

SHINAGAWA UPDATE

Results for Fiscal Year Ended March 2023

June 15, 2023

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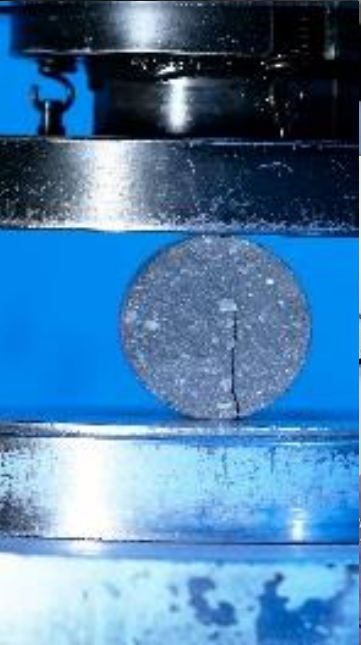
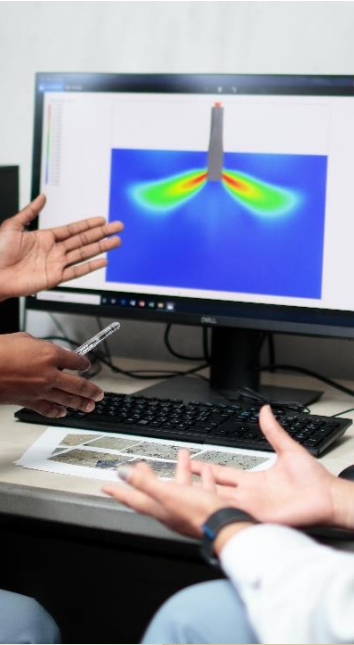
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I . Overview of Financial Results for 2022 (Fiscal Year ended March 2023)

1. Consolidated Financial Highlights

(Unit: Billion JPY)

	FY2021	FY2022	YoY
	Results	Results	
Net Sales	110.7	124.9	+12.9%
Operating Income (Operating Margin)	10.1 (9.1%)	10.8 (8.7%)	+7.3% (▽0.4%)
Ordinary Income	10.7	11.4	+6.9%
Profit attributable to owners of parent	5.3	8.3	+56.5%

- Japanese crude steel production in 2022 decreased by 8.1% to 87.85 million tons YoY mainly due to sluggish steel demand for automobiles triggered by shortage of semiconductors
- Achieved record-high performance due to progress in passing on soaring refractory raw material costs to sales prices and valuation gains in inventory
- Sales price will continue to be revised to properly reflect the rapid increase of raw material costs in the next fiscal year
- Profit attributable to owners of parent increased by 56.5% due to gains on sale of idle assets (Urawa-ku, Saitama City)

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

2. Net Sales by Business Segment

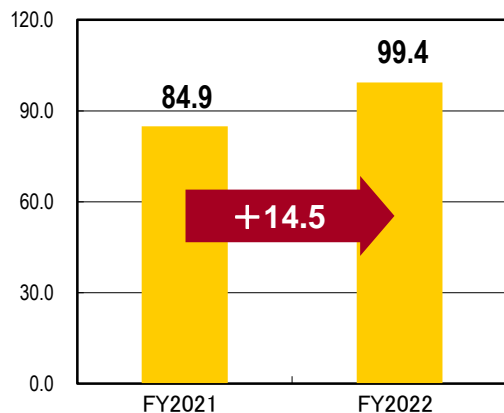
(Unit: Billion JPY)

	FY2021	FY2022	YoY
	Results	Results	
Refractories & Related Products	84.9 [76.6]	99.4 [79.6]	+17.2%
Engineering & Installation	24.9 [22.6]	24.4 [19.6]	▽ 1.7%
Real Estate	0.9 [0.9]	0.9 [0.8]	+ 1.5%
Total	110.7 [100.0]	124.9 [100.0]	+12.8%

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

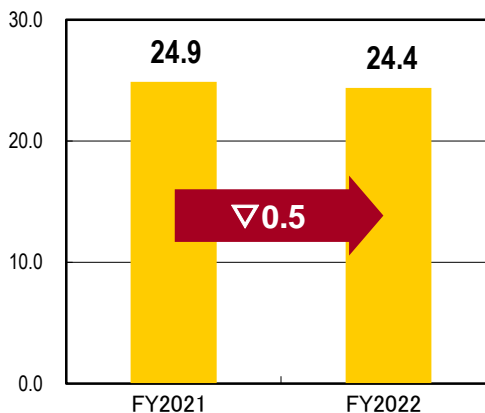
Billion JPY

Refractories & Related Products



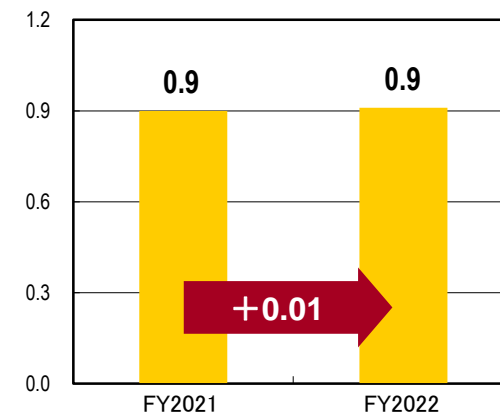
Billion JPY

Engineering & Installation



Billion JPY

Real Estate



3. Operating Income by Business Segment

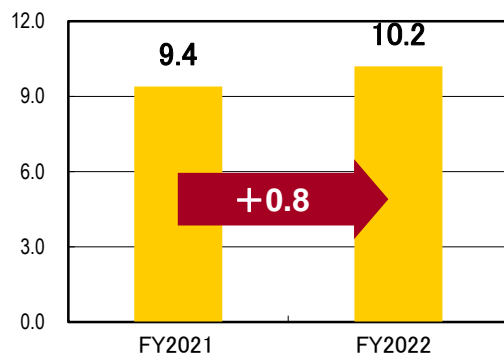
(Unit: Billion JPY)

	FY2021	FY2022	YoY
	Results	Results	
Refractories & Related Products	9.4 [80.7]	10.2 [80.6]	+8.9%
Engineering & Installation	1.8 [15.6]	1.9 [15.5]	+8.6%
Real Estate	0.4 [3.7]	0.4 [3.9]	+12.2%
Total	11.7 [100.0]	12.7 [100.0]	+8.9%
Adjustments	▽1.6	▽1.9	—
Operating Income	10.1	10.8	+7.3%

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

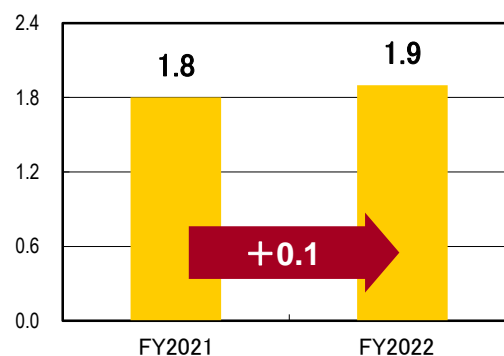
Billion JPY

Refractories & Related Products



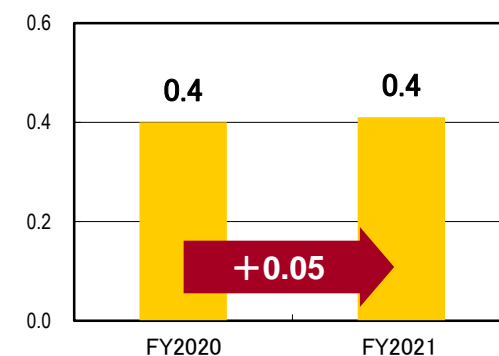
Billion JPY

Engineering & Installation



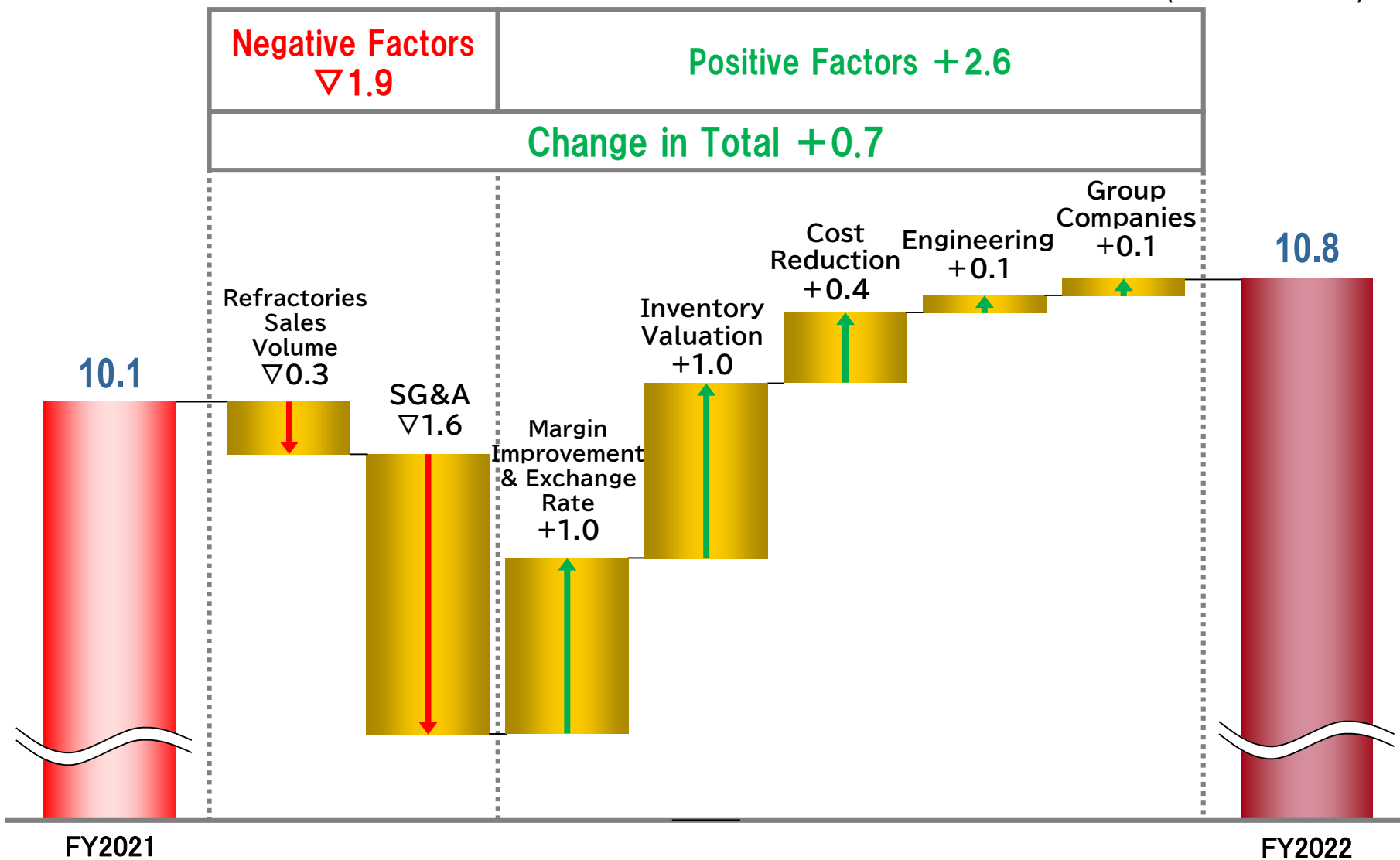
Billion JPY

Real Estate



4. Factors Behind Changes in Operating Income (YoY)

(Unit: Billion JPY)



5. Consolidated Balance Sheet

(Unit: Billion JPY)

	FY2021	FY2022	Changes	
Current Assets	78.7	91.4	+12.6	▪Cash & Cash Equivalents +1.4 ▪Merchandise & Finished Goods +4.2 ▪Raw Materials & Supplies +6.3
Fixed Assets	40.9	52.4	+11.4	▪Tangible fixed assets +3.7 ▪Goodwill +6.2 ▪Investments & other assets +1.4
Total Assets	119.7	143.9	+24.1	
Current Liabilities	39.4	55.4	+16.0	▪Notes and accounts payable +4.3 ▪Short-term debt +11.7
Fixed Liabilities	17.0	17.0	△0.1	▪Long-term Loans Payable △0.4 ▪Deferred Tax Liabilities +0.3
Total Liabilities	56.4	72.4	+16.0	
Shareholders' Equity	58.3	64.8	+6.5	▪Retained Earnings +6.4
Accumulated Other Comprehensive Incomes	1.8	3.2	+1.4	▪Valuation difference on available-for-sale securities +0.8 ▪Foreign Currency Translation Reserve +0.5
Non-controlling Interest	3.0	3.3	+0.2	
Total Net Assets	63.2	71.4	+8.1	
Total Liabilities & Net Assets	119.7	143.9	+24.1	

	FY2021	FY2022
ROE (Return on Equity)	8.8%	13.0%

6. Consolidated Cash Flows

(Unit: Billion JPY)

	FY2021	FY2022	Changes
Cash Flows from Operating Activities	9.4	10.2	
Cash Flows from Investing Activities	▽5.1	▽15.9	
Cash Flows from Financing Activities	▽3.3	6.8	
Cash and Cash Equivalents at the End of Period	16.7	18.1	+1.4

■ Interest-bearing Debt/Cash Flow Ratio

(Unit: Billion JPY)

	FY2021	FY2022	Changes
Interest-bearing Debt (a)	22.8	34.3	+11.4
Cash Flows from Operating Activities (b)	9.4	10.2	+0.7
Ratio (a)/(b)	2.4	3.3	+0.9

【 Main contents of cash flows from operating activities 】

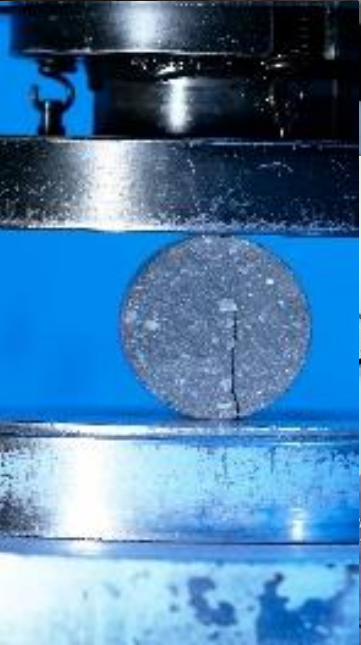
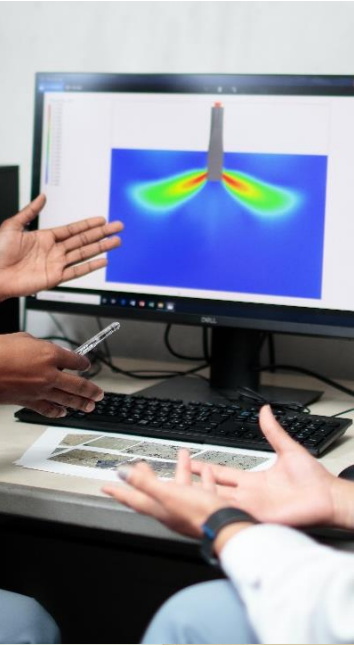
- Income before Income Taxes 12.4
- Depreciation 2.9
- Changes in Account Receivable 3.8
- Changes in Inventories ▽6.9
- Changes in Accounts Payable 1.4

【 Main contents of cash flows from investing activities 】

- Purchase of Tangible Fixed Assets ▽4.7
- Expenses for the acquisition of shares of subsidiaries with a change in the scope of consolidation ▽11.9

【 Main contents of cash flows from financing activities 】

- Net increase in short-term borrowings 11.1
- Expenses for the acquisition of shares of subsidiaries without a change in the scope of consolidation ▽2.1
- Cash Dividends Paid ▽1.8



II . FY 2023 Business Plan

1. Business Environment

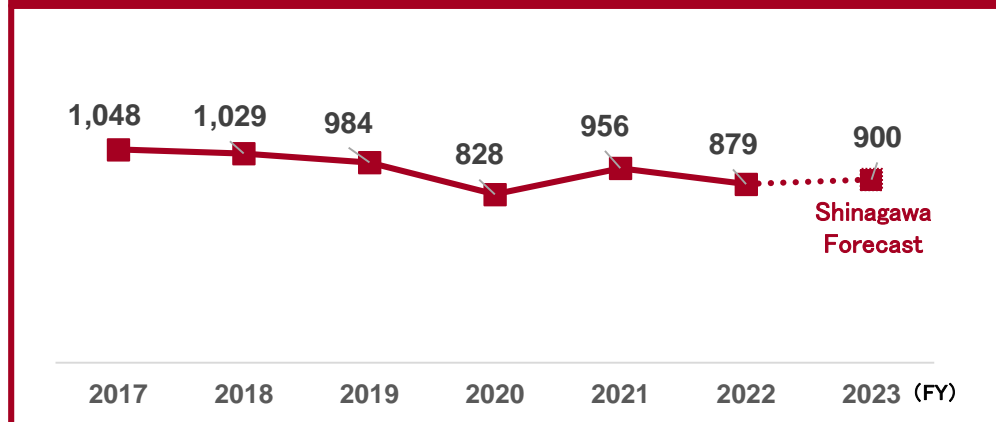
【Business Environment】

- The outlook of world economy is expected to remain uncertain due to inflation in various countries, the prolonged situation in Ukraine and geopolitical risks in East Asia.
- Crude steel production is expected to increase slightly year-on-year, and the reorganization of integrated producers is expected to continue.

【Shinagawa's Responses】

- In response to soaring raw material prices and increased procurement risks, Shinagawa is moving ahead with securing inventory and diversifying procurement sources.
 - ⇒ Chinese raw material costs (magnesia, alumina, etc.) tend to stay at high level
 - ⇒ Li_2CO_3 costs soared due to increasing demand for EVs
 - ⇒ Japanese raw material costs also soared due to increasing energy prices
 - ⇒ Replaced Russian electro-fused magnesia with alternative

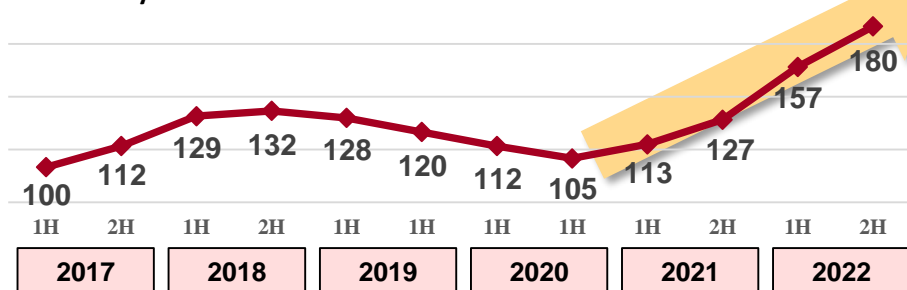
Japanese Crude Steel Production (Unit: Million ton)



*Source: The Japan Iron and Steel Federation

Raw Material Costs Index (2017 1H = 100)

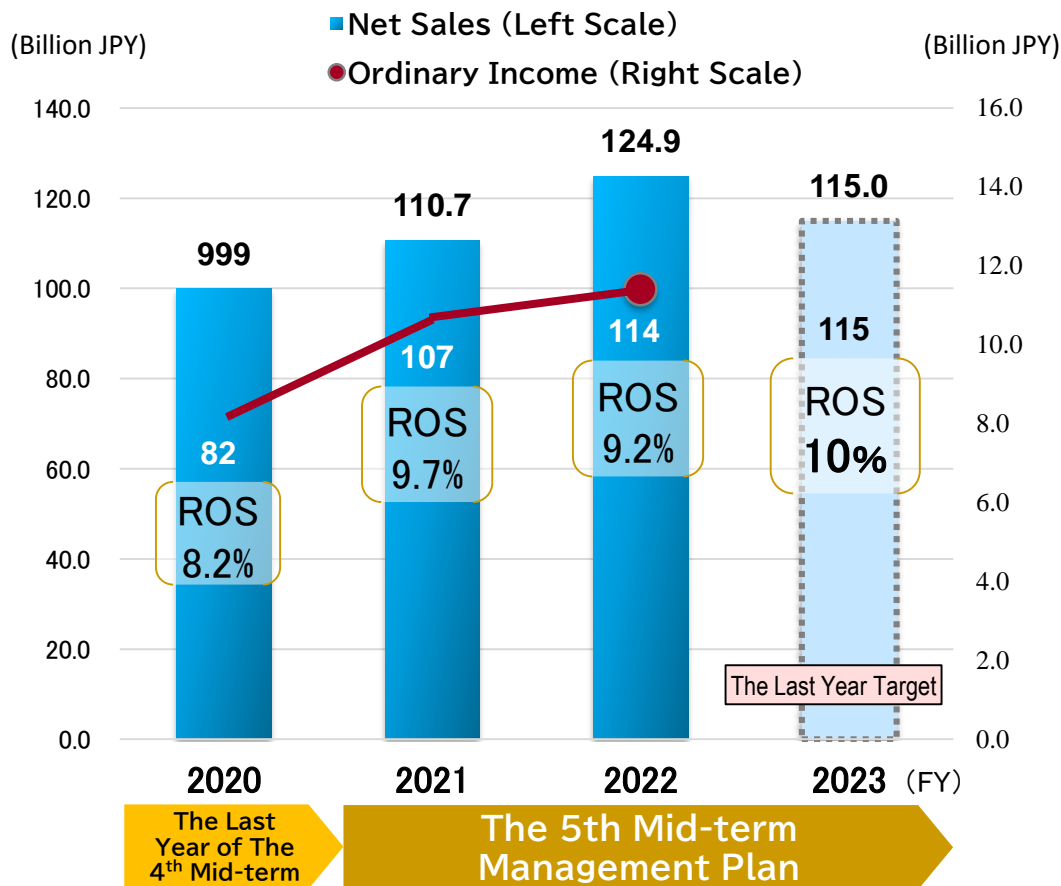
Total raw material costs of Shinagawa group companies, including but not limited to, fused magnesia, fused alumina, lithium carbonate, alumina, magnesia and other auxiliary raw materials



*Source: Shinagawa Refractories

2. Consolidated Financial Results: 2020-2022

Achieved Record High Performance in 2022 and the Net Sales Surpassed the Target for the Final Year One Year Ahead



* ROS(%) = (Ordinary Income ÷ Sales) x 100

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

	FY 2023 The Last Year Target
Net Sales	115 billion JPY
Ordinary Income	11.5 billion JPY
ROS	10%

Forecast made in 2019

- Crude Steel Production in Japan: 90.0 Million t/Y
- Exchange Rate: 105 JPY/US\$

What happened in 2022

- Crude Steel Production in Japan: 87.85 Million t/Y
- Exchange Rate (Average): 136 JPY/US\$

3. Consolidated Financial Forecasts for FY2023

Aim to achieve record-high performance in FY 2023, the final year of the 5th mid-term management plan, exceeding FY 2022

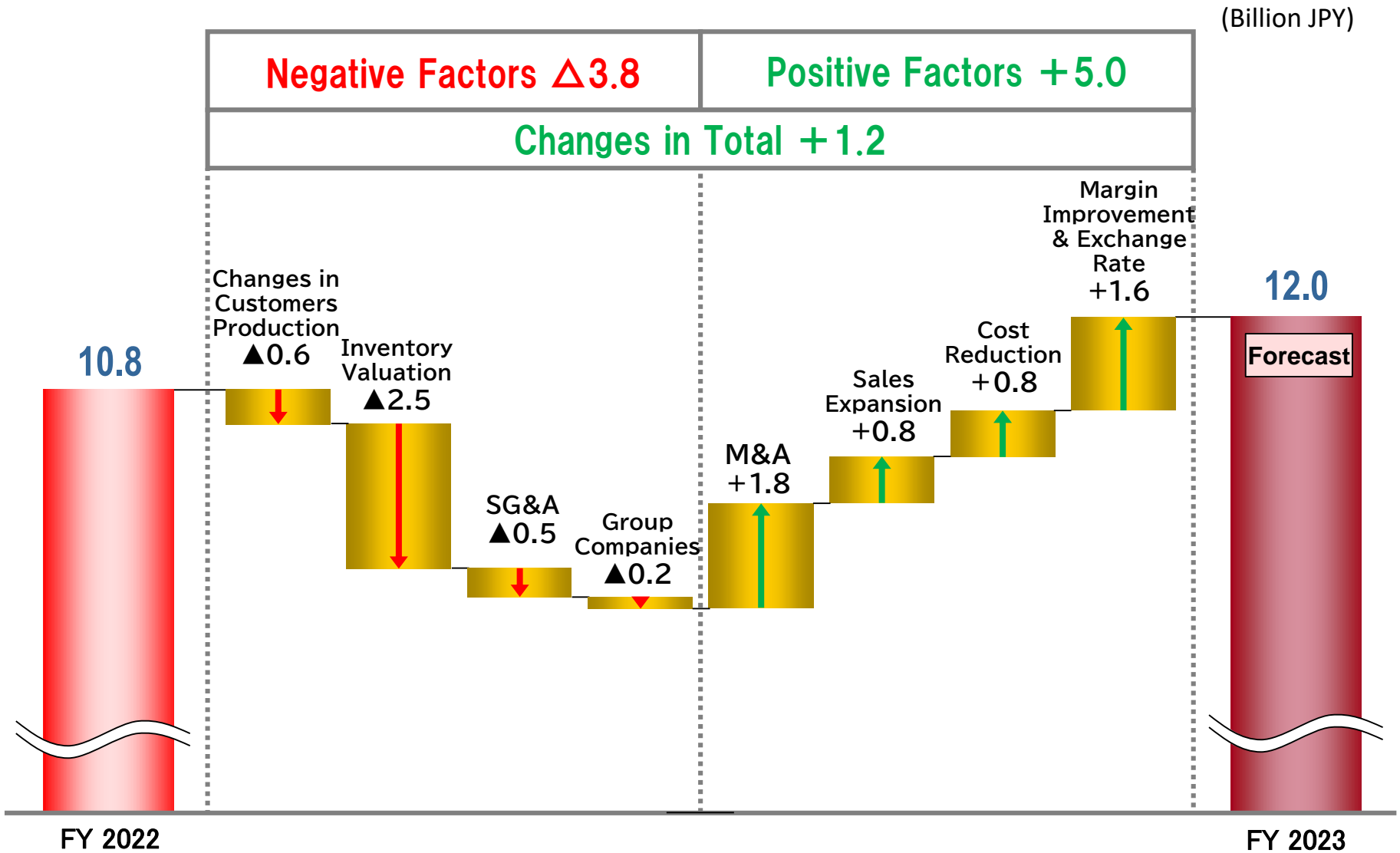
The business environment continues to be difficult due to the decrease of demand for refractories and engineering work in Japan, as well as soaring raw material and energy prices. Shinagawa aims to achieve the following results by continuously revising sales prices properly reflecting the rapid rise in raw material prices and energy costs, expanding business and sales through other majors such as M&A.

(Billion JPY)

	FY 2022	FY 2023	YoY
	Results	Forecast	
Net Sales	124.9 [100.0]	140.0 [100.0]	+12.0%
Operating Income	10.8 [8.7]	12.0 [8.6]	+10.7%
Ordinary Income	11.4 [9.2]	12.0 [8.6]	+4.7%
Profit attributable to owners of parent	8.3 [6.6]	12.0 [8.6]	+44.5%

Note: Figures in square brackets [] indicate ratio (%) to Net Sales

4. Factors Behind Changes in 2023 Operating Income (YoY)



5. The 5th Mid-Term Management Plan:

Basic Policy & Overview of Primary Action Plans

Basic Policy

Despite gradual decline of steel demand in Japan, Shinagawa aims to achieve record-high earnings by introducing new products that meet the diverse needs of our customers and our competitiveness achieved by production optimization.

Primary Action Plans

- 1 Sales Expansion & Competitive Enhancement in Japan
- 2 Overseas Business Expansion
- 3 New Business Opportunities
- 4 Vigorous Capital Investments

【Main Initiatives for 2023】

Shinagawa positions 2023 as a critical springboard for the next med-term management plan and beyond, and focuses on initiatives to prepare for the future.

【Main Initiative ①】
Reforming Group Management Structure
Required for Sustainable Future Growth

【Main Initiative ②】
Formulating Group Long-term Vision
Shinagawa's Future Goal

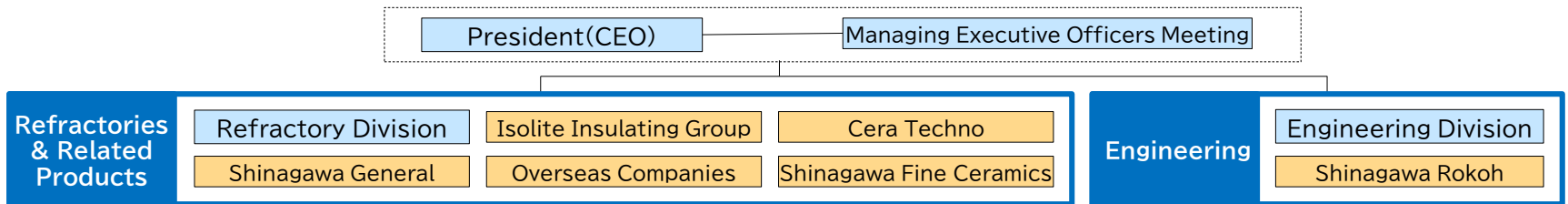
6. Reforming Group Management Structure

Objectives of the Reformation

- ① Promoting sustainable growth of the group by organizing business domains into four sectors to clearly identify opportunities and challenges for each sector
- ② Furthering cross-sector collaboration and effective use of management resources by establishing the Group Management Strategy Council and Corporate Business HQ

Until 2022

Group structure to manage the business of Shinagawa and each group company independently



From 2023

Four sectors structure allows Shinagawa to effectively strengthen the business operations of the entire group



6—1. Figures by Business Segment (Net Sales and Operating Income)

By Old Segment

FY2022 Results		Refractories & Related Products	Engineering & Installation	Real Estate	Adjustments	Total
Net Sales	(B JPY)	99.5	24.6	1.0	▽ 0.1	124.9
Operating Income	(B JPY)	8.6	1.6	0.4	0.0	10.8
ROS	(%)	8.7	6.7	46.8	-	8.7

FY2023 Forecast		Refractories & Related Products	Engineering & Installation	Real Estate	Adjustments	Total
Net Sales	(B JPY)	117.1	22.2	0.8	▽ 0.2	140.0
Operating Income	(B JPY)	10.2	1.2	0.5	0.0	12.0
ROS	(%)	8.8	5.5	57.0	-	8.6

By New Segment

FY2022 Results		Refractory	Insulation	Ceramics	Engineering & Installation	Others (Real Estate)	Adjustments	Total
Net Sales	(B JPY)	81.1	17.9	2.1	24.6	1.0	▽ 1.9	124.9
Operating Income	(B JPY)	5.3	3.2	0.1	1.6	0.4	0.0	10.8
ROS	(%)	6.6	17.9	6.4	6.7	46.8	-	8.7

FY2023 Forecast		Refractory	Insulation	Ceramics	Engineering & Installation	Others (Real Estate)	Adjustments	Total
Net Sales	(B JPY)	95.1	19.9	3.4	22.2	0.8	△ 1.7	140.0
Operating Income	(B JPY)	6.9	3.2	0.1	1.2	0.5	0.0	12.0
ROS	(%)	7.3	16.2	3.3	5.5	57.0	-	8.6

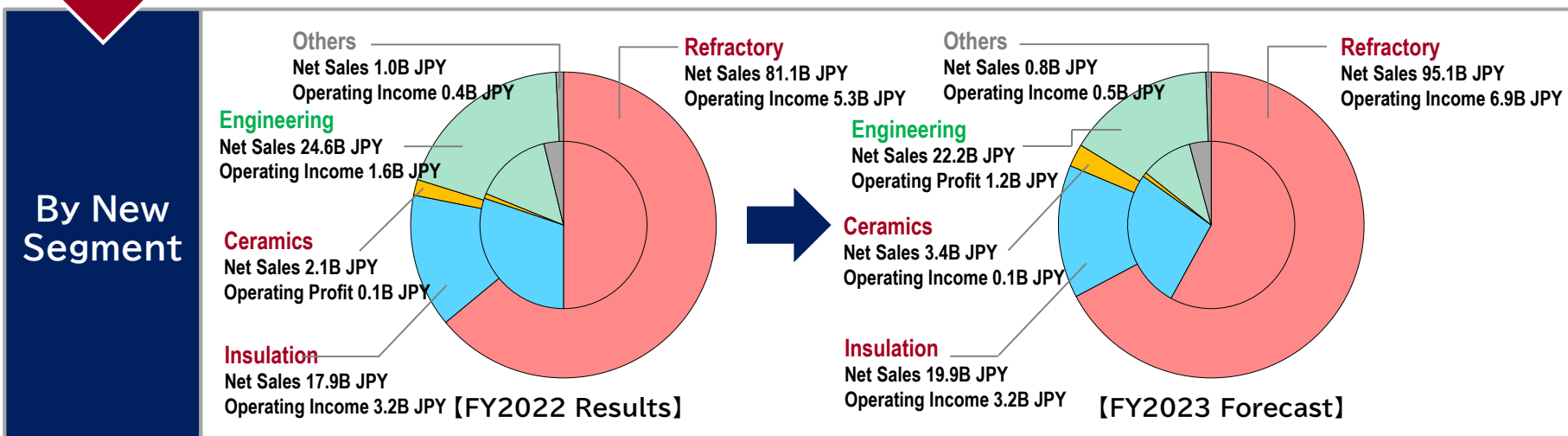
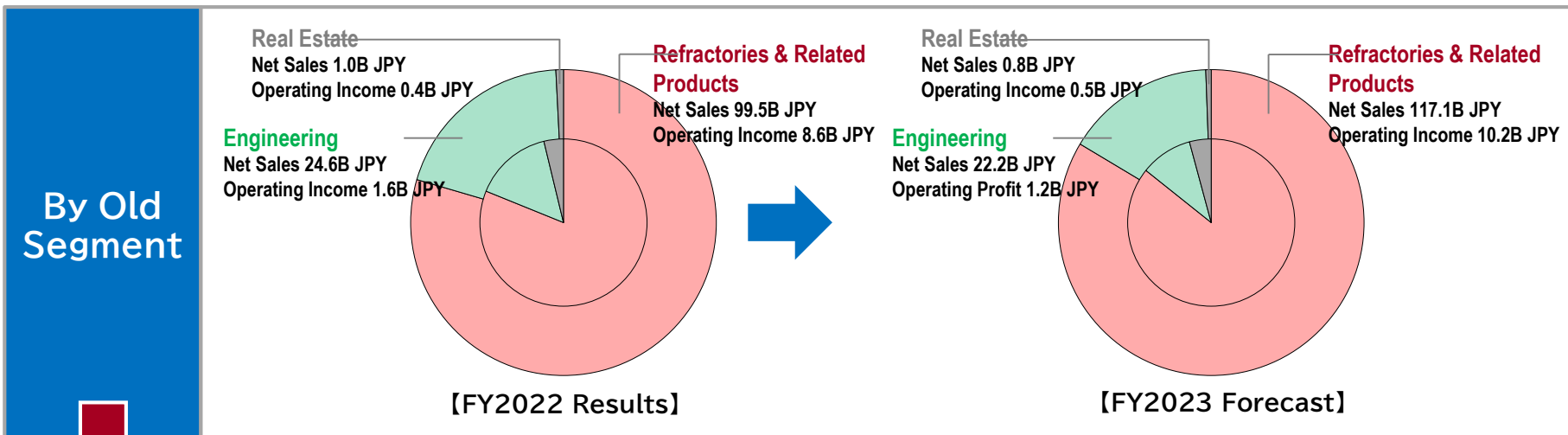
Note 1: The reclassification of FY2022 results to new segments was done by a simple method and may change in the future.

Note 2: Overhead costs, which were previously included in adjustments, are now allocated to each segment.

Note 3: Sales transactions within the group, which were previously eliminated between segments, are eliminated in adjustments.

6-1. Figures by Business Segment (Net Sales and Operating Income)

*Outer Circle: Net Sales (excluding Adjustments) Inner Circle: Operating Income



Note 1: The reclassification of FY2022 results to new segments was done by a simple method and may change in the future.

Note 2: Overhead costs, which were previously included in adjustments, are now allocated to each segment.

Note 3: Sales transactions within the group, which were previously eliminated between segments, are eliminated in adjustments.

6-2. Sector Overview 1 「Refractory Sector」

Sector Vision

Be the Customer's First Choice

Growth Strategy/ Basic Policy

● Sales Expansion & Competitiveness Enhancement in Japan

- Maintain sales volume in Japan for steel and expand sales for non-ferrous metals and industrial furnaces
- Strengthen cost competitiveness through production restructuring and optimization
- Reinforce manufacturing capabilities by sharing best practices globally within the group companies

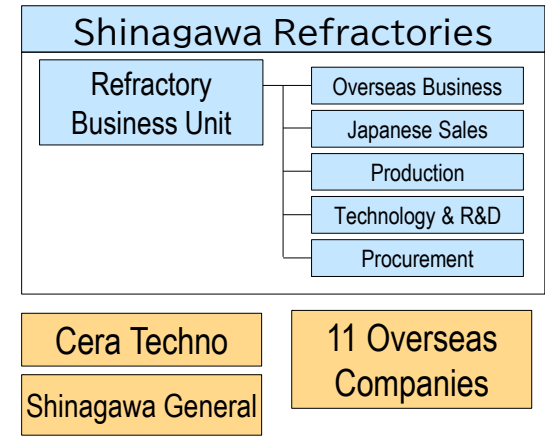
● Overseas Business Reinforcement & Expansion

- Grow business in the Americas by strengthening local production and sales capabilities
- Expand overseas business alliances and promote M&A mainly in the area of flow control system refractories
- Enhance production bases in Japan for export businesses and further focus on product development for overseas markets

● Pursuing Sustainability

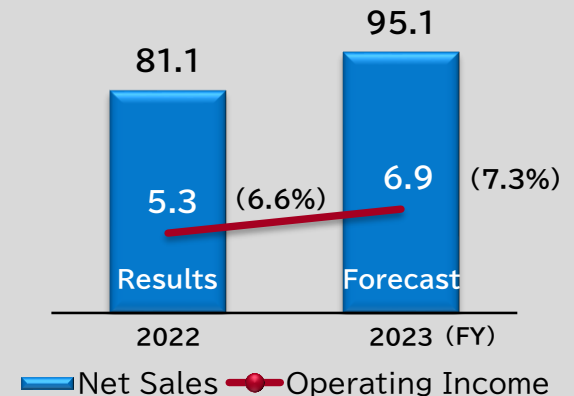
- Expand used refractory recycling business in collaboration with the Engineering Sector
- Collaborate with the Insulation Sector to promote solution-oriented sales to reduce customers' heat loss
- Enhance product line-up for new iron-making processes toward carbon neutrality
- Further reduce GHG emissions from our production processes through proactive capital investment

Companies in the Sector



Net Sales & Operating Income of Refractory Sector

Unit: B JPY * (ROS)



6-2. Sector Overview 2 「Insulation Sector」

Sector Vision

- Pursue ambidextrous management of “Exploitation and Exploration” for future growth
- Expand global supply of environmental friendly insulation products

Growth Strategy/ Basic Policy

● Exploitation of Core (Insulation) Business

- Further improve customer satisfaction by reinforcing collaboration between manufacturing, sales, R&D and engineering
- Quality and productivity improvement and cost reduction through innovation of fiberization technology
- Further implement best practices by strengthening support for overseas subsidiaries
- Strengthen collaboration with the Refractory Sector sharing a sales platform

● Exploration of New Growth Opportunities

- Expand market as necessities for producing automobile/fuel cell parts & semiconductors/electronic parts
- Increase market penetration for noncombustible building materials and energy-saving/sustainable products with our fireproof insulation performance

● Marketing One-of-a-kind Product with Advanced Performance

- Further enhance insulation performance based on the concept of “friendly to people and the environment”
— Enhance product line-up of biosoluble fiber and alumina fiber products —

Companies in the Sector

Isolite Insulating Group

Isolite Insulating

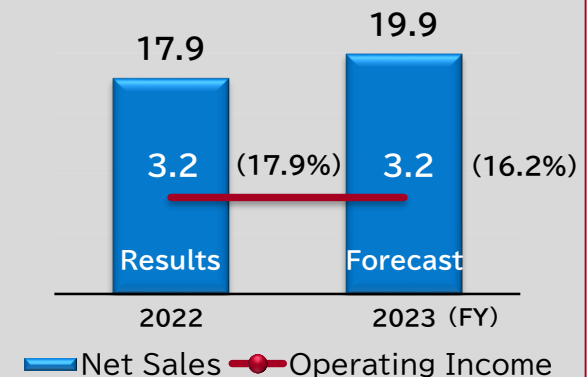
1 Japanese Companies

6 Overseas Companies

2 Equity-method affiliates

Net Sales & Operating Income of Insulation Sector

Unit: B JPY * (ROS)



6-2. Sector Overview 3 「Ceramics Sector」

Sector Vision

Ensure a strong presence within Shinagawa Group by growing with “Advanced Ceramics Technology”

Growth Strategy/ Basic Policy

● Exploitation of Existing Markets

- Increase production capacity for the growing market of semiconductor manufacturing equipment
- Reinforce cost competitiveness for the market of liquid crystal manufacturing equipment

● Enter and Expand Sales in Three New Markets

- ① Special evaporation materials ② Large roll materials ③ Lithium-ion battery

● Product Line-Up Expansion

- Sales expansion by enhancing product line-up of abrasion resistant ceramics

● Expansion by introducing New Technology and Reorganization

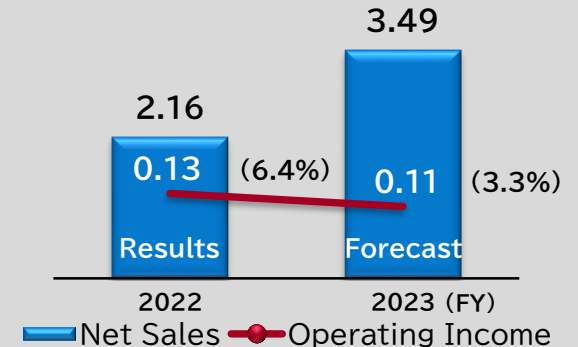
Companies in the Sector

Shinagawa Fine Ceramics

Shinagawa Specialty Ceramics Americas

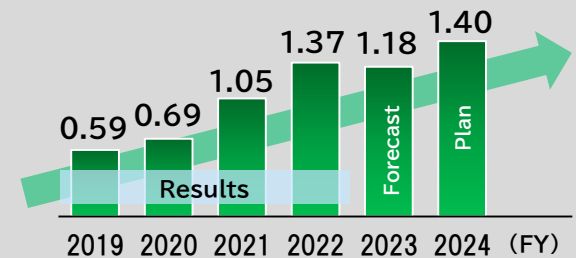
Net Sales & Operating Income of Ceramics Sector

Unit: B JPY * (ROS)



Sales for Semiconductor-related Applications

(Unit: B JPY)



6-2. Sector Overview 4 「Engineering Sector」

Sector Vision

Fully integrate accumulated advanced technology with experienced workforce to achieve sustainable growth

Growth Strategy/ Basic Policy

● Securing Large Scale Projects

- Continuously secure large-scale projects by further improving customer satisfaction for safety, quality, and technology

● Business expansion by fully integrating the group's strengths

- Promote business expansion by enhancing comprehensive capabilities through optimally utilize all resources available within the group

● Pursuing Sustainability

- Pursue sustainability by continuously taking actions toward carbon neutrality and expanding recycling business

● Evolving Installation Technologies for the Future

- Actively promote the development of new technologies and pursue the installation business of a new era (DX, Automation, Diversity)

Companies in the Sector

Shinagawa Refractories

Engineering & Installation Business Unit

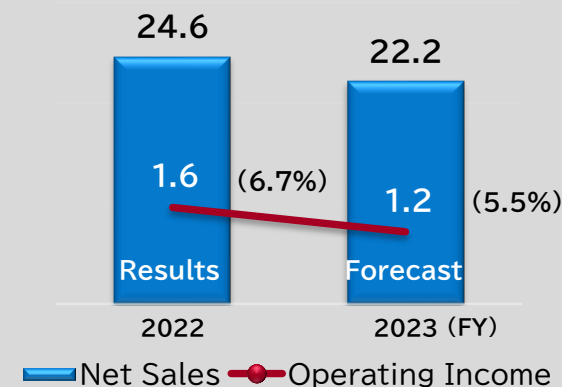
Steel Business Division

Environment & Industrial Furnace
Engineering Business Division

Shinagawa Rokoh

Net Sales & Operating Income of Engineering Sector

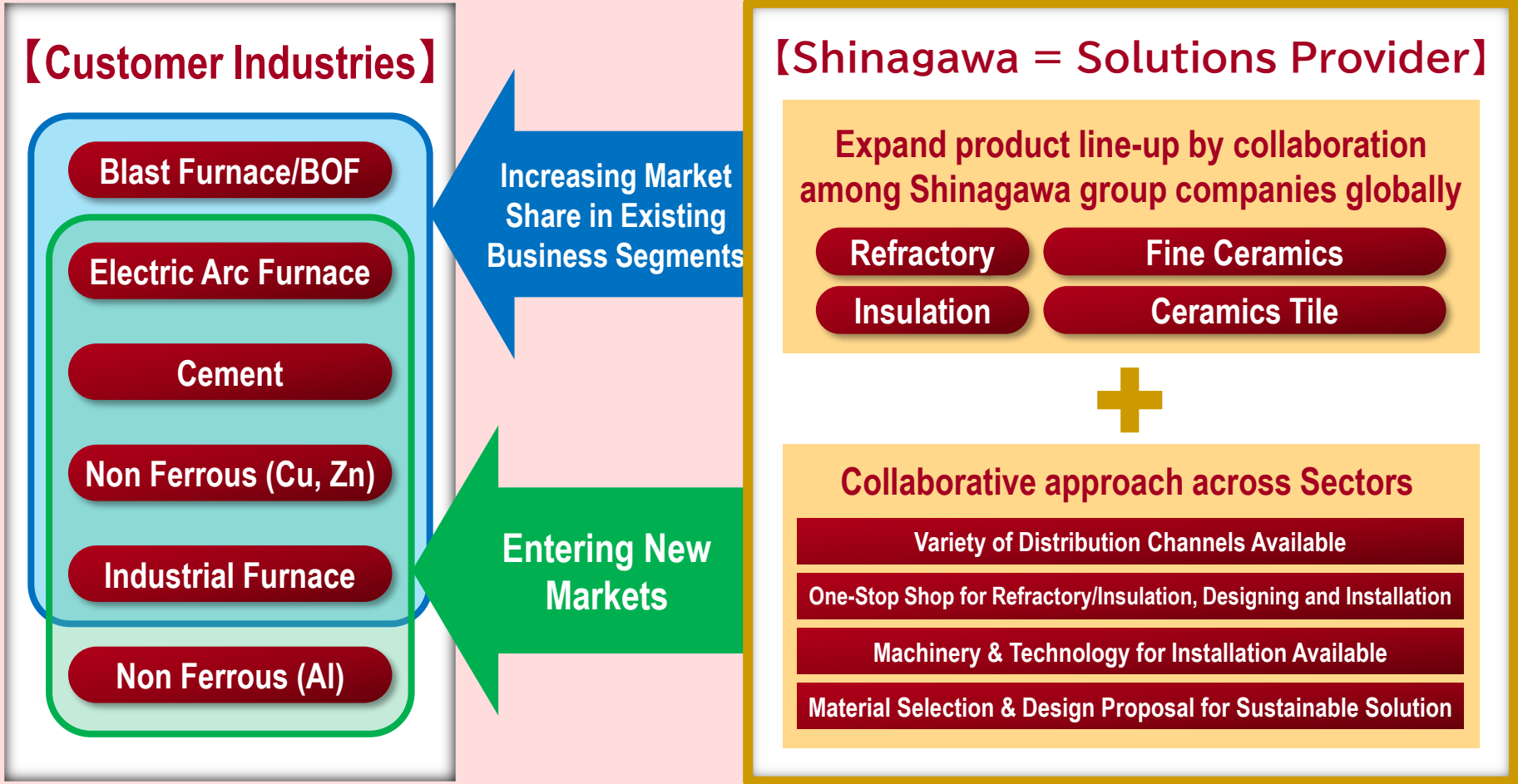
Unit: B JPY * (ROS)



7. Primary Action Plans

1 Sales Expansion & Competitive Enhancement in Japan

1) Sales expansion through collaboration among refractory, insulation, and engineering businesses



7. Primary Action Plans

1 Sales Expansion & Competitive Enhancement in Japan

2) Business Expansion into the Aluminum Industry

The world's leading producer of monolithic refractories for the aluminum industry

Allied Mineral Products (AMP)

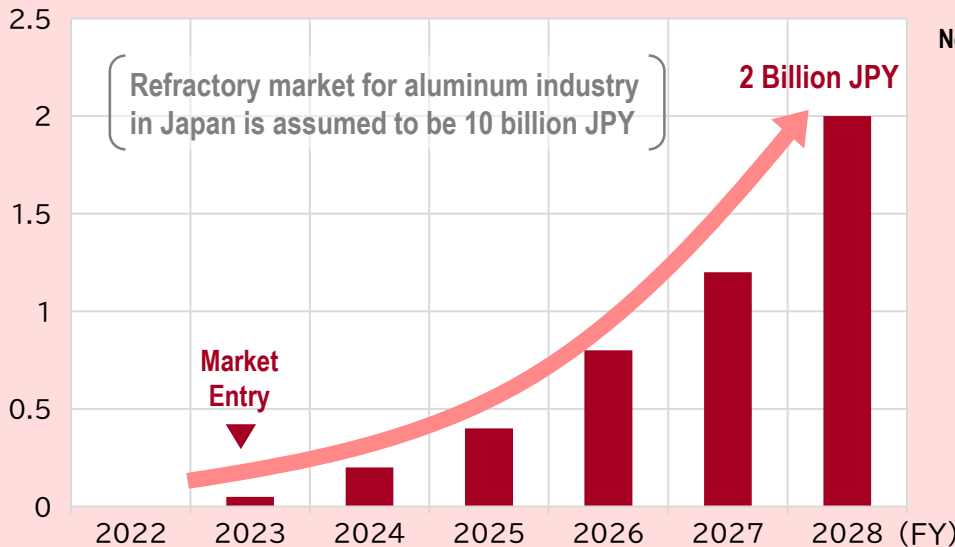
Shinagawa: Exclusive Distributor of AMP's Products for Aluminum Industry in Japan



Entry into the Aluminum Industry in Japan

Aiming for Net Sales of **2 Billion JPY** in 2028

Strategic Sales Targets for the Aluminum Industry in Japan (Unit: Billion JPY)



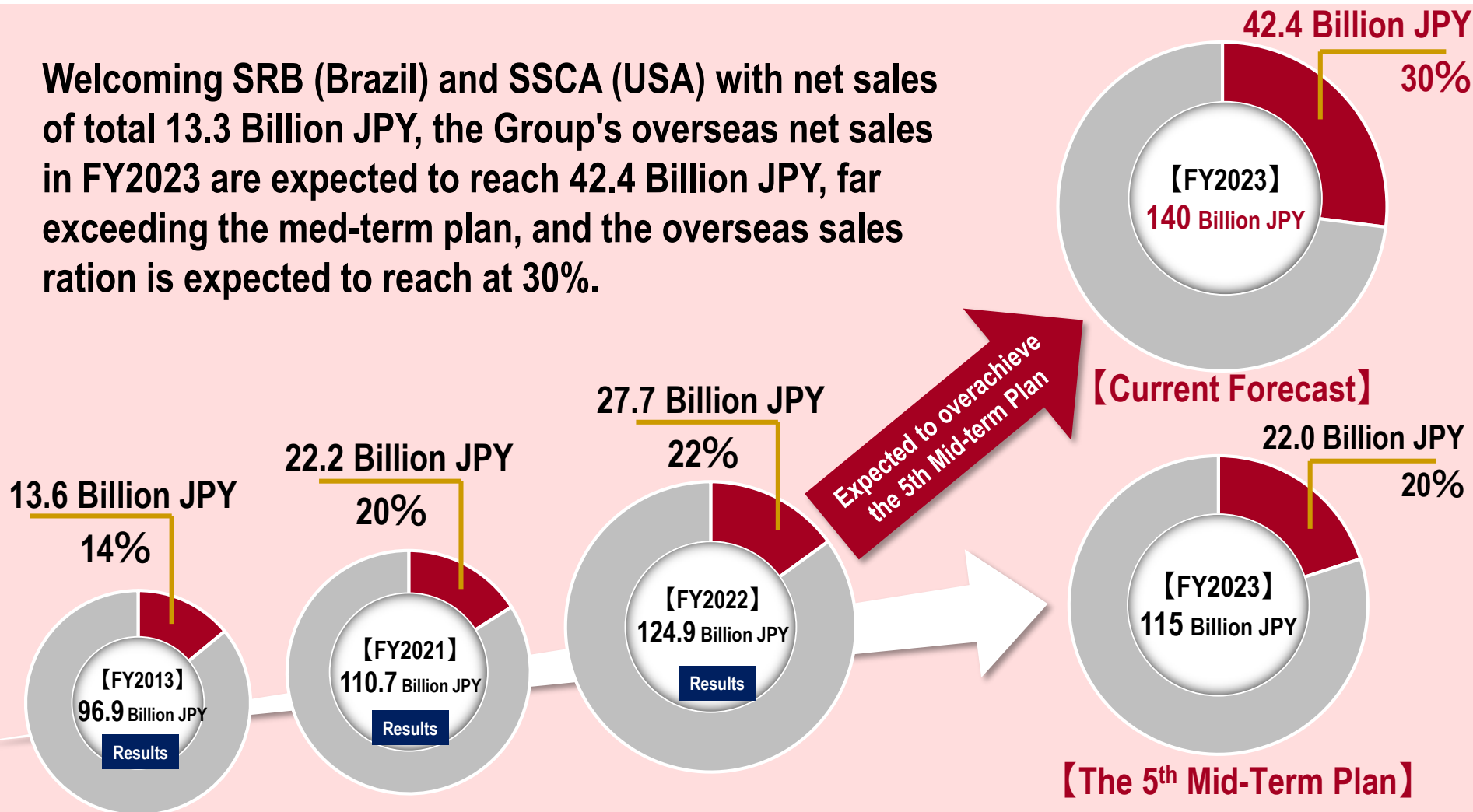
AMP's Global Locations (14)



7. Primary Action Plans **2** Overseas Business Expansion

1) Increasing Trend of Overseas Sales

Welcoming SRB (Brazil) and SSCA (USA) with net sales of total 13.3 Billion JPY, the Group's overseas net sales in FY2023 are expected to reach 42.4 Billion JPY, far exceeding the med-term plan, and the overseas sales ration is expected to reach at 30%.



7. Primary Action Plans **2** Overseas Business Expansion

2) Growth Strategy in the Americas

[Implemented Strategy in 2022]

Increasing Production & Sales Capabilities in the Americas

In December 2022, Shinagawa completed the acquisition of the Refractories business in Brazil and the Wear-Resistant Ceramics business in USA from Saint-Gobain (France)

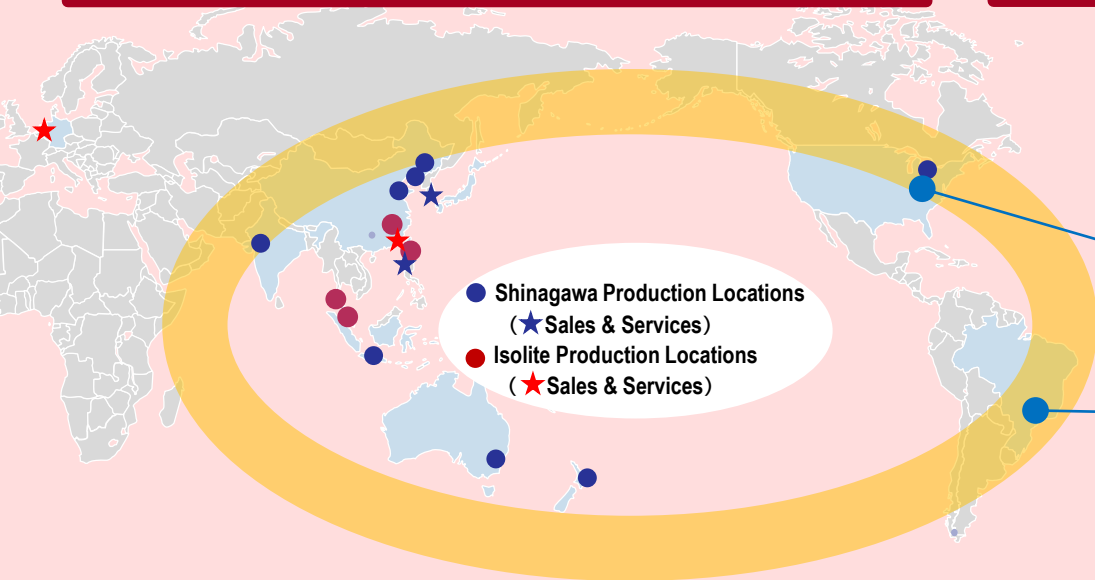
Contributing to our Consolidated Performance from FY2023
FY2023: Net Sales+13.3 B JPY, Operating Income +1.8 B JPY

[Strategy Beyond 2023]

Further Business Growth in the Americas by fully Utilizing New Locations

Building a production & sales network among Shinagawa Group locations, including the supply of refractories from Brazil to USA and Australia

Reinforcing Supply Chains in the Americas and South Pacific



	Location	Capital Stock	Employees (as of December 2022)
SSCA (Manufacture & Sales of Wear-Resistant Ceramics)	Latrobe, PA USA	7 Million USD	53
SRB (Manufacture & Sales of Refractories)	Vinhedo, SP Brazil	192 Million Brazilian Real	365

7. Primary Action Plans **2** Overseas Business Expansion

3) Overseas Business Expansion Strategy

【Strategy Beyond 2023 ①】

Further expansion of overseas business alliances and continuously implementing M&A

【Strategy Beyond 2023 ②】

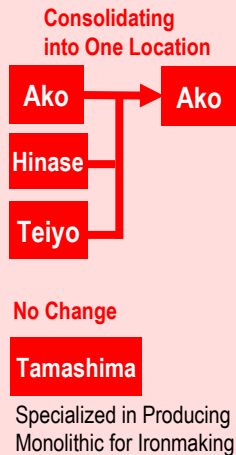
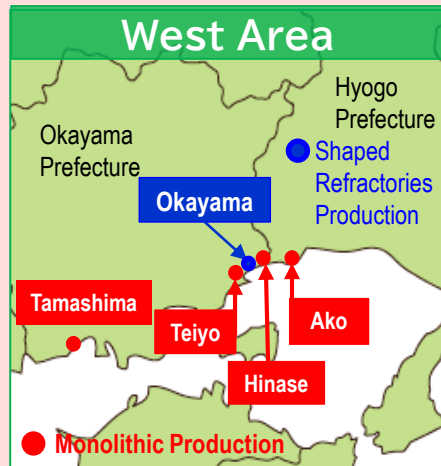
Business Expansion in ASEAN, India and other strategic locations



7. Primary Action Plans **3** Vigorous Capital Investments

▶ Production Optimization in Japan

Consolidating Monolithic Production in the West area to Enhance Competitiveness (4 Locations ⇒ 2 Locations)



Consolidation: Before and After

	Plant	Before	After	Note
West Area	Okayama	□	□	No Change
	Ako	○	○	Building a State of the Art New Plant
	Hinase	○ ☆	☆	Will be Specialized in Producing Mold Powder
	Teiyo	○		Closed in 2024
	Tamashima	○	○	No Change

Production Line-up □: Shaped ○: Monolithic ☆: Mold Powder

Construction of a State-of-the-Art Plant started in 2021 at Ako to Exclusively Produce Monolithic in the West Area (Total Capital Investment: 3.7 Billion JPY)

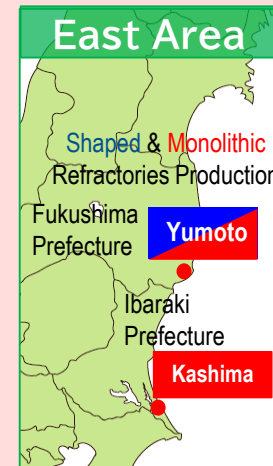
- The overall schedule progresses as planned
⇒ Infrastructure has been completed, and construction of new plant facilities is underway.
- Scheduled to start trial operation in January 2024
⇒ Commercial production to start in April 2024

Major Capital Investment in FY2022

Plant	設備	Amount
Okayama	AGV (x2)	162 Million JPY
Ako	New Production Lines for Monolithic	918 Million JPY
Hinase	New Spray Drier	411 Million JPY

*Total Capital Investment in FY2022: 5,181 Million JPY

Investments in East Area Under Consideration



Considering Production Optimization of the East Area:
(1) Responding reorganization of the production systems of integrated steel companies, and
(2) Making Yumoto Plant as the Mother Factory among Shinagawa Group's Overseas Operations.

- Production Optimization for Monolithic
- Modernization of Flow Control System Refractories Production Lines

8. Shareholders Return

Sustainable Return of Profits to our Shareholders

【Dividend Policy】

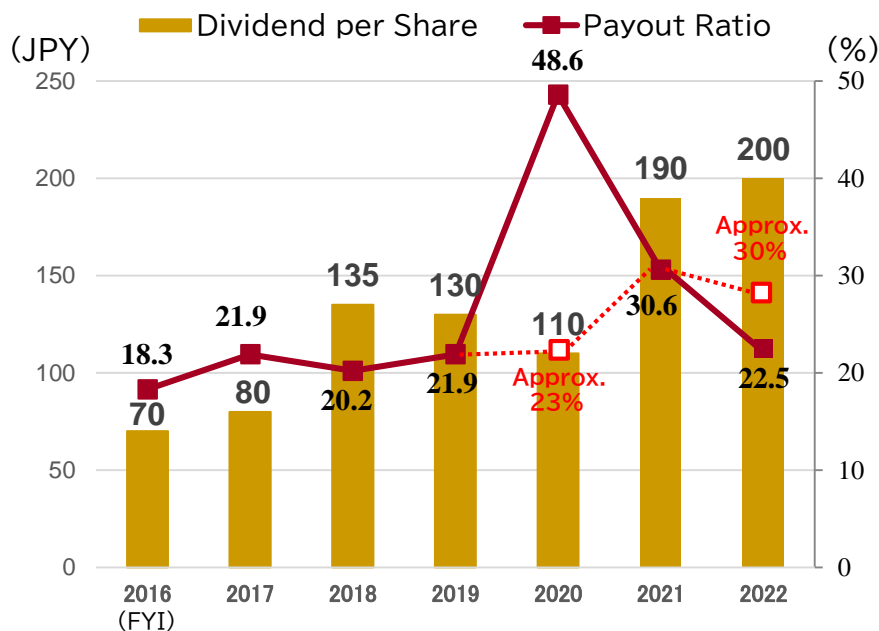
Considering the important of enhancing the return of profits to our shareholders, Shinagawa decided to aim for a dividend payout ratio of 30%.

* 20% until 2020

【Investments for Growth】

Shinagawa continues to actively sell idle assets such as land, and in principle, will allocate the generated cash to future growth investments.

Dividend per Share & Payout Ratio



Note: Excluding special factors such as gains on land sale and impairment losses, the dividend payout ratio would be a dotted line.

<Dividend for FY2023>

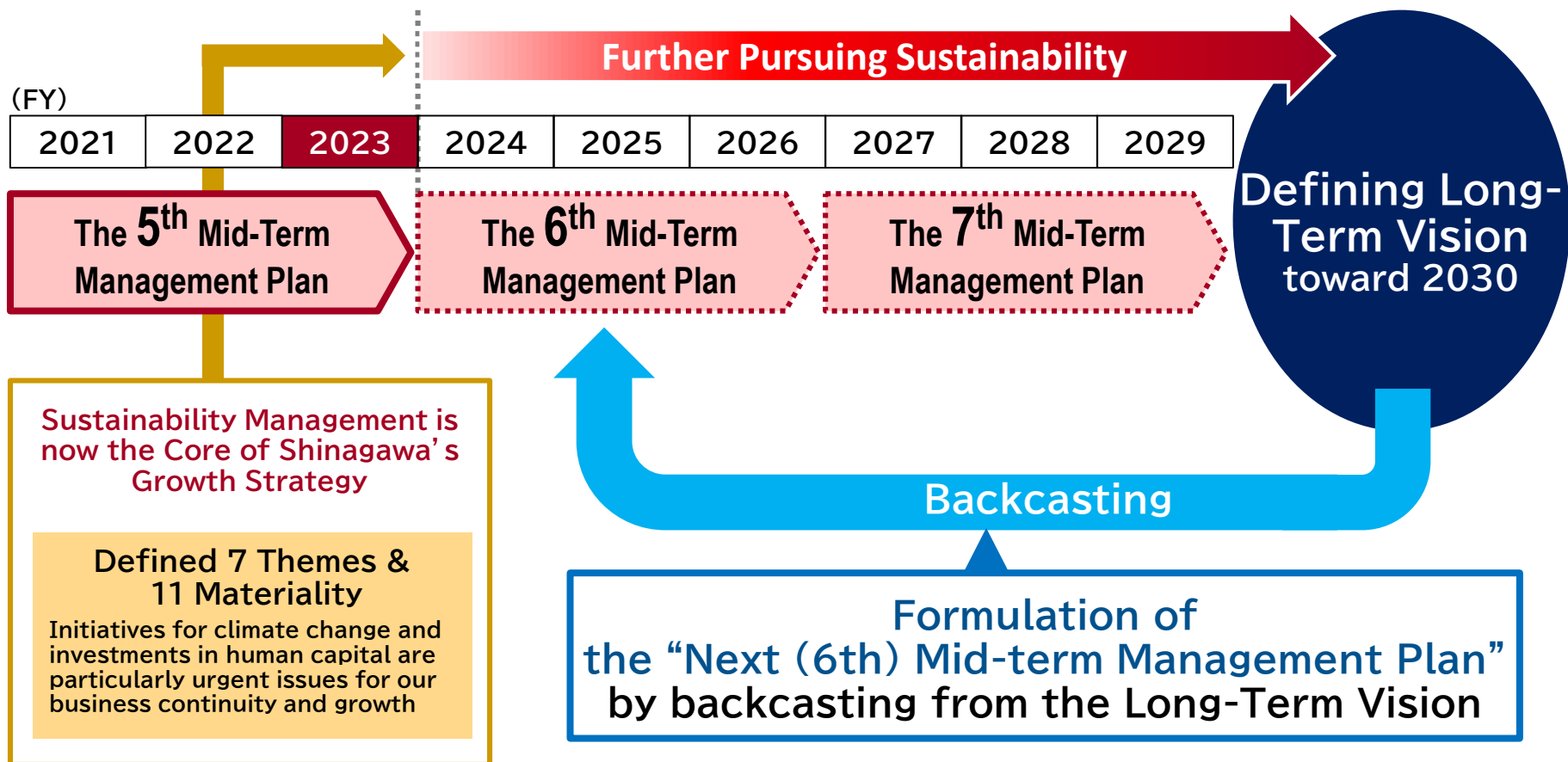
The full-year earnings forecast for FY2022 is 140.0 billion JPY in net sales and 12.0 billion JPY in ordinary income. Considering the recent uncertainty in raw material prices and foreign exchange trends, the dividend for FY 2023 has not been decided yet.



III. Next Med-Term Management Plan and Long-Term Vision

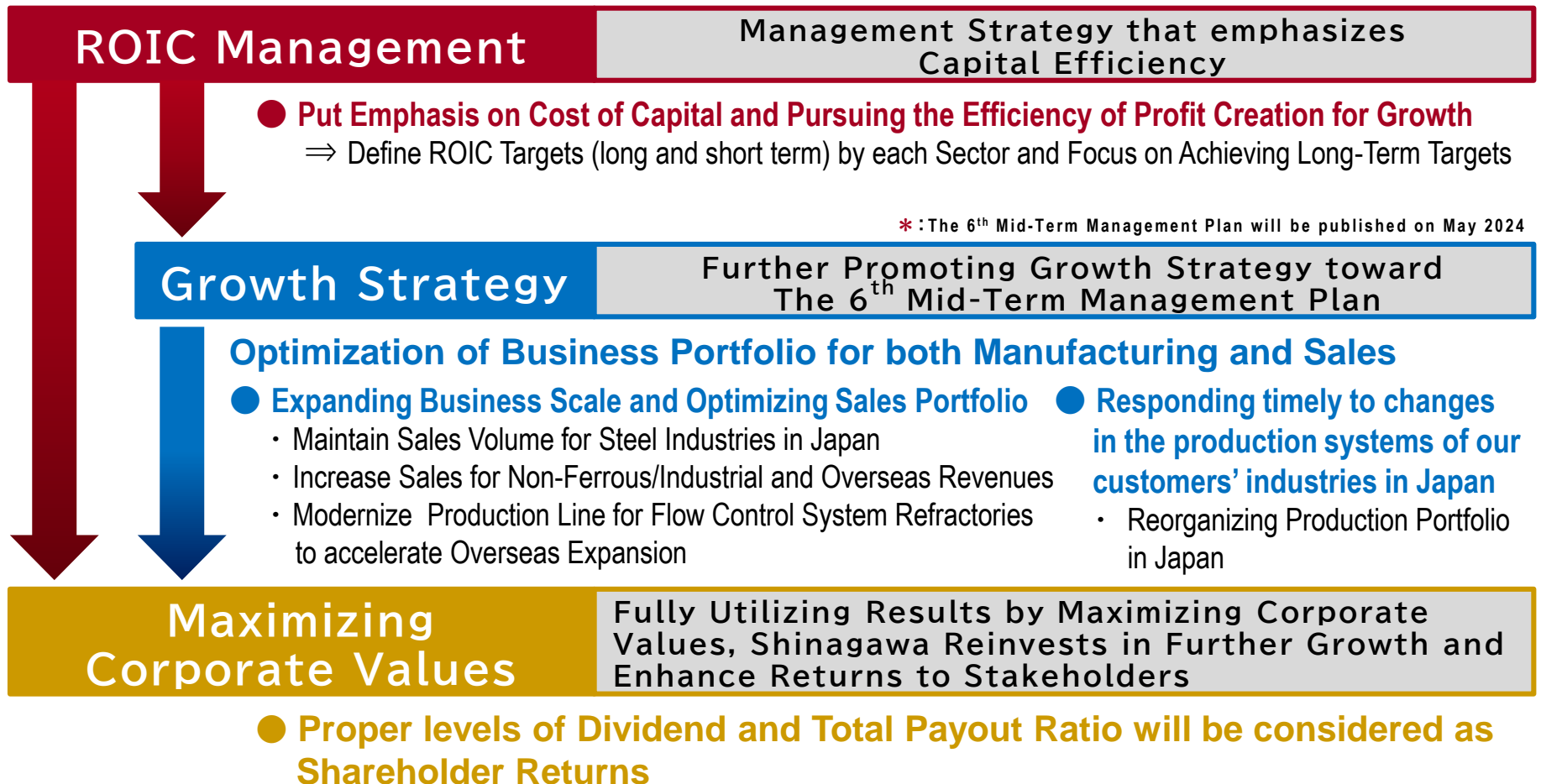
1. Shinagawa's Long-Term Vision

Defining Shinagawa's Long-Term Vision that pursues both business growth and sustainable solutions for social issues together



2. Initiatives Toward the 6th Mid-Term Management Plan

Focusing on **ROIC Management**, Shinagawa further promotes **Growth Strategy** and maximize **Corporate Values** to further create and strengthen our “Earning Power”



3. Overview of Sustainability Management

- 2021/10 ▶ Initiated discussions to commercially recycle used refractories
- 2021/12 ▶ Declared support for the TCFD and its recommendations
- 2022/04 ▶ Formed Sustainability Committee
▶ Formed Sustainability Promotion Section
- 2022/06 ▶ Established Basic Sustainability Policy
▶ Defined 11 Materiality
▶ Initiated information disclosure based on the TCFD's recommendations
- 2022/10 ▶ Formed Investors Relations & PR Department
- 2022/11 ▶ Published Integrated Report 2022
- 2023/03 ▶ Renewed/Modernized the Corporate Homepage
- 2023/04 ▶ Defined KPIs for Materiality
- 2023/05 ▶ Officially established Basic Human Rights Policy

[Structure for Sustainability Management Promotion]



4. Respect for Human Rights and Ensuring Comfortable Working Environment

“Shinagawa’s Charter of Corporate Behavior”: Respect for Human Rights and Ensuring a Comfortable Working Environment

Shinagawa respects **human rights, individuality, and personality** and never discriminate on the basis of gender, nationality, principles, physical or mental disability, or social status. We ensure a safe and comfortable working environment for our employees and strive **to develop the abilities of each and every employee.**

Basic Human Rights Policy

- Fully support and respect international norms on human rights
- Request fully commitment from supply chain partner companies
- Zero-tolerance for any kind of discrimination and harassment
- Conduct Human Rights Due Diligence

Human Resource Development Policy

- Developing a workforce that is rich in diversity, highly specialized, and capable of executing strategies
- Provide proper environment for Human Resource Development
 - Full respect for human rights and individuality
 - Safe and comfortable working environment
 - Objective and fair evaluation

Diversity & Inclusion

Securing active workplace environment for diverse workforces

【Primary Initiatives】

Compliance Training

Harassment Prevention

Focus on Diversity Recruitment

Ensuring Comfortable Working Environment

Supporting work styles tailored to each employee’s individual situation

【Primary Initiatives】

Active Use of Annual Paid Leave

Introducing Flexible Working Styles

Active Use of Family Care Leave

Dormitory and Company Housing

Health & Safety

Creating workplaces to ensure the safety and health of employees

【Primary Initiatives】

Hazard Simulation Training Center

Implementing Safety Patrol

Promoting Workplace 5S Activities

Managing Mental Health

KPI

Female Managers
25%~
(by 2030)

Foreign National Employees
3x~ vs 2020
(by 2030)

Employees with Disabilities
3.0%~
(by 2025)

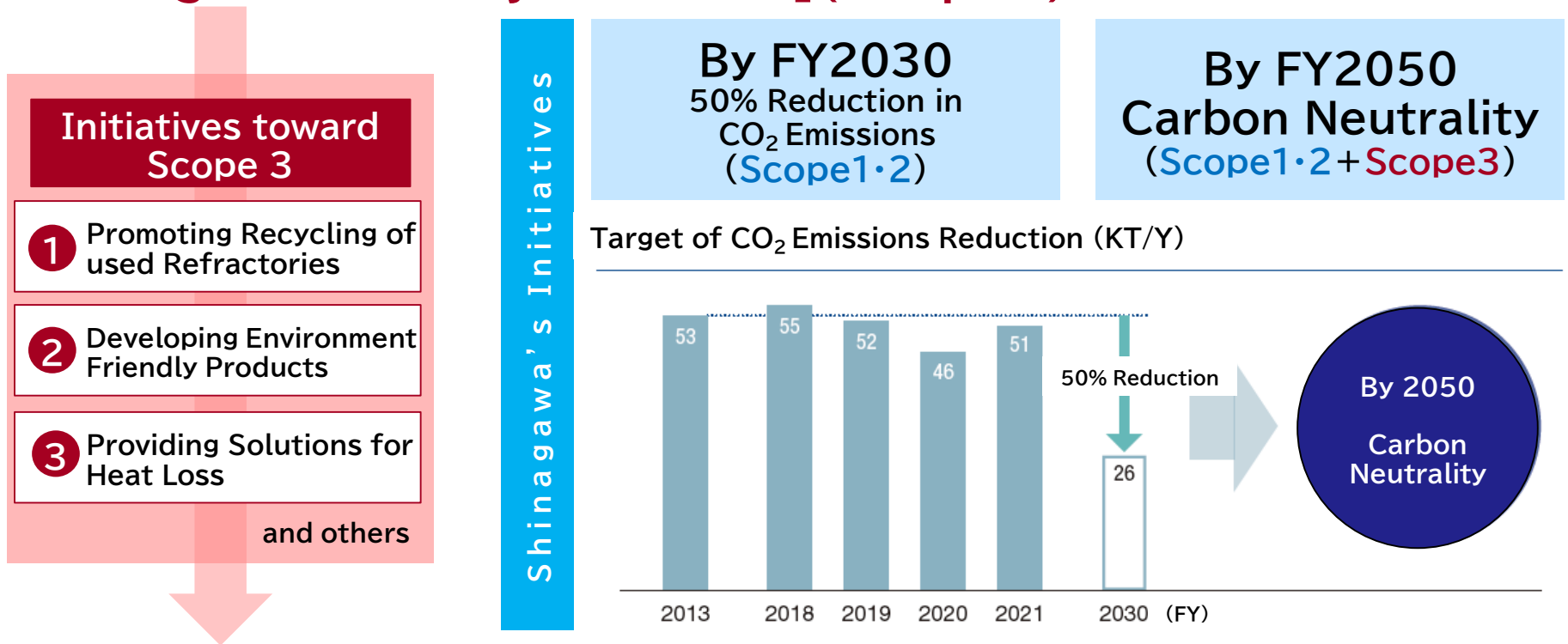
Male taking Childcare Leave
100%

Annual Leave Taken
80%~

Training Hours
20 hours~
Per Year/Employee

5. Addressing Climate Change through Refractory Business

Responding to Urgent Issue of “Addressing Climate Change,”
In addition to Initiative within Shinagawa (Scope1•Scope2),
「Shinagawa focuses on Reducing CO₂ at Customers through refractory Business」(Scope3)

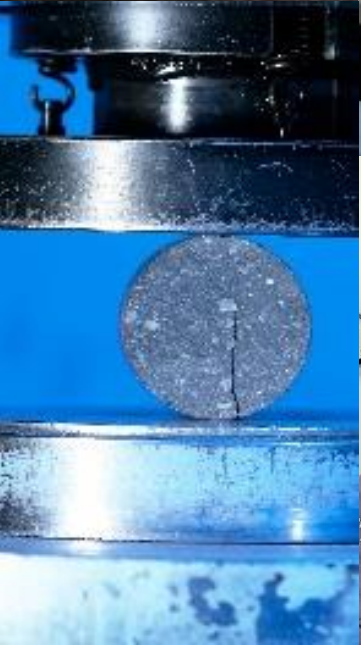
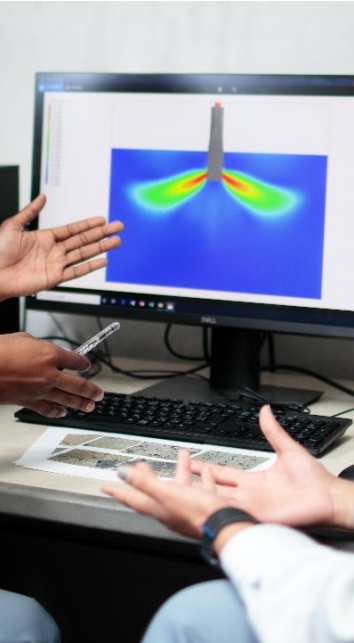


Shinagawa Pursues and Promotes both 「Growth Strategy」 & 「Sustainable Solutions」 Together

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IV. Supplementary Notes

1. Corporate Management Principles

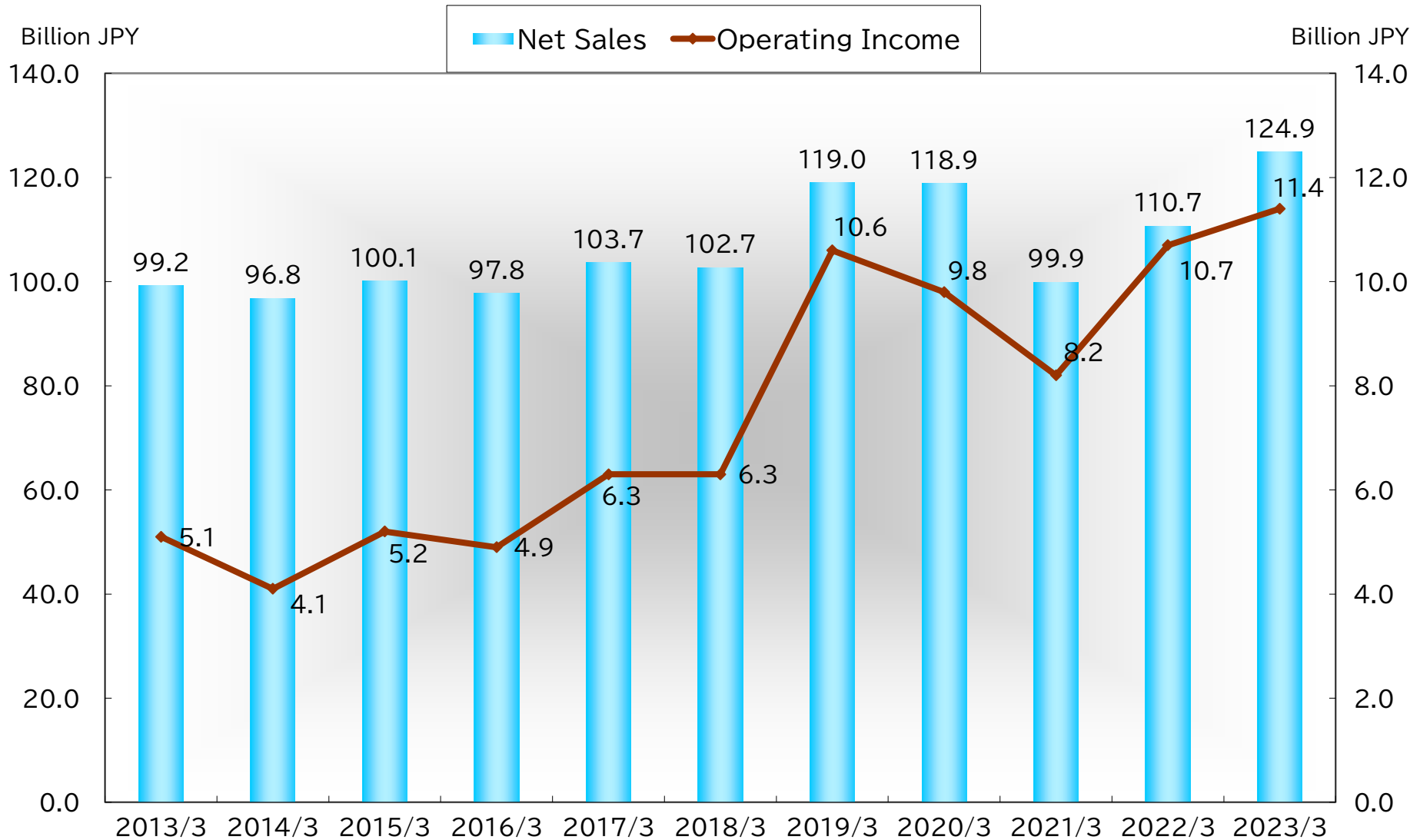
Shinagawa's Management Principles

Shinagawa contributes to the industrial development and the realization of a prosperous and sustainable society through providing high quality refractory products and engineering services such as designing and constructions of various furnaces.

We develop human resources with a high level of creativity and execution abilities, pursue excellence in technical capabilities, and establish solid financial base to achieve the followings:

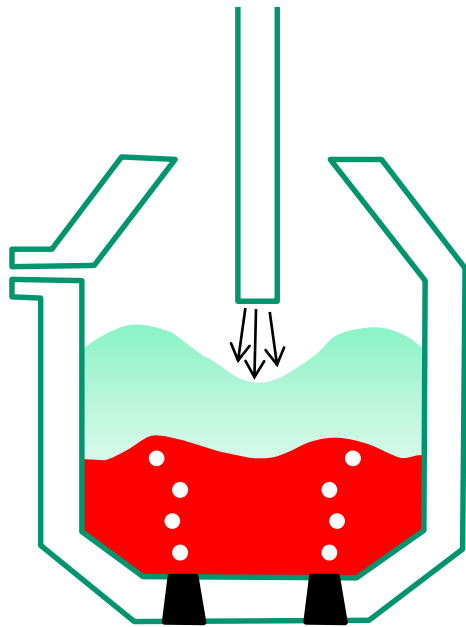
- ① Be a leading global provider of thermal solutions and refractory engineering services
- ② Respond to customers' needs with timely, well-thought-out and reliable solutions
- ③ Earn high level of trusts from our shareholders, suppliers, customers and communities
- ④ Provide our employees with a safe, positive and productive working environment

2. Consolidated Net Sales & Ordinary Income for Past 11 Years

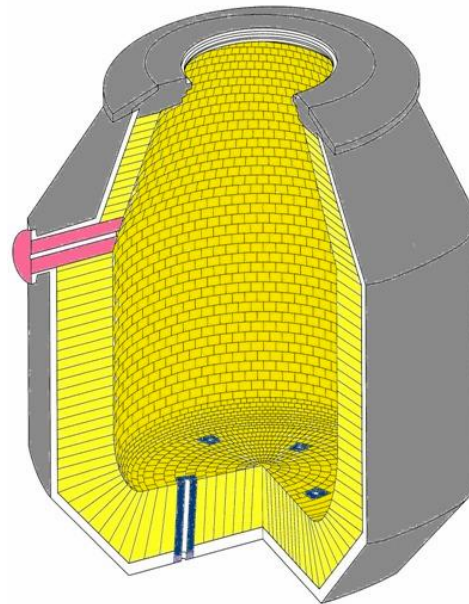


3. The Roles of Refractories Industry

- Many vital materials that support important social infrastructure, such as steel, non-ferrous metals, cement and glass, are produced in furnaces lined with refractory products.
- The refractories industry supports the foundation of these key industries through providing refractory products and engineering services for designing and constructions of furnaces.



Refining of Molten Steel in Converter



Refractory Lining



Fire Bricks for Converters



Furnace Construction with Fire Bricks

4. Major Products

Refractories

- Refractories are industrial materials that can resist ultra-high temperatures in excess of 1,500 °C.
- Approximately 80% of refractory production is consumed by the steel industry.

Shaped Refractories

Shaped refractories (“fire bricks”) provide basic support to industrial furnaces and ultra-high temperature processing facilities

- Magnesia-based bricks
- Carbon-containing bricks
- Fire-clay and high-alumina bricks
- Flow control system refractories for continuous casting
- Silicon carbide bricks
- Silica bricks, etc.



Monolithic Refractories

A complete system package including “product, design, installation and after-sales service” that can suit a wide range of applications

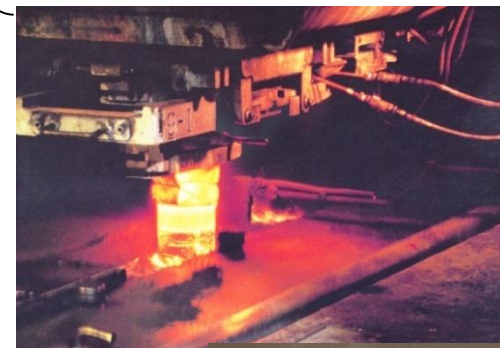
- Castable refractories
- Precast shapes
- Gunning refractories
- Plastic and ramming mixes
- Refractory mortars, etc.



Mold Powder

An essential material for producing high-quality steel

(Powder-type material added to maintain the surface temperature inside casting molds. It prevents the steel from oxidizing and acts as a lubricant during the continuous casting process.)



5. Key Features and Advantages

1

Leading Company of Ultra-High
Temperature Technologies

Next Page

2

Solid Customer Base with Highly-Advanced
Technological Capabilities

3

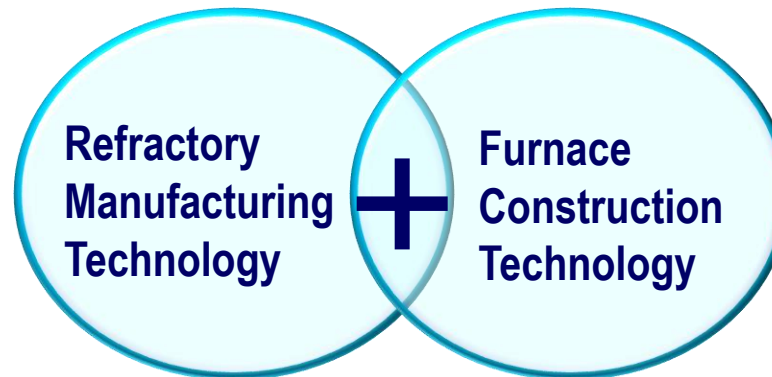
Active Global Business Expansion

5. Key Features and Advantages

Leading Company of Ultra-High Temperature Technology

Solid Technology Development and Commercialization Capabilities supported by Key Two Technologies

- Refractories
- Ceramic Fibers
- Fine Ceramics
- Chemical Products



- Furnace Design
- Engineering Services
 - Furnace construction work for blast furnaces, converters, incinerators
 - Ultra-fast relining of blast furnaces and hot stoves
 - Maintenance of furnaces used by iron and steelmaking works

**Customer-Oriented
Technological Support**

**Development Capability to
Meet Customer Needs**

Disclaimer

This document is intended to provide information on the results for the fiscal year ended March 2023 (April 2022 – March 2023) and is not intended to solicit investment in securities issued by the Company.

The document was prepared based on data available as of June 15, 2023. 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.



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