



Integrated Report 2025



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Editorial Policy

This report aims to provide stakeholders with insights into our Group's efforts to increase corporate value through its business, social, and environmental activities. This is the third time our Group has published an integrated report. Our Group remains committed to improving the quality of its disclosures and expanding the content to support stakeholders for deeper understanding of our activities.

Scope of Report

Period Covered

April 2024 – March 2025
(including information on other periods as needed)

Scope

KROSAKI HARIMA CORPORATION and its group companies

Date of publication (Japanese edition)

October 2025

Notice Concerning Future Prospects Statements

The descriptions of earnings forecasts and other statements regarding future prospects in the Integrated Report are based on information available to our Group at the time of editing and certain assumptions that our Group deems reasonable. Actual performance may vary due to various factors.

Numerical Representations

The figures in this report are rounded off to the nearest whole number.

Important Notice:

TOB for Our Company's Shares

At a meeting of our Board of Directors held on August 1, 2025, we resolved and announced its support for a takeover bid for our Company's shares (called the TOB below) to be commenced by Nippon Steel Corporation, our parent company, and we also resolved to recommend to our shareholders that they tender their shares in the TOB. In addition, we passed a resolution on and announced our intention not to pay dividends for the fiscal year ending March 2026. According to an announcement by Nippon Steel Corporation, while the aim is to commence the TOB in early February of 2026, the exact timing remains undecided at this stage. This is because the launch is subject to reviews and approvals under competition laws in Japan and India, and it is difficult to accurately predict duration required for these processes. Note that, once the TOB and following squeeze-out procedure are completed, our Company will become a wholly-owned subsidiary of Nippon Steel and its shares will no longer be listed.

About the KROSAKI HARIMA Logo



Our Group's logo, inspired by the "K" from "KROSAKI" incorporates two key symbols: the active red triangle (KROSAKI TRIANGLE) and the stylized "K" that is rooted in the earth. The meanings behind these two symbols are as follows:



Active red triangle (KROSAKI TRIANGLE)

The red in the triangle represents fire and passion, while the triangle itself represents infinite possibilities. Needless to say, fire is closely related to KROSAKI's products. The red is the passion poured into them. Infinity represents not only the current situation but also the pursuit of future development and unlimited potential.



Stylized "K" rooted in the earth

The "K" stands firmly on the ground and takes root in the earth. It expresses the corporate attitude of pouring endless passion into the realization of dreams.

Additionally, the clean, light, and modern design reflects KROSAKI's reliability, technical expertise, modernity, and growth potential.

This document does not constitute, or form any part of, an offer or solicitation to sell, or a solicitation of an offer to purchase, any securities. Neither, this document (in whole or in part) nor its distribution shall form the basis of, or be relied upon in connection with, any contract relating to this TOB. Furthermore, this document is not intended to request an expression of intent to apply for this TOB. This TOB is not to be directly or indirectly conducted within or directed into the United States of America. In addition, this TOB is not to be conducted using the postal mail of the United States of America or any other relevant interstate or international commercial method (including but not limited to telephone, telex, facsimile, email, or Internet-based communication), or through any stock exchange facilities in the United States of America. It is not possible to apply for this TOB by any of the methods or through facilities described above, or from within the United States of America.



Vision

The Krosaki Harima Group continues to grow as a world-class comprehensive ceramics enterprise that is a leading value provider to steel and other industries and an enterprise that contributes to realizing a sustainable society, the well-being of future generations, and the conservation of the Earth's environment.

Since our founding in 1919, we have played an important role in supporting the world's key industries through the manufacture and sale of various refractories for the steel industry and other material industries. Furthermore, utilizing the technologies and expertise accumulated over 100 years in terms of refractories and heat management, we have been engaged in the Furnace Business, which involves the design and construction of high-performance and energy-efficient industrial furnaces, as well as the Ceramics Business, which mainly serves customers in the semiconductor manufacturing equipment and electronic components fields. Moving forward, we will leverage our collective strength to continue to grow as a world-class comprehensive ceramics enterprise that is a leading value provider to steel and other industries.

In addition, the Krosaki Harima Group will continue to be a good cosmopolitan enterprise that is working to create new values that pursue harmony with people and nature and continues to support the future of the Earth for the realization of a sustainable society.



Krosaki Harima Group Mission Statement

MISSION

The Krosaki Harima Group is committed to playing an important role in global industrial development, and to contributing to the prosperity of society. To achieve this, we look to provide high-value products and technology in the field of ceramics worldwide through continuous innovation.

Business GOAL

**Provide No.1 Value
to Customers
Worldwide**

Our PRIDE

- Dedicated employees with independent thinking
- Work environment where technological achievements are made
- Corporate culture where individuality is encouraged
- Management that encourages a challenging spirit

POLICY

- We aim to be a trusted enterprise by providing the best quality, most reliable products to our customers.
- We make every effort to increase shareholders' profit by pursuing all activities which will enhance corporate value.
- We pursue coexistence and co-prosperity by sharing strategies with our partner enterprises.
- We respect the humanity of each employee and provide opportunities for personal growth and self-realization.
- We comply with laws and regulations as a sensible corporate citizen, and we meet the challenge of dealing with Earth's environmental issues.

Innovation and Tradition -History of Krosaki Harima-

History of the Krosaki Harima Group

(the company names used are what the name was at the time)

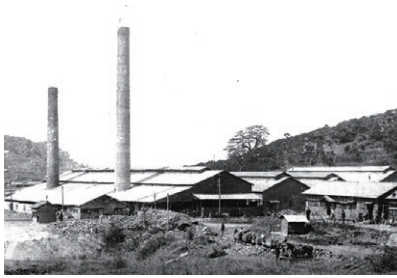


Photo of the Yahata Plant at the time of establishment

Founded by Kenjiro Matsumoto of Yaskawa Matsumoto Shoten and Sunao Kohra, who was formerly involved in refractory technology at Yawata Iron & Steel Co., Ltd. Works



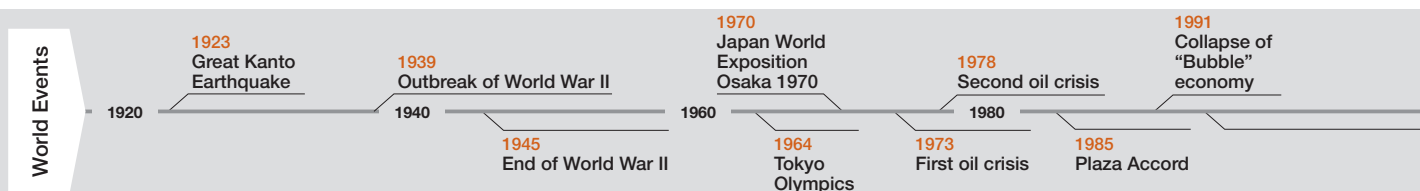
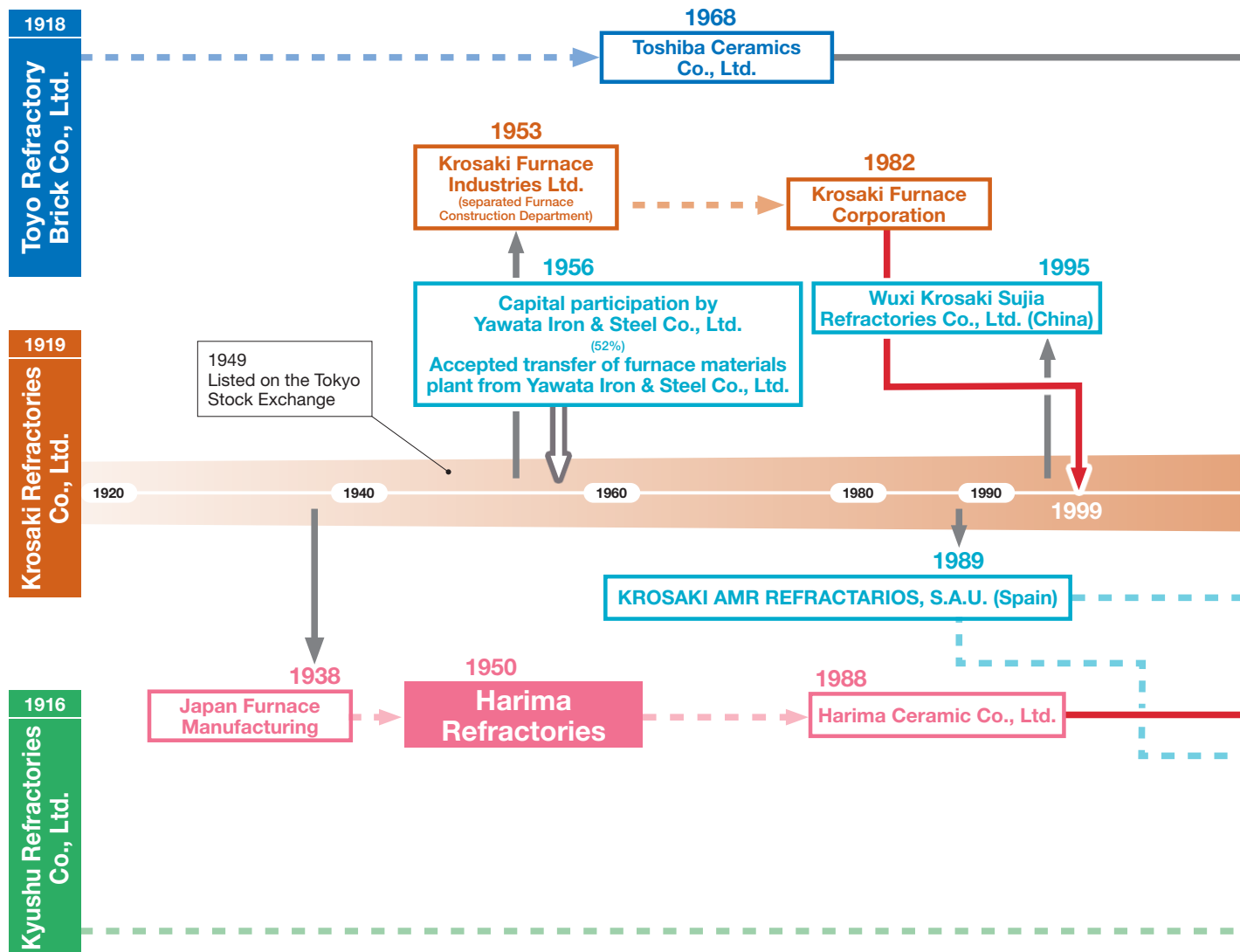
Items produced during the business foundation formation period

Produced Silica bricks for open-hearth furnace ceilings, coke ovens, and hot stoves



Flow control refractories for continuous casting

Provided value-added flow control refractories in line with the introduction of a continuous casting machine



➔ Merger and acquisition
 ➔ Capital participation or new establishment
 - - - ➔ Other transformation



KROSAKI HARIMA Head Office

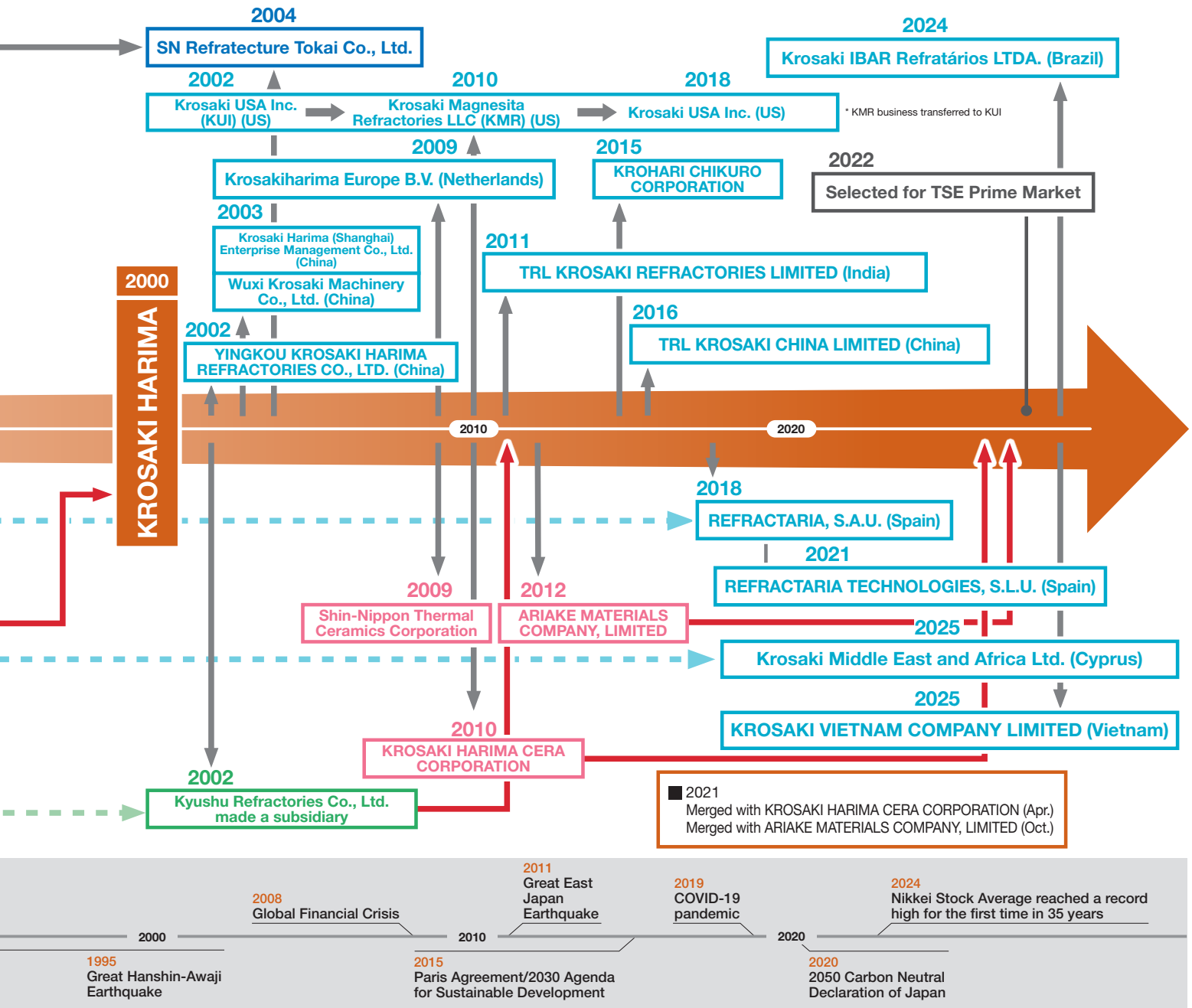


KROSAKI AMR REFRACTARIOS, S.A.U. (Spain)



TRL KROSAKI REFRACTORIES LIMITED (India)

Integration & expansion period
2000



Value Creation Process

Business Goal

Inputs

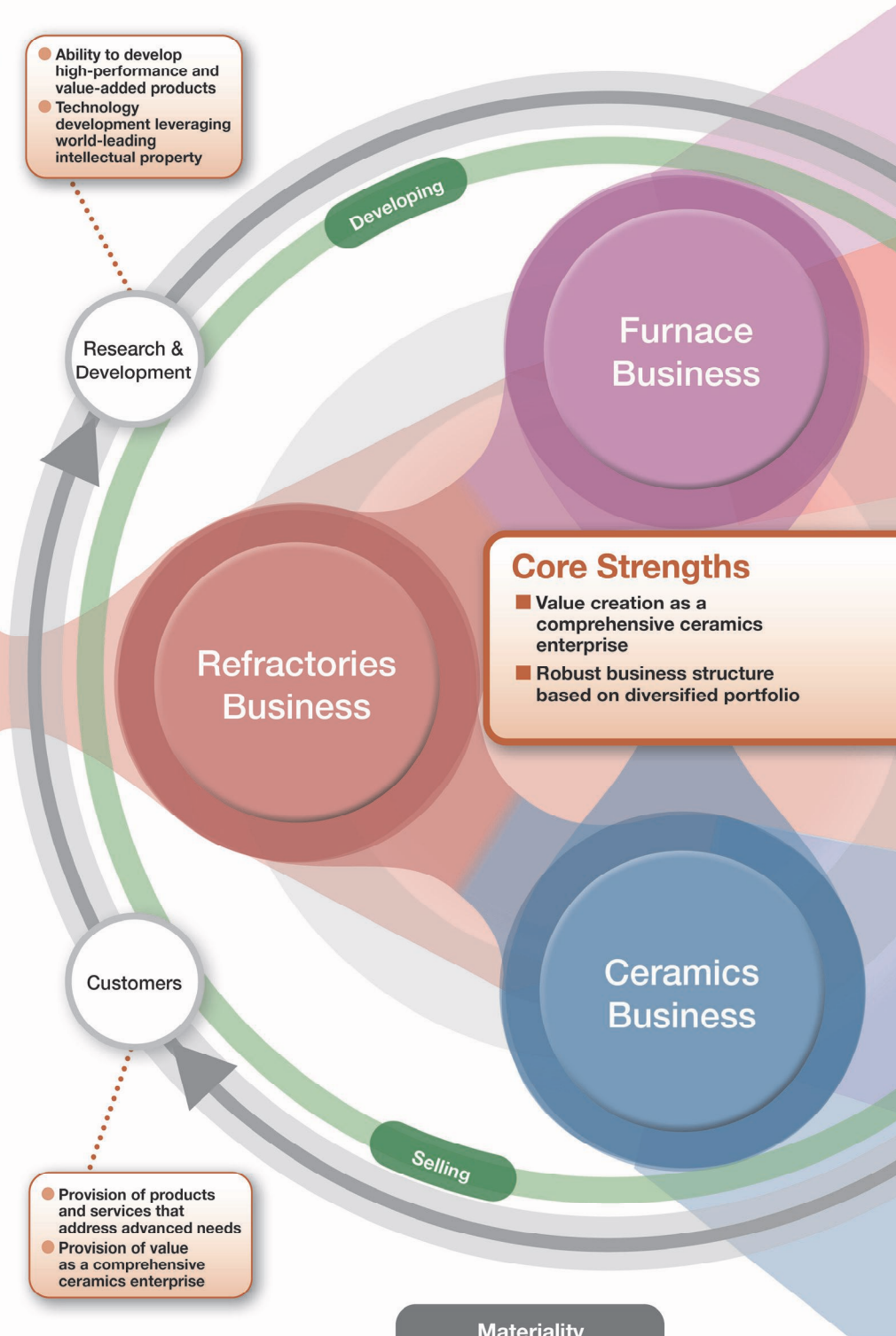
Manufacturing capital
Global manufacturing facilities 20 plants (13 in Japan / 1 in India / 2 in Europe / 4 in China)
Capital investment JPY 8.5 billion (FY2024)
Financial capital
Total assets JPY 187.0 billion
Equity ratio 50.8%
Human capital
Number of employees (consolidated) 5,013
Global human resources across multiple locations
Internal environment for implementing D&I Policy
Intellectual capital
Number of patents held 761 (FY2024; consolidated)
Technology and expertise cultivated over 100 years
Natural capital
Refractories and ceramic material recycling rate 9.2% (non-consolidated) 12.5% (consolidated)
Social and relationship capital
Coexistence with the local community through business activities
Suppliers Approx. 5,200 companies (consolidated)

- Ability to develop high-performance and value-added products
- Technology development leveraging world-leading intellectual property

Research & Development

Customers

- Provision of products and services that address advanced needs
- Provision of value as a comprehensive ceramics enterprise



Core Strengths

- Value creation as a comprehensive ceramics enterprise
- Robust business structure based on diversified portfolio

Materiality	
Environment	
<ul style="list-style-type: none"> ● Promotion of climate change measures through heat management technologies ● Conservation of the regional environment ● Promotion of recycling ● Compliance with chemical substances regulations 	<ul style="list-style-type: none"> ● Enhancement of human capital management ● Stable supply to customers ● Thorough protection of human rights

Provide No.1 Value to Customers Worldwide

- Ability to provide solutions based on integrated products and construction services
- Provision of ceramics that cover various industrial fields
- High added value through integrated proposals for refractories and peripheral equipment

Proposals
(Products and services)

- Aggressive global expansion (the third-largest global market share in refractories for the steel industry)
- Business expansion through tie-ups with leading companies

Manufacturing

Manufacturing and supply

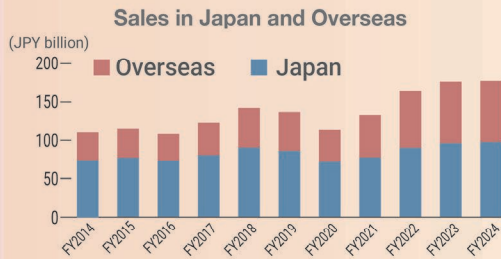
- Manufacturing capabilities and quality assurance through thorough quality control
- Global supply chain

<Market Environment>

- Increasing demand for high-performance and value-added refractories that reflect the need to decarbonize the steel manufacturing process
- Continuing growth of demand for steel products in India and Southeast Asia
- Growing demand in the field of non-ferrous materials in Europe, North Africa, the Middle East, and other regions
- Growing demand in the fields of semiconductor manufacturing equipment, electronic components, and fuel cells

Basic policies of the 2025 Revised Management Plan

Steadily promote various initiatives for corporate growth, including global strategies and proactive investment in growth fields



<Basic Strategy>

Promote sustainability activities
Strengthen group-wide management foundation through digital transformation (DX) promotion and other initiatives

■ Refractories Business

- Reinforcement of business structure to address structural changes in domestic demand
- Global growth through collaboration with overseas partner enterprises
- Proactive investment in strengthening the global production system and capabilities

■ Furnace Business

- Expansion of the scope of maintenance work in the steel industry
- Increase orders received by strengthening energy-saving measures in the industrial furnace field

■ Ceramics Business

- Aggressive expansion into new growth fields
- Capture of growing demand through timely capital investment

Outcomes

Economic value

A world-class comprehensive ceramics enterprise that is a leading value provider to steel and other industries

	FY2024 results	2025 Revised Management Plan
Net sales	JPY 177.9 billion	JPY 180.0 billion
Ordinary profit	JPY 15.3 billion	JPY 15.0 billion
ROS	8.6%	8.3% or more
ROIC	7.6%	9.0% or more

Social value

An enterprise that contributes to the well-being of future generations and the conservation of the Earth's environment



Providing value to stakeholders

Customers

Provision of products and services of stable quality

Shareholders and investors

Enhancement of corporate value

Business partners

Legal compliance and the promotion of fair and equitable transactions

Employees

Provision of comfortable working environment that promotes growth

Local community

Contribution to the development of comfortable communities and cultivation of local human resources for the next generation

Social

- Coexistence with the local community
- Promotion of working environment improvements
- Thorough quality control
- Thorough workplace safety

Governance

- Thorough compliance
- Enhancement of corporate governance

Message from the President

We regard the global shift toward decarbonization as an opportunity, and with our high level of technological expertise cultivated over many years, we will continue to support the development of industries worldwide.

Representative Director, President

Kazuhiro Egawa



The Krosaki Harima Group is a comprehensive ceramics enterprise built on three pillars of business: Refractories Business, which focuses on steel and other materials industries; Furnace Business, which handles the design and construction of industrial furnaces; and Ceramics Business, which primarily serves customers in industries such as semiconductor manufacturing equipment, fuel cells, and electronic components. We are aggressively pursuing global business development. In the following section, we provide an overview of the business environment surrounding our company, reflect on our initiatives in FY2024 (ending March 2025), and explain our comprehensive efforts to create value that contributes to sustainable growth and the realization of a sustainable society.

Strategic opportunities arising from global decarbonization trends

In the steel industry, which is a major customer of our Group, China, which accounts for the majority of the world's crude steel production, started showing signs of increasing its exports to the rest of the world in 2024. As a result, even as crude steel production remains low in Europe, Japan's crude steel production has reached its second lowest level ever since the 1970s only to FY2020, the year of the COVID-19 pandemic, due to factors that include decreased overseas demand and the effects of structural labor shortages and work style reforms principally affecting the construction business. At the same time, in India, where we established a plant early on and have continuously expanded our business, crude steel production has continued to grow robustly, helping to offset the decline in demand seen in Europe and Japan.

◆ Business opportunities presented by global decarbonization

As global decarbonization continues, the demand for high-grade steel, including electrical steel sheets, which are essential for electric vehicles and motors, as well as high tensile strength steel, which contributes to vehicle weight reduction, is further increasing. In line with this trend, quality requirements for refractories are becoming increasingly stringent. For example, with a growing emphasis on reducing

inclusions in steel, the demand for higher-grade refractory products is on the rise.

In addition, steelmakers are undertaking process reforms aimed at decarbonization, with simultaneously shifting from carbon-based reduction of iron ore in blast furnaces to hydrogen-based reduction and increasing the use of electric arc furnaces that utilize scrap and emit less CO₂. These trends are resulting in an opportunity of increased demand for high-performance and high-value-added refractory products. This is because manufacturers need refractory products that can withstand the high-temperature hot air that is blown in to make up for endothermic reactions during hydrogen reduction as well as refractory products that are durable enough to handle long periods of continuous electric arc furnace operation. This is exactly the kind of domain where we can demonstrate the sophistication of the expertise and technologies our Group has cultivated over the years, which means this also presents an opportunity for our competitive advantage to really stand out.

◆ Effects of the acquisition of the United States Steel Corporation by our parent company

In the U.S., Nippon Steel Corporation, our parent company, acquired the United States Steel Corporation (hereinafter "USS"), establishing it as a wholly-owned subsidiary. Up until now, USS mainly focused on the commodity steel business, so they had little need for our Group's high-performance refractory products and our business with them was limited.

However, regarding our high-performance refractories, other U.S.-based steel manufacturers, which produce electrical steel sheets, high tensile strength steel for automobiles and shipbuilding, and other high-grade steel, have shown a lot of interest, and many of these manufacturers have inquired about our products while also requesting that we start manufacturing them in the U.S. We have also received confirmed orders from the U.S. for the new refractories replacement robots developed by our Group. In the future, the adoption of Nippon Steel's technology by the United States Steel Corporation is expected to further increase the demand for our high-performance refractories.

In FY2024, we achieved profits exceeding the targets set in the 2025 Revised Management Plan

Although consolidated ordinary profit declined compared to the previous year, which marked a record high, it still surpassed the target set in our 2025 Revised Management Plan. Moreover, both our consolidated net sales and net profit increased year-on-year, leading us to evaluate FY2024 as a solid year overall. In addition to expanding our sales in the steadily growing Indian market, self-help efforts such as improving productivity and yield, as well as securing margins by transferring rising costs of raw materials and other inputs to selling prices, supported profitability.

◆ Self-help efforts

To reduce our manufacturing costs by improving our productivity and yield, we are continuing to conduct on-site improvement activities called KMS (Krosakiharima Monozukuri System) activities at our manufacturing sites. More than 100 improvement groups are continuously active across our factories, each working on specific themes such as safety, quality, and operational efficiency. Executives, including myself, regularly participate in on-site presentation meetings to exchange opinions, offer advice, and confirm results. Through these efforts, management and frontline teams are working together as one to drive progress. Most recently, the range of technologies we can use to manufacture high-quality refractories by using inexpensive materials has been increasing, and I feel this is a result of our self-help efforts through KMS activities.

◆ Securing margins

While striving to absorb rising costs through our self-efforts, we have also worked to secure profit margins by carefully explaining to our customers the impact of fluctuations in raw material and energy prices, exchange rates, and increased supply chain costs associated with improved employee compensation. Through these efforts, we have gained their understanding and support for reflecting such cost increases in our selling prices. Given that refractories are essential to manufacture steel and cement, we are a key player in terms of supporting industries from behind the scenes. The added value of our products is our valuable asset, embodying the expertise we have cultivated over time. Thanks to the long-

standing trust we have built with our customers, we have gained their understanding regarding pricing that reflects this added value.

◆ Global expansion

Our business in global markets has grown and now accounts for 45% of our total net sales. In addition, the profit contribution of our overseas business now exceeds the said level of 45%. Amid declining Japanese domestic demand, we have enhanced our operational capability to capture overseas demand and convert it into profit. In terms of the management structure for our overseas group companies, we appoint local human resources who are well-versed in local business practices and laws as top managers, and the global head office in Japan applies the principles of the Group governance to their operations while granting them the discretion and authority they need to make prompt decisions. We believe that this structure enhances the motivation of local talent and contributes to further profit growth.

Progress on the 2025 Revised Management Plan

After achieving the numerical targets set in our initial 2025 Management Plan ahead of schedule, we raised our goals further in our 2025 Revised Management Plan. As of FY2024, we have already met the ordinary profit target ahead of schedule, and we aim to continue achieving the revised goals through the final year, FY2025. We have also started discussing our next Management Plan to achieve further growth. In addition, looking ahead to the next 10 to 15 years, we are considering the future direction of the Krosaki Harima Group. This includes the potential renewal of our corporate philosophy, namely Mission Statement. The initiative is being pursued through a dual approach, top-down guidance from executive leadership and bottom-up input from frontline teams.

1. Refractories Business in Japan

Within our Refractories Business in Japan, we are working to increase market share and drive profit growth by leveraging our technological strengths to develop and supply high-performance and value-added refractories, while also supporting the decarbonization of Japan's steel industry. We are also continuing to invest approximately 2% of our net sales in research and development, which are essential for responding to changing customers' and social needs. Our R&D initiatives are not limited to Japan; we have also begun enhancing facilities and promoting industry-academia collaboration in India. Looking ahead, we aim to establish a seamless research and development system spanning Japan, India, and Europe.

2. Overseas Refractories Business

In our overseas Refractories Business, we are actively investing to capture demand in growth markets and thereby expand this business. In particular, in the market of India,



which has a population of more than 1.4 billion people, the demand for automobiles as well as roads, bridges, and other infrastructure is expected to further increase. As a result, India's steel market is expected to grow steadily. By 2034, crude steel production is expected to reach three to four times its current level. In the longer term, the amount of steel used per person is likely to increase significantly, up to six to seven times today's level. This trend indicates significant potential for a substantial increase in demand for refractories in India. In our Indian subsidiary, we have established production and sales capabilities to provide a full range of products for the steel industry. By fully leveraging this structure, we aim to reliably capture business opportunities in this growing market. In the European market, in addition to refractories for steel, we have strengths in products for cement and glass industries. From our production site in Spain, we provide production not only to the Europe but also to the Middle East, Africa, and the Americas. We will pay close attention to trends in geopolitical risks as we prepare to respond to reconstruction demand. In the Americas market, in October 2024, we established a joint venture in Brazil for manufacturing and selling high-quality blast furnace taphole clay, and we are preparing to launch manufacturing operations in August 2026. In addition, as described above, we are diligently considering the establishment of new manufacturing sites in response to increasing demand in the U.S.

3. Furnace Business

In our Furnace Business, we aim to further improve our execution capabilities through developing multi-skilled human resources for maintenance works, carefully selecting orders received to ensure steady progress in construction projects, and enhancing the management of our construction system. This will ensure that our strengths in refractories maintenance and installation, furnace construction, and industrial furnace design technologies—specifically our ability to provide solutions based on integrated products and construction services—are fully utilized to make profits. We have built a solid track record in industrial furnaces and biomass power generation facilities not only in Japan but also overseas. Leveraging our technical expertise, we aim to capture opportunities for facility upgrades and new facility construction both in Japan and overseas, and to actively respond to demand.

4. Ceramics Business

In terms of our Ceramics Business, there are a wide range of markets where growth is expected, including lithography equipment and other semiconductor manufacturing equipment, residential fuel cells, multilayer ceramic capacitors and other electronic component fields, medical fields, and even aerospace fields that include artificial satellites. We have a long-term contract with a leading global semiconductor lithography equipment manufacturer, and we have the world's number one share of the ceramics market for multilayer ceramic capacitors (40%). In fact, our plan is to establish our Ceramics Business as one of our main pillars alongside our Refractories Business as soon as possible. To promote environmentally valuable products, we have launched our sustainable products brand K-GenesisX™ and are expanding our portfolio of strategic products under the brand. We are also increasing our lineup of strategic products related to our Ceramics Business under the brand, including our NEXCERA™, ultra-low thermal expansion materials, and our KROTECT™, high-performance thermal insulation materials.

Creating value that contributes to the realization of a sustainable society: Our Sustainability Management

We consider sustainability issues to be important in terms of our management, and we strive to attain sustainable business growth by creating value aimed at the realization of a sustainable society, including the development of technologies that contribute to the decarbonization of society.

◆ Carbon neutrality

Regarding our decarbonization efforts, we already achieved our goal of reducing our emissions by 50% by FY2030 (compared to FY2013) due to withdrawing from the lime business, but the fact remains that the upcoming process for achieving carbon neutrality is still important. First, to reduce the CO₂ emissions in our manufacturing process, we will increase our manufacturing of monolithic refractories, for which the refractory materials are shipped in the form of powders, as well as unfired shaped refractories, for which the manufacturing process does not include firing. We will also pursue initiatives that include increasing the percentage of recycled materials against the total volume we use, from around 12% to 20% as soon as possible. In addition, to help realize a sustainable society, it is also extremely important to develop products that contribute to the reduction of CO₂ emissions by our customers. We are expanding our lineup of strategic products under our sustainable product brand K-GenesisX™, including the Dry-Free™ series of refractories, that do not require drying processes. Through these efforts, we aim to contribute to the decarbonization of society while driving business growth.

◆ Human capital management

We believe that our human resources are extremely important. To ensure that employees can fully demonstrate their abilities after joining the company, we actively invest in human capital, including human resource development initiatives. I'm not concerned at all about the age, gender, nationality, or employment history of any of our employees, and one of my most vital missions is to keep selecting personnel with ability and ambition. Based on the belief that highly homogeneous organizations cannot achieve sustainable growth, we have consistently evaluated and hired talented people regardless of their attributes, enabling human resources with diverse opinions and perspectives to play an active role within our company. At the same time, we are aware that we still have a long way to go in terms of promoting more women, and, by promoting automation and other improvements at our manufacturing sites, we are working on creating workplaces where everyone including women can work comfortably.

As we expand our overseas business in the future, it will be also important to develop human resources capable of playing an active role in the global market. Our goal is to enable each of our employees to actively perform around the world without any barriers, including not only sending young human resources from Japan to other parts of the world but also having overseas human resources globally work at a base other than their own domestic one, such as in Japan. Through the Krosaki Harima College, our unique in-house training system, we provide a place where employees can experience self-improvement and personal growth, thereby promoting their development.

◆ Governance

With the participation of female directors, our Board of Directors has become more diverse, bringing new perspectives that have led to more active and dynamic discussions. We believe that our Board of Directors maintains a well-balanced structure, consisting of six internal directors with deep expertise in our business operations, and three outside directors who provide objective and independent oversight based on their practical industry experience. At each meeting of the Board of Directors, discussions are enriched by the outside directors, who provide comments and observations from multifaceted perspectives based on their respective experiences and expertise. We feel like the effectiveness of the Board of Directors is increasing as a result.

At the same time, from the perspective of governance of overseas Group companies, we actively promote local personnel to top management positions of such companies, and we entrust them with business operations so that they can make speedy decisions based on a certain degree of granted authority. We also recognize the significance of regular communication through monthly online meetings attended by top management and key staff from around the world, where information is shared and issues are discussed. We believe that by sharing issues and strategic direction, a certain level of internal control is maintained.

To Our Stakeholders: TOB by Our Parent Company Nippon Steel and Enhancement of Our Corporate Value

Up until now, we have explained our comprehensive initiatives related to creating the corporate value. We recently received a TOB proposal from Nippon Steel, and— at a meeting of our Board of Directors held on August 1, 2025—we resolved to express our support for this proposal and to recommend that our shareholders tender their shares in the TOB, and announced this resolution on the same day. Since receiving this proposal at the end of May of 2025, we have, over the course of approximately two months, established a special committee, and conducted a thorough review of various details, including the fairness of the related process and whether the purchase price suitably reflects our Company's corporate value. As a result, we determined that the TOB would contribute to improving our corporate value primarily in the three ways below and that the terms of the TOB would not be detrimental to our general shareholders.

First, leveraging Nippon Steel's global resources and improved fundraising capabilities will contribute to further expansion of our overseas business earnings. Second, the TOB will lead to deeper information sharing with Nippon Steel and further enhance our ability to propose integrated solutions that include the development of refractories that contribute to strengthening the competitiveness of ironmaking and steelmaking. Third, the TOB is expected to clearly position us as the core company in terms of industrial furnace servicing, which will secure human resources and enhance the foundation for passing on technical skills in terms of various industrial furnace refractories maintenance businesses.

Once the TOB is successfully completed, our Company will no longer be listed. We would like to take this opportunity to express our sincere gratitude to all our shareholders for their patronage over the years. Note that we have no plan to alter the nature of our business, nor do we anticipate any change in our relationships with our customers and business partners. We will obtain new growth opportunities through the TOB, thereby further developing our Company's technological capabilities and brands in an effort to create sustainable corporate value. We look forward to the ongoing kind support from all our stakeholders.



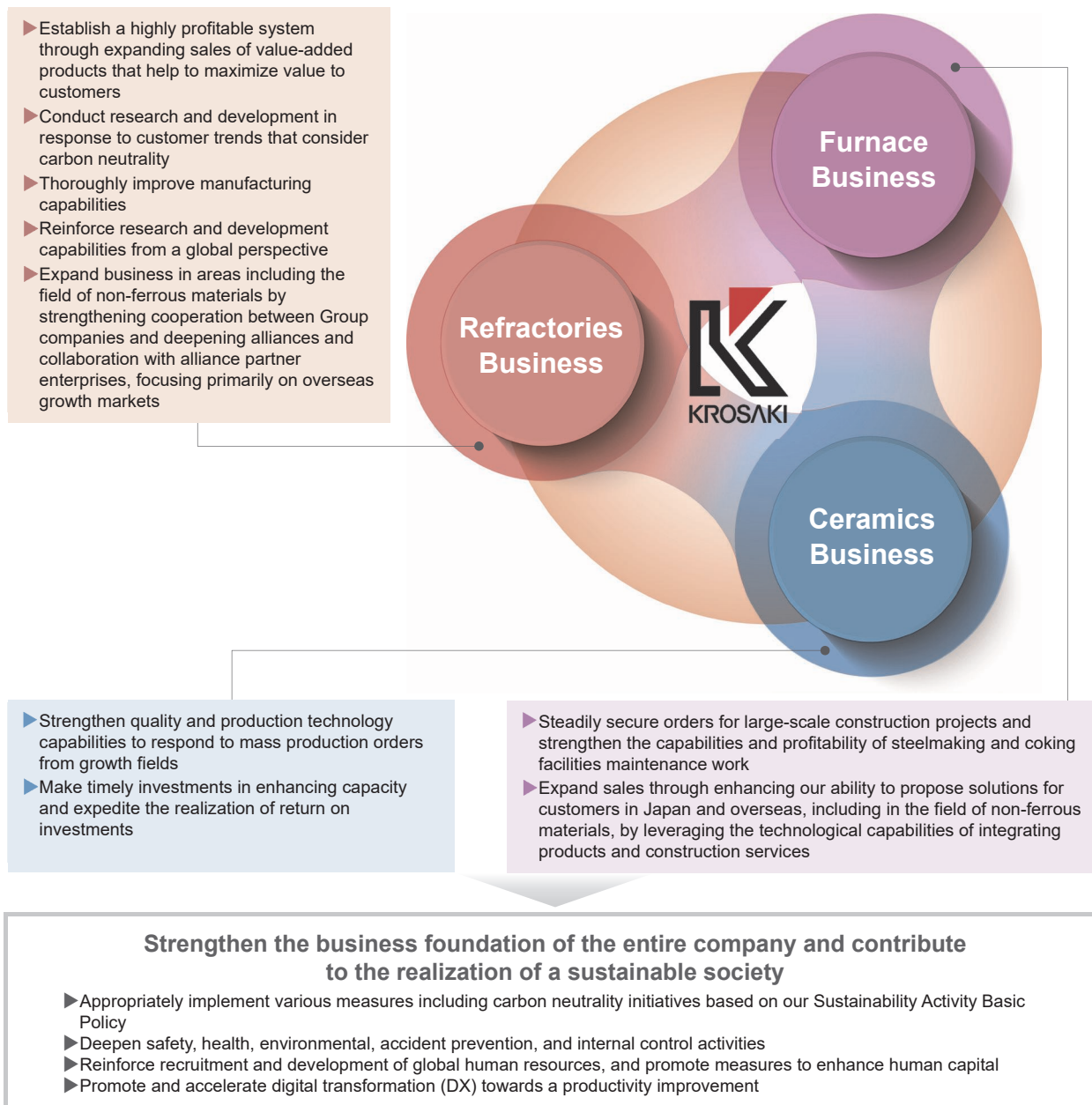
Plan/Objective

We formulated our 2025 Management Plan in 2021 and achieved almost all of the financial targets therein ahead of schedule in FY2022, the second year of implementation. In addition, in July 2023, we formulated our 2025 Revised Management Plan in consideration of changes in the economic and social situation surrounding our group, and with a view to further growth in the future market environment.

Financial Targets in Management Plan

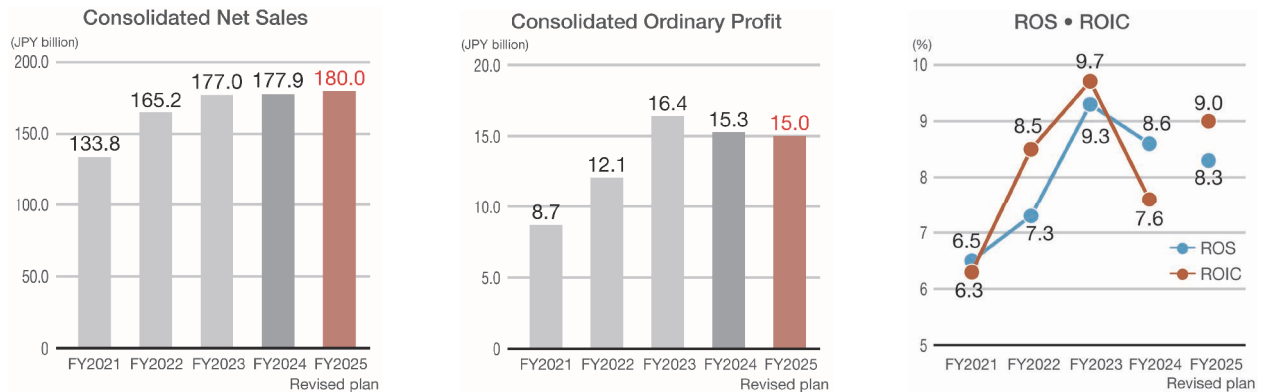
	2025 Management Plan (Announced in 2021)	2025 Management Plan (Announced in 2023)
Consolidated net sales	JPY 150.0 billion	JPY 180.0 billion
Consolidated ordinary profit	JPY 12.0 billion	JPY 15.0 billion
ROS	8.0%	8.3% or more
ROIC	—	9.0% or more
Capital investment (Based on decision-making)	JPY 20.0 billion	JPY 35.0 billion

Business Strategy as the central pillar of our 2025 Revised Management Plan



Progress of the 2025 Revised Management Plan

In terms of our business performance in FY2024, although we faced a challenging business environment as crude steel production decreased both in Japan and in overseas markets other than India, we pursued self-help efforts that included improving our productivity and yield, and we transferred rising supply chain costs, including labor costs, to selling prices. As a result, we achieved the financial targets in our 2025 Revised Management Plan related to both our ordinary profit and ROS for the second year in a row by expanding our business in India, etc.

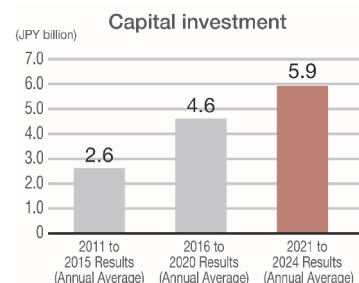


In FY2025, we are in a situation in which it is difficult to see ahead due to unstable political and economic trends across the world. As this is the final fiscal year of our 2025 Revised Management Plan, we will steadily implement the various measures called for by this plan to diligently work toward achieving all our financial targets, including net sales.

Future Initiatives for Achieving the 2025 Revised Management Plan

- Further expand sales in the Refractories/Ceramics Business, including sales expansion of the sustainable product brand
- Pursue an optimal production system in line with orders volume received and further improve our manufacturing capabilities
- Acquire more orders, both by strengthening cooperation among Group companies in overseas growth markets and mature markets and by deepening alliances and collaboration with alliance partner companies
- Expand the construction and maintenance work fields by taking advantage of our ability to propose solutions based on products and construction services integrated with our Refractories Business in terms of our Furnace Business
- Grow our Ceramics Business, such as by increasing the number of orders we receive for thermal insulation materials for semiconductor and electronic-component customers as well as the environmental field
- Reduce costs such as of administrative departments by improving productivity, which includes promoting digital transformation (DX)
- Improve research and development capabilities and promptly expand the sales of high-performance and value-added products in anticipation of carbon neutrality trends
- Further enhance ESG management through sustainability promotion activities, etc.
- Strengthen recruitment and development of global human resources and promote measures to enhance human capital
- Accelerate capital investment focused on our overseas business and Ceramics Business to increase our profitability

*The capital investments shown on the right are based on acquisitions.



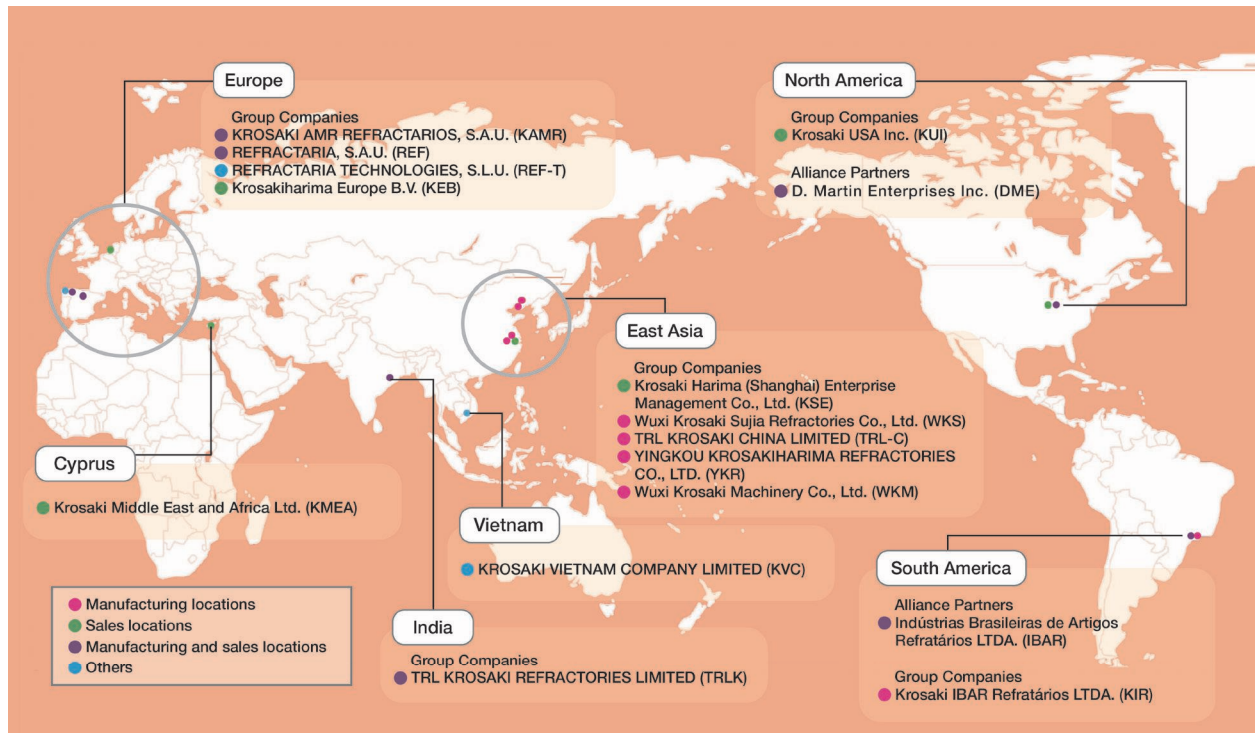
We will steadily pursue these measures to achieve the financial targets set out in our 2025 Revised Management Plan.

In addition, to pursue sustainable growth, we will formulate our medium- to long-term vision as well as our next Management Plan in line with it.

Global Business Overview: Overseas Refractories Business

Global Network

We are working to expand our Refractories Business in the global market by leveraging our advanced technological capabilities.



Core Strengths

<p>Global business expansion</p>	<ul style="list-style-type: none"> Collaborate with manufacturing sites in Japan and overseas to establish an effective supply chain network Address diverse customer needs through cooperation with alliance partner enterprises
<p>Customized product design and services</p>	<ul style="list-style-type: none"> Offer product design and services that are tailor-made to customer requirements Product design → customer use → feedback → product improvement A cycle of improvement activities for fulfilling customer requirements
<p>Advanced technical development capabilities</p>	<ul style="list-style-type: none"> The capability to develop high-performance and high-value-added products supported by the world-class intellectual property, which we have cultivated over the past century Multiple development bases have been established in Japan and overseas, forming a global research and development network that enables prompt and effective responses to local market trends and customer needs

Message from the Officer in Charge of Our Refractories Global Sales Division

Our Overseas Refractories Business supplies products to a wide range of industries, including steelmaking and non-ferrous sectors such as cement.

To enhance our responsiveness to diverse market characteristics and customer needs worldwide, and to strengthen strategic planning and execution capabilities, we integrated our Sales Division and Global Business Division in April 2025 to establish the Refractories Global Sales Division.

Based on our market strategies by region, we are further enhancing our collaboration with overseas Group companies and deepening our alliances and collaboration with partner companies to further expand our model/approach of local production for local consumption and drive global business growth.



Hisatake Okumura

Director and Managing
Corporate Officer

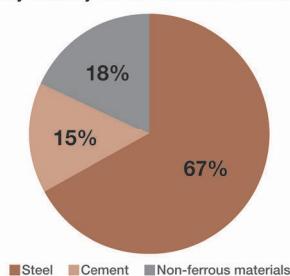
- Indian market:** We will strengthen our support framework to enhance the competitiveness of our manufacturing and sales subsidiary, TRLK. We are also boosting our production capacity through active capital investment, and improving our quality and technical capabilities. In March 2022, we started the production of AG (alumina graphite) refractories for continuous casting machine, completing a comprehensive lineup of refractories for steel industries. In addition, we have decided to build a new manufacturing plant in the western Indian state of Gujarat, and we will continue the expansion of our equipment capacity to effectively meet growing market demand.
- European market:** In addition to refractories for steelmaking, our manufacturing and sales subsidiaries in Spain, KAMR, REF, and the construction company REFT, are expanding their presence by integrating solutions that combine products and construction services in non-ferrous sectors such as cement. Furthermore, to strengthen our market coverage in the Middle East and Africa, we have established a new sales subsidiary in Cyprus, enhancing our ability to respond. Our sales subsidiary in the Netherlands, KEB, delivers optimal combinations of products supplied by our Group companies and alliance partners to customers primarily in Western and Northern Europe.
- North American market:** Our U.S. sales subsidiary, KUI, focuses on high-performance and value-added products and provides package solutions by combining molten steel flow control devices and refractories used in the steel manufacturing process. To enhance operational efficiency and safety, KUI has also introduced industrial robots for use in maintenance shops, capable of replacing refractories and sliding nozzles (SN) installed in the base of steel ladles. To promptly respond to customer needs in the North American market and expand sales, including to United States Steel, we are exploring the establishment of local production sites.
- South American market:** We have strengthened our sales collaboration with the Brazilian refractories manufacturer, IBAR, and are locally producing high-performance refractories by providing technology related to monolithic refractories for blast furnaces, converters, secondary refining and steel ladles. In addition, we have launched a joint venture to manufacture taphole clay for blast furnaces and are set to begin operations in 2026. By establishing a South American production base that incorporates our technology, we will create a system which, together with the sales and technical alliances we already have in place, will enable us to reliably capture local demand and enhance customer support for steel manufacturers in the region.
- East Asian market:** To reliably meet the growing demand for higher-grade steel and improved productivity, we established a local subsidiary in Vietnam, Southeast Asia's largest steel producing country, and commenced operations in February 2025. We will actively expand sales and services in Vietnam as well as the rest of the Southeast Asian market.

Hereafter, we will expand our overseas business through a fundamental policy of "local production for local consumption" by establishing a system that reliably captures demand from local customers for refractories, including those in the non-ferrous sectors. To achieve this, the competitiveness of the entire Group will be enhanced, while cooperation with alliance partners, including the utilization of their manufacturing and sales sites, will be deepened, and also marketing capabilities will be strengthened.

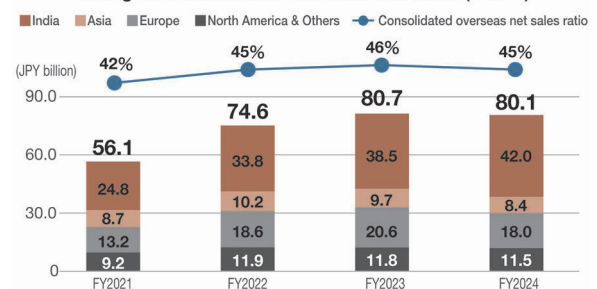
Overseas Sales Performance

In FY2024, our consolidated overseas net sales ended up being JPY 80.1 billion. Although in India our sales increased due to capturing increasing domestic demand, in other regions there was a decrease in demand due to reduced production by customers, production structure changes, etc. Our overseas net sales made up 45% of our consolidated net sales.

Ratio of Sales by Industry for Our Overseas Refractories Business



Change in Consolidated Overseas Net Sales (in JPY)

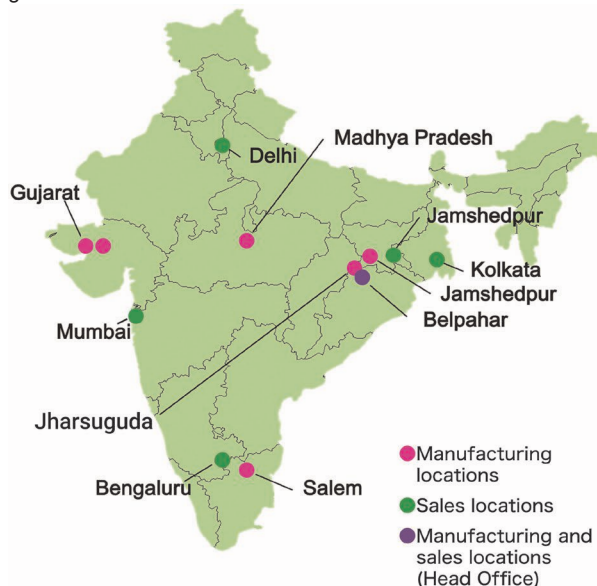


Our Presence in India

TRL KROSAKI REFRACTORIES LIMITED (TRLK) is one of India's leading refractories companies, and boasts a leading share of the Indian market.

To meet the growing demand for refractories in the Indian market, which is expected to continue expanding, we will increase our production capacity through actively making capital investment, improve quality and technological capabilities, and further strengthen support from our headquarters in Japan.

These measures will allow us to further enhance our competitiveness in the Indian market and achieve sustainable growth.

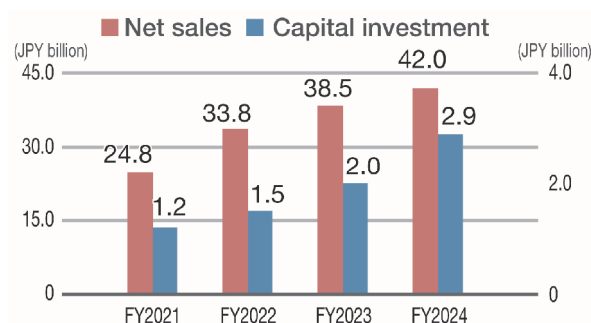


Head Office in Belpahar



TRLK employees at work

► TRLK India Net Sales and Capital Investment (based on acquisitions)



Strengths

Market expansion in many industries with a wide variety of products and meticulous technical services

- Manufacture and sell a wide range of refractory products, from bricks and monolithic refractories to flow control refractories
- Provide meticulous technical services to support stable customer operations
- Supply products to diverse industries, including steel, cement, non-ferrous metals, and glass

Secure stable sources of raw materials

- Possess our own mines, and have established long-term strategic partnership with numerous raw materials suppliers

Emphasis on the environment, health, and safety

- Be the first refractories company in the world to obtain SA8000 certification, an international standard for evaluating working conditions



Refractories management at a customer production site



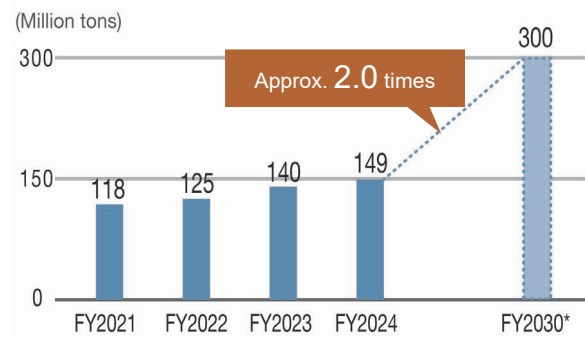
Green Township



Awareness of External Environment

The Indian government is promoting measures to protect its domestic manufacturing industry and develop large-scale infrastructure through its “Make in India” and “Self Reliant India” policies aimed at expanding domestic production. India’s future GDP growth rate is predicted to reach 6.5% in FY2025. In particular, steel manufacturers, who are our major customers, are actively planning to expand capacity, and are expected to grow at a compound annual growth rate (CAGR) of around 6% over the next decade. The Indian government’s target for crude steel production capacity in FY2030 is projected to reach 300 million tons, twice the 150 million tons produced in 2024.

Crude Steel Production Results and Forecast for the Indian Market



* The Indian government’s target for crude steel production capacity in FY2030

Research & Development

We are focusing on enhancing our product development capability in India in order to meet the growing demand for value-added products there. In 2022, we established the TRLK R&D Center to develop next-generation products and new raw materials. This has enabled TRLK to engage in cooperative research and development with KROSAKI HARIMA CORPORATION, so as to establish a competitive advantage in the Indian market and further grow its business with an eye to global expansion.



TRLK R&D Center

ESG Activities

As a company committed to long-term growth, TRLK actively engages in ESG activities and has earned numerous prestigious awards along with various certifications.

Environment

- Recycling used refractories, reducing waste, and thoroughly managing water usage
- Investing in reducing CO₂ emissions, expanding the use of renewable energy, and improving energy efficiency

Social

- Emphasizing coexistence with local communities, and actively participating in activities which contribute to society, such as support for education and medical care
- Providing a safe and healthy work environment, and enhancing benefits for the employees responsible for sustainable growth (provide employee housing, establish hospitals, schools, etc.)

Governance

- Strengthening autonomous internal control activities such as our Code of Conduct, Whistleblowing Policy, and Prevention of Sexual Harassment in the Workplace (POSH).



Hospital managed by TRLK



Employee housing

Major Certifications & Awards Received

- SA8000 Certification
- IMS and ISMS Certification
- BCMS Certification
- ISO 45001
- ISO 9001
- ISO 14001
- 6th ICC National Occupational Health & Safety Awards 2024 (Indian Chamber of Commerce)
- 17th CII ENCON Awards 2024 (Confederation of Indian Industry)
- 7th ICC Social Impact Awards 2025 (Indian Chamber of Commerce)

Our Presence in Europe

KROSAKI AMR REFRACTARIOS, S.A.U. (KAMR) and REFRACTARIA, S.A.U. (REF), our manufacturing and sales subsidiaries in Spain, supply high-quality refractories to a wide range of industries, including steel, cement, non-ferrous metals, and glass. Their products for the field of non-ferrous materials, including cement, are particularly highly regarded, and account for approximately 70% of sales in both companies. In addition to serving the European market, we are also expanding our sales channels outside Europe through Krosaki Middle East and Africa Ltd. (KMEA), a newly established sales subsidiary in Cyprus, targeting regions such as the Middle East and Africa. Plus, we are working to expand sales by integrating materials and construction services through enhanced collaboration with the construction services company REFRACTARIA TECHNOLOGIES, S.L.U. (REFT).

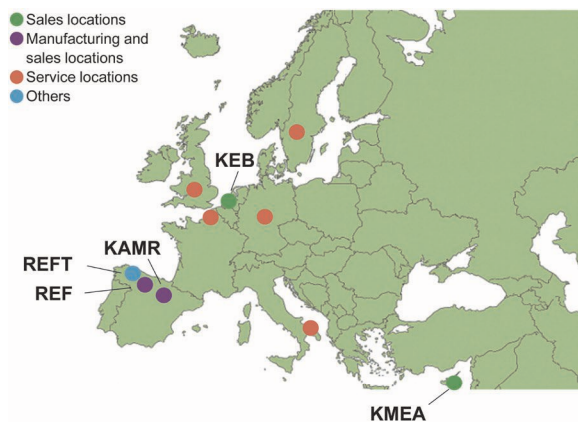
Our Dutch sales subsidiary, Krosakiharima Europe B.V. (KEB), is working to grow its business by offering an optimal combination of products supplied by our Group companies and alliance partners (in Japan, China, India, and Europe) to customers primarily in western and northern Europe.



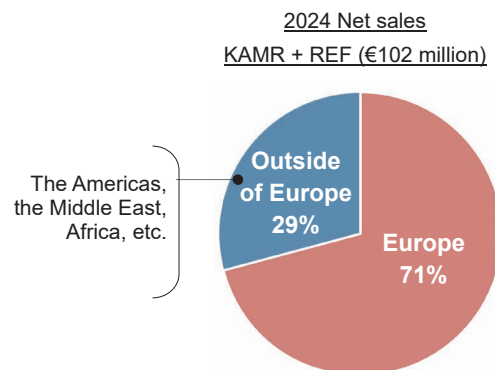
KROSAKI AMR REFRACTARIOS, S.A.U., Spain



REFRACTARIA, S.A.U., Spain



► Breakdown of KAMR/REF Sales by Region



Strengths

Expand sales for non-ferrous materials through synergies

- Package sales of products from both KAMR and REF
- Expanding services which integrate products and construction services, including REFT

Provide customized services

- Contributing to customers' stable operation by providing an optimal selection of products from our Group and alliance partners to meet customer needs

Extensive Sales Network

- Extensive sales network from European manufacturing sites, covering Europe, North America, Central and South America, the Middle East, Africa, Japan, and beyond
- Supplying products to diverse industries, including steel, cement, non-ferrous metals, and glass



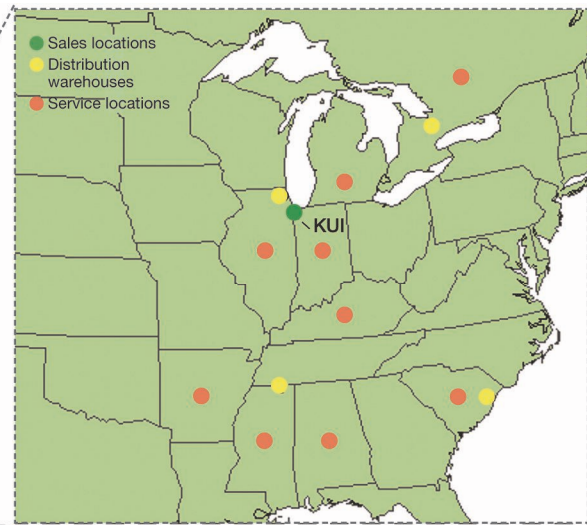
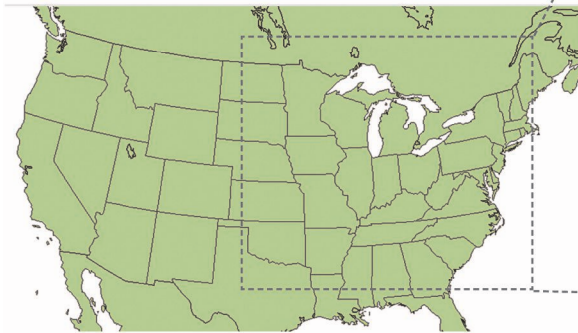
Our Presence in the Americas

Our U.S. sales subsidiary, Krosaki USA Inc. (KUI), sells products supplied by our Group to customers primarily in the United States, Canada, and Mexico. KUI has particular strengths in package sales of refractories for molten steel flow control, comprising primarily high-performance and value-added products and robots (REX-ROBO™) for automated refractory replacement. We also recognize the importance of the North American market to expanding sales, and are considering establishing a local manufacturing site.

In South America, we established a joint venture with Brazilian refractories manufacturer IBAR in October 2024, to deepen collaboration with them through the manufacture and sale of taphole clay for blast furnaces. Through these efforts, we aim to expand the presence of the KROSAKI brand.



Krosaki USA Inc., USA



Our Presence in Asia

We have four manufacturing sites and one sales location in China, which provide refractories to the entire world. We are implementing a sales expansion strategy for the Chinese market which focuses on high-performance refractories for continuous casting in the steel making process. As part of our supply chain, they also centrally manage logistics operations for overseas markets including Japan.

As competition on cost intensifies in the Chinese market, we plan to utilize digital technology and equipment automation to improve productivity at our manufacturing sites.

Furthermore, to enhance services for existing customers and acquire new customers across the Asian region, we established a local subsidiary, KROSAKI VIETNAM COMPANY LIMITED (KVC), in February 2025 and have commenced operations. This strategic initiative strengthens our business foundation for sustainable growth and enhance our presence in the region.

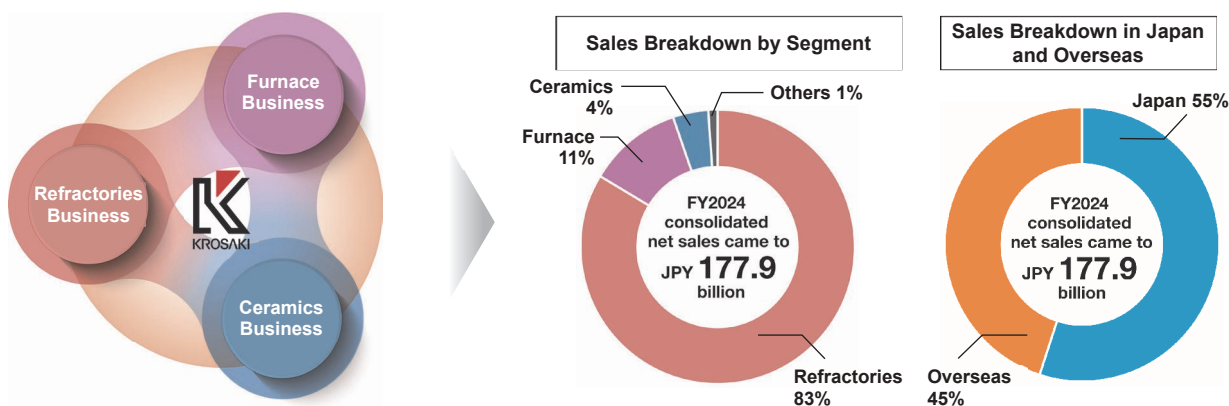


YKR's new automation plant

■ We are striving to boost our responsiveness to changes in the business environment in Japan and overseas, and strengthen our business structure for continued stable growth

▶ Diversified Business Structure as a Comprehensive Ceramics Enterprise

We are a comprehensive ceramics enterprise doing business in three main fields: Refractories, Furnace, and Ceramics. We draw on our own technology and know-how built up over 100 years since our Company was established in 1919. While these businesses are each independent, we are creating a resilient business structure through which each one complements the others. Under this structure, the Refractories Business is central, with the Furnace Business functioning as an integrator of product and construction services which handles construction and maintenance, and with the Ceramics Business leveraging the technology we have built up through our Refractories Business.



▶ Global expansion with a focus on growth markets

We are enhancing our presence in global markets, with a focus on growth markets such as India, and are working to build a business structure that is less influenced by the business environment in Japan.

Business Domains

■ Refractories Business (manufacture and sales of all types of refractories used in various industrial furnaces)

▷ Manufacture and sales of refractories
In addition to manufacturing and sales locations in Japan, India, Europe and China as well as sales locations in North America, we will provide technical licenses to and engage in sales collaboration with our alliance partners to establish a global refractories manufacturing and sales system based primarily on local production for local consumption.

Furnace Refractories — So-called "refractory bricks". These are used mainly for the inner lining of equipment.

Monolithic Refractories — Refractories mainly shipped as powders made from mixing raw materials.

Flow Control Refractories — Refractories mainly used to control, stabilize, and streamline the flow of molten steel, as well as to promote stirring through gas purging, in the Continuous Casting process. These include sliding gates (sliding nozzle plates), clean flow nozzles, and porous plugs (for gas purging and stirring).

▷ Engineering — Equipment

Responsible for the design and manufacture of equipment and molds for Making refractories, as well as a wide range of engineering tasks such as devices and robots for Handling refractories. We integrate control and information technologies with refractories and engineering, thereby enhancing our capability to develop and provide advanced automation solutions.

■ Furnace Business (design, construction, and maintenance of various kinds of industrial furnaces)

▷ Maintenance: Maintenance and repair of refractories supporting the operation of steelworks, cement plants, and other facilities

▷ Construction: Construction of refractories for equipment (blast furnaces, coke ovens, etc.) mainly for plant manufacturers

▷ Design: Design and construction of industrial furnaces (reheating furnaces, incinerators, etc.) responding to customer needs

■ Ceramics Business (manufacture and sales of various industrial ceramics, and sales of landscape materials)

▷ Fine ceramics: Manufacture and sales of parts and materials for use in a wide range of industries, including the semiconductor, aerospace, and medical fields

▷ Thermal ceramics: Manufacture and sales of thermal insulation materials and heaters, and sales of landscape materials
Our high-performance thermal insulation materials are also applied to residential fuel cells (ENE-FARM)

▷ Parts for electronic component firing: Manufacture and sales of parts and materials for the manufacturing processes of electronic components used in communication devices, home appliances, automobiles, etc.

Portfolio in Each Domain

• Customers are in the steel industry, as well as the field of non-ferrous materials including cement
• In the steel field we handle sales for all kinds of furnaces from blast furnaces to electric arc furnaces

• There are a wide variety of customers such as non-ferrous materials plants including cement, energy-saving furnaces, as well as steelworks

• Various growth domains, such as electronic components, green energy, aerospace and medical fields, with a focus on the semiconductor manufacturing equipment field
• Applies to customers both in Japan and overseas



Business Strategies by Field

Our view of business environment

- Continuing expansion of steel demand in India and Southeast Asia
- Growing demand in the non-ferrous materials field, including cement, in Europe, North Africa, the Middle East, and other regions
- Increasing demand for high-performance and value-added refractories that reflects the need to decarbonize the steel manufacturing process
- Sluggish demand for steel products in Japan, and at the same time, growing demand from construction of new environment-related facilities such as renewable energy
- Increasing demand for semiconductor manufacturing equipment, electronic components, and fuel cells

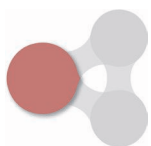


We will continue to provide our customers with the value we create by leveraging each of our strengths as a comprehensive ceramics enterprise. These strengths include: our ability to develop high-performance and value-added products as one of the holders of the largest numbers of patents worldwide in the refractories industry; our ability to propose solutions that integrate refractories and ancillary equipment, and construction services; our global supply network; and our ability to respond with tailor-made solutions that meet customer needs.

Business strategies by field

Conduct capital investment to steadily capture demand in countries with growing crude steel production	▶ Refractories	
Provide high-performance, value-added products that meet changing customer needs, as well as environmentally friendly branded products, against the backdrop of carbon neutrality and other challenges	▶ Refractories	Ceramics
Expand sales in overseas non-ferrous materials fields including cement	▶ Refractories	
Establish an optimal production system for refractories based on the principle of local production for local consumption	▶ Refractories	
Be able to offer tailor-made solutions that incorporate ancillary equipment, such as devices and robots for automation	▶ Refractories	Ceramics
Expand maintenance territory by using the ability to propose solutions which integrate product and construction services	▶ Refractories	Furnaces
Build a framework for integrating product and construction services for refractories construction overseas	▶ Refractories	Furnaces
Increase orders received for refractories construction of environmental facilities and energy-saving industrial furnaces, and Expansion of the scope of maintenance work	▶	Furnaces
Timely execution of capital investment for capturing strong demand	▶	Ceramics

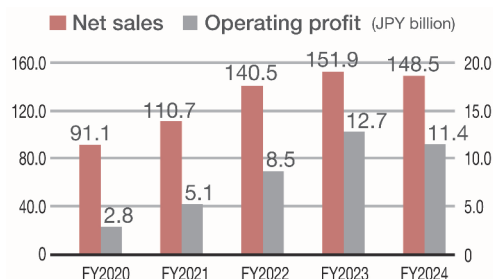
We will aim to further expand earnings in all of our businesses by continuing to pursue synergies based on our three main businesses and capturing growth markets.



Refractories Business

FY2024 Results and Trends

As we faced a temporarily increase in cost burden due to reduced crude steel production in Japan and overseas excluding India as well as rising imported material prices stemming from yen depreciation, we expanded our sales in the strong Indian market, pursued internal efforts that included improving our productivity and yield, and steadily adjusted our sales prices to reflect the rising costs of raw materials and related inputs, but our net sales ended up decreasing by 2.2% year-over-year to JPY 148.5 billion, and our operating profit decreased by 9.8% year-over-year to JPY 11.4 billion.



Recognition of the Current Business Environment

In Japan, due to the restructuring of steelworks and the deterioration of demand conditions, crude steel production remains at around 80 million tons per year. Under these circumstances, a significant increase in demand for refractories is not expected going forward. However, we recognize that there will be increasing demand for high-performance and value-added refractories as the steel industry transforms its steel manufacturing processes to achieve carbon neutrality.

Overseas, we expect to see further demand for refractories, primarily in India and Southeast Asia, due to a sustained increase in demand for steel products accompanying population growth and economic development.

In light of this business environment, we will focus on developing and commercializing new technologies and products to enhance the competitiveness of our Refractories Business both in Japan and overseas, and on strengthening our global expansion.

Strengths of Our Refractories Business

We possess advanced technical development capabilities backed by our status as holder of one of the largest numbers of patents in the refractories industry. More specifically, we are engaged in the development of high-performance and value-added refractories, as well as a wide range of engineering activities, including equipment and robots for using refractories. We also contribute to the design of refractories that help to extend the service life of equipment and improve customer work environments to make them safer and more labor-saving.

In addition, we undertake development and improvement from a customer perspective, and work to maximize customer value by offering proposals for one-stop solutions that integrate refractories and peripheral equipment.

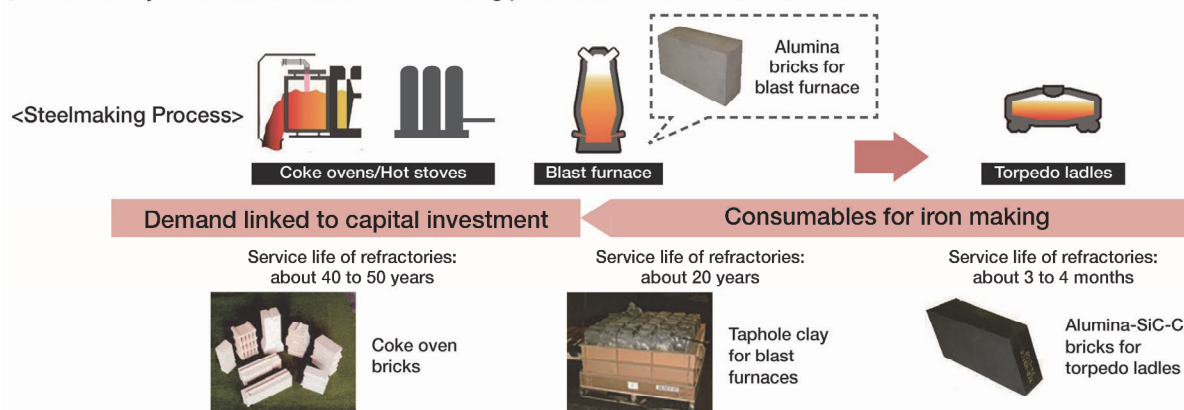
Future Initiatives for Strengthening Our Business Footing

- Improve productivity and manufacturing capabilities, thoroughly promote efficiency and streamlining of administrative divisions, and select and focus on allocation of personnel (further enhance manufacturing infrastructure)
- Expand sales of ancillary equipment and robots that utilize value-added refractories and engineering technologies
- Increase orders received in both overseas growth and mature markets by strengthening collaboration within the group and deepening cooperation with partner companies.
- Advance the development of refractories that support customer trends like switching to hydrogen reduction blast furnaces and electric arc furnaces



Robot replacing refractories for molten steel flow control

Wide variety of refractories used in steelmaking processes and the service life of each

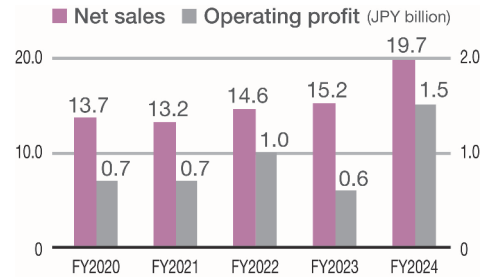




Furnace Business

FY2024 Results and Trends

Our net sales increased by 29.6% year-over-year to JPY 19.7 billion due to both an upward revision in the maintenance unit price and orders received for large-scale construction projects, and our operating profit increased by 175.0% year-over-year to JPY 1.5 billion.



Recognition of the Current Business Environment

Our Furnace Business consists of maintenance work, which involves regular maintenance of furnaces, and construction work, which involves designing and installing new furnaces on an ad hoc basis.

As in our Refractories Business, the number of orders received for maintenance work is affected by fluctuations in crude steel production. It is increasingly important to implement measures to use digital technology to improve productivity, save labor, and mechanize processes, especially when you consider the fact that crude steel production in Japan is not expected to increase and that there are concerns about labor shortages in the future.

Whereas for construction work, since our customer steelmakers are entering a repair period for large-scale industrial furnaces, we can expect a considerable number of orders during this busy period. In fields such as environment and energy, we foresee continued construction of biomass power generation as a renewable energy source.

In light of this business environment, we will place safety first, and accelerate our efforts to strengthen our business foundation as explained below.

Strengths of Our Furnace Business

The first of our strengths is the know-how in refractories construction and industrial furnace design which we have cultivated thus far. We have a long track record of constructing and maintaining large-scale industrial furnaces for steel. Plus, we are constructing environment-related equipment such as biomass power generation facilities and energy-saving industrial furnaces. Through these activities, we have accumulated a broad range of technical knowledge and skills.

Moreover, by establishing a system for providing a comprehensive array of various refractories, we can offer optimal design and construction proposals for refractories which integrate the design and construction of refractories materials and industrial furnaces. This strength is manifest in our ability to provide solutions based on integrated products and construction services.

Thus, our Furnace Business strives for stable business continuity and helps to create customer value.

Future Initiatives for Strengthening Our Business Footing

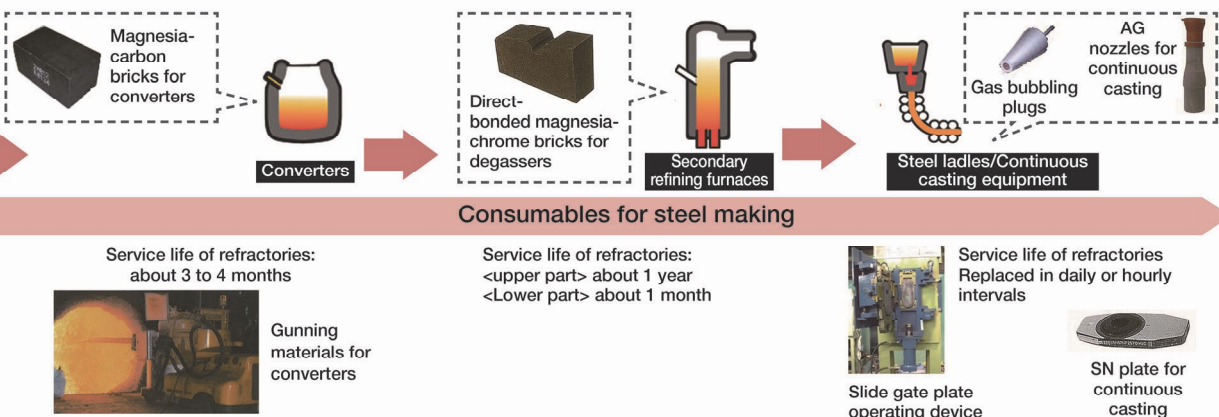
- Implement training, treatment, and a working environment that strengthens the recruitment and retention rate of human resources
- Improve safety and work efficiency by reducing the number of personnel needed to operate heavy machinery and promoting mechanization
- Use new materials and construction methods to reduce labor and create a work environment where anyone can work
- Pass on the skills to maintain, design, and construct refractories and improve productivity through the use of digital technologies



Passing on skills through furnace construction examination practice



Nakano Dormitory (Kimitsu City, Chiba Prefecture) Completed in March 2023

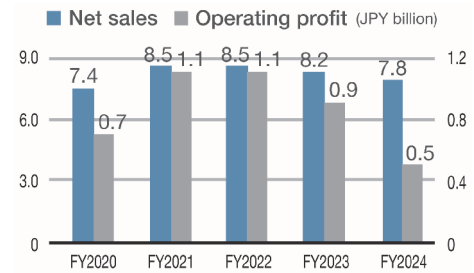




Ceramics Business

FY2024 Results and Trends

Due in part to the effects of customer inventory adjustments, etc. related to ceramic materials for semiconductor manufacturing equipment as well as insulation materials for residential fuel cells, we strove to pass on increases in the cost of raw materials, etc. to selling prices and reduce the cost by improving yields. However, our net sales decreased by 5.1% year-over-year to JPY 7.8 billion, and our operating profit decreased by 43.3% year-over-year to JPY 0.5 billion.



Recognition of the Current Business Environment

In 2024, the total global sales of semiconductor manufacturing equipment related to the fields of our fine ceramics and thermal ceramics (heaters) increased by 10% year-over-year, recovering from the decline in FY2023. In FY2025 as well, the overall market is expected to continue growing, driven by the rapid spread of generative AI, which is boosting semiconductor demand for data centers, as well as the recovery of the memory market. This should cause the fields of fine ceramics and thermal ceramics to see renewed growth.

In the field of electronic components, the market for parts used in the firing of laminated ceramic capacitors, which is our mainstay, is gradually recovering. We expect our customers to expand their production capacity hereafter, and will steadily meet the increased demand.

Strengths of Our Ceramics Business

We create valuable products and technologies which we

provide to major semiconductor manufacturing equipment manufacturers and electronic component manufacturers in Japan and overseas.

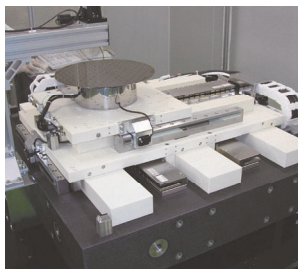
Specifically, we boast the top market share globally in parts for electronic component firing (setters), which are essential to the firing process for ceramic electronic components (see the lower right corner of this page). Also, in the field of fine ceramics, we can handle large shapes and precision machining, and possess advanced assembly technology (see the lower left corner of this page). In addition, in the field of thermal ceramics, we developed our KROTECT™ series of high-performance thermal insulation materials, which incorporates our materials technologies and manufacturing know-how, and we started production in the first half of 2025. KROTECT™ boasts low thermal conductivity (high thermal insulation) and high strength, both of which contribute to energy, space, and cost savings in fields that include residential fuel cells, steel, and industrial furnaces.

Future Initiatives for Strengthening Our Business Footing

- Proactively make timely investments in fields where demand is expected to grow in the future, such as semiconductor manufacturing equipment, electronic components, environmental energy.
- Strengthen R&D capabilities and accelerate new product development in anticipation of further business expansion
- Use digital technologies such as AI and RPA to promote business reform and improve productivity
- Secure the personnel needed for future growth and strengthen personnel development

•Ceramics for precision components [Fine Ceramics]

Semiconductor manufacturing equipment, measurement devices, and optical devices



Fine ceramics that utilize our strengths in large shape and precision processing, as well as assembly techniques.

•High-performance heaters [Thermal Ceramics]

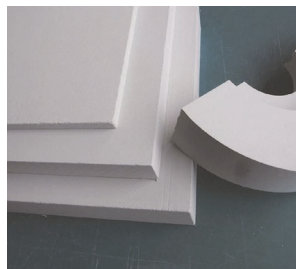
Semiconductor manufacturing equipment



Non-flammable, flexible heaters with a layer of heat insulation used primarily for insulating piping. They offer a high level of safety, uniform heating, and can handle complex shapes.

•High-performance thermal insulation [Thermal Ceramics]

Steel and non-ferrous materials manufacturing, various industrial furnaces, aircraft, automobiles, and residential fuel cells



Insulating materials that achieve lower thermal conductivity than still air, and help to save energy and improve productivity through thinner, smaller, and lighter components.

•Parts for electronic component firing [Electronics Firing Ceramics]

Electronic component manufacturing field



We were the first in the world to develop an extremely stable plasma coating that provides excellent abrasion resistance and adhesive strength.

Quality Policy

1. As a company that supports steelmaking and other industries, we place top priority on safety and quality as we strive to Provide No. 1 Value to Customers Worldwide. To this end, each and every member of the Krosaki Harima Group strives for thorough compliance, and providing the highest quality and assurance to customers. We aim to make our company the best partner to our customers—one that is both trusted by them and grows together with them.
2. We work to advance and standardize individual and organizational work through business operations based on our quality management system, and to create new added value.
3. In accordance with the policy above, we will set quality targets for our own departments, ensure we implement the PDCA cycle to achieve these targets, and promote continuous improvement activities and reforms.

Quality Control System

In accordance with JIS Q 9001 / ISO9001:2015, we have established and maintain a quality management system which enables all members to improve customer satisfaction (customer value) through continuous system improvement and efficient operation. This allows us to develop, manufacture, sell refractories and ceramics, and provide furnace business services, that meet customer requirements.

Based on Customer Feedback

Once a year, we conduct a survey that asks customers about their level of satisfaction with the performance, ancillary services, and development of our products. We analyze the results, share customer needs and issues with the Sales, Development, and Production departments, and work together toward continuous improvement. We also discuss new development themes based on customer needs, work to develop unique and differentiated products, and continuously propose solutions that help to improve customer operations and quality.

On-site Improvement Activities — KMS Activities —

We conduct site-based small-group kaizen activities in the form of KMS (Krosakiharima Monozukuri System) activities to enhance our production capabilities as we pursue safety, quality, and efficiency. These activities involve participants actively engaging in training sessions and other kinds of education as well as mutual exchange at plants, and they lead to personnel development that raises the level of what is considered normal and expected for each individual while also improving quality and helping to ensure the safety of our products. Moreover, as a place for directly sharing both top-down and bottom-up approaches, managers conduct regular diagnostic activities, and the president and other executives also join in, making them companywide activities.

The themes presented in our KMS activities took first place at the 45th Kyushu IE (Industrial Engineering) Annual Conference, and we participated in the National IE Annual Conference (65th Annual Conference) for the first time.



In July 2024, we presented as the representative of Kyushu at the National IE Annual Conference.

Quality Assurance Promotion

In 2022, recognizing that quality is our most important matter, we established the Quality Assurance Division as a superior organization to the Quality Assurance Department. We plan and lead company-wide activities that strive to provide products which are safer and more reliable. The Company-wide Quality Assurance Committee meets regularly to review the outcomes of its activities, evaluate the effectiveness of systems, and formulate policies for the next fiscal year. In this way, the entire company is conducting improvement activities to enhance quality assurance.

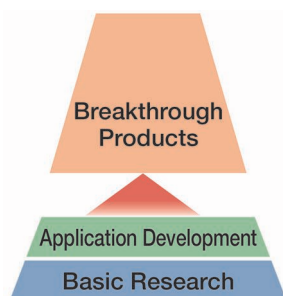
Moreover, as part of our activities related to Initiatives for Risks and Opportunities, we carry out quality patrols and conduct regular internal audits to maintain objectivity and fairness. What's more, we promote dialogue with suppliers in Japan and overseas and support activities to reduce quality risks and raise quality awareness.

— Leading the World in Creating New Value —

Research & Development that Takes on Challenges for Future

As the world rapidly changes, we aim to help bring about a sustainable society by creating innovative products and technologies that meet the needs of customers. We view change as an opportunity, and engage in a wide array of research and development activities from basic research to application development, in order to create the new value that our customers seek.

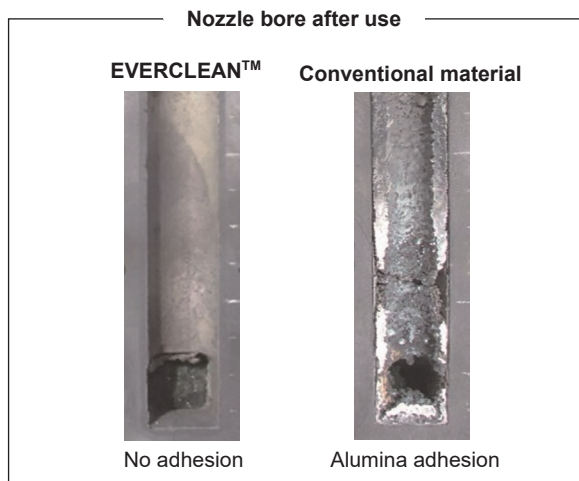
We invest approximately 2% of our annual sales in R&D related expenses. These includes not only the disclosed R&D expenses, but also those for related activities at our overseas Group companies.



Some of the results of our research and development are available on our website. (<https://www.krosaki.co.jp/development-en>)

Contributing to High-quality Steel Products

In the manufacturing processes of steel products, the continuous casting process of cooling and solidifying molten steel has a significant impact on the quality of the final product. To improve the quality of steel product in this process, we have achieved an innovation in the material used for the submerged entry nozzle through which steel is poured into the molds. EVERCLEAN™, the product we developed, successfully prevents alumina from adhering to the inner bore of the nozzle and helps maintain a smooth flow of molten steel, even during long term casting. In this way, it contributes to the stable production of high-quality steel products.



High durability, ensuring stable operation of the refining furnace

The converter, which refines hot metal into molten steel, is a harsh environment with temperatures exceeding 1600°C during oxygen blowing. So, we developed CARDIX, a dense, corrosion-resistant MgO-C brick, as a refractory that can be used as a lining in converters under such an environment. CARDIX is highly resistant to deterioration at high temperatures and can withstand long-term, severe operating conditions. Furthermore, it reduces the risk of cracking due to temperature fluctuations, contributing to stable operations.

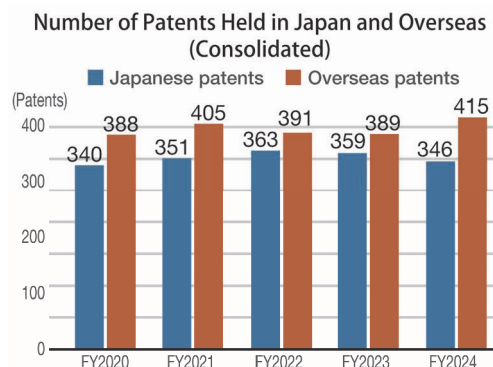
Environmentally friendly, easy-to-use monolithic refractories (evolving Dry-Free™ series)

Monolithic refractories typically require a drying process after installation, which necessitates a long period of heating and strict management, both of which impose a heavy on-site burden. However, our Dry-Free™ Series does not require a drying process, and it contributes to increased productivity and reduced CO₂ emissions by speeding up both installation and repairs. Previously, Dry-Free™ materials required the use of a special liquid binder, which made installation a hassle. To solve this issue, we developed new Dry-Free™ materials that do not use a liquid binder and make installation possible simply by adding water, thereby reducing the on-site workload.

Intellectual Property

We promote initiatives related to intellectual property in conjunction with our management, business, and research and development strategies. We also work towards the strategic formation and appropriate protection of intellectual property rights, as well as the effective application of them in our business activities.

We actively apply for patents based on the results of our research and development, and as our business has expanded overseas, we have filed numerous patent applications overseas as well. The EVERCLEAN™, CARDIX, and Dry-Free™ Series products mentioned earlier have also been patented in Japan and abroad, and these patents are utilized in our business activities.

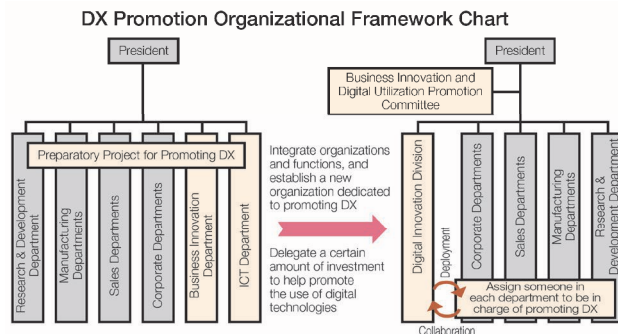


The Goal of Digital Transformation

We are actively promoting Digital Transformation (DX). The objective is to enhance efficiency and productivity through the transformation of our business model and the innovation of operational processes, while enabling swift decision-making and agile execution through the effective use of digital data. Through these initiatives, we aim to achieve sustainable growth and strengthen our competitiveness.

Organizational Framework for DX Promotion

In 2021, we established a company-wide Preparatory Project for Promoting DX to achieve the aforementioned objectives, and began discussion on our main theme of Transformation in Light of Where We Want the Group to Be in 10 Years. In 2022, we also improved our internal structure and other organizational aspects to promote digital transformation. The details are shown in the figure below.



Establishing a new committee and transitioning to company-wide committees to promote DX

- Deliberate and make decisions on important policies related to promoting company-wide DX, and regularly share and evaluate the progress of such promotion.
- To more effectively address challenges, we reorganized the structure in 2025 into the Business Innovation and Digital Utilization Promotion Committee, transitioning to a company-wide committee framework.

Building a Digital Innovation Division to spearhead business transformations through digital technologies

- Merged the ICT Department, which was responsible for the planning, maintenance, and operational management of information and telecommunication systems, with the Business Innovation Department, which handled business reform including soft measures, to build an organization that is integrally responsible for company-wide promotion of DX and overall management of business functions related to information and telecommunication systems.
- This includes review and approval functions for digital investment projects within a certain fiscal scope.

Assign someone to each organization in all business units to be in charge of promoting DX

- Clearly assign and place someone in each organization to be in charge of promoting DX who will formulate a DX strategy for each organization and implement business transformations in collaboration with the Digital Innovation Division.

Progress of Initiatives

Digital DIY (Do Digital Innovation Yourself)

In promoting DX, we aim to have each employee take the initiative to be involved in transforming business processes. We refer to this mindset as Digital DIY, and we are working to establish it as a company-wide behavior pattern.

Business Processes Improvement by Citizen Developers

Beyond the IT department, employees in operational divisions are empowered to act as citizen developers, utilizing low-code tools to independently improve their own business processes.

For instance, we have made progress on standardizing operations with workflow tools and automating operations with RPA or Robotic Process Automation (saving labor). The practice of using citizen developers to improve business processes is also taking root.

Training activities of DX talent

We are promoting the following talent development and training activities to improve the IT skills of all company employees.

IT Passport Course

We encourage all employees in career track positions to take our IT Passport Course, as well as its mock exam. Approximately 750 employees have now taken the course, and about 90% of them have passed the mock exam. We are also working to improve the digital literacy of employees using an online video training platform.

Security Training

We conduct security training for all employees, including countermeasures against targeted phishing emails and risks associated with the use of generative AI, thereby regularly alerting our employees to these risks.

Building an Environment to Serve as a Foundation for Promoting the Use of Digital Technology

On top of introducing basic tools that can be used by each department, we are working to improve the environment in the following ways.

Infrastructure development

We are improving infrastructure, including switching to high-speed networks and expanding wireless LAN coverage on-site.

Internal Consultation and Support System

We have established an internal system, including a help desk, to enable each department to quickly leverage digital technology.

Security measures

We are a member of the NSG-CSIRT (the Nippon Steel Group Computer Security Incident Response Team), and we promptly share security information and know-how while also suitably responding when incidents occur. In addition, we strive to maintain or even improve the security level of all our Group companies, including those overseas.

Under our forward-looking global business strategies and financial strategies, we continue striving to sustainably improve our corporate value

Director and Managing Corporate Officer

Takeshi Yoshida



Progress on the 2025 Revised Management Plan








In FY2024, the business environment remained challenging, with year-on-year declines in crude steel production both domestically and internationally excluding India, and an increase in costs due to the depreciation of the yen, which led to higher prices for raw materials and other inputs. Given this situation, we expanded our sales due to the robust Indian steel market, pursued more comprehensive self-help efforts that included improving our productivity and yield, and steadily reflected the rising costs for raw materials and other production inputs in our sales prices. As a result, we achieved the financial targets set out in our 2025 Revised Management Plan other than our net sales and ROIC, although we did not quite reach the level of FY2023, when we achieved record-high ordinary profit due to one-time profit

that included non-operating foreign exchange gain.

Under the initial 2025 Management Plan, we had planned on JPY 20 billion in capital investment over five years. Furthermore, to steadily realize future business growth, including in India, we have decided to increase the investment by an additional JPY 15 billion, bringing the total to JPY 35 billion. The plan is progressing smoothly.

In the final year of the current 2025 Revised Management Plan, we are making dedicated efforts to steadily implement the initiatives outlined in the plan and achieve our financial targets. At the same time, we will formulate a new medium-to long-term vision and the next management plan to support sustainable growth.

Major Capital Expenditures from FY2021 to FY2024

	Major Capital Expenditures from FY2021 to FY2024			
Japan				
	Sliding Gate Plate Plant: Logistics improvements in machining processes	Setouchi Plant: Investment in full automation of packaging processes	Alumina Plant: Equipment renewal to mixing and shaping processes	
Overseas				
	TRLK Alumina Graphite Plant	TRLK Converter Brick Plant *Completed in August 2025	WKM: Line automation	KAMR: Molding machine

■ Improving Capital Efficiency and Increasing Corporate Value

Our Group has adopted ROIC as a KPI in the 2025 Revised Management Plan, aiming to strengthen company-wide management with a clear awareness of capital cost. Up until now, in making decisions on capital investments, we have consistently ensured that we carefully assess the reasonableness of the investment scale, the likelihood of returns, and the appropriateness of the timing of execution before proceeding. We also regularly follow up on project implementation after we make investments, and, if projects have not achieved the expected results, we discuss countermeasures with the relevant departments and work to maximize the cost-effectiveness of the investments. As a result of these efforts, we are steadily realizing returns on each investment, which we evaluate as contributing to outcomes that exceed our capital cost.

In FY2024, we promoted initiatives aimed at establishing ROIC as an important management indicator throughout our Company. Our business units are therefore deepening their understanding of the importance of ROIC, and decision-making based on an awareness of the cost of capital has become the norm throughout our Company.

Atop this foundation, each of our departments will autonomously set their own ROIC targets and then transition to the phase of taking specific improvement actions. More specifically, each department will systematize such actions as an ROIC tree and put them into practice. We aim to achieve higher returns by sharing information concerning the productivity of invested capital for each business unit and encouraging improvements in less productive businesses. On the other hand, we also need to update aging equipment and facilities. We will assign priority from the standpoint of strengthening our business foundation, and proceed with renovations in a systematic way.

In response to climate change issues, our customers' manufacturing process reforms are expected to accelerate. Taking this into account, it is critically important that we strengthen our R&D capabilities in order to provide higher

value-added products while listening closely to customer needs, including those mentioned above. Up until now, we have invested approximately 2% of our annual sales in R&D-related expenses, including not only the disclosed R&D expenses but also expenses for related activities at our overseas Group companies. Going forward, it will be necessary to further expand this investment. Therefore, in addition to R&D conducted by KROSAKI HARIMA on a standalone basis, we aim to build a global R&D system that includes India and Europe, in line with the ongoing globalization of our business. This will enable us to respond to the needs of our customers around the world in a timely manner.

■ To Our Stakeholders

The appeal of our Group lies in its potential for global growth. In the rapidly growing Indian market, we will continue to leverage our Group's technological expertise to expand our business. We also believe there is strong potential to further grow our business in Europe and the Americas through partnerships with trusted and capable local partners. In addition, we will expand our Furnace Business by integrating it with our Refractories Business, including in the fields of energy-saving industrial furnaces and biomass power generation, both in Japan and overseas. Furthermore, our Ceramics Business has the potential to expand into fields expected to grow in the future, such as semiconductor manufacturing equipment, electronic components, fuel cells, medical and aerospace. To steadily realize this growth potential, we will earnestly address the enhancement of personnel recruitment and development, key drivers of further growth, while also strengthening our sales capabilities and making proactive investments in a timely manner. We also consider stakeholder returns to be an important management policy, and we will meet the expectations of our stakeholders by sharing the fruits of our business growth through steady and flexible stakeholder return measures. We hope you will be looking forward to the future of our Group, which holds strong potential for global business expansion.



Initiatives to Enhance Corporate Value

Enhancing Corporate Value

We believe that the corporate value of the Krosaki Harima Group is rooted in the technologies, products, and services that we have cultivated over the 100-plus years since our founding as well as the trust we have built with our stakeholders.

Our Group has adopted ROIC as a management indicator that emphasizes return on capital. By striving to improve ROIC, we aim to expand our equity spread and further enhance our corporate value.

Capital Efficiency and Cost of Capital

Return on Capital: ROIC (Return on Invested Capital)

In our 2025 Revised Management Plan, we are aiming for an ROIC of 9% or more by FY2025.

We believe that by using ROIC as a key performance indicator to measure capital efficiency, we can take the best possible actions to contribute to cash generation while swiftly responding to changes in the business environment.

Cost of Capital: WACC (Weighted Average Cost of Capital)

In setting our ROIC target, we have assumed a WACC (Weighted Average Cost of Capital) of approximately 6% to 7%. We also calculate the cost of shareholder equity based on the CAPM (Capital Asset Pricing Model).

Equity Spread

Through management that emphasizes capital efficiency, we aim to achieve an ROIC that exceeds our WACC. In this way, we will strive to sustainably improve our corporate value.

Investment Management

When our Group makes investments, we comprehensively assess the appropriateness of the investment amount and timing, latent risks, the cost of capital versus expected returns, and the long-term growth potential of the target business. We then report the results to the Management Council and Board of Directors, where investment decisions are made. In terms of following up on our investment results, we hold multifaceted discussions based on the knowledge and know-how we have cultivated until now and then report to the Management Council.

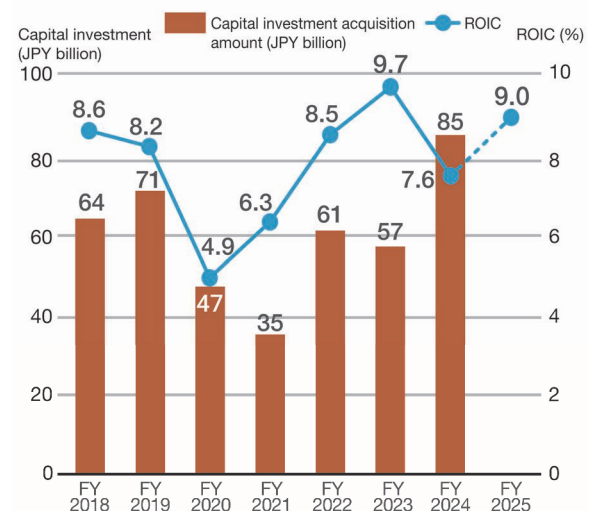
Going forward, we will improve our capital efficiency by implementing the PDCA cycle described above.

Changes in Our ROIC

In FY2024, we achieved our target ordinary profit under our 2025 Revised Management Plan of JPY 15 billion. However, regarding ROIC, the result was 7.6%, compared to the planned target of 9.0%. This was mainly due to increased accounts receivable from spot transactions with long settlement periods, as well as a rise in invested capital resulting from active capital investment.

In FY2025, we expect cash inflows from collection of accounts receivable related to the aforementioned spot transactions executed through FY2024. To improve our ROIC, we will actively reinvest the cash we have generated into capital and human resources, as well as M&A and other initiatives that contribute to enhancing our corporate value over the medium to long term, with the aim of improving ROIC.

Capital Investment and ROIC Performance



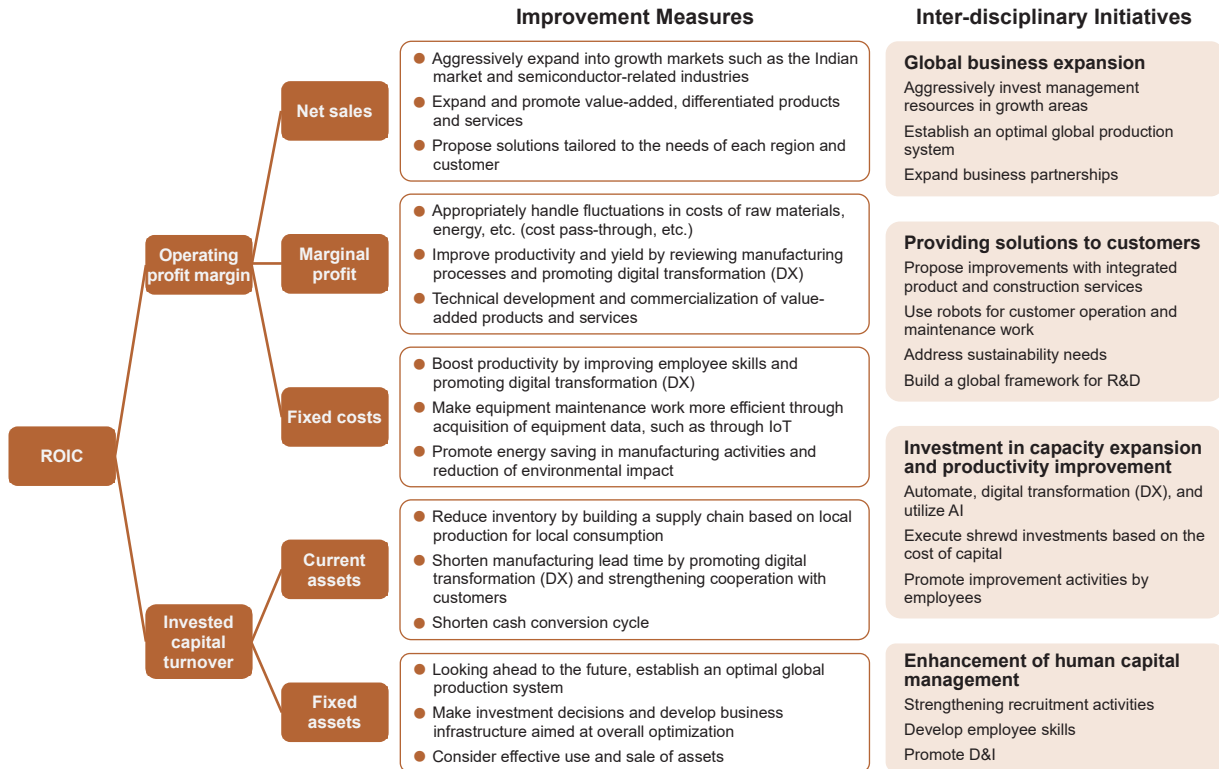
*The capital investments shown above are based on acquisitions.

*Our 2025 Revised Management Plan target value is shown for our FY2025 ROIC.

Strengthening Cash Flow Management Through the Utilization of the ROIC Tree

To maximize cash flow for the entire group, we will promote further business growth and boost profitability by reducing costs. Additionally, we will strengthen cash management by enhancing our monitoring of working capital, which can be accomplished through measures such as improving the balance of receivables and payables and optimizing inventory size.

Based on the above approach, we will utilize the ROIC tree to clarify business-specific issues and promote the formulation and review of business strategies, including capital investment. Through such efforts, we will link Group-wide initiatives to specific site-level actions, thereby striving to further deepen our ROIC management.

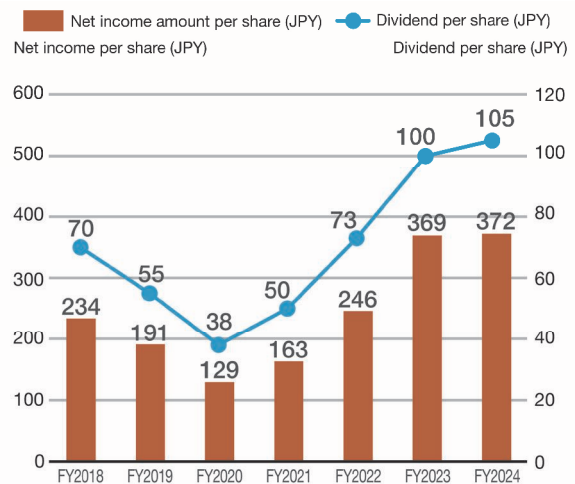


Shareholder Returns and Dividend Policy

Our net income per share and dividend amounts can be seen on the right. We have strived to enhance shareholder value by deepening our management and financial strategies so that we can achieve returns that exceed the cost of shareholder equity.

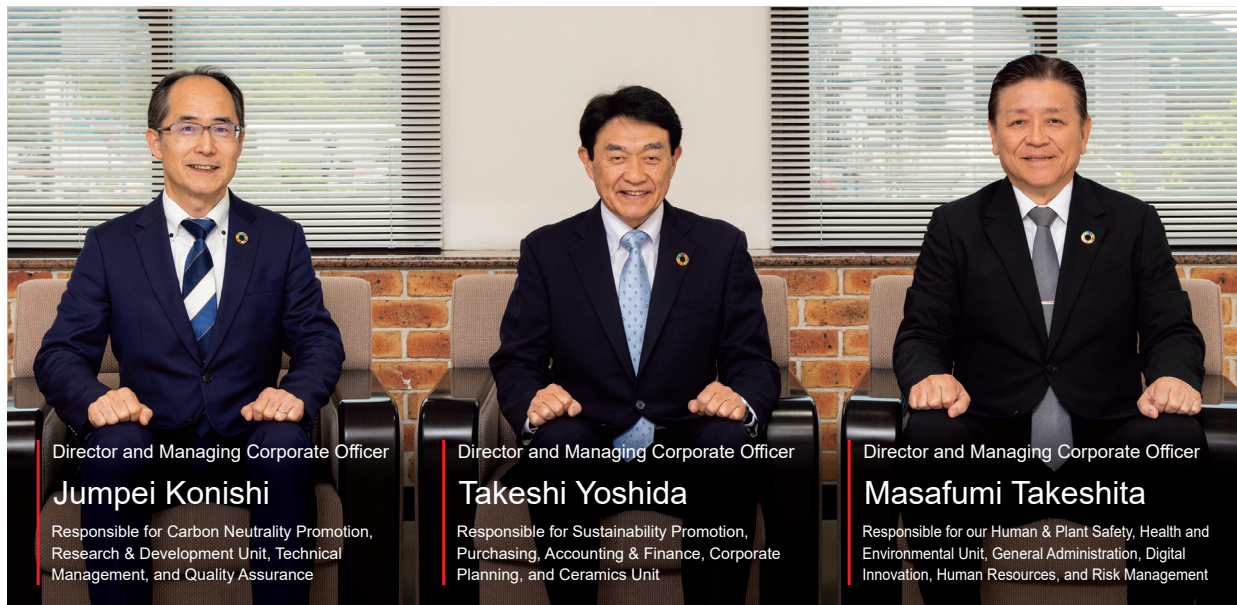
*At a meeting of our Board of Directors held on August 1, 2025, given that Nippon Steel Corporation plans to commence a takeover bid for our Company's shares (called the TOB below), we passed a resolution on and announced our intention not to pay interim or year-end dividends for the fiscal year ending March 2026. This resolution and announcement were based on the fact that the TOB price per share of our Company was comprehensively considered and determined assuming that no interim dividends (record date: September 30, 2025) or year-end dividends (record date: March 31, 2026) will be paid. Our Company has determined that the terms of the TOB, which include the TOB price per share, are appropriate and believed that the TOB will contribute to enhancing our corporate value. For details, see our Company's opinion statement press release dated August 1, 2025.

Net Income Per Share vs. Dividend Amount



* As of April 1, 2024, our Company has conducted a stock split at a rate of 4 shares for every 1 share of common stock. We assumed that this split was conducted at the beginning of FY2018 when calculating our "net income amount per share" and "dividend per share."

ESG Message for Promoting ESG Management



Addressing priority sustainability issues and contributing to industrial development and the prosperity of society

Three of our Directors and Managing Corporate Officers from top management recently discussed the ESG management of the Krosaki Harima Group. One is responsible for Sustainability Promotion, Purchasing, Accounting & Finance, Corporate Planning, and Ceramics Unit, one is responsible for Carbon Neutrality Promotion, Research & Development Unit, Technical Management, and Quality Assurance, and one is responsible for our Human & Plant Safety, Health and Environmental Unit, General Administration, Digital Innovation, Human Resources, and Risk Management.

Approach to and Structure for Promoting Sustainability

Yoshida: As an enterprise that operates on a global scale, Krosaki Harima Group aspires to be a good cosmopolitan enterprise that keeps abreast of changes in society and supports the future of the Earth. We also aspire to be an enterprise that continues to sustainably develop. Since the 2000s, our Mission Statement, which describes our management philosophy, has held that “Krosaki Harima Group is committed to playing an important role in industrial development and to contributing to the prosperity of society,” and sustainability is one of the values incorporated into our management philosophy early on. In 2021, we formulated our Sustainability Activity Basic Policy, and we also organized the Sustainability Promotion Committee and established priority issues for it to focus on. In April 2024, we updated the priority issues based on changes in the times and newly added thorough protection of human rights.

Takeshita: Due to the above, in October 2024, we established the Krosaki Harima Group Human Rights Policy, and we subsequently identified occupational safety and health, harassment, and the supply chain as important human rights issues.

Yoshida: We recognize that most of our upcoming priority initiative fields are related to the supply chain, including the procurement of raw materials from overseas. We have introduced a questionnaire survey system covering our supply chain to gain a better understanding of the situation. And, we are promoting human rights protection and preparing to obtain information that will help us calculate Scope 3 CO₂ emissions.

Steady progress in our environmental initiatives

Yoshida: In terms of environmental issues, we are working

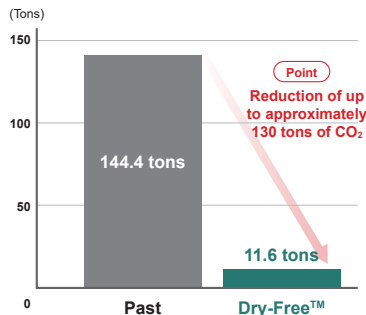
on both reducing our own CO₂ emissions toward achieving substantial carbon neutrality by FY2050, and developing products that contribute to the solution of our customers’ environmental challenges. Regarding the reduction of our own emissions, by the end of March 2025, we had completely withdrawn from the lime business, which had accounted for 60% of our total emissions, and consequently we have already achieved our initial goal of reducing our emissions by 50% by FY2030 (compared to FY2013). In addition, in FY2024, to help our customers solve their environmental challenges, we launched our sustainable products brand K-GenesisX™. Through this brand, we aim to expand our sales and promote the use of our high environmental value products, including energy-saving solutions, thereby contributing to the reduction of CO₂ emissions.

Konishi: In pursuit of a decarbonized society, we recognize that developing products that contribute to reducing CO₂ emissions generated by our customers such as steelmakers, is highly valuable and impactful, and we regard this as part of our social mission. In FY2024, we expanded our sales of Dry-Free™, one of our monolithic refractories that does not require a post-construction drying process and is mainly used for incinerators and similar facilities, thereby resulting in a significant reduction customers’ CO₂ emissions. (For details, see the graph on the next page.) In addition, to further reduce our CO₂ emissions, we will focus on developing technologies, not only on further reducing our electricity consumption, but also on actively promoting the transition from fired refractories to unfired refractories.

Takeshita: In FY2024, we revised our Environmental Policy by newly adding the perspective of the importance of conserving clean water resources. In FY2024, our target was



■Dry-Free™ CO₂ Emissions Reduction Effect



to reduce our water usage by 1% compared to our average water usage for the last six years, and, as a result of promoting water conservation and reuse, we successfully reduced our water usage by 7.4%. In terms of waste as well, by promoting waste reduction during our manufacturing process, volume reduction, recycling, and other initiatives, we reduced our waste by 11.2%, which was significantly more than our target of 1%. We are also exploring the possibility of reusing sludge, which is currently subject to disposal, as a raw material for applications other than refractories materials.

■ Enhancing human capital management in association with our management strategy

Yoshida: In May 2024, we integrated our Human resource development and Recruitment initiatives with Diversity & Inclusion, which has long been a key sustainability priority for us. We defined this integrated initiative as the Enhancement of human capital management, positioning it as a key strategic focus.

Takeshita: As Japan's working population decreases, it is becoming particularly important to secure and develop human resources. Therefore, we are enhancing our recruitment activities by communicating information in cooperation with public relations team, and we are striving to set up a suitable working environment, including improved employee treatment and benefits. We also conduct awareness surveys targeting employees every year, and we apply the results to each workplace as we strive to make improvements to address identified issues and improve employee engagement. We regard human capital management as a key driver of productivity improvement, in conjunction with capital investments in automation and labor-saving technologies at our production sites.

Yoshida: As the proportion of our overseas business continues to grow, securing and developing globally capable human resources is becoming increasingly important.

Takeshita: Without doubt. We are strengthening our training system to support employee career development through initiatives such as Krosaki Harima College, a platform for acquiring specialized knowledge, and online language training programs. To develop globally capable human resources, we are also promoting interpersonal exchange with overseas Group companies as well as dispatching employees from Japan to overseas destinations for development purposes.

Konishi: In our R&D Unit, we are building a solid research

and development network through initiatives such as dispatching young researchers from Japan to India and Spain. This enables us to better understand customer needs by working more closely with local clients and developing solutions tailored to each market.

Takeshita: On the other hand, one of the ongoing challenges is to reduce annual working hours, including overtime.

Although some of our workplaces are forced to deal with the effects of external factors, including customers' operating conditions, we are responding by securing suitable and adequate personnel, and seeking customer understanding.

Yoshida: We have set targets not only for total annual working hours, but also for areas such as the percentage of male employees taking childcare leave and the rate of annual leave usage, and are now considering our next goals. Creating an open and communicative workplace culture is also essential for securing and developing human resources, as well as enhancing their loyalty.

■ An open and communicative workplace culture is the basis for strong internal control

Yoshida: Every year, our president and other executives conduct Management Patrols, visiting all of our locations throughout Japan. In addition, we regularly hold direct dialogues between employees and the president, as well as Compliance Lectures aimed at eliminating harassment, etc.

Konishi: We are reinforcing governance not only in Japan but also across our overseas group companies by holding monthly meetings and conducting regular on-site visits to facilitate effective communication.

Takeshita: We also promote Autonomous Internal Control, the idea of which is for each unit to do its own inspections, set goals, and strive to make improvements.

Konishi: Regarding our on-site small-group activities, over 100 improvement groups are actively engaged in refining operations at our production sites. The members of these groups work as citizen developers, utilizing IT tools to independently develop systems such as logistics management system for manufacturing processes, thereby creating a conducive environment for digital transformation (DX). In addition, these activities serve as a framework for Autonomous Internal Control, where members proactively inspect and improve rules related to quality and safety.

Takeshita: To ensure that such initiatives are not left entirely up to our workplaces, our Risk Management Department visits all our units and group companies once every three years to ensure that rules are well established and followed.

Yoshida: To achieve sustainable growth as a comprehensive ceramics company by earning the trust of our customers, it is essential to position sustainability challenges as key management priorities and to address them proactively, through harnessing the collective strength of the entire group, including our overseas operations. The relationships of trust we build with our customers and the local community not only enhance employee motivation but also serve as a driving force in increasing our corporate value. We remain committed to these efforts as we continue contributing to industrial development and the prosperity of society.

Approach to Sustainability

In line with the corporate philosophy expressed in our mission statement, our Group recognizes sustainability issues as key management challenges.

Specifically, our Mission Statement declares that “Krosaki Harima Group is committed to playing an important role in global industrial development, and to making contributions to the prosperity of society, by providing value-added products and technology for the ceramics industry worldwide through continuous innovation.” In addition, we have formulated a Management Policy to define our stance towards various stakeholders, including customers, employees, partner companies, local communities, the global environment, and shareholders.

Based on the mission and Management Policy outlined above, we view global environmental problems such as climate change, respect for human rights, and other issues, as key management issues that we should actively address. Our Group will continue working actively to bring about a sustainable society through our technologies and business activities.

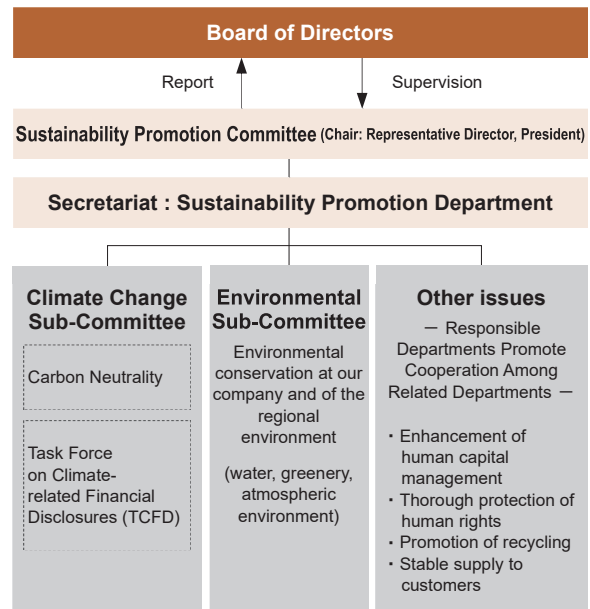
Policy on Sustainability Initiatives

In December 2021, our Group formulated the Sustainability Activity Basic Policy, which consists of the following:

(1) Governance

Our Group has established the Sustainability Promotion Committee (chaired by Representative Director, President) as an advisory body to the Board of Directors to deliberate on and steadily promote basic policies on issues related to sustainability. This committee discusses and reports on the formulation of policies and action plans, progress monitoring and roll-over related to our sustainability issues and initiatives, and reports these to the Board of Directors. As a general rule, the committee meets twice a year, and as needed. Moreover, the committee has formed the Climate Change Sub-Committee and the Environmental Sub-Committee to investigate, examine, discuss, and report on

Sustainability Promotion Structure Chart



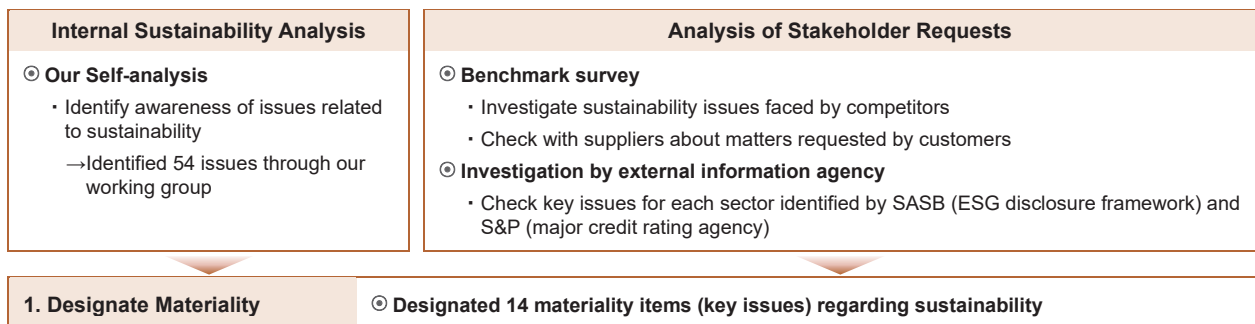
priority issues.

As we work to bring about a sustainable society, our Group considers environmental issues and other social issues to be integral to the continuity of our business activities, and we are accelerating our efforts in these areas. Therefore, on April 1, 2024, we established the Sustainability Promotion Department under the Corporate Planning Department to enhance functions for further promoting our activities going forward.

(2) Strategy

In the interest of bringing about a sustainable society, we designated the following materiality items (key issues) to be addressed from the perspectives of the Environment, Society, and Governance. We also identified five priority sustainability issues that we should focus on.

Process for Reviewing Sustainability Issues





2. Create materiality map (identify priority issues)

- ① We examined 14 sustainability issues (key issues) from both the perspectives of their importance to stakeholders and their importance to our business.
- ② Of the 14 sustainability issues (key issues) above, we identified 5 priority issues (priority sustainability issues) that we would prioritize as the focus of our efforts from here on out.

3. Formulate policies for initiatives related to priority sustainability issues

- ③ We organized priority sustainability issues into: Items, Quantitative and Qualitative Targets (KPIs), and Future Initiatives.

	Positioning before May 2024	Positioning after May 2024	Reason for revision/issues, etc.
Thorough protection of human rights	Fundamental challenge	Shifted to priority sustainability issue	Formulated our Group's human rights policy and future action plan
Promote D&I	Priority sustainability issues	Unified D&I and Human Resources Development under Strengthening Human Capital Management to clarify their positioning as priority sustainability issues	Both were integrated and designated as priority issues, as we will promote not just D&I initiatives, but human resources development and enhancement of recruitment activities as well
Human Resources Development	Fundamental challenge		
Stable supply to customers	Fundamental challenge	Shifted to priority sustainability issue	<ul style="list-style-type: none"> • Shifted to priority issue in order to address this in the context of rising geopolitical risks, and a declining birthrate, aging population and work style reforms in the field of logistics in Japan • We are also promoting the optimization of supply chain management to ensure this
Coexistence with the local community	Priority sustainability issues	Shifted to fundamental challenge	Coexistence with local communities has become a well-established part of our daily activities, so we have shifted this from a priority sustainability issue to a fundamental one

Promoting countermeasures against climate change through heat management technologies, preserving the regional environment, and promoting recycling, will all continue to be positioned as priority sustainability issues

The Sustainability Promotion Committee in particular focuses on discussing and reporting on plans related to priority sustainability issues and their progress. In May 2024, in light of changes in the business environment in which our Group operates, the committee decided through discussion that the aforementioned revisions should be made to our priority issues, and reported the decision to the Board of Directors. As a consequence of these revisions, we currently have 13 sustainability issues (key issues) and six priority sustainability issues.

List of Sustainability Issues (key issues) and Positioning of Priority Issues



* The list above reflects the fact that our sustainability issues (key issues) were revised at the Sustainability Promotion Committee meeting in May 2024.

(3) Risk management

In our Group, the Management Council and Internal Control Committee (chaired by Representative Director, President) identify and assess company-wide risks, and consider and implement necessary countermeasures.

With regard to sustainability issues, including materiality (key issues), the Sustainability Promotion Committee also discusses and reports on the formulation of action policies and action plans, the rollout of them to our Group and progress monitoring. In addition, this promotion committee works to strengthen risk management by sending these reports to the Board of Directors.

Furthermore, our Group's risk management initiatives are also described in the section on our Internal Control System on pages 59-60 of this document.

Content of Policy on Sustainability Initiatives

The details of our Group's six priority sustainability issues for FY2024 are described below. Hereafter, we will continue to appropriately manage our priority sustainability issues and promote initiatives for materiality (key issues), as we further deepen our Sustainability Management.

Details of Priority Issue Initiatives

Promotion of Climate Change Measures through Heat Management Technologies

Item	Quantitative and Qualitative Targets (KPIs)	Progress in FY2024	Future Initiatives
(1) Carbon neutrality initiatives within our company			
<ul style="list-style-type: none"> Set targets to reduce CO₂ emissions and consider countermeasures 	<p>[Non-consolidated Scope 1 and 2]</p> <ul style="list-style-type: none"> 2013: 178 thousand tons 2030: 89 thousand tons (50% reduction compared to FY2013) 2050: Substantially carbon neutral <p>* Changed the display of CO₂ emissions from the conventional Global Warming Act to conform to ISO14064.</p>	<p>CO₂ Emissions Results for FY2024 [Non-consolidated Scope 1 and 2]: 161 thousand tons</p> <ul style="list-style-type: none"> Emissions reduced by 9.4% compared to FY2013 We have reduced CO₂ emissions from our core businesses (Refractories, Furnace, and Ceramics) by 14.8%, and have reduced CO₂ emission intensity of production by 1.6% <p>Note that our withdrawal from the lime business was completed by the end of March 2025</p> <ul style="list-style-type: none"> Reduced CO₂ emissions by lowering electricity consumption through the introduction of energy-saving equipment and by reducing fuel consumption through various measures Introduced a high-performance CO₂ emissions calculation tool Acquired third-party assurance of CO₂ emissions disclosures from an independent certification institution 	<ul style="list-style-type: none"> Promote Scope 1 and 2 emissions reductions Improve the accuracy of Scope 3 emissions calculations and promote reductions Set targets for and promote CO₂ emissions reductions in cooperation with our Group companies in Japan and overseas Ascertain GHG emissions throughout our entire supply chain, and set targets for their reduction
(2) Contributing to Customer CO₂ Emissions Reductions			
<ul style="list-style-type: none"> Promote initiatives for the following items in each business 	—	<ul style="list-style-type: none"> Promoted the development of eco-products, and expanded their application Expanded our business related to differentiated products with high environmental value by launching our K-GenesisX™ brand of corresponding products and solutions as well as vigorously promoting the individual branding of strategic products. We currently have seven strategic products (TOUGHMAX™, Dry-Free™, EVERCLEAN™, REX-ROBO™, NEXCERA™, KROTECT™, and PLATECT™) 	<ul style="list-style-type: none"> Help customers to reduce their CO₂ emissions through the use of our products Further contribute to the decarbonization of society by continuing to develop differentiated products with high environmental value and expand the sales and dissemination of them through branding that highlights their environmental value
Refractories	<ul style="list-style-type: none"> Develop highly durable, high-performance refractories 	<ul style="list-style-type: none"> Expanded application of refractories which do not require drying or preheating Expanded application of highly-durable unfired bricks <p>Developed highly durable MgO-C bricks for converter charging pads that offer enhanced resistance to both thermal and physical shock, named it TOUGHMAX™, and launched it as an individual brand for strategic products</p>	<ul style="list-style-type: none"> Continue to expand application of refractories which do not require drying or preheating Continue to expand the application of highly-durable unfired bricks Continue to promote switch from fired to unfired bricks
Furnace	<ul style="list-style-type: none"> Accept orders in environmental fields such as energy-saving industrial furnace design, and biomass power generation Expand application of the KSB method as an energy-saving tool for reheating furnaces 	<p>(Consider based on future analysis)</p> <ul style="list-style-type: none"> Promoted switch from fired to unfired bricks 	<ul style="list-style-type: none"> Design energy-saving industrial furnaces and construct low thermal conductivity refractories Continue to contribute to the field of renewable energy such as biomass power generation, etc.
Ceramics	<ul style="list-style-type: none"> Provide ceramics for equipment with high energy-saving performance Provide thermal insulation ceramics for energy-saving and environmental fields, electronics, aerospace, etc. 	<ul style="list-style-type: none"> Actual adoption at mass production stage for energy-saving semiconductor manufacturing equipment (timing undecided) Helping customers to reduce their CO₂ emissions through the use of our products 	<ul style="list-style-type: none"> Expand application of thermal insulation materials and fine ceramics to fuel cells, power generation, steelmaking, and industrial furnaces Help customers to reduce CO₂ emissions by further improving the thermal insulation performance of our "KROTECT™" high-performance thermal insulation material Help customers reduce CO₂ emissions from production processes through the development and application of lightweight setter for high-speed firing of capacitor
(3) Response to new steelmaking processes			
<ul style="list-style-type: none"> Reduce the amount used (higher durability, recycling) 	—	<ul style="list-style-type: none"> Studied and ascertained the amount and type of damage to various materials under a hydrogen gas atmosphere to support hydrogen reduction steelmaking 	<ul style="list-style-type: none"> Develop and evaluate refractories technology for creating high-performance thermal insulation materials and high-performance fine ceramics that support the COURSE50 process Install on actual machinery during the commercialization stage of COURSE50 (2025 to 2030) Install our products on actual equipment during the popularization stage (~2050)
(4) Promoting investment to reduce CO₂ emissions			
<ul style="list-style-type: none"> Introduce incentives for CO₂ reduction in evaluation of the economic feasibility of capital investment 	—	<ul style="list-style-type: none"> Promoted company-wide energy transition, and introduced high-efficiency equipment Supported promotion of energy transition at overseas Group companies Considering adoption of renewable energy 	<ul style="list-style-type: none"> Continue to evaluate incentives for CO₂ reduction

Conservation of the Regional Environment (water, greenery, atmospheric environment)

Item	Quantitative and Qualitative Targets (KPIs)	Progress in FY2024	Future Initiatives
(1) Reducing the impact of industrial waste on living things			
<ul style="list-style-type: none"> Discharge waste in accordance with waste standards Promote waste recycling by utilizing a portion of the sludge in landscape bricks and other material 	1% reduction in the weighted average basic unit of emissions for industrial waste over the past three years (non-consolidated)	Achieved a reduction of 11.2%, which exceeded our target of 1.0%	Continue to reduce waste by promoting recycling and improving yields
(2) Thorough wastewater treatment management in the production process			
<ul style="list-style-type: none"> Use water treatment facilities to purify plant wastewater, thereby carrying out environmentally friendly discharge 	1% reduction in water consumption compared to the average for the past six years (non-consolidated)	Achieved a reduction of 7.4%, which exceeded our target of 1.0%	Implement measures to reduce water consumption by employing water-saving tools and devices, and expanding the use of groundwater and rainwater
(3) Preventing the leakage of hazardous substances			
<ul style="list-style-type: none"> Strengthen management and monitoring, and conduct training for handling leaks 	—	Assessed the risk of leakage from storage tanks for chemical substances and hazardous materials, and put barriers in place against spill of liquids and oil	Promote the replacement of hazardous chemicals with human-friendly chemicals
(4) Avoiding exceeding soot and smoke standards due to abnormal combustion			
<ul style="list-style-type: none"> Set voluntary management values which are stricter than the standard values and carry out monitoring 	—	We continue to set voluntary management values and manage trends, and are exploring optimal combustion conditions which include energy conservation	<ul style="list-style-type: none"> Continue monitoring based on voluntary management values Promote detoxification by changing fuels

Promoting Recycling

Item	Quantitative and Qualitative Targets (KPIs)	Progress in FY2024	Future Initiatives
Promote the use of product recycling technologies, and utilize recycled raw materials in various refractories, landscape materials, bricks, etc.			
<ul style="list-style-type: none"> Promote the use of used refractories as recycled raw materials 	<ul style="list-style-type: none"> At least 20% of all raw materials used will be recycled materials 	<ul style="list-style-type: none"> Promoted the processing and incorporation of in-house industrial waste, such as machining dust, into products, in order to use them as recycled raw materials Achieved the target of using recycled materials for over 12% of our raw materials in FY2024 	<ul style="list-style-type: none"> Promote utilization of recycled raw materials outside of the joint efforts we are already pursuing with customers Gather information about, and promote the use of, recycled raw materials which can be purchased externally, including imports Expand the use of recycled raw materials and consider increasing the ratio of them used in products Enhance sorting and collection, and consider other sorting and collection methods to expand recycling applications
<ul style="list-style-type: none"> Furnace Business: Promote and implement refractories recycling, and reduce industrial waste through contract work of Crushing, Magnetic Sorting, Classification, and Weighing 	—	<ul style="list-style-type: none"> Established a recycling method that utilizes conventional routes, reduced industrial waste, and promoted the recycling of refractories 	<ul style="list-style-type: none"> Further increase orders received for contract work
<ul style="list-style-type: none"> Ceramics Business: Expand the application of recycled raw materials in bricks, tiles, etc. that are used as landscape materials 	<ul style="list-style-type: none"> Further expansion, sales, and spread of product groups that use 60% or more recycled materials (urban waste and industrial waste) as raw materials 	<ul style="list-style-type: none"> Established and expanded the sales and spread of product groups that use 60% or more recycled materials (urban waste and industrial waste) as raw materials while maintaining the Eco Mark and other environmental certification 	<ul style="list-style-type: none"> Develop new products that help build livable communities and realize a recycling-oriented society

Enhancement of human capital management

Item	Quantitative and Qualitative Targets (KPIs)	Progress in FY2024	Future Initiatives
<ul style="list-style-type: none"> Initiatives for personnel recruitment and retention 	<ul style="list-style-type: none"> New graduate recruitment: annual recruitment plan 	<ul style="list-style-type: none"> Conducted public relations activities to secure human resources (strengthened PR for students and schools, released corporate videos) Improved treatment (increased starting salaries) 	<ul style="list-style-type: none"> Conduct FY2026 new graduate recruitment and mid-career recruitment activities
<ul style="list-style-type: none"> Initiatives for personnel development 	—	<ul style="list-style-type: none"> Implemented measures based on our FY2024 Personnel Development and Skill Enhancement Plan Introduced a license and qualification acquisition incentive program 	<ul style="list-style-type: none"> Implement measures based on our FY2025 Personnel Development and Skill Enhancement Plan
<ul style="list-style-type: none"> Promote diversity & inclusion (D&I) (promote the participation and advancement of women, people from different countries, etc.) 	<ul style="list-style-type: none"> Set targets for the following items and disclose each separately <ul style="list-style-type: none"> Percentage of female employees hired for career-track positions Percentage of women in managerial positions Total annual hours actually worked Days of annual leave taken Goals related to employee health management, etc. 	<ul style="list-style-type: none"> Detailed in "Promoting Diversity & Inclusion (D&I)" on pages 46 to 48 of this document 	<ul style="list-style-type: none"> Promote diversity and inclusion as a global company with employees in countries all around the world

Thorough protection of human rights

Item	Quantitative and Qualitative Targets (KPIs)	Progress in FY2024	Future Initiatives
<ul style="list-style-type: none"> Initiatives concerning respect for human Rights 	—	<ul style="list-style-type: none"> Established the Krosaki Harima Group Human Rights Policy and provided awareness-raising education related to human rights Conducted assessments on a non-consolidated basis to identify, prevent, or mitigate potential adverse human rights impacts, as part of our human rights due diligence initiatives 	<ul style="list-style-type: none"> Conduct assessments of our suppliers across the supply chain to identify, prevent, or mitigate potential adverse human rights impacts, as part of our human rights due diligence initiatives

Stable supply to customers

Item	Quantitative and Qualitative Targets (KPIs)	Progress in FY2024	Future Initiatives
Promoting the optimization of supply chain management			
<ul style="list-style-type: none"> Diversify purchasing sources 	—	<ul style="list-style-type: none"> Promoted the globalization of procurement sources through the ongoing investigation of new business partners and the continued evaluation of their quality 	<ul style="list-style-type: none"> Diversify risks by procuring raw materials from multiple countries
<ul style="list-style-type: none"> Coexistence and co-prosperity throughout our entire supply chain 	—	<ul style="list-style-type: none"> Reviewed our Declaration of Partnership Building to strengthen our good relationships 	<ul style="list-style-type: none"> Increase added value throughout our supply chain through enhanced partnerships

The Krosaki Harima Group has clarified the risks and opportunities posed by climate change, and is working to reduce the risks and seize the opportunities. We will actively disclose information about the four items of governance, strategy, risk management, and metrics and targets, based on the TCFD Recommendations.



Starting in FY2023, we began efforts to promptly calculate Scope 1, 2, and Scope 3 emissions and building a management system to support this process. In FY2024, we also acquired third-party assurance of our disclosed CO₂ emissions data from an independent certification institution. Moreover, to contribute even further to the realization of a decarbonized society, we have focused on developing environmentally friendly products and strengthening branding efforts to highlight their environmental value, and we are actively promoting the launch of our K-GenesisX™ brand of corresponding products and solutions as well as the individual branding of strategic products. (For details, see page 42 of this document.)

Governance

- Recognizing sustainability issues as important to our management, we have established the Sustainability Promotion Committee (chaired by Representative Director, President) as an advisory body to the Board of Directors. The purpose of this committee is to deliberate on and steadily promote activities based on our Sustainability Activity Basic Policy. Within this committee, the Climate Change Subcommittee conducts research and discussions related to climate change.
- This committee discusses and reports on issues related to climate change, including the formulation of policies for engagement, action plans, and progress monitoring and roll-over and the like, then reports these activities to the Board of Directors.
- As a general rule, the committee meets twice a year, and additionally if necessary (See pg. 35 for details and organizational chart concerning the Sustainability Promotion Committee).

Strategy

As part of our scenario analysis, we have evaluated the impact of transition risks and physical risks from both qualitative and quantitative perspectives, and considered countermeasures based on the following scenarios.

- 1.5°C and below 2°C warming scenarios: See IEA “WEO2022 NZE” IPCC “Fifth Assessment Report RCP2.6”
- 4°C warming scenario: See IEA “WEO2022 STEPS” and IPCC “Fifth Assessment Report RCP8.5”

1.5°C and below 2°C warming scenario

- Since the introduction of a carbon tax would have a particularly large impact on us, we believe it is important to minimize risks by reducing Scope 1 and 2 emissions within our Group.
- We also recognize that improving the accuracy with which we calculate CO₂ emissions throughout our supply chain (Scope 3) and strengthening our measures to reduce CO₂ emissions are issues that we should address going forward.
- We expect sales to increase for our products, which can contribute to the realization of a decarbonized society.

4°C warming scenario

- Impacts from the intensification of abnormal weather will be significant, and we will reduce risks by continuing to develop infrastructure against future disasters.

Risk Management

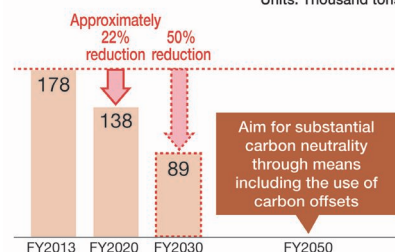
- We have prioritized climate change risks based on the results of scenario analysis. Considering the likelihood of risks and opportunities occurring, and the degree of impact they will have, we will focus on the items with the highest impact listed in the table to the right.
- As our climate change risk management process, we conduct risk analysis, formulate and promote countermeasures, and manage progress, through the Climate Change Sub-Committee and Sustainability Promotion Committee.

Metrics and Targets

- Set targets for reduction in CO₂ emissions on a total volume basis

FY2030	FY2050
Reduce Scope 1 and 2 emissions by 50% (compared to FY2013)	Achieve substantial carbon neutrality on Scope 1 and 2 emissions through means including use of carbon offsets

<Scope 1, 2 emissions on a non-consolidated basis>
Units: Thousand tons



* Changed the display of CO₂ emissions from the conventional Global Warming Act to conform to ISO14064.

<Main Reduction Initiatives>

- Productivity improvements in manufacturing processes, recycling, energy saving, change in product mix, etc.
- Supplying products and solutions to contribute to society-wide CO₂ emission reductions
- Calculating and reducing Scope 3 emissions

Major Climate-Change Risks and Opportunities, and Our Responses.

Impact: > > >

Scenario	Factor	Change	Risks/ Opportunities	Impact	Impact on Us	Our Countermeasures	Current Initiatives	
1.5°C and below 2°C	Growing demands in society to reduce CO ₂ emissions (Refractories field)	Growing demand for environmentally friendly refractories	Opportunities		We expect demand to increase for unfired refractories and monolithic refractories with lower CO ₂ emissions during production.	Strive to improve the performance of unfired products and monolithic products, and expand their applications in line with customers' business environments, and proactively introduce environmentally friendly refractories Launch the K-GenesisX™ brand, which collectively represents our differentiated products and solutions with high environmental value, such as Dry-Free™ and TOUGHMAX™, alongside individual strategic products, in order to promote their branding and expand our business	Replacing some fired bricks with unfired bricks, and promoting their practical utilization Developing and expanding sales of Dry-Free™ monolithic refractories that do not require a drying process Developing flow control refractories that do not require a preheating process, and promoting their practical utilization Further improving the properties of high-durability unfired bricks and expanding their application Further contribute to the decarbonization of society by continuing to develop differentiated products with high environmental value and expanding the sales and dissemination of them through branding that highlights their environmental value	
		Growing demand for refractories compatible with new steelmaking processes	Opportunities		We expect an increase in demand for refractories applied to new steelmaking processes such as hydrogen reduction steelmaking	Support practical application of new steelmaking methods by establishing technologies to evaluate refractories for the new steelmaking processes and developing appropriate refractories	Investigating changes in the properties of refractories when fired in heat treatment furnaces into which hydrogen gas, etc. is injected Joint research underway with users and third-party institutions	
		Growing demand for refractories applied to electric arc furnaces	Opportunities		We expect demand to increase for refractories applied to high-grade steel production processes using electric arc furnaces	Strive to provide comprehensive solutions for production of high-grade steel using electric arc furnaces and develop suitable refractories	Continuing evaluation of the practical use of our materials proposed for electric arc furnaces and direct reduction iron plants Dispatching engineers to user sites and enhancing knowledge on electric-arc-furnace refractory design, operation technologies, and refractory application technologies	
		Growing demand for decarbonization of manufacturing processes	Risks		Capital investment may be needed for energy-saving equipment	Strive to reduce CO ₂ emissions from our operations by modifying product specifications and introducing energy-saving and high productivity furnaces and equipment	Promoting energy-saving and reduction of CO ₂ emissions through the measures below <ul style="list-style-type: none"> • Shorten or omit manufacturing processes • Update and consolidate production facilities • Switch to LED lighting • Optimize drying and firing conditions • Upgrade to highly efficient equipment 	
	Growing demands in society to reduce CO ₂ emissions (Furnace/ Ceramics fields)	Growing demand for energy-saving power generation equipment	Opportunities		We expect increased orders for energy-saving power generation equipment	Expand the furnace business through leveraging our expertise in products and construction services integration	Continuing to take orders and expand sales activities for boilers applied to power generation using such fuels as biomass	
		Growing demand for environmentally friendly ceramic products	Opportunities		We expect demand to increase for thermal insulation materials for residential fuel cells and high-performance thermal insulation materials for large-scale storage batteries.	Strive to enhance production capabilities and develop new products Launch the K-GenesisX™ brand, which collectively represents our differentiated products and solutions with high environmental value, such as KROTECT™, alongside individual strategic products, in order to promote their branding and expand our business	Starting to manufacture KROTECT™ high-performance thermal insulation materials in the first half of FY2025 Continuing to manufacture and deliver thermal insulation materials for residential fuel cells. Developing high-performance thermal insulation materials that meet the needs for miniaturization and high efficiency, and expanding application and sales of these materials Further contribute to the decarbonization of society by continuing to develop differentiated products with high environmental value and expanding the sales and dissemination of them through branding that highlights their environmental value.	
		Growing demand for ceramics related to xEVs	Opportunities		Demand for ceramic products will grow due to expanding demand for xEVs	Strive to enhance production capabilities and develop new products	Promoting the development of and establishment of a production system for nano-thermal insulation materials for lithium-ion batteries (LIBs) Establishing a production system to respond to increased demand for ceramics materials for electronic components due to the electrification of automobiles	
	Impacts from introduction of carbon pricing	Increase in operating and procurement costs	Risks		The manufacturing processes of many raw materials for refractories emit CO ₂ . Therefore, if suppliers pass the cost on to sales prices, the impact will be significant. Costs may also be incurred in our own operations	Reduce costs, and consider passing costs on to sales prices depending on the situation Steadily implement various reduction measures	Improving the accuracy of calculations for Scope 3 Category 1 CO ₂ emissions (purchased goods and services) and promoting emission reductions Formulating a purchasing policy that takes CO ₂ emissions into account Planning to introduce a high-performance CO ₂ emissions calculation tool and conduct supply chain management Promoting measures to reduce CO ₂ emissions by 50% by FY2030 and achieving our targets Formulating a CO ₂ emissions reduction plan for the entire Krosaki Harima Group for FY2030 and FY2050	
	4°C	Natural disasters (Acute)	Risk of damage to our company and supply chain from disasters	Risks		Our company facilities and raw materials procurement may be affected, depending on the frequency and scale of disasters	Continue to forecast the degree of damage expected in each location, and develop disaster-resilient infrastructure Diversify sources of procurement	Collecting information related to water security for plants and sales offices at each of our locations, including overseas affiliates, estimating disaster risk, and formulating and implementing countermeasures Securing alternative sources for target raw materials as part of our BCP measures Promoting establishment of alternative technologies for hard-to-obtain materials
			Increased demand for products related to artificial satellites due to the increase in frequency of natural disaster observations	Opportunities		We expect demand to increase for ceramic products used in Earth observation satellites and meteorological satellites	Develop products and consider capital investments which respond to customer needs	Developing the market for small satellites, which we expect to be mass produced in the future, and developing technologies for supplying parts to the market for large satellites

Initiatives for Carbon Neutrality

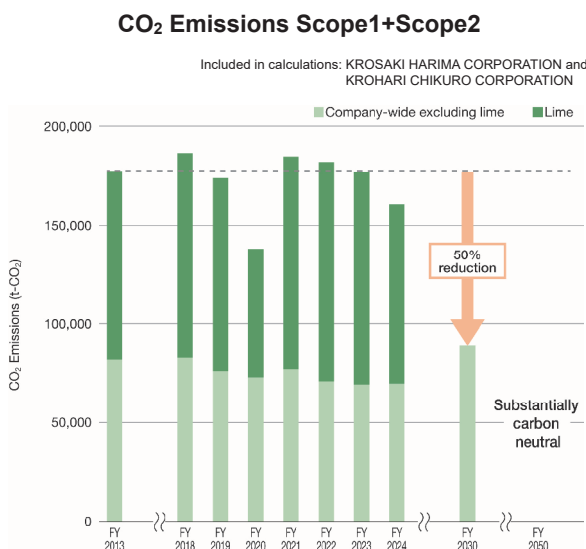
In October 2021, we announced our goal of reducing Scope 1 and Scope 2 CO₂ emissions from our business activities by 50% by FY2030, and achieving substantial carbon neutrality by FY2050.

In FY2024, CO₂ emissions were reduced by 9.4% compared to the base year of FY2013, and emissions intensity of production excluding our lime business was reduced by 1.6%. Note that we completed our withdrawal from the lime business by the end of FY2024.

The table on the right shows the total Scope 1 and 2 emissions for the Krosaki Harima Group, including our company (non-consolidated) and seven domestic and overseas affiliates. Emissions reduction activities at each plant resulted in a 12.0% reduction in FY2024 compared to FY2021. From now on, we will set targets for the entire Krosaki Harima Group, strengthen cooperation between Group companies, and promote initiatives to reduce CO₂ emissions on an even more global scale.

Since FY2021, we have been calculating Scope 3 emissions (table on the right) in order to ascertain CO₂ emissions throughout our entire supply chain. Category 1 emissions (purchased goods and services) account for about 60% of the total emissions in each fiscal year, and this must be our main target as we work to reduce emissions.

We will work with suppliers to collect information and provide support for reducing emissions in this category.



* Changed the display of CO₂ emissions from the conventional Global Warming Act to conform to ISO14064.

Scope/Category	CO ₂ Emissions (t-CO ₂)			
	FY2021	FY2022	FY2023	FY2024
Scope 1	289,064	269,035	267,882	252,487
Scope 2 (market-based)	98,852	97,670	96,901	88,765
Scope 3 (Total of categories 1-15)	785,688	719,066	709,541	703,466
Category 1				
Purchased goods and services	717,567	655,996	637,196	628,167
Category 2				
Capital goods	16,907	13,267	21,202	18,373
Category 3				
Fuel- and energy-related activities not included in Scope 1 and 2	23,561	25,296	23,859	22,273
Category 4				
Upstream transportation & distribution	5,561	5,698	6,280	12,816
Category 5				
Waste generated in operations	3,794	1,040	538	1,584
Category 6				
Business travel	1,058	2,305	3,064	3,060
Category 7				
Employee commuting	2,821	2,996	3,349	3,624
Category 8				
Upstream leased assets	N/A	N/A	N/A	425
Category 9				
Downstream transportation & distribution	N/A	N/A	N/A	N/A
Category 10				
Processing of sold products	N/A	N/A	N/A	N/A
Category 11				
Use of sold products	12,442	10,591	10,880	10,282
Category 12				
End of life treatment of sold products	1,979	1,876	3,173	2,862
Category 13				
Downstream leased assets	N/A	N/A	N/A	N/A
Category 14				
Franchises	N/A	N/A	N/A	N/A
Category 15				
Investments	N/A	N/A	N/A	N/A
Total	1,173,604	1,085,771	1,074,324	1,044,718

* Scope 3 emissions were calculated using IDEA v3.1 (FY2021, FY2022), IDEA v3.4 (FY2023, FY2024) and from the database of Ministry of the Environment in Japan for emission basic units.

Calculation boundary for Scope 1 and Scope 2: the Krosaki Harima Group, including our company (non-consolidated) and seven domestic and overseas affiliates (see below)

KROHARI CHIKURO CORPORATION, and SN Refractory Tokai Co., Ltd. (Japan)
TRL KROSAKI REFRACTORIES LIMITED (India)

Wuxi Krosaki Sujia Refractories Co., Ltd. and YINGKOU KROSAKI HARIMA REFRACTORIES CO., LTD. (China)

KROSAKI AMR REFRACTARIOS, S.A.U. and REFRACTARIA, S.A. (Spain)

We carried out verification process to obtain third-party assurance for the calculated values of the non-consolidated Scope 1, 2, and 3 emissions of KROSAKI HARIMA CORPORATION in FY2023 and FY2024. (Note that the calculated values may be revised based on the verification results.) We will continue striving to improve the accuracy of calculations and disclose information in a timely manner.

Developing and Providing Products with High Environmental Value

Krosaki Harima Group has established the sustainable product brand K-GenesisX™, with the aim of delivering future-oriented solutions to customers by combining innovative technologies and a strong commitment to realizing a sustainable society. In April 2025, the official website for the brand was launched. Based on this brand, we proceed with initiatives aiming at both carbon neutrality and a sustainable society.

We provide the contents below on the K-GenesisX™ website.

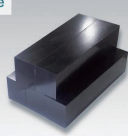
- Value provided by K-GenesisX™
 - Helping to improve the productivity of customers' manufacturing processes and reducing CO₂ emissions per unit of production
 - Providing refractory products that reduce the environmental impact while maintaining the same performance
 - Automating work done in harsh environments to deliver safety and peace of mind to customers
 - Helping to achieve future technologies that include aerospace and hydrogen steelmaking
- Strategic product introduction
 - Additional strategic products will be included as they become available.
- News on K-GenesisX™ activities
- Strategic product catalog downloads



Strategic product examples

TOUGHMAX™

Furnace



Features

Compared to conventional magnesia-carbon bricks, these refractory bricks are less prone to internal crack growth and less susceptible to breakage.

Durability is high, so...

- Equipment service life is longer, **reducing customers' refractory consumption**
- Carbon dioxide emissions from blast furnaces are reduced** by increasing scrap (reducing hot-metal)

Dry-Free™

Monolithic



Features

This is a groundbreaking monolithic refractory that eliminates the need for a drying process, significantly reducing heating time before use and making furnace startup easier.

No drying process is needed, so...

- Construction and repair periods can be shortened, increasing furnace operation rates and **improving productivity**
- Fuel consumption is eliminated, **reducing CO₂ emissions**

EVERCLEAN™

Flow control



Features

Used in immersion nozzles and similar components, this technology has the characteristic that unwanted substances (inclusions) in molten steel are less likely to adhere to the nozzle and cause clogging.

Prevents nozzle clogging, so...

- Molten steel flow stabilizes in the mold, **leading to dramatic quality improvement**
- Reduced frequency of nozzle replacement leads to **improved productivity and energy savings**

REX-ROBO™

Automation equipment



Features

This product automates heavy physical labor in hot environments by using robots, thereby achieving work safety, security, labor savings, and reform.

Due to automation with robots...

- Workers are **liberated from heavy labor in harsh environments** with high temperatures, dust, etc.
- Labor-saving lowers the risk of being unable to secure workers and **thus improves business sustainability**

NEXCERA®

Fine ceramics



Features

This material has an extremely low thermal expansion coefficient on the same level as low thermal expansion glass, and because it has higher strength, it has the characteristic of being easily scaled up in size.

Due to the low thermal expansion coefficient and strength...

- This can be used in **semiconductor manufacturing equipment** requiring extremely high precision
- It can be processed into lightweight structures while maintaining strength, making it applicable for **large mirrors in optical telescopes on satellites**

KROTECT®

High-performance thermal insulation



Features

This insulation material has very low thermal conductivity and exhibits excellent thermal insulation performance. It features higher strength than conventional materials.

Insulation performance is high, so...

- Temperature inside a furnace does not drop, **reducing energy loss**
- Fuel cell products (ENE-FARM) can be made **smaller and lighter**, broadening options for installation locations

PLATECT®

Parts for electronic component firing



Features

These are firing containers for electronic components with high thermal conductivity and long service life, boasting a roughly 40% global market share for multilayer ceramic capacitor (MLCC) firing.

Due to high thermal conductivity & long service life...

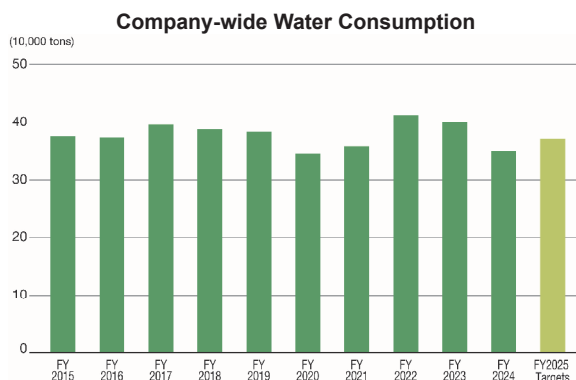
- These improve energy efficiency in the firing process, helping to **reduce CO₂**
- Replacement work is reduced, **to improved productivity and cost reduction** in the firing process

Reducing the Impacts of Industrial Waste Emissions on Living Things

Strengthening Water Security

Promoting Activities to Conserve Clean Water Resources

As a company that is trusted by society and lives up to that trust, we are actively working to protect the global environment in accordance with the Environmental Policy in FY2025 outlined below. Since the previous fiscal year, we have added a new policy on “conservation of clean water resources” and have set targets for reducing water consumption in our production processes (1% reduction compared to the average for the past six years). This is part of our efforts to not only manage wastewater, but promote sustainable water use. We will expand our use of water-saving fixtures and strengthen our reuse of wastewater to achieve this goal.



FY2025 Environmental Policy

- In carrying out our comprehensive solutions business for refractories and ceramics, work to reduce environmental impacts, prevent global warming, conserve resources, recycle, reduce waste, and prevent pollution at all stages of product research and development, design, raw materials procurement, manufacturing, service, and customer use and disposal.
- Establish an environmental management system, and have all employees strive to prevent pollution and continuously improve our impact on the environment.
- Comply with environmental laws and regulations, and honor agreements with stakeholders.
- Help to create a more abundant environment, with the goal of harmonious coexistence between human society and the global environment.
- Work to reduce CO₂ emissions in order to achieve carbon neutrality.
- Promote activities to conserve clean water resources.

Training to Prevent Pollution of Public Waterways

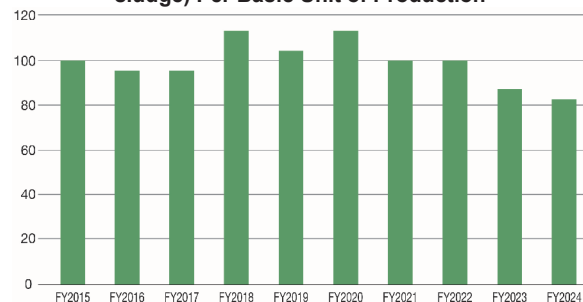
We conduct annual drills using techniques such as sandbags to block water and extended oil fences in anticipation of an accident in which oil spills from our grounds into rainwater gutters, etc. We envision specific countermeasures and train for the accidents which could occur in each district. For example, we practice preventing spills from flowing into the Kuki River which flows along the Yahata area, or into the Seto Inland Sea in the case of the Bizen area. We carry out drills that simulate accidents which may occur in the real world, so that even if an environmental accident occurs, we can protect rivers and seas from pollution.



Oil fence extension training (Yahata area)

Reducing Industrial Waste

Company-wide Industrial Waste (waste refractories + sludge) Per Basic Unit of Production



*1 The index shown assumes the basic unit of waste for FY2015 is 100
 *2 The basic unit is the numerical value calculated by dividing the amount of waste generated by the production volume of refractory and ceramic products.

To support our customers' quality improvement needs, we are continuously innovating our production technology and increasing our use of by-products on the following page. In FY2023, we also began recycling sludge. We have been pursuing development to be able to use recycled sludge in landscape bricks and asphalt mixtures.

Promotion of Recycling

Recycling the Industrial Waste Generated by Our Company

Various by-products (raw materials waste, compound waste, machining shards, machining shavings, and collected dust) are generated during the production of refractories. We already reuse some of these by-products, but we dispose of those that are difficult to reuse.

We will actively pursue new initiatives to further reduce our amount of waste. For instance, we are enhancing sorting and considering other sorting and collection methods to increase the amount we recycle.

In addition to reducing the volume of by-products generated, we will strive to reduce the amount of waste generated from the flexible container bags that are used when purchasing raw materials and transporting products (waste plastic recycling*).

In this way, we will continue striving to reduce industrial waste and effectively utilize resources, thus helping to create a recycling-oriented society, and reduce CO₂ emissions.

We have launched an initiative to use the over 200 tons of waste plastic (waste flexible container bags) that we used to incinerate each year, as raw materials for recycled plastics (recycled pellets).

In FY2024 we are beginning full-scale operation of this material recycling initiative. Ultimately, this should lead to a reduction of 700 tons of CO₂ emissions each year.



* Recycled plastic raw materials used for waste plastic recycling (recycled pellets)

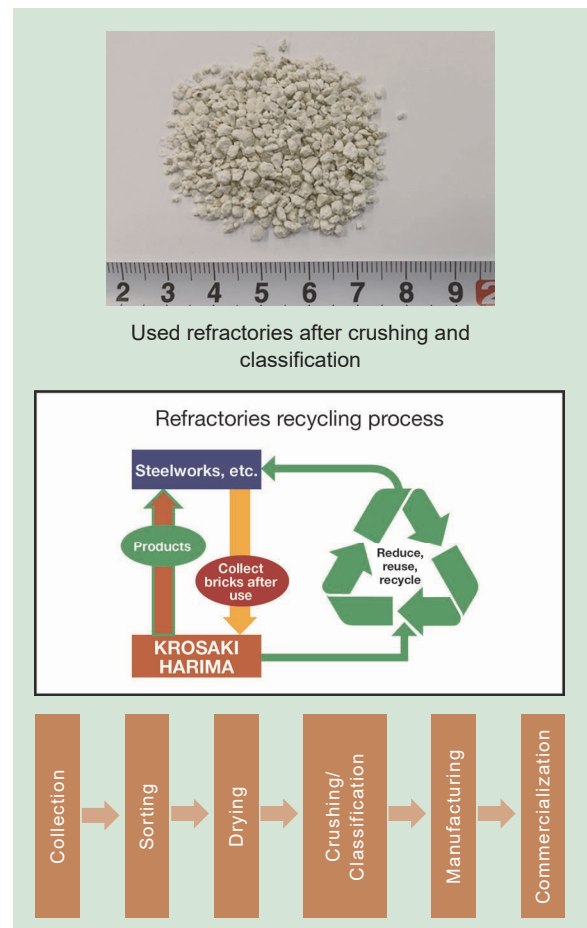
Recycling Refractories in Collaboration with Steelworks

We have utilized recycled products since our company was founded. For over 20 years, we have been collaborating with steelworks to increase our recycling volume through the addition of recycled materials to products while ensuring quality.

We also collect the refractories used to control the flow of molten steel after our customers have used them, remove and repair the damaged parts, and reuse them as refractories.

Moreover, we are actively participating in efforts at steelworks to convert used refractories materials into recycled raw materials. By collecting, sorting, and processing used refractories into recycled raw materials, we help to reduce industrial waste at steelworks.

Going forward, we will continue actively engaging in recycling initiatives to help reduce the use of refractories raw materials, which are finite resources, and create a recycling-oriented society by reducing industrial waste, as well as reducing CO₂ emissions.





Masafumi Takeshita

Director and Managing
Corporate Officer

In October 2024, we established our Group Human Rights Policy, thereby reaffirming that the principle of respect for human rights constitutes a fundamental foundation of our corporate activities. This principle is equally applicable to our practices concerning recruitment, personnel development, and the working styles of employees.

We advocate for a balanced approach to work and rest—working diligently during designated hours and taking appropriate rest when needed. At each stage of an employee’s career, we recognize the importance of enhancing their knowledge and skills, and we are committed to providing and supporting learning opportunities that align with their aspirations and needs. Even in situations where temporary constraints arise, such as childcare or caregiving responsibilities, we strive to offer support that is considerate of all employees’ circumstances. Furthermore, we actively promote initiatives that foster mutual respect and collaboration among employees, encouraging a workplace culture where employees support one another and work together harmoniously. By continuously refining our working environment in response to societal changes, we believe we can enhance the vitality of our workforce, which in turn contributes to the overall strength and sustainability of our organization.

We have set “strengthening Human capital management” which includes “Promoting Diversity & Inclusion (D&I)” and “personnel development” as priority sustainability issues. With this in mind, we have established the following human resources strategy.

■ Human Resources Strategy ... Work to strengthen our human capital into one that contributes to the sustainable growth of our Group

1. Hire a diverse workforce
2. Global personnel development (Develop personnel who can play an active role in growth markets)
3. Develop DX talent who can help to improve productivity and implement operational reforms
4. Provide opportunities for employees to demonstrate their abilities and play an active role
5. Establish an environment for fulfilling work (Work-life balance / wellbeing)
6. Improve work engagement

■ Key Initiatives

■ Recruitment and retention of personnel

- 1) Conduct public relations activities to secure human resources
(Strengthening engagement with students and schools, releasing corporate promotional videos, displaying advertisements in public areas near our offices and production sites)
- 2) Improve treatment (increase starting salaries, increase in number of days of paid leave provided)

■ Personnel Development

- 1) Develop personnel for overseas operations (language education, overseas dispatch system for personnel training and development, exchange programs with Group companies)
- 2) Full training menu for DX talent
- 3) Enhance opportunities for knowledge acquisition and re-skilling
(Krosaki Harima College [see below], and participation in various types of internal and external training)
- 4) Establish an incentive program for obtaining licenses and qualification needed for work

■ Diversity & Inclusion (D&I)

- 1) Promote participation and advancement of women (recruitment and promotion)
- 2) Improve work and rest styles (pursuing efficient work styles, eliminating long working hours)
- 3) Health promotion
- 4) Create a workplace where employees can work comfortably (harassment prevention awareness, work engagement surveys)

Initiatives for Diversity & Inclusion (D&I)

We have established a D&I policy, and management targets, which aim to establish an environment in which our employees can demonstrate and maintain high productivity, and work long-term with pride and fulfillment.



D&I Policy

Our D&I policy is defined as follows based on our Mission Statement, etc.

- We want to create and provide rich value by respecting the humanity of each and every employee, and creating a culture that welcomes individuality through dialog in the workplace and cooperation between employees in their daily work.
- We recognize that respect for human rights is essential to our corporate activities, and we strive to eliminate unjust discrimination based on nationality, race, religion, ideology, gender, age, sexual orientation, disability, etc.
- We work to advance D&I because we recognize the importance of having our employees mutually accept diverse values, productively demonstrate their full capabilities, and actively contribute with pride and fulfillment. This is essential in enabling our Company to continue to grow into a world-class comprehensive ceramics company that is a leading value provider to steel and other industries, and contribute to the future prosperity of society, as the environment in which we operate changes.

Key Initiatives Based on Our D&I Policy

We have established the following management targets and key D&I initiatives (non-consolidated).

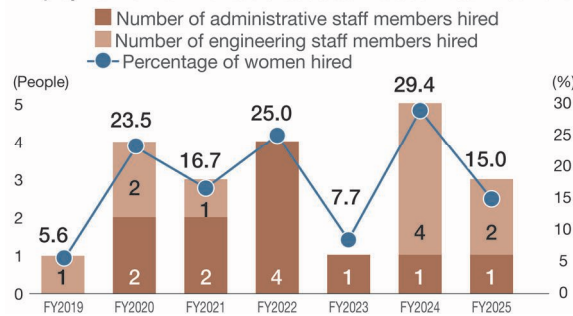
- 1) Promote participation and advancement of women --- Harnessing the diversity of our employees
- 2) Work and rest styles --- Improving employee productivity (Concerning work style reforms)
- 3) Health promotion --- Improving employee productivity (Concerning work style reforms)
- 4) Foster a workplace and relationships between superiors and subordinates which allow employees to work comfortably (prevent harassment, improve work morale)

Promoting the participation and advancement of women

Vision	<ul style="list-style-type: none"> • Establish a system based on the current one which allows women to fully demonstrate their abilities until retirement and according to their stage in life • Promote women to executive positions and expand the scope of their responsibilities, and expand opportunities for women to play an active role in all workplaces and levels
Targets	<ul style="list-style-type: none"> • By 2025, the percentage of women hired for new graduate career-track positions will be 20% or more, and 30% or more by 2030 • By 2030, we aim to increase the percentage of women in managerial positions by at least 1.5 times (4.35%) compared to what it was when this goal was set (March 2021 (the end of the fiscal year before our D&I targets were set)), and increase it to two to three times as soon as possible thereafter
Specific Measures	<ul style="list-style-type: none"> • Expand recruitment of women for career-track positions through selection based on personal ability. Also hire women as technical positions • In reviewing our system for handling life events such as marriage, pregnancy, childbirth, childcare, etc., we also relaxed our requirements for unaccompanied assignments, and implemented measures to reduce the associated burden. (increased compensation, meal subsidies, and travel allowance for visiting home for unaccompanied assignments) • Introduced a "school transfer support fund" system for employees transferring with children • To provide greater flexibility in responding to life events, we have introduced a system that allows annual paid leave to be taken in hourly units, and accumulated annual paid leave can now be used in half-day units
Results	<ul style="list-style-type: none"> • Percentage of women in managerial positions in FY2024: 3.3% (3.3% the previous fiscal year) • Percentage of women hired for new graduate career-track positions in FY2025: 15.0% (29.4% the previous fiscal year)

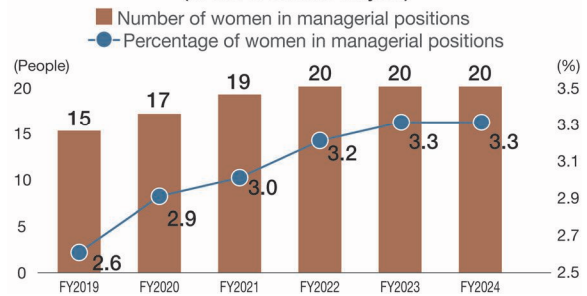
Social Initiatives to Enhance Human Capital

Employment of New Female Graduates in Career-track Positions



Fiscal Year	2019	2020	2021	2022	2023	2024	2025
Number of new graduates hired for career-track positions	18	17	18	16	13	17	20

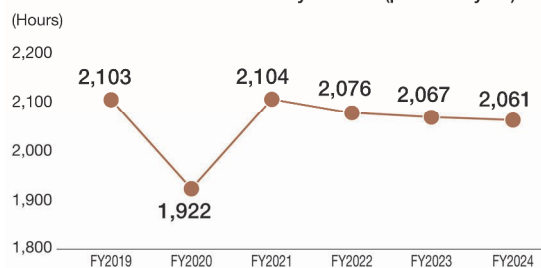
Percentage of Women in Managerial Positions (at end of each fiscal year)



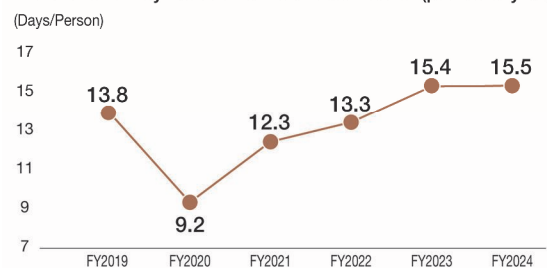
Work and Rest Styles

Vision	<ul style="list-style-type: none"> We aim for work styles which take the circumstances of each employee into account, and go the furthest towards enabling a diverse array of employees to fully demonstrate their abilities efficiently and over the long term, regardless of the length of working hours or place of work
Targets	<ul style="list-style-type: none"> Reduce the average working hours of the entire company to below 2,000 hours per year by 2030 Cut long working hours in half by 2025 compared to FY2020, and eliminate them by 2030 All employees will take 15 days of annual paid leave per year by 2025 Enact systemic revisions by 2025 which make it easier for male employees with newborn children to take paternity leave and childcare leave, and encourage them to utilize the leave available
Specific Measures	<ul style="list-style-type: none"> Set number of days of annual paid leave that must be taken. At the same time, set specific days that employees are encouraged to take off Have the Human Resources Department disclose information about working hours and state of leave acquisition to each department within the company every quarter Increase in the number of annual paid leave days, raising the number of days granted upon joining the company from 15 to 20 per year Relaxation of compensatory leave requirements for managers who work overtime or on holidays
FY2024 Results	<ul style="list-style-type: none"> Average total actual working hours in FY2024: 2,061 (2,067 the previous fiscal year) Number of days of annual paid leave taken in FY2024: 15.5 days/person (15.4 days/person the previous fiscal year) Male employees taking paternity leave and childcare leave in FY2024: The paternity leave acquisition rate was 43.1% (34.7% the previous fiscal year), and the total acquisition rate for paternity leave and childcare leave was 131.4% (104.2% the previous fiscal year)

Total Annual Hours Actually Worked (per fiscal year)

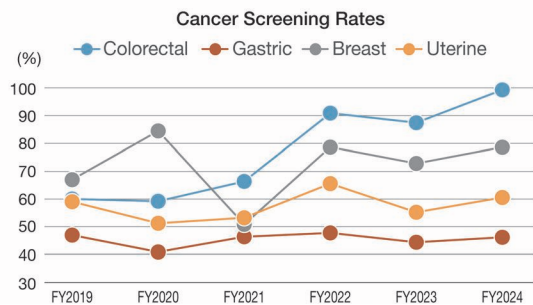


Number of Days of Annual Paid Leave Taken (per fiscal year)



Health Promotion

Vision	<ul style="list-style-type: none"> In order for a diverse array of employees to fully demonstrate their abilities, efficiently and over the long term, they must be in good health. Therefore, we are building a culture in which employees and the company work together to improve employee health
Targets	<ul style="list-style-type: none"> We aim to have the following cancer screening rates by 2025 (Managers should take the initiative to get tested as much as possible) <ol style="list-style-type: none"> Colorectal cancer screening (35 and older): 90% Gastric cancer screening (35 and older): 70% (every 2 years) Breast cancer screening (woman): 80% Uterine cancer screening (woman): 70% By 2025, the rate of implementation of specific health guidance provided by the Krosaki Harima Health Insurance Association should be at least double what it was in 2021
Specific Measures	<ul style="list-style-type: none"> Carry out initiatives to increase the rate of various medical examinations in hopes of helping to detect and treat cancer early on. Also, enhance the implementation of specific health guidance based on the results of medical examinations, and encourage employees to actively improve their own health Starting in April 2024, as part of our efforts to promote greater health awareness, we have been publishing occupational health lectures by our industrial physician on the health insurance association's website every month
FY2024 Results	<ul style="list-style-type: none"> Cancer screening rates in FY2024 (previous fiscal year) <ol style="list-style-type: none"> Colorectal cancer screening: 99% (87%) Gastric cancer screening: 46% (44%) Breast cancer screening: 79% (73%) Uterine cancer screening: 61% (55%) Rate of implementation of specific health guidance in FY2024: 87.4% (80.0% of the previous fiscal year)



Foster a workplace and relationships between superiors and subordinates which allow employees to work comfortably (prevent harassment, improve work morale)

Vision	<ul style="list-style-type: none"> Create a workplace where diverse employees diligently perform their duties with pride and fulfillment, together with their superiors, colleagues, and subordinates. To achieve this, all employees should follow the rules and naturally engage in compassionate behavior
Specific Measures	<ul style="list-style-type: none"> To foster a workplace culture where each employee can work comfortably, we are continuously promoting dialogue-based initiatives within the workplace Starting in FY2023, we conducted engagement surveys with the goal of improving productivity and employee work satisfaction as part of our efforts to boost employee engagement *Our average score for all engagement-related items in FY2024 was 2.81, based on a maximum of 4 points and a minimum of 1 point (In FY2023, our average score was 2.77, and the national average was 2.59) As part of our efforts to prevent workplace harassment, we have implemented the following measures: <ol style="list-style-type: none"> Twice a year, we conduct educational programs for all employees focused primarily on power harassment, while also covering other forms of workplace harassment such as sexual harassment. Starting from the second half of FY2024, human rights education has also been incorporated into these sessions As part of further awareness efforts, we had provided harassment-related e-learning programs for managers, as well as anger management training for managerial and supervisory staff Under our Harassment Prevention Regulations, we clearly stipulate the prohibition of all forms of harassment. In addition, we have established dedicated consultation and reporting channels within the company. When a harassment-related incident occurs, we conduct a thorough investigation with due consideration for the protection of the whistleblower and take appropriate disciplinary action in accordance with company regulations, including rules of employment We promote the employment of people with disabilities, and have met the statutory employment rate as of March 2025

Initiatives for Personnel Development

For personnel development and skill enhancement, we conduct measures based on the Personnel Development and Skill Enhancement Plan formulated each year. Specifically, we are trying to improve the skills and mindset of each employee with the following two pillars of training, and in accordance with the job type and rank.

- Development through on the job training (Based on daily dialogue and guidance between superiors and subordinates)
- Off the job training (OFF-JT) through external organizations (To develop general and specialized skills)

Social Initiatives to Enhance Human Capital

The details of our personnel development system are outlined below.

Category	Sub-category	Summary
Level-specific Training	—	Education and training for acquiring the knowledge, skills, and attitudes needed for each position and level
Departmental Training	Specialized Departmental Training	Education and training for acquiring the specialized knowledge, skills, and attitudes needed for the departments to which employees belong
	OJT (On the Job Training)	Receive instruction about the knowledge, skills, and attitudes needed for work from superiors while performing work, based on our goal management system
	Self-directed Training	As part of the self-directed skill development activities undertaken by employees, we support efforts to acquire qualifications, skills, and abilities that are recognized by division head as beneficial in carrying out our business.
	Language Training	Language training for when language skills are required to perform the duties of the department employees are assigned to
Companywide Training	General Training	Education and training for acquiring the knowledge, skills, and attitudes needed for both general and specialized work
	Study Elsewhere in Japan	We open the way for employees who want to obtain a bachelor's or associates degree based on the requirements of their work to pursue higher education
	Study Abroad	We work to acquire advanced technologies, absorb a wide range of technical knowledge, and expand our technical perspectives by dispatching employees to university research institutes in Japan and abroad according to our business needs
	Overseas Training and Deployment	Overseas training and deployment of employees to our Group companies overseas with the goal of developing personnel who can play an active role overseas and collaborate with our overseas Group companies
	Language Training	Employees apply for and receive company-arranged education for improving their own language abilities

Level-specific Training System

		Career-track Positions		Technical Positions	Furnace Construction Technical Positions	Non-job-specific
		Engineering	Administrative			
New Employees (1st Year)	April	Basic training for new employees				Krosaki Harima College*
	April-May	Factory training and professional mindset development program		Assignment to each workplace (OJT)	Assignment to each workplace (OJT)	
	June	Sales training				
		Ceramics evaluation and analysis training	Production process and cost management training			
	July	Assignment to each workplace (OJT)				
	August	Process design training (3D-CAD, material mechanics, heat transfer, structural analysis, fluid analysis)	Bookkeeping training			
		Presentation skills improvement training				
September	JCCI Bookkeeping Examination					
November						
2nd Year April	April	Work progress report meeting				
Mid-career employees		Coacher training		B3 training (for young employees, around 3 years after joining the company)		
		Fourth year training (problem-solving training)		B2 training (for young employees, around 6 years after joining the company)		
		Seventh year training (training for mid-career employees)		B1 training (for next-generation leaders, around 12 years after joining the company)		
				Training for foreman candidates		
Managers and superiors		Basic management training		Foreman training		
		Training for each level of management		Training for general foreman candidates, general-foreman capacity improvement training		

* Krosaki Harima College --- Our in-house training platform, which is mainly aimed at the transfer of essential technical foundational knowledge (such as steelmaking processes, refractories, ceramics, etc.) and the early acquisition of business knowledge, including safety and health, accounting and finance, legal affairs, and labor management, but also contributes to re-skilling, self-improvement, and self-growth. Courses provided under this platform can be taken by all employees. A total of 1,834 employees participated in 38 courses in FY2024. This training system has employees act as instructors, passing on the content which instructors should teach, thus creating new instructors.

Basic Policy on Respect for Human Rights

Based on the management philosophy espoused in our Mission Statement, which is grounded in our corporate social responsibility, we recognize respect for human rights to be the foundation of our corporate activities in accordance with our Diversity & Inclusion (D&I) Policy which lays out our efforts towards D&I. We have established the Krosaki Harima Group Human Rights Policy to clearly express this corporate stance to both inside and outside of the company.

Krosaki Harima Group Human Rights Policy

Please consult the URL below for more details about the Krosaki Harima Group Human Rights Policy.

<https://www.krosaki.co.jp/wp-content/uploads/2024/10/961de33c7dfe8003df5487b5a12e3f64.pdf>



Initiatives Concerning Respect for Human Rights

We have positioned Respect for Human Rights as priority sustainability issue, and are implementing the following initiatives to this end.

Training on Human Rights

In accordance with our D&I Policy (see p. 46), we conduct training on human rights intended to deepen everyone's understanding of the importance of eliminating unfair discrimination, fostering cooperation between employees, and conducting dialogue activities in the workplace. In concrete terms, we conduct the aforementioned training through level-specific training for managerial staff and general employees, as well as through Krosaki Harima College, which are open to all employees. In addition, we implement human rights education for all staff, striving to create a workplace where everyone respects the humanity of each employee and can devote themselves to their duties. Moreover, we provide all employees with harassment prevention training and improve their work ethic. This is intended to raise employee awareness of respect for human rights.

Corrective and Remedial Actions

We have established hotlines which allow relevant parties to safely report a wide array of compliance issues without worry. The hotlines also cover consultation and reporting on human rights violations. Through this, we are working to prevent human rights violations and rapidly remedy any that occur.

We comply with international norms prohibiting forced labor and child labor as a matter of course, and strongly demand that our suppliers comply as well.

Dialogues with Stakeholders

As a rule, we work towards mutual understanding with our labor union through monthly discussions about business conditions, working conditions such as safety and health, salaries and bonuses, and work-life balance. We record the results of these discussions, and they are shared between senior management and with workplace union members. Through this process, we comply with labor laws and regulations, respect workers' rights and the "right to organize" and "right to collective bargaining" of the labor union, and strive to maintain sound relations between labor and management.

As we conduct activities to support the development of local talent for the community (See pg. 52 for details), we strive to promote understanding of our business and communication by listening to the opinions and requests of local residents.

Human Rights Due Diligence (HRDD) Initiatives

We are striving to establish a Human Rights Due Diligence (HRDD) process to identify, prevent, and mitigate potential adverse human rights impacts. In FY 2024, we conducted an assessment on the aforementioned adverse impacts on a non-consolidated basis and identified occupational health and safety, harassment, and the supply chain as priority areas related to human rights issues. In the future, we will conduct an assessment that targets our supply chain partners as well.

To develop sustainably, it is crucial that companies ensure a safe workplace environment and cultivate healthy employees. This is why we recognize occupational safety and health as key issues, and actively carry out various kinds of safety training.

Basic Policy on Safety and Health

[Philosophy]

1. The safety and health of employees are the most important values of the Krosaki Harima Group, and take precedence over everything else. They are the foundation that underpins the development of our business.
2. We continuously strive to safeguard the safety and health of the people who work for the Krosaki Harima Group. This is based on our management philosophy, which stresses compliance with laws and regulations, respect for the humanity of each employee, and provision of opportunities for personal growth and self-realization.
3. Through these efforts and activities, we will continue to contribute to society by eliminating work-related accidents and injuries.

[Specific Guidelines]

1. In addition to complying with relevant laws and regulations, we aim to safeguard the safety and health of employees during all operations, by eliminating accidents and injuries.
2. We understand the actual situation on site through dialogue, take necessary measures to ensure safety and health, and work together to eliminate factors that lead to accidents and disasters.
3. We will systematically implement countermeasures from the perspective of equipment to create a safer and healthier work environment.
4. We will share examples of accidents across the organization, implement measures to prevent accidents from being forgotten, and actively engage in activities to predict hazards.
5. We will provide the necessary training for the people working in our Group to comply with rules and continue to improve safety levels.
6. Through these initiatives, we will continuously enhance and improve our safety, health, and accident prevention activities.

Workplace Safety Activities

We are engaged in various activities related to safety, including improvement, practical training, and education.



Get used to the blind spots on forklifts

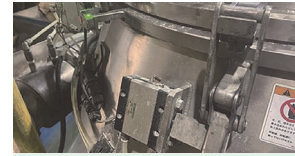


Forklift practical training

Proactively Investing in Safety

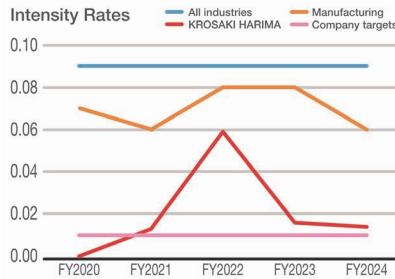
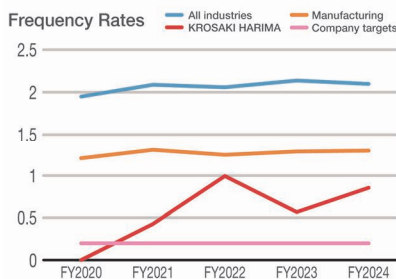


Installing air conditioners in work areas to prevent heat stroke
We are also creating a comfortable workplace by striving to improve the work environment.



The opening of the mixer is equipped with a limiter switch, which prevents people from approaching while the mixer is in operation.

Safety Statistics



Frequency rate: The number of injuries or deaths due to occupational accidents per 1 million total hours actually worked. This indicates the frequency of accidents.

Intensity rate: The total number of work days lost per 1,000 total hours actually worked. This indicates the severity of accidents.

[Safety First is Our Guiding Principle]

As part of our Safety First initiatives, the departments in charge of safety and health conduct daily patrols, talk to people on-site, and suggest improvements. Moreover, our president and management team visit all of our plants across Japan every year to conduct Management Patrols. During these management patrols, participants discuss the safety activities at each plant. Since the management team is inspecting the work sites themselves, we can approach the issues of each site as issues for the entire company and work to solve problems together with employees. The issues and countermeasures obtained through this process are then rolled out company-wide by the departments in charge of safety and health. Each plant and department in charge of safety and health check on the progress of improvements in later patrols, and discover new issues by finding further changes. We then strive to improve safety capabilities by constantly making improvements by progressing in an upward spiral to further measures.



Patrols that emphasize dialog with on-site workers



Sharing issues with each plant manager in the patrol summary

Coexistence with the Local Community

As a member of the local community, we position Coexistence with the Local Community as an important theme for realizing a sustainable society, and engage in activities that contribute to the local community.

Contributing to the Development of Next-Generation Talent who will Lead the Local Community in the Future

As we aim to cultivate next-generation talent who will be responsible for the community's activities, we primarily support talent development in cooperation with local government, and work to help manage sporting events, educational institutions, cultural facilities, and community events.

Primary Initiatives

- | | |
|--|---|
| <ol style="list-style-type: none"> 1 Administrative cooperation through acquisition of naming rights for the Kitakyushu City Honjo Athletics Stadium (Krosaki Harima Track and Field Stadium in HONJO) 2 Sponsor of Kitakyushu City's urban flower development project 3 Kitakyushu City Road Supporter member activities 4 Participation in the Plant Tour for Students hosted by Kitakyushu Chamber of Commerce and Industry 5 Participation in the Plant Bus Tour for Students hosted by Ako City 6 Sponsor of 2024 Fukuoka International Marathon 7 Sponsor of 2025 Kitakyushu Marathon | <ol style="list-style-type: none"> 8 Sponsor of activities by Giravanz Kitakyushu to donate soccer balls to elementary school students 9 Donations to universities and other educational institutions 10 Support for operation of cultural facilities such as the Kitakyushu Municipal Museum of Art and Kioi Hall (Tokyo) 11 Operational support for Kurosaki Gion Yamakasa Festival and Kurosaki 96 Day 12 Sponsorship of the Wasshoi Hyakuman Natsu Matsuri (Natsu Matsuri means Japanese Summer Festival) and participation in the Hyakuman Odori (Odori means Japanese traditional dance) 13 Sponsorship and participation in the Bizen City Ebisu Ekiden (Okayama Prefecture) 14 Participation in the Aioi Peron Festival (Hyogo Prefecture) |
|--|---|



Krosaki Harima Track and Field Stadium in HONJO (Company presentation)



Plant Bus Tour for Students hosted by Ako City (Photo shows our Ako Plant)

Community Cooperation and Talent Development through Our Track and Field Club

Since establishing our track and field team in 1961, we have supported community health not only through various activities, sending our team members to marathon events and participating in running classes for children at training camps and other locations. We will continue to engage in front-line activities for both competition and coexistence with the local community.

Primary Initiatives

- | | |
|---|---|
| <ol style="list-style-type: none"> 1 2025 All Japan Industrial Teams Ekiden Championship (New Year Ekiden) 14th place overall 2 Runner up in the 2024 Kyushu Industrial Teams Mainichi Ekiden | <ol style="list-style-type: none"> 3 2025 Osaka Marathon: Kyohei Hosoya achieved the 7th fastest time in Japanese history. (4th place overall / 2 hours, 5 minutes, and 58 seconds) 4 Provided instructors for running classes for elementary school students |
|---|---|



A close race for the championship near the finish line during the 2024 Mainichi Ekiden



Kyohei Hosoya, Section 2 Runner at the 2025 New Year Ekiden



A running class for elementary school students

The Krosaki Harima Group actively promotes initiatives to address environmental problems and other social issues. We see the pursuit of harmony between people and nature as a new value, and are pushing to build trustworthy supply chains. Through our purchasing activities, we enact strict quality control, and consider multiple perspectives in our selection of raw materials and services, including price adequacy, long-term supply stability, transparency, and safeguarding of the environment and human rights. We view our efforts to achieve sustainable purchasing as leading to a stable supply for our customers.

We do not intend to stop at our own initiatives, but will strengthen partnerships with business partners in our supply chain, work to provide sustainable value, and increase added value throughout the entire supply chain, based on relationships of trust and collaboration. In doing so, we aim to build a sustainable business model and offer solutions to social issues.

Basic Purchasing Policy

1. Compliance with Laws and Regulations

We conduct our purchasing activities in compliance with laws and regulations, ethics, and various company regulations.

2. Fair and Equitable Purchasing

We carry out our purchasing activities in a fair and impartial manner amidst open business opportunities.

We select suppliers based on comprehensive judgments rooted in fairness and rationality which consider factors such as quality, technology, lead time, price, and CSR (Corporate Social Responsibility) initiatives.

3. Thorough Quality Control

We perform strict quality control and conduct purchasing activities which help to improve the technical capabilities of our suppliers.

4. Building Partnerships

We will strengthen our framework for collaboration with suppliers as partner companies, and help them to improve their products and services.

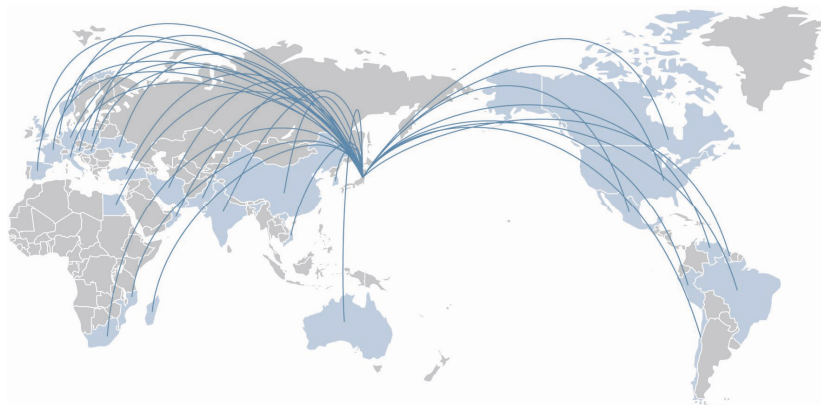
5. Consideration for the Environment, Human Rights, and Safety

As we carry out our purchasing activities, we give due consideration to the global environment, coexistence with local communities, human rights, and working conditions.

Risk Management in Purchasing Activities

We currently purchase the raw materials required in the manufacture of refractories and ceramic products from all over the world.

As we move forward, we will continue to build a sustainable supply chain through the measures below, ensuring a stable supply to our customers.



- Diversify purchasing sources: We will diversify risks by procuring raw materials from multiple countries.
- Periodic risk assessment and ensuring appropriate inventory: We will achieve stable procurement by assessing risks and ensuring appropriate inventory.
- Geographic diversification and searching for alternatives: We will develop alternative materials and consider procurement for each region.
- Long-term contracts with partners: We will ensure stable

supply by strengthening the relationships of trust we have built with our suppliers.

- Promote the use of recycled materials: We will emphasize environmental considerations and promote the utilization of recycled materials.
- We are committed to promoting purchasing activities that eliminate human rights risks, including conflict, child labor, and forced labor, as part of our efforts to build a sustainable supply chain.

■ Declaration of Partnership Building

We emphasize cooperation, coexistence, and co-prosperity with the suppliers in our supply chain, and are focused on building new partnerships through the items below.



1. Coexistence and Co-Prosperity Throughout Our Entire Supply Chain

We are working to increase added value throughout our entire supply chain by reaching out to secondary suppliers through our direct suppliers. We aim to achieve coexistence and co-prosperity with suppliers through collaboration that transcends existing business relationships and corporate scale.

We also support the introduction of telecommuting and formulation of a Business Continuity Plan (BCP) by suppliers in the interest of work style reforms and disaster response.

2. Compliance with Trade Practices

We will comply with preferred trade practices (Promotion Standards) between subcontracting firms and subcontractors, and build favorable partnerships. We will not make unreasonable requests to reduce costs.

3. Due Diligence on Transaction Prices

We emphasize discussion with subcontractors, and determine transaction prices which include appropriate profits. If there are rises in the costs of materials and energy, we will accept the appropriate transfer of the increased costs.

4. Optimization of Mold Transactions

For mold transactions, we will promote the disposal of unnecessary molds and will not request that subcontractors store molds free of charge.

5. Payment Terms and Intellectual Property

Subcontracting fees are paid in cash and not with promissory notes.

Moreover, we do not require a one-sided confidentiality agreement or the free transfer of intellectual property rights in transactions.

6. Consideration of Work Style Reforms

We will not place orders with short delivery times or make sudden changes in specifications without paying the appropriate costs incurred to subcontractors.

In the event of a disaster, we will not impose a burden on suppliers, and will give consideration to continuing our business relationships once business is resumed.

7. Fair and Impartial Selection

We comply with laws and regulations related to procurement, and select suppliers based on comprehensive judgments with consideration for quality, technology, lead time, price, and CSR (Corporate Social Responsibility) initiatives.



We have organized a cooperative association with the goal of developing together to improve and resolve common issues based on close cooperation and collaboration with our suppliers.

On October 1, 2025 (the date on which this report was issued), our officer situation (directors and company auditors) was as follows.

Directors



Kazuhiro Egawa
Representative Director, President

Apr. 1981: Joined Nippon Steel Corporation.
Apr. 2005: General Manager of Tubular Products Marketing Division, Pipe & Tube Unit, Nippon Steel Corporation
Apr. 2007: Head of Nagoya Marketing Branch, Nippon Steel Corporation
Apr. 2009: General Manager of International Sales Department, Nippon Steel Corporation
Apr. 2012: Executive Counselor and General Manager of International Sales Department, Nippon Steel Corporation
Oct. 2012: Executive Counselor, Nippon Steel Corporation
General Manager of Export Administration & Planning and General Manager of Flat Products Global Marketing Division, Flat Products Unit, Nippon Steel Corporation
Apr. 2013: Corporate Officer, Nippon Steel Corporation
Apr. 2016: Managing Corporate Officer, Nippon Steel Corporation
Apr. 2017: Managing Corporate Officer, Usiminas Project Leader of Global Business Development Sector, and Supervisor in charge of North, Central, and South America, Nippon Steel Corporation
Apr. 2019: Corporate Officer of Nippon Steel Corporation and Advisor of KROSAKI HARIMA CORPORATION (called the Company below)
June 2019: Representative Director, President, the Company (current position)



Takeshi Yoshida
Director and Managing Corporate Officer

Apr. 1985: Joined Nippon Steel Corporation.
July 2000: Labor Relations and Human Resources Group Leader, Yawata Steel Works Labor Relations and Purchasing Department, Nippon Steel Corporation
Aug. 2004: Material Contract Group Leader, Machinery & Materials Division, Nippon Steel Corporation
Apr. 2010: General Manager of Planning Department, the Company
Apr. 2017: Corporate Officer, the Company
Apr. 2021: Managing Corporate Officer, the Company
June 2021: Director and Managing Corporate Officer, the Company
Apr. 2023: Director and Managing Corporate Officer in charge of Sustainability Promotion, Ceramics Unit, and Purchasing, Accounting & Finance, and Corporate Planning, the Company (current position)



Jumpei Konishi
Director and Managing Corporate Officer

Apr. 1988: Joined Nippon Steel Corporation.
Nov. 2011: General Manager of Technical Administration & Planning Division, Nippon Steel Corporation
Apr. 2012: Assigned to Usiminas (General Manager of Strategic Engineering Division)
Apr. 2015: General Manager of Steelmaking Technology Division, Nippon Steel Corporation
June 2015: Outside Director, the Company
March 2019: Director, the Company
Apr. 2020: Director and Corporate Officer, the Company
June 2020: Corporate Officer, the Company
Apr. 2021: Managing Corporate Officer, the Company
June 2021: Director and Managing Corporate Officer, the Company
Apr. 2025: Director and Managing Corporate Officer in charge of Carbon Neutrality Promotion, Refractories Manufacturing Unit, Coke Oven business in general, Research & Development Unit, Technical Management, and Quality Assurance, the Company (current position)



Masafumi Takeshita
Director and Managing Corporate Officer

Apr. 1986: Joined Krosaki Refractories Co., Ltd. (currently KROSAKI HARIMA CORPORATION).
Apr. 2015: Corporate Officer and General Manager of General Administration and Human Resources Department, the Company
Apr. 2017: Corporate Officer and General Manager of Sales Planning Department, the Company
Apr. 2019: Managing Corporate Officer and General Manager of Sales Department 1, Sales Division, the Company
Apr. 2020: Managing Corporate Officer in charge of Refractories Domestic Sales Unit and Head of Sales Division, the Company
June 2022: Director and Managing Corporate Officer, the Company
Apr. 2025: Director and Managing Corporate Officer in charge of Human & Plant Safety, Health, and Environmental Unit, commissioned as Head of Human & Plant Safety, Health and Environmental Division, in charge of General Administration, Digital Innovation, Human Resources, and Risk Management, and cooperates with Managing Corporate Officer Mr. Okumura on global refractories sales, the Company (current position)



Hisatake Okumura
Director and Managing Corporate Officer

Oct. 2004: Joined the Company.
Apr. 2016: Senior General Manager of Flow Control Refractories Division, the Company
Apr. 2017: Senior General Manager of Monolithic Refractories Division, the Company
Apr. 2018: Corporate Officer and General Manager of Planning Department, Refractories Manufacturing Division, the Company
Apr. 2020: Corporate Officer and General Manager of Global Planning Department, Global Business Division, the Company
Jan. 2021: Corporate Officer and Senior General Manager of Global Business Division, the Company
Apr. 2021: Managing Corporate Officer and Senior General Manager of Global Business Division, the Company
June 2022: Director and Managing Corporate Officer, the Company
Apr. 2025: Director and Managing Corporate Officer in charge of Refractories Global Sales Division, cooperates with Managing Corporate Officer Mr. Yoshida on global refractories business, the Company (current position)



Ryusuke Miura
Director and Managing Corporate Officer (Newly appointed)

Apr. 1986: Joined Nippon Steel Corporation.
Nov. 2004: Steelworks Plant Manager of Steelmaking Division, Yawata Steel Works, Nippon Steel Corporation
Feb. 2009: Group Leader of Equipment Planning, Production Technology Division, Yawata Steel Works, Nippon Steel Corporation
Apr. 2015: General Manager of Steelmaking Division, Yawata Steel Works, Nippon Steel Corporation
Apr. 2017: Deputy Branch Manager of Kyushu, Sales Department 1 and Deputy General Manager of Yahata Office, Furnace Division, the Company
Apr. 2020: Corporate Officer, the Company
Apr. 2024: KROHARI CHIKURO CORPORATION (Representative Director, President) (current position)
Apr. 2025: Managing Corporate Officer
June 2025: Director and Managing Corporate Officer in charge of Furnace Unit, commissioned as Head of Furnace Division, cooperates with Managing Corporate Officer Mr. Konishi on Coke Oven business in general, the Company (current position)



Takuji Kato
Director

Apr. 1985: Joined Saibu Gas Co., Ltd. (currently SAIBU GAS HOLDINGS CO., LTD.).
July 2010: General Manager of Energy Planning Department, Energy Headquarters, Saibu Gas Co., Ltd.
Apr. 2018: Corporate Officer and Deputy Head of Energy Sales and Marketing Division, Saibu Gas Co., Ltd.
Apr. 2020: Managing Corporate Officer and General Manager of Energy Sales and Planning Department, Saibu Gas Co., Ltd.
Apr. 2021: Managing Corporate Officer, Saibu Gas Co., Ltd.
June 2021: Director and Managing Corporate Officer, Saibu Gas Co., Ltd.
Apr. 2024: Representative Director, President, and Executive Officer, Saibu Gas Co., Ltd. (current position)
Representative Director, President, and Executive Officer, Saibu Gas Co., Ltd. (current position)
June 2024: Director, the Company (current position)
Outside Director and Audit & Supervisory Committee Member, KYUDENKO CORPORATION (which changed its corporate name to KRAFTIA CORPORATION on October 1, 2025) (current position)



Yumi Akagi
Director

Apr. 1991: Joined Kyushu Railway Company.
June 2012: Representative Director and President of JR Kyushu Fast Foods Inc.
June 2018: Corporate Officer, General Manager of Customer Service Department of Railway Operations Headquarters and General Manager of Marketing & Sales Department of Railway Operations Headquarters, Kyushu Railway Company
June 2019: Corporate Officer, General Manager of Kumamoto Regional Office, Kyushu Railway Company
Apr. 2022: Senior Corporate Officer, Deputy Director General of Corporate Planning Headquarters and General Manager of Strategy Management Department of Corporate Planning Headquarters, Kyushu Railway Company
June 2023: Director and Managing Corporate Officer, Deputy Director General of Corporate Planning Headquarters and General Manager of Strategy Management Department of Corporate Planning Headquarters, Kyushu Railway Company
June 2024: Director, the Company (current position)
June 2025: Director and Managing Corporate Officer, Deputy Director General of Corporate Planning Headquarters and General Manager of Strategy Management Department of Corporate Planning Headquarters, Kyushu Railway Company (current position)

Company Auditors



Outside/
Independent

Kazuyuki Ishibashi
Director (Newly appointed)

Apr. 1982: Joined KYUDENKO CORPORATION (which changed its corporate name to KRAFTIA CORPORATION on October 1, 2025).
May 2012: Executive Officer and Head of Kitakyushu Branch Office, Kyudenko Corporation
Apr. 2013: Senior Executive Officer, Kyudenko Corporation
June 2013: Director and Senior Executive Officer, Kyudenko Corporation
Apr. 2015: Director and Managing Executive Officer, Kyudenko Corporation
Apr. 2017: Director and Senior Managing Executive Officer, Kyudenko Corporation
June 2020: Director and Vice President Executive Officer, Kyudenko Corporation
Apr. 2023: Representative Director, President, and Executive Officer, Kyudenko Corporation (current position)
June 2025: Director, the Company (current position)



Masaya Honda
Full-time Company Auditor

Apr. 1982: Joined Krosaki Refractories Co., Ltd. (currently KROSAKI HARIMA CORPORATION).
May 2011: General Manager of Accounting & Finance Department, the Company
Apr. 2014: Corporate Officer, the Company
Apr. 2017: Managing Corporate Officer, the Company
June 2017: Director and Managing Corporate Officer, the Company
Jan. 2021: Director and Managing Corporate Officer in charge of ICT, General Administration, Risk Management, and Business Innovation), General Manager of General Administration and Human Resources Department, the Company
Apr. 2022: Director and Assistant to the President, the Company
June 2022: Full-time Company Auditor, the Company (current position)



Takaki Goto
Company Auditor

Apr. 1992: Joined Nippon Steel Corporation.
May 2008: Group Leader of Accounting, Muroran Steel Works, Nippon Steel Corporation
Apr. 2011: Manager of Accounting & Finance Division, Nippon Steel Corporation
Apr. 2016: General Manager of Budget Office, Accounting & Finance Division, Nippon Steel Corporation
Apr. 2019: General Manager of Corporate Planning Division, Nippon Steel Corporation
Apr. 2021: General Manager of Group Companies Planning Division, Nippon Steel Corporation
Apr. 2022: General Manager of Group Companies Planning Division, Nippon Steel Corporation
June 2022: Company Auditor, the Company (current position)
Company Auditor, OSAKA STEEL CO., LTD. (current position)
Apr. 2024: Executive Counselor and General Manager of Group Companies Planning Division, Nippon Steel Corporation (current position)



Outside/
Independent

Morio Matsunaga
Company Auditor

Aug. 1977: Postdoctoral fellow, the University of Tennessee
Oct. 1978: Lecturing Professor, Faculty of Engineering, Kyushu Institute of Technology
Nov. 1980: Associate Professor, Faculty of Engineering, Kyushu Institute of Technology
Sep. 1996: Professor, Faculty of Engineering, Kyushu Institute of Technology
Apr. 2002: Vice President, Kyushu Institute of Technology
Apr. 2004: Administration Officer, Kyushu Institute of Technology
Apr. 2010: President, Kyushu Institute of Technology
June 2016: President, Kitakyushu Foundation for the Advancement of Industry, Science and Technology (current position)
June 2016: Outside Director, MITSUBI MINING & SMELTING CO., LTD.
June 2018: Company Auditor, the Company (current position)



Outside/
Independent

Sunao Okaku
Company Auditor

Apr. 1985: Joined Nishi-Nippon Railroad Co., Ltd.
July 2006: General Manager of CV Management Office, Corporate Planning Division, Nishi-Nippon Railroad Co., Ltd.
June 2009: General Manager of Corporate Management Department, Nishi-Nippon Railroad Co., Ltd.
June 2012: General Manager of Accounting Department, Nishi-Nippon Railroad Co., Ltd.
June 2015: Director of the Board, Executive Officer, and General Manager of Accounting Department, Nishi-Nippon Railroad Co., Ltd.
June 2016: Senior Executive Officer and General Manager of Accounting Department, Nishi-Nippon Railroad Co., Ltd.
Apr. 2018: Senior Executive Officer, Nishi-Nippon Railroad Co., Ltd.
June 2018: Director of the Board and Full-time Audit & Supervisory Committee Member, Nishi-Nippon Railroad Co., Ltd.
June 2020: Director of the Board and Senior Managing Executive Officer, Nishi-Nippon Railroad Co., Ltd.
June 2021: Senior Managing Executive Officer, Nishi-Nippon Railroad Co., Ltd.
June 2023: Company Auditor, the Company (current position)
June 2025: Director of the Board and Senior Managing Executive Officer, Nishi-Nippon Railroad Co., Ltd. (current position)

Reference: composition of our Board of Directors

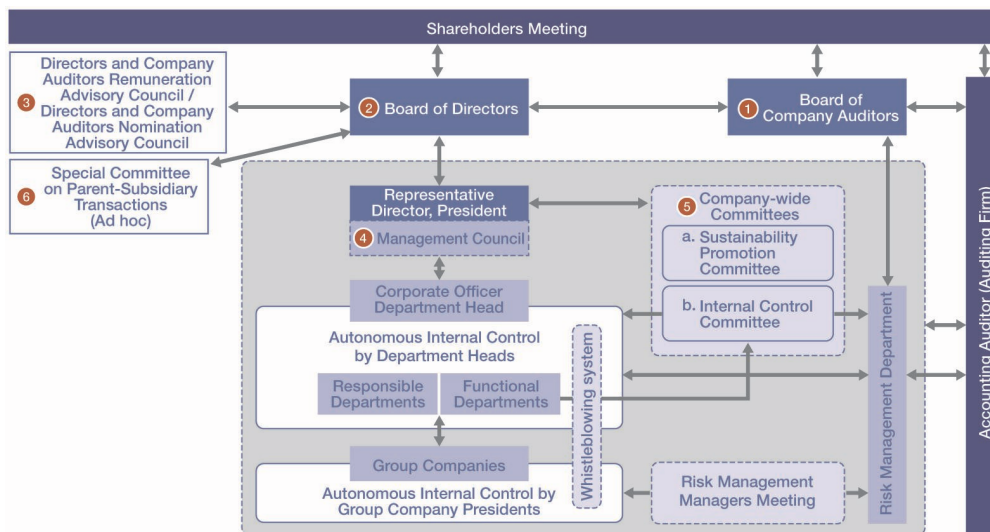
To help us flexibly make decisions in response to changes in the management environment and establish effective corporate governance systems, the Board of Directors shall be of a size that is suitable for the business and management issues of the Group and its members shall be selected taking into consideration the balance and diversity of experience, insight, and expertise in the Board of Directors as a whole.

In particular, we have defined the fields below as especially important in terms of corporate management, and we expect each of our Directors to fully demonstrate their abilities.

	Knowledge & Experience in Management	Knowledge & Experience in Customer Industries	Internationality	Sales & Marketing	Manufacturing, Technology, R&D	Accounting & Finance	Legal & Risk Management	Human Resources & Personnel Development	Sustainability	Digital Transformation (DX)
Kazuhiro Egawa	●	●	●	●			●	●	●	●
Takeshi Yoshida	●	●				●	●	●	●	
Jumpei Konishi	●	●	●		●				●	
Masafumi Takeshita	●	●		●			●	●	●	●
Hisatake Okumura	●	●	●	●	●				●	
Ryusuke Miura	●	●			●				●	
Takuji Kato	●			●		●	●		●	
Yumi Akagi	●			●				●	●	●
Kazuyuki Ishibashi	●			●				●	●	●

Basic Approach to Corporate Governance

Our Group strives to increase our corporate value through corporate governance based on ensuring transparent management and efficiency for shareholders and other stakeholders. This is in accordance with the “Our Mission,” “Business Goal,” and “Management Policy” of our Mission Statement, which is our management philosophy.



Overview of Corporate Governance System

1 Board of Company Auditors

We have adopted a system of company auditors and Board of Company Corporate Auditors. Our Board of Company Auditors is composed of four company auditors, with one full-time company auditor and three part-time company auditors (two of whom are outside auditors). These part-time auditors participate in the Board of Directors and Board of Company Auditors, and provide opinions and suggestions from an objective perspective on important decision-making matters for our group.

2 Board of Directors

Our Board of Directors is composed of nine directors in all, with six internal directors and three independent outside directors (one of whom is a female director). The Board carries out the company's business and supervises the execution of duties by directors.

The outside directors participate in the Board of Directors and provide opinions and suggestions from an objective perspective on important decision-making matters for our group.

In addition, we have introduced a Corporate Officer system that aims to clearly separate the management decision-making and supervisory functions from the business execution function. This not only enhances the decision-making and supervisory functions of the Board of Directors, but speeds up and streamlines the execution of business.

We believe that these systems fully demonstrate external check and balances, while also ensuring sufficient supervision of the Board of Directors.

3 Directors and Company Auditors Remuneration Advisory Council / Directors and Company Auditors Nomination Advisory Council

We have established voluntary advisory councils (Directors and Company Auditors Remuneration Advisory Council, Directors and Company Auditors Nomination Advisory Council) to strengthen the independence, objectivity, and accountability of the functions of the

Board of Directors with respect to the Remuneration and nomination of Directors and Company Auditors. The advisory councils meet once a year in principle, and additional times as needed. They are chaired by the President and are composed of three independent outside directors.

The Directors and Company Auditors Remuneration Advisory Council deliberates on matters related to Directors and Company Auditors remuneration. The Directors and Company Auditors Nomination Advisory Council deliberates on the nomination of candidates for Directors and Company Auditors, as well as the development of candidate successors for the President and other directors. Both councils report to the Board of Directors.

4 Management Council

The Management Council is an advisory body to the President which has been established to deliberate and report on basic management policies and important matters of business execution. The Management Council meets regularly (twice a month as a rule) and at additional times as necessary. The Management Council is chaired by the President, and consists of full-time directors and other people appointed by the President. Moreover, full-time directors and company auditors are able to attend meetings of the Management Council and provide their opinions. Matters brought up at the Management Council which require a decision, are decided by the President following deliberation. But matters which fall under the category of matters to be resolved by the Board of Directors require a separate resolution of the Board of Directors.

For matters that do not fall under the category of matters to be resolved by the Board of Directors, we follow the procedure according to the internal regulations governing decision-making. Matters to be discussed and reported by the Management Council which also come under the category of matters to be reported to the Board of Directors, must be separately reported to the Board of Directors.

5 Company-wide Committees

We have established Company-wide committees to supplement our regular organization, and professionally investigate, examine, and deliberate on regular company-wide specific important issues that span organizations, and report the results to the Board of Directors and/or President. Of these company-wide committees, the following two are chaired by the President.

a. Sustainability Promotion Committee

This committee discusses and reports on the formulation of policies and action plans, progress monitoring, roll-over, etc. related to our sustainability issues and initiatives, from the perspective of increasing corporate value in the medium to long term.

b. Internal Control Committee

This committee deliberates on the basic policies of our Group's internal control system and our internal controls activity plans, and reports on the state of development and operation of the internal control system. Also, when there is a crisis, an emergency response headquarters is established within the committee to solve problems in a flexible and cross-departmental manner.

6 Special Committee on Parent-Subsidiary Transactions

To protect the interests of minority shareholders, we have established a Special Committee on Parent-Subsidiary Transactions composed of the President and all independent outside directors. Every time there is an important transaction or act with the parent company, this committee examines and discusses the details of the transaction and reports to the Board of Directors.

Initiatives to Strengthen Corporate Governance

(1) Analyzing and Evaluating the Effectiveness of the Board of Directors

We regularly conduct surveys of each director and company auditor concerning the effectiveness of the Board of Directors as a whole, including its operation. The aggregate results of these surveys are reported to the Board of Directors annually, which uses them to analyze and evaluate its own effectiveness.

In FY2024, we conducted a survey containing 23 questions regarding the composition and operation of the Board of Directors. Our Board of Directors analyzed and evaluated the results and concluded that the overall effectiveness of the Board of Directors was generally acceptable.

Moreover, concerning the items identified as requiring improvement and those that received opinions and suggestions in the aforementioned survey, we have compiled countermeasures for further improvement. We aim to further improve the functions of the Board of Directors by implementing these countermeasures.

(2) Enhancing Opportunities for Dialogue Between Directors and Company Auditors

In addition to the Board of Directors and Board of Company Auditors meetings, directors and company auditors (both internal and external) hold Opinion Exchange Meetings once every six months as a forum for discussions which seek a wide range of opinions on management and business operations. Here outside directors and outside company auditors share recommendations based on their knowledge about issues concerning our business operations.

(3) Establishing and Designing Policies on Director Remuneration

The following provides an overview of our policy for determining the remuneration of individual directors.

1) Basic Policy

Our director remuneration consists only of monthly cash payments. To incorporate incentives for the sustainable growth and enhancement of corporate value of our Group, the monthly remuneration is composed of a basic remuneration as fixed remuneration and performance-linked remuneration.

Specifically, we set indices for each position and calculate the amount of basic remuneration. We then add performance-based remuneration in accordance with our consolidated ordinary profit and loss, and determine the amount of remuneration for each director, within the limit approved at the shareholders meeting. However, part-time directors and company auditors who are responsible for supervisory functions are only paid basic remuneration in consideration of their responsibilities.

2) Determination of the details, amount, and calculation method for performance-based remuneration

Depending on the position, performance-based remuneration is composed of short-term performance-based remuneration or remuneration based on the evaluation of contribution to strengthening the management base.

(1) Short-term performance-based remuneration is intended for directors (excluding the Representative Director, President and Outside Directors) and linked to consolidated ordinary profit. It is applied to remuneration in a timely manner.

<Business performance addition rate = amount of consolidated ordinary profit ÷ consolidated ordinary target profit amount for business performance addition × a constant index>

(2) Remuneration based on the evaluation of contribution to strengthening the management base is intended for the President. In order to meet the expectations of stakeholders, it is applied to remuneration through a comprehensive evaluation which includes short-term performance and enhancement/initiatives for sustainability management. Any additions or subtractions which depend on comprehensive evaluation are within a range of +/-15% of basic remuneration.

3) Determining the details of remuneration for individual directors

The maximum limit for the total amount of remuneration for directors is determined by the resolution of the shareholders meeting. The specific allocation of remuneration to directors is entrusted to the President by resolution of the Board of Directors. The President makes decisions, including evaluations and assessments of each individual's specific performance, in accordance with our annual income regulations for directors.

(4) Guidelines for Protecting Minority Shareholders regarding Transactions with Controlling Shareholders

Concerning transaction conditions with the parent company, our Group takes appropriate measures to ensure that minority shareholders are not disadvantaged. This entails presenting our Group's desired price with consideration of the market price and total costs, negotiating individual prices, and determining the transaction conditions in the same way that we do with general business partners other than the parent company. We have also established a Special Committee on Parent-Subsidiary Transactions composed of all independent outside directors. Every time there is an important transaction or act with the parent company, this committee examines and discusses the transaction or act and reports to the Board of Directors.

(5) Policy and Verification of Strategic Stockholdings

In the interest of building stable, long-term business relationships with customers and other business partners, facilitating business alliances, and strengthening collaborative business development, we may acquire and hold shares of such companies if we determine that this will contribute to increasing the corporate value of our Group in the medium-to-long-term. Our policy is to reduce strategic stockholdings that do not conform to this goal.

For individual strategic stockholdings (specific investment shares and deemed held shares that must be reported in our annual securities report), our evaluation criteria are set based on the policy above, and we verify the appropriateness of holding them at the Board of Directors meeting held each year in May.

Following verification by the Board of Directors, we have decided to cancel some of the strategic stockholdings and sell the relevant stocks we held at the end of FY2024 because our purpose for holding them has been diluted.

Compliance and Risk Management System

We have implemented and operated an internal control system in accordance with the Basic Policies of the Internal Control System resolved by our Board of Directors (hereafter referred to as our Basic Policy), and are continuously striving to improve and strengthen our compliance and risk management system through these activities. The specifics are described below.

Autonomous Internal Control Activities

We clarify our stance in our Group's Basic Policy, "It is essential that each organization or Group company establishes its own internal control system tailored to the actual conditions of that organization or company's business, and works to evaluate and improve its operations through its own inspections." This is referred to as Autonomous Internal Control. Rather than relying solely on suggestions from a third-party perspective, such as the Auditing Department, we aim for all employees to engage in participatory internal control activities. This entails having each person work together with managers to confirm the efficacy of operations and improve efficiency as one of their primary duties.

Whenever an accident, incident, or actual or possible violation of laws or regulations is identified through Autonomous Internal Control Activities, it shall be immediately reported to the relevant internal departments, and appropriate measures shall be taken in cooperation with them.

Internal Control Activity System

We have established the Internal Control Committee, which is a company-wide committee chaired by the President. Under the following system, our Group promotes Autonomous Internal Control Activities led by this committee.

● Internal Control Committee

Responsible for the overall development, operation, evaluation, and improvement of our Group's internal control system.

Includes the functions of the emergency response headquarters when there is an event that has, or threatens to have, a significant impact on Group management.

● Risk Management Department

Responsible for all planning and internal audits related to the development, operation, evaluation, and improvement of our Group's internal control system.

● Functional Departments

Having expertise concerning areas of business which require Group-wide risk management, and responsible for supporting Autonomous Internal Control Activities at each department and Group company through the planning and operation of self-inspection activities.

● Each Organization and Group Company

Appointing risk management managers to plan Autonomous Internal Control Activities for their own organizations.

Rolls out Autonomous Internal Control Activities according to the policies of the Internal Control Committee, and with support from the Risk Management Department

and functional departments.

Internal Control Activity Plans

Every February we formulate Internal Control Activity Plans for the entire Group for the next fiscal year, which take into account revisions to laws and regulations, changes in the business environment, and other factors. These plans include activity policies, action plans for each function, such as safety and quality, plans for inspections and audits, and plans for education and awareness raising. In accordance with these policies, each organization and Group company formulates Autonomous Internal Control Activities plans for its own departments, which incorporate the characteristics of each business and the risks inherent in it.

Inspections and Internal Audits

Every year, each organization and Group company inspects its own operations using internal control checklists, self-inspection sheets, etc. If these inspections reveal issues, these bodies promptly formulate and implement improvement plans themselves, in accordance with the concept of Autonomous Internal Control. These inspections are also positioned as written internal audits. The Risk Management Department and each functional department conduct on-site inspections, in addition to the aforementioned written method, for monitoring each organization and Group company.

Evaluation and Improvement

The Risk Management Department plays a central role in compiling evaluation results concerning the effectiveness of our Group's internal control system and reporting them to the Internal Control Committee, the Management Council, and the Board of Directors. The results are compiled based on the implementation status of our Autonomous Internal Control Activities in accordance with the Internal Controls Activity Plans for that fiscal year.

Based on the results of this evaluation, we will formulate measures which help to improve the effectiveness of our Group's internal control system, and incorporate them into our Internal Controls Activity Plans for the next fiscal year.

Cooperation with Company Auditors and Accounting Auditors

We have a system in which full-time company auditors regularly attend the meetings of the Internal Control Committee. In addition, we hold regular liaison meetings between the full-time company auditors and Risk Management Department, all company auditors/outside directors and the Risk Management Department, and

accounting auditors and the Risk Management Department. These meetings allow participants to report on the status of our Group's internal control system and the results of evaluations of our internal controls related to financial reporting, and give participants a chance to exchange opinions about them.

We have established dual reporting lines through the operation of these meetings.

Education & Awareness-raising

For Autonomous Internal Control Activities to function more effectively, it is essential that their significance and purpose are disseminated and established throughout our Group. Therefore, we have set up courses on internal control and compliance as part of our level-specific training. Meanwhile, our functional departments hold courses for each specialized field, and conduct training for all officers and employees.

Moreover, we use various opportunities and systems to engage in awareness-raising activities, such as compliance lectures in which management speaks directly to employees in their own words, dialogue with each organization and Group company when conducting monitoring, sharing of information on accidents and incidents, and dissemination of e-mail newsletters about compliance.

Strengthening our Open and Communicative Workplace Culture

We also believe that having an open and communicative workplace culture is an important factor in establishing a foundation for more effective functioning of Autonomous Internal Control Activities. Therefore, beyond daily communication between supervisors and subordinates, we are working to maintain and enhance an open and communicative culture throughout the company by setting up a wide variety of opportunities for direct dialogue between the President and employees at every level.

We regularly conduct an Employee Awareness Survey, as part of these efforts, to measure how employees see Autonomous Internal Control Activities and the workplace culture that underpins the activities. We report the results of these surveys to the Management Council and the Board of Directors, and publish such results in our internal newsletter (hereinafter referred to as the 'Company Newsletter') to employees. Additionally, we provide feedback to employees through managers, engage in repeated dialogue within the workplace, and strive for organizational enhancement and improvements to the workplace environment in each workplace.

[Development and Operation of Whistleblowing System]

We have developed an internal whistleblowing system (in accordance with the revised Whistleblower Protection Act enacted in June 2022), and have operated it so that employees and others who become aware of corruption or violations of laws and regulations, or the suspected existence of such acts within our Group, can report them safely and without worry. As we operate this system, we post information about the system and its points of contact on bulletin boards and our intranet, and regularly

introduce contact information through our Company Newsletter, to make employees widely aware of the system's existence and specific points of contact. Moreover, we include questions about system operation in the Employee Awareness Survey that our Group conducts each year. This allows us to measure the awareness, ease of use, and trust in the system within our Group. The results we obtain are used to continuously improve the operational aspects of the system.

Creating an Open and Communicative Workplace Culture: Interaction Between Management and Employees

To increase the effectiveness of our Autonomous Internal Control, we emphasize the creation of an open and communicative workplace culture. Therefore, our President and other members of management actively visit our sites both in Japan and overseas, where they engage in direct dialogues with local employees (number of visits in FY2024: 33).

We also conduct on-site activities that include safety patrols and compliance lectures as well as achievement award ceremonies where certificates of commendation are presented directly, all of which help to enhance opportunities for interaction between our management and local employees. Through such activities, we enhance employees' pride and sense of involvement in

both the Company and their work, thereby promoting the creation of a positive, open and communicative workplace culture and steadily advancing the improvement of work engagement.



11-Year Key Consolidated Financial Data Summary

	FY2014	FY2015	FY2016	FY2017
Business results				
Net sales	110.43	115.12	108.37	123.98
Operating profit	3.84	5.84	7.67	8.49
Ordinary profit	3.75	5.77	7.84	8.99
Net profit	1.60	3.68	4.43	5.66
Financial position				
Total assets	103.05	102.01	116.70	131.03
Total net assets	45.98	44.97	50.78	57.76
Balance of interest-bearing debt	26.03	25.99	33.22	35.23
KPIs				
Return on sales (ROS)	3.4%	5.0%	7.2%	7.3%
Return on invested capital (ROIC)	5.0%	6.3%	7.6%	7.7%
Return on equity (ROE)	4.0%	8.9%	10.1%	11.3%
Debt/equity ratio (D/E Ratio)	0.62	0.63	0.72	0.66
Equity ratio	40.4%	40.2%	39.8%	40.4%
Per share data*				
Net profit per share (JPY)	19	44	52	671
Net assets per share (JPY)	494	486	551	6,322
Dividend per share (JPY)	5.0	10.0	13.0	125.0
Capital investment				
Capital investment	1.26	2.50	1.80	3.04
Depreciation	3.36	2.83	2.76	2.68
Cash flows				
Net cash provided by (used in) operating activities	3.82	2.30	(2.79)	2.69
Net cash provided by (used in) investing activities	(1.79)	(2.30)	(2.18)	(2.37)
Net cash provided by (used in) financing activities	(2.61)	(0.19)	4.96	0.74
Overseas net sales				
India	14.94	15.11	15.18	19.47
Europe	6.34	7.95	6.86	8.32
Other overseas	15.38	14.74	12.95	15.51
Total overseas net sales	36.66	37.80	34.99	43.30
Overseas net sales ratio	33.2%	32.8%	32.3%	34.9%

* As of October 1, 2017, our Company has conducted a reverse stock split at the rate of 1 share of common stock for every 10 shares of common stock. Subsequently, on April 1, 2024, we conducted a stock split at a rate of 4 shares for every 1 share of common stock.



Units: JPY billion

FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
142.35	137.40	113.66	133.78	165.20	177.03	177.92
10.54	9.39	4.95	7.57	11.17	14.69	14.08
11.29	9.76	6.36	8.68	12.08	16.39	15.32
7.87	6.44	4.33	5.49	8.28	12.42	12.54
135.42	126.94	130.35	142.69	163.34	179.02	187.06
56.24	57.23	63.29	69.08	77.86	92.70	101.64
35.95	34.72	32.78	34.20	39.38	36.88	41.74
7.9%	7.1%	5.6%	6.5%	7.3%	9.3%	8.6%
8.6%	8.2%	4.9%	6.3%	8.5%	9.7%	7.6%
14.8%	12.0%	7.6%	8.8%	11.9%	15.5%	13.8%
0.68	0.64	0.55	0.52	0.54	0.42	0.44
39.2%	42.7%	46.1%	45.8%	45.0%	48.7%	50.8%
934	765	515	652	983	369	372
6,298	6,437	7,134	7,759	8,732	2,588	2,821
280.0	220.0	150.0	200.0	290.0	400	105
6.38	7.14	4.72	3.47	6.07	5.69	8.53
2.73	3.16	2.81	3.25	3.49	3.87	4.23
10.27	9.07	10.08	4.12	1.00	13.72	3.14
(2.27)	(7.04)	(4.95)	(3.61)	(4.51)	(3.59)	(4.33)
(6.72)	(3.48)	(3.61)	(1.02)	2.86	(6.24)	0.99
23.03	22.87	17.94	24.84	33.89	38.55	42.06
10.22	11.97	9.31	13.30	18.60	20.69	18.08
18.33	16.17	15.16	17.97	22.18	21.52	20.04
51.58	51.01	42.41	56.11	74.67	80.76	80.18
36.2%	37.1%	37.3%	41.9%	45.2%	45.6%	45.1%

Group Companies and Offices

Business Branch Locations in Japan

Branch	Postal code	Address
[Head Office]		
Head Office	806-8586	1-1 Higashihamamachi, Yahatanishi-ku, Kitakyushu, Fukuoka
[Refractories Business]		
East Japan Branch	299-1141	Kimitsu Area, East Nippon Works, Nippon Steel Corporation, 1 Kimitsu, Kimitsu, Chiba
Kashima Office	314-0014	Kashima Area, East Nippon Works, Nippon Steel Corporation, 3 Oaza-Hikari, Kashima, Ibaraki
Kimitsu Office	299-1141	Kimitsu Area, East Nippon Works, Nippon Steel Corporation, 1 Kimitsu, Kimitsu, Chiba
Tokyo Branch	103-0026	8F, Seifun Kaikan Bldg., 15-6 Nihonbashi Kabutocho, Chuo-ku, Tokyo
Muroran Office	050-0084	1F, Wanishi Multipurpose Center, Muroran Works, Nippon Steel Corporation, 2-13-1 Miyukicho, Muroran, Hokkaido
Chiba Office	260-0826	1 Niihamacho, Chuo-ku, Chiba, Chiba
Nagoya Branch	476-0015	Nagoya Works, Nippon Steel Corporation, 5-3 Tokaimachi, Tokai, Aichi
Nagoya Branch (Satellite Office)	476-0015	2-13-13 Tokaimachi, Tokai, Aichi
Kansai and Setouchi Branch	640-8404	Wakayama Area, Kansai Works, Nippon Steel Corporation, 1850 Minato, Wakayama, Wakayama
Wakayama Office	640-8404	Wakayama Area, Kansai Works, Nippon Steel Corporation, 1850 Minato, Wakayama, Wakayama
Setouchi Office	671-1180	4F, NB Hirohata Bldg., 4-9-6 Seimondori, Hirohata-ku, Himeji, Hyogo
Osaka Office	550-0004	11F, Shinanobashi Mitsui Bldg., 1-11-7 Utsubohonmachi, Nishi-ku, Osaka, Osaka
Kurashiki and Fukuyama Office (Kurashiki)	712-8074	111 JFE Logistics Bldg., 1-1 Mizushimakawasakidori, Kurashiki, Okayama
Kurashiki and Fukuyama Office (Fukuyama)	721-0931	4F, Annex, Management Center, West Japan Works, JFE Steel Corporation, 1 Kokancho, Fukuyama, Hiroshima
Kyushu Branch	804-0001	Yahata Area, Kyushu Works, Nippon Steel Corporation, 1-1 Tobihatacho, Tobata-ku, Kitakyushu, Fukuoka
Yahata Office	804-0001	Yahata Area, Kyushu Works, Nippon Steel Corporation, 1-1 Tobihatacho, Tobata-ku, Kitakyushu, Fukuoka
Oita Office	870-0992	Oita Area, Kyushu Works, Nippon Steel Corporation, 1 Oaza-Nishinosu, Oita, Oita
Yamaguchi Office	744-0015	2F, TT Shoji Bldg., 2-5-18 Otemachi, Kudamatsu, Yamaguchi
[Plants]		
Head Office Plant	806-8586	1-1 Higashihamamachi, Yahatanishi-ku, Kitakyushu, Fukuoka
Chiba Plant	260-0826	1 Niihamacho, Chuo-ku, Chiba, Chiba
Ako Plant	678-0256	1061 Tenwa, Ako, Hyogo
Bizen Plant	705-0002	1175 Urainbe, Bizen, Okayama
Kisarazu Monolithic Plant	292-0835	7-1 Tsukiji, Kisarazu, Chiba
Takasago Monolithic Plant	676-8513	1-3-1 Shinhama, Araicho, Takasago, Hyogo
Nagoya Taphole Clay Plant	476-0015	Nagoya Works, Nippon Steel Corporation, 5-3 Tokaimachi, Tokai, Aichi
Oita Taphole Clay Plant	870-0992	Oita Area, Kyushu Works, Nippon Steel Corporation, 1 Oaza-Nishinosu, Oita, Oita
Kashima Plant	314-0051	Kashima Area, East Nippon Works, Nippon Steel Corporation, 1-1 Hikari, Kamisu, Ibaraki
[Furnace Business]		
Furnace Division (Furnace Planning & Sales Dept.)	806-8586	1-1 Higashihamamachi, Yahatanishi-ku, Kitakyushu, Fukuoka
West Furnace Department	806-8586	1-1 Higashihamamachi, Yahatanishi-ku, Kitakyushu, Fukuoka
East Furnace Department	103-0026	8F, Seifun Kaikan Bldg., 15-6 Nihonbashi Kabutocho, Chuo-ku, Tokyo
East Japan Branch	299-1141	Kimitsu Area, East Nippon Works, Nippon Steel Corporation, 1 Kimitsu, Kimitsu, Chiba
Nagoya Branch	476-0015	Nagoya Works, Nippon Steel Corporation, 5-3 Tokaimachi, Tokai, Aichi
Yahata Branch	804-0001	Yahata Area, Kyushu Works, Nippon Steel Corporation, 1-1 Tobihatacho, Tobata-ku, Kitakyushu, Fukuoka
Sanyou Branch	743-0063	Yamaguchi Works, Nippon Steel Corporation, 3434 Oaza-Shimada, Hikari, Yamaguchi



Branch		Postal code	Address
Kanda Branch		800-0301	12 Matsubaracho, Kandamachi, Miyako-gun, Fukuoka
[Ceramics Business]			
Ceramics Division	Fine Ceramics Department	806-8586	1-1 Higashihamamachi, Yahatanishi-ku, Kitakyushu, Fukuoka
	Thermal Ceramics Department		
Thermal Ceramics Department (Takasago)		676-8513	1-3-1 Shinhama, Araicho, Takasago, Hyogo
Omuta Manufacturing Group, Fine Ceramics Department		836-0062	1-21-1 Nishiminato-machi, Omuta, Fukuoka
Omuta Manufacturing Group, Thermal Ceramics Department			
Electronics Firing Ceramics Department		705-0002	1175 Urainbe, Bizen, Okayama
Ceramics Sales Department	East Japan Sales Group	103-0026	8F, Seifun Kaikan Bldg., 15-6 Nihonbashi Kabutocho, Chuo-ku, Tokyo
	West Japan Sales Group Osaka	550-0004	11F, Shinanobashi Mitsui Bldg., 1-11-7 Utsubohomachi, Nishi-ku, Osaka, Osaka
	West Japan Sales Group Bizen	705-0002	1175 Urainbe, Bizen, Okayama
	West Japan Sales Group Kyushu	806-8586	1-1 Higashihamamachi, Yahatanishi-ku, Kitakyushu, Fukuoka
	International Sales Group	806-8586	1-1 Higashihamamachi, Yahatanishi-ku, Kitakyushu, Fukuoka
[Group Companies]			
SN Refractory Tokai Co., Ltd		448-0813	1 Minami-Fuji, Ogakie-cho, Kariya, Aichi
KROHARI CHIKURO CORPORATION		806-8586	Administrative Center, Krosaki Harima Corporation, 1-1 Higashihamamachi, Yahatanishi-ku, Kitakyushu, Fukuoka
Shin-Nippon Thermal Ceramics Corporation		590-0985	12F, Portus Center Bldg., 4-45-1 Ebisujimacho, Sakai-ku, Sakai, Osaka

As of October 1, 2025

Office Locations Overseas

Country	Office/Company	Address
Taiwan	Krosaki Harima Corporation Taiwan Office	10F-6, No.206, Guanghua 1st Rd, Lingya District, Kaohsiung, Taiwan Republic of China
Spain	KROSAKI AMR REFRACTARIOS, S.A.U.	Poligono Ibaiondo 31, 20120 Hernani Guipuzkoa, Spain
Spain	REFRACTARIA, S.A.U.	Buenavista, 13, 33187 Siero Asturias, Spain
Spain	REFRACTARIA TECHNOLOGIES, S.L.U	
Netherlands	Krosakiharima Europe B.V.	Rooswijkweg 84, 1951 MJ Velsen-noord, The Netherlands
Cyprus	Krosaki Middle East and Africa Ltd.	24 Stasikratous Street, 1065 Nicosia, Cyprus
United States	Krosaki USA Inc.	519W. 84th Drive Merrillville, IN 46410, USA
Brazil	Krosaki IBAR Refratários LTDA.	Avenida Ibar, No. 250, Warehouse 1, Calmon Viana, CEP 08.559-470, Municipality of Poa, State of Sao Paulo, Brazil
India	TRL KROSAKI REFRACTORIES LIMITED	[Registered Office] Belpahar, Dist - Jharsuguda, Odisha, India, Pin - 768218 [Sales & Marketing Head Office] Rudramani Building, 12th & 13th Floor 1720 Eastern Metropolitan Bypass, Kolkata - 700 039, India
China	Krosaki Harima (Shanghai) Enterprise Management Co., Ltd.	Room3204, New Town Center, No.83 Lou Shan Guan Road, Changning District, Shanghai, China
China	Wuxi Krosaki Sujia Refractories Co., Ltd.	Qianqiao Town, Wuxi City, Jiangsu Province, China
China	Wuxi Krosaki Machinery Co., Ltd	Qianqiao Town, Hushan Dist., Wuxi City Jiangsu Province, China
China	TRL KROSAKI CHINA LIMITED	Metallurgical and Chemical industrial Park Bayuquan, Yingkou, Liaoning Province, China
China	YINGKOU KROSAKI HARIMA REFRACTORIES CO.,LTD.	Jinlong Industrial Park Dashiqiao City, Liaoning P.R., China
Vietnam	KROSAKI VIETNAM COMPANY LIMITED	Room807, 8th Floor, Sun Wah Tower 115 Nguyen Hue Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam

As of October 1, 2025

Company Information

Company Overview (As of March 31, 2025)

Trade Name	KROSAKI HARIMA CORPORATION
Capital	JPY 5,537,960,000

Number of Employees	2,514 people (non-consolidated) 5,013 people (consolidated)
Founded	October 14, 1918
Start of Business	June 1, 1919

Main Customers

NIPPON STEEL CORPORATION	Topy Industries, Ltd.	ArcelorMittal
JFE Steel Corporation	Tokyo Steel Manufacturing Co., Ltd.	JSW Steel Limited
Kobe Steel, Ltd.	Daido Steel Co., Ltd.	Steel Authority of India Limited
OSAKA STEEL CO., LTD.	Nippon Steel Engineering Co., Ltd.	Nucor Corporation
Godo Steel, Ltd.	NIPPON STEEL Chemical & Material Co., Ltd.	China BaoWu Steel Group Corporation Limited
AICHI STEEL CORPORATION	Mitsubishi UBE Cement Corporation	China Steel Corporation Others
Nippon Yakin Kogyo Co., Ltd.	Tata Steel Limited	

Directors / Company Auditors, Corporate Officers (As of October 1, 2025)

Representative Director, President	Kazuhiro Egawa
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Directors	Takeshi Yoshida Jumpei Konishi Masafumi Takeshita Hisatake Okumura Ryusuke Miura	Outside Directors	Takuji Kato Yumi Akagi Kazuyuki Ishibashi	Company Auditors	Masaya Honda Takaki Goto	Outside Company Auditors	Morio Matsunaga Sunao Okaku
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	Managing Corporate Officers	Corporate Officers
	Masafumi Takeshita	Human & Plant Safety, Health, and Environmental Unit; commissioned as Head of the Human & Plant Safety, Health and Environmental Division; General Administration, Digital Innovation, Human Resources, and Risk Management; and cooperates with Managing Corporate Officer Mr. Okumura on global refractories sales
	Takeshi Yoshida	Sustainability Promotion, Ceramics Unit, Purchasing, Accounting & Finance and Corporate Planning
	Jumpei Konishi	Carbon Neutrality Promotion, Refractories Manufacturing Unit, Coke Oven business in general, Research & Development Unit, Technical Management, and Quality Assurance
	Hisatake Okumura	Refractories Global Sales Division; cooperates with Managing Corporate Officer Mr. Yoshida on global refractories business
	Akio Moriya	Commissioned as General Manager, Technological Management Division, commissioned as Head of Quality Assurance Division
	Ryusuke Miura	Furnace Unit; commissioned as Head of the Furnace Division; cooperates with Managing Corporate Officer Mr. Konishi on Coke Oven business in general; KROHARI CHIKURO CORPORATION (Representative Director, President)
	Makoto Nakamura	Commissioned as Head of Refractories Global Sales Division
	Kohzoh Ohta	Commissioned as Branch Manager of Nagoya, Refractories Global Sales Division; commissioned as General Manager of the Nagoya Branch, Furnace Division
	Takeshi Yabu	Commissioned as Branch Manager of Kansai and Setouchi, Refractories Global Sales Division
	Hidehiro Yamanaka	Commissioned as Senior General Manager, Ceramics Division
	Kenji Tomita	Commissioned as General Manager of the East Japan Branch, Refractories Global Sales Division; commissioned as General Manager of the East Japan Branch, Furnace Division
	Takashi Matsunaga	Commissioned as Deputy Head of the Refractories Global Sales Division; assistant to Managing Corporate Officer Mr. Yoshida on global refractories business
	Yuzou Kawatsu	KMS Activity Promotion; commissioned as Head of Refractories Manufacturing Division; commissioned as General Manager of Production Process Management and Logistics, Refractories Manufacturing Division
	Sachihiko Asaya	Commissioned as General Manager, Corporate Planning Division; assistant to Managing Corporate Officer Mr. Yoshida on accounting and finance; assistant to each officer on global business
	Hajime Nishiyama	Commissioned as General Manager of General Administration Department; commissioned as General Manager of Risk Management Department
	Kazushi Akagi	Commissioned as Senior General Manager of Iron Making and Construction Refractories Division, Refractories Manufacturing Division
	Kenzo Yamamoto	Commissioned as General Manager, Purchasing Division
	Hirofumi Sakai	Commissioned as General Manager of Technical Management Department; commissioned as General Manager of Corporate Planning Division; assistant to Managing Corporate Officer Mr. Okumura on global refractories sales
	Taizo Mitsumoto	Commissioned as Deputy Senior General Manager of Ceramics Division

Stock Information

Summary of Shares (As of March 31, 2025)

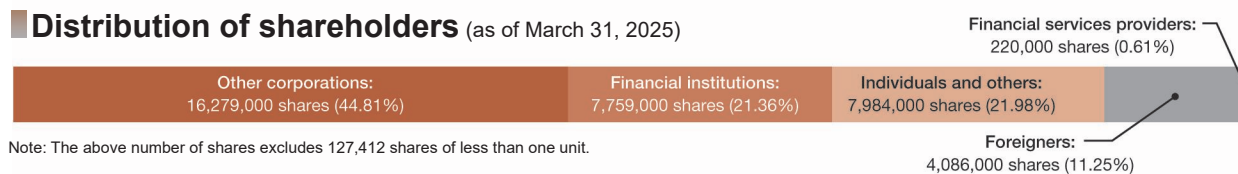
Total number of shares authorized to be issued	140,000,000 shares	Number of shares in one unit	100 shares
Total number of issued shares	36,458,112 shares (including 2,781,434 treasury shares) Note: Of the 2,781,434 treasury shares, there are 400 shares in the shareholder registry that are in the name of the Company, but are not substantively owned.	Fiscal year end	March 31 of each year
Number of shareholders	10,402 people	Listing stock exchanges	Tokyo Stock Exchange Prime Market Fukuoka Stock Exchange
		Securities code	5352

Major Shareholders (Top 10) (as of March 31, 2025)

Shareholder	Number of shares held (1,000 shares)	Shareholding ratio (%)
NIPPON STEEL CORPORATION	15,632	46.42
The Master Trust Bank of Japan, Ltd. (Trust account)	2,616	7.77
Custody Bank of Japan, Ltd. (Trust account)	2,519	7.48
Custody Bank of Japan, Ltd. (Annuity trust account)	975	2.89
The Bank of Fukuoka, Ltd.	744	2.21
HSBC BANK PLC A/C TTF AIFMD GENERAL OMNIBUS	361	1.07
Custody Bank of Japan, Ltd. (Trust account 4)	321	0.95
YASKAWA Electric Corporation	280	0.83
J.P. MORGAN BANK LUXEMBOURG S.A. 381572	276	0.82
BNP PARIBAS LUXEMBOURG/2S/JASDEC/FIM/ LUXEMBOURG FUNDS/UCITS ASSETS	273	0.81

Notes: 1. We hold 2,781,000 shares of treasury stock, and exclude these from the major shareholders listed above.
2. The shareholding ratio is calculated by deducting treasury stock.

Distribution of shareholders (as of March 31, 2025)



Note: The above number of shares excludes 127,412 shares of less than one unit.

Stock price, Trading Volume, and Dividends

	2016	2017	2018	2019	2020	2021	2022	2023	2024
Closing price of stock on last day of trading (end of December) (JPY)	767.5	1,183.8	1,657.5	1,605.0	986.3	1,103.8	1,265.0	2,935.0	2,555.0
Cumulative trading volume (Shares)	17,568,800	37,484,800	55,351,200	40,744,400	30,735,600	23,196,000	14,660,400	34,843,600	29,329,500
Annual dividend per share (JPY)	2.25	31.25	70	55	37.5	50	72.5	100	105

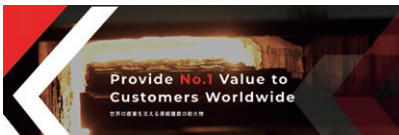
* As of April 1, 2024, our Company has conducted a stock split at the rate of 4 shares for every 1 share of common stock. The above figures are based on the assumption that the stock split was conducted at the beginning of 2016. Moreover, in October 2017, our Company conducted a reverse stock split at a rate of 1 share for every 10 shares of common stock. Stock prices and annual dividends prior to this period are shown for convenience on the assumption that the reverse stock split was carried out in each fiscal year.

KROSAKI HARIMA CORPORATION

1-1 Higashihamamachi, Yahatanishi-ku,
Kitakyushu City, Fukuoka 806-8586
<https://www.krosaki.co.jp/en>

Contact:
General Administration Department
TEL: +81-93-622-7224

KROSAKI HARIMA CORPORATION's official X account



This is the official account of KROSAKI HARIMA CORPORATION, which underpins key industries worldwide. Through this account, we introduce our initiatives, products such as refractories which are often described as materials for materials, and the activities of our track and field club.

