Action to Implement Management that is Conscious of Cost of Capital and Stock Price

Analysis of Current Situation over the Mid-Term Business Plan 2024-2026 and Implementation of Initiatives toward the Next Mid-Term Business Plan

This English presentation was translated from the original Japanese version. In the event of any inconsistency between the statements in the two versions, the statements in the Japanese version shall prevail.

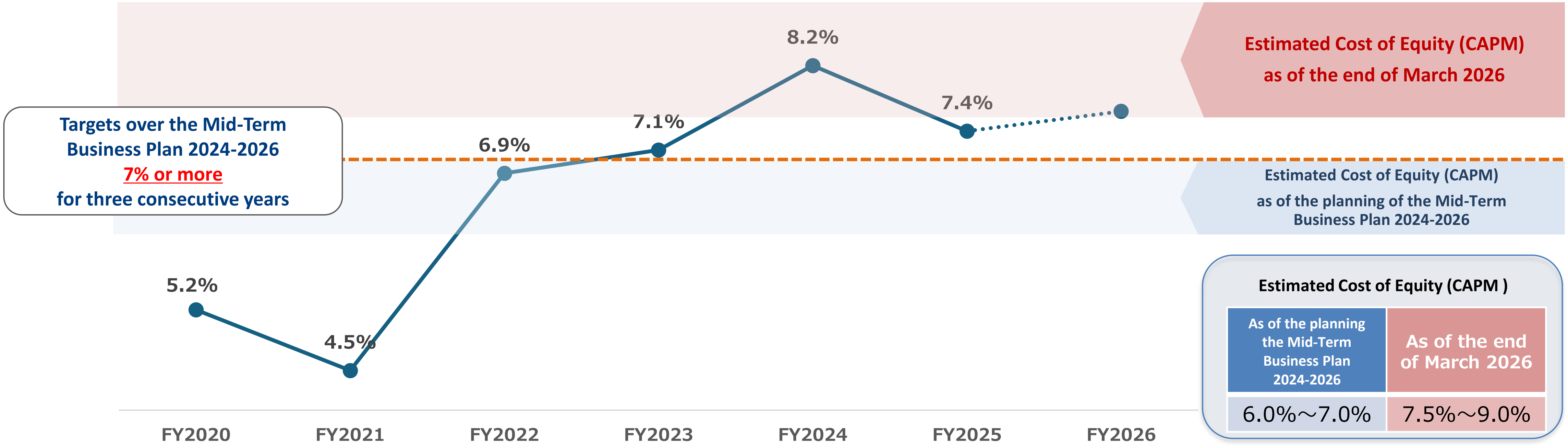
August 6, 2026

Kurimoto, Ltd.

1. Analysis of Current Situation
- Narrowing of the ROE/Cost of Equity Spread -

- ✓ While the ROE target for the Mid-Term Business Plan 2024-2026 is set at 7% or more for three consecutive years, the company expects to achieve the target with figures of 8.2% for FY2024 (Result), 7.4% for FY2025 (Result) and 7% or more for FY2026 (Forecast announced in May 2026). However, the growth has stagnated.
- ✓ On the other hand, the CAPM-based cost of equity has risen from the 6.0–7.0% range assumed when the Mid-Term Business Plan 2024-2026 was formulated to approximately 7.5–9.0% recently, due to increases in the risk-free rate and the beta (β) sensitivity; the spread has narrowed.

ROE Trends and Changes of Estimated Cost of Equity (CAPM)



Estimated Cost of Equity (CAPM)

As of the planning the Mid-Term Business Plan 2024-2026	As of the end of March 2026
6.0%～7.0%	7.5%～9.0%

1. Analysis of Current Situation - ROIC/WACC Spread -

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- ✓ In FY2025, while ROIC declined due to factors such as an increase in invested capital, WACC rose against the backdrop of rising interest rates, resulting in a narrowing of the ROIC/WACC spread.
- ✓ The company aims to secure returns that exceed the cost of capital by improving profitability, optimizing working capital, reducing its strategic equity holdings, and strengthening investment discipline.

WACC
(Based on the weighted average cost of debt and equity)

Interest-bearing debt and Equity Etc.

	FY2024	FY2025	Change
ROIC	7.16%	6.62%	△0.54pts
WACC	4.5～5.0%	6.0～6.5%	+1.5pts
SPREAD	+2.16～2.66pts	+0.12～0.62pts	△2.04pts

1. Analysis of Current Situation
- Necessity for Initiatives to Improve Capital Efficiency -

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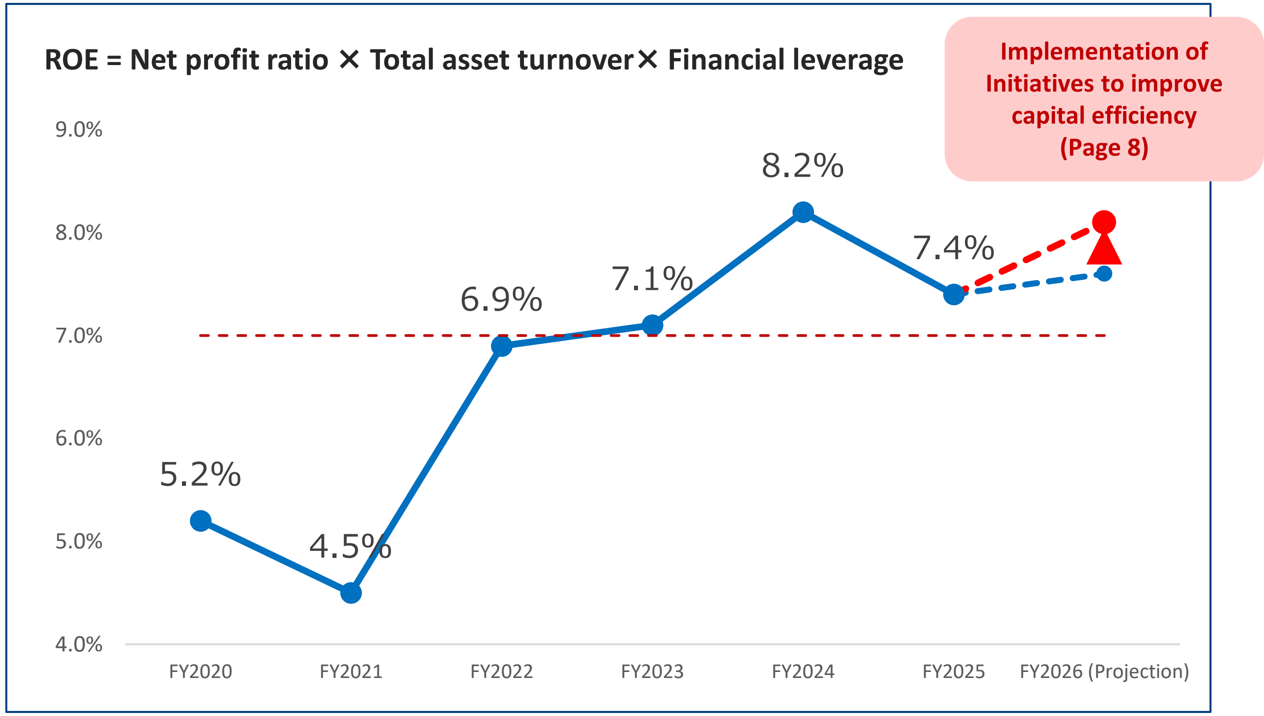
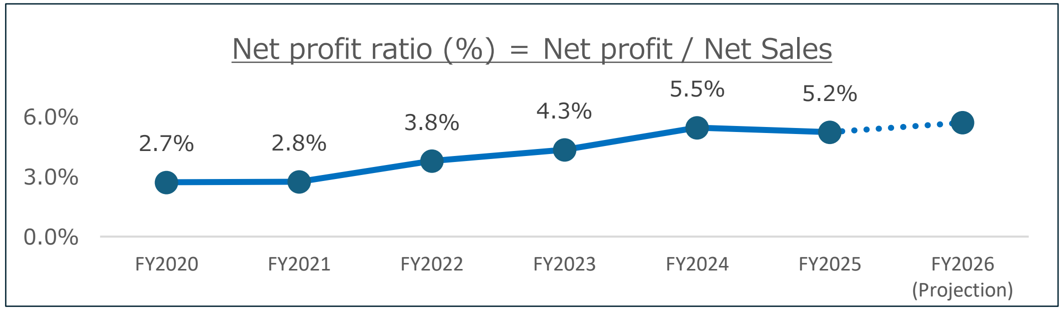
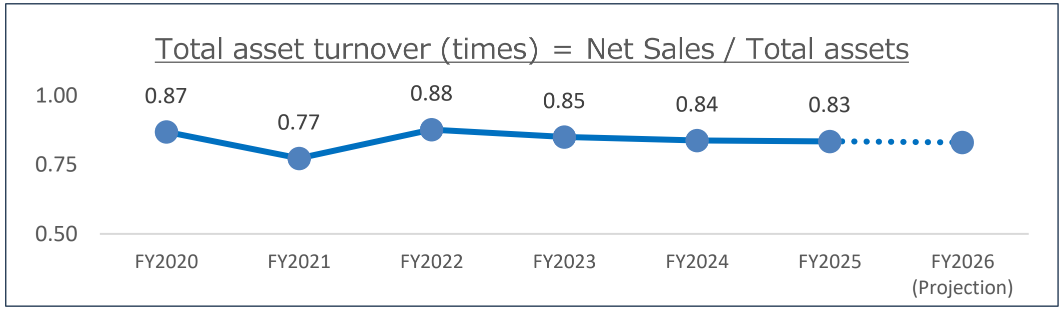
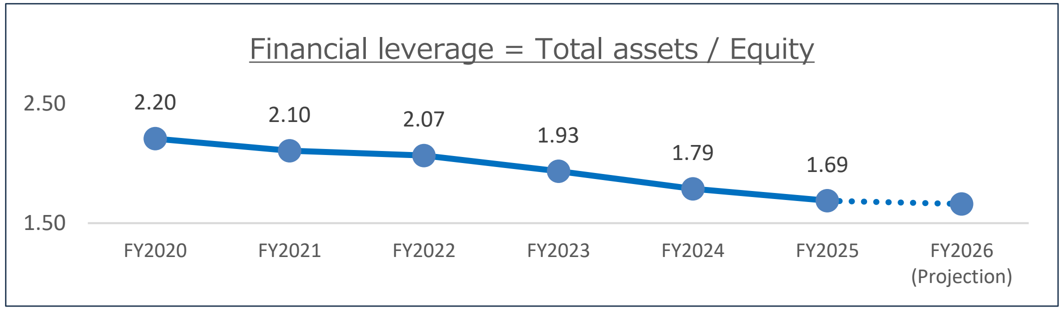
- ✓ Net profit ratio rose to the 5% range over the Mid-Term Business Plan 2024-2026.
- ✓ On the other hand, total asset turnover and financial leverage are trending downward.
- ✓ The company recognizes it is necessary to promote initiatives aimed at improvement in capital efficiency.









<Reference> **ROE Target for the Mid-Term Business Plan 2024-2026**

	FY2023 (Results)	FY2024 (Plan)	FY2025 (Plan)	FY2026 (Plan)
ROE	7.1%	7% or more for three consecutive years		

1. Analysis of Current Situation - Capital Allocation -

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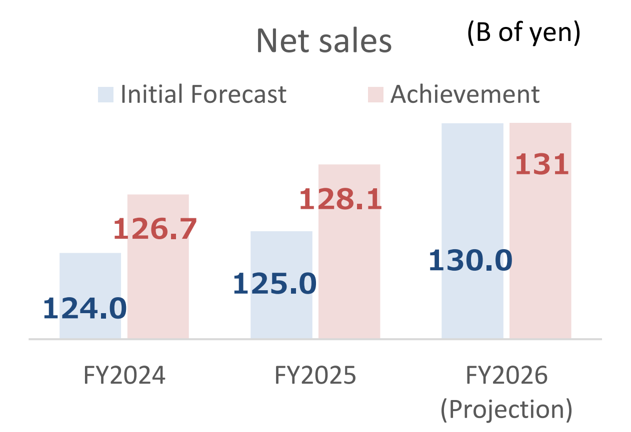
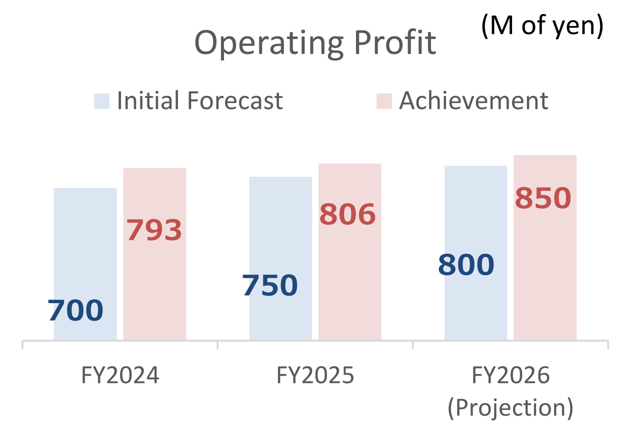
- ✓ Over the Mid-Term Business Plan 2024-2026, while net sales and operating profit are expected to exceed the projections, operating cash flow is expected to fall short of the initial plan due to factors such as the acceleration of payments in response to the amendments of the Subcontract Act.
- ✓ The shortfall is scheduled to be covered by further releasing cross-shareholdings and utilizing interest-bearing debt to continue investments for growth and shareholder returns.
- ✓ In addition to profit growth, working capital, operating cash flow, and investment discipline will be managed as an integrated whole to improve the ROIC/WACC spread.





Capital Allocation over the Mid-Term Business Plan 2024-2026

As of the planning the Mid-Term Business Plan 2024-2026

Cash inflow	Cash outflow
Operating CF Approx. 22.0 billion yen	**CAPEX** Approx. 18.5 billion yen
Reduction of cross-shareholdings Utilizing Interest-bearing debt Approx. 6.0 billion yen	**Shareholder Return (Dividend, Share buy-back)** Approx.9.5 billion yen

The shortfall in operating cash flow is projected to be offset by the sales of cross-shareholdings and utilizing interest-bearing debt

Estimates as of today

Cash inflow	Cash outflow
Operating CF Approx. 11.5 to 12.0 billion yen	**CAPEX** Approx. 19.0 to 20.0 billion yen
Utilizing Interest-bearing debt Approx. 14.0 to 14.5billion yen	**Shareholder Return (Dividend)** Approx. 9.5 to 10.0 billion yen
Sales of investment securities Approx. 8.0 to 8.5 billion yen	**Shareholder Return (Share buy-back)** 5.0 billion yen

Operating CF
FY2024 (2.3 B)
FY2025 7.1 B
FY2026 7.0 B
Reasons for the shortfall: Shortened payment terms following amendments to Japan's Subcontract Act. Amount of Impact (8B)

Utilizing Interest-bearing debt
FY2024 5.1B
FY2025 2.3B
FY2026 7.0B

Sales of investment securities
FY2024 0.6B
FY2025 3.6B
FY2026 4.0B

Proactive Investments
- ✓ Integration of Pipe System Factories
- ✓ Plastic Products Business
- ✓ Mass production systems for FS Grid

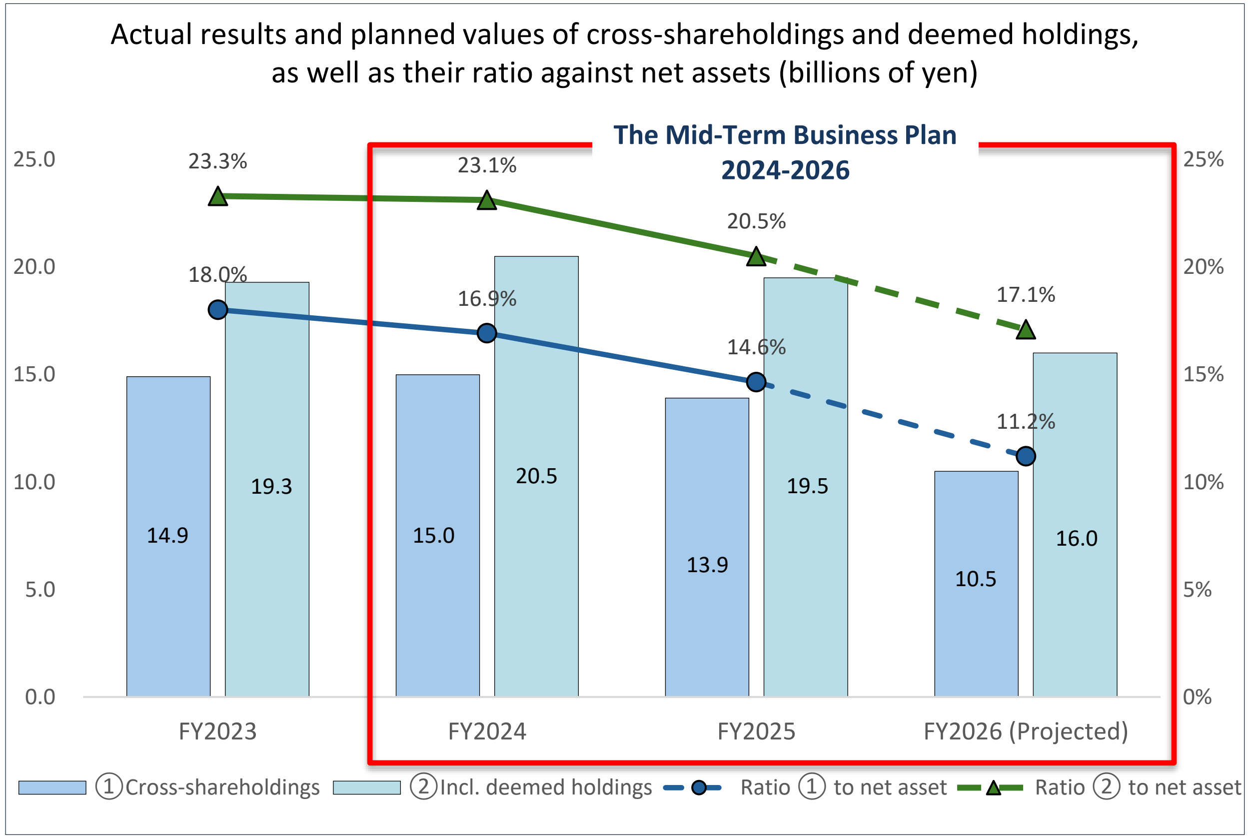
FY2024 3.3B
FY2025 6.3B
FY2026 9.0B

Dividend
FY2024 2.7B
FY2025 3.9B
FY2026 3.5B

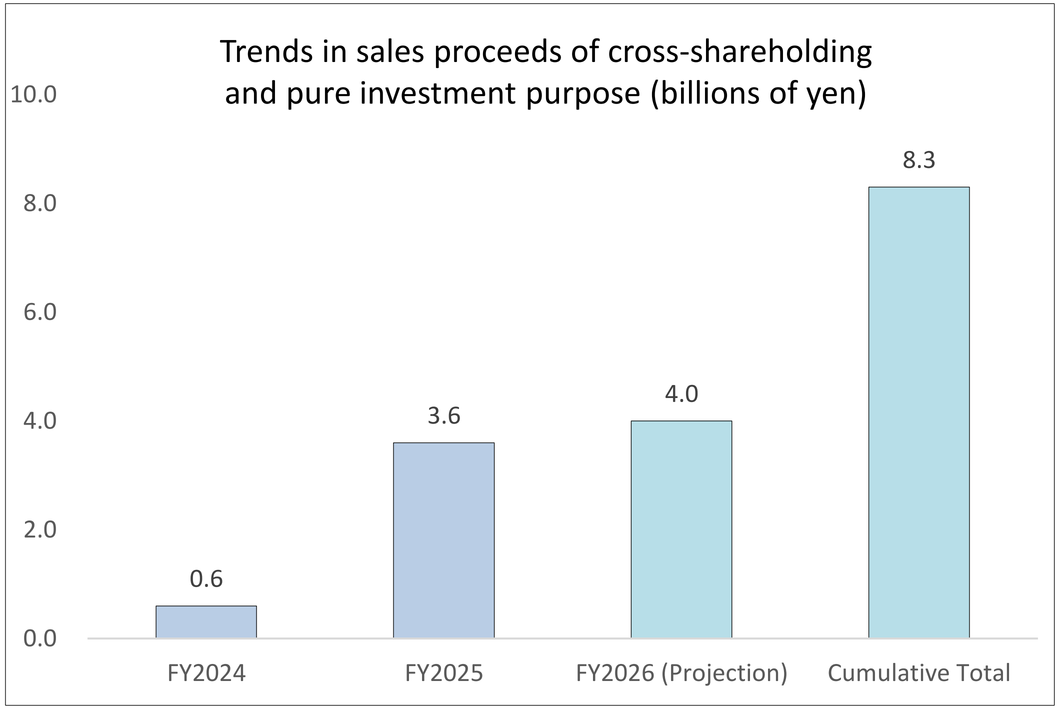
The figures for FY2026 are estimates

1. Analysis of Current Situation
- Reduction of Cross-Shareholdings -

- ✓ Proceeding with the sale of cross-shareholdings with the goal of reducing them by 30% to 40% compared to the end of FY2023 during the period of the Mid-Term Business Plan 2024-2026. However, due to a rise in share prices, the reduction rate measured on a fair-value basis is currently below the originally planned pace.
- ✓ The Company will continue to steadily reduce the portfolio through sales and reclassifications to pure investment purpose and is committed to achieving the 30% reduction target.
- ✓ Reclassifications to securities held for pure investment purposes is not intended to delay reductions, but rather to facilitate phased and disciplined disposals.
- ✓ Systematically executing the sales of the cross-shareholdings which are reclassified as pure investment purpose in prior fiscal years.



For FY 2023, 2024, and 2025, the figures represent fair value as of the end of the fiscal year; for the FY2026 forecast, the figure represents fair value as of the end of FY2024.



・Proceeds from the sale of cross-shareholdings and securities held for pure investment purposes increased from JPY 0.6 billion in FY2024 to JPY 3.6 billion in FY2025.

・Scheduling to generate 4 billion yen in proceeds from sales of its assets in FY2026 and continuing to improve capital efficiency by reducing its asset base by a cumulative total of 8.3 billion yen over the period of the Mid-Term Business Plan 2024-2026.

1. Analysis of Current Situation - Dialogue with investors -

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- ✓ The number of interviews in FY2025 reached a record high. The company incorporates feedback gained through these conversations into the management decisions to enhance corporate value.
- ✓ In addition to IR meetings, the company reaches out to shareholders and actively conducts SR meetings.
- ✓ P/B ratio was temporarily above 1x and market capitalization exceeded 100 billion yen. However, it has recently fallen slightly below these levels.
- ✓ Maintaining the listing on the TOPIX market and continuing to manage the Company with greater awareness of investors' perspectives and expectations.

Strengthening stakeholder engagement

Development of IR promotion system

- Reinforce IR departments in the Corporate Planning Division as a departmental organization and established an IR & SR Department in April 2024, which will disclose the company's activities in a more timely manner and promote understanding for stakeholders as the IR Department.
- Engage in constructive dialogue with investors aiming to achieve sustainable corporate growth and increase corporate value.

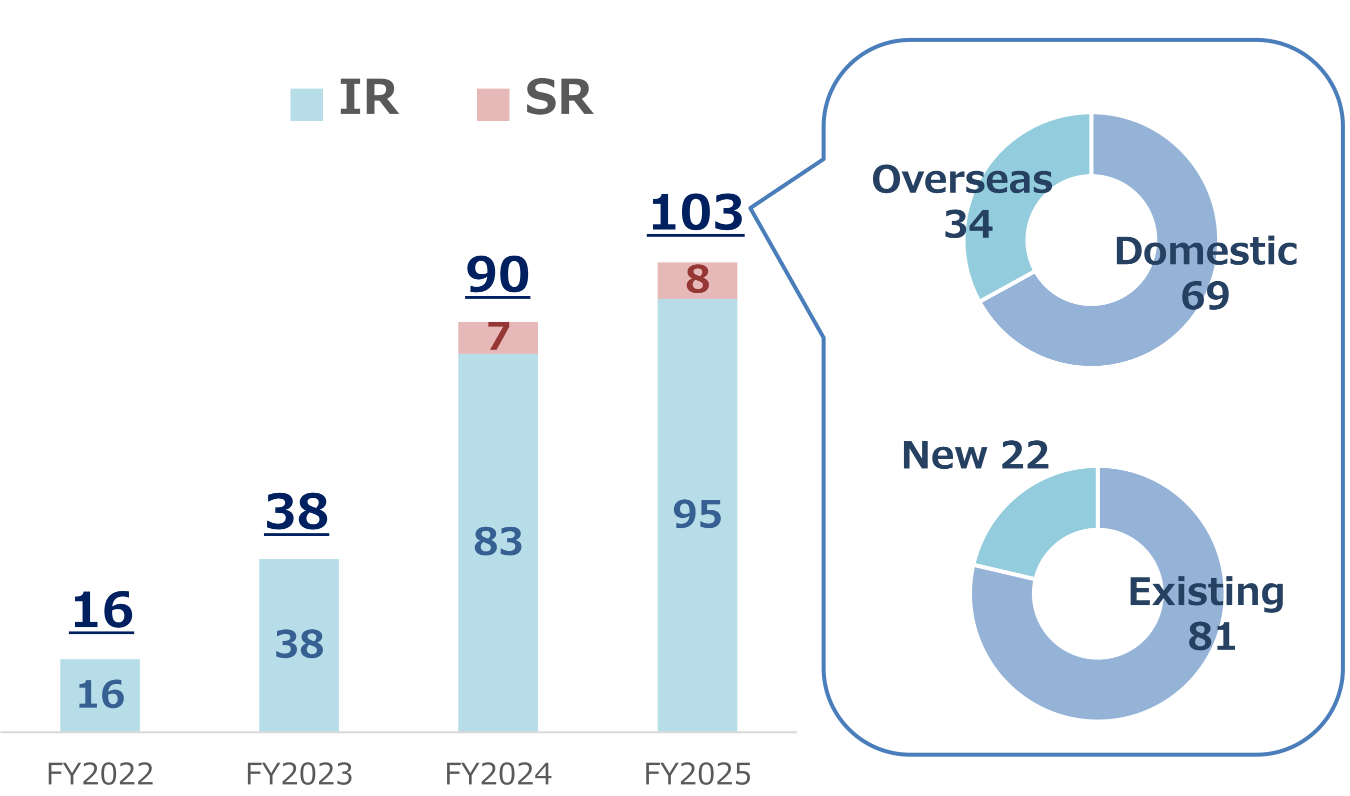
Enhancement of information disclosure

- Renew the website and other media for disclosure of integrated reports, etc. to deliver more comprehensive financial and ESG-related information.

Strengthening internal feedback on IR activities

- The implementation status of dialogue with shareholders and institutional investors is fed back to the Board of Directors on a quarterly basis, and opportunities to freely discuss the feedback are offered for board members, including outside directors.

Implementation status of dialogue and interviews



2. Implementation of Initiatives based on Analysis of Current Situation

✓ In light of Analysis of Current Situation, the company will further refine its initiatives aimed at enhancing corporate value.
✓ Advancing Implementation of Initiatives through the triad of Capital Efficiency, Business Growth, and Shareholder Returns.
✓ Moving to the Implementation phase for the priority issues identified through Analysis of Current Situation.

＜Policy under the Mid-Term Business Plan 2024-2026＞

Improvement of return on capital

- ・Maximize profits through business-specific priority measures.
- ・Aim to improve profit margin by promoting business portfolio management.

Focus on growth-driving businesses

- Achieve profit growth and implement appropriate capital allocation in business areas where market is expected to expand.

Reduction of Cost of Capital

- Acquisition of treasury stock
- Reduction of cross-shareholdings
- Promote proactive investor relations activities as well as ESG-related initiatives and information disclosure.
- Optimize capital structure by utilizing debt.

＜Major Initiatives in the past and going forward＞

【Promoting Management that is conscious of Cost of Capital】

< Building a foundation for ROIC-Based Management>

・Shared an understanding of ROIC and WACC, along with practical applications, through training for senior management and outreach activities led by the finance department to business divisions and subsidiaries.

・Created an ROIC tree by each business division and subsidiary, identified elements for improvement, incorporated these into action plans, and implemented monitoring.

< Initiating a Review of the Business Portfolio>

・Examining the “Our vision of the Business Structure” for the Next Mid-Term Business Plan

【Improving Capital Efficiency】

*Please refer to the disclosure material announced on August 6, 2026, titled “Notice Concerning Determination of Matters Related to Acquisition of Treasury Shares and Cancellation of Treasury Shares”

✓ Total number of shares to be acquired：3.5 million shares (maximum), representing 5.7% of the total number of issued shares
✓ Total amount of share acquisition costs: 5 billion yen (maximum)
✓ Acquisition period: August 7,2026 to December 23, 2026
✓ All acquired shares are scheduled to be canceled

【Reduction of Cross-shareholdings】 **Please refer to page 6**

【Proactive Investor Relations Activities】 **Please refer to page 7**

3. Connecting to the Next Mid-Term Business Plan aimed at enhancing corporate value

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Analysis of Current Situation

1 Enhancement of Operating Cash Flow Generation

While the company is currently working to improve the CCC, further transformation of the business model and profit structure, which will enhance the profitability of its core business—is necessary to increase operating profit ratio.

2 Further Improvement in Balance Sheet Profitability

Considering the rise in the cost of equity, the optimal capital structure, and the capacity to invest in future growth, the company has revised the ROE target in the Mid-Term Business Plan 2024-2026 from 7% or more to 8%. However, the target level will need to be reconsidered in the Next Mid-Term Business Plan.

3 Integration of Growth Investment and Capital Strategy

The company recognizes that there is further room for improvement in developing a growth story that integrates investment in growth areas (including non-financial strategies), ROIC-based management, and shareholder returns as a trinity.

Guidelines for the Next Mid-Term Business Plan 2027-

Enhancement of "Growth Power"

- Advancing the total solutions business model
- Optimizing the business portfolio and identifying specific measures to address priority issues by business segment
- Clarifying investment decision criteria based on ROIC and promoting its adoption within the company

Revision of the ROE Target

- Considering a revision to the ROE target for the "Our vision 2030" set forth in the Mid-Term Business Plan 2024-2026
- Promoting a sustainable growth strategy and building a revenue base that consistently exceeds the cost of capital.

Strengthening communication of growth strategies

- Clarifying the virtuous cycle model of cash generation and growth investment
- Providing a clear explanation of initiatives aimed at meeting investors' growth expectations by enhancing corporate value through improvements in core business profitability and capital efficiency.

※ the company plans to finalize and announce specific goals and measures in the Next Mid-Term Business Plan 2027-

3. Connecting to the Next Mid-Term Business Plan aimed at enhancing corporate value

Implementation of Initiatives to improve ROE

ROE Up	ROIC Up	Profit Up	Increase in Profit from sales growth	・Business expansion into New Strategic Business Areas ✓PPP (Public Private Partnership) in Water Infrastructure ✓ AI, Semiconductors, and Data Center Infrastructure ✓ Sales Growth in the National Resilience business
			Increase in Profit from profit margin	・Maintaining appropriate pricing ・Creating value through continuous cost reduction
		Invested Capital Down	Improvement in CCC	・Improving productivity through production process optimization ・Reducing inventory through shorter lead times for design and production by promoting investment in DX and Automation ; Reduction in Working Capital
	Financial leverage (Up)	Total Assets Down	Reduction of Fixed Assets	・Reducing total fixed assets through high-margin investment, e.g. Integration of the Kagaya and Sakai iron-pipe production plants ・Reduction of cross-shareholdings, Achievement in reduction to a ratio of less than 20% of net assets
		Equity Down	Enhancing Shareholder Return	・Implementation of shareholder return surpassing their expectation, e.g. Considering adoption of DOE and progressive dividend policy

Earnings forecast and other forward-looking statements described in this document are based on currently available information and certain assumptions that the Company believes are reasonable, and do not represent a commitment by the Company that they will be achieved.
In addition, actual business performance may differ significantly due to a number of factors.

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