

May 27, 2025

Financial Results for FY3/25 and New Medium- term Management Plan

Accelerate '27

(FY3/26 – FY3/28)



2027

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- Although net sales decreased, profits at each stage of the business increased significantly beyond the plan, **achieving the final-year targets of the medium-term management plan (operating profit of 9.6 billion yen and ordinary profit of 10.8 billion yen).**
 - Net sales: ¥150.6 billion, **-0.4% YoY (-2.2% from revised forecast)**
 - Operating profit: ¥10.3 billion, **+12.3% YoY (+7.4% vs. revised forecast)**
 - Ordinary profit: ¥11.7 billion, **+15.6% YoY (+9.1% vs. revised forecast)**

- Performance was driven by the **Chemical Products Business**, where priority businesses such as high-performance plastic products for semiconductor manufacturing equipment expanded. The **Textile Business** returned to operating profitability for the first time in two fiscal years, thanks to growth in proprietary technology products and improved profitability of overseas subsidiaries. In the **Advanced Technology Business**, sales and profits declined due to the transfer of the machine tool business, despite steady sales in the biomedical and electronics areas.

- While a gain on the sale of cross-shareholdings was recorded as an extraordinary income, business restructuring expenses, including the closure of the Anjo Mill (Textile Business), were recorded as extraordinary losses.

Financial Results Overview for FY3/25 (Whole Company)

	Full-year results for FY3/24		Full-year results for FY3/25		YoY		Vs. forecast	
	(¥mn)	Composition ratio		Composition ratio		% change		% difference
Net sales	151,314		150,660		-653	-0.4%	-3,340	-2.2%
Gross profit	30,328	20.0%	31,658	21.0%	+1,329	+4.4%	-	-
SG&A expenses	21,142	13.9%	21,346	14.2%	+203	+1.0%	-	-
Operating profit	9,186	6.1%	10,311	6.8%	+1,125	+12.3%	+711	+7.4%
Ordinary profit	10,191	6.7%	11,784	7.8%	+1,592	+15.6%	+984	+9.1%
Profit attributable to owners of parent	6,738	4.5%	9,014	6.0%	+2,275	+33.8%	+1,514	+20.2%
Capital expenditure	4,959		7,156		+2,196		-1,944	
Depreciation	5,086		5,157		+71		-43	

Results Overview for FY3/25 (By Segment)

		Full-year results for FY3/24		Full-year results for FY3/25		YoY		Vs. forecast	
		(¥mn)	Profit ratio		Profit ratio		% change		Achievement rate
Chemical Products Business	Net sales	61,318		66,002		+4,684	+7.6%	-998	-1.5%
	Operating profit	3,963	6.5%	5,030	7.6%	+1,066	+26.9%	+230	+4.8%
Textile Business	Net sales	51,103		48,532		-2,570	-5.0%	-3,468	-6.7%
	Operating profit	-257	-	75	0.2%	333	-	-225	-75.0%
Advanced Technology Business	Net sales	25,530		21,943		-3,587	-14.1%	+643	+3.0%
	Operating profit	3,574	14.0%	3,341	15.2%	-233	-6.5%	+541	+19.3%
Food and Services Business	Net sales	9,572		10,458		+886	+9.3%	+458	+4.6%
	Operating profit	641	6.7%	724	6.9%	+83	+13.0%	+124	+20.7%
Real Estate Business	Net sales	3,790		3,723		-66	-1.8%	+23	+0.6%
	Operating profit	2,332	61.5%	2,243	60.3%	-88	-3.8%	+43	+2.0%

In the Chemical Products Business, both sales and profits increased due to the expansion of priority businesses such as high-performance plastic products for semiconductor manufacturing equipment, as well as the steady growth in core businesses such as flexible polyurethane. In the Textile Business, sales fell significantly due to a decline in orders in the casual wear division, but we returned to operating profitability for the first time in two fiscal years thanks to growth in sales of proprietary technology products and improved profitability of overseas subsidiaries. In the Advanced Technology Business, sales and profits declined due to the transfer of the machine tool business, despite steady sales in the biomedical and electronics areas. The Food and Services Business and Real Estate Business kept stable.

Financial Status

(¥mn)	End 3/24	End 3/25	Change	Remarks
Current assets	89,320	84,835	-4,484	Decrease in trade receivables and cash and deposits
(Cash and deposits)	(16,156)	(15,192)	(-964)	
Non-current assets	103,469	105,693	+2,224	
(Property, plant and equipment, and intangible assets)	(46,364)	(45,801)	(-562)	Decreased due to impairment losses despite increases in capital expenditures
(Investments and other assets)	(57,104)	(59,891)	(+2,787)	Investment securities increased due to higher stock prices
Total assets	192,789	190,529	-2,260	
Current liabilities	44,055	39,502	-4,552	Trade payables and short-term borrowings decreased
Non-current liabilities	30,659	29,843	-815	Deferred tax liabilities increased Leasehold and guarantee deposits received decreased
Total liabilities	74,714	69,346	-5,367	
Net assets	118,074	121,182	+3,107	Valuation difference on available-for-sale securities increased
(Shareholders' equity)	(98,788)	(100,511)	(+1,723)	
Total liabilities and net assets	192,789	190,529	-2,260	
Equity ratio	60.6%	62.9%	+2.3pt	
ROE (return on equity)	6.2%	7.6%	+1.4pt	
ROA (return on assets)	5.0%	5.4%	+0.4pt	
ROIC (return on invested capital)	5.2%	5.5%	+0.3pt	

Impact of higher stock prices

Cash Flows Status

(¥mn)	FY3/24	FY3/25	Remarks
Operating cash flow	12,864	11,048	
Investing cash flow	-387	-2,989	
Purchase of property, plant and equipment and intangible assets	(-4,590)	(-5,585)	Capital expenditures of ¥7,156 mn (recorded amount) <ul style="list-style-type: none"> ➤ Of which, investment in growth and expansion of approx. ¥3,800 mn ➤ Of which, environmental investment of approx. ¥300 mn
Proceeds from sale of investment securities	(2,181)	(1,971)	Sale of cross-shareholdings
Financing cash flow	-6,951	-9,038	
Purchase of treasury shares	(-2,477)	(-5,165)	
Dividends paid	(-1,417)	(-2,141)	<ul style="list-style-type: none"> ➤ Of which, year-end dividend for FY3/24 of approx. -¥1,080 mn ➤ Of which, interim dividend for FY3/25 of approx. -¥1,060 mn
Net increase in cash and cash equivalents	5,763	-964	
Cash and cash equivalents at end of period	16,123	15,158	
Interest-bearing debt	12,341	11,092	

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Achieved profit growth exceeding the plan, mainly due to the growth in semiconductor manufacturing-related businesses which were growth and priority businesses, and made significant progress toward achieving the long-term vision.

[Basic policy] Expanding highly profitable businesses and reinforcing core businesses for sustainable growth

[Priority policies]

- (1) Expand growth and priority businesses and strengthen profitability in core businesses
- (2) Create new businesses by strengthening R&D activities and quickly place them on a profitable footing
- (3) Contribute to the SDGs
- (4) Promote a diverse workforce

[Numerical Targets and Results]

(¥100 million)

	FY3/25 initial plan	FY3/25 results	Vs. plan
Net sales	1,600	1,506	-93
Operating profit	96	103	+7
Ordinary profit	102	117	+15
Profit attributable to owners of parent	72	90	+18
Operating profit ratio	6.0%	6.8%	+0.8pt
ROE	7.0%	7.6%	+0.6pt
ROA	5.3%	5.4%	+0.1pt
ROIC	5.6%	5.5%	-0.1pt
Total return ratio (three years)	50.0%	74.1%	+24.1%
Capital expenditures (total)	182	167	-14

[Factors for differences from the plan]

- Net sales fell short of the plan.
 - Impact of the transfer of the machine tool business, etc.
- Profits at each stage achieved the plan.
 - Expansion of priority businesses in semiconductor manufacturing-related markets, etc. (progress in business portfolio reforms) drove profit growth.
- ROE significantly exceeded the plan.
 - In addition to improved operating margin due to progress in business portfolio reform, capital policies (dividend increase and purchase of treasury shares) also contributed to higher ROE.
- The target of total return ratio (50% or more) was achieved.
- Capital expenditures were executed within the plan.

Reflection on the Previous Medium-term Management Plan: Progress '24 (2)

[Overall Company results] (¥100 million)	(Base year)				(Final year)			
	FY3/22 results (1)	FY3/23 results	FY3/24 results	FY3/25 results (2)	FY3/25 plan (3)	Vs. plan (2) – (3)	Change (2) – (1)	CAGR
Net sales	1,322	1,535	1,513	1,506	1,600	-93	+184	+4.4%
Operating profit	75	86	91	103	96	+7	+27	+11.1%
Ordinary profit	87	100	101	117	102	+15	+30	+10.3%
Profit attributable to owners of parent	56	55	67	90	72	+18	+34	+17.2%
Operating profit ratio	5.7%	5.7%	6.1%	6.8%	6.0%	+0.8pt	+1.1pt	
ROE (return on equity)	5.9%	5.6%	6.2%	7.6%	7.0%	+0.6pt	+1.7pt	
ROA (return on assets)	4.5%	5.1%	5.0%	5.4%	5.3%	+0.1pt	+0.9pt	
ROIC (return on invested capital)	4.6%	5.3%	5.2%	5.5%	5.6%	-0.1pt	+1.0pt	

[Results by business segment]		(¥100 million)	FY3/22 results (1)	FY3/23 results	FY3/24 results	FY3/25 results (2)	FY3/25 plan (3)	Vs. plan (2) – (3)	Change (2) – (1)	CAGR
Chemical Products Business	Net sales		516	597	613	660	630	+30	+143	+8.5%
	Operating profit		29	37	39	50	39	+11	+20	+19.1%
Textile Business	Net sales		446	565	511	485	540	-54	+38	+2.8%
	Operating profit		-1	3	-2	0	8	-7	+2	-
Advanced Technology Business	Net sales		235	242	255	219	290	-70	-16	-2.4%
	Operating profit		27	28	35	33	30	+3	+5	+6.4%
Food and Services Business	Net sales		84	92	95	104	103	+1	+19	+7.3%
	Operating profit		2	4	6	7	7	+0	+4	+38.8%
Real Estate Business	Net sales		37	37	37	37	37	+0	-0	-0.6%
	Operating profit		27	24	23	22	23	-1	-5	-6.5%

Achieved results in growth of semiconductor manufacturing-related businesses and profitability of film business, while tackling fundamental business restructuring

[Achievements of priority measures]	Overall evaluation	Major achievements (issues)
(1) Expand growth and priority businesses and strengthen profitability in core businesses	○	<ul style="list-style-type: none"> Semiconductor manufacturing-related businesses grew Film business became profitable Textile products with proprietary technologies expanded
(2) Create new businesses by strengthening R&D activities and quickly place them on a profitable footing	△	<ul style="list-style-type: none"> R&D progressed steadily Commercialization of robot vision and other products delayed
(3) Contribute to the SDGs	○	<ul style="list-style-type: none"> Identified <i>materialities</i> (important issues that a company should prioritize) and implemented measures to become carbon neutral.
(4) Promote a diverse workforce	○	<ul style="list-style-type: none"> Through the promotion of DE&I, we developed the human resource system and the environment to make it easier and more rewarding for diverse human resources to work.
[Special note]		
(5) Business restructuring	◎	<ul style="list-style-type: none"> Transferred the machine tool business Closed the Anjo Mill (restructuring domestic production bases in the Textile Business) Transferred a flexible polyurethane business company in China

	Main priority measures	Overall evaluation	Main activities
Chemical Products Business	Concentrating management resources in priority businesses in semiconductor- and energy-related markets	◎	<ul style="list-style-type: none"> Reinforced production and development systems for high-performance plastic products for the growing semiconductor manufacturing-related markets. Construction of the Kumamoto Innovation Center was completed in March 2025. Operations will begin in July 2025. Sales increased for functional films for the energy-related market (solar batteries). We will boost production capacity to cope with increased orders.
	Streamlining sales and production systems for core businesses such as flexible polyurethane foam and housing construction materials, and expanding new businesses	◎	<ul style="list-style-type: none"> Flexible polyurethane foam sales gradually recovered for domestic vehicles. Profitability has improved due to the progress in passing rising costs onto sales prices and the transfer and integration of production facilities. Overseas, Brazil is performing well and new lines have been added. Productivity is improved for housing construction materials by promoting DX. Orders increased for the precast concrete product business, which was a new business. We developed and began offering Atsumieru, an on-site thickness measurement system for foamed polyurethane.
Textile Business	Expand sales of high-performance and sustainable materials utilizing proprietary technologies	○	<ul style="list-style-type: none"> Sales of high-performance cotton material NaTech, which utilizes raw material modification technology, have expanded steadily mainly for autumn and winter underwear materials. We will focus on improving functionality for spring and summer and expanding into areas other than underwear. Smartfit, a heat risk and physical condition management system, is growing rapidly. The challenge is to improve the system infrastructure and usability to accommodate business expansion. In the uniform segment, orders for flame-retardant fabrics were strong from shipbuilders, steelmakers, and other customers.
	Improvement of QR capabilities and productivity with an awareness of the entire supply chain	△	<ul style="list-style-type: none"> Utilizing overseas production bases in several Asian countries, the Group worked together to respond to QR. On the other hand, productivity improvement remained an issue, as production bases in Japan and overseas had to deal with small-lot production and labor shortages among others.
Advanced Technology Business	Gain competitive advantage by strengthening product appeal and expand sales in overseas markets	△	<ul style="list-style-type: none"> For the KURASENSE high-speed 3D vision sensor for robots, while the Company has developed a separate type of sensor head and others, sales tend to lag despite increased inquiries. The Company has jointly developed a system with JR Central to measure track materials (rails, sleepers, etc.) of the Tokaido Shinkansen while the train is running at high speed. Overseas expansion of pavement inspection equipment has been delayed. Exports increased for agitation and defoaming equipment, mainly in the pharmaceutical and energy-related areas.
	Market launch of product lines that contribute to solving social issues	○	<ul style="list-style-type: none"> Amid the worsening operating conditions for dairy farms due to rising feed prices and other factors, FUNTO, a device that converts livestock waste and bedding into clean compost, is steadily gaining a solid track record. The Company will develop small biomass combustion devices. Strong performance for exhaust gas treatment equipment and incinerators for biomass, etc. The Company won its first order for flue gas denitration equipment for a heating furnace that uses new energy.

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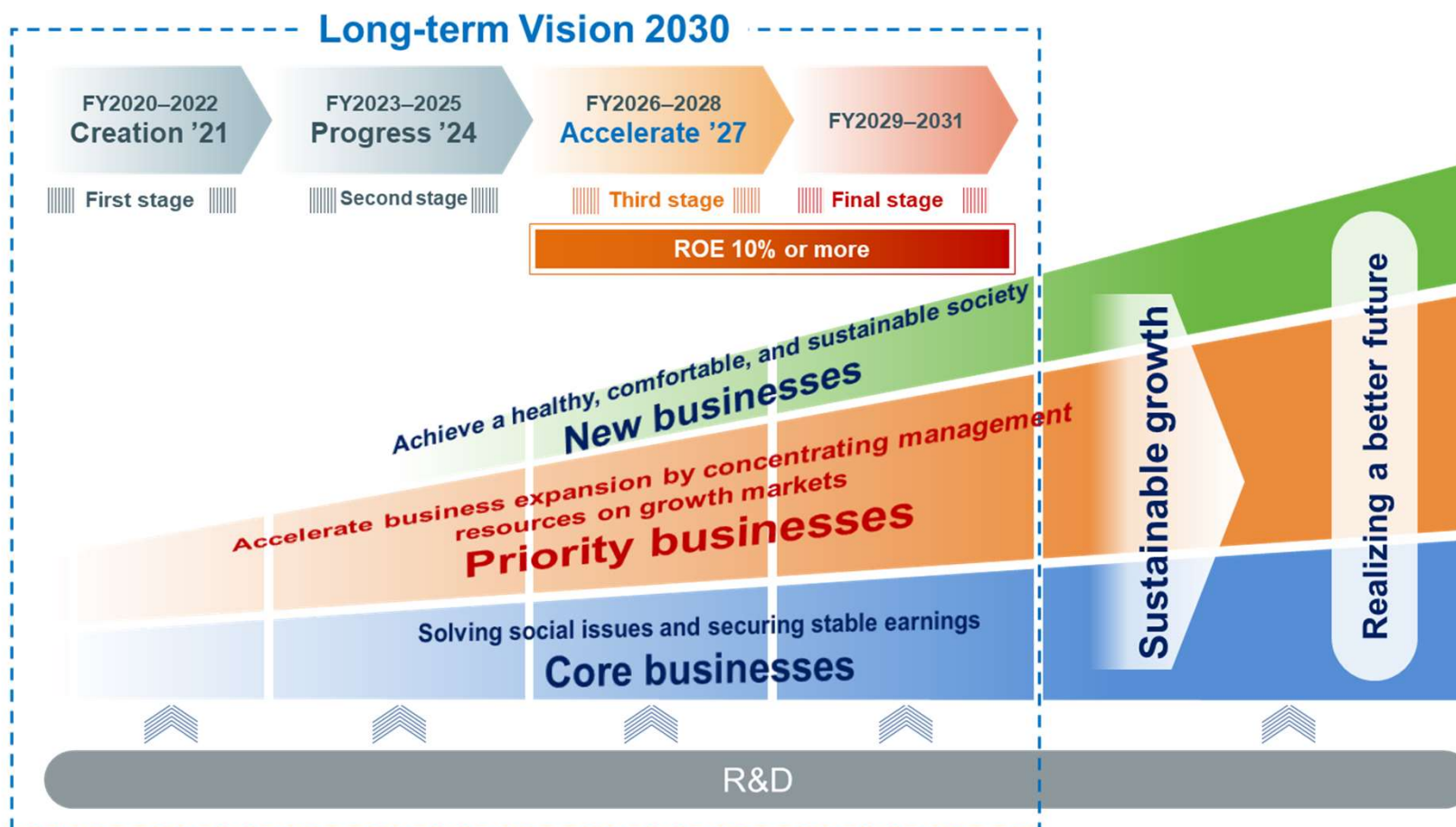
III **Accelerate '27: New Medium-term Management Plan**

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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”



Realize Long-term Vision 2030

Reforms to create business structures that generate innovation and high profit

Accelerate'27

Further accelerate business portfolio reform

Progress'24

Creation'21

Basic policy

Accelerate growth in high-profit businesses and increase corporate value through efficient use of management resources

Priority policies

- (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
- (4) Build a highly engaged organization



Issues from the previous medium-term corporate business plan

- Further accelerate growth in priority businesses
- Promote structural reform of core businesses
- Quickly create and monetize new businesses

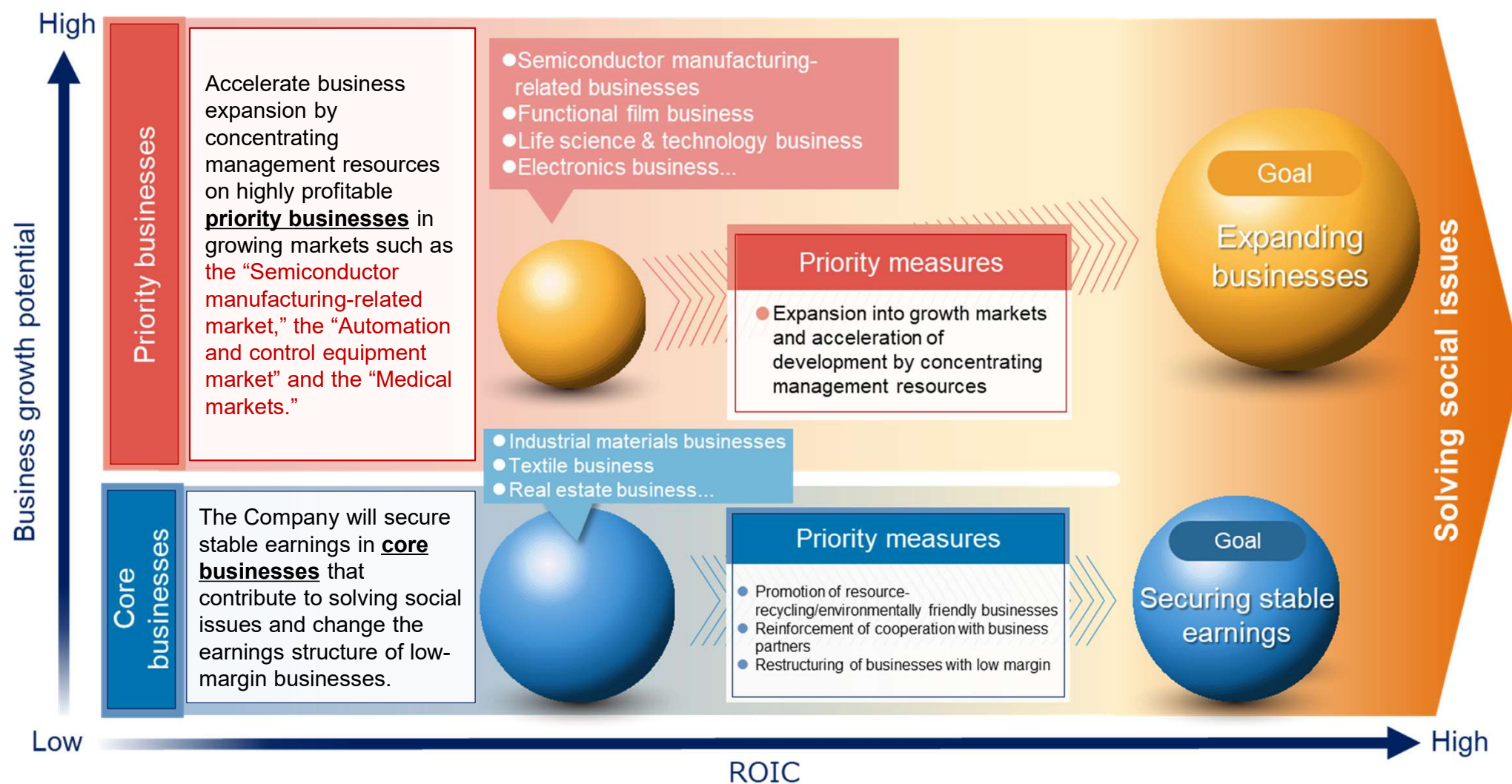


Respond to environmental changes

- Expanding growth opportunities in priority areas
- Advances in innovation, including DX (digital transformation)
- Growing awareness of the SDGs and climate action

- Significant underachievement due largely to the pandemic caused by COVID-19

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



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 processed products (fluorine, super engineering plastics), fluorine resin materials, filters, etc.	Priority	Semiconductor manufacturing-related
	Functional films	Semiconductor process films (release films, dicing films, etc.)	Priority	Semiconductor manufacturing-related
		Sealing materials for solar cells, various high-performance films	Priority	
	Industrial materials	Flexible polyurethane foam, heat-insulating materials, building materials, and functional materials such as nonwoven fabrics	Core	
Textile	Yarn	High-performance yarns (functional cotton yarn NaTech), etc.	Core	
	Uniforms	Highly functional fabrics and products for uniforms (Flame-retardant fabrics "BREVANO" and others.), and a heat risk management system (Smartfit), etc.		
	Casual wear	High-value-added fabrics and products for casual wear, etc.		
Advanced technology	Life science & technology	Agitation and defoaming equipment, Gene extraction system and analysis service, robot vision, automation equipment (LA, FA), etc.	Priority	Life science & technology
	Electronics	Concentration meter, etc.	Priority	Semiconductor manufacturing-related
		Infrastructure inspection equipment, Film thickness gauge, etc.		
	Engineering	Chemical supply system, wafer cleaning equipment, etc.	Priority	Semiconductor manufacturing-related
		Environment-related (water treatment, gas treatment, biomass, etc.)	Core	
Food and services	Food	Freeze-dried food	Priority	Life science & technology
	Services	Cultural complex (Kurashiki Ivy Square), driving school	Core	
Real estate	Real estate	Real estate rental	Core	

Numerical targets

[Company-wide targets] (¥100 million)	(Base year)	(Final year)				Change (2) – (1)	CAGR
	FY3/25 results (1)	FY3/26 plan	FY3/27 plan	FY3/28 plan (2)			
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)		FY3/25 results (1)	FY3/26 plan	FY3/27 plan	FY3/28 plan (2)	Change (2) – (1)	CAGR
Chemical Products Business	Net sales	660	640	680	740	+79	+3.9%
	Operating profit	50	39	55	60	+9	+6.1%
Textile Business	Net sales	485	435	450	490	+4	+0.3%
	Operating profit	0	-7	6	12	+11	+152.0%
Advanced Technology Business	Net sales	219	222	240	270	+50	+7.2%
	Operating profit	33	30	34	40	+6	+6.2%
Food and Services Business	Net sales	104	105	112	112	+7	+2.3%
	Operating profit	7	7	7	8	+0	+3.4%
Real Estate Business	Net sales	37	38	38	38	+0	+0.7%
	Operating profit	22	22	22	22	-0	-0.6%

[Medium- to long-term direction (Goal)]

We aim to become a highly profitable business that pioneers the future with its plastics processing technology. We will do this by increasing supply capacity to meet the expansion of growth markets such as semiconductors, developing technologies to improve quality, and further enhancing competitiveness by improving productivity and process management efficiency through automation and DX promotion, including in our core businesses. The long-term operating margin target is 10%.

Moreover, we will strive for sustainable operations by investing in the creation of new businesses that will become our next pillar, such as our own brand products in high-performance plastic products and thermoplastic carbon fiber composite materials (KuraPowerSheet) and actively considering and executing M&As to support these businesses.

Priority businesses: High-performance plastic products business, functional film business

[Priority policies]

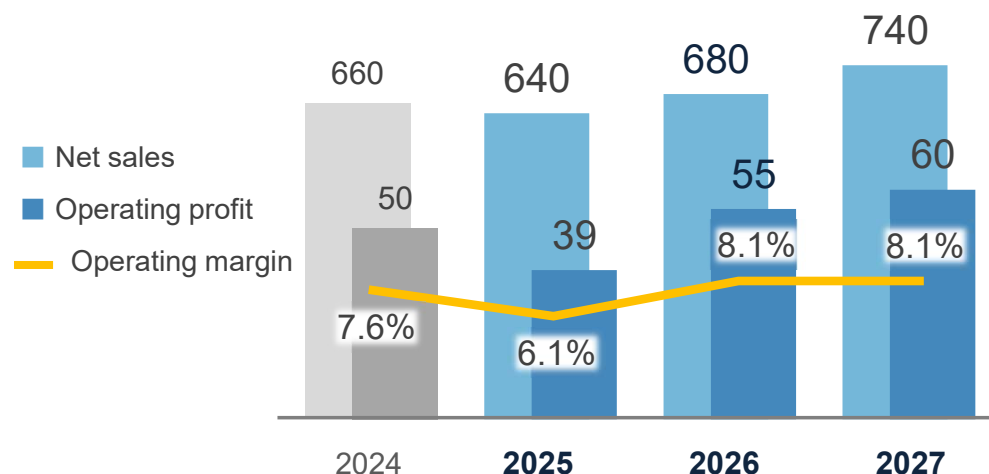
- Concentrate management resources on the high-performance products business for semiconductor and energy-related markets and accelerate business expansion.
- Develop new businesses in the field of industrial materials for the automotive and housing-related markets and cultivate markets in depth.

[Future outlook]

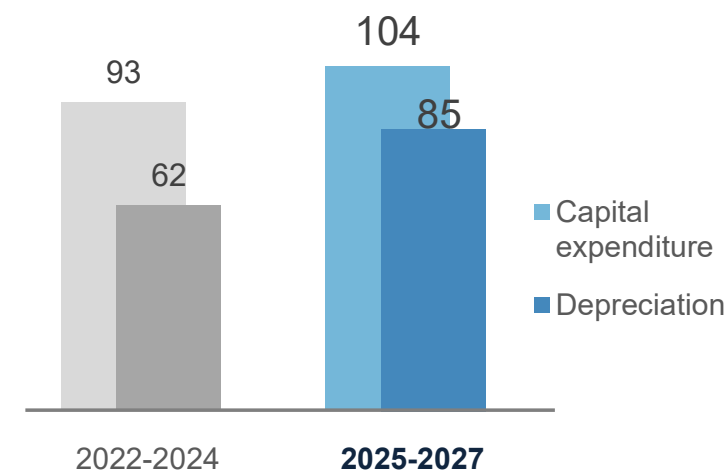
- High-performance plastic products and functional films for semiconductor manufacturing-related applications are expected to undergo an adjustment phase in the first fiscal year, but later grow significantly, driving performance.
- Profit margins will also improve due to growth in highly profitable high-performance plastic products.

Net sales, operating profit,
operating margin

(¥100 million)



Capital expenditures and depreciation
(cumulative 3-year total)



Priority Measures by Business Segment Textile Business

[Medium- to long-term direction (Goal)]

Generalization of manufacturing technology and oversupply in the clothing industry have led to intensified price competition and low profits. To address this issue, Progress '24 strengthened product development based on our proprietary technology, and this had some success in improving profitability.

Under Accelerate '27, we will further strengthen the development of proprietary technologies and increase added value, enhance competitiveness through capital investment in overseas bases, develop a global supply chain, and expand our operations to improve profitability and expand our business scope.

Proprietary technology products include NaTech, AIRFLAKE, flame-retardant fabrics, Smartfit, and L[∞]PLUS.

[Priority policies]

- Promote development of proprietary technologies based on end-user needs and expand sales of proprietary technology products
- Establish a global supply chain centered on overseas manufacturing bases.

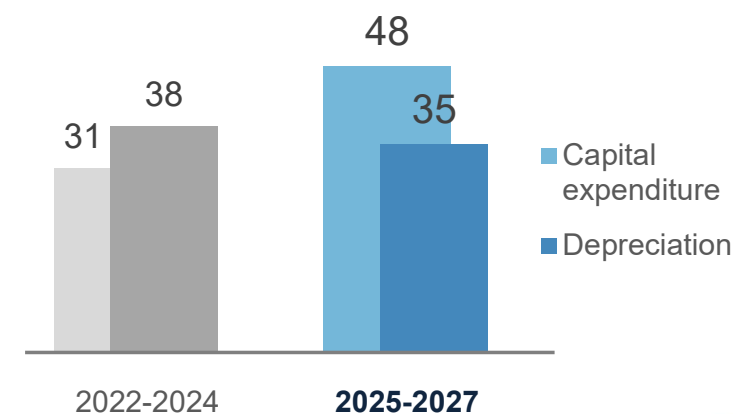
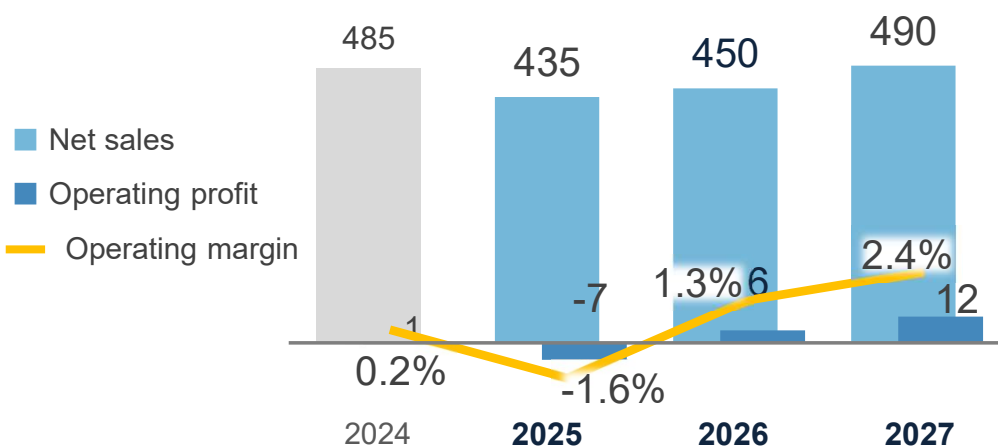
[Future outlook]

- While restructuring and other costs are expected in the first fiscal year, profit margins will subsequently improve due to restructuring.
- Profitability will improve as we further develop proprietary technologies and expand the deployment of global supply chains.

Net sales, operating profit,
operating margin

(¥100 million)

Capital expenditures and depreciation
(cumulative 3-year total)



[Medium- to long-term direction (Goal)]

In the life science & technology area, in order to contribute to solving social issues such as health improvement and labor shortages, while promoting the development of biotechnology, we help our customers' research and production sites to enhance efficiency and accuracy by expanding the use of our laboratory automation (LA)/factory automation (FA) products. We will support the evolution to the next-generation digital society by supplying equipment and devices to the semiconductor related markets. In addition to focusing on business in these two areas, we will contribute to a sustainable society by solving social problems, such as addressing environmental and energy problems through our engineering business in wastewater and exhaust gas treatment and biomass, and our transportation infrastructure inspection business.

[Priority policies]

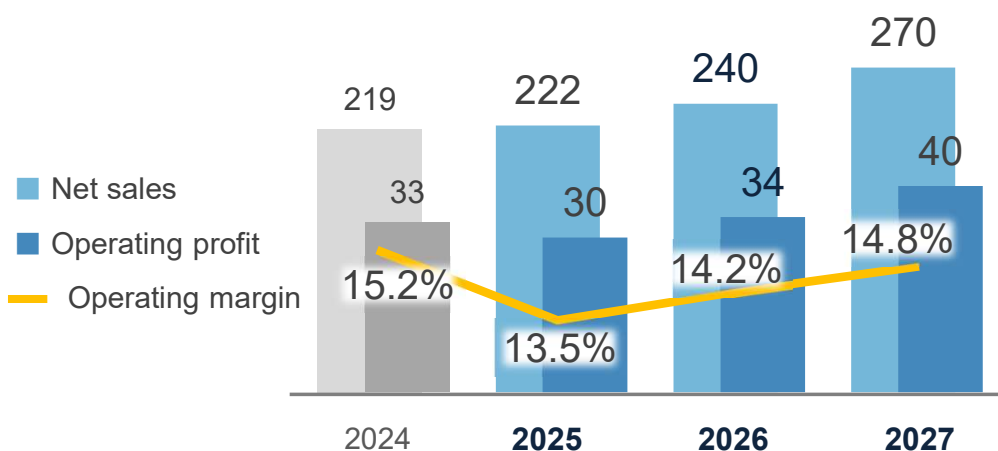
- Accelerate growth of life science & technology business and semiconductor-related business.
- Develop markets for environment- and infrastructure-related businesses that contribute to solving social issues, and strengthen profitability.

[Future outlook]

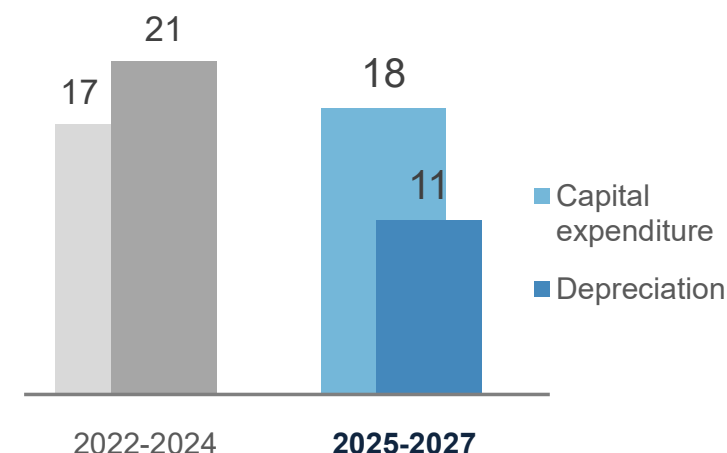
- Life science & technology will drive earnings growth by expanding sales in the biotech area and lab automation systems.
- Electronics and engineering will also grow in semiconductor-related areas, etc.

Net sales, operating profit,
operating margin

(¥100 million)



Capital expenditures and depreciation
(cumulative 3-year total)



Food and Services Business

[Goal]

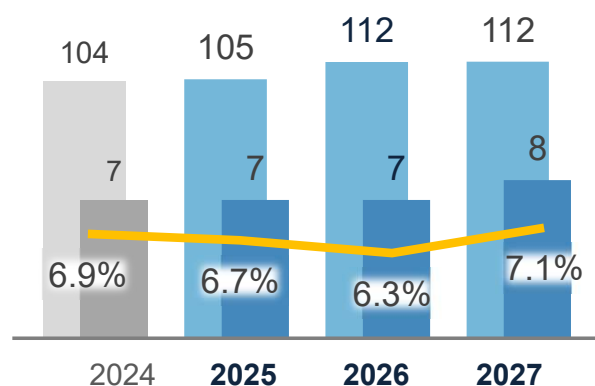
- In the Food Business, we aim for further growth by playing a role in life science technology, a priority business, centered on freeze-dried foods, which we industrialized first in Japan.
- The Services Business should earn stable revenues through the hotel business by leveraging the branding power we have cultivated over the years and our contribution to the local community.

[Priority policies]

- In the Food Business, have existing products penetrate the market, develop differentiated products, and cultivate their sales channels.
- In the Services Business (hotel business), capture inbound demand and increase customer satisfaction.

[Outlook]

- Expand sales of priority foods through market development, including exports, and absorb cost increases by adding higher value to improve profit margins.
- The Service Business is expected to remain stable on the back of strong inbound and tourism demands.



(¥100 million)

■ Net sales
■ Operating profit
— Operating margin

Real Estate Business

[Goal]

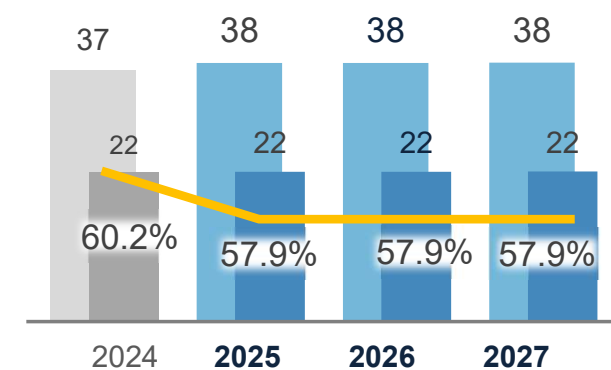
- Long-term and stable revenue source through effective utilization of idle assets such as former factory sites
- Even in times of recession, we will reliably generate operating profit of over 2 billion yen at low cost, and will also play a role in supporting the Group's business foundation in a stable manner.

[Priority policies]

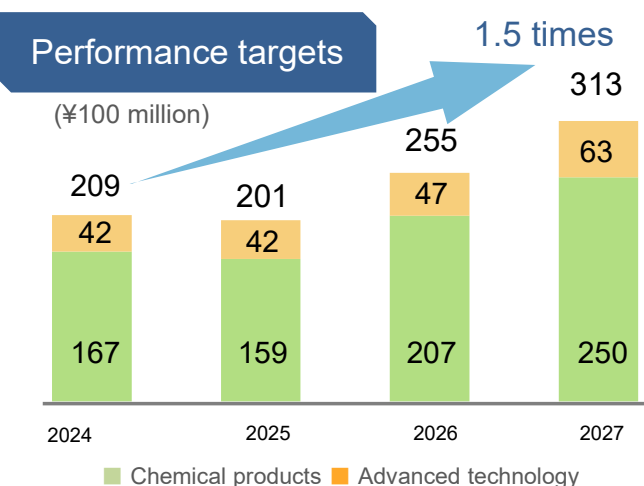
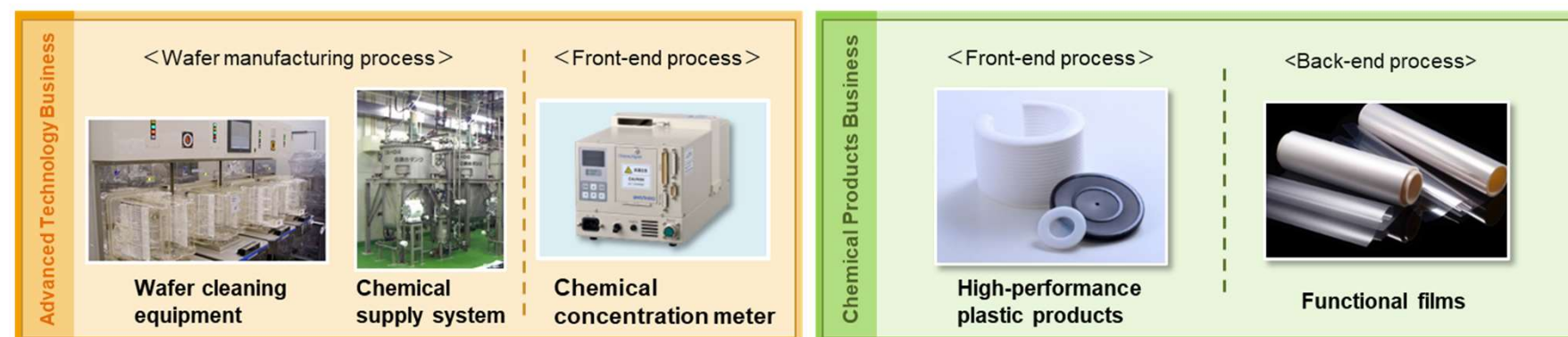
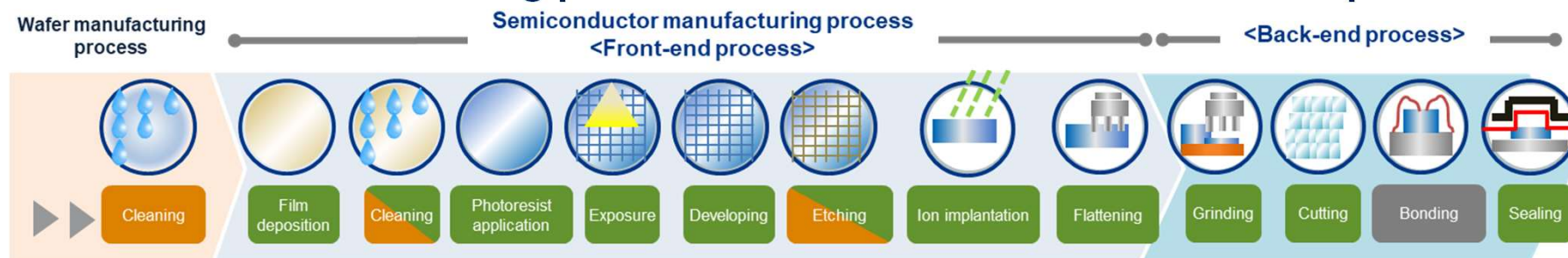
- Manage currently owned real estate in a systematic and efficient manner and quickly place idle real estate on a profitable footing.

[Outlook]

- The business is expected to remain stable as most of the leases are long term.



Semiconductor manufacturing-related areas: Providing a wide range of products for the wafer/semiconductor manufacturing processes whose markets continue to expand

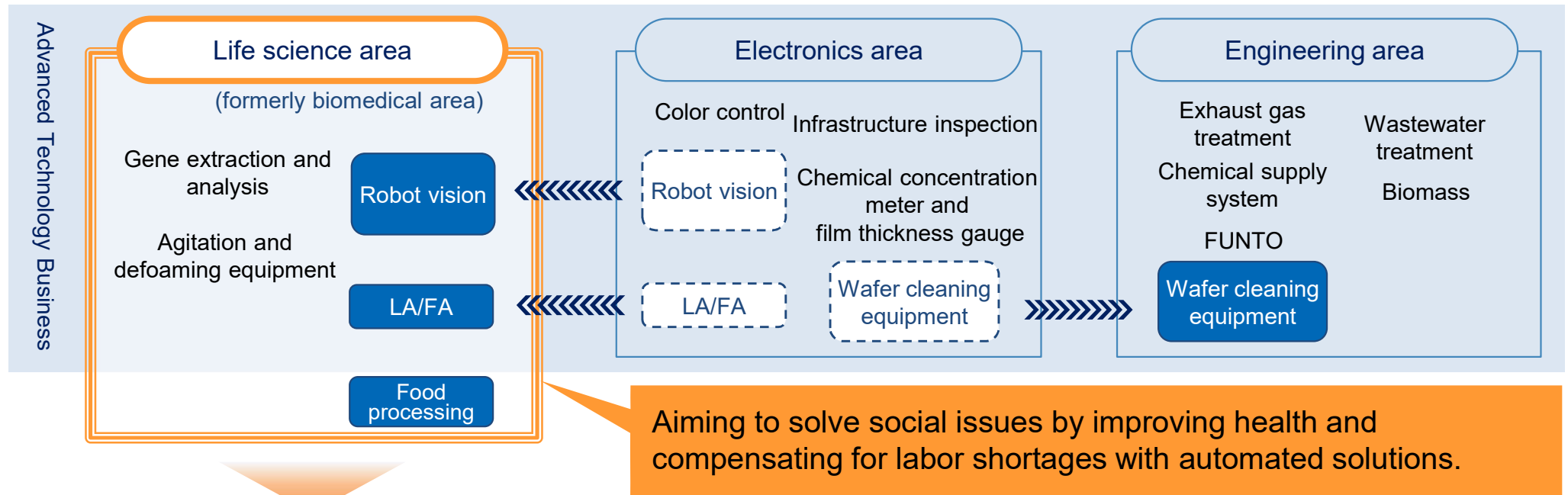


Construction of a new building for the Kumamoto Innovation Center



- Construction of a new building completed on March 27, 2025, as a production, development, and sales base for high-performance plastic products
- We aim to expand business in the semiconductor industry (more than doubling production capacity and development system)

Life science & technology area: Create synergies by combining key technologies such as biomedical and vision sensor technologies



Examples of initiatives

Issues for dispensing pharmacies

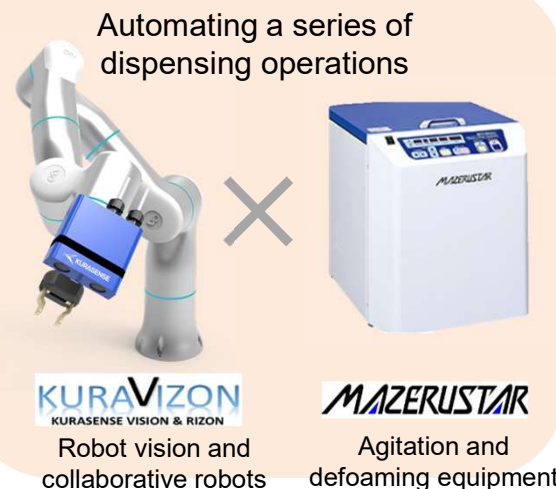
- Dispensing in a limited space
- Labor shortage



Automation solutions

Drug dispensing automation

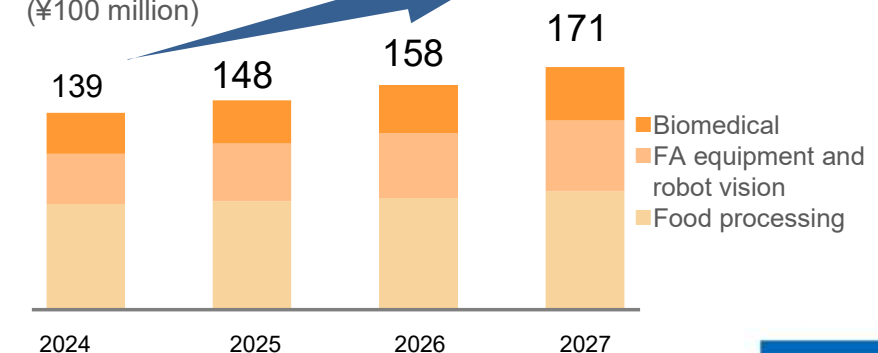
- Improving operational efficiency
- Solving labor shortage



Performance targets

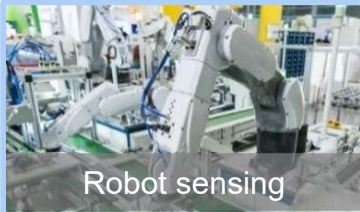
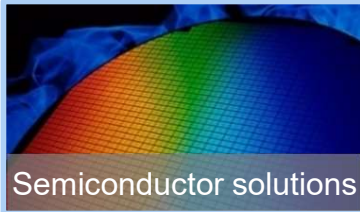


(¥100 million)

1.2 times



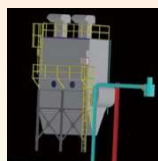
Reinforcement of R&D Activities

At the Technical Research Laboratory, the center of R&D, we will bring four projects, which are promoted as the main next-generation businesses, into full swing in collaboration with the business divisions.

Core technologies	Projects	R&D expenses	Products
Mathematical science <ul style="list-style-type: none"> Computational chemistry Fluid analysis 	 <p>Robot sensing</p>	¥0.8 bn	High-speed 3D vision sensor KURASENSE, Pavement inspection unit and tunnel inspection systems, Robot peripheral Kurabotte
Physical science <ul style="list-style-type: none"> Mechanical control Production technology 	 <p>Semiconductor solutions</p>	¥1.3 bn	Low-dielectric film EXPEEK, Oidys Chemical concentration meter
Photoelectric engineering <ul style="list-style-type: none"> Spectroscopic measurement Circuit design 	 <p>Life science & technology</p>	¥0.5 bn	Nucleic acid extraction QuickGene and GENE PREP STAR
Information engineering <ul style="list-style-type: none"> Image processing AI perception 	 <p>Material solutions</p>	¥2.0 bn	Functional cotton NaTech Composite materials
Materials science <ul style="list-style-type: none"> Surface modification Converting 			
Life science <ul style="list-style-type: none"> Nucleic acid separation Cell culture 			
		Others ¥1.4 bn	Total ¥6.0 bn (cumulative 3-year total)

Six core technologies

- High-speed 3D vision sensor KURASENSE



- 3D photogrammetric system Kuraves



- Pavement inspection unit and tunnel inspection systems

- Chemical Products Business
- Textile Business
- Advanced Technology Business



- Substrate appearance inspection device BBMaster

- Concentration meter
- Film thickness gauge



- Tokushima Biomass Power Plant



- Functional cotton NaTech



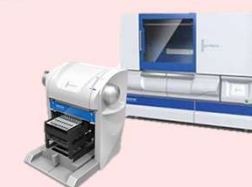
- Metal-ion removal filter KURANGRAFT



- Low-dielectric film EXPEEK, Oidys



- CFRTP materials



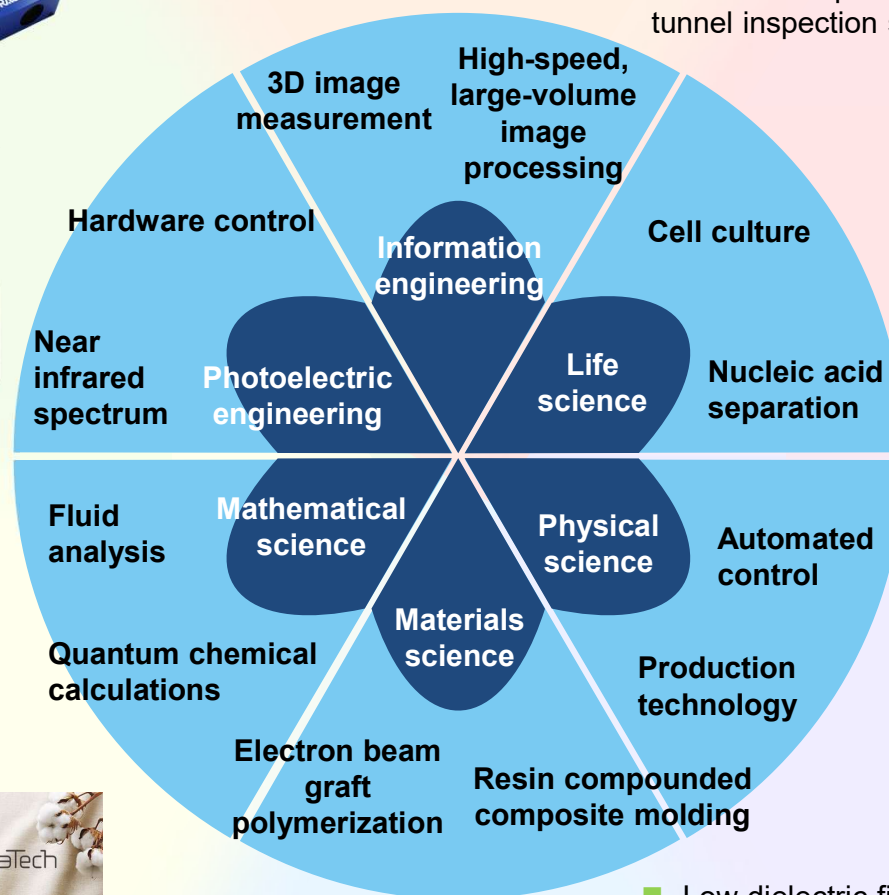
- Nucleic acid extraction system QuickGene and GENE PREP STAR



- Agitation and defoaming equipment MAZERUSTAR



- Robot peripheral Kurabotte



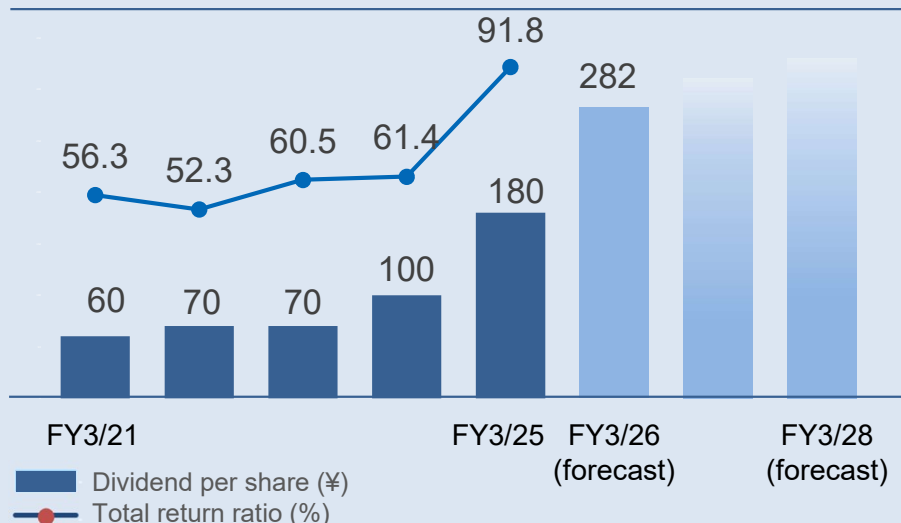
Targeting 4% DOE during the “Accelerate '27” period, we aim to steadily and stably increase dividends and reduce cross-shareholdings.

Shareholder return policy

In order to pay high and stable dividends, a dividend on equity ratio **(DOE) of 4% was set as the target for the “Accelerate '27” period.**

In addition, we will also repurchase 20 billion yen of treasury shares over a 3-year period.

Dividend per share and future outlook (conceptual image)



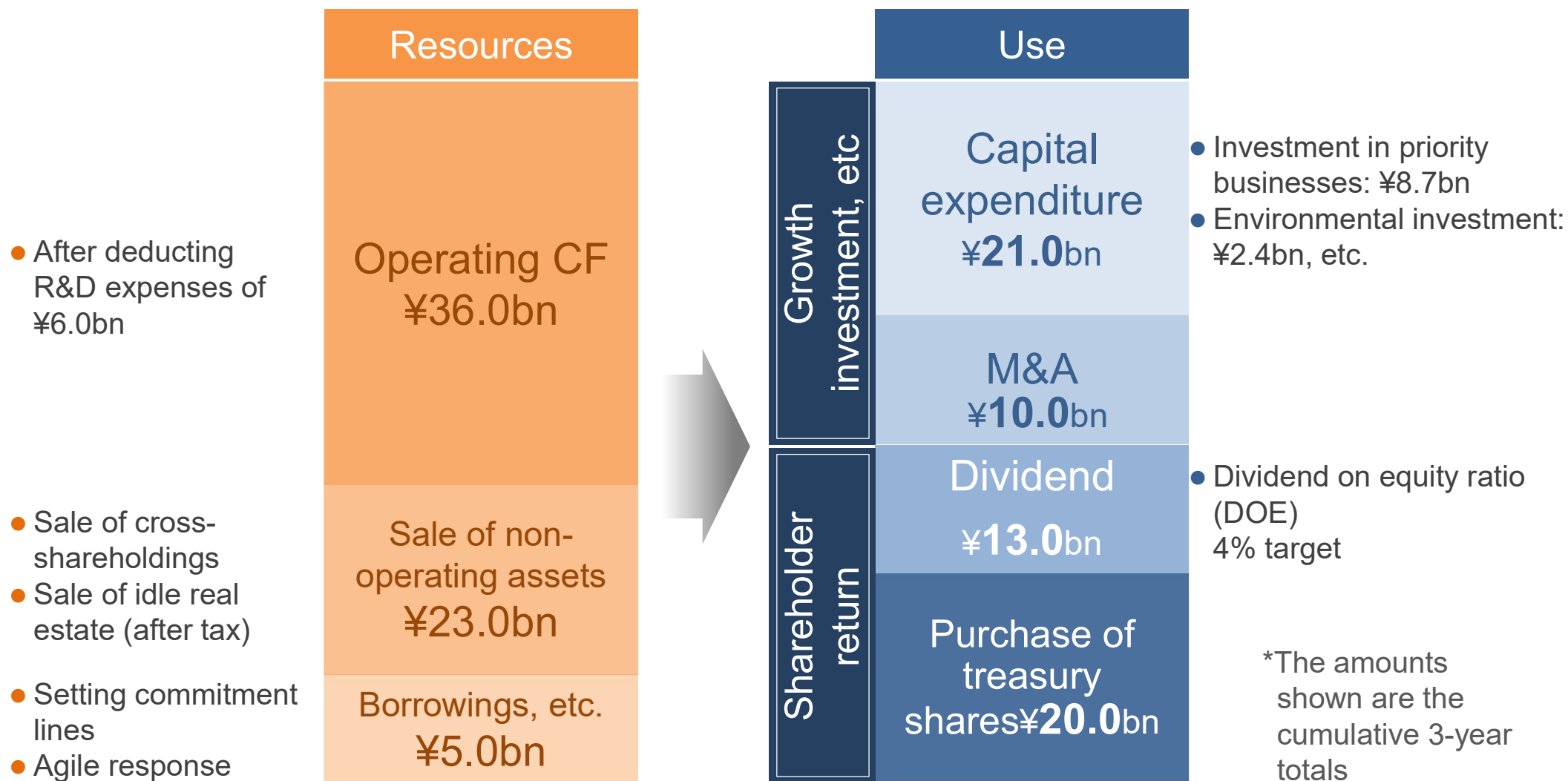
Reducing cross-shareholdings

By FY3/28, we will gradually sell cross-shareholdings to less than 20% of consolidated net assets and use the cash obtained from the sale to repurchase treasury shares and other purposes.

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.



I Financial Results Overview for FY3/25

II Reflection on the Previous Medium-term Management Plan: Progress '24

III Accelerate '27: New Medium-term Management Plan

IV Progress in Improving Capital Profitability and Future Initiatives

V Financial Results Forecast for FY3/26

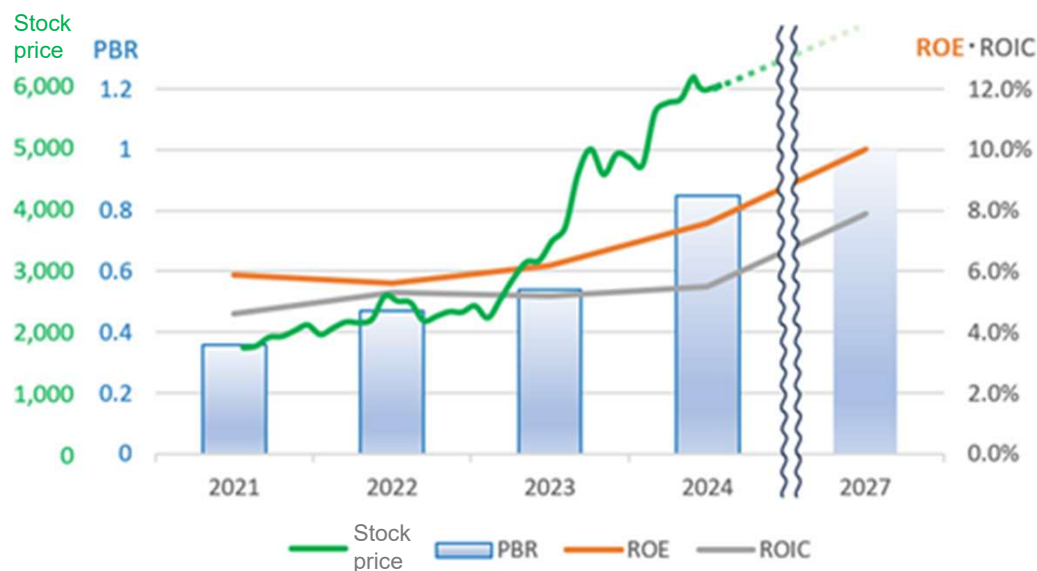
Progress Toward Improving Capital Profitability

Recognition of current situation

ROE and ROIC are on an improving trend, as a result of working through Progress '24 on both improving operating revenue and strengthening capital policy and IR activities.

However, PBR is below 1 at this point, and it is necessary to further strengthen initiatives going forward.

[Stock price, PBR, ROE, and ROIC over the past 4 years]



[End of FY2025]

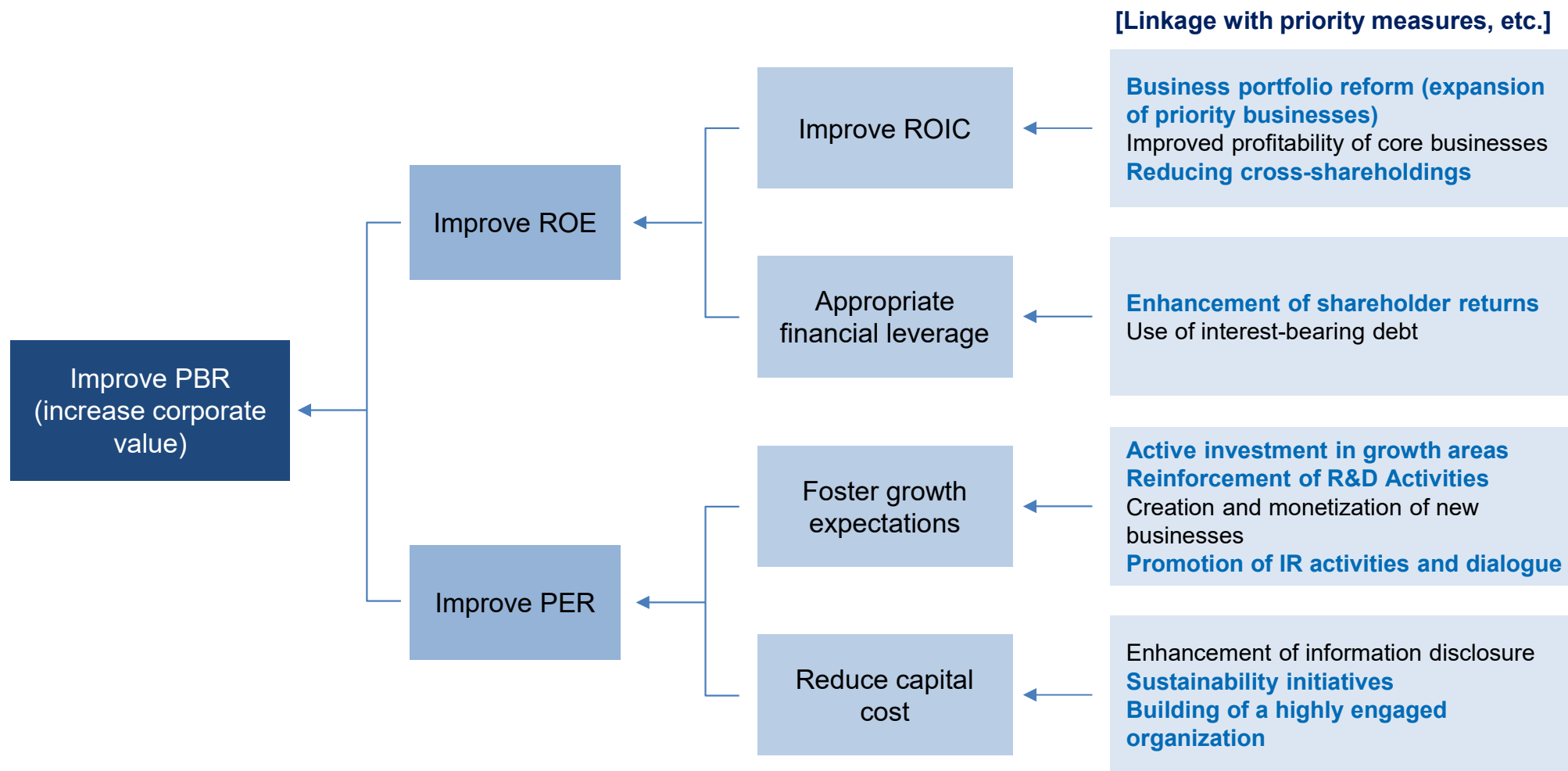
[Target]

Stock price	5,960 yen		
PBR	0.84 ×	➤➤➤➤➤	1 × or more
ROE	7.6%	➤➤➤➤➤	10% or more
ROIC	5.5%	➤➤➤➤➤	8% or more
PER	11.55 ×		

Future policies

While understanding that the cost of shareholders' equity is in the range of 6–7% based on CAPM and other methods, we recognize that the return expected by shareholders is even higher, and will first aim for **a P/B ratio of 1 × or more** by **realizing an ROE of 10% or more**, which is the target of "Accelerate '27," and **enhancing IR activities**.

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



*Blue letters indicate items of particular impact (importance).

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FY3/26 Forecasts

Sales are expected to decline in the Textile business, which is undergoing structural improvement, and the Chemical Products Business, which anticipates delays in market conditions related to the semiconductor market (recovery is expected in the second half of the year). Profit is expected to increase due to gains on the sale of cross-shareholdings, although operating profit is forecast to decrease considering higher labor and other costs.

	FY3/25 Full-year result		FY3/26 Initial forecast		YoY	
	(¥mn)	Composition ratio		Composition ratio		% change
Net sales	150,660		144,000		-6,660	-4.4%
Operating profit	10,311	6.8%	8,000	5.6%	-2,311	-22.4%
Ordinary profit	11,784	7.8%	9,500	6.6%	-2,284	-19.4%
Profit attributable to owners of parent	9,014	6.0%	9,500	6.6%	+486	+5.4%
Capital expenditure	7,156		7,800		+644	
Depreciation	5,157		5,100		-57	

FY3/26 Forecasts: By Segment

		FY3/25 Full-year result		FY3/26 Initial forecast		YoY	
		(¥mn)	Profit ratio		Profit ratio		% change
Chemical Products Business	Net sales	66,002		64,000		-2,002	-3.0%
	Operating profit	5,030	7.6%	3,900	6.1%	-1,130	-22.5%
Textile Business	Net sales	48,532		43,500		-5,032	-10.4%
	Operating profit	75	0.2%	-700	-1.6%	-775	-
Advanced Technology Business	Net sales	21,943		22,200		+257	+1.2%
	Operating profit	3,341	15.2%	3,000	13.5%	-341	-10.2%
Food and Services Business	Net sales	10,458		10,500		+42	+0.4%
	Operating profit	724	6.9%	700	6.7%	-24	-3.3%
Real Estate Business	Net sales	3,723		3,800		+77	+2.1%
	Operating profit	2,243	60.3%	2,200	57.9%	-43	-1.9%

In the Chemical Products Business, sales are expected to decrease due to the transfer of equity in a Chinese subsidiary in the previous fiscal year and the forecast that the recovery of the semiconductor market for high-performance plastic products is not expected until the second half of the fiscal year or later. Profit is forecast to decline due to the expected cost increases for depreciation and labor. In the Textile Business undergoing structural reforms, decreased sales and losses were expected due to lower orders for materials for casual wear and extraordinary operating expenses associated with the closure of a factory, although uniforms are expected to keep stable. In the Advanced Technology Business, sales of robot vision are expected to expand, but higher labor costs and other cost increases are anticipated, leading to higher sales and lower profits. The Food and Services Business and Real Estate Business are expected to remain strong.

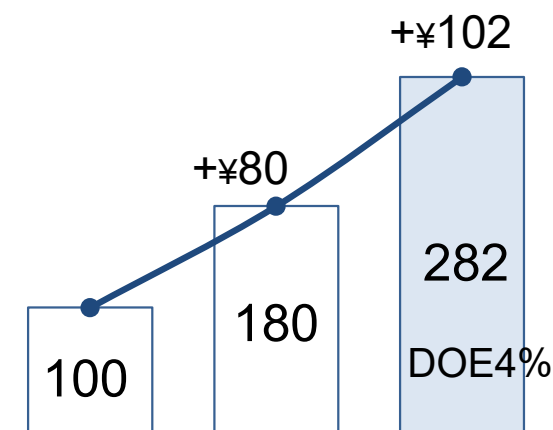
Shareholder Return Results and Forecasts

FY3/25 annual dividend

Dividend of **180** yen per share, an **increase of 80 yen** from the previous fiscal year, was decided.
(Interim: 60 yen, year-end: 120 yen)

FY3/26 annual dividend forecast

Dividend of **282** yen per share, an **increase of 102 yen** from the previous fiscal year, is planned.
(DOE4%)
(Interim: 141 yen, year-end: 141 yen)



Purchase of treasury shares

Summary of resolution on November 7, 2024

- Total number of shares to be purchased:
Maximum 1,300,000
- Total amount of shares to be purchased:
Maximum 6 billion yen
- Purchase period: November 8, 2024 – October 31, 2025

Purchases through March 31, 2025 <contractual basis>

- Number of shares purchased: 620,500 **48%**
- Total purchase amount: 3.4 billion yen **58%**
- Elapsed period **40%**
11/8 3/31 10/31

 **KURABO**

Cautionary note regarding forward-looking statements

The forward-looking statements in this document are based on information currently available to the Company and certain assumptions that the Company believes to be reasonable and are not guarantees of future performance. Actual results may vary significantly due to a variety of factors, including economic conditions in major domestic and overseas markets and fluctuations in foreign exchange rates.

The information contained in this material is for informational purposes only and is not intended as an offer, solicitation for investment, or recommendation to buy or sell any securities, financial instruments, or transactions. While every effort has been made to ensure the accuracy of the information contained herein, the Company does not guarantee the accuracy, completeness, fairness, or certainty of its contents. Therefore, we shall not be liable for any damages whatsoever resulting from the use of this material.


Appendix

[Basic policy]

















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.

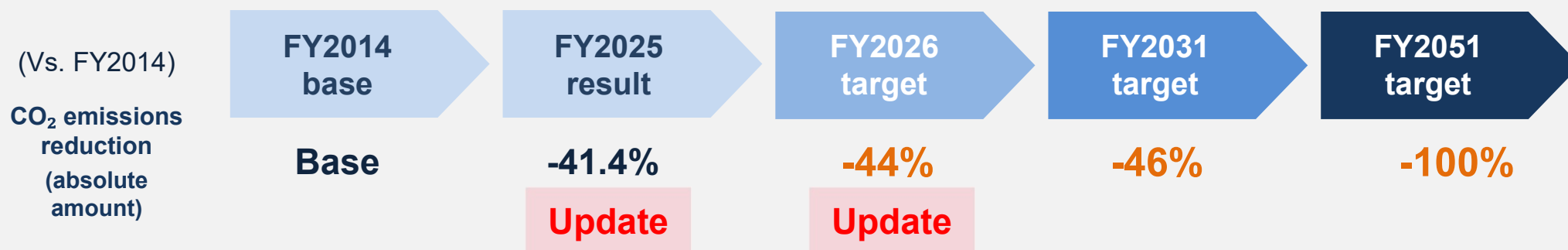
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- A blue downward-pointing arrow pointing from the introductory text to the list of practices.
- [1] Contributing to the resolution of social issues through our businesses**
 - [2] Carrying out business activities founded on an awareness of the need 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**

Identification of Materialities (Significant Issues) and Main Measures

[Materiality]	[Main measures]	[Relevant SDGs]
Realize a safe, secure, and comfortable society	<p>*Text in Blue denotes measures directly linked to sales growth and profitability improvement</p> <ul style="list-style-type: none"> Develop and provide products and services for the semiconductor market that contribute to the advancement of a digital society In response to a decrease in the working population, expand the factory automation and robot business, make production bases into smart factories, and build QR systems Conduct R&D and pursue an IP strategy to support innovative technology and advanced quality Expand sales of products that contribute to safety and security 	   
Consider the environment and contribute to a circular economy	<ul style="list-style-type: none"> Expand environmentally friendly products Build a circular business model Pursue initiatives towards carbon neutrality Develop technologies to reduce environmental impact Strengthen business continuity plan (BCP) 	   
Empower a diversity of people and respect human rights	<ul style="list-style-type: none"> Offer human rights education and closely monitor the supply chain Empower a diversity of people (pursue DE&I) Promote flexible work styles, improve worker engagement Thoroughly manage safety and health, promote health and management Increase productivity through automation and digital transformation 	   
Strengthen governance and CSR for sustained growth	<ul style="list-style-type: none"> Offer thorough compliance education, strengthen internal control Ensure sufficient communication with stakeholders Ensure thorough disclosure of non-financial information Manage with an awareness of return on capital and share price Have a business portfolio strategy, properly distribute management resources Strengthen business risk management 	   

Kurabo Group's Long-term Environmental Targets

The Kurabo Group will strengthen its system for reducing CO₂ emissions and promote specific measures to achieve the government's goals of a 46% reduction in CO₂ emissions by FY2031 (compared with FY2014 level) and carbon neutrality by FY2051.



Initiatives

Initiatives for a decarbonized and resource-recycling society

● Reduce CO₂ emissions based on the carbon neutral roadmap

Update

- ✓ Installation of solar panels (eight manufacturing bases including Kurabo Tokushima Plant, Mie Plant, and Thai Kurabo): Total reduction of 2,700t-CO₂
- ✓ Gasification of boilers and renewal of refrigeration equipment (Kurabo Susono Plant and Kamogata Plant, Japan Jiffy Foods, Inc.): Total reduction of 1,400t-CO₂
- ✓ Introduction of electricity from renewable energy sources (Kurabo head office building): Total reduction of 400t-CO₂

● Promote effective use and recycling of resources

Update

- ✓ Promotion of zero waste emissions (recycling rate): 97% of FY2026 target (96.3% for previous year result)

● Grasp supply chain CO₂ emissions (Scope 3)

- ✓ Category 1-8: FY2024 result of total 619,600t-CO₂/year

Work to “build a highly engaged organization” where each employee proactively contributes to the organization

	Indicators	FY24/3	FY25/3	Target
Accelerate '27 priority measures (4) Building of a highly engaged organization	Engagement score (deviation)	—	43.6	55.0 (End of FY3/28)
(1) Foster a vibrant organizational culture Promote DE&I, including spreading understanding of unconscious bias, actively recruiting and assigning women to work in the company, promoting understanding of LGBTQ+, actively hiring people with disabilities, and providing ongoing training for all employees to create a workplace free of harassment.	Percentage of women in management positions	3.0%	4.1%	5% or more (end-FY3/28)
	Percentage of women in new graduate career-track positions	45.0%	37.5%	30% or more each year
	Percentage of women in mid-career track hires	24.0%	27.6%	Not determined
	Percentage of divisions with female career-track employees assigned	44.8%	50.6%	50% or more (end-FY3/28)
	Employment rate of people with disabilities	2.69%	2.63%	Above the legally mandated employment rate
	Number of foreign nationals hired for career-track positions	1 person	5 person	Not determined
(2) Promote flexible work styles Flextime systems, telework systems, and Increase of factory holidays; promotion of paid holidays; increase in male childcare leave utilization; office casual wear; renewal of factory uniforms; and promotion of health and safety management and health and productivity management	Average monthly overtime	9.1 hours	8.7 hours	Less than 10 hours (end-FY3/28)
	Number of days of paid leave taken	14.6 days	13.1 days	12 days or more (FY28/3)
	Percentage of male employees taking childcare leave	57.9%	73.1%	70% or more (end-FY3/28)
	Number of work-related accidents	9 cases	6 cases	None
	Obtaining of certification as an excellent health and productivity management corporation (deviation)	Certification (49.8)	Certification (57.1)	Deviation: 60 or above
(3) Secure and develop a diversity of human resources Use of agents and direct recruiting to strengthen recruiting capabilities, renewal of recruiting website, year-round, referral, and alumni recruiting, feedback to supervisors to ensure retention of training content, IoT promotion and DX utilization training for smart factory and business transformation	Percentage of mid-career employees in career-track hires	55.6%	64.4%	Not determined
	Internal training expenses per person	¥33,000	¥35,000	¥40,000 or more