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Q&A Regarding Financial Results for the Fiscal Year Ended March 2026

The following is a summary of the Q&A session held at our financial results briefing for the fiscal year ended March 2026, which took place on Friday, May 29, 2026.

* Speakers at the presentation: Kunihiko Okamoto, President and Representative Director; Yuji Tanaka, Managing Director; Hisao Hosoya, Executive Officer.

*The contents of this document are not a verbatim transcript of the Q&A session at the financial results briefing. Some additions and revisions have been made for clarity. Please note this in advance.

Q. Please explain the current procurement situation and price increases for raw materials and supplies. In addition, please explain the status of price pass-through in response to such cost increases.

A. Regarding material prices, costs have been rising in line with general market trends. In response, we have been working closely with suppliers, while prioritizing stable procurement and avoiding supply disruptions.

As for price pass-through, although there is a certain time lag, we have been steadily implementing revisions toward appropriate pricing levels, and constructive discussions are ongoing with our customers.

Q. Could you explain the details of your capital expenditures?

A. Investments in automotive interior materials and wallpaper-related facilities have largely run their course. In the current fiscal year, we also plan to invest in wrapping equipment.

Although this business area had historically generated relatively limited cash returns, the effects of our sales activities have become evident since two fiscal years ago, and production has continued at full capacity. Through this investment, we expect production capacity to increase by approximately 20%.

Q. Other than wraps, which products are currently seeing strong demand?

A. With regard to adhesive tapes, the market has been experiencing supply constraints due to the situation in the Middle East, and we have been receiving inquiries from customers as we continue to maintain a stable supply.

In addition, agricultural materials are also performing well.

Q. Are business results in North America being affected by changes in EV strategies among automobile manufacturers?

A. Such changes are naturally having some impact. However, with regard to automotive interior materials, we believe the situation in China is likely to become more severe going forward.

In China, measures to strengthen production controls aimed at addressing past overproduction have already been announced, and we expect the effects of these measures to emerge from the this fiscal year onward.

Q. The sharp rise in antimony prices appeared to stabilize in the fourth quarter. What is your outlook going forward?

A. We are proceeding with price pass-through measures to reflect the increase in antimony costs, while also working to reduce our reliance on antimony.

Historically, we used antimony because it was relatively inexpensive. However, we are now able to manufacture products of comparable quality using non-antimony materials, and we have begun switching to such alternatives for customers who have agreed to the change.

Q. You mentioned that the decline in earnings was largely attributable to the surge in antimony prices. Given the recent stabilization in prices and the countermeasures being implemented, do you expect higher sales and profits in the current fiscal year?

A. At the very least, we expect the automotive interior materials business to achieve profit growth. On the other hand, we recognize the uncertainty surrounding the situation in the Middle East as a potential risk factor.

Q. Although the situation in the Middle East continues to have an impact, you mentioned that you currently have a system in place to maintain stable supply. How far ahead do you have visibility in the glove business?

A. This varies depending on the division and product, but in general, we currently have reasonable visibility to maintain stable supply for approximately the next three months.

Q. You have positioned femtech and environmentally friendly products as growth areas. Could you explain the current status of your initiatives in these fields?

A. In the femtech field, we are promoting product development projects from a consumer-oriented perspective, including femtech-related initiatives, as part of an internal company-wide project. We aim to launch at least one new product each year.

With regard to environmentally friendly products, we are advancing recycling initiatives within the company, particularly focusing on plastics. In addition, we are working jointly with West Japan Railway Company on a horizontal recycling initiative for plastic umbrellas.

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