

OKURA

Integrated Report
2025



Taking on the next stage with a new system

On January 1, 2025, Eiji Fukuda took over the role of Representative Director, President and Chief Operating Officer from Susumu Kanda.

Under the new system, we will steadily execute “Medium-term Management Plan(2027)”, which represents Stage 3 toward the realization of our management vision, and work together to meet the expectations of all our stakeholders with the aim of enhancing corporate value and achieving sustainable growth.



Representative Director, President
and Chief Operating Officer

Eiji Fukuda

Representative Director,
Chairperson

Susumu Kanda

Publication of the Integrated Report 2025

In 2020, Okura Industrial Group identified materiality, which includes climate action, resource recycling measures, and other important issues in offering solutions through business, and launched initiatives to achieve sustainability management. As part of this, since 2021 we have published the Sustainability Report to actively disclose non-financial information related to our business activities and ESG (environmental, social, and governance).

Starting in 2025, aligned with the launch of “Medium-term Management Plan(2027)”, we will evolve our information disclosure by integrating financial and non-financial information into an Integrated Report, showcasing the Group’s value creation initiatives.

This Integrated Report focuses on an overview of “Medium-term Management Plan(2027)” and our activities in 2024, comprehensively covering our management strategy and ESG activities. Our aim is to communicate concretely and transparently our contributions toward realizing a sustainable society and increasing corporate value.

We position this Integrated Report as one of the engagement tools with our stakeholders and look forward to constructive dialogue. We kindly ask you to read this report and share your frank feedback.

Scope of Report, etc.

Period covered

January 2024 to December 2024

*Some activities outside the period covered are also included.

Scope covered

Okura Industrial Co., Ltd. and Okura Industrial Group companies

Referenced guidelines

IFRS Foundation’s International Integrated Reporting Framework
Ministry of Economy, Trade and Industry’s Guidance for Collaborative Value Creation

Navigation Buttons

 To an external site

 Jumps to the relevant page within the report

Various Disclosed Information and Positioning of This Integrated Report

Business Strategy and Financial Information

Non-Financial Information

Management Vision Next10(2030)
 <https://www.okr-ind.co.jp/en/ir/ir-vision/>

Medium-term Management Plan
 <https://www.okr-ind.co.jp/en/ir/ir-plan/>

OKURA Report Integrated Report / Sustainability Report
 <https://www.okr-ind.co.jp/en/sustainability/okura-report/>

Securities Report / Quarterly Reports
 <https://www.okr-ind.co.jp/ir/secutie/> (Japanese site)

Summary of Financial Results
 <https://www.okr-ind.co.jp/en/ir/earning/>

Materials for Financial Results Briefing Sessions
 <https://www.okr-ind.co.jp/en/ir/supplemental-doc/>

Sustainability Information
 <https://www.okr-ind.co.jp/en/sustainability/>

Information Disclosure Based on the TCFD Recommendations
 <https://www.okr-ind.co.jp/en/sustainability/s-tcfd/>

夢 がある。
技術 がある。
 ができる。

We have a dream.

We also have technologies to make that dream into a reality.

Hoping to make people's lives more comfortable.

Hoping to create an innovative future.

To this end, we make sure that

every product we deliver to the world helps people,

even if they are not eye-catching.

Each product one by one.

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The Origins of Okura Industrial

Okura Industrial was founded in Takamatsu City, Kagawa, in July 1947. The founding spirit of Masaji Matsuda, “Protect employees and serve society”, still constitutes our management philosophy. While adapting to changing times and customer needs, our principles since the foundation of the Company, “Respect the individual”, “Contributing to the society”, and “Customers first”, remain unchanged.

Okura Industrial Group will continue striving to advance technology and enhance the comfort of everyday life.

Founding Spirit

Protect employees and serve society

Okura Industrial started its business in Takamatsu City after World War II. When Kurashiki Aircraft Co., Ltd. Takamatsu Works was dissolved, Masaji Matsuda, then heading the Engineering Section, established the business to protect the livelihoods of his staff members and their families, as well as to provide necessary housing to people who lost their homes in the war. This founding spirit, “Protect employees and serve society”, should not be forgotten even if the times change. We respect and take pride in the spirit.

Management Philosophy

Respect the individual

We will respect the human rights of each individual and devote our efforts to creating a safe, comfortable, and lively workplace.

Contributing to the society

We will contribute to a safe and comfortable life through our products and services, and actively engage in social contribution activities as a good corporate citizen.

Customers first

We will continue to provide products and services which our customers need in adapting to changes in the environment, and will grow our solution business with them.

Mottos

Improving everyday

Each of us is to remain conscious of the need for improvement, set their own goals, and work to develop their abilities.

Creativity and ingenuity

We will employ new viewpoints and ideas to improve, innovate, and develop products and services without preconceived notions.

Harmonious cooperation

We will each endeavor to communicate our goals and ideas to one another, value dialog, build trust, and resolve issues by considering total optimization.

Origin of Company Name

The company name comes from Kurabo Industries Ltd., at which our founder Masaji Matsuda worked for 10 years. He took “O” from “Ohara”, the name of Kurabo Industries’ president Soichiro Ohara and “Kura” from Kurabo Industries. As “O” means “large” in Japanese, he named his company Okura Industrial Co., Ltd. in the hope that it grows larger than Kurabo Industries.

Okura Industrial Code of Ethics

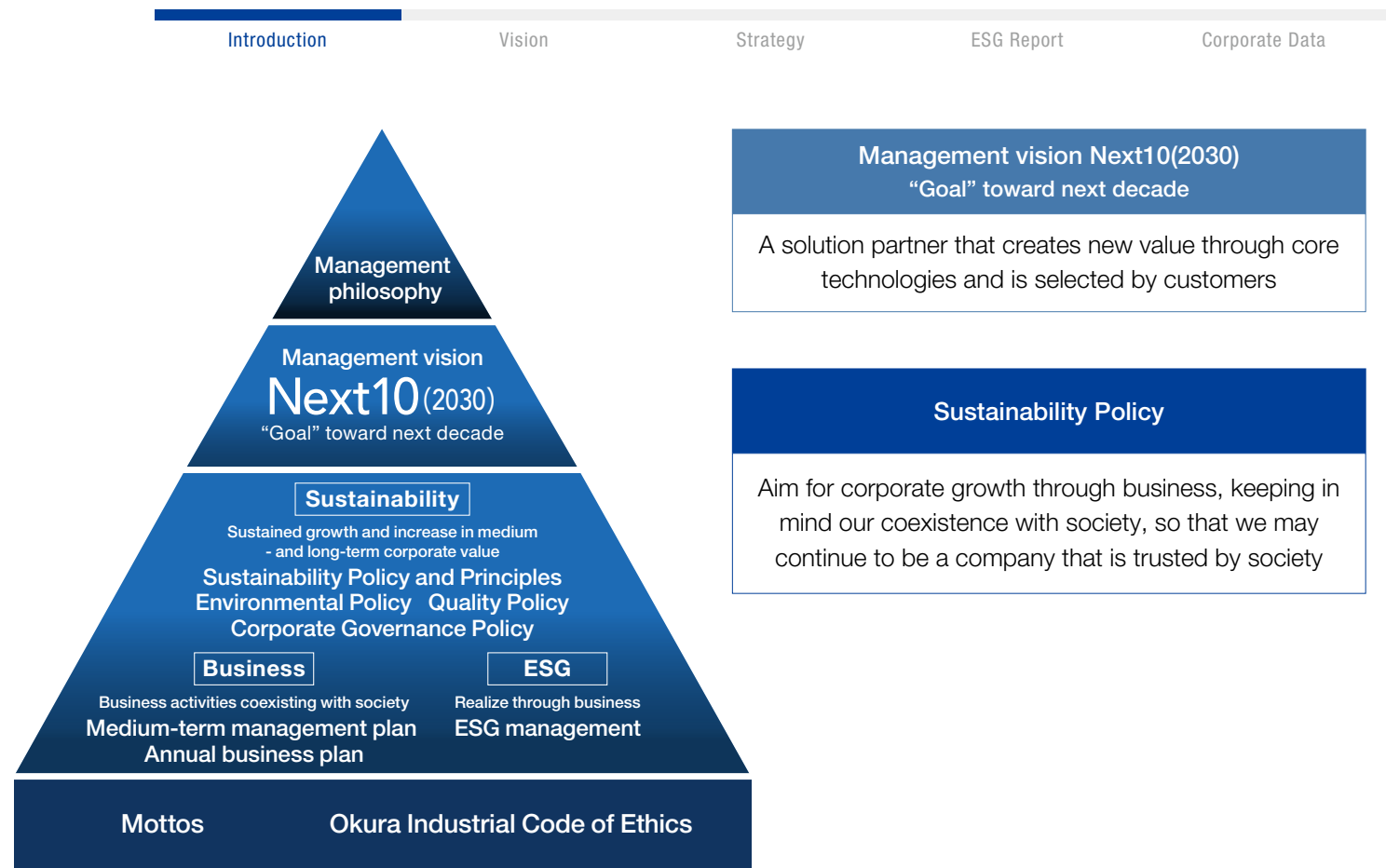
Seven principles of action

1. To provide goods and services allowing people to live in safety and comfort and to earn the trust of users and consumers.
2. To realize the comfort and affluence for our employees, ensure a safe and comfortable working environment, and respect their personalities and individuality.
3. To engage in fair, transparent, and free competition; to maintain clean and normal relationships with government and public administration.
4. To proactively and honestly disclose corporate information and communicate with society at large in order to build good relationships with all stakeholders.
5. To resolutely oppose antisocial forces and groups that threaten the order and safety of civil society.
6. To voluntarily and proactively address environmental issues, recognizing that it is an essential condition for the existence and activities of a corporation.
7. To conduct our overseas activities in ways that respect the local culture and customs and contribute to the development of the local society.

Philosophy System

Okura Industrial's philosophy system consists of the management philosophy, which clearly states the Company's significance; the management vision, which outlines where we want to be in the next decade based on the management philosophy; and the medium-term management plan, which defines the concrete path for business activities. In addition, the mottos, which sets forth behavioral guidelines supporting business operations, and "Okura Industrial Code of Ethics", which establishes ethical standards all employees must follow, form the foundation of the Company.

Moving forward, under our management philosophy, we will continue to promote business activities that place ESG and sustainability at the core of our management strategy to realize our management vision.



Sustainability Basic Principles

1. Balance between business and ESG

Under our management philosophy, we will aim at sustained social development and an increase in medium- and long-term corporate value by conducting business operation focusing on ESG in the changing social environment.

2. Conservation of the global environment

The Group will contribute to conservation of the global environment through business activities, taking into account climate changes and other global environment issues, and providing products and service toward realization of a carbon-free society.

3. Compliance with laws and regulations, respect for human rights, and consideration of the labor environment

In all business activities, the Group will comply with laws, regulations, and social norms, respect human rights, value each worker with diversity including gender, internationality, career, and age, and promote human resource development, improvement of labor environment, and contribution to local communities and society.

4. Information disclosure and dialogue

In relation to progress in initiatives for sustainability in its own business activities, the Group will proactively disclose information, and reflect social evaluation received through dialogue with stakeholders in management.

History of Okura Industrial Group

1947

Foundation of the Company



We started as Shikoku Housing Co., Ltd., established by the founder Masaji Matsuda to protect the livelihoods of his staff members and their families and to provide necessary housing to people who lost their homes in the war. Despite scarce resources in the immediate aftermath of the war, the company achieved significant growth, making every strenuous effort to procure lumber and later embarking on lumbering and comprehensive lumber businesses. This spirit, "Protect employees and serve society", still constitutes our management philosophy.

1956

Entered the polyethylene processing business



At the time, polyethylene resin films and tubes developed in the United States were viewed as promising general packaging materials. Since polyethylene resin was still in its infancy in Japan, Matsuda recognized its potential and conducted thorough research.

In 1955, Matsuda began construction of a polyethylene processing plant and, envisioning the future as a processing manufacturer, changed the company name to Okura Industrial Co., Ltd. in the same year. After repeated prototyping and technological development, sales of polyethylene film commenced in 1956, marking the official start of the polyethylene processing business, which later became the foundation of the current Plastic Film Business. Thereafter, the Company steadily grew through new plant constructions and establishment of business locations.

Having been one of the earliest in Japan to enter this business, the "Okura Industrial" name gradually became widely recognized within the chemical industry.

1971

Launch of the particleboard business



Matsuda had been concerned about the destruction of mountain forests caused by postwar overcutting. He thought of recycling scrap wood pieces as construction materials, and launched the particleboard business in 1971.

Our products had higher airtightness and quality than products from other companies, and were highly regarded in Japan's home appliances industry. We developed products in a user-centric way. For example, we worked together with a home appliances manufacturer and successfully developed materials for high-quality stereo speakers.

1987

Establishment of the New Materials Division



In 1987, the year after we formulated our first medium-term management plan, the New Materials Division was established. The division mainly engaged in the manufacturing of high functional films, with the expectation that it can apply our film-forming and press technologies to the processing of new materials and develop products with high added value.

In 1989, we started to manufacture retardation film, which is still one of the mainstay products of the New Materials Business. Despite being a new business, the film was highly regarded in the liquid crystal industry, which was then starting to grow, and gained a large market share.

2018~

Launch of the new management vision



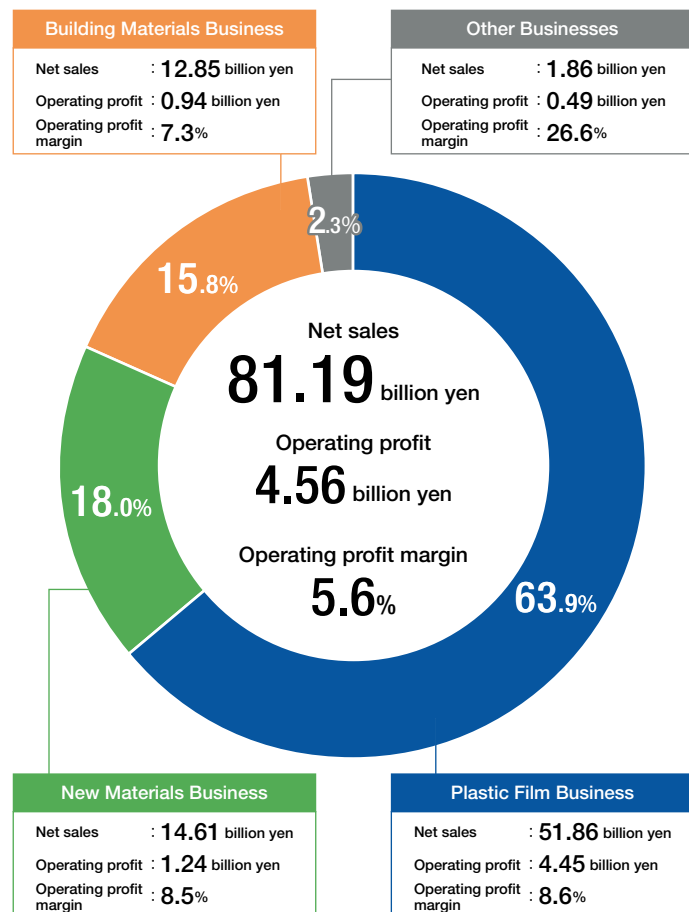
At Okura Industrial Group, we have expanded our business centered on three core businesses and created products that are highly relevant to people's lives. We formulated "Next10" in 2018, which is the management vision outlining where we would like to be in the next 10 years. We formulated the revised management vision "Next10(2030)" in 2022 and set focus fields, including "Living Support", "Information Electronics", "Functional Materials for Manufacturing Processes", and "Environment & Energy". This means that we aim to increase customer value through high functionality enabled by our core technologies in growth areas and applications in each field, while also creating social and environmental value through our contributions to the environment.

Overview

Aiming to be a solution partner that creates new value through core technologies and is selected by customers

Okura Industrial Group offers products and services that meet the needs of each and every customer. Our business segments consist of “Plastic Film”, “New Materials”, “Building Materials” and “Other”. Since the foundation of the Company, we have always held the spirit of contributing to society through business.

2024 Net Sales Breakdown by Business



Plastic Film Business

[P.30](#)

The Plastic Film Division offers plastic packaging film essential for people's daily lives. These products are used in a diverse range of applications, from food and other packaging to industrial materials requiring sophisticated technology, and play a useful part in everyone's daily lives. We also offer an extensive lineup of Environmental Contribution Products that take full advantage of cutting-edge technology. We will continue to develop products that benefit society and push further ahead as a top manufacturer.



New Materials Business

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The New Materials Division has a vision to “launch key parts to the world”. Building on our long-standing film-forming technology, the division delivers high functional products to customers around the world. Such products include optical films for smartphones and TVs and urethane elastomer films for automobile parts and medical supplies. We will continue to deliver our products to constantly evolving fields and areas with high social needs, such as Information Electronics area, Functional Materials for Manufacturing Processes area in the automotive industry, and the Life Science area in the healthcare and welfare industries.



Building Materials Business

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The Building Materials Division offers various materials for houses, furniture, and other products widely used in daily life. Our advanced technology, based on the decorating and processing techniques we have developed over time, is friendly to living space. We also offer safety and security for business spaces by providing materials.



Other Businesses

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Hotel Business

Our hotel boasts a prime location, overlooking the Seto Inland Sea. It serves not only as a business and tourism hub but also as a place for gatherings in the local community.



Information Processing System Development Business

We mainly engage in software development. We also operate and maintain ICT systems, as well as manufacture and sell package software.



Okura Industrial Group in Numbers

Established



1947

Number of group companies



Japan : **17** companies
Overseas : **3** companies

(As of April 15, 2025)

Number of employees (consolidated)



1,891

(As of December 31, 2024)

Financial Highlights

Net sales

81.1 billion yen
+3.0% (compared to 2023)

Ordinary profit

5.1 billion yen
-5.6% (compared to 2023)

Capital expenditures

6.3 billion yen
-43.1% (compared to 2023)

Research and development expenses

1.4 billion yen
+13.8% (compared to 2023)

ROE

7.1 %
-0.3 percentage points (compared to 2023)

Dividends (per share)

160 yen
+50 yen (compared to 2023)

Non-Financial Highlights

CO₂ emissions (Scope 1 and 2)

104,795 t-CO₂
-14.2% (compared to 2021)

Sales ratio of Caerula™-certified products to the total sales in the living support category

55 %
+7 percentage points (compared to 2023)

Electricity consumption from renewable energy

5,677 MWh

Ratio of female managers*

3.9 %
+1.4 percentage points (compared to 2023)

Employment rate of people with disabilities*

3.1 %
+0.4 percentage points (compared to 2023)

Ratio of female employees*

18.4 %
+1.2 percentage points (compared to 2023)

*On a non-consolidated basis

Vision

Here we provide an overview of the Group's vision for the future and its value creation framework. We share our management policies through Message from Our President and Message from Our Chairperson, and set forth the value creation process, our management vision "Next10(2030)", and "Medium-term Management Plan(2027)".

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Message from Our President

A photograph of Eiji Fukuda, the President, sitting at a light-colored wooden desk in an office. He is wearing a dark grey suit, a white shirt, and a red tie with a white paisley pattern. He has his hands clasped on the desk and is looking directly at the camera. In the background, there is a wooden cabinet with a small vase and a large potted plant with long, thin green leaves.

**Fostering bonds with our stakeholders and
achieving the targets of “Medium-term
Management Plan(2027)”**

Representative Director, President
and Chief Operating Officer

Eiji Fukuda

Message from Our President

Fulfilling the targets of our management vision “Next10(2030)” is my mission

At Okura Industrial Group, we are working on a range of measures toward achieving the targets outlined in our management vision “Next10(2030)” (hereinafter, “Next10(2030)”), which was formulated with an eye to 2030. Until 2024, I was responsible for managing the business as Division President of the Plastic Film Division. With the launch of “Medium-term Management Plan(2027)” (hereinafter, the current MTP), I was appointed President and Chief Operating Officer, taking on overall leadership of the Company. Achieving the goal of becoming “A solution partner that creates new value through core technologies and is selected by customers” as set out in “Next10(2030)”, and accomplishing its final-year targets of 120.0 billion yen in net sales and 10.0 billion yen in operating profit by 2030—this is the mission I shall fulfill.

 P.19 Management Vision Next10(2030)

 P.21 Medium-term Management Plan(2027)

We sowed the seeds for future growth and undertook structural reforms under “Medium-term Management Plan(2024)”

Under “Medium-term Management Plan(2024)” (hereinafter, the previous MTP), we faced significant external headwinds, not only from the lingering impact of the COVID-19 pandemic, but also from changes in the external environment such as soaring prices of resources and energy due to the Russia-Ukraine conflict and the slowdown of the Chinese economy. Even amid this challenging business environment, we succeeded in carrying out approximately 23.0 billion yen in capital investments over three years, as planned, sowing the seeds for future growth. In the Plastic Film Business, we also built a leaner business structure by withdrawing from unprofitable businesses and selecting and focusing on high-value-added products.

Although we firmly executed the initiatives set out in the previous MTP, unforeseen changes in the environment and unexpected troubles meant that we unfortunately fell short of achieving our numerical targets for net sales, operating profit, and ROE. In the current MTP, we shall address the challenges that became apparent during the previous MTP. We shall also pursue further growth through the full-scale operation of OKURA VIETNAM and the production line for optical acrylic films for large liquid crystal displays (LCDs), and by reliably responding to the accelerating trend toward plastic reduction.

The meaning behind our slogan: “Fostering bonds, shaping a brighter future together”

In the current MTP launched in 2025, we adopted the slogan “Fostering bonds, shaping a brighter future together”. One thing I have come to deeply realize throughout my career is that nothing can be achieved alone. When I was appointed president of a Group company at the age of 37, I made it a point to engage in sincere dialogue with senior executives. By developing mutual understanding of each other’s character and professional values, we were able to foster a strong sense of unity within the organization—an experience that has proven invaluable to me.

Based on my belief that deeper relationships lead to better work, I chose to incorporate my favorite word, “bonds (*kizuna*)”, into the slogan. Through fostering bonds with our employees and all stakeholders, I hope not only to achieve the goals set forth in the current MTP but also to help realize both the Company’s dreams and the dreams of each and every employee.

Allow me to reiterate the positioning of the current MTP.

We have positioned the current MTP as a phase for the “Expansion of business fields” that follows the previous stage of “Establishment of platforms & strengthening of foundations”. The aim is to transform the seeds sown during the previous MTP into tangible outcomes. For the final year of the current MTP, 2027, we have set targets of 93.0 billion yen in net sales, 7.0 billion yen in operating profit, and an adjusted ROE of 7.5%.

Looking at the business environment, we anticipate further acceleration in the trend of promoting the 3Rs (reduce, reuse, and recycle) towards decarbonization and plastic reduction. At the same time, we expect the global situation to remain highly uncertain. Against this backdrop, it is more important than ever to keep our antennas raised and to actively capture high-quality information in order to guide our business in the right direction.



Kizuna (Bonds)

Message from Our President

Turning investments from “Medium-term Management Plan(2024)” into tangible results

In the current MTP, we have set three basic policies: “Steady implementation of growth strategies”, “Promote overseas business to expand business fields”, and “Create new products by strengthening research and development functions”.

Let me first speak about “Steady implementation of growth strategies”. Under the previous MTP, we made two significant capital investments in the New Materials Business. One was an approximately 6.0 billion yen investment in a new production line to increase production for optical acrylic films for large LCDs. Although we experienced quality issues in 2024 that prevented smooth operations, we launched full-scale production in 2025. If we can maintain stable operations, we expect earnings in the first year of the current MTP to significantly exceed our initial projections. This optical acrylic films for large LCDs is used as protective film for polarizing plates. With the growing adoption of digital signage and the trend toward larger LCD televisions, demand for wider-width film is expected to rise. To stay ahead of this trend, we will proactively consider additional capital investments.

The other was the establishment of OKURA VIETNAM, a company engaged in the manufacture and sale of adhesive products, with a total investment of 1.75 billion yen. Although we initially planned a vertical launch in January 2025, delays in acquiring a business license have pushed the start date back by about one year. For now, we are proceeding carefully with preparations for startup and aim to commercialize operations as early as possible. Our initial focus will be on expanding sales channels for mobility-related applications in Southeast Asia, North America, and Europe.

Aiming for 30% share of overseas sales by 2030

Next, I would like to discuss “Promote overseas business to expand business fields”. Currently, the share of overseas sales of the Group stands at around 17%. Given the saturation of Japan’s domestic population, future domestic demand is expected to decline. Therefore, it is essential for us to focus more on overseas markets, which continue to present growth potential.

Our concrete strategy begins with expanding sales of products targeting overseas markets. For example, sales of optical acrylic films for large LCDs, primarily destined for China, will naturally contribute to a higher overseas sales ratio if operations proceed smoothly. However, this alone will not be sufficient. Accordingly, we intend to step up efforts to expand sales of life and package products in North and Latin America, as well as advanced-function films targeted at the mobility and semiconductor markets. To support this initiative, in January 2025 we established the Overseas Business Promotion Department within the Plastic Film Division, tasked with promoting market research, partner search, and new market development. After reinforcing the foundation within the Plastic Film Division, we plan to elevate this function to a company-wide organization in the future. Although our current share of overseas sales remains around 17%, through the full-scale operation of the new production line for optical acrylic films for large LCDs and the transfer of film product manufacturing in the Plastic Film Business (such as film containers for liquid transport) to OKURA VIETNAM, which will begin with the adhesive business, we aim to raise this figure to 20% during the current MTP, and ultimately reach 30% by the final year of “Next10(2030)”.



Message from Our President

The medical and pharmaceutical areas are emerging as new growth drivers

With regard to “Create new products by strengthening research and development functions”, we will prioritize investment in the four growth fields of “Information Electronics”, “Environment & Energy”, “Life & Healthcare”, and “Mobility”. Among these, we are particularly focused on the medical and pharmaceutical area within “Life & Healthcare”. Representative examples include single-use bags for cell culture and drapes for surgery-assisting robots. We expect this area alone to grow into a business worth approximately 1.0 billion yen by 2030. Currently, the Company comprises three business divisions: the Plastic Film Division, the New Materials Division, and the Building Materials Division. From among the four growth fields, we aim to establish a fourth business division originating from the Research & Development Center.

To further enhance our research and development system, in January 2025 we consolidated the Research & Development Center and the Product Development Department of the Plastic Film Division. This consolidation will enable centralized management of research and development information within the Company and accelerate the development process. In addition, we will relocate the marketing function of the development division to our Tokyo Branch Office, which will move from Ikebukuro to the city center. This will allow us to focus more intensively on developing new products and creating new businesses.



We will increase dividends and reduce strategic shareholdings to achieve a PBR of 1.0

As part of our financial strategy, we have set a target of an adjusted ROE of 7.5%. Given our capital cost of 7.0–8.0%, we aim to achieve an ROE of 8.0% at an early stage. Currently, our PBR, calculated based on our share price, is around 0.7. We therefore intend to raise it to 1.0 or above—an expectation shared by the market—as soon as possible.

To meet these numerical goals, it is essential that during the period covered by the current MTP, we deliver results that exceed stakeholder expectations and demonstrate the Company’s potential for future growth. Equally important is presenting a clear policy on how we intend to allocate the profits generated.

Our dividend policy has historically been based on a dividend payout ratio of at least 30%. In November 2024, we added a new policy target of maintaining a DOE of at least 3.0%. Furthermore, over the three-year span of the current MTP, we will enhance shareholder returns by issuing a special dividend equivalent to DOE 0.5% in addition to the ordinary dividend equivalent to DOE 3.0%, for a total dividend level equivalent to DOE 3.5%. In addition, we will gradually reduce our strategic shareholdings, with the goal of bringing the ratio of such holdings to consolidated net assets to less than 10% by 2030.

Promoting the use of Shikoku’s forest resources

We will continue to focus on the reduction of environmental burden as part of our non-financial strategy. Under the previous MTP, we actively explored initiatives such as chemical recycling, mechanical recycling, and product development using biomass raw materials. However, given the difficulty of ensuring economic feasibility, we have yet to achieve significant results. We are carefully preparing for the right timing to invest, monitoring closely for a paradigm shift in society.

Meanwhile, our Building Materials Business is positioned as a model business in which our operations are integrated with the SDGs. Our main product, particleboard, is manufactured primarily from reclaimed construction waste and is used in components for residential equipment. By expanding its applications further, we aim to contribute to the circular economy. Additionally, our new structural timber business using lumber from the Shikoku region will add value as a carbon storage business. In the future, by combining this with tree-planting activities after harvesting, we can contribute not only to carbon storage but also to carbon absorption.

For this reason, we regard the structural timber business using lumber from the Shikoku region as an environmentally friendly business. The new plant is scheduled to begin operations in April 2026.

Message from Our President



Cultivating and securing the human resources essential for implementation of our growth strategies

We believe that strengthening our human capital is a key requirement for achieving “Next10(2030)”. As reflected in the word I personally value, “bonds”, I am convinced that the successful realization of this plan will not be possible without the aligned efforts of capable and passionate colleagues. With this in mind, we intend to further increase our investment in human resources. Specifically, we will clarify the human resources portfolio necessary to execute our medium-to long-term strategies and conduct a gap analysis with our current personnel in order to provide education and training tailored to each employee.

Many of the Group employees are homegrown and sincerely committed to their work. However, to continue growing in today’s uncertain and challenging business environment, we believe it is essential to embrace greater diversity within our workforce. As such, we began expanding our mid-career recruitment and hiring of international employees in 2024 and will accelerate this trend going forward. At the same time, we will build an organizational structure in which individuals with diverse backgrounds and characteristics can thrive in the right roles.

I come from a finance background, but at one point, I wanted to gain firsthand experience in how numbers are generated, so I got involved in field operations. Understanding operational processes and grasping the overall flow of management proved to be a valuable experience for me. I hope our employees will likewise gain exposure to a variety of businesses so they can develop a broad perspective and multifaceted thinking.

A company cannot be vibrant unless its employees are energized. It is precisely because of engaged and motivated employees that a healthy company can exist and operate soundly. With that in mind, we aim to build a highly motivated organization where each and every employee feels proud to work at Okura Industrial, finds meaning in their work, and sees their personal goals aligned with the Company’s objectives.

Valuing principles, vector, and speed

In my management values, I place great importance on three elements: principles, vector, and speed. First, whatever we undertake must align with our principles, namely, our management philosophy, mottos, and basic policies. I always begin by assessing whether an action conforms to these core standards. Second, in terms of vector, even if employees dedicate their full energy to their work, positive outcomes cannot be expected if that effort is not aimed in the right direction. It is my intention to clearly define the path the Company should take and to develop our business by ensuring that all employees are heading in the correct direction. Once principles and the vector are firmly in place, the rest comes down to speed, as the saying goes, “Time is money”. I believe it is essential to proceed with a strong sense of urgency.

Finally, by uniting the entire Company behind the three basic policies of current MTP—“Steady implementation of growth strategies”, “Promote overseas business to expand business fields”, and “Create new products by strengthening research and development functions”—we aim to deliver results that exceed the expectations of our shareholders and investors. We look forward to your continued support and guidance in the future.

Message from Our Chairperson



Representative Director,
Chairperson

Susumu Kanda

Shifting gears toward the realization of our management vision “Next10(2030)”

Establishing the platforms and passing the baton to the new President

During the period covered by “Medium-term Management Plan(2021)” and “Medium-term Management Plan(2024)” (hereinafter, the previous MTP), we steadily carried out new growth investments. However, the realization of these efforts was delayed due to the global spread of COVID-19 and the sharp rise in resource and energy prices caused by Russia’s invasion of Ukraine. On the other hand, we achieved certain results in the areas of product price corrections and structural reforms of unprofitable products during the same period, successfully establishing a platform for the next stage.

“Medium-term Management Plan(2027)” (hereinafter, the current MTP) marks the beginning of a new stage in which we will pursue our growth strategies with the aim of expanding our business fields. To do so, it is essential to shift gears and embrace a process of renewal that will enable us to take on new challenges. Following multiple discussions with the Nomination and Remuneration Committee during the previous MTP, we conducted a comprehensive assessment of the qualities required for the next President, including vision-building capabilities, execution skills, the ability to revitalize and transform the organization, and communication skills. Based on this evaluation, Fukuda was selected as the most suitable successor for the role.

Under the new system, we hope he will lead our transformation with his inherent ability to develop detailed strategies and execute them effectively, driving the realization of our management vision “Next10(2030)” (hereinafter, “Next10(2030)”).

Message from Our Chairperson

Aiming for “Goal” as set out in our management vision “Next10(2030)”

As we enter Stage 3, I would like to once again explain the overall framework of “Next10(2030)”, which I played a central role in formulating.

The Company was founded in the aftermath of World War II, driven by a desire to “Protect the livelihoods of our employees and to create products that would serve people in society”. Carrying on that spirit, we have continued to deliver new businesses and diverse products by addressing customer needs and solving their challenges. As a result, we have grown into a company known for the trust we’ve earned—often hearing, “If there’s a problem, go to Okura”.

Building on this foundation and aiming for further growth, “Next10(2030)” defines “Goal” toward next decade as: “A solution partner that creates new value through core technologies and is selected by customers” We have identified “Information Electronics”, “Functional Materials for Manufacturing Processes”, “Environment & Energy”, and “Life Science” as key growth areas. Our plan is to achieve 120.0 billion yen in net sales and 10.0 billion yen in operating profit by 2030, allocating 65% of our total planned investment of 65.0 billion to growth (expansion) and strategic (new) investments in these areas.

Under the Group’s management philosophy, we have established our sustainability policy as: “Aim for corporate growth through business, keeping in mind our coexistence with society, so that we may continue to be a company that is trusted by society”. Based on this principle, we have clearly articulated a philosophy system in which we pursue ESG-oriented management that emphasizes the environment, society, and governance, with the aim of achieving sustained growth and an increase in corporate value through our business activities.

Establishing a foothold for “Medium-term Management Plan(2027)” in “Medium-term Management Plan(2024)”

The previous MTP set the theme of “Establishment of platforms & strengthening of foundations”, with targets of 84.0 billion yen in net sales, 6.2 billion yen in operating profit, and an adjusted ROE of 8.0%.

One of the key initiatives under this plan was the “qualitative improvement of existing businesses”. In particular, the Plastic Film Business withdrew from unprofitable products and expanded high value-added offerings through a strategy of “selection and focus”. As a result, we enhanced our earning capacity and successfully established the platforms for future growth. In addition, we strengthened our research and development efforts, focusing on acquiring new core technologies in growth areas, which enabled us to establish a foothold for the current MTP.

A notable achievement in the “expansion of strategic and growth investments” included focused capital investment in growth areas such as a new production line for optical acrylic films for large LCDs and the construction of OKURA VIETNAM. These investment amounts significantly exceeded those made during “Medium-term Management Plan(2021)”. While the new production line for optical acrylic films for large LCDs will require time to reach full-scale operation and is scheduled to begin operating in 2025, it has already contributed to establishing the platform for the current MTP.

Moreover, in “promoting management for decarbonization (climate action measures)”, which is one of initiatives for “promotion of sustainability and ESG”, we set a 2024 target of reducing CO₂ emissions by at least 12% compared to 2021 (equivalent to at least a 30% reduction compared to 2013). The result was a 14.2% reduction compared

to 2021 (32.0% reduction compared to 2013), surpassing our target. In “creating and expanding Environmental Contribution Products”, we set a 2024 target of achieving at least a 50% sales ratio of “Caerula™” Environmental Contribution Products to the total sales in the living support category. The 2024 result achieved at least 55%, again surpassing the target. Furthermore, in preparation for expanding our decarbonization contribution businesses, we launched a new manufacturing business of structural timber (structural lumber and laminated wood) to promote the circular use of forest resources.

We also reinforced our investment in human capital. Developing a range of programs for human resource development, we implemented full-scale human capital investment—an important achievement of the plan. However, due to dramatic changes in the external environment, our 2024 performance fell short of targets: net sales totaled 81.1 billion yen, operating profit was 4.5 billion yen, and adjusted ROE stood at 5.6%.

Net Sales, Operating Profit, etc.

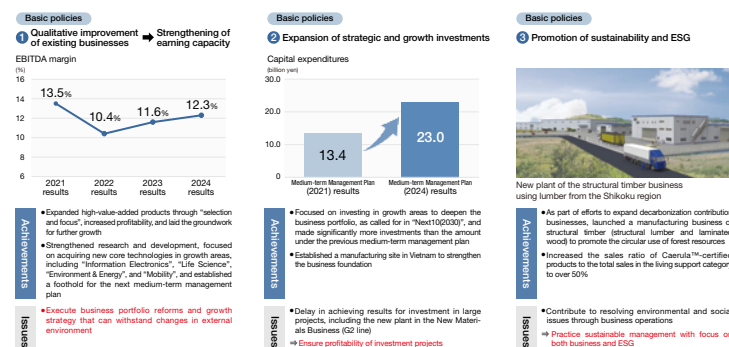
Although profitability improved through structural reforms, performance targets were missed, affected by declines in sales volumes

	2021 results	2024 MTP	2024 results	Vs. MTP (amount)	Vs. MTP (percentage)
Net sales	71.2 billion yen	84.0 billion yen	81.1 billion yen	(2.8) billion yen	(3.3)%
Operating profit	5.1 billion yen	6.2 billion yen	4.5 billion yen	(1.6) billion yen	(26.4)%
Adjusted ROE	7.9%	8.0%	5.6%	(2.3) percentage points	—
EBITDA	9.6 billion yen	12.1 billion yen	9.9 billion yen	(2.2) billion yen	(18.2)%

*Adjusted ROE: After-tax profit/loss excluding the impact of extraordinary income/loss from the sale of shareholdings, etc., divided by the average amount of equity during the period
The results for 2021 are after application of the Accounting Standard for Revenue Recognition.

Review	Operating profit	Adjusted ROE
Net sales Sales volume decreased after demand for livingware, including food and daily necessities, continued to decrease due to increased budget-consciousness among consumers in response to higher prices.	Operating profit Costs of raw materials, power bills, logistics, etc. rose, but continued efforts to pass on product prices and sales increases for high value-added products had a positive impact. On the other hand, earnings deteriorated due to lost opportunities and increased expenses resulting from the failure to bring the new plant (G2 line) online smoothly.	Adjusted ROE Although profit remained solid, ROE remained below cost of shareholders' equity due in part to a buildup of equity.

Achievements and Perceived Issues



*Excerpt from “Medium-term Management Plan(2027) ~Fostering bonds, shaping a bright future together~”

Message from Our Chairperson



Supporting the new President from the sidelines in achieving our vision

Under the current MTP, we expect to shift gears and accelerate our efforts toward the “Expansion of business fields” under the leadership of President Fukuda, building on the foundation we have established to date.

Specifically, we have identified four key themes: “Enhancing frontline capabilities in manufacturing and sales”, “Creating new demand and customer value”, “Expanding into overseas markets”, and “Accelerating research and development to generate new products and businesses”.

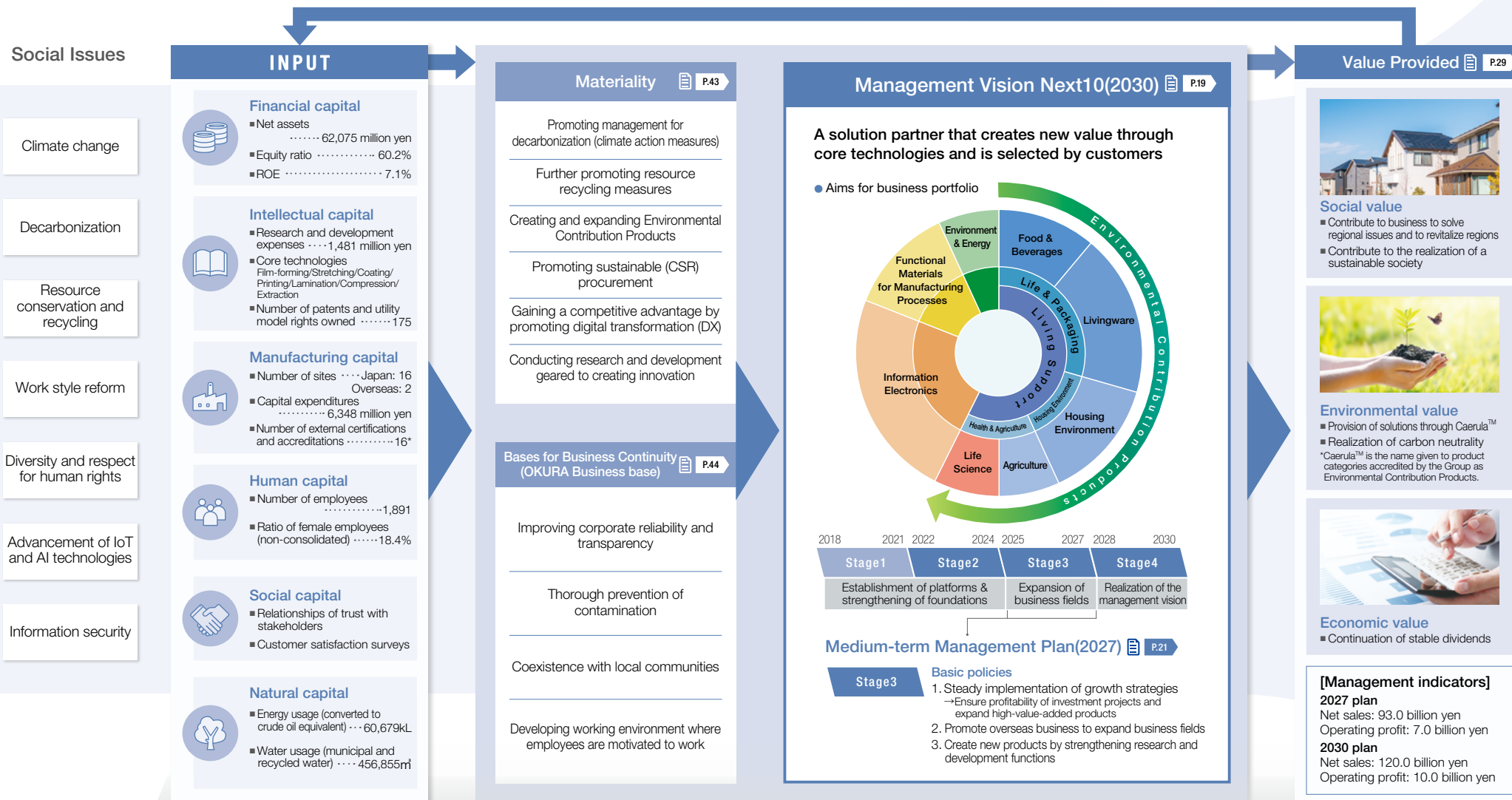
I believe that safety and quality are the lifelines of any manufacturer. As we work to expand our business fields, trust in these two areas is essential. I will personally commit myself to strengthening our frontline capabilities to support this. Moreover, given the inevitable contraction of the domestic market, we must make a full-scale push into overseas markets. In particular, regarding OKURA VIETNAM, where I have been directly involved in advancing the initiative, I plan to visit the site myself, gain a detailed understanding of the local situation, and swiftly develop competitive products in growth markets to drive business expansion.

Achieving the goals of “Next10(2030)” will not be easy. It will require further strengthening of both our technological and development capabilities. We must proactively enhance our organization and human resources to meet these demands. The Group serves many customers whose needs span across divisions. To remain competitive in the domestic market, it is crucial to strengthen cross-divisional collaboration and work toward creating new customer value and developing new products that enhance our competitiveness.

Under the new management structure, I hope we will continue to take on challenges, expand our business fields, and achieve the goals set forth in “Next10(2030)”. As part of this effort, I will actively engage in communication with employees and provide strong support to President Fukuda from the sidelines, helping align everyone’s vectors toward realizing our management vision.

Value Creation Process

With the core technologies it has cultivated over many years, Okura Industrial Group will provide products and services that can contribute to the enhancement of value for customers and to solutions to social issues, to create social, environmental, and economic value.

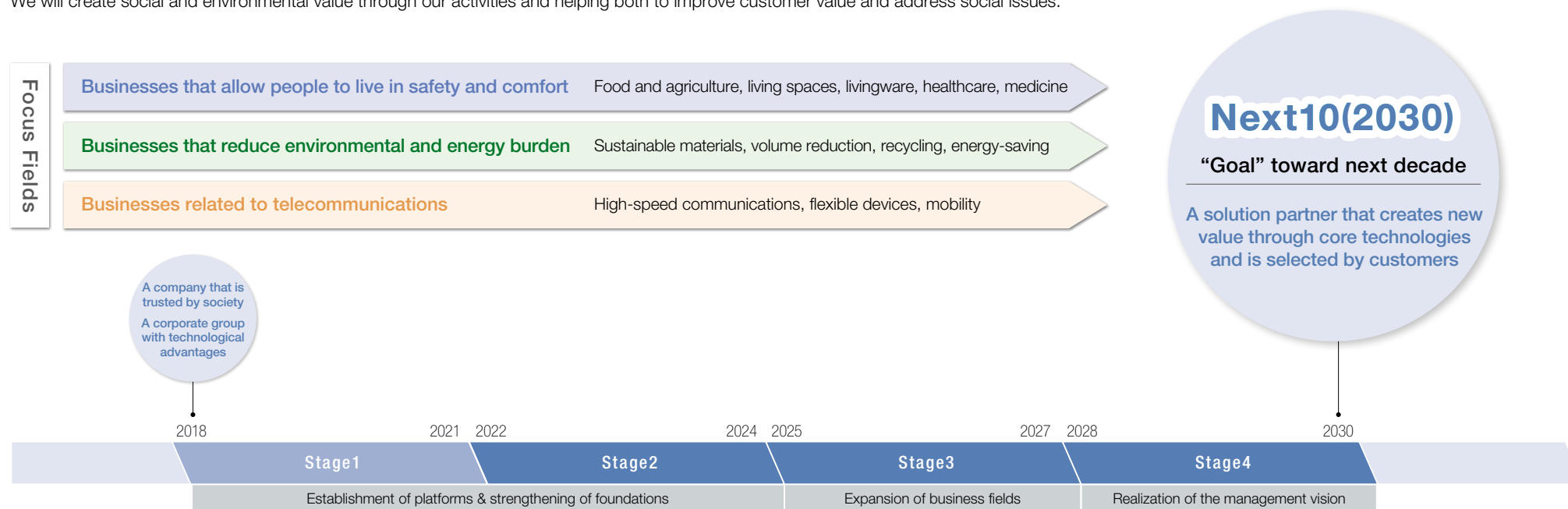


Mottos × Okura Industrial Code of Ethics

Management Philosophy

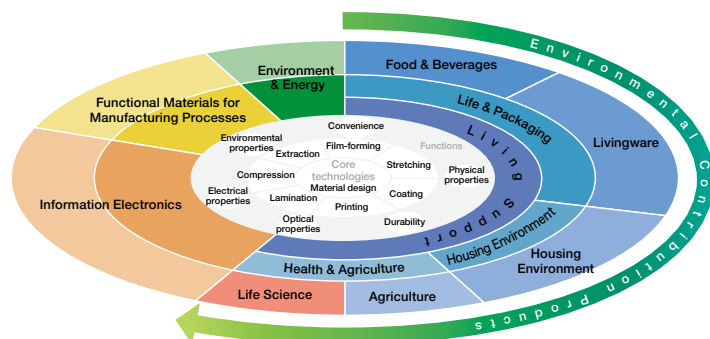
Management Vision Next10(2030)

We will create social and environmental value through our activities and helping both to improve customer value and address social issues.



■ Aims for Business Portfolio

We will build a business portfolio based on the focus fields of “Living Support”, “Information Electronics”, “Functional Materials for Manufacturing Processes”, and “Environment & Energy”. We will aim to enhance value for customers by offering high functionality, based on our core technologies, as well as to create social and environmental value by contributing to the environment in the growth areas and applications in each field.



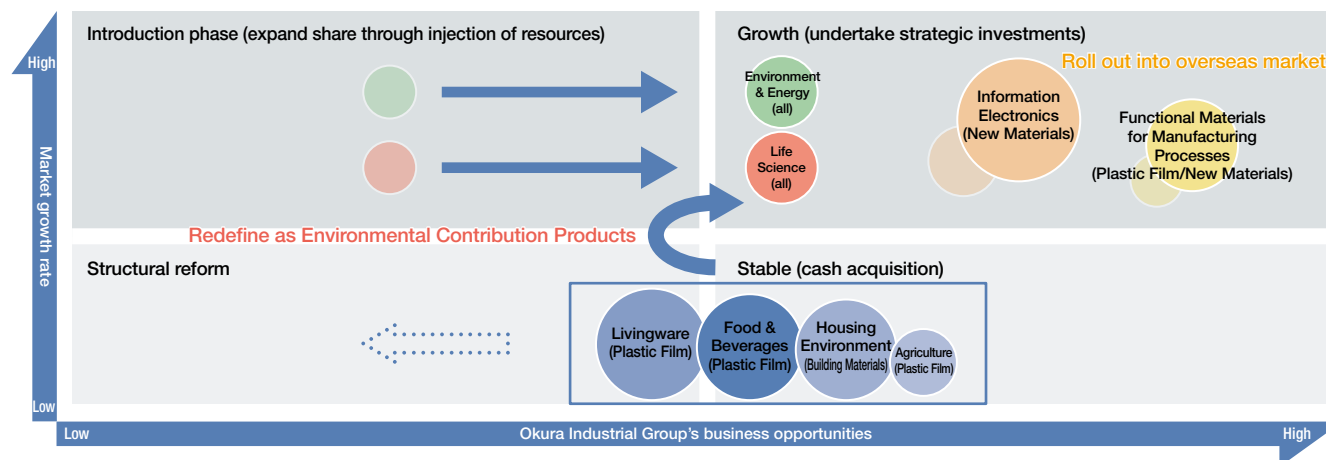
■ Okura Industrial Group's Strengths in Focus Fields

Okura Industrial Group's strengths lie in our material design technologies and processing technologies. Combining those strengths with our strength in the form of our sales networks that access a wide range of industry customers through each business segment, we will catch up in growth areas and applications in our focus fields, with the aims of new product development and the creation of new businesses.

Field	Area	Plastic Film	New Materials	Building Materials	Strengths
Living Support	Life Science	●	●	●	Networks with customers in many and varied areas
	Food & Beverages				
Information Electronics	Livingware				Front runner among optical film processing manufacturers
	Housing Environment				
Functional Materials for Manufacturing Processes	Information Electronics		●		Accumulation of product development capabilities and molding technology know-how
Environment & Energy	Functional Materials for Manufacturing Processes	●	●		
	Environment & Energy	●	●	●	System cooperation with end users, trading houses, and distributors

■ Deepening of Business Portfolio

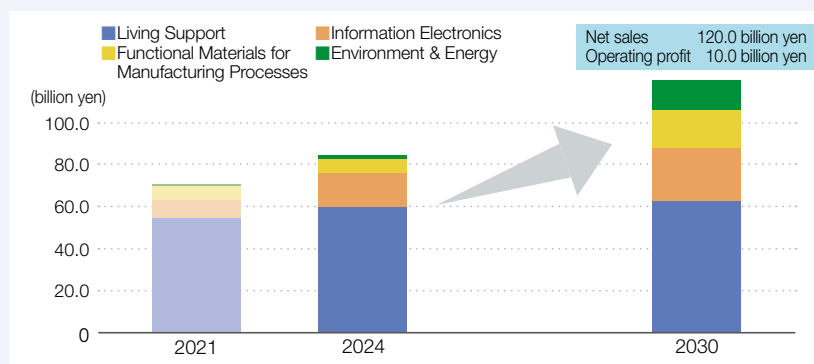
For the deepening of our business portfolio, we will focus our investment on the areas that we consider to be growth markets and areas, namely "Information Electronics", "Functional Materials for Manufacturing Processes", "Environment & Energy", and "Life Science". In the living support category, which is one of our core businesses, we will aim for growth through investments aimed at the conversion to and expansion of environmentally conscious products, based on environmental contribution.



Management Indicators

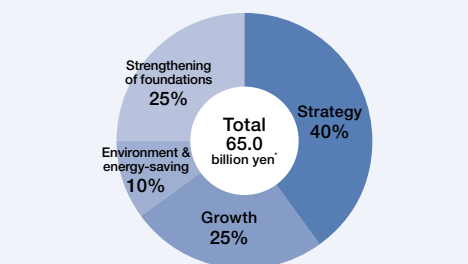
Net sales (by focus field)

The financial targets in our management indicators are to increase net sales from 71.2 billion yen in 2021, after application of the Accounting Standard for Revenue Recognition, to 120.0 billion yen in 2030, with the aim of 10.0 billion yen in operating profit. In particular, we will strive for expansion related to the fields of Information Electronics, Functional Materials for Manufacturing Processes, and Environment & Energy.



*Net sales for 2021 after application of the Accounting Standard for Revenue Recognition: 71.2 billion yen

Proactive investment plan geared to deepening of business portfolio



*Cumulative amount of planned capital expenditures for 2022-2030

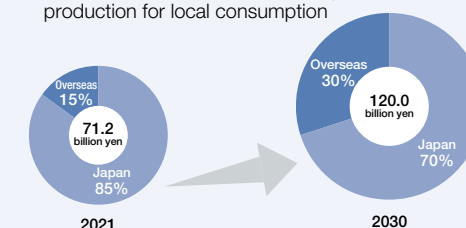
Strategic investments (including M&A) 26.0 billion yen

- Investments in development of advanced-function films
- Overseas/M&A investments
- Investments to strengthen management foundations (DX, human resources, etc.)

Environment & energy-saving investments 6.5 billion yen

Expansion of overseas sales mainly in the fields of Information Electronics and Functional Materials for Manufacturing Processes

- Launch key parts to the world
- Expand overseas sites conducting local production for local consumption



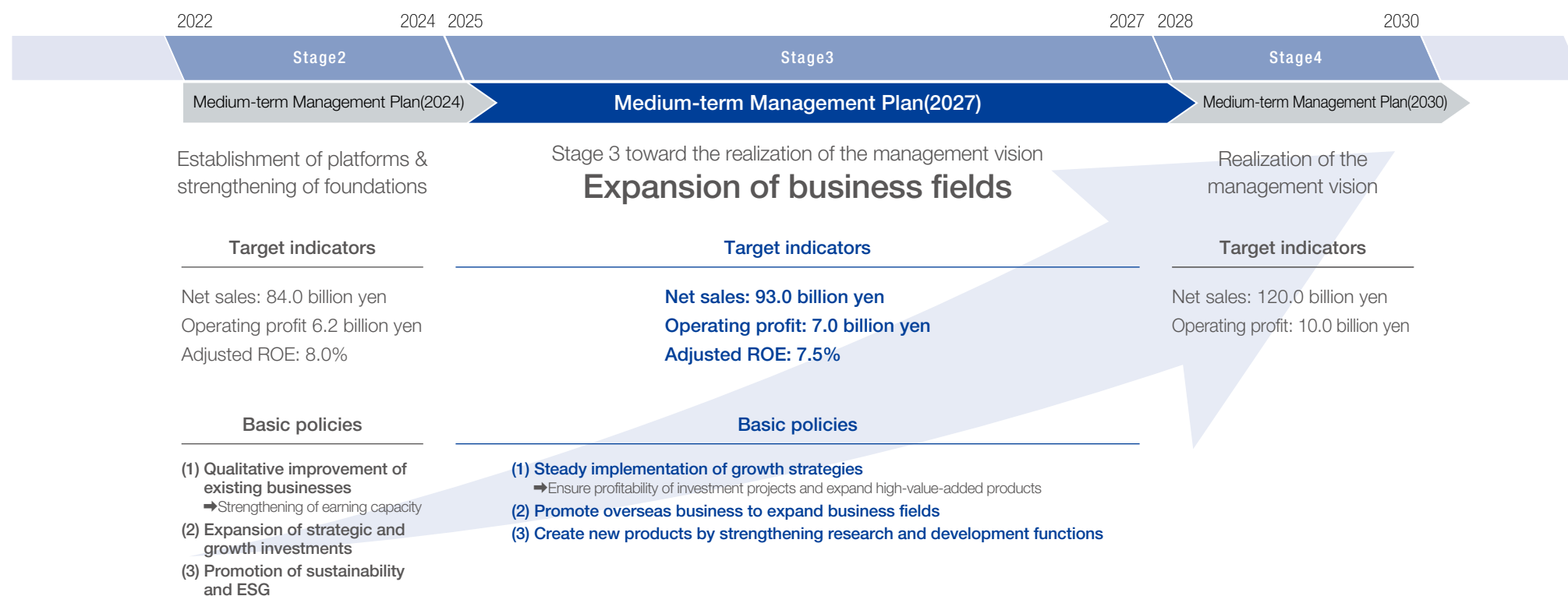
*Net sales for 2021 after application of the Accounting Standard for Revenue Recognition: 71.2 billion yen

Medium-term Management Plan(2027) ~Fostering bonds, shaping a bright future together~

As the global and economic environments surrounding Okura Industrial Group undergo drastic changes, global social issues are becoming increasingly complex, making business leadership is ever more difficult. Against this backdrop, the Group has reached a turning point and formulated “Medium-term Management Plan(2027) ~Fostering bonds, shaping a bright future together~” as a compass to guide us forward.

Positioning of Medium-term Management Plan(2027)

“Medium-term Management Plan(2027)” is based on the Group’s management philosophy, mottos, and the universal values of the founding spirit that underpin them, as well as the Sustainability Policy. Under our management vision “Next10(2030)”, we aspire to become “A solution partner that creates new value through core technologies and is selected by customers”, aiming to increase our long-term corporate value. We position “Medium-term Management Plan(2027)” as Stage 3 of “Next10(2030)”, “Expansion of business fields”, and will accelerate our growth strategies based on the foundation for growth we have built. Moreover, through the execution of our business, financial, and non-financial strategies, we will aim to achieve our performance targets and further increase corporate value.



Numerical Targets

Target indicators (2027)

Net sales : 93.0 billion yen

Operating profit : 7.0 billion yen

Adjusted ROE : 7.5%

Company-wide numerical targets

	2024 results	2027 plan	Change	Change (percentage)
Net sales	81.1 billion yen	93.0 billion yen	+11.8 billion yen	+14.5%
Operating profit	4.5 billion yen	7.0 billion yen	+2.4 billion yen	+53.4%
(Operating profit margin)	5.6%	7.5%	+1.9 percentage points	—
(EBITDA)	9.9 billion yen	13.3 billion yen	+3.3 billion yen	+33.4%
Ordinary profit	5.1 billion yen	7.1 billion yen	+1.9 billion yen	+38.9%
Profit attributable to owners of parent	4.3 billion yen	5.3 billion yen	+0.9 billion yen	+21.6%
(Adjusted ROE)	5.6%	7.5%	+1.9 percentage points	—

Numerical targets for each business segment

Net sales	2024 results	2027 plan	Operating profit	2024 results	2027 plan
Plastic Film Business	51.8 billion yen	56.0 billion yen	Plastic Film Business	4.4 billion yen	5.6 billion yen
New Materials Business	14.6 billion yen	19.0 billion yen	New Materials Business	1.2 billion yen	2.6 billion yen
Building Materials Business	12.8 billion yen	16.0 billion yen	Building Materials Business	0.9 billion yen	0.7 billion yen
Other Businesses	1.8 billion yen	2.0 billion yen	Other Businesses	0.4 billion yen	0.5 billion yen
Total	81.1 billion yen	93.0 billion yen	Corporate	(2.5) billion yen	(2.5) billion yen
			Total	4.5 billion yen	7.0 billion yen

*Adjusted ROE: After-tax profit/loss excluding the impact of extraordinary income/loss from the sale of shareholdings, etc., divided by the average amount of equity during the period

Recognition of the Business Environment

Our business environment is changing faster than expected on a global level, and it is essential that our organizations and strategies flexibly adapt to the changes.

Social conditions	Continued population decreases and low economic growth due to falling birthrates and aging populations in Japan and population growth and economic development overseas, led by Asia	→ Overseas demand is expanding due to the diversification of consumer needs while domestic demand shrinking
	Economy becoming more circular, driven by promotion of decarbonization	→ Companies are increasingly expected to achieve sustainable growth and to contribute to the development of a sustainable society
	Development of IoT and AI technologies	→ Productivity, competitiveness, and profitability need enhancing through digital technology
Changes in the business environment surrounding the Company	Plastic Film Business - Increased ethylene production capacity in China prompts acceleration of realignment of domestic ethylene producers - Accelerating trends in resource conservation and plastic reduction - Technological innovations in mobility area (EVs, weight reduction, paint alternatives, automatic driving, etc.)	New Materials Business - Display market continuing to favor larger screens; demand for polarizing plates growing 2%-7% annually - Increased functionality of displays, including higher resolution, higher brightness, and wider viewing angles
	Building Materials Business - New housing market shrinking, but non-housing and renovation areas growing - Demand for condominiums in urban regions remaining at certain levels - Greater demand in the civil engineering sector, driven by update work on aging infrastructure, etc. thanks to the national resilience promotion program, etc.	Other - Medical care market steadily growing, driven by technological advancement and promotion of digitalization and AI use - New market opportunities emerging in mobility market, driven by environmental regulations and decarbonization

Growth Strategy to Expand Business Fields

Growth strategies of the Plastic Film Business, the New Materials Business, and the Building Materials Business

Plastic Film Business

Overall strategy	- Focus efforts on mobility, electronic materials, semiconductors and batteries fields, make investments aggressively and expand businesses - Expand Environmental Contribution Products that reduce packaging costs and environmental burden - Put OKURA VIETNAM CO., LTD. to effective use and increase overseas sales	
	Life and Package BU	Propose new formats of environmentally friendly packaging and develop overseas markets
	Process Materials BU	Provide solutions in growth areas (mobility, electronic materials, semiconductors, batteries, etc.) and increase sales in overseas markets
	Basic Materials BU	Develop packages with major consumers through proposal-style sales and boost sales with focus on Environmental Contribution Products
	Agricultural Materials BU	Expand businesses with focus on Environmental Contribution Products and expand businesses to include agriculture-related products that contribute to enhancing productivity in each step of the process from cultivation to distribution

New Materials Business

Overall strategy	- Increase sales of acrylic films for large displays with the full-scale operation of the G2 line - Provide products and processing technologies in response to advancement in displays, information communication, mobility and life science	
	Functional Materials BU	Full-scale operation and expansion of medical-related products business; start mass production and boost sales of acrylic adhesives based in Vietnam
	Electronic Materials BU	Expand processing business by integrating processing steps from lamination to coating to cutting, and promote high-end display converting business targeting mainly in-vehicle/wearable devices
	Optical Materials BU	Launch retardation film for high-definition models and boost sales of films for IT OLEDs

Building Materials Business

Overall strategy	- Ensure stable operation of particleboard business and expand business in non-housing areas - Vertical collaboration of wooden building materials business that contributes to the circular use of forest resources	
	Wood-Based Panel BU [Particleboard business]	Continue full production and full sales, expand laminated products, and expand operations through expansion into non-housing areas
	Wood-Based Panel BU [Environmental Materials]	Promote commercialization of environmental contribution concrete mold panels and capture business opportunities in non-housing and civil engineering markets
	Wood Structure BU	Launch structural timber business and promote wood prefabrication that addresses shortage of craftsmen, shorter construction time, high performance homes, etc.

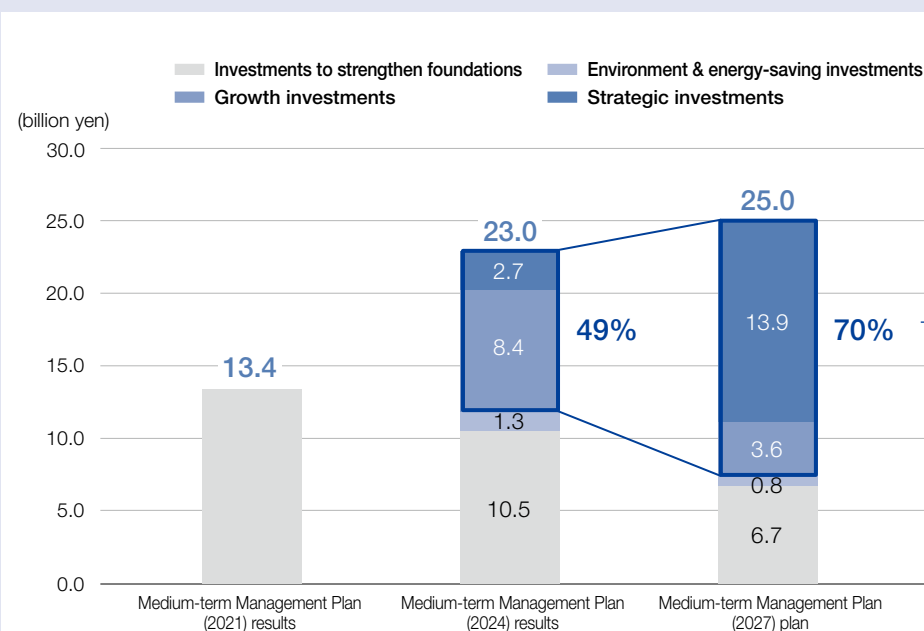
Basic Policies

Basic policy 1: Steady implementation of growth strategies

During the current MTP, we plan to exceed the total investment amount under the previous MTP, with a total of 25.0 billion yen, of which 70% will be allocated to strategic and growth investments.

Steadily reap fruit of investment projects aimed at realizing “Next10(2030)” goals and aggressively make investments in growth areas

Historical capital expenditures (construction base)



Key strategic and growth investment projects

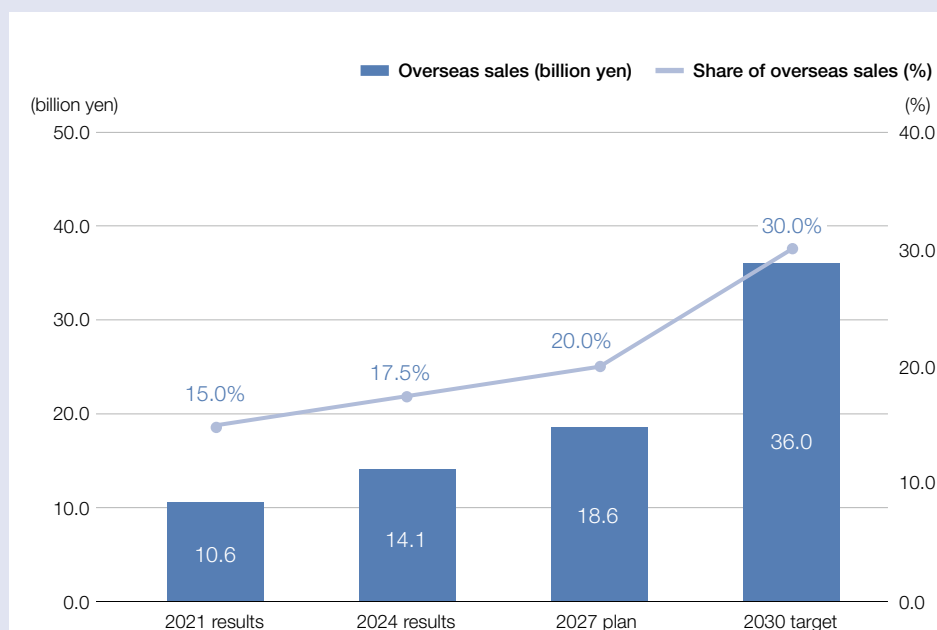
Segment	Project	Investment amount
Building Materials Business	Structural timber business using lumber from the Shikoku region	4.3 billion yen
Research & Development Center	Environment & Energy-related business, etc.	3.2 billion yen
Plastic Film Business	Converting business	2.0 billion yen
Plastic Film Business New Materials Business	Mobility component-related business	1.7 billion yen

Basic Policies

Basic policy 2: Promote overseas business to expand business fields

We will focus on expanding sales of optical films, centered on optical acrylic film for large LCDs, as an important issue for overseas expansion. Further, we have established the Overseas Business Promotion Department within the Plastic Film Division, which will promote market research, partner search, and new market development.

Invest management resources to boost overseas sales mainly of Information Electronics and Functional Materials for Manufacturing Processes



Boost sales of products targeting overseas markets

- Boost sales of optical acrylic films for large LCDs
- Boost sales of life and package products in North America and Latin America
- Boost sales of advanced-function films targeted at mobility and semiconductor markets

Increase presence in Vietnam

- Start mass production and boost sales in adhesives business
- Consider transfer of labor-intensive business

Set up strategic team to promote overseas business

- The Overseas Business Promotion Department established in the Plastic Film Division in January 2025
- Promote market research, partner search, new market development
- Hire international expert personnel from outside the Company

Basic Policies

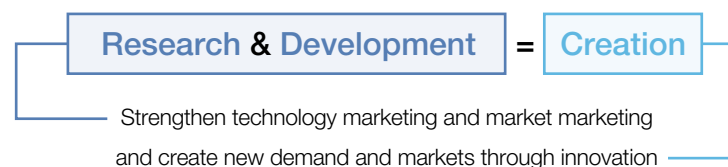
Basic policy 3: Create new products by strengthening research and development functions

We will relocate the Tokyo Branch Office to a location where “people”, “information”, and “knowledge” gather. At the same time, we will transfer some of the Research & Development Center functions to the Tokyo Branch Office, establishing it as a hub for information gathering and marketing. This will enable us to focus on the development of new products and the creation of new businesses.

We are planning on making research and development investments that significantly exceed the amount under “Medium-term Management Plan(2024)”, mainly in Environment & Energy area and Information Electronics area

Accelerate the cycle of creating new product themes, developing products, and launching them and lead the business of the Company

Policy of research and development division



Basic strategy of the Research & Development Center

Deepen technologies

- Deepen core technologies
- Adopt peripheral technologies
- Centralize technological information



Search for market opportunities

- Open innovation
- Search for new applications
- End-market research of each area

Integrate currently dispersed technical and market information, as well as knowledge, into the Research & Development Center

Develop and hire personnel versed in both technologies and markets

Consolidate research and development teams dispersed in the Company

Consolidated the Research & Development Center and the Product Development Department of the Plastic Film Division in January 2025

Transform the Research & Development Center into one that is “magnetic and open”

Relocate the Tokyo Branch Office to a location where “people”, “information”, and “knowledge” gather

Transfer some of the Research & Development Center functions to the Tokyo Branch Office after relocation
Focus effort on developing new products and creating new businesses as the center for information gathering and marketing

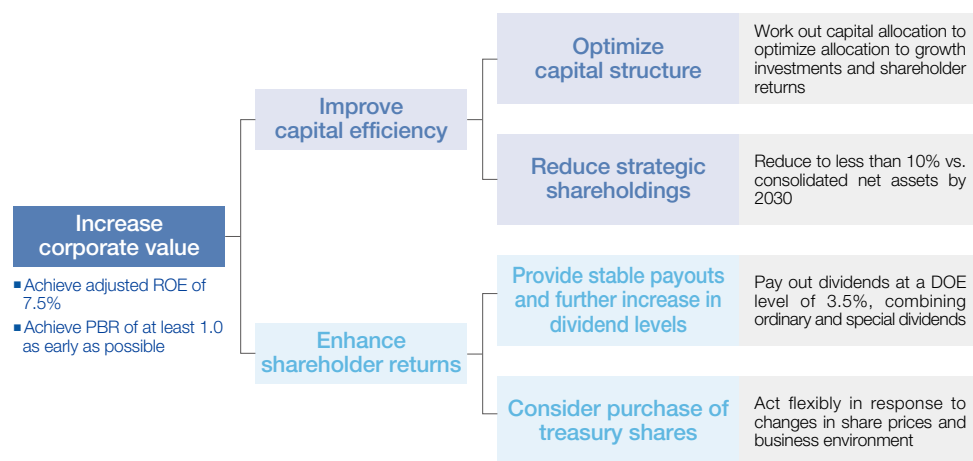
Strengthen research and development investment

Make research and development investments that significantly exceed the amount under “Medium-term Management Plan(2024)”, mainly in Environment & Energy area and Information Electronics area

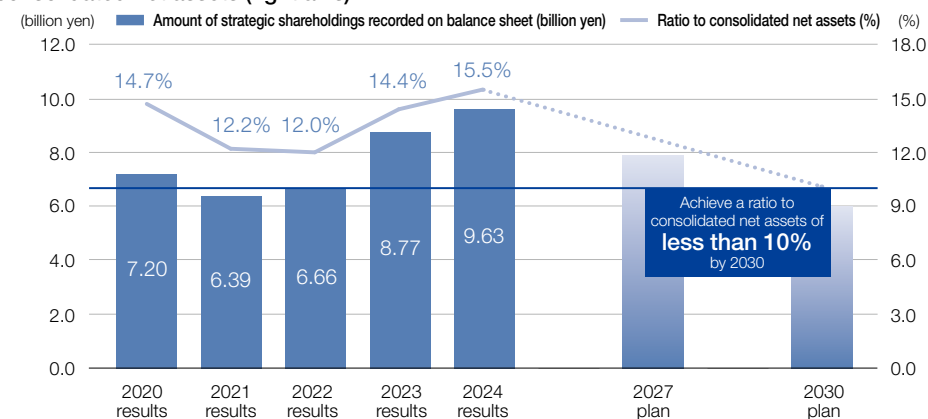
Financial Strategy

As part of our financial strategy, we focus on improving capital efficiency through “optimizing capital structure” and “reducing strategic shareholdings”. To enhance shareholder returns, our key policies include “providing stable payouts and further increasing dividend levels” and “consideration of treasury share purchases”. During “Medium-term Management Plan(2027)”, we will enhance shareholder returns by paying out dividends at a DOE level of 3.5%, combining ordinary and special dividends.

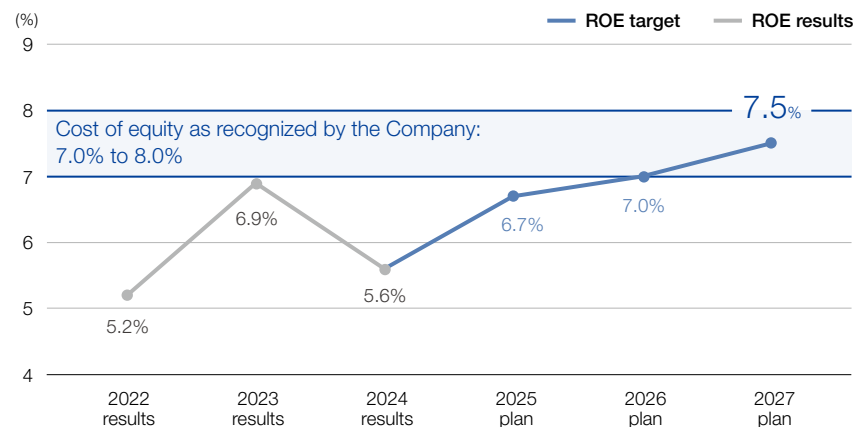
Support growth strategies and increase corporate value by improving capital efficiency and enhancing shareholder returns



Amount of strategic shareholdings recorded on balance sheet (left axis) and its ratio to consolidated net assets (right axis)

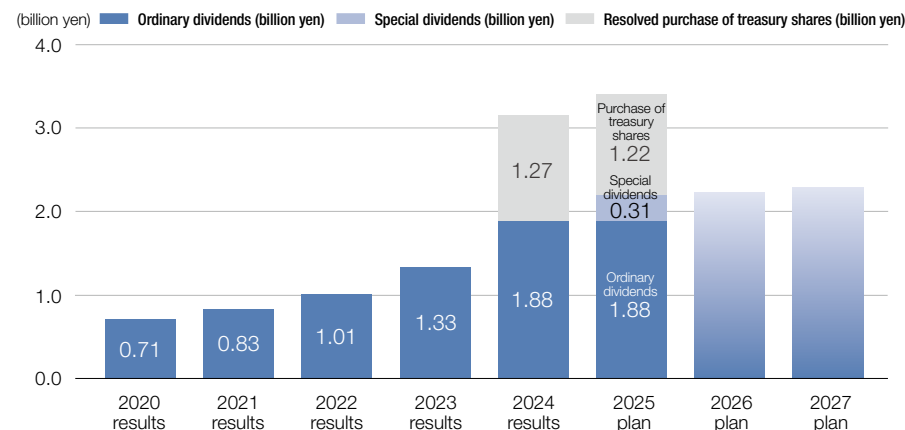


Historical adjusted ROE



*Adjusted ROE: After-tax profit/loss excluding the impact of extraordinary income/loss from the sale of shareholdings, etc., divided by the average amount of equity during the period

Historical shareholder returns



*The amount of purchase of treasury shares in a period between 2020 and 2023 was minimal and thus is not indicated.
* Special dividend implementation period is until the interim dividend in 2027.

Non-Financial Strategy

As a non-financial strategy, we will promote sustainability through ESG management, strengthen non-financial capital, and pursue social value in order to create sustainable economic value. We will particularly focus on “accelerating human capital investment”, “creating and expanding Environmental Contribution Products”, and “promoting the use of Shikoku’s forest resources”.

Direction of Medium-term Management Plan(2027)

Generate sustainable economic value by strengthening non-financial capital and pursuing social value

Strengthen non-financial capital		Pursue social value and generate economic value
Natural capital	■ Sustainable use of resources (promote management for decarbonization)	■ Create and expand Environmental Contribution Products
Human capital	■ Accelerate human capital investment; promote women’s advancement and health and productivity management	■ Promote the use of Shikoku’s forest resources
Intellectual capital	■ Foster innovation and acquire intellectual property rights ■ Improve productivity and streamline operations by promoting digital transformation	■ Promote sustainable procurement
Manufacturing capital	■ Deepen knowledge of manufacturing and share experiences	■ Comply with applicable laws and regulations and eliminate compliance violations
Social capital	■ Involvement with volunteer activities and local businesses ■ Promote dialogue with stakeholders and disclose information	

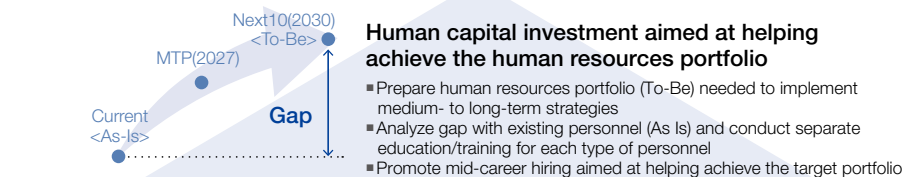
Create and expand Environmental Contribution Products

Add environmental value to products and aim for the sales ratio of Caerula™-certified products to the total sales in the living support category to be at least 75%



Accelerate human capital investment

Accelerate investment in the human resources needed to achieve objectives of “Medium-term Management Plan(2027)” and “Next10(2030)”



Promote women’s advancement

- Expand scope of jobs in which women can play active roles
- Provide opportunities for women to improve skills and perspectives (training, job rotation, etc.)
- Reform childcare and nursing care-related systems

Aim to raise ratio of female managers (on a non-consolidated basis) to at least 8% by 2027 (4% in 2024)

Promote health and productivity management

- Strengthen involvement with highly stressed individuals
- Encourage use of paid annual leave
- Promote workplace environment improvement using stress checks

Aim to achieve presenteeism of at most 24% by 2027 (29% in 2024) and work engagement of at least 2.6pt (2.5pt in 2024)



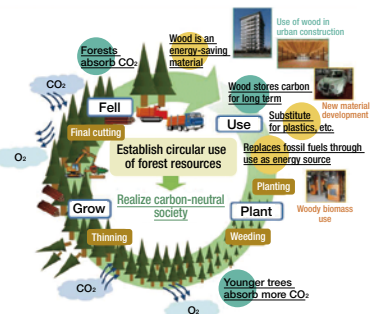
Promote the use of Shikoku’s forest resources

Increase the amount of stored CO₂ by at least 17,700 t-CO₂ by 2027 through the structural timber business

Promote the use of Shikoku forests

Without appropriate logging, new trees cannot be planted and only old trees will remain, resulting in a decline in ecosystem services, including reduced CO₂ absorption

Promote healthy forest cycles by using Shikoku’s forest resources in the structural timber business, help forests fulfill their multifaceted functions in sustainable ways, and promote regional revitalization



Source: “Annual Report on Forest and Forestry in Japan”, Forestry Agency of Japan

Strategy

This section presents the concrete strategies for realizing the management vision “Next10(2030)” and “Medium-term Management Plan(2027)”.

We outline the process of creating innovative value through our business strategy, financial strategy, research and development, and intellectual property utilization. Additionally, through a dialogue session, we explain our initiatives toward sustainability.



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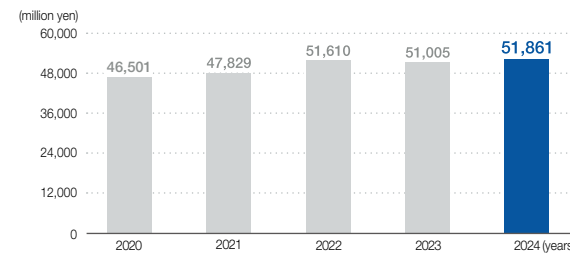
Plastic Film Business

Contributing to a sustainable society and the achievement of the SDGs through functional resin solutions that respond to environmental and future needs.

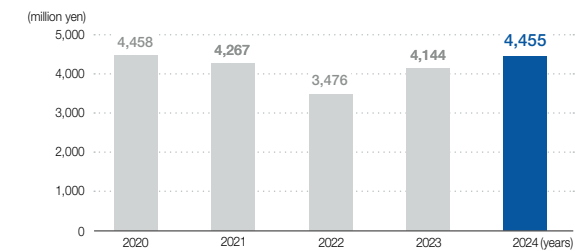
Business Performance

In the packaging business, sales of environmentally friendly items remained robust on the back of a growing awareness of global environmental conservation, and sales of process films for optical and semiconductor applications also remained strong in response to a recovery in the market. Meanwhile, the sales volume of agricultural mulch films did not reach the level attained in the previous period despite efforts to expand environmentally friendly items, as the market remained soft. As a result, net sales amounted to 51,861 million yen (up 1.7% year on year). Operating profit was 4,455 million yen (up 7.5% year on year) due to cost reduction resulting from contributory factors including the streamlining of unprofitable products and productivity improvement caused by the improved production system.

Net sales



Operating profit



Risks and Opportunities

Social issues

- Environmental issues
 - Climate change measures
 - Resource recycling (recycle & reuse)
- Population issues
 - Falling birthrates and aging population
 - Ensuring food supply
- Energy issues
 - Development of renewable energy technology
 - Promotion of low-carbon technologies

Value offered by Okura Industrial Group

- Reduction of CO₂ emissions through recycling technologies and eco-friendly products
- Provision of new packaging formats that lead to automation, labor savings, and cost reduction
- Provision of functional materials for manufacturing processes using material design and multi-layering technologies (responding to advanced needs for mobility/EV-related components)

Products

Environmentally Friendly Trash Bags

With the enactment of the Act on Promotion of Resource Circulation for Plastics, our society is moving toward a future where the 3Rs (Reduce, Reuse, and Recycle) are the norm. In line with this shift, we utilize our film processing technologies to recycle used plastics and transform them into new trash bags. This initiative has gained strong support from many municipalities for its dual contribution to "reducing environmental impact" and "delivering high-quality products", and we are actively working to expand adoption.

To make the most of limited resources and build a sustainable future, we will continue working together with communities through our recycled trash bags.

Recycling of "OKURA" environmentally friendly trash bags



Senior Operating Officer; Division President, Plastic Film Division

Yoshizumi Teramoto

Toward Achievement of Medium-term Management Plan(2027)

Review of Medium-term Management Plan(2024)

Under “Medium-term Management Plan(2024)”, we focused our management resources on four focus areas, “environmental products”, “functional materials for manufacturing processes”, “automation and labor-saving”, and “expansion of business into new fields”, guided by three priority measures: “Develop and expand products that contribute to global environment”, “Develop functional products that can contribute to society”, and “Strengthen downstream service functions needed for realization”.

In terms of environmental products, we worked to expand products that use biomass plastics and recycled materials, and also developed and marketed next-generation films. However, progress was delayed in some areas, particularly with recycled and biodegradable plastic products. In terms of functional materials for manufacturing processes, EV-related products and living space products showed growth, while those for electronic materials were impacted by market downturns and intensified competition. Although we made efforts to strengthen downstream service functions in automation and labor-saving, and expansion of business into new fields, we did not achieve sufficient results in expanding sales.

Nonetheless, despite a challenging environment marked by soaring raw material prices and market downturns, we pursued price revisions, improved production efficiency, and expanded sales of high value-added products, leading to improved earning capacity. In 2024, the final year, we were able to capitalize on a recovering market and achieved steady results in growth areas. These achievements laid a strong foundation for realizing the management vision “Next10(2030)”.

Initiatives toward achievement of Medium-term Management Plan(2027)

In “Medium-term Management Plan(2027)”, we will aim for sustainable growth while adapting to changes in our business environment, including changes to domestic market structures, accelerating trends in resource conservation and plastic reduction, and technological innovations in mobility. We have positioned “mobility”, “electronic materials”, “semiconductors”, and “batteries” as our focus fields, and will actively pursue investments and business expansion. We will also work to expand sales of Environmental Contribution Products, which both reduce packaging costs and ensure lower environmental impact, and reinforce overseas sales through OKURA VIETNAM CO., LTD.

In the Process Materials Business Unit, we will focus on the provision of functional materials in line with industry needs, and in the Life & Package Business Unit, we will promote the transition to a new proposal system for packaging solutions. Further, in the Basic Materials Business Unit, we will reinforce the supply of packaging materials in growth markets, and in the Agricultural Materials Business Unit, we will aim to further increase our share of the domestic market and increase our competitive advantage over imported products.

To execute these strategies, we will set up dedicated teams for each focus field, utilize external personnel and specialist overseas teams, and strengthen our alliances. We will expand our business fields while supplementing our resource shortages, and accelerate efforts to achieve “Next10(2030)”.

Process for Achieving Medium-term Management Plan(2027)

2025 goals

- Introduce mass balance system “CO₂ credit” in the total recycling scheme
- Strengthen focus on the “mobility”, “electronic materials”, “semiconductors”, and “batteries” areas in functional materials for manufacturing processes
- Strengthen overseas business and business promotion

2026 goals

- Expand products with environmentally friendly functions and closed-loop recycling products
- Enhance lineup of export and import products
- Expand Environmental Contribution Products that both reduce packaging costs and environmental impact

2027 goals

- Transfer labor-intensive products to overseas manufacturing sites
- Expand high-value-added products for mobility-related applications
- Expand processing business for agricultural products

TOPICS

Establishment of the Overseas Business Promotion Department

In “Medium-term Management Plan(2027)”, “overseas” is positioned as a key strategic theme. To put this policy into action, we have established the Overseas Business Promotion Department. This new department is designed to be a highly specialized and execution-oriented organization tasked with managing product export and import, procurement of overseas raw materials, and utilization of overseas production sites.

We will also be actively recruiting external professionals with extensive experience in these areas to incorporate diverse perspectives and knowledge, thereby strengthening our competitiveness in global markets. Amid rapid changes in the global economy and evolving local needs, we will proceed with building our foundation for sustainable growth by flexibly adapting to these dynamics.

Through this new department, we will seize opportunities in increasingly diverse markets and further accelerate the expansion of our overseas business.



New Materials Business

By supplying optical-functional films that are essential to ICT devices and functional components for the Life Science area, we will contribute to the development of the ICT industry, the realization of a smart society, and the enablement of healthier and more comfortable lives.



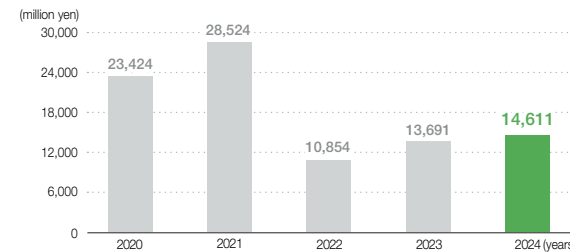
Director, Senior Operating Officer;
Division President,
New Materials
Division

Tomoo Ueta

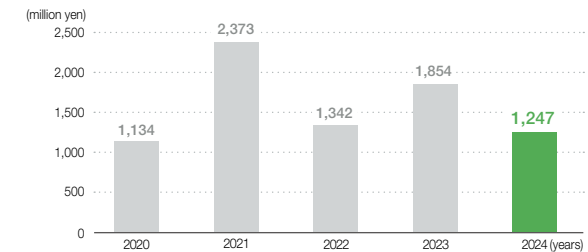
Business Performance

While sales of functional materials mainly for automotive applications remained weak, demand for optical films for small- and medium-sized panel applications increased, resulting in net sales of 14,611 million yen (up 6.7% year on year). It took time to stabilize quality at the new plants, and consequently expenses increased. This and other factors resulted in operating profit of 1,247 million yen (down 32.7% year on year).

Net sales



Operating profit



Risks and Opportunities

Social issues

- Realization of a smart society through the development of the ICT industry
- Realization of a safe and secure mobility society
- Realization of an environmentally friendly society
- Realization of healthy and comfortable lifestyles

Value offered by Okura Industrial Group

- Provision of optical-functional films and functional components essential to ICT devices
- Provision of functional films and functional components compatible with the evolution of mobility
- Provision of functional films and medical products to support medical and nursing care settings

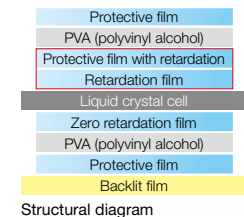
Products

Retardation Film for IPS LCDs

Our retardation film has been adopted for use in high-end large LCDs produced by one of the world's leading LCD panel manufacturers. The adoption of this film enables faithful image reproduction from all viewing angles.

A key feature of this film is its ability to compensate for wide viewing angles by incorporating refractive index control functionality into the protective film, which traditionally served only to protect the polarizer.

Sales of TVs using this display have been strong, and we have been requested to triple our supply by 2027, the final year of "Medium-term Management Plan(2027)", compared to 2025. We will therefore work to strengthen our production system.



Toward Achievement of Medium-term Management Plan(2027)

Review of Medium-term Management Plan(2024)

In the final year of “Medium-term Management Plan(2024)”, both net sales and operating profit fell below the targets. The primary reason was the time and expenses required to stabilize the quality of the optical acrylic films for large LCDs, which commenced operation in February 2024. This caused a delay in mass production and negatively impacted earnings. Another factor was sluggish sales due to inventory adjustments of functional materials for automotive applications and adhesives for EV motor cores destined for the North American market.

On the other hand, demand for small- to medium-sized panels used in smartphones and tablets gradually recovered, resulting in an increase in processing volume and strong sales of optical-functional films and functional components. As for optical films for large LCDs, demand for the New Materials Division’s wide optical films remained strong, in line with the trend toward larger screen sizes. In addition, sales volumes increased with the launch of products for next-generation ICT devices in new area.

Toward achieving the targets of “Medium-term Management Plan(2027)”, which began in 2025, we completed development and customer qualification of retardation films for IPS LCDs, and obtained registration as a medical device manufacturer from Kagawa Prefecture, establishing a production system to begin manufacturing in 2025.

At OKURA VIETNAM CO., LTD., established in May 2023, we progressed with equipment installation and the development of local employees. However, in preparation of full-scale production, we still in the process of obtaining the necessary chemical handling license in Vietnam, and the start of production is expected to be delayed from the original schedule. We will continue preparing for the launch of operations so that the site can serve as a key base for business expansion in Asia.

Initiatives toward achievement of Medium-term Management Plan(2027)

To achieve the targets set forth in “Medium-term Management Plan(2027)”, we will begin full-scale production in 2025 of optical acrylic films for large LCDs following the stabilization of quality at the new production line and acquisition of customer qualification. We will also continue to supply optical-functional films and functional components for a wide range of ICT devices.

In the Functional Materials Business Unit, we are advancing into the Life Science area by establishing quality and production control systems for medical components and bags used in cell culture equipment, with the aim of commercialization. For the adhesives business, preparations are underway to commence production at OKURA VIETNAM CO., LTD. in 2026.

In the Electronic Materials Business Unit, we will work to increase processing volume in the small- to medium-sized panel market, mainly for smartphones and tablets, by leveraging our strength in integrated processing, from lamination to cutting. In the automotive panel market, we aim to expand the number of certified processing lines and enhance automatic inspection equipment to increase processing volume.

The Optical Materials Business Unit will focus on expanding product sales of retardation films for IPS LCDs in the large LCDs market. Efforts will also be made to strengthen the production structure through productivity improvements by consolidating processing lines and considering the introduction of new equipment.

To contribute to the realization of an environmentally friendly society, we will work toward expanding renewable energy and developing products using recycled raw materials.

Process for Achieving Medium-term Management Plan(2027)

2025 goals

- Commercialize medical components, develop bags used in cell culture equipment, and establish a corresponding quality assurance system
- Develop and commercialize retardation films for IPS LCDs
- Establish quality and production control systems to begin manufacturing and sales at OKURA VIETNAM CO., LTD.
- Expand renewable energy (solar panels)

2026 goals

- Achieve stable production of medical components and establish quality and production control systems for bags used in cell culture equipment
- Expand product sales of retardation films for IPS LCDs
- Achieve stable production of adhesives and expand product sales at OKURA VIETNAM CO., LTD.
- Promote the development and commercialization of environmentally friendly products (paint replacement films, PFAS regulation-compliant products)

2027 goals

- Commercialize bags used in cell culture equipment
- Expand product sales and increase production lines for retardation films for IPS LCDs
- Commercialize adhesives for EV battery modules
- Establish mass production structure for environmentally friendly products (paint replacement films)
- Develop and commercialize products aimed at realizing a circular economy

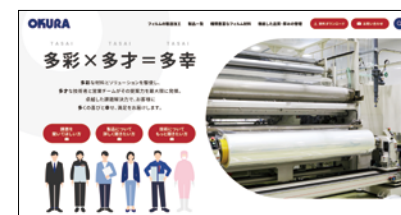
TOPICS

Launch of Marketing Website

In December 2024, the New Materials Division launched a new marketing website.

The site goes beyond simply introducing products—it aims to showcase the division’s advanced processing technologies and flexible response capabilities, with the goal of attracting new customers and enhancing the efficiency of sales activities.

Since its launch, we have received numerous inquiries from prospective customers who learned about our division for the first time and from those interested in our processing technologies. We will continue to improve the website to better communicate the appeal of the New Materials Division to as many people as possible and, in turn, acquire new projects.



We invite you to visit the new website and explore what we can offer.

Building Materials Business

Creating new value through business expansion

~Maximizing the use of lumber and technology to drive business expansion and realize a carbon-free society~



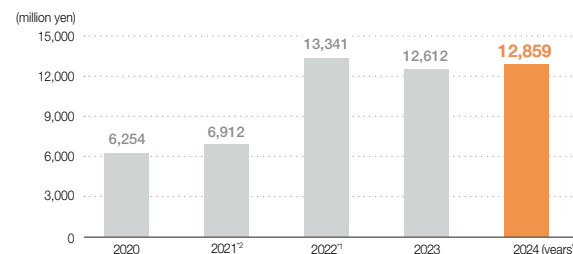
Operating Officer,
Division President,
Building Materials
Division

**Tetsuya
Yaso**

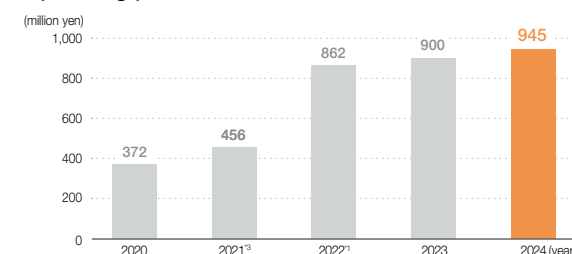
Business Performance

The sales volume of particleboards, one of the key products of this business segment, remained robust as a result of continuous stable production and fine-tuned sales activities. In the lumber processing business, despite a decline in sales volume in the first half of the year caused by the decreased number of housing starts, orders for non-housing items increased during the second half of the year, resulting in net sales of 12,859 million yen (up 2.0% year on year). Operating profit was 945 million yen (up 5.0% year on year) due to the promotion of cost reduction initiatives including improved productivity of particleboards as well as the increase in net sales.

Net sales



Operating profit



^{*1} From 2022, net sales and operating profit of Okura House Co., Ltd. and Okura Precut System Co., Ltd. are included in the Building Materials Business segment, instead of the Other Businesses segment.

^{*2} The figure for net sales is 10,891 million yen after changing the net sales of Okura House Co., Ltd. and Okura Precut System Co., Ltd. from the Other Businesses segment to the Building Materials Business segment.

^{*3} The figure for operating profit is 591 million yen after changing the operating profit of Okura House Co., Ltd. and Okura Precut System Co., Ltd. from the Other Businesses segment to the Building Materials Business segment.

Risks and Opportunities

Social issues

- Realization of a low-carbon society
- Realization of carbon neutrality
- Shortage of construction workers and long working hours due to declining birthrate and aging population

Value Offered by Okura Industrial Group

- Carbon storage from particleboard production is approximately 183 kt-CO₂/year in 2024. We will store carbon for extended periods through material recycling.
- We will extend wooden building materials business using Japanese conifers. We will promote the wood cycle and contribute to carbon fixation and the sustainable forest management.
- In business fields that range from materials to home construction, we will provide core functions for easy-to-install materials and the systematization of home construction.

Products

JAS-certified and Laminated Wood Products Using Lumber from the Shikoku Region

In recent years, Japan has entered a turning point in returning to the use of domestic lumber, and areas of wood utilization are steadily expanding. JAS-certified and laminated wood products using lumber from the Shikoku region are expected to make a direct contribution to achieving a carbon-free society and carbon neutrality. In particular, hybrid laminated wood products that combine Hinoki cypress for the outer layer and cedar for the inner layer, each used in the most suitable way, offer both durability and stable cost performance. This technology allows for the effective use of wood that would normally be unsuitable for horizontal structural members. By using lumber from the Shikoku region, we can ensure a stable supply while promoting a sustainable forest cycle of “felling, using, planting, and growing”, thereby contributing to sustainable forest management.



Toward Achievement of Medium-term Management Plan(2027)

Review of Medium-term Management Plan(2024)

In the final year of “Medium-term Management Plan(2024)”, demand shrank due to difficult market conditions, including a decline in consumer confidence amid rising prices, soaring raw material prices, and the 2024 problem of logistics. Despite this, the particleboard business field secured sales volumes exceeding those of 2023, driven by increased market share in the existing housing equipment area and higher sales of overseas exports. In manufacturing, we were able to maintain stable operations through productivity improvements and enhanced maintenance. Additionally, we increased the ratio of secondary processed products in our sales portfolio, resulting in certain achievements in enhancing product value. Although significant increases in raw material prices and transportation costs were a challenge, we mitigated the impact on profit by passing on higher costs to product prices and promoting cost reductions. In the environmental materials business field, we continued proactive sales activities for our environmental contribution concrete mold panels comori™ to major construction firms and developers, following on from 2023. While we gained a foothold into nationwide deployments by major construction firms shifting to environmentally friendly products, soaring material prices, labor shortages, and the specific characteristics of the product market hindered smooth replacement of standard products.

In the housing components and lumber processing business fields, we reinforced efforts to acquire new customers and provided high-functionality components amid the shrinking market for wooden detached houses, while expanding sales by creating synergy with the precut business.

In the Building Materials Business segment, we have begun developing business plans for the manufacturing and sale of laminated wood products using lumber from the Shikoku region, positioning it as a domestic lumber business contributing to a carbon-free society. This business takes advantage of the Group’s strengths in vertical cooperation and collaboration with partner companies. We are currently advancing the design and development of laminated wood products through raw material drying technologies, analysis of wood species characteristics, and hybrid combinations of different species, with the aim of commercializing the business and commencing plant operations under “Medium-term Management Plan(2027)”.

Initiatives toward achievement of Medium-term Management Plan(2027)

Under “Medium-term Management Plan(2027)”, we have reorganized our structure to support business expansion by establishing two business units: the Wood-Based Panel Business Unit, centered on the particleboard business field, and the Wood Structure Business Unit, centered on the housing components and lumber processing business fields. The market surrounding the Building Materials Business is facing significant challenges, including the gradual decline in new housing starts, a shrinking construction workforce caused by low birthrates and an aging population, and soaring raw material prices. In this environment, we aim to further expand the particleboard business through stable operations, expansion into the growing non-housing areas, and increased development of value-added product fields. Further, to enhance the competitive advantage of our domestic products, we will aim to increase our market share by shifting away from imported products and setting up a structural timber business that contributes to the circular use of domestic forest resources. In doing so, we will expand our business and contribute to a carbon-free society.

In the Wood-Based Panel Business Unit, we will continue with full-scale production and sales even as the new housing starts decrease. We will capture business opportunities in non-housing and civil engineering areas and aim to launch new products and expand our business fields. We will also work to expand the scale of our business through the use of new substrates in addition to our existing materials.

In the Wood Structure Business Unit, we will set up the JAS-certified KD¹ and EW² business using lumber from the Shikoku region and create new value from lumber resources. To achieve a carbon-free society, we will generate synergies through the vertical integration of the structural timber business, and at the same time promote the enhancement of each business to contribute to the circular use of forest resources.

*1 KD (Kiln Dry) refers to lumber that has been dried in a kiln.

*2 EW (Engineered Wood) refers to wood made by bonding together multiple layers (lamina) of timber.

Process for Achieving Medium-term Management Plan(2027)

2025 goals

Particleboard business field

- Expand laminated products using particleboard manufacturing technologies

Housing components and lumber processing business fields

- Increase synergies between easy-to-install panels and the precut business

JAS-certified KD and EW business field using lumber from the Shikoku region

- Acquire manufacturing technologies for business launch, and finalize product design based on an understanding of the characteristics of lumber from the Shikoku region

2026 goals

Particleboard business field

- Expand secondary processed products through collaborations with other companies leveraging our superior quality in particleboards

Housing components and lumber processing business fields

- Enhance the lineup of housing components, such as structural timber using lumber from the Shikoku region, and expand business operations to provide one-stop solutions tailored to customer needs

JAS-certified KD and EW business field using lumber from the Shikoku region

- Begin operations in spring 2026 and expand business fields centered on the lumber processing business

2027 goals

Particleboard business field

- Expand business fields by strengthening sales in the non-housing area, and enhance competitiveness through optimization of QCD (Quality, Cost, Delivery) in the production process

Housing components and lumber processing business fields

- Enter the precut and installation fields for non-housing wooden buildings by handling special materials

JAS-certified KD and EW business field using lumber from the Shikoku region

- Promote the use of domestically produced horizontal structural members and contribute to the sustainable forest management in Shikoku

TOPICS

Preparations for the Launch of the JAS-certified and Laminated Wood Products Business Using Lumber from the Shikoku Region

We have completed Phase 2 construction of the laminated wood product plant at the Harashimo Industrial Park in Takase-cho, Mitoyo City, which will serve as the production hub for our JAS-certified and laminated wood products. In preparation for plant operations scheduled to begin in spring 2026, we plan to install machinery and equipment and develop surrounding facilities throughout 2025. In May 2024, we signed the Agreement on Promoting the Use of Tokushima and Kagawa Prefecture Lumber in Building Construction, the first inter-prefectural agreement of its kind in Japan, with Kagawa Prefecture, Tokushima Prefecture, and our partner company, Nice Corporation. Through this agreement, we aim to strengthen our supply chain and work together with both the public and private sectors to promote the circular use of forest resources.



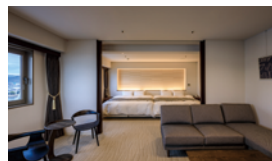
Takase Plant

Other Businesses

Hotel Business

Business overview

Okura Hotel Marugame has accommodations for up to 506 guests, as well as conference, banquet, and dining facilities. The hotel makes full use of its position facing onto the Seto Inland Sea. Guests are assured of a high-quality stay, from a panoramic bath embraced by a sense of openness with panoramic views of the Seto Inland Sea to gourmet cuisine featuring ingredients from Setouchi Area and Sanuki Area. It makes an excellent home base for a wide range of activities for the enjoyment of Marugame, an area that offers an abundance of attractions, including Marugame Castle, sport, art, and even soul food.



Royal Suite Room

Strategy

To enhance guest satisfaction, we will expand our dining options featuring locally sourced ingredients. To provide a more comfortable experience for international guests, we will enhance our services by introducing multilingual support tools. To achieve the targets in "Medium-term Management Plan(2027)", we will digitalize multilingual sightseeing maps and improve our operational capabilities to further enhance guest satisfaction.



Green Lounge

TOPICS

Enjoy Local Ingredients at the Green Lounge

The Green Lounge is a bright, spacious dining area where you can enjoy your meal while taking in panoramic views of the lush greenery and the sea beyond the windows. We also host lunch and dinner buffets featuring local ingredients on an irregular basis. We offer a wide variety of dishes skillfully prepared by our chefs and culinary team. Please feel free to visit us with your friends and family.



*Image shown is for illustration purposes only.

Information Processing System Development Business

Business overview

Okura Information System mainly engages in software development. The company also operates and maintains ICT systems, as well as manufacture and sell package software. It leans in closely to customers to give shape to their needs and support its customers' management improvements through the use of ICT. The products and services created by Okura Information System are also supplied to distribution and healthcare industry segments, and are used by many customers.



Strategy

The company will promote DX in a variety of fields. Centering on the construction of systems to support priority growth businesses in Okura Industrial Group, it will play a part in the improvement of productivity and strengthening of competitiveness of the Group by promoting the establishment of stable infrastructure and the improved efficiency and digitalization of operations. Further, in addition to expanding its sales channels and strengthening the foundation of its existing business targeting dispensing pharmacies, based on the image processing technology and AI technology the company has cultivated in this business, it will create high-quality, user-friendly products and services, with the aim of opening up new markets.



TOPICS

"Kansa Renji" (Pharmaceutical Audit machine)

We offer the "Kansa Renji" (Pharmaceutical Audit machine) series, systems designed to prevent dispensing errors at prescription pharmacies.



鑑査レンジ™ Packs
Using AI-powered image inspection, the system identifies each individual tablet in unit-dose packaging.



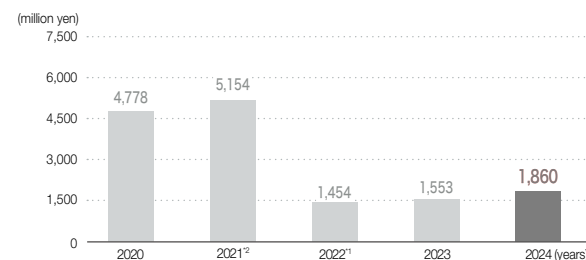
〔鑑査レンジ™ R〕
Our proprietary image analysis and processing technology cross-checks the prepared medication with the prescription information.

These systems not only reduce the workload and stress placed on pharmacists, but also help ensure patients receive their medications safely and with peace of mind.

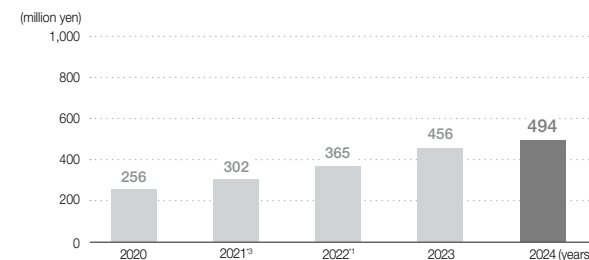
Business Performance

The number of hotel stays of tourists in particular increased in the Hotel Business, and sales of systems for dispensing pharmacies remained strong in the Information Processing System Development Business. As a result, overall net sales of the Other Businesses were 1,860 million yen (up 19.8% year on year). Operating profit amounted to 494 million yen (up 8.5% year on year) due in part to the increase in net sales.

Net sales



Operating profit



^{*1} From 2022, net sales and operating profit of Okura House Co., Ltd. and Okura Precut System Co., Ltd. are included in the Building Materials Business segment, instead of the Other Businesses segment.

^{*2} The figure for net sales is 1,175 million yen after changing the net sales of Okura House Co., Ltd. and Okura Precut System Co., Ltd. from the Other Businesses segment to the Building Materials Business segment.

^{*3} The figure for operating profit is 166 million yen after changing the operating profit of Okura House Co., Ltd. and Okura Precut System Co., Ltd. from the Other Businesses segment to the Building Materials Business segment.

^{*} The Other Businesses include the Hotel Business, the Information Processing System Development Business, and the Real Estate Leasing Business.

Research & Development Center

Strengthen technology marketing and market marketing and create new demand and markets through innovation.



Operating Officer;
General Manager,
Research &
Development
Center

Kazuma
Ohnishi

Research and Development Policy

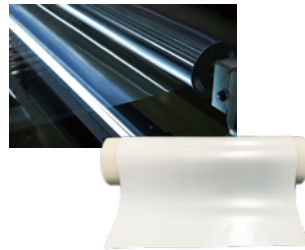
Create new products by strengthening research and development functions

We are aiming to improve people's lives by providing materials and technologies through the four growth fields.

Through close connection and mutual collaboration between these four fields, we will move forward with technological reforms for a more sustainable, convenient, safe, and healthy society.

Information Electronics

We are engaged in developing essential materials that are critical for improving the performance of electronic equipment and optical devices.



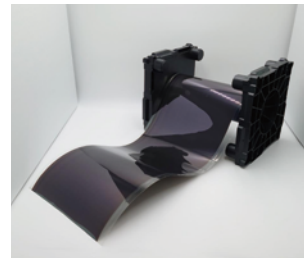
LCP films

Optical films (coating/protection/other)

Touch sensor films

Environment & Energy

We conduct a wide range of developments, including promoting renewable energy, enhancing energy-saving technologies, and achieving carbon neutrality.



Perovskite solar cells

Composite materials

Mono-materials

Life & Healthcare

Aiming to improve people's health and quality of life, we contribute to realizing a richer lifestyle through medical technology, biotechnology, and wellness initiatives.



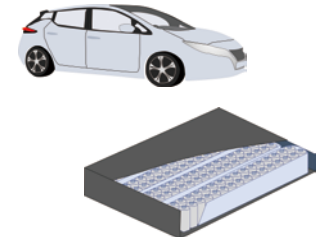
Single-use bags

Drapes for surgery-assisting robots

Plant extraction Food wrapping films

Mobility

In automotive applications, we develop technologies that contribute to the advancement of a sustainable and highly convenient mobility society.



Automotive headliner materials

Paint replacement films

Adhesives for EVs

TOPICS

Film-type perovskite solar cells

Okura Industrial is advancing technological development in film-type perovskite solar cells.

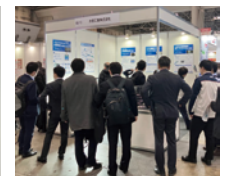
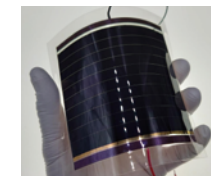
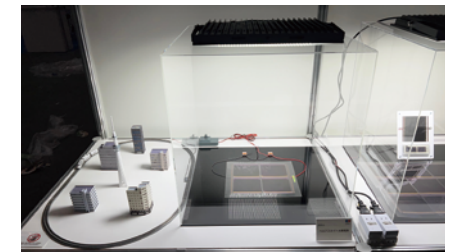
Perovskite solar cells are lightweight and flexible, making them suitable for installation in a wide variety of locations, including building walls and rooftops with limited load capacity—areas where conventional silicon-based solar cells are difficult to install. As a next-generation solar technology, perovskite solar cells are drawing considerable attention within the field of renewable energy.

Exhibited at "CONVERTECH2025"

We exhibited at "CONVERTECH2025", held at Tokyo Big Sight from January 29 to January 31. Our booth featured a roll sample and a toy train powered by a perovskite solar cell. Many visitors showed interest in our exhibition.

Establishment of roll-to-roll technology

At the Research & Development Center, we are working to establish the technology by leveraging the roll-to-roll thin-film coating technology cultivated through years of optical film manufacturing.



Intellectual Property

We strategically secure the intellectual property that supports our business, maintaining and managing it appropriately to contribute to business development and improved performance, thereby enhancing our competitive advantage and increasing corporate value.

Basic Approach

At Okura Industrial Group, we regard intellectual property based on the results of our research and development as a source of business competitiveness, and we strategically secure the intellectual property that supports our business. We also strive to maintain and manage the intellectual property we acquire appropriately, thereby contributing to business development and improved performance while striving to promote creative activities.

We comply with laws and regulations related to intellectual property and, as part of the design review undertaken when we develop products or change design, we complete a clearance search (infringement search) where we check that there is no infringement of other companies' intellectual property rights, so that our customers can use our products with a sense of security. Furthermore, we have measures in place to avoid and prevent any infringement of other companies' intellectual property rights.

KPIs

We recognize that the strategic acquisition of intellectual property is essential for ensuring the competitive advantage of our products in the market, and have established key performance indicators (KPIs) accordingly. By appropriately managing these indicators, we aim to secure intellectual property that serves as the source of our business competitiveness.

- (1) No. of patent applications: We ensure an appropriate volume of patent applications (quantity) aligned with our research and development activities, in order to enhance competitiveness in the market through patent filings that leverage our strengths.
- (2) Patent registration rate: We strive to increase the patent registration rate (quality) as a high registration rate is crucial for securing technologies that are difficult to imitate.
- (3) No. of active patents related to in-house products: To enhance market competitiveness through technological differentiation and product uniqueness, we aim to maintain a sufficient number of active patents related to our own products (quantity).

Initiatives

Implementation of intellectual property strategy

Okura Industrial Group aims to implement an intellectual property strategy integrated with Group-wide management and business strategies. To this end, we collaborate closely with the Research & Development Center, utilizing strategic frameworks such as the management design sheet to plan our vision for the future of research and development in focus fields from a long-term perspective. We are also promoting initiatives to formulate the intellectual property strategy needed to achieve this future vision. Through these initiatives, we aim to support business portfolio transformation from the standpoint of intellectual property, securing our competitive advantage and increasing corporate value.

Intellectual property education and human resources development

At Okura Industrial Group, we also conduct in-house education every year, in accordance with the type of work and levels, to help employees understand intellectual property rights and leverage such rights. Employees who engage in product development receive education on patent searches and workshop-style education on preparing invention proposals to enable them to propose the results of research and development as inventions. Employees who engage in naming or may use the copyrighted work of others receive e-learning on copyright and trademark rights.

We have also introduced searcher education to ensure the strategic acquisition of intellectual property and the effective execution of the intellectual property strategy. We will focus on developing human resources with advanced patent search skills and human resources able to perform Patent Landscape analysis.

Main content of education

- Introduction to patents
- Patent searches
- Invention proposal form preparation
- Copyrights
- Trademarks
- Searchers education



Introduction of the IP Meister and IP Searcher systems

In 2024, we introduced the IP Meister system to recognize employees who have made significant contributions to acquiring intellectual property. Employees who have filed a certain number of patent applications are awarded the IP Meister Badge and certified as IP Meisters. This system aims to help employees reaffirm the importance of intellectual property and foster a mindset that values intellectual property. Specifically, the system seeks to cultivate a corporate culture where obtaining intellectual property is considered standard practice and to promote intellectual property activities throughout the Company.

Awarding the badge is expected to enhance employees' IP mindset and develop an IP climate, boosting developers' motivation and competitiveness, thereby invigorating our intellectual property activities. Through these initiatives, we aim to promote creative activities and enhance the competitiveness of the Okura Industrial Group's businesses.

Additionally, the IP Searcher system was established to certify employees with advanced patent search skills by awarding them the IP Searcher Badge. This system is positioned as a measure to ensure the strategic acquisition of intellectual property and the effective execution of the intellectual property strategy. Its purpose is to develop human resources who support intellectual property activities effectively by enhancing expertise in patent searches. By swiftly and accurately grasping patent information through this system, the Group expects to establish a solid foundation for strategic decision-making and the successful implementation of IP strategies.

Eligible employees	Badge
Employees with 10 or more patent applications	
Employees with 3 to 9 patent applications	
Employees with advanced patent search skills	

TOPICS

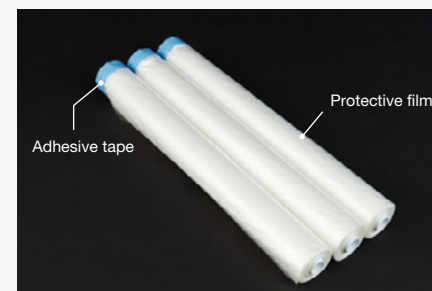
The Shikoku Local Commendation for Invention in 2024



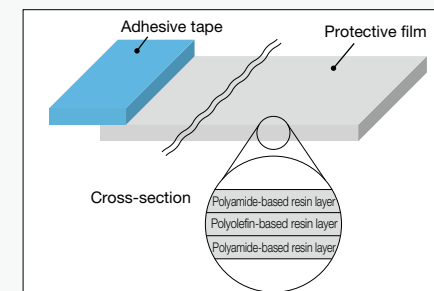
In the Shikoku Local Commendation for Invention in 2024 held by the Japan Institute of Invention and Innovation, prize was awarded to Takayoshi Ogawa, Section Manager of the Shikoku Sales Office in the Plastic Film Division, for his invention of "Masker Tape" (Patent No. JP6703934).

This invention pertains to "Lamitop Masker™", a masker tape used for two-tone vehicle painting. In such painting processes, the entire vehicle is first coated, and then areas not to be painted are covered with masker tape before applying additional paint. As such, masker tapes require several key properties: conformability to the contours of the vehicle, heat resistance to withstand the high-temperature baking and drying process after painting, flexibility for smooth handling by workers, and pinhole resistance to prevent defects caused by folds in the film.

"Lamitop Masker™" features a multi-layer structure with heat-resistant polyamide-based resin outer layers and a flexible polyolefin-based resin core layer. This construction provides excellent conformability, heat resistance, flexibility, pinhole resistance, and paint adhesion. The product has been highly regarded for automotive painting applications and is used by major automobile manufacturers.



Masker tape



Structural diagram

Financial Strategy



We will make every effort to achieve a PBR of 1.0

Director, Executive Operating Officer;
Supervision of Corporate Center; and
Chairperson of Sustainability Committee

Yoshitomo Tanaka

Increasing ROE and PER is a top priority

The new “Medium-term Management Plan(2027)” (hereinafter, the current MTP) was launched in 2025. Under “Medium-term Management Plan(2024)” (hereinafter, the previous MTP), we fell short of our 2024 targets of 84.0 billion yen in net sales and 6.2 billion yen in operating profit, achieving net sales of 81.1 billion yen and operating profit of 4.5 billion yen. As a result, adjusted ROE came in at 5.6%, significantly below the target.

This was largely due to a delay of nearly one year in the launch of a new production line for optical acrylic films for large LCDs, which had been planned for 2024. Net income attributable to owners of the parent reached 4.3 billion yen, achieving a record high for the second consecutive year, primarily due to extraordinary income from the sale of investment securities and non-current assets. Capital expenditures during the previous MTP period totaled approximately 23.0 billion yen, nearly in line with the original plan.

From a financial standpoint, to address both the issue of a “PBR below 1.0” and the need to implement “management that is conscious of cost of capital and stock price”, we focused on: (1) optimizing capital structure and reducing strategic shareholdings, (2) providing stable payouts and further increasing dividend levels, and (3) consideration of treasury share purchases.

To reduce strategic shareholdings, we have halved our cross-shareholdings with regional banks and dissolved similar arrangements with several other operating companies. Furthermore, in light of the low PER levels, we revised our shareholder return policy to include a “DOE of at least 3%” and announced an increase in the year-end dividend. We also used proceeds from the sale of equity holdings to initiate treasury share purchases beginning in August 2024. By June 2025, we had acquired shares from the market totaling up to 2.5 billion yen in value and 1.2 million shares in number.

While these measures contributed to a modest rise in our stock price, we have yet to achieve our target PBR of 1.0 or above. As PBR is the product of ROE and PER, we recognize that improving both ROE and PER is the most important financial challenge under the current MTP.

Generating profit that exceeds cost of capital

Under the current MTP, we aim to achieve net sales of 93.0 billion yen and operating profit of 7.0 billion yen, based on the recognition of the challenges we face. Our cost of capital, as estimated using the CAPM (Capital Asset Pricing Model), is in the range of 7.0% to 8.0%. We therefore recognize the need to achieve an ROE that exceeds this cost and have set a target of an adjusted ROE of 7.5%. The role of our financial strategy is to raise the necessary capital at a low cost and generate profits that exceed our cost of capital. To improve capital efficiency, we plan to further reduce our strategic shareholdings. We plan to allocate between 6.0 and 7.0 billion yen for dividends during the current MTP period. In the event that profits exceed forecasts, equity capital may become excessive. Therefore, for the duration of the current MTP, we have set our target at a DOE of at least 3.5%, which includes a special dividend of 0.5% on top of the standard 3.0% level.

The Tokyo Stock Exchange is scheduled to conduct a review and rebalancing of TOPIX constituents in October 2026. We view the potential exclusion of our stock from passive funds linked to the TOPIX index as a significant risk. Given the difficulty in significantly increasing our floating share ratio, we believe that we must make the utmost effort to drive share price appreciation.

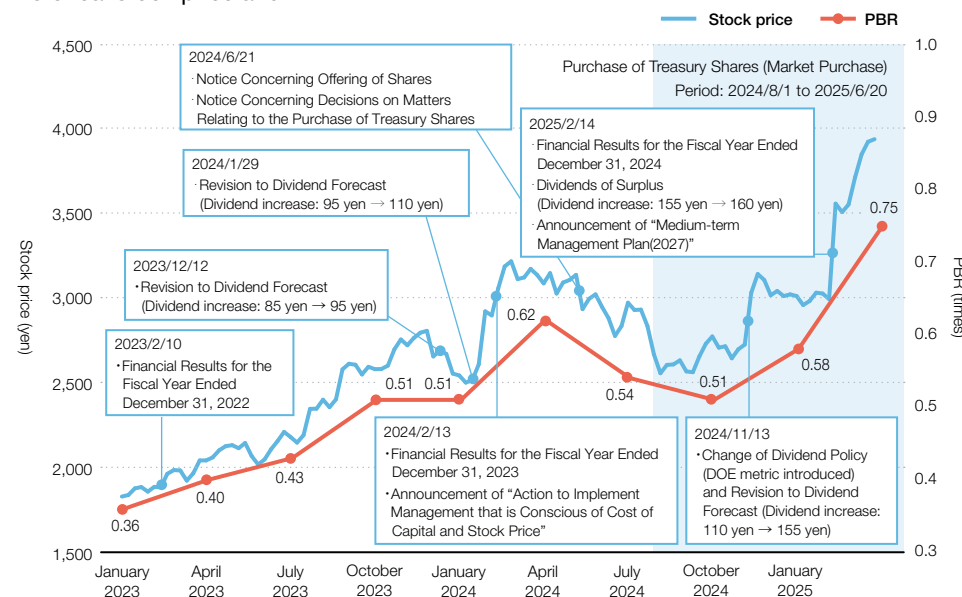
Developing “bonds” to increase corporate value

To successfully implement our financial strategy, building strong relationships of trust—what we call “bonds”—with stakeholders is essential. Establishing win-win relationships with all stakeholders is key to this effort. With our investors, we will place even greater importance on dialogue. By encouraging a deeper understanding of our growth strategies and listening to investor perspectives, we aim to enhance our corporate value and drive share price growth, thereby expanding the scope of our financial strategy. For employees, we commemorated the 75th anniversary of our founding in 2023 by granting 75 shares of company stock to each employee through the Employee Stock Ownership Association. As a result, the participation rate in the Association has risen to nearly 90%. This initiative not only supports employees’ asset formation, but also fosters a stronger sense of ownership and commitment to the company’s growth. With financial institutions, we will strengthen communication and information exchange to secure financing on more favorable terms and promote initiatives that enhance corporate value.

Reinforcing efforts to enhance engagement with investors

During the previous MTP period, we actively conducted IR activities including large and one-on-one meetings with institutional investors. This year, we expanded our efforts by holding IR events for individual investors as well as Shareholder Relations (SR) meetings with those in charge of exercising voting rights at institutional investors. We will continue these initiatives to further deepen understanding of our growth strategies. Furthermore, we will feed back the perspectives gained from shareholders and institutional investors into the Board of Directors. Through this process, we aim to accelerate “corporate governance reform”, promote “management that is conscious of cost of capital and stock price”, and enhance “ESG initiatives to increase corporate value”.

Historical stock price and PBR



Sustainability

Okura Industrial Group believes aiming to contribute to the creation of a society which can ensure sustainable development will lead to the Group's sustained growth and increase in medium- and long-term corporate value.



Sustainability Promotion System

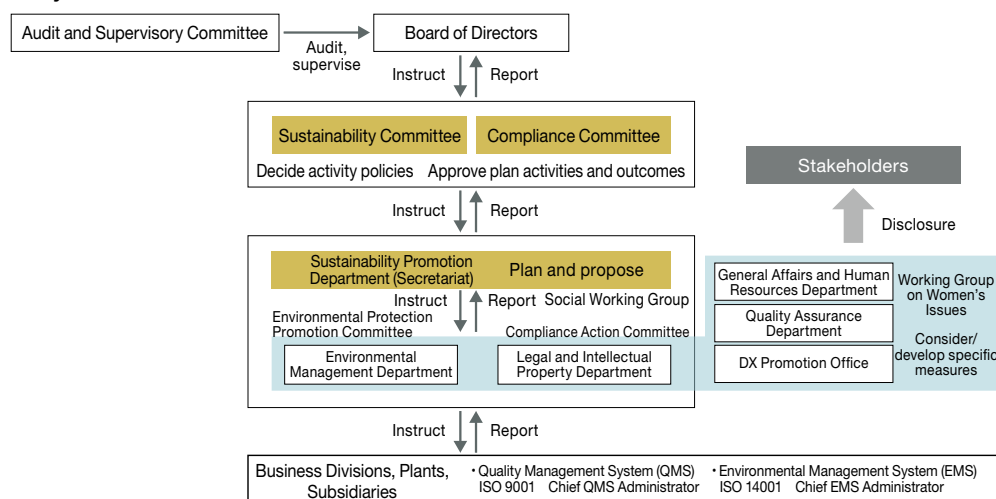
Okura Industrial Group regards solutions to sustainability-related issues for society and companies as business opportunities. The issues include addressing climate change and other problems affecting the global environment, respect for human rights, and fair and appropriate business activities for all stakeholders, including employees. In April 2021, the Group established the Sustainability Committee, replacing the former CSR Committee, and newly launched the Sustainability Promotion Department, which is responsible for formulating and promoting the Group's basic ESG plans. The Committee is chaired by the Director, Executive Operating Officer who is in charge of promoting sustainability and made up of Directors and Operating Officers. With the inclusion of Outside Directors on the Committee, the Group ensures that its ESG activities are objectively reviewed to be consistent with social trends, and continues to promote initiatives accordingly.

In 2024, the Committee met twice, shared materiality identified by the Group and medium- and long-term issues recognized in relation to bases for business continuity (OKURA Business base), and discussed and decided measures for solving those issues.

Further, the Compliance Committee has been established to oversee compliance for the Group. It coordinates with the Compliance Action Committee, its working unit, which conducts activities to raise awareness and responds to whistleblowing disclosures.

Under such systems, we proactively disclose information on the status of the initiatives to stakeholders, and push ahead with various activities, while continuously improving them.

Sustainability promotion system



Sustainability Committee

Number of meetings held per year		
2022	2023	2024
4 times (including 2 extraordinary meetings)	2 times	2 times

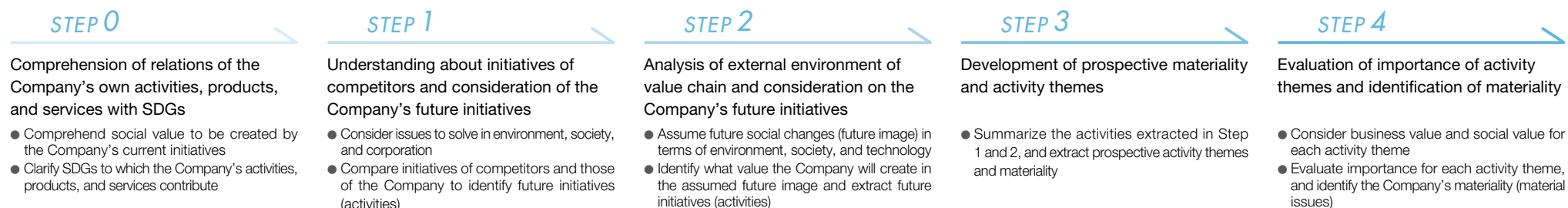
Main topics of discussion and reports in 2024

- Discussions and reports on sustainability promotion activities
- Discussions and reports on materiality and bases for business continuity (OKURA Business base)
- Resolution on the course of action for purchasing J-Credits
- Resolution on the introduction of Internal Carbon Pricing (ICP)
- Resolution on Okura Industrial Group's Environmental Objectives (2025–2027)

Materiality of Okura Industrial Group

At Okura Industrial Group, we have identified our materiality as issues to be truly addressed by evaluating the degree to which corporate activities impact business and social issues, and prioritizing them accordingly. In addition, we have defined four foundational pillars that are essential for the continuity of our business. Going forward, we will promote proactive activities in which management strategies center on sustainability, based on the materiality and bases for business continuity (OKURA Business base). By addressing these issues, the Group will achieve sustained growth as a company.

Steps for promoting identification of materiality



Materiality, KPIs and Targets

		KPI	Results			Target	Contribution to the SDGs
			2022	2023	2024		
Materiality	Promoting management for decarbonization (climate action measures)	CO ₂ emissions from the Group (Scope 1 and 2)	121,232 t-CO ₂	105,282 t-CO ₂	104,795 t-CO ₂	[2027] 25% reduction compared to 2021 (equivalent to a 40% reduction compared to 2013) [2030] 37% reduction compared to 2021 (equivalent to a 50% reduction compared to 2013)	  
	Further promoting resource recycling measures	 Amount of CO ₂ through the structural timber business	—	—	—	[2027] At least 17,700 t-CO ₂ (2025-2027 cumulative)	   
		 Net sales of products using PCR ¹	—	—	—	[2027] 2.3 million yen increase compared to 2024 (2025-2027 cumulative)	
	Creating and expanding Environmental Contribution Products	Sales ratio of Caerula™-certified products to the total sales in the living support category ²	36.0%	48.2%	55.1%	[2027] At least 75% [2030] 100%	    
	Promoting sustainable (CSR) procurement	 Average score from the Sustainable Procurement Survey	—	—	—	[2027] At least 3% increase compared to 2024	   
	Gaining a competitive advantage by promoting digital transformation (DX)	 Reduced man-hours through DX promotion	—	—	—	[2027] At least 6,000 hours/month	 
	Conducting research and development geared to creating innovation	Number of projects transferred (Research & Development Center)	—	—	—	[2027] 15 cases (2025-2027 cumulative)	  
		Number of patent applications (Research & Development Center)	—	—	32 cases ³	[2027] 48 cases (2025-2027 cumulative)	

*1 Post-Consumer Recycling

*2 Product category that is closely related to housing and food, and supports people's safe and comfortable lives

*3 2022-2024 cumulative

KPIs and Targets of Bases for Business Continuity (OKURA Business base)

		KPI	Results			Target	Contribution to the SDGs
			2022	2023	2024		
Bases for Business Continuity (OKURA Business base)	Improving corporate reliability and transparency	Number of serious compliance violations ^{*1} and administrative disciplinary actions	0 cases	0 cases	0 cases	[2027] 0 cases	 
	Thorough prevention of contamination	Number of administrative guidance actions based on environmental legal restraints	1 case	0 cases	0 cases	[2027] 0 cases	   
		NEW Water usage reduction rate	—	—	—	[2027] At least 3% reduction compared to 2024	
	Coexistence with local communities	Number of social contribution activities participated in	11 activities	13 activities	14 activities	[2027] At least 15 activities/year	   
		Number of business participations	6 cases	11 cases	17 cases	[2027] At least 20 cases/year	
	Developing working environment where employees are motivated to work	NEW Preparation of a human resources portfolio	—	—	—	[2027] Complete preparation of human resources portfolio	     
		NEW Preparation and execution of an education plan	—	—	—	[2027] Prepare and execute the education plan	
		Ratio of female managers ^{*2}	3.3%	2.5%	3.9%	[2027] At least 8%	
		NEW Presenteeism ^{*3}	—	—	29%	[2027] At most 24%	
		NEW Work engagement ^{*4}	—	—	2.5 points	[2027] At least 2.6 points	

*1 Violations of international competition laws, corruption-related laws and regulations, social and economic laws and regulations, and quality falsification, etc.

*2 On a non-consolidated basis

*3 When employees are at work but show insufficient performance and low productivity due to psychological or physical impairments

*4 When employees have a sense of fulfillment, work passionately, and are energized by their role

External Evaluation

Evaluation by CDP

In 2022, Okura Industrial received and responded to its first-ever request to participate in a climate change questionnaire from CDP, an international not-for-profit organization that provides environmental disclosure systems. Since 2023, we have responded to two questionnaires on "Climate Change" and "Water Security", receiving the scores shown below.

CDP scores

Category	Score		
	2022	2023	2024
Climate Change	B	B	B
Water Security	-	B	A-



Participation in Initiatives

Endorsing the GX League Basic Concept and participating in the GX League

The GX League was established as a forum for companies that aim for sustained growth by engaging in green transformation (GX) to work together with a like-minded group of companies, as well as organizations in the government and academic spheres.

Okura Industrial endorsed the GX League Basic Concept in January 2023 and joined the GX League in May 2023.



Joining the Japan Climate Initiative (JCI) and endorsing the JCI Message

The Japan Climate Initiative (JCI) is a network of Japanese companies, municipalities, NGOs and other organizations that endorse the JCI Declaration, "Joining the front line of the global push for decarbonization from Japan" and actively engage in climate change countermeasures. It aims to strengthen communication and exchange.

Okura Industrial joined the Japan Climate Initiative (JCI) and endorsed the JCI Message in April 2023.



Independent Outside Director
(Audit and Supervisory Committee Member)

Takashi Kitada



Operating Officer;
Manager, Sustainability Promotion Department, Legal
and Intellectual Property Department, and Environmental
Management Department, Corporate Center

Miho Kondo

Sustained profit generation and stakeholder capitalism



A sustainable company is one that continues to generate profit

Can you share the key points of the non-financial strategies under “Medium-term Management Plan(2027)”?

Kondo Non-financial strategies must address the question of what actions are necessary for the Company to continue developing as a sustainable organization. In “Medium-term Management Plan(2027)”, we outlined strategic directions for each of the five forms of capital: natural capital, intellectual capital, manufacturing capital, social capital, and human capital. Since “people” are at the core of building all these forms of capital, we intend to place particular focus on initiatives related to human capital.

Kitada I also believe that among the five capitals, strengthening human capital is the most critical. In an environment of falling birthrates and an aging population, along with intensifying competition for talent, we must advance multiple efforts in parallel, such as promoting women’s advancement, leveraging the expertise of the silver generation, and recruiting younger talent.

As a Certified Public Accountant, I have spent 45 years observing the rise and fall of companies, from publicly listed firms to medium-sized enterprises and startups. One clear conclusion I’ve drawn from that experience is this: “A sustainable company is one that continues to generate profit”. Of course, this must be underpinned by compliance and solid governance. But the real challenge lies in how much a company can strengthen its non-financial capital while consistently delivering profits.

Human capital investment to sophisticate the business portfolio

Could you elaborate on your efforts to strengthen human capital?

Kondo I take seriously your earlier point that consistently generating profit is the foundation of everything. Among our human capital investments, one area of focus is promoting the advancement of women. We have established a Working Group on Women’s Issues composed of female employees, and we are incorporating the opinions shared there into our measures. To achieve the targets under “Medium-term Management Plan(2027)” of an 8% ratio of female managers (from approximately 4% as of December 2024), we are also strengthening our training programs. With women accounting for roughly 30% of our new graduate hires, we believe it is desirable for the ratio of female managers to eventually reach similar levels.

As we aim to further sophisticate our business portfolio, nurturing and securing talent will be essential. We are formulating a human resources portfolio aligned with our medium- to long-term strategy and identifying gaps between our current workforce. Based on this, we are providing tailored education and training by personnel segment and actively pursuing mid-career hires to help achieve this portfolio. In particular, as we look toward future business field expansion, we recognize a significant shortage of talent to drive overseas business, one of our key strategic initiatives, and see a pressing need to strengthen this area.

Additionally, we are placing emphasis on health and productivity management. This includes stronger support for employees with high stress levels, encouraging the use of annual paid leave, and using stress check results to improve workplace environments.

Kitada Looking ahead, the idea of stakeholder capitalism, which calls for balanced management that considers not only shareholders, but also employees, business partners, and the local community, is becoming increasingly important. Among these stakeholders, employees are the most critical. Protecting the safety and livelihoods of employees and their families must come first. Enhancing employee engagement leads to better business performance and sustainable growth, which ultimately enhances corporate value and maximizes shareholder returns. At Okura Industrial, I sense that there is active dialogue around building a work environment that prioritizes employee safety and comfort.

Developing Environmental Contribution Products capable of establishing price leadership

Could you share your thoughts and initiatives on balancing the pursuit of social value with the creation of economic value?

Kondo While aiming to become a company that continues to generate profit through a review of our business portfolio, I believe that even businesses with somewhat lower profit margins are worth pursuing if they are socially necessary. For example, we plan to increase the sales ratio of “Caerula™” Environmental Contribution Products to the total sales in the living support category, from the current level of just over 50% to at least 75%. In addition, through our structural timber business, we aim to promote the use of forest resources from Shikoku, encouraging healthy forest cycles and increasing CO₂ absorption.



Kitada Those are highly important initiatives. To achieve this, it is essential to increase the number of Environmental Contribution Products unique to Okura Industrial and enhance price competitiveness in order to achieve both sustainable growth and meaningful contributions to society. In this regard, I also believe that strengthening intellectual capital, such as research and development and technological innovation, is critical.

Ongoing education to strengthen compliance

What is your impression of Okura Industrial's governance?

Kitada At the beginning of 2025, an incident at a television network caused a public stir. While the full truth remains unclear, the case served as a major lesson: if a company mishandles its response to a crisis, it can quickly spiral into a critical situation. In contrast, having originally audited Okura Industrial as part of an auditing firm and now serving as an Outside Director, I have come to recognize that the Company has robust governance systems in place and is sincerely working to improve its compliance framework.



Kondo As an employee, I also strongly sense management's serious commitment to strengthening governance. That said, one challenge is whether this mindset has fully permeated to each and every employee. To deepen employee understanding of governance, including compliance, we need to actively strengthen employee education efforts.

Kitada One phrase I always keep in mind is: “A small leak will sink a great ship”. It means that even the strongest, most secure structure can collapse from a seemingly minor flaw. Even seemingly minor issues, if overlooked, can lead to serious risks in governance. Education and training are not one-off efforts. Since human memory naturally fades over time, it is essential to continue providing education and training, sharing information, and raising awareness on an ongoing basis.

ESG Report

This report outlines the Okura Industrial Group's specific initiatives in the areas of Environment, Social, and Governance (ESG).

Through our business activities, we aim to grow together with society. This report highlights our efforts and achievements, and clearly explains how we are contributing to the realization of a sustainable society.

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Basic Approach to Climate Change

Okura Industrial Group intends to work to reduce climate change risk and expand business opportunities, helping to bring about a more sustainable society.

Okura Industrial Group has identified sustainability materiality in response to social issues encapsulated by the SDGs and the expectations of stakeholders. By addressing these issues, the Company will seek to provide solutions to society and achieve sustained growth as a company. Investors and other stakeholders are particularly concerned about the impact of climate change on companies. Okura Industrial Group, for its part, has analyzed the impact of climate change and begun to respond to it in line with the TCFD's climate change information disclosure standards. The analysis has made clear that while the long-term financial impact of climate change risk is inevitable, there are also, simultaneously, many opportunities.

Governance

Okura Industrial Group regards solutions to sustainability-related issues for society and companies as business opportunities. The issues include addressing climate change and other global environmental problems, respecting human rights, and conducting fair and appropriate business activities for all stakeholders, including employees. To promote initiatives toward these goals, the Company has established the Sustainability Committee. The Committee is chaired by the Director, Executive Operating Officer who is in charge of promoting sustainability and is composed of Directors and Operating Officers. In addition, plans related to environmental protection developed and proposed by the Sustainability Promotion Department, which is responsible for formulating and promoting basic ESG plans across the organization, are deliberated by the Environmental Protection Promotion Committee.

Under this system, the Group actively discloses information on the status of the initiatives to stakeholders, including climate action measures, the most important theme, and manages them through an environmental management system and other mechanisms while continually making improvements, with management reviews being conducted on the results.

Strategy

The Group developed two scenarios to clarify its climate change risks and opportunities. One is a 4°C scenario, which assumes that climate action measures do not make headway and the temperature continues to rise on the same trajectory and that physical risks and opportunities occur as a result of this. Based on this scenario, analysis was performed for acute and chronic impacts. The other is a 1.5°C scenario that assumes various activities will be conducted to prevent warming and examines risks and opportunities connected with the transition to a carbon-free society. Analysis in this scenario was conducted related to government policies and regulations, technology, markets, and reputation.

Summary of scenario analysis results

► An increase in direct costs to the Group from the introduction of a carbon tax and an increase in raw material costs from the tax being levied on suppliers are thought to be the main factors that will reduce earnings.

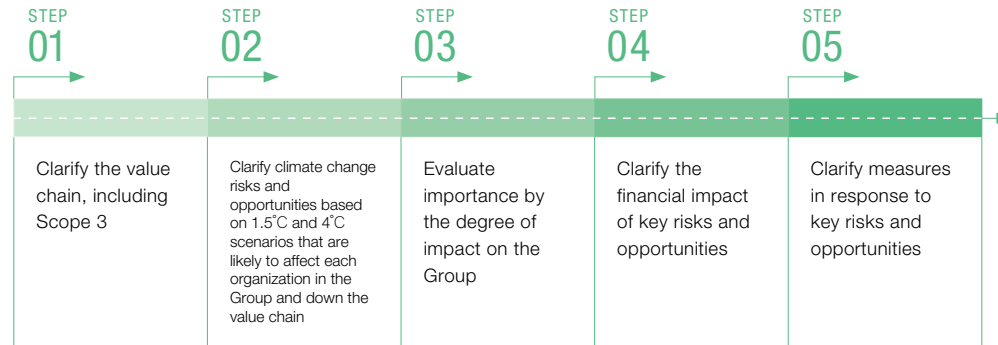
Cost increase example: Based on figures and an exchange rate (1 USD = 150 JPY) from IEA WEO 2023 (NZE scenario), the estimated carbon tax is 21,000 yen/t-CO₂. Under this assumption, the annual cost increase in 2030 would be approximately 1.6 billion yen if CO₂ emissions reduction targets (Scope 1 and 2) are met, or approximately 2.2 billion yen if emissions remain at current levels.

► At the same time, based on areas targeted for CO₂ reduction—films that use recycled raw and biomass materials, barrier films that help reduce food loss, peripheral components that contribute to vehicle electrification, and particleboard using construction waste—the increase in demand for carbon storage through cascade use of wood products and increased use of wood in buildings, for example, became clear as a business opportunity.

The Group will promote climate action measures integrated with management strategy while clarifying response measures for key risks and opportunities.

Risk Management

Okura Industrial Group selects and evaluates climate change risks and opportunities within each business division by following the steps outlined below. These risks and opportunities are managed under the system described in the “Governance” section.



Indicators and Targets

Reduce CO₂ emissions

Scope 1 and 2

Target

2030: 37% reduction compared to 2021 (equivalent to a 50% reduction compared to 2013)

Scope 3

We will improve the accuracy of Scope 3 calculations. We aim to set a Scope 3 CO₂ emissions reduction target and formulate an action plan to work towards the reduction of CO₂ emissions throughout the supply chain.

Create and Expand Environmental Contribution Products

Target

2030: 100% sales ratio of Caerula™-certified products to the total sales in the living support category

Measures in response to key risks and opportunities

Major category	Category	Subcategory	Risk / Opportunity	Assumed business impact on the Company	Importance ¹	Period ²	Potential response measures
Transition risk	Government policies and regulations	Stronger regulations on GHG emissions	Risk	Manufacturing costs increase from introduction of carbon tax	High	Short- to medium-term	Increase productivity Install energy-saving facilities Introduce renewable energy Revise product prices
	Technology	Development and spread of next-generation technologies	Opportunity	Remote technologies, such as telemedicine, progress, increasing sales of display-related products	Medium	Short- to medium-term	Develop display-related products and increase productivity
	Market	Changes in energy demand	Risk	Energy (electricity, fuel) costs increase, causing manufacturing costs to rise	High	Short- to medium-term	Install energy-saving facilities Conduct energy-saving measures
				Use of wood chips for energy source progresses, causing shortages in particleboard materials	Medium	Short- to medium-term	Increase wood-chip suppliers
			Opportunity	Vehicle electrification accelerates, increasing sales of peripheral components	High	Short- to medium-term	Develop, sell, and increase production capacity of peripheral components
		Changes in demand for low-carbon products	Risk	Manufacturing costs increase due to changes in raw material demand	Medium	Short-term	Increase productivity Revise designs of existing products Expand use of recycled materials
				Packaging film sales decrease due to reductions (thinner, simpler)	Medium	Short-term	Revise designs of existing products Deepen technologies for film thinning
			Opportunity	Sales of Environmental Contribution Products increase	Medium	Short- to medium-term	Promote development of Environmental Contribution Products Introduce mass balance method via ISCC PLUS certification
		Reputation	Opportunity	Market for wooden non-housing buildings expands, increasing sales of related products	Medium	Short- to medium-term	Respond to and sell wooden non-housing buildings
			Risk	If ESG investment lags behind, corporate value decreases	Medium	Medium-term	Consider SBT initiatives
	Physical risk	Chronic	Risk	Labor environment deteriorates due to rising temperatures, making it difficult to secure workers, which inhibits operations	Medium	Medium- to long-term	Achieve labor savings through automation of manufacturing processes
				Particleboard manufacturing costs increase due to the impact of rising temperatures and prolonged rainfall	Medium	Medium-term	Reassess wood chip storage locations and manufacturing facilities
		Acute	Risk	Raw materials cannot be procured due to natural disasters, inhibiting production activities	High	Medium- to long-term	Obtain certifications for alternative raw materials
				Company plants shut down due to natural disasters, causing sales to decline	High	Medium- to long-term	Obtain certifications for multiple manufacturing sites Install onsite power generating facilities and storage batteries
			Opportunity	Demand for high-strength wood products increases, boosting sales of related products	Medium	Medium- to long-term	Develop and sell relevant products

¹ Considering degree of impact and likelihood.

² Short-term: 1 to 3 years; Medium-term: 4 to 10 years; Long-term: more than 10 years

Materiality

Reduce CO₂ Emissions

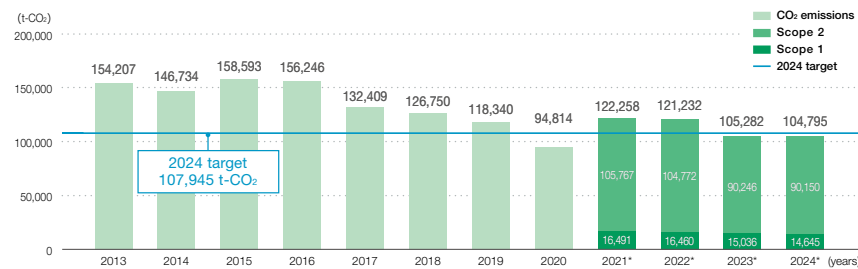
Okura Industrial Group has set a 2030 CO₂ emissions reduction target for Scope 1 and 2, and is working to reduce emissions.

CO₂ emissions (Scope 1 and 2)

Domestic business site

In 2024, we achieved our performance targets as follows.

Reduction targets At least a 12% reduction compared to 2021 (equivalent to at least a 30% reduction compared to 2013)
Results **14.2%** reduction compared to 2021 (equivalent to a **32.0%** reduction compared to 2013)

CO₂ emissions

*A breakdown of CO₂ emissions is provided from 2021 onward.

[Periods covered]

2013–2020: From April of each year to March of the following year

2021–2024: From January to December of each year

[Third-party verification]

2021–2024: Audited

[Emission factors]

2013–2020: Figures for Scope 2 emissions are calculated using the basic emission factor for each electricity supplier.

2021–2024: Figures for Scope 2 emissions are calculated using the adjusted emission factor for each electricity supplier.

[Covered entities]

Okura Industrial Co., Ltd., 11 consolidated subsidiaries, and 4 affiliate companies
Okura Hotel Takamatsu: Not included from 2015 to 2017; not included for 2019 and later due to sales.

Domestic and overseas business sites

The result for 2024 was 107,967 t-CO₂.

We are working to gauge CO₂ emissions at both our domestic and overseas business sites. Moving forward, we will aim for more precise calculations of CO₂ emissions from our overseas business sites.

*The following information relates to overseas sites only (see above for information on sites in Japan).

[Third-party verification] Audited

[Emission factors] Figures for Scope 2 emissions are calculated using IDEA Ver. 3.4.

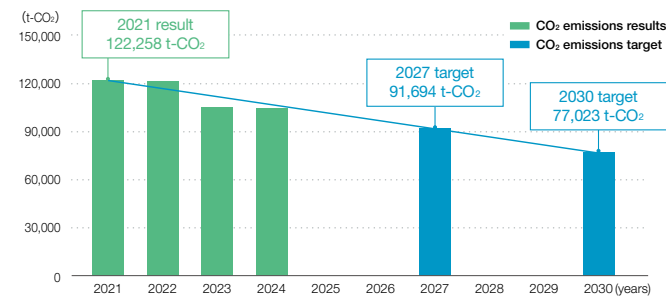
[Covered entities] Wuxi Okura Packing Material Co., Ltd.

Future targets

In line with the start of “Medium-term Management Plan(2027)” in 2025, we have set new Scope 1 and Scope 2 CO₂ emissions reduction targets for 2027. We will continue to promote initiatives to reduce CO₂ emissions, aiming to achieve our 2030 targets.

2027: Reduction targets 25% reduction compared to 2021 (equivalent to a 40% reduction compared to 2013); target: 91,694 t-CO₂

2030: Reduction targets 37% reduction compared to 2021 (equivalent to a 50% reduction compared to 2013); target: 77,023 t-CO₂

CO₂ emissions reduction targetsCO₂ emissions (Scope 3)

Since 2022, the Group calculates Scope 3 emissions (indirect emissions other than the Scope 1 and Scope 2 emissions in the supply chain from raw material procurement to product disposal). Our Scope 3 emissions results in 2024 can be seen on the right.

As a result of the calculation, it was found that, as in 2023, Category 1 emissions remained the highest.

We will continue to improve the accuracy of calculations based on the results of the calculation for 2024. Moreover, to reduce CO₂ emissions throughout the supply chain, we have formulated a Scope 3 CO₂ emissions reduction target for the duration of “Medium-term Management Plan(2027)”, and will now proceed to formulate an implementation plan.

CO₂ emissions

Scope 3 Category	2023*		2024	
	Emissions (t-CO ₂)	Ratio (%)	Emissions (t-CO ₂)	Ratio (%)
Category 1	343,348	61.2	426,890	65.0
Category 2	37,838	6.7	21,123	3.2
Category 3	17,814	3.2	23,007	3.5
Category 4	54,833	9.8	62,843	9.6
Category 5	2,517	0.4	2,817	0.4
Category 6	338	0.1	331	0.1
Category 7	1,177	0.2	1,152	0.2
Category 9	16,722	3.0	32,152	4.9
Category 11	3,177	0.6	3,707	0.6
Category 12	83,011	14.8	83,065	12.6
Category 13	12	0.0	12	0.0

[Periods covered] From January to December of each year

*Some figures for Scope 3 emissions in 2023 have been partially amended from the those published in the Sustainability Report 2024.

Emissions subject to accounting, accounting method, and covered entities for CO₂ emissions (Scope 1, 2, and 3) in 2024

Category		Unit	Emissions subject to accounting	Accounting method	Covered entities
Scope 1 Direct emissions by the Company (from the use of fuel and industrial processes)		t-CO ₂	CO ₂ emissions from the use of kerosene, light oil, bunker A, gasoline, LPG, city gas, and gasoline/distillate fuel used by vehicles	Calculation formula: Annual volume of each type of fuel purchased × Unit calorific value × Emission factor Unit calorific value and emission factor used: Values based on the Mandatory Greenhouse Gas Accounting and Reporting System under the Act on Promotion of Global Warming Countermeasures.	Okura Industrial Co., Ltd. Consolidated subsidiaries ^{*1, *7} Affiliate companies, etc. ^{*2}
Scope 2 Indirect emissions from the use of electricity, heat and steam supplied by other companies		t-CO ₂	CO ₂ emissions from the use of electricity	Calculation formula: Annual amount of electricity purchased × Emission factor Emission factor used: [Domestic business sites] Emissions unit values for each electricity supplier [Overseas business sites] IDEA Ver. 3.4	Okura Industrial Co., Ltd. Consolidated subsidiaries ^{*1, *7} Affiliate companies, etc. ^{*2}
Scope 3	Category 1 Purchased goods and services	t-CO ₂	GHG emissions from the resource extraction stage to the manufacturing stage of raw materials, products, and services purchased by the Company, excluding developed products	Calculation formula: Volume of major raw materials purchased × Emission factor + Monetary amount of products and services purchased apart from major raw materials × Emission factor Emission factor used: [Volume of major raw materials purchased] IDEA Ver. 3.4 [Products and services purchased apart from major raw materials] Emissions Unit Values Database for Accounting of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain (Ver.3.4)	Okura Industrial Co., Ltd. Consolidated subsidiaries ^{*1, *7} Affiliate companies, etc. ^{*4}
	Category 2 Capital goods	t-CO ₂	GHG emissions from the construction or manufacturing of facilities, equipment, etc.	Calculation formula: Amount of capital expenditures × Emission factor Emission factor used: Emissions Unit Values Database for Accounting of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain (Ver.3.4) Where construction or manufacturing spans several years, emissions are recorded in the final year of completion	Okura Industrial Co., Ltd. Consolidated subsidiaries ^{*1, *7} Affiliate companies, etc. ^{*3}
	Category 3 Fuel and energy related activities not included in Scope 1 or 2	t-CO ₂	GHG emissions from the upstream (resource extraction, production, and transport) of electricity and fuel purchased by the Company	Calculation formula: Annual volume of electricity and each type of fuel purchased × Emission factor Emission factor used: IDEA Ver. 3.4	Okura Industrial Co., Ltd. Consolidated subsidiaries ^{*1, *7} Affiliate companies, etc. ^{*2}
	Category 4 Transportation and logistics (upstream)	t-CO ₂	GHG emissions from the upstream transportation (inbound and outbound logistics) where the Company is the consignor	Calculation formula: [Inbound] Transported ton-km (Volume of purchased raw materials × Transported distance) × Emission factor [Outbound] Transported ton-km (Volume of product shipments × Transported distance) × Emission factor Emission factor used: IDEA Ver. 3.4 Transported distance, maximum truck load, and loading rate are calculated through established transportation scenarios.	[Inbound] Okura Industrial Co., Ltd. Consolidated subsidiaries ^{*5} [Outbound] Okura Industrial Co., Ltd. Consolidated subsidiaries ^{*5} Affiliate companies, etc. ^{*4}
	Category 5 Waste generated in operations	t-CO ₂	GHG emissions from the transportation and processing of waste generated from our business activities (excluding general waste from business activities and valuables)	Calculation formula: Weight by waste type × Emission factor Emission factor used: Emissions Unit Values Database for Accounting of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain (Ver.3.4)	Okura Industrial Co., Ltd. Consolidated subsidiaries ^{*1} Affiliate companies, etc. ^{*2}
	Category 6 Business travel	t-CO ₂	CO ₂ emissions from fuel and electricity consumption from transportation used by employees for business travel	Calculation formula: Number of employees as of December 31 each year × Emission factor Emission factor used: Emissions Unit Values Database for Accounting of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain (Ver.3.4)	Okura Industrial Co., Ltd. Consolidated subsidiaries ^{*1, *7} Affiliate companies, etc. ^{*2}
	Category 7 Employee commuting	t-CO ₂	CO ₂ emissions from fuel and electricity consumption from transportation used by employees for commuting to plants and business sites	Calculation formula: Number of employees for each work format and class of city as of December 31 each year × Number of business days × Emission factor Emission factor used: Emissions Unit Values Database for Accounting of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain (Ver.3.4)	Okura Industrial Co., Ltd. Consolidated subsidiaries ^{*1, *7} Affiliate companies, etc. ^{*2}
	Category 8 Leased assets (upstream)	t-CO ₂	(Not applicable) While some of our company cars and business locations fall under leased assets, they are included in Scope 1 and 2. This category is therefore not applicable.	—	—
	Category 9 Transportation and delivery (downstream)	t-CO ₂	GHG emissions from the transportation of manufactured and sold products to the end consumer where the Company is not the consignor	Calculation formula: Transported ton-km (Volume of product shipments × Transported distance) × Emission factor Emission factor used: IDEA Ver. 3.4 Transported distance, maximum truck load, and loading rate are calculated through established transportation scenarios.	Okura Industrial Co., Ltd. Consolidated subsidiaries ^{*5} Affiliate companies, etc. ^{*4}
	Category 10 Processing of sold products	t-CO ₂	(Not applicable) Our products are intermediate products and used for various purposes as raw materials for end products, and their usage in end products is minimal. This category is therefore not applicable.	—	—
	Category 11 Use of sold products	t-CO ₂	CO ₂ emissions from the use of products sold (including systems and services), specifically hardware sold by Okura Information System Co., Ltd. and electronic equipment attached to houses sold by Okura House Co., Ltd. (Calculated for products for which usage as an end product can be ascertained within the Group)	Calculation formula: [Hardware] Estimated useful lifespan of the product × Number of units sold in the reporting period × Annual electricity consumption × Emission factor [Houses] Estimated useful lifespan of the equipment attached to houses × Number of units sold in the reporting period × Annual electricity consumption × Emission factor Emission factor used: Emissions unit values for each electricity supplier	Consolidated subsidiaries ^{*6}
	Category 12 End-of-life treatment of sold products	t-CO ₂	GHG emissions from the end-of-life treatment by users of products manufactured and sold by the Company	Calculation formula: Volume of products shipped × Emission factor Emission factor used: Emissions Unit Values Database for Accounting of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain (Ver.3.4) Calculated based on the assumption that all shipped products will be disposed of.	Okura Industrial Co., Ltd. Consolidated subsidiaries ^{*5} Affiliate companies, etc. ^{*4}
	Category 13 Leased assets (downstream)	t-CO ₂	CO ₂ emissions from the operation of assets owned by Okura Industrial as a leasing business and leased to others	Calculation formula: Annual electricity consumption from leased assets × Emission factor Emission factor used: Emissions unit values for each electricity supplier	Okura Industrial Co., Ltd.
	Category 14 Franchises	t-CO ₂	(Not applicable) We engage in the manufacturing and processing of plastic products, and no part of our business involves franchises. This category is therefore not applicable.	—	—
	Category 15 Investments	t-CO ₂	(Not applicable) We engage in the manufacturing and processing of plastic products, and do not invest in third parties as a business. This category is therefore not applicable.	—	—

*1 KS Okura Co., Ltd., Kyushu Okura Co., Ltd., Saitama Okura Co., Ltd., Okura Products Co., Ltd., Okura Hotel Co., Ltd., Okura Precut System Co., Ltd., Okura Information System Co., Ltd., Okura House Co., Ltd., Union Gravure Co., Ltd., Okura Pack Kagawa Co., Ltd., Kanto Co., Ltd.

*2 Okura Sangyo Co., Ltd., O.L.S. Co., Ltd., Otomo Kasei Co., Ltd., Okura Health Insurance Association

*3 Otomo Kasei Co., Ltd., O.L.S. Co., Ltd.

*4 Otomo Kasei Co., Ltd.

*5 KS Okura Co., Ltd., Kyushu Okura Co., Ltd., Saitama Okura Co., Ltd., Okura Products Co., Ltd., Union Gravure Co., Ltd.

*6 Okura Information System Co., Ltd., Okura House Co., Ltd.

*7 Including the overseas consolidated subsidiary Wuxi Okura Packing Material Co., Ltd.

*See each item for details of the scope covered.

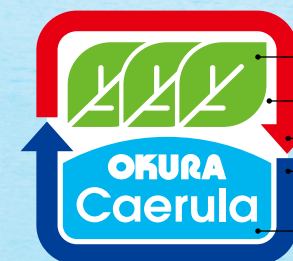
To the sea To the sky To nature

Circulate and connect towards a prosperous future

Since 2019, Okura Industrial Group has been certifying products that contribute to the reduction of greenhouse gas emissions and resource recycling as “Environmental Contribution Products”, and calculating their sales ratio to the total sales.

In 2021, we established a clear definition for these products based on JIS Q 14021 (Type II environmental label) and introduced the logo and name “Caerula™” for Environmental Contribution Products. Under the Caerula™ initiative, products that contribute to achieving the SDGs are categorized into three ranks (Triple, Double, and Single). Products with the highest level of global environmental contribution, such as those certified under environmental labeling schemes, are categorized as “Triple Leaves” products. Products that meet standards for resource conservation, prevention of environmental pollution, and appropriate waste disposal are categorized as “Double Leaves”. Products that contribute to reducing environmental burden and those that contribute to the environment through use of secondary materials or waste are categorized as “Single Leaf”. We are committed to expanding our lineup of Environmental Contribution Products, with the goal of increasing the ratio of certified products to at least 75% by 2027, and achieving 100% by 2030. We incorporate our aspiration to “give back to the Earth (circulation)” in Caerula™ and aim to keep nature beautiful into the future.

Caerula™



Green represents nature

White represents sky

Arrow represents circulation

Red and blue are Okura Industrial Group's corporate colors

Light blue represents sea

- Caerula™ means “blue” in Latin. Blue is one of Okura Industrial Group's corporate colors, and also indicates the color of the Earth.
- Caerula™ also carries our aspiration to “give back to the Earth (circulation)” as Environmental Contribution Products.
- The number of leaves represents ranks. The more there are leaves, the higher the rank is (the more it contributes to the Earth's environment).

Certification Criteria

Contribution to the SDGs

- ▶ Contributing to one of the 17 goals toward achieving the SDGs

Resource conservation and recycling Prevention of environmental pollution Appropriate disposal of waste

- ▶ Reduction of product resources
- ▶ Reduction of emissions of substances with environmental burden
- ▶ Restrictions on the use of chemical substances
- ▶ Recyclable
- ▶ Containing recycled materials
- ▶ Use of resources with low environmental burden
- ▶ Reduction of solid waste

Life cycle thinking Environmental labels

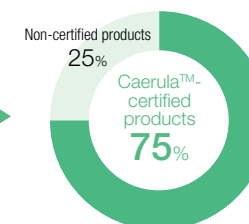
- ▶ Contribution to reducing environmental burden during consumer use
- ▶ Environmental label certified products

Status of Certification of Caerula™ in the Living Support Category Products Materiality

Net sales ratio result for 2024

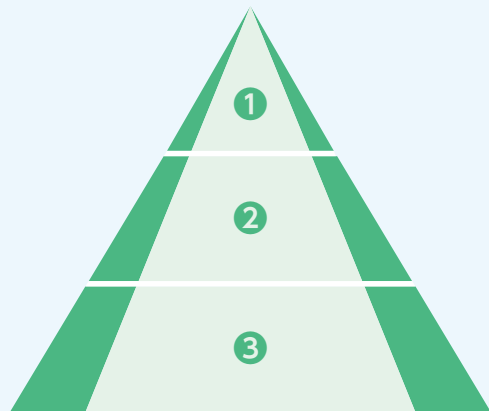
Net sales ratio target for 2027

Net sales ratio target for 2030



*The living support category products are products that are closely related to housing and food, and support people's safe and comfortable lives.

Framework of Environmental Contribution Products



1 Triple Leaves

- Products certified with environmental labels (third-party certified)
- Products designed to contribute to reducing environmental burden when used by customers



2 Double Leaves

- Products that meet either the standards for “resource conservation and recycling”, “prevention of environmental pollution”, or “appropriate disposal of waste”



3 Single Leaf

- Products that, while not designated as Double or Triple Leaves products, clearly contribute to the environment
- Products that contribute to the environment through major secondary materials and waste countermeasures

Review and Certification

For Caerula™ certification, the Sustainability Promotion Department conducts a review, and the Manager of the Sustainability Promotion Department grants the certification.



Major Caerula™-certified Products

Triple Leaves

OK Spout standard bag



Eco-containers that contribute to the reduction of waste volume

OK Spout standard bag is a laminated bag with a spout that allows the contents to be used up completely without waste. As these bags use considerably less plastic than bottle containers, they are an environmentally friendly packaging that contributes to reducing environmental burden.



Double Leaves

Shounosuke II



Mulch films that reduce environmental burden by contributing to waste reduction

These mulch films help reduce environmental burden by lowering the amount of waste generated during collection or replacement. They are 40% thinner than conventional products, contributing to reductions in both waste volume and cost.



Single Leaf

Standard bags and trash bags



Products that contribute to the achievement of the SDGs in various ways

We contribute to the achievement of the SDGs in a variety of ways, offering standard bags that help reduce chemical usage through thinner exterior films, the incorporation of recycled materials, and reduced ink usage. Additionally, we provide products designed with universal design principles that have been adopted as designated trash bags by local governments.



As of December 31, 2024
Detailed information on these products is provided on Okura Industrial's website. Please refer to this information.



Environmental Initiatives

—Passing on the baton to the future by reducing our environmental burden—

Considering leading children to the future as our mission, we will strive to reduce the environmental burden in our business activities. For CO₂ emissions (Scope 1 and 2) that contribute to climate change, we will aim for a reduction of 37% by 2030 in comparison with the level in 2021 (equivalent to a reduction of 50% compared to 2013). Furthermore, we will promote the provision of products and services to achieve a carbon-free society, aiming for sustainable synergetic development with society.



Okura Industrial Group Environmental Policy

We will protect our irreplaceable global environment and promote business activities that contribute to the sustainable synergetic development of corporations and society.

Okura Industrial Group Environmental Conduct Policies

● Environmental management

Okura Industrial Group aims to promote a corporate environmental management system and work to protect the environment with the full participation of our workers.

● Reduction of environmental burden

We will endeavor to achieve resource and energy conservation, reduce and recycle waste, and prevent pollution, thereby contributing to achieving carbon neutrality by promoting climate action measures and protecting the ecosystem and biological diversity.

● Environmental contribution

We are conscious of the environment in our planning and development and endeavor to provide products and services that further contribute to the environment.



● Eco-culture

Through education and enlightenment, we will create a culture in which each employee recognizes the importance of the environment and voluntarily engages in environmental conservation activities.

● Safety and Health

We regard safety as the core of our management and strive to create workplaces where each and every employee can work in good health and comfort, and to establish a security and disaster prevention system that minimizes the impact on the community and society in the event of a disaster.

● Environmental communication

We will accurately and continuously disclose information related to the environment, respect the evaluations and opinions of each stakeholder, and apply them to our environmental conservation activities.

Compliance with Environmental Laws and Regulations

Okura Industrial Group operates the Environmental Management System (EMS) in conformity to ISO 14001:2015. The compliance with legal restraints (laws and regulations, and ordinances) is one of various requirements specified by this EMS.

The Group recognizes that the compliance with environmental legal restraints is an especially important point from a perspective of compliance. Accordingly, in order to achieve it at all business sites in the Group, we have established the following mechanisms.

Preparation of check sheet

As major environmental laws and regulations, we selected 31 particularly important laws and regulations, such as the Air Pollution Control Act and the Water Pollution Prevention Act, and prepared a check sheet to confirm the status of compliance with each of them. Also, in relation to environmental ordinances provided for by prefectures and municipalities where the Group's business sites are located, each of the business sites prepares check sheets for relevant ordinances. All business sites within the Group are required to confirm the status of compliance with laws, regulations, and ordinances through the check sheets twice a year.

Implementation of measures to be checked mainly by the Corporate Center

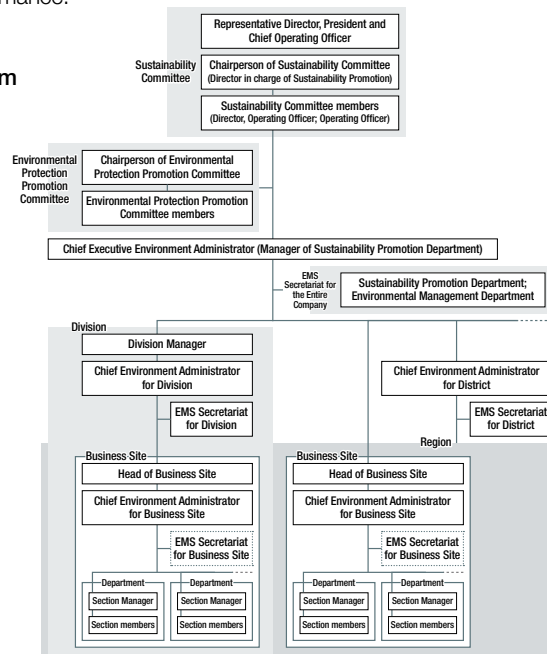
In addition to the periodical confirmation by each business site, we conduct measures, mainly by the Corporate Center, to confirm the check sheets together with responsible personnel of the business site, and educate employees on environmental laws and regulations. Through these measures, they confirm the check sheets including explanations of the laws and regulations, thereby confirming compliance with laws and regulations while endeavoring to improve responsible personnel's capabilities. At the same time, we also conduct on-site checks at each business site to make sure that the storage of various fuels, waste storage areas, and facilities in the plants are managed in a manner that complies with laws and regulations.

More than a decade has passed since the operation of EMS started. Aiming at a more sophisticated system for compliance with legal restraints, we will further strengthen these measures.

Environmental Management System

We appoint Chief Executive Environment Administrator responsible for management of EMS of Okura Industrial Group and Chief Environment Administrator for Division in each division to improve environmental performance.

Environmental management system



Environmental Education System

Okura Industrial Group has established Environmental Management Rules to operate EMS. We clarify the capabilities necessary for EMS operation, and systematically implement education. We also prepare programs summarizing basic contents related to SDGs, climate change and measures therefor, and we provide all employees with education using e-learning, etc. Additionally, for employees engaged in operations related to the environment (EMS-related parties), we provide e-learning on environmental legal restraints to help them deepen their knowledge in this area.

EMS capability list

Item	Required capabilities	Subject person
Okura Industrial Group Environmental Policy and Environmental Conduct Policies	Understand details stated in Okura Industrial Group Environmental Policy and Environmental Conduct Policies	All employees
Okura Industrial Group Environmental Objectives	Understand medium- and long-term goals stated in Okura Industrial Group Environmental Objectives	All employees
Environmental Management Rules	Understand the Environmental Management Rules defining Okura Industrial Group's EMS	EMS-related parties
Each type of EMS procedure manual	Understand each type of EMS procedure manual which is a subordinate document of the Environmental Management Rules	EMS-related parties
SDGs training	Understand basic contents of SDGs through e-learning	All employees
Climate change and measures therefor	Understand the latest issues related to climate change and countermeasures therefor through e-learning	All employees
Introductory environmental education	Understand EMS in general through e-learning	All employees
Caerula™	Understand the Caerula™ system through e-learning	All employees
Environmental legal restraints	Understand the obligations, penalties, and other aspects of legal restraints in each field (air, water quality, etc.) through e-learning	EMS-related parties
Carbon footprint	Understand what carbon footprint is through e-learning	EMS-related parties

Environmental Action Plan

In order to realize Okura Industrial Group Environmental Policy, the Group has set the Group Environmental Objectives every three years in time with a period of the medium-term management plan. Based on this, each division sets three-year environmental objectives, while each business site under divisions establishes one-year environmental targets, and action plans are developed to achieve them. Progress of the plan is voluntarily managed by each business site, and its achievement is confirmed through a management review to be implemented semiannually.



Acquisition of ISO 14001 Certification

In 2010, the Environmental Management Department, the Marugame No. 4 Plant, the Marugame No. 5 Plant, the New Materials Division's B Building, the Takuma Plant, the Okura Pack Kagawa's No. 4 Branch Office and No. 5 Branch Office, and Otomo Kasei Co., Ltd. acquired the ISO 14001 certification, which is the international standard for environmental management systems.

For more details, please see Okura Industrial's website.



CO₂ Emissions Reduction Measures

Okura Industrial Group is committed to reducing CO₂ emissions that contribute to global warming through thorough energy saving activities, the installation and upgrading of energy-saving facilities, improvements in logistics efficiency, and the introduction and expanded use of CO₂-free electricity. The Group will also proceed with these initiatives for risks which were clarified in the scenario analysis for information disclosure in accordance with the TCFD recommendations.

Installation and upgrading of energy-saving facilities

With the introduction of city gas supply to the Marugame No. 5 Plant, we converted the fuel used in our steam boilers from bunker A to city gas. Compared to bunker A, city gas has higher combustion efficiency, which allows us to generate the same amount of energy with lower fuel costs.

We also installed a heat recovery heat pump to capture waste heat from the production process and reuse it as a heat source in our printing process, contributing to an annual reduction of approximately 750 t-CO₂*.

This initiative was submitted to and selected for the FY2023 Support for High-efficiency Installations for Facilities with Targets (commonly known as the SHIFT Program).

*The CO₂ emission factor (FY2023 emission factor (adjusted)) is calculated using 0.464 (kg-CO₂/kWh) for Shikoku Electric Power Co., Inc.



Heat recovery heat pump



Steam boiler

Materiality

Improvements in logistics efficiency

Although Okura Industrial Group does not have its own logistics or transportation division, Okura Industrial alone ships over 30 million ton-kilometers per year. Therefore, the Group falls under a specified consignor set forth in the Act on Rationalizing Energy Use. In the logistics stage as well, the Group has set a medium-term guideline to reduce CO₂ emissions generated throughout its logistics network by improving efficiency in product shipments and waste transportation. Going forward, we will strive to reduce environmental burdens, taking measures such as close cooperation with logistics providers, reducing unscheduled shipments with an efficient shipping plan, collectively transporting products for destinations in the same direction, and reducing the use of charter services.

Introduction and expanded use of CO₂-free electricity

As part of “promoting management for decarbonization (climate action measures)”, Okura Industrial Group is actively pursuing the expanded use of renewable energy.

In 2024, the Group achieved a reduction of approximately 2,500 t-CO₂*¹ through the adoption of solar power generation systems. At the Marugame No. 4 Plant, an off-site PPA*² utilizing solar power began in September 2024, and the associated environmental value has been applied since March 2025. An on-site PPA also began at the Chunan Plant in 2025. Together, these initiatives are expected to reduce CO₂ emissions across the Group by approximately 5,000 t-CO₂ annually*¹.

For sales offices where installation of solar power generation systems utilizing on-site or off-site PPAs is challenging, we have begun considering alternative CO₂ emission reduction measures by utilizing CO₂-free electricity plans offered by electricity suppliers. At the Hiroshima Sales Office, we have contracted a CO₂-free electricity plan since March 2024, which reduces approximately 10 MWh of electricity usage and approximately 5 t-CO₂*¹ in CO₂ emissions annually.

Going forward, we will continue to promote Group-wide decarbonization by rolling out off-site PPAs to plants that have yet to introduce renewable energy and expanding the use of CO₂-free electricity. Through these efforts, we aim to contribute to a more sustainable society and enhance our corporate value.



Solar power plant supplying the Marugame No. 4 Plant (Takamatsu City)

Electricity usage and CO₂ emission reductions at each business site

Business site	Electricity usage (MWh/year)	CO ₂ emission reduction* ¹ (t-CO ₂ /year)
Marugame No. 4 Plant <Plastic Film Division>	3,500	1,624
Takuma Plant <Building Materials Division>* ³	2,383	1,102
Chunan Plant <Plastic Film Division/New Materials Division>	1,947	903
D Building <New Materials Division>* ³	1,178	544
Kyushu Okura's Package-manufacturing Plant* ³	931	399
KS Okura's Head Office Plant* ³	511	215
O.L.S.* ³	663	307

*¹ Calculated using the adjusted emission factor for each electricity supplier for FY2022 and FY2023.

*² Unlike an on-site PPA, where solar panels are installed on the company's own building rooftops or land for self-consumption, off-site PPA is a scheme in which electricity is delivered via an electricity retailer from a solar power generation facility off the user's premises.

*³ Figures for electricity usage and CO₂ emissions reduction are based on 2024 results.

CO₂ Emissions Reduction Contest

To incentivize outstanding measures that contribute to the promotion of management for decarbonization and to facilitate the horizontal rollout of such measures, we host the CO₂ Emissions Reduction Contest every June during Environment Month. Each business site submits its measures for CO₂ emissions reduction, and the most outstanding measures are recognized with awards. The contest was launched in 2023, initially focusing only on Scope 1 and 2 emissions. In 2024, a new category for Scope 3 emissions was introduced, allowing for the evaluation of initiatives related to transportation (Category 4) and waste reduction (Category 5).

The measure with the highest CO₂ emissions reduction effect is presented with the President's Award, while those recognized for their potential for horizontal rollout receive the Secretariat's Award. After evaluating the initiatives across both Scope 1 and 2 categories and Scope 3 category, the President's Award in the Scope 1 and 2 categories was awarded to the heat recovery heat pump project at the Marugame No. 5 Plant. In the Scope 3 category, the New Materials Division received the President's Award for its efforts to reduce waste and optimize waste transport.

This initiative involved separating materials that would previously have been classified as industrial waste and selling them as valuable resources. For the remaining waste, the division worked with contractors to increase loading efficiency, thereby reducing the frequency of transport. We will continue to identify and promote outstanding measures to further advance CO₂ emissions reduction.



Message —Voices of Our Employees—



General Affairs Section,
General Affairs Department,
New Materials Division
Takeshi Maruoka

I am incredibly honored to have received the President's Award in the CO₂ Emissions Reduction Contest.

This measure began with our growing awareness of the importance of reducing both waste-related costs and our environmental burden. In particular, recycling films had been a challenge, but through the efforts of our manufacturing teams in separating waste, and our collaboration with operators capable of peeling apart the layers, we succeeded in finding a way to sell these materials as valuable resources. As a result, we not only reduced the volume of industrial waste but also decreased the frequency of waste collection and transport, leading to a significant reduction in CO₂ emissions. Encouraged by this achievement, we will continue working closely with our frontline teams and waste management operators to actively promote sustainable resource circulation and further advance our efforts.

TOPICS

Received the FY2024 Kagawa Decarbonization Initiative Grand Award

Okura Industrial received the FY2024 Kagawa Decarbonization Initiative Grand Award.

Kagawa Prefecture has set the target of achieving net-zero greenhouse gas emissions within the prefecture by 2050. To promote decarbonization in Kagawa Prefecture, the Kagawa Decarbonization Promotion Business Award Program awards enterprises within the prefecture that are implementing outstanding initiatives to reduce CO₂ emissions. The program honors their achievements and widely shares their efforts to encourage further promotion, expansion, and ripple effects of such initiatives.



We believe this award recognizes the following initiatives carried out by the Company:

- Installation and upgrading of energy-saving facilities, such as the introduction of heat recovery heat pumps and the fuel conversion of steam boilers
- Introduction of solar power generation systems through a PPA model
- Adoption of the two-drop delivery method when transporting products, which enables a single truck to deliver to two locations, and the use of RORO ships and coastal vessels with lower CO₂ emissions in certain transportation processes
- Implementation of the CO₂ Emissions Reduction Contest to recognize outstanding CO₂ emissions reduction measures within the Group and horizontal rollout of these measures



Introduction of the Internal Carbon Pricing System

Internal Carbon Pricing (ICP) system is a mechanism whereby companies assign an internal carbon price to CO₂ emissions generated from their business activities, in order to drive investment in decarbonization. We have identified “promoting management for decarbonization (climate action measures)” as one materiality of Okura Industrial Group, and set targets to reduce CO₂ emissions (Scope 1 and 2) by 37% by 2030 compared to 2021 levels (equivalent to a 50% reduction from 2013 levels). To achieve these targets, we are further accelerating efforts to reduce CO₂ emissions across the Group and, in January 2025, introduced an ICP system to promote more effective decarbonization investments. Starting in July 2025, we will raise our internal carbon price to 7,000 yen/t-CO₂. Leveraging the ICP system, we will actively drive CO₂ reduction initiatives, including the installation of new energy-efficient equipment and the introduction of solar power generation systems through off-site PPAs.

Overview of the ICP system at Okura Industrial Group

Internal carbon price	7,000 yen/t-CO ₂
Scope of application	Capital investments that are expected to reduce CO ₂ emissions (Scope 1 and 2) of the Group
Utilization method	The expected reduction in CO ₂ emissions resulting from the eligible capital investment is converted into a monetary value using the internal carbon price. This figure is then used as a reference in the investment decision-making process.
Start of application	July 2025

*Internal carbon prices will be reviewed as necessary based on the progress of CO₂ emissions reduction efforts and changes in the external environment.

Materiality

Water Risks

In Kagawa that belongs to Seto Inland Sea climate zone, as there is a small amount of rainfall throughout the year, drought tends to occur frequently and for a long period. In addition, it has been required to enhance a crisis-management system for emergencies in preparation for the Nankai Trough Megathrust Earthquake, which is expected to occur within 30 years with a probability of 70 to 80%.

As a medium-term guideline, Okura Industrial Group has set a target of reducing water consumption intensity by at least 3% by FY2024 compared to FY2021 levels, through appropriate water resource management. In FY2024, we achieved a reduction of approximately 9% compared to FY2021. As a specific initiative, we broke down our water usage into more detailed categories in line with the reporting format required for CDP responses, which enabled greater visibility of usage. We also manage actual performance using a system that monitors environmental indicators. In addition, since leaks from underground piping pose a risk of land subsidence, we investigated previously unclear underground water supply routes at our head office site and managed the latest version of the piping map. At each of our plants, we are also steadily switching from underground to aboveground water piping to facilitate early leak detection.

Under “Medium-term Management Plan(2027)”, we have shifted the indicator from consumption intensity to absolute usage. We now aim to reduce the Group’s tap and recycled water usage by at least 3% by FY2027 compared to FY2024 levels, and will continue to monitor usage on an ongoing basis.

3Rs (Reduce, Reuse, and Recycle)

Okura Industrial Group works, through the entire supply chain, to reduce packaging materials and products that end up as waste. Specifically, we are promoting the development and expanded sales of products that ultimately contribute to waste reduction by making products thinner and incorporating recycled materials. Products that meet specific standards and pass an in-house review process are Caerula™-certified products.

To reduce plastic waste generated during the manufacturing process within the Group, some of our plants use regenerators that melt plastic films and reprocess them into resin pellets. Plastic waste that cannot be effectively reused in-house is handed over to recyclers who can repurpose it as valuable resources. We also share information about such recycling operators throughout the Group. As part of our annual Environment Month held in June, we conduct environmental patrols to provide opportunities to objectively observe initiatives at other plants. These activities also serve as a forum for sharing information on waste collectors used at each plant, helping uncover new ideas for improving recycling practices. We will continue to expand these initiatives as we work toward achieving zero plastic waste across the entire Group.

Materiality

Reducing waste from plants largely

In order to reduce unused (simply burned or buried) waste plastics, we have collected information on recycling operators and are sharing this information within the Company.

In anticipation of reducing Scope 3 Category 5 emissions (waste generated in operations), we have set a target of cutting CO₂ emissions by at least 3% by FY2027 compared to FY2024 levels. To achieve the target, we use a waste management system to calculate recycling rates, estimate CO₂ emissions, and monitor progress.

Materiality

Reducing marine plastics

Recovering waste materials after use, and promoting recycling

Okura Industrial Group is focusing on the development and commercialization of biodegradable films that decomposed in the natural environment to reduce plastics that run out into the ocean. The decomposition rate of biodegradable films varies significantly depending on environmental conditions. In addition, depending on the resin used, certain processes such as sealing may be challenging. To solve such issues, Okura Industrial will offer biodegradable films which meet customers’ needs, using knowledge on resin blending and formulation of additives, etc., as well as manufacturing know-how that we have cultivated as a processor.

We will continue to maximize the Group’s technological abilities to contribute to solving marine plastic pollution.

Issues to address

- Reducing the amount of waste throughout the supply chain
 - Striving and achieving success in making products thinner
 - Expanding products that use recycled materials
- Expansion of the in-house recycling system
 - Recycling into secondary materials for internal use
 - Information sharing on recycling initiatives

TOPICS

Joining Circular Partners

Okura Industrial has joined “Circular Partners”, an government-industry-academia partnership led by the Ministry of Economy, Trade and Industry. In recent years, environmental challenges such as waste generation, climate change, rising demand for resources, and increasing geopolitical risks have grown more serious. In response, companies are being called upon to use resources more efficiently and in a more circular manner. Promoting a circular economy cannot be achieved by companies acting alone—it requires collaboration with a broad range of stakeholders. As of the end of March 2025, more than 600 organizations, including companies, local governments, universities, and research institutions, have joined Circular Partners. Participation facilitates the timely exchange of information and enables members to stay abreast of trends in recycling and resource recovery. Another benefit of joining the partnership is access to subsidies for initiatives such as the installation of resource circulation-related equipment. Participation in Circular Partners supports one of our key priorities: further promoting resource recycling measures. It also contributes to other important issues, such as “promoting management for decarbonization (climate action measures)” and “creating and expanding Environmental Contribution Products”, through the promotion of resource recycling. Although we have already been working on initiatives to reduce waste and promote recycling, we see our participation in Circular Partners as a critical step toward accelerating these efforts. Going forward, we will leverage this network and collaborate with industry, government, and academic stakeholders to drive progress toward a circular economy.

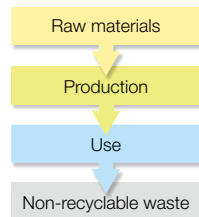


■ Overview of the circular economy

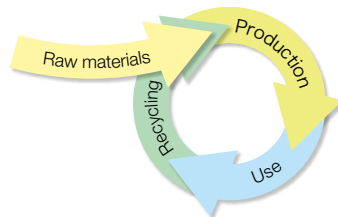
A circular economy is an economic system designed with recycling and reusing resources in mind from the outset of production. Its goal is to minimize the use and consumption of new resources while maximizing the value of those already in circulation.

In contrast, the traditional linear economy has relied on a one-way model of mass production, consumption, and disposal. This linear model places a heavy burden on natural resources and the environment. To address this, a transition to a circular economy is urgently needed—one that circulates products and raw materials while restoring and regenerating the natural environment.

Linear economy (conventional economic system)



Circular economy (future economic system to aim for)



Source: Prepared by Okura Industrial based on “A Circular Economy in the Netherlands by 2050” (2016).

Material Flow of Okura Industrial Group (2024)¹

INPUT



Energy

Purchased power	204,608 MWh
Gasoline	131 kL
Kerosene oil	249 kL
Light oil	389 kL
Bunker A	614 kL
LPG	412 t
City gas	4,326 km ³
Wood chips ²	20 kt

Raw materials³

Pellets and other main raw materials ⁴	97,322 t
Base materials ⁵ (aggregated by weight)	32,923 t
Printing ink, solvent, etc.	2,422 t
Adhesive	14,243 t
Wood chips ⁶	102 kt
Plywood	446k sheets
Decorative paper	6,000 km
Heat insulators	16k sheets



Water

Municipal water ⁷	328,279 m ³
Recycled water ⁸	128,576 m ³

Business activities
of Okura Industrial
GroupDesign/
DevelopmentProcurement of
raw materials

Manufacturing

Distribution

OUTPUT



Atmospheric emissions

CO ₂	Scope 1	14,645 t-CO ₂
	Scope 2 (basic emissions factor)	86,613 t-CO ₂
	Scope 2 (adjusted emissions factor)	90,150 t-CO ₂
	CO ₂ related to logistics ⁹	62,843 t-CO ₂
	CFC ¹⁰	152 t-CO ₂
PRTR	Toluene	628 t



Waste

Waste ¹	6,310 t
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Wastewater

Wastewater	246,899 m ³
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¹ Periods covered: January to December 2024 (CFC, PRTR [Toluene]), and waste: April 2024 to March 2025)

² Indicates the weight of wood chips fed into biomass boilers as fuel (rounded up for the purpose of aggregation).

³ Indicates the volume of raw materials purchased (or used in some cases).

⁴ Including masterbatch, additives, coating agent, etc.

⁵ Films, etc.

⁶ Indicates the weight of wood chips used as raw material for particleboards (rounded up for the purpose of aggregation).

⁷ Including tap water and other water suitable for drinking, as well as potable groundwater.

⁸ Water which is unsuitable for drinking but used for industrial purposes, such as well water and underground water

⁹ Calculated based on inbound and outbound logistics falling under Scope 3 Category 4.

¹⁰ Value calculated based on the calculated amount of leaked fluorocarbons under the Fluorocarbon Emissions Control Act

The data herein was calculated within the scope (Okura Industrial Group) set forth in the Environmental Management Rules (Environmental Management System).

Promise to Customers

Setting “Customers first” as one of the management philosophies, Okura Industrial Group will help customers solve issues through business activities in accordance with Okura Industrial Group Quality Policy.

Introduction

Vision

Strategy

ESG Report

Corporate Data

Okura Industrial Group

Quality Policy



To provide customers with safe and secure products, we approach manufacturing from the viewpoint of 5M1E.



While complying with relevant laws and regulations, we faithfully keep promises to customers and provide safe products that benefit society.



Each of our employees listens to customers' voices and continues to pursue customers' satisfaction with creativity and ingenuity.



We aim to grow together with customers and become their trusted partner.



Each of us continues to grow as individuals and takes on new challenges to exceed our customers' expectations.

Acquisition of ISO 9001 Certification

In Okura Industrial Group, each division has obtained ISO 9001:2015 certification, and has been conducting continuous improvements to provide products and services with quality that we have promised customers.

For more details, please see Okura Industrial's website.



Message —Voices of Our Employees—



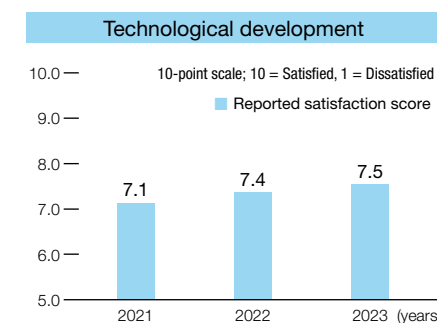
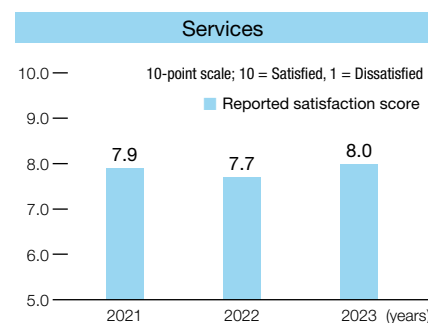
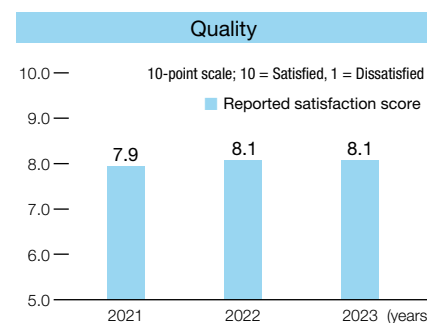
Manager,
Quality Assurance Section,
Plastic Film Division
Naomi Yamahana

The Plastic Film Division manufactures a wide range of products, from packaging films primarily for food applications to industrial process films for optical and semiconductor applications. Customer requirements for quality vary widely. Each of our plants implements daily quality control efforts to meet these diverse needs. In the Quality Assurance Section, where I work, we strive to raise overall quality standards by promoting a unified approach to quality across all sites. We are also working to establish quality management systems (QMS) tailored to the needs of new businesses.

Initiatives in Response to Customer Feedback

Okura Industrial Group conducts an annual customer satisfaction survey to gather a wide range of opinions from customers. The survey includes such key topics as quality, services, and technological development. More detailed questions are determined after discussion between those concerned. Analysis of the survey results shows improved satisfaction across all categories. We will continue striving to further enhance customer satisfaction. The results of the analysis of the survey are fed back to the relevant parties inside the Company, who then discuss the initiatives that should be undertaken in the future. In this way, we will actively engage in further improvement activities.

Customer Satisfaction Survey Trends in reported satisfaction scores



Initiatives to Enhance Quality Awareness

At Okura Industrial Group, quality is the foundation for earning customer trust and satisfaction, and a key source of our competitive edge. We therefore believe that it is essential for each and every employee to deepen their understanding of and commitment to quality. The Group conducts e-learning as part of its efforts to raise quality awareness. In a survey conducted after the e-learning, many employees gave positive feedback, including: “It was very easy to understand and informative”, and “I plan to apply what I’ve learned to my daily work”. Going forward, we will continue to expand initiatives that help employees reaffirm their roles in ensuring quality and foster a stronger sense of ownership.

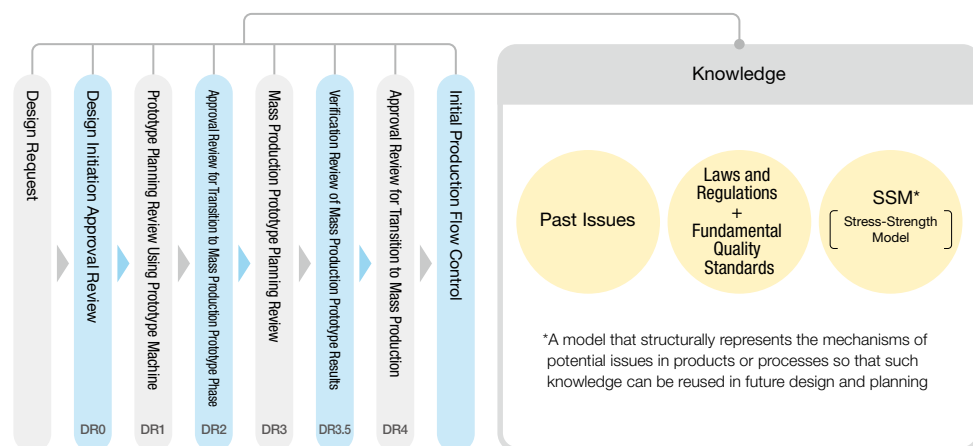
Status of e-learning implementation

Program	Purpose of implementation	Implementation period	Main target participants	Completion rate (as of February 2025)
ISO 9001:2015 Introduction and Basic Training	To promote understanding of the basic concepts and importance of ISO (International Organization for Standardization) standards, and raise awareness of compliance	Ongoing since 2021 (at least once annually)	New employees, candidates for ISO 9001:2015 internal auditor roles	98%
Human Error Training	To improve understanding of human error and encourage formulation and awareness of measures to reduce human errors in operations	Ongoing since 2021	Production departments, Sales departments, etc.	97%
Importance of Design Review	To deepen understanding of the importance of design reviews and promote early issue detection, reducing time and cost in later stages	Ongoing since 2023	Design and development departments	92%
Importance of Risk Management in Factor Changes and 3H Situations (Hajimete: First time, Henkou: Change, Hisashiburi: After a long interval)	To understand the potential risks associated with process changes due to factor changes and 3H situations (Hajimete: First time, Henkou: Change, Hisashiburi: After a long interval), and enhance the ability to recognize risks early.	Ongoing since 2024	Production departments, Quality control departments, etc.	95%
QC Training	To acquire knowledge and practical methods in quality control that can be applied to daily work, thereby improving the quality of products and services.	Ongoing since 2024	Quality control departments	95%

Materiality

Pursuing Higher Quality and Safer Products

Okura Industrial Group has developed the Design Review Knowledge Management System, which is utilized at the Research & Development Center and across all divisions. The system enables users to easily reference past technical insights and legal and regulatory expertise during design reviews and is particularly leveraged in the development of new products. Key benefits include: (1) Improved development efficiency and reduced rework, through easy access to technical and regulatory knowledge; (2) Easier project management through visualizing progress; and (3) Shorter development cycles that allow the timely launch of new products without missing business opportunities. Going forward, the Group will continue to leverage the Design Review Knowledge Management System to deliver safe and reliable products to our customers.

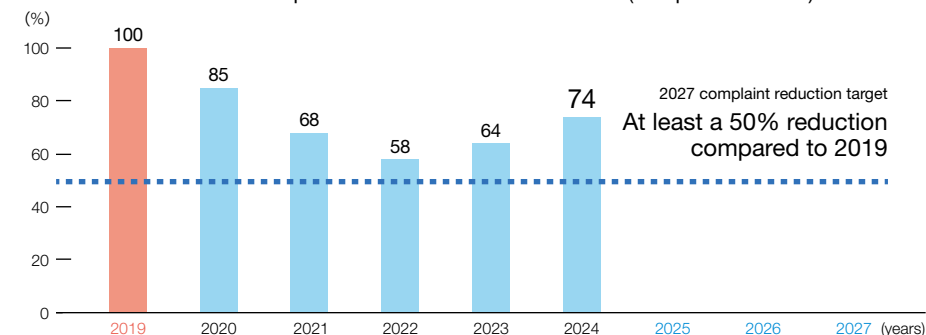


Initiatives for Strengthening the Quality Assurance System

In 2023, several automobile manufacturers were found to have falsified vehicle safety test data, which became a major social issue. Taking these incidents as a lesson, Okura Industrial Group's Quality Assurance Department conducted audits in 2024 at manufacturing and development sites to assess the reliability of quality inspections. The audits revealed several issues, such as “delays in updating procedural manuals” and “expiration management of limit samples”. However, no serious systemic issues, such as “intentional quality fraud”, were identified.

As part of “Medium-term Management Plan(2027)”, the Quality Assurance Department will conduct a comprehensive review of all manufacturing sites to ensure that appropriate quality assurance is being provided to customers. Building on the insights gained from the 2024 audits concerning “reliability of quality inspections”, beginning in 2025, we will expand our efforts to include all processes, such as “design and development”, “purchasing management”, “process control”, and “equipment maintenance”, through preliminary surveys and on-site audits. Through these activities, we aim to identify problems and issues, leading to revisions in our mechanisms and work procedures. Ultimately, our goal is to reduce the number of quality-related complaints, increase customer satisfaction, and enhance the overall reliability of the Group.

Total occurrence rate of complaints for three business divisions (compared to 2019)



Promotion of Sustainable Procurement

At Okura Industrial Group, we aim to work on sustainable procurement and increase corporate value together with our suppliers.

Materiality

Operation of Sustainable Procurement with Consideration for the Environment

Sustainable procurement refers to procurement activities that aim to minimize environmental, social, and economic impacts in the process of sourcing the resources necessary for a company's products and services, with sustainability in mind. Okura Industrial Group has established Okura Industrial Group Sustainable Procurement Policy and Okura Industrial Group Sustainable Procurement Guidelines to achieve a sustainable society throughout the supply chain. We regularly check the status of our suppliers' initiatives in line with these guidelines, and aim for sustainable transactions throughout the supply chain.

Okura Industrial Group Sustainable Procurement Policy and Guidelines

1.Respecting human rights

- Prohibition of forced labor
- Prohibition of child labor and consideration for young workers
- Consideration for working hours
- Payment of appropriate wages and allowances
- Prohibition of inhumane treatment
- Prohibition of discrimination
- Freedom of association and respect for the right to collective bargaining

2.Ensuring safety and health

- Ensuring occupational safety
- Preparation for emergencies
- Prevention of occupational accidents and occupational diseases
- Appropriate management of occupational health
- Consideration for physically onerous work
- Safety measures for machinery and equipment
- Facilities safety and health
- Communication on safety and health
- Employee health management

3.Ensuring quality and safety

- Ensuring product safety
- Quality control
- Provision of accurate information on products and services
- Establishment of management systems

4.Environmental conservation

- Environmental permits and reports
- Evaluation of the negative impact of business activities
- Promoting management for decarbonization
- Management and control of emissions into the atmosphere
- Appropriate water management
- Resource recycling and waste management
- Establishment of management systems
- Management of chemical substances at workplaces
- Management of chemical substances contained in products

5.Realization of fair trade

- Thorough compliance
- Preventing corruption
- Prohibition of inappropriate provision or receipt of profits
- Management of business partners and others
- Appropriate information disclosure
- Appropriate import/export management
- Respect for intellectual property
- Establishment of mechanisms to handle complaints
- Whistleblower protection
- Fair execution of business
- Responsible minerals survey

6.Stronger information security

- Defense against computer and network threats
- Protection of personal information
- Prevention of confidential data leaks

7.Business continuity planning initiatives

- Formulation and preparation of a business continuity plan

Sustainable Procurement Survey

Since 2023, Okura Industrial Group has been conducting sustainable procurement surveys of the surveyed suppliers. In 2024, we adopted a cloud-based platform and requested over 100 suppliers to respond to the survey.

Surveyed suppliers were selected based on criteria such as the Group's top-tier suppliers by transaction volume and their ability to provide raw or secondary materials that are difficult to procure through alternative sources, among "suppliers of raw materials, secondary materials, etc.", "outsourced processing contractors", and "temporary staffing agencies".

[Results of the 2024 survey]

In 2024, we focused on questions regarding the formulation of policies for various human rights-related categories and the regular implementation of training (education), and conducted assessments accordingly. We also identified questions with high risk within the Group and presented reports detailing points for improvement to suppliers whose responses were identified as "at risk".

Regarding "environmental conservation", which scored lower than other categories, it was found that regular in-house training was not conducted by more than half of the surveyed suppliers. Additionally, many companies had either not yet set or calculated targets for reducing greenhouse gas emissions, or had only partially addressed these issues. For "business continuity planning initiatives", the low evaluation is considered to be due to fewer suppliers having established medium- to long-term business continuity plans to address identified risks that may hinder business continuity, as well as around 40% of surveyed suppliers not having created manuals for early business recovery.

[Future initiatives]

The Group will pursue its activities with the goal of achieving an improvement rate of 3% over the 2024 survey results. Specifically, before conducting the sustainable procurement survey, the Group will hold prior briefing sessions for suppliers to explain the background to our activities, the importance of the survey, and the intent of the questions. We will also engage in dialogue with suppliers identified as needing improvement, thereby reinforcing our collaboration.

Materiality

Steady Operation of Green Procurement

In 2007, Okura Industrial Group established Okura Industrial Group Control Criteria for Chemical Substances (hereinafter referred to as the Group Criteria) to appropriately manage chemical substances, and we review the Group Criteria once a year in light of legal amendments.

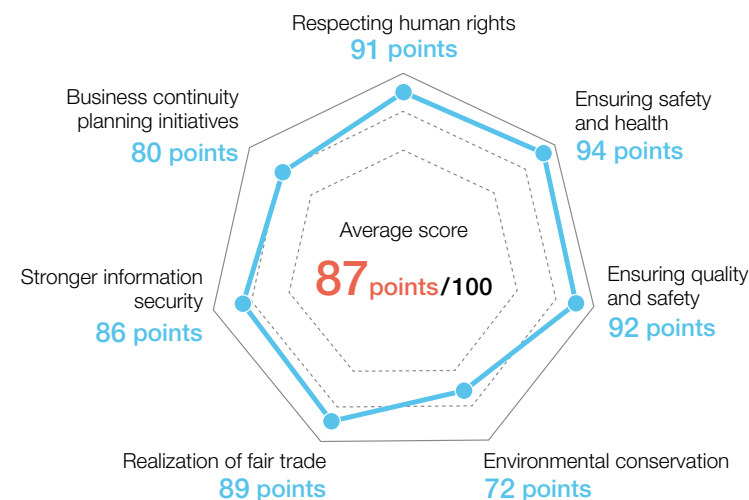
In 2024, on the basis of legal restraints including chemSHERPA* management substances, we expanded the range of substances under management by adding a vast number of those that have recently been incorporated into the Industrial Safety and Health Act and the PRTR Act. We investigate the presence of chemical substances regulated under the Group Criteria in raw materials, etc., used by the Group. We will continue to work with our suppliers to promote environmental conservation activities and the thorough management of chemical substances.

*Information communication scheme on chemical substances contained in products, which is operated by the Joint Article Management Promotion-consortium (JAMP)

Response rate by surveyed supplier

Surveyed supplier	No. of companies surveyed	No. of companies that responded	Response rate
Suppliers of raw materials, secondary materials, etc.	83	60	72%
Outsourced processing contractors	15	11	73%
Temporary staffing agencies	7	2	29%
Total	105	73	70%

Overall average score and scores by category



Strengthening of Human Capital

Okura Industrial Group regards human resources as capital and will accelerate investment in human resources essential to achieving the management vision “Next10(2030)”.



Human Resources Development Policy

At Okura Industrial Group, we perceive human resources as capital. We will continue to invest in creating working environments that are robust in terms of education and development programs, evaluation system, diversity, and employee engagement to develop and secure human resources who can bring our management strategy and growth strategy to life as we strive to realize the management vision “Next10(2030)”.

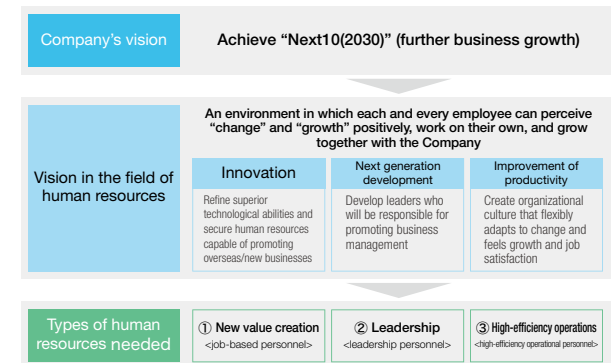
The Group boasts a large number of reliable and persistent personnel, and we will promote such initiatives as revising education and training programs, rebuilding an evaluation system, encouraging women's advancement and recruiting diverse human resources, and practicing health and productivity management as we pursue innovative and enterprising leadership with the mission of creating value adapted to the changing business environment.

Human Resources System (Evaluation and Education)

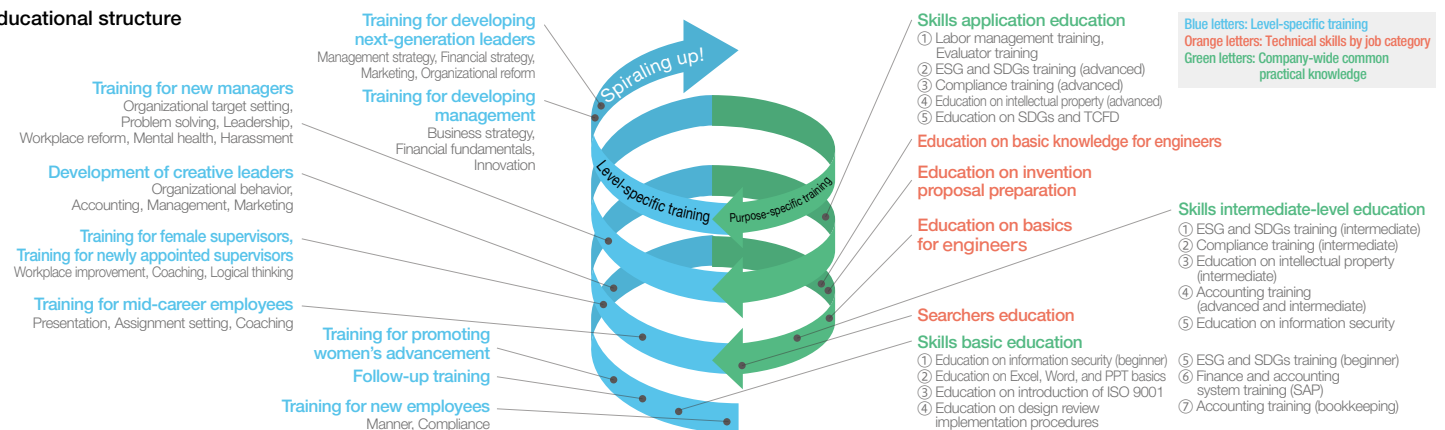
Okura Industrial Group has formulated the management vision “Next10(2030)” outlining where we want to be in the next decade. To realize this management vision, we foster a spirit of challenge and voluntary willingness to grow in employees' various career development.

In the evaluation system, the Company's visions in the field of human resources are defined as “increasing innovation human resources”, “developing next-generation leaders responsible for promoting business management”, and “improving operational capabilities to increase efficiency and sophistication of existing operations”. We have rebuilt the system, classifying necessary human resources into types of human resources for job, leaders, and highly efficient operations. The new system was launched in January 2024.

As for the education system, human resources required for each level are defined, and education and training systems are established and programs are provided in light of the definitions, leading to the improvement of employees' engagement.



Educational structure



Rebuilding the Evaluation System

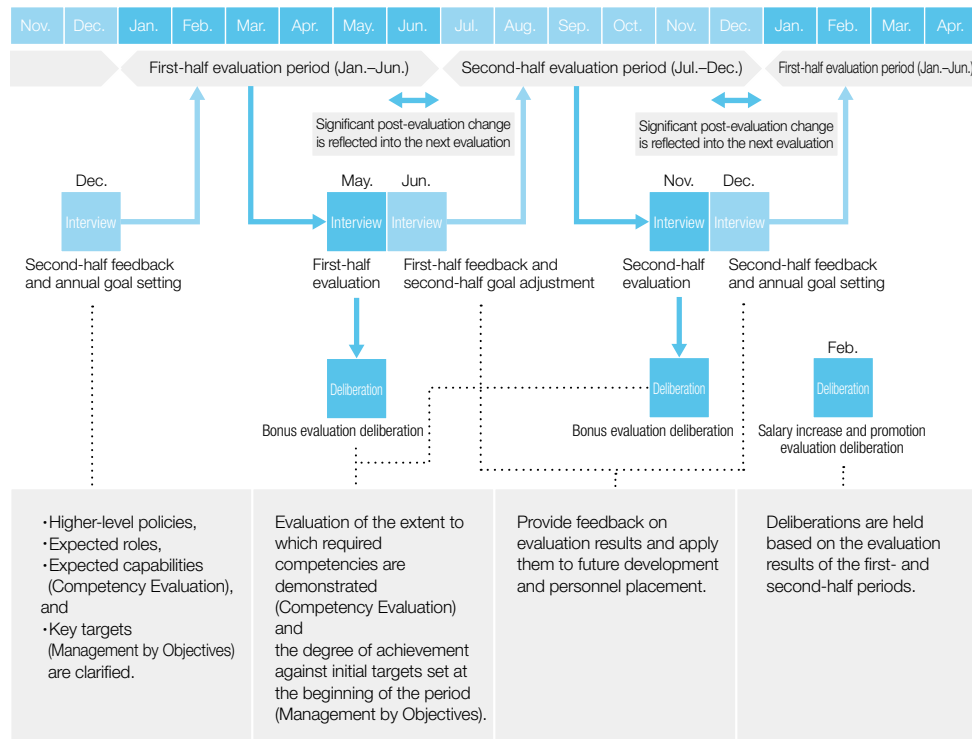
The growth of a company can only be achieved through the growth of each individual employee. As the environment surrounding Okura Industrial Group continues to change significantly, for each employee to grow, it is vital that they maintain a desire to learn and that supervisors and senior colleagues value their subordinates and junior colleagues. Okura Industrial has developed a new evaluation system centered on “human resource development” with the aim of accurately evaluating each employee’s achievements and demonstration of expected competencies and linking those assessments directly to their development. The new system has been in operation since January 2024.

To implement personnel evaluations under the new system, we held the evaluator training in May, with 180 participants. The evaluator training focused on the importance of goal setting, feedback, and diversity management.

We will continue to support evaluators in further developing their evaluation skills.



Annual schedule



Securing Human Resources

Okura Industrial Group has been making various efforts to secure human resources, aiming to improve personnel ability for its sustained growth. To be more specific, we put emphasis on securing excellent new graduates by enhancing internship activities as well as strengthening relationships with schools in Kagawa and neighboring prefectures. Additionally, by renewing our recruitment website and utilizing staffing agencies, we are promoting year-round recruitment while also working to secure industry-ready, core human resources. Furthermore, we support career plan development by implementing follow-up interviews after employees join the Company and follow-up training three years later.

Internships

In January 2024, we held an internship program for 20 university students expected to graduate in March 2025. Each student experienced working in their preferred role (engineering, sales, administration) and enhanced their understanding of the job content. Participants commented that they were “very satisfied with the opportunity to experience the Company’s atmosphere firsthand”.



TOPICS

Junior Employee Training

In July 2024, we held a junior employee training for employees in their third or fourth year at the Company, and a total of 28 employees took part. The program aimed to (1) deepen junior employees’ understanding of their expected position, roles, and responsibilities as followers of their supervisors and senior colleagues; and (2) strengthen their thinking skills related to goal setting and planning for problem-solving. Participants said they were “able to learn practical skills necessary for their actual work”.

We will continue to proactively offer training programs that support employees’ growth.



Work Style Reforms

Okura Industrial Group will continue to promote the development of a working environment where flexible ways of working can be selected, which is suitable for employee's life plans and life stages. As part of our work style reforms that started in 2024, we reduced annual prescribed working hours by approximately 60 hours through increasing annual holidays and adjusting regular working hours. In addition, we will reduce workloads at our sites through the promotion of DX and automation of plant equipment, thereby promoting a reduction in overtime work, and encourage employees to take annual paid leave. Furthermore, we will consider the introduction of various systems such as telecommuting and a flextime system which would lead to work style reforms.

Initiatives for Diversity

Okura Industrial Group has been promoting creation of a comfortable working environment where all employees can make the best use of their abilities at each of their workplaces. Especially in relation to women's participation, we will increase the composition ratio of female employees and the ratio of female executives, expanding their hiring and developing an educational system. In addition, in the employment of people with disabilities, we will improve the working environment to allow them to be active with peace in mind.

For issues relating to human capital, in-house needs are identified through the Social Working Group and the Working Group on Women's Issues. The Social Working Group is composed of selected employees from the Sustainability Promotion Department, the General Affairs and Human Resources Department, and other departments, and is responsible for examining new measures and systems. The Working Group on Women's Issues is administered by female employees from the General Affairs and Human Resources Department, with selected female employees from each department participating as members. The group conducts surveys of female employees to understand current issues and explore new measures and systems. The results of these activities are reported to the Sustainability Committee.

Ratio of female employees, executives and managers

	2022	2023	2024
Employees	16.0%	17.2%	18.4%
Executives	10.8%	11.0%	12.7%
Managers	3.3%	2.5%	3.9%

Number of employees with disabilities and employment rate

	2022	2023	2024
Employees with disabilities	32	34	40
Employment rate	2.5%	2.7%	3.1%

*All figures on a non-consolidated basis *As of December 31 of each year

TOPICS

Promoting Women's Advancement

Self-leadership training

In June 2024, we hosted a self-leadership training program aimed at promoting women's advancement, with 55 female employees taking part. In this program, participants reflected on their past experiences to identify their personal values and set one-year goals to help realize their visions and aspirations for the next five years. The self-leadership training is structured as a three-part program. In upcoming sessions, participants will formulate future action plans inspired by role models and continue to refine their communication skills.



Multi-skilling training for female employees

In June 2024, the New Materials Division, O.L.S. Co., Ltd., and Union Gravure Co., Ltd. jointly held a workshop-style training program on the multi-skilling of female employees. The theme of the workshop was inspired by the role of *okami*—female managers of traditional Japanese inns. As managers, *okami* are responsible for a wide range of tasks, including financial management, supervising staff such as attendants and chefs, and training in customer service. Drawing on this example, participants aimed to acquire the skills necessary to handle multiple roles.



Health and Productivity Management

Okura Industrial Group has been working to promote health and productivity management for the sake of employees' mental and physical health. To be more specific, we have conducted employees' health survey since 1996. In 2016 when the stress check system was mandated, survey items were renewed. Based on results of the survey, we have been working on the promotion of mental and physical health.

Declaration of Health and Productivity Management

In accordance with the management philosophy "Respect the individual", Okura Industrial Group believes health of each employee is important. The Group declares that it will strive to create a working environment where employees can work with mental and physical health, as well as motivation.

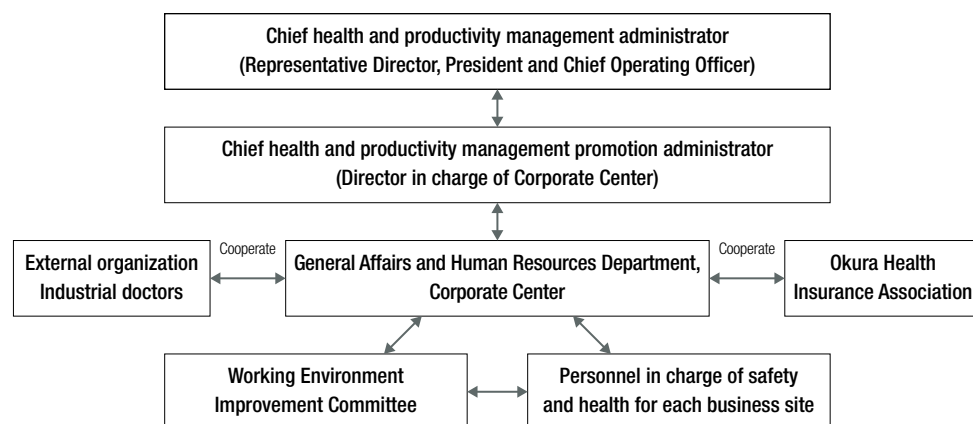
Okura Industrial Group will push ahead with the development of a working environment where flexible ways of working can be selected, which is suitable for employee's life plan and life stages.

● Major priority measures

Aiming at a workplace where employees can actively work with mental and physical health, Okura Industrial Group will address the following initiatives for promoting health.

- ① Promote the health management, including physical health and mental health, to allow employees to work without anxieties.
- ② Work to promote mental and physical health of employees in cooperation with the health insurance association.
- ③ Implement periodic health checkups, and keep the ratio of persons who took the checkup at 100%.
- ④ Make efforts to increase the acquisition rate of annual paid leave.

Health and productivity management promotion system



Certification of the 2025 Outstanding Organization of KENKO Investment for Health

On March 10, 2025, Okura Industrial was certified as a 2025 Outstanding Organization of KENKO Investment for Health (the large enterprise category), which is promoted jointly by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi. The Certified KENKO Investment for Health Outstanding Organizations Recognition Program is a program to recognize outstanding large enterprises and SMEs implementing health and productivity management, based on initiatives responding to regional health issues, as well as health promotion measures promoted by the Nippon Kenko Kaigi.



TOPICS

Health Seminar

In October 2024, we invited professional coach Takeshi Aoyama to host a seminar titled "Stretching and Core Exercises for Reducing Shoulder and Lower Back Pain and Extending Healthy Life Expectancy". A total of 104 employees from across the Okura Industrial Group participated in the event. During the seminar, he emphasized the importance of the three cycles of "exercise", "nutrition", and "rest", noting that engaging in proper "exercise" especially helps enhance the effectiveness of both "nutrition" and "rest". The session concluded with hands-on instruction in stretching and core exercises, during which participants learned practical ways to use their bodies under the coach's direct guidance.

We will continue to raise employee health awareness through similar wellness initiatives going forward.



Safety and Health

At Okura Industrial Group, we believe it is our social responsibility to create an environment where employees can work with a sense of security. Under the basic philosophy of “make safety a primary concern” and “make safety the core of management”, we promote the creation of safe and comfortable workplaces.



Safety and Health Initiatives

Okura Industrial Group formulates a safety and health target each year in accordance with the policies set by management executives. This target is shared across the Group, and each manufacturing business site sets its own safety and health activity plans and policies accordingly. The 2024 safety and health target was established to promote a sense of personal responsibility through communication centered on “speaking up” and “active listening”, as well as to promote risk-sharing and reaffirmation of risk awareness through activities such as “KYT (risk prediction training)” and risk assessments”.

To review and disseminate the Group’s safety and health management activities, Central Safety and Health Meetings are held every June and September. Operating Officers, presidents of consolidated subsidiaries, heads of manufacturing business sites, safety managers, health managers, and others attend the Meeting. They report on initiatives related to safety and health and activity status at each business site in order to share improvement case studies for horizontal rollout.

At each manufacturing site, heads of business sites, safety managers, and health managers lead safety and health activities. We undertake daily activities aimed at zero accidents, including KYT, risk assessment, the implementation of tool box meetings, and the identification of issues in safety and health initiatives, among others. Furthermore, we encourage managers of manufacturing business sites and staff involved in manufacturing to acquire the knowledge necessary to instruct and educate foremen and employees, and to enhance a high level of safety awareness as individuals in charge of safety and health management.

Okura Safety Day

Okura Industrial Group has designated November 28, the date of a past dust explosion at the Takuma Plant, as “Okura Safety Day”, and the period from November 28 through December 4 as Safety Awareness Week. This day serves as a reminder across the Group of our collective commitment to “never forget the tragic incident and its lessons”, and to “never repeat the same mistake”. Each year, a Safety Convention is held at the Takuma Plant to mark the occasion. Operating Officers, presidents of consolidated subsidiaries, heads of manufacturing business sites, safety managers, health managers, and others attend the convention, and recognize once again that our basic philosophies, “make safety a primary concern” and “make safety the core of management” were established in the wake of the accident. In addition, all attendants implement a safety patrol in the Takuma Plant. Also, during Safety Awareness Week, a safety patrol and morning assembly are conducted at each manufacturing business site to raise safety awareness.

2024 Safety and Health Target

Thorough safety and health management focusing on 5M1E

Enhance communication and raise risk awareness to eliminate “conventional accidents”

Safety and Health Action Guideline

- ① Enhance the ability to recognize risks through “KYT” and “risk sharing”
- ② Promote early detection of risks by practicing “awareness-driven speaking up” and “active listening”
- ③ Conduct thorough risk assessments of chemical substances and work to improve work environment management

Targets of Individual Efforts

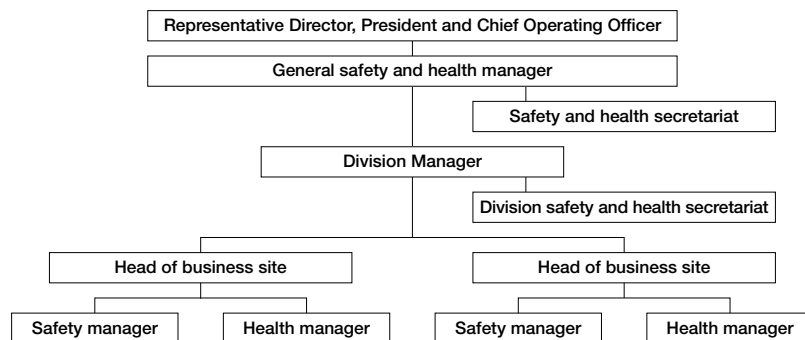
- ① Eliminate “familiarity”, “complacency”, and “assumptions”, and strictly follow established procedures
- ② Shift from “it should be fine” to “what if” thinking when driving, to prevent accidents.



Occupational Safety and Health Activities

At Okura Industrial Group, the number of conventional accidents of “caught in and between” and “cutting and rubbing” accounted for the majority of accidents which occurred in the Group in 2024. In addition, five lost time accidents took place. To prevent the recurrence of such accidents, we are promptly investigating the causes of these accidents and implementing countermeasures. We are also actively sharing information on accident cases and promoting their horizontal deployment. In particular, since the risk of accidents increases when troubles of manufacturing facilities occur, we also put emphasis on preventive maintenance activities so that troubles of manufacturing facilities do not occur. At each manufacturing business site, the head of business site, safety managers, and health managers carry out regular safety patrols, risk assessments, and KYT to identify latent risks. They also take measures against unsafe conditions and behaviors through ongoing education and training. Furthermore, they identify issues using reports of close calls and employee memos on issues noticed, implement countermeasures according to the degree of risk, and endeavor to prevent accidents before they occur. In addition, industrial doctors and others inspect workplaces on a regular basis, as we aim to improve the level of safety and health.

Safety and health management system



Safety Patrols by Management Executives

The period from July 1 to July 7 is designated as National Occupational Safety Week. During this time, at Okura Industrial Group, we conduct safety patrols at each manufacturing site led by management executives to check the implementation of workplace safety measures and to raise employee awareness regarding safety.

In these patrols, each manufacturing site reports not only on its safety initiatives but also on its disaster prevention measures and risk assessments related to chemical substances. On-site inspections also include reviews of recurrence prevention measures for occupational accidents. Through these activities, challenges, areas for improvement, and initiative targets are shared across the Group, helping to raise the overall safety and health standard.

Safety Education

In an effort to prevent occupational accidents, the Plastic Film Division has developed a safety training device that simulates “getting caught in or between” accidents involving manufacturing equipment. This device has been used to conduct safety education sessions at various manufacturing business sites. Participants gave positive feedback such as: “It reminded me how hard it is to pull my hand out once it gets caught”, “I was able to physically experience the strength and speed of entanglement”, “I was able to imagine what could happen if I actually got caught and realized how terrifying it is”, and “I was able to feel what it would be like to be physically caught in machinery”. This safety education, which significantly enhances employees’ sensitivity to risk, will continue to be implemented, alongside ongoing improvements to the device. Through initiatives like these, we are working to eliminate unsafe behavior and create a safer workplace environment.



Traffic Safety Activities

Okura Industrial Group endeavors to boost awareness of safe driving by requiring all commuters to affix a safe driving sticker on commuter vehicles. We share the number of traffic accidents and their causes, and issue reminders at regular general morning assemblies and Central Safety and Health Meetings. In addition, at the Safety and Health Committee meetings held at each business site, we work to share information on traffic accident case studies, raise safety awareness through traffic KYT, and spread “what if” driving (driving with risk prediction).

Contribution to Society

Okura Industrial Group has established a management philosophy that emphasizes engagement with diverse aspects of society. Through our business activities, we are working to resolve social issues and aim to realize the management vision.

Local Contribution Activities

As part of our social contribution through business, Okura Industrial Group actively participates in local cultural programs and various events, and supports the promotion of local arts, culture, and sports. As a company that coexists with the local community, we will proactively promote local contribution and environmental conservation activities, while deepening our understanding of the issues facing local communities. We will also actively participate in initiatives that help resolve these issues and local revitalization businesses.

We will continue to foster a workplace culture in which all employees are united in their efforts to contribute to local communities, striving to be a company trusted by local residents and recognized for its value.

Artistic and cultural activities

We support various artistic and cultural activities, including the Seto Philharmonic Orchestra and the Marugame Genichiro-Inokuma Museum of Contemporary Art in Kagawa Prefecture, as well as the Ohara Museum of Art in Okayama Prefecture.



Seto Philharmonic Orchestra



Marugame Genichiro-Inokuma Museum of Contemporary Art (Photograph: Yoshiro Masuda)

Sports promotion

To help promote a rich sports culture, we provide annual sponsorship to various sports teams in Kagawa Prefecture. We support the creation of sporting opportunities so that children and young people can pursue their dreams and goals, contributing to the revitalization of local communities in the process.

The 77th Kagawa Marugame International Half Marathon



Our runners and supporters



Race bibs featuring the Company name and logo



Volunteers distributing participation prizes



©KAMATAMARE SANUKI



©KAGAWA OLIVE GUYNERS



©KAGAWA FIVE ARROWS



Volunteer activities

As a part of our local contribution activities, we engage in volunteer work at the Marugame Castle Festival (held in May) and conduct cleanup activities around the Takuma Plant area. Additionally, as an environmental conservation effort, we participate as volunteers in the Mountain, Forest & Sun Experience organized by OISCA, where we perform underbrush clearing and tree thinning. Through these activities, we deepen our interaction with the local community and aim to contribute to society and the environment.



Volunteers at the Marugame Castle Festival (MARUGAME HOUZINKAI event assistance)



Cleanup activities in the neighboring area of the Takuma Plant



OISCA: Underbrush clearing and tree thinning activities

Interaction with local students

At the request of Kagawa University's Faculty of Medicine, we host nursing students aspiring to become occupational health nurses for internships. During their internship, students visit plants and other workplaces, providing them with opportunities to learn about and reflect on the role of occupational health nurses.

We also sponsor the Marugame Student Volunteer Award and, in cooperation with the Marugame City Council of Social Welfare, accept visits from local high school students. These visits include opinion exchanges and discussions. By offering local youth opportunities to learn about society and corporate systems, we aim to support their future career development and foster a spirit of community contribution.



Hosting internships for nursing students from Kagawa University



Sponsored company visits as part of the Marugame Student Volunteer Award

Company briefings for children

To encourage children to take an interest in companies based in Kagawa Prefecture and to consider working in the region as one of their future options, we have taken part in various initiatives, such as participating in company briefings for junior high school students and organizing hands-on work experience events for children in Marugame City, in cooperation with Imabari Shipbuilding Co., Ltd. and SHIKOKU KASEI HOLDINGS CORPORATION, with the Company as the lead organizer. We also introduce how the products of the Group are used in everyday life and explain that these products are delivered from Kagawa to the world, helping children gain an interest in manufacturing.



Local company public relations project (Marugame)



The 3rd Waku-Waku Experience Kids' Kingdom in Marugame (Building Materials Division: Cutting Board Workshop)

Message —Voices of Our Employees—



Planning Department,
New Materials Division
Kanna Tanaka

Volunteering at the 77th Kagawa Marugame International Half Marathon

I participated as a volunteer at the Kagawa Marugame International Half Marathon, handing out participation prizes to runners at the finish line. Despite having just run more than 20 km, the runners kindly expressed their gratitude when I handed them their prizes, which was deeply heartwarming. The experience reminded me of how important it is to show appreciation, even in difficult moments. I felt proud to be part of the organizing side of a major local event I've known since childhood. I hope to continue actively taking part in various volunteer activities in the future.

Cooperation with Local Communities

Okura Industrial Group is working hand in hand with local communities to build sustainable societies. As part of this effort, we have been sponsoring the Mitoyo Cycle Road Hozan Lake Tournament held in Mitoyo City, Kagawa Prefecture, since the very first event in 2010. Since 2023, we have further contributed to local sports promotion as the title sponsor of the championship race, which features internationally accomplished cyclists.

We have also signed comprehensive partnership agreements with Manno Town and Mitoyo City in Kagawa Prefecture to promote initiatives aimed at resolving local issues and leveraging regional resources. Through these efforts, we aim to showcase the appeal of our local communities and, by collaborating with them, contribute to their development in a variety of fields, including regional revitalization, tourism promotion, and environmental conservation.



Acquisition of Naming Rights for Mitoyo City Hozan Lake Park

On October 2, 2024, Okura Industrial concluded an agreement with Mitoyo City, Kagawa Prefecture, to acquire the naming rights for Mitoyo City Hozan Lake Park. The official name of the park will be Hozan Lake OKURA Ball Park from November 2024 through March 2030. To help the new name become widely recognized by park users, signs displaying the name have been installed throughout the facility.

As part of our management philosophy, “Contributing to the society”, we actively engage in community contribution activities and regional revitalization efforts. We have also developed and supplied numerous products that contribute to solving social and environmental issues. In particular, Mitoyo City hosts our sites dedicated to the manufacturing and processing of wood products that support decarbonization and the achievement of carbon neutrality. Through the acquisition of these naming rights, we will fulfill our responsibility as a partner in co-creating the region's future. We will deepen our collaboration with Mitoyo City to make this facility more welcoming and attractive, and continue supporting the development of the entire community.



TOPICS

Participation in the One-Day Simultaneous Shikoku Omotenashi Henromichi Walk

Since 2023, Okura Industrial Group has been participating in the One-Day Simultaneous Shikoku Omotenashi Henromichi Walk hosted by the NPO Network for Shikoku Henro Pilgrimage and Hospitality. This event is held annually on February 23 and involves local residents walking assigned sections of the approximately 1,200 km Shikoku Pilgrimage route. Participants check the safety of the route, accuracy of signposts, and the condition of rest areas and toilets. In 2025, a total of 157 people from our Group, including employees, their families, and friends, participated, divided into 46 teams. The number of participants increased compared to 2024, fostering exchanges across generations as everyone enjoyed the scenery and atmosphere. We plan to continue participating in this event from 2026 onward. The Group is committed to actively preserving local culture and traditions and passing them on to future generations.



TOPICS

“Okura Industrial Co., Ltd. Special ZERO Garbage Quest II & Workshop” Held

RSK Sanyo Broadcasting Co., Ltd. has been working on an SDGs project since 2023 under the theme “From Setouchi to the Future” to preserve the beautiful nature of the Setouchi region for the future. Okura Industrial supported this project and held the Okura Industrial Co., Ltd. Special ZERO Garbage Quest in Doki River in Marugame City in October 2023. As the second phase of this project, we hosted the Okura Industrial Co., Ltd. Special ZERO Garbage Quest II & Workshop on November 23, 2024. The event included a beach cleanup at Nabuto Beach in Takuma-cho, Mitoyo City, and a workshop at Sun Café at Sun Resort Nio.

The workshop was attended by 40 members of the public. First, Mr. and Mrs. Tadasuke and Junna Yoshioka, leaders of the ONE-HAND SETO FRIEND and Kagawa marine litter leaders, explained the current state of marine litter and issues related to microplastics, which have recently been of growing concern. Next, Shuhei Higuchi, Section Chief of the Environmental Management Department, the Sustainability Promotion Department in the Corporate Center introduced our initiatives toward the SDGs, including the Group’s “Caerula™” Environmental Contribution Products. Following the presentations, participants experienced making kaleidoscopes using our Company’s retardation and polarizing films. This hands-on activity helped deepen understanding of the environmental impact caused by everyday plastic products flowing into the ocean as waste and encouraged reflection on marine litter issues. Finally, singer-songwriter mimika performed an SDGs-themed live concert, featuring Kagawa Prefecture’s official marine litter song and an original SDGs song created for Okura Industrial, bringing the workshop to a successful close.

The beach cleanup that followed saw 116 participants, including general attendees, employees, and their families. The garbage bags used in the cleanup were the Group’s Environmental Contribution Products “Kankyou-kun” and “OKBIO™”. “Kankyou-kun” is designed to suppresses the generation of dioxins and carbon monoxide after disposal, while “OKBIO™” is made from plant-based raw materials with low environmental impact. Participants enjoyed the cleanup activity while connecting with nature in a pleasant atmosphere. At the event’s conclusion, all participants received commemorative gifts: a bamboo fiber-blended drink bottle and our product “NIOGUARD™”.

Later, RSK Sanyo Broadcasting featured our SDGs initiatives at the Takuma Plant in their 5 p.m. live news program’s SDGs special feature.

Okura Industrial Group will continue to make even greater efforts in our local contribution and regional revitalization activities.



Message —Voices of Our Employees—



Okura Sangyo Co., Ltd.
Yuki Tanaka

I participated in the beach cleanup at Nabuto Beach in Takuma-cho, Mitoyo City. There was far more trash scattered along the beach than I had imagined. As I picked up the litter, I acutely felt the seriousness of marine pollution and was also prompted to rethink my own daily habits. Working together with fellow participants gave me a strong sense of accomplishment and camaraderie. I want to continue doing what I can, little by little, to protect the natural environment.

The SDGs special feature is
available on the official RSK Sanyo
Broadcasting channel.



https://youtu.be/y5tVZvA8QJs?si=N5tJKmMp1_6TER3g

Promise to Shareholders and Investors

Okura Industrial is committed to building trust and enhancing sustainable corporate value by fostering strong “bonds” with our shareholders and investors. We will further strengthen our engagement efforts by enhancing information disclosure and promoting active dialogue, thereby deepening mutual trust.

Policy Concerning Constructive Dialogue with Shareholders

We will promote constructive dialogues with shareholders and investors that would contribute to sustained growth and an improvement in medium- and long-term corporate values.

- ① The Director in charge of the Corporate Center generally manages and coordinates the constructive dialogue with shareholders.
- ② We have designated the General Affairs and Human Resources Department as a contact for individual shareholders, and the Finance and Business Administration Department as a contact for institutional investors and other bodies. We strive to promote smooth and effective dialogues, for example, having a Representative Director or a Director respond to interviews, according to a purpose of a dialogue.
- ③ To assist in constructive dialogue with shareholders, the Manager of each department in the Corporate Center and each business division share information and coordinate organically in responding to shareholders.
- ④ We strive to ascertain the Company's shareholder composition at all times with the cooperation of the shareholder register agent.
- ⑤ The Company regularly hosts financial results briefing sessions for institutional investors and also engage through various other channels, including individual meetings, plant tours, and online conferences.
- ⑥ Directors and others who engaged in dialogue and other forms of contact with shareholders report shareholders' interests, opinions, concerns, and other information obtained through the dialogue to the Board of Directors, and the Directors share their details.
- ⑦ We manage corporate information in accordance with regulations on the prevention of insider trading and prevent the leak of insider information.

Financial results briefing session

Date	Participants from the Company	External participants	No. of participants
February 2024 August 2024	Representative Director, President and Chief Operating Officer Director, Executive Operating Officer, etc.	Institutional investors, Analysts, Financial institutions, Media	88

Individual meetings

Date	Participants from the Company	No. of meetings	Total participants
From January to December 2024	Director, Executive Operating Officer Manager, Finance and Business Administration Department, etc.	45	66

[Key dialogue topics]

- Corporate and business strengths, product details, market share, competitors, profitability, seasonality, commercial distribution, market trends
- Initiatives to improve PBR (corporate value), shareholder return policy, management that is conscious of cost of capital and stock price, initiatives to reduce strategic shareholdings, capital allocation
- Progress on “Medium-term Management Plan(2024)” and “Next10(2030)”, growth drivers, research and development, “Medium-term Management Plan(2027)”
- Initiatives in non-financial fields (sustainability, human capital investment)
- Trends in raw materials prices, selling prices, and sales volumes



Financial results briefing session in February 2025 (delivered online)

Capital Management Policy

To implement management that is conscious of cost of capital and stock price, we are pursuing the following key policies: “optimizing capital structure and reducing strategic shareholdings to improve capital efficiency” and “enhancing shareholder returns through stable payouts, further increases in dividend levels, and consideration of treasury share purchases”.

Okura Industrial regards shareholder returns as one of its most important management tasks. Our basic policy is to provide stable dividends, taking comprehensive consideration of factors such as business performance and preparation for future business development. For each fiscal year, we aim to maintain a consolidated dividend on equity (DOE) ratio of at least 3.0% (indicator of stable profit distribution) and a dividend payout ratio of 30% or more (indicator of performance-linked profit distribution). Under “Medium-term Management Plan(2027)”, we will pay a special dividend equivalent to a DOE ratio of 0.5% to further improve capital efficiency and enhance shareholder returns. Consequently, a dividend at the level of 3.5% DOE ratio, which includes an ordinary dividend, will be distributed for the three year period of “Medium-term Management Plan(2027)”.

IR Calendar

1st quarter			2nd quarter			3rd quarter			4th quarter		
Jan.	Feb.	Mar.	Apr.	May.	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
	Announcement of year-end financial results Financial results briefing session	Annual General Meeting of Shareholders Issuance of shareholder newsletters	Announcement of 1st quarter financial results			Announcement of 2nd quarter financial results 2nd quarter financial results briefing session	Issuance of interim shareholder newsletters		Announcement of 3rd quarter financial results		

Ensuring of Shareholders' Rights

Okura Industrial recognizes that all shareholders are equal in proportion to the number of shares held. Accordingly, the Company takes appropriate measures to effectively ensure shareholders' rights, and provides the environment required to exercise such rights. To be more specific, procedures related to exercise of the shareholders' rights and the responsible departments are stipulated in the internal share handling regulations. In addition, we have established an English version of our corporate website.

For information required by overseas investors, timely disclosure documents such as summary of financial results, materials for financial results briefing sessions, integrated reports, and other materials are translated and disclosed in English.

Initiatives to Make General Meetings of Shareholders More Effective

Emphasizing the general meeting of shareholders as a place for constructive dialogue with shareholders, Okura Industrial takes the following measures to have in place an environment where shareholders can adequately exercise their rights.

1. We hold the meeting, avoiding the date on which meetings of other companies concentrate.
2. In order to ensure enough time to consider proposals, we dispatch the notice of convocation before the statutory date to do so, and promptly disclose information included in the notice of convocation on TDnet and our website prior to the dispatch.
3. Apart from information required by laws and regulations, we disclose information deemed necessary for shareholders to exercise their rights at the general meeting of shareholders.
4. We endeavor to enhance matters contained in the notice of convocation (including business report and reference documents), and provide the notice of convocation, summary of financial results, timely disclosed information, shareholder newsletters, and other information by placing them on TDnet and our website.
5. We analyze trends in and results of exercise of voting rights for proposals made by the Company, and share them in the Board of Directors. In relation to a proposal against which a considerable number of shareholders voted at a general meeting of shareholders, the Board of Directors analyzes its cause, and directly or indirectly talk with shareholders in an appropriate way.
6. When institutional investors and others who hold shares in the name of a trust bank, etc. want to personally exercise voting rights, we will respond to such case upon consultation.
7. We strive to improve the environment by, for example, introducing a platform for exercising voting rights through electronic means to enable institutional investors and others to efficiently exercise voting rights.



The 105th Annual General Meeting of Shareholders

Shareholder Benefit Programs

Okura Industrial offers the shareholder benefit programs to show our appreciation to shareholders for their support and to ensure further understanding of our business activities.

Based on the following criteria, the shareholder benefits are presented according to the number of shares held as of December 31 every year.

Share unit	100 shares		
100 shares or more, less than 1,000 shares	QUO Card	1,000 yen	× 1
	Okura Hotel Marugame value vouchers	1,000 yen	× 2
1,000 shares or more, less than 2,000 shares	QUO Card	2,000 yen	× 1
	Okura Hotel Marugame value vouchers	1,000 yen	× 4
2,000 shares or more	QUO Card	3,000 yen	× 1
	Okura Hotel Marugame value vouchers	1,000 yen	× 6

●Okura Hotel Marugame value vouchers

- Hotel vouchers can be used for accommodation, dinner parties, and at restaurants (including take outs), but not at the gift shop.
- Please check the hotel website for the latest information on operating hours and available services.

*The vouchers cannot be exchanged for cash.

*The vouchers are valid only for payments made on the day of use. No change will be given.

*The vouchers cannot be used to purchase other vouchers or combined with other discounts or coupons.

Okura Hotel Marugame

 <https://www.okurahotel.co.jp>

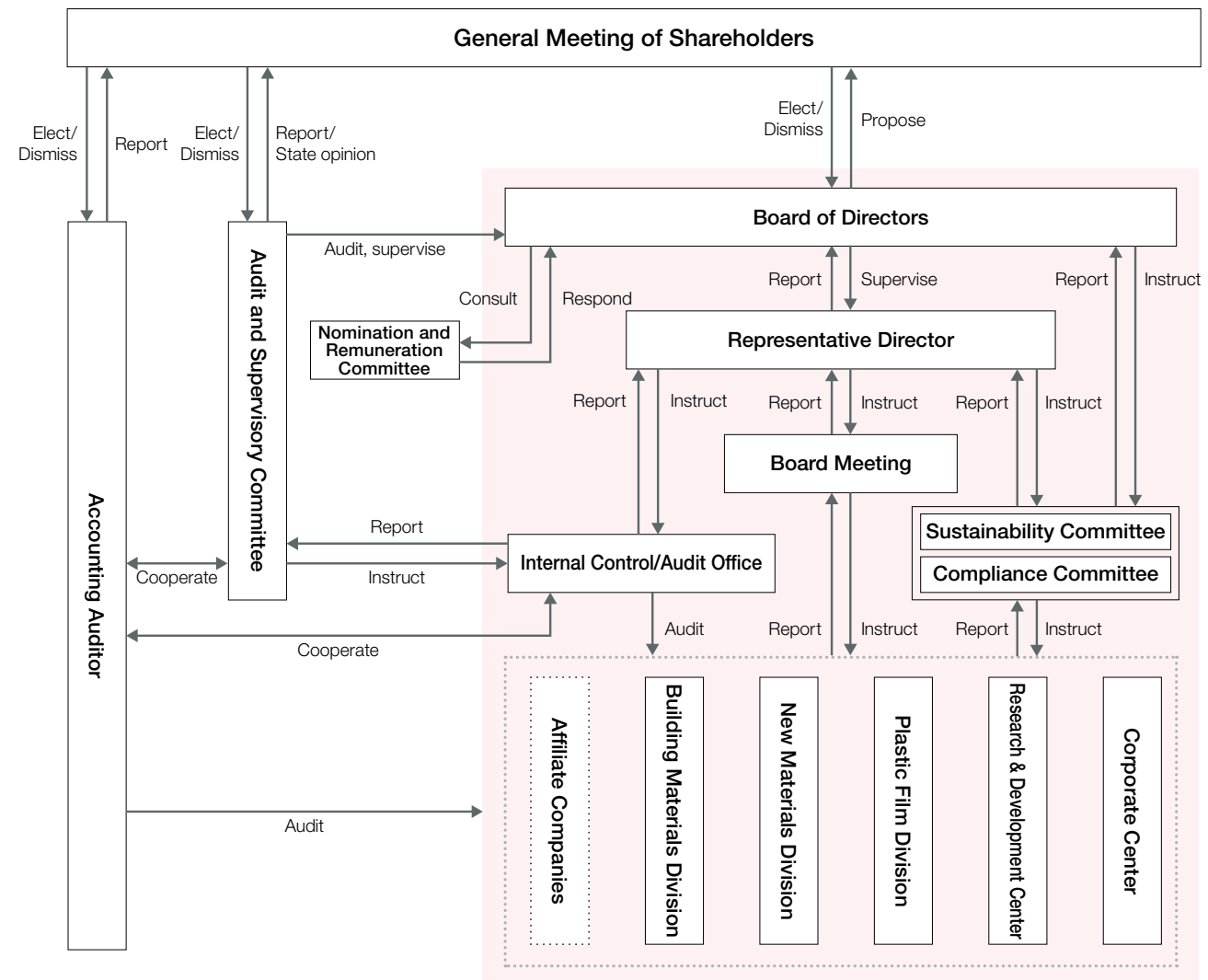


Corporate Governance

At Okura Industrial Group, we explore an effective corporate governance style that suits us and update the style as needed in response to ever-changing demands from society.

We aim for corporate growth through business, keeping in mind our coexistence with society, so that we may continue to be a company that is trusted by society. Under the management philosophy of “Respect the individual”, “Contributing to the society”, and “Customers first”, we will achieve sustained growth and an increase in medium- and long-term corporate value by conducting business operations focusing on ESG in the changing social environment. To this end, we will implement sound management practices as we hold dialogues with all our stakeholders.

Corporate Governance System



Meeting Bodies and Committees

Board of Directors

The Board of Directors formulates important corporate strategies and supervises their execution for sustained growth and the enhancement of medium- and long-term corporate value. It also establishes internal control systems and risk management frameworks. Regular Board of Directors meetings are held once a month, in principle, to facilitate the sharing of information related to the Company and Group companies and to ensure swift decision-making. The Board of Directors consists of six Inside Directors and five Outside Directors. These members are appointed with a view to maintaining overall diversity and ensuring a balanced composition of experience, insight, and skills. Outside Directors are stipulated to constitute one-third or more of all members to ensure transparency and effectiveness of the Board of Directors.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee has been established as an advisory body to the Board of Directors. The Committee's purpose is to strengthen the fairness, transparency, and objectivity of processes relating to the nomination, remuneration, etc. of Directors and Operating Officers, and to further enhance the governance system. The Committee comprises the Representative Director, President and Chief Operating Officer and four Independent Outside Directors selected by the Board of Directors.

Composition and number of meetings of each meeting body and committee held each year

Chairperson		Composition of Directors 11 Directors (including one female Director)				Composition of Operating Officer 7 Operating Officers (including one female Operating Officer)	No. of meetings held in 2024
		Total	Directors (excluding Directors serving as Audit and Supervisory Committee Members)	Audit and Supervisory Committee Members			
				Inside Directors	Outside Directors		
Board of Directors ^{*1}	Representative Director, President and Chief Operating Officer	11	5	1	5	—	16
Nomination and Remuneration Committee	Independent Outside Director (Audit and Supervisory Committee Member)	5	1	—	4	—	4
Audit and Supervisory Committee	Independent Outside Director (Audit and Supervisory Committee Member)	6	—	1	5	—	13
Board Meeting ^{*2}	Representative Director, President and Chief Operating Officer	11	4	—	—	7	22
Sustainability Committee	Director in charge of Sustainability Promotion (Director, Executive Operating Officer)	18	5	1	5	7	2
Compliance Committee ^{*3}	Representative Director, President and Chief Operating Officer	12	5	—	—	7	2

^{*1} Regarding meetings held from January to March 2024 (prior to the conclusion of the 104th Annual General Meeting of Shareholders), in addition to the Directors listed on the left, one Director who retired at the conclusion of the 104th Annual General Meeting of Shareholders held on March 22, 2024, also participated.

^{*2} Regarding meetings held from January to March 2024, in addition to the Directors listed on the left, one Director who retired at the conclusion of the 104th Annual General Meeting of Shareholders held on March 22, 2024, and one Operating Officer also participated.

^{*3} Regarding meetings held in January 2024, in addition to the Directors listed on the left, one Director who retired at the conclusion of the 104th Annual General Meeting of Shareholders held on March 22, 2024, also participated.

Remuneration for Directors

Remuneration for Okura Industrial's Directors (excluding Directors serving as Audit and Supervisory Committee Members) consists of basic remuneration, performance-linked compensation, and stock compensation. The ratio between the three types of compensation is roughly 8:1:1. Basic remuneration is monetary compensation set in accordance with the position level. A fixed amount is paid every month. Performance-linked compensation is monetary compensation linked to performance. By linking remuneration for Directors with corporate performance and the degree of contribution, we intend to increase motivation for better performance. Restricted stock compensation is shares with transfer restrictions allotted based on the amount specific to the position level. By having eligible Directors share the risks and benefits of share price fluctuations with shareholders, we aim to grow and increase corporate value in the medium- and long-term.

Directors (Audit and Supervisory Committee Members) are paid fixed remuneration only and are not eligible for the performance-linked compensation and the stock compensation plan. The remuneration system is designed in this way to ensure that their remuneration is not directly affected by corporate performance, thereby securing their independence from the Company's management. In addition, the appropriateness of the remuneration system and the amount of remuneration for each Director is discussed by the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee also determines the amount of monetary remuneration for individual Directors within the total remuneration limit resolved at the General Meeting of Shareholders (96th and 102nd fiscal years), taking into consideration the Company's business performance and business environment, each Director's duties, experience, and contributions to business performance, as well as consistency in their treatment of employees.

Directors



Representative Director,
Chairperson

Susumu Kanda

Career summary

April	1977	Joined the Company
April	2009	Operating Officer
March	2010	Director; Supervision of Production Group, Plastic Film Division; Supervision of subsidiary companies; and Manager, Corporate Planning Department, Corporate Center
January	2013	Director; Division President, Plastic Film Division
March	2016	Executive Director; Division President, Plastic Film Division
March	2017	Representative Director, Executive Director; Division President, Plastic Film Division
March	2018	Representative Director, President
March	2020	Representative Director, President and Chief Operating Officer
January	2025	Representative Director, Chairperson (to present)

Reason for election

Mr. Susumu Kanda served as Representative Director, President from 2018 and as Representative Director, President and Chief Operating Officer from 2020, and assumed the position of Representative Director, Chairperson effective January 1, 2025. He was judged to be able to continue to fulfill his responsibility as a Director based on his extensive experience and insight, and was therefore reappointed.

Attendance at Board of Directors meetings (2024)	16 out of 16 (100%)
Attendance at Nomination and Remuneration Committee meetings (2024)	4 out of 4 (100%)
*The above number indicates attendance as Representative Director, President and Chief Operating Officer.	



Representative Director,
President and Chief
Operating Officer

Eiji Fukuda

Career summary

April	1993	Joined the Company
January	2007	Representative Director, President, Kyushu Okura Co., Ltd.
April	2009	Operating Officer; Representative Director, President, Kyushu Okura Co., Ltd.
February	2010	Operating Officer; Representative Director, President, Kansai Okura Co., Ltd.
July	2015	Operating Officer; Manager, Planning and Administration Group, Operation Support Department, Plastic Film Division
March	2017	Operating Officer; Manager, Planning and Administration Group, Plastic Film Division; and Manager, Production Management Group
March	2021	Director, Operating Officer; Manager, Accounting Department, Corporate Center
April	2021	Director, Operating Officer; Manager, Finance and Business Administration Department, Corporate Center
January	2023	Director, Operating Officer; Division President, Plastic Film Division
March	2023	Director, Executive Operating Officer; Division President, Plastic Film Division
March	2024	Director, Senior Executive Operating Officer; Division President, Plastic Film Division
January	2025	Representative Director, President and Chief Operating Officer (to present)

Reason for election

Mr. Eiji Fukuda has held several managerial positions in administrative and accounting departments under the Plastic Film Division after serving as Representative Director, President of the Company's subsidiaries. He has also served as a Director since 2021, and assumed the position of Representative Director, President and Chief Operating Officer effective January 1, 2025. He was judged to be able to continue to fulfill his responsibility as a Director based on his extensive experience and insight, and was therefore reappointed.

Attendance at Board of Directors meetings (2024)	16 out of 16 (100%)
*The above number indicates attendance as Director, Senior Executive Operating Officer.	



Director, Executive
Operating Officer;
Supervision of Corporate
Center; and Chairperson of
Sustainability Committee

Yoshitomo Tanaka

Career summary

April	1977	Joined the Company
April	2009	Operating Officer; Representative Director, President, Kansai Okura Co., Ltd.
March	2010	Director; Manager, General Affairs Department, Corporate Center
March	2011	Director; Manager, General Affairs Department, Corporate Center; Supervision of Environment Safety and Quality Assurance; and Supervision of subsidiary companies, Corporate Center
March	2017	Director; Supervision of Corporate Center; and Manager, General Affairs Department
March	2018	Executive Director; Supervision of Corporate Center; and Manager, General Affairs Department
January	2019	Executive Director; Supervision of Corporate Center; and Supervision of CSR/ESG
March	2020	Director, Executive Operating Officer; Supervision of Corporate Center; and Supervision of CSR/ESG
April	2021	Director, Executive Operating Officer; Supervision of General Affairs, Public Relations, Human Resources, Sustainability Promotion and DX Promotion of Corporate Center; and Chairperson of Sustainability Committee
January	2023	Director, Executive Operating Officer; Supervision of Corporate Center; Manager, Finance and Business Administration Department; and Chairperson of Sustainability Committee
January	2024	Director, Executive Operating Officer; Supervision of Corporate Center; and Chairperson of Sustainability Committee (to present)

Reason for election

Mr. Yoshitomo Tanaka has served as a Director since 2010 after serving as Representative Director, President of the Company's subsidiary. He was judged to be able to continue to fulfill his responsibility as a Director based on his extensive experience and insight as a manager of administrative departments, and was therefore reappointed.

Attendance at Board of Directors meetings (2024)	16 out of 16 (100%)
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Director, Senior Operating
Officer; Division President,
New Materials Division

Tomoo Ueta

Career summary

April	1985	Joined the Company
March	2009	Division President, New Materials Division
March	2010	Operating Officer; Division President, New Materials Division
March	2017	Director; Division President, New Materials Division
March	2020	Director, Operating Officer; Division President, New Materials Division
March	2024	Director, Senior Operating Officer; Division President, New Materials Division (to present)

Reason for election

Mr. Tomoo Ueta has extensive experience in production departments under the New Materials Division, and has served as Division President since 2009 and as a Director since 2017. He was judged to be able to continue to fulfill his responsibility as a Director based on his extensive experience and insight gained in the New Materials Division, and was therefore reappointed.

Attendance at Board of Directors meetings (2024)	16 out of 16 (100%)
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New



Director, Senior Operating
Officer; Supervision of
Plastic Film Division; and
Supervision of Building
Materials Division

Seizo Kagawa

Career summary

April	1988	Joined the Company
July	2016	Operating Officer; Manager, Particleboard Group, Building Materials Division; and Plant Manager, Takuma Plant
April	2018	Operating Officer; Vice Division President, Building Materials Division; and Manager, Particleboard Group
March	2020	Operating Officer; Division President, Building Materials Division
March	2024	Senior Operating Officer; Division President, Building Materials Division
March	2025	Director, Senior Operating Officer; Supervision of Plastic Film Division; and Supervision of Building Materials Division (to present)

Reason for election

Mr. Seizo Kagawa has served as Operating Officer and as a manager of administrative departments under the Building Materials Division since 2016. He has also served as Senior Operating Officer since 2024. He was judged to be able to utilize his extensive experience and insight gained in the Building Materials Division for the management of the Company, and was therefore newly appointed as a Director.

*A Director, Mr. Seizo Kagawa was elected to serve in the position at the 105th Annual General Meeting of Shareholders held on March 26, 2025. Therefore, he did not attend any meetings of the Board of Directors held in 2024.



Independent Outside Director
(Audit and Supervisory
Committee Member)

Takashi Kitada

Career summary

March	1985	Registered as a Certified Public Accountant
April	1998	Joined Deloitte Touche Tohmatsu (currently, Deloitte Touche Tohmatsu LLC)
July	1999	Partner, Deloitte Touche Tohmatsu (currently, Deloitte Touche Tohmatsu LLC)
October	2014	Established KITADA Takashi CPA Office (to present)
March	2016	Director (Audit and Supervisory Committee Member), the Company (to present)
		Outside Director (Audit and Supervisory Committee Member), FINDEX Inc. (to present)

Reason for election

Although Mr. Takashi Kitada has no experience of being involved in the management of a company other than as an Outside Director, he is well versed in auditing, accounting, and other corporate practices as a Certified Public Accountant, and possesses a wide range of experience and insight. Therefore, he has been judged capable of appropriately performing his duties as an Outside Director and was reappointed. The role that he is expected to fulfill as an Outside Director is to provide advice from the perspective of an expert in auditing and accounting, and based on the knowledge gained from lengthy experience engaged in public accounting practices, to strengthen the checking function of the Company's management and corporate governance. He has served as an Outside Director serving as an Audit and Supervisory Committee Member for nine years, and also as Chairperson of the Nomination and Remuneration Committee.

Attendance at Board of Directors meetings (2024)	16 out of 16 (100%)
Attendance at Audit and Supervisory Committee meetings (2024)	13 out of 13 (100%)
Attendance at Nomination and Remuneration Committee meetings (2024)	4 out of 4 (100%)

Directors



Career summary

April 1991 Joined the Company
 March 2017 Manager, Accounting Department, Corporate Center
 March 2021 Operating Officer; Manager, Internal Audit Office
 April 2021 Operating Officer; Manager, Internal Control/ Audit Office
 March 2022 Director (Full-time Audit and Supervisory Committee Member) (to present)

Director (Full-time Audit and Supervisory Committee Member)

Seiji Nagao

Reason for election

Mr. Seiji Nagao has served as a Director since 2022 after serving as a manager of accounting departments. He was judged to be able to continue to fulfill his responsibility as a Director based on his extensive experience and insight gained in accounting departments and internal audit departments, and was therefore reappointed.

Attendance at Board of Directors meetings (2024)	16 out of 16 (100%)
Attendance at Audit and Supervisory Committee meetings (2024)	13 out of 13 (100%)



Career summary

April 1996 Joined Takahashi Tax Accounting Office
 December 1999 Registered as a Certified Public Tax Accountant
 April 2003 Established Watanabe Youichi Tax Accounting Office (currently, Biz Brain Tax Accounting Corporation)
 July 2020 Vice Chairman, TKC National Federation (to present)
 September 2020 Chairman, TKC Shikoku Local Association (to present)
 July 2021 Deputy Branch Chief, Marugame Branch, Shikoku Certified Public Tax Accountants' Association (to present)
 March 2022 Director (Audit and Supervisory Committee Member), the Company (to present)
 November 2022 Representative Partner, Biz Brain Tax Accounting Corporation (to present)
 July 2023 Director, Kagawa Prefecture Branch Federation, Shikoku Certified Public Tax Accountants' Association (to present)

Independent Outside Director (Audit and Supervisory Committee Member)

Youichi Watanabe

Reason for election

Mr. Youichi Watanabe is well versed in auditing, accounting, and other corporate practices as a Certified Public Tax Accountant, and possesses a wide range of experience and insight. Therefore, he has been judged capable of appropriately performing his duties as an Outside Director and was reappointed. The role that he is expected to fulfill as an Outside Director is to provide advice from the perspective of a tax expert, and based on the knowledge gained from lengthy experience engaged in tax practices, to strengthen the checking function of the Company's management and corporate governance. He has served as an Outside Director serving as an Audit and Supervisory Committee Member for three years, while also serving as a Nomination and Remuneration Committee Member.

Attendance at Board of Directors meetings (2024)	16 out of 16 (100%)
Attendance at Audit and Supervisory Committee meetings (2024)	13 out of 13 (100%)
Attendance at Nomination and Remuneration Committee meetings (2024)	4 out of 4 (100%)



Career summary

April 1983 Registered as an Attorney
 April 1983 Established Baba Law Office (to present)
 March 2004 Auditor, the Company
 March 2015 Director
 July 2016 Director (Audit and Supervisory Committee Member) (to present)

Independent Outside Director (Audit and Supervisory Committee Member)

Toshio Baba

Reason for election

Although Mr. Toshio Baba has no experience of being involved in the management of a company other than as an Outside Director, he is well versed in corporate law practices and compliance as an Attorney, and possesses sufficient insight into corporate management through his law practices. Therefore, he has been judged capable of appropriately performing his duties as an Outside Director and was reappointed. The role that he is expected to fulfill as an Outside Director is to provide advice from the perspective of a legal expert, and based on the knowledge gained from lengthy experience engaged in law practices, to strengthen the checking function of the Company's management and corporate governance. He has served as an Outside Director for ten years and as an Outside Director serving as an Audit and Supervisory Committee Member for nine years, while also serving as a Nomination and Remuneration Committee Member. In addition, he has in the past been an Auditor of the Company.

Attendance at Board of Directors meetings (2024)	16 out of 16 (100%)
Attendance at Audit and Supervisory Committee meetings (2024)	13 out of 13 (100%)
Attendance at Nomination and Remuneration Committee meetings (2024)	3 out of 4 (75%)

New



Career summary

April 2001 Joined Sumitomo Chemical Co., Ltd. (currently, Sumitomo Chemical Company, Limited)
 October 2024 General Manager, Corporate Planning Office, Sumitomo Chemical Company, Limited (to present)
 March 2025 Director (Audit and Supervisory Committee Member), the Company (to present)

Outside Director (Audit and Supervisory Committee Member)

Shin Saito

Reason for election

Mr. Shin Saito has worked for other companies for many years possessing a wealth of business experience and knowledge. Therefore, he has been judged capable of appropriately performing his duties as an Outside Director and was newly appointed. The role that he is expected to fulfill as an Outside Director is to provide advice from the unique perspective nurtured in a different corporate culture, and based on his knowledge as a manager of administrative departments of a listed company, to strengthen the checking function of the Company's management and corporate governance.

*A Director serving as an Audit and Supervisory Committee Member, Mr. Shin Saito, was elected to serve in the position at the 105th Annual General Meeting of Shareholders held on March 26, 2025. Therefore, he did not attend any meetings of the Board of Directors or the Audit and Supervisory Committee held in 2024.



Career summary

April 1994 Registered as an Attorney and joined Dojima Law Office
 October 2001 Joined Kirkland & Ellis LLP, Washington, D.C. Office, the United States
 January 2002 Registered as an Attorney in the state of New York, the United States
 September 2002 Returned to Dojima Law Office (currently, Dojima LPC) (to present)
 June 2003 Outside Auditor, Navitas CO., LTD. (currently, SiriusVision CO., LTD.)
 April 2013 Affiliate Professor of Kyoto University Law School
 June 2015 Outside Director, OSAKA Titanium technologies Co., Ltd.
 June 2016 Outside Director (Audit and Supervisory Committee Member), Navitas CO., LTD. (currently, SiriusVision CO., LTD.)
 April 2019 Vice Chair, Osaka Bar Association
 June 2021 Outside Auditor, Kansai Mirai Bank, Limited (to present)
 March 2022 Director (Audit and Supervisory Committee Member), the Company (to present)
 June 2022 Outside Auditor, Nippon Telegraph and Telephone West Corporation (to present)
 June 2022 Outside Director (Audit and Supervisory Committee Member), OSAKA Titanium technologies Co., Ltd.
 July 2024 Outside Director (Audit and Supervisory Committee Member), Nippon Life Insurance Company (to present)

Independent Outside Director (Audit and Supervisory Committee Member)

Nae Iijima

Reason for election

Although Ms. Nae Iijima has no experience of being involved in the management of a company other than as an Outside Director, she is well versed in corporate law practices and compliance as an Attorney, and possesses sufficient insight into corporate management through her law practices. Therefore, she has been judged capable of appropriately performing her duties as an Outside Director and was reappointed. The role that she is expected to fulfill as an Outside Director is to provide advice from the perspective of a legal expert, and based on the knowledge gained from lengthy experience engaged in law practices, to strengthen the checking function of the Company's management and corporate governance. She has served as an Outside Director serving as an Audit and Supervisory Committee Member for three years, and also as a Nomination and Remuneration Committee Member.

Attendance at Board of Directors meetings (2024)	16 out of 16 (100%)
Attendance at Audit and Supervisory Committee meetings (2024)	13 out of 13 (100%)
Attendance at Nomination and Remuneration Committee meetings (2024)	4 out of 4 (100%)

*This page contains information as of the conclusion of the Annual General Meeting of Shareholders held on March 26, 2025.

Skills Matrix

Okura Industrial Group has formulated Okura Industrial Group Corporate Governance Policy, which stipulates the roles and composition of the Board of Directors and the policy for nominating candidates for Directors. The Board of Directors appoints Directors with a wealth of experience and exceptional expertise in the areas of “corporate management”, “business strategy and marketing”, “technology, production, and development”, “finance and accounting”, “general affairs and public relations, human resources and labor affairs, and legal affairs and intellectual property” and “sustainability” in order to make important management decisions and to conduct proper management oversight.

Category	Name	Gender	Position and Responsibilities in the Company, Qualifications		Areas of Expectation for the Director					
			Position	Responsibilities, Qualifications	Corporate Management	Business Strategy and Marketing	Technology, Production, and Development	Finance and Accounting	General Affairs and Public Relations, Human Resources and Labor Affairs, and Legal Affairs and Intellectual Property	Sustainability
Inside Directors	Susumu Kanda	Male	Representative Director, Chairperson		●					
	Eiji Fukuda	Male	Representative Director, President and Chief Operating Officer, Nomination and Remuneration Committee Member		●					
	Yoshitomo Tanaka	Male	Director, Executive Operating Officer	Supervision of Corporate Center; and Chairperson of Sustainability Committee				●	●	●
	Tomoo Ueta	Male	Director, Senior Operating Officer	Division President, New Materials Division		●	●	●		●
	Seizo Kagawa	Male	Director, Senior Operating Officer	Supervision of Plastic Film Division; and Supervision of Building Materials Division		●	●	●		●
	Seiji Nagao	Male	Director, Full-time Audit and Supervisory Committee Member					●	●	●
Outside Director	Takashi Kitada	Male	Independent Outside Director, Chairperson of Audit and Supervisory Committee, Chairperson of Nomination and Remuneration Committee	Certified Public Accountant				●		●
	Toshio Baba	Male	Independent Outside Director, Audit and Supervisory Committee Member, Nomination and Remuneration Committee Member	Attorney					●	●
	Nae Iijima	Female	Independent Outside Director, Audit and Supervisory Committee Member, Nomination and Remuneration Committee Member	Attorney					●	●
	Youichi Watanabe	Male	Independent Outside Director, Audit and Supervisory Committee Member, Nomination and Remuneration Committee Member	Certified Public Tax Accountant				●		●
	Shin Saito	Male	Outside Director, Audit and Supervisory Committee Member	General Manager, Corporate Planning Office, Sumitomo Chemical Company, Limited		●				●

*The above table does not indicate all of the knowledge and experiences each Director possesses, but rather highlights the skills that the Company particularly expects each Director to leverage.

Effectiveness Evaluation of the Board of Directors

Every year, Okura Industrial maintains the effectiveness of its Board of Directors by having a third-party organization conduct a survey of the Directors, analyzing the results, and discussing the identified issues at Board of Directors meetings.

Self-assessment and analysis were conducted as follows under the guidance of the outside organization. All of the Directors, who compose the ordinary meetings of the Board of Directors, were surveyed in September 2024. To ensure anonymity, the Directors submitted their answers directly to the outside organization. Having received the outside organization's report on the overall results of the survey, the Board analyzed, discussed, and assessed the results at the regular Board of Directors meeting held in December 2024.

The survey results showed that the Directors consider the Company's Board of Directors appropriate in terms of composition, roles, and operation, mostly giving positive ratings to the Board's function of monitoring the Company's sustainability performance and other operations, as well as to Outside Directors' performance and other points. Accordingly, we consider that the effectiveness of the Board of Directors as a whole is ensured.

Furthermore, improvements were seen regarding more detailed feedback to the Board on communications with shareholders and investors as well as enhanced officer training, which were identified as issues in the 2022 survey, with feedback on the status of dialogue continuing to be provided to the Board each time a dialogue was held and officer training being systematically implemented.

On the other hand, issues were identified regarding sufficient follow-up as the monitoring function of the Board of Directors, such as reporting to the Board on the status after implementation of important resolutions approved by the Board. A status report was made to the Board of Directors in December 2024, and it was decided that thereafter, reports would be made in June and December of each year. Based on these effectiveness evaluation results, the Company's Board of Directors will continue to engage in continuous improvement to further revitalize and enhance the work of the Board.

History of the Governance System

Implemented in:		Initiatives
February	2004	Formulated Okura Industrial Basic Management Conception 2004
April	2006	Established Internal Audit Office
April	2008	Established Compliance Committee Introduced a whistleblowing system
April	2009	Introduced an operating officer system
March	2015	Elected an Outside Director
March	2016	Transitioned to a company with an Audit and Supervisory Committee
August	2016	Formulated Okura Industrial Group Corporate Governance Policy
December	2016	Opened Okura Industrial Group Corporate Ethics Hotline
January	2019	Established CSR Committee Established ESG Promotion Council
March	2020	Introduced a restricted stock remuneration plan
April	2021	Established Sustainability Committee (changed name from CSR Committee and enhanced the sustainability promotion system) Established Sustainability Promotion Department (changed name from ESG Promotion Council and enhanced the sustainability promotion system) Established Internal Control/Audit Office (changed name from Internal Audit Office and enhanced oversight functions)
March	2022	Increased the number of Outside Directors from 4 to 5
April	2022	Established a voluntary Nomination and Remuneration Committee
March	2024	Decreased the number of Directors (excluding Directors serving as Audit and Supervisory Committee Members) from 6 to 5

Message from Our Outside Director

In order to meet the expectations of all stakeholders,
I will draw on my experience to contribute
to Okura Industrial's sustainable growth and enhanced corporate value.

Outside Director
(Audit and Supervisory Committee Member)

Shin Saito

I was recently appointed as an Outside Director. After completing my PhD in polymer chemistry at graduate school, I joined Sumitomo Chemical Company, Limited, where I worked as a research and development engineer. Over the past 15 or so years, I have gained experience in various areas, including business planning, alliance strategy development, and corporate venturing activities based in the United States.

■ Role as an Outside Director

As symbolized by recent developments in American politics, anti-globalism and protectionist trade policies are on the rise. In this context, while digital infrastructure allows information to spread globally in an instant, physical supply chains have entered an era of extreme instability. Although market uncertainty is increasing, this can also be seen as a turning point—an opportunity for new growth. This turning point may serve as a catalyst to expand our business fields in the four growth fields for research and development set forth in the newly formulated “Medium-term Management Plan(2027)” (Information Electronics, Environment & Energy, Life & Healthcare, and Mobility). To seize these opportunities, key measures include the promotion of overseas business and the enhancement of research and development functions to accelerate innovation—both of which are emphasized in “Medium-term Management Plan(2027)”. Furthermore, as competition in these growth fields intensifies, speedy execution will also be essential. As an Outside Director, I intend to actively contribute and provide guidance to ensure that the goals of “Medium-term Management Plan(2027)” are successfully realized.



■ Sustainability

The term “sustainability” is said to have originated from a concept proposed at the United Nations Brundtland Commission in 1987. The Commission’s report defined sustainable development as “meeting the needs of the present without compromising the ability of future generations to meet their own needs”. In other words, it is up to us, living in the present, to achieve a balance between social and economic value without deferring that responsibility to future generations, so that both present and future generations can benefit from the fruits of their work. In this regard, the Group’s “Caerula™” Environmental Contribution Products represent a particularly noteworthy initiative. By setting specific medium-term targets for the percentage of net sales of Caerula™-certified products, we are making a clear commitment to simultaneously pursue business growth and environmental contribution, both to current and future stakeholders. I hope that these values and principles will become deeply ingrained in the Company’s DNA, leading to the continuous creation of new Caerula™-certified products and ultimately delivering significant positive impact on both society and business.

Compliance

Compliance promotion system

Okura Industrial's founding spirit of "Protect employees and serve society" still lives on at the root of our compliance management, which is the improvement of our workplace environment and our fair and honest management. To Okura Industrial Group, compliance means not only complying with laws and regulations but also responding to expectations and requests from society. We strive to advance compliance in line with the trend of the times, so that we can continue to be a company that is trusted by society.

We have established the Compliance Committee, chaired by the Representative Director, President and Chief Operating Officer and composed of Directors, as a body responsible for promoting compliance. The Compliance Committee meets twice each year, in principle, and engages in activities such as deciding on important matters and recommending improvements to address violations. The Compliance Action Committee, composed of members from each business division, has been established under the Compliance Committee. It undertakes various tasks and works to spread compliance measures at workplaces based on the directions of the Compliance Committee.

The Okura Industrial Standards of Ethical Conduct and Compliance Program Regulations

We have established the Okura Industrial Standards of Ethical Conduct as standards of behavior to be shared by our Officers, employees, and all stakeholders, and the Compliance Program Regulations as rules to govern our compliance system and activities. Based on these written regulations, a secretariat centered on the legal division formulates compliance promotion policies and measures and engages in raising awareness and fostering a corporate culture of compliance.

Compliance training

Compliance training is implemented for all employees every year. We also provide it as part of the introductory training for new employees. With the adoption of e-learning, we provide effective training using video and audio content. In 2024, the training focused on the elimination of harassment, in line with the theme of Compliance Awareness Month.

Compliance Awareness Month

Starting in 2024, May of each year has been designated as "Compliance Awareness Month", during which the entire Okura Industrial Group carries out activities aimed at deepening learning and awareness of compliance. Each year, a timely theme is set, and employee awareness is fostered through morning briefings and group work across all departments.

In 2024, the theme was "elimination of harassment". The Group hosted training sessions with anti-harassment experts and facilitated discussions on potential harassment risks present in each workplace.

These discussions prompted the exchange of a wide range of opinions among employees. Below are excerpts of the thoughts, ideas, and impressions shared by employees during these sessions.

2024 Discussion Feedback

 Development I realized that what constitutes power harassment varies from case to case, largely depending on individual mindsets and perceptions.	 Administration I felt that if everyone were considerate and communicated effectively, harassment would naturally decrease.
 Manufacturing I never imagined that not greeting someone could be considered harassment.	 Sales Since it can be a matter of give and take, I believe it's also important for people to develop some degree of tolerance.
 Manufacturing Because it is possible to unintentionally hurt someone, it's important to gain accurate knowledge.	 Sales It's essential for both men and women to maintain a strong awareness of sexual harassment, and if they witness it, to have the courage to speak up. It is also important that victims do not keep their suffering to themselves.
 Group company It's difficult to clearly determine what qualifies as harassment, and the perception often depends more on "who" says something than "what" is said.	 Development I used to believe that anything that made someone feel uncomfortable or overly burdened constituted harassment.
 Development Strict guidance is sometimes necessary and should not be considered harassment. However, I believe it is important to pay attention to your language and behavior when providing guidance, and to focus on logical instruction rather than emotion-driven remarks.	 Group company Harassment is caused by differences in individual perceptions, self-centered behavior, lack of awareness of changing times, failure to consider others' feelings, and egocentric decision-making. We should learn the importance of empathy and communication through regular training and opportunities for dialogue.

Risk Management

Okura Industrial Group provides a wide range of products and services to society and faces various potential risks in its business environment, including those related to quality, the environment, and safety. To address these risks, each department within the Corporate Center shares responsibility for analyzing them and works to prevent their occurrence, avoid them when possible, and respond appropriately. As both the Group's head office functions and primary production sites are located in Kagawa Prefecture, it is especially important to prepare for the anticipated Nankai Trough Mega Earthquake. Accordingly, we have formulated a business continuity plan (BCP) to ensure business continuity and enable rapid recovery in the event of a major crisis that could seriously impact our business, such as a large-scale earthquake or fire, not limited to the Nankai Trough Earthquake. We are also working to decentralize production facilities, establish relevant regulations, and conduct regular drills.

Whistleblowing Disclosure

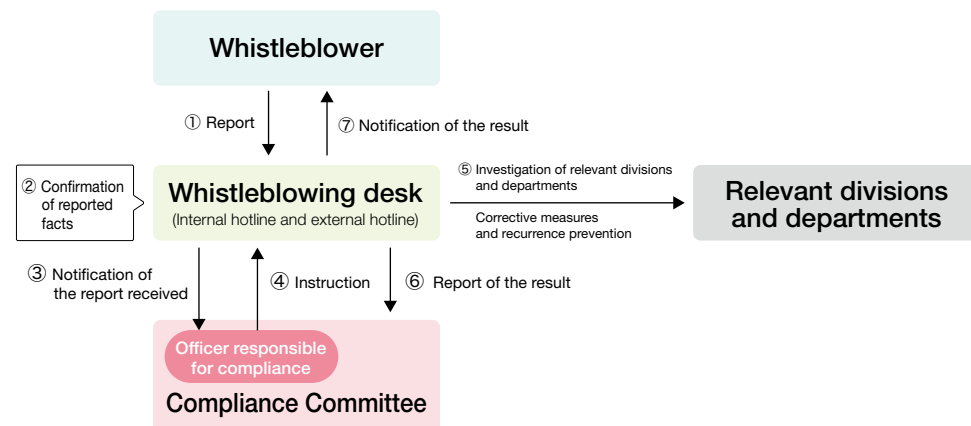
Whistleblowing system

The Okura Industrial Group has introduced a whistleblowing system to prevent illegal acts and misconduct, as well as to enhance its self-purification function as an organization. Whistleblower hotlines have been established both inside and outside the Group, and the contact details of the hotlines have been publicized through posters, the distribution of cards, internal newsletters, and other forums. The hotlines accept reports 24 hours a day, 365 days a year. The whistleblowing system can be used not only by the Group's employees and Officers but also by their family members, business partners, and all other stakeholders. Whistleblowers may choose to report either under their real names or anonymously. Confidentiality of the report and protection from any disadvantageous treatment are guaranteed under the Compliance Program Regulations.

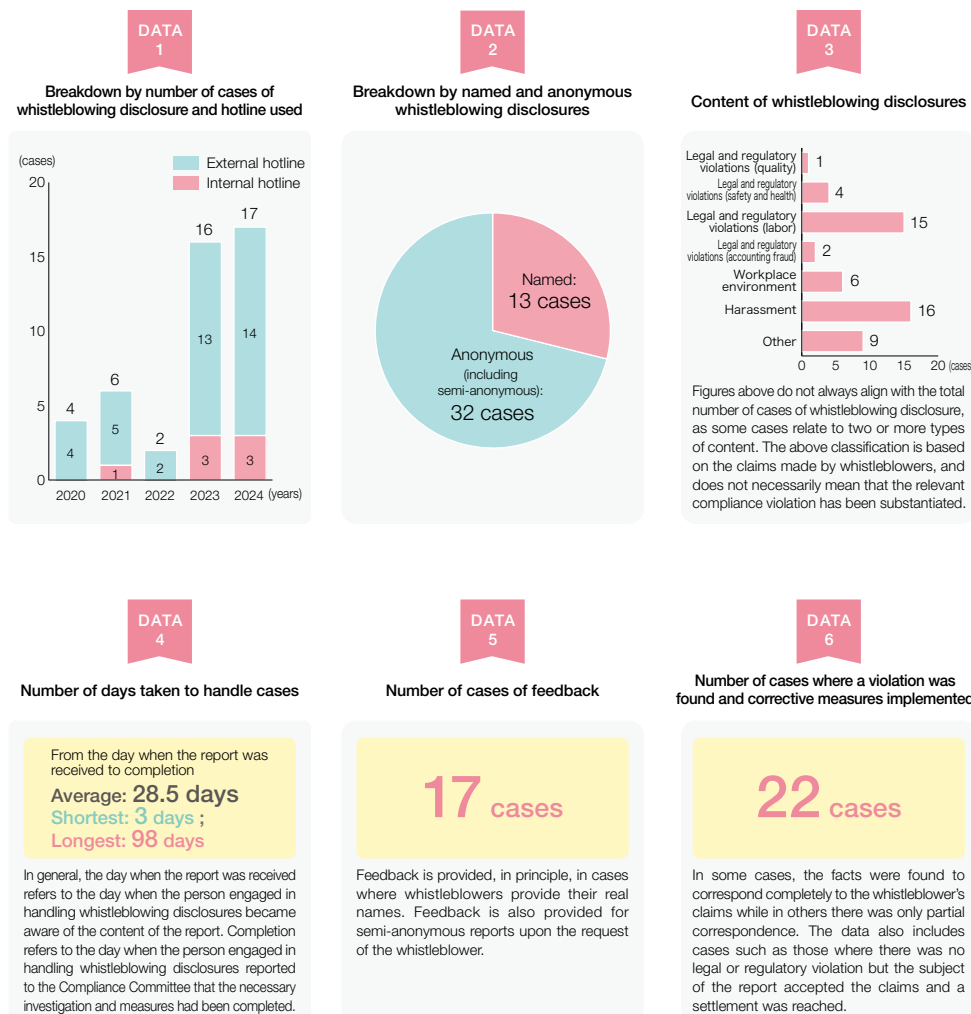
Whistleblowing disclosure response systems

All whistleblowing disclosures are reported to the whistleblowing desk established in the legal division. After an initial investigation, the whistleblowing desk undertakes an investigation based on the directions of the officer responsible for compliance (including the Compliance Committee if the matter is evaluated as especially important, such as cases where it will have a serious impact on the business of Okura Industrial Group). The investigation process is reported as appropriate to the officer responsible for compliance and the Compliance Committee. If it is deemed that a compliance violation has occurred, corrective measures such as guidance and disciplinary action are taken against the violator. Whistleblowers who wish can receive feedback from the Company about the results of the investigation on and measures taken against the reported facts.

Flowchart



Whistleblowing disclosure data for the past five years



Information Security

Information security initiatives

Okura Industrial Group is advancing the introduction of IoT equipment aimed at digitalizing operations, measuring on-site environmental conditions, visualizing product quality, and other related objectives through the promotion of DX, thereby improving productivity and operational efficiency. However, while these initiatives enhance convenience, they also bring a continual increase in information security risks. The Group perceives information security risk as a matter of serious business impact. We are engaged in information security management based on the international standard ISO/IEC 27001, for which a Group company, Okura Information System, has been certified. Taking into account recent trends in cyber risks and relevant guidelines both in Japan and overseas, we strive to prevent incidents such as business disruptions caused by system failures and the leakage of confidential corporate data or information provided by our business partners and customers.

We also strive to enhance security, not only for office information systems but also for control systems at plants, to maintain a stable and safe production system.

Acquisition of ISO/
IEC27001 certification
(Okura Information System)

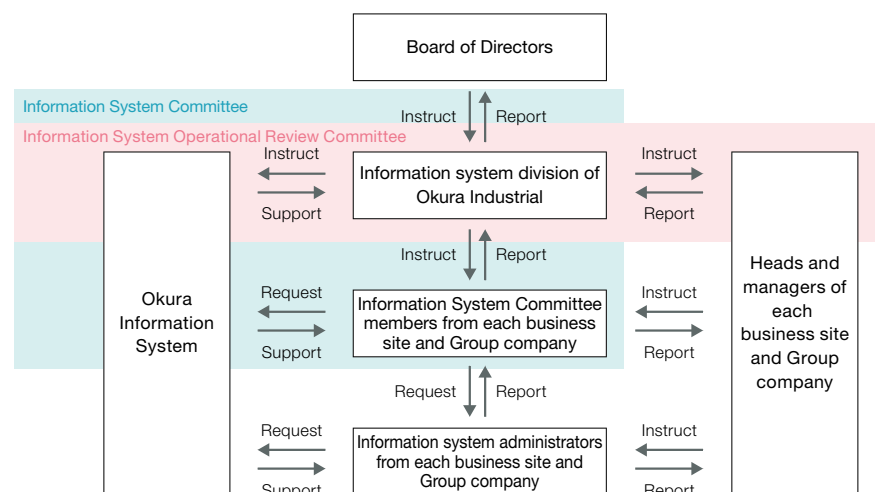


Information security management system

At Okura Industrial Group, the information system division of Okura Industrial, which is responsible for formulating measures relating to information security, leads these initiatives. This division serves as the secretariat for both the Information System Operational Review Committee, established to maintain and improve information security, and the Information System Committee, established to share information with and collect feedback from each business site.

The Information System Operational Review Committee is composed of representatives from operational departments of each business division and center. In addition to information security, it deliberates on important ICT projects. The Information System Committee is composed of members commissioned by each business site and Group company, as well as appointees from Okura Information System. The Information System Committee members support maintenance and improvement operations for information security through cooperation with heads and managers of each business site, the information system administrators responsible for the operation and maintenance of each system, and Okura Information System.

Information security management system



Human aspect

We have established an information security policy and provide e-learning to relevant personnel to ensure that our employees understand information security and handle information appropriately. In addition, we conduct training at the time of hiring to raise security awareness, provide education on the proper use of company-owned cellphones, conduct exercises to guard against targeted email attacks, and share cases of the latest malware attacks on the internal bulletin board to raise awareness. We also endeavor to increase the risk sensitivity of employees through measures such as ID management and regular password changes for key information systems and cloud-based systems, administration of the hardware used, and application checks of company-owned computers and cell phones.

Technical aspect

To prevent issues such as the leakage of confidential corporate data and personal information within the Group and business disruption due to cyber attacks, we have implemented measures including malware countermeasures, the construction of firewalls, Internet communication checks, system access controls, the collection and monitoring of various log data, and the diagnosis and response to vulnerabilities in our information system. We also strive to strengthen the security of the production site control systems that form the backbone of our corporate activities in the manufacturing industry. We respond and implement countermeasures based on the constantly changing status of cyber risks, to maintain the stability and safety of our production system.

Physical aspect

We have established security zones based on the level of administrative confidentiality. We prevent unauthorized access from inside and outside the Group through measures such as access controls for highly confidential security zones. In addition, we have implemented robust security countermeasures for our key information systems and network devices to mitigate the risk of business interruption.

Company Profile

Company Profile

Company name	Okura Industrial Co., Ltd.
Head office	1515 Nakazu-cho, Marugame-shi, Kagawa 763-8508 Japan Phone: +81-877-56-1111
Representatives:	Representative Director, Chairperson Susumu Kanda Representative Director, President and Chief Operating Officer Eiji Fukuda
Established	July 11, 1947
Capital	8,619,616,071 yen (as of December 31, 2024)
Number of employees	1,891 (consolidated; as of December 31, 2024)
Businesses	Manufacture and sale of all types of polyethylene products and polypropylene products Manufacture and sale of optical functional films, etc. Manufacture and sale of particleboards, engineered wood boards, engineered plywood, and other products, lumber processing, and housing site development and sale of housing

Business Sites

Corporate Center		1515 Nakazu-cho, Marugame-shi, Kagawa 763-8508 Japan	Phone: +81-877-56-1111
Research & Development Center		1515 Nakazu-cho, Marugame-shi, Kagawa 763-8508 Japan	Phone: +81-877-56-1120
Plastic Film Division	Plastic Film Division	1515 Nakazu-cho, Marugame-shi, Kagawa 763-8508 Japan	Phone: +81-877-56-1150
	Tokyo Branch Office*	3-13-2 Higashiikebukuro, Toshima-ku, Tokyo 170-0013 Japan	Phone: +81-3-6912-5041
	Nagoya Branch Office	1-36 Namiuchi-cho, Kita-ku, Nagoya-shi, Aichi 462-0041 Japan	Phone: +81-52-913-5191
	Osaka Branch Office	1-3-10 Nishihonmachi, Nishi-ku, Osaka-shi, Osaka 550-0005 Japan	Phone: +81-6-6532-3571
	Hiroshima Sales Office	6-8-45 Shoko Center, Nishi-ku, Hiroshima-shi, Hiroshima 733-0833 Japan	Phone: +81-82-277-7611
	Shikoku Sales Office	1515 Nakazu-cho, Marugame-shi, Kagawa 763-8508 Japan	Phone: +81-877-56-1155
	Marugame No. 4 Plant	52 Horai-cho, Marugame-shi, Kagawa 763-0062 Japan	Phone: +81-877-24-1717
	Marugame No. 5 Plant	23 Horai-cho, Marugame-shi, Kagawa 763-0062 Japan	Phone: +81-877-25-5800
	Chunan Plant	773-6 Sabumi, Manno-cho, Nakatado-gun, Kagawa 769-0301 Japan	Phone: +81-877-75-6350
New Materials Division	New Materials Division	1515 Nakazu-cho, Marugame-shi, Kagawa 763-8508 Japan	Phone: +81-877-56-1130
	B Building (in Marugame No. 4 Plant)	52 Horai-cho, Marugame-shi, Kagawa 763-0062 Japan	Phone: +81-877-24-2159
	G Building, H Building, and North Building (in Chunan Plant)	773-6 Sabumi, Manno-cho, Nakatado-gun, Kagawa 769-0301 Japan	Phone: +81-877-58-8670
Building Materials Division	Building Materials Division	1515 Nakazu-cho, Marugame-shi, Kagawa 763-8508 Japan	Phone: +81-877-56-1258
	Takuma Plant	2102-4 Takuma, Takuma-cho, Mitoyo-shi, Kagawa 769-1101 Japan	Phone: +81-875-83-2511
	Takase Plant	333-17 Kamiasa, Takase-cho, Mitoyo-shi, Kagawa 767-0014 Japan	

*Relocation to 5-1-4, Kojimachi, Chiyoda-ku, Tokyo is scheduled for September 2025.

Directors (as of March 26, 2025)

Directors

Representative Director, Chairperson	Susumu Kanda
Representative Director, President and Chief Operating Officer	Eiji Fukuda
Director, Executive Operating Officer	Yoshitomo Tanaka
Director, Senior Operating Officer	Tomoo Ueta
Director, Senior Operating Officer	Seizo Kagawa
Outside Director (Audit and Supervisory Committee Member)	Takashi Kitada
Director (Full-time Audit and Supervisory Committee Member)	Seiji Nagao
Outside Director (Audit and Supervisory Committee Member)	Toshio Baba
Outside Director (Audit and Supervisory Committee Member)	Nae Iijima
Outside Director (Audit and Supervisory Committee Member)	Youichi Watanabe
Outside Director (Audit and Supervisory Committee Member)	Shin Saito

Operating Officers

Senior Operating Officer	Yoshizumi Teramoto
Operating Officer	Tetsuya Yaso
Operating Officer	Tomoyasu Hiraba
Operating Officer	Kazuma Ohnishi
Operating Officer	Katsuhiko Noguchi
Operating Officer	Miho Kondo
Operating Officer	Masanori Kimura

Group Companies

KS Okura Co., Ltd.	Okura Hotel Co., Ltd.
Kyushu Okura Co., Ltd.	Okura Information System Co., Ltd.
Saitama Okura Co., Ltd.	Taiho Co., Ltd.
Kanto Co., Ltd.	O. L.S. Co., Ltd.
Okura Products Co., Ltd.	Otomo Kasei Co., Ltd.
Okura Pack Kagawa Co., Ltd.	Okura Sangyo Co., Ltd.
Union Gravure Co., Ltd.	Wuxi Okura Packing Material Co., Ltd.
Okura Precut System Co., Ltd.	Unicharm Packaging Material (Tianjin) Co., Ltd.
Okura House Co., Ltd.	OKURA VIETNAM CO., LTD.
Okura BM Works Co., Ltd.	CHUSAN-Cable Vision Corporation

Stock Information

Status of Shares (as of December 31, 2024)

Securities code	4221
Listed stock exchange	Prime Market, Tokyo Stock Exchange
Total number of shares authorized	28,021,600 shares
Total number of shares issued	12,414,870 shares
Number of shareholders	20,007
Number of shares per unit	100 shares

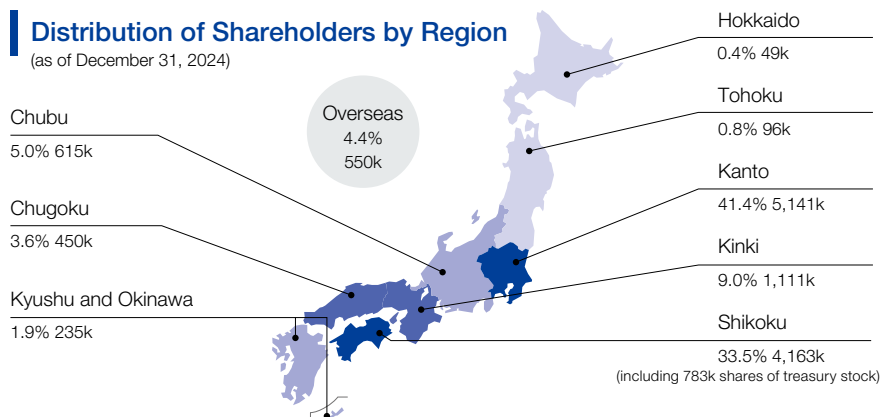
Ten Major Shareholders (as of December 31, 2024)

Names of shareholders	Number of shares held	Shareholding ratio
The Master Trust Bank of Japan, Ltd. (trust account)	877k	7.55%
Sumitomo Chemical Company, Limited	674k	5.80%
Okura Kyoekai Business Association	633k	5.45%
Okura Industrial Employee Stock Ownership Association	419k	3.61%
Nippon Life Insurance Company	375k	3.22%
Sumitomo Forestry Co., Ltd.	315k	2.72%
Yakult Honsha Co., Ltd.	251k	2.16%
The Chugoku Bank, Ltd.	213k	1.84%
Shigeaki Matsuda	181k	1.56%
The Master Trust Bank of Japan, Ltd.(Retirement Benefit Trust CBC Account)	154k	1.32%

*The Company holds 783,185 shares of treasury stock but is excluded from the list of major shareholders above. The shareholding ratios are calculated excluding those shares of treasury stock.

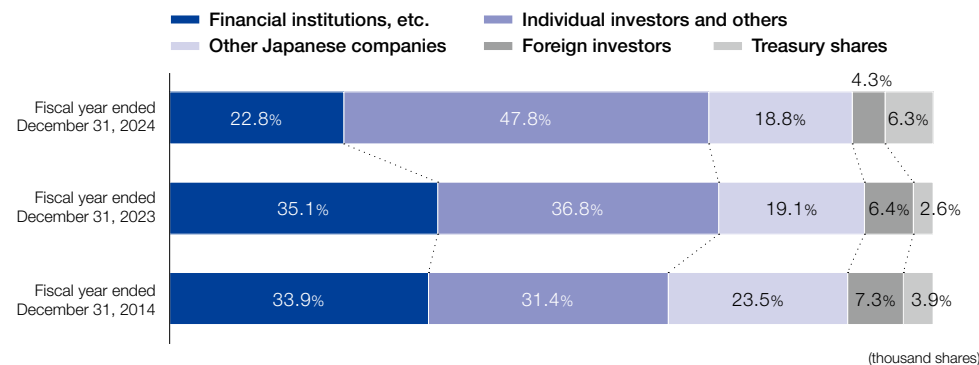
*The 154k shares registered under the name of The Master Trust Bank of Japan, Ltd.(Retirement Benefit Trust CBC Account) are shares of the Company held by CBC Co., Ltd. and have been set up as a retirement benefit trust.

Distribution of Shareholders by Region (as of December 31, 2024)



*The number of shares held listed on this page is rounded down to the nearest thousand.

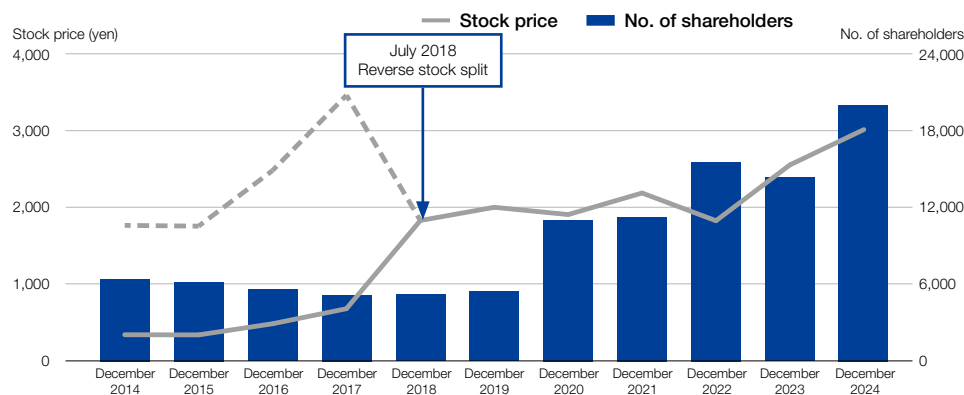
Distribution of Shareholders by Category (as of December 31, 2024)



	Financial institutions, etc.	Individual investors and others	Other Japanese companies	Foreign investors	Treasury shares	Total
Fiscal year ended December 31, 2024	2,834	5,928	2,329	538	783	12,414
Fiscal year ended December 31, 2023	4,352	4,569	2,370	800	321	12,414
Fiscal year ended December 31, 2014*	21,073 [4,214]	19,479 [3,895]	14,604 [2,920]	4,501 [900]	2,415 [483]	62,074 [12,414]

*Effective July 1, 2018, the Company conducted a reverse stock split (consolidating 5 shares into 1 share) and changed the share unit (from 1,000 shares to 100 shares). Therefore, the shareholdings for the fiscal year ended December 31, 2014 are shown before the reverse stock split. Figures in brackets represent the numbers after the reverse stock split.

Changes in Stock Price and Number of Shareholders



*Stock price before December 2017 represents figures before the reverse stock split. Dashed lines indicate figures after the reverse stock split.

Financial Data

	Unit	2020	2021	2022	2023	2024
Net sales	(million yen)	80,958	88,420	77,260	78,863	81,192
Operating profit	(million yen)	4,286	5,123	3,771	4,956	4,564
Operating profit margin	(%)	5.2	5.8	4.9	6.3	5.6
Ordinary profit	(million yen)	4,509	5,531	4,275	5,417	5,111
Profit attributable to owners of parent	(million yen)	2,865	3,417	3,788	4,315	4,359
Net assets	(million yen)	49,094	52,524	55,591	60,869	62,075
Capital expenditures	(million yen)	3,698	4,673	5,524	11,148	6,348
Research and development expenses	(million yen)	949	1,047	1,179	1,301	1,481
Equity ratio	(%)	59.4	61.1	61.6	60.7	60.2
Return on equity (ROE)	(%)	6.0	6.7	7.0	7.4	7.1
Net debt	(million yen)	5,631	3,312	2,376	1,903	6,120
Per share (Reverse stock split was implemented in July 2018)						
Net assets	(yen)	4,115.91	4,401.20	4,655.71	5,031.25	5,334.06
Profit	(yen)	240.41	286.49	317.45	359.29	363.96
Dividends	(yen)	60.00	70.00	85.00	110.00	160.00

*1 [Periods covered] 2020 : From April to March of the following year
 2021–2024: From January to December of each year
 [Third-party verification] 2021–2024: Audited
 [Emission factors] 2020 : Figures for Scope 2 emissions are calculated using the basic emission factor for each electricity supplier.
 2021–2024: Figures for Scope 2 emissions are calculated using the adjusted emission factor for each electricity supplier.
 [Covered entities] Okura Industrial Co., Ltd., 11 consolidated subsidiaries, and 4 affiliate companies

*2 The following information relates to overseas sites only (see *1 for information on sites in Japan).
 [Periods covered] 2021–2024: From January to December of each year
 [Third-party verification] 2021–2024: Audited
 [Emission factors] 2021–2024: Figures for Scope 2 emissions are calculated using IDEA Ver. 3.4.
 [Covered entities] Wuxi Okura Packing Material Co., Ltd.

*3 [Periods covered] 2020 : From April to March of the following year
 2021–2024: From January to December of each year
 [Covered entities] Okura Industrial Co., Ltd., 11 consolidated subsidiaries, and 4 affiliate companies

Non-Financial Data

	Unit	2020	2021	2022	2023	2024
CO ₂ emissions (Scope 1 and 2) ^{*1}	(t-CO ₂)	94,814	122,258	121,232	105,282	104,795
CO ₂ emissions (Scope 1 and 2, including overseas) ^{*2}	(t-CO ₂)	—	126,193	125,005	108,092	107,967
Energy usage (converted to crude oil equivalent) ^{*3}	(kL)	57,993	59,318	60,285	51,768	60,679
Sales ratio of Caerula™-certified products to the total sales in the living support category	(%)	—	34.9	36.0	48.2	55.1
Water usage (municipal and recycled water) ^{*4}	(m ³)	442,031	498,203	462,199	465,909	456,855
Waste emissions ^{*5}	(t)	6,667	7,262	6,653	6,187	6,310
Number of employees	(persons)	2,005	1,966	1,935	1,904	1,891
Ratio of female managers ^{*6}	(%)	2.4	2.5	3.3	2.5	3.9
Ratio of female employees ^{*6}	(%)	15.8	16.2	16.0	17.2	18.4
Employment rate of people with disabilities ^{*6}	(%)	2.4	2.5	2.5	2.7	3.1
Acquisition rate of annual paid leave ^{*6}	(%)	52.8	54.8	50.7	55.2	54.4
Average length of service ^{*6}	(years)	16.1	16.2	16.5	16.6	16.8
Number of lost-worktime accidents	(cases)	1	5	1	2	5
Directors	(persons)	10	10	12	12	11
Of which, female Directors	(persons)	0	0	1	1	1
Of which, Independent Outside Directors	(persons)	3	4	4	4	4
Number of serious compliance violations and administrative disciplinary actions	(cases)	0	0	0	0	0

*4 [Periods covered] 2020–2024: From January to December of each year
 [Third-party verification] 2022–2024: Audited
 [Covered entities] Okura Industrial Co., Ltd., 11 consolidated subsidiaries, and 4 affiliate companies

*5 [Periods covered] 2020, 2021: From January to December of each year
 2022–2024: From April of each year to March of the following year
 [Covered entities] Okura Industrial Co., Ltd., 11 consolidated subsidiaries, and 4 affiliate companies

*6 On a non-consolidated basis



OKURA INDUSTRIAL CO., LTD.

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