KATAKURA

Financial Results of 2026 2nd Quarter

KATAKURA INDUSTRIES CO., LTD.

(Code 3001, TSE Standard Market)

August 28, 2026

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KATAKURA

1. Financial Highlights of 2026 2nd Quarter

Consolidated Income Statement

(Million yen)	Jan–Jun 2026 Actual	Jan–Jun 2025 Actual	YoY Change	Jan–Jun 2026 Forecast	Actual vs. Forecast
	A	B	A-B	C	A-C
Net sales	**20,834**	20,755	79	20,800	34
Operating income	**3,747**	3,156	591	2,700	1,047
Operating income ratio	**18.0%**	15.2%	2.8pt	13.0%	5.0pt
Ordinary income	**4,523**	3,870	653	3,400	1,123
Extraordinary income	**2,971**	1,250	1,721	–	–
Income taxes	**2,105**	1,546	559	–	–
Profit attributable to owners of parent	**5,371**	3,538	1,833	4,600	771

■ YoY difference

Net sales & operating income

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

Extraordinary income

- Gain on sales of investment securities: Up 2,971M (FY2025: 0M → FY2026: 2,971M)
  FY2026: 2,971M from sale of shares in Hulic Co., Ltd.
- Gain on sales of non-current assets: Down 1,250M (FY2025: 1,250M → FY2026: 0M)
  FY2025: 813M from sale of leasehold interests in land and 389M from sale of the buildings of the former Kazo Plant and sale of other related assets in Machinery

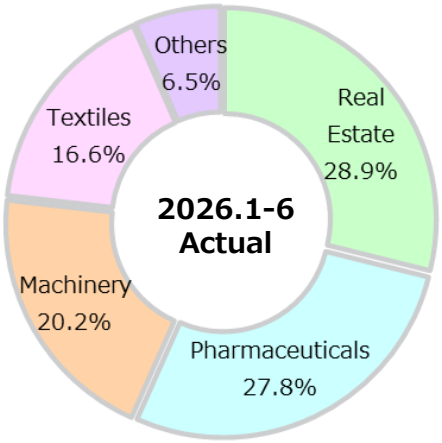
■ Forecast difference

- Net sales exceeded the forecast in Textiles, Pharmaceuticals, and Real Estate.
- Operating income also exceeded the forecast as some repair costs in Real Estate planned for the first half were deferred to the third quarter or beyond.

Consolidated Income Statement / Business Segment

(Million yen)	Jan–Jun 2026 Actual		Jan–Jun 2025 Actual		YoY Change	
	A		B		A-B	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Real Estate	**6,019**	**2,545**	5,678	2,152	① 341	393
Pharmaceuticals	**5,786**	**454**	5,587	447	② 199	7
Machinery	**4,197**	**557**	4,774	641	③ (577)	(84)
Textiles	**3,467**	**580**	3,334	332	④ 133	248
Others	**1,364**	**73**	1,380	82	⑤ (16)	(9)
Adjustments	**–**	**(463)**	–	(499)	–	36
Total	**20,834**	**3,747**	20,755	3,156	79	591

Business Segment Sales



① Increases in sales and earnings in real estate
- Sales increased due to an increase in rental income from tenants at the COCOON CITY Shopping Center.
- Earnings increased as sales increased and some repair costs planned for the first half were deferred.

② Increases in sales and earnings in pharmaceuticals
- Sales increased due to growth in sales of Tolvaptan OD 3.75 mg tablets released in Dec. 2025 and Bepridil Hydrochloride Tablets.
- Earnings increased thanks primarily to the increase in sales and a decline in SG&A expenses.

③ Decreases in sales and earnings in machinery
- Sales and earnings decreased as production and sales were deferred due to the impact of chassis model changes.

④ Increases in sales and earnings in textiles
- Sales and earnings increased due to solid sales of heat-resistant and other fibers in the functional fibers business.

⑤ Decreases in sales and earnings in others
- Sales and earnings decreased mainly due to a decline in sales of printed paper containers.

Consolidated Balance Sheet

(Million yen)	Jun 30, 2026	Dec 31, 2025	Change
	A	B	A-B
Current assets	**58,608**	58,526	82
Cash and deposits	**33,800**	31,491	2,309
Notes and accounts receivable - trade	**6,192**	8,105	(1,913)
Non-current assets	**93,744**	94,523	(779)
Total assets	**152,352**	153,049	(697)
Total liabilities	**50,311**	53,287	(2,976)
Loans payable	**6,629**	7,679	(1,050)
Deferred tax liabilities	**14,956**	15,538	(582)
Total net assets	**102,040**	99,761	2,279
Retained earnings	**62,825**	59,307	3,518
Valuation difference on available-for-sale securities	**20,838**	22,027	(1,189)
Total liabilities and net assets	**152,352**	153,049	(697)

Down due to collections

Down primarily due to sale of shares in Hulic Co., Ltd.

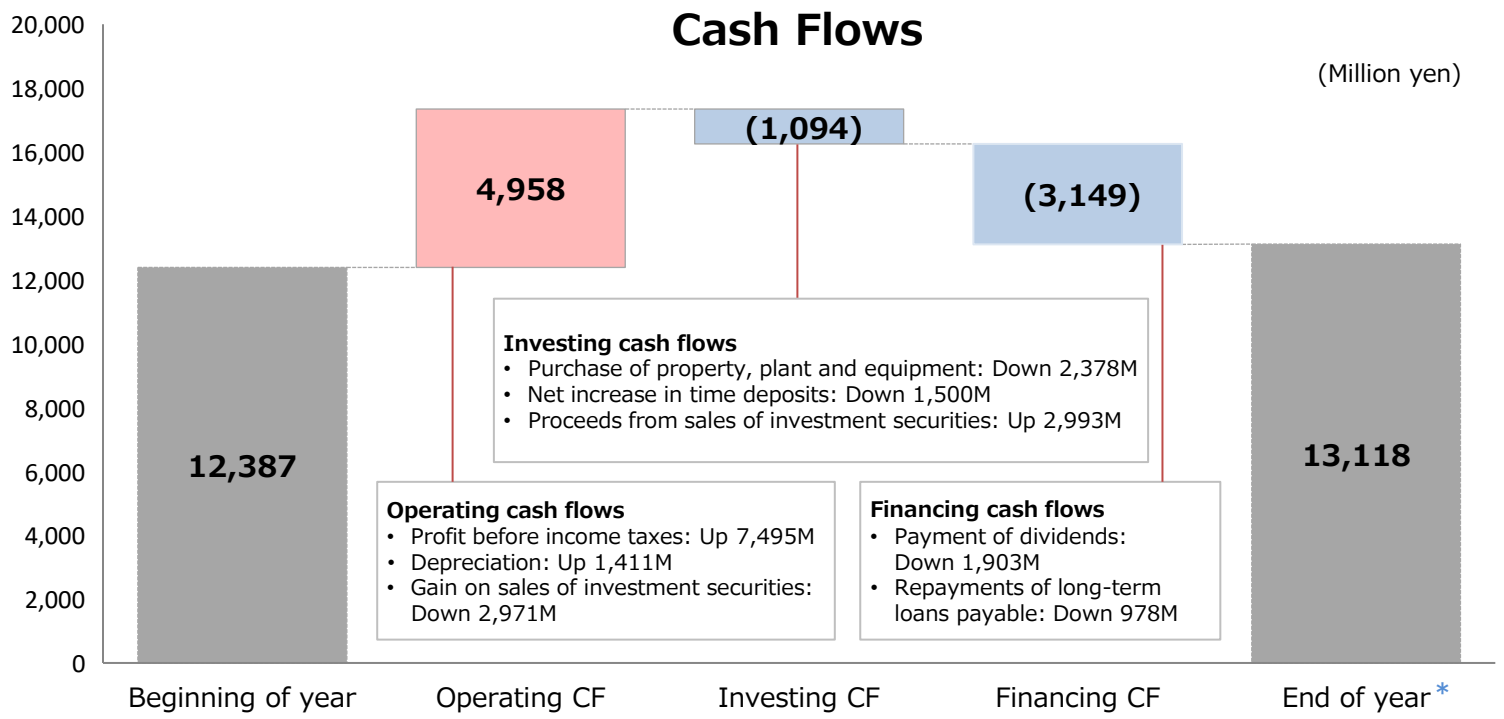
Down due to scheduled repayments

Up due to recording of profit

Consolidated Statement of Cash Flows

(Million yen)		Jan–Jun 2026 Actual	Jan–Jun 2025 Actual
Cash and cash equivalents at beginning of period		12,387	9,214
	Operating cash flows	4,958	5,071
	Investing cash flows	(1,094)	802
	Financing cash flows	(3,149)	(4,302)
Net increase (decrease) in cash and cash equivalents		730 *	1,571
Cash and cash equivalents at end of period		**13,118** *	**10,786**

* **Includes a 16M increase in cash and cash equivalents resulting from a merger with a non-consolidated subsidiary**



2. Priority Issues by Business Segment

Real Estate

Business conditions

◆ **COCOON CITY**
- Despite the temporary closure of Saitama Super Arena, tenant sales exceeded the forecast due to tenant replacements and in-facility measures, including customer-attraction events.
- Sales and earnings increased driven by higher rental income from tenants and bulk lessees.
- Some repair projects planned for the first half were deferred to the third quarter or beyond.

◆ **Other properties**
- Leasing revenue from the land of the former Kazo Plant (leasing started in Jul. 2025) made a full-year contribution.

Future initiatives

◆ **COCOON CITY and its surrounding area**
- Continue to improve the competitiveness through strategic replacement of tenants and capital expenditures.
- Steadily promote the rental apartment development plan, “Amanuma-cho 2-chome Project, Omiya Ward, Saitama City (tentative name)” (Leasing to begin in Oct. 2027; 111 units in total).

◆ **Real Estate Business in general**
- Strengthen business continuity planning (BCP) and crisis management initiatives.
- Implement capital expenditures systematically, taking into account life cycles and profitability.
- Address rising costs.



Pharmaceuticals

Business conditions

- ◆ Unit selling prices are expected to continue to decline due to NHI drug price revisions. However, net sales increased driven primarily by an increase in sales of Tolvaptan OD 3.75 mg tablets (a therapeutic drug for heart failure) and Bepridil Hydrochloride Tablets (a therapeutic drug for arrhythmia and angina) as well as a rise in unit selling price of Metformin Hydrochloride tablets.
- ◆ Earnings increased owing to a decline in SG&A expenses.
- ◆ Released Eltrombopag tablets (a drug for thrombocytopenia) in Jun. 2026.

Future initiatives

- ◆ **Enhance sales of mainstay products**
  - Tolvaptan OD 3.75 mg tablets (a therapeutic drug for heart failure):
    Continue our efforts to grow their sales, along with sales of Tolvaptan in other strengths, including Tolvaptan OD 30 mg tablets, for which we received marketing approval in Aug. 2026.
- ◆ **Grow sales channels through sales alliances**
  - Eltrombopag tablets (a drug for thrombocytopenia) [Released in Jun. 2026]:
    Aim to expand our market share by providing information to medical institutions.
- ◆ **Expand the pipeline for generic drug development through joint development with other companies**
- ◆ **Initiatives to expand globally**
  - Bisono® Tape (a transdermal patch of β1 blocker) to be rolled out in China.



Machinery

Business conditions

While production and sales were deferred due to delays in chassis deliveries, high margin projects helped secure a certain level of profit.

- ◆ Model changes to meet regulatory requirements resulted in delays in the deliveries of some chassis. Sales and earnings declined as production and sales were deferred.
- ◆ Meanwhile, large orders and large-scale repair projects helped secure a certain level of profit.

We expect full-year sales and earnings to be in line with our forecast as we plan to adjust delivery timelines and address rising costs.

- ◆ Secure a certain level of sales with projects carried over from the first half and projects pulled forward from the next fiscal year.
- ◆ Strive to maintain profitability through initiatives to improve production efficiency to offset the impact of rising costs, including raw material prices.

Future initiatives



- ◆ Continue cost reduction initiatives focused on reducing person-hours required for design and manufacturing.
- ◆ Promote initiatives related to vehicles manufactured by Magirus.
  - Maintenance and other services for existing vehicles have been rolled out largely as planned.
  - Won our first new vehicle contract through a competitive bid in May 2026 (vehicles to be delivered in 2028).
  - Will provide stable maintenance services and prepare production systems for new orders.

Textiles

Functional Fibers Business (Nitivy Co., Ltd.)

■ **Business conditions**

◆ Heat-resistant fibers for semiconductor manufacturing applications: Sales were strong as demand for artificial intelligence (AI)- and data center-related products grew.
Heat-resistant fibers for metal manufacturing applications: Sales grew as we made progress in developing new business in the investment casting field in the European market.

◆ New product “ALCELON”: We are continuing our marketing initiatives to have customers adopt the product.

◆ Water-soluble fibers: Though sales of products for artificial leather and high-end towel applications were stagnant, sales were broadly in line with the forecast, supported by a large one-off order for a product for a knitting application.

■ **Future initiatives**

◆ Overseas expansion: Focus on developing new customers, primarily in the European market.

◆ Work to establish a stable supply system to meet growing demand. The new firing furnace is scheduled to be in full operation by the end of the year.



Heat-resistant rings
(Heat-resistant fibers for semiconductor manufacturing applications)

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

◆ While sales decreased due to a decline in sales of functional innerwear and changes in the product line-up, profitability is trending higher.

◆ Though upward pressure on costs is expected in the second half due to factors such as foreign exchange and interest rate fluctuations and higher crude oil prices, we will continue our efforts to improve profitability.

◆ EC channels: We launched a new store on Rakuten Ichiba in May 2026 and will work to expand the product lineup and engage in sales promotion activities.



Note: Image generated by artificial intelligence (Copilot).

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 further

Enhance the foundation as group companies and promote synergies

- Promote collaboration with existing businesses and generate synergies under the Group's common rules and management systems

Garden Express Co., Ltd. (Planting business)

Initiatives to stabilize business and enhance service quality

- Directly operated stores: Our measures to strengthen customer touchpoints have led to a higher repeat customer rate. We will continue to make these efforts.
- Sales agents: We will work to revitalize existing stores.
- We will 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

- Establish a stable framework for receiving orders in the existing business.
- Explore new business domains, leveraging advances in artificial intelligence (AI) technology.
- Aim to establish areas of expertise, drawing on the technical capabilities cultivated through system development within the Group.
- Promote digital transformation (DX) within the Group.



Note: Image generated by artificial intelligence (ChatGPT).

3. Development of a Management Foundation to Support Sustainable Growth

Development of a Management Foundation to Support Sustainable Growth

Governance



- Enhancing the effectiveness of the Board of Directors
- Group management
- Internal control

Risk management



- Integrated risk management
- Compliance
- Business continuity planning (BCP) and crisis management
- Addressing environmental and social issues

Digital transformation (DX) & IT infrastructure



- IT governance
- DX and utilization of generative artificial intelligence (AI)
- Information security

Human capital



- Securing human resources
- Human resource and career development
- Human resource allocation and exchanges

Organization and work environment



- Personnel system
- Flexible work arrangements and leave policies
- Physical and mental health and work environment

Strengthen the management foundation to support sustainable growth through initiatives in each area

Strengthening the Foundation for Human Resource Development

Major training programs

Group-wide: Training by common theme

- **Governance-related training**
  - Training for directors and other officers
  - Training on internal control

  Current topics / cybersecurity / personal information protection / competition laws / insider trading / harassment, etc.
- **Group-wide joint training**
- **Training on utilization of generative artificial intelligence (AI)**
- **Training on mental health**
- **Training on disaster preparedness**

The Company: Training by level and purpose

- **Training on the Corporate Identity**
- **Training for directors and other officers**
- **Training by level (new hires to managers)**
  - Training classes by grade
  - Elective training courses for skill development
- **Training on asset building and life planning**
- **Specialized training**
  - Training on skills and expertise required for each department's operations

▼Spotlight

Group-wide joint training





Further strengthen group governance and develop human resources by creating systematic training opportunities

4. 2026 Forecast, and Dividends and Dividend Policy

2026 Forecast

(Million yen)	Initial forecast	Forecast revised on May 22	Forecast revised on August 12
Net sales	41,100	41,100	**41,100**
Operating income	5,500	5,500	**5,800**
Operating income ratio	13.4%	13.4%	**14.1%**
Ordinary income	6,900	6,900	**7,200**
Profit attributable to owners of parent	5,200	7,250	**7,450**

Supplementary notes

- As announced on May 22, 2026, we revised upward the full-year forecast for profit attributable to owners of parent for the fiscal year ending December 31, 2026. The revision reflects the recording of gain on sales of investment securities resulting from the sale of shares in Hulic Co., Ltd.

- Subsequently, as announced on August 12, 2026, in light of the financial results for the first half ended June 30, 2026, we revised upward the full-year forecast for each stage of profit, namely, operating income, ordinary income, and profit attributable to owners of parent.

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.

Recent dividends paid and 2026 forecast

	FY2026 (Forecast)	FY2025	FY2024 (Reference)
Dividends per share (Yen)	60	60	50
Total dividend payment (Million yen)	—	1,908	1,623
Amount of share repurchase (Million yen)	(Note 1)	1,443	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.