May 14, 2026

To whom it may concern

Company name: Kurabo Industries Ltd.
Representative: Shinji Nishigaki
President
(Securities code: 3106, Tokyo Stock Exchange, Prime Market)
Inquiries: Toru Komatsu
Executive Officer, Manager of General Administration Department
Telephone: +81-6-6266-5111

Notification on the Opinion of the Company's Board of Directors Regarding Shareholder Proposals

Kurabo Industries Ltd. (the "Company") received written notice, as of April 16, 2026, from AVI JAPAN OPPORTUNITY TRUST PLC (the "Proposing Shareholder"), a shareholder of the Company, that with regard to the 218th Ordinary General Meeting of Shareholders scheduled to be held on June 26, 2026, the Proposing Shareholder will submit shareholder proposals (the "Shareholder Proposals").

After careful consideration of the details of the Shareholder Proposals, the Company hereby announces as follows that the Board of Directors unanimously resolved, at its meeting held today, to oppose all the items of the Shareholder Proposals.

I. Proposing Shareholder

AVI JAPAN OPPORTUNITY TRUST PLC

II. Details of the Shareholder Proposals

1. Proposal items

(1) Amendment to the Articles of Association concerning Measures against Large-scale Acquisitions of the Company's Shares (Takeover Defence Measures)

(2) Abolishment of the Measures against Large-scale Acquisitions of the Company's Shares (Takeover Defence Measures)

2. Summary of the proposal items and reasons for the proposals

The summary and reasons are as described in Appendix "Written Notice Regarding Shareholder Proposals."

Appendix "Written Notice Regarding Shareholder Proposals" shows the relevant portions of the written notice regarding the Shareholder Proposals submitted by the Proposing Shareholder in their original form, except for formality adjustments.

III. Opinion of the Company's Board of Directors on the Shareholder Proposals

1. Amendment to the Articles of Association concerning Measures against Large-scale Acquisitions of the Company's Shares (Takeover Defence Measures)

(1) Opinion of the Company's Board of Directors

The Company's Board of Directors opposes the Proposal.

(2) Reasons for the opposition

The Company does not unconditionally deny a large-scale purchase of shares, etc. of the Company by a particular party as long as it contributes to the protection and enhancement of the corporate value of the Company and its group companies (the "Group") and eventually the common interest of shareholders. The Company also believes that whether to accept a proposal for a large-scale purchase of shares, etc. of the Company should ultimately be decided by our shareholders.

However, there may be a proposal for a large-scale purchase of shares, etc. of the Company that could undermine the corporate value of the Group and eventually the common interest of shareholders by, for example, potentially preventing the Company from maintaining a good relationship with our stakeholders, that does not sufficiently reflect the value of the Group, or that does not provide sufficient information that is necessary for our shareholders to make a final decision. Given these possibilities, the Company submitted the proposal for the continuation of the measures to respond to a large-scale purchase of shares, etc. of the Company (takeover response policy) (the "Response Policy") to the 217th Ordinary General Meeting of Shareholders held on June 25, 2025, and the proposal was approved by our shareholders.

In this regard, it is possible to respond to such a large-scale purchase as described above based on the Response Policy as long as this policy remains in effect. On the other hand, in the event that the Response Policy ceases to be in effect, if we establish a provision of the Articles of Incorporation stipulating that the adoption of a response policy concerning a large-scale purchase of shares, etc. of the Company and other similar matters "shall be subject to a resolution at a General Meeting of Shareholders," it must be concluded that a resolution at a General Meeting of Shareholders is necessary in any case for the adoption of a response policy concerning a large-scale purchase of shares, etc. of the Company and other similar matters. However, this would make it difficult to make a flexible and agile response to a large-scale purchase that undermines the corporate value and eventually the common interest of shareholders. The Guidelines for Corporate Takeovers – Enhancing Corporate Value and Securing Shareholders' Interests – (the "Takeover Guidelines"), which was released by the Ministry of Economy, Trade and Industry on August 31, 2023, mentions that in a so-called "emergent phase," the adoption and exercise of a response policy based solely on a resolution of the Board of Directors may be justified, and a prior approval resolution at a General Meeting of Shareholders is not necessarily required. We consider that if a resolution at a General Meeting of Shareholders is required, without exception, for the adoption of a response policy concerning a large-scale purchase of shares, etc. of the Company and other similar matters, as stated in this proposal, this will make it difficult to make a flexible and agile response, and could cause a risk that an acquisition that undermines the corporate value of the Company and eventually the common interest of shareholders. Furthermore, we believe that it is not appropriate to prescribe that a resolution at a General Meeting of Shareholders shall be required without exception even for the abolition of a response policy, whose direct impact on shareholders is considered limited compared with the adoption and exercise, as this would lead to rigidity in the system.

For the above reasons, the Company's Board of Directors opposes this proposal.

2. Abolishment of the Measures against Large-scale Acquisitions of the Company's Shares (Takeover Defence Measures)

(1) Opinion of the Company's Board of Directors

The Company's Board of Directors opposes the Proposal.

(2) Reasons for the opposition

The Company believes that when a proposal for a large-scale purchase that could undermine the corporate value of the Group and eventually the common interest of shareholders is made, it is the responsibility of the Company to secure necessary time and information and to negotiate with the party submitting such a proposal on behalf of our shareholders. To this end, in order to address aspects that may not always be fully covered under the framework of the Financial Instruments and Exchange Act, it is necessary to clarify rules to be complied with by any party attempting to make a large-scale purchase of shares, etc. of the Company. Based on these beliefs, the Company submitted, to the 217th Ordinary General Meeting of Shareholders held on June 25, 2025, the proposal for the continuation of the Response Policy with the effective period until the conclusion of the Ordinary General Meeting of Shareholders scheduled to be held in June 2028, and the proposal was approved by our shareholders.

To ensure that the Response Policy is not applied arbitrarily for the purpose of "self-protection" of Directors, we have established the Independent Committee consisting solely of those who are independent from the senior executives in charge of business execution of the Company, and stipulated that the recommendation of the Independent Committee shall be respected to the maximum extent to exercise countermeasures against a large-scale purchase and take other similar actions, and that when the Independent Committee recommends the exercise of countermeasures, in cases where the Independent Committee has placed a reserve that confirmation of the shareholders' intention about the exercise should be obtained beforehand, the Company shall convene a General Meeting of Shareholders to confirm the shareholders' intention about the exercise of countermeasures in principle. In addition, the Response Policy specifically outlines in advance the types of large-scale purchase proposals that are deemed to significantly undermine the corporate value of the Company and the common interests of the shareholders, and we have taken measures to preclude the "self-protection" as stated in the reasons for the proposal (Attachment II 2 (2)).

Moreover, in April 2025, the Company started "Accelerate '27," a new three-year medium-term management plan. Under "Accelerate '27," we aim to sustainably enhance corporate value by proactively, continuously, and appropriately engaging in M&A and capital investments for growth, as well as investments in research and development, intellectual property, and human resources, and have set numerical targets for the final year, including an operating profit of 13.0 billion yen, an ROE of 10%, and a shareholder return target of a DOE of 4%, along with a three-year target of purchasing 20.0 billion yen in treasury stock. We have also set a clear target of reducing our cross-shareholdings to less than 20% of consolidated net assets by the end of the fiscal year ending March 31, 2028, and have been proactively implementing initiatives to enhance the corporate value through improvement of capital efficiency and the market's fair evaluation without relying on stable shareholders.

In fact, for the fiscal year ended March 31, 2026, despite the challenging business environment surrounding our core semiconductor production-related business, we fully achieved the targets for the first year of "Accelerate '27" with an operating profit of 9.1 billion yen and an ROE of 10.2%. Additionally, we have made steady progress in selling cross-shareholdings while proactively returning profits to shareholders by setting a DOE target of 4% for the "Accelerate '27" period and purchasing treasury shares.

As also stated in the reasons for the proposal, the Takeover Guidelines stipulates that "if a company is considering to adopt a response policy, it is first and foremost required to make reasonable efforts to enhance corporate value at a normal phase, and to take steps to ensure that such increase is reflected in market capitalization." Given the status of the Company's efforts like the above ones, the continuation of the Response Policy will complement such efforts to enhance the corporate value as a reasonable measure to protect our shareholders' interests from inappropriate large-scale purchases, and does not conflict with or violate the content of the Takeover Guidelines.

The content of this proposal was also deliberated by the Independent Committee consisting solely of those who are independent from the senior executives in charge of business execution of the Company. As a result, the Company received a report from the Independent Committee stating that there is no need to abolish the Response Policy from the perspective of preventing large-scale purchase that could undermine the Group's corporate value and eventually the common interest of shareholders.

For the above reasons, the Company's Board of Directors opposes this proposal.

Appendix “Written Notice Regarding Shareholder Proposals”

I. Proposed Agenda

1. Amendment to the Articles of Association concerning Measures against Large-scale Acquisitions of the Company’s Shares (Takeover Defence Measures)
2. Abolishment of the Measures against Large-scale Acquisitions of the Company’s Shares (Takeover Defence Measures)

II. Proposals and Reasons

1. Amendment to the Articles of Association concerning Measures against Large-scale Acquisitions of the Company’s Shares (Takeover Defence Measures)

(1) Proposal

The following chapter and article shall be added in the current Articles of Association.

Chapter 6: Introduction, etc. of Takeover Defence Measures

(Introduction, etc. of Takeover Defence Measures)

Article 34: The Company shall require a resolution of the General Meeting of Shareholders for the introduction, continuation, amendment and abolition of measures against large-scale acquisitions of the Company’s shares (Takeover Defence Measures).

(2) Reasons

Since the resolution adopted at the Board of Directors’ meeting on 13 May 2008, the Company has continuously maintained takeover defence measures. Most recently, at the Company’s 217th Annual General Meeting of Shareholders held on 25 June 2025, the continuation of the “Measures against Large-scale Acquisitions of the Company’s Shares (Takeover Defence Measures)” (hereinafter the “Takeover Defence Measures”) was approved.

However, the approval ratio for the proposal to continue the Takeover Defence Measures has been on a steady decline. While the approval ratio stood at 68.10% at the 214th Annual General Meeting held in June 2022, it fell to 62.84% at the 217th Annual General Meeting held in June 2025. This trend clearly indicates that a significant number of the Company’s shareholders, including domestic and overseas institutional investors, have expressed criticism of the Takeover Defence Measures.

According to the notice of convocation for the Company’s 217th Annual General Meeting (the “Prior Convocation Notice”), the Takeover Defence Measures are to be abolished immediately if, prior to the expiration of their effective period, a resolution to abolish them is adopted by either the Company’s General Meeting of Shareholders or the Board of Directors.

However, under the Companies Act, takeover defence measures are not designated as matters to be resolved at a general meeting of shareholders, nor are they stipulated as such under the Company’s Articles of Association. As a result, despite the explanation in the Prior Convocation Notice stating that “even prior to the expiration of the effective period, if a resolution to abolish this plan is adopted at the Company’s General Meeting of Shareholders, this plan will be abolished in accordance with such resolution at that time,” the abolition or other changes of the Takeover Defence Measures can, in practice, only occur either through a resolution of the Board of Directors or through a resolution of the General Meeting of Shareholders where the Board of Directors has decided to submit such agenda item. Consequently, the actual operation of the Takeover Defence Measures is one that remains subject to the discretion of the Board of Directors.

Given that the Prior Convocation Notice states that the Takeover Defence Measures will be abolished upon a resolution of the General Meeting of Shareholders, it follows that the continuation or abolition

of such measures should properly be designated as matters for resolution by the General Meeting of Shareholders. Moreover, there is limited justification for vesting exclusive authority over such decisions in the Board of Directors. Furthermore, even with respect to the initial adoption or subsequent modification of takeover defence measures, it is essential that shareholders assess whether such measures serve their collective interests through a resolution at the General Meeting of Shareholders.
Accordingly, the Company should explicitly stipulate in its Articles of Association that the adoption, continuation, amendment and abolition of the takeover defence measures require approval by a resolution of the General Meeting of Shareholders.

2. Abolishment of the Measures against Large-scale Acquisitions of the Company's Shares (Takeover Defence Measures)

(1) Proposal

Abolish the "Measures against Large-scale Acquisitions of the Company's Shares (Takeover Defence Measures)", the continuation of which was approved at the Company's 217th Annual General Meeting of Shareholders held on 25 June 2025.

(2) Reasons

As stated in the reasons for the preceding proposal, the approval ratio for the continuation of the Company's Takeover Defence Measures remains at a surprisingly low level.
In the "Guidelines for Corporate Takeovers" published by the Ministry of Economy, Trade and Industry (METI) in August 2023, METI addresses takeover defence measures by noting that such measures should not "result in deterrence of desirable acquisition proposals, a decline in disciplinary effects through takeovers, or obstruction of sincere consideration of acquisition proposals," that "a takeover response policy must not be intended to protect management from parties that are considered unfavourable to management," and that "it is undesirable to unjustifiably obstruct shareholders' right to monetise their shares through tender offers or other means by using defensive measures, since takeovers can provide shareholders with an appropriate opportunity to sell their shares" (pp. 30–31).
Furthermore, METI states that "if a company is to consider introducing a takeover response policy, it is first and foremost required to consistently pursue reasonable efforts to enhance corporate value in normal times and to ensure that such efforts are reflected in market capitalisation" (pp. 33–34).
However, the Company continues to exhibit persistently low capital efficiency, including by holding substantial amounts of investment securities and leased real estate on its balance sheet. Under these circumstances, it is difficult to conclude that the Company has successfully undertaken reasonable efforts to enhance corporate value or ensured that such efforts are reflected in its market capitalisation. The Company's management has failed to pursue the enhancement of corporate value with a sufficient sense of urgency, and it is inevitable to assume that the Takeover Defence Measures have been introduced and maintained for the purpose of management entrenchment.
In accordance with the view expressed by the Company in the Prior Convocation Notice that "the ultimate decision as to whether or not to accept a large-scale acquisition proposal for the Company's shares should be entrusted to the Company's shareholders", the Takeover Defence Measures should be promptly abolished.
In addition, irrespective of the outcome of the resolution on the preceding proposal, the Proposer requests that the Company disclose the approval ratio for this proposal in the Extraordinary Report to be filed pursuant to the Financial Instruments and Exchange Act.

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