoshimatsu" for a New Era

Our agricultural business stems from our founder's vision to protect life. Fearing a future global food crisis, he launched this initiative to ensure that our employees and their families are supported no matter what. By securing a stable food supply, we protect the lives and health of our people. This project also realizes our goal of "Lifelong Employment." In line with our philosophy, "I will enjoy working at Kaiho industry for life," the farm offers a place where staff can continue to work with peace of mind even after retirement. By growing pesticide-free

vegetables, we link the "circular philosophy" of car recycling to the health of both nature and our team.



## KAIHO Kitchen : Driving Wellness from the Inside Out

We believe our people are our most valuable resource, which led to the creation of KAIHO Kitchen. By providing daily lunches at no cost to our staff, we aim to foster a culture of wellness and connection. This space is designed to boost employee energy and mental clarity by encouraging meaningful interactions during breaks. Furthermore, we practice health management by ensuring the food we serve is safe and vitalizing. By utilizing premium vegetables cultivated without pesticides on our own farms, we link

our agricultural business directly to our tables, ensuring that the health of our team is supported by the very best of our circular economy practices.



## Initiatives to Promote DX and Enhance Communication

### Implementation of Google Workspace Across the Company

We have redefined our “ideal way of working” and are promoting the company-wide use of Google Workspace as the core of our DX strategy. Previously, tool usage depended on individual discretion, limiting cross-departmental collaboration and preventing on-site improvements from being effectively shared across the organization. This led to gaps in understanding and reduced Transparency.

To address these challenges, we are building an internal wiki and portal to create a shared

information foundation across departments. We are also establishing unified usage guidelines and providing company-wide training, including the use of generative AI such as Gemini, to enhance digital literacy and empower employees to drive continuous improvement.

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## Programs to Support Continuous Skill Development

### Advancing Analytical Skills Through Company-Based Data Science Training

We consistently host "Data Science Study Groups" to enhance company-wide data literacy and establish a culture of objective, fact-based decision-making. A key feature of these sessions is their practical approach; we go beyond theoretical statistics by using actual company data for case studies to develop analytical skills directly applicable to our business operations. These talent development efforts do more than just improve individual skills—they foster

an organizational culture where rational, data-backed proposals are exchanged naturally, leading to high transparency and constructive dialogue. As each employee gains the ability to critically evaluate information reliability, the consensus in our decision-making process grows stronger. Furthermore, we have established a framework to accumulate and utilize these analytical insights as collective organizational knowledge.

### KAIHO ACADEMY

Since July 2022, the KAIHO2030 Project's Liaison Team has led the planning and operation of our in-house training program, the Kaiho Academy. The Academy provides employees with opportunities to step back from daily operations, reflect on themselves objectively, and gain new insights. By sharing learning and discoveries across departments and roles, the program fosters a sense of unity and strengthens our corporate culture. We believe that individual growth is the driving force behind the Company's sustainable growth. Over the past three and a half years, we have continuously offered diverse programs tailored to evolving needs, including reading sessions on human development, workshops to deepen self- and mutual

understanding, and training programs to enhance generative AI skills in response to rapidly advancing technologies. Through these initiatives, we promote company-wide innovation and behavioral transformation.



## Initiatives to Embed Corporate Philosophy

### The "Like" Report

#### The "Like" Report System: Sharing Moments of Inspiration

Since 2012, we have operated the "'Like' Reporting" system, sharing customer praise company wide. By experiencing customer feedback firsthand, employees foster a culture of delighting customers. As of December 2025, a total of 1,652 reports has been recorded, reflecting strengthened trust and serving as a key motivator for our staff

### New Employee Presentation Contest

#### Empowering New Hires: Building Ownership through the Annual Presentation Contest

Every June, we host a New Employee Presentation Competition for all hires within their first year, marking the end of their probationary period. Centered on "The Strengths of Kaiho Industry," this event helps new members internalize our values and build strong peer networks. It is a vital opportunity for new talent to show their potential while developing a deep sense of pride in their new workplace

