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

October 29, 2024

KROSAKI HARIMA CORPORATION

(Securities Code: 5352)

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[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.

Overview of the Financial Results for the First 2Qs of the Fiscal Year Ending March 2025 (Consolidated)

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Overview of Business Results

(Billions of yen)

	First half of FY2023	First half of FY2024	Year-on-year change	
Net sales	**89.39**	**88.09**	**(1.30)**	**(1.5)%**
Operating profit	**7.59**	**6.28**	**(1.31)**	**(17.3)%**
Ordinary profit	**8.59**	**6.54**	**(2.05)**	**(23.9)%**
Profit *1	**6.61**	**4.16**	**(2.45)**	**(37.1)%**
ROS*2	**9.6%**	**7.4%**	**(2.2)pt**	
ROE*3	**17.2%**	**9.4%**	**(7.8)pt**	
ROIC*4	**9.7%**	**7.3%**	**(2.4)pt**	

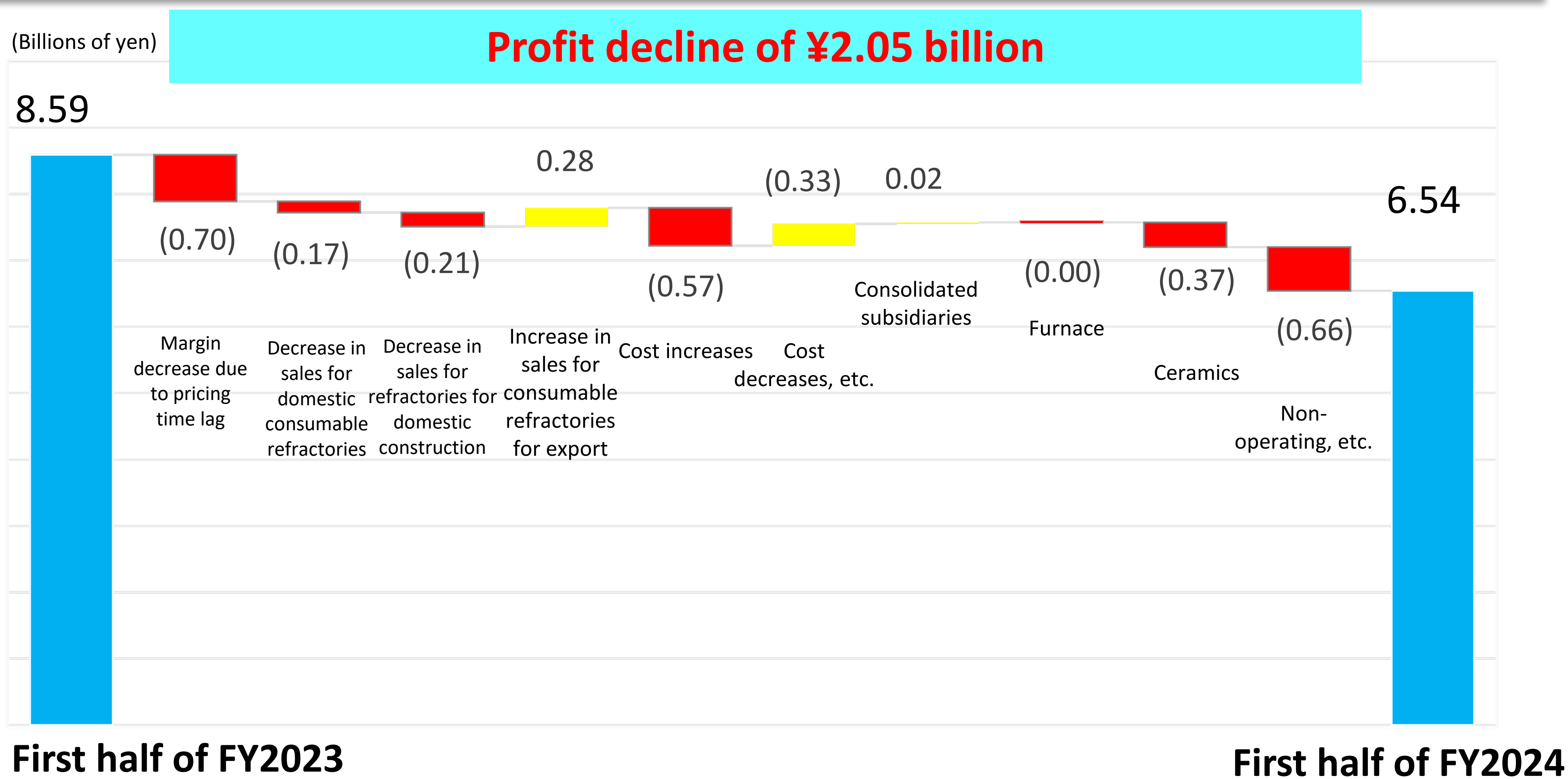
Business Environment

- Domestic total crude steel output (first half of FY2024): 41.84 million tons (down 4.4% year on year)
- Worldwide crude steel output (January to September 2024): 1,394.10 million tons (down 1.9% year on year)
- Total crude steel output in India (January to September 2024): 110.30 million tons (up 5.8% year on year)

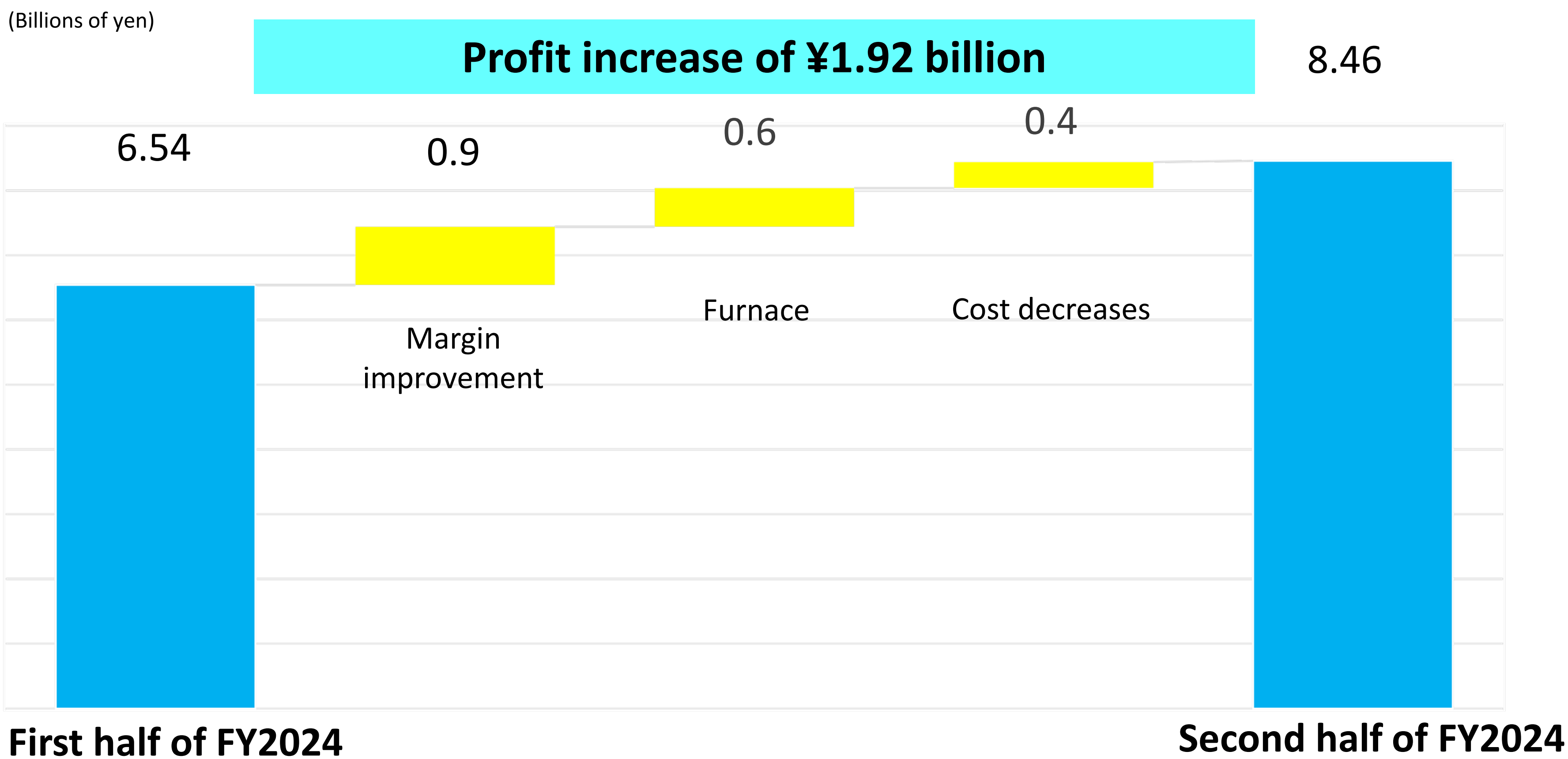
*1: Profit attributable to owners of parent *2: Return on sales (ordinary profit to net sales ratio)

*3: ROE (return on equity) has been calculated by doubling the profit for the first half of the fiscal year

The impact of the decreased domestic and overseas crude steel output, as well as the one-time cost burden caused by the rising cost of imported raw materials reflecting the weaker yen in the earlier half of the period under review led to the decline in ordinary profit.



In the second half, performance is expected to improve due to following factors: the fact that the one-time cost burden incurred in the first half can surely be passed onto sales prices; the order for a large-scale construction project already received in the Furnace segment; the expansion of overseas businesses mainly in India; and the further pursuit of self-help efforts.



Performance by Segment (Consolidated)

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(Billions of yen)

		First half of FY2023	First half of FY2024	Year-on-year change	
Refractories	Net sales	**77.13**	**75.27**	**(1.85)**	**(2.4)%**
	Segment profit	**6.50**	**5.55**	**(0.95)**	**(14.6)%**
Furnace	Net sales	**7.32**	**8.18**	**+0.86**	**+11.8%**
	Segment profit	**0.30**	**0.29**	**(0.00)**	**(0.1)%**
Ceramics	Net sales	**4.15**	**3.75**	**(0.40)**	**(9.7)%**
	Segment profit	**0.49**	**0.11**	**(0.37)**	**(75.6)%**
Real estate and others	Net sales	**0.78**	**0.86**	**+0.08**	**+11.5%**
	Segment profit	**0.29**	**0.30**	**+0.00**	**+2.8%**
Total	Net sales	**89.39**	**88.09**	**(1.30)**	**(1.5)%**
	Segment profit	**7.59**	**6.28**	**(1.31)**	**(17.3)%**

Note: 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

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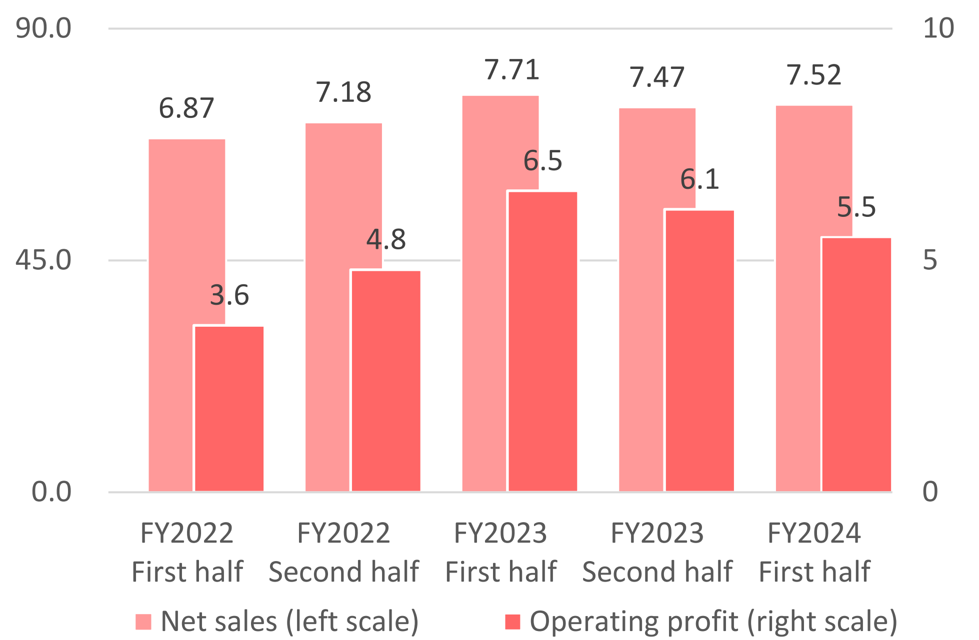
Business Result

(Billions of yen)

	First half of FY2023	First half of FY2024	Year-on-year change	
Net sales	**77.13**	**75.27**	(1.85)	(2.4)%
Operating profit	**6.50**	**5.55**	(0.95)	(14.6)%



Review of the First Half

- Despite efforts to expand business in the strong Indian steel market, due to the impact of a decrease in domestic and overseas crude steel output, as well as the one-time cost burden caused by the rising costs of imported raw materials reflecting the weaker yen in the earlier half of the period under review, both sales and profits decreased.

Initiatives for the Future

- In Japan, further enhance competitiveness through the promotion of automation, labor-saving, and digital transformation, as well as market launch of new products by using our technological strength, and strengthen revenue base.
- In India, strengthen production capacity to capture growing demand.
- In Europe and the Americas, work to further expand business revenue through deepening collaboration between alliance partner companies and our manufacturing and sales bases.

Overview of Furnace Segment

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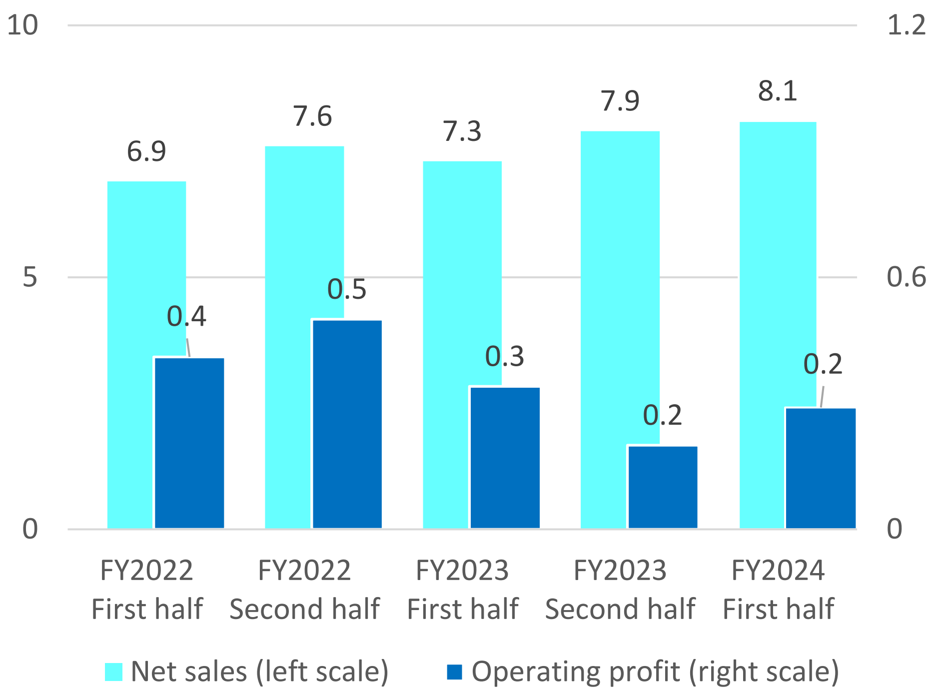
Business Results

(Billions of yen)

	First half of FY2023	First half of FY2024	Year-on-year change	
Net sales	**7.32**	**8.18**	+0.86	+11.8%
Operating profit	**0.30**	**0.29**	(0.00)	(0.1)%



Review of the First Half

- Sales increased due to the commencement of large-scale construction projects. Profits decreased owing in part to temporary differences in the composition of orders received.

Initiatives for the Future

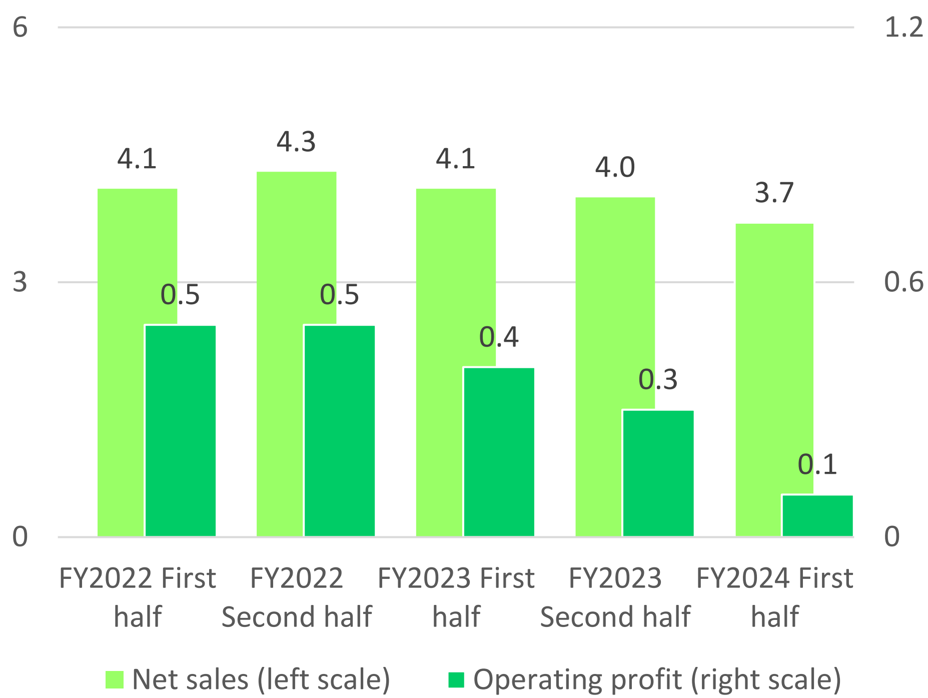
- Increase earning power by continuing to receive orders for maintenance work for steel facilities and reducing costs through personnel optimization, etc.
- Expand revenue through orders received for new and maintenance projects for non ferrous materials users such as biomass and other power generation boilers and incinerators, in addition to the design and construction of energy saving industrial furnaces.

Overview of Ceramics Segment

Business Results

(Billions of yen)

	First half of FY2023	First half of FY2024	Year-on-year change	
Net sales	**4.15**	**3.75**	(0.40)	(9.7)%
Operating profit	**0.49**	**0.11**	(0.37)	(75.6)%



Review of the First Half

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

Initiatives for the Future

- The US Semiconductor Equipment and Materials International (SEMI*) announced in September its forecast that from 2025 to 2027, the world's semiconductor manufacturers will make the largest investment in history in semiconductor manufacturing equipment.
  We will steadily capture the growing demand for ceramics primarily for semiconductor lithography equipment.
- We will further grow revenue by driving sales expansion in each field, including thermal insulation materials for the environmental field, ceramic materials for electronic components, and products for new fields such as aerospace and health care.

*SEMI: Semiconductor Equipment and Materials International

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