

KURABO REPORT 2025



2025

The Kurabo Group is entering a new stage toward the realization of Long-Term Vision 2030

Long-Term Vision 2030 outlines the ideal state of the Kurabo Group in 2030.

In the six years since this vision's formulation in 2019, we have continuously evolved our business strategies in response to the changing times and environment, striving to be a strong corporate group that generates innovation and high profit.

As we enter a new medium-term management plan called Accelerate '27, the third stage of Long-Term Vision 2030, we will step up the pace of initiatives toward achieving our ideals for the future.

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Editorial Policy

In addition to financial information including business results and strategy, this report is edited with the intention of informing shareholders, investors, and other stakeholders of the Kurabo Group's non-financial information such as ESG topics.

Organizations covered The Kurabo Group

Period covered This report covers the period from April 1, 2024 to March 31, 2025. For more detailed information, please see our website. <https://www.kurabo.co.jp/english/>

Figures in this report Figures may differ from the data reported in the previous fiscal year, as data prior to the reporting year has been reviewed and revised in accordance with the companies covered in this report. Furthermore, figures may differ from those reported in the previous fiscal year due to rounding off.

Disclaimer This report contains forward-looking statements on the Kurabo Group. Such forward-looking statements are based on information available at the time and may differ from the results of our future business activities.

Kurabo's DNA

The beliefs, teachings, and spirit passed from generation to generation since Kurabo's founding is deeply ingrained in the company and embodied in the way it does things.

Management philosophy

The Kurabo Group contributes to a better future through the creation of new value.

Company creed

Be of one mind and make concerted efforts

Our company creed represents the words of our first president, Koshiro Ohara, who aimed to create an environment that prioritizes harmony and solidarity and that is conducive to motivating young employees to perform beyond their limits. The creed conveys the idea that we should combine our efforts to work as one, even when there are differences in capabilities or talent between individuals.

This phrase comes from *The Commentary of Zuo on the Spring and Autumn Annals*, an ancient work based on a Chinese chronicle compiled by Chinese philosopher Confucius of the Spring and Autumn period (circa 771 to 476 BCE).

The words of Kurabo's first president, Koshiro Ohara

Giving it everything we've got

Company motto

Humility bears profit

Our company motto means that people who are conceited invite trouble, while those who humbly work hard reap benefits. This phrase, a creed passed down through generations of the founding Ohara family, comes from a passage in the Confucian *Classic of History*. Foregoing pride and working tirelessly is the core philosophy of our corporate management—a philosophy deeply ingrained in all our employees.

Take on new challenges without fear of change. Even if you fail, leverage that failure to advantage. Use your boundless curiosity to furiously forge ahead.

Carrying on the spirit of challenge symbolized by the words of Koshiro Ohara, Kurabo's first president, the Kurabo Group will continue to spur innovation.

Company symbol

The Two and Three mark

This symbol represents the mindset of our company motto, "Humility bears profit." When people become the best, this success can go to their heads and they tend to slack off. The Two and Three mark means that, even if you become the best at something, you should continue to work as hard as someone who is second or third and is trying to be number one.

Note: The Two and Three mark, the official company symbol, is being used in our company flag and elsewhere.



Kurabo's DNA

Origins of Kurabo

The bedrock of the Kurabo Group's corporate activities is the spirit of serving society, which has been handed down since Kurabo was founded. In aspiring to put this spirit into action, we work to address social issues through a variety of businesses.

Origins of our future orientation



"I can see 10 years into the future."

Kurabo's second president, Magosaburo Ohara, was fond of this phrase. Unfettered by past conventions, he expanded business by looking to the future and innovating.

He later said the following. "If you ask 10 people if they agree with your plan, you should get started even if only two or three people agree. If only one person agrees, launching the plan would be too hasty, but if you wait for five people to agree, you'll already be too late once you get started. And if you wait for seven or eight people to agree, don't even bother with the plan." True to these words, Magosaburo often doggedly pursued his ideals in the face of opposition from those around him.

He sought to continue taking on challenges with a view to the future in order to solve society's problems. The ideas and desires of Magosaburo are carried on today in Kurabo's DNA.

Spirit of service

Because he understood just how important employees are to a company, and because of the spirit of service which his father, Koshiro, instilled in him, Magosaburo expanded the scope and variety of initiatives undertaken by Kurabo to improve employee working conditions and to give back to the local community. He poured his energy into numerous projects, including the establishment of the Ohara Museum of Art, the Kurashiki Central Hospital, and the Ohara Memorial Institute for Science of Labor. At the heart of the initiatives that Kurabo undertakes today—to help society, to help communities, to help people—can be found the DNA of those early initiatives that has been passed down, uninterrupted, for more than a century.

Giving back to the community

1888



Society

Kurashiki Village had no other major industries besides cotton cultivation

Kurabo

Koshiro Ohara agreed to invest in a spinning mill proposed by several eager young local men who were determined to establish a large industry in Kurashiki. Kurashiki Spinning Works was launched with Koshiro as its inaugural president.

1902



Society

Many citizens of the time didn't have an elementary education

Kurabo

An elementary school was established in the spinning mill's employee lodgings. Employees who had always wanted to go to school could now receive basic education and study personal development at Kurabo.

1906



Society

Harsh working environments were the norm in those days

Kurabo

Detached family housing units for employees, much like those of today, were built. In addition, the employees' working environment was improved with things like a medical clinic and a sewing room in the mill.

1909



Society

Electricity was starting to replace steam engines as a source of power

Kurabo

Foreseeing that electricity would inevitably revolutionize industry, Magosaburo Ohara established Kurashiki Dento (now the Chugoku Electric Power Co., Inc.). The power plant provided electricity to the surrounding citizens, making Kurashiki one of the first areas in Japan to be electrified.

1921



Society

Seemingly endless late night shifts and a harsh work environment

Kurabo

The Kurashiki Labor Science Institute (now the Ohara Memorial Institute for Science of Labor) was established in order to improve work environments through scientific analysis.

1923



Society

The Spanish flu was sweeping through western Japan

Kurabo

To ensure good health for Kurabo employees and to make up for the lack of medical facilities to treat local residents, the Kurabo Central Hospital (now the Kurashiki Central Hospital) was established with state-of-the-art facilities and equipment.

Value Creation History

Kurabo has steadily grown the scope of its business in a history spanning more than 130 years.

In addition to our chemical products business, where the increasing uses of our resin processing technologies now include housing construction materials and automotive materials, and our electronics business, which automates color control in the dyeing process and has expanded to color management and inspection and measurement, we are also active in the fields of engineering, biomedical, and food. All of these businesses are the offspring of our founding business, textile manufacturing.

We will step up our efforts to boldly take on the challenges of technological innovation so that we can continue offering users new value, prioritize ESG in management, and keep on growing as a global company that contributes to people and society.

1888

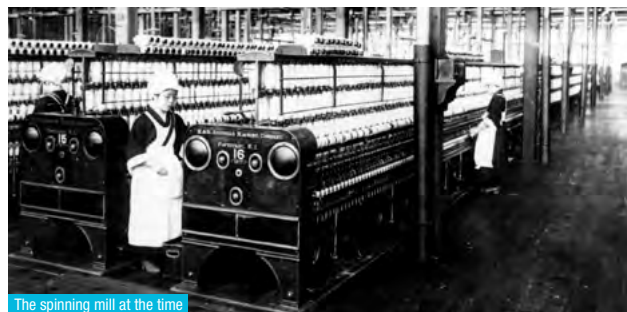
It all started with textiles

Kurashiki Spinning Works founded

Launches textile business

Establishes technique for spinning low-count yarn for denim and casual clothing materials

Kurabo was founded as a spinning company in Kurashiki, Okayama, starting a new industry there. It blended various kinds of raw cotton from around the world to provide cotton yarn of consistent quality. It also established a technique for spinning low-count yarn ideal for heavy fabrics, and it became among the first companies in Japan to develop denim material.



The spinning mill at the time

1960

Enters polyurethane market

1962 Launches chemical products business

From mattress fabric sales to polyurethane manufacturing

Since Kurabo was already selling mattress fabric, it also began handling flexible polyurethane foam when this material started being used for bedding overseas. Eventually, Kurabo would also enter the market for housing construction material, making rigid polyurethane foam to meet increasing demand for housing insulation.



Production process for flexible polyurethane foam

1962 Launches food and services business

Pioneers the production and sales of freeze-dried food in Japan

1970

Develops flue gas desulfurization system

1970 Launches engineering business

Advances technologies for treating flue gas and wastewater from dyeing factories

To solve the problem of wastewater from its dyeing factories, Kurabo developed a system to neutralize alkaline wastewater by blending in acidic flue gas. This process also desulfurizes the flue gas. Since then, Kurabo has applied its technologies to the development of environmental plant facilities such as those for waste gas and wastewater processing, incineration, and biomass boilers.



KBCA flue gas desulfurization system

Value Creation History

Enters inspection, measurement, and information processing systems market

1976 Launches electronics business

Advances technologies for measuring color in dyeing factories

Color control affects the quality of dyeing. To control color at its increasingly high-tech dyeing factories, Kurabo took color control technology, which accurately calculates the dye recipe and amount, and developed it into the CCM (computer color matching) system. Kurabo soon went on to apply its development prowess to inspection, measurement, and information processing technologies. Applications for this color control technology later expanded to include printing and the manufacture of paints, plastics, and inks.

1987 Launches real estate business

Makes effective use of idle land to help ensure solid asset management

2012 Opens Kumamoto Development Center (now Kumamoto Innovation Center)

2016 Launches biomass power business



Tokushima Biomass Power Plant

1980 1990 2000 2010 2020

Enters bio-research and filter market

1982 Launches biomedical business

Applies bioengineering and advanced technology from the Technical Research Laboratory

Efforts at the Technical Research Laboratory led to the birth of the sterilized filter. Demands for automated laboratory equipment in genetic research-related fields grew, and Kurabo responded by developing an automated nucleic acid isolation system. This product was lauded as one of the three most important pieces of equipment in the gene analysis field.



The PI-100, an early model of Kurabo's automated nucleic acid isolation system

2016 Kurabo Advanced Technology Center completed

2018 Opens TIC (Textile Innovation Center)

2020 Launches robot system business

2025 New building completed at the Kumamoto Innovation Center



Robot vision system

Long-Term
Vision
2030

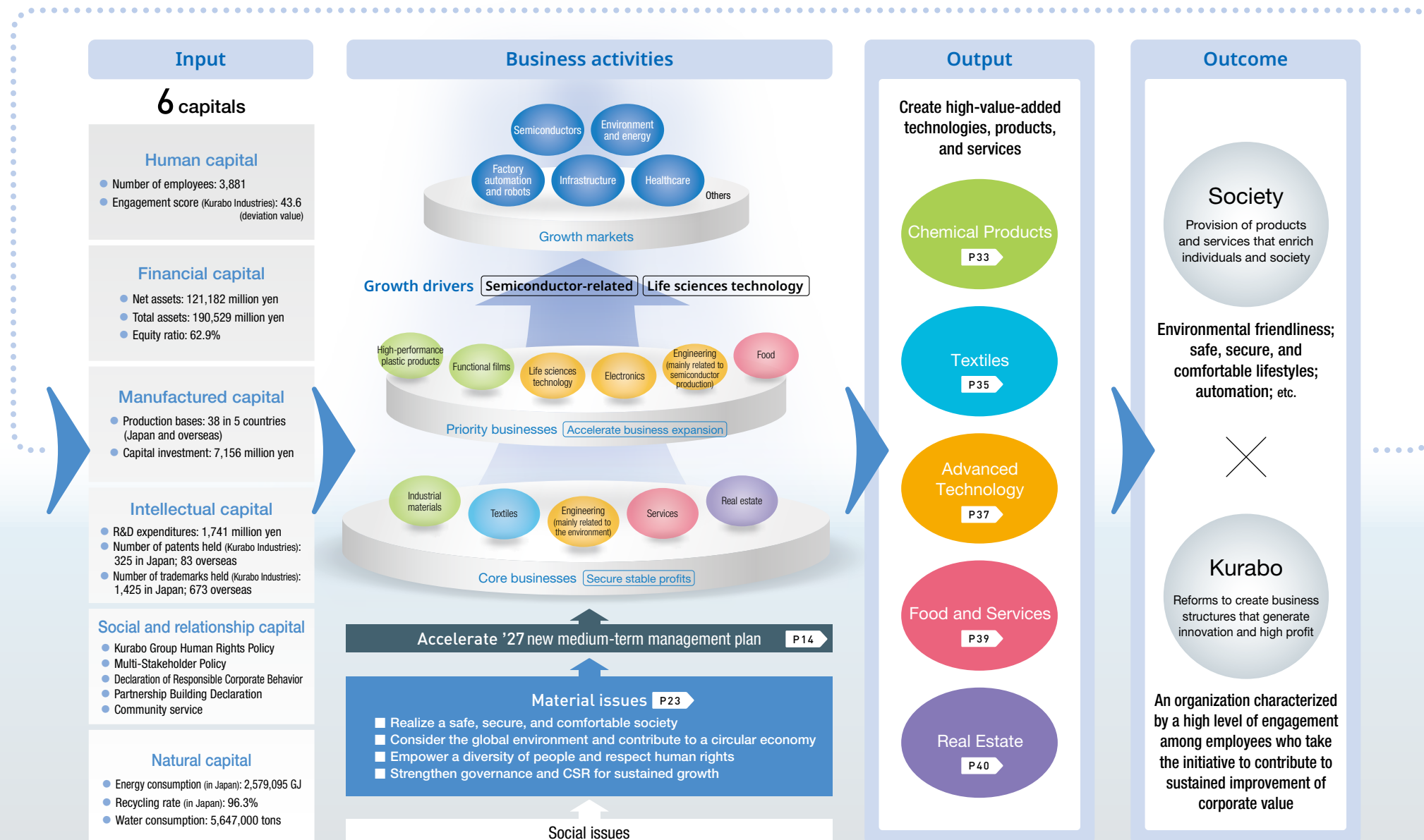
Vision

Reforms to create business structures that generate innovation and high profit

Value Creation Process

Management philosophy

The Kurabo Group contributes to a better future through the creation of new value



Note: As of the fiscal year ended March 2025; consolidated basis

At a Glance —The Kurabo Group in Numbers



Years in business

137 years



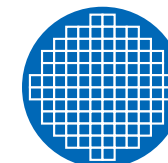
Number of consolidated employees

3,881 people
(As of March 31, 2025)

Projects leveraging Kurabo's core technologies



Robot sensing



Semiconductor solutions



Life sciences technology



Material solutions



Net sales (consolidated)

150.6 billion yen
(Fiscal year ended March 2025)



Operating income (consolidated)

10.31 billion yen
(Fiscal year ended March 2025)



R&D expenditures

Total **6** billion yen
(Cumulative total during Accelerate '27 period)



Number of patents held (Kurabo Industries)

325 in Japan
83 overseas
(As of March 31, 2025)

Number of bases and country locations

7 countries and **69** bases
(As of March 31, 2025)



Message from the President

Accelerating business portfolio reforms aimed at realization of the Long-Term Vision 2030

President and Representative Director
Kurabo Industries Ltd.

Shinji Nishigaki

— What is your assessment of fiscal 2025, your first year as president? And could you provide us with a recap of the Progress '24 medium-term management plan?

Fiscal 2025, my first year as president, was a major milestone year as it was the final year of our Progress '24 medium-term management plan (FY2023–2025). Of the things I, together with the employees in the Kurabo Group, needed to accomplish, the following were the two most important. The first was successfully achieving the goals of the final year of the Progress '24 plan. The second was to finalize the new medium-term management plan, Accelerate '27, which began in April 2025, to ensure that it is a plan offering a level of growth potential and effectiveness appropriate for the third stage of the Long-Term Vision 2030.

Against this backdrop and to ensure the

success of Accelerate '27, we decided at the end of fiscal 2025 to implement two major structural reforms. The first reform was in our chemical products business—the transfer of our Chinese flexible polyurethane foam business for automotive interior materials, which had been experiencing sluggish performance. The other reform was the closure of our Anjo Mill in the textile business. The Anjo Mill, our last spinning and weaving plant in Japan, had been becoming increasingly uncompetitive due to aging equipment and rising costs caused by higher energy prices.

Given all of this, and with the aim of becoming a strong corporate group that generates innovation and high profit, the final year of Progress '24, which was the second stage of the Group's 2030 vision for itself, i.e., the Long-Term Vision 2030, saw a decrease in



sales but an increase in profit. The basic policy of Progress '24 was to “expand high-profit businesses and strengthen core businesses to achieve sustainable growth.” We actively reformed our business portfolio aimed at sustained growth by improving the profitability of core businesses that provide stable support for the Kurabo Group and by concentrating resources to expand highly profitable priority businesses. In the fiscal year ended March 2025, the final year of the plan, sales decreased due to things like the impact of the transfer in fiscal 2024 of a consolidated subsidiary in our machine tool business and the deterioration of the apparel market. However, in terms of profits, we achieved the targets of our medium-term management plan thanks to measures to expand our priority businesses in growth markets, such as semiconductors and energy, as well as successful improvement measures for core businesses, such as the flexible polyurethane foam business and textile business, and we were able to achieve record profits at all profit levels.

The first stage of the Long-Term Vision 2030, Creation '21 (FY2020–2022), fell far short of its targets due in part to the impact of the COVID-19 pandemic and other factors. However, we have been able to get back on a growth trajectory and are now within reach of achieving the Long-Term Vision 2030 ahead of schedule. In this sense, I believe that great progress has been achieved with the business

portfolio reforms undertaken under Progress '24.

This result is thanks to all employees in the Kurabo Group, who continued to work positively and demonstrated a willingness to embrace challenge, which is part of our corporate culture. I believe that the growth of each employee as a result of these efforts has been the greatest asset for our company.

— Can you provide us with your analysis and evaluation for each business segment?

Despite our overall strong performance, results were mixed for some segments and issues remain. However, the causes for these are clear, and we take a positive view of the results.

First, in the chemical products business, the semiconductor production equipment-focused high-performance plastic products business and the solar cell encapsulant and semiconductor process-focused film business performed well. In the industrial materials business, which produces flexible polyurethane foam and construction materials, record profits were achieved thanks to successful sales expansion of new products and productivity improvement measures. Although we had been working to improve a consolidated subsidiary in Guangzhou, China, which produces flexible polyurethane foam for automotive interiors and had been experiencing sluggish performance due to a decrease in production volume at its main customers, we transferred its business to

a Chinese manufacturer in the same industry at the end of March 2025, bringing an end to the subsidiary's 24-year history. On the other hand, our Brazilian consolidated subsidiary in the same business is maintaining solid performance and plans to expand by adding new lines.

In the textile business, sales of high-performance materials and sustainable materials, which utilize our proprietary technologies, grew, and profitability at overseas subsidiaries improved, putting us back in the black in just one year. However, due to poor performance in the casual wear division and other areas, performance did not go according to plan in this segment as a whole. Going forward, we will work to quickly establish a global supply chain, including transferring production bases overseas following the closure of the Anjo Mill, in order to strengthen our competitiveness and improve profitability.

The advanced technology business has seen an improvement in profitability over the past few years, but sales fell short of what was planned due to the impact of the transfer of the machine tool business. On the other hand, sales of highly profitable products, such as liquid component concentration meters for semiconductor equipment, film thickness meters, and mixing and deaerating devices, remained strong, allowing us to achieve our profit targets. One of the challenges is the slow expansion of the life sciences business, which



includes high-speed 3D vision sensors and robotics-related products. We are accelerating our efforts in this area through a new organization launched in April 2025.

Finally, the food and services business and the real estate business performed well and achieved results generally in line with plans. These businesses underpin the performance of the entire Group and contribute significantly to the stabilization of business operations.

— What is your outlook for achieving the goals of the new medium-term management plan, Accelerate '27?

As part of the formulation of Accelerate '27, as I mentioned earlier, we decided at the end of

fiscal 2025 to implement two major structural reforms.

Following these structural reforms, we expect to achieve our performance targets of 13 billion yen for both operating profit and ordinary profit in the final fiscal year. Accelerate '27 is an important stage for further accelerating business portfolio reforms aimed at building a highly profitable business structure, which was undertaken under Progress '24, and ensuring we put in place the business portfolio we aim to have for 2030. This plan establishes four priority policies that all Group employees will work together in achieving: (1) Develop and accelerate priority businesses in growth markets and strengthen profitability of core businesses, (2) Strengthen R&D activities and create new businesses to place them on a profitable footing, (3) Contribute to the realization of a sustainable society, and (4) Build a highly engaged organization.

While carrying out structural reforms, we are also working to expand our business by continuing to invest in significantly increasing our production and development capacity for semiconductor production equipment-focused high-performance plastic products. For example, with the construction of a new building at the Kumamoto Innovation Center, which began full-scale operation in July 2025, we have made preparations to more than double our production and development capabilities. Additionally, in April, we opened a

new molding factory at our Neyagawa Plant in Osaka, where we are expanding our production facilities for fluororesin materials for semiconductor equipment. These efforts have allowed us to establish a system that enables stable procurement of processing materials, differentiation of products through material development, and the development of sustainable materials with a view to material recycling.

Other products for semiconductors include liquid component concentration meters, which can measure the concentration of chemicals used in cleaning and etching in real-time, cleaning equipment and chemical supply equipment for silicon wafer manufacturers, and process films for package release and other applications. In the final year of Accelerate '27, we plan to increase sales of products for the semiconductor market by 1.5 times compared to fiscal 2025 and, with a view towards 2030, to further strengthen collaboration between the Technical Research Laboratory and the Kumamoto Innovation Center in order to develop new products and create new technologies.

Furthermore, we have positioned the life sciences technology business, which involves the development of robots and artificial intelligence to assist humans, as well as cell and genetic technologies and image analysis technologies for the medical and food industries, as growth areas, and we will work to expand our business operations under the

newly formed Life Science Technologies Department.

To accelerate these business portfolio reforms, we have budgeted 21 billion yen for capital investment, 10 billion yen for M&A, and 6 billion yen for research and development expenses over the three-year period of Accelerate '27.

For fiscal 2026, the first year of Accelerate '27, we have planned for a temporary decrease in sales and profit due to the recording of expenses from structural reforms in the textile

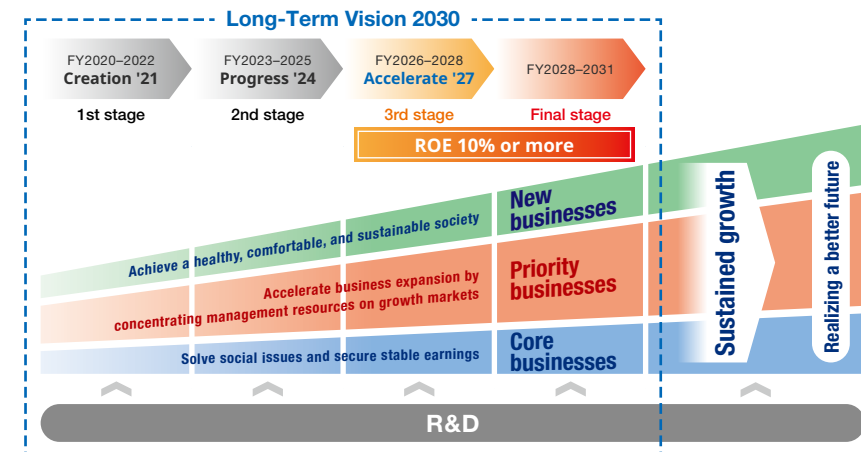
business, the assumption that the semiconductor equipment market will not recover until the latter part of the second half of the fiscal year, and the incorporation of increased labor and other costs, including an increase in personnel, in the future. However, in fiscal 2027, the second year of the plan, we expect the semiconductor market to recover and progress to be made in measures for each core business. In addition, the effects of structural reforms in the textile business will also begin to manifest, so we plan to see a

■ Positioning of Accelerate '27 New Medium-Term Management Plan

Entering the third stage of realizing our long-term vision

Further accelerate business portfolio reform and strengthen initiatives toward the final stage

A strong corporate group that generates innovation and high profit





return to a growth trajectory that will ensure the achievement of our plans for the final year of Accelerate '27 and lead into the final stage of the Long-Term Vision 2030.

— What is your focus when it comes to sustainability-oriented management?

Since our founding in 1888, we have taken pride in having practiced cutting-edge sustainability-oriented management, including improving working conditions and contributing to the development of local communities. This management mindset and approach have been passed down over our long history through the Group management philosophy, i.e., “The Kurabo Group contributes to a better future

through the creation of new value.”

The material issues for the Kurabo Group are also based on our Basic Policy on Sustainability. We believe that the quality of our sustainability-oriented management will improve by making the pursuit of profit our key corporate focus while also working in a balanced manner to address issues such as building an optimal governance system for the Group, contributing to society, and preserving the global environment.

For example, through the introduction of various energy-saving devices and solar panels at our business sites, we are making steady progress in reducing CO₂ emissions and, thereby, contributing to the realization of a low-carbon economy. In addition to improving our waste recycling rate (zero emissions), we are also developing resource-recycling products and services, such as our unique L ∞ Plus upcycling system, Kurattice Eco construction materials, biomass power generation, and Funto livestock waste treatment system. We believe we can expand these efforts even further.

In pursuing human capital management, we strive to build a highly engaged organization. All of the KPIs used as indicators for our human resource strategy are showing signs of improvement, and we hope that improved engagement will lead to improved productivity and stimulate innovation, leading to the continuous growth of the Kurabo Group. I have been involved in the launch of several

new businesses, and I have come to realize that “people” are the most important factor when it comes to growing a business from just two or three people into one that involves hundreds. Machines and materials can be purchased with money, but people’s abilities have immeasurable potential, and when people connect with each other, that power is amplified many times over. Furthermore, new value cannot be created without happy employees, business partners, and local communities. We believe it is important to create a rewarding work environment that respects diversity and offers hope for the future, including in terms of systems and structures.

To strengthen governance, we have enhanced the process for self-assessment of the effectiveness of the Board of Directors. By having an external third party review the analyses of our self-assessments to date, we believe that a fairer, more transparent, and higher-quality analysis will be achieved, and, by fully recognizing and incorporating the results of that analysis, we will be able to operate the Board of Directors more effectively.

Moreover, with the aim of advancing sustainability-oriented management, we have transitioned from our previous CSR-focused promotion structure to a sustainability-focused promotion structure as of April 1, 2025. The

Basic Policy on Sustainability

The Kurabo Group believes that in order to contribute to a sustainable society, it must strive to improve its own corporate value on an ongoing basis. We will develop and expand high-profit businesses by creating high-value-added technologies, products, and services. In addition, in line with our management philosophy—

the Kurabo Group contributes to a better future through the creation of new value

—we will conduct business by keeping in mind the following four practices.

- 1 **Contributing to the resolution of social issues through our businesses**
- 2 **Carrying out business activities founded on an awareness of the need to protect the Earth’s environment**
- 3 **Putting in place a workplace environment characterized by respect for human rights, worker-friendly policies, and an engaging atmosphere**
- 4 **Working to earn the trust of society and stakeholders**

purpose and organization chart of this structure are provided in detail elsewhere in this integrated report.

— How do you see Kurabo 10 or 50 years from now?

We currently live in an era characterized by VUCA (volatility, uncertainty, complexity, and ambiguity). It feels strange to try to paint a picture of what the Kurabo Group will be like 50 years from now, and I believe it makes more sense to entrust such a long-term vision of the future to the younger generation. The role of those of us in management is to develop human resources who can respond quickly and appropriately to change.

It is, of course, necessary to consider the next 10 years or so and take action accordingly. There is a Native American saying that goes, “We do not inherit the Earth from our ancestors, we borrow it from our children.” I, too, will continue to promote growth investments and strengthen R&D with an eye to the future for our stakeholders.

There is also the Japanese view that “the precious land we inherit from our ancestors must be passed on to our children,” and there are some things that we, in Kurabo, believe must not be lost or changed. As we have since our founding, we will continue to value a willingness to embrace challenge and the cultivation of camaraderie as we work together with all stakeholders and listen sincerely to the voices of society.

— What makes you feel pride as you take on the challenges facing management?

There is no change in how we interpret the management philosophy that has guided the Group’s long history and progress. We believe that the true value of our existence as a manufacturer lies in creating new value for society and contributing to it in whatever way we can. To achieve this, it is essential that we coexist and prosper with all stakeholders.

When our 11th president (1993–2001), Kozo Shindo, established the Kurabo Code of Ethics (now the Kurabo Group Code of Ethics), he spoke these words to employees: “When considering new business, we are not just considering something that will make a profit, but, rather, we are making choices with the goal of contributing to, and making something useful for, society. This is a mindset I hope you will continue to maintain. The reason why we are talking about corporate ethics now is that there is currently an excessively strong trend towards caring only for one’s self, and this is one of the factors behind the current economic turmoil. [...] Another issue is business ethics. The Semba merchants of the Edo period had a saying that, ‘We benefit when we benefit our customers.’ In transactions, I make a profit in order to survive, and I set up a business system that also considers the profits of those who supply me with goods and those who buy goods from me.”

Profits and ideals are not contradictory; ideals lead to profits, and profits further

strengthen ideals. I will continue to strive for the coexistence of social value and economic value.

— Finally, what message do you have for shareholders, investors, and other stakeholders?

I recognize that distribution of dividends to shareholders is one of the most important priorities for our company, and our basic policy is to provide stable and continuous returns to shareholders. At the same time, the Kurabo Group has pushed ahead with business portfolio reforms under Progress '24, and in fiscal 2025, the final year of the plan, achieved record-high profits. Although the current economic situation is extremely uncertain, we have decided, based on factors such as

improved profitability, to increase dividends in response to our shareholders’ ongoing support. We also believe that acquiring treasury shares is an effective way to return profits to shareholders, and we are implementing this.

In addition to being focused on stable and continuous profit returns, we recognize that it is also important for shareholders and investors to be able to invest with peace of mind; thus, with regard to dividends during the Accelerate '27 period, we have set a target dividend on equity ratio (DOE) of 4%, which is not affected by business performance.

The Kurabo Group will continue striving for sustainability-oriented management and aiming for sustained growth. We kindly ask for your continued support.



Value Creation Strategy

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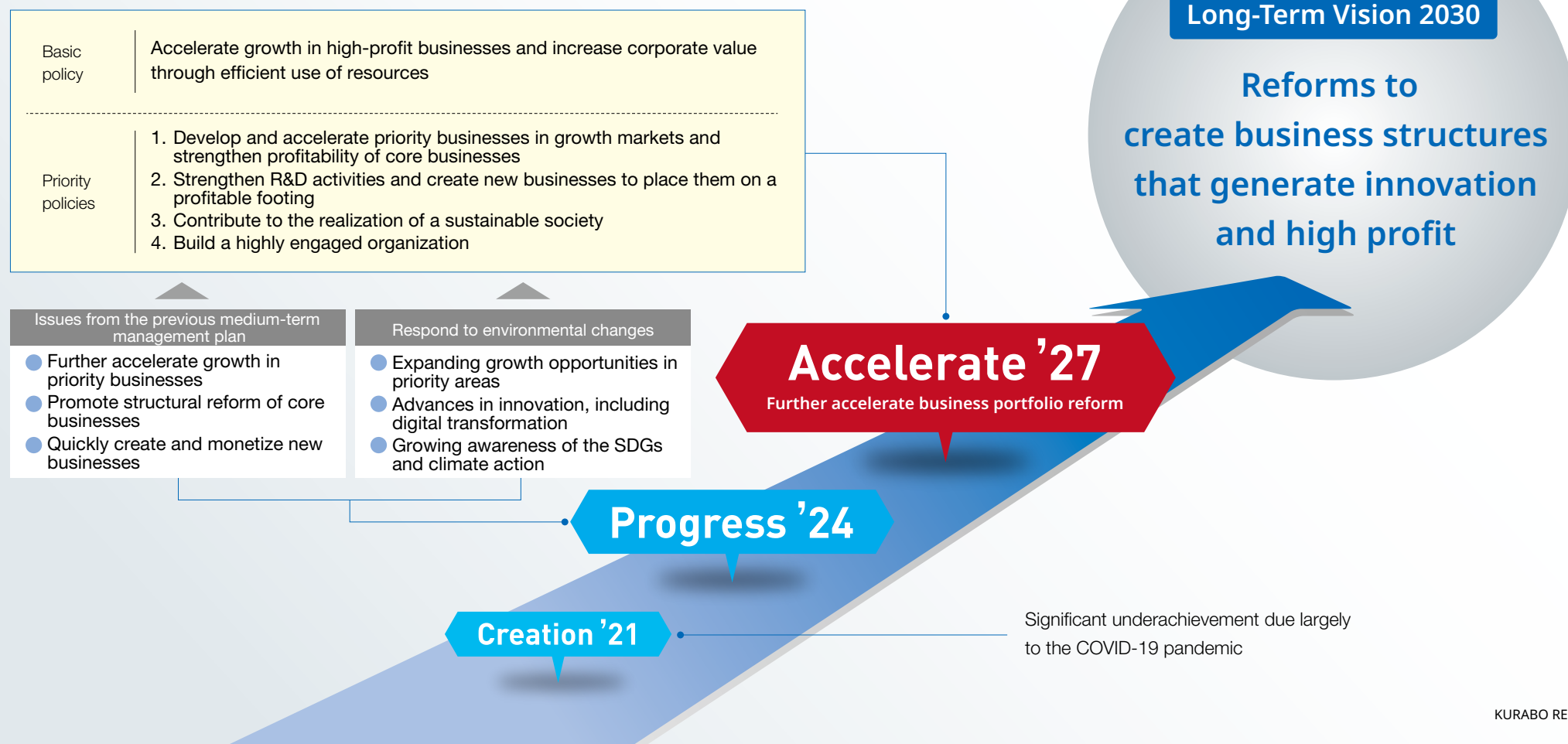
Accelerate '27 New Medium-Term Management Plan

Accelerate '27 is the third stage of the Long-Term Vision 2030 to make the Kurabo Group a strong corporate group that generates innovation and high profit.

Due to the significant impact of the COVID-19 pandemic, the first stage, Creation '21, fell far short of its targets. However, in the second stage, Progress '24, we returned to the growth trajectory of the long-term vision thanks to progress in our growth and priority businesses, including the semiconductor production-related business.

In light of this, we have revised our long-term vision goals ahead of schedule and are now entering an important stage in which we will accelerate the business portfolio reforms we began under Progress '24 to build a highly profitable business structure, while efficiently utilizing company resources to achieve these new goals.

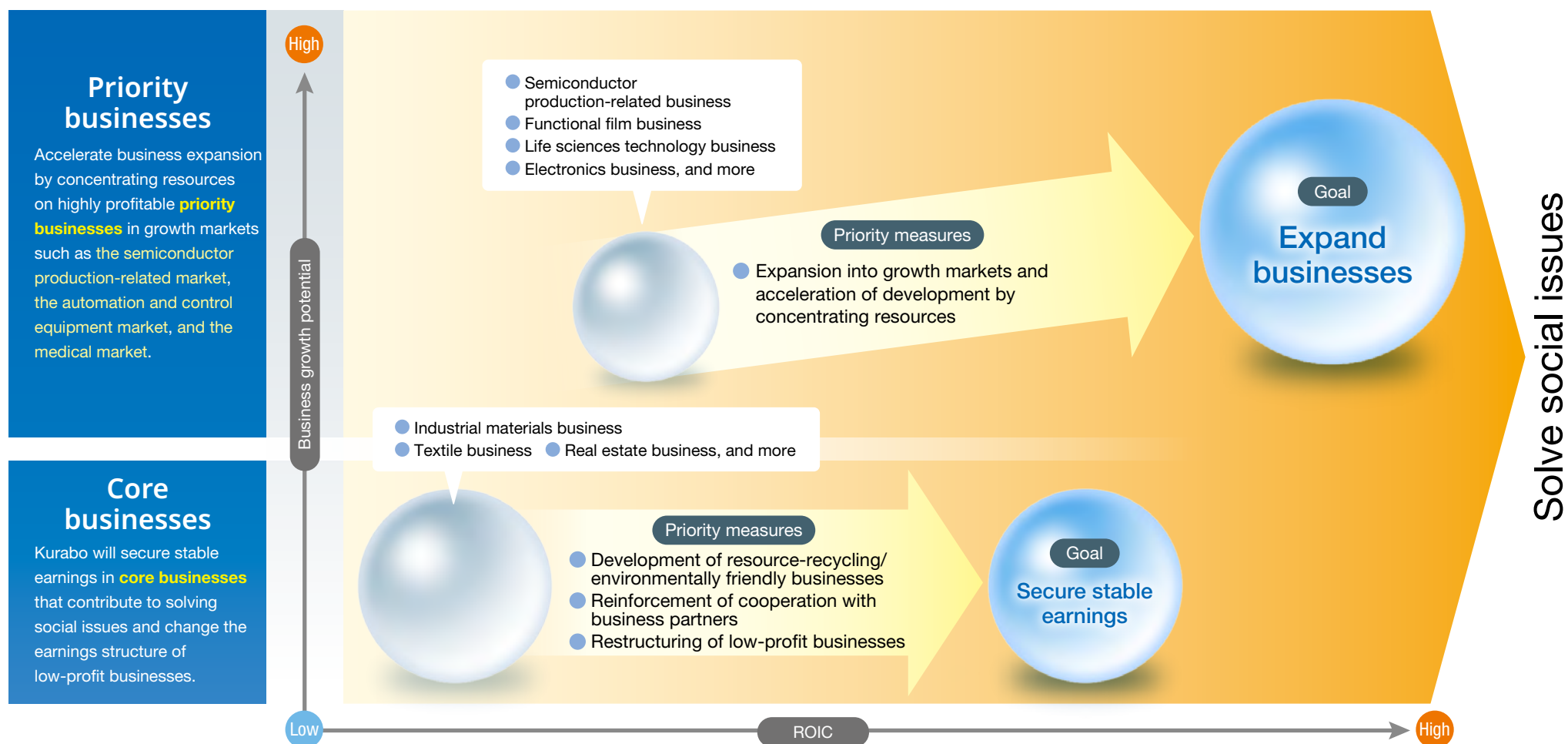
Outline of the Accelerate '27 New Medium-Term Management Plan



Accelerate '27 New Medium-Term Management Plan

Conceptual Image of the Business Portfolio Goal

Accelerate business portfolio reform by concentrating resources on highly profitable priority businesses



Accelerate '27 New Medium-Term Management Plan

Relationship among Segments, Business Categories, and Priority Areas

Segment	Business category	Main products and services	Priority/core	Priority area
Chemical products	High-performance plastic products	High-performance plastic products (fluorine, super engineering plastics), fluororesin materials, filters, etc.	Priority	Semiconductor production-related
	Functional films	Semiconductor process films (release films, dicing films, etc.)	Priority	Semiconductor production-related
		Sealing materials for solar cells, various high-performance films	Priority	
	Industrial materials	Functional materials such as flexible polyurethane foam, heat-insulating materials, construction materials, and nonwoven fabrics	Core	
Textiles	Yarn	High-performance yarns (NaTech functional cotton), etc.	Core	
	Uniforms	Highly functional fabrics and products for uniforms (Brevano flame-retardant fabric, etc.), Smartfit heat risk management system, etc.		
	Casual wear	High-value-added fabrics and products for casual wear, etc.		
Advanced technology	Life sciences technology	Mixing and deaerating machine, gene extraction system and analysis service, robot vision, automated systems (lab/factory automation), etc.	Priority	Life sciences technology
	Electronics	Liquid component concentration meter, etc.	Priority	Semiconductor production-related
		Infrastructure inspection equipment, film thickness meter, etc.		
	Engineering	Chemical supply system, wafer cleaning equipment, etc.	Priority	Semiconductor production-related
		Environment-related (water treatment, gas treatment, biomass, etc.)	Core	
Food and services	Food	Freeze-dried food	Priority	Life sciences technology
	Services	Commercial/cultural complex (Kurashiki Ivy Square), driving school	Core	
Real estate	Real estate	Real estate leasing	Core	

Accelerate '27 New Medium-Term Management Plan

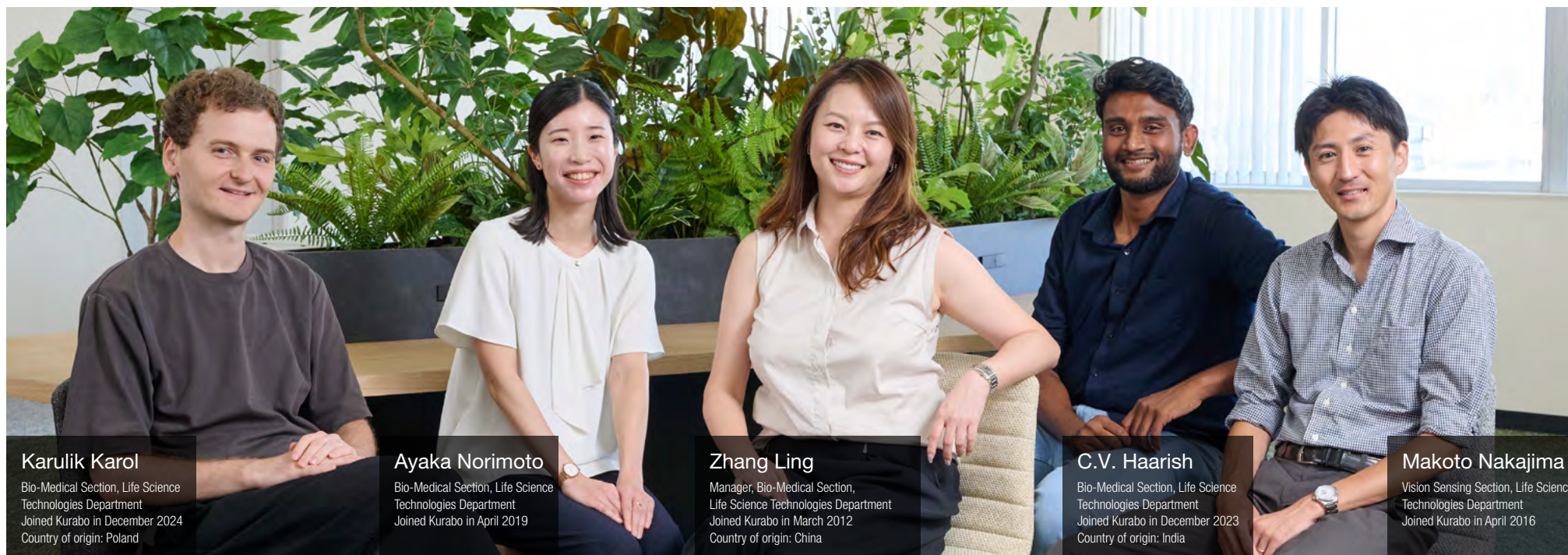
Numerical Targets

Company-wide targets (100 million yen)	Base year				Final year		
	FY3/2025 results (1)	FY3/2026 plan	FY3/2027 plan	FY3/2028 plan (2)	Change (2) – (1)	CAGR (compound annual growth rate)	
Net sales	1,506	1,440	1,520	1,650	+143	+3.1%	
Operating profit	103	80	112	130	+26	+8.0%	
Ordinary profit	117	95	120	130	+12	+3.3%	
Profit attributable to owners of parent	90	95	100	110	+19	+6.9%	
Operating profit ratio	6.8%	5.6%	7.4%	7.9%	+1.1pt		
ROE (return on equity)	7.6%	8.0%	9.0%	10.0%	+2.4pt		
ROA (return on assets)	5.4%	4.3%	6.2%	7.5%	+2.1pt		
ROIC (return on invested capital)	5.5%	4.4%	6.4%	7.9%	+2.4pt		

Targets by business segment (100 million yen)		Base year			Final year		
		FY3/2025 results (1)	FY3/2026 plan	FY3/2027 plan	FY3/2028 plan (2)	Change (2) – (1)	CAGR (compound annual growth rate)
Chemical products	Net sales	660	640	680	740	+79	+3.9%
	Operating profit	50	39	55	60	+9	+6.1%
Textiles	Net sales	485	435	450	490	+4	+0.3%
	Operating profit	0	–7	6	12	+11	+152.0%
Advanced technology	Net sales	219	222	240	270	+50	+7.2%
	Operating profit	33	30	34	40	+6	+6.2%
Food and services	Net sales	104	105	112	112	+7	+2.3%
	Operating profit	7	7	7	8	+0	+3.4%
Real estate	Net sales	37	38	38	38	+0	+0.7%
	Operating profit	22	22	22	22	–0	–0.6%

Growth Drivers

Outlook for the Life Sciences Business

**Karulik Karol**

Bio-Medical Section, Life Science Technologies Department
Joined Kurabo in December 2024
Country of origin: Poland

Ayaka Norimoto

Bio-Medical Section, Life Science Technologies Department
Joined Kurabo in April 2019

Zhang Ling

Manager, Bio-Medical Section, Life Science Technologies Department
Joined Kurabo in March 2012
Country of origin: China

C.V. Haarish

Bio-Medical Section, Life Science Technologies Department
Joined Kurabo in December 2023
Country of origin: India

Makoto Nakajima

Vision Sensing Section, Life Science Technologies Department
Joined Kurabo in April 2016

Fusing biotechnology with sensing technology. Creating new business that will help in addressing social issues.

In April 2025, the Life Science Technologies Department was established within the Advanced Technology Division with the aim of creating new business that will help in addressing healthy life expectancy and social issues like labor shortages. This has been positioned as a focus area in the new medium-term management plan, Accelerate '27. We asked five members of the Life Science Technologies Department, who are tackling frontline challenges, to speak candidly about the market's potential and their individual aspirations.

Selling bio-related products and automation systems in and outside Japan

— First, tell us how the Life Science Technologies Department was established and what each of your roles are.

Zhang The Life Science Technologies Department was established by integrating the biomedical field's sales section with the electronics field's robot vision, lab automation, and factory automation sales sections within the Advanced Technology Division.

Outlook for the Life Sciences Business



As a sales section head, my main responsibilities are to formulate and promote strategies, manage sales, and carry out management tasks such as building relationships of trust both internally and with customers, as well as to develop human resources. As a female manager of a foreign nationality, I am particularly aware that developing diverse human resources is an important mission of mine.

Nakajima I am in charge of domestic sales for the KURASENSE high-speed 3D vision sensor and the KURAVIZON seven-axis collaborative robot system.

Norimoto I am in charge of overseas sales for the Mazerustar mixing and deaerating equipment and for KURAVIZON, as well as for domestic and international sales promotion planning. My overseas sales areas are mainly Europe, the U.S., and Southeast Asia, and I conduct sales activities in close communication with distributors in each country and region.

Haarish I am responsible for overseas expansion of

automation systems that utilize KURASENSE and Mazerustar and for creating new business opportunities. My work spans both lab automation and factory automation, and I propose automation solutions based on customer needs. I also work to build overseas sales channels, and I work with system integrators to ensure the smooth introduction and long-term use of our products. I was a robotics engineer but I wanted to gain sales experience involving direct interaction with users, so I joined Kurabo in December 2023.

Karol I am mainly in charge of sales and marketing for nucleic acid extraction products and mixing and deaerating equipment for the European and American markets. I just joined Kurabo in December 2024. I have always been interested in genetics, and I applied to work here because I thought I would be able to learn and grow through work related to that field.

A mission to address various social issues and expand Kurabo business

— What is the background to the establishment of the Life Science Technologies Department, and what are its role and mission?

Zhang As the population ages, not only in Japan but in many other countries, and with the COVID-19 pandemic having gone on for years, interest in healthy life expectancy is growing. The Life Science Technologies Department's business is closely related to people's daily lives and is able to both address various social issues while achieving high profitability and, thus, plays a role in accelerating the market expansion of Kurabo business. Specifically, we have three main missions. The first is to accelerate sales growth by acquiring new customers and

expanding market share in growing markets, the second is to build up global business, and the third is to establish a system in which diverse human resources can thrive.

Nakajima One of the issues that has become a particular focus in recent years is labor shortage. The integration of robot vision and biomedical knowledge will not only help address this issue but also broaden the scope of Kurabo's contribution to society. Both factory automation and lab automation are growing markets, and we want to leverage the synergies between them to create great value.

Norimoto It's important to respond flexibly to social issues, especially in light of growing health awareness and advances in AI and automation. To that end, I value active communication within the division and an open attitude toward tackling new things.

Haarish The new medium-term management plan and the Long-Term Vision 2030 also call for global expansion of factory automation and lab automation. The Life Science Technologies



Outlook for the Life Sciences Business

Department can play a leading role in this endeavor. Our mission is not just to introduce advanced technology but also to realize accessible, adaptable, and effective automation tailored to each industry.

Karol I focus on technological innovation and business expansion in the medical and healthcare fields, but I am also very conscious of driving growth for the entire Kurabo Group. Addressing social issues and contributing to growing markets are our shared missions.

Rebuilding strategic partnerships and accelerating global expansion

— Tell us about your future growth story, including which areas you will focus on and how you will expand.

Zhang In the automation market, we apply robots, sensors, and AI to a variety of uses, including optimizing workflows and production cycles, shortening drug discovery cycles, accelerating research and development, and improving accuracy. In the biomedical field, specifically with regard to cells and genetics, we will expand our growth areas to help with realizing a safe and secure society, such as by extending healthy lifespans.

Nakajima Among the many sensor manufacturers in Japan, our technologies and products have unique features that cannot be found anywhere else. We have the potential to contribute to automation in a wider range of fields, not only by expanding our existing market of automating the wiring process of cables and wires, but also by developing sensors incorporating new technologies and broadening the scope of use for KURAVIZON. Currently, our customers are mainly in the



electronic parts and automotive industries, but we think KURASENSE can also be used in the catheter manufacturing process in the medical field, and we hope to contribute there.

Haarish Our factory automation business has already built up a strong track record in Japan, and we aim to expand it overseas in the future. On the other hand, since lab automation is not just a general task performed according to a set procedure, there are still many situations that require manual work, and we want to automate this with flexible, user-friendly systems. By combining robotics, vision sensors, and AI, we can deliver integrated automation for both research and production settings.

Zhang In research labs, specialists such as doctors and professors tend to spend a lot of their time on routine tasks, so automation is extremely important in order to allow them to focus on higher-value-added research activities. In particular, in labs and other facilities that handle viruses, there are restrictions in place to prevent the risk of infection, such as not being able

to re-enter the room for a certain period of time once you have left. However, if remote control functionality can be utilized, robots can be operated remotely without people having to enter the lab, thereby improving research efficiency.

Karol I am currently very interested in reviewing our sales structure in the European market. Nowadays, manufacturers have more direct access to the market and are able to respond flexibly to customer needs, so the traditional distributorship system is no longer necessarily in line with the times. In particular, I feel there is room to consider new mechanisms to increase profitability for nucleic acid extraction products. To this end, one option is to re-examine our relationships with existing sales partners and their contributions, and if necessary, rebuild strategic partnerships. Such efforts could potentially lead to an increase in Kurabo's presence and profitability. If we can establish a stable business foundation in the European market, it will likely lead to further growth and accelerated global expansion.

Responding quickly to rapid changes in the market

— What do you find appealing about working in the Life Science Technologies Department?

Zhang This is a diverse department where people can demonstrate their individuality regardless of age, gender, or nationality. Regardless of position or seniority, everyone freely exchanges ideas and holds discussions, making it a very positive and lively organization. I think one appeal of working in the Life Science Technologies Department is that we can immediately put our ideas into action, and teams, business divisions, research labs, and group companies can work

Outlook for the Life Sciences Business

together flexibly and quickly according to goals.

During discussions, we may have different opinions, but I never view differences of opinion in a negative light. Discussions that arise within a relationship of trust can lead to new ideas. When my boss once asked me, “What kind of manager do you want to be?” I answered, “My mission is to raise everyone to a higher level than myself.” I believe that as each member grows and surpasses me, it will lead to growth for the entire organization.

Nakajima I feel a sense of accomplishment in being able to contribute to workplaces struggling with labor shortages by automating production processes using KURASENSE. With factory automation, we value a flexible approach to sales, as each customer has different factory sizes, products, required speeds, and prices, so we can make the best proposal for each company.

Norimoto For me, there is appeal in the fact that we can respond quickly to a rapidly changing market. Transactions with overseas companies involve many administrative processes, such as contracts and trade procedures, but the atmosphere within our division is open and people can easily ask for advice. This means decisions are made quickly.

Previously, we mainly sold mixing and deaerating equipment as standalone units, but now we are able to respond to a wide range of customer issues by offering this equipment in combination with robots and automated equipment. By offering KURAVIZON to universities and introducing biomedical products to industrial customers, the variety of our proposals has expanded. This has led to many new learning experiences and made me realize how interesting it is to be in sales. Opportunities for interaction both inside and outside the

company have also increased.

Haarish What I find appealing is that we are able to take on areas that other companies have deemed impossible to automate. We are also building solutions for complex lab automation workflows and challenging factory automation processes. For example, with KURASENSE you can grasp even thin, soft things, such as wires.

Because the Life Science Technologies Department has only just been established, many of the systems are still in the development stage, and the challenge is that they must be built from scratch. But this gives us the freedom to innovate boldly.

Karol For me, the biggest appeals are that I have a manager who encourages flexible thinking and that I get to work with energetic teammates on cutting-edge technology in a business that contributes to society. I often get involved in fields outside my area of expertise, and being in an environment where I can absorb new knowledge every day feels exciting, like being on an adventure. (Laughs)



Rapid commercialization of KURAVIZON

— Tell us about what you have been able to do thanks to working at Kurabo, what your goals are, and what is rewarding about your work.

Haarish Shortly after joining Kurabo, I suggested to my boss that we apply for an international sensor award. At first, I was worried that my proposal would be rejected, but with the support of my team, we were selected as a finalist for the Best of Sensors Award 2024–Sensors Converge. I think that experience was symbolic of Kurabo’s desire to “Bring the world something exciting” and of our corporate culture of embracing new challenges.

When I attended the award ceremony in the U.S., I had the opportunity to hold meetings with several companies, one of which was Flexiv Robotics, Inc., a U.S.-based company and our business partner with KURAVIZON. My intent was to ask Flexiv if they could build a system that utilized KURASENSE, but what surprised me was that Manager Zhang, who accompanied me, suggested that “We could also sell Flexiv’s robots.” (Laughs)

Zhang That’s right. I had been interested in the robotics business for some time, but the Japanese robotics market is mature and has many competing manufacturers, so I thought it would be unrealistic for Kurabo to develop a robot from scratch. It was then that I came across a robot developed by Flexiv, a startup company from Stanford University. We entered into a business partnership with Flexiv and developed KURAVIZON by combining the technologies of both companies. The reason we were able to commercialize KURAVIZON so quickly was because of Kurabo’s distinctive strengths in flexible team

Outlook for the Life Sciences Business

structure and fast-paced organizational culture.

Nakajima I feel a sense of fulfillment when, after a customer installs equipment that I have recommended, they express how happy they are with the result, such as by saying, “Production has become easier” or “We couldn’t live without this.” I want to keep growing the number of such customers, as this will lead to an expansion in our business.

Norimoto I feel a sense of accomplishment when I build relationships of trust with distributors and customers, when I realize my own growth, and when the results of that growth translate into positive results for the division. My current objective is to raise awareness of our new product, KURAVIZON, and to expand sales by combining it with existing technologies and products.

Haarish My goal is to grow Kurabo into a global leader in the factory automation field and to build a flexible lab automation model in Japan. I believe that, through these two challenges, I will be able to grow in terms of developing both international business and domestic solutions. Being involved in different and diverse markets and technologies is also a major challenge.

Karol I want to develop markets in Europe and America. In the European market, products must meet strict EU member state regulations, such as the CE mark and the IVDR (In Vitro Diagnostic Medical Device Regulation), which pose a major hurdle to Japanese companies. However, overcoming this will enable us to establish strong sales capabilities in the European market, which will also help us accelerate our global expansion. As someone from Europe, I feel it is my responsibility to demonstrate leadership in this area, and I find this work very fulfilling.

Leveraging diversity as a driving strength of the Kurabo Group

— What do you think about the systems and environment Kurabo has in place for cultivating individuals who can be active on the global stage?

Nakajima I feel that the environment is respectful of our individual circumstances and personalities and empowers us in our career development. I have had the opportunity to work in a variety of departments, and each transfer has brought with it a new mission. Through interviews with my supervisor, I am able to set goals that are appropriate for my years of experience and skills.

Norimoto A variety of systems have been put in place since I joined the company. With systems such as flextime and telework, even when life changes due to marriage or childbirth, it’s easy to continue working and plan your career. I know many colleagues who use these systems and are able to balance work with childcare.

Also, seeing Manager Zhang working hard every day has made me want to aim for a managerial position in the future. It’s very reassuring to have someone taking the lead and guiding me.

Haarish Even if a discussion is taking place in Japanese and I say something in English, I am still able to naturally join in the discussion. Our inclusive company culture has helped me settle in smoothly and build trust, allowing me to continue to set high goals with confidence.

Karol As awareness of LGBTQ+ issues grows throughout society and efforts are underway to increase the proportion of women in managerial positions, I feel that the members of the



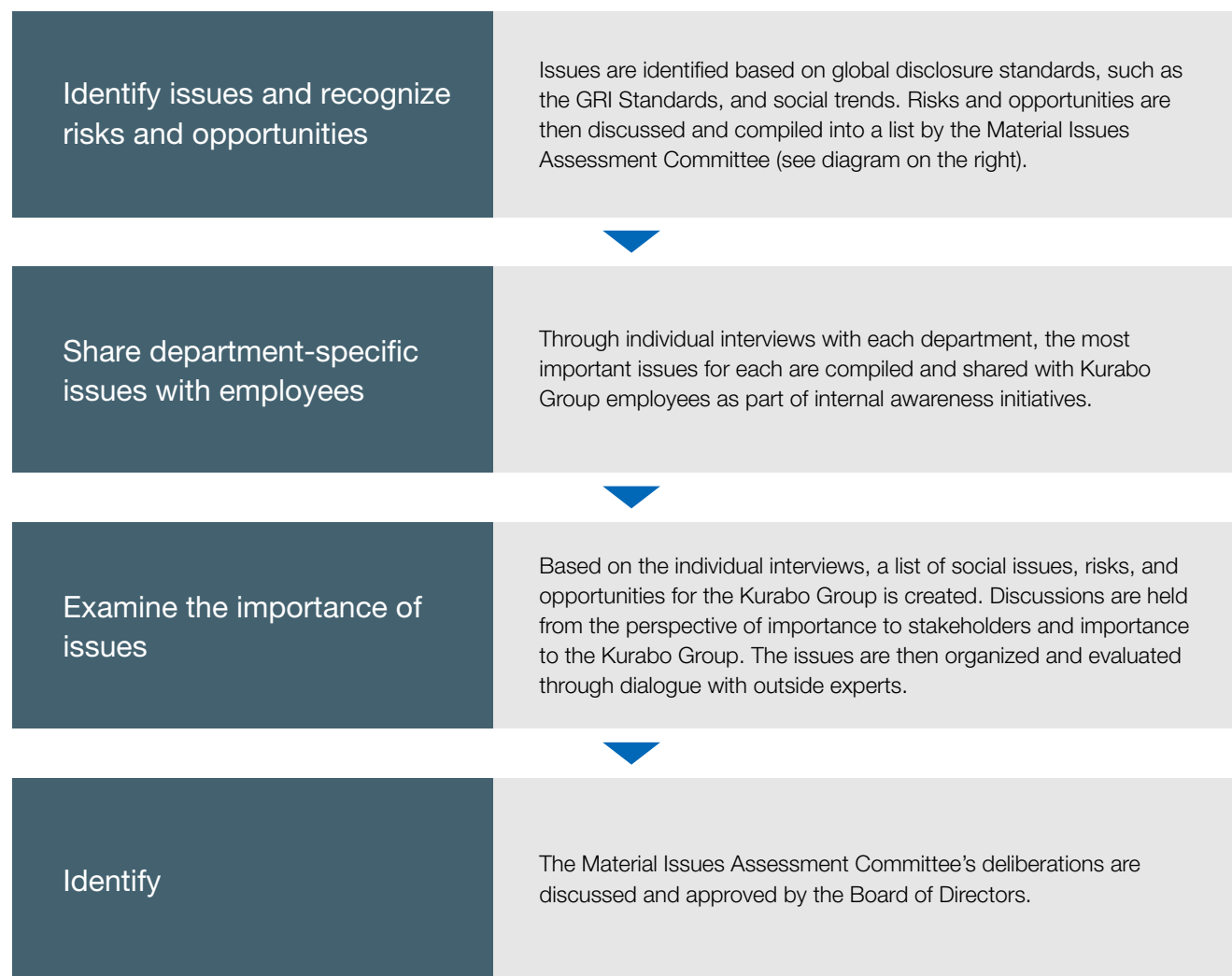
Life Science Technologies Department possess an international perspective and a deep understanding of diversity. I hope that diversity will continue to grow and that opportunities for active exchange and learning will increase in the future.

Zhang Whenever I have the opportunity, I tell my team that, before we pursue “freedom,” it is essential that we first be able to “create value” and “take responsibility.” Our DE&I efforts are helping to create an ideal environment and foundation for value creation, responsibility, and freedom. Having experienced many global environments, I believe that Kurabo’s various initiatives, including its personnel system, support the development and success of globally competent individuals. I hope that valuing the balance of these three elements and truly enjoying tackling new challenges together with colleagues will be emblematic of this new Life Science Technologies Department.

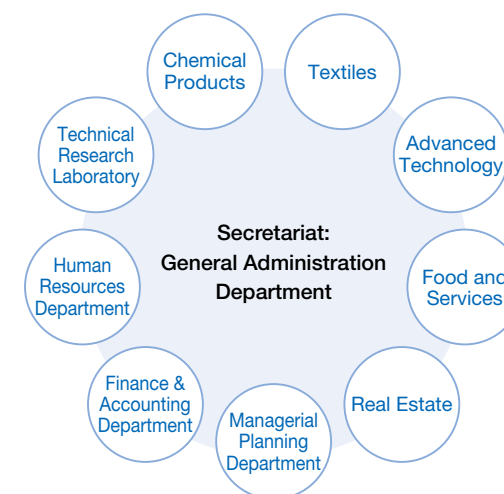
Material Issues

To put our management philosophy into practice, the Kurabo Group identifies material issues (important issues) for improving the sustainability of our business through the efficient use of resources and, thereby, improving our corporate value.

Identification Process, Management, and Operation



■ Material Issues Assessment Committee organization chart



Material Issues Assessment Committee: Comprised of the heads of 10 departments, encompassing Kurabo's five business domains (chemical products, textiles, advanced technology, food and services, real estate), the Managerial Planning Department, Finance & Accounting Department, Human Resources Department, Technical Research Laboratory, and General Administration Department.

In order to ensure material issues are being steadily addressed, the Sustainability Committee regularly reviews the progress of major initiatives, the setting of KPIs, priority focus areas, challenges, and countermeasures. It also makes revisions as appropriate in response to social conditions and operational circumstances.



Material Issues

Risks, Opportunities, and Material Issues

Social issues	Risks and opportunities	Material issues
<ul style="list-style-type: none"> Ensuring safe, secure, and comfortable social infrastructure Decrease in the workforce due to aging population and low birthrate Responding to acceleration of digital technology 	<div>Opportunities</div> <ul style="list-style-type: none"> Expansion of business through new development of highly functional materials Sophistication of performance and quality demanded by the market Evolution of digital technologies, faster speed of innovation <div>Risks</div> <ul style="list-style-type: none"> Losses/damages and loss of public trust due to poor quality Decreases in safety and quality due to factors including a shortage of workers and failure to pass on skills 	<p>Realize a safe, secure, and comfortable society</p>
<ul style="list-style-type: none"> Creation of a circular economy Mitigation of global warming, protection of Earth's environment Reduction of environmental impact 	<div>Opportunities</div> <ul style="list-style-type: none"> Expansion of demand for sustainable businesses and products Improved corporate image resulting from environmental protection activities Reduction of carbon tax burden through decrease in GHG emissions <div>Risks</div> <ul style="list-style-type: none"> Losses/damages and loss of public trust due to inadequate environmental protection Squeeze on profits due to rising cost of environmental measures Difficulty of continuing business due to inadequate response to environmental regulations 	<p>Consider the environment and contribute to a circular economy</p>
<ul style="list-style-type: none"> Remedy of economic disparity and eradication of poverty Respect for workers' rights Decrease in the workforce due to aging population and low birthrate Improvement in job satisfaction 	<div>Opportunities</div> <ul style="list-style-type: none"> Increase in corporate value through respect for human rights Innovation through a diversity of values Strengthening of partnerships with suppliers <div>Risks</div> <ul style="list-style-type: none"> Losses/damages and loss of public trust due to human rights problems Higher costs of raw materials and labor Trouble finding diverse human resources to hire 	<p>Empower a diversity of people and respect human rights</p>
<ul style="list-style-type: none"> Strengthening of stakeholder engagement Corporate scandals Betterment of local communities 	<div>Opportunities</div> <ul style="list-style-type: none"> Improved corporate image resulting from the building of trust Sustained growth through response to changing values Creation of new value through coexistence with communities <div>Risks</div> <ul style="list-style-type: none"> Losses/damages and loss of public trust due to scandals Disasters, geopolitical risks Cyberattacks, information leaks 	<p>Strengthen governance and CSR for sustained growth</p>

Material Issues

Material Issue-Focused Initiatives and KPIs

Material issues	Main measures	Initiatives, KPIs	Progress updates
Realize a safe, secure, and comfortable society	Develop and provide products and services for the semiconductor market that contribute to the advancement of a digital society	Use the new Kumamoto Innovation Center building to double manufacturing and development capacity of high-performance plastic products to meet growing demand for semiconductor production equipment	<ul style="list-style-type: none"> ● Operation of the new Kumamoto Innovation Center building, since July 25, 2025, is contributing to stronger new product development ● Core technologies, such as high-precision processing and precision cleaning, are enabling us to meet the ever-increasing cleanliness needs of plastic parts required in future semiconductor production equipment
		Expand functional films for advanced semiconductor back-end processes	<ul style="list-style-type: none"> ● Launched development of process film for high bandwidth memory required for AI applications ● Sales promotion of Oidys semiconductor package release film in China, South Korea, and Taiwan
		Conduct implementation evaluation of in-situ measuring and control	<ul style="list-style-type: none"> ● Developed a sensor capable of detecting the endpoint of etching in semiconductor production processes ● Developed a process monitor (cleaning unit) that enables efficient development and evaluation of advanced semiconductors ● Activities, including customer demonstrations, underway to secure orders for standalone measuring devices ● In-house evaluation and search for potential evaluation partners for systems incorporating measuring devices
	In response to a decrease in the working population, expand the factory automation and robot business	Expand sales in the factory automation and robot business	<ul style="list-style-type: none"> ● Development and sales promotion of the Kuravizion automation system ● Sales promotion of Kurasense high-speed 3D vision sensors ● Lab automation for in-house genetic analysis equipment ● Search for partner companies and construction of a manufacturing network
	Transform production bases into smart factories and establish a QR system to address the decline in the working population	Transform production bases into smart factories through digitalization of manufacturing processes and production control	<ul style="list-style-type: none"> ● Improved work efficiency and strengthened control through the use of barcodes, QR codes, RFID, and OCR ● Product inspection and measurement using cameras and sensors, and predictive equipment maintenance using AE/vibration sensors ● Optimized production conditions and improved productivity through digitalization and visualization of production site data ● Started digitalization of machine daily reports at each factory ● Launched sales support system for CBW assistive suit and Smartfit risk management system for hot work environments; established QR system ● Improved efficiency through the introduction of RPA to various tasks, including man-hour management
	Conduct R&D to support innovative technology and advanced quality	Commercialize the Kurapower Sheet carbon fiber composite material	<ul style="list-style-type: none"> ● Developed applications and molding methods that were difficult to achieve with existing materials by leveraging unique features ● Developed mass production technology ● Searched for potential customers and developed optimal molding methods
		Secure technologies for converting	<ul style="list-style-type: none"> ● Began proposals to customers for using Oidys copper-clad laminate in high-frequency applications
		Boost functions of Kurasense high-speed 3D vision sensors	<ul style="list-style-type: none"> ● Developed robot hand-equipped Kurasense/C-100FX ● Developed bundle stack recognition-capable Kurasense /C-300FX ● Improved usability (automatic connector registration function, UI) ● Developed sensing function to recognize multiple cables simultaneously. Made functional enhancements
		Develop cancer gene testing (collaboration with AIST startup)	<ul style="list-style-type: none"> ● Established nucleic acid extraction method and process automation ● Established reagent production system ● Launched testing service in Japan
	Pursue an IP strategy to support innovative technology and advanced quality	<ul style="list-style-type: none"> ● Target patent application rate (Kurabo Industries) for expansion of priority businesses (priority technologies) during Accelerate '27 (FY2026–FY2028): 65% or more ● Obtain and exercise intellectual property rights to expand priority businesses, and boost information sharing between business divisions 	<ul style="list-style-type: none"> ● Shared information with business divisions through patent strategy meetings and theme-specific patent meetings
	Expand sales of products that contribute to safety and security	Provide uniform clothing materials, such as flame-retardant and antistatic materials	<ul style="list-style-type: none"> ● Expanded sales of Brevano and Proban flame-retardant products to corporate customers
		Expand sales of Smartfit risk-management system for hot work environments	<ul style="list-style-type: none"> ● Increasingly being adopted at businesses with a workforce of 1,000 or more, mainly in the power-related and manufacturing industries ● Launched the Smartfit standalone smartwatch, and started providing customer proposals for improving workplace safety and health management

Material Issues

Material Issue-Focused Initiatives and KPIs

Material issues	Main measures	Initiatives, KPIs	Progress updates
Consider the environment and contribute to a circular economy	Expand environmentally friendly products	Expand sales of Kurattice Eco, a composite of recycled wood powder and aluminum	<ul style="list-style-type: none"> Expanded the lineup of exterior construction products Developed recyclable materials using waste aluminum and wood
		Develop materials from non-fossil sources	<ul style="list-style-type: none"> Developed biomass-derived flexible polyurethane and film
		Expand sales of NaTech functional cotton	<ul style="list-style-type: none"> Expanded sales primarily through retail Completed development of heat-insulating, UV-blocking NaTech Dull
		Expand sales of Air Flake sustainable insulation	<ul style="list-style-type: none"> Worked to expand sales in both the clothing and bedding categories
		Expand sales of Funto livestock waste treatment system	<ul style="list-style-type: none"> Proposed and promoted kerosene-powered or biomass-powered Funto units in line with livestock farm scale and issues
	Build a circular business model	Expand the market for L∞PLUS upcycling system	<ul style="list-style-type: none"> Focused on recycling scraps and offcuts generated during the manufacturing process R&D/demonstration project to realize textile-to-textile resource circulation organized by five major textile companies launched
		Recycling rate target (FY2025 and FY2026): 97% in Japan	<ul style="list-style-type: none"> FY2025 results: 96.3% in Japan
	Pursue initiatives towards carbon neutrality	Target for CO ₂ emission reductions (against FY2014) • 40% in FY2025; 44% in FY2026	<ul style="list-style-type: none"> FY2025 results: 41.4% reduction
	Develop technologies to reduce environmental impact	Develop material recycling technology for high-performance plastic products	<ul style="list-style-type: none"> Started research into recycling fluororesin scraps generated in the supply chain and new technologies for recycling fluororesin material
		Explore and develop new ultrasonic cleaning technology for high-performance plastic products	<ul style="list-style-type: none"> Started mass production using the new cleaning process at the new Kumamoto Innovation Center building
		Survey and research cleaning methods using functional water	<ul style="list-style-type: none"> Confirmed that the currently under-research functional water has a high cleaning effect on contaminated plastic Continued research and study towards practical application
		Develop new technology for reducing the environmental impact of flame lamination	<ul style="list-style-type: none"> Prototyping, physical property assessments, and manufacturing cost verifications for a new, environmentally friendly laminating process
		Conduct in-process recycling of raw material waste	<ul style="list-style-type: none"> Conducted in-process recycling at each business site
		Save resources by developing other uses for waste	<ul style="list-style-type: none"> Developed and established technology for biomass-type Funto, which uses Funto-made compost in place of kerosene to generate hot air
		Develop next-generation dyeing technologies	<ul style="list-style-type: none"> Moved to developing decolorization technology for more environmentally friendly textile recycling
		Develop new energy (hydrogen, ammonia, etc.) related products	<ul style="list-style-type: none"> Began market research and search for potential partners to develop products related to new energy and CO₂ recovery systems
	Strengthen business continuity plan	Review alternative production bases for emergencies	<ul style="list-style-type: none"> Secured production capability for urethane slabs at the Kamogata and Susono plants (developed formulations and made facility adjustments) Secured production capability for functional films at the Mie Plant and Sheedom Co., Ltd. Started review of alternative production bases listed in the Textile Business Division's BCM manual following closure of the Anjo Mill Added new contract manufacturers in robot vision-related products Built a production network with a partner company at Seiki Co., Ltd.

Material Issues

Material Issue-Focused Initiatives and KPIs

Material issues	Main measures	Initiatives, KPIs	Progress updates
Empower a diversity of people and respect human rights	Offer human rights education and closely monitor the supply chain	Inform suppliers about the Kurabo Group's human rights policy	<ul style="list-style-type: none"> Created a page on our website to communicate our human rights policy and raise awareness of it among stakeholders Posted our human rights policy internally and raised awareness of it among visitors
		Conduct CSR questionnaires at suppliers	<ul style="list-style-type: none"> FY2025 results: target 80 companies, response rate 83.7%, improvement requests made to 31 companies See p.67 for details.
	Empower a diversity of people (pursue DE&I)	Target for female workers in management positions (Kurabo Industries) • End of FY2025: 3% or more • End of FY2028: 5% or more	<ul style="list-style-type: none"> Results at end of FY2025: 4.1%
		Target for new female graduates in career-track positions (each fiscal year) (Kurabo Industries): 30% or more	<ul style="list-style-type: none"> FY2025 results: 37.5%
		Target for percentage of sections with women in career-track positions (Kurabo Industries) • End of FY2025: 45% or more • End of FY2028: 50% or more	<ul style="list-style-type: none"> Results at end of FY2025: 47.1%
		Target for hiring persons with disabilities (Kurabo Industries): Meet or exceed legal requirement	<ul style="list-style-type: none"> FY2025 results: 2.63% (achieved legal requirement of 2.5%)
	Promote flexible work styles	Target paid leave usage (Kurabo Industries) • FY2025: Average of at least 12 days per year per employee • FY2028: Average of at least 15 days per year per employee	<ul style="list-style-type: none"> FY2025 results: 13.1 days
		Target parental leave utilization rate of male employees (Kurabo Industries) • FY2025: 30% or more • FY2028: 70% or more	<ul style="list-style-type: none"> FY2025 results: 73.9% Combined with our unique childcare leave system, the utilization rate is over 90%.
	Improve worker engagement	Target engagement rating for end of FY2028 (rating calculated by research company) (Kurabo Industries): BB	<ul style="list-style-type: none"> FY2025 results: CC
		Target engagement score for end of FY2028 (deviation value calculated by research company) (Kurabo Industries): 55.0	<ul style="list-style-type: none"> FY2025 results: 43.6
	Thoroughly manage safety and health	Zero disasters	<ul style="list-style-type: none"> FY2025 results: 6 for Kurabo Industries, 15 for its group companies in Japan
		Zero traffic accidents	<ul style="list-style-type: none"> FY2025 results: 14 for Kurabo Industries, 31 for its group companies in Japan
	Promote health and productivity management	<ul style="list-style-type: none"> Continue to be certified as an outstanding organization in the KENKO Investment for Health program with a deviation value of at least 50 (FY2025) (Kurabo Industries) Continue to be certified as an outstanding organization in the KENKO Investment for Health program with a deviation value of at least 60 (FY2026) (Kurabo Industries) 	<ul style="list-style-type: none"> FY2025 results: Deviation value 57.1
	Increase productivity through automation and digital transformation	Promote wider adoption of Atsumieru on-site urethane foam thickness measurement system, which contributes to labor savings during insulation work at construction sites	<ul style="list-style-type: none"> In apartment building construction, trials and field verification conducted by mainly major construction companies Began studying rental and leasing options for measuring equipment as a sales promotion measure

Material Issues

Material Issue-Focused Initiatives and KPIs

Material issues	Main measures	Initiatives, KPIs	Progress updates
Strengthen governance and CSR for sustained growth	Offer thorough compliance education	Job-level-specific education for new managers, mid-career hires, and new employees	<ul style="list-style-type: none"> Held lectures on risk management, fundamental matters for legal compliance in business activities, and the whistleblowing system to ensure that all employees are fully informed
	Strengthen internal control	Compliance audits	<ul style="list-style-type: none"> Held every year. A review of audit methods and other procedures will begin in January 2026
	Ensure sufficient communication with stakeholders	Communicate more with institutional investors	<ul style="list-style-type: none"> FY2025 results: 52 IR interviews, 9 SR meetings Continue to actively engage in dialogue with investors
		Hold IR briefings	<ul style="list-style-type: none"> FY2025 results: Held twice FY2026: Held on May 27 for FY3/2025 results; planned for November for FY3/2026 2nd quarter results
	Ensure thorough disclosure of non-financial information	Publish the <i>Kurabo Report</i>	<ul style="list-style-type: none"> FY2025 edition published and posted on our website in October. English version to be published in December
	Manage with an awareness of return on capital and share price	Target ROE at end of FY2028: 10% or more	<ul style="list-style-type: none"> Results at end of FY2025: 7.6%
		Reduce cross-shareholdings so that their ratio to consolidated net assets is below 20% (end of FY2028)	<ul style="list-style-type: none"> Results at end of FY2025: Cross-shareholdings accounted for 44.7% of consolidated net assets
		Target DOE (dividend on equity) for the Accelerate '27 medium-term management plan period (FY2026–FY2028): 4%	<ul style="list-style-type: none"> FY2025 results: 2.6%
		Target acquisition amount of treasury shares during the Accelerate '27 medium-term management plan period (FY2026–FY2028): Total 20 billion yen	<ul style="list-style-type: none"> FY2025 results: 5.2 billion yen
	Have a business portfolio strategy, properly distribute company resources	Concentrate company resources in priority businesses in growth fields	<ul style="list-style-type: none"> As of April 1, 2025, the Functional Plastics Products Department and Life Science Technologies Department were established to expand the scope of priority businesses in growth areas Company resources, such as capital investment and R&D, will continue to be allocated to priority businesses like high-performance plastic products for semiconductor production equipment, as with the previous Progress '24 medium-term management plan
		Secure stable profits in core businesses that can solve social issues, and restructure low-profit businesses	<ul style="list-style-type: none"> The Accelerate '27 medium-term management plan began in April 2025. It positions the industrial materials, textiles, environmental plant construction, and real estate businesses as core businesses that help address social issues. We will also carry out structural reform of low-profit businesses to improve and strengthen overall profitability.
	Strengthen business risk management	Make a risk map	<ul style="list-style-type: none"> At the Board of Directors and Management Council meetings held in April and May 2025, the Kurabo Group's business risks and responses were discussed and confirmed using a risk map Refer to the securities report submitted in June 2025

Financial Strategy

Implementing financial and capital policies to improve capital efficiency



Director
Executive officer
Officer in charge of Finance & Accounting Department,
IT Management Department,
General Administration Department,
and Estate Promotion Department

Hiroshi Fujii

Analysis and Evaluation of Performance for the Fiscal Year Ended March 2025

For the fiscal year ended March 2025, net sales were down 600 million yen, or 0.4%, from the previous fiscal year to 150.6 billion yen, due to factors including the impact of the transfer of

the machine tool business in the previous fiscal year and a decrease in orders for casual clothing materials in the textile business. However, the chemical products business, which saw the expansion of priority businesses, such as high-performance plastic products for semiconductor production equipment, drove overall performance, and profits at each stage increased compared to the previous fiscal year, reaching a record high.

In addition, while 3.9 billion yen in extraordinary gains, including gains on the sale of cross-shareholdings, was recorded, 3.9 billion yen in extraordinary losses, including impairment losses, was also recorded.

Compared to the previous medium-term management plan, Progress '24, which has the fiscal year ended March 2025 as its final year, sales fell short of targets due to, among other factors, the impact of the transfer of the machine tool business. However, as a result of reforming our business portfolio aimed at building a highly profitable business foundation, such as expanding priority business in semiconductor production-related markets and other growth markets, we achieved target profits at each stage.

Furthermore, as a result of increased dividends and treasury share acquisition in line with improved profits, ROE also improved, achieving the target of 7%.

Earnings Forecast for the Fiscal Year Ending March 2026

Regarding the future economic situation, it is expected that the economy will continue to show a gradual recovery. However, the situation in Ukraine and the Middle East remains unstable, and the recovery of the Chinese economy is unclear. There are also concerns that the policy changes being pushed forward by the Trump administration, such as additional tariffs, could lead to a global economic recession, making the outlook extremely uncertain.

Under these circumstances, the full-year consolidated forecast for the fiscal year ending March 2026 calls for net sales of 144 billion yen, which is a decrease of 6.6 billion yen, or 4.4%, compared to the previous fiscal year, with operating profit decreasing to 8.0 billion yen and ordinary profit decreasing to 9.5 billion yen. However, profit attributable to owners of parent is expected to increase by 400 million yen, or 5.4%, to 9.5 billion yen, due to extraordinary gains, including gains on sales of investment securities.

By segment, in the chemical products business, we expect a decrease in sales of 2.0 billion yen compared to the previous fiscal year due to the impact of excluding the Chinese

Results for the fiscal year ended March 2025

(Million yen)

	FY3/2024 results	FY3/2025 results	FY3/2025 medium-term plan
Net sales	151,314	150,660	160,000
Operating profit	9,186	10,311	9,600
Ordinary profit	10,191	11,784	10,200
Profit attributable to owners of parent	6,738	9,014	7,200
ROE	6.2%	7.6%	7.0%
ROA	5.0%	5.4%	5.3%
ROIC	5.2%	5.5%	5.6%

Plan for the fiscal year ending March 2026

(Million yen)

	FY3/2025 results	FY3/2026 plan	Increase/decrease
Net sales	150,660	144,000	– 6,660
Operating profit	10,311	8,000	– 2,311
Ordinary profit	11,784	9,500	– 2,284
Profit attributable to owners of parent	9,014	9,500	486

Financial Strategy

subsidiary, in which we transferred equity in the previous fiscal year, from consolidation, and the semiconductor market not expected to recover until the second half of the year or later. We also expect an increase in depreciation and labor costs, and we are projecting a decrease in profits of 1.1 billion yen compared to the previous fiscal year.

In the textile business, which is currently undergoing restructuring, sales of high-performance yarn products are expected to progress smoothly. However, due to a decrease in orders for casual clothing materials and the recording of extraordinary operating expenses associated with factory closure, the business is projected to decrease in sales by 5.0 billion yen and to decrease in profit by 700 million yen compared to the previous fiscal year.

In the advanced technology business, although we plan to expand sales of robot vision and other products, we expect costs to increase, including labor costs, and are therefore planning for sales to increase by 200 million yen and profits to decrease by 300 million yen compared to the previous fiscal year.

The food and services business and real estate business remain strong and are expected to perform roughly at the same level as the previous fiscal year.

Financial and Capital Policies

1. Shareholder returns

Regarding dividends, we recognize that paying dividends to shareholders is one of our most important corporate priorities, and our basic policy is to provide continuous and stable returns to shareholders. For the period of our Accelerate '27 medium-term management plan, we have set a target dividend on equity ratio (DOE) of 4%. Because DOE is based on shareholders' equity, it is less affected by changes in profits and losses during the period, allowing for stable dividend payments.

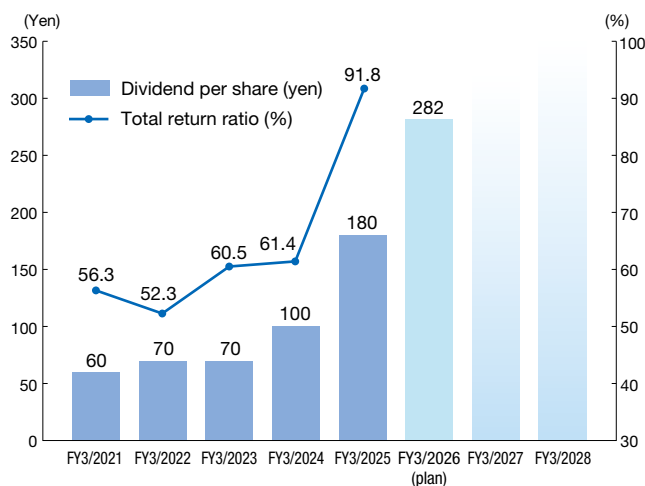
Furthermore, with regard to acquisition of treasury shares, we plan to use proceeds from the sale of cross-shareholdings to acquire 20 billion yen of treasury shares over the three years of Accelerate '27 in order to strengthen shareholder returns and

improve capital efficiency.

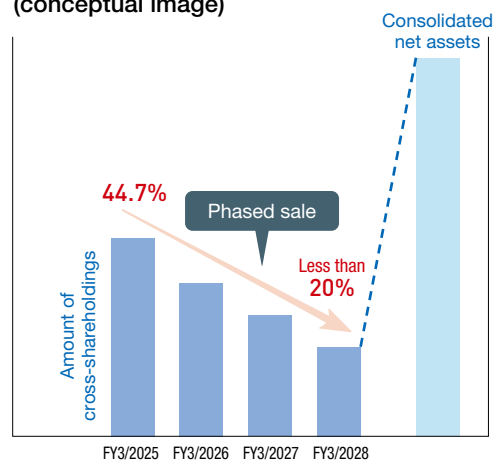
2. Reducing cross-shareholdings

When we determine that maintaining and strengthening relationships with important business partners will contribute to improving our corporate value over the medium to long term, we will hold shares in those companies. If we determine that holding shares does not necessarily have sufficient significance, we will reduce our holdings. In line with this policy, we sold 5.6 billion yen (market value basis) over the three years of our previous medium-term management plan, Progress '24. However, due to an increase in stock prices, the valuation difference increased by 27.5 billion yen, resulting in a total of 54.1 billion yen at the end of March 2025, which is 44.7% of our consolidated net assets. To improve capital efficiency, we plan to gradually sell these cross-shareholdings and reduce them to less than 20% of consolidated net assets by the end of March 2028, the final year of Accelerate '27.

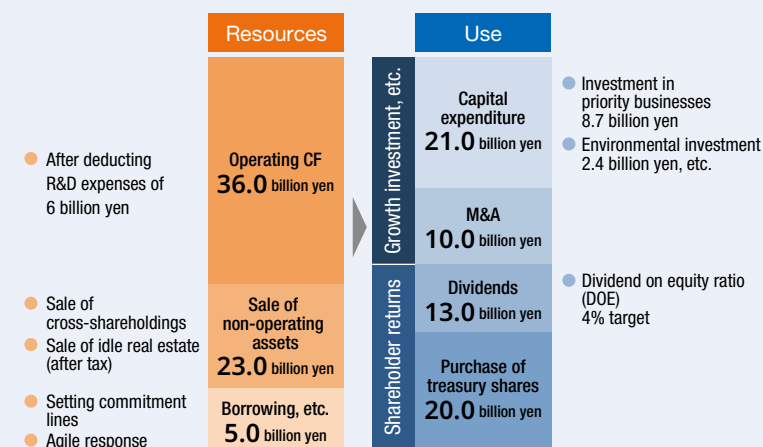
Dividend per share and future outlook (conceptual image)



Cross-shareholdings and future outlook (conceptual image)



Generate funds from operating cash flow and sales of non-operating assets, and allocate them to growth investment and shareholder returns in a balanced manner



Note: The amounts shown are the cumulative 3-year totals.

Financial Strategy

3. Cash allocation

Under Accelerate '27, we expect cash inflow from operating cash flow generated over three years and from the sale of non-operating assets such as cross-shareholdings. Any shortfall will be addressed flexibly, such as by borrowing from financial institutions.

This cash inflow will be allocated for use in capital investment and M&A for growth, as well as for dividends and treasury share acquisition in accordance with our capital policy.

Regarding capital investment, we plan to invest a cumulative total of 21 billion yen over three years, focusing on priority businesses and environmental investments to ensure sustained growth. Similarly, with regard to M&A investments that will contribute to the expansion of the Kurabo Group's business, we are targeting semiconductor production-related and life sciences technology fields, and we expect to spend 10 billion yen.

4. Progress on, and future initiatives for, improving return on capital

Currently, as a result of our Progress '24-driven efforts to improve business profitability, as well as a result of our capital policy and the strengthening of our investor relations activities, ROE and ROIC, which are indicators of capital return, are also showing signs of improvement. We recognize the importance of further strengthening our efforts going forward.

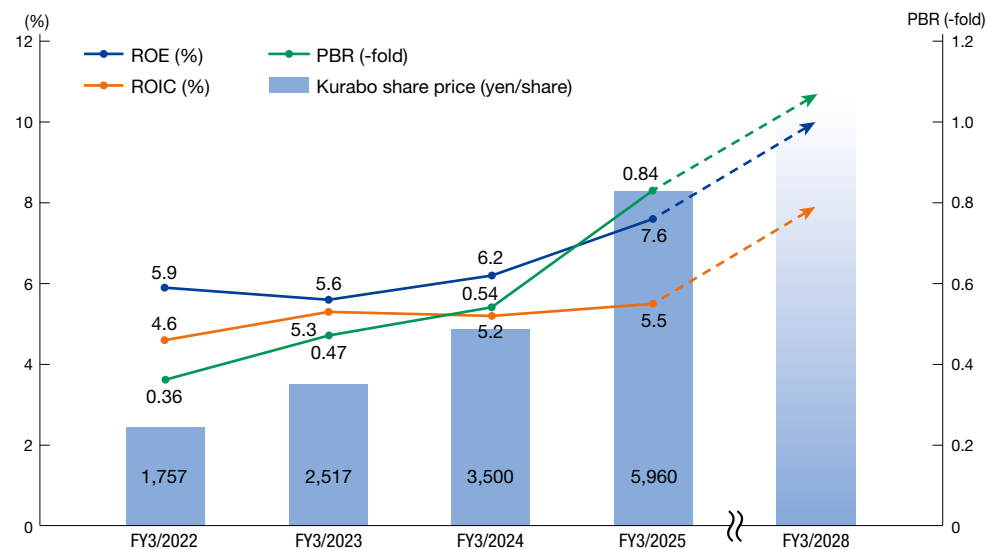
End of FY3/2025	Target
Share price 5,960 yen	
PBR 0.84x	1X or more
ROE 7.6%	10% or more
ROIC 5.5%	8% or more
PER 11.55x	

While we understand that our cost of equity is in the range of 6% to 7% based on methods such as CAPM (capital asset pricing model), we recognize that shareholders expect even higher returns. Based on this understanding, we will first aim to achieve an ROE of 10% or more through initiatives aimed at achieving the goals of Accelerate '27 and to improve PBR by enhancing investor relations activities.

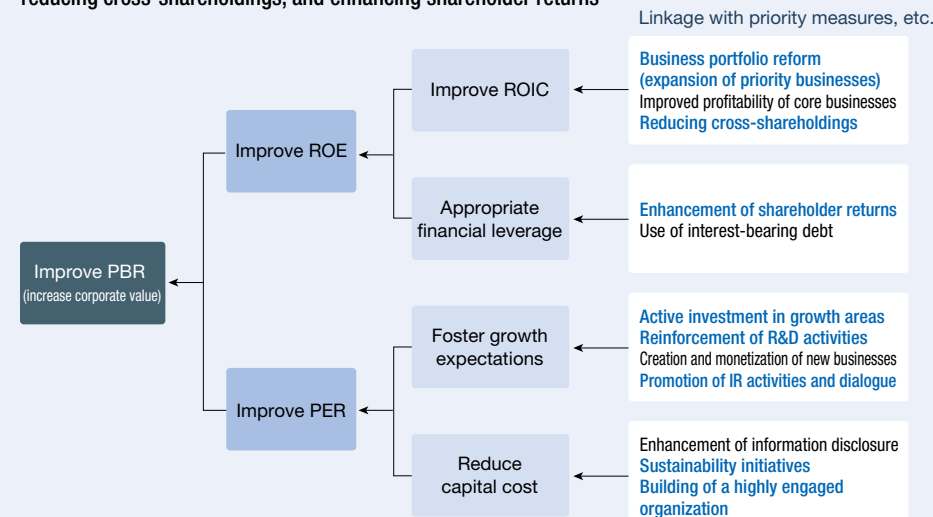
Furthermore, in order to improve PBR and corporate value, we will work to improve ROIC through business portfolio reforms and other measures. We will also work to improve ROE by utilizing appropriate financial leverage through measures such as enhancing shareholder returns.

Additionally, we will focus resources on priority businesses, foster growth expectations through enhanced investor relations activities, and reduce capital costs to improve PER, which will lead to increased corporate value.

Share price, PBR, ROE, and ROIC over the past 4 years



We will continue to aim to increase corporate value (PBR) by conducting business portfolio reforms, reducing cross-shareholdings, and enhancing shareholder returns



Business Divisions

The Kurabo Group operates in a wide range of fields, including textiles, automobiles, housing, electronics, semiconductors, environmental plant engineering, and biomedicine. Through the provision of products and services that enrich people's lives, we contribute to the realization of a sustainable society.

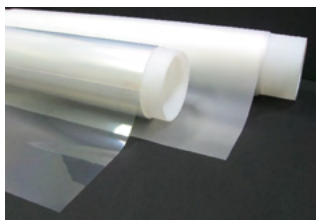
Chemical Products

P33

- High-performance plastic products
- Functional films
- Industrial materials (flexible polyurethane foam, housing construction materials, nonwoven fabrics, others)



High-performance plastic products



Functional films

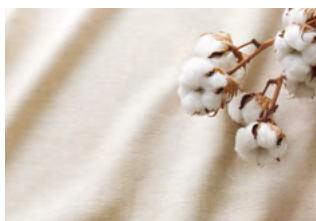
Textiles

P35

- Yarns
- Uniforms
- Casual clothing



Clothing materials



Functional cotton

Advanced Technology

P37

- Life sciences technology
- Electronics
- Engineering



Livestock waste treatment system



High-speed 3D vision sensor

Food and Services

P39

- Freeze-dried food
- Hotel, cultural facilities
- Driving school



Japan Jiffy Foods

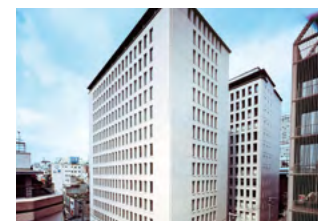


Kurashiki Ivy Square

Real Estate

P40

- Real estate development
- Real estate leasing
- Real estate management

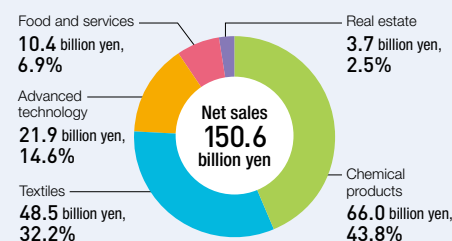


Kurabo Annex Building

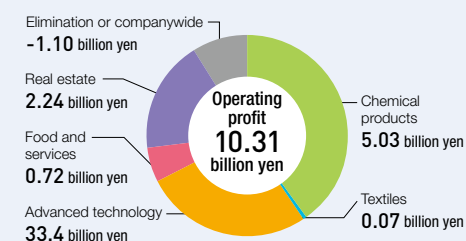


Land development projects centered on large shopping malls

Net sales and net sales ratio by business segment
FY ended March 2025 (consolidated)



Operating profit by business segment
FY ended March 2025 (consolidated)



Business Strategy

Chemical Products



Leveraging the Kumamoto Innovation Center to expand production capacity for high-performance plastic products and strengthening competitiveness in the growing semiconductor market.

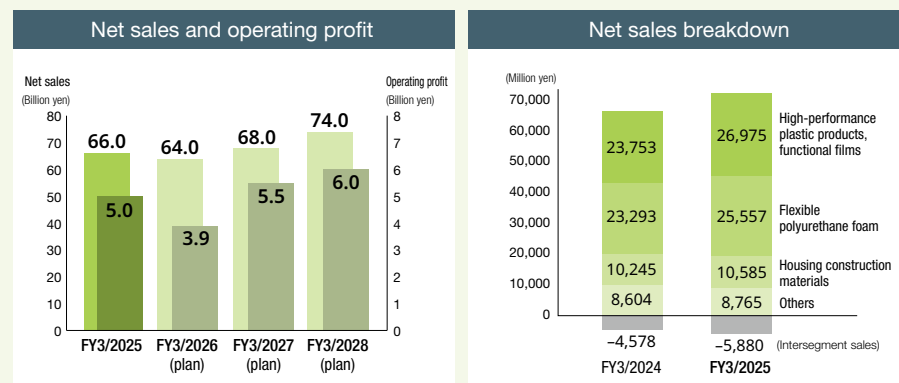
Director
Senior Managing Executive Officer
General Manager, Chemical Products Division

Toshio Baba

Business fields

- High-performance plastic products
- Polyurethane foam
- Reinforcing fabric materials
- Functional films
- Housing insulation and construction materials
- Nonwoven fabric

Results by segment



Results for the fiscal year ended March 2025

Net sales **66.0 billion yen** | Operating profit **5.03 billion yen**

Overview

Kurabo's chemical products business spans a wide range of fields, and we use proprietary technologies to provide a variety of products to diverse markets. In semiconductor-related products, we use proprietary processing technology to develop high-performance plastic products for semiconductor production equipment. In film-related business, we have commercialized super engineering plastic films and high-performance, multi-layer films produced using a super-high-temperature, simultaneous biaxial stretching technique. In the fields of automotive interior, housing construction, and insulation, we use our original resin compounding and molding technologies to differentiate ourselves from the competition, and in the field of nonwoven fabrics, we impart various functionalities to them. This way, we are offering high-value-added products. And, moving forward, we will contribute to society by expanding the development and sales of environmentally friendly and SDG-conscious products.

Strategy

Review of the Progress '24 medium-term management plan

Priority measures have progressed smoothly overall, with both net sales and operating profit exceeding targets. In particular, the scale of business for high-performance plastic products for semiconductor production equipment expanded significantly. As part of our efforts to expand our business by further concentrating resources on growth and priority businesses, we have constructed a new building at the Kumamoto Office and R&D Center (which will be renamed the Kumamoto Innovation Center in fiscal 2026). We will use this new facility to enhance our development and supply capabilities and expand our business in response to the growing semiconductor market.

We installed wide-film production equipment at the Mie Plant to meet growing demand in the energy sector. In the functional film business, we are expanding sales of functional films, including super engineering plastic films for the semiconductor market.

During the Progress '24 period, the domestic automobile market was affected by the COVID-19 pandemic, semiconductor shortages, and certification fraud by automobile manufacturers, which impacted the number of vehicles produced. Nevertheless, we worked to expand sales of products for automobile interiors, establish a stable supply system, and implement structural reforms to reduce production costs. Additionally, we have added a seat mold production line at our Brazilian subsidiary. We have secured orders from European automakers with large market shares in Brazil and are working to expand sales. In housing construction materials, we achieved success in establishing new businesses, such as the launch of an inorganic precast business.

Progress toward the new Accelerate '27 medium-term management plan

For our priority business of high-performance plastic products for semiconductor production equipment, we will leverage the Kumamoto Innovation Center and collaborate with the Technical Research Laboratory. As semiconductors become increasingly miniaturized, there is growing demand for higher levels of cleanliness in high-performance plastic products. In response, we are working on new cleaning and high-purity technologies and are also planning new, next-generation products and Kurabo brand products. With regard to functional films, we will work with customers to strengthen the development of films that have the functions required for the increasingly sophisticated post-processing of semiconductors. For the energy sector, we will enhance our film production facilities to expand capacity and improve cost-competitiveness in response to market demand.

News

In high-performance plastic products for the semiconductor market, the new Kumamoto Innovation Center facility has begun operation. By incorporating further cleanliness measures and new technologies and expanding fluoroplastic molding production capacity launched at the Neyagawa Plant, we will more than double our current development and supply capacity for high-performance plastic products. In functional films, in addition to the energy market, we are actively working to expand our presence in the semiconductor market. We are also focusing on marketing and molding technology development for KURAPOWERSHEET, a thermoplastic carbon fiber composite material currently in the development stage, with the aim of making it the



The Kumamoto Innovation Center's new building

In our core industrial materials business, we will deepen the market penetration of new products and services released under the Progress '24 management plan. Specifically, in housing construction materials, we will expand applications for our inorganic precast business. In insulation, we will spread the use of our Atsumieru on-site urethane foam thickness measurement system, thereby fostering increased sales of urethane foam concentrate. We will focus on these new businesses to improve the profitability of our core businesses.

Meanwhile, as the technological foundation for these efforts, we will pursue digital transformation in manufacturing, including automation and labor savings, which we have been focusing on since the previous medium-term management plan, as well as the visualization and digitalization of production processes and production control. We will also develop environmentally friendly products and technologies as we work to achieve the goals set out in the new Accelerate '27 medium-term management plan.

next pillar of our division. In nonwoven fabrics, we will improve the performance of automotive filters, our main application, and establish a system to increase production of KURANGRAFT, a filter that removes trace metal ions from semiconductor chemicals.

In our core business, we have increased the production capacity of flexible polyurethane automotive seat molds at our Brazilian subsidiary and will focus on expanding sales. In housing construction materials, we will work to accommodate the increasing demand for environmentally friendliness and achieving the SDGs, such as by improving the performance of urethane insulation and improving quality and labor-saving efforts at construction sites.



KURAPOWERSHEET



KURANGRAFT

Business Strategy

Textiles



Leveraging proprietary technologies and know-how to create new value through textile products, and addressing social issues through sustainability-focused initiatives grounded in a Human Friendly concept.

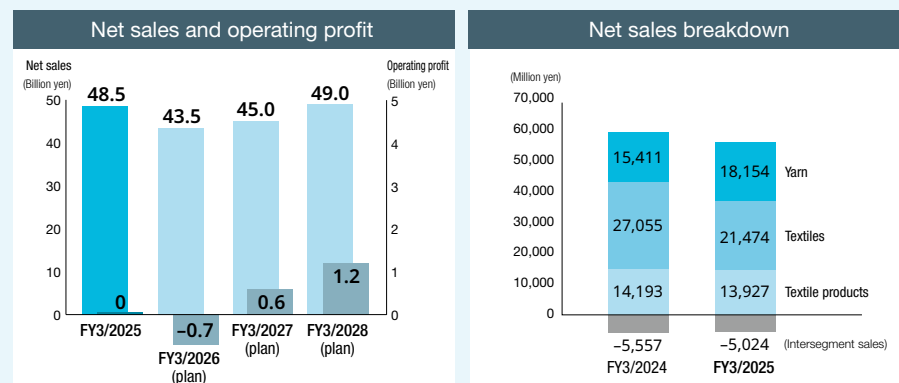
Director
Managing Executive Officer
General Manager, Textiles Division

Masatake Nakagawa

Business fields

- Casual clothing materials and products
- Materials for towels/socks/underwear
- Work environment support tools
- Uniform materials and products
- Sustainable recyclable materials

Results by segment



Results for the fiscal year ended March 2025

Net sales **48.5 billion yen** | Operating profit **70 million yen**

Overview

By making the most of its unique technologies and know-how in spinning, weaving, dyeing, and processing, and based on the Human Friendly concept it announced in 1993, the Textile Business Division is helping working people be safe and comfortable and furthering sustainable business through efforts such as recycling fabric materials, thus contributing to solving society's problems and continuing to create new value.

The aim is to strengthen profitability by expanding the division's global supply chain, centered on domestic and overseas production bases and partner factories, and by using new, proprietary technologies developed at the Textile Innovation Center (TIC), a research and development base, to develop products that meet end-user needs gathered through various marketing activities.

Strategy

Review of the Progress '24 medium-term management plan

Although both net sales and operating profit fell short of targets, we expanded our range of proprietary technologies-based products and achieved some success in improving profitability.

Our NaTech functional cotton has been well-received in the autumn/winter innerwear market. We are also working on expanding it into spring/summer products and other areas besides innerwear. For spring/summer products, we offer NaTech Breeze, a breathable cotton material with moisture absorption and release properties, and NaTech Fresh, which absorbs and eliminates odorous components such as sweat.

For non-innerwear applications, NaTech Dull, which has insulating and UV-blocking properties, has been adopted by sports manufacturers for outerwear, and we plan to continue expanding its use. We are also developing a cooling material with quick-drying properties to combat the recent extreme heat, and we aim to expand this into outerwear T-shirts as well as innerwear.

The use of our Smartfit risk management system for hot work environments is becoming increasingly widespread. In order to cope with the system load that will result from the planned increase in the number of users in fiscal 2028, we are working to stabilize operation by changing the system configuration. Specifically, we are considering modifying the database configuration, data architecture, and server configuration to increase overall system capacity and change the authentication method. Regarding mobile support, we began selling a new smartwatch in fiscal 2026. The battery life has been significantly improved from the previous 10 hours to 20 hours, and the frequency of malfunctions has also been significantly reduced. To improve usability, we conduct interviews with customers every year to make the system easier to use.

Demand for uniforms made from flame-retardant materials is increasing, primarily in the

manufacturing industry but also in infrastructure-related industries such as electricity and gas. One reason for this is that companies are becoming more safety and security-conscious about their workers.

Regarding the L∞PLUS upcycling system, after the Anjo Mill ceased operations, we are currently accommodating customer needs through a scheme in which fiber raw materials reclaimed by TIC are spun at Thai Kurabo. In the future, we plan to export cutting waste and scraps directly to Thailand, and have Thai Kurabo handle everything from fiber reclaiming to spinning.

We are also considering expanding our L∞PLUS system to have Thai Kurabo spin yarn from cutting waste generated during sewing in the ASEAN region, and thereby create a closed loop with customers to reduce production loss (cutting waste).

Progress toward the new Accelerate '27 medium-term management plan

We are developing new functions for NaTech using raw material reforming technology. We are also working to develop difficult-to-imitate textiles that use integrated spinning and weaving processes and to develop innovative, totally new products and services. Furthermore, we will pursue the following four initiatives to contribute to the realization of a safe, secure, and comfortable society and to an environmentally friendly, circular economy.

1. Expand sales of products that contribute to safety and security

We will expand sales of flame-retardant products, such as Brevano and Proban, which protect the safety and security of workers, as well as of Smartfit, which provides comfort and convenience.

2. Provide value through new lifestyle and cultural experiences

Reflecting society's greater focus on health and comfort and to offer people new cultural and emotionally enriching experiences, we have applied our proprietary technology in developing a new type of lightweight, stretchy textile. We will aim to expand its sales in Japan and elsewhere.

3. Enrich society through products made from recyclable resources

We will continue to expand the sales and functionality of NaTech, a sustainable, functional 100% cotton material. We will further expand our L∞PLUS system, a sustainable initiative we are working on with various companies, textile production areas, and local governments.

4. Pursue environmentally friendly business

We aim to establish sustainable factories by transforming our production processes into environmentally friendly ones, which includes reducing CO₂ emissions.

As part of our restructuring, we have closed the Anjo Mill, but going forward, we will strengthen the functions of TIC and transition to a global production system. Under the new Accelerate '27 medium-term management plan, the sales department, textile planning department, and TIC will work together to collect and analyze end-user needs and, based on this database, TIC will clarify added value and advance the development of proprietary technologies. Furthermore, we will strengthen our competitiveness through capital investment in overseas bases, establish a global supply chain that encompasses final products, and expand the range of products that utilize our proprietary technologies, thereby improving profitability and growing our business.

News

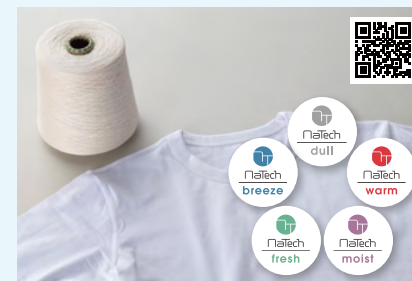
Evolution of the NaTech functional cotton series

In the textile business, we are expanding sales of products that utilize proprietary technologies, which make them difficult for other companies to imitate. One example is the NaTech series of functional cotton, which offers enhanced comfort and convenience.

NaTech is a material that uses fiber material reforming technology to impart functionality to natural cotton at the molecular level, achieving unprecedented performance and washing durability without compromising its texture. Currently, there are five types available: moisture-absorbing/heat-generating, deodorizing, moisture-absorbing/releasing, moisturizing, and insulating/UV-blocking. Sales of the moisture-absorbing/heat-generating material are expanding as raw yarn for autumn/winter innerwear, while sales of the moisture-absorbing/releasing material are expanding as raw yarn for spring/summer innerwear, increasing NaTech's

presence in the market as material in demand throughout the year. Furthermore, we have launched NaTech Dull, which has insulating/UV-blocking properties, and have begun expanding into the outerwear field.

We will continue to create new markets by developing new functions and items based on analyses of end-user needs and achieve sustainable business.



NaTech series

Business Strategy

Advanced Technology



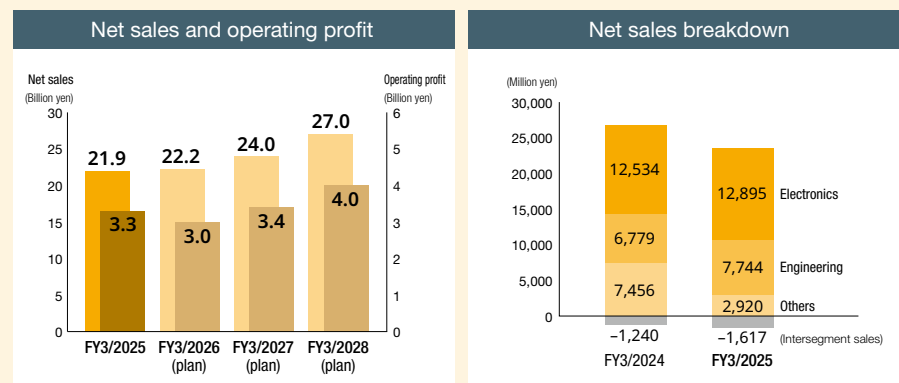
Accelerating the growth of our life sciences technology business, which helps improve quality and productivity across diverse industries, to address healthy life expectancy, labor shortages, and other social issues.

Director
Managing Executive Officer
General Manager, Advanced Technology Division
Kenshi Kawano

Business fields

- Genes and cells ● Robots and vision sensors ● Factory/lab automation
- Mixing and deaeration ● Inspection, measuring, and color matching systems
- Environmental plants ● Biomass and energy facilities

Results by segment



Results for the fiscal year ended March 2025

Net sales **21.9 billion yen** | Operating profit **3.34 billion yen**

Overview

Kurabo's life sciences technology business contributes to solving societal issues, such as extending healthy life expectancy and addressing labor shortages, through technologies and products in areas such as genes and cells, robotics, vision sensing, and factory automation; the support of research and development in drug discovery, diagnostics, and medical treatment; and improvement of quality and productivity in factories and laboratories in a wide range of industries. The electronics business achieves highly precise quality control by providing inspection, measuring, and color matching systems centered on color sensing technology. While the engineering business has its foundations in environmental plant technologies such as wastewater and waste gas treatment, it is also expanding into biomass power generation. These businesses make up Kurabo's Advanced Technology Division, which contributes to safety, security, and comfort in people's lives through activities in fields such as manufacturing, research, transportation infrastructure, and renewable energy.

Strategy

Review of the Progress '24 medium-term management plan

Although net sales fell short of targets due to the transfer of the machine tool business, operating profit exceeded the plan.

We are currently collaborating with JR-Central on the development of a track material inspection system for Shinkansen trains. We are advancing both hardware and software development with the aim of putting it into practical use on commercial trains by 2027. Track materials vary widely; ballasted tracks use crushed stone on which railroad ties and rails are laid, and slab tracks use concrete, and inspection needs vary depending on the number of years since installation. The first priority will be to complete and put into practical use the system for JR-Central. We will then sell it to other JR companies and private railway companies for conventional lines, after which we will expand to Taiwan and other overseas markets where Japanese Shinkansen technology has been introduced.

Overall progress for Kurasense is experiencing delays, including for the detachable sensor head model. This is due to the high level of difficulty in automating the wire harness-related processes and the time required for system development. Although there is potential need for automation of processes that handle wire harnesses, the current number of companies that have purchased Kurasense and developed and introduced their own automation systems is limited. This is the reason for the deviation from the plan. We will strive to spread the use of Kurasense by raising awareness through increased participation in exhibitions and sales promotions and by improving convenience through enhanced functionality.

We export mixing and deaerating equipment to North America, China, and other markets worldwide. In North America, the equipment is primarily used for pharmaceutical and chemical compounding, while in China, it is mainly used by energy-related customers, particularly battery manufacturers. During the Progress '24 period, we were able to develop new applications in the energy-related field and expanded our sales channels.

With regard to our denitrification units for new energy-compatible incinerators, we are focusing on sales for incinerators and combustion furnaces that use ammonia or hydrogen as fuel. In line with Japan's goal of achieving carbon neutrality by 2050 and a 46% reduction in greenhouse gas emissions by 2030, planning and operating pilot plants and other such efforts are expected to become increasingly active. We will collect information from existing customers and keep a close eye on trends among incinerator and boiler manufacturers, working to provide design support from the plant planning stage.

Progress toward the new Accelerate '27 medium-term management plan

In the biotechnology sector, we are developing products that apply genetic analysis technology. At present, we mainly provide animal breeding-focused analysis services on a contract basis but in the future, we will also strengthen our human genetic testing services.

The semiconductor market slowed sharply in the second half of fiscal 2025 but is expected to recover from the second half of fiscal 2026. Given the expected growth in cutting-edge logic and memory chips, we will deepen collaboration with major customers and work to develop new products, which we will bring to market as soon as possible. We will also focus on sales promotion of chemical supply devices for semiconductor production equipment. Furthermore, we will

incorporate cleaning equipment, concentration meters, and the like and strive to receive orders for unit equipment sales and inter-unit facility installation work.

There are high hopes for lab automation and factory automation as a solution to the increasingly serious labor shortage in Japan. We are aiming for the wider adoption of automation by developing sensors that serve as the eyes and brain of automation systems, allowing more delicate and safer work.

In today's aging, low-birthrate society, resolving the labor shortage is an urgent issue. Using robots in place of humans to handle tasks is expected to become more common, but robots are still not capable of tasks that require the five senses that humans possess. While automation offers benefits such as labor savings, stable quality, and better safety during dangerous work, it also faces challenges such as high initial investment costs due to the difficulty of development. While general robots and factory automation systems require protective fences and covers to ensure the safety of workers, collaborative robots, which are likely to be used frequently in lab automation, are considered to be highly safe because sensors stop their operation if they come into contact with people or objects.

In the environmental sector, we propose the use of Funto to the livestock industry, which needs to deal with issues like rising raw material and fuel costs and livestock waste disposal. In addition, we will provide exhaust gas treatment equipment and wastewater treatment equipment for CO₂ capture facilities to industries like the steel industry, which is upgrading to electric furnaces in order to contribute to Japan's goal of carbon neutrality by 2050.

In the area of on-site infrastructure inspection, there is a serious labor shortage due to harsh working conditions. We will address this issue through infrastructure inspection systems that utilize our core technologies in inspection, measurement, and information processing.

News

We entered into a partnership with Flexiv Robotics, Inc., an American robot manufacturer, to develop the KURAVIZON automation system. KURAVIZON combines our KURASENSE high-speed 3D vision sensor with Flexiv's RIZON seven-axis collaborative robot system. Sales began in January 2025.

KURAVIZON is a new collaborative robot equipped with a robotic arm equivalent to the human arm; to this, KURASENSE is added to act as the eyes, while AI is incorporated to act as the brain. While most robot arms have six axes, KURAVIZON uses seven, allowing it to maneuver with great agility even in tight spaces. Its excellent force sensor capabilities allow it to do tasks that require tactile sensations, such as fitting and stroking. It can also grasp linear objects, which is difficult for conventional robots.

The use of collaborative robots for automation purposes is progressing around the world, and high demand is expected in the future. We will further strengthen our sales activities and aim to achieve annual sales of 1 billion yen during the period of the new Accelerate '27 medium-term management plan.



Business Strategy

Food and Services



Beyond manufacturing and selling freeze-dried food, we also operate a hotel, commercial/cultural complex, and driving school. We also pursue community service projects, primarily in our home base of Kurashiki.

Director
Executive Officer
Manager, Managerial Planning Department
Kazuo Matsui

Overview

We manufacture and sell freeze-dried foods, as well as operate a hotel and other facilities, with the aim of enriching and improving quality of life and contributing to local communities.

As the trend toward individual servings continues, the market for freeze-dried foods is expanding thanks to their deliciousness and convenience. Kurashiki Ivy Square, our hotel-centered cultural complex that was converted from the original factory used at the time of Kurabo's founding, is a Kurashiki landmark, as it is the birthplace of the Kurabo Group and is a beacon of tradition and culture.

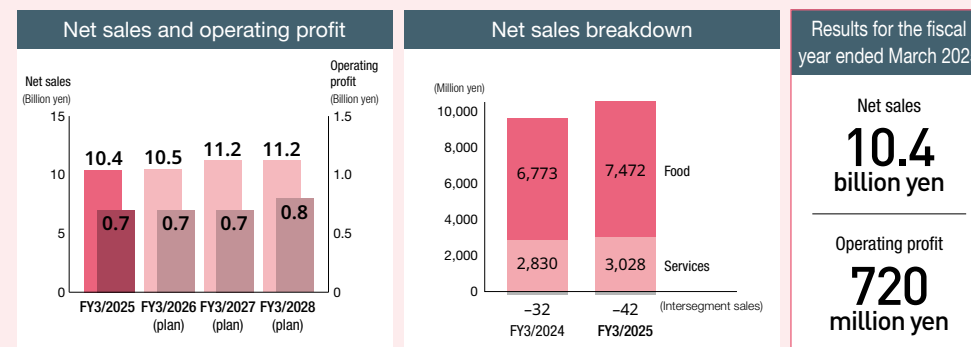
Strategy

Review of the Progress '24 medium-term management plan

Food business At Japan Jiffy Foods, sales of cereals were sluggish, but net sales targets were achieved thanks to strong sales of instant noodles, soup ingredients, and other such products as a result of proactive value analysis proposals. However, target profits were not achieved due to increased costs caused by the weak yen and rising energy costs. Renewal of aging facilities and investment in environmental measures are progressing as planned.

Services business Despite the slow pace of recovery in demand for banquets, Kurashiki Ivy Square achieved its targets for both sales and profits. This was thanks to strong accommodation-related performance stemming from a recovery in domestic tourism and increased inbound demand spurred by the weak yen.

Results by segment



Progress toward the new Accelerate '27 medium-term management plan

Food business In freeze-dried foods, we will establish a competitive advantage by continuing to propose value analysis-based processed meat products for instant noodles. While we continue to develop products for the elderly, we are working to develop sales channels in overseas markets in response to Japan's declining population. For molding soups, we will differentiate ourselves by diversifying packaging formats and automating processes and also focus on acquiring new private label contracts with drugstores and other retailers. Going forward, we will also play a part in the life sciences technology business in order to create synergies between the businesses.

Services business The number of inbound guests is on the rise. In addition to our ongoing marketing efforts targeting visitors from Taiwan, we are also planning to strengthen our efforts to target visitors from Thailand. In the restaurant business, we are strengthening customer service aimed at international visitors by selling local alcoholic beverages and offering English menus. We will work together with Kurashiki City to attract MICE events and aim to capture demand by leveraging our strength as the owner of the largest banquet hall in Kurashiki.

News

Japan Jiffy Foods is working to reduce CO₂ emissions and save energy by updating its freezers, introducing LNG boilers, and adopting other measures. Solar power equipment is scheduled to be installed at the Mito Factory in fiscal 2026. We are committed to environmental responsibility and the SDGs and aim to improve people's health and food culture.



Business Strategy

Real Estate



We promote local revitalization through effective utilization of idle land and renting out tenant buildings and large commercial facilities.

Director
Executive Officer
Officer in charge of Finance & Accounting Department, IT Management Department,
General Administration Department, and Estate Promotion Department

Hiroshi Fujii

Overview

In our real estate business, our mission is to ensure stable, long-term earnings for the Group and to support its business foundations. Towards that end, we are making effective use of the land that we own across Japan that used to be the sites of numerous factories and related facilities, resulting from a change in business. We focus on sound management of assets and contributing to the local community. We contribute to people's lives and environmental preservation through a range of real estate projects, including the development of commercial facilities that revitalize regional economies, the operation of office buildings that have obtained environmental certification, and the provision of land for mega-solar facilities in support of the SDGs.

Strategy

Review of the Progress '24 medium-term management plan

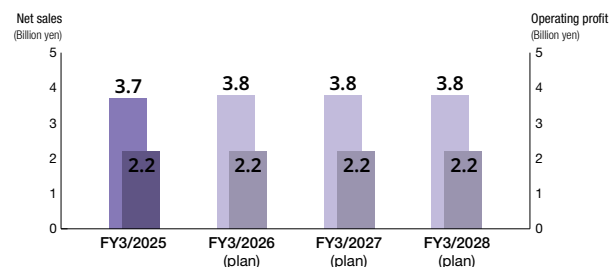
Under the previous medium-term management plan, Progress '24, things went generally as planned. We developed the former Seiyu mall in Anjo and part of the former Marugame mill site. We were also able to extend contracts as scheduled for commercial facilities whose contracts had expired.

Progress toward the new Accelerate '27 medium-term management plan

In order to achieve our new Accelerate '27 medium-term management plan, we must implement more appropriate property management and maximize the profitability and utilization efficiency of

Results by segment

Net sales and operating profit



Results for the fiscal year ended March 2025

Net sales
3.7
billion yen

Operating profit
2.24
billion yen

our real estate. By promptly carrying out necessary repairs and renovations in a planned and preventative manner, we can avoid the risk of sudden, large-scale repairs, prevent a decline in asset value due to aging, and maintain the competitiveness of properties.

In addition, by actively engaging in communication with tenants and responding to their needs, we can improve tenant satisfaction and build relationships of trust. This makes it possible to extend contract periods and ensure long-term, stable revenue. We will also consider developing the site of the Anjo Mill, which closed in July 2025.

News

As part of the redevelopment of the former Seiyu mall in Anjo, we have leased the land to Mitsui Shopping Park LaLaport Anjo, which had its grand opening in April 2025. The facility has a site area of approximately 105,500 m² and houses 215 stores. The building features an all-weather rooftop park and an indoor plaza where sports and music events can be held. The mall can be enjoyed by people of all ages, from children and their parents to seniors.

Approximately 3,600 solar panels have been installed on the roof to generate renewable energy on-site, reflecting the facility's commitment to harmonious coexistence with the environment.



Photo provided by Mitsui Fudosan Co., Ltd.

Value Creation Strategy

Innovation Strategy



Executive Officer
Manager, Technical Research Laboratory

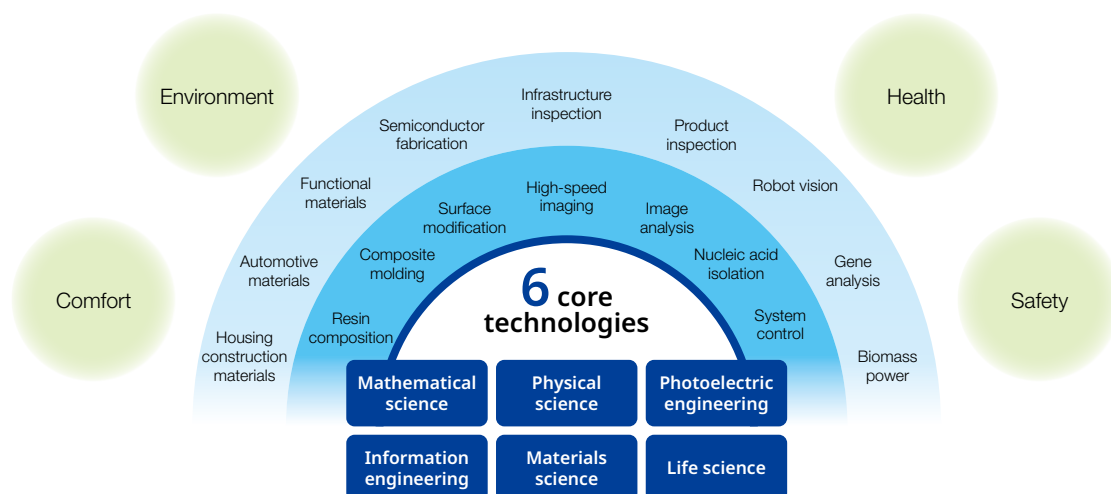
Shoichi Nishii

Accelerating efforts in the priority areas of semiconductors and factory automation while developing new environmentally friendly technologies

R&D Policy

The Technical Research Laboratory consists of the Core Technology Group, which works to deepen core technologies and acquire new technologies, and the Applied Development

Group, which works to create new businesses. The project leaders for applied development organize projects that span six fields of core technologies and promote business development. The applied development and core technology leaders



appropriately manage and flexibly adapt resource allocation and planning changes in response to changes in the external environment and the current state of progress.

As part of our cross-field and cross-industry interactions, we exchange information with chemical material manufacturers, pharmaceutical companies, and startups that may be able to create synergies with the core technologies possessed by the Technical Research Laboratory. We also actively interact with universities and other public research institutions. Through these activities, we incorporate diverse perspectives and pursue innovative research and development aimed at the realization of a sustainable society.

In fiscal 2024, we began a three-year joint research project with the Takasaki Institute for Advanced Quantum Science, National Institutes for Quantum Science and Technology (QST) on modifying raw cotton using electron beams in order to strengthen the core technology underpinning our NaTech functional cotton material. Results so far include one patent application, one paper submission, and four academic conference presentations. We are conducting a fundamental review of the effects of electron beams on cellulose and the graft polymerization reaction of cellulose using electron beams and are approaching this from three angles: reaction, structure, and physical properties. Ultimately, we hope to link this to new cellulose fiber processing technology that will lead to an expanded NaTech lineup of greater quality while further increasing the added value of cotton.

R&D Focus Fields

The Technical Research Laboratory is currently concentrating its efforts in semiconductors and factory automation and on developing environmentally friendly technologies.

In the semiconductor field, we are conducting research and development into near-infrared spectroscopy, which is a core technology of in-situ measuring instruments that monitor

Innovation Strategy

chemical solutions and film thickness during cleaning of silicon wafers, as well as proposing new materials for semiconductors.

In the field of factory automation, we are strengthening the 3D measurement and image recognition technologies that are at the core of our Kurasense high-speed 3D vision sensor, as well as robotic hand technology for accurately grasping linear objects such as cables and connectors.

In the environmental field, we are developing efficient cleaning technologies that utilize ultrasound and fine bubbles. This is aimed at mitigating environmental impact by reducing the amount of chemicals and water used for cleaning while maintaining the high level of cleanliness required in the manufacturing process. We are also working to recycle clothing waste, with bleaching technology being a particularly important focus.

New Business Development Projects

The Technical Research Laboratory is working on new business development projects in collaboration with each business

division, aiming to create new businesses that no other company has by combining the six core technologies.

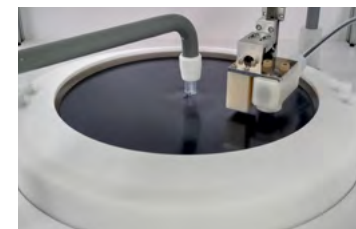
Robotics-related

Our main products are original developments like Kurasense and Kurabotte. By combining Kurasense, which acts as a human eye, with Kurabotte, which acts as a human hand, it becomes possible to handle thin and flexible cables, thereby achieving the automation of wiring and other work that previously relied on human hands.

Semiconductor-related

The liquid component concentration meter was developed in response to customer demand for more advanced wafer cleaning processes in semiconductor manufacturing and stricter quality control. We are also working on developing an in-situ measuring instrument, which performs measurement directly on wafers during processing, as a new monitoring method that applies near-infrared spectroscopy technology cultivated through liquid component concentration meters and

film thickness meters. By providing these sorts of sensing solutions, we will contribute to increased density and improved quality of semiconductor production lines.



Semiconductor-related
(in-situ measurement instrument)

Life sciences-related

We will continue to develop applications targeting the fields of clinical testing and drug discovery. In the field of clinical testing, we are conducting research and development of genetic cancer testing kits based on our accumulated nucleic acid (DNA/RNA) extraction technology. In the field of drug discovery, we are developing our proprietary cell culture technology to facilitate research and development into human neural cells derived from iPS cells and the culture medium for culturing them. We're aiming for their widespread use at pharmaceutical companies' research labs.

News

Kurabo Technical Research Laboratory acquires JNLA certification as a testing facility for antibacterial and antiviral properties of textile products

On October 4, 2024, the Technical Research Laboratory was registered by the National Institute of Technology and Evaluation (NITE) as a testing facility for JIS L1902 antibacterial testing of textile products and JIS L1922 antiviral testing of textile products under the Japan National Laboratory Accreditation System (JNLA) (registration number: 240437JP).

The importance of quality control has increasingly grown in recent years, as it is not only necessary to improve the quality of products and services to protect consumers

and business partners but also to maximize customer satisfaction. Given this, there is a growing demand for reliable processes and objective data management in the analysis and evaluation work of R&D departments.

Previously, various tests for evaluating the performance of Kurabo's antibacterial and antiviral processed materials have been conducted by both the Textile Business Division and the Technical Research Laboratory. Now that the analytical technology department of the Technical Research Laboratory has been certified as a JNLA testing facility, the

Laboratory will be responsible for all tests, thereby improving work efficiency and test accuracy.



Value Creation Strategy

Human Resource Strategy

The Kurabo Group seeks to continuously improve corporate value by fostering employees who can use curiosity and drive to create new value and who possess a spirit of challenge and the capacity for creative thinking. To achieve this, we believe it is essential to build an organization characterized by a high level of engagement among employees who take the initiative to contribute to sustained improvement of corporate value in a comfortable and rewarding work environment.



Executive Officer
Manager, Human Resources Department

Hirotsugu Marumo

Human Resource Strategy and Priority Measures

The Kurabo Group defines a “highly engaged organization” as one where each employee feels a sense of fulfillment and positivity and can actively contribute to the organization. We hope that improved engagement will lead to improved productivity and innovation and, thereby, lead to the sustained growth of the Group. Our engagement score (deviation value calculated by a research company) in the survey conducted at the end of fiscal 2025 was 43.6, and our engagement rating (ranked on an 11-point scale from AAA to DD by a research company) was CC. By the end of fiscal 2028, the final year of the Accelerate '27 medium-term management plan, we aim to achieve a score of 55.0 and a rating of BBB. In the future, we aim to achieve a rating of A or above to become an organization where members (subordinates) can take the

initiative and solve problems on their own, even without specific instructions from their superiors.

To build such an organization, we will implement the following measures based on the three pillars of (1) pursuing DE&I (diversity, equity, and inclusion) to invigorate the organization, (2) promoting employee growth, and (3) securing, developing, and retaining human resources.

(1) Pursuing DE&I to invigorate the organization

In pursuing DE&I to invigorate the organization, we focus on the following six initiatives.

1) Help people understand what unconscious bias is and create workplaces free of harassment

We believe that promoting DE&I begins with becoming aware of the unconscious biases we all have and being considerate of the feelings of others. We have created our own training booklets and videos to instill understanding among all executives and employees. Additionally, to free workplaces of harassment, we provide harassment-related training to all executives and employees. This training has a 100% attendance rate.

2) Gender equality

Regardless of whether someone is a new graduate or a mid-career hire, we continuously and actively recruit women for career-track positions. We work to raise the percentage of women in various departments so that they can play an active role in their departments. We also send female employees to seminars on women's advancement organized

by industry groups and hold in-house training sessions on women's career development.

3) Ensure older employees can live up to their potential

The new personnel system, revised in April 2025, aims to improve the treatment of older employees and reflects performance evaluations in salaries to boost motivation. We have also abolished the uniform reassignment of managers at the mandatory retirement age of 60, making it possible for employees to continue to work as managers until the age of 65.

4) Hire persons with disabilities at a rate higher than the legal requirement

In addition to understanding the employment situation at each business site, providing information, and following up on recruitment, we are actively recruiting highly skilled new graduates and mid-career hires as we work to maintain an employment rate that exceeds the legally required level.

5) Further understanding of LGBTQ+ issues

We have obtained gold certification in the Pride Index for the fourth year in a row thanks to efforts such as an in-house rule that recognizes same-sex partnerships as equivalent to marriage, the establishment of a consultation desk, and participation in events.

6) Hire foreign nationals

Regarding mid-career hires, we actively recruit skilled foreign nationals in order to expand our business. Also, nationality is not an issue when hiring new graduates.

Human Resource Strategy

(2) Promoting employee growth

We support employee growth by promoting work-life integration, so that employees will find Kurabo to be a comfortable place to work, and by improving our personnel system, so that employees find greater fulfillment in their work. Our work-life integration initiatives consist of the following three.

1) Reduce overtime and increase the number of days of annual paid leave taken

We are creating a culture that makes it easy for employees to take annual paid leave by utilizing an attendance management system and by raising awareness through our company newsletter.

2) Gradual increase in annual factory days off

This is an ongoing initiative moving forward.

3) Improve the rate of male employees taking parental leave and the number of days taken

The utilization rate is steadily improving, so we will encourage employees to take more days off.

To improve our personnel system, we have introduced a new personnel system that takes a performance-based approach, raises wage levels to strengthen our recruitment capabilities, and improves the treatment of older employees. Specifically, we have implemented measures such as separating basic wages into job-based pay (based on job grade) and performance-based pay (based on personnel evaluation), expanding the range of performance evaluations, and revising the rules for performance-linked manager bonuses. Regarding the evaluation system, we are working to change from relative evaluation to absolute evaluation and to enhance our provision of feedback to support employee growth. We have also revised our personnel evaluation methods to quantify work grades, achievement levels, and challenge levels.

(3) Securing, developing, and retaining human resources

We are securing, developing, and retaining diverse human resources who will contribute in growth and priority business

areas.

To secure human resources, we use recruitment agencies and direct recruiting to strengthen our recruitment capabilities; this includes for mid-career hires. We are also expanding our recruitment promotional content, such as by revamping our recruitment website and posting videos. We also promptly accommodate the personnel plans of each business division, such that, over the past five years, the number of mid-career hires has exceeded the number of new graduates hired.

We pursue the following three initiatives to retain human resources.

1) Implement dialogue-based engagement improvement programs on an ongoing basis

Based on the results of engagement surveys conducted every six months, we implement inter-level, dialogue-based engagement improvement programs on an ongoing basis in order to improve engagement at the department level.

2) Safety and health management

Recognizing safety as the top priority, and with the goal of zero workplace accidents, we strive for safety and health management that prevents workplace accidents by clarifying safety rules, providing thorough safety education, and implementing safety activities.

3) Health and productivity management

By continuing and enhancing measures to promote employee health, we aim to be certified as an outstanding organization in health and productivity management under the KENKO Investment for Health program, and our deviation value is steadily improving. In human resource development, we provide job-level-specific education tailored to different job grades and topical education to enhance expertise. Feedback on the content of in-house training is provided to the bosses of employees taking this training to ensure training results are firmly established. We are also working to upgrade our educational programs.

Main KPIs related to human resource strategy (Kurabo Industries)

	Indicator	FY2024	FY2025	Goal
Engagement score	Deviation value calculated by a research company	—	43.6	55.0 (end of FY2028)
Engagement rating	Rating calculated by a research company	—	CC	BBB (end of FY2028)
(1) Pursuing DE&I to invigorate the organization	Rate of female workers in managerial positions	3.0%	4.1%	5% or more (end of FY2028)
	Rate of female graduates in career-track positions	45.0%	37.5%	At least 30% each year
	Rate of women among career-track mid-career hires	24.0%	27.6%	Undecided
	Rate of sections with women in career-track positions	44.8%	47.1%	50% or more (end of FY2028)
	Hiring rate of persons with disabilities	2.69%	2.63%	Higher than legal requirement
(2) Promoting employee growth	Number of foreign nationals hired as career-track employees	1	5	Undecided
	Average monthly overtime	9.1 hours	8.7 hours	Less than 10 hours (FY2028)
	Days of paid leave taken	14.6 days	13.1 days	15 days or more (FY2028)
(3) Securing, developing, and retaining human resources	Parental leave rate of male employees	57.9%	73.9%	70% or more (end of FY2028)
	Number of workplace accidents	9	6	0
	Certified as outstanding organization in KENKO Investment for Health (deviation value)	Certified (49.8)	Certified (57.1)	Deviation value of 60 or higher
	Mid-career hires as percentage of career-track hires	55.6%	64.4%	Undecided
	Training cost per employee	33,000 yen	35,000 yen	40,000 yen or more

Note: 1. An engagement survey was conducted in fiscal 2024 but as we changed the engagement survey company in fiscal 2025, comparison is not possible. Therefore the engagement score for fiscal 2024 is not listed.
 2. Engagement scores and engagement ratings are deviation values based on a national average of 50 B.
 3. Engagement ratings are calculated on an 11-point scale ranging from DD to AAA.

Human Resource Strategy

Fiscal 2026 Kurabo Educational System

We concentrate on fostering employees who can use curiosity and drive to create new value and who possess a spirit of challenge and the capacity for creative thinking. In addition to sustainability education, job-level-specific education to understand roles and capabilities according to job grade, theme-specific education to enhance specialized work skills, and digital transformation (DX)-related education, we also empower individuality and utilization of capabilities through education and provide support for autonomous career development.

Job grade	OJT	Sustainability education	Job-level-specific education	Specialized education (by theme)	Selective education	Support for autonomous career development
K1 K2 K3 K4 K5	Target management system, personnel evaluation system Division education, overseas assignments, temporary transfer to group company	Compliance (job-level-specific education, e-learning, use of teaching materials, worksite training) Safety and health (safety education, mental health management, video-based learning) Human rights awareness (job-level-specific education, outside seminars, e-learning, video-based learning) Information security (e-learning, other)	Initiatives to improve engagement	Evaluator training	Cross-border dispatch DX leader education	Autonomous career design training, career seminars, interviews, self-reporting system Language education (English, TOEIC, other) Support for attending outside seminars, qualifications (bookkeeping, QC, various certification exams) Support for distance learning (including e-learning)
			Management updates			
			K5 course (new managers) <small>Nikkei Test</small>			
S1			S1A course (manager candidates) <small>TOEIC</small> S1 reports/presentations S1B course <small>Nikkei Test, TOEIC</small> Mental health management			
S2			S2A course			
S3	Personnel evaluation system	Environment, quality, product safety, other (introductory education, other)	S3 course <small>Nikkei Test</small>	DX fundamentals Evaluation recipient	Cross-border dispatch Mirai-juku ("Future Academy") Strengthen global competence Trainer	
S4			M1 reports/presentations 1st- and 2nd-year career-track employees: EB course Introductory education, factory hands-on training <small>Bookkeeping, TOEIC</small>			
M1						
C1-3 T1-4	Personnel evaluation system		CA course (specialist candidates) TA course (instructor candidates) TB course (those promoted to higher technical posts)	Group leader education Education at offices/plants Training method education, small-group activities, introductory education, other		
G1-2 M2-3			Basic education (distance learning): Basic (required), business, technical, common			

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Governance

Management Team

(As of August 31, 2025)

Directors

Haruya Fujita

Representative director,
chairman of the board

Date of birth:
July 26, 1958



Apr. 1983 Joined Kurabo
Jun. 2012 Director, executive officer
Jun. 2013 Director, managing executive officer
Jun. 2014 Representative director, president
Jun. 2024 Representative director, chairman (to present)

Shinji Nishigaki

Representative director,
president

Date of birth:
July 11, 1962



Apr. 1986 Joined Kurabo
Jun. 2014 Manager of Industrial Materials Sales Department
Apr. 2018 Manager of Industrial Materials Sales Department;
manager of Kumamoto Office and R&D Center
Jun. 2018 Executive officer
Jun. 2022 Managing executive officer
Jun. 2023 Director, managing executive officer
Jun. 2024 Representative director, president (to present)

Toshio Baba

Director, senior managing
executive officer
General manager of
Chemical Products Division

Date of birth:
June 9, 1959



Apr. 1982 Joined Kurabo
Oct. 2004 Manager of Industrial Materials Sales Department
Jun. 2012 Executive officer
Jun. 2014 Director, executive officer
Jun. 2017 Representative director, director, managing
executive officer
Jun. 2022 Representative director, director, senior managing
executive officer
Jun. 2024 Director, senior managing executive officer
(to present)

Kenshi Kawano

Director, managing executive officer
General manager of
Advanced Technology Division

Date of birth:
March 19, 1962



Apr. 1985 Joined Kurabo
Apr. 2011 Manager of Hong Kong Branch; president of
Kurabo Denim (HK) Limited
Sept. 2013 Manager of Hong Kong Branch
Apr. 2014 Assistant to manager of
Managerial Planning Department
Jun. 2014 Executive officer
Jun. 2017 Director, executive officer
Jun. 2020 Director, managing executive officer (to present)

Masatake Nakagawa

Director, managing executive officer
General manager of
Textile Business Division

Date of birth:
October 7, 1962



Apr. 1985 Joined Kurabo
Oct. 2006 Manager of Textile Sales Department, Tokyo Branch
Jun. 2017 Executive officer; manager of overseas business,
Textile Business Division
Jun. 2021 Managing executive officer
Jun. 2025 Director; managing executive officer (to present);
general manager of Textile Business Division;
manager of Casual Fabrics Sales Department,
Tokyo Branch; representative director and president of
Kurabo International Co., Ltd.
Aug. 2025 General manager of Textile Business Division, representative director
and president of Kurabo International Co., Ltd. (to present)

Hiroshi Fujii

Director, executive officer
Officer in charge of Finance & Accounting
Department, IT Management Department,
General Administration Department,
and Estate Promotion Department

Date of birth:
September 22, 1960



Apr. 1983 Joined Kurabo
Apr. 2011 Manager of Finance & Accounting Department
Jun. 2013 Executive officer
Jun. 2016 Director, executive officer (to present)

Management Team

(As of August 31, 2025)

Directors

Kazuo Matsui

Director, executive officer, manager of Managerial Planning Department (officer in charge of Managerial Planning Department, Intellectual Property Department, and Technical Research Laboratory)

Date of birth:
January 18, 1963



Apr. 1985 Joined Kurabo
Jun. 2018 Executive officer, manager of Managerial Planning Department, assistant to manager of Technical Research Laboratory
Jun. 2025 Director, executive officer (to present), manager of Managerial Planning Department (to present)

Osamu Okada

Director
(full-time Audit and Supervisory Committee member)

Date of birth:
October 21, 1960



Apr. 1984 Joined Kurabo
Jun. 2010 Manager of Human Resources Department
Jun. 2012 Executive officer
Jun. 2016 Director (full-time Audit and Supervisory Committee member) (to present)

Teppei Mogi

Outside director
(Audit and Supervisory Committee member)

Date of birth:
October 17, 1958



Important concurrent positions: Outside director (Audit and Supervisory Committee member) of Niitaka Co., Ltd.
Managing director of Japan Association of Arbitrators; partner of Oh-Ebashi LPC & Partners
Jun. 2015 Auditor of Kurabo
Jun. 2016 Director (Audit and Supervisory Committee member) of Kurabo (to present)

Daisuke Shinkawa

Outside director
(Audit and Supervisory Committee member)

Date of birth:
April 28, 1964



Important concurrent positions: Outside director (Audit and Supervisory Committee member) of Shima Seiki Mfg., Ltd.
Representative partner of Hokuto & Co.
Jun. 2016 Director (Audit and Supervisory Committee member) of Kurabo (to present)

Motohide Nishimura

Outside director
(Audit and Supervisory Committee member)

Date of birth:
July 6, 1955



Important concurrent positions: Representative director and president of Senshu Electric Co., Ltd.
Jun. 2018 Director (Audit and Supervisory Committee member) of Kurabo (to present)

Misako Tanizawa

Outside director
(Audit and Supervisory Committee member)

Date of birth:
November 29, 1961



Important concurrent positions: Representative of Tanizawa Certified Public Accountant Office
Jun. 2019 Director (Audit and Supervisory Committee member) of Kurabo (to present)

Executive Officers

Senior managing executive officer

Susumu Inaoka

Officer in charge of Human Resources Department and Environment & Construction Department

Executive officer

Yoshifumi Morimatsu

Manager of Chemical Products Administration Department, Chemical Products Division

Managing executive officer

Akito Aitoku

Manager of Industrial Materials Sales Department, Chemical Products Division

Executive officer

Toru Komatsu

Manager of General Administration Department; director of Kurabo Memorial Hall

Executive officer

Masahiro Hirata

General manager of Tokyo Branch; manager of Tokyo Branch General Administration Department

Executive officer

Ippei Yamauchi

Manager of Textile Business Administration Department and manager of Textile Technical Department, Textile Business Division

Executive officer

Akio Kurosawa

Officer in charge of life sciences technology development, Advanced Technology Division

Executive officer

Masashi Nakano

Manager of Chemical Products Technical Administration Department, Chemical Products Division

Executive officer

Hirotsugu Marumo

Manager of Human Resources Department

Executive officer

Shoichi Nishii

Manager of Technical Research Laboratory

Executive officer

Masanori Isobe

Deputy general manager of Advanced Technology Division

Executive officer

Takayuki Hirayama

Manager of Chemical Products Sales Department, Tokyo Branch, Chemical Products Division

Governance

Governance

Corporate Governance

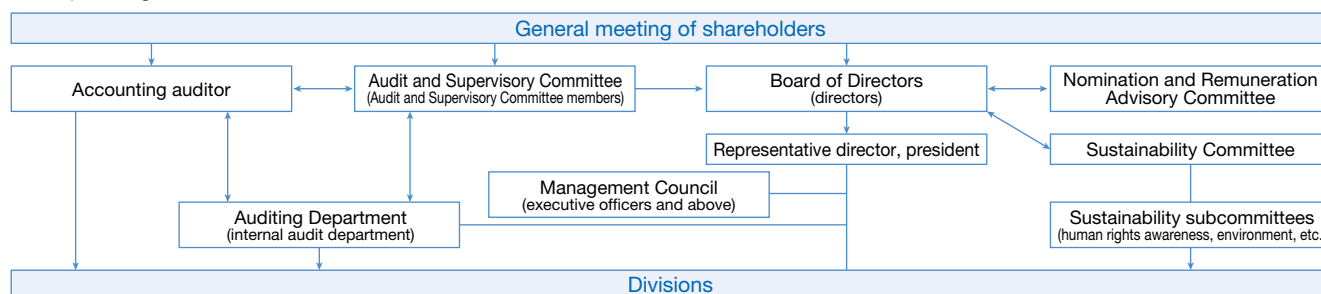
Basic philosophy

Through a resolution of the Board of Directors, we have formulated the Kurabo Corporate Governance Guidelines, which details matters such as the basic philosophy and framework related to corporate governance. The goal is to achieve the highest level of corporate governance in the Kurabo Group.

The basic philosophy of Kurabo's corporate governance is as follows.

1. Based on our management philosophy of "The Kurabo Group contributes to a better future through the creation of new value," we strive for fair and transparent business activities in order to be a corporate group providing value to shareholders, business partners, local communities, and other stakeholders.
2. We strive for the highest level of corporate governance through continuous and comprehensive action in order to achieve sustainable growth and boost corporate value in the medium to long term.

■ Corporate governance structure (As of April 1, 2025)



Activities of the Board of Directors

Meeting frequency

As a general rule, meetings are held once a month. In fiscal 2025 (from April 1, 2024 to March 31, 2025), the Board of Directors met 14 times.

Content of discussion

- Progress of business plans, such as the Progress '24 medium-term management plan
- Formulation of a new medium-term management plan, Accelerate '27
- Implementation of management that is conscious of capital cost and stock price
- Important capital investment plans and transfer of a significant subsidiary
- Appointment, handling, etc., of directors, executive officers, and important employees
- Internal control and risk management of the Kurabo Group
- Management issues related to sustainability (material issues, human capital management, human rights in the supply chain, information disclosure based on TCFD recommendations, etc.)

Composition and Status of Activities of the Audit and Supervisory Committee

The Audit and Supervisory Committee comprises five members, one full-time (inside) and four part-time (independent outside). It works in collaboration with the accounting auditor and the internal audit department (eight persons).

Meeting frequency

As a general rule, meetings are held once a month. In fiscal 2025, the Audit and Supervisory Committee met 14 times.

Content of discussion

- Opinions regarding the appointment, remuneration, etc., of directors (excluding Audit and Supervisory Committee members)
- Maintenance and operational status of internal control systems
- Progress of the Progress '24 medium-term management plan
- Progress of sustainability initiatives
- Appointment of accounting auditors and the appropriateness of audits
- Status of compliance

Governance

Composition and Status of Activities of the Nomination and Remuneration Advisory Committee

This committee comprises the president and all members of the Audit and Supervisory Committee. It strives to ensure objectivity and transparency, as well as strengthen accountability, with regard to such matters as the nomination of directors and executive officers and the determination of remuneration.

Meeting frequency

Meetings are held according to an annual schedule. In fiscal 2025, the Nomination and Remuneration Advisory Committee met six times.

Content of discussion

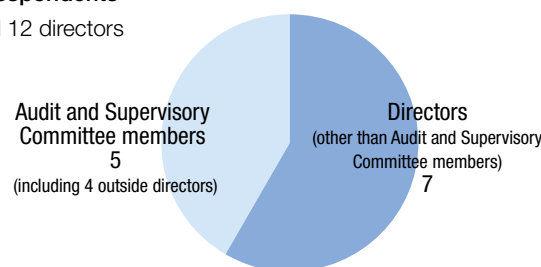
- Candidates for directors and executive officers who are eligible for appointment, reappointment, and dismissal; and matters concerning other senior management members
- Basic policy, status of operation of various systems, and other matters with regard to remuneration for directors and executive officers (excluding remuneration for directors who are Audit and Supervisory Committee members)

Self-Assessment of Effectiveness of Board of Directors

All board members answered a questionnaire. The answers were compiled into the following self-assessment of Board of Directors' effectiveness in fiscal 2025.

Respondents

All 12 directors



Assessment process

February 2025	Selection of questions
February to March 2025	Questionnaire implementation
April 2025	Compilation and analysis by outside institution
May 2025	Discussion and evaluation at meeting of the Board of Directors

Questions

- Board of Directors' composition and operation
- Management strategy and business strategy
- Corporate ethics and risk management
- Performance monitoring, assessment and remuneration of the management team
- Communication with shareholders, etc.

Total 32 questions

Response format

5-level rating, free written responses, anonymous

Overview of analysis and assessment

Kurabo's Board of Directors have been judged to have achieved effectiveness overall. This conclusion is based on analysis and assessment of questionnaire responses by Kurabo and an outside institute, and on progress in the following four areas described below.

1. Kurabo has been steadily strengthening dialogue with shareholders year by year. Efforts include issuing an integrated report, enhancing investor relations, actively pursuing shareholder relations, and building a system to support these (such as establishing a secretariat and consulting with lawyers and other experts). In fiscal 2025, not only representative directors and IR personnel but also outside directors participated in IR activities. Feedback submitted via IR and shareholder relations activities are reported to the Board of Directors for discussion.
2. Important issues, including the medium-term management plan, long-term vision, and other management strategies and business strategies are discussed by the Board of Directors following discussions as needed to confirm the company's direction. Joint meetings with the Management Council are also held.
3. There is active discussion on topics such as capital costs, return on capital, business portfolios, cross-shareholdings, and cash allocation.
4. To ensure practice of Kurabo's management philosophy, the Kurabo Group Code of Ethics was revised in fiscal 2025. Appropriate monitoring and supervision are being carried out so that employees fully understand and practice the code.

Moving forward

Kurabo's Board of Directors will use the results of this analysis and evaluation as a reference for continued, deepened discussion on appropriate training for directors and executive officers, human resource strategies for realizing medium- to long-term strategies, risk identification and response plans, and other matters, in order to further improve the effectiveness of the Board of Directors.

Governance

Reasons for Appointment of Directors

Haruya Fujita Representative Director / Chairman of the Board

Mr. Haruya Fujita assumed the position of director of the company in June 2012. As representative director and president since June 2014 and as representative director and chairman of the board since June 2024, he has facilitated the enhancement of corporate value through the supervision of corporate governance and other activities. The company has judged that he is a talented individual who is capable of continuing to manage the whole Group appropriately as a director to contribute to the further enhancement of corporate value.

Kenshi Kawano Director / Managing Executive Officer

Mr. Kenshi Kawano assumed the position of director of the company in June 2017, and since then he has drawn on his wealth of experience and knowledge in all aspects of the advanced technology business as the director in charge of advanced technology business, facilitating the enhancement of corporate value. The company has judged that he is a talented individual who is capable of continuing to manage the whole Group appropriately as a director to contribute to the further enhancement of corporate value.

Kazuo Matsui Director / Executive Officer

Mr. Kazuo Matsui has extensive experience, knowledge, and a proven track record in business promotion related to managerial planning and R&D as manager of the Managerial Planning Department and assistant to manager of the Technical Research Laboratory. The company has judged that he is a talented individual who is capable of managing the whole Group appropriately as a director to contribute to the further enhancement of corporate value by making the most of his experience and accomplishments.

Daisuke Shinkawa Outside Director / Audit and Supervisory Committee Member

Although in the past Mr. Daisuke Shinkawa has not been involved in the management of a company in a manner other than serving as an outside director or outside auditor, he has a wealth of experience and a high level of accounting knowledge as a certified public accountant. The company has judged that he is capable of continuing to properly audit and supervise the execution of duties by directors from an objective and independent perspective as an outside director (Audit and Supervisory Committee member).

Shinji Nishigaki Representative Director / President

Mr. Shinji Nishigaki assumed the position of director of the company in June 2023, and as representative director and president since June 2024 he has demonstrated outstanding management capability, facilitating the enhancement of corporate value. The company has judged that he is a talented individual who is capable of continuing to manage the whole Group appropriately as a director to contribute to the further enhancement of corporate value.

Masatake Nakagawa Director / Managing Executive Officer

Mr. Masatake Nakagawa has experience and a proven track record in business promotion related to all aspects of the textile business as he has for many years been in charge of sales for casual clothing-focused textile products both in Japan and overseas. He has demonstrated excellent management skills as representative director and president of Kurabo International Co. Ltd. since May 2024. The company has judged that he is a talented individual who is capable of managing the whole Group appropriately as a director to contribute to the further enhancement of corporate value by making the most of his experience and accomplishments.

Osamu Okada Director / Full-Time Audit and Supervisory Committee Member

Mr. Osamu Okada assumed the position of director (full-time Audit and Supervisory Committee member) of the company in June 2016, and as a full-time Audit and Supervisory Committee member, he has enhanced the effectiveness of audit by cooperating with the Auditing Department, properly auditing and supervising the execution of duties by directors. The company has judged that he is a talented individual who is capable of continuing to carry out his duties in an appropriate manner as a director (Audit and Supervisory Committee member).

Motohide Nishimura Outside Director / Audit and Supervisory Committee Member

Mr. Motohide Nishimura has experience in management for many years. The company has judged that he is capable of continuing to properly audit and supervise the execution of duties by directors from an objective and independent perspective as an outside director (Audit and Supervisory Committee member).

Toshio Baba Director / Senior Managing Executive Officer

Mr. Toshio Baba assumed the position of director of the company in June 2014, and since then he has drawn on his wealth of experience and knowledge in all aspects of the chemical products business as the director in charge of the chemical products business, facilitating the enhancement of corporate value. The company has judged that he is a talented individual who is capable of continuing to manage the whole Group appropriately as a director to contribute to the further enhancement of corporate value.

Hiroshi Fujii Director / Executive Officer

Mr. Hiroshi Fujii assumed the position of director of the company in June 2016, and since then he has drawn on his wealth of experience and knowledge in operations related to finance and accounting, IT, legal affairs, risk management, and real estate as the director in charge of the finance and accounting, IT, and general administration departments, and real estate business, facilitating the enhancement of corporate value. The company has judged that he is a talented individual who is capable of continuing to manage the whole Group appropriately as a director to contribute to the further enhancement of corporate value.

Teppei Mogi Outside Director / Audit and Supervisory Committee Member

Although in the past Mr. Teppey Mogi has not been involved in the management of a company in a manner other than serving as an outside director or outside auditor, he has been engaged in corporate legal affairs for many years as an attorney at law. The company has judged that he is capable of continuing to properly audit and supervise the execution of duties by directors from an objective and independent perspective as an outside director (Audit and Supervisory Committee member).

Misako Tanizawa Outside Director / Audit and Supervisory Committee Member

Although in the past Ms. Misako Tanizawa has not been involved in the management of a company in a manner other than serving as an outside director or outside auditor, she has a wealth of experience and a high level of accounting knowledge as a certified public accountant. The company believes that she remains capable of properly auditing and supervising the execution of duties by directors and executive officers from an objective perspective that is independent of senior executives as an outside director (Audit and Supervisory Committee member) and of contributing to active business management aimed at enhancing corporate value.

In addition, the company believes that she will continue to offer a female viewpoint and perspective in contributing to promoting DE&I, an important management strategy of the company. In her role as a member of the Nomination and Remuneration Advisory Committee, the company believes that she will be able to contribute to ensuring the objectivity and transparency with which the nomination and remuneration of officers is determined, as well as to strengthening accountability.

Governance

Director Remuneration

1. Basic policy

Remuneration for directors (excluding directors who are Audit and Supervisory Committee members; the same shall apply hereinafter) shall consist of basic remuneration (monetary remuneration) and performance-linked share-based remuneration. They shall be determined based on whether or not said director has the right to represent the company, what their position is, etc., and shall be within the respective amount limit and other conditions determined by resolution of the general meeting of shareholders. With regard to performance-linked share-based remuneration, the basic policy is to clarify the linkage of performance and share value, and, thereby, heighten motivation to contribute to improvement in business performance and increased corporate value.

2. Policy regarding the determination of methods for calculating individual remuneration and other compensation for directors

(includes policies regarding determination of the timing and conditions for awarding remuneration and other compensation to directors)

- Basic remuneration for directors shall be determined based on a comprehensive consideration of such factors as whether or not said director has the right to represent the company, their individual responsibilities and performance, the company's performance, and social standards. It shall be paid monthly in cash.
- Regarding performance-linked share-based remuneration provided as a part of director remuneration, with the aim of providing a healthy incentive for the sustained growth of the Kurabo Group, the number of shares to be delivered shall be calculated based on the regulations established by the Board of Directors according to the degree of achievement of medium-term management plan performance targets and ROE targets. These shares shall be delivered after directors retire.

3. Policy regarding the determination of the ratio of the amount of monetary remuneration and other compensation to the amount of individual remuneration and other compensation for directors

The payout ratio between basic remuneration (monetary remuneration) and performance-linked share-based remuneration will be determined so as to provide appropriate incentives for directors, with basic remuneration (monetary remuneration) being the main component.

4. Methods for determining the content of individual remuneration and other considerations for directors

- To ensure the transparency and objectivity of decision-making procedures regarding the content of individual remuneration for directors, we shall establish a voluntary Nomination and Remuneration Advisory Committee to deliberate on director nomination and remuneration. The chairperson and majority of its members shall be independent outside directors.
- The Board of Directors shall invest the president with the authority to determine the content of individual remuneration for each director based on the recommendations of the Nomination and Remuneration Advisory Committee and the opinions of the Audit and Supervisory Committee.
- The president shall, in line with the authority vested as per the above, determine the amount of remuneration for each individual director, taking into account the recommendations of the Nomination and Remuneration Advisory Committee, the opinions of the Audit and Supervisory Committee, and the content of discussion by the Board of Directors. In addition, after rendering a decision, the president shall report the details of this decision to the Nomination and Remuneration Advisory Committee.

2. Matters regarding performance-based remuneration, non-monetary remuneration, and other compensation
Director remuneration at Kurabo consists of basic remuneration (monetary remuneration) and performance-linked share-based remuneration. In order to ensure performance-linked share-based remuneration provides a healthy incentive for directors to contribute to the sustained growth of the Kurabo Group, the number of shares to be delivered is, based on regulations established by the Board of Directors, calculated according to the degree of achievement of medium-term management plan performance targets (targets for consolidated operating profit) and ROE targets. These shares are delivered after directors retire.

The targets and results for indicators related to performance-linked share-based remuneration are as follows.

Performance indicators	FY2025 target	FY2025 results
Consolidated operating profit	9.6 billion yen	10.3 billion yen
Consolidated ROE	7.0%	7.6%

A resolution was passed at a meeting of the Board of Directors on April 28, 2025 to revise the directors' and executive officers' remuneration system.

The main changes are to the composition and proportion of remuneration for directors (excluding directors who are Audit and Supervisory Committee members) (when performance-linked remuneration is the base amount). The changes became effective on July 1, 2025.

	Basic remuneration (monetary remuneration)	Performance-linked remuneration	
		Monetary remuneration	Share-based remuneration
Before change	90%	—	10%
After change	70%	15%	15%

Amount of remuneration and other compensation for directors for the latest fiscal year

1. Total amount of remuneration and other compensation by director category, total amount of remuneration and other compensation by type, and number of eligible directors

Category	Total amount of remuneration and other compensation (million yen)	Total amount of remuneration and other compensation by type (million yen)		Number of eligible directors
		Basic remuneration	Performance-linked share-based remuneration	
Directors (excluding Audit and Supervisory Committee members) (excluding outside directors)	284	250	34	7
Directors (Audit and Supervisory Committee members) (excluding outside directors)	21	21	—	1
Outside directors	27	27	—	4

Note: The amount of remuneration and other compensation for directors does not include the employee salary of directors who also serve as employees.

Governance

Directors' Skills Matrix and Activity Status

		Attributes	Gender	Expertise and experience possessed by the directors								Attendance
				Corporate management	Personnel	Sales & marketing	Finance & accounting	Legal affairs & risk management	ESG	Manufacturing, research & technical development	Global experience	
Directors	Haruya Fujita	Inside	Male	○		○		○	○	○		Board of Directors meetings: 14/14
	Shinji Nishigaki	Inside	Male	○		○		○	○	○		Board of Directors meetings: 14/14
	Toshio Baba	Inside	Male	○		○			○			Board of Directors meetings: 14/14
	Kenshi Kawano	Inside	Male	○		○			○	○	○	Board of Directors meetings: 14/14
	Masatake Nakagawa	Inside	Male	○		○			○		○	Board of Directors meetings: — (newly appointed)
	Hiroshi Fujii	Inside	Male	○			○	○	○		○	Board of Directors meetings: 14/14
	Kazuo Matsui	Inside	Male	○			○		○	○	○	Board of Directors meetings: — (newly appointed)
Directors who are Audit and Supervisory Committee members	Osamu Okada	Inside	Male		○		○	○	○		○	Board of Directors meetings: 14/14 Audit and Supervisory Committee meetings: 14/14
	Teppei Mogi	Outside Independent	Male					○	○		○	Board of Directors meetings: 14/14 Audit and Supervisory Committee meetings: 14/14
	Daisuke Shinkawa	Outside Independent	Male				○	○	○			Board of Directors meetings: 14/14 Audit and Supervisory Committee meetings: 14/14
	Motohide Nishimura	Outside Independent	Male	○		○			○		○	Board of Directors meetings: 14/14 Audit and Supervisory Committee meetings: 13/14
	Misako Tanizawa	Outside Independent	Female				○	○	○			Board of Directors meetings: 14/14 Audit and Supervisory Committee meetings: 14/14

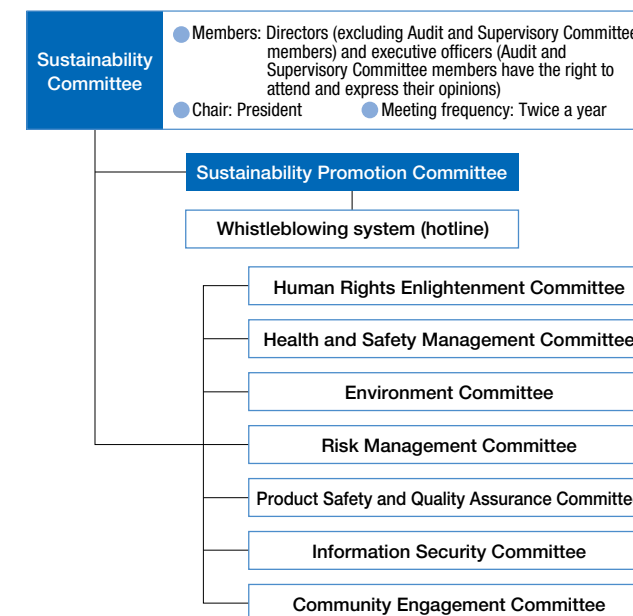
Note: 1. The above table presents only the main expertise and experience possessed by each director, and it does not represent the entirety of their expertise and experience.

2. "Independent" refers to independent outside directors who meet the requirements of our internal regulation of "Criteria for Independence of Outside Directors" and of an independent director/auditor pursuant to Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange.

Advancing Sustainability-Oriented Management

In order to advance sustainability-oriented management that aims to realize a sustainable society and improve corporate value, we have reviewed our previous CSR-focused promotion structure and have launched a new, sustainability-focused promotion structure on April 1, 2025. In line with this, we have renamed the Kurabo CSR Committee the Sustainability Committee.

The previous structure was focused on "defense," i.e., compliance, respect for human rights, and other natural roles of a company. However, in order to advance sustainability-oriented management, we will need to focus on "offensive" roles as well; thus, the Sustainability Committee will discuss the Kurabo Group's material issues, KPIs and their progress, and other items. We have also revised the names and activities of some of our subcommittees.



Corporate Governance Roundtable



Representative Director and
Chairman of the Board
Haruya Fujita

Outside Director
(Audit and Supervisory Committee Member)
Daisuke Shinkawa

Outside Director
(Audit and Supervisory Committee Member)
Misako Tanizawa

Director
(Full-time Audit and Supervisory Committee Member)
Osamu Okada

Aiming to build a highly effective Board of Directors that fosters active, cross-functional discussions

Kurabo has taken steps to put in place a fair and transparent governance system, including transitioning to a company with an Audit and Supervisory Committee in 2016 and establishing a Nomination and Remuneration Advisory Committee in 2019. Currently, we have four independent outside directors (including one female outside director), comprising one-third of the Board of Directors.

In this roundtable discussion, Chairman Fujita acted as facilitator and was joined by a director/full-time Audit and Supervisory Committee member and two outside directors (who are also Audit and Supervisory Committee members) to exchange opinions on topics such as the effectiveness of the Board of Directors, the vision for the future, and expectations for the new Accelerate '27 medium-term management plan.

Making great progress in governance over the past 10 years. Contributing to improved management transparency and fairness

Fujita Since becoming president in 2014, I have sought to put in place the best corporate governance, and this has involved strengthening our organizational and committee management structure. The Board of Directors' self-assessment concluded that it is generally effective, but what are your thoughts on the challenges and assessment score for Kurabo's Board of Directors?

Okada I have taken part in board meetings since 2016, when Kurabo transitioned to a company with an Audit and Supervisory Committee. I have heard that in previous board

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meetings, it was difficult to voice opinions about other departments but now, with the increase in the number of outside directors, there is active, substantive discussion and commentary that transcends departments and positions. Improvement measures have also been implemented based on the effectiveness assessment, and I believe that the function of the Board of Directors as a decision-making body has been greatly improved.

Fujita In 2016, I was serving as president but as Kurabo was without a chairman, I also took on the role of chairman of the Board of Directors. At the time, there were few in-depth discussions at board meetings about matters in other departments, which I felt was an issue, but the transition to a company with an Audit and Supervisory Committee has helped to enliven the exchange of opinions from both inside and outside the company.

Shinkawa I was appointed as an outside director in 2016, joining Kurabo in the midst of this transformation. I believe that the Kurabo Group's governance has made great progress during the 10 years that Chairman Fujita served as president, and a system centered on the Board of Directors has been steadily put in place. For example, the Kurabo CSR Committee, established in 2006 (renamed the Sustainability Committee in April 2025), and the Nomination and Remuneration Advisory Committee, established in 2019, now have established operational and promotion systems, including PDCA cycles and output, helping to maintain and strengthen governance.

Also, strengthening of earning power, as advocated by the Ministry of Economy, Trade and Industry, is an important issue. At the time, Chairman Fujita took a strong stance, both internally and externally, for Kurabo to "Bring the world something exciting," and a system was established in which the issues facing each business division were shared and discussed at board meetings based on the medium-term management plan. As a result, we have seen improved performance, particularly in semiconductor-related business, and I believe that governance is properly functioning in terms of

focusing on earning power.

Tanizawa To maintain effective governance, it is essential that important information is shared appropriately and promptly, both inside and outside the company. In this regard, at Kurabo, information is communicated smoothly without being held up in any particular department, contributing to business transparency and fairness. In particular, the Sustainability Committee provides the Board of Directors with a broad understanding of the activities of the entire Group, thereby helping ensure the board exercises its control function, which is a major strength.

In addition, rules and procedures are in place, and management decisions are made as an organization, not based on the arbitrary whims of individuals. However, these systems also need to be reviewed in response to changes in the times and environment, and flexibility must be ensured.

Fujita In the past, Kurabo lacked sufficient collaboration between departments, hindering the ability to develop cross-departmental perspectives and, thus, making it difficult to create synergy between departments. In response to these challenges, we focused on creating a cross-departmental system and promoted information sharing, which has led to new realizations and business insights.

Using Kurabo's unique business diversification to pursue the conglomerate premium

Fujita In recent years, business diversification has been labeled as a "conglomerate discount." However, our business development has a history of expanding markets through the application and deepening of core technologies. We intend to maintain our technology-driven diversification policy while also continuing to review it in response to such factors as the business environment. What do you think about Kurabo's diversified business?

Okada While the Group's business diversification is expected to create synergies between businesses and diversify risks, I

also recognize that, at the same time, challenges such as the dispersion of company resources and the conglomerate discount exist. In this context, Kurabo is continuing to optimize its business portfolio through a medium- to long-term review and reorganization around markets. For example, in recent years, Kurabo sold its machine tool business in response to changes in the competitive environment and implemented structural reforms in its textile business. In terms of synergies, even in the food and services business, where there is limited opportunity, Kurabo maintains a high profitability structure through the development of specialized human resources.

Shinkawa Given the wide range of Kurabo business, it is undeniable that risk analysis can be complex. On the other hand, because Kurabo also has many relatively small-scale businesses, it is important to first promote further growth in the core businesses and clearly communicate their distinctive features. At the same time, clearly showing, to those both inside and outside the company, the direction that Kurabo should be heading will likely lead to increased corporate value in the future.

Tanizawa Business diversification generally involves challenges such as the dispersion of company resources, the complexity of management structures, delayed decision-making, and the incurring of additional costs. In particular, when entering an area where you have no experience, there is a high risk of failure due



Corporate Governance Roundtable



to a lack of know-how, so careful judgment is required. On the other hand, business diversification has the advantage of increasing management stability, as even if a particular business fails, other businesses can compensate for the performance. In addition, by approaching customers in multiple markets, Kurabo can expect to expand revenue opportunities. Furthermore, if synergies can be achieved between related businesses, it may contribute to improving business efficiency and competitiveness.

Over its 137-year history, the Kurabo Group's business diversification has developed in a derivative manner from its origins in the textile business, and I believe that it has demonstrated favorable expansion while maintaining relevance to its existing businesses. Taking on bold challenges in related fields and expanding business will also lead to increased employee motivation and invigoration within the company. Of course, it is important to allocate limited resources in a focused manner, but, in today's rapidly changing world, appropriate risk diversification is also essential. I hope that Kurabo will continue to pursue the challenge of diversifying its operations while also maintaining a balance and determining whether or not a given business is truly meaningful to the company.

Fujita The advanced technology business' Life Science Technologies Department, which was reorganized in April 2025, has made a new start aiming to expand into growth markets by

utilizing the materials and technologies cultivated in existing businesses. Life sciences is an area where we expect to create synergies through collaboration with other businesses, which we believe will lead to strengthening the competitiveness of the entire Group. I want to provide long-term support to these new organizations so that they can build up a track record and become successful models for the future.

Specializing the board's function in monitoring and creating a forum for discussing medium- to long-term strategies

Fujita There is room for greater incorporation of the opinions of outside directors at board meetings. Currently, we spend a lot of time explaining each item on the agenda, and I believe that reform of the Board of Directors is necessary to deepen discussions on important issues and medium- to long-term strategies.

Shinkawa I also recognize the importance of delegating items where possible to the Management Council (a meeting of inside directors and executive officers held twice a month) and focusing more on discussing company-wide growth strategies, human resource strategies, digital transformation strategies, and risk management measures. It would be good if we could spend more time on things like the medium-term management plan and long-term vision.

Okada Kurabo's Board of Directors has already begun discussions with a view to shifting from a management model to a monitoring model. This is in response to amendments to the Tokyo Stock Exchange's Securities Listing Regulations, which require Prime Market-listed companies to increase the ratio of female executives to 30% or more by 2030, as well as a request from the Japanese Corporate Governance Code that companies consider appointing the requisite majority of independent outside directors. As Kurabo increases the proportion of outside directors in the future, I expect a relative decrease in the number of executive directors; thus, I believe

that a shift to a monitoring model is inevitable.

Tanizawa Boards of directors should not be uniform but rather they should adopt a system that allows governance in accordance with the circumstances of each company. I believe that an appropriate governance structure has been established under the current divisional system, which encompasses a wide range of businesses. However, as Mr. Shinkawa pointed out, in the future, in response to changes in business strategy, the possibility of transferring authority to the Management Council and having the Board of Directors functionally specialize in monitoring will need to be considered. However, as a company with an Audit and Supervisory Committee, Kurabo has already adopted a hybrid governance structure, and I believe that this will evolve in the future.

Increasing the proportion of women and appointing diverse outside directors

Fujita As Mr. Okada mentioned, the government has set a goal of increasing the proportion of female executives at Tokyo Stock Exchange Prime Market-listed companies to at least 30% by 2030. In addition, discussions are picking up momentum regarding revising the Corporate Governance Code to require a majority of directors to be independent outside directors. Kurabo still has few female managers, so we need to



Corporate Governance Roundtable

further develop and implement various measures, including education, personnel systems, and hiring experienced personnel. We also need to consider how to ensure the effectiveness of the Board of Directors by reviewing the functions it should fulfill and by taking into consideration diversity and skill balance in terms of personnel composition.

Tanizawa Regarding the ratio of female executives, I do not see the goal as being simply to increase the number. The original intent is to incorporate diverse perspectives into company management, and it is important that people with a wide range of knowledge and values participate in discussions without being biased towards any particular opinion. It is necessary to increase diversity not just in terms of gender but also in terms of age, experience, nationality, and the like.

Okada As Ms. Tanizawa pointed out, from the perspective of diversity, it is important to hold discussions with members who have diverse backgrounds, but, in Japan, which ranks low in the global gender gap index, there is also the need to increase the proportion of women and to demonstrate this numerically.

Shinkawa As Kurabo looks ahead to expansion into global markets, it will be beneficial to add personnel with international knowledge and practical experience. The participation of globally minded people can be expected to further stimulate discussions at board meetings.

Fujita Going forward, the Board of Directors will primarily

discuss long-term strategies, human resources, and overseas strategies. Matters previously decided by the board will likely be discussed by the Management Council and ultimately left to the discretion of the president and executive officers. As for outside directors, as Mr. Shinkawa mentioned, we are considering appointing people who are familiar with overseas markets and technologies.

Expectations at the start of President Nishigaki's second year in office and for the new Accelerate '27 medium-term management plan

Fujita Under President Nishigaki's leadership, the new medium-term management plan, Accelerate '27, was formulated through repeated discussions with executives and managers from each division and thorough deliberation by the Management Council, the Board of Directors, and other advisory committees. What are your expectations for this plan and for President Nishigaki?

Okada Since joining Kurabo, President Nishigaki has played a key role in expanding the high-performance plastic products business, achieving major growth for the semiconductor sector. I believe that, through this experience, he has developed a high level of sensitivity to market trends, risks, and countermeasures. At board meetings, Management Council meetings, and meetings of senior executives, he emphasizes the importance of inter-organizational collaboration and swift decision-making; thus I sense he has a strong will and drive to improve business performance. Going forward, I hope that he will continue to work hard to further increase Kurabo's public recognition and to create a company that employees can be proud of.

Shinkawa The top management structure, which had previously been led solely by Chairman Fujita, has achieved greater organizational and structural stability with the addition of President Nishigaki. In this context, the new medium-term management plan formulated under the leadership of President Nishigaki presents a more aggressive and strategic approach,

drawing on his experience leading growth areas.

The plan has clearly set out a direction that is consistent with the demands of the stock market, and I have high expectations for the R&D initiatives and new business creation and monetization measures that have been identified as priorities. Even as the social environment changes at an accelerating pace, I hope Kurabo will continue to boldly develop and bring to market unique products. This will require greater invigoration of the Management Council and strengthening of strategy planning functions that will contribute to market creation, thereby improving the support system for business divisions.

In addition to its semiconductor-related business, Kurabo has many businesses and seeds, including the functional film business, life sciences technology business, and functional fiber materials business, as well as the material technologies possessed by Kurabo's research laboratory, that can contribute to addressing social issues. I have high hopes that these will grow into larger, core businesses in the future.

Tanizawa Having seen the efforts made to formulate a plan that will achieve the Long-Term Vision 2030 ahead of schedule, I have the strong impression that Kurabo is venturing beyond its conventional approach of working at a safe and steady pace in achieving goals and is boldly taking on the challenge of setting even higher goals, even if this involves difficulties and trial and error.

Kurabo has a corporate culture that willingly embraces challenge, eschewing a fear of failure to "Bring the world something exciting" while recognizing that failure is part of taking on challenges. This is an attitude that I have long held in very high regard. I hope that Kurabo will continue to cherish this spirit as a driving force for further innovation.



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Sustainability

Report Based on TCFD Recommendations

TCFD
TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES

The Kurabo Group has set “consideration for the global environment and contribution to a circular economy” as one of its material issues.

Recognizing that climate change-related risks and opportunities have a significant impact on our business strategies, we have positioned “achieving carbon neutrality” as a key issue.

We are also carrying out resource recycling and biodiversity-related initiatives as we work to help realize a sustainable society.

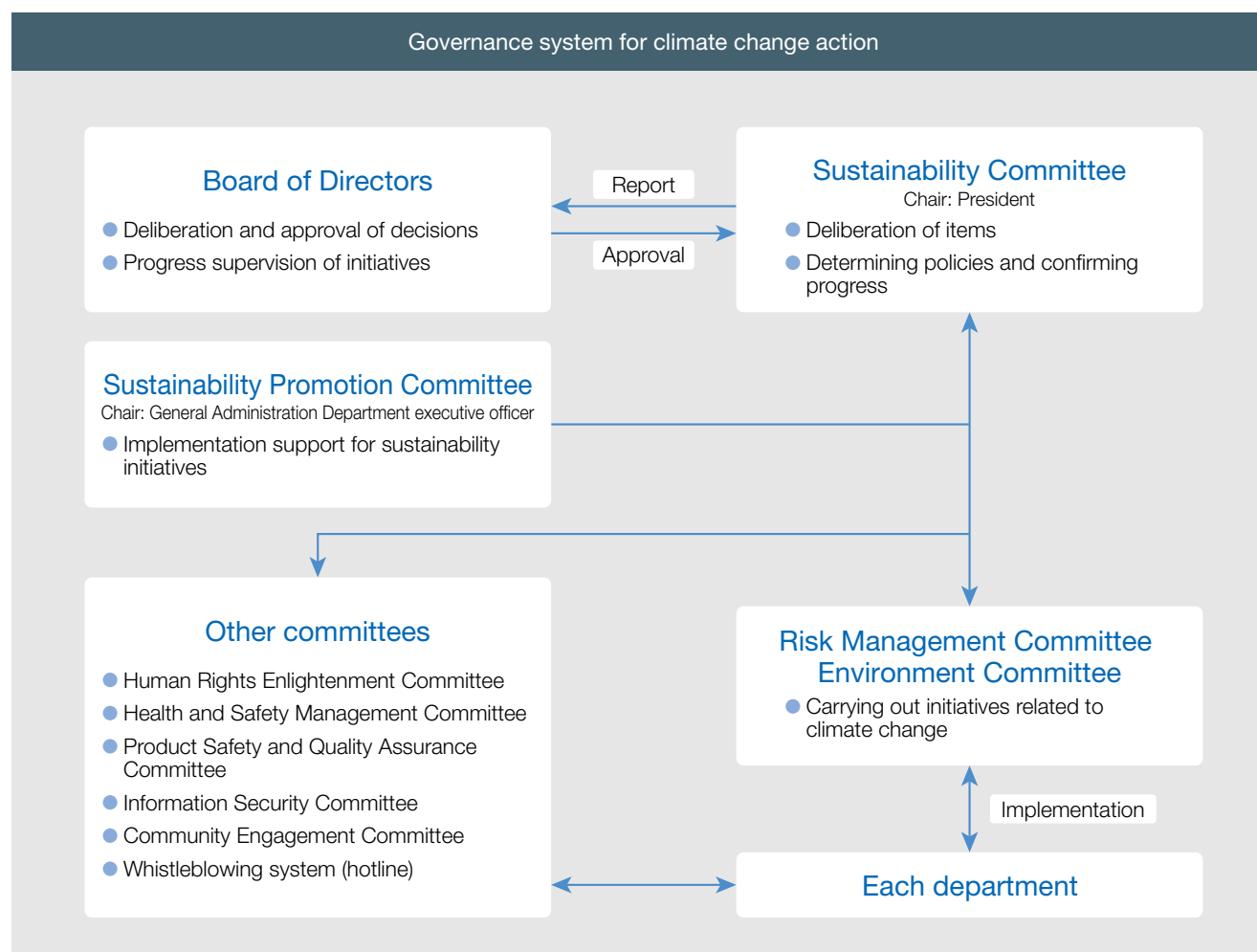
Governance

In April 2025, we renamed the Kurabo CSR Committee the Sustainability Committee and conducted a review and strengthening of the Kurabo Group’s overall sustainability-focused promotion structure. With regard to environmental issues, we are pursuing initiatives centered on the Risk Management Committee and the Environment Committee under the supervision of the Sustainability Committee, which is chaired by the president. The Sustainability Committee approves the action policies of the Risk Management Committee and the Environment Committee in response to climate change-related risks and opportunities, receives activity reports, and reports these action policies and results to the Board of Directors once a year.

The Board of Directors deliberates and supervises the goals and plans of these initiatives, as well as the progress of each measure. The Board of Directors also decides on strategies related to sustainability, such as the Basic Policy on Sustainability and the Kurabo Group Environment Charter.

Major items discussed and approved by the Board of Directors (FY2025)

- Preparation of environmental report
- Report on response to CDP questionnaire



Report Based on TCFD Recommendations

Strategy

The Kurabo Group has established a CO₂ emissions reduction transition plan (carbon neutrality roadmap) in 2022 toward the government's goal of carbon neutrality in 2050, and the entire Group is conducting activities to reduce CO₂ emissions.

In addition, we have compiled a list of risks and opportunities to comprehensively understand the impact of climate change on our business in 2030 and to carry out initiatives to address issues caused by climate change.

As part of the process of identifying risks and opportunities, we first interviewed each department about climate change-related risks and opportunities and created a comprehensive list. We then organized and narrowed down this list from the perspective of the magnitude of the impact on business, and we identified important climate change-related risks and opportunities for the Group's business based on the evaluation results of scenario analysis. We are revising risks and opportunities annually through the same process. Going forward, we will proceed with a detailed examination and strive to reduce risks that have a large impact and to operate our business by accurately seizing opportunities.

Overview of scenario analysis

Scenario analysis is based on the STEPS, SDS, and NZE 2050 of the IEA (International Energy Agency) World Energy Outlook, and SSP1-1.9 and SSP5-8.5 of the Sixth Assessment Report of the IPCC (Intergovernmental Panel on Climate Change). And we analyzed transition risks and opportunities in the 1.5°C scenario and physical risks and opportunities in the 4°C scenario.

For analysis, the definitions of the degree of impact and the time axis are as follows.

Degree of impact

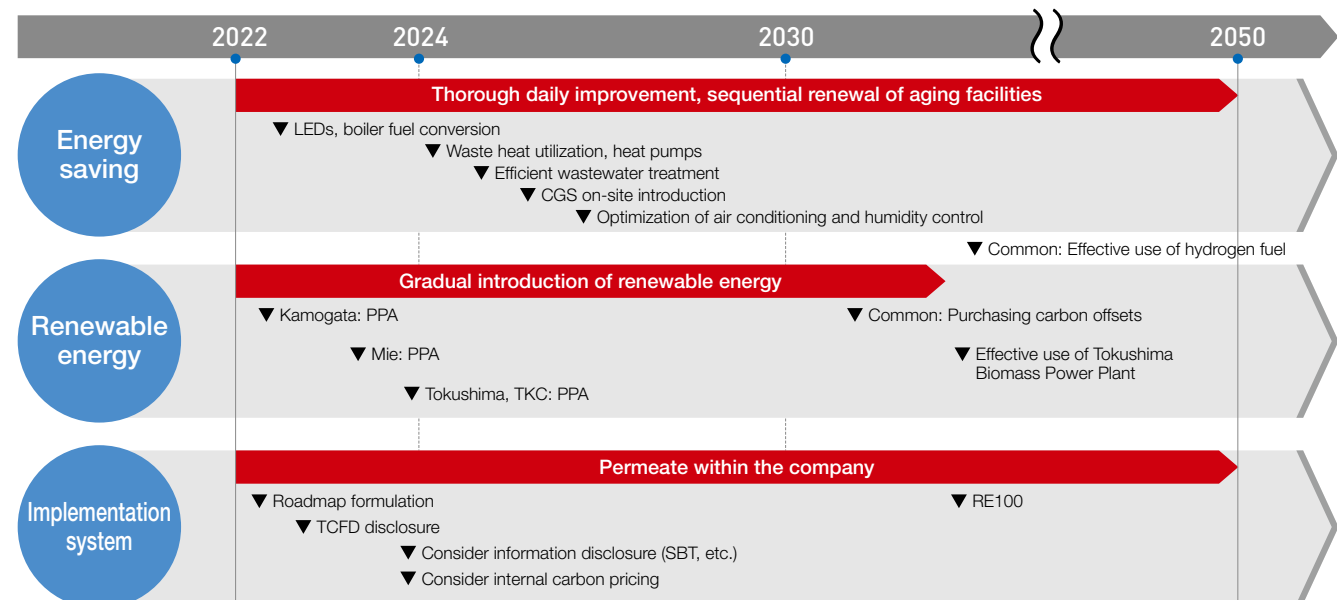
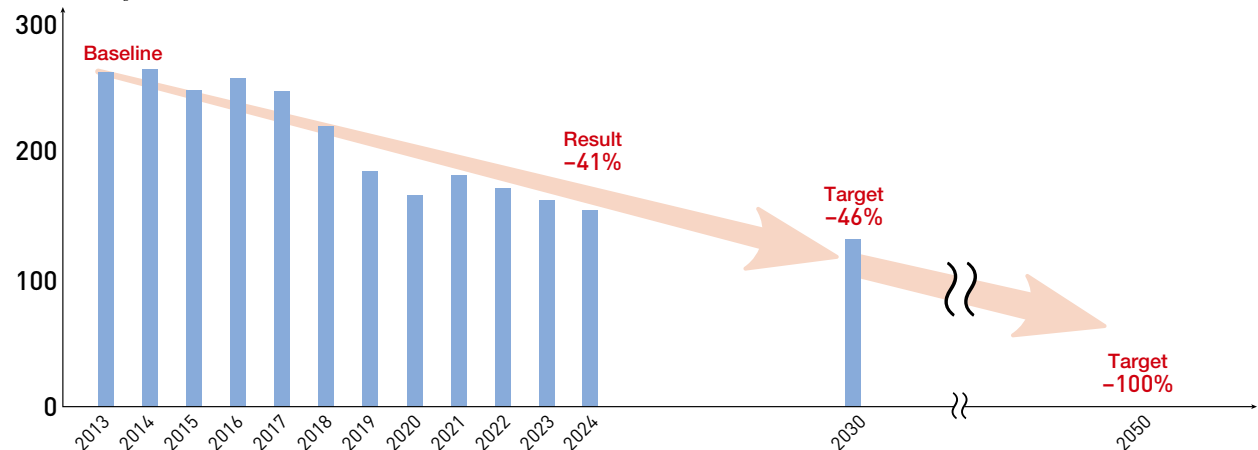
Large: Significant long-term impact, or expected impact amount of 500 million yen or more
Moderate: Temporarily significant impact, or expected impact amount of 100 million yen or more

Time axis

Short term: Up to 3 years
Medium term: 3–10 years
Long term: 10 years or longer

Transition plan for reducing CO₂ emissions (carbon neutrality roadmap)

CO₂ emissions (1,000 t-CO₂)



Report Based on TCFD Recommendations

Risks

Type	Classification	Impact	Countermeasure	Degree of impact (large/moderate)	Time axis
Transition risks	Policy and legal	Increased pricing of GHG emissions (carbon pricing)	<ul style="list-style-type: none"> Implement energy conservation measures such as boiler fuel conversion and heat pumps Introduce renewable energy such as solar PPA 	Large	Medium to long term
		Cost pass-through occurs due to the introduction of carbon pricing into the energy and raw materials supply chain	<ul style="list-style-type: none"> Encourage and cooperate with suppliers to develop low-carbon materials, etc. Diversify raw material procurement methods 	Large	Medium to long term
		Mandates on and regulation of existing products and services	<ul style="list-style-type: none"> Diversify suppliers in consideration of environmental impact Reduce the amount of raw materials and components used 	Moderate	Short, medium, and long term
	Technology and market	Changing customer behavior	<ul style="list-style-type: none"> Improve the efficiency of our own production processes Improve the efficiency of production processes throughout the value chain 	Moderate	Short, medium, and long term
		Costs to transition to lower-emissions technology	<ul style="list-style-type: none"> Introduce renewable energy such as solar PPA Effectively use existing large-scale power sources (mega solar, biomass) 	Moderate	Medium to long term
		Increase in costs due to rising energy and fuel prices	<ul style="list-style-type: none"> Convert fuel sources, such as for boilers Develop and implement industrial processes that enhance energy efficiency and allow decarbonization 	Moderate	Short, medium, and long term
Physical risks	Acute	Increased stakeholder concern or negative stakeholder feedback	<ul style="list-style-type: none"> Implement and improve human capital management 	Moderate	Short, medium, and long term
		Equipment damage, decreased production due to suspension of activities, and increased recovery costs due to typhoons, floods, etc.	<ul style="list-style-type: none"> Strengthen BCP (business continuity plan) Confirm hazard maps and assess risks at company sites and major business partners 	Large	Short, medium, and long term
	Chronic	Suspension of production due to damage to suppliers and disruption of transportation routes caused by typhoons, floods, etc.	<ul style="list-style-type: none"> Diversify production and procurement methods, such as by diversifying suppliers and reconstructing supply networks Deploy procurement BCP and implement BCP assessment at suppliers 	Moderate	Medium to long term
		Rising mean temperatures	<ul style="list-style-type: none"> Introduce energy-saving equipment and enhance power saving in factories and offices Introduce renewable energy such as solar PPA 	Moderate	Short, medium, and long term

The estimated impact of the identified risks on the Kurabo Group is 8.7 billion yen, comprising 7.1 billion yen for transition risks and 1.6 billion yen for physical risks.

Opportunities

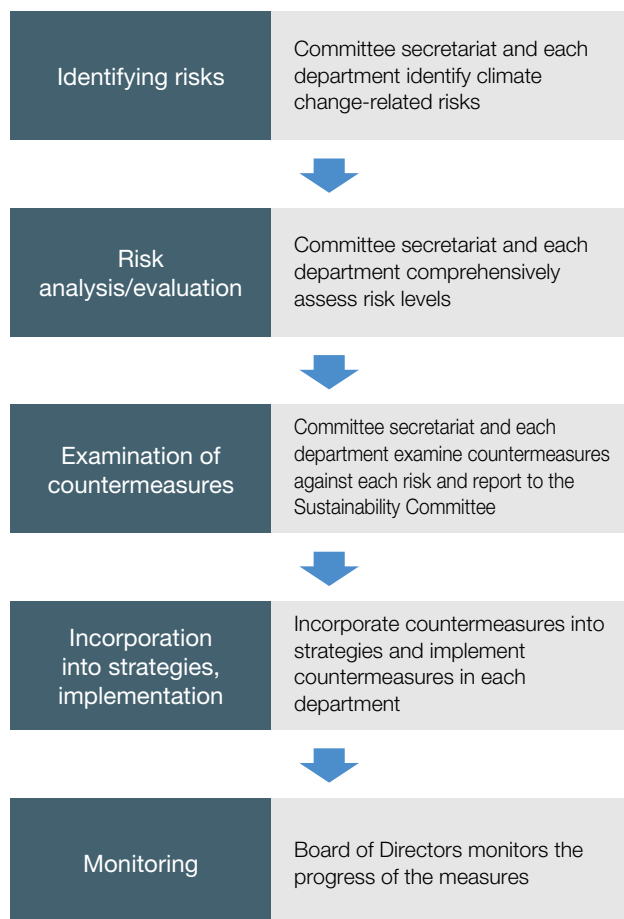
Type	Classification	Impact	Countermeasure	Degree of impact (large/moderate)	Time axis
Opportunities	Resource efficiency	Growing demand for parts and materials compatible with the circular economy against the backdrop of the transition to a circular economy	<ul style="list-style-type: none"> Expand recycling-oriented business such as through L∞PLUS and other recycling of clothing cutting waste Expand Air Flake recycled polyester and biodegradable fiber products Expand recycled wood powder resin products such as Kurattice Eco 	Large	Short, medium, and long term
		Expansion of demand for recyclable products and reduction of manufacturing costs through strengthening of single-material product lines	<ul style="list-style-type: none"> Expand recycling-oriented business such as through L∞PLUS and other recycling of clothing cutting waste 	Moderate	Short, medium, and long term
	Energy source	Reduction of carbon tax burden by reducing GHG emissions through decarbonization measures	<ul style="list-style-type: none"> Implement energy conservation measures such as boiler fuel conversion and heat pumps Introduce renewable energy such as solar PPA 	Large	Medium to long term
		Reduction of energy costs through energy-saving activities and procurement of low-cost, high-quality renewable energy and hydrogen	<ul style="list-style-type: none"> Implement energy conservation measures such as boiler fuel conversion and heat pumps Introduce renewable energy such as solar PPA 	Moderate	Short, medium, and long term
	Products and services	Growing demand and expansion of needs for low-carbon and decarbonized products	<ul style="list-style-type: none"> Pursue decarbonization and strengthen product competitiveness by understanding the carbon footprint Expand eco-friendly high-performance materials such as NaTech Expand eco-friendly functional films such as KuranSeal series Acquire tenants by obtaining environmental certification for real estate rental buildings 	Moderate	Short, medium, and long term
		Increasing demand for products that can help reduce customer products' CO ₂ emissions	<ul style="list-style-type: none"> Expand the KuranZero series and other high-performance rigid polyurethane foam insulation materials Strengthen the EL department's core products in order to reduce defective products 	Large	Short, medium, and long term
	Markets	Access to new markets	<ul style="list-style-type: none"> Respond to growing demand for semiconductors through high-performance plastic products Expand demand for core products and newly developed products in each segment, including the advanced technology business 	Large	Short, medium, and long term
	Resilience	Business continuity	<ul style="list-style-type: none"> Practice sustained business activities by strengthening BCP 	Large	Short, medium, and long term

The estimated impact of the identified opportunities on the Kurabo Group is 22.6 billion yen in total.

Report Based on TCFD Recommendations

Risk Management

Climate change-related risks are appropriately managed under the leadership of the Risk Management Committee and Environment Committee in accordance with the following assessment and management process. In addition, climate change-related risks are managed by the entire Kurabo Group as one of the risks that have a significant impact on the business of the Kurabo Group.



Metrics and Goals

The Kurabo Group aims to achieve carbon neutrality in 2050 as a long-term goal for reducing CO₂ emissions. Especially for the period up to 2030, we have formulated a roadmap to achieve the government target of a 46% reduction compared to fiscal 2014. The entire Kurabo Group will work to reduce its CO₂ emissions (Scope 1, Scope 2) on an absolute quantity basis. We believe that advancing these initiatives will further enhance the value to society of our corporate group, improve production efficiency, strengthen our foundation as a manufacturing company, and ultimately improve profitability. Regarding supply chain CO₂ emissions (Scope 3), we currently calculate emissions from upstream processes but going forward, we will also calculate emissions from downstream processes.

Medium- to long-term CO₂ emission reduction targets

	2025	2030	2050
CO ₂ emissions reduction targets (Scope 1/2)	44% reduction (against FY2014)	46% reduction (against FY2014)	Carbon neutral

CO₂ emissions

Category	FY2025 results
Scope 1	31,877 t-CO ₂ /year
Scope 2	121,344 t-CO ₂ /year
Total	153,221 t-CO ₂ /year

Target item		FY2025 targets	FY2025 results	FY2026 targets
Reduction of CO ₂ emissions	Absolute reduction (against FY2014)	40% reduction	41.4% reduction	44% reduction
Efforts toward zero emissions	Improvement in recycling rate of waste	97%	96.3%	97%

Environmental targets and results

To systematically carry out environmental conservation, the Kurabo Group has set medium-term targets (three-year numerical targets) for reduction of CO₂ emissions and recycling rate in pursuit of zero emissions. We are striving to combat climate change and effectively utilize resources.

For fiscal 2025, we set a target of reducing CO₂ emissions by 40% compared to fiscal 2014 and engaged to reduce energy consumption through energy-saving measures. The result was a 41.4% reduction, reaching our target. Regarding zero emissions, the recycling rate was 96.3%, and we fell short of our target of 97%.

The Kurabo Group has set a long-term environmental goal of reducing CO₂ emissions by 46% from fiscal 2014 levels in 2030 and becoming carbon neutral in 2050. The environmental target of the Accelerate '27 medium-term management plan (FY2026–2028) is to reduce CO₂ emissions by 44% compared to fiscal 2014 by fiscal 2026. Our zero emissions target remains a recycling rate of 97%.

Preserving natural capital

In addressing climate change, we strive for carbon neutrality while advancing resource recycling and biodiversity initiatives. Our actions include recycling products, sourcing recycled raw materials, and conserving local ecosystems where we operate.

Sustainability

Environment

Environment Charter

In 1998, the Kurabo Environment Charter was established to define Kurabo's basic policies on environmental issues and behavioral guidelines for employees. After deciding that the entire Kurabo Group should work toward environmental conservation, in 2006 we revised the Kurabo Environment Charter into the Kurabo Group Environment Charter, which the

entire group abides by.

In addition, when we formulated our carbon neutrality roadmap in 2022, we specified the importance of climate change countermeasures.

Kurabo Group Environment Charter

1. Basic policies

The Kurabo Group systematically and continuously strives to reduce environmental impact to contribute to the conservation of the global environment. In particular, we position climate change as an important issue and work to reduce CO₂ emissions at all stages, such as development, production, and sales.

To this end, we actively improve the level of our environmental management in all fields of business activities and provide products and services that are harmonious with the environment.

2. Behavioral guidelines

(1) Compliance with applicable laws and regulations

Setting and practice of voluntary management standards

(2) Furthering environmental sustainability

We will implement the following efforts with the aim of building a carbon-free, resource-recycling society.

1.Reduction of CO₂ emissions based on the carbon neutrality roadmap

- Furthering of efficient use of energy
- Introduction of renewable energy and furthering of energy transition

2.Effective utilization of resources and stepping up of recycling

3.Development of technologies, products, and services that contribute to reducing environmental impact

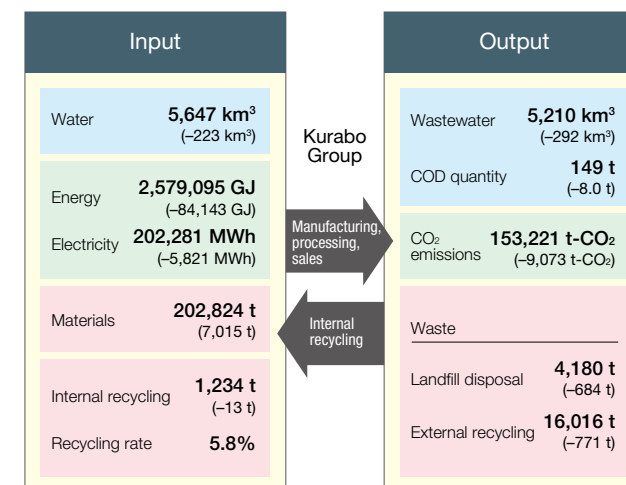
(3) Operating bases in coexistence with local environment, ensuring safety and health

(4) Thorough in-house environmental system, and education on the environment

Reducing Environmental Impact

The Kurabo Group has always striven to supply high-quality products and services to the market in efforts to contribute to a better future. We also work to accurately understand the impact that business activities have on the environment so that we can reduce it.

We are working not only on climate change countermeasures but also on resource recycling and biodiversity, including with our overseas affiliates. We also take into consideration local standards and regulations, such as those regarding waste disposal, air pollution, and water pollution.



Increased or decreased quantities against the previous year are shown in parentheses.

Environment

Carbon Neutrality

Solar power generation

Since 2022, we have been installing solar panels on plant rooftops to generate electricity. In Japan, they have been introduced at the Kurabo Kamogata Plant, Mie Plant, and Tokushima Plant; Sheedom's Kamigori Plant; Kurashiki Textile Manufacturing's Shizuoka Plant; Seiki Co., Ltd.; and Echo Giken Co., Ltd. Overseas, they have been installed at Thai Kurabo Co., Ltd. Going forward, we plan to install them at the Kurabo

Neyagawa Plant and Japan Jiffy Foods' Mito Factory as we continue to expand our use of renewable energy.



Thai Kurabo

Supply chain CO₂ emissions (Scope 3)

In regards to supply chain CO₂ emissions (Scope 3), based on our consolidated accounting data, we used the Ministry of the Environment's Database on Emissions Unit Values for Accounting of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain, and the Inventory Database for Environmental Analysis (IDEA), to determine the emission amounts for categories 1 to 8 of Scope 3. Moving forward, besides calculating the downstream processes of categories 9 to 15, we will focus on reducing emissions in category 1, in which we have relatively high emissions.

Supply chain CO₂ emissions (Scope 3)

Category	FY2025 results
1 to 8	644,500 t-CO ₂ /year

Resource Circulation

With zero emissions as an environmental goal, we are working to recycle waste and contribute to the creation of a circular economy. We have achieved significant results after many years of effort, with the recycling rate for the entire Kurabo Group in Japan reaching 96.3% in fiscal 2025.

We strive to save resources in numerous ways. For example, Kurabo bases carry out in-process recycling of raw material waste, or they develop other uses for this waste.

Resource saving examples (at Kurabo)

Base	Item	Explanation
Neyagawa Plant Gunma Plant	Molding waste	Of the molding waste generated in the production process of extrusion-molded products for housing materials, that which is salvageable is crushed and reused for molding materials.
Susono Plant Kamogata Plant	Polyurethane scraps	The offcuts of flexible polyurethane foam are crushed, molded, and reused as chip foam.
Mie Plant	Film scraps	The offcuts from plastic film manufacture are recycled and reused as material when and where possible.
Tokushima Plant	Caustic soda Ammonia	Most of the caustic soda is recovered, concentrated, and recycled from the discharged washing water. Ammonia used for ammonia mercerization is also recovered and recycled in the same way as caustic soda.

Value Chain Management

To facilitate environmental conservation and reduce environmental impact throughout the entire life cycle of our products, from product development to raw material procurement, production, distribution, sales, use, and disposal, the Kurabo Group not only tackles its own environmental challenges but also collaborates with many stakeholders from upstream to downstream in the value chain.

Upstream in the value chain, we purchase from suppliers who are actively working on environmental issues and buy products and services that have low environmental impact. Downstream in the value chain, we supply environmentally friendly products that reduce environmental impact during their usage. We are also expanding upcycling, which involves returning used products to raw materials and reusing them.

Starting in 2024, we have used the CSR/sustainable procurement self-assessment questionnaire to conduct a supply chain sustainability survey of our raw material and product suppliers. The questionnaire covers sustainability activities in a wide range of areas, including human rights, labor, and the environment. The responses are evaluated and analyzed by category by our various sustainability expert committees, and the results are used to promote sustainability throughout the supply chain.

Environment

Conserving Water Resources

The Kurabo Group uses a lot of industrial water, mainly for the dyeing of textile products and as cooling water. We consider the conservation of water resources to be an important environmental theme in continuing our business activities, and we are working to conserve water resources by making effective use of them and managing water quality through wastewater treatment.

Water stress is increasing due to global warming, population growth, natural disasters, and other concerns. Even in Japan, we are frequently experiencing problems such as water outages, reduced water pressure, and industrial water shortages. Given these circumstances, the Kurabo Group works to make effective use of water resources.

FY	Water consumption (1,000 t)	Wastewater (1,000 t)
2020	5,684	5,189
2021	5,874	5,358
2022	5,830	5,543
2023	5,871	5,507
2024	5,647	5,210

Examples of water reuse

Treated wastewater from dyeing factories	➡	Cleaning water
Treated wastewater from non-woven fabric factories	➡	Garden watering
Cooling water in food factories	➡	High-pressure washing of wastewater treatment facilities
Cooling equipment such as cooling towers and chillers	➡	Water reuse
Boiler steam drainage	➡	Reuse after heat recovery

Protecting Biodiversity

The Kurabo Group strives to protect biodiversity through activities that keep to a minimum the effect of business on the natural ecosystem. These activities include Kurabo bases holding local cleanups, especially along the shores of the ocean and rivers, which are rich in biological resources.

We also green the areas around our factories in and outside Japan by planting trees. Additionally, we carry out other environmental protection activities tailored to the characteristics of each region.



Cleanup by Thai Textile Development and Finishing employees



Releasing amago trout fry at the Susono Plant



Tree planting at Kurashiki Chemical Products do Brasil Ltda.

Environmental Report publication

For details on the environmental activities of Kurabo and its group companies in and outside Japan, see *Environmental Report 2025*.



https://www.kurabo.co.jp/english/sustainability/env_report2025.pdf

Sustainability

Society

Kurabo Group Human Rights Policy

The Kurabo Group has established the Kurabo Group Human Rights Policy to respect the human rights of all stakeholders involved in the Group's business.

● Where Does the Kurabo Group Human Rights Policy Belong?

This Human Rights Policy forms part of the foundation for the Kurabo Group's efforts to respect human rights and is reflected in all the business activities of the Kurabo Group.

● Scope of Application of This Human Rights Policy

All officers and employees of the Kurabo Group understand that they are subject to this Human Rights Policy and must understand and implement this Human Rights Policy.

The Kurabo Group encourages its customers and its business partners involved in its business activities to understand the Group's policy and to work together to promote efforts for human rights.

● System for Promoting the Human Rights Policy

The Sustainability Committee, which is chaired by the president, and its subordinate organization the Human Rights Committee play a central role in promoting efforts to respect human rights in accordance with this Human Rights Policy. Actions necessary to promote respect for human rights are discussed by the Sustainability Committee, which reports the approved actions and the status of efforts for human rights to the Board of Directors, which supervises these activities.

● Compliance with International Norms and Human Rights-Related Laws and Regulations

The Kurabo Group supports the Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises, and the ILO Declaration on Fundamental Principles and Rights at Work, and promotes efforts to respect human rights in accordance with the United Nations' Guiding Principles on Business and Human Rights.

In addition, the Kurabo Group complies with laws and regulations on human rights in all countries and regions where it operates. In the event of any inconsistency between any law or regulation of a country or region where the Group operates and any international human rights norm, the Group makes its maximum effort to respect the international human rights norm.

● Human Rights Issues That We Consider Important

The Kurabo Group considers the following human rights issues important in its business activities and takes steps in these areas.

1. Employment opportunities and discrimination

The Kurabo Group provides fair and equal employment opportunities regardless of race, religion, nationality, age, disability, gender, sexual orientation, gender identity, thought, and so on, and does not engage in discrimination based on any of these attributes.

2. Forced labor and child labor

The Kurabo Group does not allow forced or child labor.

3. Wages and working hours

The Kurabo Group complies with laws and regulations on wages and working hours and appropriately manages its employees' wages and working hours.

4. Industrial safety and health

The Kurabo Group complies with laws and regulations on industrial safety and health. In addition, the Kurabo Group strives to prevent accidents and disasters, create safe and hygienic workplace environments, and ensure the physical and mental health of its employees and the like.

5. Harassment

The Kurabo Group respects the dignity and personality of individuals and does not allow any kind of harassment.

6. Personal information

The Kurabo Group complies with laws and regulations on the protection of personal information and related guidelines. The Kurabo Group appropriately provides the necessary management of personal information.

7. Respect for freedom of association and collective bargaining rights

The Kurabo Group guarantees its employees' right to organize and allows them to exercise their collective bargaining rights, regardless of whether or not labor unions exist.

8. Foreign workers

The Kurabo Group understands the vulnerability of foreign workers' status, and respects their human rights and their internationally recognized rights related to labor.

● Conducting Human Rights Due Diligence

The Kurabo Group strives to remedy human rights issues by building a system for human rights due diligence and by valuing dialogue with stakeholders.

If any business activity of the Kurabo Group is found to have caused any negative impact on human rights, the Group will take the appropriate relief measures and will strive to remedy the matter and prevent its recurrence.

The Group will also strive to put in place a process accessible to related persons who are affected.

● Understanding, Promoting, and Spreading the Human Rights Policy

The Kurabo Group will provide appropriate education to all officers and employees to ensure that this Human Rights Policy will spread over all business activities of the Group.

The Group will also ensure that this Human Rights Policy is known to all of its business partners and their related parties.

● Information Disclosure

Through its website and other media, the Kurabo Group discloses its efforts made under this Human Rights Policy.

● Revision and Improvement of the Human Rights Policy

In order to respect the human rights of all stakeholders involved in its business, the Kurabo Group will continuously revise and improve this Human Rights Policy by seeking advice from external professionals

Society

Sustainability Management in the Supply Chain (Human Rights Due Diligence)

To strengthen sustainability management in our supply chain, starting in fiscal 2025, we have been distributing the Kurabo Group Human Rights Policy, primarily to partners in our founding textile business. We have also conducted the following survey.

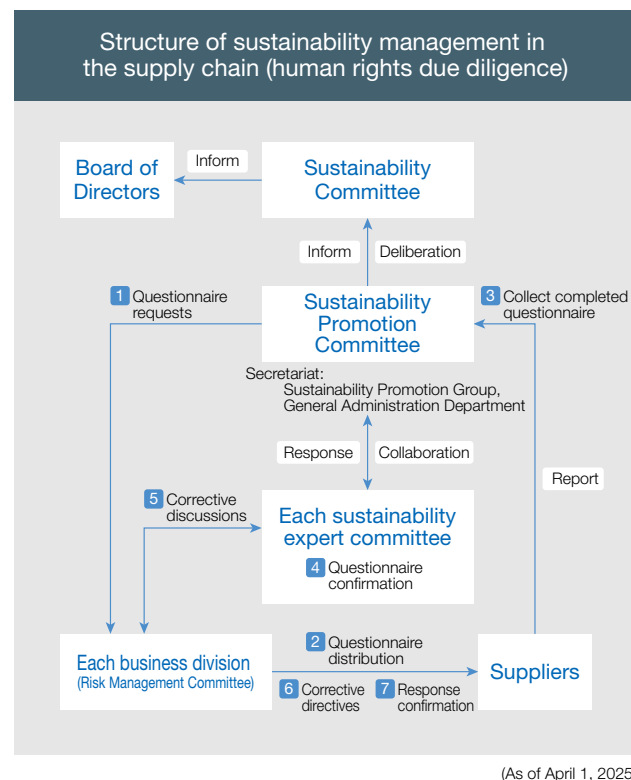
1. Survey overview

- (1) Target: 80 companies
- (2) Method: Sent out and then collected the CSR/sustainable procurement self-assessment questionnaire issued by the Global Compact Network Japan. The questionnaire uses a 5-point scale.
- (3) Questionnaire send-out date to collection deadline: November 11 to December 31, 2024
- (4) Response rate: 83.7% (67 out of 80 companies)

2. Improvement requests

- (1) Target: 31 companies
- (2) Method: Questionnaire indicating high-priority items for improvement and written request to improve said items were sent out. The target companies of the fiscal 2025 survey will be re-investigated in fiscal 2027 to confirm the progress of improvements.

3. Structure



Based on this commitment, besides furthering engagement with stakeholders such as Kurabo employees in order to create an in-house foundation for fulfilling responsibilities to respect human rights, we will also further engagement with our direct and indirect suppliers so that they will also carry out similar human rights initiatives.

2. Confirming human rights risks using checklists

Using documents such as a supplement to the Guidelines for Responsible Business Conduct for the Textile and Clothing Industry of Japan (which gives examples of items to check for and examples of how to deal with risks when they are discovered), we check human rights risks at Kurabo and at direct and indirect suppliers in Kurabo products' supply chain.

3. Actions to prevent and mitigate risk

If following a human rights risk check there are issues that require action, these issues are listed in order of severity. We will then take necessary action to prevent or mitigate these risks, starting with the most severe ones.

4. PDCA

Actions taken to prevent or mitigate risk are continuously monitored to make sure their effect is ongoing. If monitoring reveals new human rights risks, actions are taken to prevent and mitigate these.

5. Information release

The Kurabo website below releases information on our initiatives aimed at respecting human rights.

Human rights

https://www.kurabo.co.jp/english/sustainability/society/human_rights.html

Declaration of Responsible Corporate Behavior

We declare that we will take the following actions.

1. Commitments and stakeholder engagement

Based on the fact that companies have a responsibility to respect human rights, Kurabo top management will formulate a policy (commitment) related to human rights, publicly declare this, and integrate it into our management system.

Society

Third-Party Evaluations of Human Capital Management

Platinum Kurumin and Eruboshi 2nd Level certified

We have formulated and are implementing a general employer action plan based on the Act on the Promotion of Women's Active Engagement in Professional Life and the Act on Advancement of Measures to Support Raising Next-Generation Children. In recognition of these ongoing efforts in gender equality and childcare support, we have been awarded Platinum Kurumin and Eruboshi 2nd Level certifications by the Minister of Health, Labor and Welfare.



General employer action plan based on the Act on the Promotion of Women's Active Engagement in Professional Life

Goals from April 2025 to March 2028

- | | |
|--------|--|
| Goal 1 | Women account for at least 5% of all managerial positions. |
| Goal 2 | Women account for at least 17% of career-track positions. |
| Goal 3 | Proportion of departments (sections) staffed by female employees in career-track positions is 50% or more. |
| Goal 4 | Average total number of hours of legal overtime work and legal holiday work for full-time employees is less than 10 hours per month. |

General employer action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children

Goals from April 2025 to March 2028

- | | | |
|--|---|--|
| Goal 1 | Men | Parental leave utilization rate of at least 70% for male employees whose spouses have given birth during the plan period and, when combined with Kurabo's unique system for taking leave for reasons related to childcare, a utilization rate of at least 90%. |
| | Women | Utilization rate of 100%. |
| Note: This also applies to fixed-term employees who can take childcare leave and other types of leave. | | |
| Goal 2 | Extend the length of time that male employees can take parental leave and other related leave, and increase the rate of employees taking 14 days or more. | |
| Goal 3 | For each employment management category, the average total number of hours of legal overtime work and legal holiday work for full-time employees is less than 10 hours per month. | |
| Goal 4 | Average number of days of annual paid leave taken per employee is at least 15 days per year. | |
| Goal 5 | Support employees who are taking childcare leave or who are raising children in their efforts to improve their skills or develop their careers so that they can play an active role while balancing work and childcare. | |

Pride Index

The Pride Index is an evaluation index for LGBTQ+ initiatives in the workplace organized by the Work with Pride Association. We obtained gold certification in the Pride Index 2024, marking our fourth year in a row. This was thanks to efforts such as an in-house rule that recognizes same-sex partnerships as equivalent to marriage, the establishment of a consultation desk, and participation in events.



Certified as outstanding

organization in KENKO Investment for Health

We have established a basic policy on health and productivity management, and in collaboration with the Kurabo Health Insurance Union, we carry out a range of measures to create a workplace where employees can make the most of their abilities and be healthy and active in their work. These measures aimed at maintaining and improving health include gynecological examinations, smoking cessation programs, health guidance, and mental health support. In recognition of this, we have been certified for six consecutive years as an outstanding organization in health and productivity management (large enterprise category) under the KENKO Investment for Health program. KENKO Investment for Health is a health and productivity management certification system run by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi. It honors corporations that practice excellent health and productivity management in collaboration with insurers. We will continue to carry out initiatives aimed at enhancing employee health.



Society

Social Initiatives

10-100 Project

The 10-100 (ten hundred) Project is a unique Kurabo activity in which employees' participation in cleanup campaigns is transformed into tangible form and given back to society. Specifically, for every 10 people taking part in clean-up campaigns, 100 hand towels (utilizing our L∞PLUS upcycling system) are donated to kindergartens, facilities for the elderly, and the cities of Kurashiki (the birthplace of Kurabo) and Osaka (the location of the head office). A total of 8,700 of these towels were donated in 2024.

In September 2024, we held a cleanup in Okayama city in collaboration with Fagiano Okayama, a local football club, which was promoted to the J1 League for the first time from the 2025 season. In May 2025, we held a cleanup near our head office in collaboration with Akachan Honpo Co., Ltd. and Osaka City Development Corporation, which operates the Semba Center Building commercial facility.



Joint cleanup with Fagiano Okayama



Joint cleanup with Akachan Honpo and Osaka City Development Corporation

Supporting children's sports through football park naming rights in Okayama Prefecture

Kurabo, Kurashiki Textile Manufacturing Co., Ltd., Kurashiki Ivy Square, Ltd., and Kurabo Driving School Co., Ltd. have sponsored Fagiano Okayama since 2014 with the aim of supporting sports in Okayama Prefecture and enhancing communication with the local community. Fagiano Okayama opened a football park on land leased from Kurabo in Hayashima, Okayama Prefecture, and we acquired the naming rights. Since April 1, 2025, this field has been operating under the name Kurabo Mirai Field.



Photo provided by Fagiano Okayama Sports Club



Photos provided by Fagiano Okayama Sports Club

Kurabo Group Company Magazine, *Doushin*

The name of our company magazine, *Doushin*, comes from our company creed, *Doushin rikiryoku* in Japanese ("Be of one mind and make concerted efforts"). The magazine is published 11 times a year with the aim of creating a sense of oneness in the Group and sharing information among the many Kurabo Group employees doing a variety of jobs.

As much of *Doushin's* planning, writing, and photography as possible is done in house, resulting in a long-loved company magazine that brings warmth to all employees.



Data

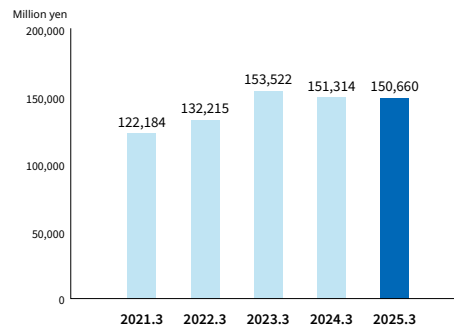
Financial and Non-Financial Data 71

Key Consolidated Financial Data
for the Past 11 Years 73

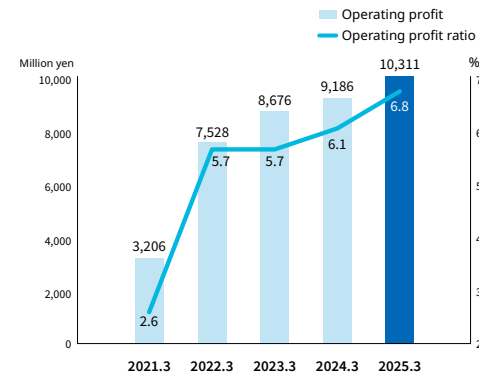
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Group Companies 74

Financial Data (Consolidated)

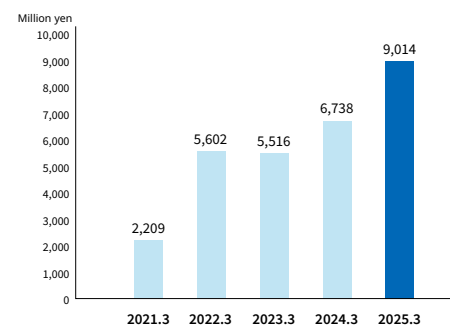
Net sales



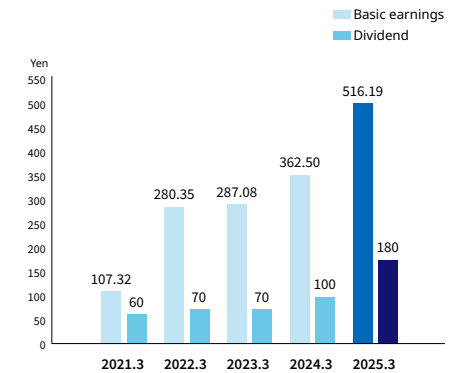
Operating profit / Operating profit ratio



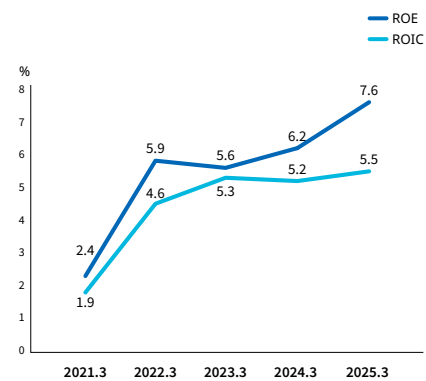
Profit attributable to owners of parent



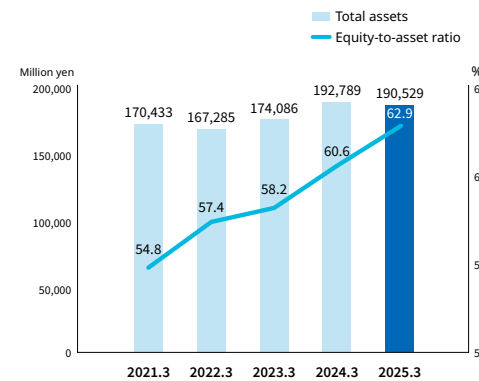
Basic earnings per share / Dividend per share



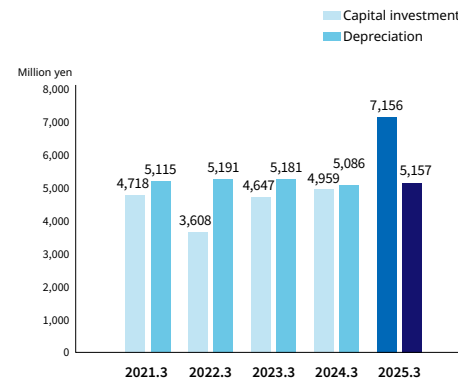
ROE (return on equity) / ROIC (return on invested capital)



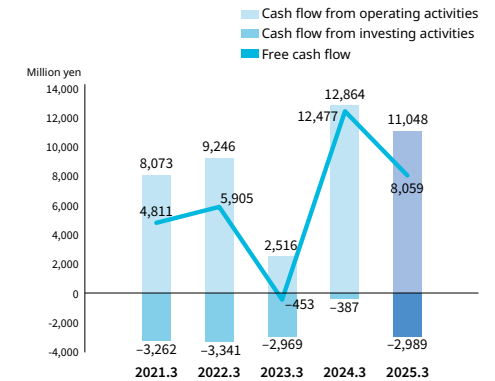
Total assets / Equity-to-asset ratio



Capital investment / Depreciation

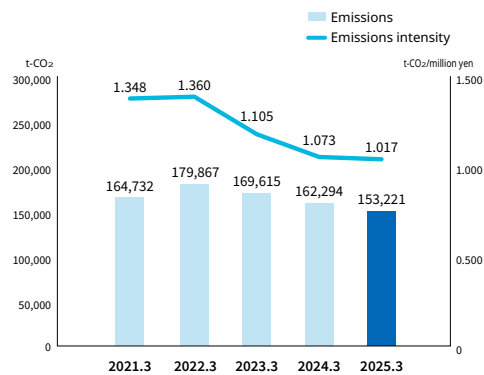


Cash flows

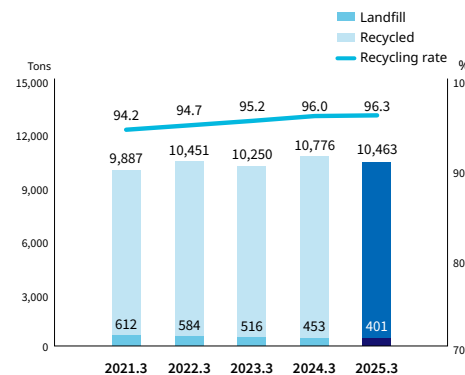


Non-Financial Data

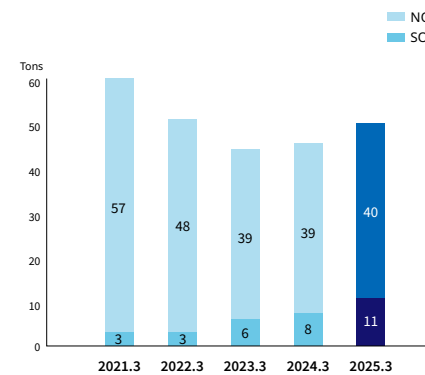
CO2 emissions (consolidated)



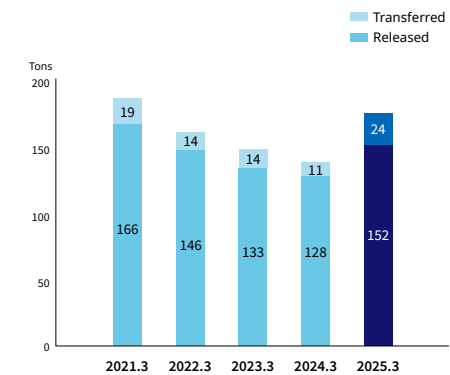
Amount of waste (Japan)



Air pollutants (Japan)

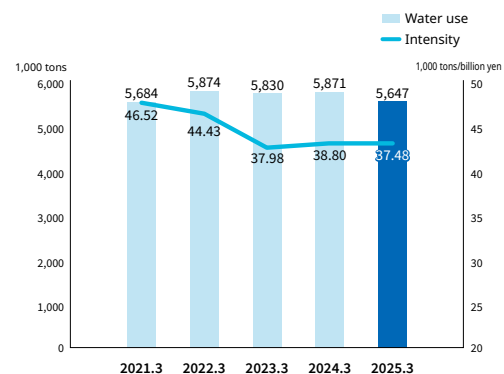


Chemical substances (PRTR)

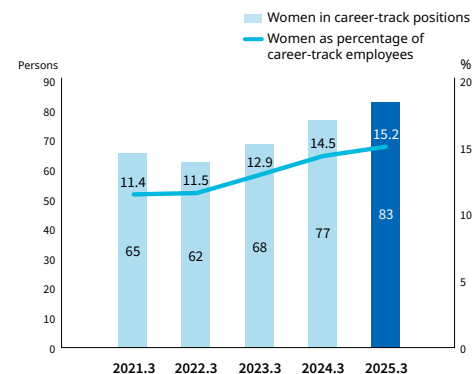


Note: For fiscal years up to and including the year ended March 2024, the figures represent the volume of Kurabo Industries (on a non-consolidated basis), while for the corresponding period of the following year, the figures represent the total for Kurabo Industries and its domestic consolidated subsidiaries.

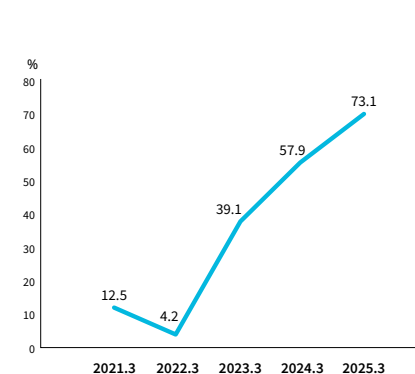
Water consumption (consolidated)



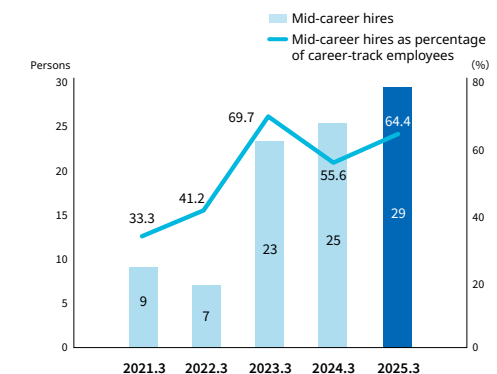
Women in career-track positions, and women as percentage of career-track employees (non-consolidated)



Parental leave utilization rate of male employees (non-consolidated)



Mid-career hires, and mid-career hires as percentage of career-track employees (non-consolidated)



Key Consolidated Financial Data for the Past 11 Years

	March 2015	March 2016	March 2017	March 2018	March 2019	March 2020	March 2021	March 2022	March 2023	March 2024	March 2025
Results (million yen)											
Net sales											
Chemical Products	56,470	57,126	58,452	62,170	61,193	55,785	48,555	51,695	59,726	61,318	66,002
Textiles	82,107	80,495	69,509	64,099	59,754	51,555	42,185	44,669	56,507	51,103	48,532
Advanced Technology	17,398	21,252	19,156	20,620	21,056	21,846	18,695	23,593	24,271	25,530	21,943
Food and Services	9,176	9,966	10,295	10,478	10,631	9,416	8,683	8,461	9,292	9,572	10,458
Real Estate	4,375	4,389	4,390	4,383	4,445	4,321	4,065	3,795	3,724	3,790	3,723
Total	169,527	173,229	161,804	161,752	157,080	142,926	122,184	132,215	153,522	151,314	150,660
Operating profit											
Chemical Products	166	697	2,146	2,360	1,951	972	1,408	2,978	3,712	3,963	5,030
Textiles	410	744	971	695	(956)	(1,701)	(1,824)	(177)	308	(257)	75
Advanced Technology	344	731	473	1,191	2,248	2,781	1,560	2,776	2,834	3,574	3,341
Food and Services	722	887	1,054	1,167	959	622	277	271	463	641	724
Real Estate	3,079	3,108	3,061	2,984	3,044	3,002	2,846	2,746	2,433	2,332	2,243
Elimination or companywide	(1,981)	(1,820)	(1,546)	(1,523)	(1,607)	(1,136)	(1,061)	(1,067)	(1,076)	(1,068)	(1,104)
Total	2,742	4,349	6,160	6,875	5,640	4,541	3,206	7,528	8,676	9,186	10,311
Ordinary profit	3,762	4,521	6,579	7,357	6,190	5,485	4,242	8,783	10,024	10,191	11,784
Profit attributable to owners of parent	1,146	2,608	3,588	4,869	4,649	3,731	2,209	5,602	5,516	6,738	9,014
Financial position (million yen)											
Net assets	95,909	88,759	96,244	100,440	95,970	90,383	95,004	97,415	102,907	118,074	121,182
Total assets	195,754	181,549	181,529	183,355	176,352	165,542	170,433	167,285	174,086	192,789	190,529
Capital investment	3,592	7,285	3,445	3,966	6,751	5,639	4,718	3,608	4,647	4,959	7,156
Depreciation	5,703	5,236	4,965	4,947	5,018	5,404	5,115	5,191	5,181	5,086	5,157
Cash flows (million yen)											
Cash flow from operating activities	10,072	13,496	10,760	14,127	9,225	8,064	8,073	9,246	2,516	12,864	11,048
Cash flow from investing activities	(3,658)	(5,810)	(3,701)	(3,689)	(5,708)	(3,855)	(3,262)	(3,341)	(2,969)	(387)	(2,989)
Free cash flow	6,414	7,686	7,059	10,438	3,517	4,209	4,811	5,905	(453)	12,477	8,059
Cash flow from financing activities	(4,976)	(6,110)	(8,942)	(6,543)	(4,710)	(4,678)	(1,324)	(14,065)	(3,581)	(6,951)	(9,038)
Per share data (yen)											
Basic earnings per share	4.97	11.33	15.84	21.61	214.78	178.22	107.32	280.35	287.08	362.50	516.19
Net assets per share	398.18	374.85	410.21	437.89	4,303.85	4,322.47	4,537.70	4,853.12	5,386.20	6,513.02	7,077.11
Dividends per share	5.00	5.00	5.00	7.00	60.00	60.00	60.00	70.00	70.00	100.00	180.00
Management indicators (%)											
Operating profit ratio	1.6	2.5	3.8	4.3	3.6	3.2	2.6	5.7	5.7	6.1	6.8
ROA (return on assets)	1.4	2.3	3.4	3.8	3.1	2.7	1.9	4.5	5.1	5.0	5.4
ROE (return on equity)	1.3	3.0	4.0	5.1	4.9	4.1	2.4	5.9	5.6	6.2	7.6
ROIC (return on invested capital)	1.4	2.3	3.5	3.9	3.3	2.7	1.9	4.6	5.3	5.2	5.5
Equity-to-asset ratio	46.9	46.8	51.2	52.8	52.5	53.7	54.8	57.4	58.2	60.6	62.9
Payout ratio	100.6	44.1	31.6	32.4	27.9	33.7	55.9	25.0	24.4	27.6	34.9
Total payout ratio	101.0	74.9	31.7	69.9	75.8	78.6	56.3	52.3	60.5	61.4	91.8

Note 1: The Kurabo Group changed its reportable segments in the fiscal year ended March 2017. The segment information for the fiscal year ended March 2016 and prior has been restated to reflect the current segment classifications.

Note 2: The Company carried out a consolidation of common shares on a 10 for 1 basis (ratio of 1 new share for every 10 old shares) with an effective date of October 1, 2018. Net profit per share has been calculated assuming that the consolidation of shares was carried out at the beginning of the fiscal year ended March 2019.

Note 3: Starting from the fiscal year ended March 2020, the Company has introduced a trust-based share remuneration system for directors called "share delivery trust." The Company shares held by the trust account are included in treasury share that is deducted from the calculation of the total number of issued shares at the end of the period and the average number of shares during the period when calculating the amount of net assets per share and basic earnings per share.

Company Information / Group Companies

Company Profile

Company name	Kurabo Industries Ltd.
Locations	Osaka Head Office 2-4-31 Kyutaro-machi, Chuo-ku, Osaka 541-8581, Japan Tel: +81-6-6266-5111 Fax: +81-6-6266-5555 Tokyo Branch 6F, Tokyo Art Club Building, 6-19-15 Shimbashi, Minato-ku, Tokyo 105-0004, Japan Tel: +81-3-6371-1400 Fax: +81-3-6371-1399
Founded	March 9, 1888
Share capital	22,040 million yen
Representative	Shinji Nishigaki, Representative Director, President
Number of employees (consolidated Kurabo Group)	3,881 (as of March 31, 2025)

Main offices and plants

(As of August 1, 2025)

Category	Name	Location
Offices and research center	Osaka Head Office	Chuo-ku, Osaka
	Tokyo Branch	Minato-ku, Tokyo
	Technical Research Laboratory	Neyagawa, Osaka
Plants	Chemical products	Neyagawa Plant
		Susono Plant
		Gunma Plant
		Kamogata Plant
		Mie Plant
		Kumamoto Innovation Center
	Textiles	Tokushima Plant

Note: The Anjo Mill was closed on July 31, 2025.

Japan

Chemical Products

Kurashiki Textile Manufacturing Co., Ltd.
Tomei Kasei Co., Ltd.
Kurabo Chemical Works Co., Ltd.
Sheedom Co., Ltd.

Advanced Technology

Echo Giken Co., Ltd.
Kurabo Plant System Co., Ltd.
Kurabo Techno System Ltd.
Yamabun Electronics Co., Ltd.
Seiki Co., Ltd.

Textiles

Taishoboseki Industries Ltd.
Kurabo International Co., Ltd.
Aramis Co., Ltd.

Food and Services

Japan Jiffy Foods, Inc.
Kurashiki Ivy Square, Ltd.
Kurabo Driving School Co., Ltd.
Koei Shoji Co., Ltd.

Overseas

Chemical Products

Brazil

Kurashiki Chemical Products do Brasil Ltda.

China

Guangzhou KCF Plastics Co., Ltd.
Foshan Kurashiki Textile Manufacturing Co., Ltd.

Textiles

Brazil

Kurashiki do Brasil Textil Ltda.

Thailand

Thai Kurabo Co., Ltd.
Thai Textile Development and Finishing Co., Ltd.

Indonesia

P.T. Kurabo Manunggal Textile Industries

China

Kurabo Shanghai Co., Ltd.

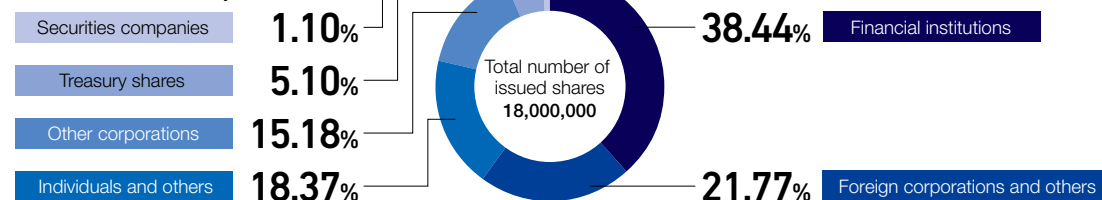
Vietnam

Kurabo Vietnam Co., Ltd.

Stock Information (As of March 31, 2025)

Securities code	3106
Stock exchange listing	Prime Market, Tokyo Stock Exchange
Total number of authorized shares	97,701 thousand shares
Total number of issued shares	18,000 thousand shares
Number of shareholders	11,974

Distribution of shares by shareholder



2025.12.L