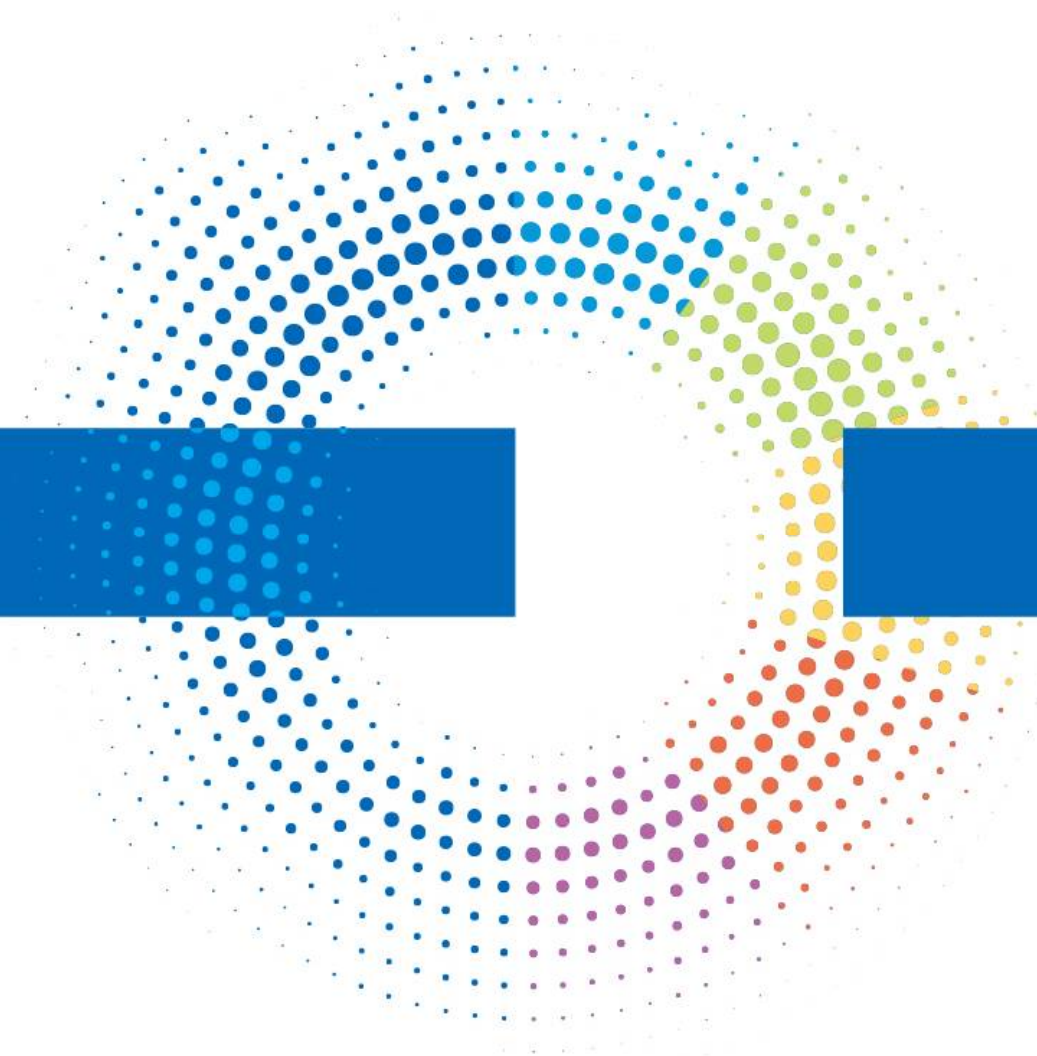


FY3/25 2Q (Interim) Financial Results Briefing Materials

 KURABO

19-Nov.-2024



I Long-term Vision 2030 and Progress'24

II Financial results overview for 2Q FY3/25 (interim)

III Results by Segment and Future Forecast

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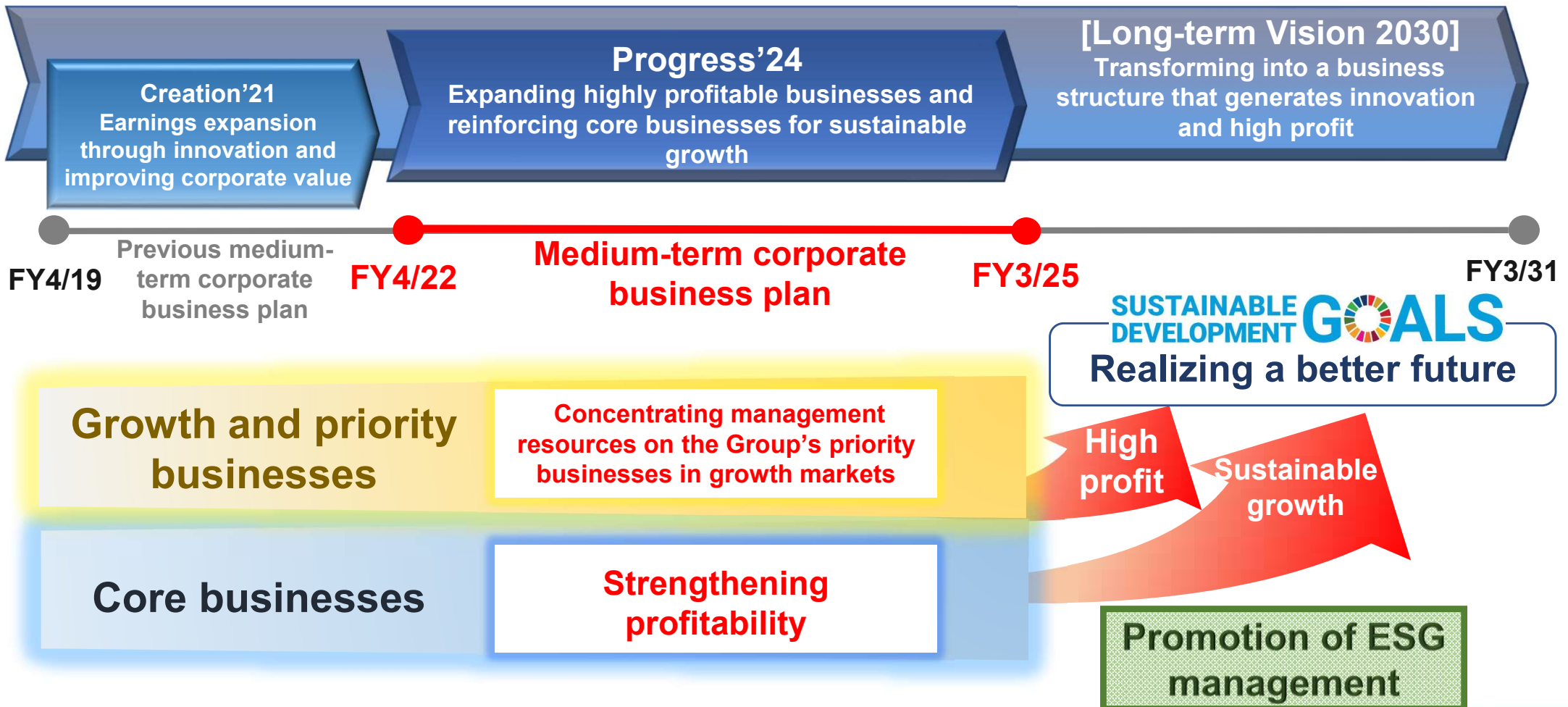
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Long-term Vision 2030

Goal: A strong corporate group that generates innovation and high profit



Realize Long-term Vision 2030

Issues from the previous medium-term corporate business plan

- Failure to expand sales of textile products with proprietary technologies
- Failure to expand overseas businesses
- Delay in commercialization of 3D vision robot systems and Smartfit
- Early return to profitability for the textile business

Improve profitability

Reforms to create business structures that generate innovation and high profit

Build an optimal business portfolio

Achieve sustainability

Implement ESG management

Respond to environmental changes

- Skyrocketing raw material and fuel prices, disruptions in the supply chain
- Trends in a post-pandemic world
- Advances in innovation, including DX (digital transformation)
- Increased demand for new materials and functions
- Growing awareness of the SDGs and climate action

[Basic policy]

Expand high-profit businesses and strengthen core businesses to achieve 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

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- Consolidated operating profit and ordinary profit **reached record highs** in the interim period despite a year-on-year decline in sales.

Both net sales and profits were higher than revised forecasts

- Net sales	¥71,845mn YoY	-1.1% (+2.6% over revised forecast)
- Operating profit	¥4,241mn YoY	+9.4% (+28.5% over revised forecast)
- Ordinary profit	¥5,100mn YoY	+12.7% (+21.4% over revised forecast)

- Net sales were slightly down due to the impact of transferring the machine tool business in the **Advanced Technology Business** and a drop in the **Textile Business** due to sluggish sales of casual wear, despite a substantial increase in the **Chemical Products Business** due to strong sales of semiconductor manufacturing equipment-related **“high-performance plastic products”** and **“functional films”** for solar batteries.
- Profits were significantly higher than the target due to **sales expansion mainly of high-value-added products** and price revisions in the **Chemical Products Business**, as well as **the return to profitability** in the **Textile Business**, where overseas subsidiaries had improved their profitability.

Results Overview for 2Q (Interim) (Whole Company)

Profit increased significantly despite lower sales. Both net sales and profit exceeded initial and revised forecasts due to the expansion of the Chemical Products Business, which saw strong sales of semiconductor manufacturing equipment-related “high-performance plastic products” and other products.

	2Q FY3/24 (interim) results		2Q FY3/25 (interim) results		YoY		Vs. initial forecast (Announced May 13)		Vs. revised forecast (Announced Aug 7)	
	(¥mn)	Composition ratio		Composition ratio		% change		% difference		% difference
Net sales	72,653		71,845		-808	-1.1%	+2,845	+4.1%	+1,845	+2.6%
Cost of sales	58,353	80.3%	57,189	79.6%	-1,164	-2.0%	-	-	-	-
SG&A expenses	10,422	14.4%	10,415	14.5%	-7	-0.1%	-	-	-	-
Operating profit	3,877	5.3%	4,241	5.9%	+363	+9.4%	+1,941	+84.4%	+941	+28.5%
Ordinary profit	4,525	6.2%	5,100	7.1%	+575	+12.7%	+2,200	+75.9%	+900	+21.4%
Profit attributable to owners of the parent	2,522	3.5%	3,425	4.8%	+902	+35.8%	+1,525	+80.3%	+725	+26.9%
Capital expenditure	2,045		1,814		-230					
Depreciation	2,446		2,561		+114					

The Chemical Products Business considerably led the overall Company results with a significant increase in both sales and profit due to growth in semiconductor manufacturing equipment-related “high-performance plastic products” and “functional films” for solar batteries. On the other hand, the Textile Business turned to profitability despite lower sales due to improved profitability of overseas subsidiaries, albeit with struggling sales for casual wear and other products. In the Advanced Technology Business, sales and profits declined due to the transfer of the machine tool business and lower sales volume of wafer cleaning equipment, but chemical concentration meters for semiconductor manufacturing equipment in the Electronics Division and environment-related business in the Engineering Division performed well.

(¥mn)	End 3/24	End 9/24	Change	Remarks
Current assets	89,320	86,035	-3,284	Decrease in trade receivables and cash and deposits
(Cash and deposits)	(16,156)	(14,245)	(-1,911)	
Non-current assets	103,469	104,997	+1,528	
(Property, plant and equipment, and intangible assets)	(46,364)	(45,963)	(-400)	
(Investments and other assets)	(57,104)	(59,033)	(+1,929)	Investment securities increased due to higher stock prices
Total assets	192,789	191,032	-1,756	
Current liabilities	44,055	39,514	-4,540	Short-term borrowings and trade payables decreased
Non-current liabilities	30,659	31,283	+624	Deferred tax liabilities increased
Total liabilities	74,714	70,797	-3,916	
Net assets	118,074	120,235	+2,160	Valuation difference on available-for-sale securities decreased
(Shareholders' equity)	(98,788)	(99,460)	(+672)	
Total liabilities and net assets	192,789	191,032	-1,756	
Equity ratio	60.6%	62.3%	+1.7pt	
ROE (return on equity)	6.2%	—	—	
ROA (return on assets)	5.0%	—	—	
ROIC (return on invested capital)	5.2%	—	—	

Impact of higher stock prices

Cash Flows Status

(¥mn)	FY3/24 2Q (Interim)	FY3/25 2Q (Interim)
Operating cash flow	5,833	4,600
Investing cash flow	-1,974	-1,701
Financing cash flow	-3,982	-4,904
Net increase (decrease) in cash and cash equivalents	109	-1,905
Cash and cash equivalents at end of period	10,469	14,218
Interest-bearing debt	13,538	10,542
Capital expenditure	2,045	1,814
Depreciation	2,446	2,561

Acquisition of property, plant and equipment, and intangible assets: -¥1,729mn

Dividend payment: -¥1,083mn (year-end dividend for FY3/24)

Purchase of treasury shares: -¥1,687mn
Repayment of borrowings, net: -¥2,228mn

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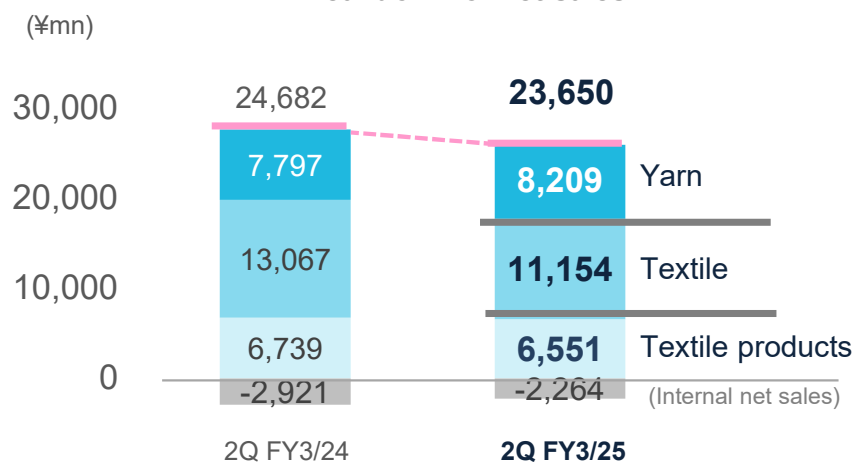
Results overview for 2Q (interim)

Despite lower sales due to sluggish sales of casual wear, the Company turned to operating profitability due to improved profitability of Thai and Indonesian subsidiaries and increased exports of fabrics to the Middle East. Smartfit, a risk reduction management system for hot environments, also contributed to earnings.

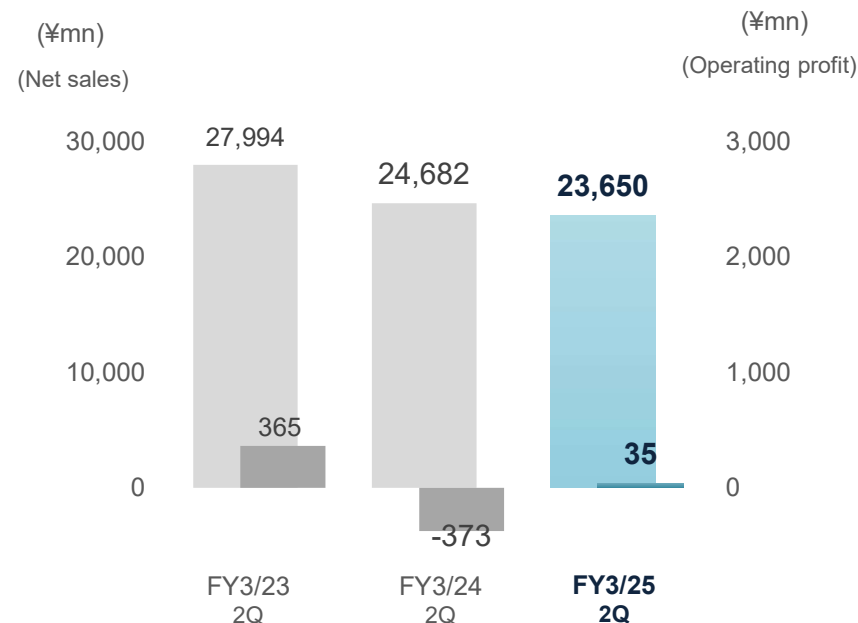
Sub-segment status

Yarn	Sales for underwear in Japan remained at the same level year on year, but sales at subsidiaries in Brazil and Thailand were strong.
Textile	Orders for casual materials declined at both domestic and Chinese subsidiaries.
Textile products	Orders for "Smartfit" increased, but those for casual wear decreased.

<Breakdown of net sales>



<Trends of net sales and operating profit>



Outlook (result forecast for FY3/25)

Net sales

¥52bn

Operating profit

¥0.3bn

Although it is expected that sales will decline due to sluggish sales of those for casual wear, the Company is expected to turn to profitability for the full year, taking into account a recovery in orders for uniforms from the second half and will improve profitability of overseas subsidiaries (ASEAN and Brazil). Sales of proprietary technology products such as NaTech, a high-performance cotton yarn using raw material modification technology, a flame-retardant fabric BREVANO, and "Smartfit," a heat risk and physical condition management system, also grow and contribute to improving profitability.

Results overview for 2Q (interim)

“High-performance plastic products” for semiconductor manufacturing equipment contributed to earnings growth as the semiconductor market recovered. Orders for “functional films” for solar batteries were strong. “Flexible polyurethane” saw a recovery in orders and sales, progress with passing rising costs onto sales prices, and improved profitability. Despite a decline in housing starts, precast concrete products for multi-dwelling housing grew in “Housing construction materials.”

Sub-segment status

Functional plastic products

Orders for high-performance plastic products for semiconductor manufacturing equipment increased due to market recovery. Orders for functional films for solar batteries were strong.

Flexible polyurethane

Orders for automobile interior materials were favorable in Japan due to the recovery of automobile production, while those of Chinese subsidiaries were sluggish.

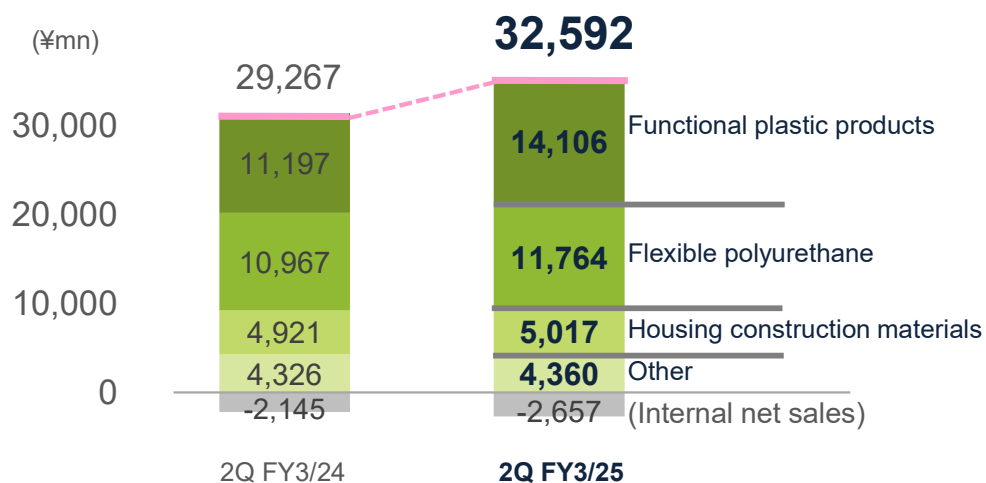
Housing construction materials

Orders for precast concrete products for multi-dwelling housing, which were launched the year before last, increased despite weak sales of heat-insulating materials.

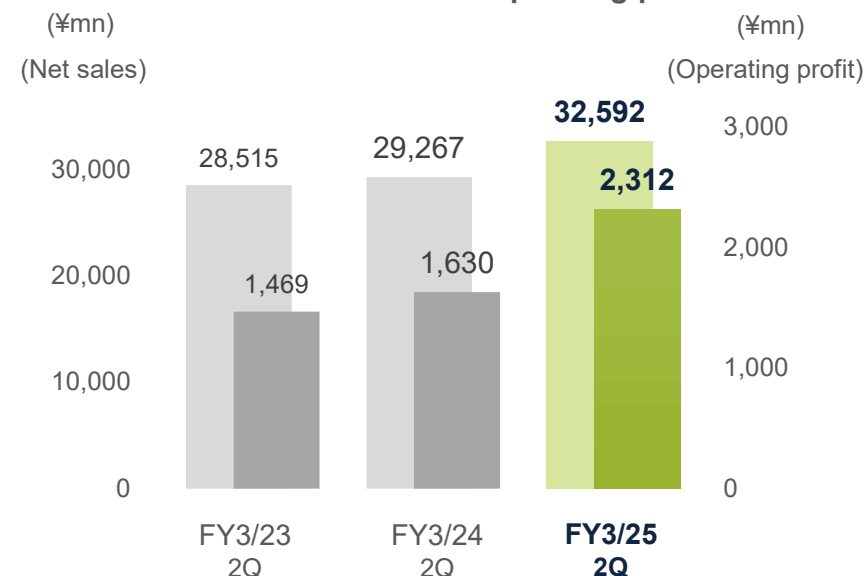
Other

Sales of nonwoven fabrics remained at the same level year on year.

<Breakdown of net sales>



<Trends of net sales and operating profit>



Outlook (result forecast for FY3/25)

Net sales

¥67.0bn

Operating profit

¥4.8bn

- Orders for “high-performance plastic products” will continue to increase from semiconductor manufacturing equipment manufacturers. Production of “functional films” for solar batteries will be increased.
- Sales of “flexible polyurethane” for automobile interior materials will remain steady due to stabilized demand.
- Housing construction materials will be driven by precast concrete products for multi-dwelling housing. Efforts will be made to establish a system to increase production.

Results overview for 2Q (interim)

Both sales and profits declined due to the transfer of the machine tool business and lower sales volume of wafer cleaning equipment, but chemical concentration meters for semiconductor manufacturing equipment in the Electronics Division and environment-related business in the Engineering Division performed well. The Biomedical Division maintained the same level year on year due to steady sales of agitation and defoaming equipment.

Sub-segment status

Electronics

Sales of chemical concentration meters for semiconductor manufacturing equipment were steady, but sales volume of wafer cleaning equipment declined.

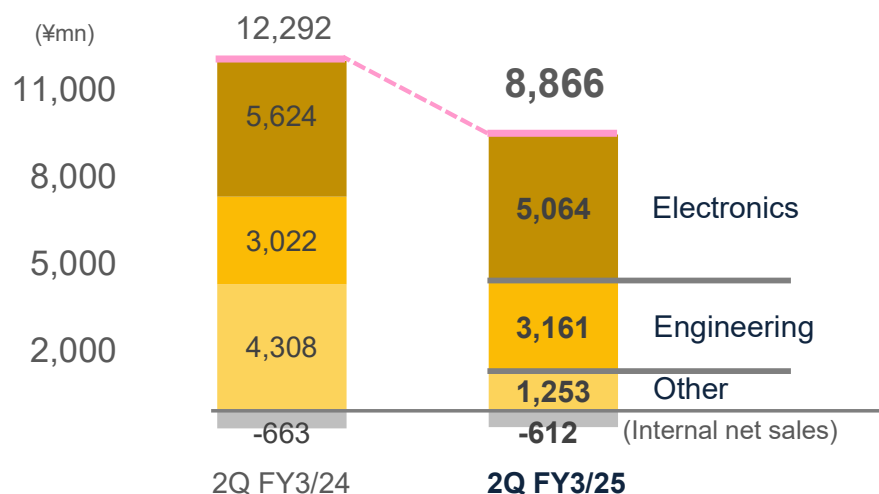
Engineering

Exhaust gas treatment equipment sales were strong, although those of chemical supply systems for the semiconductor industry were sluggish. Large plant projects at subsidiaries also contributed.

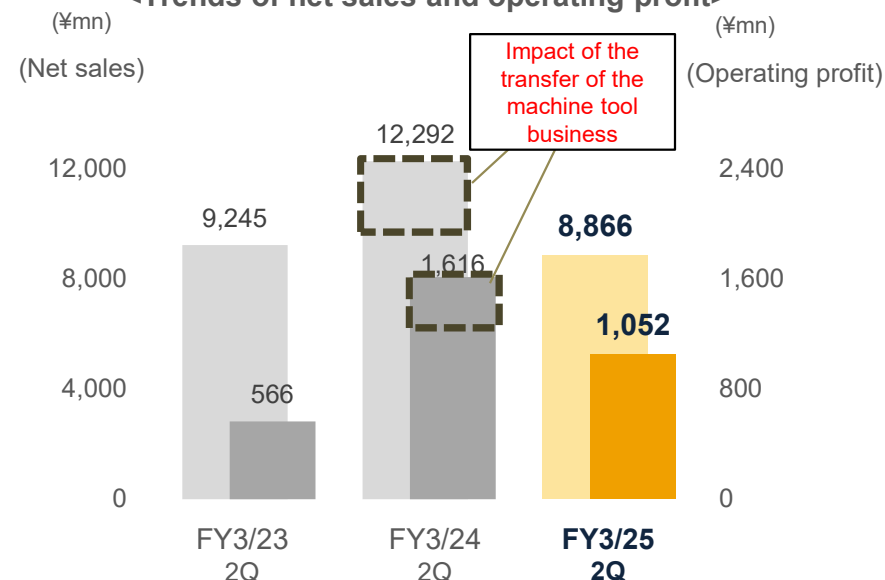
Other

Biomedical business was flat year on year, but sales declined sharply due to the transfer of the machine tool business.

<Breakdown of net sales>



<Trends of net sales and operating profit>



Outlook (result forecast for FY3/25)

Net sales

¥21.3bn

Operating profit

¥2.8bn

- In Electronics, it is expected unit sales of wafer cleaning equipment decline, but those of factory automation equipment and chemical concentration meters will be firm.
- In Engineering, orders for chemical supply systems are expected to decline, but those for exhaust gas treatment equipment will remain steady.
- Biomedical will focus on gene extraction and analysis businesses.

Results overview for 2Q (interim)

Sales of instant noodle ingredients in “Food” were favorable, and hotel-related sales in “Services” continued to be strong, resulting in higher sales, but profits declined due to higher procurement costs and other factors.

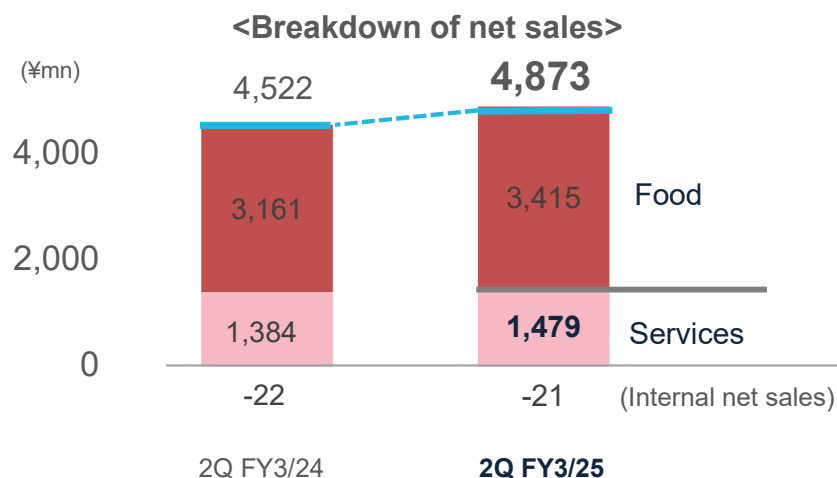
Sub-segment status

Food

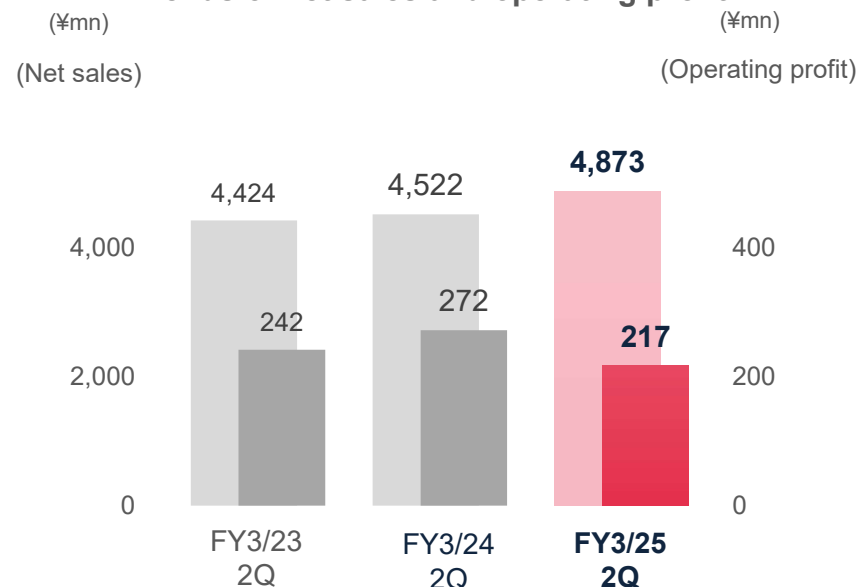
Sales of molded soups were weak, but sales of instant noodle ingredients were favorable.

Services

Accommodation and restaurants were firm due to strong domestic travel and inbound demand



<Trends of net sales and operating profit>



Outlook (result forecast for FY3/25)

Net sales

¥10.0bn

Operating profit

¥0.6bn

- For “Food,” consumers are expected to remain reluctant to buy and prefer low-priced items due to prolonged price hikes. By promoting the development and proposal of inexpensive, high-value-added products, the Company expects steady growth.
- Hotel-related “Services” are expected to have high occupancy rates for all of individual, group, and inbound visitors, despite the termination of tourism business support measures. Capturing the recovery in demand for travel and banquets, the Company will strengthen its ability to attract customers by developing and offering attractive products and services.

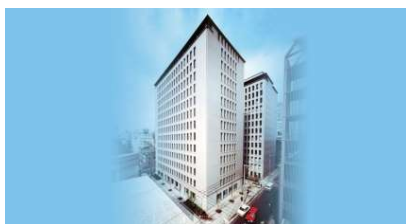
Results overview for 2Q (interim)

Net sales were flat YoY, but profits declined mainly due to higher tax charges.

Examples of projects (partial)



Involved in land redevelopment projects centered on large shopping malls, the Company contributes to the revitalization of local communities

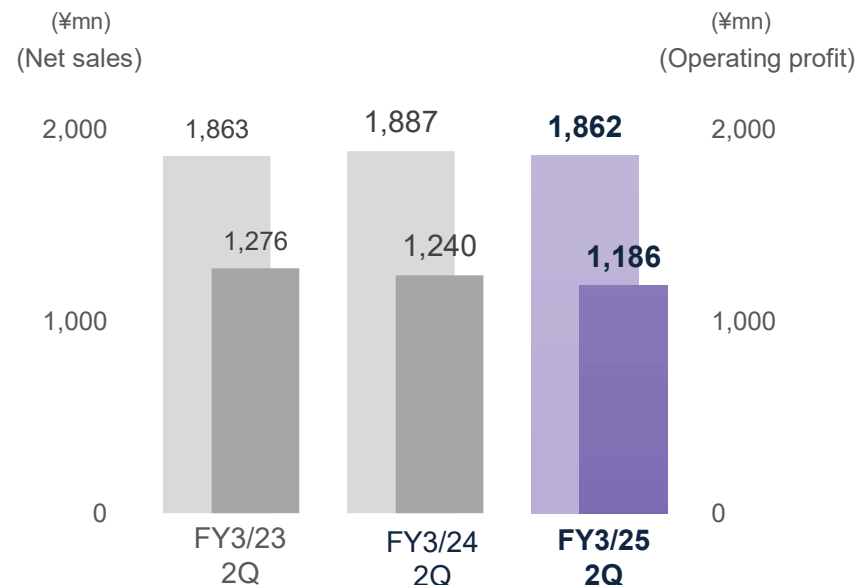


The Kurabo Annex Building, which is operated as a tenant building for effective utilization of assets



Leasing land for mega solar facilities, which hold great promise for solving energy problems

<Trends of net sales and operating profit>



Outlook (result forecast for FY3/25)

Net sales

¥3.7bn

Operating profit

¥2.2bn

Net sales will be at the same level year on year. Profit are expected to decrease due to an increase in tax charges and other factors. The Company will strive to maintain and secure long-term stable earnings.

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FY3/25 forecasts

Although 2Q (interim) results exceeded initial and revised forecasts, the full-year forecast remains unchanged, partly due to the advancement from the second half of the year. We plan to accelerate investment in growth and expansion for the future.

	FY3/24		FY3/25 forecast				YoY change (2) - (1)	
	Full-year result (1)	Composition ratio	Initial forecast (Announced May 13)	Composition ratio	Revised forecast (2) (Announced Aug 7)		YoY change (2) - (1)	% change
						Composition ratio		
(¥mn)								
Net sales	151,314		153,000		154,000		+2,686	+1.8%
Operating profit	9,186	6.1%	9,300	6.1%	9,600	5.1%	+414	+4.5%
Ordinary profit	10,191	6.7%	10,200	6.7%	10,800	5.5%	+609	+6.0%
Profit attributable to owners of the parent	6,738	4.5%	7,200	4.5%	7,500	3.8%	+762	+11.3%
Capital expenditure	4,959	-	9,500	-	9,100	-	+4,140	+83.5%
Depreciation	5,086	-	5,400	-	5,200	-	+113	+2.2%

Shareholder return policy

- Based on stable and continuous profit distribution, we aim to achieve a total return ratio of **50% or more** during the period of this medium-term corporate business plan.

Dividend forecast for FY3/25 (increased dividend)

- Year-end dividend forecast for FY3/25 increased from 60 yen/share to **90 yen/share (+30 yen/share)**
- Combined with the interim dividend of 60 yen/share, the annual dividend is to be increased significantly to **150 yen/share (an increase of 50 yen/share from FY3/24)**.

Purchase and cancellation of treasury shares

Purchase and cancellation of treasury shares

Purchase of treasury shares in accordance with the resolution of the Board of Directors dated December 19, 2023, completed

- Total number of shares purchased: **1,212,000 shares** (of which **398,000 shares** purchased in FY3/25)
- Total purchase cost: **¥3,999mn** (¥1,705mn in FY3/25)

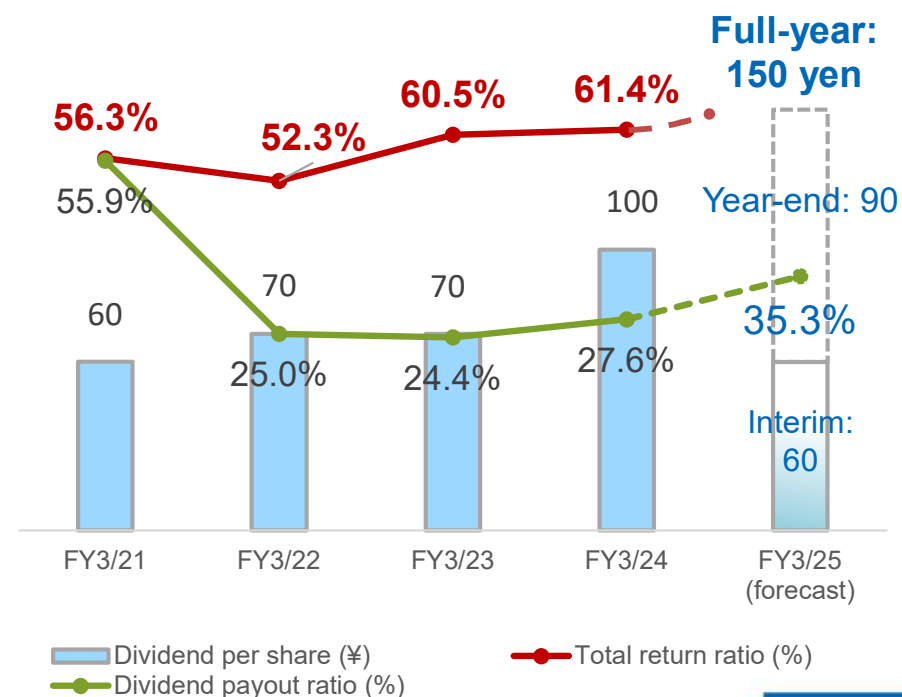
- *Resolved to cancel **1,000,000 treasury shares** (November 7, 2024)
- Scheduled cancellation date: **November 25, 2024**

Purchase of treasury shares (new)

Resolved to purchase treasury shares (November 7, 2024)

- Total number of shares to be purchased: Maximum 1,300,000 shares
- Total amount of shares to be purchased: **Maximum ¥6.0bn**
- Purchase period: November 8, 2024 – October 31, 2025

Dividends and total return ratio trends



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Numerical Targets

[Company-wide targets]

¥100 million)	(Base year) (First year)			(Final year)			
	FY3/22 results (1)	FY3/23 results	FY3/24 results	FY3/25 revised forecast (2)	FY3/25 Target	Change (2) - (1)	CAGR
Net sales	1,322	1,535	1,513	1,540	1,600	+217	5.2%
Operating profit	75	86	91	96	96	+20	8.4%
Ordinary profit	87	100	101	108	102	+20	7.1%
Profit attributable to owners of the parent	56	55	67	75	72	+18	10.2%
Operating profit ratio	5.7%	5.7%	6.1%	6.2%	6.0%	+0.5 pt	
ROE (return on equity)	5.9%	5.6%	6.2%	—	7.0%	—	
ROA (return on assets)	4.5%	5.1%	5.0%	—	5.3%	—	
ROIC (return on invested capital)	4.6%	5.3%	5.2%	—	5.6%	—	

[Targets by business segment]

	¥100 million)	FY3/22 results (1)			FY3/25 revised forecast (2)			
		FY3/22 results (1)	FY3/23 results	FY3/24 results	FY3/25 revised forecast (2)	FY3/25 Target	Change (2) - (1)	CAGR
Textile Business	Net sales	446	565	511	520	540	+73	5.2%
	Operating profit	-1	3	-2	3	8	+4	-
Chemical Products Business	Net sales	516	597	613	670	630	+153	9.0%
	Operating profit	29	37	39	48	39	+18	17.2%
Advanced Technology Business	Net sales	235	242	255	213	290	-22	-3.4%
	Operating profit	27	28	35	28	30	+0	0.3%
Food and Services Business	Net sales	84	92	95	100	103	+15	5.7%
	Operating profit	2	4	6	6	7	+3	30.3%
Real Estate Business	Net sales	37	37	37	37	37	-0	-
	Operating profit	27	24	22	22	23	-5	-

Priority measures (1) **Expand sales of high-performance and sustainable materials utilizing proprietary technologies**

➤ 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 develop the service infrastructure and enhance the functionality of the devices in line with the expansion of the business.



➤ Orders are strong for flame-retardant fabrics **BREVANO** and **PROBAN** used as uniform materials.



Priority measures (2) **Improvement of QR capabilities and productivity with an awareness of the entire supply chain**

➤ While making efforts to improve QR capabilities and productivity by digitalizing production planning and machine management, the effect has not been verified yet, hampered by the delayed recovery of order volume.

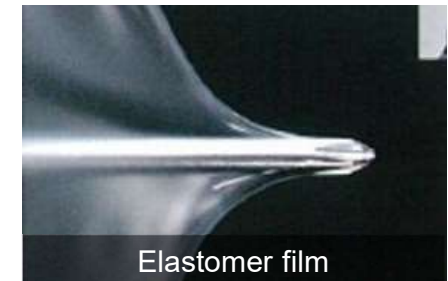
Priority measures (1) Concentrating management resources in priority businesses in semiconductor- and energy-related markets



- **The Kumamoto Innovation Center** is under construction to strengthen production and development of high-performance plastic products. It is scheduled to start operations in April 2025.



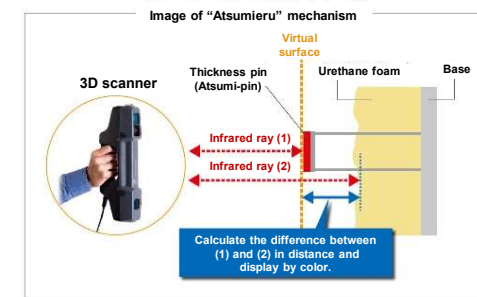
- Sales increased for functional films for the energy-related market (solar batteries). We will boost production capacity to cope with increased orders.



Priority measures (2) Streamlining sales and production systems for core businesses such as flexible polyurethane foam and housing construction materials, and expanding new businesses



- Flexible polyurethane foam sales are firm 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. We developed and began offering **Atsumieru**, an on-site thickness measurement system for foamed hard polyurethane.



Atsumieru

Priority measures (1)

Gain competitive advantage by strengthening product appeal and expand sales in overseas markets



- 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.



Tokaido Shinkansen (N700S) *Provided by JR-Central

- Overseas expansion of pavement inspection equipment has not progressed.
- Exports increased for agitation and defoaming equipment, mainly in the pharmaceutical and energy-related areas.



Agitation and defoaming equipment



Pavement inspection equipment

Priority measures (2)

Market launch of product lines that contribute to solving social issues



- Amid the worsening operating conditions for dairy farms due to rising feed prices and other factors, FUNTO, a device that repeatedly converts livestock waste and bedding into dry, 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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Building a business portfolio that supports the Group's earnings growth

Accelerate business expansion by concentrating management resources on highly profitable priority businesses for growing markets.

Semiconductor manufacturing-related markets

**High-performance products business
Electronics business**

High-performance plastic products, functional films, wafer cleaning equipment, In-Situ process monitors, chemical supply systems, etc.

Automation and control equipment markets

Life science & technology business

Robot vision systems, factory automation equipment, agitation and defoaming equipment, physical and chemical equipment, genetic and in vitro diagnostic products, freeze-dried food, etc.

Medical markets

The Company will secure stable earnings in core businesses that contribute to solving social issues and change the earnings structure of low-margin businesses.

**Automotive market
Housing and construction materials market
Clothing market
Real estate rental market**

Industrial Materials Business

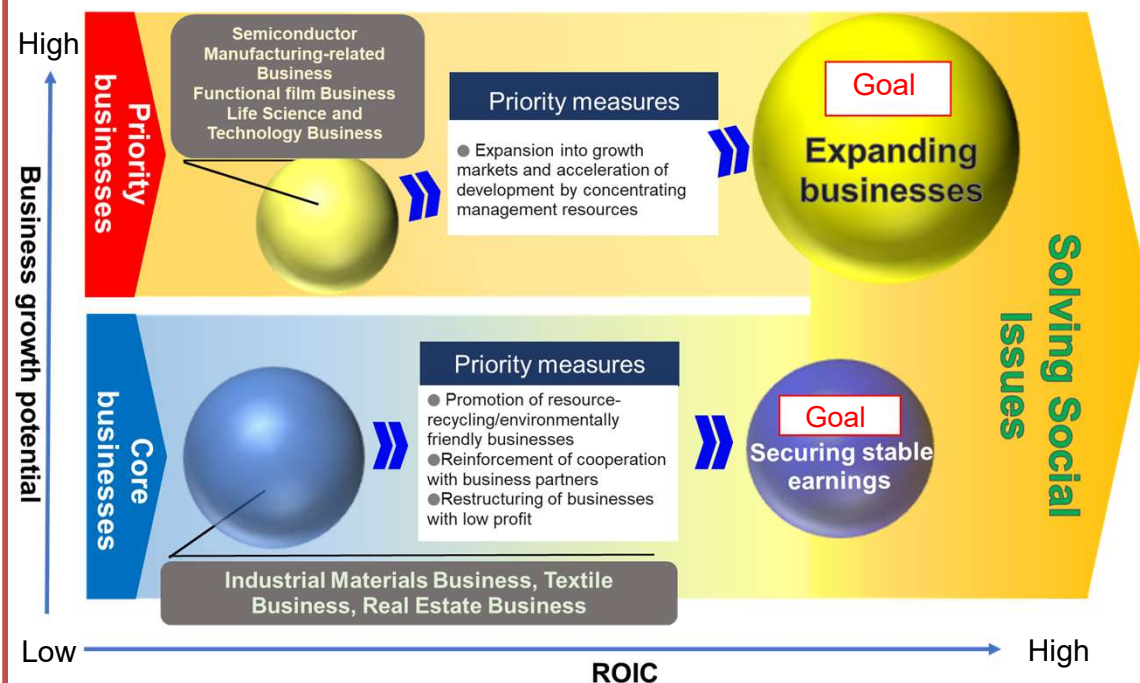
Textile Business

Real Estate Business

Flexible polyurethane, housing construction materials, heat-insulating materials, textile products, environmental plant equipment, wood biomass power generators, real estate rental business, etc.

With regard to improving operating revenue, we have been working on this matter during Progress'24 and will incorporate more effective measures in the next medium-term corporate business plan starting from FY2026 to build an optimal business portfolio for sustainable enhancement of corporate value.

Conceptual image of the business portfolio goal



Priority Business Initiatives: For Semiconductor Manufacturing-Related Markets

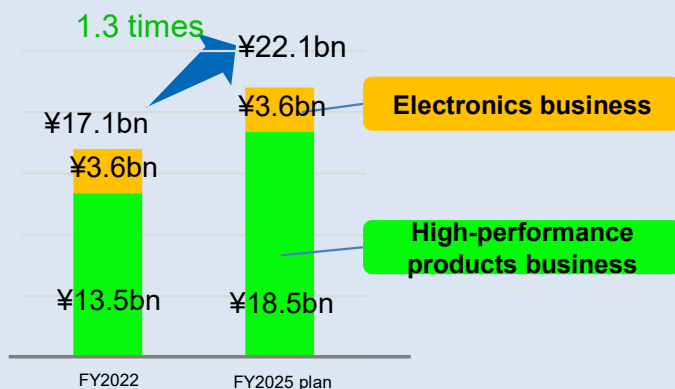
High-performance products business

Electronics business

Chemical Products Business

Advanced Technology Business

Net sales



Sales of high-performance products business and electronics business (breakdown)

Semiconductor manufacturing-related products	Net sales (FY2022 results)	Net sales (FY2025 plan)	CAGR (Vs. FY2022)
High-performance plastic products	¥13.3bn	¥17.9bn	10%
Films for semiconductor manufacturing process	¥0.2bn	¥0.6bn	36%
Wafer cleaning equipment	¥2.0bn	¥1.5bn	-9%
Chemical concentration meter	¥1.2bn	¥1.8bn	15%
Chemical supply system	¥0.4bn	¥0.3bn	-9%

The Company Strategy (current Medium-Term Corporate Business Plan)

High-performance products business

Increasing production capacity for high-performance plastic products

- April 2025 Kumamoto Innovation Center begins operation <Investment amount: approx. ¥3.1bn>

Cleaning

Automation and labor saving

Advanced technology

- ✓ More than **doubling** production capacity and development system

- Promoting in-house production of fluoride resin materials for manufacturing high-performance plastic products <Investment amount: approx. ¥0.4bn>

- ✓ Installing production equipment for fluoride resin materials used in the manufacture of high-performance plastic products.



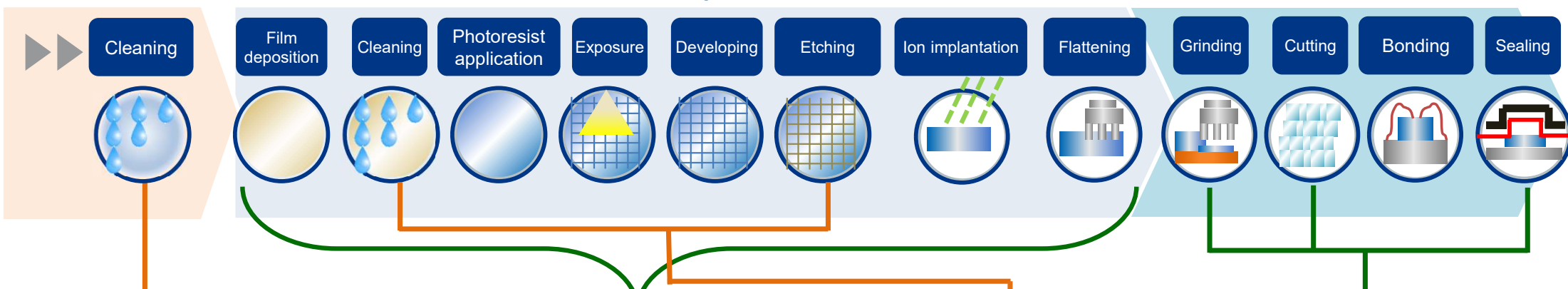
<Rendering of completed Kumamoto Innovation Center>

■ Providing a wide range of products for “wafer/semiconductor manufacturing process”

Wafer manufacturing process

Semiconductor manufacturing process
<Front-end process>

<Back-end process>



Advanced Technology Business



Wafer cleaning equipment

Equipment with excellent cleaning capacity and processing speed for use in the final process of wafer manufacturing



Chemical supply system

Mixing and filling facilities and storage and supply facilities for high-purity chemicals

(Used for equipment parts in the front-end process)
Chemical Products Business



High-performance plastic products

Various processing products with excellent chemical resistance and cleanliness for semiconductor manufacturing equipment

Advanced Technology Business



Chemical concentration meter

Control concentration of chemicals for semiconductor manufacturing processes

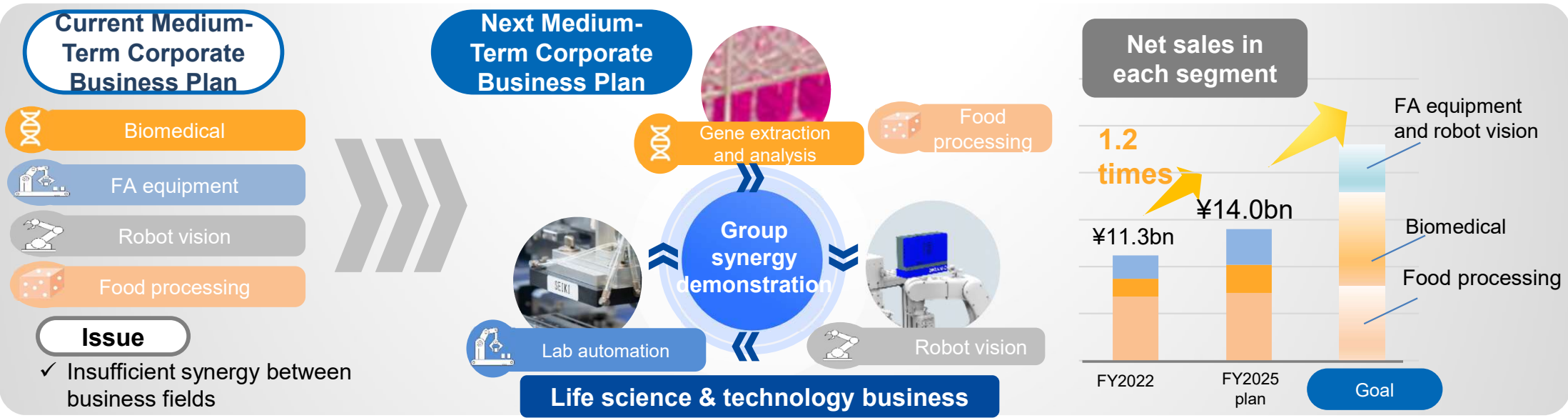
(Used for films in each back-end process)
Chemical Products Business



Functional films

Various films with excellent heat resistance, elasticity, and mold release properties for semiconductor manufacturing processes

- Expanding into a wide range of fields including medical, automation/robotics, and food products by leveraging group synergies based on our strengths in vision sensors and gene analysis technology.



Examples of initiatives

- Automated dispensing with agitation and defoaming equipment

Customer and social issues

- Dispensing in a limited space
- Labor shortage

Drug dispensing automation

Packaging

- Improving operational efficiency
- Solving labor shortage

To a business that supports the safety, security, and comfort of people's lives

Promoting activities to improve capital efficiency and reduce capital costs

Aim to achieve a PBR of 1 or more by promoting measures to increase ROE through the establishment of an optimal business portfolio to sustainably increase corporate value, and by having capital policies with an awareness of capital efficiency and IR activities aimed at enhancing dialogue with shareholders and investors.

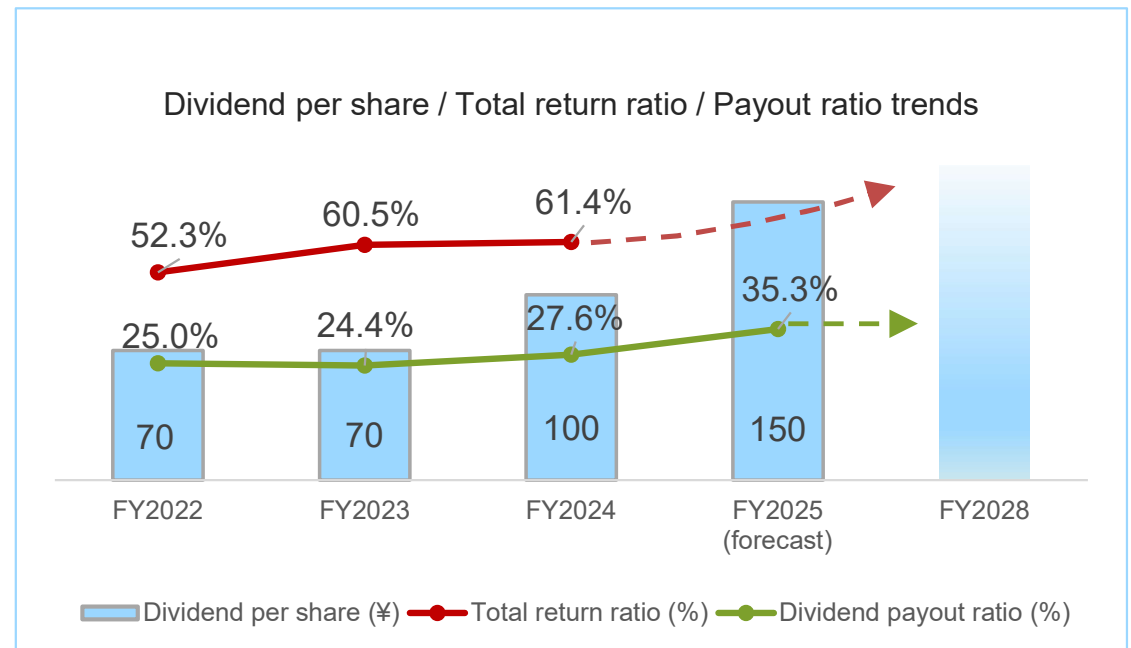
Promoting measures with an awareness of capital efficiency

Practicing disciplined fund allocation

- Ensure that the capital policy target (total return ratio of 50% or more) set in the current medium-term corporate business plan “Progress’24” is put into practice.
- If a surplus of funds is generated even after making investments for growth, we will consider implementing further shareholder return measures and further raising the target of the total return ratio in the next medium-term corporate business plan.

Reducing cross-shareholdings

The Company will sell its cross-shareholdings in stages, to 20% or less of consolidated net assets, and will use the cash generated to purchase treasury shares as well as to invest in growth, including M&As, and structural reforms as it reorganizes its business portfolio.



Promoting IR activities with the aim of enhancing dialogue with shareholders and investors

In addition to the current results briefings and individual meetings with investors, the Company will strengthen its information dissemination capabilities by distributing corporate information through external platforms to deepen investors’ understanding of the Group’s growth strategies, etc.



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.

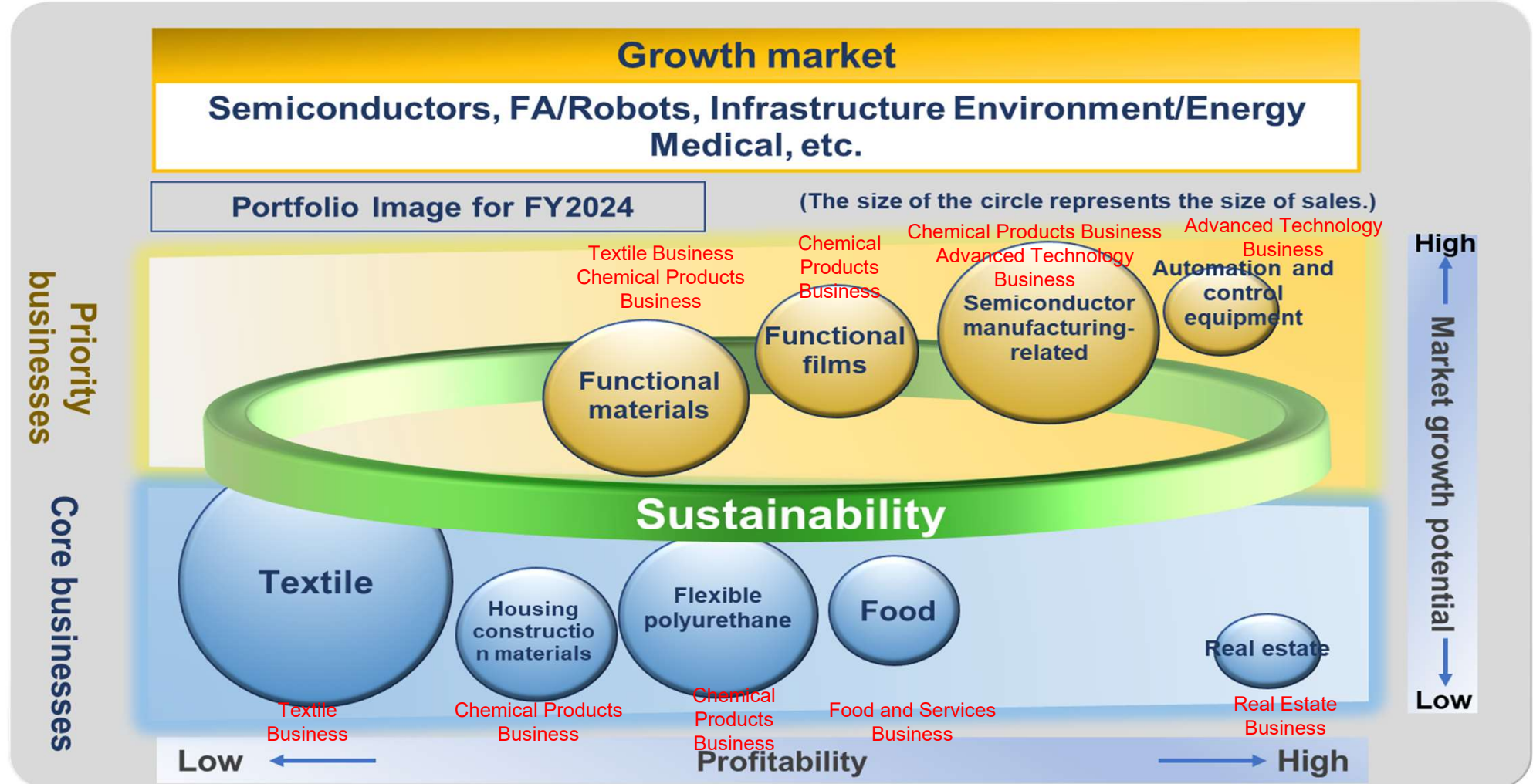
The information contained in this material is for informational purposes only and is not intended as an offer, solicitation for investment, or recommendation to buy or sell any securities, financial instruments, or transactions. While every effort has been made to ensure the accuracy of the information 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

The Kurabo Group's Business Portfolio

Basic policy

Concentrate management resources on the Group's priority businesses in **growth markets** to expand operations and focus on **strengthening the profitability of core businesses**.



Results Overview for 2Q (Interim) (By Segment)

		2Q FY3/24 (Interim) results		2Q FY3/25 (Interim) results		YoY	
		(¥mn)	Profit ratio		Profit ratio		% change
Textile Business	Net sales	24,682		23,650		-1,032	-4.2%
	Operating profit	-373	-	35	0.1%	+408	-
Chemical Products Business	Net sales	29,267		32,592		+3,324	+11.4%
	Operating profit	1,630	5.6%	2,312	7.1%	+682	+41.8%
Advanced Technology Business	Net sales	12,292		8,866		-3,426	-27.9%
	Operating profit	1,616	13.2%	1,052	11.9%	-564	-34.9%
Food and Services Business	Net sales	4,522		4,873		+350	+7.8%
	Operating profit	272	6.0%	217	4.5%	-54	-20.1%
Real Estate Business	Net sales	1,887		1,862		-25	-1.3%
	Operating profit	1,240	65.7%	1,186	63.7%	-54	-4.4%

FY3/25 Forecasts: By Segment

		FY3/24		FY3/25				YoY change (2) - (1)	
		Full-year result (1)		Initial forecast		Revised forecast (2)			
		(¥mn)	Profit ratio		Profit ratio		Profit ratio		% change
Textile Business	Net sales	51,103		52,000		52,000		+897	+1.8%
	Operating profit	-257	-0.5%	100	0.2%	300	0.6%	+557	-
Chemical Products Business	Net sales	61,318		66,000		67,000		+5,682	+9.3%
	Operating profit	3,963	6.5%	4,700	7.1%	4,800	7.2%	+837	+21.1%
Advanced Technology Business	Net sales	25,530		21,300		21,300		-4,230	-16.6%
	Operating profit	3,574	14.0%	2,800	13.1%	2,800	13.1%	-774	-21.7%
Food and Services Business	Net sales	9,572		10,000		10,000		+428	+4.5%
	Operating profit	641	6.7%	600	6.0%	600	6.0%	-41	-6.4%
Real Estate Business	Net sales	3,790		3,700		3,700		-90	-2.4%
	Operating profit	2,332	61.5%	2,200	59.5%	2,200	59.5%	-132	-5.7%

[Materiality]

[Main measures]

[Relevant SDGs]

Realize a safe, secure, and comfortable society

*Text in red denotes measures directly linked to sales growth and profitability improvement

- 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

- 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

- Offer human rights education and closely monitor the supply chain
- Empower a diversity of people (diversity, equity, and inclusion, empowerment)
- Promote flexible work styles, improve worker engagement
- Thoroughly manage safety and health, promote health and productivity management
- Increase productivity through automation and digital transformation



Strengthen governance and CSR for sustained growth

- Offer thorough compliance education, strengthen internal control
- Ensure sufficient dialogue with stakeholders
- Ensure thorough disclosure of non-financial information
- Manage with an awareness of return on capital and stock price
- Have a business portfolio strategy, properly distribute management resources
- Strengthen business risk management




SDGs Initiatives

[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 -

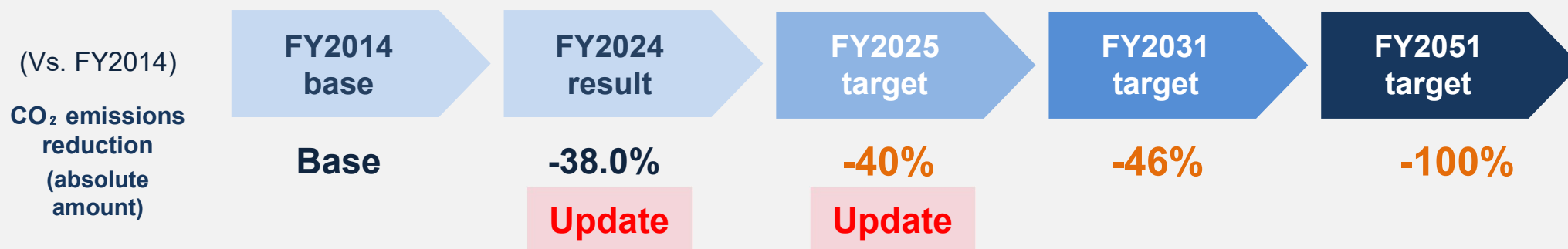
the Kurabo Group contributes to a better future through the creation of new value

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

- 
- [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**

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 (six manufacturing bases including Kurabo Tokushima Plant, Mie Plant, and Thai Kurabo): Total reduction of 2,500t-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 derived 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 FY2025 target (96.0% for previous year result)

● Grasp supply chain CO₂ emissions (Scope 3)

New

- ✓ 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

[Three pillars of the HR strategy]

(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.

(2) Promote flexible work styles

Increase in flextime systems, telework systems, and 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

(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

[Main indicators]

Indicators	FY3/23	FY3/24	Target
Engagement score	43%	42%	50% or more

(1) Indicators	FY3/23	FY3/24	Target
Percentage of women in management positions	2.2%	3.0%	3% or more (end-FY3/25)
Percentage of women in new graduate career-track positions	40.0%	45.0%	30% or more (FY3/25)
Percentage of women in mid-career track hires	26.1%	24.0%	Not determined (no distinction between male and female)
Percentage of divisions with female career-track employees assigned	41.4%	44.8%	45% or more (end-FY3/25)
Employment rate of people with disabilities	2.57%	2.69%	Above the legally mandated employment rate

(2) Indicators	FY3/23	FY3/24	Target
Percentage of male employees taking childcare leave	39.1%	57.9%	30% or more (FY3/25)
Number of days of paid leave taken	13.6 days	14.6 days	12 days or more (FY3/25)
Number of work-related accidents	10 cases	9 cases	None
Obtaining of certification as an excellent health and productivity management corporation (deviation)	Certification (48.2)	Certification (49.8)	Deviation: 50 or above

(3) Indicators	FY3/23	FY3/24	Target
Percentage of mid-career employees in career-track hires	69.7%	55.6%	Not determined
Number of foreign nationals hired for career-track positions	1 person	1 person	Not determined
Internal training expenses per person	¥34,000	¥33,000	¥40,000 or more

SDGs closely related to our business

Relevant SDGs	Related business activities
Textile Business 	<ul style="list-style-type: none"> ● Development and provision of functional natural fibers through modification technology ● Construction of a recycling-oriented business by recycling clothing scraps ● Use of recycled polyester and biodegradable fibers ● Support for measures against heatstroke and infectious diseases
Chemical Products Business 	<ul style="list-style-type: none"> ● Improvement of energy efficiency at homes ● Promotion of the use of recycled resins ● Promotion of the use of forest thinnings ● Use of waste materials for recycling
Advanced Technology Business 	<ul style="list-style-type: none"> ● Long-term maintenance of roads, railroads, and other transportation infrastructure ● Promotion of the use of renewable energy ● Promotion of the use of forest thinnings and other wastes ● Support for genome medicine research with nucleic acid separators ● Improved production efficiency through pedigree management of wagyu cattle ● Repeated recycling of livestock waste into clean compost
Food and Services Business 	<ul style="list-style-type: none"> ● Provision of safe and nutritious food ● Disaster stockpiling measures
Company-wide and others 	<ul style="list-style-type: none"> ● Promotion of diversity and inclusion ● Realization of flexible work styles ● Construction of technological infrastructure that can contribute to society ● Creation of a livable community through real estate rental ● Promotion of zero emissions

Most important themes



+

Promoting a diverse work force

Textile Business

- Development and provision of functional natural fibers through modification technology
- Construction of a recycling-oriented business by recycling clothing scraps
- Use of recycled polyester and biodegradable fibers
- Support for measures against heatstroke and infectious diseases

Examples of initiatives



A proprietary technical material that can add functionality to natural fibers. It can provide functions such as warmth, deodorization, moisture absorption and desorption, and has excellent washing durability.



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



15 LIFE ON LAND



We aim to build a recycling-oriented business by utilizing our unique upcycling technology to recycle resources from clothing scraps and unwanted products.



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



17 PARTNERSHIPS FOR THE GOALS



SUSTAINABLE INSULATION

This padding material is made from 100% recycled materials and features lightness, warmth, softness, and dryness comparable to natural feathers.



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



15 LIFE ON LAND



Chemical Products Business

- Improvement of energy efficiency at homes
- Promotion of the use of recycled resins
- Promotion of the use of forest thinnings
- Use of waste materials for recycling

Examples of initiatives

クラティスエコ

KURATTICE ECO

Kurattice Eco is laminated wood coated with wood powder resin with a core of aluminum or other metal. Combining the attractiveness of wood with the strength of metal, it is used in construction and other industries.



KuranZero® Series

High-performance rigid polyurethane foam insulation material that uses a new non-CFC foaming agent with superb heat resistance. Its excellent airtightness and insulation provide a comfortable living environment.



KuranSeal® Series

This elastomer material film combines the elasticity of rubber with the superb workability of plastic. It contributes to the environment, safety, and comfort in applications such as solar cells and interlayers for architectural glass.



Advanced Technology Business

- Long-term maintenance of roads, railroads, and other transportation infrastructure
- Promotion of the use of renewable energy
- Promotion of the use of forest thinnings and other wastes
- Support for genome medicine research with nucleic acid separators
- Improved production efficiency through pedigree management of wagyu cattle
- Repeated recycling of livestock waste into clean compost

Examples of initiatives

Pavement Inspection Compact Unit PG-4

Equipped with a 3D camera, range finder, and GPS, it can measure road surface damage in a short time while traveling at 100 km/h to improve the efficiency of infrastructure deterioration diagnosis.



With its powerful sterilization and drying capabilities, this system can repeatedly recycle livestock waste (used litter containing livestock excrement and urine) into dry, clean compost.



Biomass power generation business

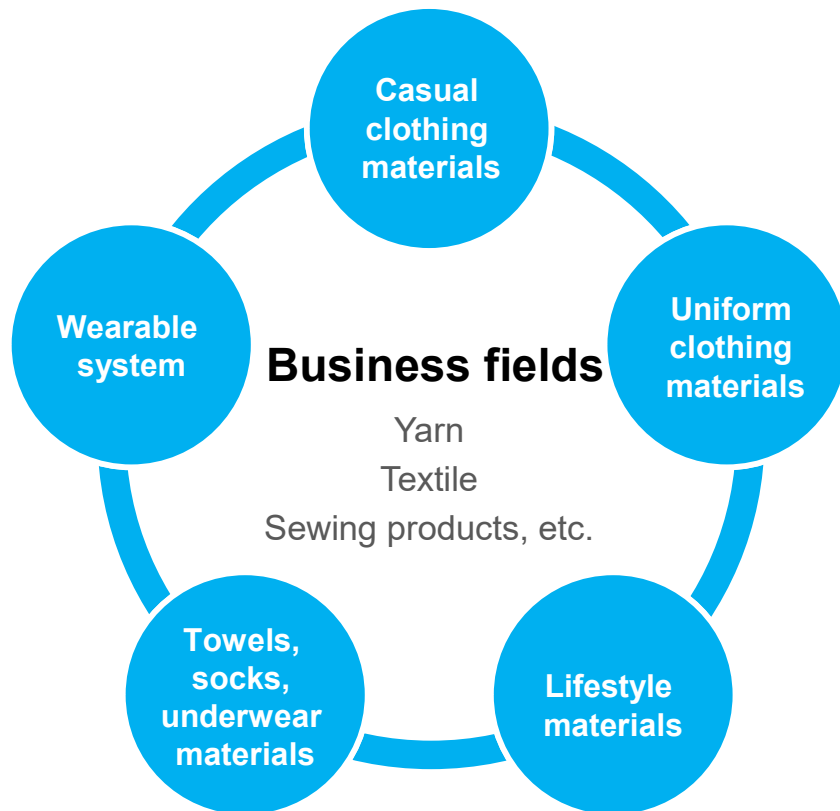
We engage in biomass power generation that runs on fuel such as timber from forest thinning. The power generated is enough to supply approximately 11,000 average households for a year.



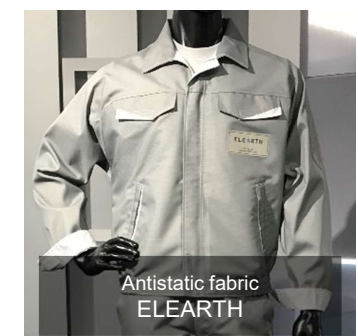
Our Business

Textile Business

Utilizing its proprietary technologies in spinning, weaving, dyeing/processing, and sewing, the Company focuses on expanding sales of “NaTech,” a high-functional product that utilizes raw material modification technology in the yarn business. In the area of textiles and sewn products, for uniforms, we have been shifting to a business that provides safety and comfort to workers, and for casual wear, we are developing products that utilize the L ∞ PLUS upcycling system and sustainable raw materials. Through these efforts, we will contribute to the realization of a sustainable society.



Main products and technologies



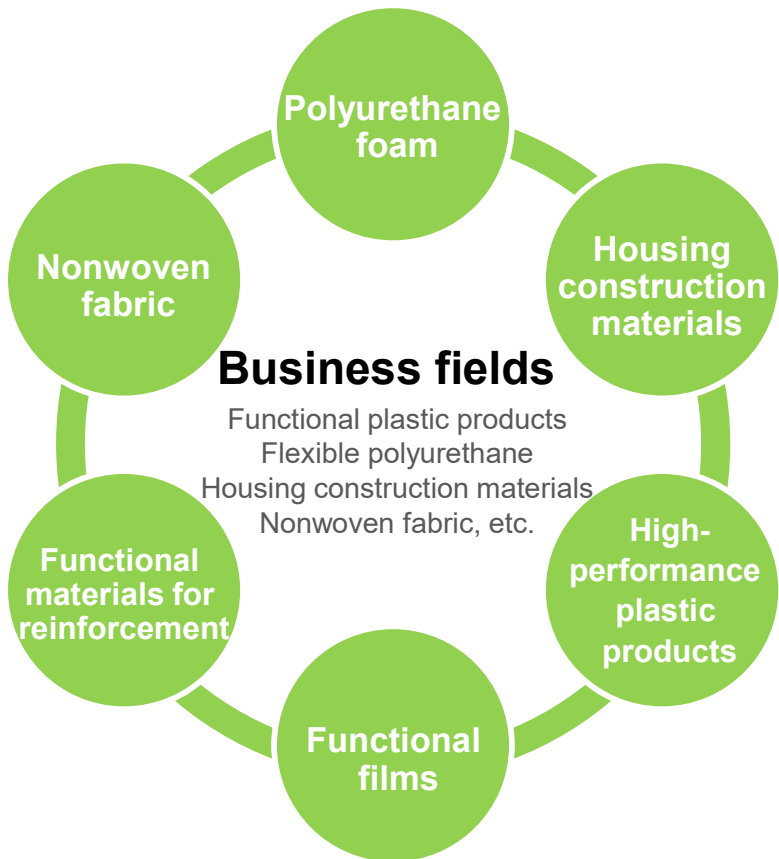
Chemical Products Business

We strengthen differentiation in the fields of automotive interior, housing construction, and heat insulating materials through unique raw material formulations and molding technologies.

In semiconductor-related products, Kurabo uses its proprietary processing technology to expand high-performance resin products.

We also provide a wide variety of products in various markets with our proprietary technologies, such as functional films in the automotive and energy markets.

Main products and technologies

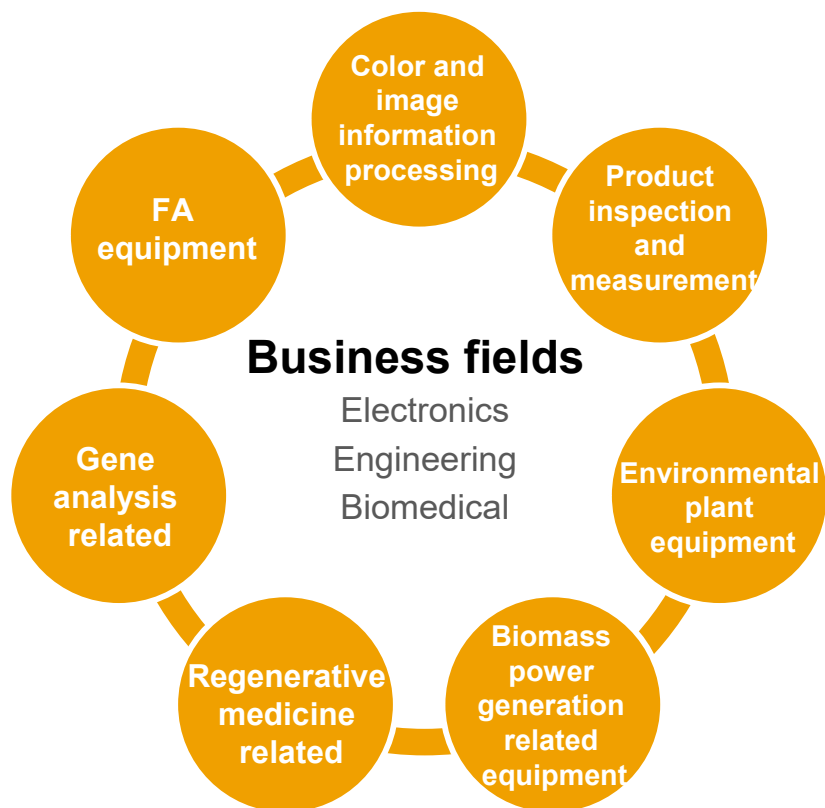


Advanced Technology Business

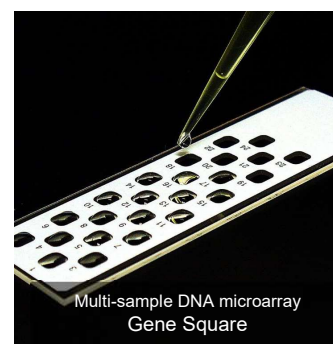
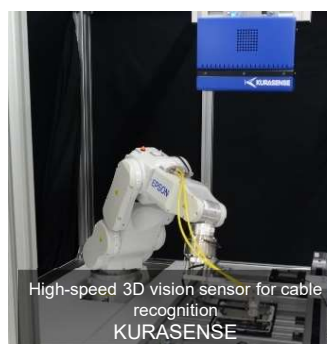
Electronics business that contributes to quality improvement in manufacturing with inspection and measurement equipment based on color sensing technology.

Engineering business that is expanding into the biomass power generation field based on environmental plant technologies such as wastewater and exhaust gas treatment technologies.

Biomedical business providing research reagents, equipment and services in the fields of drug discovery, cosmetics development and pre-clinical research. We support the safety, security, and comfort of people's lives in the areas of manufacturing, research activities, and energy utilization.

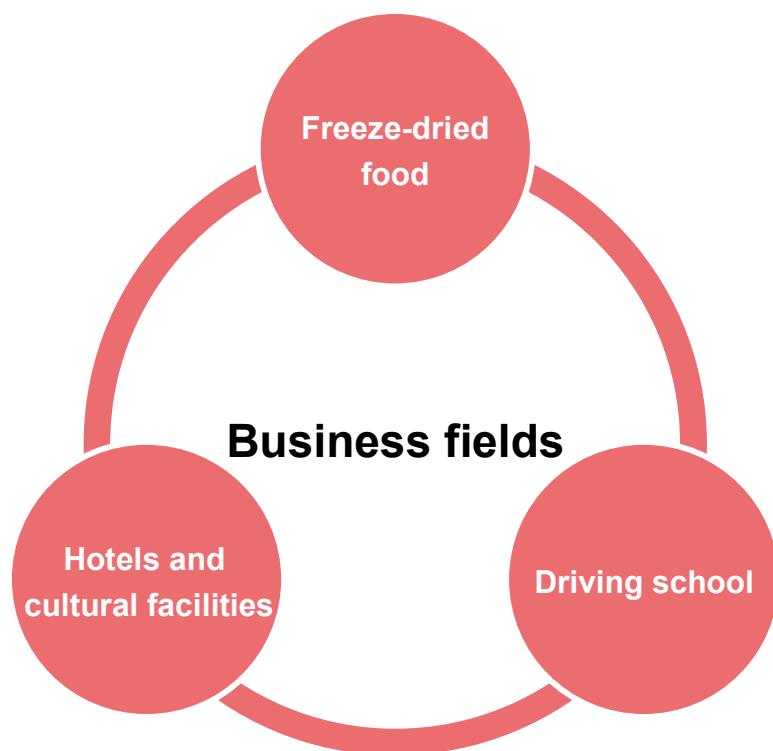


Main products and technologies



Food and Services Business

In the food segment, Japan Jiffy Foods, Inc. offers freeze-dried foods such as molded soups. In the service segment, the Company operates a hotel at Kurashiki Ivy Square, a cultural complex that utilizes a factory from the time of Kurabo's establishment. In addition, the Kurabo Driving School contributes to the safety of the community.



Japan Jiffy Foods, Inc.

Established in 1960, Japan Jiffy Foods is responsible for the food business of the Kurabo Group.



Kurashiki Ivy Square

Kurashiki Ivy Square, with its distinctive red-brick and ivy exterior, is also the sightseeing base for the Kurashiki Bikan Historical Area.

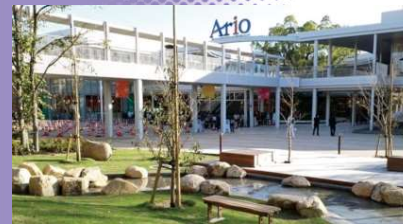
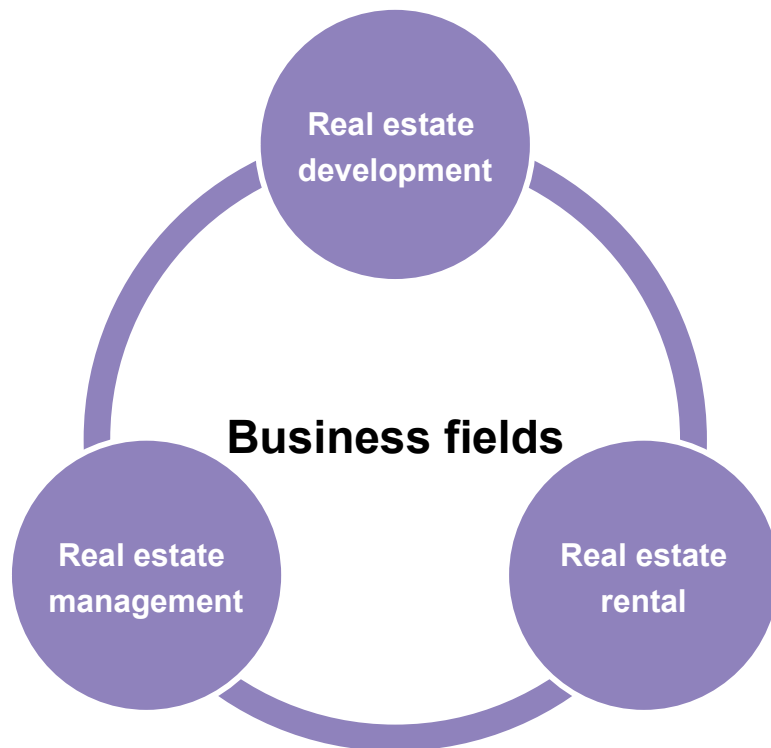


Kurabo Driving School

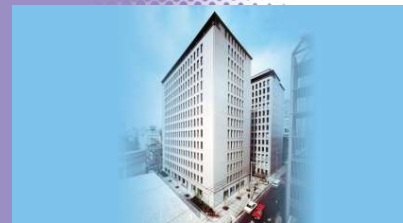
Kurabo Driving School contributes to the safety of the community through driving lessons.

Real Estate Business

Kurabo has a large number of factories and related facilities throughout Japan, and the Real Estate Business is promoting activities that make effective use of such idle land with a view to sound asset management and contribution to local communities.



Involved in land redevelopment projects centered on large shopping malls, the Company contributes to the revitalization of local communities

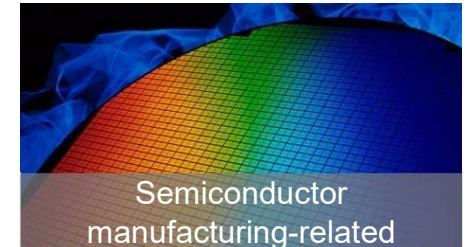
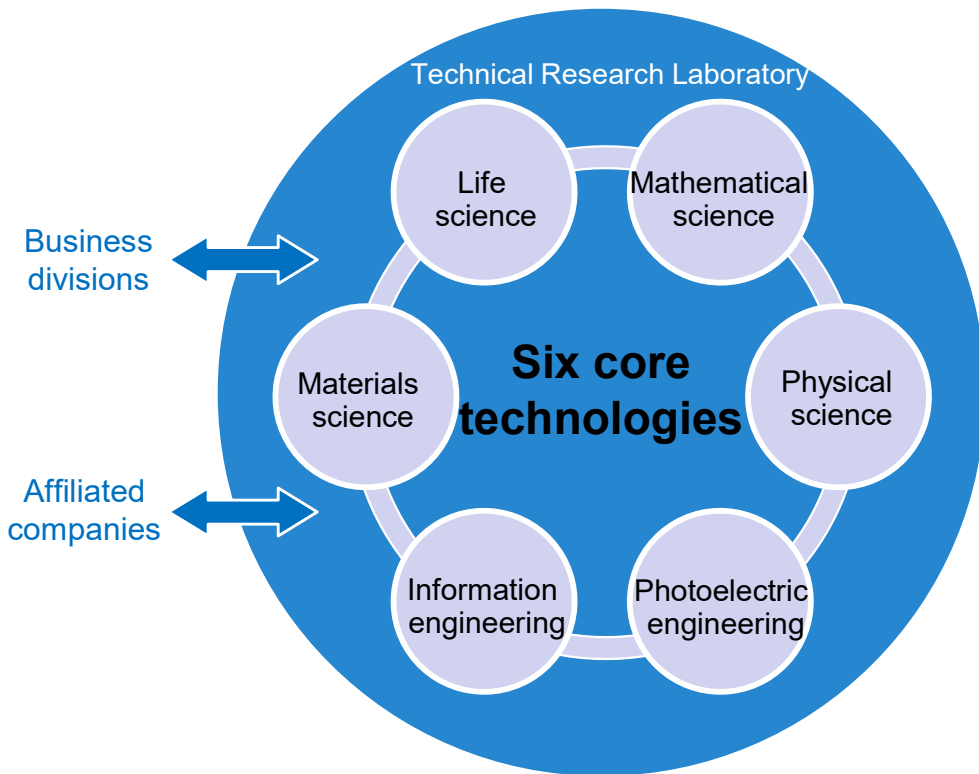


The Kurabo Annex Building, which is operated as a tenant building for effective utilization of assets.



Leasing land for mega solar facilities, which hold great promise for solving energy problems.

The Technical Research Laboratory engages in research and development that supports the future of the Kurabo Group by linking innovation with free thinking and intellectual property strategies.



R&D themes



Unique structure to create differentiated technologies through cross-disciplinary exchanges



Kurabo Advanced Technology Center

As a central center for technological research, we have introduced cutting-edge experimental and evaluation equipment to develop challenging technologies and products.