Financial Results Briefing for the First Quarter of the Fiscal Year Ending March 2025

July 31, 2024

Krosaki Harima Corporation

(Securities Code: 5352)

Table of Contents

1. Overview of Financial Results for the First Quarter of Fiscal Year Ending March 2025

2. Analysis of Factors behind the Change in Ordinary Profit

3. Performance by Segment (Consolidated)

4. Overview of Refractories Segment

5. Overview of Furnace Segment

6. Overview of Ceramics Segment

[Regarding figures presented in this document]
Monetary amounts presented in this document have been rounded down to the unit indicated, and percentages have been rounded off to one decimal place, except where otherwise indicated.

(100 millions of yen)

	FY2023 1Q	FY2024 1Q	Year-on-Year Change	
Net sales	**453.5**	**439.3**	**▲ 14.1**	**▲ 3.1%**
Operating Profit	**41.3**	**31.2**	**▲ 10.1**	**▲ 24.5%**
Ordinary Profit	**47.5**	**35.6**	**▲ 11.9**	**▲ 25.1%**
Net Profit*1	**30.7**	**21.5**	**▲ 9.2**	**▲ 29.9%**
ROS*2	**10.5%**	**8.1%**	**▲ 2.4pt**	
ROE*3	**16.2%**	**9.8%**	**▲ 6.4pt**	
ROIC*4	**11.4%**	**7.6%**	**▲ 3.8pt**	

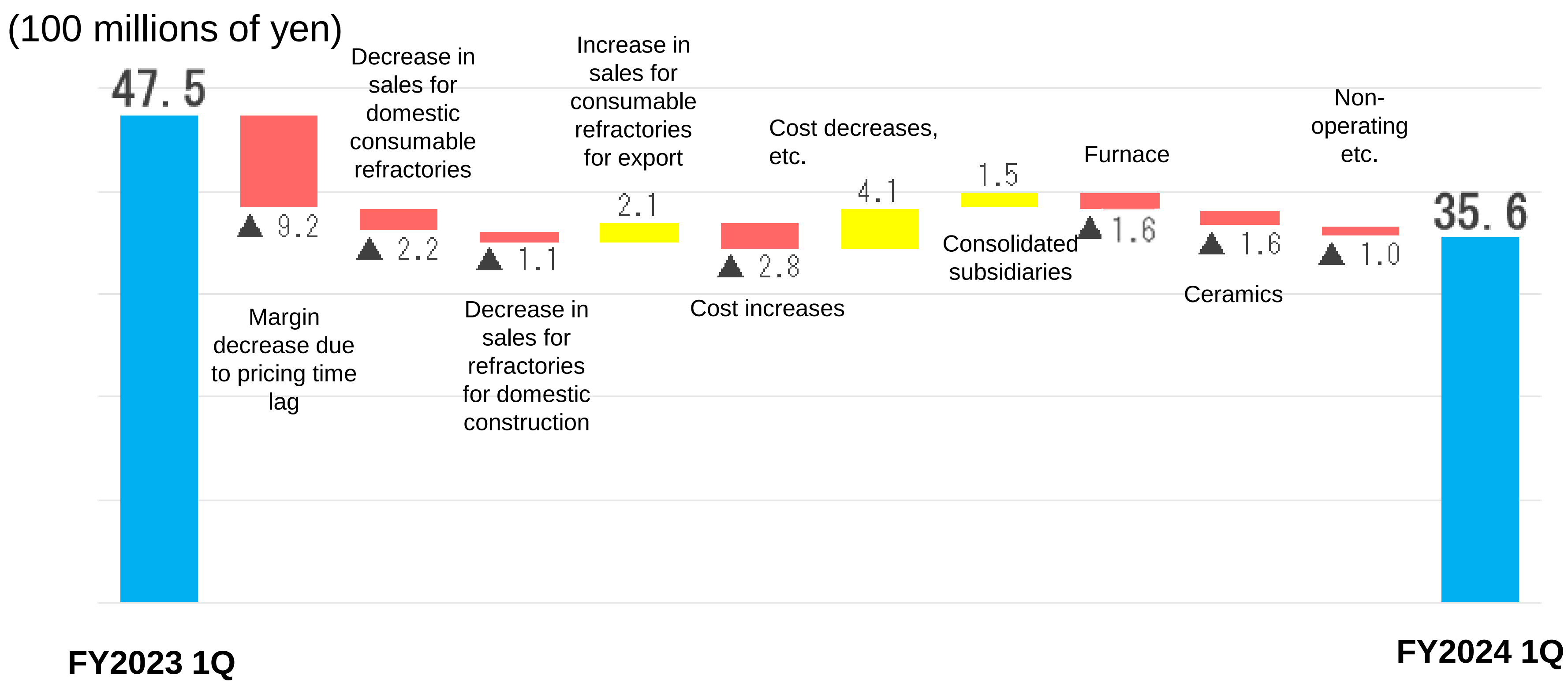
Business environment

- Domestic crude steel output (FY2024 1Q): 21.24 million tons (▲4.4% year on year)
- Global crude steel output (CY2024 1H): 954.60 million tons (+0.0% year on year)
- Indian crude steel output (CY2024 1H): 74.20 million tons (+7.4% year on year)

*1: Net profit attributable to owners of the parent *2: Return on Sales *3: Return on equity *4: Return on invested capital

In addition to the impact from the decreased domestic crude steel output, temporary cost burdens from rising prices of imported raw materials as a result of the weakening yen led to the decline in ordinary profit.

Profit decline of 1.19 billion yen



Performance by Segment (Consolidated)

KROSAKI

(100 millions of yen)

		FY2023 1Q	FY2024 1Q	Year-on-Year Change	
Refractories	Net sales	**395.9**	**381.6**	**▲ 14.2**	**▲ 3.6%**
	Segment profit	**35.8**	**28.9**	**▲ 6.8**	**▲ 19.2%**
Furnace	Net sales	**34.2**	**35.3**	**+ 1.0**	**+ 3.1%**
	Segment profit	**2.1**	**0.4**	**▲ 1.6**	**▲ 78.2%**
Ceramics	Net sales	**19.5**	**17.9**	**▲ 1.6**	**▲ 8.3%**
	Segment profit	**1.8**	**0.2**	**▲ 1.6**	**▲ 86.6%**
Real estate & others	Net sales	**3.8**	**4.4**	**+ 0.6**	**+ 17.3%**
	Segment profit	**1.4**	**1.5**	**+ 0.0**	**+ 2.0%**
Total	Net sales	**453.5**	**439.3**	**▲ 14.1**	**▲ 3.1%**
	Segment profit	**41.3**	**31.2**	**▲ 10.1**	**▲ 24.5%**

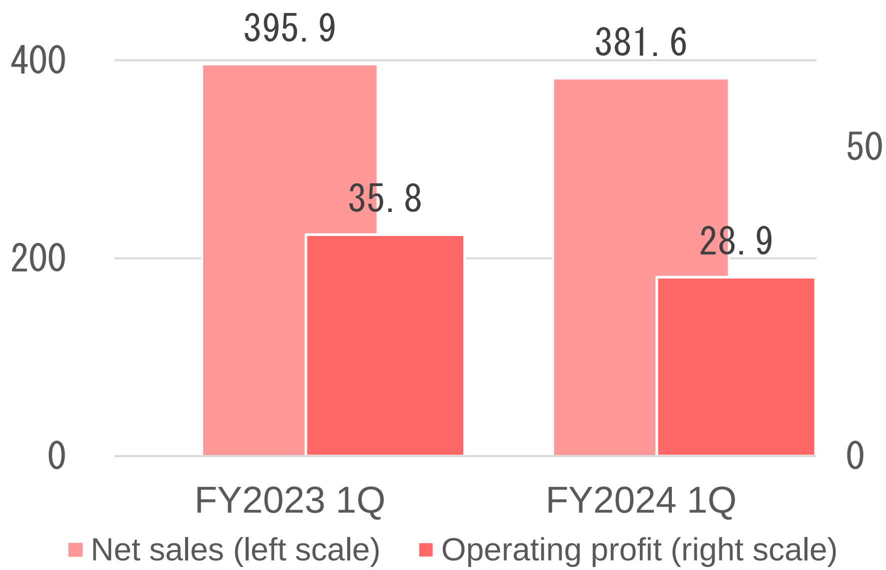
The net sales of each segment represent sales to external customers and do not include inter-segment sales or transfers. The amounts of segment profit are based on operating profit.

Overview of Refractories Segment

Performance Trend

(100 millions of yen)

	FY2023 1Q	FY2024 1Q	Year-on-Year Change	
Net sales	395.9	**381.6**	▲14.2	▲3.6%
Operating profit	35.8	**28.9**	▲6.8	▲19.2%



Performance Review

・In spite of strong business growth in the robust Indian steel market, in addition to the impact from the decline in domestic crude steel output, temporary cost burdens from rising prices of imported raw materials as a result of the weakening yen led to the decreased sales and profit.

Future Initiatives

・ In Japan, further strengthen our competitiveness by promoting automation and labor-saving measures and digital transformation, as well as launching new products that will fully leverage our technological capabilities, thereby consolidating our revenue base.

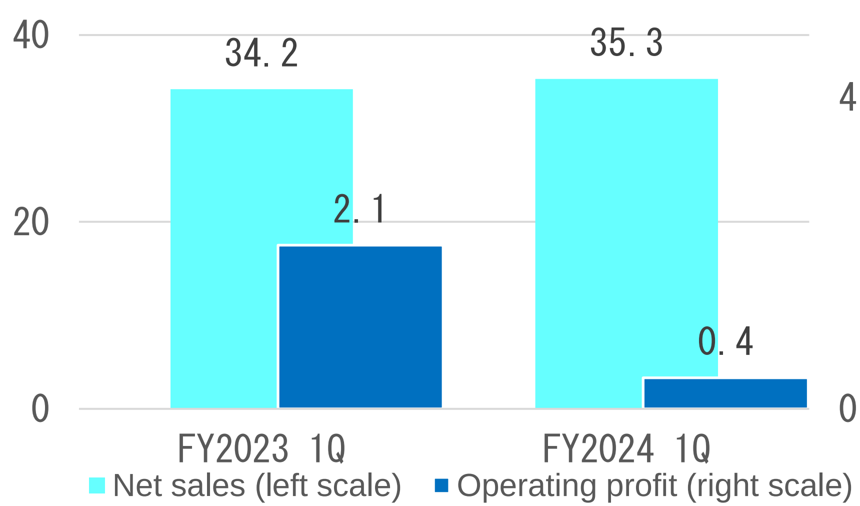
・ Overseas, maximize the full-range production and sales system we have established in the Indian market and further increase our production capacity, while working to further expand our businesses in Europe and the United States by capturing demand, including in the field of non-ferrous metals, through deepening collaboration between alliance partner companies and our regional bases in those areas.

Overview of Furnace Segment

Performance Trend

(100 millions of yen)

	FY2023 1Q	FY2024 1Q	Year-on-Year Change	
Net sales	34.2	**35.3**	+1.0	+3.1%
Operating profit	2.1	**0.4**	▲1.6	▲78.2%



Performance Review

・Sales increased due to an increase in maintenance work but profit decreased due to a temporary difference in the composition of orders received.

Future Initiatives

・ Improve profitability by winning large-scale construction projects, continuing to receive orders for steelmaking facilities maintenance work, and reducing costs through personnel optimization.

・ Grow profits by winning orders for maintenance and new projects from non-ferrous materials users such as for biomass and other power generation boilers and incinerators, etc., in addition to the design and construction of energy-saving industrial furnaces.

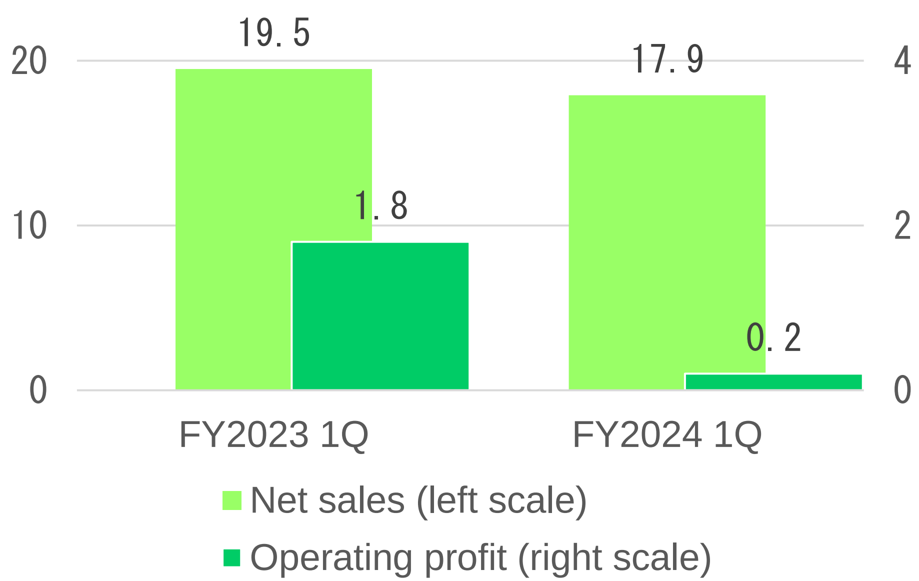
Overview of Ceramics Segment

KROSAKI

Performance Trend

(100 millions of yen)

	FY2023 1Q	FY2024 1Q	Year-on-Year Change	
Net sales	19.5	**17.9**	▲1.6	▲8.3%
Operating profit	1.8	**0.2**	▲1.6	▲86.6%



Performance Review

・ Both sales and profits declined due to a trough in orders for ceramic materials for semiconductor manufacturing equipment and insulation materials for household fuel cells.

Future Initiatives

・The US Semiconductor Equipment and Materials International (SEMI) has announced that the semiconductor manufacturing equipment market is expected to grow 17%, year-on-year, to US$128 billion in 2025 (approximately 20 trillion yen at an exchange rate of 158 yen to the US$1). The Company will work to capture expanding demand for ceramics, particularly for semiconductor lithography equipment.

・ We will further expand profits by growing sales in each field, including insulation materials for the environmental field, ceramic materials for electronic components, and products for new fields such as aerospace and medical care.

https://www.krosaki.co.jp/

This document is not a disclosure document designated under the Financial Instruments and Exchange Act, and we do not guarantee the accuracy or completeness of the information presented herein. In addition, predictions regarding future development and other information presented in this document have been determined by the Company based on information available at the time the document was prepared and do involve uncertainties. Therefore, readers should refrain from making investment decisions based solely on this document. The Company shall not assume liability for any damages incurred as a result of the use of this document.