

Financial Results of 2025

KATAKURA INDUSTRIES CO., LTD.

(Code 3001, TSE Standard Market)

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1. Financial Highlights of 2025

Consolidated Income Statement

Financial Results of 2025

(Million yen)	2025 Actual	2024 Actual	YoY Change	2025 Forecast	Actual vs. Forecast
	A	B	A-B	C	A-C
Net sales	40,652	39,424	1,228	40,700	(48)
Operating income	5,855	4,124	1,731	5,000	855
Operating income ratio	14.4%	10.5%	3.9pt	12.3%	2.1pt
Ordinary income	7,217	5,483	1,734	6,000	1,217
Extraordinary income	1,390	2,930	(1,540)	—	—
Extraordinary loss	-	1,016	(1,016)	—	—
Income taxes	2,793	3,653	(860)	—	—
Profit attributable to owners of parent	5,763	3,524	2,239	4,900	863

■ YoY difference

Net sales & operating income

- Both sales and earnings increased (details are given on the next page)

Extraordinary income

- Gain on sales of non-current assets: Up 1,164M (FY2024: 88M → FY2025: 1,253M)
- Proceeds from sales of investment securities: Down 2,704M (FY2024: 2,842M → FY2025: 137M)

Extraordinary loss

- Extra retirement payments: Down 774M (FY2024: 774M)

■ Forecast difference

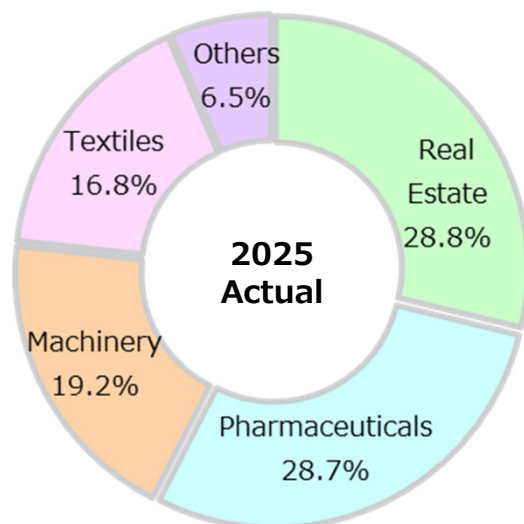
- Net sales fell short of the forecast in Textiles and Others.
- Operating income exceeded the forecast, owing primarily to a decline in repair costs in Real Estate.

Consolidated Income Statement / Business Segment

Financial Results of 2025

(Million yen)	2025 Actual		2024 Actual		YoY Change	
	A		B		A-B	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Real Estate	11,699	4,395	11,139	4,269	① 560	126
Pharmaceuticals	11,681	957	12,403	208	② (722)	749
Machinery	7,819	771	6,147	88	③ 1,672	683
Textiles	6,818	731	6,981	652	④ (163)	79
Others	2,633	49	2,751	119	⑤ (118)	(70)
Adjustments	–	(1,051)	–	(1,214)	–	163
Total	40,652	5,855	39,424	4,124	1,228	1,731

Business Segment Sales



① **Increases in sales and earnings in real estate**

- Sales and earnings increased mainly due to an increase in rental income from tenants at the COCOON CITY Shopping Center.

② **Decrease in sales but increase in earnings in pharmaceuticals**

- Sales decreased due to the impact of National Health Insurance (NHI) drug price revisions despite contribution from Bepridil Hydrochloride Tablets released in February 2024.
- Earnings increased thanks to a decline in fixed costs such as labor costs as a result of the voluntary early retirement program.

③ **Increases in sales and earnings in machinery**

- Sales and earnings increased due to the progress of sales from orders carried forward from the previous fiscal year, as chassis* deliveries, which had been delayed mainly due to shortages of automotive semiconductors, were on a recovery trend.

*Refers to the basic parts (body) of an automobile involved in movement, including the engine and chassis frame.

④ **Decrease in sales but increase in earnings in textiles**

- Sales decreased mainly due to declined sales of functional innerwear at Ogran Japan Co., Ltd., though Nitivy Co., Ltd. saw solid sales of its heat-resistant fibers and other products.
- Despite a decrease in sales, earnings increased mainly due to a decline in fixed costs.

⑤ **Decreases in sales and earnings in others**

- Sales and earnings decreased mainly due to a decline in sales of printed paper containers and pollinating insects.

Consolidated Balance Sheet

Financial Results of 2025

(Million yen)	Dec 31, 2025	Dec 31, 2024	YoY Change
	A	B	A-B
Current assets	58,526	58,437	89
Non-current assets	94,523	82,348	12,175
Property, plant and equipment	41,420	41,162	258
Intangible assets	512	566	(54)
Investments and other assets	52,590	40,619	11,971
Investment securities	43,321	32,887	10,434
Total assets	153,049	140,786	12,263
Total liabilities	53,287	51,054	2,233
Income taxes-current payable	1,235	2,887	(1,652)
Loans payable	7,679	9,752	(2,073)
Deferred tax liabilities	15,538	11,160	4,378
Total net assets	99,761	89,731	10,030
Capital surplus	16,545	15,000	1,545
Retained earnings	59,307	55,166	4,141
Treasury stock	(5,846)	(4,463)	(1,383)
Valuation difference on available-for-sale securities	22,027	15,342	6,685
Non-controlling interests	2,115	3,693	(1,578)
Total liabilities and net assets	153,049	140,786	12,263

- Up due to the increase in market value of investment securities

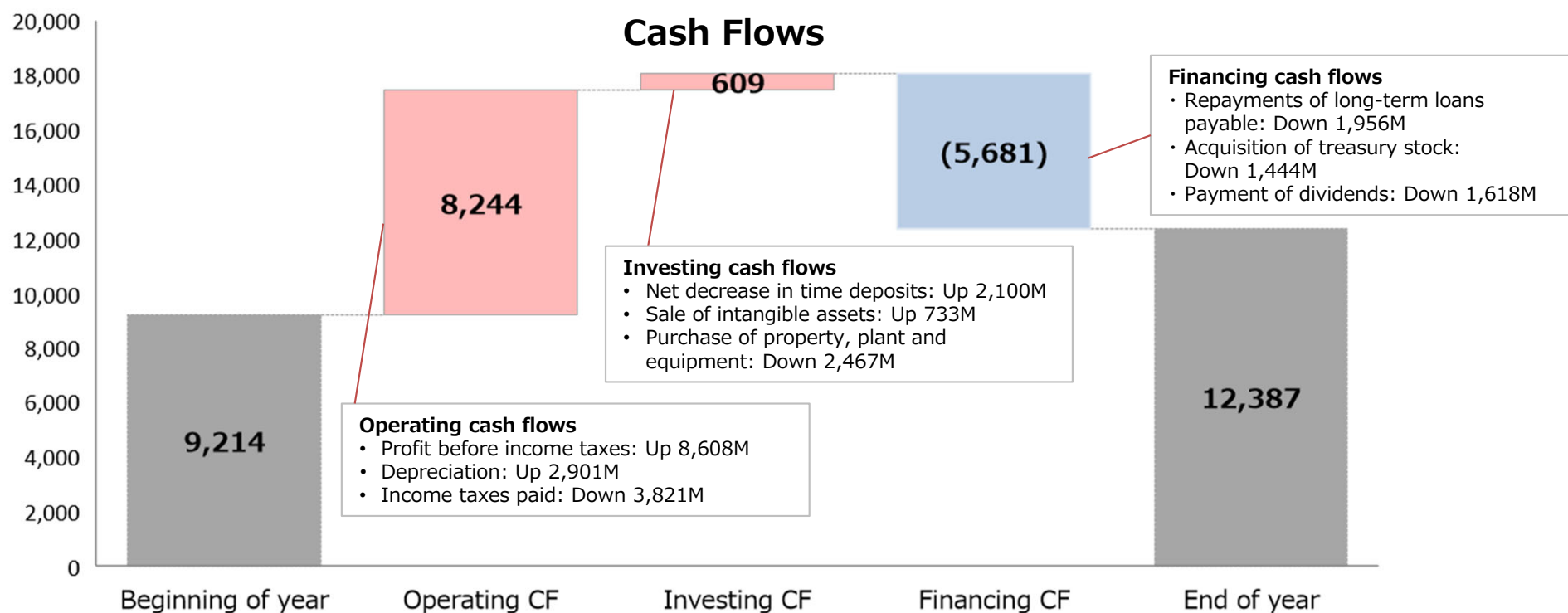
- Up and down due to additional purchase of shares in a subsidiary

Consolidated Statement of Cash Flows

Financial Results of 2025

(Million yen)	2025 Actual	2024 Actual
Cash and cash equivalents at beginning of period	9,214	10,837
Operating cash flows	8,244	5,643
Investing cash flows	609	(1,194)
Financing cash flows	(5,681)	(6,266)
Net increase (decrease) in cash and cash equivalents	3,172	(1,817)
Others*	—	194
Cash and cash equivalents at end of period	12,387	9,214

*Net increase (decrease) in cash and cash equivalents arising from change in the scope of consolidation



Capital Expenditures, Depreciation and R&D Expenditures

Financial Results of 2025

(Million yen)		2025 Actual	2024 Actual	YoY Change
		A	B	A-B
	Real Estate	940	705	235
	Pharmaceuticals	876	414	462
	Textiles	608	842	(234)
	Other Segments	570	221	349
Capital Expenditures		2,994	2,182	812

	Real Estate	1,476	1,456	20
	Pharmaceuticals	866	769	97
	Other Segments	559	597	(38)
Depreciation		2,901	2,822	79

	Pharmaceuticals	1,531	2,039	(508)
	Other Segments	105	100	5
R&D Expenditures		1,636	2,139	(503)

2. 2026 Forecast

Consolidated Income Statement / Forecast

Financial Results of 2025

(Million yen)	2026 Forecast	2025 Actual	YoY Change
	A	B	A-B
Net sales	41,100	40,652	448
Operating income	5,500	5,855	(355)
Operating income ratio	13.4%	14.4%	(1.0)pt
Ordinary income	6,900	7,217	(317)
Profit attributable to owners of parent	5,200	5,763	(563)

Net sales & operating income

- Sales are expected to increase, and earnings are expected to decrease.
(Details on each segment are given on the next page.)

Consolidated Income Statement / Business Segment Forecast

Financial Results of 2025

(Million yen)	2026 Forecast		2025 Actual		YoY Change	
	A		B		A-B	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Real Estate	12,000	4,500	11,699	4,395	① 301	105
Pharmaceuticals	12,000	900	11,681	957	② 319	(57)
Machinery	7,100	500	7,819	771	③ (719)	(271)
Textiles	7,100	700	6,818	731	④ 282	(31)
Others	2,900	100	2,633	49	267	51
Adjustments	–	(1,200)	–	(1,051)	–	(149)
Total	41,100	5,500	40,652	5,855	448	(355)

- ① In real estate, increases in sales and earnings are expected due to an increase in rental income as a result of proactive renovation at COCOON CITY.
- ② In pharmaceuticals, despite an impact of a decline in selling prices owing to NHI drug price revisions, an increase in sales is expected mainly due to contributions from new products. Meanwhile, a decrease in earnings is expected mainly due to an increase in raw material prices and capital expenditures aimed at stable supply.
- ③ In machinery, decreases in sales and earnings are expected as production and sales will be delayed mainly due to chassis model changes.
- ④ In textiles, an increase in sales is expected mainly due to the growth in sales of functional fibers by Nitivy Co., Ltd. and solid sales of basic innerwear by Ogran Japan Co., Ltd. Meanwhile, a decrease in earnings is expected mainly due to an increase in depreciation burden associated with capital expenditures to enhance production capacity.

➡ Details on each segment are given in the “Priority Issues to be Addressed” section beginning on page 12.

Capital Expenditures, Depreciation and R&D Expenditures Forecast

Financial Results of 2025

(Million yen)		2026 Forecast	2025 Actual	YoY Change
		A	B	A-B
	Real Estate	2,042	940	1,102
	Pharmaceuticals	1,068	876	192
	Textiles	668	608	60
	Other Segments	406	570	(164)
Capital Expenditures		4,184	2,994	1,190

	Real Estate	1,479	1,476	3
	Pharmaceuticals	784	866	(82)
	Other Segments	691	559	132
Depreciation		2,954	2,901	53

	Pharmaceuticals	1,556	1,531	25
	Other Segments	141	105	36
R&D Expenditures		1,697	1,636	61

3. Priority Issues to be Addressed

Real Estate

■ Outlook for FY2026

Sales and earnings will continue to increase due to proactive renovation and other initiatives.

◆ COCOON CITY

- Sales are expected to increase due to higher rents resulting from tenant replacements and lease renewals.
- Though Saitama Super Arena will be temporarily closed, overall sales will remain on an upward trend due to enhanced in-facility measures and other initiatives.
- While costs, including property tax and lease costs, will continue to rise, growth in sales will absorb the increase in costs.
- We will continue investment necessary to maintain and enhance attractiveness and freshness of facilities.

◆ Properties in provincial areas

- Leasing revenue from the land of the former Kazo Plant (leasing started in Jul. 2025) will make a full-year contribution.
- We will steadily implement measures to address aging and deterioration of properties and natural disasters in addition to strategic reinvestments.



Increased freshness of facilities due to tenant replacements and enhanced in-facility environment (COCOON CITY)

■ Future initiatives

◆ COCOON CITY and its surrounding area

- Promote development plans to increase the value of the area. "Amanuma-cho 2-chome Project, Omiya Ward, Saitama City (tentative name)" (111-unit rental apartment building) Construction started in Jan. 2026; leasing to begin in Oct. 2027.

◆ Other properties

- Sustain asset value and generate stable revenue through planned capital expenditures.
- Continue to consider new acquisitions and make cautious decisions based on trends in construction costs and interest rates.



Pharmaceuticals

■ Outlook for FY2026

Sales will remain at the last year's level, while earnings will decrease due to the impact of NHI drug price revisions and an increase in costs mainly due to rising raw material prices.

- ◆ Sales will remain at the last year's level thanks to the contribution of new products to sales and increased market shares of generic drugs though unit prices will continue to decline due to NHI drug price revisions.
- ◆ Earnings will decrease due to rising raw material prices and an increase in depreciation burden associated with facility replacements in addition to a decline in the gross profit margin resulting from NHI drug price revisions

■ Future initiatives

- ◆ Enhance sales of mainstay products
 - Tolvaptan 3.75 mg tablets (a therapeutic drug for heart failure) [Released in Dec. 2025]
 - Bepridil Hydrochloride Tablets (a therapeutic drug for arrhythmia and angina) [Released in Feb. 2024]
- ◆ Grow sales channels through sales alliances
 - Eltrombopag tablets (a drug for thrombocytopenia) [To be released in Jun. 2026]
- ◆ Expand the pipeline for generic drug development through promotion of joint development with other companies
- ◆ Initiatives to expand globally
 - Biso[®] Tape (a transdermal patch of β 1 blocker) in China.



Machinery

■ Outlook for FY2026

While sales and earnings will decrease, the level of profit will remain stable as measures to improve profitability will take hold.

- ◆ Decreases in sales and earnings are expected mainly because production and sales will be delayed mainly due to the impact of chassis model changes.
- ◆ The level of profit is expected to remain stable due to the initiatives we have been implementing since the previous fiscal year to optimize product pricing and increase production efficiency.
- ◆ SG&A expenses will slightly increase as we will systematically pursue initiatives to enhance our business foundation, such as investing in human resources and upgrading core systems, following an improvement in earnings base.

■ Future initiatives

- ◆ Continue cost reduction initiatives focused on reducing person-hours required for design and manufacturing.
- ◆ Strengthen our framework to take orders through collaboration with agents.
- ◆ Promote initiatives related to vehicles manufactured by Magirus.
 - We already started offering maintenance and other services in 2025.
 - Promote sales activities to acquire new orders, expecting new vehicle sales in FY2028.



Textiles

■ Functional Fibers Business (Nitivy Co., Ltd.)

◆ Outlook for FY2026

Heat-resistant fibers: Sales for metal manufacturing and aircraft applications will grow.

- Sales for overseas metal manufacturing applications will grow in Europe as well as in the U.S.
- Sales for overseas aircraft applications will remain robust. We will work to expand business with both existing and new customers.
- Sales for domestic semiconductor manufacturing applications will be solid.

Water-soluble fibers: Sales will stagnate mainly due to the impact of the U.S. tariffs.

- Sales of artificial leather applications used for automotive interiors will be stagnant, and inventory adjustments for high-end towel applications will continue.

◆ Future initiatives

- We will enhance the sales structure for overseas expansion with a focus on Europe.
- New product "ALCELON," a high-performance heat-resistant fiber, will be released in Mar. 2026.
- The new firing furnace is scheduled to start operation in and after 3Q of 2026.



"ALCELON," a high-performance heat-resistant fiber



Note: Image generated by artificial intelligence (Copilot)

■ Practical Clothing Business (Ogran Japan Co., Ltd.)

- ◆ In FY2026, sales are expected to increase due to solid sales of basic underwear.
- ◆ We will focus on functional innerwear for active seniors and strengthen our framework to grow e-commerce channels while continuing our efforts to build a high-profit structure by aggregating product lineups.

Initiatives to Grow Through M&A

■ Basic management policy

Pursue initiatives to maximize the value of acquired companies

- Make the most of each company's strengths and utilize the Group's platform and expertise to enhance their corporate value

Enhance the foundation as group companies and promote synergies

- Promote collaboration with existing businesses and generate synergies under common rules and management systems

Garden Express Co., Ltd. (Planting business)

Initiatives to stabilize business and enhance service quality

- ◆ Stabilize service quality and increase productivity per store as the number of agents grows.
- ◆ Promote measures to strengthen customer touchpoints to increase the repeat customer rate.
- ◆ Enhance high value-added services for corporate clients.



Note: Image generated by artificial intelligence (ChatGPT).

Katakura CrossTechnology Co., Ltd. (IT business)

Initiatives to increase added value and strengthen group functions

- ◆ Grow prime projects through talent development.
- ◆ Enhance technical capabilities and expertise through system development within the Group.
- ◆ Promote AI-driven digital transformation within the Group.



Note: Image generated by artificial intelligence (ChatGPT).

4. Development of Foundational Structures

Human Capital

The Company believes that outstanding personnel should be actively promoted regardless of age, gender, background, and other factors, with all employees evaluated in a fair manner and given opportunities for promotion to managerial positions. Based on this belief, we endeavor to create the necessary internal environment and systems.

Average age of employees

40.6

Average monthly overtime hours

18.5

Average number of days of paid leave taken

11.4

■ Indicators: Current status and targets for 2030

Parental leave take-up rate

Both men and women

100%

▼
Maintain 100%

Rate of return to work after parental leave

Both men and women

100%

▼
Maintain 100%

Ratio of women hired

Among new-graduate and mid-career hires in the most recent three years

47%

▼
Maintain 50% or higher

Ratio of women in managerial positions

Note: Not including team leaders

17.5%

▼
30%

Note: Figures are nonconsolidated basis as of December 31, 2025.

5. Dividends and Dividend Policy

Shareholder Returns (Dividends)

<Shareholder Return Policy>

With regard to the distribution of profits, the Company strives to implement stable dividends and flexibly repurchase treasury shares as appropriate for the purpose of improving capital efficiency, etc. With regard to the total payout ratio, excluding special factors*, the Company will strive to return profits with a target of approximately 60% of profit attributable to owners of parent.

*Assumes significant changes in net income due to temporary recording of losses or profits.

■ Topics for FY2025

- ✓ The amount of year-end dividend for FY2025 **was modified to 60 yen per share, up 10 yen** from the initial dividend forecast.
- ✓ Conducted a **share repurchase of 650,000 shares (*) in May 2025, amounting to approx. 1,443 million yen in total.**

(※) 2.00% of the total number of issued shares (excluding treasury stock)

■ Actual dividends and 2026 Forecast

	FY2025	FY2026 (Forecast)	FY2024 (Reference)
Dividends per share (Yen)	60	60	50
Total dividend payment (Million yen)	1,908	—	1,623
Amount of share repurchase (Million yen)	1,443	(Note 1)	1,301
Total payout ratio	(Note 2) 76.7%	—	83.0%

(Note 1) Repurchase will be considered as and when appropriate.

(Note 2) Excludes special factors due to temporary recording of losses or profits.