



Integrated Report 2024



Contents

Value Creation Section

- 03 Vision and Mission Statement
- 05 Innovation and Tradition
-History of Krosaki Harima-
- 07 Value Creation Process
- 09 Message from the President
- 13 Management Plan
- 15 Global Business Overview:
Overseas Refractories Business
- 17 Global Business Overview: India
- 19 Global Business Overview: Europe and Others

Business Section

- 21 Business Portfolio
- 23 Business Information: Refractories Business
- 24 Business Information: Furnace Business
- 25 Business Information: Ceramics Business
- 26 Quality Control: Quality Assurance Policy
- 27 Research & Development and Intellectual Property
- 28 Digital Transformation (DX)

Finance Section

- 29 Message from Finance and Accounting Director
- 31 Capital Efficiency Oriented Management and
Enhancement of Corporate Value

ESG

- 33 Message for Promoting ESG Management
- 35 Sustainability Approach and Initiatives
- 39 Information Disclosure Based on TCFD
Recommendations

Environment

- 41 Promotion of Climate Change Measures through
Heat Management Technology
- 43 Conservation of the Regional Environment

Social

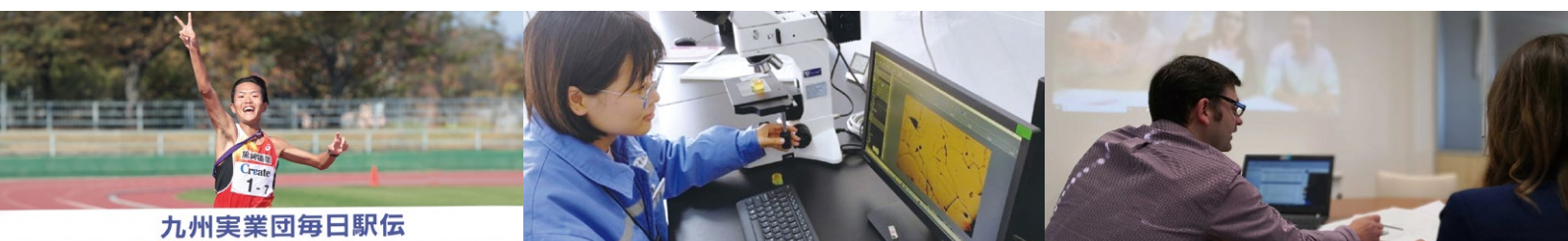
- 45 Approach to Strengthening Human
Capital Management
- 46 Initiatives to Enhance Human Capital
- 50 Respect for Human Rights
- 51 Safety and Health Initiatives
- 52 Coexistence with the Local Community
- 53 Supply Chain Management

Governance

- 55 Introductions of Directors and Company
Auditors, and Messages from Outside Directors
- 57 Corporate Governance
- 59 Internal Control System

Data Section

- 61 11-Year Key Consolidated Financial Data Summary
- 63 Group Companies and Offices
- 65 Company and Stock Information



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 second time our Group has published an integrated report, following last year's release. 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 2023 – March 2024
(including information on other periods as needed)

Scope

KROSAKI HARIMA CORPORATION and its group companies

Date of publication (Japanese edition)

November 2024

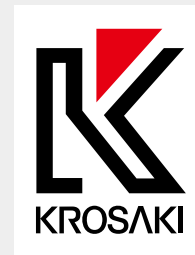
Notice Concerning Future Prospects Statements

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.

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.



— 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.

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

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.

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)

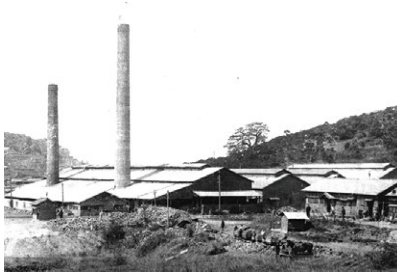


Photo of the Yahata Plant at the time of establishment

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



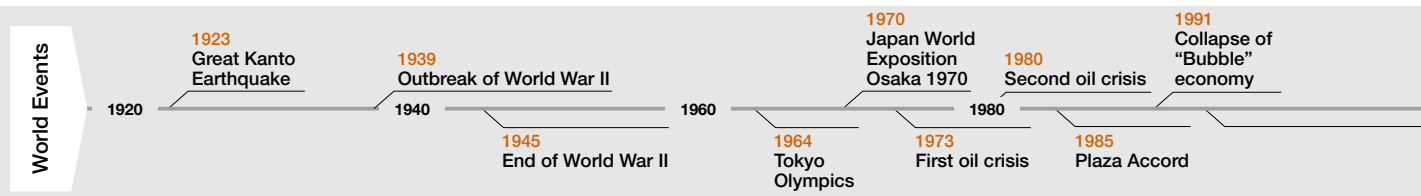
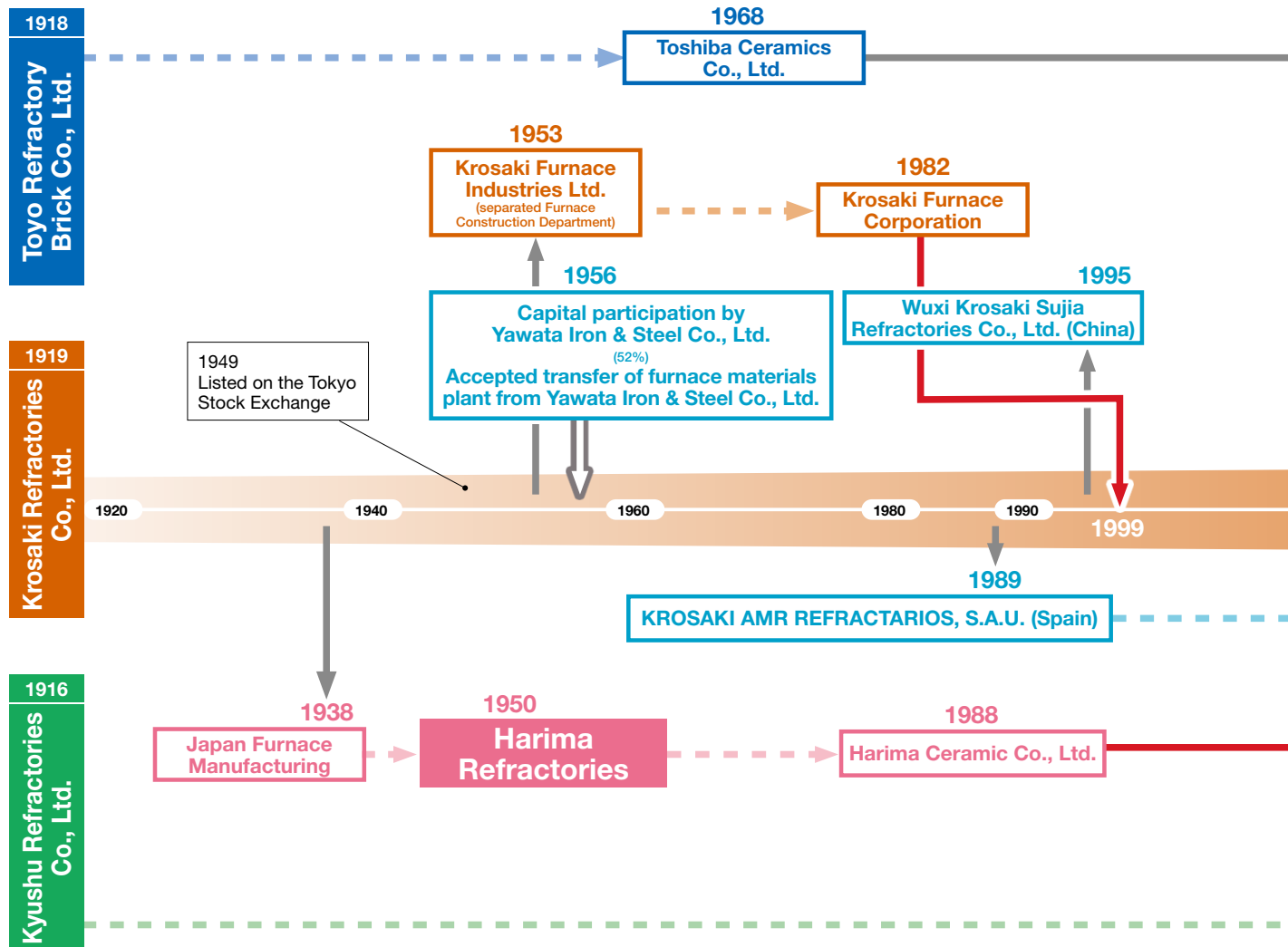
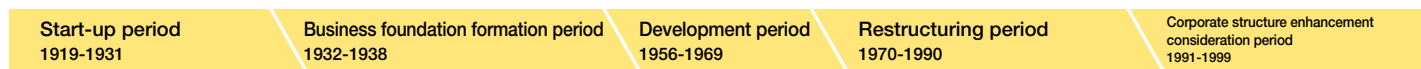
Items produced during the business foundation formation period

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

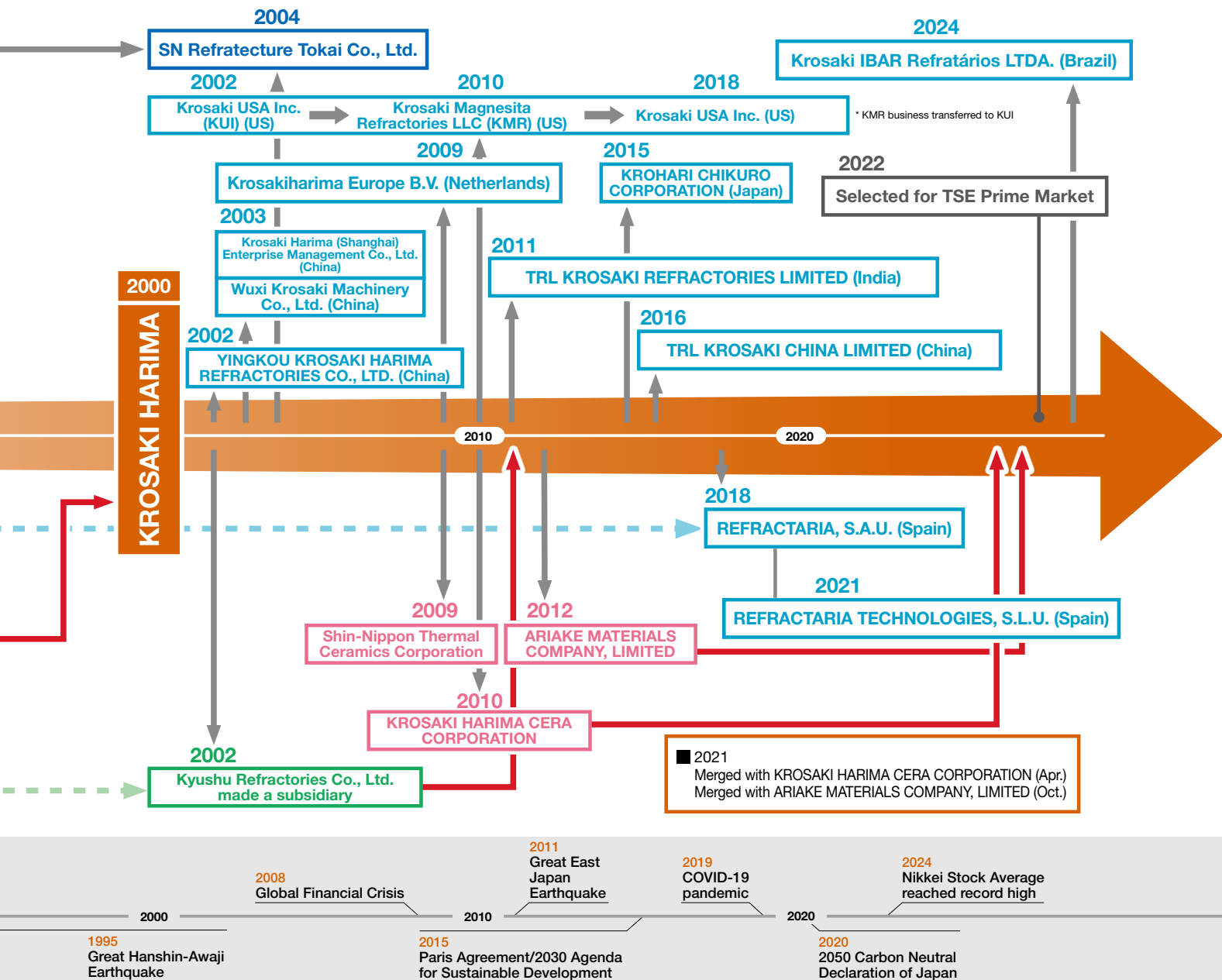


KROSAKI AMR REFRACTARIOS, S.A.U. (Spain)



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 5.7 billion (FY2023)

Financial capital

Total assets
JPY 179.0 billion

Equity ratio
48.7%

Human capital

Number of employees (consolidated)
4,904

Global human resources across multiple locations

Internal environment for implementing D&I Policy

Intellectual capital

Number of patents held
727
 (FY2023; non-consolidated)

Technology and expertise cultivated over 100 years

Natural capital

Refractories and ceramic material recycling rate
11.7% (non-consolidated)

Social and relationship capital

Coexistence with the local community through business activities

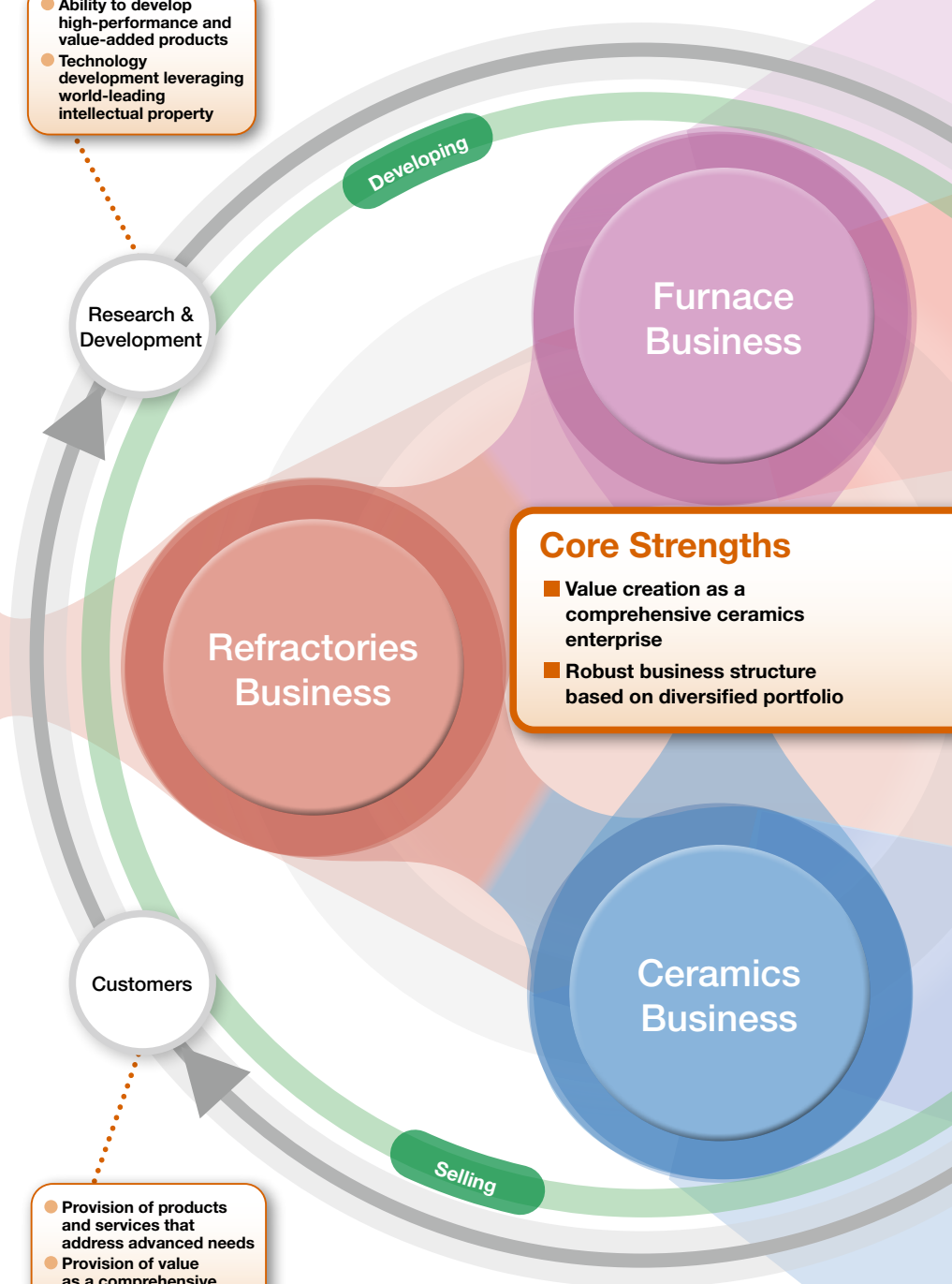
Suppliers
Approx. 2,000 companies (non-consolidated)

- 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	Human Capital
<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 (third largest share worldwide)
- Business expansion through tie-ups with leading companies

Manufacturing

Manufacturing and supply

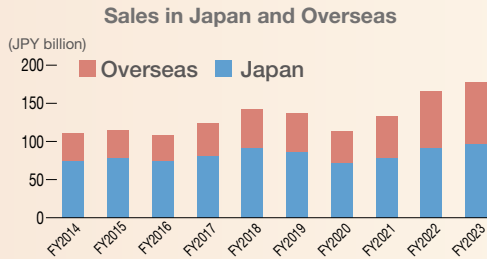
- Manufacturing capabilities and quality assurance through thorough quality control
- Global supply chain

<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

	FY2023 results	Revised 2025 management plan
Net sales	JPY 177.0 billion	JPY 180.0 billion
Ordinary profit	JPY 16.4 billion	JPY 15.0 billion
ROS	9.3%	8.3%
ROIC	9.7%	9.0%

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



Building a solid business footing less susceptible to changes in the environment by accelerating global expansion and improving our manufacturing capabilities. Our Sustainability Management

Kazuhiro Egawa

Representative Director, President

The Krosaki Harima Group is a comprehensive ceramics enterprise built on three pillars of business: our Refractories Business, which focuses on steel and other materials industries; our Furnace Business, which handles the design and construction of industrial furnaces; and our Ceramics Business, which primarily serves semiconductor manufacturing equipment, fuel cell, and electronic components as customers. We are aggressively pursuing global business development. Here I'll look back over our efforts in FY2023, and explain our Group's comprehensive initiatives for creating value, which will contribute to sustainable growth from here on out, and help to bring about a sustainable society.

《 Despite a Challenging Business Environment, in FY2023, We Set New Records for Both Sales and Profits for the Second Fiscal Year in a Row.

In FY2023, global crude steel production increased steadily in countries such as India, but stayed almost the same as the previous fiscal year overall due to the sluggish Chinese economy and the economic slowdown in Europe and the United States. Japan's crude steel production has dipped below that of the previous year for two years in a row. Moreover, we faced a challenging business environment that included soaring energy and raw materials prices due to the rapid depreciation of the yen. Despite this, our own rigorous efforts to cut costs, pass on rising energy and raw materials costs to our sales prices, and further deepen cooperation with both Group and partner companies, have allowed us to achieve record highs for both net sales and profits for the second fiscal year in a row. I will explain this in detail below.

◇ Self-help Efforts

We have promoted cost reduction and repeatedly employed a variety of original ideas to help improve productivity and

yield. In particular, we demonstrated our strength through improvement activities at manufacturing sites known as KMS Activities (KROSAKI HARIMA Monozukuri System Activities). Through these activities, more than 100 groups of employees are constantly working on individual goals to improve safety, quality, work efficiency, etc. in their own workplaces. They strive to improve manufacturing capabilities by demonstrating results. Executives, including me, participate in on-site presentations by each group activity where we exchange ideas, give advice, verify results, and apply these results to management. They are truly improvement activities that bring together front-line workers and management. We are aware that these KMS Activities have greatly improved our business performance. Moreover, amidst the current labor shortage, one of the most urgent management issues we face is passing on the skills we have cultivated over many years to the younger generation, and ensuring that they become proficient in them. Our KMS Activities are helping to address this challenge.

◇ Cost Pass-through

Although, as a matter of course, we strive to absorb cost increases through our own efforts, factors such as the severe fluctuations in the prices of raw materials, energy, and

and currency exchange rates have become the norm in recent years. Thus, it is essential to pass on these costs to our sales prices in order to secure our supply chain and sustain stable production activities. In addition to carefully explaining our operating environment to customers, we have striven to make sure customers understand by repeatedly engaging in close dialogue with them at every level. Moreover, particularly when costs are fluctuating greatly, it is important that we pass on costs to sales prices in a timely manner. So, we continue to negotiate with major customers about price revisions on a quarterly or semi-annual basis.

◇ Further Deepening Cooperation with Group and Partner Companies

Our efforts to strengthen our earnings base in overseas markets also contributed significantly to the growth of sales and profits in FY2023. We have further improved our competitiveness and made proactive capital investments in the growing Indian market by leveraging the full-menu production and sales system established by our subsidiary, TRL KROSAKI REFRACTORIES LIMITED. In Europe, our Spanish subsidiaries KROSAKI AMR REFRACTARIOS, S.A.U. and REFRACTARIA, S.A.U. significantly expanded their earnings in the steel industry and non-ferrous fields like cement from Europe to North Africa, the Middle East, and the Americas. We also pursued collaboration with ArcelorMittal Refractories, S.A. in Poland. In the Americas, we are further deepening collaboration with our Group and partner companies, including by promoting technology licensing and sales alliances with Brazilian refractories manufacturer Indústrias Brasileiras de Artigos Refratários LTDA (IBAR). Thanks to these measures the ratio of overseas net sales for FY2023 reached a record high of 45.6%. One of the most important challenges in our future growth strategy is to expand our overseas business, and we are striving to redouble our efforts.

《 Steady Progress on the 2025 Revised Management Plan and Formulating Strategies for Further Growth

We had formulated, and were implementing, our 2025 Management Plan, which covers the five-year period from FY2021 to FY2025. However, we were actually able to achieve almost all of the financial targets set therein ahead of schedule during FY2022, the second year of the plan. In light of this, we formulated the new 2025 Revised Management Plan last fiscal year. Aside from net sales, we have achieved three of the plan's indicators (consolidated ordinary profit, ROS, and ROIC) ahead of schedule in FY2023. We believe that these results are underpinned by our definite improvements in manufacturing capabilities

through the steady site-based small-group kaizen activities I spoke of earlier; our effective implementation of the Developing, Manufacturing, Selling process (the cycle of developing new products, manufacturing, and selling them) for which we aim; and the significant contribution of cost pass-through and strengthening of our earnings base in overseas markets. On the other hand, the early achievement of this target was due in part to the impact of temporary external environmental factors such as foreign exchange gains due to the depreciation of the yen. And the major measures set forth in the 2025 Revised Management Plan have yet to be completed. In light of these circumstances, we do not plan to further revise the 2025 Revised Management Plan, and will promote a global strategy that leverages our strengths towards achieving all of our financial targets, including net sales, and bringing about a sustainable society. We intend to work diligently to steadily implement various measures, while proactively investing in growth areas and accelerating our efforts towards increasing profits.

1. Refractories Business in Japan

◇ Viewing Carbon Neutrality as a Business Opportunity

In addition to implementing the key measures set forth in our 2025 Revised Management Plan to grow profits, we view carbon neutrality as a new business opportunity. As steelmakers work to achieve carbon neutrality, they are currently switching from carbon to hydrogen for iron ore reduction in the blast furnaces that are core to their manufacturing process. At the same time, they are working to expand steel production by electric arc furnaces that use scrap, which emit less CO₂ during operation. We also believe that these structural changes in the steel-making process will bring about changes in what is required from refractories, leading to products which can withstand higher temperatures and have a longer service life. We see this as an opportunity to expand demand for the high-performance and value-added refractories that are our forte. To appropriately respond to these changing needs, we will build a solid research and development system, and strive to establish new products by leveraging our strengths in facilitating the verification of newly developed refractories at steelworks.

2. Overseas Refractories Business

◇ Manufacturing and Sales based on Local Production for Local Consumption Further Improving Customer Service through Technical Support

In India, where we anticipate future growth, we have already built a full-menu production and sales system for refractories that is centered around our Group's largest

plant in Belpahar, in the state of Odisha. We have also decided to build a new plant in the western Indian state of Gujarat in order to further expand our business and capture the growing demand for refractories. However, as this is a growing market, we are also facing intensifying competition from competitors. We must win this competition. To do so, it is vital that we upgrade our level of technology. So, we plan to strengthen our technical support and build a global R&D system in order to increase our presence in the Indian market. Also, we are promoting SDGs-related activities, such as installing housing, hospitals, schools, and water purification facilities for employees in the Belpahar area. We are supporting and strengthening the development of communities where our employees and their families can feel safe living long-term.

In Europe, we will capture demand for refractories, including those in the field of non-ferrous materials, by enhancing the competitiveness of our Group companies, deepening cooperation with our partners (which includes utilizing their manufacturing and sales locations), and strengthening our marketing.

In the Americas, we have deepened our collaboration on sales with the refractories manufacturer IBAR, and supported local production of high-performance refractories by providing refractories technology licensing for blast furnaces and steel ladles. And, in October 2024, we established a joint venture (Krosaki IBAR Refratários LTDA.) together with IBAR for the manufacture and sale of taphole clay for blast furnaces.

3. Furnace Business

In our Furnace Business, we aim to further improve our execution capabilities through multi-skill development in maintenance work, identifying orders received for steady construction projects, and enhancing the management of our construction system. This will ensure that our strengths in refractories maintenance, construction, and industrial furnace design technologies are linked to profits. In addition, we will leverage our capabilities to propose integrated product and construction services, including our strengths in the Refractories Business, as we strive to expand the scope of maintenance work we offer, utilize digital technology to improve work efficiency, and increase orders received for refractories work at environmental facilities which help to address climate change issues.

The challenge is that the entire industry lacks the personnel needed for furnace construction. We intend to address this issue by implementing various measures to enhance recruitment, and strengthen personnel benefits to prevent turnover.



4. Ceramics Business

There are various markets for our Ceramics Business, including semiconductor manufacturing equipment, electronic components, fuel cells, and the fields of medical care and space. All of these are industrial fields with high expectations for growth. Sales and profits declined last fiscal year as the semiconductor market cooled down, but we are starting to see signs of recovery. The field of semiconductors is expected to grow steadily into the future, and we have formed a long-term agreement with a world-leading manufacturer of lithography equipment for semiconductor manufacturing. Going forward, we will continue to develop various applications and grow the Ceramics Business into a major pillar of our company. We will do so by expanding sales in various fields such as insulation materials for the environmental field and ceramic materials for electronic components, further expanding profits.

《 Creating Value that Contributes to the Realization of a Sustainable Society: Our Sustainability Management

In 2022, we established the Sustainability Promotion Committee, chaired by me, based on the Sustainability Activity Basic Policy formulated by our Group in 2021. This committee has addressed a variety of issues. In April 2024, we also established the Sustainability Promotion Department, which is a dedicated organization with the aim of strengthening functions to further promote such activities going forward. The entire organization is working together as one towards this end.

◇ Helping to Achieve Carbon Neutrality by Developing Environmentally-friendly Materials and Refractories Products

In addition to reducing our own CO₂ emissions, we are strengthening our development of products which help to reduce the CO₂ emissions of our customers. One specific example is our Dry-Free™ Series of Monolithic Refractories. As the name suggests, these products

allow for eliminating the drying process that was formerly required after installation by the customer. We will organize our efforts around such environmentally friendly products and services, and move forward with branding.

◇ Global Human Resource Development

It is extremely important to cultivate personnel who can play an active role on a global scale. We have traditionally evaluated and hired a wide array of talented personnel, without respect to nationality. This is because we believe that having these people play an active role around the world will contribute to the growth of our Group.

Since 2023, we have invited R&D and sales staff from our Indian subsidiary to our “mother location” in Japan, and conducted long-term training. We do so because we want them to actually learn about our R&D and sales methods, and make great strides forward when they return to our subsidiary. Going forward, we will strengthen the development of personnel who can play an active role throughout the world. For example, we may dispatch employees of our Indian subsidiary to work at our American subsidiary, or dispatch young personnel from Japan to work overseas.

◇ Promoting Personnel and Improving the Work Environment Based on D&I

Our Group grew through repeated mergers of multiple companies, and you could say that we have embodied D&I as we have continually embraced diversity. Needless to say, I’m not concerned at all about the age, sex, nationality, or employment history of any of our employees. My vital mission is to keep promoting

personnel with ability and ambition.

Our challenge from here out is to increase the number of women promoted. At present, we are implementing initiatives such as disclosing our ratio of women in management positions. As population decline intensifies, we are moving forward with efforts such as automation of manufacturing sites and using digital technology to improve operational efficiency. Our goal is to create a workplace where everyone, including women, can work comfortably.

◇ Governance through Diversity and Dialog

Our Board of Directors is composed of Inside Directors who are well-versed in our industry and manufacturing, and Outside Directors with a wealth of experience in a variety of businesses. A lot of opinions are expressed at meetings of the Board of Directors, but as the chairman, I manage the proceedings, provide additional comments, and try to foster lively discussion. We also hold study sessions for members of the Board. Recently, there have been more discussions about medium- to long-term growth, including sustainability and themes related to improving corporate value. We are moving forward with considerations from both short-term and medium- to long-term perspectives.

We actively appoint local people overseas to the top positions in our overseas Group companies and trust them with their work. We also make sure to maintain close communication. In addition to monthly conversations through the internet, we visit them periodically, and value these opportunities to meet face-to-face. We recognize that dialog is the cornerstone of governance.

To Our Stakeholders



I hope the explanation above has provided insight into our efforts to further increase corporate value. We will strive to achieve all of the financial targets, including net sales, set out in our 2025 Revised Management Plan. Hereafter, we intend to faithfully return the profits we earn to shareholders through proactive capital investments towards further growth and working to strengthen our global expansion, and we are considering a dividend payout ratio of around 30%.

We will actively promote these initiatives to people outside our company through public relations, investor relations, and the like. And we will listen to the opinions of all stakeholders, including shareholders, investors, and customers. At the Krosaki Harima Group, we will continue to promote comprehensive initiatives for sustainable growth, including sustainability management. We hope that you will support us and look forward to our new undertakings.

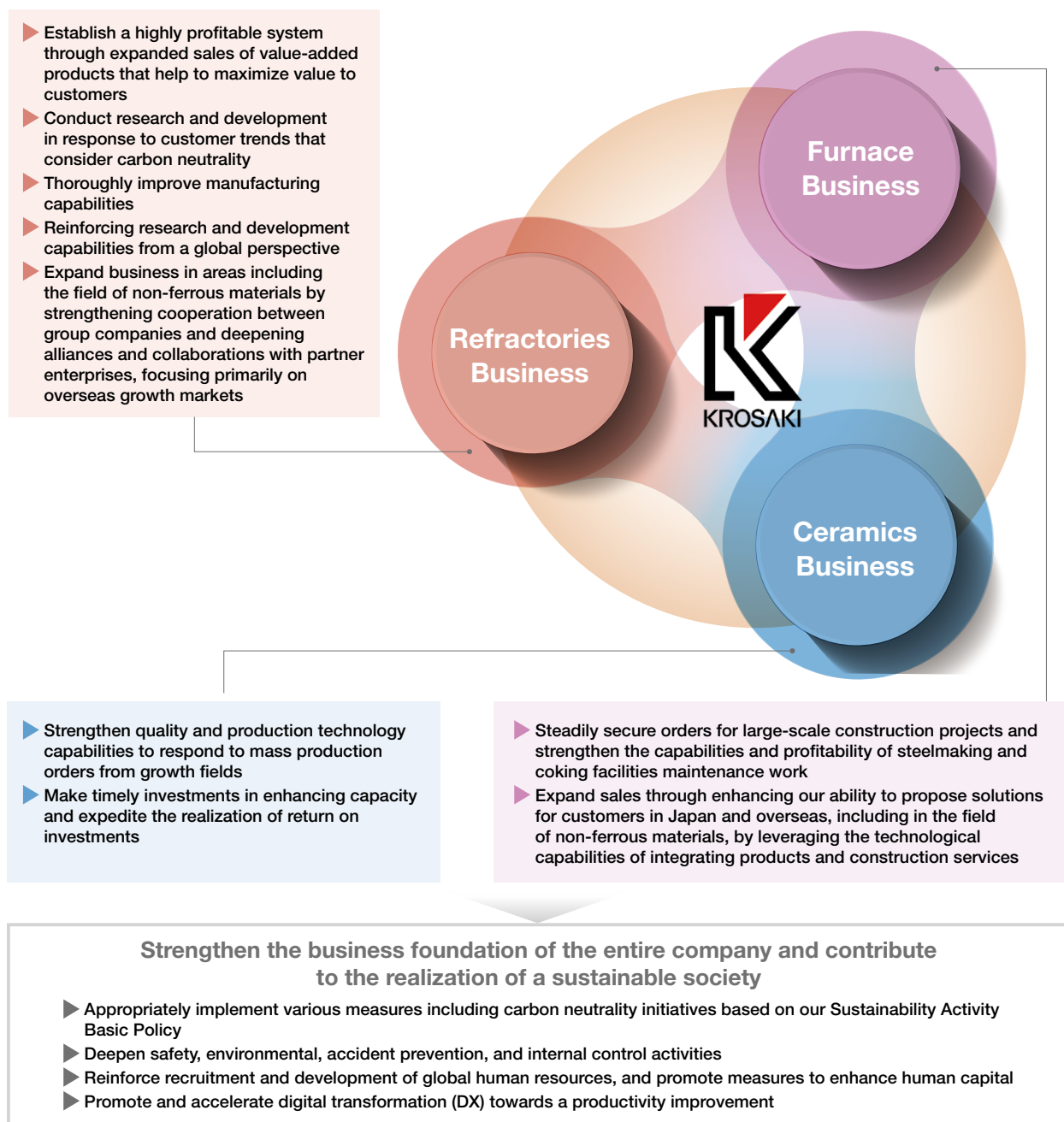
(1) Plan/Objective

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

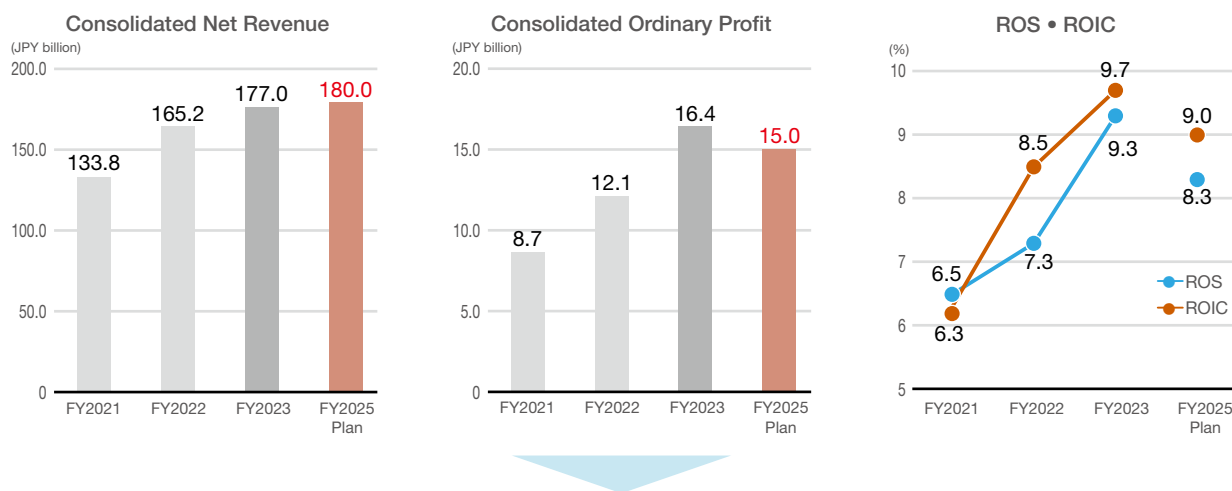
	2025 Management Plan (Announced in 2021)	2025 Management Plan (Announced in 2023)
Consolidated net sales	JPY 150.0 billion	JPY 180.0 billion
Consolidated ordinary profit	JPY 12.0 billion	JPY 15.0 billion
ROS	8.0 %	8.3 %
ROIC	—	9.0% or more
Capital investment (Based on decision-making)	JPY 20.0 billion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

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



Progress of the 2025 Revised Management Plan

In FY2023, we faced a challenging business environment due to the decline in Japanese crude steel production and soaring energy and raw materials costs due to the depreciation of the yen. However, our Group pulled together and implemented various measures which led to us achieving record revenue and profits.



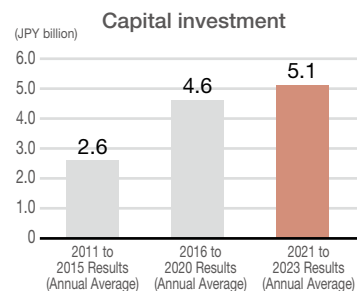
Our business performance in FY2023 led to us surpassing our financial targets for three of the indicators in our 2025 Revised Management Plan, excluding net revenue. In FY2024, we are in a situation in which it is difficult to see ahead due to unstable political and economic trends across the world. Under these circumstances, we will leverage our global capabilities in addition to our capability to set prices according to product value, develop technologies, and manufacture products.

Future Initiatives for Achieving the 2025 Revised Management Plan

- Further expand sales in Refractories/Ceramics Business, including sales expansion of Eco brand products
- Acquire more orders by strengthening cooperation among group companies in overseas growth markets and mature markets, and deepening alliances and collaborations with partner companies
- Steadily receive orders for each construction project in our Furnace Business, and strengthen the capabilities and profitability of steelmaking and coking facilities maintenance work
- Reduce costs by improving productivity, which includes promoting digital transformation (DX), improving manufacturing capabilities, and streamlining administrative departments
- Reform the structure of manufacturing locations in Japan based on structural reforms at steelmakers and our optimal production volumes
- Promote the development of refractories based on customer trends, such as the switch to hydrogen reduction blast furnaces and electric arc furnaces, and demonstrate early positive results from strengthening our organizational framework for research and development in the Ceramics Business
- Expand sustainability activities including carbon neutrality led by our new Sustainability Promotion Department, which was newly established in FY2024
- Strengthen recruitment and development of global human resources and promote measures to enhance human capital
- Carry out capital investment focused on our overseas business and Ceramics Business

For the remaining two years of FY2024 and FY2025, we will accelerate capital investment and work to further strengthen our profitability

*The capital investments shown on the right are based on acquisitions (The amounts differ from the decision-making basis due to a time lag of approximately two years.)



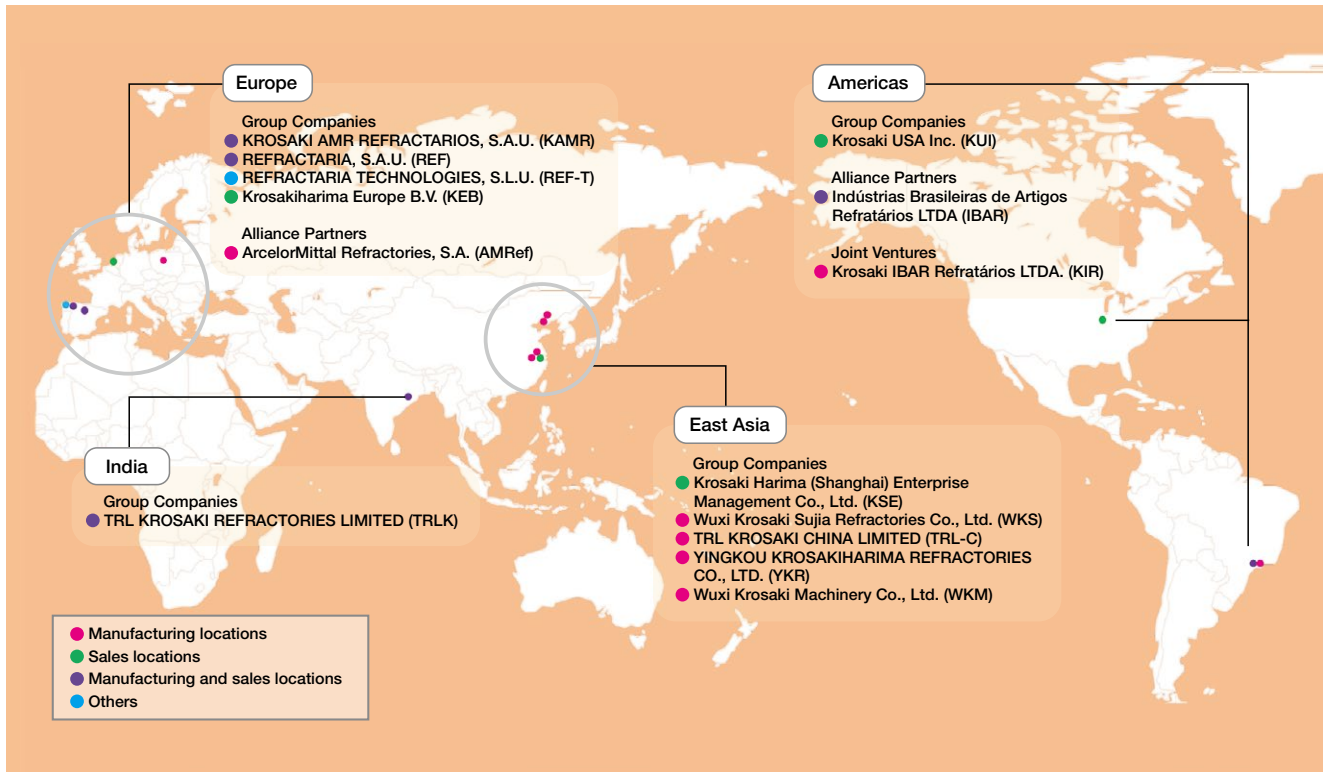
We will steadily pursue these measures to achieve the financial targets set out in our 2025 Revised Management Plan.

In addition, as we aim for further growth, we will consider the next Management Plan to be implemented from FY2026 onward, alongside our medium- to long-term vision.

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.



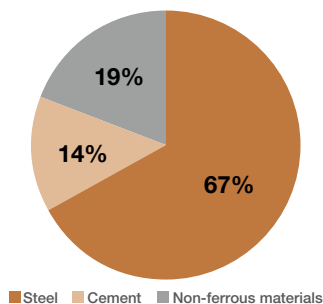
Core Strengths

<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"> Develop high-performance and value-added products with the technologies we have cultivated over the past 100 years Develop products according to the trends and needs of regional markets, and improve existing products

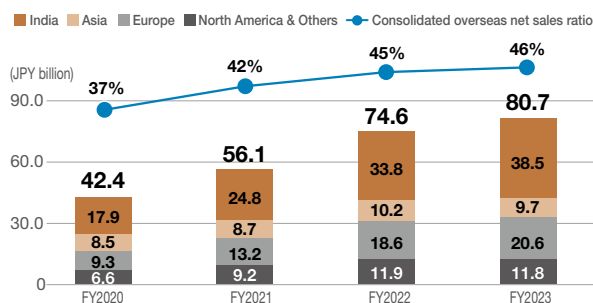
Overseas Sales Performance

Our Overseas Refractories Business provides products to a wide array of industries, including steelmaking and the field of non-ferrous materials such as cement. In FY2023 our overseas net sales came to JPY 80.7 billion and accounted for 46% of our consolidated net sales. This was due to our capture and expansion of demand for steel products caused by the increase in crude steel production in India, and an increase in sales for non-ferrous materials including cement in Europe.

Ratio of Sales by Industry for Our Overseas Refractories Business



Change in Consolidated Overseas Net Sales (in JPY)



Message from the Officer in Charge of Our Overseas Refractories Business Unit

In our Overseas Refractories Business, we are implementing the following initiatives to further expand our system of local production for local consumption based on our regional market strategies.

- Indian market:** We will strengthen our support system to enhance the competitiveness of our manufacturing and sales subsidiary, TRLK. We are also boosting our production capacity through proactive capital investment, and improving our quality and technical level. In March 2022, we completed an AG (alumina graphite) plant for continuous steel casting facilities, and established a full lineup system for steel refractories. In addition, we have now decided to build a new plant in the western Indian state of Gujarat.
- European market:** In addition to refractories for steelmaking, our manufacturing and sales subsidiaries in Spain, KAMR, REF, and REF-T, are vigorously expanding their sales of integrated product and construction services in non-ferrous fields such as cement. Our sales subsidiary in the Netherlands, KEB, sells 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 offering package solutions for molten steel flow control devices and refractories used in the steel manufacturing process. KUI will also introduce to the market industrial robots for use in maintenance shops which can replace refractories and sliding nozzles (SN) installed in the base of steel ladles.
- South American market:** We have strengthened our sales collaboration with the Brazilian refractories manufacturer IBAR, and commenced local production of high-performance refractories by providing technology related to monolithic refractories for blast furnaces and steel ladles. In addition, we have launched a joint venture to manufacture taphole clay for blast furnaces, which are set to begin operations in FY2025. By establishing a South American production base that uses 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. It also allows us to enhance customer support for South American steel manufacturers.
- East Asian market:** We are advancing the establishment of local service locations to meet the increasing demand for higher steel grades and improvements in productivity.

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 field. To do so, we will enhance the competitiveness of our Group, deepen cooperation with our alliance partners (which includes utilizing their manufacturing and sales locations), and enhance our marketing.



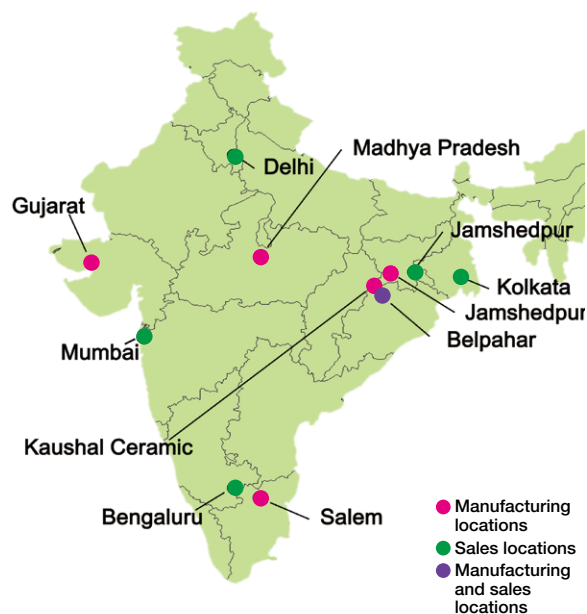
Hisatake Okumura
Director and Managing
Corporate Officer

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.

The demand for refractories is increasing in the Indian market, and is projected to continue expanding. To meet this demand, we will increase our production capacity through aggressive capital investment, improve our quality and technical standard, and further enhance our support systems.

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

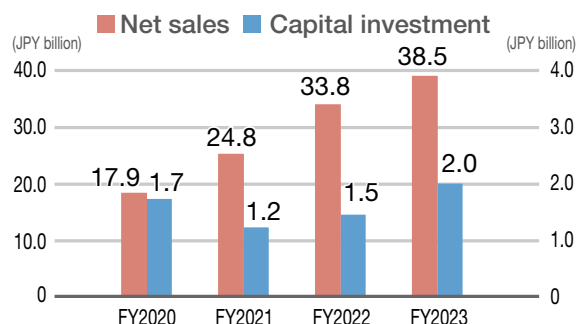


Head Office in Belpahar



TRLK employees at work

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



Strengths

Wide variety of products and meticulous technical service

- Manufacture and sell a wide range of refractories products, from bricks and monolithic refractories, to flow control refractories
- Provide meticulous technical service to support stable customer operations

Possess stable sources for raw materials supply

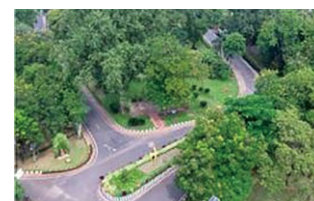
- Own our own mines, and have established long-term strategic partnership contracts with numerous raw materials suppliers

Emphasis on the environment, health, and safety

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



Refractories management at customer production site



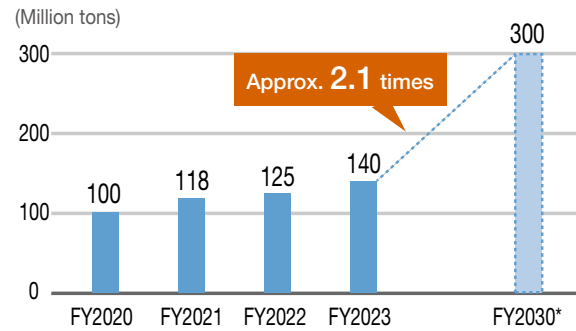
Green Township



Awareness of External Environment

The Indian government is promoting measures to protect its own 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% by 2025. Steel manufacturers in particular, 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 target for crude steel production capacity in 2030 is expected to be 300 million tons, 2.1 times the 140 million tons produced in 2023.

Crude Steel Production Results and Forecast for the Indian Market



* Indian government’s crude steel production capacity target for 2030

Research & Development

We are focusing on enhancing our product development capacity 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, in order 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 the certifications and awards below testify, TRLK is engaged in a variety of ESG activities and is an enterprise committed to long-term growth.

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

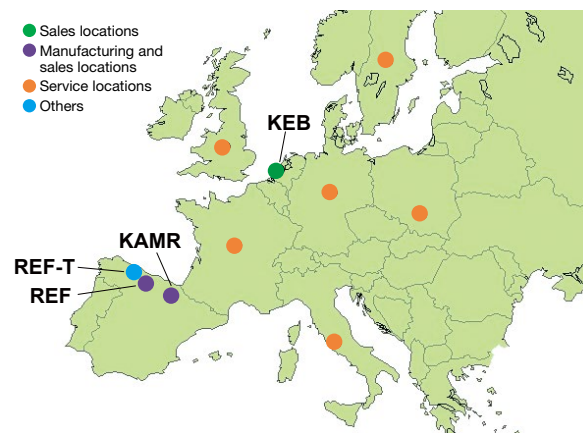
Major Certifications & Awards

- SA8000 Certification
- IMS and ISMS Certification
- BCMS Certification
- Greentech International EHS Award 2023
- CAPEXIL Special Export Award
- ICC Social Impact Award 2024
- Golden Peacock CSR Award 2021
- CII Eastern Region Quality Award 2021-22
- Sambad Corporate Excellence Award
- CII Environmental, Health, and Safety Excellence Award 2022-23
- Greentech Environment Excellence Award 2023

Our Presence in Europe

Our Spanish manufacturing and sales subsidiaries, KROSAKI AMR REFRACTARIOS, S.A.U. (KAMR) and REFRACTARIA, S.A.U. (REF), provide high-quality refractories to customers in a wide range of fields from steel and cement, to non-ferrous metals. 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. We also continue to expand our sales channel, not only in Europe, but also in other regions such as North America, 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. (REF-T).

Our Dutch sales subsidiary, Krosakiharima Europe B.V. (KEB), is working to expand sales 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.

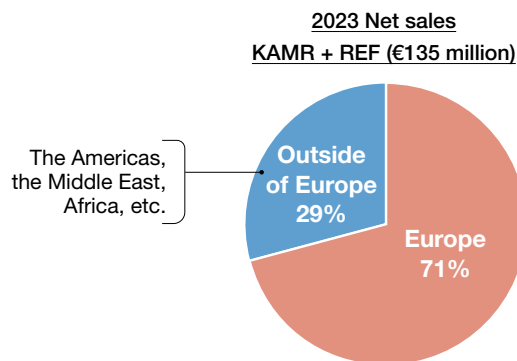


KROSAKI AMR REFRACTARIOS, S.A.U., Spain



REFRACTARIA, S.A.U., Spain

► Breakdown of KAMR/REF Sales by Region



Strengths

Expand sales for non-ferrous materials through synergies

- Cross-selling between KAMR and REF through package sales of products from both companies
- Expanding services which integrate products and construction services, including REF-T

Provide customized services

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

Extensive Sales Network

- An expansive supply system from manufacturing sites in Europe to regions such as Europe, the Americas, the Middle East, Africa, and Japan



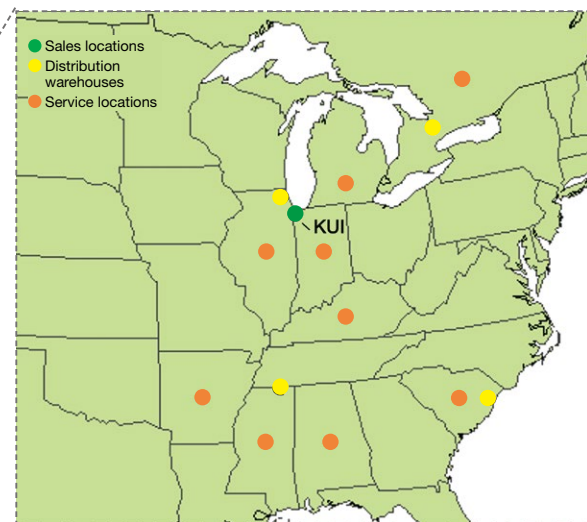
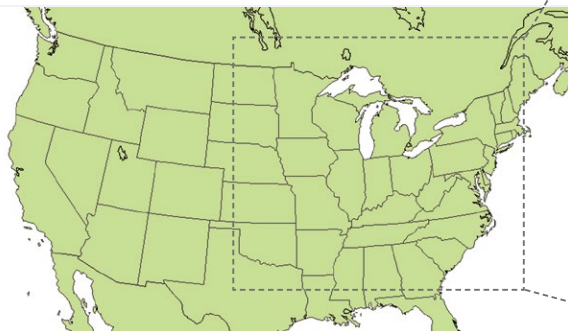
Our Presence in the Americas

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) to replace refractories for molten steel flow control. 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

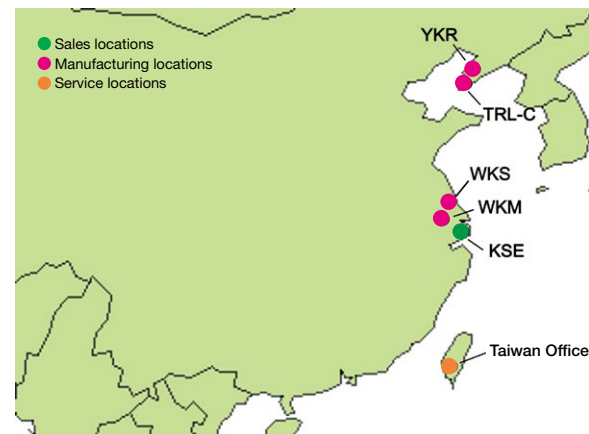


Our Presence in Asia

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 caster of 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.

Additionally, we are establishing a local service location in Vietnam to help acquire new customers and expand services to existing customers in the Asian region, where we intend to pursue further business expansion.

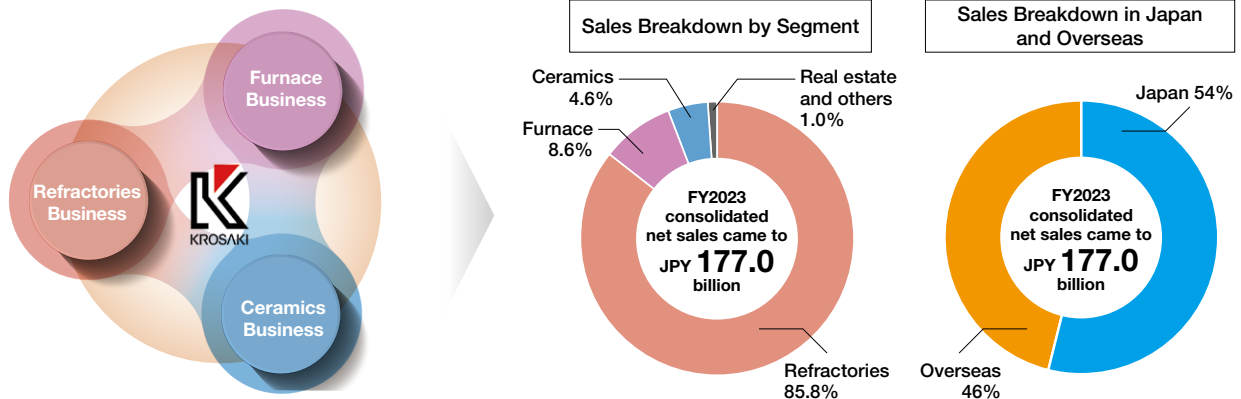


YKR's new No. 2 plant

■ 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, Furnaces, and Ceramics. We draw on 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	Portfolio in Each Domain
<p>■ Refractories Business (manufacture and sale of all types of refractories used in various industrial furnaces)</p> <ul style="list-style-type: none"> ▷ Manufacture and sale of refractories <ul style="list-style-type: none"> Manufacture and sale of refractories through our global network in Japan, India, China, and Europe 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 in the Continuous Casting process. These include, sliding gates (sliding nozzle (SN) plates), clean flow nozzles, and porous plugs (for gas purging). ▷ Engineering — Equipment <ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> • 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 furnaces
<p>■ Furnace Business (design, construction, and maintenance of various kinds of industrial furnaces)</p> <ul style="list-style-type: none"> ▷ 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 	<ul style="list-style-type: none"> • There are a wide variety of customers such as non-ferrous materials plants including cement, energy-saving furnaces, and steelworks
<p>■ Ceramics Business (manufacture and sale of various industrial ceramics, and sale of landscape materials)</p> <ul style="list-style-type: none"> ▷ Fine ceramics: Manufacture and sale of parts and materials for use in a wide range of industries, including semiconductors, aerospace and medical ▷ Thermal ceramics: Manufacture and sales of thermal insulation materials and heaters, and sales of landscape materials <ul style="list-style-type: none"> Our high-performance thermal insulation materials are also applied to residential fuel cells (ENE-FARM) ▷ Parts for electronic component firing: <ul style="list-style-type: none"> Manufacture and sales of parts and materials for the manufacturing processes of electronic components used in communications devices, home appliances, automobiles, etc. 	<ul style="list-style-type: none"> • Various growth domains such as electronic components, green energy, and other industrial fields, with a focus on the semiconductor manufacturing equipment field • Applies to customers both in Japan and overseas



Business Strategies by Field

Awareness 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

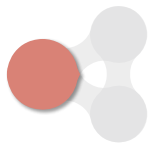


We will continue to provide our customers with the value we have created by leveraging each of our strengths as a comprehensive ceramics enterprise. These strengths include: our ability to develop high-performance and value-added products as holder of one of the largest numbers of patents worldwide in 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

- Refractories** Conduct capital investment to steady capture demand in countries with growing crude steel production
- Refractories** Provide high-performance and value-added products that meet changing customer needs against the backdrop of carbon neutrality and other challenges.
- Refractories** Expand sales in overseas non-ferrous materials fields including cement
- Refractories** Establish an optimal production system for refractories
- Refractories
Ceramics** Be able to offer tailor-made solutions that incorporate ancillary equipment, such as devices and robots for automation
- Refractories
Furnaces** 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
- Furnaces** Increase orders received for refractories construction of environmental facilities and energy-saving industrial furnaces
- Ceramics** Timely execution of capital investment for capturing strong demand

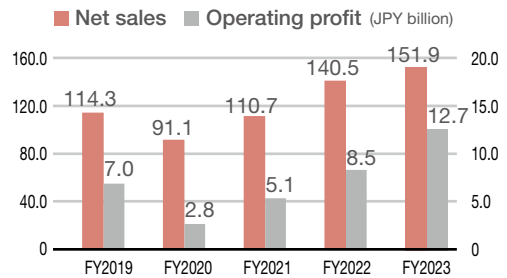
We will aim to further expand earnings in all of our businesses by continuing to pursue synergies based on our three main businesses and capturing growth markets.



Refractories Business

FY2023 Results and Trends

Since last fiscal year, we have been working to expand our business in India and to expand sales in the field of non-ferrous materials, mainly in Europe, in addition to passing the rising costs of raw materials, energy, and other cost increases on to selling prices. As a result, we achieved net sales of JPY 151.9 billion (8.1% increase year-over-year) and operating profits of JPY 12.7 billion (49.8% increase year-over-year), posting new records for both consolidated net sales and operating profits.



Recognition of the Current Business Environment

In Japan, where steelworks continue to undergo restructuring and the crude steel output has fallen below 90 million tons per year, we are unlikely to see significant increases in demand for refractories in the future. 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.

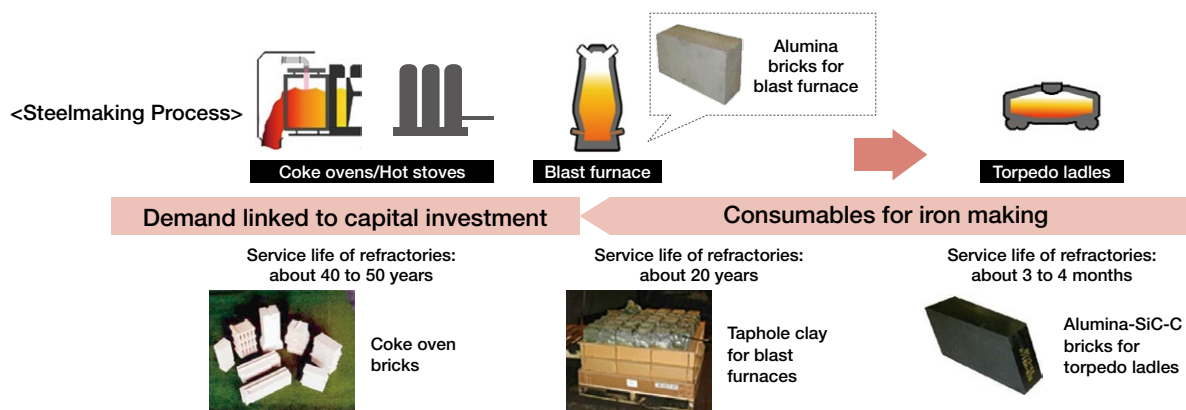
Future Initiatives for Strengthening Our Business Footing

- 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
- Expand orders by strengthening group collaboration in overseas growth markets and mature markets, and evolving co-operation and collaboration with partner enterprises
- 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

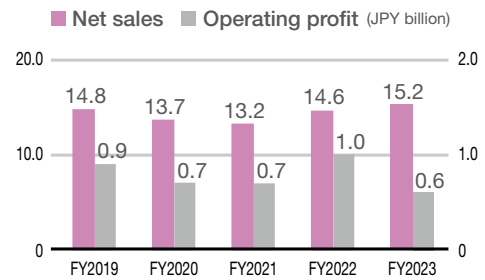




Furnace Business

FY2023 Results and Trends

Net sales increased by 4.1% year-over-year to JPY 15.2 billion due to orders received for large-scale construction projects, but operating profit decreased by 45.3% to JPY 0.6 billion due to factors such as the difference in the composition of orders received.



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 Division strives for stable business continuity and helps to create customer value.

Future Initiatives for Strengthening Our Business Footing

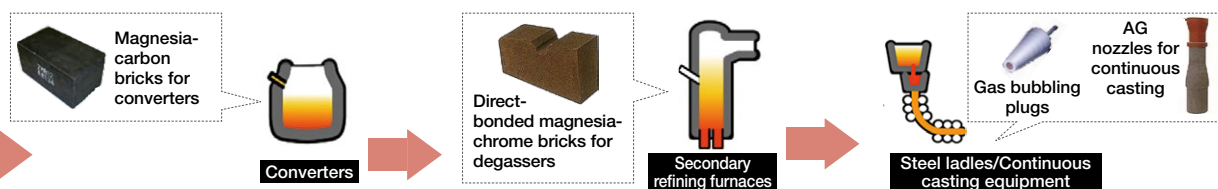
- Implement training, treatment, and a working environment that strengthens the recruitment and retention of human resources
- Improve safety and work efficiency by reducing the number of personnel needed to operate heavy machinery and promoting mechanization
- Use new materials and construction methods 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



Consumables for steel making



Service life of refractories:
 <upper part> about 1 year
 <Lower part> about 1 month



Service life of refractories
 Replaced in daily or hourly intervals

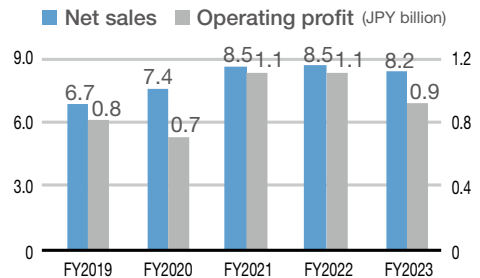




Ceramics Business

FY2023 Results and Trends

With the difficult business environment caused by a decrease in orders received for ceramic materials for semiconductor manufacturing equipment and electronic components due to customer supply-demand adjustments, we strove to pass on increases in the cost of raw materials to selling prices and reduce the cost by improving yields. However, net sales came to JPY 8.2 billion and operating profits to JPY 0.9 billion, which was a decrease in both revenue and profit.



Recognition of the Current Business Environment

In FY2023, total global sales of semiconductor manufacturing equipment related to the fields of fine ceramics and thermal ceramics (heaters) experienced negative growth (down 1.3% from the year-over-year) for the first time in 4 years. However, in FY2024, this is projected to increase by 3.4% year-over-year, recovering from the decline in FY2023 to reach a record high. From here out, the overall market is expected to be driven by increased demand for semiconductors for use in data centers due to the rapid spread of generative AI and 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.

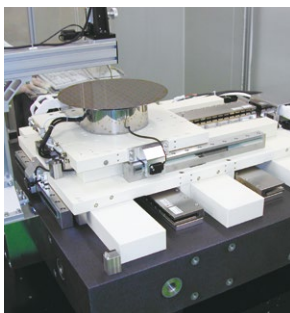
Specifically, we boast the top market share globally in parts for electronic component firing (setters), which are essential to the firing process for ceramic electronic components (see the lower right corner of this page). Also, in the field of fine ceramics, we can handle large shapes and precision machining, and possess advanced assembly technology (see the lower left corner of this page). This has earned us the trust of our customers, and allowed us to form a long-term agreement with a world-leading manufacturer of lithography equipment for semiconductor manufacturing. Going forward, we will continue helping to solve the problems our customers face and meet their needs with meticulous support and tailor-made solutions.

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.
- Renew systems for research and development in April 2024 in anticipation of further business expansion from here on out
- 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]

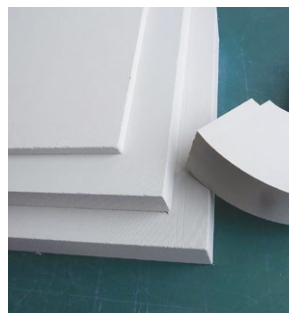
Semiconductor manufacturing equipment



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, implemented, 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, and sell refractories and ceramics, and to 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 (Krosaki Monozukuri System) activities to enhance our production capabilities as we pursue safety, quality, and efficiency. These activities see participants actively engage in education and mutual exchange at plants, and lead to personnel development which raises the level of what is considered normal and expected for each individual. 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 company-wide 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

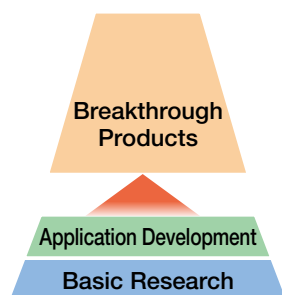
In 2022, recognizing that quality is our most important matter, we established the Quality Assurance Division as a superior organization to the Quality Assurance Department. We plan and lead company-wide activities that strive to provide products which are safer and more reliable. The Company-wide Quality 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

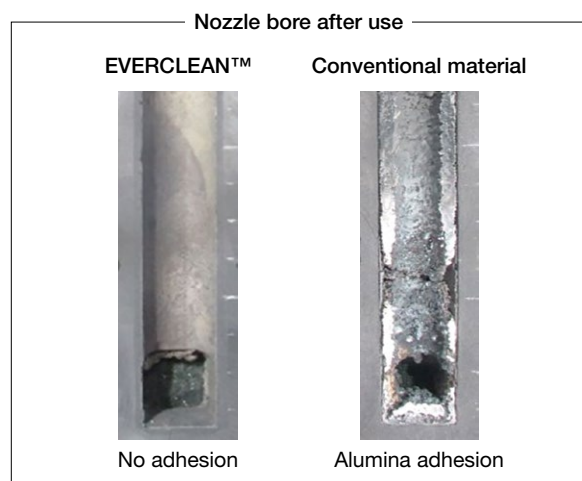
As the world rapidly changes, we aim to help bring about a sustainable society by creating innovative products and technologies that meet the needs of customers. We view change as an opportunity, and engage in a wide array of research and development activities from basic research to application development, 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.*1

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.



*1 <https://www.krosaki.co.jp/development-en>

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.

Initiatives for Transforming the Steelmaking Process

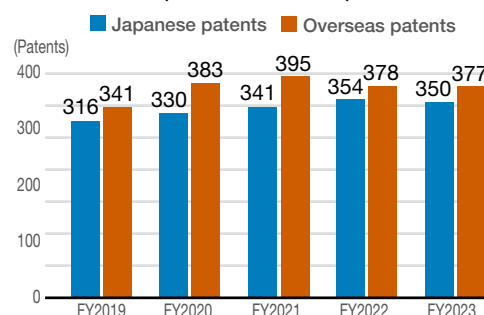
The steel industry is focusing on the use of hydrogen to achieve carbon neutrality. We are committed to the further evolution of refractory technology, conducting fundamental research on the impact of hydrogen on refractories, to contribute to the innovation of steelmaking processes in a hydrogen society.

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. We now hold many patents as a result. The EVERCLEAN™ and CARDIX products mentioned earlier have also been patented in Japan and overseas, and these patents are utilized in our business activities.

Number of Patents Held in Japan and Overseas (Non-consolidated)



The Goal of Digital Transformation

We are currently promoting digital transformation (DX) with the following goals in mind: improving efficiency and productivity in our business operations by innovating our business model and revolutionizing our work processes, and enabling rapid decision-making and execution through the utilization of digital data. In doing so, we are aiming for sustainable growth and enhanced 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. These changes are described in detail below, and shown on DX Promotion Organizational Framework to the right.

Creation of Digital Innovation Promotion Committee chaired by the President

- Established a new committee for deliberation and decision-making on important policies for promoting DX within the company
- Regularly share and evaluate the progress of company-wide promotion of DX

Creation of Digital Innovation Division to Spearhead Business Transformations through Digital Technologies

- Merged the ICT Department which was in charge of planning, maintenance, and operation of telecommunication systems, with the Business Innovation Department, which handled business reform including soft measures. The new organization is integrally responsible for company-wide promotion of DX and overall business functions related to information and telecommunication systems
- Includes review and approval functions for capital investment projects within a certain fiscal scope that utilize digital technology

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)

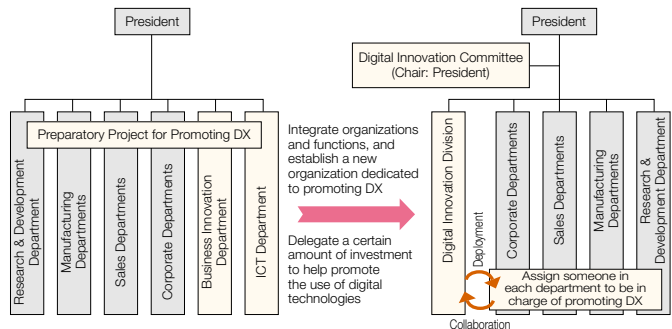
In promoting DX, we aim to have each employee take the initiative to be involved in transforming business processes. We refer to this stance as Digital DIY, and are promoting the formalization of common behaviors.

Business Processes Improvement by Citizen Developers

We have established a framework that allows employees to use digital technologies such as low-code tools as citizen developers to improve their own work processes, and actively encourages employees in all departments, not just the IT department to do this.

For instance, we have made progress on standardizing

DX Promotion Organizational Framework Chart



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 Personnel

We are promoting the following personnel 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 to address the IT risks posed by targeted phishing emails and by the use of generative AI, and we regularly alert our employees to these risks. We also cooperate with NSG-CSIRT (the Nippon Steel Group Computer Security Incident Response Team) on security measures.

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.

Production Site Example: As part of our site-focused small group kaizen activities, we used database development tools to create a custom logistics management system for the manufacturing process. Combined with improvement activities for each process, it has enabled us to achieve smart process management with minimal loss.



Discussing development during on-site small-group kaizen activities.

Despite the Difficult Business Environment, We will Accelerate Investments to Reach Our Financial Targets Ahead of Schedule and Achieve Further Growth

Takeshi Yoshida
Director and Managing Corporate Officer



Progress of 2025 Revised Management Plan

In FY2023, the steel industry, which is our main customer, continued to face a challenging business environment due to a decline in crude steel production year-over-year both in Japan and around the world, as well as rising costs for raw materials and procured items driven by the rapid depreciation of the yen. Under such circumstances, we took deliberate action to improve productivity and yield, and since the end of the last fiscal year have also passed on the increases in costs for raw materials and energy in our Refractories Business to sales prices. In addition, our efforts to expand our Indian business and promote sales primarily in Europe for the non-ferrous materials field led to our Group achieving

record highs for both net sales and profits for the second period in a row.

Moreover, the various efforts I just mentioned have allowed us to achieve all of our numerical targets other than net sales for the final fiscal year of our 2025 Revised Management Plan—namely ordinary profit, ROS, and ROIC—two years ahead of schedule.

Under the initial 2025 Management Plan, we had planned on JPY 20 billion in capital investment over five years. Furthermore, we have decided to invest an additional JPY 15 billion, bringing the total to JPY 35 billion aimed at steadily achieving future business growth, including in India, where we are making steady progress.

Major Capital Expenditures from FY2021 to FY2023

	Japan			Overseas		
	SN Plant: Logistics improvements in machining processes	Setouchi Plant: Investment in full automation of packaging processes	Alumina Plant: Equipment renewal to mixing and shaping processes	TRLK AG Plant	TRLK: Investment in expansion of calcined dolomite plant	WKM: Line automation
						KAMR: Molding machine



Improving Capital Efficiency and Increasing Corporate Value

In order to promote management with an awareness of capital costs, our Group has set a goal of 9% or higher ROIC in our 2025 Revised Management Plan. In line with this target, ROIC for FY2023 reached 9.7%. We carefully consider the reasonableness of our scale of investment, probability of return on investment, and appropriateness of our execution timing when making decisions on capital investments. 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. These efforts have enabled us to steadily realize returns on each investment, which has in turn boosted ROIC for the entire company.

In the future, we intend to reach a stage in which ROIC indicators are managed by each department. So, starting from the next fiscal year, we will set ROIC targets for each department, more deeply consider specific actions for improving ROIC, systematize these actions into an ROIC tree, and put them into practice. We are currently engaged in dialog with each department and one of the goals is to raise awareness towards this end. We hope to achieve higher returns by sharing information concerning the productivity of invested capital for each business and spurring improvements in less productive businesses. On the other hand, we also need to update aging equipment and buildings. We will assign priority from the standpoint of strengthening our business foundation, and proceed with renovations in a systematic way. In addition, we expect customers to accelerate the reform of their manufacturing processes in the future, due to problems arising from climate change. It is extremely important to strengthen our R&D capabilities so that we can provide high added-value products, while listening to customer needs such as those mentioned above. Up until



now, we have invested approximately 2% of our annual sales in R&D-related expenses. This includes not only the disclosed R&D expenses but also expenses for related activities at our overseas Group companies, but we will need to further expand this investment in the future. Therefore, in addition to the R&D that KROSAKI HARIMA does on its own, we aim to build a global R&D system that will include India and Europe and align with the expansion of our business globally. This will enable us to respond to the needs of our customers around the world in a timely manner.

There are ways to improve ROE using financial leverage, but we will prioritize further increasing our profitability. Moreover, we believe that to gain appropriate recognition from the capital markets and increase PBR, it is important to keep striving steadily to advance measures in line with our management plan, enhance IR activities, and ensure investors have a deeper understanding of our initiatives.

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. And we believe that with strong partners, we can further expand our business in Europe and the Americas. We will also expand our Furnace Business by integrating it with our Refractories Businesses, 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 in domains that can be expected to grow in the future. These include semiconductor manufacturing equipment, electronic components, fuel cells, aerospace, and medical. To steadily realize this potential for growth, we will earnestly grapple with enhancing personnel recruitment and development, which will be key to promoting our further growth, strengthen our sales capabilities, as well as implement proactive investments in a timely manner. We also consider shareholder returns to be an important management policy, and will meet the expectations of shareholders by sharing the fruits of our business growth through steady and flexible shareholder return measures. I hope you will be looking forward to the future of our Group, which has the potential to grow on a global scale.

Initiatives to Enhance Corporate Value

■ Enhancing Corporate Value

We believe that the corporate value of the Krosaki Harima Group comes from the technologies, products, and services that we have cultivated over 100 years since our founding, as well as the personnel who have developed them, and the goodwill that we have built with stakeholders through addressing customer challenges.

Our Group has introduced ROIC as a management indicator that emphasizes return on capital. Striving to improve ROIC will expand our equity spread and further enhance the corporate value of our Group.

■ Capital Efficiency and Cost of Capital

Return on Capital: ROIC (Return on Invested Capital)

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

We believe that by using ROIC as a KPI, staying aware of the cost of capital, and measuring the profitability of invested capital, we can take the best actions for contributing to cash generation while swiftly responding to changes in the business environment.

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

We use the WACC as the cost of capital to compare with the profitability of the invested capital. The WACC is calculated from the weighted average cost of liability and equity based on the CAPM (Capital Asset Pricing Model), and our current WACC is assumed to be around 4-7%.

Equity Spread

Through emphasizing capital efficiency in our management, we will work to both secure an ROIC that exceeds our cost of capital and help to bring about a sustainable society, thus achieving stable shareholder returns and increasing corporate value.

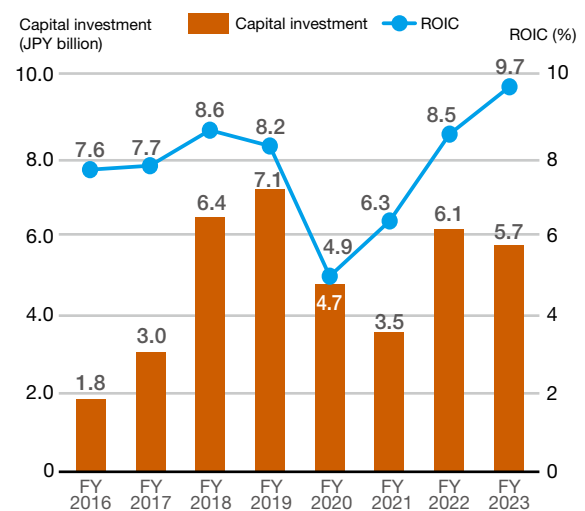
■ Investment Management

When our Group makes investments, we comprehensively assess the project details, including whether the amount and timing of the investment are appropriate, any latent risks, and the future prospects of the business that is the target of investment. This helps us to proactively promote investment projects that exceed the cost of capital. We then report the results to the Management Council and Board of Directors where investment decisions are made.

As for follow-up, we also carry out multifaceted discussions based on the knowledge and know-how acquired through various investment projects and report the results of this follow-up to the Management Council to ensure that the effects of investment projects are achieved as planned. Based on this policy, we have steadily implemented effective renewal investments on top of capital investment intended to capture demand in India and other growth markets, resulting in an ROIC of 9.7% in FY2023.

Going forward, we will keep working to improve capital efficiency by following a PDCA cycle suitable for investment projects.

Capital Investment and ROIC Performance



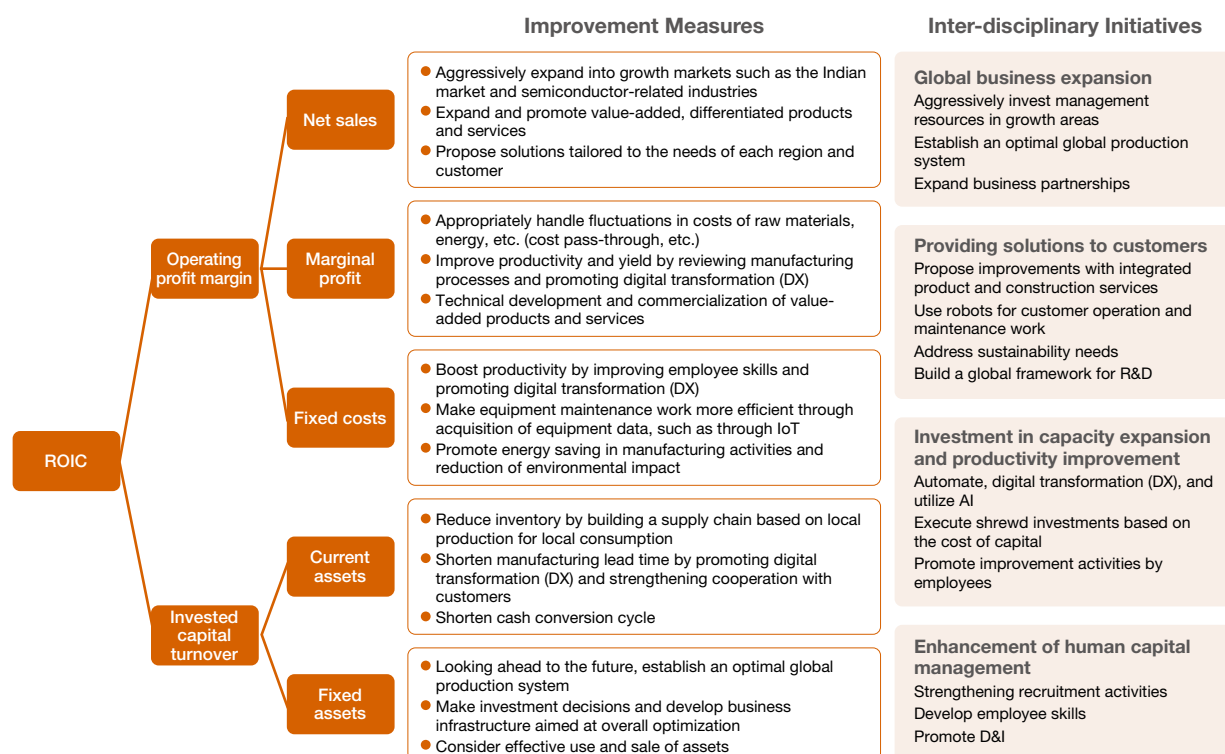
* The capital investments shown on the above are based on acquisitions

Strengthening Cash Flow Management through the Utilization of the ROIC Tree

In order to generate cash, it is vital to carefully select investments as well as maximize operating cash flow.

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

For each business, we will deepen ROIC management further by utilizing the ROIC Tree and linking it to specific site-level actions, such as rolling out internal KPIs, and the formulation and review of business strategies which include capital investment.

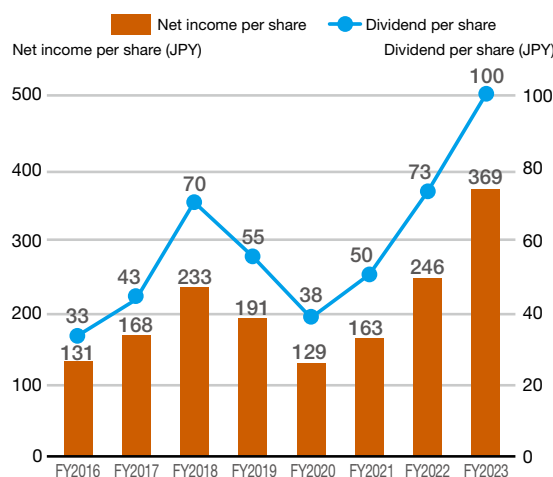


Shareholder Returns and Dividend Policy

Our dividend amounts, can be seen on the right. We will strive to enhance shareholder value by deepening our management and financial strategies so that we can achieve returns that exceed the cost of shareholder equity, while continuing to improve profitability and implement stable dividends.

Going forward, we will continue our policy of paying appropriate dividends to shareholders based on the distribution of profits according to business performance, with a dividend payout ratio of around 30%. As we do so, we will take into account earnings forecasts, our financial position, the financing necessary for investments towards improving our corporate value, and other factors.

Net Income Per Share vs. Dividend Amount





Jumpei Konishi

Director and Managing
Corporate Officer

Takeshi Yoshida

Director and Managing
Corporate Officer

Naoki Furuta

Director and Managing
Corporate Officer

Keeping Up with the Changing Times, and Contributing to the Development of Industry and the Prosperity of Society as a Global Enterprise

Three of our Directors and Managing Corporate Officers discuss the ESG management of the Krosaki Harima Group from their respective positions. One is responsible for Sustainability Management, one is responsible for R&D, Technical Management, and Quality Assurance, and one is responsible for Refractories Manufacturing, Human & Plant Safety, Health, Environment and Accident Prevention.

Approach to and Structure for Promoting Sustainability

Yoshida (responsible for Sustainability): As an enterprise which operates on a global scale, our Group wants to be a good cosmopolitan enterprise that keeps abreast of changes in society and supports the future of the Earth. We also want to be an enterprise that continues to grow. 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 global industrial development, and to making contributions to the prosperity of society, by providing high-value products and technology for the ceramics industry worldwide through continuous innovation.” So, sustainability is one of the values incorporated into our management philosophy.

Furuta (responsible for Refractories Manufacturing, Human & Plant Safety, Health, Environment and Accident Prevention): Since the 1970s, we have been researching and developing, and expanding the applications for, products such as unfired refractories which are hardened using resin instead of being fired in a furnace, and monolithic refractories which are poured or sprayed like cement. So, from the perspective of refractories manufacturing, we have long been providing environmentally friendly products with extremely low energy

consumption and CO₂ emissions.

Yoshida: In recent years, the importance of sustainability has been more widely recognized, and in 2021, we formulated our Sustainability Activity Basic Policy to more concretely express our approach to sustainability in writing. We also organized the Sustainability Promotion Committee, and established priority issues for it to focus on.

Initiatives for Environmental Issues

Yoshida: As countermeasures against climate change, we are working to reduce our own CO₂ emissions by switching to unfired products and monolithic products, which generate fewer CO₂ emissions, and switching to natural gas for fuel. We are also focused on developing products which help solve the environmental issues that our customers face.

Konishi (responsible for R&D, Technical Management, and Quality Assurance): An example of this is our development of products that help customers to reduce CO₂ emissions. As a refractories manufacturer, we provide refractories to steelmakers and other material manufacturers. Our role is to contribute to society as a whole by reducing CO₂ emissions both from our company and from our customers. Currently, the steel industry, which is our main customer, is taking up the challenge of transforming its steelmaking processes to reduce CO₂ emissions. Specifically, methods such as electric

arc furnaces and hydrogen reduction are being tried out. Both of these methods require refractories to be used in harsh environments. So, refractories that can stand up to such harsh conditions are needed. We are in the process of developing these refractories based on our own proprietary technologies, and we would like to offer solutions to our customers.

Furuta: Plus, as a result of our research into monolithic refractories, we have recently developed Dry-Free™, a monolithic refractories product which does not require a drying process. It has received high praise from customers, whom it enables to achieve further CO₂ emissions reductions, and was awarded the Best Recommended Eco Premium Product Prize by Kitakyushu City in 2023. Dry-Free™ is now used by many customers, including in incinerators. We are also constantly pursuing the development of more durable refractories which will enable the manufacture of steel with fewer refractories. Our advanced technical capabilities have allowed us to lead the market in this area, and given our products world-class durability. Moreover, we are developing refractories that utilize the waste refractories that have been used by our customers. We are also working to improve the recycling rate without compromising the service life of our products.

Konishi: Going forward, we will strengthen our efforts to address environmental issues overseas from the perspective of a global leader.

Initiatives to Enhance Human Capital Management

Yoshida: In response to the increasingly severe situation concerning recruiting people in Japan, the Sustainability Promotion Committee in May 2024 decided to integrate human resource development, strengthening of recruitment, and D&I, into Human Capital Management, and designate this as a priority issue. For D&I, we have set targets to promote the participation and advancement of women in the workplace and increase the percentage of male employees taking childcare leave and annual leave. We continue to carry out activities to achieve these goals, and are gradually starting to see the effects of our improvements. As a global enterprise, to respond appropriately to changes in the business environment going forward, it is essential that we develop global human resources. We are pursuing various measures to this end, including personnel exchange with Group companies overseas. We are also striving to further strengthen our open and communicative workplace culture, which we consider the foundation of personnel development, and are trying to increase loyalty by promoting dialog between superiors and subordinates, expanding employee training, and conducting surveys and providing feedback to improve engagement.

Konishi: The R&D Department has been working on a system that will allow us to further understand customer needs and carry out development at our overseas locations as well. To be specific, we welcome researchers from our

Indian subsidiary to our Technical Research Laboratories in Japan, and dispatch young research staff from Japan to India. This also serves to create a network of people who can grow and collaborate with each other. In the future, we will pursue similar initiatives with Europe as well.

Furuta: It is very important to increase manufacturing efficiency as the working population decreases. While it has been pointed out that the on-site capabilities of companies in Japan as a whole are declining, we are promoting on-site improvement activities and striving to enhance our manufacturing capabilities through small-group activities involving over 100 groups of employees. Employees talk to each other, set goals, and work together to achieve results. Through these activities, employees at our production sites are also putting digital transformation into practice by collaborating as citizen developers, and using IT tools for developing such as a logistics management system for manufacturing processes to improve work efficiency. We have striven to create a workplace where both the company and its employees are happy, not just by improving working conditions through wages, but through self-fulfillment. We continue to extend this to make our plants even stronger.

Further Strengthening our Open and Communicative Workplace Culture as the Foundation of Governance

Yoshida: We recognize that an open and communicative workplace culture is the foundation not only for human resources development, but for maintaining and strengthening corporate governance. Based on this awareness, our management team which includes the president, continues to conduct yearly Management Patrols at all of our plants across Japan. During the patrols, the president holds dialogues with employees and management members and gives Compliance Lectures.

Konishi: In my Compliance Lectures during the Management Patrol, I tell people that if they have any problems, they should always consult their superiors and colleagues. This is because, if you consult someone on the spot as soon as a problem occurs, you can keep the damage from expanding. I am currently responsible for Quality Assurance, and feel that a workplace where employees can consult one another openly is livelier and encourages good dialog that helps maintain quality, as well as making its members more positive about complying with the rules.

Furuta: As the officer responsible for health and safety, I feel that the key to governance is an open communicative workplace where people can immediately consult each other when they sense a problem. Without refractories, steel and other materials could not be produced and society would come to a halt. We are aware of the important role that all of us including our employees play in supporting society, and will continue to maintain an open and communicative workplace going forward.

Approach to Sustainability

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

To be specific, 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. And 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 the President) as an advisory body to the Board of Directors that deliberates on and steadily promotes 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 any other times that are necessary. Moreover, the committee has formed the Climate Change Sub-Committee and the Environmental Sub-Committee to investigate, examine,

Sustainability Promotion Structure Chart



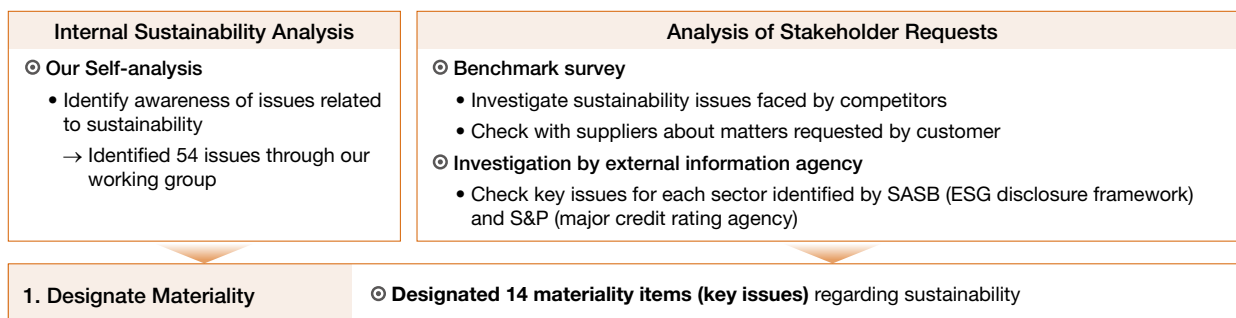
discuss, and report on priority issues.

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

Process for Reviewing Sustainability Issues





2. Create materiality map (identify priority issues)

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

3. Formulate policies for initiatives related to priority sustainability issues

- ⊙ 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/Future 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

● Environment ● Society ● Governance

Priority sustainability issues = Issues to prioritize as the focus of our efforts from here out

- Promotion of climate change measures through heat management technologies
- Conservation of the regional environment
- Promotion of recycling
- Enhancement of human capital management
- Stable supply to customers
- Thorough protection of human rights

- Compliance with chemical substance regulations
- Coexistence with the local community
- Promotion of working environment improvements
- Thorough quality control
- Thorough workplace safety
- Thorough compliance
- Enhancement of corporate governance

Fundamental issues = Sustainability issues other than the priority issues listed above

* 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 the President) identify and assess company-wide risks, then 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 roll out 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 five priority sustainability issues for FY2023 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 FY2023	Future Initiatives
(1) Carbon neutrality initiatives within our company			
<ul style="list-style-type: none"> Set targets to reduce CO₂ emissions and consider countermeasures 	[Non-consolidated Scope 1 and 2] <ul style="list-style-type: none"> 2013: 178 thousand tons 2030: 89 thousand tons (50% reduction compared to FY2013) 2050: Substantially carbon neutral * Changed the display of CO ₂ emissions from the conventional Global Warming Act to conform to ISO14064.	CO ₂ Emissions Results for FY2023 [Non-consolidated Scope 1 and 2]: 177 thousand tons <ul style="list-style-type: none"> Emissions reduced by 0.1% compared to FY2013 We have reduced CO₂ emissions from our core businesses (Refractories, Furnace, and Ceramics) by 15.5%, and have reduced CO₂ emission intensity of production by 6.5%. We also plan to withdraw from the lime business by the end of March 2025 Reduced emissions by lowering electricity consumption through the introduction of energy saving equipment, and the reduction of fuel consumption through various measures 	<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 Group companies in Japan and overseas Introduce high-performance CO₂ emissions calculation tool Acquire third-party assurance of CO₂ emissions disclosures from an independent certification institution Ascertain GHG emissions throughout our entire supply chain, and set targets for 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 In order to develop our business of differentiated products with high environmental value, we identified potential candidate products, then narrowed these down 	<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 	(Consider based on future analysis)	<ul style="list-style-type: none"> Expanded application of refractories which do not require drying or preheating Expanded application of highly-durable unfired bricks Promoted switch from fired to unfired bricks 	<ul style="list-style-type: none"> Continue to expand application of refractories which do not require drying or preheating Expanded 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 		<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 environments, electronics, medical, aerospace, etc. 		<ul style="list-style-type: none"> Actual adoption in state-of-the-art equipment for mass production of semiconductors (2023) 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 to reduce CO₂ emissions from production processes through development and application of lightweight setters for high-speed capacitor firing furnaces
(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

Promoting Diversity & Inclusion (D&I)

Item	Quantitative and Qualitative Targets (KPIs)	Progress in FY2023	Future Initiatives
<ul style="list-style-type: none"> Promoting the employment 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 management positions Establishment of total annual hours actually worked Targets for days of annual leave taken Goals related to employee health management, etc. 	Detailed in "Promoting Diversity & Inclusion (D&I)" on pages 46 to 48 of this document	Promote diversity and inclusion as a global company with employees in countries all around the world

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

Item	Quantitative and Qualitative Targets (KPIs)	Progress in FY2023	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 the recycling of fine ceramic waste, in addition to bricks and sludge 	1% reduction in the weighted average basic unit of emissions for industrial waste over the past three years (non-consolidated)	Surpassed target by 15%	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 and reuse it in the production process, saving water and creating environmentally friendly wastewater 	1% reduction in water consumption compared to the average for the past five years (non-consolidated FY2024 target)	Added wording, "We will promote activities for conservation of clean water resources." to our environmental policy and promoted the reduction of water consumption	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

Coexistence with the Local Community

Item	Quantitative and Qualitative Targets (KPIs)	Progress in FY2023	Future Initiatives
(1) Contribution to the development of livable cities			
<ul style="list-style-type: none"> Create parks and station squares decorated with recycled bricks and landscape materials 	—	Delivered recycled bricks and landscape materials to landmark buildings, passenger terminals, promenades, and public facilities in Kitakyushu City and other areas around the Kyushu region	<ul style="list-style-type: none"> Use landscape materials to create communities where people feel comfortable living Actively participate in various fields to revitalize the local environment and help create communities where everyone can live comfortably
(2) Fostering the next generation of (local) personnel who will be responsible for business activities			
<ul style="list-style-type: none"> Participate in local events and cleanup activities, and cooperate with the community through track and field club activities Promote local recruitment 	—	<ul style="list-style-type: none"> Continued to support local communities by co-sponsoring local events and obtaining naming rights for a local public sports facility, and supported earthquake recovery through donations to individuals and businesses who were victims of the 2024 Noto Earthquake Cooperated in posting articles on the local government employment information websites in communities where our company is based Fostered cooperation and a sense of unity with the local community through the activities of our track and field club (which has participated in local running classes, won consecutive championships of the Kyushu Industrial Teams Mainichi Ekiden, and placed 4th in the New Year Ekiden, etc.) 	<ul style="list-style-type: none"> Contribute to the development of the next generation of personnel who will lead the region in the future Have stakeholders understand the value we provide to society, and pass this on to the next generation Help develop personnel with sound minds and bodies by promoting sports

Promoting Recycling

Item	Quantitative and Qualitative Targets (KPIs)	Progress in FY2023	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 	15% or more of the raw material ratio should be from the recycled raw materials on the right (non-consolidated)	Promoted processing and addition of industrial waste generated in-house, such as machining dust, in order to use them as recycled raw materials	<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"> Began contract work for new customers. 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"> Established and expanded application of product groups that use 60% or more recycled materials (urban waste and industrial waste) as raw materials 	Develop new products that help build livable communities and realize a recycling-oriented society

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 to consider promptly calculating Scope 1, 2, and Scope 3 emissions, and building a management system for them. We also acquired third-party assurance of our disclosed CO₂ emissions values from an independent certification institution. Moreover, we have focused on developing environmentally friendly products and strengthening branding efforts to highlight their environmental value, in order to contribute even further to the realization of a decarbonized society.

Governance

- We recognize that sustainability issues are key to the management of our Company, and have established the Sustainability Promotion Committee (chaired by the President) as an advisory body to the Board of Directors for deliberating on and steadily promoting activities based on our Sustainability Activity Basic Policy, as well as the Climate Change Sub-Committee which researches and studies 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 calculating CO₂ emissions throughout our supply chain (Scope 3) and strengthening our measures for reducing CO₂ emissions as 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

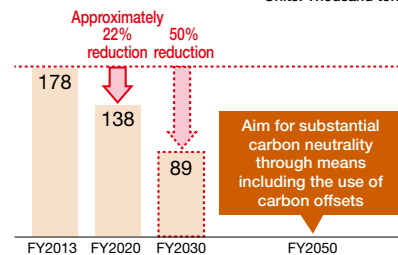
- We have prioritized climate change risks based on the results of scenario analysis. Considering the likelihood of risks and opportunities occurring, and the degree of impact they will have, we will focus on the items with the highest impact listed in the table to the right.
- As our climate change 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 CO₂ emission reductions society-wide
- 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 Brand our differentiated products with high environmental value (Dry-Free™, etc.) by highlighting their environmental value	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 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 practical use of our materials proposed for electric arc furnaces at direct reduction iron plants Dispatching engineers to user sites, and enhancing knowledge on electric furnace design, operation and refractories 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 Branding differentiated products with high environmental value (KROTECT™, etc.) by highlighting their environmental value	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 EVs	Opportunities		Demand for ceramic products will grow due to expanding demand for EVs	Strive to enhance production capabilities and develop new products	Enhancement of development and production capabilities for nano-thermal insulation materials for lithium-ion batteries (LIBs)	
	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 Considering 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

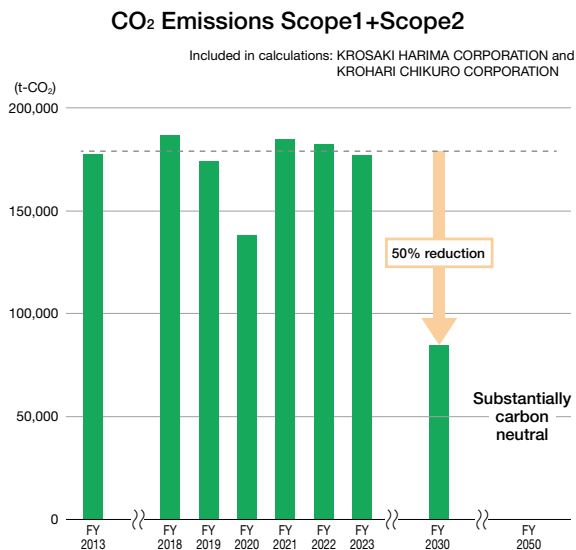
Initiatives for Carbon Neutrality

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 FY2023, CO₂ emissions had been reduced by 0.1% compared to the base year of FY2013, and emissions intensity of production excluding our lime business had been reduced by 6.5%. Moreover, we plan to withdraw from the lime business by the end of FY2024.

The Scope 1 and Scope 2 emissions shown in the table to the right, are the total emissions for the Krosaki Harima Group, which includes our seven production sites in Japan and overseas. Emissions reduction activities at each plant location resulted in an 8.5% reduction in FY2023 compared to FY2021. Hereafter, 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 needs to 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
Scope 1		289,064	269,035	267,882
Scope 2 (market-based)		98,852	97,670	96,901
Scope 3* (Total of categories 1-15)		785,688	719,066	709,541
Category 1	Purchased goods and services	717,567	655,996	637,196
Category 2	Capital goods	16,907	13,267	21,202
Category 3	Fuel- and energy-related activities not included in Scope 1 and 2	23,561	25,296	23,859
Category 4	Upstream transportation & distribution	5,561	5,698	23,859
Category 5	Waste generated in operations	3,794	1,040	6,280
Category 6	Business travel	1,058	2,305	538
Category 7	Employee commuting	2,821	2,996	3,064
Category 8	Upstream leased assets	N/A	N/A	3,349
Category 9	Downstream transportation & distribution	N/A	N/A	N/A
Category 10	Processing of sold products	N/A	N/A	N/A
Category 11	Use of sold products	12,442	10,591	N/A
Category 12	End of life treatment of sold products	1,979	1,876	10,880
Category 13	Downstream leased assets	N/A	N/A	3,173
Category 14	Franchises	N/A	N/A	N/A
Category 15	Investments	N/A	N/A	N/A
Total		1,173,604	1,085,771	1,074,323




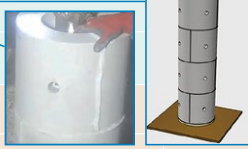

* Scope 3 emissions were calculated using IDEA v3.1 (FY2021, FY2022), IDEA v3.4 (FY2023) and from the database of Ministry of the Environment in Japan for emission basic units.

Scope 1 and Scope 2 emissions were calculated for KROSAKI HARIMA CORPORATION and 7 manufacturing sites at affiliated companies in Japan and overseas (below), KROHARI CHIKURO CORPORATION, and SN Refracture 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 Refractorios, S.A. and Refractoria, S.A. (Spain)

We have obtained third-party assurance of the calculated values for the non-consolidated Scope 1, Scope 2, and Scope 3 emissions of KROSAKI HARIMA CORPORATION in FY2023. 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

We develop and provide differentiated products with high environmental value for use in fields from daily living spaces to cutting-edge-fields such as outer space. We will brand these products and move forward with activities that make them widely known to customers, thus helping to bring about a decarbonized society.

Sustainable Products with high environmental value				
	Living Spaces	Steel & Incinerators	Semiconductor Manufacturing Equipment & Electronic Components	Aerospace Industry
High-performance (Long life) (Incorporating State-of-the-art Technologies)		EVERCLEAN™ (Refractories to inhibit adhesion and build-up of flowing molten steel*)		NEXCERA™ (Ultra-low thermal expansion ceramics)
				SiAION Ceramics (Lightweight, high-rigidity ceramics*)
(Thermal insulation / CO ₂ reduction)	WDS™ KROTECT™ TFS (High-performance thermal insulation materials: Nano-thermal insulation materials)			
		KSB Construction Method™ (Insulation block construction method)		
Solutions		Dry-Free™ (Monolithic refractories that do not require drying)		
		REX-GATE™, REX-ROBO™ (Work environmental improvement through automated hot exchange of refractories)		
Recycling	Neo Series KROSAKI LS Pave Cera Stage Porous Road (Landscape bricks)			

* The products listed below are only some of our environmental products.

*1 Save energy and reduce CO₂ by improving steelmaking yield *2 Reduced drive power consumption through weight reduction, and extended service life through high rigidity
*3 Extended service life through plasma spray *4 Save energy during processing

NEXCERA™ (Ultra-low thermal expansion ceramics)
NEXCERA™ is lightweight, highly rigid, and experiences almost no expansion at room temperature. Because of these properties, it is used as parts for semiconductor manufacturing equipment and calibration standards for precision measurement equipment. Also, due to its high density, it can be polished to a mirror finish, allowing it to be used as an optical mirror. Furthermore, its light weight helps reduce the consumption of rocket fuel, contributing to the development of the aerospace industry in an environmentally friendly way. As digital society develops and the aerospace industry expands from here out, our ceramics will play a vital role in supporting our future lives.

Dry-Free™ (Monolithic refractories that do not require a drying process)
Dry-Free™ is a series of monolithic refractories that make it possible to omit the drying process normally required following installation. Not only do they reduce CO₂ emissions and shorten downtime by omitting the drying process, but they have a longer service life. Thanks to its innovative technology, Dry-Free™ was awarded the Best Recommended Eco Premium Product Prize by Kitakyushu City in 2023 (Kitakyushu City "Ichioshi Eco Premium" Eco Products).

KSB Construction Method
The KSB construction method is a new method for the skid pipes that support the internal structure of reheating furnaces which are part of the equipment used in steelmaking. It reduces heat loss by 80% compared to the conventional method by employing heat insulation materials, and reduces on-site construction work-hours by 55% through pre-casting. Plus, it effectively suppresses peeling through material improvements, helping to extend the service life of the skid pipe.

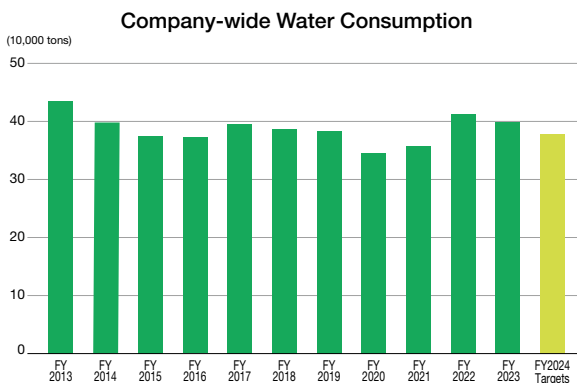
Neo Series (Landscape bricks)
Neo Series is a line of functional, environmentally friendly paving bricks that combine excellent texture and design. More than 50% of the raw materials used to make them come from recycled waste, such as waste refractories. They are available in both permeable and non-permeable types, and come in a variety of colors. The series has obtained Eco Mark certification in accordance with the Act on Promoting Green Purchasing (under the jurisdiction of the Japanese Ministry of the Environment) and recycling certifications offered by local governments.

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 FY2024 outlined below. This fiscal year we 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.



FY2024 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 to contribute towards carbon neutrality.
- Promote activities to conserve clean water resources

Training to Prevent Pollution of Public Waterways

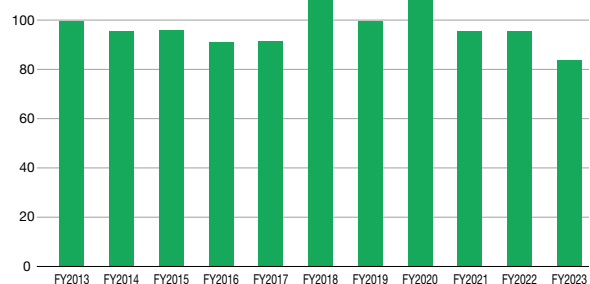
We conduct annual drills using techniques such as sandbags to block water and extended oil fences in anticipation of an accident in which oil spills from our grounds into rainwater gutters, etc. We envision specific countermeasures and train for the accidents which could occur in each district. For example, 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 FY2013 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 the derivatives 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 derivatives are generated during the production of refractories (raw materials waste, compound waste, machining shards, machining shavings, and collected dust).

We already reuse some of these derivatives, but we dispose of derivatives that are difficult to reuse as industrial waste.

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 derivatives 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.

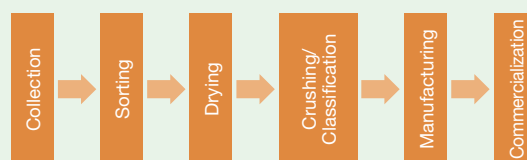
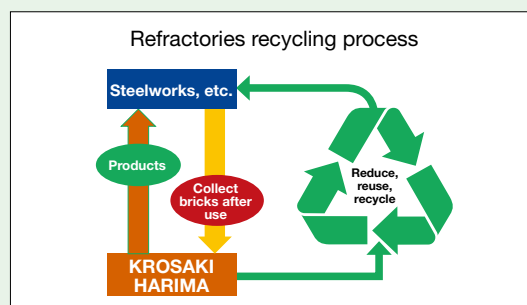
We also collect the refractories used to control the flow of molten steel after our customers have used them, remove and repair the damaged parts, and reuse them as refractories.

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.



Used refractories after crushing and classification





Masafumi Takeshita

Director and Managing
Corporate Officer

We carry out our business activities with respect for the humanity of each and every employee. For our Group to grow sustainably into the future amidst significant changes to the business environment, we believe that it is important to establish an environment in which each employee can maximize their potential through their work.

Therefore, we are pursuing personnel initiatives such as recruitment, development, and improving treatment based on our Diversity & Inclusion (D&I) Policy.

I believe that such initiatives will boost the sense of security our employees have about working at our company and increase their engagement with their work. Allowing employees to actively play their roles with pride and fulfillment will lead to improved productivity. Consequently, this will foster sustainable growth for our company and happiness for our employees.

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 human-resource development (Develop personnel who can play an active role in growth markets)
3. Develop digitally-savvy personnel 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
(Strengthen PR to students and schools, release corporate videos)
- 2) Improve treatment (increase starting salaries, increase annual holidays, build new dormitory for single employees (East Japan Branch))

■ Personnel Development

- 1) Develop personnel for overseas operations (language education, overseas dispatch system for human resource training and development, exchange programs with Group companies)
- 2) Full training menu for digitally-savvy personnel
- 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).

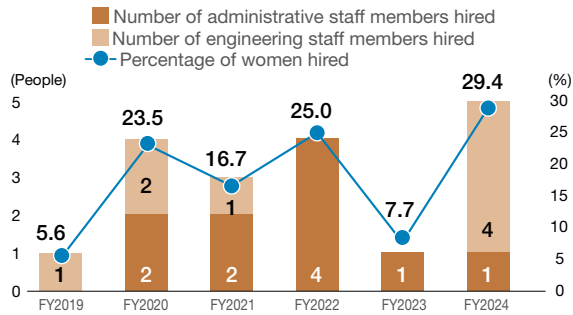
- 1) Promote participation and advancement of women --- Harnessing the diversity of our employees
- 2) Work and rest styles --- Improving employee productivity (Concerning work style reforms)
- 3) Health promotion --- Improving employee productivity (Concerning work style reforms)
- 4) Foster a workplace 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 from what it was when this goal was set (19 people, 2.9% in November 2021), and increase it to 2-3 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
Results	<ul style="list-style-type: none"> ● Percentage of new female graduates hired in FY2024: 29.4% (7.7% the previous fiscal year) ● Percentage of women in managerial positions in FY2023: 3.3% (3.2% the previous fiscal year)

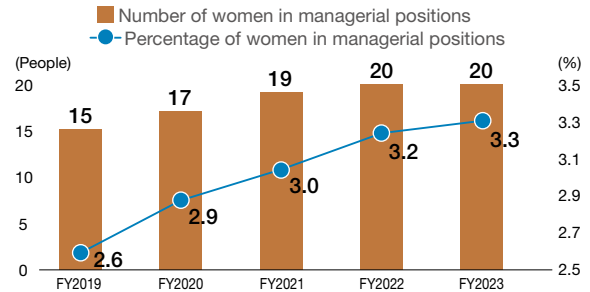
Social Initiatives to Enhance Human Capital

Employment of New Female Graduates in Career-track Positions



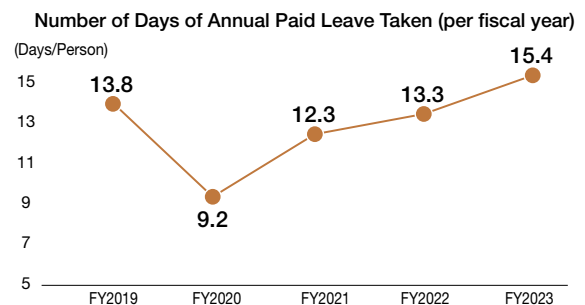
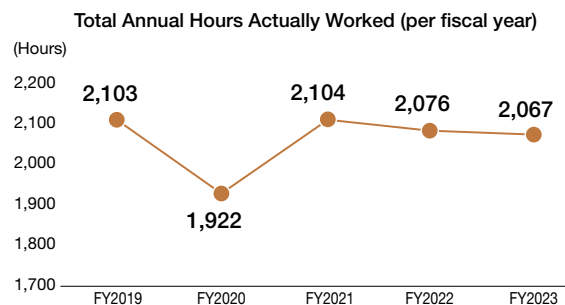
Fiscal Year	2019	2020	2021	2022	2023	2024
Number of new graduates hired for career-track positions	18	17	18	16	13	17

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



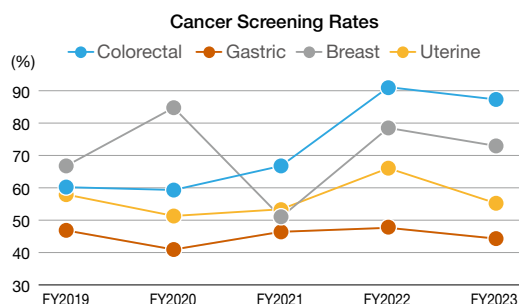
Work and Rest Styles

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 Conduct job analysis aimed at raising awareness of efficient work styles and the problems with long working hours (Conduct job analysis for managers and career-track positions in departments with a lot of overtime. Analysis results and future initiatives were reported to the president)
FY2023 Results	<ul style="list-style-type: none"> Average total actual working hours in FY2023: 2,067 (2,076 the previous fiscal year) Number of days of annual paid leave taken in FY2023: 15.4 days/person (13.3 days/person the previous fiscal year) Male employees taking paternity leave and childcare leave in FY2023: The paternity leave acquisition rate was 34.7% (22.0% the previous fiscal year), and the total acquisition rate for paternity leave and childcare leave was 104.2% (89.8% the previous 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 The Krosaki Harima Health Insurance Association has established and promotes the utilization of the Krosaki Harima Family Health Consultation, Best Doctors Service, and Mental Health Counseling. These programs allow employees and their families to consult external specialists by phone, etc. about their physical and mental health concerns
FY2023 results	<ul style="list-style-type: none"> Cancer screening rates in FY2023 (previous fiscal year) <ol style="list-style-type: none"> Colorectal cancer screening: 87% (91%) Gastric cancer screening: 44% (48%) Breast cancer screening: 73% (79%) Uterine cancer screening: 55% (66%) Rate of implementation of specific health guidance in FY2023: 80.0% (69.4% 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"> We believe that the foundation of a comfortable workplace is to build a culture in which every employee can speak frankly with consideration for one another, and without fear or the need to hide anything from their superiors, colleagues, or subordinates. We continue to promote dialog activities to this end 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 <ul style="list-style-type: none"> * Our overall score was 2.40, out of a maximum of 4 points and a minimum of 1 point (The national average is 2.52) We conduct awareness-raising education that includes harassment e-learning (for managers) as part of our efforts to prevent harassment in the workplace. We also conduct anger management training to prevent harassment Our Harassment Prevention Regulations also clearly state that various types of harassment are strictly prohibited, and we have established a consultation and reporting desk as well. We investigate case where problems have arisen, and take strict action based on the results in accordance with the rules of employment, etc., while being duly careful to protect whistleblowers We promote the employment of people with disabilities, and have met the statutory employment rate as of September 2024

Initiatives for Personnel Development

For human resource development and skill enhancement, we conduct measures based on the Human Resource 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
Company-wide 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* Specialized Departmental Training Education and training on the specialized knowledge, skills, and manners needed in each department Overseas Language Training
	April – May	Factory training		Assignment to each workplace (OJT)	Assignment to each workplace (OJT)	
	June	Ceramics evaluation and analysis training	Sales and operational cost training			
		Professional mindset 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					
November	JCCI Bookkeeping Examination					
2nd Year April	April	Work progress report meeting				
Mid-career employees				B3 training (for young employees, around 3 years after joining the company)		
		Coacher training				
		Problem-solving training		B2 training (for young employees, around 6 years after joining the company)		
		Training for mid-career employees		B1 training (for next-generation leaders, around 12 years after joining the company)		
Managers and superiors				Training for foreman candidates		
		Basic management training		Foreman training		
		Training for each level of management		General foreman training		

* Krosaki Harima College --- Our in-house training platform 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, finance, legal affairs, and labor management. The courses are aimed primarily at employees in career track positions, but can be taken by other employees as well. A total of 1,098 employees undertook 32 courses in FY2023. 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 express this corporate stance both internally and externally.

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 pg. 46), we conduct training on human rights that emphasizes eliminating unfair discrimination, fostering cooperation between employees, and 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 courses for all employees through our Krosaki Harima College. We are focused on creating a workplace where employees can respect the humanity of each employee and devote themselves to their duties. Moreover, we provide training to all employees to prevent harassment 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.

Future Initiatives and Dialog 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 human resources for the community (See pg. 52 for details), we strive to promote communication and understanding of our business by listening to the opinions and requests of local residents.

Going forward, we will strive to perform due diligence on human rights, not only within our own company and Group, but our suppliers and other partners as well. This means thoroughly protecting human rights, through efforts such as identifying matters that may have a negative impact on human rights.

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

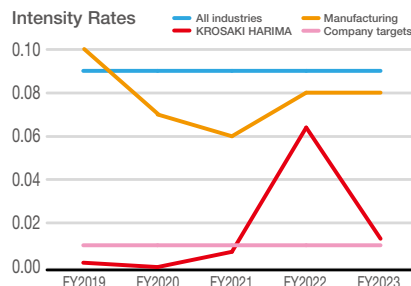
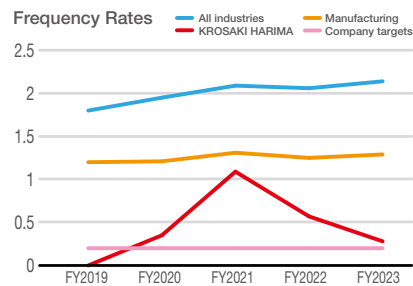


Installing air conditioners in work areas to prevent heat stroke
We are also creating a comfortable workplace by striving to improve the work environment.



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

Accident 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

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 the Next Generation of Personnel who will Lead the Local Community in the Future

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

We also sent relief money and supplies to aid the recovery and rebuilding of areas affected by the Noto Peninsula Earthquake in January 2024, as part of our support for disaster recovery.

Primary Initiatives	
1 Administrative cooperation through acquisition of naming rights for the Kitakyushu City Honjo Athletics Stadium (Krosaki Harima Track and Field Stadium in HONJO)	8 Sponsor of Tour de Kyushu 2024
2 Sponsor of Kitakyushu City's urban flower development project	9 Donations to universities and other educational institutions
3 Kitakyushu City Road Supporter member activities	10 Support for operation of cultural facilities such as the Kitakyushu Municipal Museum of Art and Kioi Hall (Tokyo)
4 Participation in the Plant Tour for Students hosted by Kitakyushu Chamber of Commerce and Industry	11 Operational support for Kurosaki Gion Yamakasa Festival and Kurosaki 96 Day
5 Participation in the Plant Bus Tour for Students hosted by Ako City	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)
6 Sponsor of 2024 Fukuoka International Marathon	13 Sponsorship and participation in the Bizen City Ebisu Ekiden (Okayama Prefecture)
7 Sponsor of 2024 Kitakyushu Marathon	14 Participation in the Aioi Peron Festival (Hyogo Prefecture)



Participation in the Hyakuman Odori at the Wasshoi Hyakuman Natsu Matsuri



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

Community Cooperation and Personnel Development through Our Track and Field Club

We founded our track and field club in 1961. Since then, it has supported community health through various activities such as athletic events, sending instructors to events related to the Kitakyushu Marathon, and participating in running classes for children at training camps, in addition to its competitive activities. We will continue to engage in front-line activities for both competition and coexistence with the local community.

Primary Initiatives	
1 Took 4th place overall in the 2024 All Japan Industrial Teams Men's Ekiden (Ekiden means a marathon relay race) (New Year Ekiden)	3 Provided instructors for the 2024 Kitakyushu Marathon related events: Running Clinic and Let's Run with the Mayor! 2024 Kitakyushu Marathon
2 Runner up in the 2024 Kyushu Industrial Teams Mainichi Ekiden	4 Provided instructors for running classes for elementary school students



Practicing for the 2024 Kitakyushu Marathon related event: Let's Run with the Mayor! 2024 Kitakyushu Marathon



Running with children in a running class



2024 New Year Ekiden Goal

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.

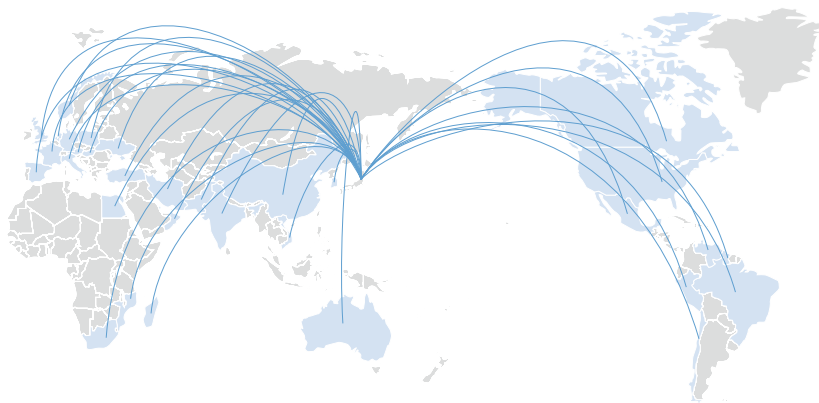
5. Consideration for the Environment, Human Rights, and Safety

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

Diversification of Risk 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.



- 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.

■ 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.

Directors



Kazuhiro Egawa
Representative Director, President
Attendance at Board of Directors:
13/13 meetings attended



Takeshi Yoshida
Director and Managing Corporate Officer of Sustainability Promotion, Ceramics Unit, and Purchasing, Accounting & Finance, and Corporate Planning
Attendance at Board of Directors:
13/13 meetings attended



Jumpei Konishi
Director and Managing Corporate Officer of the Coke Oven business in general, Furnace Unit, Research & Development Unit, Technical Management, Quality Assurance, and cooperates with Managing Corporate Officer Furuta on the Refractories Manufacturing Unit
Attendance at Board of Directors:
13/13 meetings attended



Masafumi Takeshita
Director and Managing Corporate Officer of the Refractories Domestic Sales Unit, General Administration, Digital Innovation, Human Resources, and Risk Management
Attendance at Board of Directors:
13/13 meetings attended



Hisatake Okumura
Director and Managing Corporate Officer of Refractories Global Business Unit and commissioned as Senior General Manager of the Global Business Division
Attendance at Board of Directors:
13/13 meetings attended



Naoki Furuta
Director and Managing Corporate Officer of Refractories Manufacturing Unit, Human & Plant Safety, Health, Environment, and commissioned as Senior General Manager of the Refractories Manufacturing Unit
Attendance at Board of Directors:
Newly appointed



Matsuji Nishimura
Director
Attendance at Board of Directors:
13/13 meetings attended (Important concurrent position)
Advisor to Kyudenko Corporation



Takuji Kato
Director
Attendance at Board of Directors:
Newly appointed (Important concurrent positions)
Representative Director and President, President and Executive Officer of SAIBU GAS HOLDINGS CO., LTD., Representative Director and President, President and Executive Officer of SAIBU GAS CO., LTD., and Outside Director and Audit & Supervisory Committee Member of Kyudenko Corporation

Company Auditors



Yumi Akagi
Director
Attendance at Board of Directors:
Newly appointed (Important concurrent position)
Director and Managing Corporate Officer of Kyushu Railway Company



Masaya Honda
Full-time Company Auditor
Attendance at Board of Directors:
13/13 meetings attended
Board of Company Auditors: 12/12 meetings attended



Takaki Goto
Company Auditor
Attendance at Board of Directors: 13/13 meetings attended
Board of Company Auditors: 12/12 meetings attended (Important concurrent position)
Executive Counsellor, General Manager, Group Companies Planning Division of Nippon Steel Corporation
Company Auditor of OSAKA STEEL CO., LTD.



Morio Matsunaga
Company Auditor
Attendance at Board of Directors:
13/13 meetings attended
Board of Corporate Auditors: 12/12 meetings attended (Important concurrent position)
Chair of the Kitakyushu Foundation for the Advancement of Industry, Science and Technology



Sunao Okaku
Company Auditor
Attendance at Board of Directors: 10/10 meetings attended (Since taking office June 29, 2023)
Board of Company Auditors: 9/10 meetings attended (Since taking office June 29, 2023)
(Important concurrent position) Executive Managing Corporate Officer, Nishi-Nippon Railroad Co., Ltd.

	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	●	●	●	●	●				●	
Naoki Furuta	●	●	●		●				●	
Matsuji Nishimura	●			●	●				●	●
Takuji Kato	●			●		●	●		●	
Yumi Akagi	●			●				●	●	●

Messages from Outside Directors

Matsuji Nishimura Outside Director

Since I was appointed an outside director three years ago, our Group has been steadily catching up with the needs of the Japanese market, investing in the growth of overseas markets such as India, and strengthening sustainability, which includes ESG that is closely linked to these kinds of business activities. As an independent director, I myself have contributed to the sustainable growth of the company and helped to improve management transparency. I have done so by holding discussions with management on important matters that should be decided by the Board of Directors such as our medium-to-long-term management plan, and by mindfully working to supervise business operations in a way that is consistent with our management plan.

Hereafter, I hope you will look forward to our efforts towards improving the corporate value of our Company, and ask for your continued support for us, the independent outside directors.

Takuji Kato Outside Director

Birthing innovation and promoting global expansion are important factors in the sustainable growth of a company. However, the rapid changes in the business environment in recent years are making difficult management decisions more frequent. In such an environment, I believe that while the Board of Directors should be cautious, we must take appropriate risks. We should adopt a global perspective and make bold, proactive decisions in order to increase corporate value over the medium to long term. As an outside director, I use the experience and knowledge I've gained at SAIBUGAS HOLDINGS CO., LTD. to strengthen governance and promote sustainability management. At the same time, I want to contribute to further improvement of our Group's corporate value by offering advice on appropriately managing risks in management decisions.

Yumi Akagi Outside Director

For longer than a century, our Group has supported Japan's key industries through technologies related to heat and refractories. During this time, we have aimed to create corporate value sustainably based on the technologies and corporate culture we have cultivated. Although the business model is different from that of Kyushu Railway Company, where I am involved in management, the two companies coincide in their stance on pursuing the creation of corporate value for stakeholders. As an outside director, not only am I independent of business operations, but I also have a B2C (business to consumer) perspective that requires a broader and more diverse approach. This allows me to look toward the company's future taking into account changes in the market and industrial structure, without being bound by what is considered to be common sense within the company. I will consider management strategies for sustainable growth, and take actions and speak my mind to management without hesitation.



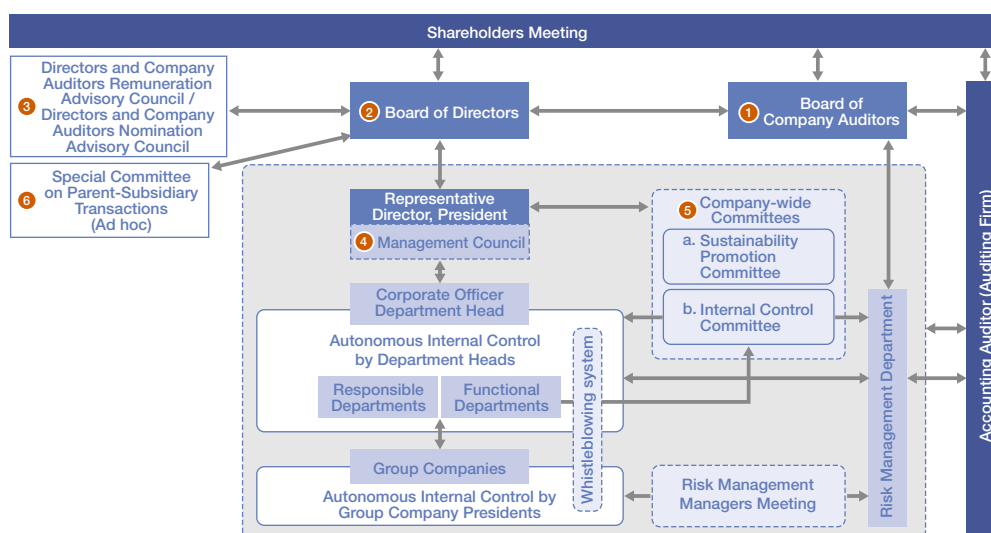
Takuji Kato

Matsuji Nishimura

Yumi Akagi

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.

6 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 FY2023, 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 FY2023 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.

Therefore, whenever an accident, incident, actual or possible violation of laws or regulations is discovered through Autonomous Internal Control Activities, it is immediately reported to the relevant internal departments, and various measures are 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.

Utilization of Our Company Newsletter

We actively utilize our Company Newsletter as a means of publishing alerts and information that we want our employees to be aware of. This includes the results of the Employee Awareness Survey, and information on points of contact for the whistleblowing system.

E-mail and our intranet are important public relations tools for posting information, but we believe that the Company Newsletter is a valuable medium that readers can physically hold in their hands, ensuring more employees and their families more deeply understand our company.

In addition to allowing us to share information, the

Company Newsletter is an important medium for connecting our company and employees, by introducing the activities of the people who work at our various workplaces in Japan and at Group companies around the world, and the activities of our sports clubs such as our track and field club.



11-Year Key Consolidated Financial Data Summary

	FY2013	FY2014	FY2015	FY2016
Business results				
Net sales	101.01	110.43	115.12	108.37
Operating profit	2.87	3.84	5.84	7.67
Ordinary profit	3.06	3.75	5.77	7.84
Net profit	1.97	1.60	3.68	4.43
Financial position				
Total assets	99.89	103.05	102.01	116.70
Total net assets	41.74	45.98	44.97	50.78
Balance of interest-bearing debt	26.88	26.03	25.99	33.22
KPIs				
Return on sales (ROS)	3.0%	3.4%	5.0%	7.2%
Return on invested capital (ROIC)	3.8%	5.0%	6.3%	7.6%
Return on equity (ROE)	5.4%	4.0%	8.9%	10.1%
Debt/equity ratio (D/E Ratio)	0.71	0.62	0.63	0.72
Equity ratio	38.0%	40.4%	40.2%	39.8%
Per share data*				
Net profit per share (JPY)	23	19	44	52
Net assets per share (JPY)	450	494	486	551
Dividend per share (JPY)	5.0	5.0	10.0	13.0
Capital investment				
Capital investment	2.34	1.26	2.50	1.80
Depreciation	3.61	3.36	2.83	2.76
Cash flows				
Net cash provided by (used in) operating activities	4.98	3.82	2.30	(2.79)
Net cash provided by (used in) investing activities	(1.93)	(1.79)	(2.30)	(2.18)
Net cash provided by (used in) financing activities	(2.60)	(2.61)	(0.19)	4.96
Overseas net sales				
India	11.90	14.94	15.11	15.18
Europe	4.88	6.34	7.95	6.86
Other overseas	13.70	15.38	14.74	12.95
Total overseas net sales	30.48	36.66	37.80	34.99
Overseas net sales ratio	30.2%	33.2%	32.8%	32.3%

* 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. Additionally, 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.



Units: JPY billion

FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
123.98	142.35	137.40	113.66	133.78	165.20	177.03
8.49	10.54	9.39	4.95	7.57	11.17	14.69
8.99	11.29	9.76	6.36	8.68	12.08	16.39
5.66	7.87	6.44	4.33	5.49	8.28	12.42
131.03	135.42	126.94	130.35	142.69	163.34	179.02
57.76	56.24	57.23	63.29	69.08	77.86	92.70
35.23	35.95	34.72	32.78	34.20	39.38	36.88
7.3%	7.9%	7.1%	5.6%	6.5%	7.3%	9.3%
7.7%	8.6%	8.2%	4.9%	6.3%	8.5%	9.7%
11.3%	14.8%	12.0%	7.6%	8.8%	11.9%	15.5%
0.66	0.68	0.64	0.55	0.52	0.54	0.42
40.4%	39.2%	42.7%	46.1%	45.8%	45.0%	48.7%
671	934	765	515	652	983	369
6,322	6,298	6,437	7,134	7,759	8,732	2,588
125.0	280.0	220.0	150.0	200.0	290.0	400
3.04	6.38	7.14	4.72	3.47	6.07	5.69
2.68	2.73	3.16	2.81	3.25	3.49	3.87
2.69	10.27	9.07	10.08	4.12	1.00	13.72
(2.37)	(2.27)	(7.04)	(4.95)	(3.61)	(4.51)	(3.59)
0.74	(6.72)	(3.48)	(3.61)	(1.02)	2.86	(6.24)
19.47	23.03	22.87	17.94	24.84	33.89	38.55
8.32	10.22	11.97	9.31	13.30	18.60	20.69
15.51	18.33	16.17	15.16	17.97	22.18	21.52
43.30	51.58	51.01	42.41	56.11	74.67	80.76
34.9%	36.2%	37.1%	37.3%	41.9%	45.2%	45.6%

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
Tokai 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
Muroran Lime Plant	050-0084	1F, Wanishi Multipurpose Center, Muroran Works, Nippon Steel Corporation, 2-13-1 Miyukicho, Muroran, Hokkaido
[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



Branch		Postal code	Address
Yahata Branch		804-0001	Yahata Area, Kyushu Works, Nippon Steel Corporation, 1-1 Tobihatacho, Tobata-ku, Kitakyushu, Fukuoka
Sanyou Branch		743-0063	Hikari Area, Yamaguchi Works, Nippon Steel Stainless Steel Corporation, 3434 Oaza-Shimada, Hikari, Yamaguchi
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 Utsubohonmachi, 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 Refracture 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 November 1, 2024

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
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.	Room 3204, 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

As of November 1, 2024

Company Information

Company Overview (As of March 31, 2024)

Trade Name	KROSAKI HARIMA CORPORATION	Number of Employees	2,468 people (non-consolidated) 4,904 people (consolidated)
Capital	JPY 5,537,960,000	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
Godou 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 / Fellows (As of June 26, 2024)

Representative Director, President	Kazuhiro Egawa						
Directors	Takeshi Yoshida Jumpei Konishi Masafumi Takeshita Hisatake Okumura Naoki Furuta	Outside Directors	Matsuji Nishimura Takuiji Kato Yumi Akagi	Company Auditors	Masaya Honda Takaki Goto	Outside Company Auditors	Morio Matsunaga Sunao Okaku
Managing Corporate Officers	Masafumi Takeshita	Refractories Domestic Sales Unit, General Administration, Digital Innovation, Human Resources, Risk Management					
	Takeshi Yoshida	Sustainability Promotion, Ceramics Unit, Purchasing, Accounting & Finance and Corporate Planning					
	Jumpei Konishi	Coke Oven business in general, Furnace Unit, Research & Development Unit, Technical Management, Quality Assurance, and cooperates with Managing Corporate Officer Mr. Furuta on the Refractories Manufacturing Unit					
	Hisatake Okumura	Refractories Global Business Unit, Commissioned as Senior General Manager of Global Business Division					
	Naoki Furuta	Refractories Manufacturing Unit, Human & Plant Safety, Health, Environment, commissioned as Senior General Manager of the Refractories Manufacturing Unit					
	Yoshiyuki Fukuda	Carbon Neutrality Promotion, commissioned as Senior General Manager, Safety, Environment & Disaster Prevention Promotion Division					
	Akio Moriya	Commissioned as General Manager, Technological Management Division, commissioned as Senior General Manager, Quality Assurance Division					
Corporate Officers	Kohzoh Ohta	Commissioned as General Manager, Nagoya Branch, Sales Division, commissioned as General Manager, Nagoya Branch, Furnace Division					
	Takeshi Yabu	Commissioned as General Manager, Kyushu Branch, Sales Division					
	Ryusuke Miura	Commissioned as Senior General Manager of the Furnace Division, and assistant to Managing Corporate Officer Mr. Konishi with the Coke Oven business in general, KROHARI CHIKURO CORPORATION (Representative Director, President)					
	Hidehiro Yamanaka	Commissioned as Senior General Manager, Ceramics Division					
	Kenji Tomita	Commissioned as Branch Manager, East Japan Branch, Sales Division, commissioned as General Manager, East Japan Branch, Furnace Division					
	Makoto Nakamura	Commissioned as Senior General Manager, Sales Division, commissioned as General Manager, Kansai and Setouchi Branch, Sales Division					
	Takashi Matsunaga	Commissioned as Senior General Manager, Monolithic Manufacturing Division, Refractories Manufacturing Division					
	Yuzou Kawatsu	Commissioned as General Manager, Facility Department, Refractories Manufacturing Division					
	Sachihiko Asaya	Commissioned as General Manager, Corporate Planning Department, assistant to Managing Corporate Officer Mr. Yoshida on accounting and finance, assistant to Managing Corporate Officer Mr. Okumura on global business					
	Hajime Nishiyama	Commissioned as General Manager, General Administration Department, commissioned as General Manager, Digital Innovation Division, commissioned as General Manager, Risk Management Department					
	Kazushi Akagi	Commissioned as General Manager, Iron Making and Construction Refractories Division, Refractories Manufacturing Division					
	Kenzo Yamamoto	Commissioned as General Manager, Purchasing Division					
	Fellow (Equivalent to Corporate Officer)	Kiyoshi Gotoh	Commissioned as Senior General Manager, Technical Research Laboratories				

Stock Information

Summary of Shares (as of March 31, 2024)

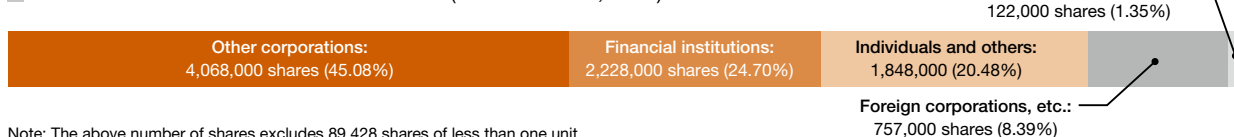
Total number of shares authorized to be issued	35,000,000 shares	Number of shares in one unit	100 shares
Total number of issued shares	9,114,528 shares (including 695,092 treasury shares) Note: Of the 695,092 treasury shares, there are 100 shares in the shareholder registry that are in the name of the Company, but are not actually owned.	Fiscal year end	March 31 of each year
Number of shareholders	7,220 people	Listing stock exchanges	Tokyo Stock Exchange Prime Market Fukuoka Stock Exchange
		Securities code	5352

Major Shareholders (Top 10) (as of March 31, 2024)

Shareholder	Number of shares held (1,000 shares)	Shareholding ratio (%)
NIPPON STEEL CORPORATION	3,908	46.42
The Master Trust Bank of Japan, Ltd. (Trust account)	859	10.21
Custody Bank of Japan, Ltd. (Trust account)	630	7.49
Custody Bank of Japan, Ltd. (Annuity trust account)	238	2.83
The Bank of Fukuoka	185	2.21
J.P. MORGAN BANK LUXEMBOURG S.A.	95	1.13
Custody Bank of Japan, Ltd. (Trust account 4)	81	0.97
YASKAWA Electric Corporation	70	0.83
HSBC BANK PLC A/C TTF AIFMD GENERAL OMNIBUS	65	0.78
STATE STREET BANK AND TRUST COMPANY 505223	63	0.75

Notes: 1. We hold 695,000 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, 2024)



Note: The above number of shares excludes 89,428 shares of less than one unit.

Stock price, Trading Volume, and Dividends

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Closing price of stock on last day of trading (end of December) (JPY)	697.5	767.5	1,183.8	1,657.5	1,605.0	986.3	1,103.8	1,265.0	2,935.0
Cumulative trading volume (Shares)	20,362,000	17,568,800	37,484,800	55,351,200	40,744,400	30,735,600	23,196,000	14,660,400	34,843,600
Annual dividend per share (JPY)	2.5	2.25	31.25	70	55	37.5	50	72.5	100

* 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 2015. Moreover, in October 2017, our Company conducted a reverse stock split of 1 share 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 Higashihmamachi, Yahatanishi-ku,
Kitakyushu City, Fukuoka 806-8586
<https://www.krosaki.co.jp/en>

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

