



SHINAGAWA Update Presentation Material

Results for Fiscal Year Ended March 2024

May 30, 2024

TSE Ticker Symbol 5351



Shinagawa Refractories: At a Glance

A Leading Company for Refractories and Insulation Materials

Net Sales

144.1 Billion JPY
(FY 2023)

No. **2**
in Japan

No. **5**
In the World

Profitability

ROE
(FY 2023)

20.2%

Global Reach

Number of Companies
outside of Japan
(as of March 31, 2024)

16

(Global Total 24)

Number of Employees
outside of Japan
(as of March 31, 2024)

944

(Global Total 3,373)

Global Growth

Business Growth
outside of Japan in 5 years
(FY 2019 vs FY 2023)

x 2.5

Table of Contents

I. Overview of Financial Results for FY 2023 and FY 2024 Forecast

1. Consolidated Financial Highlights: FY 2023
2. Net Sales by Business Segment
3. Operating Income by Business Segment
4. Net Sales by Region
5. Factors Behind Changes in Operating Income (YoY)
6. Consolidated Financial Forecasts for FY2024
7. Factors Behind Changes in EBITDA (YoY)

II. The 5th Mid-Term Management Plan: Look Back

1. The 5th Mid-term Management Plan:
Business Environment
2. Financial Targets & Progress
3. Primary Action Plans and Results

III. VISION 2030 & The 6th Mid-Term Management Plan

1. Purposes of The VISION and Plan
2. VISION 2030: Fundamental Policies & Future Vision
3. VISION 2030: Goals
4. VISION 2030: Financial & Capitalization Strategies
5. The 6th Mid-Term Management Plan:
Rationale & Priority Measures
6. The 6th Mid-Term Management Plan: Goals
 - ① Sector Driven Business Expansion
 - ② Production Optimization in Japan
 - ③ Accelerating Global Expansion
 - ④ Promoting Sustainability Management
7. Financial & Capitalization Strategies
 - ① Investment for Growth
 - ② Shareholders Return



I . Overview of Financial Results for FY 2023 and FY 2024 Forecast

1. 2023 Consolidated Financials Highlights

(Unit: Billion JPY)

	FY 2022	FY 2023	YoY
	Results	Results	
Net Sales	124.9	144.1	+15.4%
EBITDA	13.7	17.6	+28.5%
Operating Income (Operating Margin)	10.8 (8.7%)	13.8 (9.6%)	+28.1% (+0.9pt)
Ordinary Income	11.4	14.9	+30.1%
Profit attributable to owners of parent	8.3	15.2	+83.9%

Note 1: YoY comparisons are calculated values in units of yen, not calculated values rounded down to units of billion yen. Same applies hereafter.

Note 2: EBITDA=Operating Income + Depreciation + Amortization

- Japanese crude steel production in 2023 decreased by 1.1% to 86.83 million tons YoY mainly due to decreased export business regardless of slightly increased demand for automobiles.
- Achieved record-high performance due to progress in passing on increasing production costs to sales prices, wider spreads due to improved sales mix, progress in sales expansion activities globally, and the contribution of the newly welcomed overseas operations.
- Profit attributable to owners of parent increased by 83.9% due to gains on sale of idle assets (Minato-ku, Nagoya City).

2. Net Sales by Business Segments

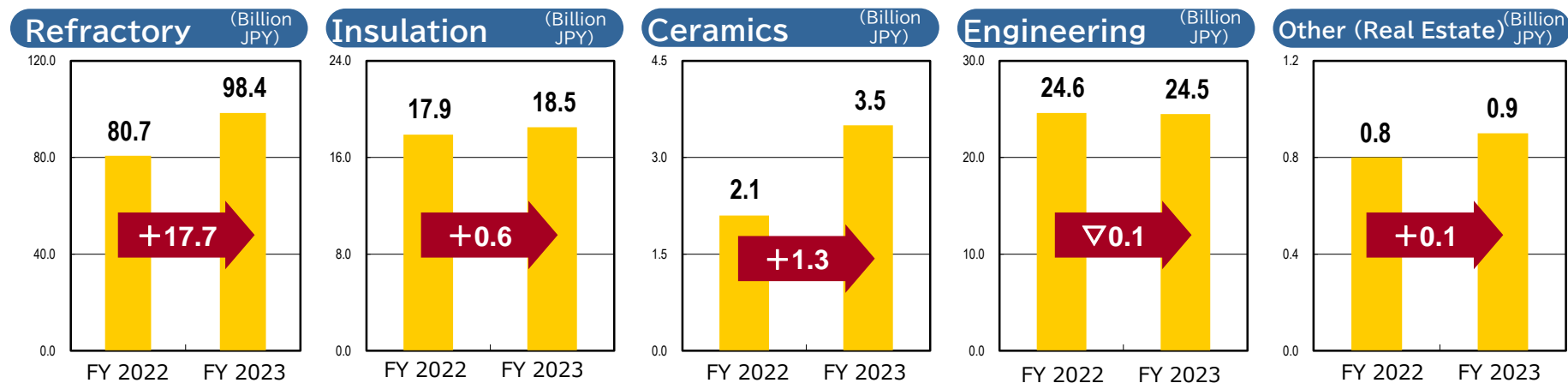
(Unit: Billion JPY)

	FY 2022	FY 2023	YoY
	Results	Results	
Refractory Sector	80.7 [63.9]	98.4 [67.4]	+22.0%
Insulation Sector	17.9 [14.2]	18.5 [12.7]	+ 3.6%
Ceramics Sector	2.1 [1.7]	3.5 [2.4]	+64.2%
Engineering Sector	24.6 [19.5]	24.5 [16.8]	∇0.2%
Other (Real Estate)	0.8 [0.7]	0.9 [0.6]	+1.3%
Total	126.3 [100.0]	146.0 [100.0]	+15.6%
Adjustments	∇1.3	∇1.8	—
Net Sales Total	124.9	144.1	+15.4%

Note 1: Figures in square brackets [] indicate net sales share (%) by business segment.

Note 2: The reportable segments have been changed as above from the current fiscal year, and figures for the same period of the previous fiscal year have been reclassified to reflect the change in segment classification for comparison.

Note 3: Adjustments are internal sales or transfers between segments.



3. Operating Income by Business Segment

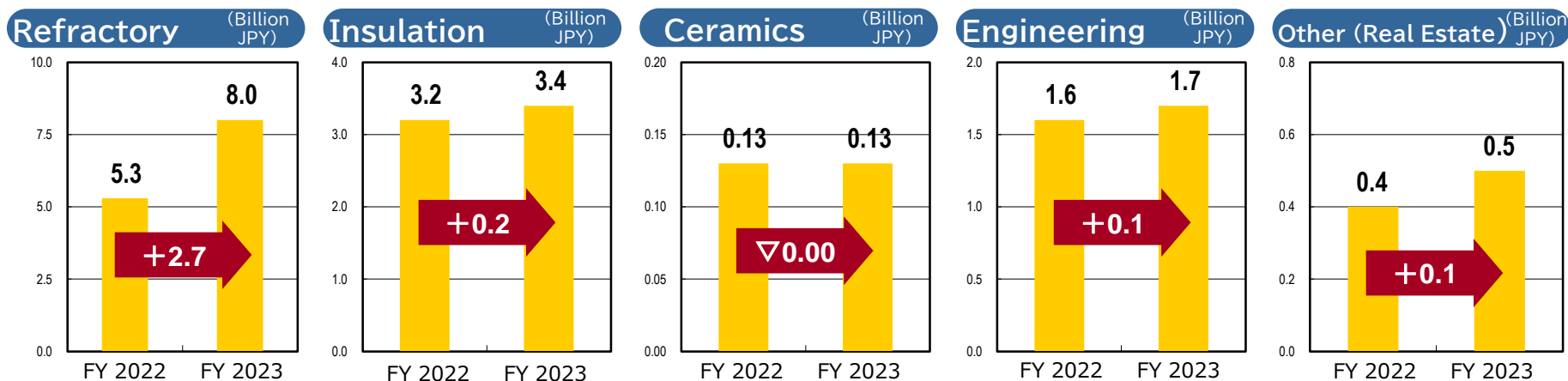
(Unit: Billion JPY)

	FY 2022	FY 2023	YoY
	Results	Results	
Refractory Sector	5.3 [49.4]	8.0 [58.0]	+50.5%
Insulation Sector	3.2 [29.5]	3.4 [24.8]	+7.4%
Ceramics Sector	0.13 [1.3]	0.13 [1.0]	∇0.5%
Engineering Sector	1.6 [15.3]	1.7 [12.4]	+3.7%
Other (Real Estate)	0.4 [4.5]	0.5 [3.9]	+11.4%
Total	10.8 [100.0]	13.9 [100.0]	+28.2%
Adjustments	∇0.0	∇0.0	—
Operating Income Total	10.8	13.8	+28.1%

Note 1: Figures in square brackets [] indicate net sales share (%) by business segment.

Note 2: The reportable segments have been changed as above from the current fiscal year, and figures for the same period of the previous fiscal year have been reclassified to reflect the change in segment classification for comparison.

Note 3: Adjustments include the elimination of unrealized profits related to inter-segment transactions.

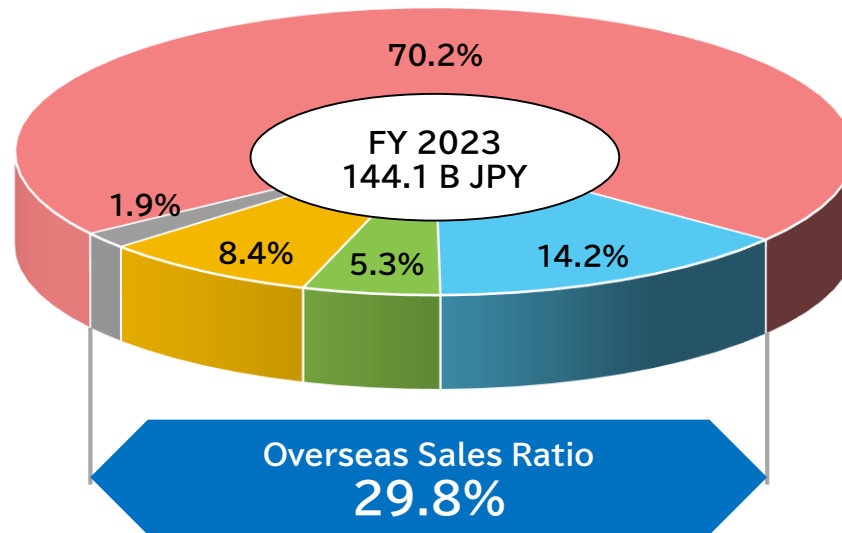
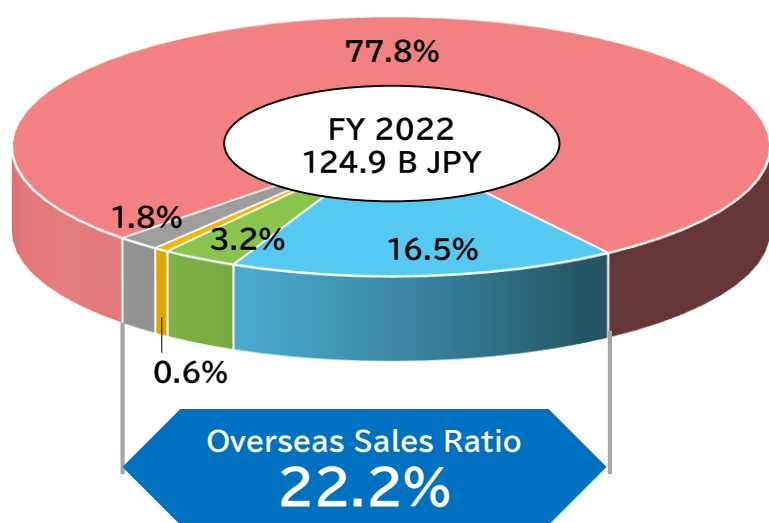


4. Net Sales by Region

(Unit: Billion JPY)

	FY 2022	FY 2023	YoY
	Results	Results	
Japan	97.2 [77.8]	101.2 [70.2]	+4.1%
Asia・Oceania	20.6 [16.5]	20.5 [14.2]	▽0.4%
North America	4.0 [3.2]	7.6 [5.3]	+90.1%
South America	0.8 [0.6]	12.0 [8.4]	+1,495.9%
Others	2.3 [1.8]	2.7 [1.9]	+18.2%
Total	124.9 [100.0]	144.1 [100.0]	+15.4%

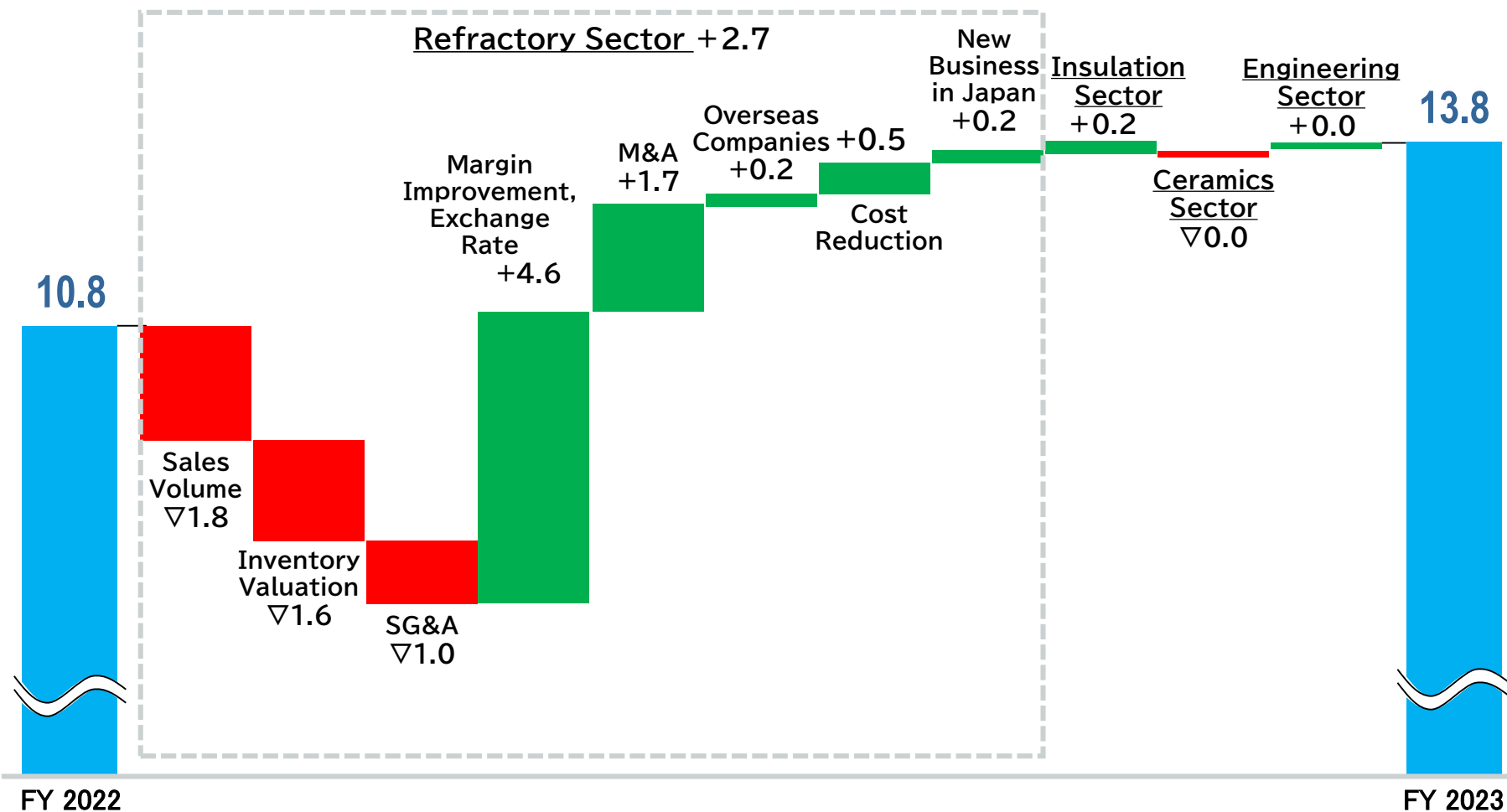
Note: Figures in square brackets [] indicate net sales share (%) by region.



5. Factors Behind Changes in Operating Income

(Unit: Billion JPY)

Negative Factors $\nabla 4.4$ Positive Factors $+7.4 \Rightarrow$ Total Changes $+3.0$



6. Consolidated Financial Forecasts for FY2023

(Unit: Billion JPY)

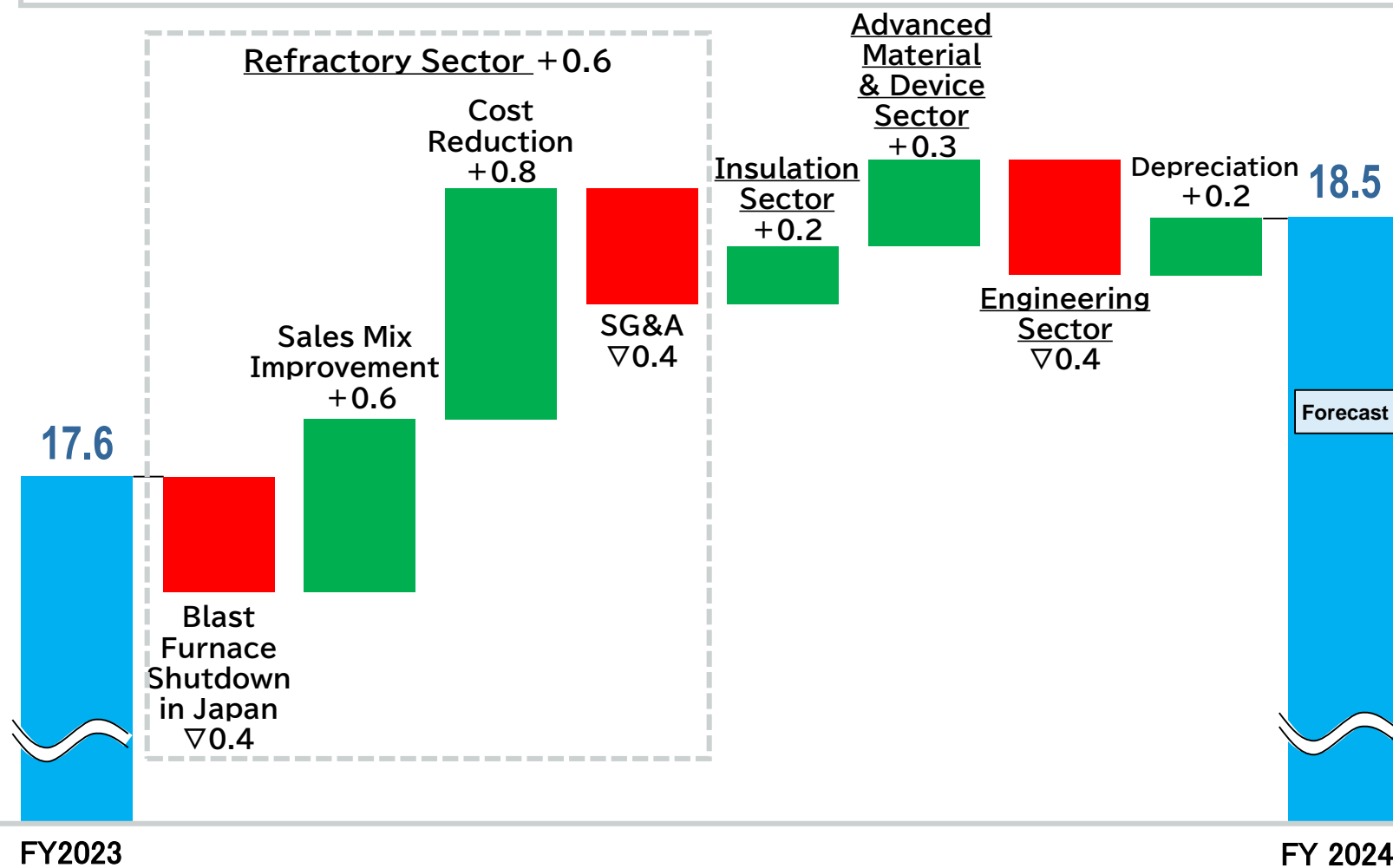
	FY 2023	FY 2024	YoY
	Results	Forecast	
Net Sales	144.1	143.0	▽0.8%
EBITDA	17.6	18.5	+4.5%
Operating Income (Operating Margin)	13.8 (9.6%)	14.5 (10.1%)	+4.4% (+0.5pt)
Ordinary Income	14.9	15.0	+0.6%
Profit attributable to owners of parent	15.2	10.0	▽34.6%


- Japanese crude steel production is expected to remain flat, but sales are expected to decrease due to the impact of blast furnace shutdown and a decrease in large-scale construction projects.
- Increasing operating income by products mix improvements, sales expansion of products with cutting edge technologies and further production cost reductions.
- Profit attributable to owners of parent is expected to decline due to the lack of sales of idle assets that occurred in the previous fiscal year.

7. Factors Behind Changes in Operating Income

(Unit: Billion JPY)

Negative Factors $\nabla 1.2$ Positive Factors $+2.1 \Rightarrow$ Total Changes $+0.9$



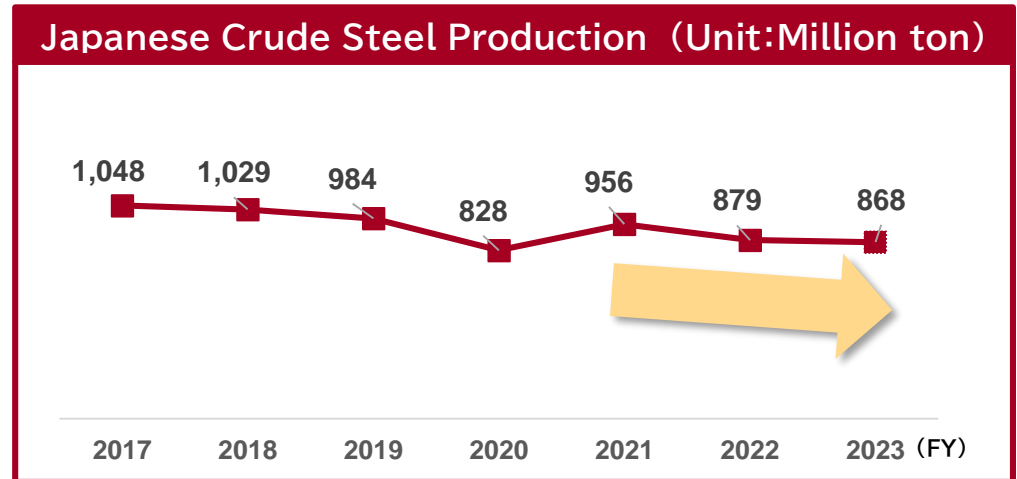


II. The 5th Mid-Term Management Plan: Look Back

1. Business Environment during the 5th Mid-Term Management Plan (FY 2021 – 2023)

【Business Environment】

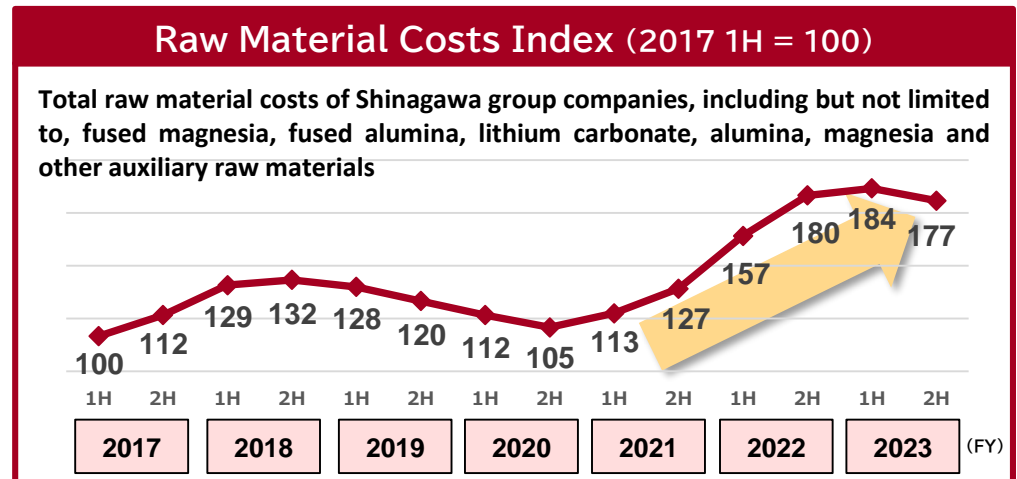
- The outlook of world economy is expected to remain uncertain due to the effects of monetary tightening aimed at curbing inflation, as well as geopolitical risks such as the prolonged situation in Ukraine and Middle East.
- Crude steel production in Japan increased in 2021 but gradually declined in 2022 and 2023.



*Source: The Japan Iron and Steel Federation

【Shinagawa's Responses】

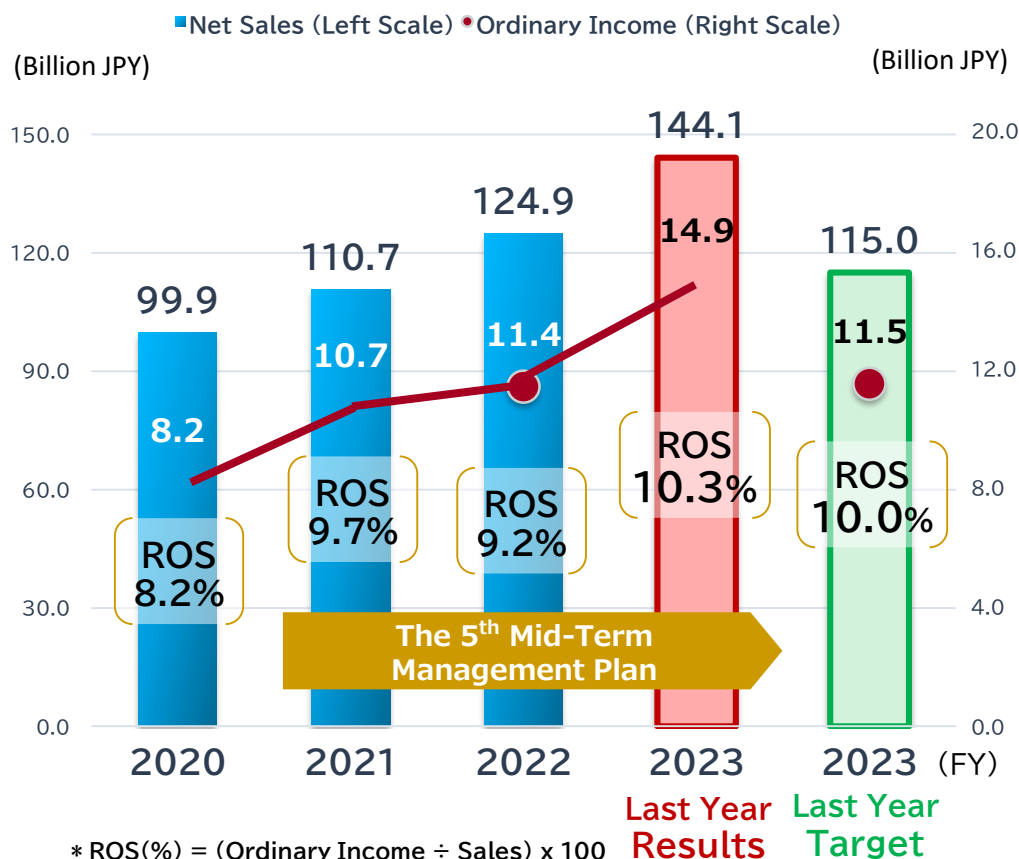
- In response to soaring raw material prices and increased procurement risks, Shinagawa is moving ahead with increasing the use of recycled raw materials and diversifying procurement sources.
 - ⇒ Chinese raw material costs (magnesia, alumina, etc.) tend to stay at high level
 - ⇒ Li₂CO₃ costs soared due to increasing demand for EVs
 - ⇒ Japanese raw material costs also soared due to increasing energy prices
 - ⇒ Increasing use of recycled raw materials



Source: Shinagawa Refractories

2. Consolidated Financial Results in 2023

Achieved Record-high Performance in 2023 for the Second Consecutive Year



The 5th Mid-term Management Plan The Last Year Target

	FY 2023
Net Sales	115.0 Billion JPY
Ordinary Income	11.5 Billion JPY
ROS	10.0%

Forecast made in 2019

- Japan Crude Steel Production: 90.00 Million MT/Y
- Exchange Rate: 105 JPY/US\$

FY 2023 Results

	FY 2023
Net Sales	144.1 Billion JPY
Ordinary Income	14.9 Billion JPY
ROS	10.3%

What happened in 2023

- Japan Crude Steel Production: 86.83 Million MT/Y
- Exchange Rate(Ave): 145 JPY/US\$

3. Primary Action Plans and Results

Primary Action Plans (2021-2023)	Major Initiatives and Results
1. Sales Expansion & Competitive Enhancement in Japan	<ul style="list-style-type: none"> ● Signed an exclusive sales agreement with Allied Mineral Products for aluminum industry in Japan (March 2023) ● Construction of a state-of-the-art plant at the Ako Plant started as a production center for monolithic production in the western Japan region (April 2021)
2. Overseas Business Expansion	<ul style="list-style-type: none"> ● Acquired Refractory Business in Brazil and Ceramics Business in the U.S. from Saint-Gobain (Dec. 2022) ● Signed a technology licensing agreement for continuous casting refractories to Anshan Hefeng Refractories (our JV partner for mold powder business) in China (July 2022)
3. New Business Opportunities	<ul style="list-style-type: none"> ● Acquired Kom Innovation, a semiconductor manufacturing equipment assembly and inspection company (March 2024)
4. Vigorous Capital Investments	<ul style="list-style-type: none"> ● Actively executed M&A and capital investment: Capital investment during the 5th Mid-term Management Plan period = 16.1 billion yen (+15% vs the original plan)

Main Initiatives for 2023	Major Initiatives and Results
1. Reforming Group Management Structure	<ul style="list-style-type: none"> ● Started further promoting sustainable growth of the entire group by organizing business domains into four sectors (Refractory, Insulation, Ceramics and Engineering) to clearly identify opportunities and challenges for each sector (April 2023)
2. Formulating Group Long-term Vision	<ul style="list-style-type: none"> ● Announced “VISION 2030” and “The 6th Mid-term Management Plan” as long-term vision (May 13, 2024)

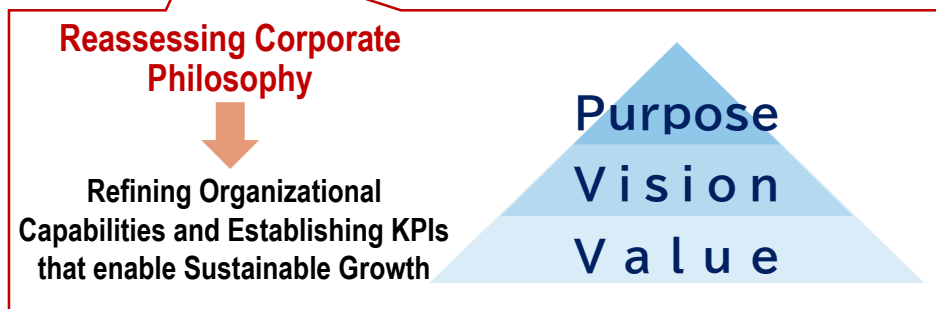
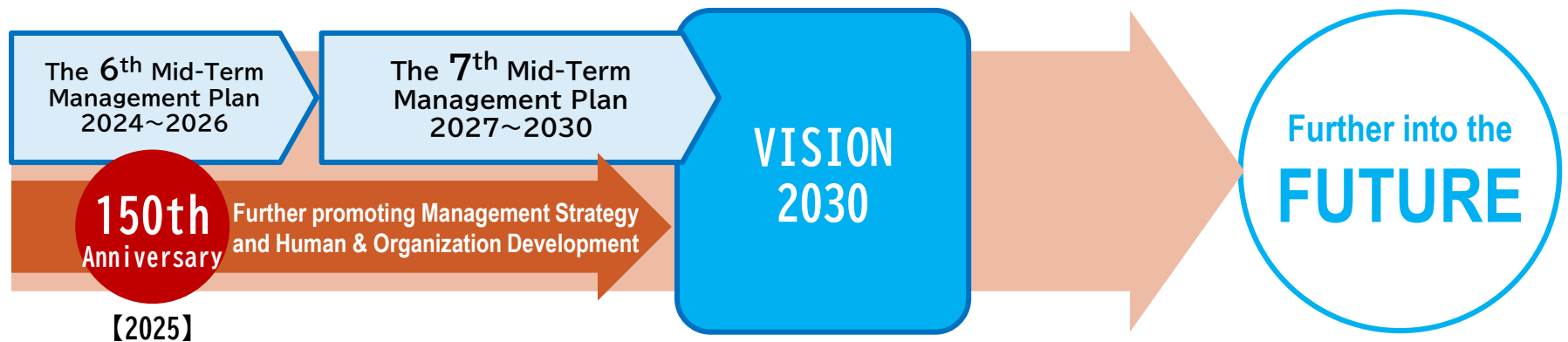


III. VISION 2030 & The 6th Mid-Term Management Plan

1. VISION 2030 & The 6th Mid-Term Management Plan

- Defining VISION 2030, our future vision toward 2030, in the VUCA* era of rapid environmental changes
- Formulating The 6th Mid-Term Management Plan (2024-2026) by back-casting from VISION 2030
- Taking the opportunity of celebrating the 150th Anniversary in 2025, reassessing our corporate philosophy to further promote management strategy and human & organization development for the future

* VUCA: 「Volatility, Uncertainty, Complexity & Ambiguity



2. VISION 2030: Fundamental Policy & Future Vision

【VISION 2030: Fundamental Policy】

Pursuing Business Growth while Solving Social Issues simultaneously

【Future Vision = Shinagawa Group's To-Be】

Go Global × Enter New Market Segments × Pursue Sustainability

~ From Japan to the World, From Refractory to Insulation/Ceramics/Engineering, From Iron & Steel to Other Market Segments ~

Go Global

Global Business Expansion

- Securing a firm position in the global market as a leading heat solution provider
⇒ Be a Global Full Lineup Supplier by implementing PROXIMITY: On-site Sales & On-site Production
- Production optimization and further expanding R&D capabilities in Japan to support global activities

Enter New Market Segments

Sector Driven Business Expansion

- Expanding business portfolio at each business sector: Refractory, Insulation, Advanced Device & Material (Ceramics) and Engineering
- Implementing active business & capital investments based on ROIC as a leading KPI

Pursue Sustainability

Addressing Climate Changes

- Providing heat solutions that contribute to customers' decarbonization
- #### Executing Human Capital Strategies
- Building a management foundation with focus on "Talent Acquisition," "Talent Retention" and "Human resources / Organizational Development"

Business Growth

Implementing Mutually Reinforcing Business Activities

Creating Solutions to Social Issues

3. VISION 2030: Goals

As a Corporate Group promoting Sustainable Growth, Shinagawa has set both **“Financial Goals”** and **“Sustainability Goals”** as long-term goals.

(Goals in 2030)

Financial Goals

	2023 Results	2030 Goals
Net Sales	144 B JPY	240 B JPY
ROS (Operating Income)	9.6%	12%
ROIC	9.1%	10%
Overseas Sales Ratio	29.8%	50%

• Increasing profit margins and secure ROIC of 10% while actively making business and capital investments.

Sustainability Goals

KPI addressing Climate Changes

CO₂ Emissions (Consolidated, Scope 1&2)

2022 Results
139 Kt^{※1}

2030 Goal
50% Reduction

Green Raw Material^{※2} Usage (Non-consolidated)

2022 Results
8.0%

2030 Goal
15.0%

^{※1}: Third-party certification is scheduled to be obtained during the first half of 2024
^{※2}: Green Raw Material= Used refractories at customers + In-house unused products + By-products from other industries

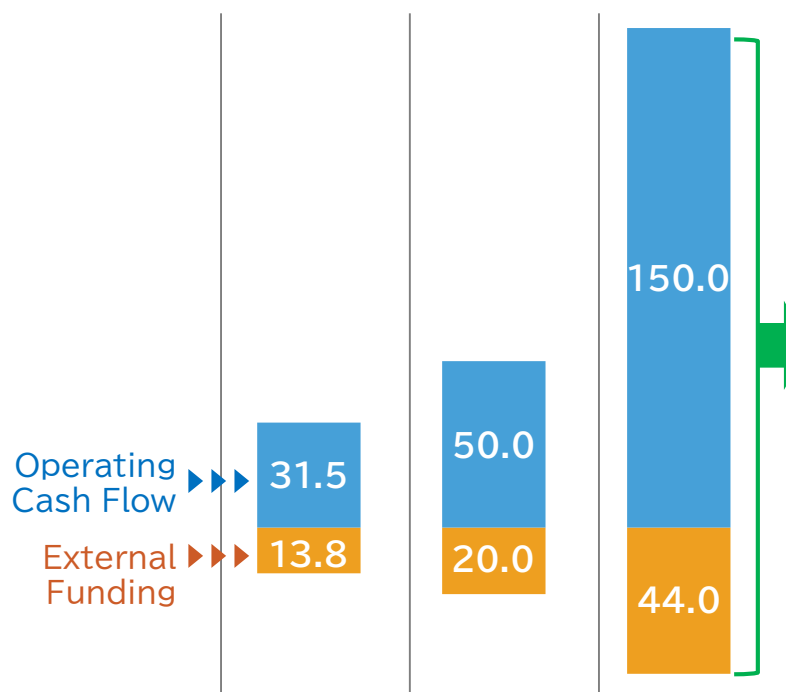
Human Capital Strategies

- ① Human resources and organizational development aligning with corporate strategy
- ② Further improving Diversity and Inclusion
- ③ Creating a comfortable work environment

4. VISION 2030: Financial & Capital Strategies

- Actively execute capital and business investment to promote sustainable growth
- Promote growth investment while ensuring fulfilling shareholder return
- Interest Bearing Debt will increase while fully maintaining financial soundness

(Unit: Billion JPY)



	2024~2026 (6th Mid-term)	2024~2030 (7 Years Total)
<Capital Investment> ① Production Optimization ② Production capacity expansion in growth segments mainly in Insulation and Advanced Material & Device Sector	41.0	128.0
<Business Investment> Actively executing M&A ・Capacity expansion for existing/new markets ・New market development in growth business segments		
<Shareholder Return> ・Enhancing shareholder returns with a dividend payout ratio target of 40%	14.0	40.0
<Business Expansion> ・Increased working capital	5.0	16.0

Years	2021~2023 (Results)	2024~2026 (6th Mid-term)	2024~2030 (7 Years Total)
Interest Bearing Debt (a)	27.7	48.0	72.0
EBITDA (b)	17.9	26.0	38.0
Ration (a/b)	x1.5	x1.8	x1.9

(Scheduled loan payment amount up to the previous year 10.0 10.0)

*EBITDA=Operating Income + Depreciation + Goodwill Amortization
 Note:EBITDA (b) shown on the left is the value for the final year of each period

*Operating Cash Flow=EBITDA – Interest Paid– Tax Paid

5. The 6th Mid-Term Management Plan: Rationale & Priority Measures

The 6th Mid-Term Management Plan 2024~2026

【Rationale】

The 1st step towards the future as celebrating 150th Anniversary

~A new step forward as the Shinagawa Group promoting Sustainable Growth~

*Shinagawa was founded in 1875 and welcomes the 150th Anniversary in 2025

【Priority Measures】

1

**Sector Driven Business
Expansion**

2

**Production
Optimization in Japan**

3

**Accelerating Global
Expansion**

4

Promoting Sustainability Management

6. The 6th Mid-Term Management Plan: Goals

As a milestone towards implementing “VISION 2030,” Shinagawa strengthens the organizational capabilities essential for sustainable growth and take steps toward achieving financial targets and becoming a more sustainable company.

Financial Goals

	2023 Results	2026 Goals
Net Sales	144 B JPY	180 B JPY
ROS (Operating Income)	9.6%	11%
ROIC	9.1%	10%
Overseas Sales Ratio	29.8%	45%

· Increasing profit margins and secure ROIC of 10% while actively making business and capital investments.

【Goals for 2026】

- Starting 2024, although the shutdown of blast furnaces at major customers will somewhat negatively impact our financial performances, Shinagawa plans to increase both sales and profits through business expansion specifically in overseas and cost reductions initiatives.
- Sales for 2026 include M&A/JV projects currently under consideration that have a high possibility of being realized.

【Sustainability Goal】

- Regarding the sustainability goals set in "Vision 2030," Shinagawa plans to continue considering various measures during the period of the "Sixth Medium-Term Management Plan": Therefore the specific targets for 2026 as a milestone are not available at this time.

1 Sector Driven Business Expansion: (1/4) Promoting ROIC Management

Shinagawa group's response to implement management that is conscious of capital costs and stock prices

From The 6th Mid-Term Management Plan, we use ROIC as a leading KPI and focus on achieving an effect that exceeds the cost of capital (6.5%) in management decisions such as reviewing the allocation of management resources in existing businesses and making new business and capital investments.

Advancing Growth Strategy by further creating and strengthening
“Earning Power” ⇒ Maximizing Corporate Value



1 Sector Driven Business Expansion: (2/4) Sector Vision

Sector Vision

Refractory Sector

- Be the Customer's First Choice
- The Sky's the Limit: Creating the future of refractories and sustainable society with carbon neutrality
- Further promoting Proximity locally and achieving One SHINAGAWA globally

Insulation Sector

- Expanding global supply of environmental friendly insulation products
- Strengthening R&D capabilities to expand sales in growth markets such as SPE* (*Semiconductor Production Equipment)
- Business expansion by M&A

Advanced Material & Device Sector※

- Shifting focus from structural materials as metal substitutes to functional materials in advanced industries
- Expanding R&D capabilities and production capacity
- Business expansion by M&A

Engineering Sector

- Focus on carbon neutral projects
- Actively approaching growing market of industrial furnace (non-ferrous and semiconductor)
- Creating a New Future: New technology development, revising construction methods and promoting M&A

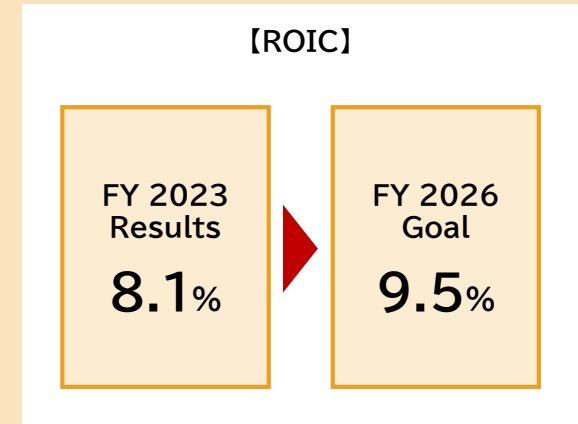
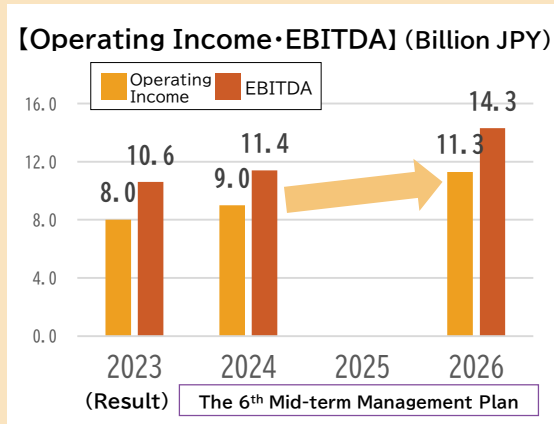
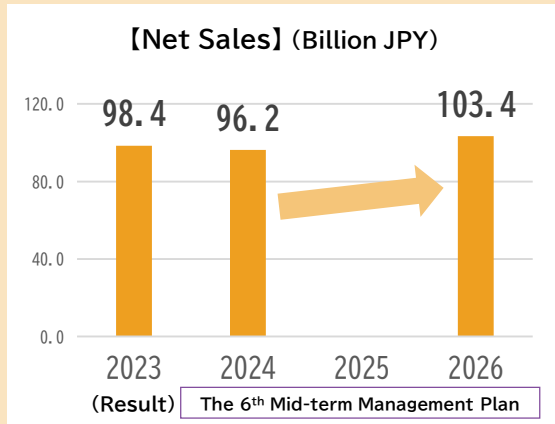
※:Reorganized from Ceramics Sector in 2014

1 Sector Driven Business Expansion:

(3/4) Net Sales and Operating Profits by Sector

		The 6th Mid-Term Management Plan		
(Unit: Billion JPY)		2023 Results	2024 Plan	2026 Plan
Net Sales by Sector※ <ul style="list-style-type: none"> In 2024, sales in the “Refractory Sector” and “Engineering Sector” are expected to decrease due to the impact of customers' production structure restructuring From 2025, each sector plans to expand its business portfolio and increase sales 	Refractory Sector	98.4	96.2	1,03.4
	Insulation Sector	18.5	19.8	22.0
	Advanced Material & Device Sector	3.5	4.6	5.4
	Engineering Sector	24.5	22.9	24.9
Operating Income by Sector <ul style="list-style-type: none"> In 2024, operating income in the “Engineering Sector” is expected to decrease due to the impact of customers' production structure restructuring, but “Refractory Sector” is expected to increase them by improving its sales mix From 2025, each sector plans to expand its business portfolio and increase sales 	Refractory Sector	8.0	9.0	11.3
	Insulation Sector	3.4	3.5	4.2
	Advanced Material & Device Sector	0.1	0.2	0.4
	Engineering Sector	1.7	1.3	1.7
EBITDA by Sector <ul style="list-style-type: none"> As we strengthen global expansion, Shinagawa makes each sector's EBITDA (Operating Income + Depreciation + Goodwill Amortization) a leading management KPI from the 6th Medium-Term Management Plan 	Refractory Sector	10.6	11.4	14.3
	Insulation Sector	4.1	4.3	5.1
	Advanced Material & Device Sector	0.2	0.5	0.8
	Engineering Sector	1.9	1.5	2.0

※ : Net Sales (Consolidated) in VISION 2030 (P.5) and the goals set in the 6th Medium-Term Management Plan (P.8) include “Real estate/Elimination of intra-company transactions” and “M&A projects with high possibility of realization” and do not match the total sales by each sector in the table



Note: Goals for sales, operating income and ROIC do not include undisclosed M&A and JV.

Strategic Initiatives in Japan

● Addressing Sustainability

- ⇒ Promoting Green Refractory*
- ⇒ Enhancing Products Lineups for Large Capacity Electric Arc Furnace

● Business Expansion into Non-Ferrous and Industrial Market

- ⇒ Collaboration with Allied Mineral Products for sales expansion the Aluminum Industry

* Green Refractory: Refractory made with more than 20mass% of Green Raw Materials (Used refractories at customers + In-house unused products + By-products from other industries)

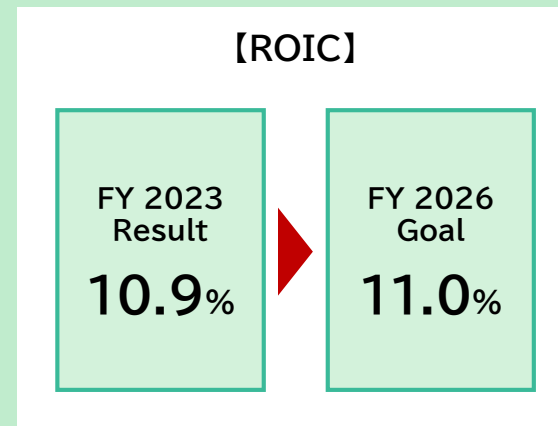
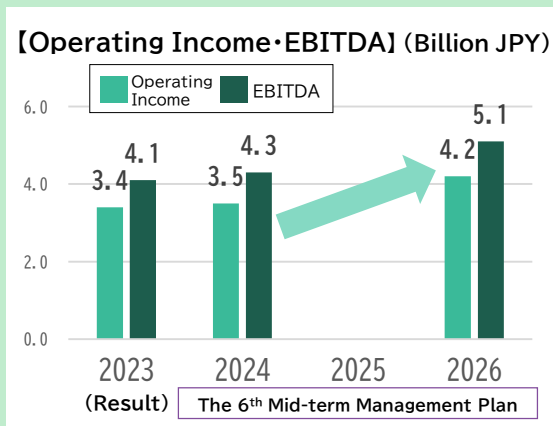
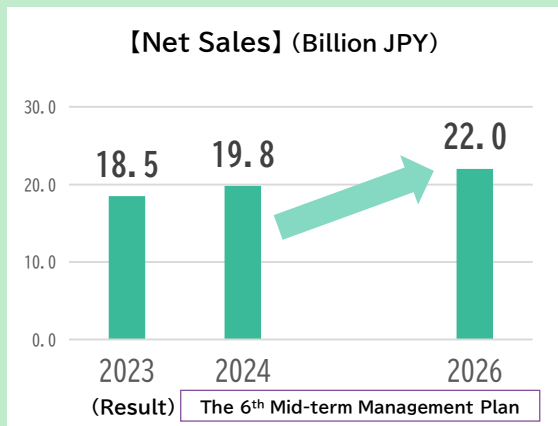
Overseas Strategic Initiatives

● Maximizing Competitive Advantage: Technologies and Global Locations

- ⇒ Further focus on Mold powders and Continuous Casting Refractories
- ⇒ Sales from Brazil to USA and other regions

● Enriching Business Portfolio by Achieving further Proximity with M&A

- ⇒ Establishing a new JV in Indonesia to expand business into ASEAN market



Note: Goals for sales, operating income and ROIC do not include undisclosed M&A and JV.

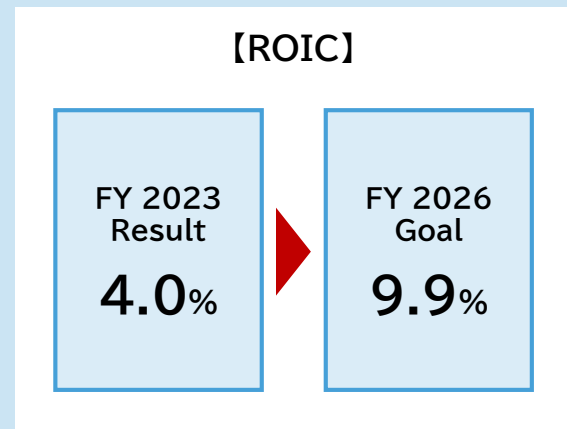
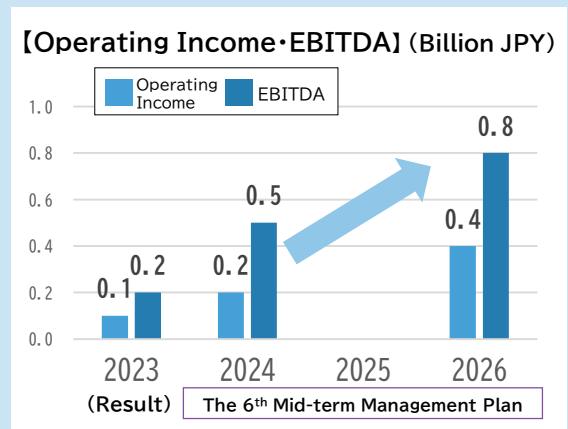
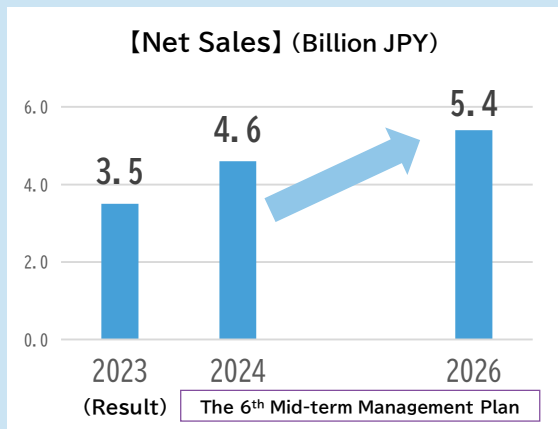
*ROIC is expected to remain flat during the 6th Mid-term Management Plan as we plan to continue expanding investment for sustainable growth.

Strategic Initiatives: Insulation Sector

- **Active Investment in Decarbonization, Labor Saving, Cost Reduction and IT**
⇒ Capital investment for production optimization totals 5.4 billion JPY over 3 years
- **Sales Expansion of (1) Components for SPE*, (2) Components for Fuel Cells (Lithium-ion/NAS Batteries) & (3) Fire-resistant Building Materials**
(*Semiconductor Production Equipment)
- **Focus on (1) Sustaining growth in core businesses, (2) Sales expansion in growth markets & (3) Overseas business expansion**
⇒ Sustainable growth of +5% annually

1 Sector Driven Business Expansion (4/4)

③ Advanced Material & Device Sector

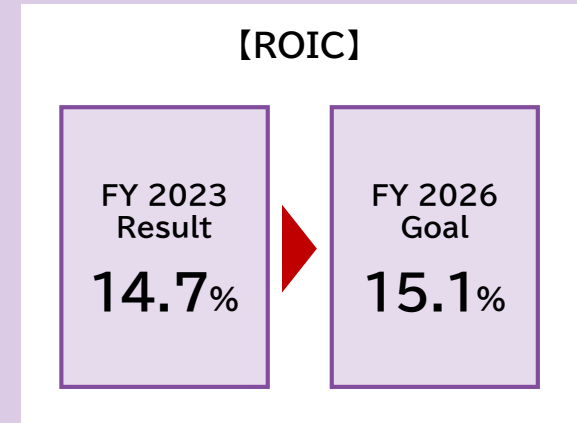
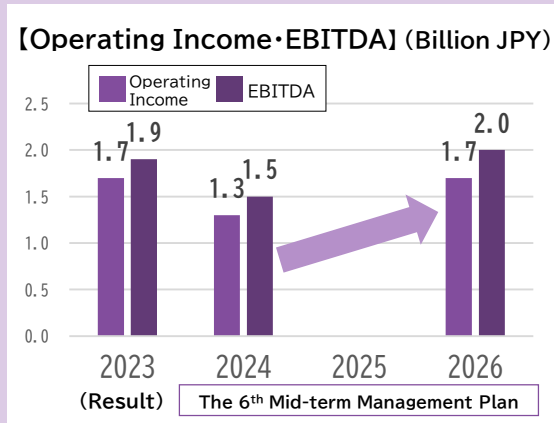
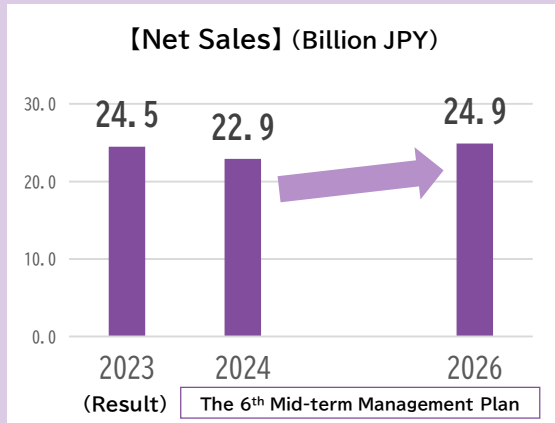


Note: Goals for sales, operating income and ROIC do not include undisclosed M&A and JV.

Strategic Initiatives: Advanced Material & Device Sector

- **Production Capacity Expansion**
⇒ Process/Equipment renewal and introducing automatic processing machines
- **Into New Growth Markets**
 - ① Components for SPE (Semiconductor Production Equipment)
 - ② Aerospace market: Special vapor deposition materials
 - ③ Wear-resistant and molten metal materials for lithium-ion batteries
 - ④ Silicon nitride rolls for steel industries
(Product development is scheduled to be completed by the end of FY 2026)
- **Enhancing Business Portfolio by Active M&A and JV**
⇒ Accelerating expansion into growth fields by acquired Kom Innovation, a semiconductor manufacturing equipment assembly and inspection company

The 6th medium-term plan period is to strengthen product development and production optimization for future business growth from FY2027.



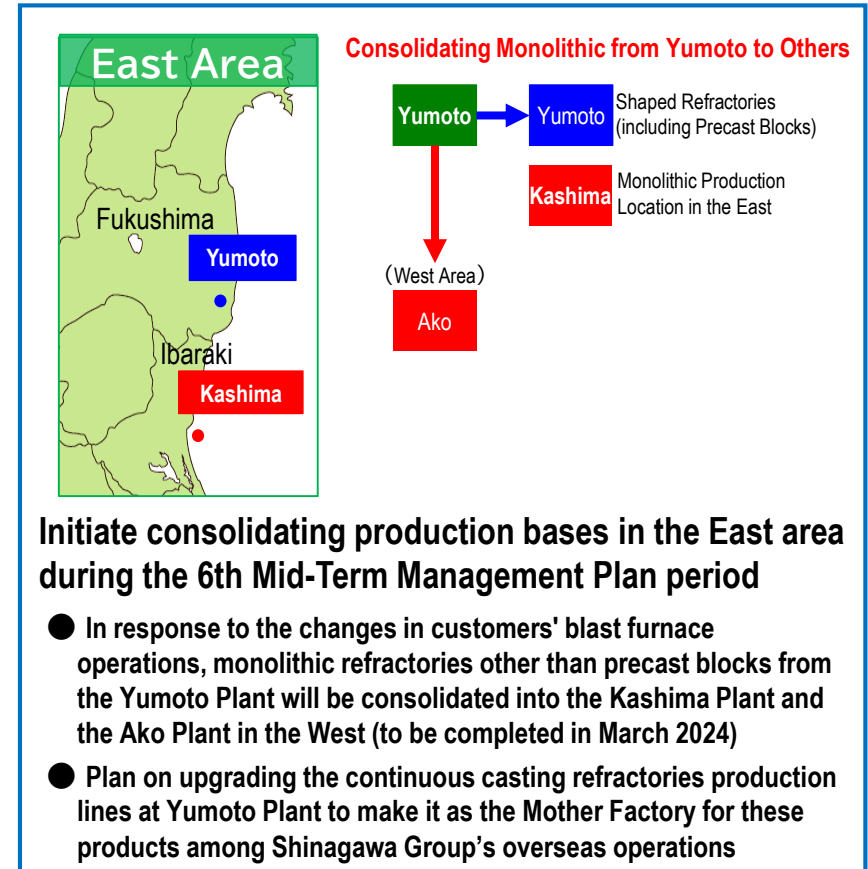
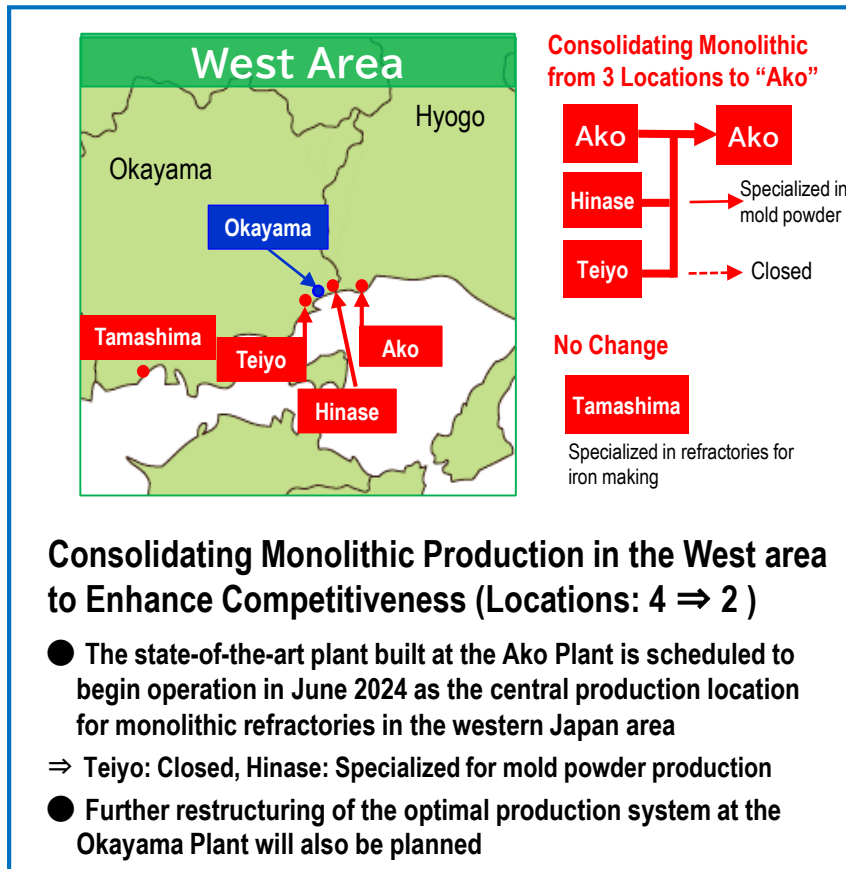
Note: Goals for sales, operating income and ROIC do not include undisclosed M&A and JV.

Strategic Initiatives: Engineering Sector

- **Focus on Carbon Neutral Projects: Large capacity Electric Arc Furnaces and Carbon Recycling Blast Furnaces**
⇒ Further promoting ESI (Early Supplier Involvement) for differentiation
- **Allocating Human Resources in Growth Markets such as Carbon Baking Furnace**
- **Promoting Workstyle Reform and Improving Work Efficiency through the Introduction of New Installation Methods and Inspection Technologies**
- **Advancing Business Alliances and M&A Globally for Securing Skilled Labor Force and Pursuing Synergy Effects**

2 Production Optimization in Japan

Reorganize and integrate production bases in the West and East to build an optimal production system for further expanding sales in Japan and growing businesses in the global market



● Shaped Refractory ● Shape & Monolithic Refractory ● Monolithic Refractory

3 Accelerating Global Expansion 1/2

In addition to organic growth, Refractory Sector will lead the acceleration of global expansion through new M&A and JV

▶Shinagawa established SRI (PT Shinagawa Refractories Indonesia) in 2014, started supplying monolithic products in Indonesia.

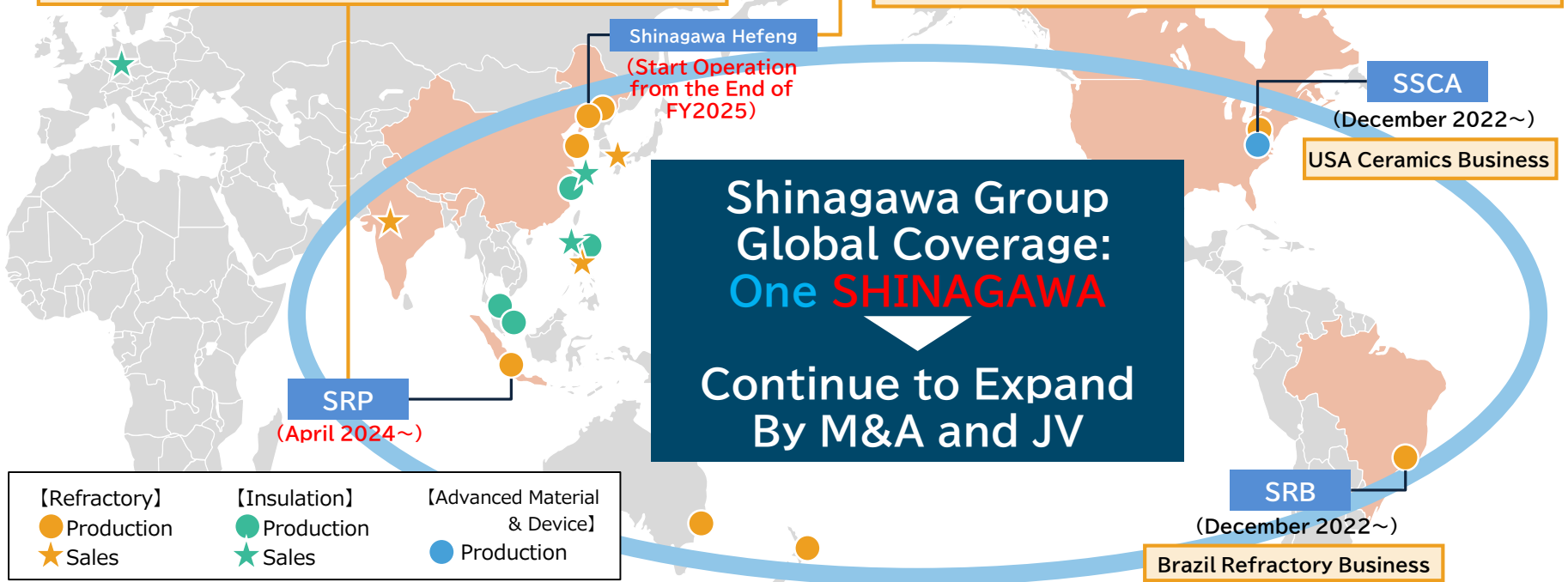


▶In April 2024, SRP (PT Shinagawa Refractory Perkasa) was established to further expand SRI's business, to better serve Indonesian and ASEAN markets with more product lineups and sales coverage. (Operation Starts in July 2024)

▶Shinagawa started producing high quality mold powders in 2008 to serve China and Asian market.

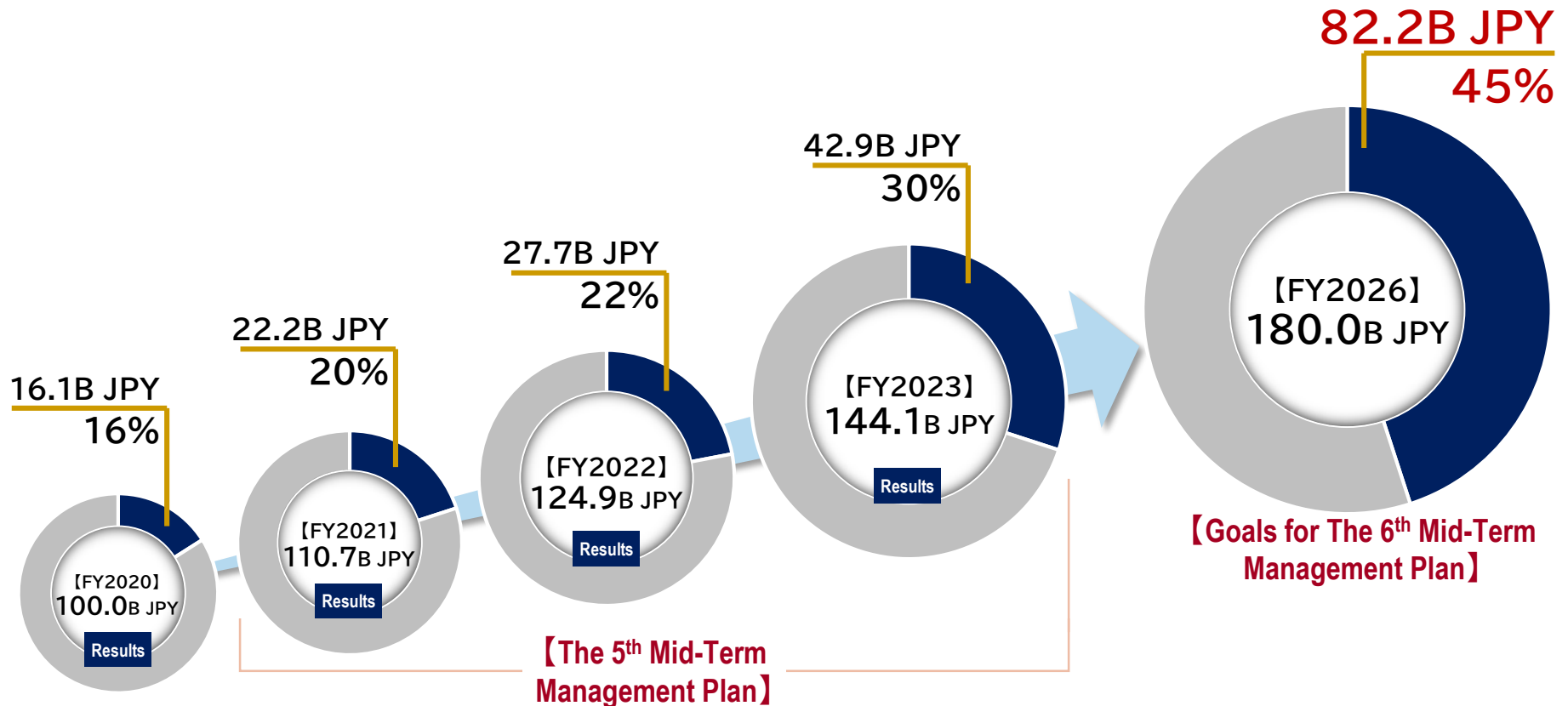


▶To further extend our high quality products offerings, value added continuous casting refractories (various nozzles) will be added to the production: Construction of the factory has begun and operations are scheduled to begin by the end of 2025.



3 Accelerating Global Expansion 2/2

**Overseas sales rapidly expanded under the 5th medium-term plan:
By further promoting PROXIMITY strategy during the 6th Mid-Term
Management Plan, Shinagawa plans to achieve overseas sales of 82.2
billion yen, with an overseas sales ratio of 45%.**



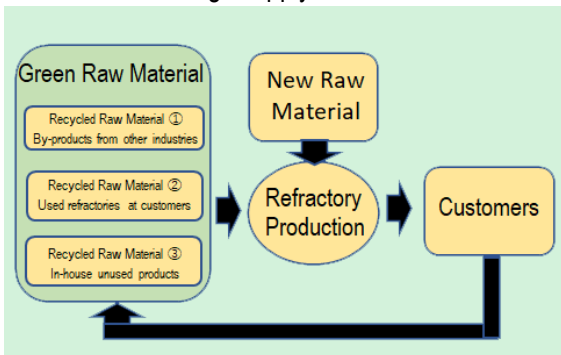
Establishing initiatives to address climate changes through business activities as Shinagawa’s key growth strategy element

【Specific Examples】 Promoting decarbonization initiatives within Shinagawa group

Promoting Recycling (Scope 3·Upstream)

- ▶ Established a organization exclusively in charge of Recycling (April 2024)
- ▶ Improving technologies to sort/process used refractories
- ▶ Developing & Promoting Green Refractory

Contributing to CO₂ emission reduction through supply chain



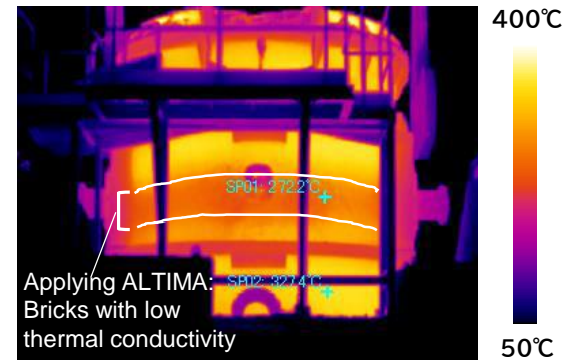
Promoting Energy Conservation (Scope 1&2)

- ▶ Switching to fuels that reduce CO₂ emissions, such as LNG
- ▶ Actively introducing solar power generation
- ▶ Increasing line-up of non-fired products



Contributing to customers’ carbon neutrality (Scope 3·Downstream)

- ▶ Promoting heat loss reduction in high-temperature processes
 - ⇒ Developing products with low thermal conductivity
 - ⇒ Providing ideal solutions by combining refractory technology, insulation material technology, and furnace installation engineering technology
- ▶ Promoting the collection of used refractories (Previously treated as industrial waste)



Implementing human capital strategies as an initiative to secure, develop and retain talents, which is the basis for sustainable growth

Human Capital Strategies

Building a management foundation with focus on “Talent Acquisition,” “Talent Retention” and “Human resources / Organizational Development”

1

Human resources and organizational development aligning with corporate strategy

Talent development required as a global company

- ▶ Enriching job level-based/specialized education and training
- ▶ Active interactions among global group companies:

One SHINAGAWA

- ▶ Organizational development aligning with corporate philosophy

2

Further improving Diversity and Inclusion

Fostering corporate culture where diverse talents can play active roles

- ▶ Focus on Diversity Recruitment
- ▶ Compliance Training
- ▶ Harassment Prevention

3

Creating a comfortable work environment

Supporting diverse work styles that suit work-life balance and individual living environments

- ▶ Introducing Flexible Working Styles (including Work from Home)
- ▶ Active Use of Family Care Leave
- ▶ Active Use of Annual Paid Leave

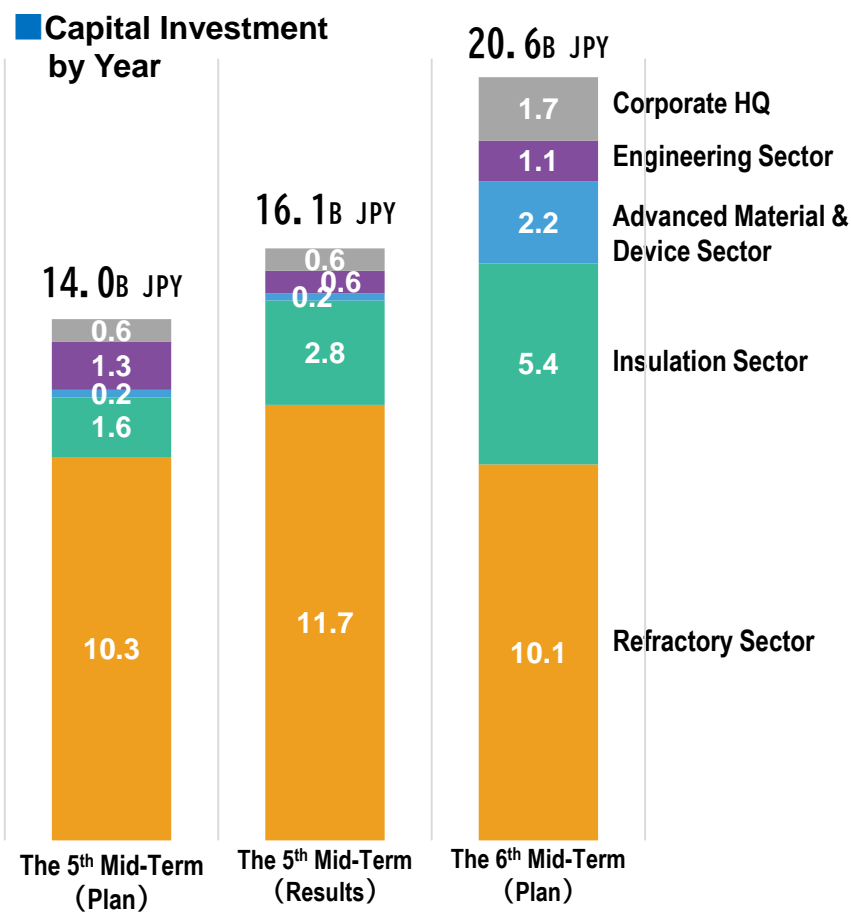
7. Financial/Capitalization Strategy

① Investment for Growth

Accelerating growth investment including M&A as a key measure to strengthen management structure for the future

【Investment Policy】

- Actively invest in growth markets (fields & areas)
- Promoting investment considering turning production bases in Japan into mother factories in order to grow in the global market
- Accelerating sector driven business expansion, significantly increase investment in the “Insulation Sector” and “Advanced Material & Device Sector,” which are new areas to develop into untapped growth markets
- Actively promoting M&A and JV investment to accelerate business growth
- Focusing on environmental investment (decarbonization) in order to create a sustainable business management system
- Advancing with DX investment that contributes to improving operational efficiency and work style reform



7. Financial/Capitalization Strategy

② Shareholders Return

Sustainable Return of Profits to our Shareholders

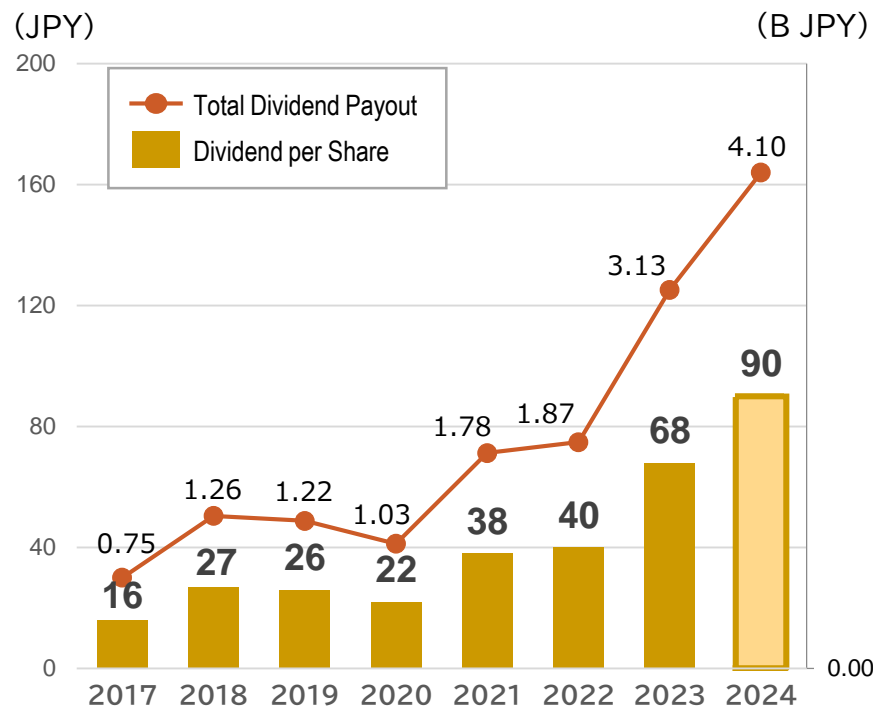
【Dividend Policy】

Considering the importance of enhancing the return of profits to shareholders, Shinagawa decided to aim for **a dividend payout ratio of 40%** * 30% until the last Mid-Term Plan

【Dividend vs Growth Investment】

- During the 6th Mid-Term Management Plan period, Shinagawa plans to accelerate growth investments including M&A. As a result, cash flow during this period will probably be allocated preferentially to growth investments.
- Furthermore, as a result of M&A, the goodwill amortization increases and profits are compressed, so even if the payout ratio is the same 40%, the total dividend amount may fluctuate.
- In order to maintain the total return amount, we plan on flexibly acquiring treasury stock based on the cash flow situation.

■ Dividend per Share & Total Dividend Payout



Note: The annual dividend above is the amount taking into account the stock split (effective October 1, 2023, splitting 1 share into 5 shares)

<Reference Information>

Acquisition of treasury stock (implemented from November 6, 2023 to March 22, 2024)

• Acquired shares: 1,220,800 shares • Acquisition price: 2.24 billion JPY

Disclaimer

This document is intended to provide information on the results for the fiscal year ended March 2024 (April 2023 – March 2024) and is not intended to solicit investment in securities issued by the Company.

The document was prepared based on data available as of May 30, 2024. Opinions, forecasts, etc. described herein are based on the Company's judgment at the time of the preparation of the document. The Company does not warrant or guarantee the accuracy or completeness of the information contained herein, and such information may change without notice in the future.