
The Kurimoto Group New Three-Year Mid-Term Business Plan 2024–2026

Challenge to change.

The logo for Kurimoto, featuring the word "KURIMOTO" in a bold, blue, sans-serif font. The letter "K" is stylized with a red horizontal bar extending to the left.

- 1. Review of the Previous Mid-Term Business Plan**
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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.

1. Review of the Previous Mid-Term Business Plan

- Review of Company-wide Quantitative Targets
- Review of Quantitative Targets and Priority Measures by Segment
Lifeline, Machinery System, and Industrial Materials Segments
- Review of Investment Plan/Shareholder Return Policy
- Review of Priority Measures for Corporate Division

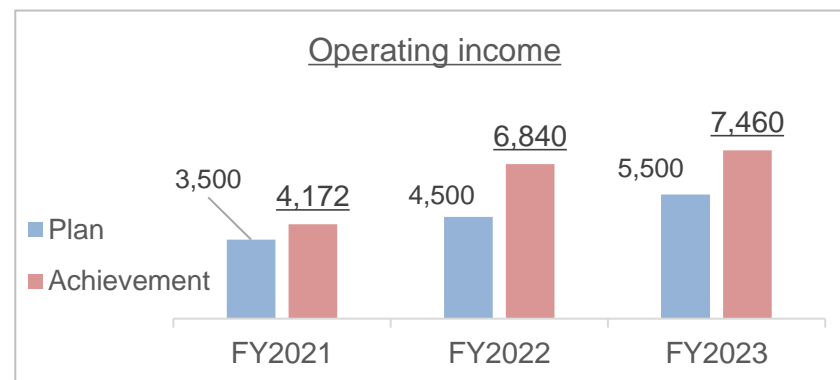
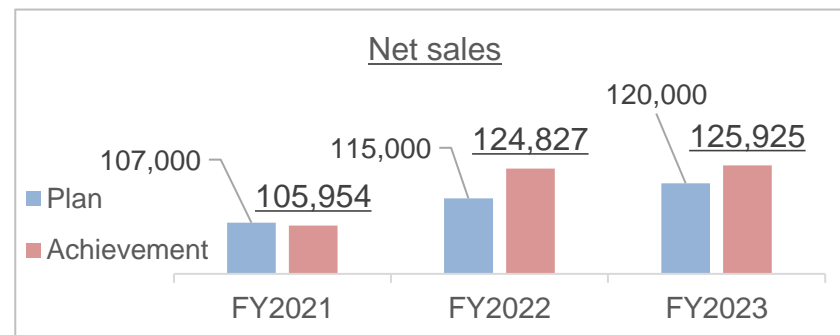
Review of Company-wide Quantitative Targets

- ◆ With the public sector demand remaining firm, the impact of high raw material and other costs was absorbed by price revisions and cost reductions.
- ◆ Despite the impact of investment restraint due to the COVID-19 pandemic lingering into fiscal 2021, the plan targets were almost achieved in the private sector thanks to timely capitalization on post-COVID demand recovery.

Company-wide quantitative targets and achievements

		FY2021	FY2022	FY2023
Net sales	Plan	107,000	115,000	120,000
	Results	105,954	124,827	125,925
	Achievement rate	99.0%	108.5%	104.9%
Operating income	Plan	3,500	4,500	5,500
	Results	4,172	6,840	7,460
	Achievement rate	119.2%	152.0%	135.6%
Operating income ratio	Plan	3.3%	3.9%	4.6%
	Results	3.9%	5.5%	5.9%
	Achievement rate	120.4%	140.0%	129.3%
ROE	Plan	3.6%	4.8%	5.4%
	Results	4.5%	6.9%	7.1%
	Achievement rate	125.0%	143.8%	131.5%

Unit: Million Yen



Review of Quantitative Targets and Priority Measures by Segment

Lifeline Segment

- ◆ Price revisions and cost reductions in core businesses absorbed high raw material, energy, and other costs. The Group companies also performed well and achieved all targets.
- ◆ Optimization of the production system contributed to improved profitability.
- ◆ Efforts to receive orders in areas of our primary focus (DB for pipelines, etc.) progressed as planned.

Quantitative targets and achievements

Unit: Million Yen

Quantitative targets		FY2021	FY2022	FY2023
Net sales	Plan	54,200	54,300	55,500
	Results	57,478	60,879	64,439
	Achievement rate	106.0%	112.1%	116.1%
Operating income	Plan	2,400	2,500	2,800
	Results	3,016	3,679	4,494
	Achievement rate	125.7%	147.2%	160.5%
Operating income ratio	Plan	4.4%	4.6%	5.0%
	Results	5.2%	6.0%	7.0%
	Achievement rate	118.5%	131.3%	138.2%

Priority measures and results of initiatives

	Priority measures	Results of initiatives
Pipe Systems	<ul style="list-style-type: none"> • Optimize production system to improve profitability in the domestic water supply market. • Strengthen alliances with other companies to expand solutions business, including orders for design-build (DB) construction method for pipelines. 	<ul style="list-style-type: none"> • Achieved cost reductions set for each fiscal year by optimizing the production system according to the quantity demanded. • Organizational restructuring, increase in personnel, and utilization of construction management systems, etc., resulted in steady orders for design-build (DB) construction method for pipelines.
Valve Systems	<ul style="list-style-type: none"> • Strengthen large-scale renewal projects and construction and maintenance capabilities in the domestic water supply and sewage markets. • Expand sales of water turbine inlet valves in the hydropower generation market. 	<ul style="list-style-type: none"> • Received orders for large-scale projects (gate and large butterfly valve replacement projects, etc.) in the water supply and sewage fields. • Not only was the top share maintained in the market for water turbine inlet valves, but more orders were received for iron pipe valves and discharge valves.

Review of Quantitative Targets and Priority Measures by Segment

Machinery System Segment

- ◆ Despite the ongoing impact of COVID-19 in fiscal 2021, we achieved our profit targets, backed by the steady recovery of corporate capital investment.
- ◆ Strong performance was driven by the powder processing equipment division, which saw increased demand in high-performance resins and secondary battery applications.
- ◆ Expansion of the crusher lineup and preparation to enter the recycling field are well underway, as strengthen earnings bases are being prepared.

Quantitative targets and achievements

Unit: Million Yen

Quantitative targets		FY2021	FY2022	FY2023
Net sales	Plan	23,300	28,600	29,700
	Results	22,095	34,102	29,144
	Achievement rate	94.8%	119.2%	98.1%
Operating income	Plan	200	700	1,100
	Results	437	2,208	1,491
	Achievement rate	218.5%	315.4%	135.5%
Operating income ratio	Plan	0.9%	2.4%	3.7%
	Results	2.0%	6.5%	5.1%
	Achievement rate	230.4%	264.5%	138.1%

Priority measures and results of initiatives

	Priority measures	Results of initiatives
Plant Engineering & Machinery	<ul style="list-style-type: none"> Enhance press lineup and expand sales area in overseas markets. Provide kneaders, reactors, and solvent removal systems suitable for high-performance and high-functional resins. Provide raw material storage and transportation technologies as well as combustion technology for the renewable energy market 	<ul style="list-style-type: none"> The record of forging presses for aluminum has been continuously expanding and the presses suitable for EV components need to be urgently being developed. Sales of twin-screw continuous kneaders expanded in the secondary battery field. Inquiries for combustion plants have been increased due to popular demand.
Materials & Machinery	<ul style="list-style-type: none"> Increase customer satisfaction by adding value to existing products (IoT, AI technology, etc.) and offering new products in the crushing business. Achieve even lower costs through optimized production. 	<ul style="list-style-type: none"> Conducted marketing research aiming to enter the recycling field and decided to introduce new products. Cost Reduction targets were set for annual procurement amounts, and the target for each fiscal year was achieved.

Review of Quantitative Targets and Priority Measures by Segment

Industrial Materials Segment

- ◆ While net sales fell short of targets due to declines in construction demand as a result of COVID-19, profit targets were achieved through strengthened sales activities in the field of road and bridge repair.
- ◆ Steady performance in the road and bridge repair market for national resilience has led to a significant increase in our recognition in the industry.

Quantitative targets and achievements

Unit: Million Yen

Quantitative targets		FY2021	FY2022	FY2023
Net sales	Plan	29,500	32,100	34,800
	Results	26,381	29,845	32,340
	Achievement rate	89.4%	93.0%	92.9%
Operating income	Plan	900	1,300	1,600
	Results	1,040	1,404	2,255
	Achievement rate	115.6%	108.0%	140.9%
Operating income ratio	Plan	3.1%	4.0%	4.6%
	Results	3.9%	4.7%	7.0%
	Achievement rate	129.2%	116.2%	151.7%

Priority measures and results of initiatives

	Priority measures	Results of initiatives
Construction Materials	<ul style="list-style-type: none"> • Capture growing maintenance and repair demand in the road infrastructure market • Expand sales of strategic products in the industrial plant market 	<ul style="list-style-type: none"> • Developed a repair method for cylindrical forms used for expressways. Upstream sales activities were conducted to capture demand. • Measures to expand sales in the industrial plant market are still being studied.
	Plastic Products	<ul style="list-style-type: none"> • Strengthen business foundation by securing earnings in existing fields such as electric power, agricultural, and sewage markets. • Improve profitability by expanding business scale in growth areas such as road infrastructure and composite-related markets.

Review of Investment Plan/Shareholder Return Policy

- ◆ Investment plan: Value of orders placed were lower than planned due to the postponement of investment, price negotiations, and other factors.
- ◆ Shareholder return: The 3-year average payout ratio target of over 30% was achieved, and the total payout ratio for fiscal 2023 was over 50%.

Investment plan and achievements (in terms of orders placed)

- Many investment plans, excluding those for rationalizing production, have been delayed and were carried over to fiscal 2024 and beyond.
- A portion of investments not yet made will be used to return profits to shareholders.

Unit: Million Yen

		FY2021	FY2022	FY2023
Facilities (Streamlining of production)	Plan	700	1,900	1,400
	Results	395	1,600	2,000
	Achievement rate	56.4%	84.2%	142.9%
Facilities (Maintenance/ renewal, etc.)	Plan	2,400	2,900	2,700
	Results	2,009	1,565	2,060
	Achievement rate	83.7%	54.0%	76.3%
Systems	Plan	500	700	800
	Results	279	396	205
	Achievement rate	55.8%	56.6%	25.6%
Total investment amount	Plan	3,600	5,500	4,900
	Results	2,683	3,561	4,265
	Achievement rate	74.5%	64.7%	87.0%

Shareholder return policy and achievements

Strived for shareholder returns that meet market expectations, maintaining a balance with growth investments (3-year average payout ratio target of over 30%).

⇒ The 3-year average payout ratio target of over 30% was achieved.

Achievements	FY2021	FY2022	FY2023	3-year average
Dividend per share (Yen)	70	90	170	-
Payout ratio	29.3%	23.2%	37.6%	30.0%
Acquisition of treasury stock (Million Yen)	0	0	700	-
Total payout ratio	29.3%	23.2%	50.4%	34.3%

Review of Priority Measures for Corporate Division

◆ While certain results have been accomplished in strengthening our management foundation, we recognize the need to further bolster efforts in terms of improving return on capital and DX utilization.

Priority measures and results of initiatives for Corporate Division

	Priority measures	Results of initiatives
Strengthening of governance	<ul style="list-style-type: none"> • Proactive response to the revised Corporate Governance Code • Further revitalization of the Board of Directors • Formulation and implementation of a succession plan • Intensified efforts to deal with sustainability issues 	<ul style="list-style-type: none"> • One outside director added (from FY2022) • Skills matrix formulated and disclosed (from FY2022) • Succession plan formulation (implementation to start from FY2025) • Non-financial information disclosed in compliance with TCFD (from FY2023) • Sustainability Department enhanced
Improvement of profitability	<ul style="list-style-type: none"> • Promotion of capital cost management • Improvement of operational efficiency and productivity through ICT-based business process review 	<ul style="list-style-type: none"> • Discussions were made on capital cost management at board of directors. • Capital investment review meetings were held based on capital cost and payback periods. • Improve of communication speed and quality through the introduction of real-time communication tools along with the use of wireless LAN at the head office, branch offices, and other locations. • Introduction of RPA resulted in improved operational efficiency and shortened working hours.
Revitalization of human resources and organization	<ul style="list-style-type: none"> • Building mechanisms to create changes and challenges • Improvement of organizational engagement • Stepped-up development of core human resources 	<ul style="list-style-type: none"> • A roadmap and KPIs for diversity promotion were developed, and diversified work styles were promoted. • An employee engagement survey was conducted to visualize current statuses. • A core human resources development plan was formulated, Global personnel development program was launched, and early awareness-raising opportunities were created for leader candidates.

2. Kurimoto's Management Policy and Business Model

- Structure and Key Products in Business Divisions
- Business Transition
- Kurimoto's Strengths
- Management Principle/Our Vision/Management Policy
- Kurimoto's Business Model

Structure and Key Products in Business Divisions

- ◆ At KURIMOTO business proportion, our business foundation resists to boom-and-bust cycles which we have stable social infrastructures and industrial equipment businesses with a good balance of public and private demand.

Social infrastructure = Stability

Facilities that are fundamental to people and their lives, such as water supply and sewage systems, roads, communications, and transportation

Sales ratio








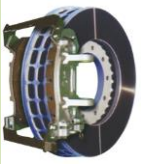



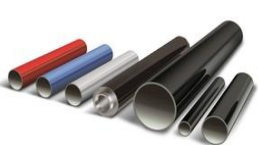
Approx.
50%

Sales ratio

Approx.
50%

Industrial equipment = Growth potential

Machinery, plant, and other manufacturing equipment required for manufacturers' production activities

Lifeline Segment		Machinery System Segment		Industrial Materials Segment	
Pipe Systems	Valve Systems	Plant Engineering & Machinery	Materials & Machinery	Construction Materials	Plastic Products
Water ductile iron pipes	Water valves, industrial valves	Forging press, kneader	Heat/abrasion resistant casting, crusher	Construction materials such as air conditioning ducts	FRP(M) products such as inspection passage
 	 	 	 	 	 

- ◆ The company is celebrating its 115th anniversary in 2024.
- ◆ Our lifeline business, which was started by the founder, continues to be the core of the company's business, generating consistent revenue.
- ◆ The machinery system and industrial materials businesses are expected to drive future growth.

Business transition by segment

Lifeline	<ul style="list-style-type: none">• Since its establishment in 1909, the company has been manufacturing and selling ductile iron pipes and pipeline valves, one of the company's key commercial products.• There are three main manufacturing bases in Japan (Kagaya, Sakai, and Sumiyoshi Factories).• This segment consists of two divisions and five affiliated companies, and the domestic and overseas water supply field is the <u>core of the company's business, generating consistent revenue.</u>
Machinery System	<ul style="list-style-type: none">• This segment started business in the 1930s, mainly manufacturing and selling industrial equipment (forging presses, crushers) and casting products.• There are two main manufacturing bases in Japan (Sumiyoshi Factory and Japan Castering Co., Ltd.).• This segment consists of two divisions and four affiliated companies, and secondary battery and recycled aggregate resources fields are <u>growth-driving businesses.</u>
Industrial Materials	<ul style="list-style-type: none">• This segment started business in the 1950s, mainly manufacturing and selling construction materials and FRP(M) products.• There are three main manufacturing bases in Japan (Katano, Koga, and Koto Factories).• This segment consists of two divisions and three affiliated companies, and road and bridge peripheral fields are <u>growth-driving businesses.</u>

- ◆ Ability to offer solutions backed by a relationship of trust with customers built up since the company's founding and an abundant delivery record

Five strengths of the Kurimoto Group

Technology and quality	<ul style="list-style-type: none">• Technical and product capabilities that have continuously supported public and industrial infrastructure over the years (casting technology started by the company's founder, mechanical technology, and production technology that can meet demands for large-scale projects)
Total solution	<ul style="list-style-type: none">• Flexible and agile response to customer needs and realization of optimal proposals by matching them with our technology
Human capital	<ul style="list-style-type: none">• Employees who continue to grow and take on challenges in a workplace environment that allows us to work with peace of mind
Trust	<ul style="list-style-type: none">• Solid trust built up through involvement in Japan's public infrastructure over 115 years
Business structure	<ul style="list-style-type: none">• Public-private demand ratio (approx. 50:50) and diversified business management (aggregate of medium-scale niche businesses) make the company's business foundation stable and resistant to the boom-and-bust cycle.

Management Principle/Our Vision/ Management Policy

- ◆ “Management Principle and Our Vision” are our commitment to meet the trust and expectations of all stakeholders in the spirit of “yonpo-yoshi.”
- ◆ Our management philosophy is specifically set forth in the “Management Policy” to realize the “Management Principle and Our Vision.”

The Kurimoto Group’s Management Principle/Our Vision/Management Policy

Management Principle

- We will meet the trust and expectations of all stakeholders, always provide suitable systems and create “a future with dreams.”

Our Vision

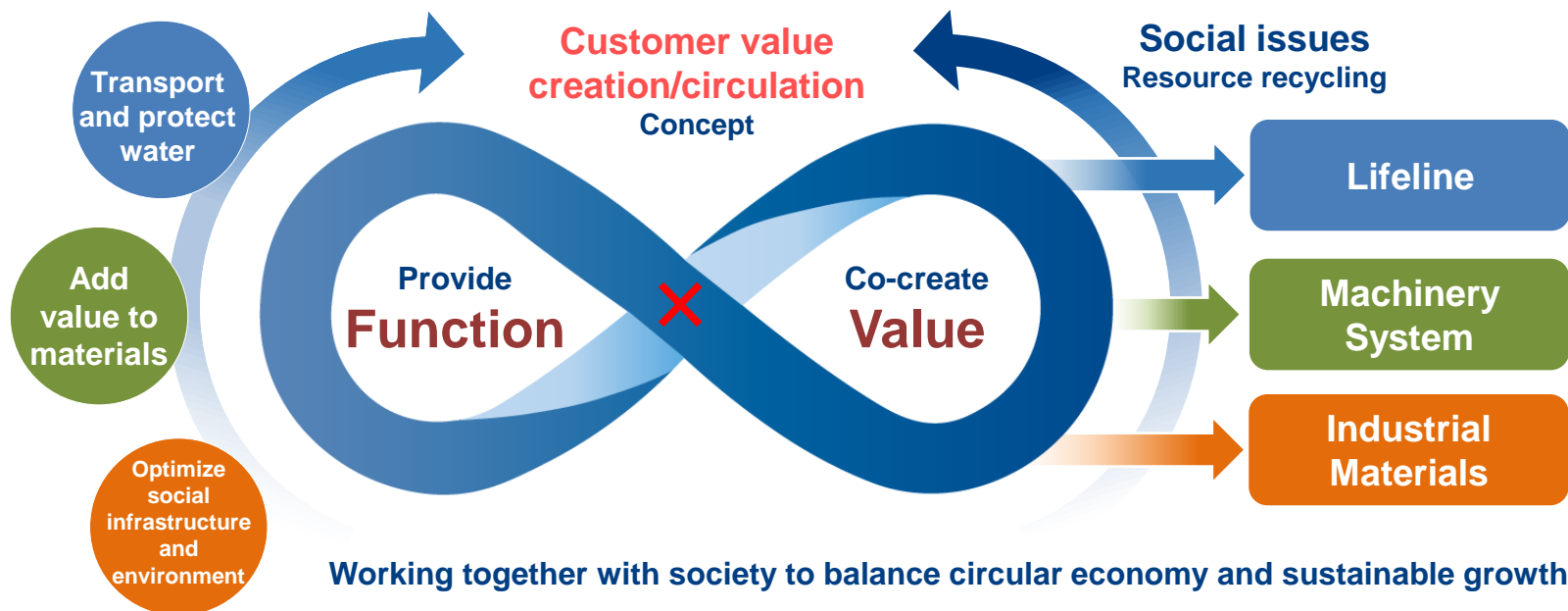
- In the spirit of “yonpo-yoshi” or “four-way satisfaction_≡” : good for the seller, good for the buyer, good for society, and good for the future, we aim to become a corporate group that can contribute to society now and in the future.

Management Policy

- Basic Sustainability Policy
Creating a Future through “Inheritance and Innovation”!
We, the Kurimoto Group, aim to enhance our long-term corporate value and contribute to the sustainable development of society and Earth through manufacturing that makes everyone happy.
- Diversity Policy
⇒ See page 38.
- Shareholder return Policy
⇒ See page 24.

- ◆ With 115 years of experience and technology in supporting social infrastructure, we will proceed with a business concept that enables both circular economy and sustainable growth.
- ◆ We aim to build a circular business model that promotes optimal sustainability by solving social issues and creating customer value under the slogan, “Going beyond making things toward creating value.”

Circular business model that the Kurimoto Group aims for



3. Basic Strategies in the New Three-Year Mid-Term Business Plan

- Approach to Formulating the New Three-Year Mid-Term Business Plan
- Positioning of the New Three-Year Mid-Term Business Plan toward “Our Vision 2030”
- Company-wide Quantitative Targets
- Clarification of Business Portfolio Strategy
- Quantitative Targets by Segment
- Priority Measures to Achieve Targets – Growth Strategy by Business
- Priority Measures to Achieve Targets – Financial Strategy
Investment Plan, Shareholder Return Plan, Capital Allocation
- Priority Measures to Achieve Targets – ESG Strategy

Approach to Formulating the New Three-Year Mid-Term Business Plan

- ◆ In the spirit of “yonpo-yoshi (four-way satisfaction),” we plan to formulate a business plan that meets the expectations of shareholders, investors, and all other stakeholders, by backcasting from “Our Vision 2030.”

Themes and Concepts in the New Three-Year Mid-Term Business Plan

Backcasting from Our Vision

- Abolish conventional forecast planning and formulate a plan from a backcast perspective based on “Our Vision 2030.”

Promoting capital cost management

- Formulate a business plan with an awareness of capital cost (\approx expectations of investors and shareholders).
- Promote initiatives on the business/corporate divisional basis aiming to improve return on capital.

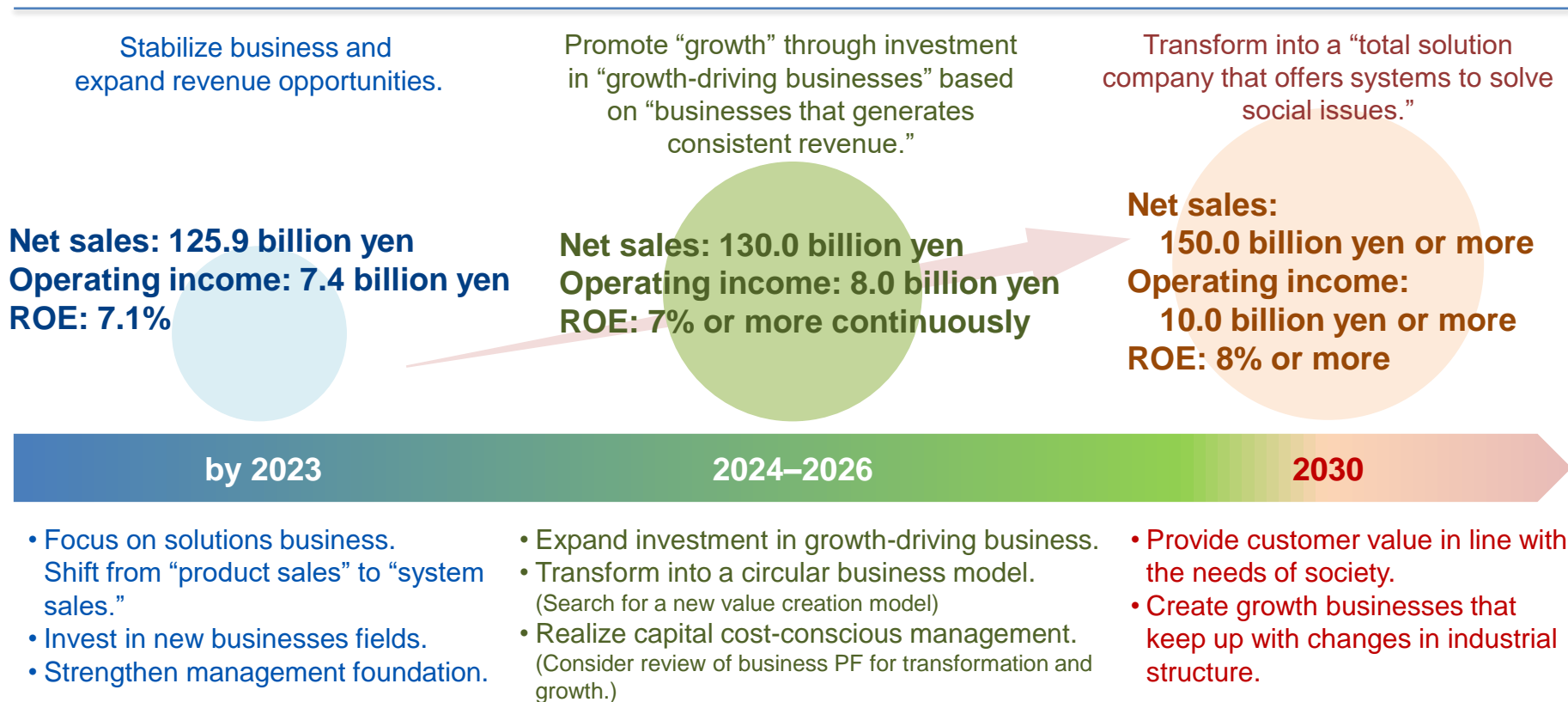
Promoting sustainability management

- Formulate a business plan with the spirit of “yonpo-yoshi (four-way satisfaction),” (\gg expectations of stakeholders).
- Specifically, develop businesses in line with the mega-trend of decarbonization (ESG).
- Establish a supportive governance system to carry through fundamental reform of the business structure.

Positioning of the New Three-Year Mid-Term Business Plan toward “Our Vision 2030”

- ◆ This Three-Year Mid-Term Business Plan is positioned as a preparation period for transformation toward growth to realize our vision as “a corporate group that can contribute to society now and in the future” by 2030.

Image of growth toward 2030



Company-wide Quantitative Targets

- ◆ Toward the achievement of 150 billion yen in net sales, 10 billion yen in operating income, and ROE of 8% or more by 2030, we aim to achieve ROE of 7% or more for three consecutive years during the New Mid-Term Business Plan period, which is a preparation period for transformation toward growth.

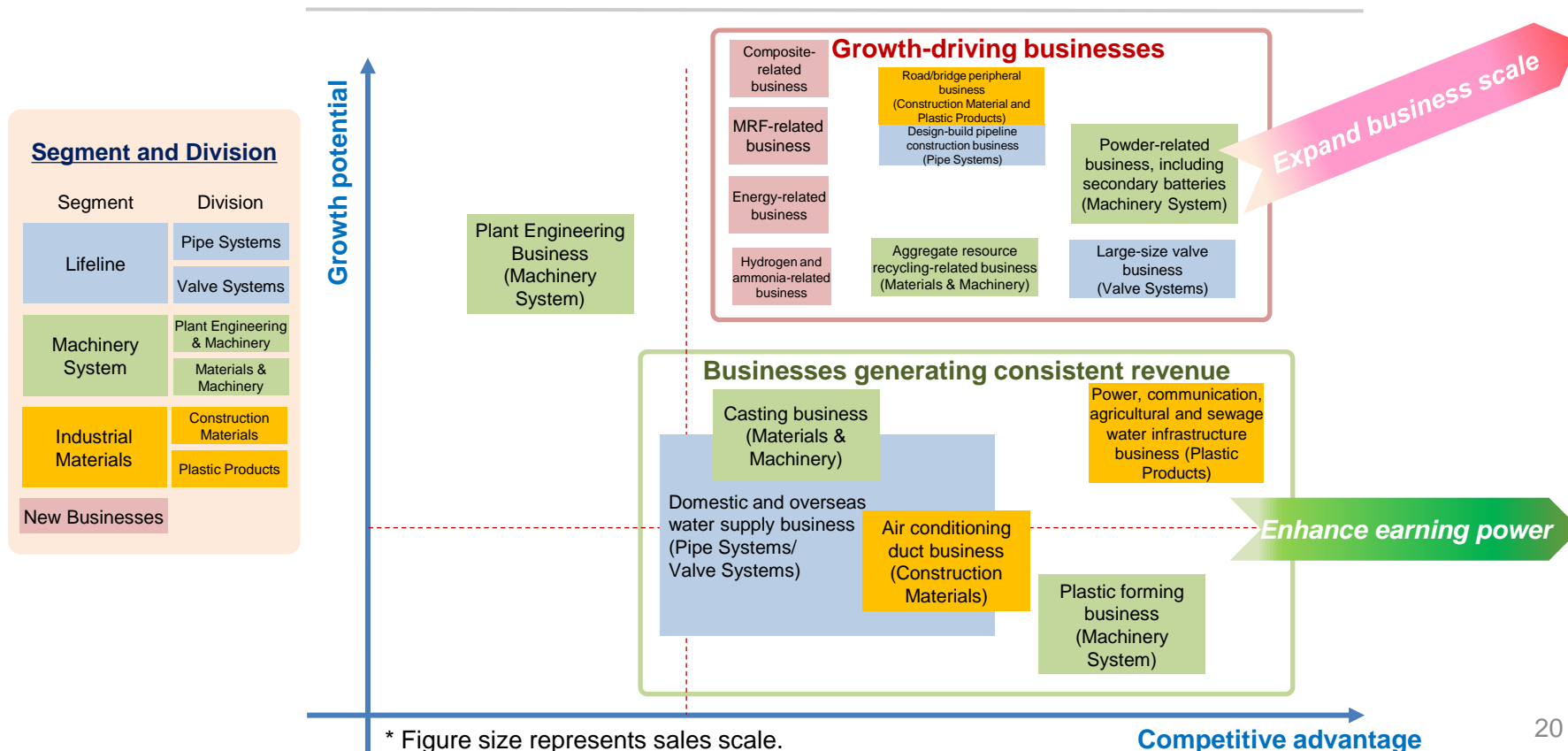
Quantitative targets for the New Three-Year Mid-Term Business Plan period

	Unit: Million Yen			
	FY2023 (Results)	FY2024 (Plan)	FY2025 (Plan)	FY2026 (Plan)
Net sales	125,925	124,000	125,000	130,000
Operating income	7,460	7,000	7,500	8,000
Operating income ratio	5.9%	5.6%	6.0%	6.2%
ROE	7.1%	7% or more for three consecutive years		

Clarification of Business Portfolio Strategy

- ◆ Businesses that are expected to grow in the market and are expanding their own sales are positioned as growth-driving businesses to be invested in aggressively.
- ◆ As for businesses generating consistent revenue, which are the source of cash, focus on strengthening system sales in pace with market changes, entering peripheral business areas, and developing new products to further reinforce the revenue base.

Business portfolio (Growth potential × Competitive advantage)



Quantitative Targets by Segment

- ◆ Results for the first year is expected to be lower than the previous year's strong performance, except for sales in machinery system segment.
- ◆ Lifeline segment aims to maintain stable sales and profit margin during this Mid-Term Business Plan period.
- ◆ Machinery System and Industrial Materials segments aim for growth in sales and profit margin during this Mid-Term Business Plan period.

Quantitative targets by segment for the New Three-Year Mid-Term Business Plan period

		Unit: Million Yen			
		FY2023 (Achievement)	FY2024 (Plan)	FY2025 (Plan)	FY2026 (Plan)
Lifeline	Net sales	64,439	62,000	63,000	63,300
	Operating income	4,494	4,400	4,500	4,500
	Operating income ratio	7.0%	7.1%	7.1%	7.1%
Machinery System	Net sales	29,144	30,500	29,500	32,500
	Operating income	1,491	1,400	1,700	2,000
	Operating income ratio	5.1%	4.6%	5.8%	6.2%
Industrial Materials	Net sales	32,340	31,500	32,500	34,200
	Operating income	2,255	1,900	2,000	2,200
	Operating income ratio	7.0%	6.0%	6.2%	6.4%

* Operating income includes adjustments, and does not match total segment income.

Priority Measures to Achieve Targets – Growth Strategy by Business

- ◆ Propel “growth” by enhancing earning power of “businesses generating consistent revenue” and aggressively investing in “growth-driving businesses.”

Priority measures by business segment for the New Three-Year Mid-Term Business Plan period

Lifeline Segment	Pipe Systems	<ul style="list-style-type: none"> • Implement strategic structural reforms aimed at developing and strengthening DBM (Design Build Maintenance) personnel and further improving earning power.
	Valve Systems	<ul style="list-style-type: none"> • In addition to review of marketing for the domestic market and expansion into overseas markets, review production lines and make effective use of digital information to increase productivity.
Machinery System Segment	Machinery System	<ul style="list-style-type: none"> • In order to become an essential manufacturer in the continuous manufacturing process for secondary batteries, increase the performance and size of our powder kneaders and establish a global large-scale production system.
	Materials & Machinery	<ul style="list-style-type: none"> • Review existing businesses, including those for coal-fired power plants, and develop new markets, including renewable energy and recycling, to solidify the revenue base through business portfolio restructuring.
Industrial Materials Segment	Construction Materials	<ul style="list-style-type: none"> • Promote commercialization in new business areas, increase productivity through DX to improve profitability, and reallocate resources according to profitability.
	Plastic Products	<ul style="list-style-type: none"> • Expand sales and achieve a highly profitable structure through aggressive investment in growth areas such as FRP inspection passages and FS grids, as well as the rollout of new products such as CFRP and GFRP.

Priority Measures to Achieve Targets – Financial Strategy (Investment Plan)

- ◆ Enhance investment in production streamlining to reduce costs and improve profitability.
- ◆ Aggressively invest in “growth-driving businesses” based on business portfolio analysis.
- ◆ Steadily implement system and DX investments that were postponed from the previous mid-term business plan period.

Investment plan for the New Three-Year Mid-Term Business Plan period

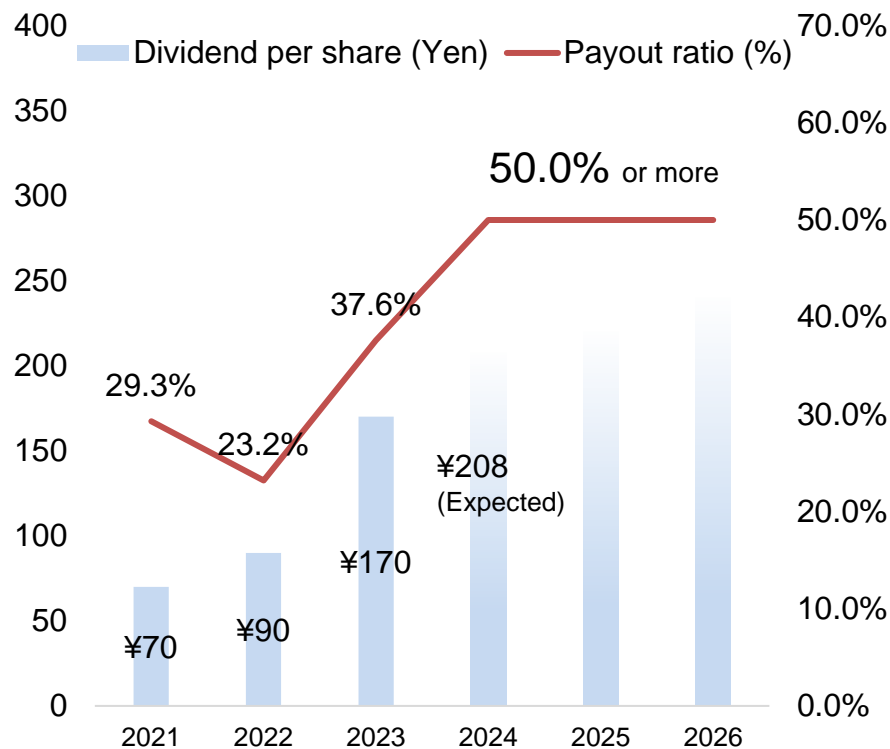
(Values are based on orders placed.)

	FY2021–FY2023		FY2024–FY2026	Unit: Million Yen
	Plan	Achievement	Plan	
Capital investment (Streamlining of production)	4,000	3,995	6,500	<ul style="list-style-type: none"> • Investments aimed at cost reduction, productivity improvement, and manpower saving • Aim for positive effects of CO₂ reduction at pipe system factories, etc. at the same time.
Capital investment (Maintenance, renewal, etc.)	8,000	5,634	6,000	<ul style="list-style-type: none"> • Investments in aging and safety measures
Growth investment			3,000	<ul style="list-style-type: none"> • Investments in growth-driving businesses, M&A, etc. based on the business portfolio analysis
Capital investment (Information systems)	2,000	880	2,500	<ul style="list-style-type: none"> • Groupware development that was not started during the previous mid-term plan period has been carried forward. • Large-scale investments to realize DX strategy are included.
Total investment	14,000	10,509	18,000	

Priority Measures to Achieve Targets – Financial Strategy (Shareholder Return Plan)

- ◆ "3-year average payout ratio of over 30%" was the target for the previous mid-term business plan period, which was achieved.
- ◆ "Payout ratio of over 50%" shall be the target for this mid-term business plan period.

Shareholder return achievements and targets



Shareholder return policy for the New Three-Year Mid-Term Business Plan period

Dividend

- Strive for shareholder returns that meet market expectations while maintaining a balance with growth investments.
- Aim to achieve payout ratio of over 50%.

Acquisition of treasury stock

- Shall be implemented as appropriate taking into account capital structure and efficiency.

Priority Measures to Achieve Targets – Financial Strategy (Capital Allocation)

- ◆ Plan to increase investment in “growth-driving businesses” based on “businesses generating consistent revenue,” while at the same time reducing cross-shareholdings and raising dividend payout ratio aiming at optimal capital efficiency.

Capital allocation policy for the New Three-Year Mid-Term Business Plan period

Procurement policy	3-year cumulative cash inflow	3-year cumulative cash outflow	Investment/return policy
<ul style="list-style-type: none"> • Generate cash mainly from “stable revenue-generating businesses” 	<p style="text-align: center;">Operating cash flow Approx. 22.0 billion yen</p>	<p style="text-align: center;">Capital investment Approx. 18.5 billion yen*</p> <p style="text-align: center;">* Values are based on expenditures. (Investment plan on page 23 is based on orders placed.)</p>	<ul style="list-style-type: none"> • Increase investment in “growth-driving businesses”
<ul style="list-style-type: none"> • Aim to reduce cross-shareholdings by 30 to 40% of total amount held. • Aim to reduce the percentage of cross-shareholdings to net assets to less than 10% in the medium to long term. 	<p style="text-align: center;">Reduction of cross-shareholdings Utilization of interest-bearing debt Approx. 6.0 billion yen</p>	<p style="text-align: center;">Return to shareholders Dividend, acquisition of treasury stock Approx. 9.5 billion yen</p>	<ul style="list-style-type: none"> • Aim to achieve payout ratio of over 50%. • Acquire treasury stock as appropriate.

Priority Measures to Achieve Targets – ESG Strategy

- ◆ Focus on reducing CO₂ emissions (Environment), employee engagement and diversity (Society), and reducing cross-shareholdings (Governance).

ESG-related priority measures

	Current status	Future initiatives
CO ₂ emissions	<ul style="list-style-type: none"> • 45.5% reduction as of fiscal 2022 against the target of at least 50% reduction in fiscal 2030 compared to fiscal 2013 	<ul style="list-style-type: none"> • Aiming to become carbon neutral by 2050, put the most importance on a circular economy, including measures to reduce CO₂ emissions that will be less affected by production increases.
Employee engagement	<ul style="list-style-type: none"> • The company has quantitatively identified employee attachment to the company and how much they are emotionally involved in their jobs through engagement surveys since fiscal 2021. 	<ul style="list-style-type: none"> • Improve employee engagement through the development of human resource management that encourages individual effort and growth, and draws on individual strengths.
Diversity	<ul style="list-style-type: none"> • Female applicants for regular recruitment make up more than 30% of the total. • The percentage of women in managerial positions was 0.3% in fiscal 2022. 	<ul style="list-style-type: none"> • Develop an internal environment that respects diversity to achieve 3%, the target ratio of women in managerial positions in fiscal 2030.
Appointment of directors	<ul style="list-style-type: none"> • A succession plan for senior management and other employees, including the CEO, is being formulated. 	<ul style="list-style-type: none"> • Implement the succession plan appropriately and help train candidate personnel.
Executive remuneration	<ul style="list-style-type: none"> • Base compensation: 70% of total executive remuneration, performance-linked compensation: 25%, and stock compensation: 5% 	<ul style="list-style-type: none"> • Increase the ratio of stock compensation to enhance motivation to increase corporate value.
Cross-shareholdings	<ul style="list-style-type: none"> • Sell on a continual basis by examining the “significance of holding,” such as benefits and risks associated with shareholdings, from a medium- to long-term perspective. 	<ul style="list-style-type: none"> • Reduce 30 to 40% of cross-shareholdings, aiming for less than 10% of consolidated net assets over the medium to long term.

4. Initiatives to Achieve the New Three-Year Mid-Term Business Plan

- **Targets and Priority Measures**
Lifeline, Machinery System, and Industrial Materials
- **Research & Development**
- **DX Strategy**

Targets and Priority Measures (Lifeline)

- ◆ Pipe Systems Business ... Aim for further evolution as an “optimal water environment system manufacturer.”
- ◆ Valve Systems Business ... Contribute to society through infrastructure business and aim for sustainable growth in overseas markets.

Priority measures

1. Pipe Systems Business

- Achieve “high efficiency” and “inheritance of technology and skills” through strategic structural reforms.
- Increase capacity to meet lifeline renewal demand in agricultural, sewage, defense, and civil markets.
- Enhance overseas sales structure to further contribute to improvement in the global water environment.
- Reinforce DBM (Design Build Maintenance) personnel capable of handling comprehensive orders for pipeline design and construction to solve social issues related to aging water supply infrastructure.

2. Valve Systems Business

- Contribute to society by meeting the demand for maintenance and renewal associated with aging valves and gates for water supply infrastructure.
- Improve production responsiveness and efficiency through renewal of facilities and review of traffic lines.
- Accelerate sustainable business growth by establishing sales channels for large special valves to North America and Oceania and selling new products to decarbonization-related markets.

Targets and Priority Measures (Machinery System)

- ◆ Plant Engineering & Machinery Business ... Expand sales of products that contribute to carbon neutrality.
- ◆ Materials & Machinery Business ... Open up new markets by developing both materials and systems.

Priority measures

1. Plant Engineering & Machinery Business

- Expand forging press lines for manufacturing EV-related and non-ferrous components toward carbon neutrality.
- Accelerate technological development of kneaders and peripheral equipment to establish a position as an essential manufacturer in the continuous secondary battery manufacturing process.
- Further delve into plant engineering technologies such as industrial waste incineration and biomass plants that can contribute to waste reduction.

2. Materials & Machinery Business

- In addition to biomass and construction machinery, open up markets that are in demand for carbon neutrality (electric furnaces, nuclear power, recycled aggregate, etc.).
- Expand sales of long-life and low-cost products that contribute to the circular economy.
- Release dry sand crushing systems for crushing plant to the market.
- Accelerate development of casting products for the steel, cement, electric power, and environmental markets, as well as new cast steel brakes for the railroad sector.

Targets and Priority Measures (Industrial Materials)

- ◆ Construction Materials Business ... Improve profitability utilizing IoT technology and direct management resources toward entering new markets.
- ◆ Plastic Products Business ... Achieve sustainable growth of the plastic products business through the satisfaction of customers and society (employees).

Priority measures

1. Construction Materials Business

- Improve profitability of core businesses by raising operational efficiency with DX and IoT technologies.
- Enter new markets such as factory facility piping by bolstering production and quality control capabilities.
- Promote the provision of total solutions in the piping sector and sectors related to concrete-based civil engineering structures that make up infrastructures.

2. Plastic Products Business

- Improve profit on sales in main markets by optimizing selling prices, reducing costs, and restructuring the business model in the sewage market.
- Secure profit on sales in the road sector by launching new products such as FS grid and bridge peripheral products as well as FRP inspection passage.
- Further accelerate approach to repair, corrosion resistance, and weight reduction needs in the railway, marine vessel, and bridge sectors.

- ◆ Measures to balance “development for new business creation” and “product development in core businesses”
- ◆ Continue R&D activities during the period of this Mid-Term Business Plan to facilitate sustainable growth.

Creation of new businesses

Composite Project Division

- Product development of “FS Grid,” a life extension technique for reinforced concrete slab
- Mass production development of FRP products using recycled materials



Technology Development Division

- Development of products using magneto-rheological fluid SoftMRF®
- Development of new eco-friendly products using lead-free copper alloy



Delve into core businesses

Lifeline

- Development of eco-friendly cast iron pipe production technology
- Research on production technology that became more efficient with AI and IoT technology
- Development of valve products for renewable and new energy markets

Machinery System

- Development of products for secondary battery production facilities
- Research on control technology for various processing machines

Industrial Materials

- Research on reuse of FRP(M) materials
- Research on pipe welding technology for thin plates, etc.

- ◆ Strengthen business foundation and proactively incorporate digital technology into existing businesses to provide higher value-added products and services.
- ◆ Utilize data to offer even more sophisticated customer solutions.
- ◆ Develop digital human resources to increase operational efficiency.

DX Strategy

Integration of core business systems

- Restructure the core business systems held individually by business divisions into a company-wide unified platform. Build a data-driven culture by improving the efficiency of data collection and create an environment that enables quick decision-making.

Promotion of business operation improvement

- Conduct a fundamental review of business operations and proactively adopt RPA and other digital technologies to streamline operations, improve operational efficiency, and promote workstyle reform.

Expansion of products utilizing digital technology

- Embed digital technology in new and existing products and services to provide products and services with higher value added.

5. Promotion of ESG Management

- Mechanism to Support the Effectiveness of the Board of Directors
- Executive Remuneration System: Enhancement of Stock Compensation
- Formulation and Operation of Succession Plan
- Employee Engagement
- Diversity Initiatives
- CO₂ Reduction Target and Initiatives
- Achievement in Reduction of Cross-Shareholdings and Future Reduction Policy

Mechanism to Support the Effectiveness of the Board of Directors

- ◆ Strengthen the independence of the Board of Directors and the Nomination and Remuneration Committee to enhance the effectiveness of the Board of Directors.
- ◆ Consider implementing assessment of the effectiveness of the Board of Directors with an external organization for the purpose of improving objectivity.

Achievements in strengthening the effectiveness of the Board of Directors, etc.

Strengthening independence of the Board of Directors	<ul style="list-style-type: none"> • With one outside director added from fiscal 2022, outside directors have accounted for at least 1/3 of the Board of Directors.
Skills required for the Board of Directors	<ul style="list-style-type: none"> • Starting from fiscal 2022, skills that the Board of Directors should have and skills that each director is expected to demonstrate are listed in a skills matrix.
Strengthening independence of the Nomination and Remuneration Committee	<ul style="list-style-type: none"> • From fiscal 2022, the composition of the Nomination and Remuneration Committee (four members in total) has been changed from two inside directors and two outside directors (percentage of outside directors: 50%) to one inside director and three outside directors (percentage of outside directors: 75%).

Future direction for strengthening the effectiveness of the Board of Directors, etc.

- Considering changing the method of evaluating the effectiveness of the Board of Directors for the purpose of increasing objectivity and transparency.

By FY2023

Assessor:
All directors and all auditors (12 individuals)

Assessment method:
In-house questionnaire and assessor discussions



FY2024 and beyond

Assessor:
All directors and all auditors (12 individuals)

Assessment method:
Consider questionnaires and discussion based on interview results involving external organizations.

Executive Remuneration System: Enhancement of Stock Compensation

- ◆ Increase the ratio of stock compensation with the aim of enhancing motivation to increase corporate value.
- ◆ Regarding stock compensation, introduce “BBT-RS” with restrictions set on the transfer of shares granted until retirement*, and by newly introducing the malus clause** that allows for the free acquisition of shares transferred to the restricted account and forfeiture of the points granted in the event of dismissal, etc., thereby strengthening governance.

Overview of the previous executive remuneration system (by FY2023)

Stock compensation 5%	<ul style="list-style-type: none"> • Shares are granted twice a year using the “BBT,” Board Benefit Trust program.
Performance-linked compensation 25%	<ul style="list-style-type: none"> • The percentage varies between 0% to 200%, of which 50% of the portion exceeding 100% will be paid in shares.
Base compensation 70%	<ul style="list-style-type: none"> • Determined according to position

Overview of the new executive remuneration system (FY2024 and beyond)

Stock compensation 10%	<ul style="list-style-type: none"> • Shares will be granted once a year using the “BBT-RS,” Board Benefit Trust – Restricted Stock program, <u>with restrictions set on the transfer of shares granted.</u>
Performance-linked compensation 25%	<ul style="list-style-type: none"> • Remains unchanged
Base compensation 65%	<ul style="list-style-type: none"> • No change in decision logic • Base compensation ratio will be changed with the increase in stock compensation ratio.

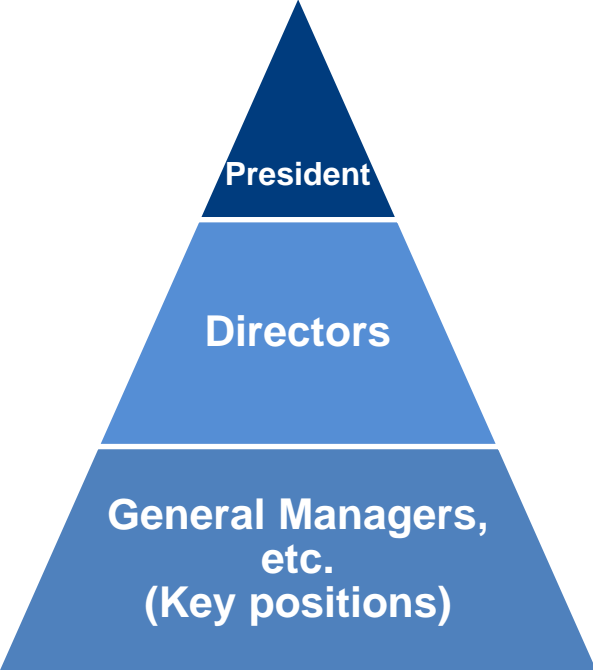
*Assuming approval at the General Meeting of Shareholders on June 26, 2024.

**A clause that allows companies to reduce or cancel stock compensation before it is paid.

Formulation and Operation of Succession Plan

- ◆ The Succession Plan was prepared during the previous Mid-Term Business Plan.
- ◆ Concrete implementation of the Succession Plan will start in fiscal 2025.

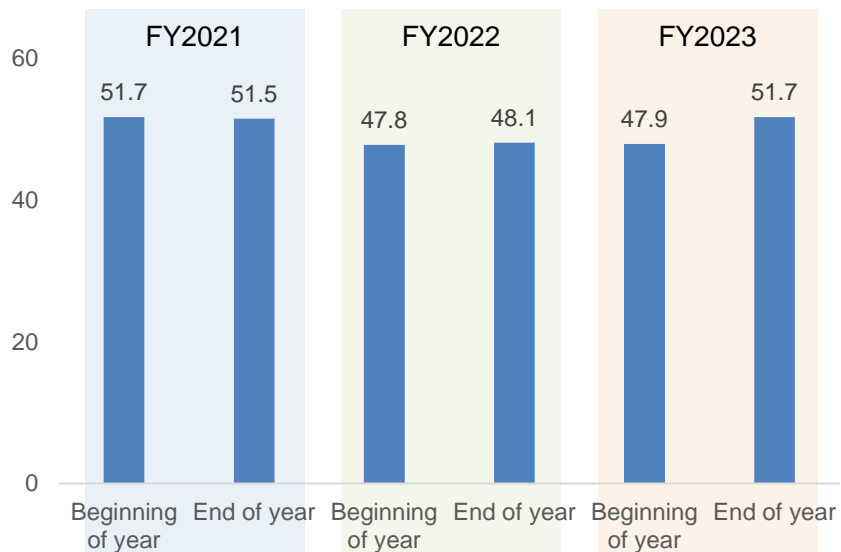
Overview of Succession Plan

	Selection/nomination process	Assessment/development method
	<ul style="list-style-type: none">• The President selects a candidate for the next president from among directors, and the Board of Directors decides on the candidate after consultation with the Nomination and Remuneration Committee.	<ul style="list-style-type: none">• Competency assessment• Mission fulfillment based on top management policy
	<ul style="list-style-type: none">• The President selects director candidates from among executive officers, etc., and the Board of Directors decides on the candidates after consultation with the Nomination and Remuneration Committee.	
	<ul style="list-style-type: none">• Personnel to be entrusted with key positions such as general managers in the future are selected from among division managers and section managers, and the Board of Directors decides on the candidates after consultation with the Nomination and Remuneration Committee.	<ul style="list-style-type: none">• Mission fulfillment based on top management policy• Next-generation management leader training• Departmental transfers (training and placement)

- ◆ Improve engagement scores as part of efforts to simultaneously achieve performance targets and sustainable growth toward the realization of “Team Kurimoto.”

Engagement survey results

- In an era of human resource investment, diversity, and mutual selection between organizations and individuals, we conduct engagement surveys to quantitatively measure employees’ attachment to the company and how much they are emotionally involved in their jobs.



Future target and initiatives

Target

Improvement of employee engagement scores
Average score of 60 points at the end of FY2026
= A strong relationship of trust is built.

Initiatives

Conduct research and provide feedback on a regular basis
Conduct surveys and result-sharing meetings several times a year to understand the current situation and formulate improvement plans on a workplace basis.

Promote and monitor activities on each Department
Perform organizational activities based on the improvement plan.

Carry out necessary measures to support promotion of activities
Actively share information at the department level to demonstrate synergy effects.

Information sharing and company-wide rollout
Implement PDS in the organization and use the results of the single-year for activities in the next year.

- ◆ We have established a “Diversity Policy” and set targets for the recruitment and promotion of women and their continued employment. We will launch a company-wide project and work on proactive initiatives.

Current status of diversity

Percentage of women in key positions	0.3% (FY2023)
Percentage of women recruited (Career-track positions)	16.2% (FY2023)
Percentage of regular hires who have been with the company for 10 years (*)	62.7% (FY2023)

Future targets and initiatives

Targets	<ul style="list-style-type: none"> • Percentage of women in key positions: 0.9% or more (FY2026) • Percentage of women recruited: 50.0% or more for those in career-track positions with a background in liberal arts and 30.0% or more for sciences • Percentage of regular hires who have been with the company for 10 years: 65.0% or more
Initiatives (Diversity Policy)	<ul style="list-style-type: none"> • Diversify human resources through active recruitment. We will achieve greater workforce diversity by setting targets for the recruitment of women, people with disabilities, and mid-career hires. • Create an environment where our diverse workforce can play an active role. We will create a work environment and skill development environment where diverse human resources can play active roles, including women, non-Japanese, people with disabilities, and mid-career hires. • Promote women’s empowerment. As a first step, we will promote the empowerment of women. With numerical targets set and announced, we will advance initiatives to achieve them.

* Percentage of regular employees hired before and around 10 fiscal years who continue to be employed by the company.

CO₂ Reduction Target and Initiatives

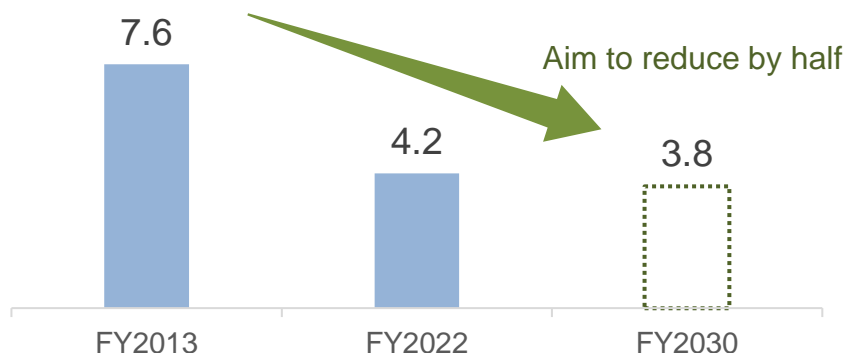
- ◆ Take on challenges of further CO₂ emission reduction by shifting from fossil fuels to non-fossil fuels, promoting energy-saving products, and other means to achieve our sustainable vision.

CO₂ reduction achievements and target

<Target>

Aim to reduce emissions by 50% or more in fiscal 2030 compared to fiscal 2013 for the challenge of going carbon neutral by 2050.

<Actual and projected CO₂ emissions
(Unit: 10,000 tons)>



Initiatives toward CO₂ reduction

Step 1

- Introduce energy-saving products (equipment/facilities) and low-CO₂-derived products, and promote production methods that can achieve both productivity improvement and CO₂ emission reduction, as well as fuel conversion, etc. (Scope 1)
- Continue with procurement of carbon-free electricity derived from renewable energy sources, reexamine alternative electricity procurement methods, and undertake these procurement activities company-wide, including with our group companies. (Scope 2)

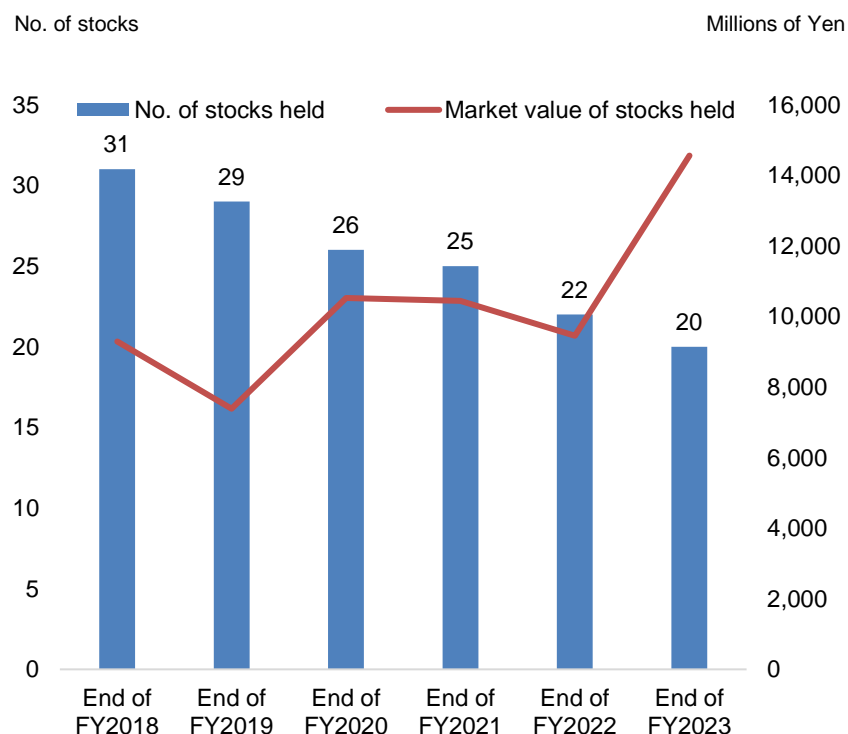
Step 2

- Examine measures to reduce CO₂ emissions through streamlining of production in each business area. (Scope 1)
- Review development targets and methods of providing services. (Scope 3)

Achievement in Reduction of Cross-Shareholdings and Future Reduction Plan

- ◆ We reduce cross-shareholdings every year on a continual basis.
- ◆ In fiscal 2023, the market value of these shares rose to 17.6% of consolidated net assets due to rises in stock prices and other factors.
- ◆ Aim to reduce cross-shareholdings to less than 10% of consolidated net assets in the mid to long term.

Cross-shareholdings actually reduced



Future reduction policy

- Aim to reduce shareholdings by 30 to 40% during the period of this Mid-Term Business Plan.
- Aim to reduce cross-shareholdings to less than 10% of consolidated net assets in the mid to long term.

* Limited to stocks listed in Japan.

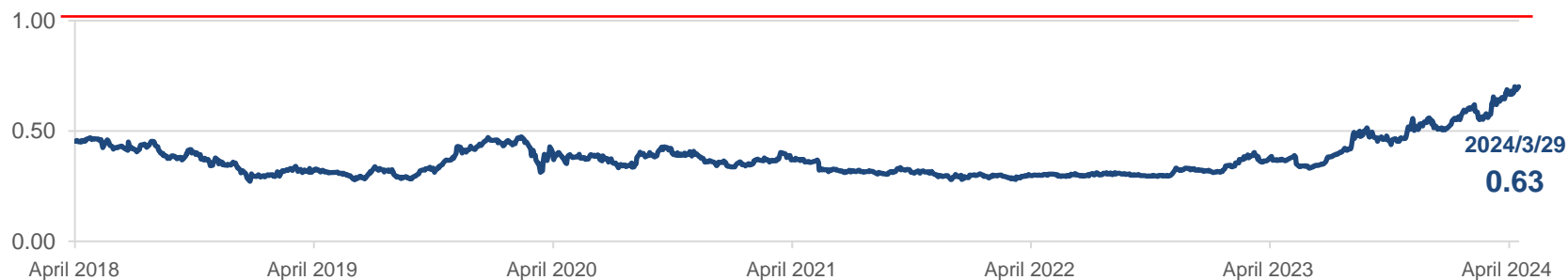
6. Approach to Achieve Management Conscious of Capital Cost and Stock Price

- Market Valuation – PBR and PER
- Return on Equity – ROE analysis
- Analysis of Current Status and Policy for Enhancing Corporate Value
- Strengthening Stakeholder Engagement
- Implementation Status of Dialogue with Shareholders, etc.

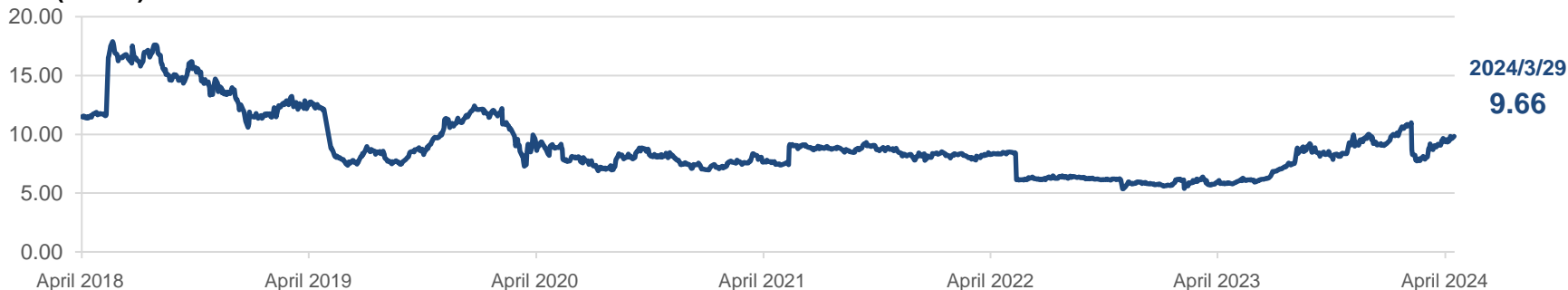
Market Valuation – PBR and PER

- ◆ PBR has been below 1.0x for the past 6 years (during the past two Mid-Term Business Plan periods), although it indicates an improving trend.
- ◆ PER generally remained below 10x during the previous Mid-Term Business Plan period.

PBR (Times)

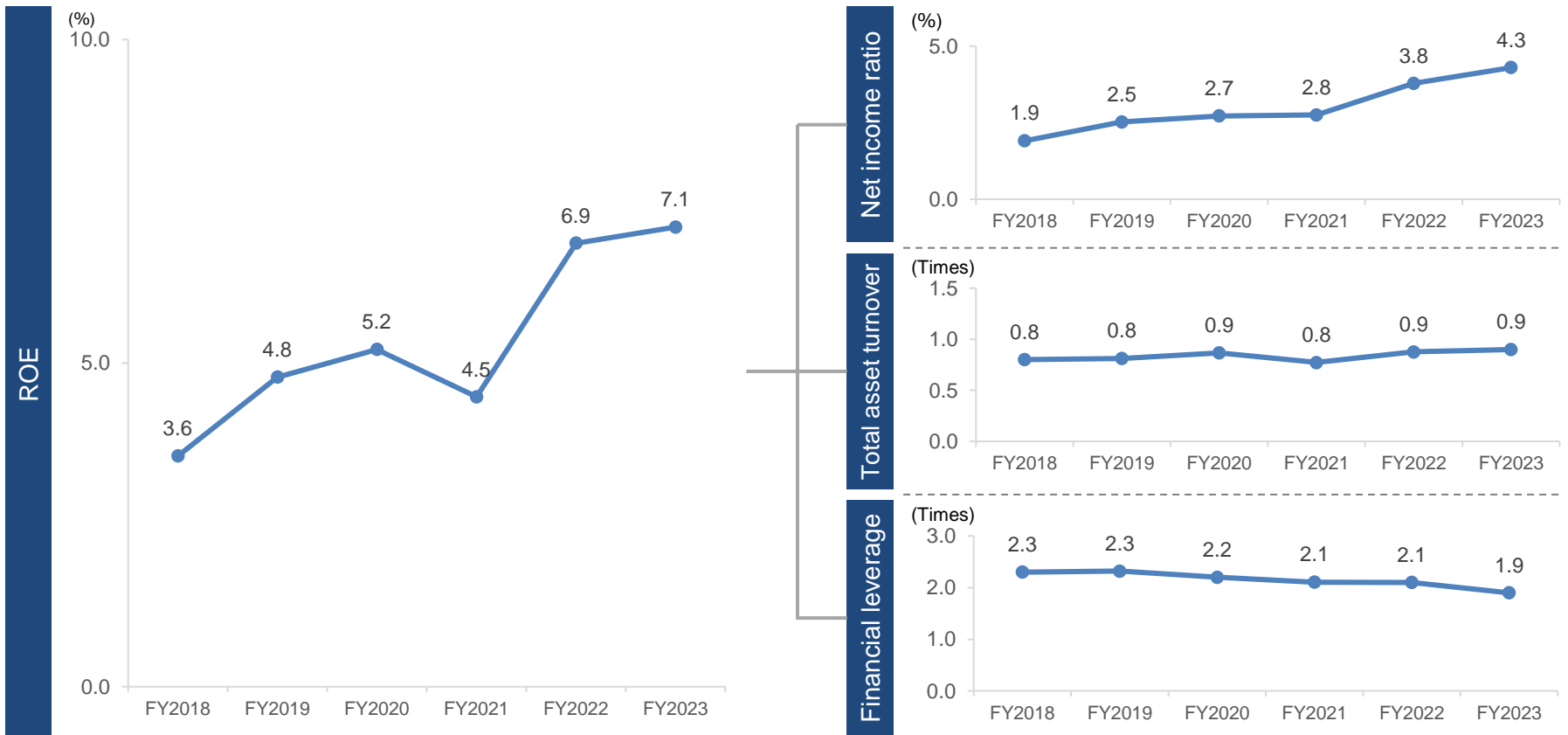


PER (Times)



Return on Equity – ROE Analysis

- ◆ Although ROE improved due to improved profit ratio resulting from selling price revisions and cost reduction measures, PBR is below 1.0x as described on the previous page, which means it is below the market's expectations.



Analysis of Current Status and Policy for Enhancing Corporate Value

- ◆ Work to “improve return on capital,” “focus on growth-driving businesses,” and “reduce capital cost” and thereby enhance corporate value.
- ◆ Through the above-mentioned efforts, we aim to maintain ROE of 7% or more during the new Mid-Term Business Plan period and promptly achieve ROE of 8% or more.

Summary of current status

PBR	ROE	Ratio of net income to net sales	Profit ratio is gradually improving thanks to products with higher value added, price revisions, and cost reduction measures.
		Total asset turnover	Slightly improved thanks to higher sales, but remains almost flat.
		Financial leverage	Prioritizing financial stability resulted in a slight decline in leverage.
	PER	Growth expectations/ Capital cost	PER tends to hover below 10x, and we recognize that our growth potential is not highly evaluated in the market.

Policy

Improvement of return on capital	Pages 20, 22, etc.
<ul style="list-style-type: none"> • Maximize profits through business-specific priority measures. • Aim to improve profit margin by promoting business portfolio management. 	
Focus on growth-driving businesses	Pages 20, 23, etc.
<ul style="list-style-type: none"> • Achieve profit growth and implement appropriate capital allocation in business areas where market is expected to expand. 	
Reduction of capital cost	Pages 24, 25, 40, and 45
<ul style="list-style-type: none"> • 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. 	

- ◆ Reduce capital cost through improvement of the system for dialogue with shareholders and institutional investors and enhancement of information disclosure.

■ Development of IR promotion system

- Reinforce IR departments in the Corporate Planning Division as a departmental organization and newly establish an IR & SR Department, 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 our 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. We will continue to develop a system reflecting shareholders' opinions in management.

Implementation Status of Dialogue with Shareholders, etc.

- ◆ The President, Director in Charge of Finance, and other administrators are engaged in dialogue and disclose information on management strategies, business strategies, and financial information in a timely and appropriate manner.

Item	Overview
Implementation status of dialogue and interviews	<ul style="list-style-type: none"> • Dialogue and interviews conducted in fiscal 2023: 38 (more than twice compared to the previous year) 20 companies (1.6 times compared to the previous year)
Person in charge	<ul style="list-style-type: none"> • IR briefings: President, Director in Charge of Finance • Individual interview: IR & SR Department, Director in Charge of Finance, Executive Officer in Charge of Finance, and others
Summary of shareholder/investor attributes	<ul style="list-style-type: none"> • Domestic 71% / Overseas 29%, Buy side 24% / Sell side 76%
Main themes and shareholder interest	<ul style="list-style-type: none"> • External environment for each business and the Group's earnings forecast • Impact of rising raw material prices on earnings, shareholder return policies, etc.
Feedback implementation status	<ul style="list-style-type: none"> • Reporting by the director in charge at quarterly management meetings • After various interviews, etc., are conducted, matters worthy of special mention are reported to the Board of Directors as appropriate.
Status of response to input obtained through dialogue	<ul style="list-style-type: none"> • Discussions among directors to deal with PBR below 1x • Review of capital allocation policy and shareholder return policy

The business results forecast and related descriptions in this document are prepared by the company based on the information available at the time of formulating the plan, and thus contain potential risks and uncertainties.

Therefore, please note that changes in the business environment may cause actual results to differ materially from these descriptions.

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