

Cover photo: View of Osaka



INTEGRATED REPORT 2025

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About the expanded disclosure in this report

The expanded disclosure in this report reflects feedback from investors and other stakeholders, and is the basis for the addition of new reporting items and fuller disclosure.

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Corporate Philosophy

The Yotai Group aims to be a faithful company that creates new technologies and products in response to the demands of revolutionary times, enhances customer satisfaction, and contributes to society and using our unique technology and passing on the history and experience in long-standing refractory manufacturing technologies to the next generation.

Corporate Vision

A company that continues to improve its corporate value in a sustainable manner in harmony with society
Maintain profitability and promote ESG management

Code of Conduct

1. Compliance with laws and regulations
2. Ensuring environmental conservation
3. Establishment of safety and health
4. Best quality
5. Lowest cost
6. Appropriate delivery time

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Editing Policy

YOTAI REFRACTORIES CO., LTD. has published this Integrated Report to serve as a starting point for constructive dialogue by conveying information regarding the Company's business lines and initiatives to enhance corporate value in an accessible manner to investors, shareholders and all other stakeholders. This report was edited with reference to several guidelines, including the "Integrated Reporting Framework" from IFRS Foundation, and the Japan Ministry of Economy, Trade and Industry's "Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation." Ultimately, the hope is that this report will provide readers with a deeper understanding of Yotai.

Reporting Period and Companies

Reporting Period: April 1, 2024 to March 31, 2025
Reporting Companies: YOTAI REFRACTORIES CO., LTD. and Group companies

Striving to be a 100-year-old company still relevant to society



Mitsuo Taguchi
President

Implementing the Second Medium-term Management Plan to create a sustainable structure and develop new sources of revenue

The business environment surrounding Yotai has become increasingly uncertain in recent years as a result of the stagnant Japanese economy, declining competitiveness, a downturn in domestic demand due to a falling population, and work style reforms, among other factors. In addition to lower production volumes in the domestic steel and cement industries -- our key customers -- persistently high raw material and fuel prices, as well as labor costs, have also emerged as concerns. In a business environment undergoing dramatic change, we believe that in order for Yotai to achieve sustainable growth, we must continually strengthen our foundations from a medium- to long-term perspective. The Second Medium-term Management Plan, which is currently underway, is positioned as a period for continuously building a system to realize our "corporate vision" and developing new sources of revenue, and we are investing in "people, products, and information." While striving to maximize the effects of investments, including those made during the First Medium-term Management Plan, and responding to needs based on our long-term vision for the future, we are working to strengthen our profitability and diversify our revenue sources. At the same time, we are also promoting human resource development, investment, and ongoing ESG management as initiatives that contribute to the growth of Yotai.

Higher sales and lower earnings in the first year of the plan

Consolidated results for fiscal 2025, ended March 2025, the first year of the Second Medium-term Management Plan, saw net sales up 0.6% year on year to ¥29,305 million. Although Yotai was affected by a decline in production volume at steel manufacturers, one of our key customers, sales improved thanks to increased orders from industries other than steel, such as cement, nonferrous, and environmental systems. On the profit side, meanwhile, operating profit fell 3.3% to ¥3,484 million, and ordinary profit fell 1.7% to ¥3,640 million. In

response to rising raw material and fuel costs, primarily due to the weak yen, and increased depreciation costs associated with capital investment, we revised sales prices and reduced costs. These steps, however, were unable to fully absorb the impact.

Amid a decline in production volume at steel manufacturers, a key customer base that accounts for 40% of Yotai sales, we were able to leverage our strengths in doing business with a wide range of industries, securing sales roughly on par with the previous fiscal year. While commendable, we recognize that our inability to increase profits, partly due to changes in the external environment, is an issue we must address going forward.

Reinforcing overseas development with Asia as a priority area

One of the key themes of the Second Medium-term Management Plan is to utilize the technological capabilities we have cultivated domestically to expand overseas into regions and fields where Yotai has a competitive advantage. With no dramatic increase in domestic demand for refractories on the horizon, expansion into overseas markets is essential for sustainable growth.

For this reason, while formulating our Second Medium-term Management Plan, we established our 2030 Vision of becoming a "Company with a strong presence in the refractory industry in Japan and Asia," and a sales target of ¥38 billion (of which approximately ¥3.5 billion will be overseas). We have positioned fast-growing Asia as a priority area, and are working to develop business in line with regional needs, focusing on areas where Yotai has strengths, such as steel, cement, nonferrous, and electronic parts.

As a result of strengthening internal information sharing at overseas strategy meetings, we have received orders for refractories, including spot projects, from Southeast Asia (Thailand, Indonesia, etc.), including India. Overseas sales for fiscal 2025 are off to a good start, increasing 62% year on year to ¥2.1 billion. Our stance is that this trend needs to continue, and we will therefore continue to actively promote sales activities. In particular, in India, we will expand our insider business together with partner companies with whom we conduct sales business jointly.

Our competitors are local and European refractory

■ Medium-term Management Plan and 2030 Vision, Corporate Vision



manufacturers, but we believe that our high-quality products and attentive customer service will be well-received overseas. We are working with our Chinese subsidiary to find partner companies in China, and are also considering technical collaborations with local companies. In addition, we will expand the range of OEM products Yotai handles and aim to achieve profitability as quickly as possible.

Expand market share in Japan by strengthening environmental responsiveness and low-cost manufacturing systems

Although the domestic market is maturing, it remains a source of revenue for Yotai, and we remain committed to striving to expand market share by leveraging our strengths.

In the field of electric furnace steel, where Yotai has strengths, a paradigm shift away from blast furnaces is expected due to the lower CO₂ emissions compared to blast furnaces. Together with the green steel-related performance of our major clients, electric furnace steel manufacturers, performance is expected to remain strong. Furthermore, our key non-steel customers are in the industrial sector, which uses high heat, and are thus being asked to reduce CO₂ emissions associated with their business activities.

To meet these needs (reducing Scope 3 GHG emissions), we are developing new products such as environmentally friendly refractories, including: (1) non-sintered bricks that reduce CO₂ emissions during manufacturing; (2) energy-saving, highly insulating monolithic refractories with low thermal conductivity that can reduce heat loss; (3) lightweight, highly creep-resistant bricks; and (4) refractories for hydrogen gas combustion furnaces.

Refractories are used in a wide range of industries, and as the top domestic producer of refractory bricks, it is our social mission at Yotai to supply high-quality refractories at low prices. Yotai was a pioneer in the industry when it introduced robots into its production processes about 40 years ago. Since then, achieving low costs has become an integral part of our corporate culture. We aim to reduce production costs through continuous capital investment and, from 2024, have also embarked on digital transformation (DX) at our production sites, promoting the creation of an efficient production

system with labor-saving automation. Additionally, we opened a new Okayama Business Office in June 2025 to improve production efficiency. By integrating and managing the production functions and management resources of the Hinase and Yoshinaga plants, we aim to improve production efficiency and bolster our competitiveness.

In the engineering business, while we had recorded record-high sales and profits for two consecutive years, in the fiscal year ended March 31, 2025, we saw a decrease in sales and profits due to an increase in labor costs in response to the "2024 Problem" in Japan's construction industry, which puts upper limits on overtime work hours. However, as we expect stable demand in the medium to long term, we will systematically increase our workforce and enhance customer service.

Allocate funds preferentially to themes with large potential for growth to continuously solidify foundations

Under the Second Medium-term Management Plan, we will invest in people, products, and information, aiming to maximize investment effectiveness while strengthening profitability and diversifying our revenue sources in response to changes in the business environment. Over the three-year period of the Second Medium-term Management Plan, we intend to invest ¥1.5 billion in renovation investment, ¥4 billion in strategic investment, ¥500 million in DX investment, and approximately ¥2 billion in other investments, including M&A. In the first year, fiscal 2025, we invested ¥700 million in renovation investment, ¥1.5 billion in strategic investment, ¥50 million in DX investment, and ¥10 million in other investments, including M&A.

Regarding strategic investment, we are continuing to install large presses and are proceeding with large-scale modifications to our kneading lines and firing processes to respond to the demand environment and strengthen our operations through extensive automation. In addition to the installation of six large presses at four plants during the First Medium-term Management Plan, we have installed an automated press at the Kaizuka Plant and a large press at the Hinase Plant over the past year.

Under the Second Medium-term Management Plan, we are

working to improve the quality of our refractories by further upgrading our high-pressure presses and streamlining the processes before and after pressing.

Regarding DX, along with enhancing the functionality of our mission-critical system Mikumo to advance digital transformation, we are investing to enhance and optimize operations, and promoting system development and security enhancements for strategic sales activities.

Beyond this, we will continue to look for investment opportunities in M&A and actively invest in projects that will contribute to increasing corporate value.

Delegating authority to the CIO and strengthening the DX promotion system

As profitability is being squeezed by a declining working-age population and rising costs, we are promoting digital transformation to further improve operational efficiency and strengthen measures to address labor shortages. In April 2025, the head of the Information System Department was appointed Chief Information Officer (CIO), and an IT Strategy Office was established under the CIO, creating a system to accelerate company-wide digital transformation.

Yotai has adopted the slogan "Try DX First," with middle management acting as the core connecting the frontlines with management, and advancing DX by quickly implementing on-site innovations. Promotion members share information, develop skills, and exchange opinions across departments, leading to initiatives that involve the entire company.

Given the progress of DX in the Administrative and Sales departments, we will expand the scope to production sites from 2025, and have begun work on formulating optimal production plans for plants, automating inventory management, and developing traceability for manufacturing processes.

Going forward, we will promote operational efficiency by introducing a sales force automation (SFA) system, centralizing data through company-wide cloud computing, and utilizing generative AI.

Individual growth drives Yotai growth and spurs social contribution

I look forward to the hard work of our employees in both our Second Medium-term Management Plan and our 2030 Vision. At Yotai, our numbers are small but elite. We are steady and sincere in our approach to work, and I trust our employees.

My goal is to encourage the growth of each and every employee, promote the creation of a rewarding workplace that takes safety and health into consideration, and make Yotai a company where employees can be proud to work. It is important to create an organization and work environment that rewards people who work with passion, and we hope to create a virtuous cycle by emphasizing a culture that welcomes motivated people. It is people who connect customer needs to corporate growth, and securing and developing talented people with sharp sensibilities and passion is a never-ending challenge.

As part of this effort, in addition to encouraging employees to take online training courses to improve their skills, we are increasing incentives for employee shareholding, and also introducing a trust-type employee shareholding incentive plan (E-Ship®). Through these actions, we expect Yotai employees to share the same perspective as our shareholders and to carry out their work with an awareness of increasing corporate value in mind. Through successful experiences, individuals experience a sense of growth, which in turn leads to the growth of the Company and contributions to society. By putting this cycle into motion, we aim to increase motivation to work and promote the constant development of Yotai. To this end, we hold a quarterly Human Resource Meeting attended by senior management to trade opinions on personnel matters.

To carry out our future management strategies, it is vital that we enhance human resources engaged in overseas expansion and R&D. In combination, we are also considering introducing a training system by job rank and occupation, and revising the retirement age (extension) system. We also want to continue efforts to promote the active participation of women, introduce a matchmaking app for young employees, and introduce support for student loan repayments.

Giving our all to addressing the problem of climate change

In recent years, abnormal weather caused by global warming has become more frequent worldwide. As a socially responsible company, it is urgent for Yotai to address the issue of climate change. For this reason, we are continuously promoting the adoption of solar power generation systems and electric vehicles (EVs). Solar power generation systems were installed at the Hinase Plant and Mizunami Plant in fiscal 2025, and power generation in the fiscal year ended March 31, 2025 increased 37% year on year to 2,325 MWh. With electricity prices rising sharply in recent years, this has contributed to a significant reduction in energy costs. Furthermore, we have applied for a change in fuel for the sintering process, currently being implemented under a subsidy from the Ministry of the Environment. Through these moves, we are working to reduce Scope 1 and Scope 2 greenhouse gas (GHG) emissions. Going forward, we will also work to obtain third-party certification for GHG emissions that include Scope 3, in addition to Scope 1 and Scope 2.

We are also working to make effective use of resources, including recycled materials. Utilizing the know-how and facilities of a company whose business Yotai acquired in October 2022, we are conducting evaluation tests on recycled materials produced at the Toki Factory of the Mizunami Plant. Looking ahead, we aim to offer a lineup of products that contain at least 20% recycled materials.

Furthermore, based on our basic purchasing policy, we have been proactively promoting stronger engagement across the entire supply chain and activities to reduce the environmental impact of Yotai products throughout their life cycles.

These efforts have been highly praised, and Yotai has been selected as a "Supplier Engagement Leader," the highest rating, by CDP 2024.

Bolstering corporate governance and shareholder returns for sustainable growth

To earn the trust of our stakeholders regarding business activities, we are continually working to strengthen and reform our corporate governance system as a foundation for supporting swift and decisive management decision-making in response to changes in the business environment.

As part of this, we are promoting personnel allocation with a succession plan in mind. We believe that broad business experience and multifaceted knowledge are crucial for management to map out our "future vision" from a long-term perspective and make appropriate management decisions toward our ambitious goals. My experience in various departments has allowed me to understand the strengths and weaknesses of each department, broadening my knowledge and helping me make decisions today. For this reason, we strive to give future management candidates strategic job transfers to various departments, allowing them to experience an array of tasks, and to actively delegate authority. Experiencing different departments will broaden their internal network and lead to smoother communication across organizational boundaries. By accumulating such human capital and assigning the right people to the right jobs based on their aptitude, we hope to see many of our human resources play active roles at the heart of our management in the future.

To increase our corporate value, we will also actively return profits to shareholders. In the Second Medium-term Management Plan, we have placed emphasis on returns through dividends, and raised our target to a consolidated payout ratio of 60% or a dividend of ¥85 per share, whichever is higher. Based on this policy, we have set a dividend of ¥90 for the fiscal year ended March 31, 2025, up ¥5 from the previous fiscal year, with a consolidated payout ratio of 63.5%. Additionally, we will flexibly utilize interest-bearing debt to optimize our capital composition, while keeping capital costs in mind.

Strengthening collaboration with the ASO GROUP as a stable shareholder

Yotai has expressed its approval in support of a takeover bid for the Company's shares of common stock by ASNF HOLDINGS GK. The tender offer took place from April to May 2025, and involved the purchase of 6,531,400 shares, representing an ownership ratio of 35.44%. As a result, there has been a change in Yotai's largest shareholder, with ASNF HOLDINGS GK becoming the largest shareholder with 6,531,400 shares and an ownership ratio of 35.44%. Sumitomo Osaka Cement Co., Ltd., which was the largest shareholder, has become the second largest shareholder with 2,954,409 shares and an ownership ratio of 16.03%.

The ASO GROUP, to which ASNF HOLDINGS GK belongs, is engaged in a variety of businesses, including the cement business, and has built a network both domestically and internationally. This TOB will enable Yotai to utilize the sales base and network of the ASO GROUP, and will enable the Company to accelerate its overseas expansion by leveraging the ASO GROUP's connections



In front of "Kumamoto Castle," a paper cutout by former Yotai employee Yoshiyuki Matsumoto

with leading overseas corporate groups. Discussions are currently underway in various areas regarding future support and collaboration for both companies.

Taking up the baton of the corporate philosophy to become a sustainably growing company

In 2026, Yotai will celebrate its 90th anniversary. The baton of our corporate philosophy has been passed down from generation to generation, and Yotai has overcome economic volatility and adversity. The driving force has been a commitment to our corporate philosophy, through which we aim to be a faithful company that enhances customer satisfaction and contributes to society. Each and every employee has carried out their work with three elements of our Code of Conduct in mind – "Best quality," "Lowest cost" and "Appropriate delivery time." I believe that this has enabled Yotai to build a client base of over 300 companies and achieve sustainable growth.

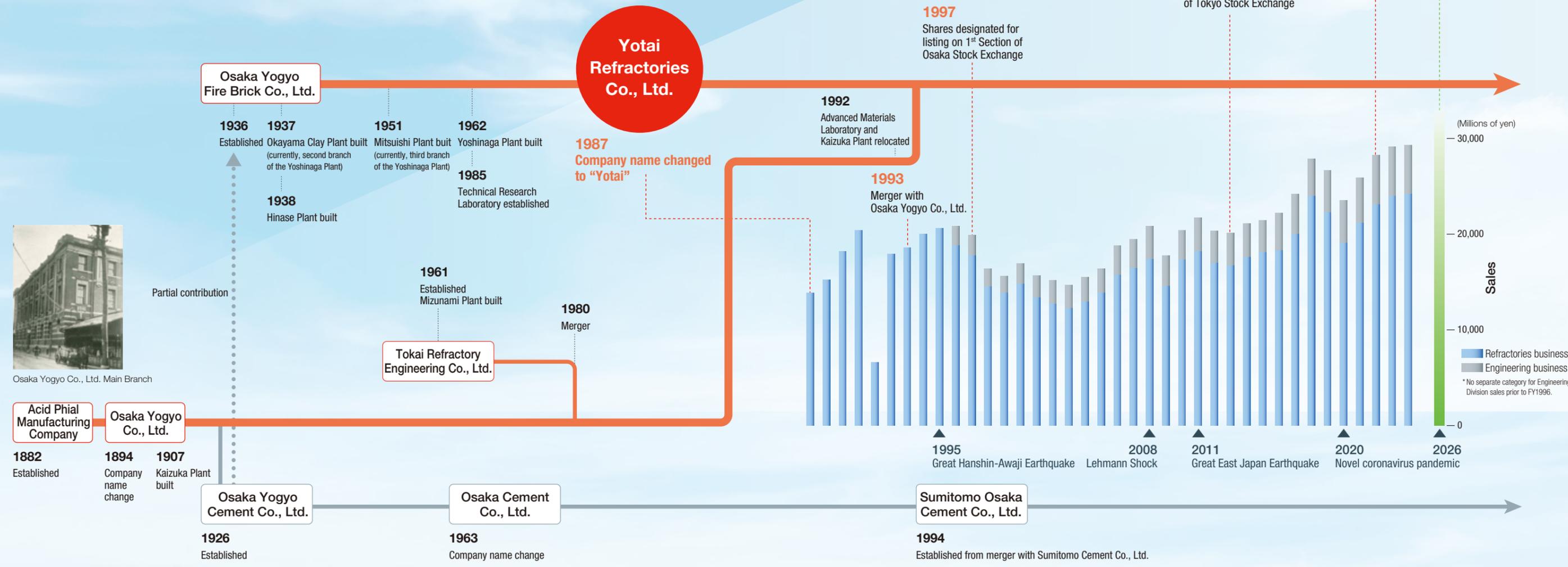
In 1993, nine years after I joined the Company, Yotai merged with Osaka Yogyo Co., Ltd. At the time, the Japanese economy was at the end of its period of high economic growth and in the turbulent seas of the collapse of the bubble economy. I believe that the president at the time decided to merge with the aim of expanding the scale of the Company in order to survive. Since then, Yotai has made repeated capital investments under each president, and has strengthened its momentum for growth. Aiming to become a century-old company, we must build a balanced business portfolio both domestically and internationally and remain relevant to society. To do so, we must capture growth in overseas markets in addition to our domestic business, and sometimes utilize M&A.

Strengthening our collaboration with the ASO GROUP is also a measure to intensify Yotai's driving force. Having the ASO GROUP stably hold shares in the Company will ensure management stability and enable us to steadily work on measures based on our long-term vision for sustainable improvement of corporate value, including overseas expansion.

Under this new structure, we will strive to achieve sustainable growth and build relationships of trust with our stakeholders. To all of our stakeholders, we ask for your continued understanding and warm support of Yotai as we go forward.

Achieving sustainable profit growth as a refractory manufacturer underpinning the backbone of manufacturing

From its origins as Acid Phial Manufacturing Company, Yotai has engaged in the manufacture of high-quality refractories, supporting a wide array of backbone industries. In 2026, Yotai will celebrate its 90th anniversary. The Company has overcome repeated economic crises and natural disasters, and we continue to work on our business to contribute to customers' manufacturing efforts and solve social issues.



1936-

Establishment of Osaka Yogyo Fire Brick Co., Ltd.

Yotai's predecessor, Osaka Yogyo Fire Brick Co., Ltd., was established to meet growing demand for fireproof bricks accompanying the rise of Japan's steel industry. Through establishment of new plants, steps were taken to expand production capacity and develop a structure for the stable supply of products.

1955-

Start of mass production of high-quality refractories

During Japan's period of advanced economic growth, growth among steel producers fueled demand for the mass production of high-quality, low-priced refractories. Thanks to technology development and patents it obtained, our Company contributed to Japan's economic growth with the production of refractories across a host of application areas.

1987-

Yotai Reborn

In 1987, under the corporate name YOTAI REFRACTORIES CO., LTD., we moved to restructure our rock-solid business foundation. Pushed by a changing social milieu, we expanded the production of refractories for electronic parts in answer to a rapid increase in semiconductor demand. Yotai has also made active strides in introducing energy-saving and alternative energy technologies since 2000.

2020-

Toward realizing our vision for Yotai

To become a "company that continues to improve its corporate value in a sustainable manner in harmony with society," Yotai must embrace growth not only in the domestic market but also overseas. Aiming to become a company with a strong presence in the refractory industry in Japan and Asia, we are also focusing on global expansion.

History of Yotai

Social changes and issues

- 1940-1950: Pre-World War II, wartime, postwar
- 1950-1980: Period of advanced economic growth
- 1980-2020: Arrival of computerization and information society
- 2020-2030: Sustainability, ESG era

Yotai At a Glance

Refractories are materials that can withstand high temperatures of 1,500°C or higher, and are used in a variety of facilities, including blast furnaces used mainly to produce steel, nonferrous metals, and glass, and kilns used to produce cement. Yotai has grown by contributing to the development of Japan's heavy industry through the supply and installation of high-quality refractories.

Yotai by the numbers

Established

1936

Yotai has a long history, and will celebrate its 90th anniversary in 2026. Headquartered in Kaizuka City, Osaka Prefecture, it has supported the development of Japan's heavy industry by producing high-quality refractories.

Net sales

¥29.3 billion

In terms of sales, Yotai is the fourth largest company in the domestic refractory industry.

Ordinary profit to sales ratio

12.4%

We maintain high profit margins through extensive cost management and initiatives such as diversifying our client industries.

Number of employees

538

In addition to proactively recruiting talent and placing the right people in the right positions, we are working to strengthen our human capital, which supports sustainable growth, by creating a comfortable workplace.

Refractory brick production volume

Approx. 70,000 tons

Refractories are broadly divided into refractory bricks and monolithic refractories, and Yotai is one of the industry leaders in terms of refractory brick production volume.

Number of products handled

Approx. 50,000

There are a wide variety of refractory products depending on the shape and application of the furnace. Yotai manufactures products that meet customer needs with a "multi-product, small-lot" production system.

Client companies

Over 300

Yotai refractories can be ordered in small lots as little as one product, and this meticulous response has enabled us to build strong partnerships with our customers.

Raw materials stockpiled to ensure stable supply

Approx. 8 to 12 months' worth

The refractory industry is characterized by a high degree of reliance on imports for raw materials. Yotai has secured storage space within its own plants to prepare for geopolitical risks.

Target consolidated payout ratio

60% or higher

During the Second Medium-term Management Plan, our emphasis is on returning profits through dividends, as we aim for a consolidated dividend payout ratio of 60% or a dividend of ¥85 per share, whichever is higher.

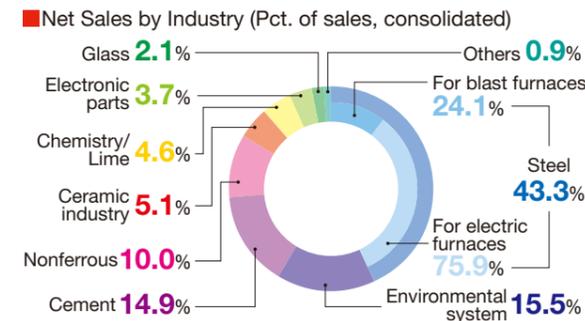
*1 From each company's IR materials *2 Based on Yotai research
Unless otherwise noted, figures are for the fiscal year ended March 2025 or as of the end of March 2025.

Yotai Strengths

Strength 1 Independent from any particular corporate group

Unlike other major players in the industry, Yotai does not belong to a specific affiliated company. We have grown by honing our technology amid fierce competition and expanding our business with customers in a variety of industries needing refractories.

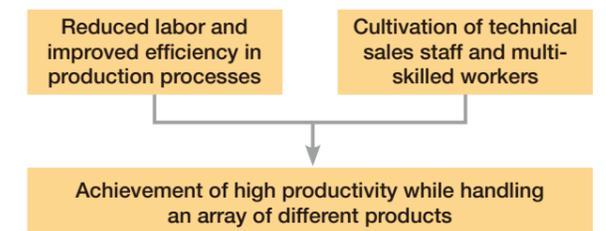
One feature of our business is our high volume of business with electric furnace manufacturers within the steel industry. Compared to blast furnaces, electric furnaces emit less CO₂, and future growth is expected.



Strength 2 Thorough cost management backed by corporate culture

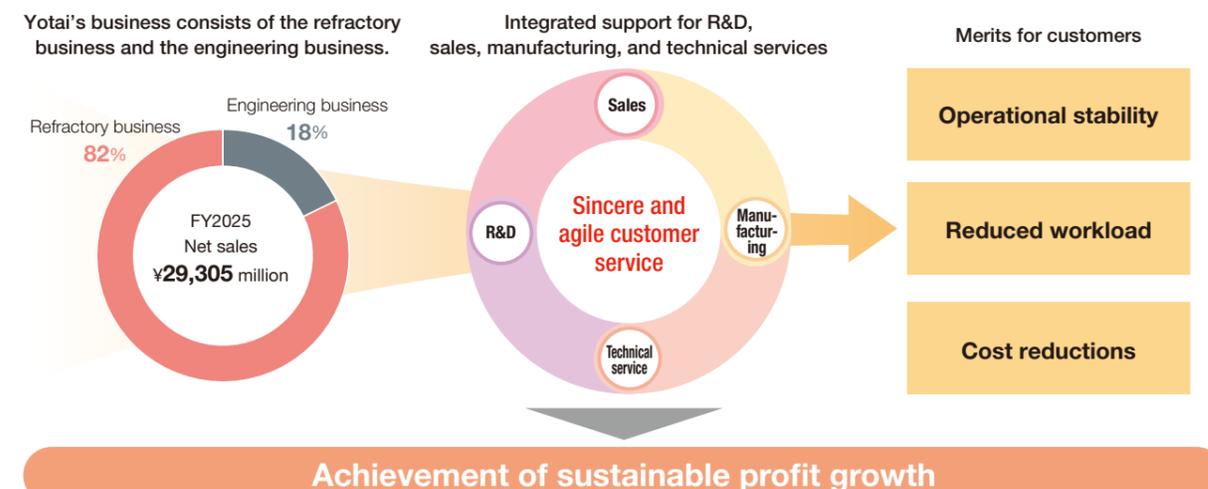
Refractories are essential products for the development of Japan's heavy industry. For roughly four decades, Yotai has been a pioneer in the industry, introducing robots into our production processes and working to thoroughly reduce labor and improve efficiency.

We also strive to improve productivity by cultivating technical sales staff and multi-skilled workers who can provide detailed support, thereby ensuring efficient business operations.



Strength 3 Total support for material and construction integration capable of building close relationships with customers

To build industrial furnaces that meet the performance required by our customers, we provide a comprehensive range of services, from refractory design and construction to maintenance. We build close relationships with our customers, contributing to stabilizing their factory operations, reducing their workload, and cutting costs.



The Year in Review (Fiscal 2025)

In fiscal 2025, ended March 31, 2025, in addition to working to improve rationalization and efficiency and adopting equipment to reduce GHG emissions, we strengthened human capital, promoted the creation of a comfortable workplace, and bolstered IR activities.

July 2024

Adoption of a 1,000T press at the Kaizuka Plant

To improve production capacity and reduce labor, we introduced a large press that cuts cycle time in half.



January 2025

Expansion of solar power generation system at the Mizunami Plant

We continue to adopt solar power generation systems, with the system installed at the Mizunami Plant now in operation.



February 2025

Adoption of a 1,000T press at the Hinase Plant

We introduced a high-efficiency press for the molding process.



May 2025

Exhibition at EXPO 2025 (Osaka, Kansai, Japan World Exposition)

Yotai participated in the Kaizuka City-sponsored "Osaka Week ~ Spring ~ Kaizuka EXPODAY Connecting to the Future," held at the venue on May 17, 2025. Yotai's business as a "local Osaka manufacturing company" was introduced through panels, model exhibits, and a company introduction video.



Yotai also provided its own product, "Ceralock," at the 1970 World Exposition in Japan.

March 2025

Obtained DX certification

Yotai was recognized as a "DX Certified Business" under the DX certification system established by Japan's Ministry of Economy, Trade and Industry.



May 2025

The ASO GROUP became the largest shareholder.



April 2024

May 2024

Introduction of employee shareholding incentive plan (E-Ship®)

As part of human capital management, we introduced E-Ship®, an incentive plan for all employees who join the Yotai Employee Shareholding Association.

October 2024

Employee Engagement Survey presentation

As part of efforts to create comfortable workplaces, we have been conducting engagement surveys since 2022. With the cooperation of the University of Hyogo, we analyzed the results of the survey and held a discussion session.



February 2025

First corporate info session held for individual investors

To raise awareness of Yotai's business operations and future growth strategies, we held our first online corporate info session for individual investors. Over 2,000 individual investors tuned in to take part.



April 2025

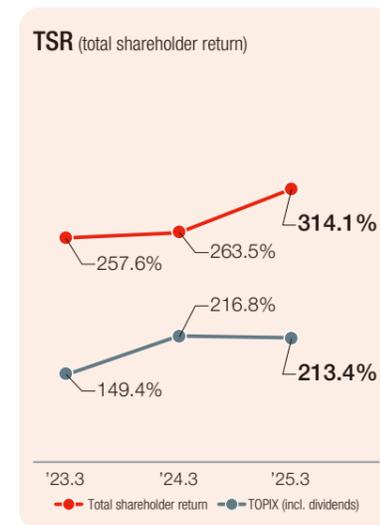
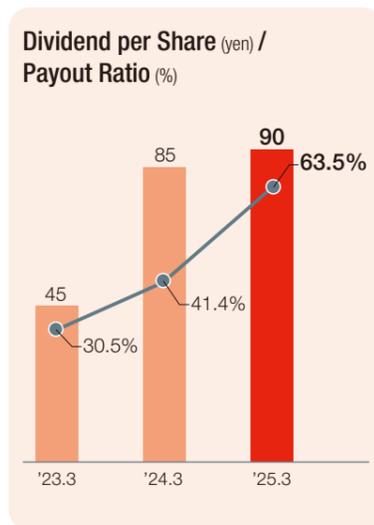
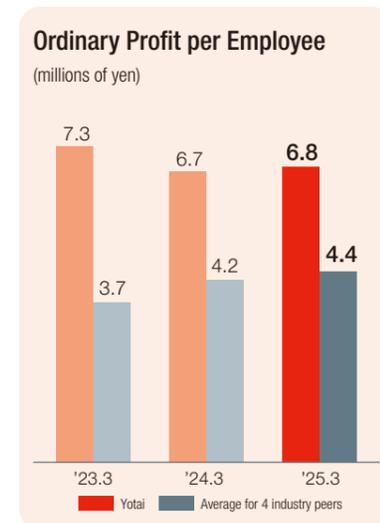
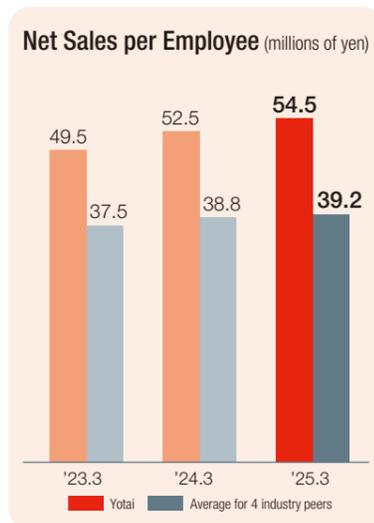
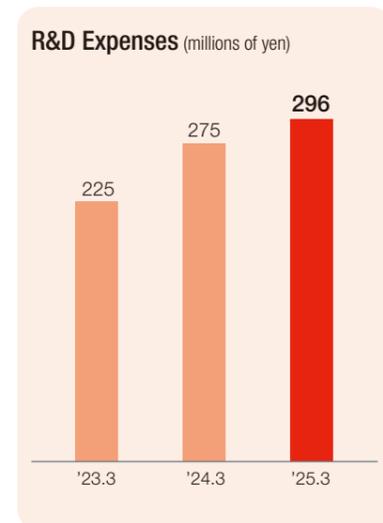
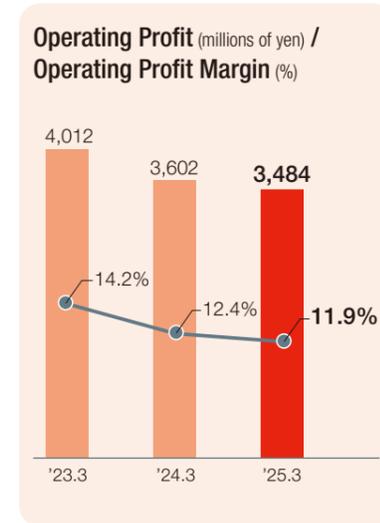
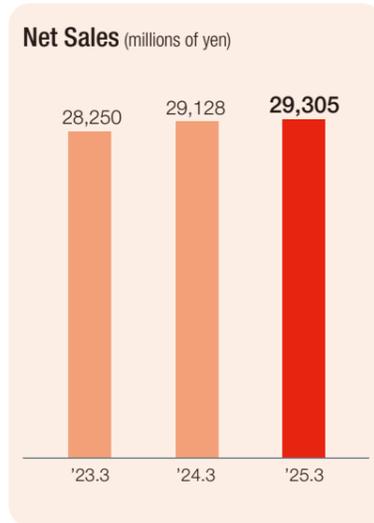
Discussion session held with Chugoku Bank on the Female Career Advancement Project

We held a discussion session with the Chugoku Bank Osaka Branch, Nishinomiya Branch, and the D&I NEXT10 Promotion Department of the Chugin Financial Group. In addition, female managers from Chugoku Bank and female employees from Yotai exchanged views on the themes of work style and career advancement.



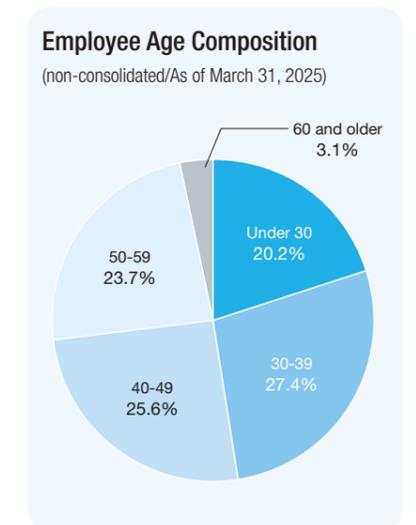
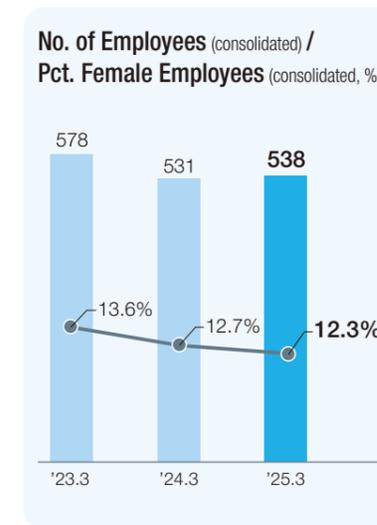
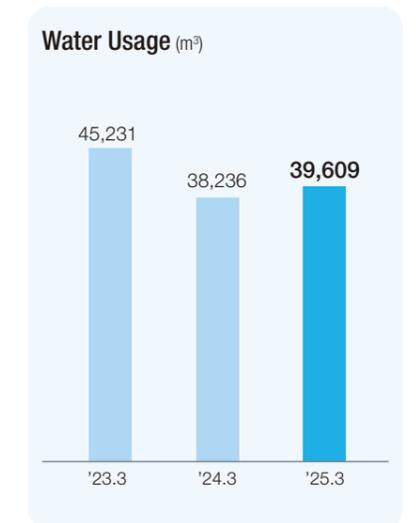
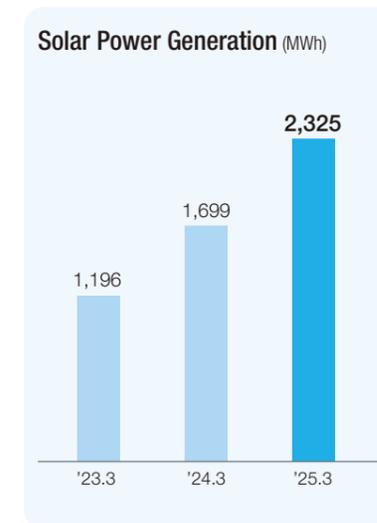
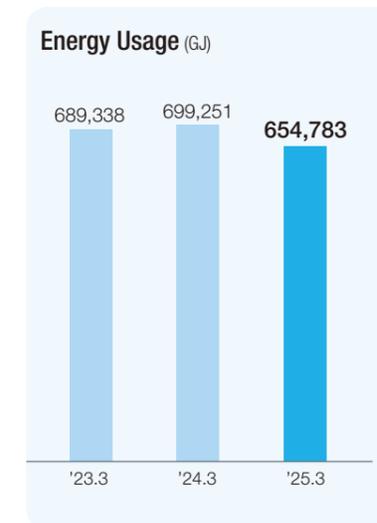
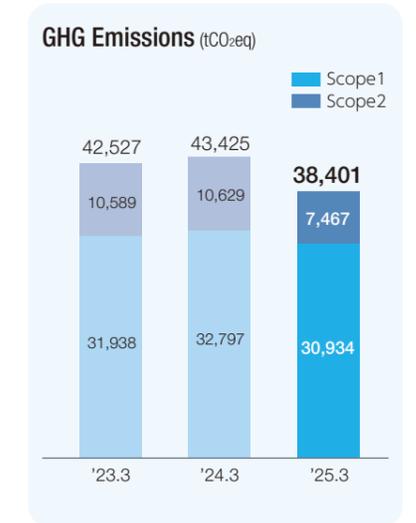
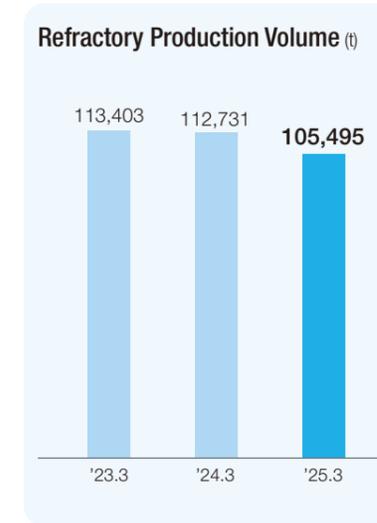
Financial Highlights

Financial Review >>> p.58
Key Financial Data >>> p.60



Non-financial Highlights

Environment >>> p.37
Human capital-related strategy >>> p.42



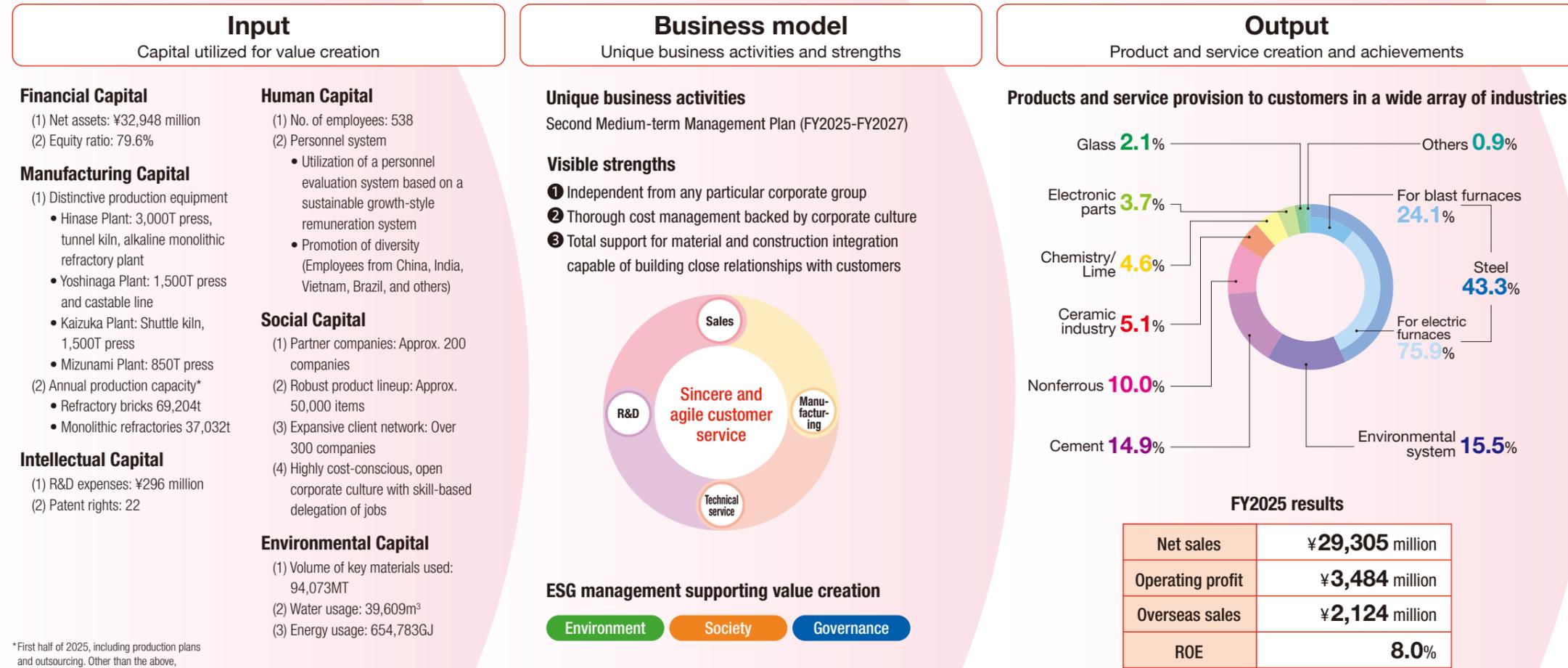
Aim to be a company that continues to improve its corporate value in a sustainable manner in harmony with society

Based on our corporate philosophy, at Yotai we are developing business activities while utilizing and strengthening our distinctive management capital. We aim to deliver solid value to our stakeholders by identifying changes in the external environment and important issues that need to be addressed.

Corporate Philosophy Yotai's values

Aiming to be a faithful company that contributes to society by creating new technologies and products

Corporate Vision
Yotai's Target Corporate Vision
A company that continues to improve its corporate value in a sustainable manner in harmony with society



*First half of 2025, including production plans and outsourcing. Other than the above, as of the end of March 2025

2030 Vision
Company with a strong presence in the refractory industry in Japan and Asia

Outcome
Value provided to stakeholders

Customers

- Stable supply of refractories
- Improved industrial furnace longevity and operating cost reductions
- Reductions in GHG emissions

Community

- Job creation
- Contribution to ocean and air preservation

Employees

- Skill improvement and self-actualization
- Realization of diverse working styles

Shareholders

- Improved medium- to long-term shareholder value and shareholder returns
- Highly transparent information disclosure

Materiality Key Issues to Be Addressed	High Quality	Environment	Society	Governance
External environment	<ul style="list-style-type: none"> • Reliably stable supply of high-quality products • Constant provision of high-quality technical service • Retention of technological capabilities for adapting to environmental change 	<ul style="list-style-type: none"> • Reduction of GHG emissions • Switch to renewable energy • Effective utilization of mineral resources 	<ul style="list-style-type: none"> • Human resource development and utilization • Promotion of health and productivity management • Social contribution-based regional revitalization 	<ul style="list-style-type: none"> • Governance enhancement • Dialogue with investors and proper information disclosure • Tighter BCP for responding to crises
	<ul style="list-style-type: none"> • Addressing domestic and overseas demand in fields where Yotai has strengths, and development of a strategic sales structure • Preparing a management structure to cope with high levels of uncertainty • Strengthening system for stockpiling raw materials and expanding procurement sources outside of China 	<ul style="list-style-type: none"> • Supply chain management with awareness of the so-called "2024 Problem" in the construction and logistics industries • Investment in DX promotion and human capital • Capital investment to bring even lower costs and manpower savings into view • Capital investment to realize carbon neutrality 		

Growth strategy

We are promoting the Second Medium-term Management Plan to achieve the Yotai corporate vision of aiming to be “a company that continues to improve its corporate value in a sustainable manner in harmony with society.” With “Strengthen profitability and diversify revenue sources” and “Promote ESG management” defined as basic policies, we are enacting a host of related measures.

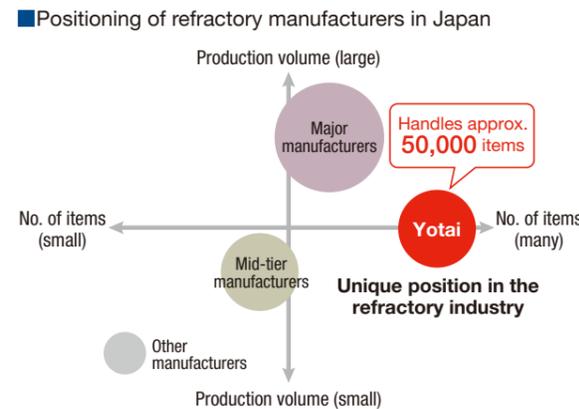


Overview of the Second Medium-term Management Plan (FY2025 to FY2027)

Yotai's position in the refractory industry

Refractories are used in a wide range of industries, and are essential in factories that perform high-temperature processing. Because refractories are used in harsh environments as linings to protect production equipment from high temperatures, they require periodic replacement and repair as the plant operates.

Yotai is in a unique position in the refractory industry, producing a wide range of items compared to its competitors. Through thorough cost management, we are able to achieve high productivity and profitability even while handling a wide range of products.



Basic policies of the Second Medium-term Management Plan

Under the Second Medium-term Management Plan, set to conclude in fiscal 2027, we are strengthening profitability, diversifying revenue sources and promoting ESG management to become a “Company with a strong presence in the refractory industry in Japan and Asia” as declared in Yotai’s “2030 Vision.”

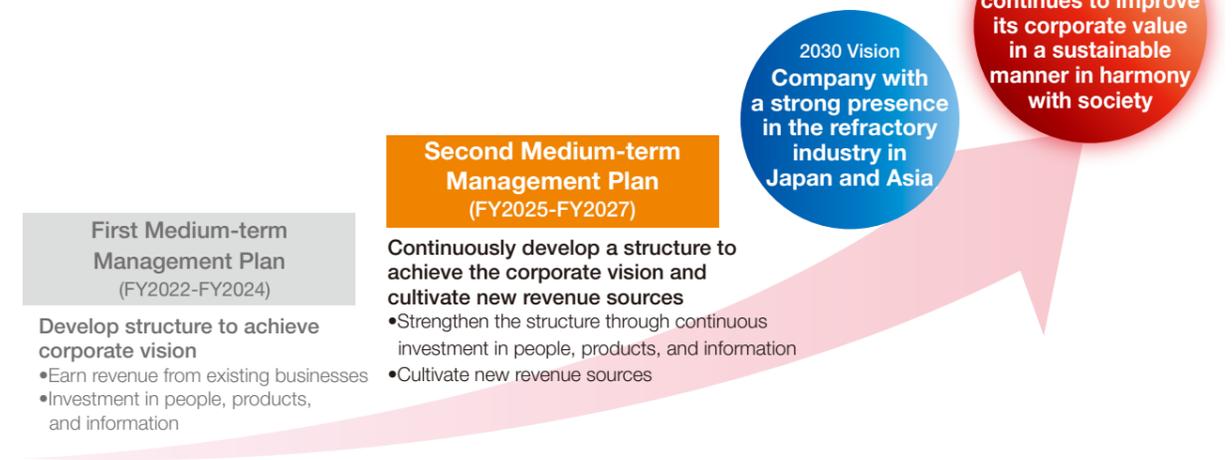
1 Strengthen profitability and diversify revenue sources

- Expand net sales by improving the quality of products and services**
 - Products**
 - Expand sales of new products and capture needs in growing sectors
 - Technical sales**
 - Continue to recruit and train technical sales staff and address the so-called “2024 Problem” in the construction industry
 - Customer support**
 - Utilize expanded sales offices and provide attentive sales support
- Strengthen the structure to secure a stable supply with low costs**
 - Procurement of raw materials**
 - Stable and sustainable raw material storage and enhancement of domestic production
 - Rationalization and streamlining**
 - Promote rationalization and streamlining by continuously strengthening the production structure
 - Promote DX that contributes to achieving management strategies
- Cultivate new revenue sources**
 - Development system**
 - Further strengthen the R&D structure and promote new product development
 - Overseas development**
 - Examine areas for development and establish a foundation
 - Utilize overseas OEM products

2 Promote ESG management

- Promote ESG management**
 - E: Environment**
 - Install facilities to reduce GHG emissions and promote technological innovations
 - S: Society**
 - Enhance employee diversification and create a comfortable work environment
 - G: Governance**
 - Strengthen the governance structure that contributes to sustainable growth

Medium-term Management Plan and 2030 Vision, Corporate Vision



Numerical targets and results

The numerical targets of the Second Medium-term Management Plan and the results achieved so far are shown in the diagram on the right. For fiscal 2025, revenue increased year on year due to strong sales for the ceramics industry and environmental systems. However, profits decreased due to rising raw material and fuel costs and the impact of investments in people, products, and information with an eye to the future. For fiscal 2027, the plan’s final year, we aim to achieve sales of ¥32.0 billion, a 9.2% increase compared to fiscal 2025, and ordinary profit of ¥4.5 billion, a 23.6% increase compared to the fiscal year ended March 2025.

	FY2024 Result	FY2025 Result	FY2027 Target	Change from FY2025	
				Amount	Rate
Net sales	29,128	29,305	32,000	+2,694	+9.2%
Operating profit (Operating profit to sales ratio)	3,602 (12.4%)	3,484 (11.9%)	4,400 (13.8%)	+915	+26.3%
Ordinary profit (Ordinary profit to sales ratio)	3,704 (12.7%)	3,640 (12.4%)	4,500 (14.1%)	+859	+23.6%
Profit attributable to owners of parent (Profit to sales ratio)	2,669* (9.2%)	2,623 (9.0%)	3,200 (10.0%)	+576	+22.0%
ROE	8.6%*	8.0%	10.0% or more	+2.0 pts or more	—
Consolidated dividend payout ratio	41.4%	63.5%	60.0%	—	—

* Figures excluding extraordinary income from the transfer of equity in YINGKOU NEW YOTAI REFRACTORY CO., LTD., a consolidated subsidiary, and the reduction of cross-shareholdings.

Priority measures and issues to address in FY2026

In fiscal 2026, the second year of the plan, we will continue to promote various measures based on our basic policies. Along with proactively conducting sales activities in growth fields both in Japan and overseas and working to improve production efficiency, particularly at the newly established Okayama Business Office, we will also promote ESG management by installing solar power generation systems, creating a workplace where employees can thrive, and allocating personnel with a succession plan in mind.

1 Strengthen profitability and diversify revenue sources

- Expand net sales by improving the quality of products and services**
 - Step up sales activities in steel, nonferrous, and other growth areas
 - Emphasize the superiority of Yotai’s products by making the most of the Company’s large presses
 - Continue to recruit and train human resources centered on technical sales staff
- Strengthen the structure to secure a stable supply with low costs**
 - Effectively use the newly established Okayama Business Office
 - Strengthen the production system by introducing more large presses (Yoshinaga and Mizunami Plants)
 - Verify the effects of DX at production sites and further promote DX
- Cultivate new revenue sources**
 - Move forward with overseas projects for which orders have been won and win repeat orders
 - Further develop overseas partners and clients in cooperation with trading firms
 - Achieve greater R&D efficiency by using AI in the R&D process

2 Promote ESG management

- Promote ESG management**
 - E: Environment**
 - Promote the ongoing introduction of solar power generation systems, EVs, etc. and start to reduce CO₂ emissions in manufacturing processes (such as the change in fuel for tunnel kilns)
 - S: Society**
 - Advance initiatives such as those for the development of a regionally fixed employee system and the empowerment of women
 - G: Governance**
 - Assign personnel with succession plans in mind

First Year Progress (FY2025) of the Second Medium-term Management Plan

As the first year of the Second Medium-term Management Plan, the fiscal year ended March 31, 2025, saw progress on initiatives toward our 2030 Vision of becoming a “Company with a strong presence in the refractory industry in Japan and Asia.”

Large, high-efficiency presses were introduced at each plant

We are introducing cutting-edge production equipment to ensure the stable and affordable supply of high-quality refractories. To improve the quality of Yotai's main product, refractory bricks, it is essential to press and harden the bricks under high pressure. In fiscal 2025, we installed an automated press at the Kaizuka Plant and a large press at the Hinase Plant to strengthen our molding process. This move has enabled Yotai to expand the range of quality it can handle, stabilize quality, while strengthening the ability to meet delivery deadlines by improving manufacturing speed.

Business strategy:
Okayama Business Office and Plant Department >>> p.26

FY2023		
Hinase Plant:	3,000T press	(Apr. 2022 operational start)
Yoshinaga Plant:	1,500T press	(Aug. 2022 operational start)
Mizunami Plant:	850T press	(Sep. 2022 operational start)
FY2024		
Hinase Plant:	1,000T press	(Sep. 2023 operational start)
Kaizuka Plant:	Automation of the 1,500T press 300T press	(Jun. 2023 operational start) (Dec. 2023 operational start)
FY2025		
Kaizuka Plant:	1,000T press	(Jul. 2024 operational start)
Hinase Plant:	1,000T press	(Feb. 2025 operational start)

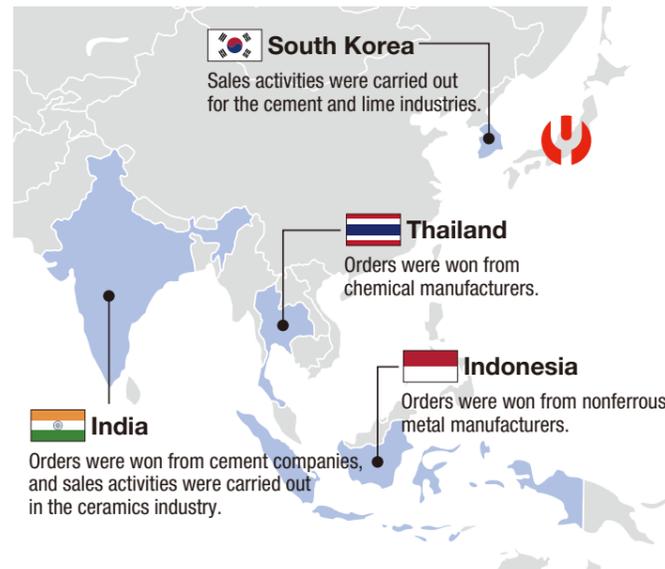
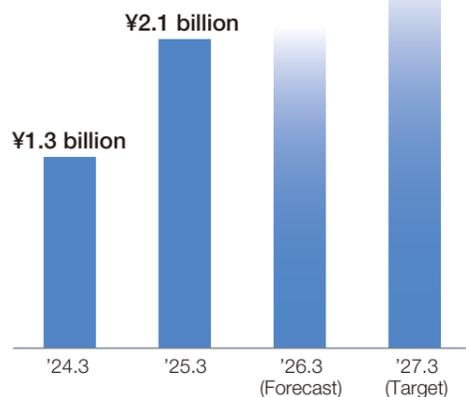
Overseas business development

Toward realizing our 2030 Vision, we hold overseas strategy meetings to confirm progress with sales staff and actively engage in sales activities. Having identified Asia as a key area, we are working to develop business in line with local needs in areas where Yotai has strengths, such as steel, cement, nonferrous, and electronic parts.

Specific results for the fiscal year ended March 31, 2025 include receiving orders for refractories, including large-scale spot projects, in India, Thailand, and Indonesia. As a result, overseas sales for the fiscal year under review increased 62% year on year to ¥2.1 billion, achieving our target for fiscal 2027 ahead of schedule.

Business strategy: Overseas expansion >>> p.33

Overseas sales



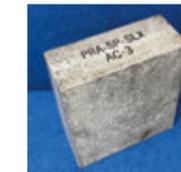
Development of environmentally friendly refractories/Effective utilization of resources through sustainable refractories

In the push for sustainable growth, we are working to expand sales of new high-value-added products. Yotai's main customers are in the industrial sector, which requires high-temperature processing; accordingly, there is a strong demand to reduce CO₂ emissions associated with business activities. To meet these needs, Yotai has developed a range of new products and worked to expand sales.

We are also conducting evaluation tests aimed at practical application of recycled raw material production. We are currently working on developing “Sustainable Refractories” at the Toki Factory of the Mizunami Plant, utilizing the facilities and expertise of Shibata Ceramic Raw Materials Co., Ltd., which Yotai acquired in October 2022. In this way, we hope to contribute to the efficient utilization of limited resources.

Business strategy: R&D Department >>> p.30

Examples of new high-value-added products



**Cement rotary kilns
Transition zone non-sintered spinel bricks**
Reduced CO₂ emissions during manufacturing compared to sintered bricks



Chrome-free castable bricks for waste melting furnaces
These bricks are highly corrosion-resistant.

Sustainable Refractories: STN Series

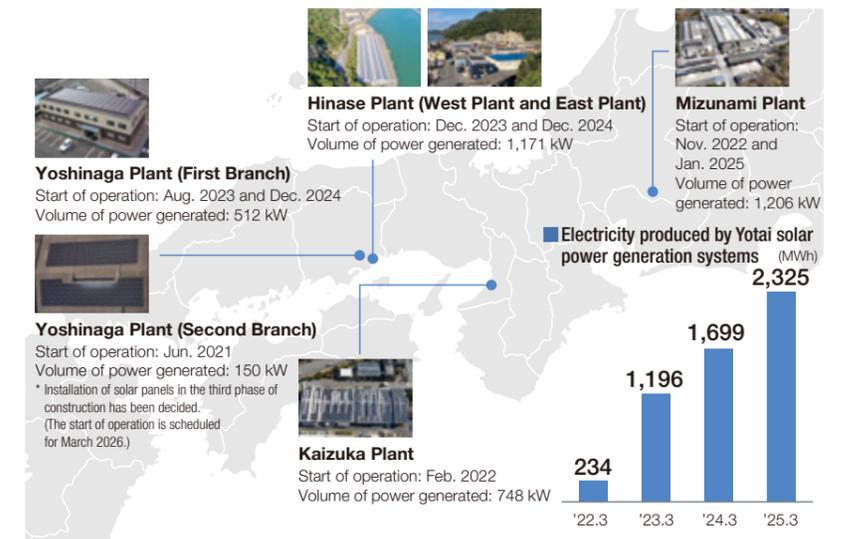
Ongoing evaluation tests aimed at producing recycled materials that contribute to the effective use of resources

Ongoing installation of solar power generation systems

To reduce greenhouse gas (GHG) emissions, Yotai has continued to install solar power generation systems at each plant since 2021. The volume of electricity generated for the fiscal year ended March 2025 is 2,325 MWh, leading to a significant reduction in electricity bills.

We will continue to focus on reducing Scope 1 GHG emissions by switching the fuels used in the refractory firing process, among other measures.

Environment-related measures >>> p.37



Further promote DX that contributes to achieving business strategies

DX in the Administrative Department has progressed smoothly by utilizing “Mikumo,” the mission-critical system that began operation in October 2023. We are currently expanding these efforts and initiating DX at our production sites.

Yotai DX strategy >>> p.34

Promotion of utilization of generative AI and IoT at production sites

- Formulation of optimal production plans at the Kaizuka Plant
- Automation of inventory control at the Mizunami Plant
- Establishment of traceability in manufacturing processes at the Hinase Plant

Finance-side Initiatives Response for achieving capital cost- and share price-conscious management

(1) Fund allocation approach and results for FY2025

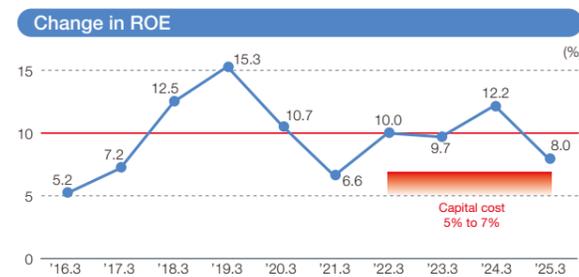
Plans call for the investment of ¥8 billion over the three years of the Second Medium-term Management Plan. In the fiscal year ended March 2025, we invested a total of ¥2.3 billion, including ¥700 million in renovation investment, ¥1.5 billion in strategic investment, and ¥50 million in DX investment.

For shareholder returns, allocations to shareholder returns are expected to remain secure even once profitability and financial soundness are considered. Accordingly, the Company's shareholder returns policy will focus on dividends during the plan.

	Three-year total	Details	FY2025 Result
Investment ¥8.0 billion	Renovation investment ¥1.5 billion	Investment for rationalization and streamlining	¥0.7 billion
	Strategic investment ¥4.0 billion	Installation of strategic facilities Investment for decarbonization BCP investment	¥1.5 billion
	DX investment ¥0.5 billion	Investment in information systems	¥0.05 billion
	Other ¥2.0 billion	M&A investment, etc.	¥0.01 billion
Shareholder returns	Enhance shareholder returns Consolidated dividend payout ratio of 60% or dividend per share of 85 yen, whichever is higher Consider implementing the acquisition of treasury shares while comprehensively examining the Company's financial condition, etc.	Dividend payout ratio 63.5%	

(2) Current status of ROE, PER, PBR and share price

Yotai's capital cost is perceived to be around 5% to 7%. PBR has risen to a level close to 1 time. To continue this trend, we will formulate and promote management plans from a long-term perspective that respond to changes in the business environment, while steadily implementing both financial and non-financial strategies.



(3) Financial situation

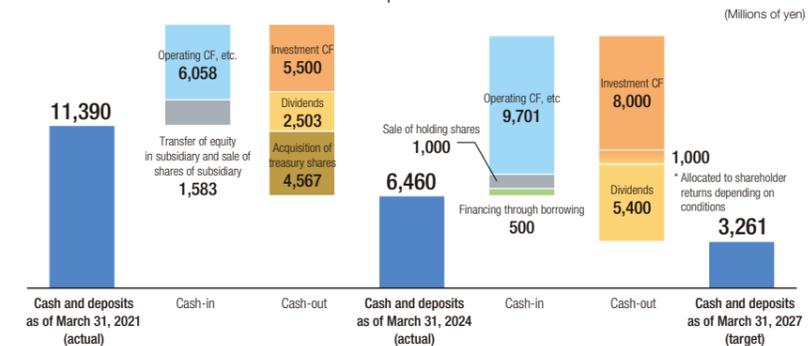
The Company's business performance is stagnating, affected by factors that include the amount of domestic crude steel production in the steel industry, which is its main customer, the prices of raw materials in China, and the depreciation of the yen. Conversely, although cash and deposits have been declining since peaking in fiscal 2021, we have secured the funds necessary for corporate management. With a strong customer base spanning many industries, Yotai has a system in place that allows it to secure stable profits. Going forward, we will continue to be mindful of capital cost and work to further improve and enhance capital efficiency.



(4) Financial strategy and shareholder returns

To achieve optimal capital structure, the Company utilizes interest-bearing debts in a flexible manner, with an awareness of the capital cost. Regarding shareholder returns, the Company will pursue either a consolidated dividend payout ratio of 60% or a dividend of ¥85 per share, whichever is higher.

We will also consider and conduct the acquisition of the Company's treasury shares, following comprehensive examination of its financial condition and other factors. Regarding M&A activity, our policy is to continue to seek investment opportunities and actively invest in projects that will contribute to the enhancement of corporate value.



(5) Targets

Yotai is aiming for ROE of 10% or more and PBR of 1 time or more, driven by expansion of investment returns and the formulation and promotion of management planning from a long-term perspective. Through connectivity between the Second Medium-term Management Plan and the 2030 Vision, the Company will strive for continuous improvement in corporate value.



(6) Schedule and progress for investment in people, products, information and other areas

		FY2025		FY2026		FY2027	
		First half	Second half	First half	Second half	First half	Second half
People							
Recruitment	Active recruitment of personnel with professional careers						
Training	Introduction of training programs by rank and job classification Promotion of participation in e-learning (online training)						
Work style	Revision to system for retirement age reemployment and work extension Introduction of a regionally fixed employee system						
Benefits and welfare	Revitalization of the employee shareholding association Continuous promotion of health management						
Products							
Equipment for automation	Installation of large high-pressure presses and high-efficiency presses Installation of an automated sorting system Remodeling of automatic presses dedicated to deformed shapes						
Improvement of facility efficiency	Modification of kneading plants Improvement of plant layout Modification of rotary kilns for raw material production						
Facilities to develop new products	Installation of non-oxide production facilities and new introduction of special presses						
Furnace construction	Rationalization of construction methods						
Reduction of CO ₂ emissions	Installation of solar panels Continuous introduction of EV vehicles Change of energy sources in Scope 1						
Information							
DX promotion	Continuous enhancement of the functionality of the mission-critical system "Mikumo"						
	Cultivation of new customers by digitizing customer information and sales activity information						
	Improvement of productivity and the development of digital human resources by promoting the use of AI, RPA, and low-code tools						
	Improvement of manufacturing quality and cost reduction by promoting IoT at plants Promotion of paperless operations by introducing file servers, electronic workflow, etc.						
Enhancement of cyber security measures							
Other							
	M&A investments in related sectors, etc.						

Administrative Department



Creating a virtuous cycle of capital investment and shareholder returns to achieve Second Medium-term Management Plan targets and sustainable growth

Shinichiro Takebayashi
Senior Managing Director, General Manager, General Affairs Department, Head Office

The Head Office General Affairs Department formulates companywide policies, creates systems, allocates capital, and engages in dialogue with investors to ensure that each department can operate smoothly, thereby supporting improvement in corporate value.

To achieve the Second Medium-term Management Plan in this challenging environment, it is essential that the entire Company work together as one. To this end, we have introduced a new personnel evaluation system to link the Second Medium-term Management Plan with personnel evaluation. The Head Office General Affairs Department will act as a bridge between management and each department within Yotai to ensure close cooperation, which will increase the organization's driving force toward hitting its goals.

First-year results of the Second Medium-term Management Plan

- Began implementing IoT in production processes as part of companywide DX promotion
- Adopted a new personnel evaluation system
- Began considering a human rights questionnaire for raw material suppliers

Future outlook and initiatives

- Introduction of management by objectives (MBO) method to achieve medium-term management plan targets
- Human resource development and utilization through the launch of a regionally fixed employee system
- Support for the companywide rollout of DX measures

Fiscal 2025 results

TOB by the ASO GROUP

ASNF HOLDINGS GK purchased shares of Yotai common stock, making ASNF HOLDINGS GK the largest shareholder with a 35.44% ownership stake in the Company. We will identify areas where we can utilize the strengths of both companies and aggressively promote exchange and information sharing.

Building a foundation for achieving the Second Medium-term Management Plan

Under the medium-term management plan, we aim to invest in people, products, and information from an ESG perspective, maximizing the return on investment while strengthening profitability and diversifying revenue sources. In addition to improving product quality and productivity through the introduction of large presses, we also began implementing IoT in our production processes from 2024 as a new initiative.

To achieve the goals of the Second Medium-term Management Plan, we hold, among others, a monthly Management Meeting, bimonthly CNV (Carbon Neutral Vision) meetings, twice-yearly production meetings, and sustainability committee meetings. The Head Office General Affairs Department serves as a link between management and the front line, and through these meetings strives to ensure that management's thinking is disseminated to the field and that progress is being confirmed on-site.

ESG management promotion

E: As part of capital investments for achieving carbon

neutrality, we are working to reduce GHG emissions, primarily through the introduction of solar power generation; we are also repairing and reusing discarded pallets at our production sites.

S: To strengthen human capital, we conducted our third employee engagement survey (employee awareness survey). While the results are generally good and showing signs of improvement, we learned that there are issues with the fairness of the evaluation system and differences in survey results between workplaces and occupations. We exchange information internally to increase employee satisfaction and improve organizational strength. We also explore options for developing our human resources further at meetings of the Human Resources Council.

G: With respect to governance, we strive to maintain a truly functioning system while conducting regular monitoring to ensure the system is not merely a formality. As we expand overseas in the future, we will consider establishing new organizations and systems geared specifically to global governance. Additionally, we are reviewing survey items and developing an implementation system for human rights questionnaire surveys of raw material suppliers in China to better understand the current situation.

Response for achieving capital cost- and share price-conscious management

We will continue to engage in dialogue with shareholders and investors to improve corporate value. In addition to financial results briefings for institutional investors, in fiscal 2025, we held our first company briefing for individual investors with the aim of raising awareness among this group. At the individual IR/SR meetings, we learned that there was particularly high

interest in capital policy and strengthening global governance.

Financially, we are returning profits to shareholders in line with the cash allocation policy established last year. Regarding the reduction of cross-shareholdings, sales stalled at ¥130 million in fiscal 2025, compared to the three-year target of ¥1 billion. From the viewpoint of streamlining management resources and improving capital policies, we will continue to conduct objective qualitative and quantitative evaluations with the aim of achieving sales targets.

Main initiatives of the Head Office General Affairs Department

Securing profit in Japan and expanding overseas

The fiscal year ending March 2026 is the second year of the Second Medium-term Management Plan and an important year for achieving our goals. Securing profit in Japan is critical. Accordingly, we will promote sales to a variety of industries, including nonferrous and environmental systems, both of which are Yotai strengths, and carbon black furnaces, for which inquiries have recently increased. To ensure profitability as our domestic business matures, we will work to reduce costs starting with frontline operations.

With domestic demand shrinking, we will further promote our overseas strategy. We are actively conducting sales activities in India, Indonesia, Thailand, and other countries, and are steadily building up a track record on the ground. If the opportunity arises, we will also consider strategic M&A activity.

Building momentum by linking the Second Medium-term Management Plan with personnel evaluation

To increase momentum toward achieving the goals of the Second Medium-Term Management Plan, we introduced the management by objectives (MBO) method from April 2025. In employee performance evaluations, we incorporate the goals



Production meeting in the second half of 2025



Financial results briefing for institutional investors for fiscal 2025

of the medium-term management plan into the evaluation criteria and standards for each employee, evaluating not only results but also the process. By linking the Second Medium-term Management Plan with personnel evaluations, we seek to encourage employees to take the initiative.

Additionally, we plan to launch a regionally fixed employee system in April 2026 in a bid to promote diversity in work styles and utilize locally based human resources. In particular, we will provide opportunities for general employees, strengthening support for skill development, and advancing promotion to managerial positions in the future.

Internal DX expansion across Yotai

With DX in the Administrative Department progressing smoothly, we intend to roll out this initiative across the entire Company. The Head Office General Affairs Department will provide support to ensure that the policies and measures formulated by the Information System Department are disseminated internally throughout each department. Specific initiatives include reducing labor hours by making full use of generative AI-OCR, RPA, and low-code development tools, as well as going paperless and utilizing Chat-AI. In addition, the number of employees with IT Passport certification has been steadily increasing, and going forward, we will strengthen our human resources base and innovate our operations by expanding the scope of efforts to improve DX literacy among all employees.

Virtuous cycle of capital investment and shareholder returns

We are committed to making essential strategic investments for the future. By utilizing the facilities we have acquired through strategic investments, including overseas, and DX investment, we will continue to create a virtuous cycle to develop new high-value-added products and improve productivity; the cash flow generated will be allocated to new capital investments and shareholder returns.



Exhibition at the Osaka, Kansai, Japan World Exposition on May 17, 2025



Presentation of the donation list for the 2024 Noto Heavy Rain Disaster

Sales Department



Yorisada Matsumoto
Director, Head of Sales Department and Engineering Department; General Manager, Tokyo Branch

In Japan, we are taking advantage of the trend toward electric furnaces in the steel industry, while overseas, we aim to further expand sales by leveraging success stories

The Sales Department is vigorously conducting sales activities both domestically and internationally to achieve Yotai's 2030 Vision of becoming a "Company with a strong presence in the refractory industry in Japan and Asia," and achieving the goals of the Second Medium-term Management Plan. Domestically, we are working to strengthen our sales capabilities, including technical services. Meanwhile, overseas in Asian countries and regions, we are focusing on expanding sales in steel, cement, nonferrous, and electronic parts—areas where Yotai has strengths.

First-year results of the Second Medium-term Management Plan

- Obtained continuous orders in the Hokkaido region and strengthened sales expansion in the Kyushu region
- Accumulating a track record in Asian countries and regions in overseas expansion
- Hired experienced mid-career professionals and held study sessions with former engineers

Future outlook and initiatives

- Focus on expanding sales in the electric furnace field and building a track record
- Expand sales of environmentally friendly products and train sales staff in the environmental field
- Introduce a sales force automation (SFA) system

Changes in the business environment and customer needs

Changes in the business environment

Our customers in the domestic steel and cement industries continue to experience a decline in production volume, and Yotai is also being affected. Meanwhile, the trend toward decarbonization is accelerating in the steel industry, and there is a full-scale shift underway to electric furnaces, which emit less CO₂ and have a lower environmental impact than blast furnaces.

Yotai does business with many electric furnace manufacturers, and these manufacturers account for the majority of its steel-sector sales. Given that Yotai has a proven track record of supplying refractories for the latest electric furnace systems and operational expertise, we have recognized the trend toward electric furnaces in the steel industry and are focusing on sales expansion measures, leveraging the strengths of our accumulated technology and our track record in refractories for electric furnaces.

Increasing demand for recycling furnaces

With growing awareness of the so-called "circular economy" worldwide, the number of new metal recycling furnaces being built is on the rise. In particular, in the nonferrous industry, the trend is to focus on extracting metals from recycled products rather than from ores, reflecting the need for safety in securing resources, cost competitiveness, reduced environmental impact, and customer demands. Nonferrous metal recycling furnaces melt miscellaneous scrap that is a mixture of metals and non-metals. For this reason, the refractories used in the furnaces must be of high quality to withstand the melting of scrap materials of this kind. Yotai has a strong track record in

the nonferrous industry and recognizes that it has an advantage over other refractory manufacturers. We have also been able to secure new orders for nonferrous metal recycling furnaces, and are looking to steadily capture robust demand in the future, including maintenance for newly constructed furnaces.

Fiscal 2025 results

Strengthening our sales structure in Japan

Based on one of the priorities of the Second Medium-term Management Plan, "Expand net sales by improving the quality of products and services," we are working to strengthen sales in areas where we previously had not focused. At our Muroran office in Hokkaido, the presence of sales staff there has increased the frequency of visits to customers and led to multiple product orders thanks to our meticulous approach. In addition, the Kyushu branch strengthened sales to cement manufacturers in the Kyushu region, which is home to many cement manufacturers. Similarly, we dispatched veteran sales staff with industry expertise from our Tokyo Branch, and focused on expanding Yotai market share.

Overseas development

Where overseas sales are concerned, we actively expanded our activities, notably in Asia. The status of activities is reported at the monthly overseas strategy meeting, where price trends in each country and region and the status of competitors are analyzed. The results of sales expansion in each country and region in fiscal 2025 are as follows:

● South Korea

A nonferrous manufacturer has adopted Yotai products in important parts of their facility, and these products have

been evaluated as surpassing those of their existing business partners in terms of durability. We expect to continue receiving orders in the future. Furthermore, Yotai products meet the requirements of customers in the lime industry in terms of both technology and specifications, and we expect that this will lead to orders around the time that their next facility repair is required. As a new business development, we have received specific inquiries from two chemical manufacturers that handle carbon black, and we are focusing on winning orders.

● Thailand

We received an order from a Japanese carbon black manufacturer for a new industrial furnace project. This customer has done business with Yotai for many years on projects in Japan, and have recognized Yotai's reliable quality, which has led to a new order in Thailand. We are also making steady progress in building relationships with local carbon black manufacturers, and are working to secure new projects.

● India

In the Indian market, we conducted sales activities together with a local refractory manufacturer with whom we have a sales partnership, and as a result, we were able to secure our first order from a local cement manufacturer. Building on this success, we will strengthen our sales efforts to other cement manufacturers in India. In the chemical field, we have received inquiries from three carbon black manufacturers. In the steel and nonferrous fields, we have also worked diligently to build a track record in the country and make frequent sales visits, viewing this as the quickest way to secure orders.

● Indonesia

We have been able to secure a continuous order for a new copper refining facility from a Japanese plant manufacturer. Yotai has a strong track record of working with nonferrous manufacturers in Japan, which led to the latest order. Indonesia is rich in natural and mineral resources, and many plants have been constructed to develop and process these resources. As the order volume for projects in the country will be large, we will be proactively visiting Indonesia to secure industrial furnace equipment projects, a market we currently have yet to enter.

Ingenuity to secure orders, efforts to secure and develop human resources

At the weekly sales meetings, in addition to reporting on

activities and checking progress, sales staff actively exchanged information about results and proposal content, and created a system for receiving advice from their superiors and seniors, all in an effort to improve the quality of their proposals. We also place importance on collaboration with other departments. For example, we ensure that information on new and improved products and test results provided by the R&D Department is shared with all sales staff in a timely manner.

In efforts to secure and develop human resources, we have hired experienced personnel with extensive overseas sales experience and held study sessions that invited in a former engineer as the lecturer. This individual shared practical information based on their experience with the sales staff, such as basic knowledge of furnace structure and specifications that are important in frontline operations. The contents of the lecture will be used as part of future educational programs for new employee training and the development of young sales staff.

Future initiatives

We will closely monitor the trend toward electric furnaces in the steel industry and focus on expanding sales in the electric furnace field, taking advantage of sales opportunities such as timing for customer equipment renovations.

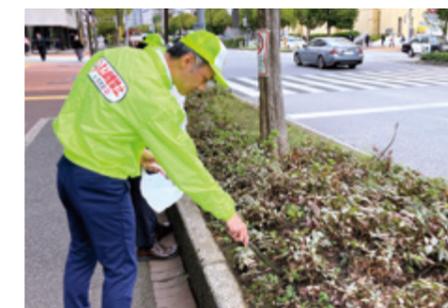
We will continue to work to expand sales of environmentally friendly and high-value-added products. We are focusing on the environmental field, where future growth is expected, and will work to develop human resources who can concentrate on this field.

To improve the efficiency of sales activities and save labor, we are working with the Information System Department on a project to introduce a sales force automation (SFA) system. We are working on themes such as making operations visible, information sharing, and improving the quality of sales activities, with plans to implement the system by the fiscal year ending March 2027.

We will also further focus on overseas expansion. Building on the track record we achieved in each country and region in fiscal 2025, we will advance our efforts further to develop new clients. We will also actively collaborate with local partners to expand sales channels and exchange technologies, contributing to Yotai's sustainable growth.



Building partnerships for overseas expansion (photographed in October 2025)



Local beautification activities in Bunkyo Ward, Tokyo, home to the Tokyo Branch



Executive Officer, General Manager, Okayama Branch; Head of Kyushu Branch
Akihito Morimoto
(Appointed Executive Officer on April 1, 2024)

Okayama Business Office (Hinase Plant/Yoshinaga Plant)



Tadashi Taniguchi
Director; Responsible for Production Department, Technical Research Laboratory and Advanced Materials Laboratory; General Manager of Okayama Business Office

Kinya Yamamoto
Executive Officer; Deputy General Manager of Okayama Business Office

Strengthening competitiveness through cross-cutting management of two core production department plants



Hinase Plant



Yoshinaga Plant



Yoshinaga Plant No. 2 Branch

In June 2025, Yotai established the Okayama Business Office as an organization to oversee the Hinase and Yoshinaga plants largely in order to strengthen its cross-organizational management system. The Hinase and Yoshinaga plants are the core of our production department, and their performance significantly impacts the performance of our entire manufacturing effort. In addition to streamlining and standardizing back-office operations and facility management at production bases, we will also build a system for cross-cutting management of human resource utilization and quality, integrating the on-site operation and cost reduction know-how each plant has cultivated, and strengthening our competitiveness.

First-year results of the Second Medium-term Management Plan

- Introduced highly efficient presses and robotic equipment in the molding process
- Completed conversion of lighting within facilities to LEDs and expanded solar power generation systems
- Strengthened BCP measures against high tides, floods, landslides, lightning strikes, etc.

Future outlook and initiatives

- Completion and operation of production system expansion for spinel bricks, a mainstay product
- Development of manufacturing process traceability and introduction of AI-enabled equipment
- Execution of construction work to convert tunnel kilns and hot air generators to LNG fuel

Strengths of the Hinase and Yoshinaga plants, intentions behind Okayama Business Office establishment

The Hinase Plant is a Yotai manufacturing base with the longest history, and has one of the largest production capacities for refractory bricks in Japan. Its main product is alkaline bricks for its major customers - steel, cement, and nonferrous manufacturers; it also produces refractories for glass manufacturers.

The Yoshinaga Plant mainly produces alumina bricks and clay bricks, and is equipped with many presses and the highly skilled techniques of its skilled workers. Through these, we are able to meticulously handle orders for high-value-added "multi-product, small-lot" refractories.

The Okayama Business Office, which oversees these two plants, was established in June 2025 to promote cross-cutting management and effective utilization of human resources. Both the Hinase Plant and the Yoshinaga Plant are located in Bizen City, Okayama Prefecture, and are relatively close to each other. Currently, the office is working to improve

the efficiency of back-office operations such as general affairs, equipment maintenance, and indirect departments such as quality control. Particularly with respect to quality control, a new production control department was set up with the establishment of the Okayama Business Office, and dedicated personnel were assigned to the department. The production lines at the two plants each have their own unique characteristics, and quality control work was carried out in line with these characteristics. However, some aspects of the work relied on the intuition and experience of experienced workers. The aim is to standardize this and build a system that anyone can carry out. We expect this will also be effective in terms of utilizing human resources. By systematizing the expertise cultivated at both plants and sharing it with employees, we hope to use this to develop mid-career personnel who will be responsible for the future.

In addition, in terms of collaboration with the R&D Department, we will not only develop products and manufacturing methods based on a long-term perspective, but are also involved in R&D that will enable faster market launches from the perspective of the Plant Department.

Fiscal 2025 results

At the Hinase Plant, a high-efficiency 1,000T press was installed in the molding process, and began operation in February 2025. We also made progress in introducing robotic equipment for automation.

We have also made progress in our efforts to become carbon neutral. To this end, we are promoting the conversion of our fleet to electric vehicles as an energy-saving initiative. By the fiscal year ended March 2025, the Hinase Plant completed the conversion of 45% of its vehicles to EVs, and the Yoshinaga Plant completed 78%. The conversion of the entire Okayama Business Office to EVs is expected to be completed as scheduled by fiscal 2029. The third phase of solar power generation system installation has been completed at the Hinase Plant, along with the first phase at the Yoshinaga Plant, and both are now operational. We plan to purchase renewable energy sources in the future as we work to continuously reduce our GHG emissions.

BCP measures as a production base also progressed as planned. The Hinase Plant faces the Seto Inland Sea and is surrounded by mountains on the back. In preparation for the increasing severity and frequency of natural disasters, we have taken measures to guard against high tides, floods, and landslides. At the Yoshinaga Plant, we have converted the outdoor substation into a cubicle and installed lightning arresters to prepare for the risk of power outages caused by lightning strikes.



High-efficiency 1,000T press installed at the Hinase Plant

Future initiatives

We continue to receive a high level of orders for alkaline bricks, and at the Hinase Plant in particular, we are continuing work to augment our production structure for spinel bricks, our main product. The first phase of construction work to expand the spinel brick kneading equipment is scheduled for completion in the first half of fiscal 2026, with the second phase scheduled to complete in the second half of the year. As a result, we expect a significant increase in production capacity from the fiscal year ending March 2027 onwards.

We will also work on building IoT models for production plants. At the Hinase Plant, we are using digital technology to build a traceability system for the manufacturing process of our mainstay refractory bricks, from raw material kneading and molding to firing. In addition, we are also moving forward with the introduction of automated sorting systems equipped with AI. If these are fully realized, processes previously carried out based on the know-how and tacit knowledge of skilled workers can be carried out by anyone, which is expected to contribute to work leveling and labor savings.

The Yoshinaga Plant will proceed with fuel conversion efforts. We developed a plan to convert the fuel used in the tunnel kiln and drying process to LNG, and applied for and were selected for the Ministry of the Environment's "Subsidy for Carbon Dioxide Emissions Reduction Measures Project." The aim is to improve combustion efficiency by switching to LNG, and construction is scheduled to be completed in December 2026.



Hinase Plant 1,000T press building

Kaizuka Plant



Koji Matsumoto
Executive Officer, Plant Manager,
Kaizuka Plant

Building a production system to increase production, and promoting automation and IoT at production sites to expand new orders overseas



Kaizuka Plant

Within Yotai's production department, the Kaizuka Plant produces a large volume of refractories for firing electronic parts, and distinguishes itself by handling a large number of products for overseas markets. Sales for electronic parts in fiscal 2025 were ¥1,084 million, down from a year ago due to the impact of economic fluctuations in the semiconductor industry. However, we are working closely with the Sales Department to focus on expanding new orders from overseas. We aim to operate our production lines, strengthened through capital investment, at full capacity, and are also working on developing new products in collaboration with the Advanced Materials Laboratory.

First-year results of the Second Medium-term Management Plan

- Established a system to increase production by introducing large automated presses and automating equipment
- Promoted a shift to IoT at production sites and achieved visualization of production process management
- Strengthened collaboration with the Sales Department to expand new orders from overseas

Future outlook and initiatives

- Continue sales activity support to ensure full production line operation
- Improve quality and ensure stable procurement by exploring and expanding raw material suppliers
- Manufacture new products to grow market share in electronic parts and semiconductors

Fiscal 2025 results

The Kaizuka Plant is continually upgrading its equipment, and has introduced robots to fully automate its 1,500T press. Additionally, in July 2024, the plant introduced a 1,000T automated presses that can produce at twice the speed of the previous press, with full-scale operations now underway. With the introduction of these highly efficient automated facilities, we have established a production system that can respond to inquiries for new large-scale projects from overseas.

Automation of the inspection process was completed as planned in December 2024. Manufacturers have strict selection standards for products for electronic parts, and previously these were inspected meticulously by skilled workers. However, by automating this inspection process, we are now able to quickly perform deburring, dimensional inspection, and even camera-based visual inspection of tens of thousands of products each month. This not only allows for handling increased production, but also reduces quality variations compared to manual inspection, making a significant contribution to improving quality.

We are also actively working to integrate IoT into our production sites. In fiscal 2025, we began building a production process system linked to our mission-critical system, "Mikumo," and are working to visualize processes. By utilizing digital technologies such as AI, we have built a system that allows us to optimize and reconfigure processes according to the order situation.

To strengthen overseas expansion, we are focusing on integrating our plants, technical services, and sales teams to quickly reflect market needs in our production. Technical

service personnel from the Kaizuka Plant accompany sales activities in an effort to accurately grasp customer needs and market trends. In the Asian refractory industry, where Yotai is focusing, manufacturing technology is rapidly developing, particularly in China. Our Plant Department will continue to work on further reducing costs and improving quality.

Future outlook and initiatives

In recent years, there has been a trend of restructuring overseas production sites that manufacture carbon black, used in automobile tires and other products. With large orders for carbon black-related projects on the horizon, we will seize this opportunity and focus on supporting sales activities as the Plant Department, as well.

In order to maintain our global competitive advantage, we will continue to work to reduce costs. To this end, we will strive to find and expand sources of raw materials, which account for a large portion of manufacturing costs, to improve quality and ensure a stable supply chain.

Furthermore, in order to expand our market share in electronic parts-related tools and materials, we are working with the Advanced Materials Laboratory to take on the challenge of enlarging and commercializing shelf plates, which are one type of tool material.



Automated equipment for the inspection process

Mizunami Plant



Naoyuki Nishimura
Executive Officer, Plant Manager,
Mizunami Plant

Leveraging our location in the Chukyo region, we will contribute to Japanese manufacturing through the stable supply of Yotai products



Mizunami Plant

The Mizunami Plant is equipped with a tunnel kiln capable of handling a wide range of firing temperatures, and is involved in the manufacture of refractory bricks and monolithic refractories. Although many of the products are the same as those of the Okayama Business Office, the Mizunami Plant is located in the Chukyo region of Aichi Prefecture, centered around Nagoya City, and is characterized by its convenient access to the production bases of major manufacturing customers. It also serves as a collection point for OEM products from our Chinese subsidiary, Yingkou Yotai Import and Export Co., Ltd.

First-year results of the Second Medium-term Management Plan

- Began implementation of shift to IoT at production sites with inventory management as key theme
- Efforts toward carbon neutrality, including completion of second phase of solar power generation system construction, conversion of fleet to electric vehicles, and conversion of lighting to LEDs

Future outlook and initiatives

- Introduction of a 1,500-ton hydraulic press for electronic parts
- Conversion of tunnel kiln fuel by 2030
- Consideration of introduction of production line for high-quality new products

Fiscal 2025 results

The Mizunami Plant is a Yotai production base located in the Chukyo region, and is responsible particularly for the stable delivery of products to customers in the Chukyo region and eastern Japan. To that end, we have tunnel kilns that can handle a variety of firing temperatures so that we can manufacture a wide range of Yotai products, and we have been working to improve productivity through continuous equipment updates. In recent years, among other steps, we have installed robotic auxiliary equipment to our high-efficiency presses and introduced manual presses, and the smooth operation of these has improved molding efficiency.

Following on from efforts to enhance productivity, in fiscal 2025, we began implementing IoT at production sites with the aim of optimizing operations across the entire plant. Yotai is currently promoting a companywide DX strategy, with each plant deciding on a theme suited to the characteristics on the ground and working to introduce IoT. The theme at the Mizunami Plant is inventory management. This reflects the Mizunami Plant's role as a collection point for OEM products, and it also handles inventory management. We are currently working to improve logistics efficiency and operational accuracy through the use of systems, and hope to spread this know-how to other production sites from fiscal 2026 onward.

Regarding efforts to become carbon neutral and save energy, we have completed the second phase of construction of solar power generation systems, which are generating electricity smoothly. We have also completed the conversion of forklifts to EVs and lighting to LEDs.

Future outlook and initiatives

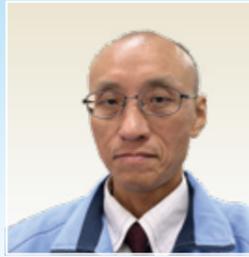
The Mizunami Plant also manufactures refractories for firing electronic parts. The Mizunami Plant handles different items than the Kaizuka Plant, an example of which are refractories made primarily from rare materials such as mullite and cordierite. We expect demand in the electronic parts market to recover in fiscal 2027, and plan to install a 1,500-ton hydraulic press for molding large shelves, base plates and saggars. This press will use a semi-dry molding process with lower moisture content than the conventional wet molding method. After its introduction, we aim to increase production volume by shortening firing and drying times.

As part of our efforts to become carbon neutral, we plan to switch the fuel used in our tunnel kilns from fuel oil to natural gas by 2030. The initiative is currently underway at the Okayama Business Office's Yoshinaga Plant, and based on the results, is expected to be implemented at the Mizunami Plant as well.

At the Mizunami Plant's Toki Factory, which utilizes the facilities and functions of the company that was acquired in October 2022, evaluation tests will continue on the STN (Sustainable Refractories) series, which uses recycled materials, with the goal of commercialization.

We are also planning to introduce new high-quality products. We are currently developing vacuum-fired SiC bricks, and are working to install a related production line at our Mizunami Plant. Unlike firing in a tunnel kiln, vacuum firing involves heating in an enclosed space, resulting in a highly pure product with less oxidation. We will work in cooperation with the R&D Department to contribute to Yotai's competitive product development.

R&D Department



Kazunari Imai
Executive Officer, General Manager, Quality Assurance Department, Advanced Materials Laboratory, Technical Research Laboratory

In addition to developing new products and technologies, we also focus on technical service operations



Device for measuring expansion under load

The Advanced Materials Laboratory and Technical Research Laboratory develop competitive, high-value-added new materials and technologies. In recent years, our priority themes have been the development of environmentally friendly refractories, which meet high customer needs, and products for more advanced electronic parts. In addition to development work, technical service work is also an important role of the R&D Department. Our engineers visit customers' production sites to verify the actual use of our products in their furnaces, and then research, develop, and improve new products. We also work closely with the Sales, Plant, and Engineering departments, contributing to increasing orders and improving the quality of Yotai products.

First-year results of the Second Medium-term Management Plan

- Development of new products for electronic parts and preparation for sales expansion and mass production
- Continuous improvement and development of non-sintered bricks that meet high customer demand
- Four patents granted, including one international application

Future outlook and initiatives

- Development of new products and technologies tied to environmental friendliness and fuel conversion
- Conduct evaluation testing of the STN series and develop products for commercialization
- Securing and training of technical service personnel

Fiscal 2025 results

Major achievements for fiscal 2025 include the completion of development of several new tool materials for electronic parts. The Sales Department has begun promoting sales of large base plates measuring 800mm to 1,000mm square; in tandem, we have completed evaluation tests for high-strength thin tool materials and have begun preparations for mass production.

With regard to environmentally friendly refractories, for which customer needs are high, we focused on continuous improvements to non-sintered bricks and the development of new materials. Non-sintered bricks do not require a high-temperature firing process, which reduces CO₂ emissions, but compared to sintered bricks, it is more difficult to put them to practical use and improve their performance. For high-alumina non-sintered bricks for aluminum furnaces, which are already being used in customers' industrial furnaces, we have made improvements to the high-pressure molding process and investigated special chemical binder materials (additives that harden refractories) to further enhance their performance. In addition, development has progressed on non-sintered bricks for the transition zone of cement rotary kilns.

We have also moved to expand our lineup of monolithic refractories, which are easier to install and have greater freedom in shape than refractory bricks, with a focus on castable bricks—products that are in particularly high demand from customers and that have short drying times. Zircon has been added to high alumina, silicon carbide, and chrome-free products, and we have built up a track record of use in actual furnaces.

We also focused on technical service operations. Working in cooperation with the Sales Department, we provide sales support from a technical perspective. During the Second

Medium-term Management Plan, we have actively conducted sales activities overseas, mainly in Asia, including India, Vietnam, the Philippines, and South Korea, with engineers moving in step with customers to provide support, such as explaining the features and advantages of Yotai products.

Regarding patent acquisition, we obtained four patents in the fiscal year ended March 31, 2025. Of these, one is a unique technology with no precedent even overseas, and we have therefore filed an international patent application.

Future outlook and initiatives

We will continue to develop new products and technologies for the next generation, focusing on environmental friendliness and carbon neutrality. As part of our cutting-edge initiative to utilize recycled materials, we are working with Nagaoka University of Technology to develop refractory materials from aluminum dross (residue produced during aluminum refining), and we have just gained laboratory-level knowledge about spinel materials. We are also working to commercially utilize recycled materials through our STN (Sustainable Refractories) series, and are conducting evaluation tests on bricks manufactured at our plants. The goal is to use more than 20% recycled materials, in the hope of contributing to the effective use of limited natural resources.

Regarding the shift from fossil to non-fossil fuels, we succeeded in firing refractories using 100% hydrogen fuel in 2023. If the price of hydrogen fuel falls to a certain level in the future, we believe it will become more widely used.

In securing and developing human resources, we will focus mainly on mid-career recruitment and on developing personnel capable of engaging in technical service work.

Engineering Division



Motokatsu Kume
Executive Officer, General Manager, Engineering Division

Aiming to further improve construction quality by improving operational efficiency and through collaboration with our R&D and production departments



Design using CAD

In the Engineering Division, we leverage our strength in providing material and construction integration using refractory materials developed and manufactured in-house, enabling us to achieve efficient and high-quality construction. In fiscal 2025, as part of our efforts to achieve the key priorities of our Second Medium-term Management Plan, namely, "Expand net sales by improving the quality of products and services" and "Strengthen the structure to secure a stable supply with low costs," we introduced new design equipment to improve construction quality. We also strengthened the support system for construction managers by utilizing our business group specializing in middle office operations.

First-year results of the Second Medium-term Management Plan

- Effectively addressed work style reforms at construction sites
- Implemented new CAD and overhauled construction equipment to improve construction quality
- Utilized business group to improve work efficiency and support construction managers

Future outlook and initiatives

- Develop high-quality construction methods in collaboration with the R&D Department
- Continue strengthening the recruitment and development of construction managers and other personnel
- Consider strengthening the role of overseas supervisors

Fiscal 2025 results

The Engineering Division puts emphasis on three pillars of business: "thorough safety management," "improvement of construction quality," and "advanced construction management." In terms of "thorough safety management," we have begun creating new safety training materials in response to the increase in foreign workers dispatched by our partner companies.

We will provide video training materials with subtitles in multiple languages for each type of work and equipment, and have employees watch them to better instill safety awareness.

For "improvement of construction quality," we worked in cooperation with the R&D Department and our plants to ensure the optimum construction method was always adopted for the customer's industrial furnace. Capitalizing on our strength in "material and construction integration," we design work taking into consideration construction efficiency on site as well as maintenance and repair after construction.

To improve design accuracy, in fiscal 2025, we introduced a new 3D CAD system, in addition to the multiple CAD systems we had been using. By using the right CAD program, we are able to carry out more accurate and detailed design work. In addition, we have carried out a large-scale overhaul of each piece of construction machinery to increase its operating rate.

Regarding "advanced construction management," we focused on improving the efficiency of the business group specializing in middle-office operations. As a business group, we worked to improve and devise workflows so that we can handle more projects by supporting construction managers in the preparation of documents for advance submission.

Future outlook and initiatives

In the fiscal year ending March 2026, we will receive orders for new construction and large-scale projects, and achieve results on par with the record-high net sales and profit reported in fiscal 2024. We intend to steadily respond to these orders, along with existing projects and spot projects.

We continue to view securing and developing human resources as an urgent issue. Securing construction managers is particularly urgent, and in addition to companywide recruitment activities, our division is also focusing on its own recruitment activities. We will also work with partner companies to secure personnel for the construction site.

We will also continue to provide supervisory services for overseas furnace construction work. In recent years, business has been sluggish due to the impact of the COVID-19 pandemic. However, as we move into full-scale overseas expansion, we will work to acquire personnel who can provide construction management and advice in each country and region, and to strengthen our structure.



Rendering of the new Technical Research Laboratory and Engineering Division office (Scheduled for completion in December 2026)

Information System Department



Yasuhiro Inoue

Executive Officer, General Manager in charge of companywide DX promotion, Information System Group (CIO), General Affairs Department of Head Office

With DX infrastructure completion, now entering a full-scale companywide DX promotion phase



Members of the Information System Group

The Information System Department has formulated a DX strategy based on the Second Medium-term Management Plan, and is promoting DX across Yotai in line with this roadmap. As a result of efforts to build a DX infrastructure that began during the First Medium-term Management Plan (FY2022 to FY2024), we were able to obtain “DX Certification” from Japan’s Ministry of Economy, Trade and Industry in March 2025, and are now entering the full-scale DX promotion phase.

First-year results of the Second Medium-term Management Plan

- Began development of a sales force automation (SFA) system
- Promoted IoT adoption based on priorities for each plant
- Strengthened cybersecurity measures and utilized generative AI

Future outlook and initiatives

- Information digitalization and development of data utilization infrastructure
- Continuous strengthening of cybersecurity measures
- Establishment of internal IT regulations to promote DX

Fiscal 2025 results

Yotai’s DX promotion roadmap was formulated based on one of the key measures of the Second Medium-term Management Plan, “Promote DX that contributes to achieving management strategies.” We have created an action plan linked to our management goals of “increasing sales,” “increasing convenience and productivity,” “reducing risk,” “security measures,” “culture reform and human resource development,” and “ESG,” and are promoting DX across the entire Company. In fiscal 2025, progress was made in digitalization at the workplace, particularly in sales and at plants.

(1) Sales force automation (SFA) system development

We developed a prototype of the system, had Sales Department staff actually use it and provide feedback, and then used an agile approach to develop it by repeatedly brushing it up. The aim is to further increase sales by digitalizing customer information and Sales Department staff behavioral information and establishing it as a data utilization platform. Full implementation is targeted for the fiscal year ending March 2026.

(2) Shift to IoT in plants

Our four plants set their own priorities and tackled digitalization. The automation of the molding process took precedence at the Kaizuka Plant, followed by the development of a traceability system at the Hinase Plant and an inventory management system at the Mizunami Plant. At the Yoshinaga Plant, we are also holding discussions with external vendors to explore new themes. Going forward, these results will be rolled out to other plants, with the aim of quickly improving convenience and boosting productivity across the entire production site network.

(3) Other initiatives (strengthening cybersecurity measures, utilizing generative AI)

As digitalization at worksites progresses, we are working to raise the level of cybersecurity. We are currently preparing to introduce EDR*1 and external SOC*2 services based on zero trust (constant verification and authentication of all access, both internal and external). Setup is scheduled to be completed during the fiscal year ending March 2026.

Additionally, in order to utilize generative AI, we have established a secure usage environment and begun trial operation by management and administrators. Corporate officers and employees using the system have commented on its effectiveness in gathering information, organizing ideas, and creating documents, with plans in place to expand its use to the entire Company in the future.

Aspirations upon assuming the position of CIO

On April 1, 2025, I assumed the newly created position of CIO (Chief Information Officer). I think the role of a CIO is to create a system for fundamentally transforming corporate culture based on a DX strategy that brings together management, the workplace, and IT. In March of the same year, Yotai was certified as a “DX Certified Business” by the Ministry of Economy, Trade and Industry of Japan for the first time. This means that Yotai has been recognized by an external party as being fully prepared to promote DX. With the aim of achieving digital transformation, I want us to focus, among other actions, on developing a data utilization infrastructure, continuously strengthening cybersecurity measures, and establishing internal IT regulations.

*1 An acronym for Endpoint Detection and Response. It refers to security measures that detect and respond to threats that have invaded terminals such as PCs and servers.
*2 An acronym for Security Operation Center. A specialized department or team that monitors, detects, and analyzes cyberattacks and takes measures to respond to threats.

China-based subsidiary



Libin Wang

General Manager
Yingkou Yotai Import and Export Co., Ltd.

Striving to maintain imported raw material and product supply stability and quality, while contributing to the advancement of our full-scale overseas strategy



Representatives from a Chinese partner company inspected a Yotai production site during a visit to Japan (March 2025)

Yingkou Yotai Import and Export Co., Ltd. is the “technology-driven import-export company” of the Yotai Group, and is primarily responsible for ensuring the quality and maintaining a stable supply of raw materials and OEM products imported from China. We also conduct research and gather information on the international landscape outside of China, raw material procurement sources, and new suppliers, contributing to the promotion of Yotai’s overseas strategy.

First-year results of the Second Medium-term Management Plan

- Contributed to reducing raw material and product procurement costs
- Ensured reliability through quality inspections close to Japanese standards
- Promoted human resource development to prepare for future business expansion

Future outlook and initiatives

- Strengthen ability to gather information on refractory raw material-producing regions worldwide and to procure raw materials
- Contribute to growing Yotai’s product lineup and volume by expanding procurement of OEM products

Trends in raw material prices and OEM product prices in China

From the second half of 2023 through 2024, production adjustments due to environmental regulations were implemented in Liaoning Province, China, a major producer of magnesia raw materials, resulting in a tight supply of high-quality alkaline refractory raw materials. In addition, from the first half of 2025, the price of electrofused magnesium oxide rose due to the impact of electricity policies, and the price of alumina raw materials also fluctuated significantly. These trends in raw material prices also affected the prices of OEM products manufactured in China and delivered to Yotai’s plants in Japan.

Price fluctuations and supply and demand trends in the domestic Chinese raw material market not only have a direct impact on Yotai’s procurement costs, but may also affect the quality of raw materials and products. Yingkou Yotai Import and Export Co., Ltd. is taking various measures to ensure a stable supply of raw materials and products and maintain quality in a bid to fulfill its role as a “technology-driven import-export company” with quality control functions.

of raw materials as our previous suppliers. For OEM products, we inspected every lot possible, tracing back to the raw materials, and worked closely with each plant to maintain quality.

(2) Strengthening quality inspection functions

While it is difficult to obtain inspection equipment in China that meets the same standards as in Japan, we have put in place a highly precise quality inspection environment in cooperation with Yotai’s Technical Research Laboratory and each production plant. This allows us to present persuasive test data to our customers, which increases our credibility.

(3) Human resource development to expand operational scope

We also worked to develop human resources in preparation for the future expansion of our import/export operations. To this end, we encouraged employees to participate in training and obtain qualifications to improve their expertise in trade practices and finance.

Future outlook and initiatives

With respect to raw material-producing regions outside of China and East Asia, we are closely monitoring price trends and supply situations in Australia, South Africa, Guinea, Oman, Pakistan, and other areas, but the situation is currently relatively stable. We will continue to contribute to further reductions in procurement costs by diversifying our suppliers to mitigate risk and accurately identifying market prices. Additionally, to contribute to the expansion of Yotai sales items and sales volume, we hope to further focus on procuring OEM products that are not yet available in Japan.

Fiscal 2025 results

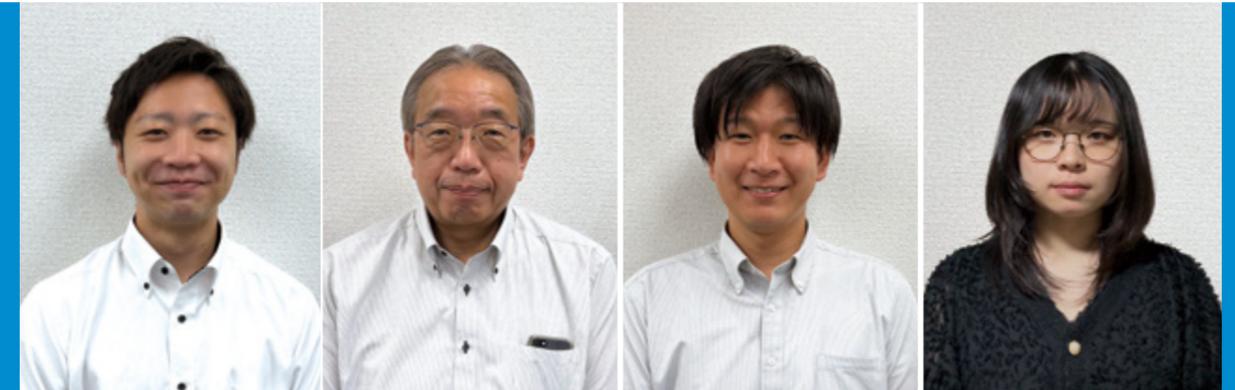
(1) Initiatives to reduce procurement costs of raw materials and products and maintain quality

We have contributed to reducing procurement costs for raw materials used at Yotai’s four plants in Japan by developing new suppliers. In some cases, we have been able to reduce procurement prices by about half while using the same quality

Yotai DX strategy

At Yotai, DX refers to efforts to maximize the value we provide to stakeholders by utilizing digital technology and information assets to achieve management goals and solve management challenges. This not only transforms the products and services we provide to customers, but also the business processes, business models, and operations themselves, as well as the Company's culture and climate.

For more details on the DX strategy in the Second Medium-term Management Plan, please see our website. (Japanese only)
<https://www.yotai.co.jp/topic.php?type=file&page-id=1¶m=235&gid=1>



Akira Yoshinaga

Head Office General Affairs Department
Information System Group

Yasuhiro Inoue

Executive Officer
CIO

Takafumi Nakajima

Head Office General Affairs Department
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Nao Tsuboi

Tokyo Branch
Chief of General Affairs

●DX strategy

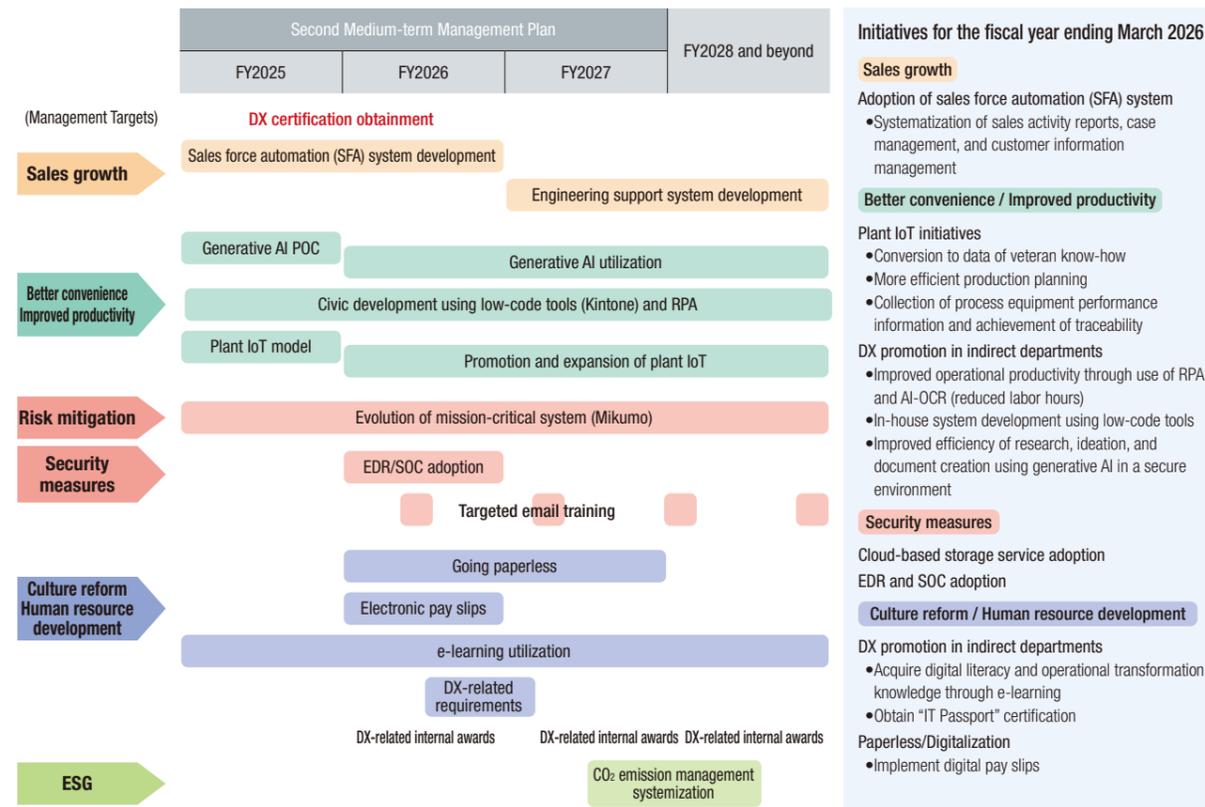
In step with its management strategy (Second Medium-term Management Plan), Yotai has defined a DX strategy to serve as a strategic vehicle for achieving its corporate vision through reforms driven by digital technology and information utilization.

●Promotion structure and vision

In DX promotion, Yotai has defined the direction and content of initiatives addressing management, units in charge of operations and the Information System Department, and is promoting these as a companywide activity. Ultimately, the aim is to have managers, supervisors and personnel in charge be responsible for DX in their respective roles.

●DX roadmap and results for fiscal 2025

We have formulated a DX roadmap based on our Second Medium-term Management Plan, and are promoting it by breaking it down into specific initiatives. One of our major achievements in fiscal 2025 was obtaining DX certification from Japan's Ministry of Economy, Trade and Industry.



Employee roundtable “Do It Fast! DX” - Aiming for DX in which each employee takes part

At Yotai, we are working on DX with the motto “Do It Fast! DX.” Here, we present a roundtable discussion between CIO Yasuhiro Inoue and three young employees who were among the first in the Company to obtain the “IT Passport”^{*} certification, and who are working to introduce IoT and digitalization within Yotai through their work. (Held in August 2025)

^{*}A qualification exam administered by the Information-technology Promotion Agency, Japan to assess basic IT knowledge and literacy.

Inoue: Each of you is taking on the challenge of promoting digital transformation at Yotai in your respective areas. Have you taken any recent steps that have delivered positive results?

Nakajima: I'm in charge of foreign exchange-related work, fund-related work, and financial settlement work. I recently created a progress management app for financial settlement work using a low-code tool. Until then, documents were mainly handed over via email, making it difficult to see the status of updates and checks, but this has improved that.

Yoshinaga: I've been involved in the implementation project for the “Mikumo” mission-critical system since its inception. It was the first mission-critical system overhaul in about 30 years, and initially, we heard many confused voices saying things like, “I have no idea how to use this.” However, through persistent communication, we began receiving hundreds of bits of feedback from across the Company, which is impressive.

Tsuboi: I was involved in designing the accounts receivable portion of “Mikumo.” I think it was great that we were able to build it ourselves while directly trading thoughts back and forth with the system developers. Compared to our previous system, which was complex and inefficient, “Mikumo” has become a mission-critical system that is in line with practical work and contributes to improving operational efficiency.

Nakajima: We've been testing out tools like generative AI and RPA internally, and it's interesting to discover new things when we use them, like, “I wonder if this can be used in that operation?” But I feel it would be difficult to spread this to the entire Company. Are you doing anything to incorporate things like IoT within Yotai?

Yoshinaga: Everyone is resistant to changing the way they do

their work. When these concerns arise, I try to present solutions that are as simple and easy to understand as possible. I try to think together with them about what they ultimately want to be able to do.

Tsuboi: Before I transferred to the General Affairs Department, I was in the Sales Department, so I'm familiar with the workflow at Yotai. Whenever I think of it, I tell them, “You can do this,” or “Try doing it this way,” and I try to get them to try out new tools first.

Inoue: Your strong work is encouraging. From a management perspective, we recognize the urgent need to create a system for properly evaluating employees like you who take on challenges through trial and error. We're working to change awareness across the Company by making time to discuss DX in management meetings and holding individual meetings with plant managers.

Tsuboi: I was proud of the fact that we were actively working on DX, so I was curious to know how it would be evaluated. I was relieved to learn that it was being taken seriously.

Nakajima: DX at Yotai has an aspect of “civic development” where we make our own proposals and make improvements, which is very rewarding.

Yoshinaga: As a member of the Information System Department, I was grateful to see everyone on the front lines cooperating in this way.

Inoue: DX itself is a means, not an end in itself. Our goal is for each and every Yotai employee to improve their work through DX and become a driving force in creating a worthwhile workplace. Let's continue working together to make that happen.

ESG management at Yotai

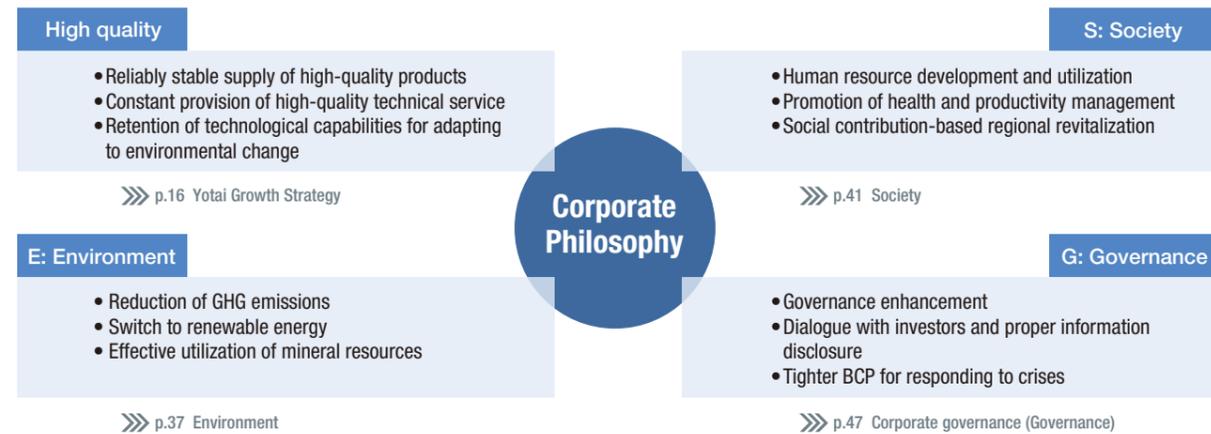
Guided by requirements stated in the Corporate Governance Code, Yotai has defined a basic policy on sustainability that further promotes initiatives in this area, coupled with establishment of a Sustainability Committee as a crosscutting organization functioning companywide. Additionally, Yotai has specified important issues to prioritize in addressing companywide (materiality), promoting business activities through these that will enable sustainable growth.



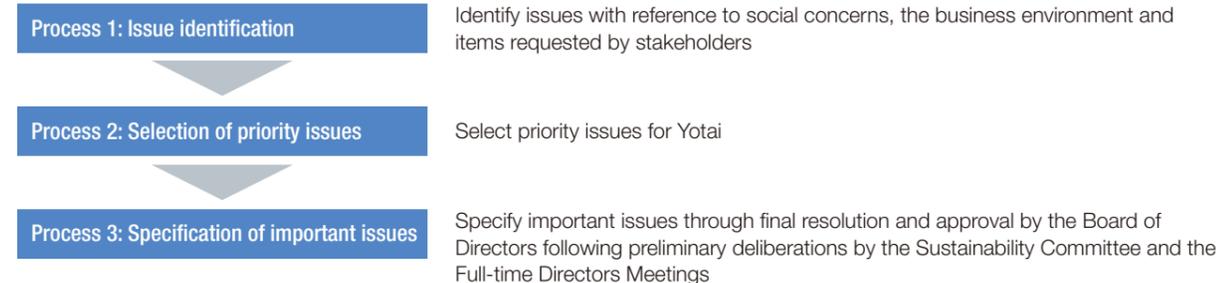
Basic policy on sustainability

As its corporate philosophy, the Yotai Group “aims to be a faithful company that creates new technologies and products in response to the demands of revolutionary times, enhances customer satisfaction and contributes to society, using our unique technology and passing on the history and experience in long-standing refractory manufacturing technologies to the next generation.” Together with striving to resolve social issues by putting this philosophy into practice, Yotai will push ahead going forward with initiatives for delivering its own sustainable growth.

Materiality (Key issues to be addressed)



Processes for specifying materiality



Environment

Environmental policy

To safeguard a healthy and abundant natural environment worldwide, the Yotai Group will contribute to preservation of the global environment by striving to the extent economically and technologically feasible to reduce its consumption of natural resources and energy, and pursuing initiatives for both waste reduction and resource reuse.

To contribute to environmental conservation, Yotai has defined an environmental policy and is united in promoting ongoing improvements.

Selection as a “Supplier Engagement Leader” by CDP2024

NEW

In July 2025, Yotai was selected as a “Supplier Engagement Leader,” the highest rating, in the Supplier Engagement Assessment (SEA) conducted in 2024 by CDP, an international non-profit organization with strong influence in the environmental field. This marks a six-rank improvement from the SEA score of “D” for Yotai in fiscal 2024.



CDP’s “Supplier Engagement Assessment” assesses how effectively companies are working with their suppliers to address climate change challenges. Our efforts to engage with suppliers were highly evaluated in response to CDP’s climate change questionnaire in the areas of “risk management process,” “governance and business strategy,” “supplier engagement,” “Scope 3 emissions calculation,” and “targets,” leading to this selection.

Furthermore, as a result of responding to the CDP Climate Change Questionnaire for fiscal 2025, we received a score of “B” in the “Climate Change Report 2024,” an improvement of two ranks from the “C” score received in fiscal 2024.

TCFD declaration-based climate-related financial data disclosure

In August 2023, along with clarifying its endorsement of the declaration from the Task Force on Climate-related Financial Disclosure (TCFD), Yotai opted to join the TCFD Consortium. Today, Yotai has declared a reduction in greenhouse gas (GHG) emissions as one of the important issues it is prioritizing (materiality), toward which it is further advancing initiatives and pursuing more robust disclosure.



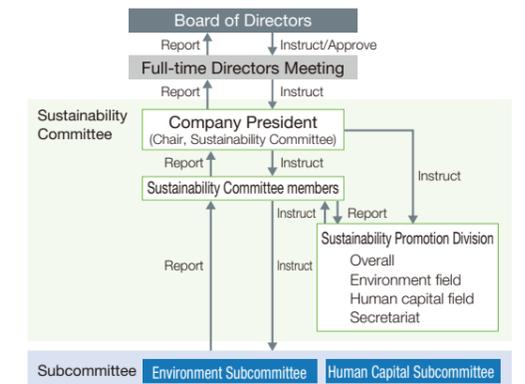
Governance

1. Management system

Yotai has installed a Sustainability Committee, chaired by the President, as a body to promote climate- and human capital-related initiatives. Under guidance from the chair, the Sustainability Promotion Division formulates action plans, while subcommittees addressing the environment and human capital outline and devise annual activities in areas such as information gathering, risk conceptualization, countermeasure planning and in-house education in promoting concrete activities.

Following deliberation and review by the Sustainability Committee, planned initiatives are reported to and deliberated twice yearly by the Full-time Directors Meeting, and reported once annually to the Board of Directors. The Board of Directors is responsible for setting goals with respect to sustainability-related initiatives and monitoring the status of progress each year.

Sustainability promotion structure



2. Role of managers in risk and opportunity evaluation and management

While serving as chair of the Full-time Directors Meeting, the President is also responsible for chairing the Sustainability Committee, which has final responsibility for management decision-making regarding sustainability. Details deliberated by the Full-time Directors Meeting and the Sustainability Committee are finally reported to the Board of Directors.

Chaired by the President, the membership of the Sustainability Committee consists of directors, executive officers and select business office heads appointed by the President. The committee formulates basic policies for sustainability management, and along with implementing and checking on sustainability-related matters in the medium-term management plan, carries out initiatives pertaining to sustainability issues.

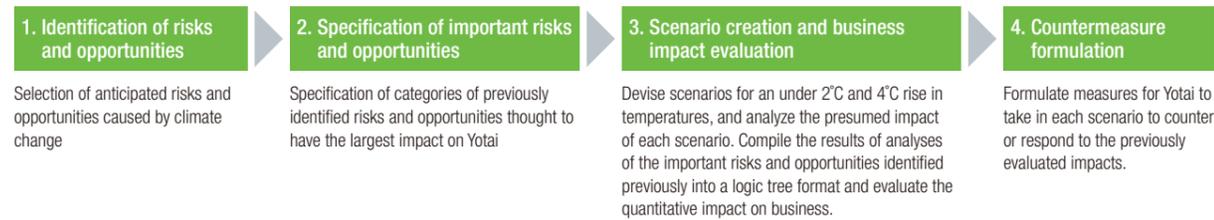
Environment

Climate-related strategy

1. Recognition of organizationally sorted short-, medium- and long-term climate change risks and opportunities

In terms of how climate change will impact Yotai, we have analyzed scenarios imagined over short-term (1 to 3 years), medium-term (through 2030) and long-term (after 2030) time horizons. Risks posed by climate change are divided into risk associated with transitioning to a low-carbon society (transition risk) and physical impact (physical risk). We have also devised scenarios in which the average global temperature stays under 2°C compared to pre-Industrial Revolution levels, including 1.5°C and 2°C scenarios, and those in which temperatures rise to or above 4°C. We then clearly identified those risks and opportunities thought to carry the highest level of impact.

Scenario analysis process



2. Likely impact of climate-related risks and opportunities on organization's businesses, strategies and financial planning

A rating of risk importance revealed 20 risk and opportunity items. Of these, six listed in the chart below are considered to be of "major" importance.

Chart of potential risks and opportunities, financial impact (quantitative analysis), response measures and timelines for items rated as "major" risk importance
(Financial impact: ○- Major impact, △- Modest impact, ×- No impact)

Type	Risk/opportunity category		Importance rating	Potential risk/opportunity	Degree of impact		Response measure	Timeline
	Broad category	Smaller category			Under 2°C	4°C		
Transition risks	Policy/regulation	Carbon tax/ carbon price	Major	Molded products have drying and firing processes that use fuel oil, LNG and electricity. Molded products are classified as either fired or unfired products; fired products have a firing process that consumes a substantial amount of energy. Various policies currently being explored for adoption to combat climate change, including carbon taxes and higher energy conservation standards, will require significant additional costs.	○	×	<ul style="list-style-type: none"> Investments in energy conservation, switch to renewable energy and switch to carbon-free energy Per-unit reductions in fuel and electricity Installation of storage batteries 	Long term
		GHG emission targets/policies in each country Stronger emission reporting obligations	Major	The international community is moving forward rapidly with initiatives to drive decarbonization. Failure to meet ensuing social demands could run the risk of lower sales. Conversely, if more stringent targets are established in response to these demands, this could require more countermeasures than those for currently established targets at the below 2°C standard. This, in turn, will entail expenses for new countermeasures. Yotai is establishing GHG reduction targets for fiscal 2031, and pushing ahead with introduction of solar power and other renewable energy. While reductions in future energy costs from the installation of such facilities will emerge, financial risk will rise during facility adoption.	○	×	<ul style="list-style-type: none"> Investments in energy conservation, switch to renewable energy and switch to carbon-free energy Per-unit reductions in fuel and electricity Installation of storage batteries 	Long term
		Changes in energy mix	Major	Growth in fuel prices is directly linked to increases in manufacturing costs, a direct expense. However, there is concern that manufacturing costs could rise if the levy on renewable energy based on the electricity feed-in tariff increases in step with the widespread uptake of renewable energy going forward.	○	×	<ul style="list-style-type: none"> Switch to renewable energy Further per-unit reductions in fuel and electricity 	Long term
Physical risks	Market	Environmental regulations in each country	Major	Raw materials for refractories are sourced mainly from China. China has also pledged to become carbon neutral in 2060, with domestic environmental regulations in China predicted to intensify going forward. High raw material prices that result from a decrease in supply volume are viewed as an ongoing risk.	○	×	<ul style="list-style-type: none"> Discovery of new sources for purchase of raw materials Domestic production While currently focused on China, seek stable procurement at appropriate prices via multiple purchase points, including outside of China Raw material recycling 	Long term
		Greater frequency and seriousness of abnormal weather patterns (torrential rains, flooding, etc.)	Major	Costs are likely to increase from hindered operations and increased restoration costs predicted from damage to manufacturing bases and supply chain disruptions caused by more frequent large-scale typhoons, torrential rains and other weather.	△	△	<ul style="list-style-type: none"> Production site dispersal in response to BCP 	Long term
Opportunities	Products and services	Changes in consumer preferences	Major	Given strengths in the manufacture and sale of refractories for electric furnaces, the replacement of blast furnace products with low carbon, recyclable steel materials, coupled with anticipated growth in the scale of demand for such materials in the future, could lead to opportunities to expand product sales. Low-carbon refractory bricks, unfired bricks and monolithic refractories will contribute significantly to the scale of this market.	○	○	<ul style="list-style-type: none"> Expanded sales of refractories for electric furnaces 	Medium term

3. Results of scenario analysis

Established scenarios

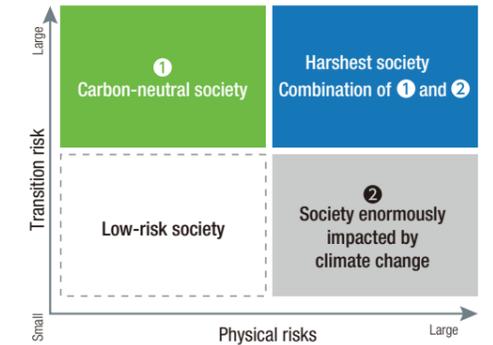
(1) Scenario with significant transition risk (below 2°C scenario)

"①Carbon-neutral society" - scenario in which regulations, particularly governing greenhouse gases, grow stricter, and social systems transition to climate change mitigation (External scenario reference: RCP2.6, SDS/NZE2050)

(2) Scenario with significant physical risk (4°C scenario)

"②Society enormously impacted by climate change" - scenario requiring physical adaptation to combat fierce natural threats (External scenario reference: RCP8.5, STEPS)

From the study of results of analysis of in-house scenarios, by devising countermeasures, such as investment in energy conservation, energy-saving conversions and expanded sales of refractories for electric furnaces, this will heighten the resilience of Yotai businesses with respect to future risks. For the harshest social scenario, a combination of scenarios ① and ②, risk can be reduced by amalgamating countermeasures separately devised for each scenario.



Climate-related risk management

1. Process for sorting and evaluating climate-related risks and opportunities

The Sustainability Committee studies climate-related risks and opportunities and, following deliberations by the Full-time Directors Meetings, reports its findings to the Board of Directors. After receiving reports on climate-related risks and opportunities, the Board of Directors ultimately specifies and evaluates companywide climate-related risks, exploring options with close attention to the regulatory environment. Standards for deciding the relative importance of climate-related risks in comparison to other risks follow below.

(a) Identify risks and opportunities believed to impact materiality as defined by Yotai

(b) Evaluate importance of measures/countermeasures from degree of impact of identified risks and opportunities on stakeholders

(c) Study from quantitative and qualitative perspectives, confirm importance relative to climate-related risks

2. Process for managing climate-related risks and opportunities

Based on risks and opportunities deliberated by the Sustainability Committee and the Full-time Directors Meeting, Yotai specifies and evaluates risks and opportunities embedded at the business activity level for each of its four production plants in Japan (Hinase, Yoshinaga, Kaizuka and Mizunami). Findings are reported to the Board of Directors for further discussion and resolutions.

Discussion concerning the evaluation of risks and opportunities takes place within the Sustainability Promotion Division, which evaluates from the standpoints of "stakeholder needs and social trends" and "importance to Yotai's own businesses." Following deliberations by the Sustainability Committee and the Full-time Directors Meeting, findings are reported to the Board of Directors.

With respect to risks and opportunities identified, the Sustainability Promotion Division formulates action plans which are reviewed and screened by the Sustainability Committee. Action plans approved by the Board of Directors are enacted at each business site. The Board of Directors is responsible for setting goals with respect to climate change-related initiatives and monitoring the status of progress each year.

Climate-related indicators and targets

1. Indicators for evaluating climate-related risks and opportunities

Yotai has defined GHG emissions Scope 1/2 and the percentage of electricity usage in business activities accounted for by renewable energy as two indicators for managing climate-related risks and opportunities.

2. Disclosure of Scope1, Scope2 GHG emissions

Refer to p. 40 "Scope 1 and Scope 2 GHG emission disclosure" for more information on greenhouse gas (GHG) emissions.

3. Targets and progress pertaining to management of climate-related risks and opportunities

As a target for fiscal 2031 versus fiscal 2015, Yotai is aiming for a 30% reduction in Scope 1 + Scope 2 GHG emissions, and to raise the rate of renewable energy use to 30%. For details about Scope 3, please refer to "Scope 3 GHG emission disclosure" on page 40.

4. Items implemented in fiscal 2025 and key initiatives scheduled for fiscal 2026 and beyond

(1) Key items implemented in fiscal 2025

- Installation of solar power generation systems at all plants (Actual power generated by solar power systems in FY2025: 2,466,000 kWh)
- Adoption of battery-powered lifts at all plants (EV conversion rate as of March 31, 2025: 69.2%)
- Purchase of renewable energy-derived electricity (2,797,000 kWh in FY2025)
- Development of environmentally friendly refractories
- Effective use of resources through sustainable refractories

(2) Key initiatives scheduled for fiscal 2026 and beyond

- Reducing CO₂ emissions in manufacturing processes (e.g., switching fuel for tunnel kilns)
- Expanded use of electrical power from renewable energy sources and continued adoption of solar power generation systems, EVs, and battery-powered lifts

Environment

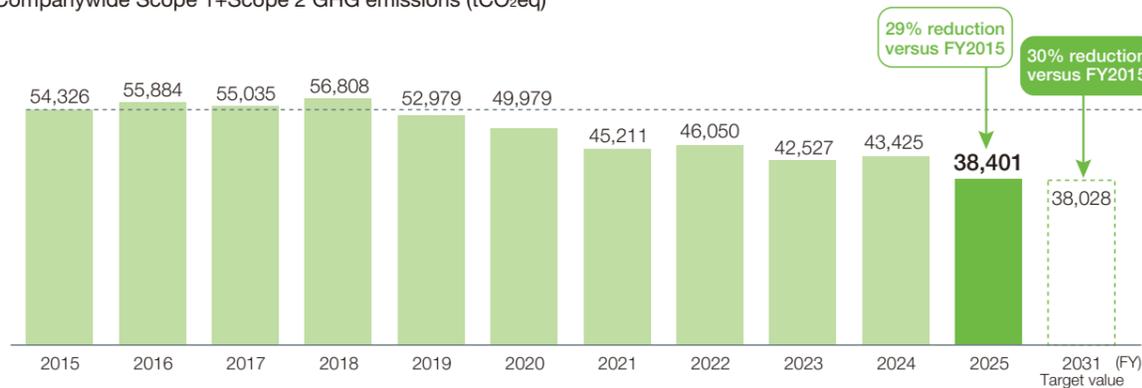
GHG emission disclosure

As indicators for the management of climate-related risks and opportunities, Yotai is targeting a reduction of 30% in Scope 1+Scope 2 emissions in fiscal 2031, with fiscal 2015 as a baseline, and seeking to raise its rate of renewable energy for electricity used in business activities to 30%. Additionally, the Company is testing the calculation of Scope 3 emissions as a means to assess GHG emissions in the entire supply chain. The Inventory Database for Environmental Analysis (IDEA) and the Ministry of the Environment of Japan's database were consulted to determine the basic emission units used in the calculation.

Scope 1 and Scope 2 GHG emission disclosure

Conversion to tCO₂ equivalent of total Scope 1+Scope 2 GHG emissions companywide from fiscal 2015 to fiscal 2025 and target values for fiscal 2031 are detailed below (Domestic business bases only; includes 5.5 gas)

Companywide Scope 1+Scope 2 GHG emissions (tCO₂eq)



*GHG emission values prior to fiscal 2024 have changed due to more meticulous calculation methods.

Scope 3 GHG emission disclosure

Results of the calculation of Scope 3 emissions for fiscal 2025 are highlighted below. Category 1 emissions (from the purchase of products and services) account for over 80% of total emissions. Going forward, Yotai will focus on reducing category 1 emissions while providing support for and gaining the cooperation of relevant parties. Steps will also be taken to reduce emissions in other categories.

Fiscal 2025 Scope 3

Category	Total CO ₂ emissions (tCO ₂ eq)	Percentage (%)	Calculation method
1 Purchase of products and services	214,172	84.7%	Calculated as the volume of raw materials purchased times the basic unit of emissions* per raw material. For general materials, this is calculated as the purchase price times the basic unit of emissions* for a specific product.
2 Capital goods	6,662	2.6%	Calculated as the monetary increase in assets held for the term times the basic unit of emissions* appropriate to the Company's industry.
3 Energy-related activities	3,964	1.6%	Calculated as the volume of fuel and electricity used times the basic unit of emissions* from fuel extraction through to the transportation stage.
4 Transport and delivery (upstream)	8,096	3.2%	Calculated as the ton-kilo data for raw materials and products purchased times the basic unit of emissions* for transport organizations.
5 Waste from businesses	1,231	0.5%	Calculated as the volume of waste generated by business activities times the basic unit of emissions* per treatment method.
6 Business trips	354	0.1%	Calculated as the total number of employee business trip days times the basic unit of emissions* for the number of extended business trip days.
7 Employee commuting	230	0.1%	Calculated as the number of normal business days minus the average annual vacation days for all employees times the number of employees and the basic unit of emissions.*
8 Lease assets (upstream)	—	—	Emissions from lease properties are calculated as either Scope 1 or Scope 2.
9 Transport and delivery (downstream)	6,059	2.4%	Calculated based on the ton-kilo data of products sold and raw materials times the basic unit of emissions* for transportation organizations.
10 Fabrication of products sold	571	0.2%	Calculated as raw material sales volume times the basic unit of emissions* for finished products.
11 Use of products sold	7,835	3.1%	Calculated as the sales volume of bricks containing carbon times the carbon content by percentage and the rate of loss or wear until brick replacement.
12 Disposal of products sold	3,287	1.3%	Calculated as the volume of products shipped times the basic unit of emissions* per industrial waste type.
13 Lease assets (downstream)	512	0.2%	Calculated as the energy use of lease properties times the basic unit of emissions* per fuel or energy source.
14 Franchises	—	—	Not applicable since Yotai is not involved in franchising.
15 Investment	—	—	Not applicable since Yotai is engaged in the manufacture and sale of refractories, not an investment or financing business format.
Total (tCO₂eq)	252,971	100.0%	

* Emissions coefficients are based on the National Institute of Advanced Industrial Science and Technology's AIST-IDEAv3.5 database, the Ministry of the Environment of Japan's emissions coefficient database, and emissions coefficients by electric power operators published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan.

Society

Human rights policy

The Yotai Group Human Rights Policy was formulated as a guide for the Yotai Group in respecting human rights and meeting related responsibilities. Understanding fully that the human rights of all individuals affected by its business activities worldwide must be protected, Yotai strives to fulfill its duties in the respect of human rights.

1. Basic approach
2. Commitment to human rights
3. Applicable scope
4. Responsibilities in respecting human rights
5. Dialogue and discussion
6. Education and training
7. Human rights issues relevant to business activities



The full text of Yotai's human rights policy is available on the website. (Japanese only)

<https://www.yotai.co.jp/topic.php?type=file&pageid=1¶m=244&gid=1>

Health and productivity management outstanding organization certification NEW

Yotai regards employee health as an important management issue and promotes health and productivity management. Since July 2019, we have been working on "promoting working style reforms (improving the workplace environment)," and in June 2021, we made Yotai's "Health Management Declaration." Through this, we aim to enable employees to "work with enthusiasm" and "realize the life they envision" by expanding and further promoting various health and productivity measures.

As a result of promoting health and productivity management as one of the most important aspects of company management, Yotai has been certified as a "Health and productivity management outstanding organization (Large enterprise category)" for two consecutive years since 2024.



Purchasing activities for realizing a sustainable society

To promote activities together with all business partners to make a sustainable society possible, the Yotai Group conducts purchasing activities guided by the basic purchasing policy below, and based on the Company's corporate philosophy.

Basic purchasing policy

1. Fundamental approach to purchasing activities

- 1) Comply with laws and social norms, and strive for mutual cooperation and trust building with business partners.
- 2) Establish equal and impartial opportunities with all companies, domestic and international, and conduct purchasing activities based on fair valuation.
- 3) Pursue optimal quality and cost.
- 4) Fulfill environmental conservation and other social responsibilities through purchasing activities.

3) Mutual cooperation and trust building

Yotai strives for mutual cooperation and trust building with business partners, with the aim of spurring mutual advancement as a good partner by working together to create better products.

4) CSR procurement

Yotai, in cooperation with business partners, conducts procurement that takes into consideration issues such as compliance, reducing environmental impact, human rights and occupational health and safety.

2. Guidelines for specific purchasing initiatives

Based on its fundamental approach to purchasing activities, Yotai carries out purchasing activities in line with the approach outlined below.

- 1) Legal compliance
Along with compliance and faithful action with respect to all relevant national laws and regulations and international norms, Yotai will pay proper attention to areas such as human rights, safety and the environment.
- 2) Fair purchasing activities and procurement at optimal cost
In selecting business partners, Yotai does so in an open, fair and equitable manner globally, with comprehensive consideration constantly given to innovative technology, products, services, quality, pricing, delivery times, and supply stability.
The Company preserves sound relationships with government and agencies, and neither gives nor receives profits improperly, including from entities with whom it has any conflicts of interest.
Yotai has no relationships whatsoever with anti-social forces, and does not respond to any illegal or inappropriate requests.

To provide the best products to customers, Yotai calls on partners to comply with all necessary national and local safety standards and to supply raw materials that meet the Company's requested level of quality.

5) Maintaining proper delivery times and stable provision
Yotai strives to stably maintain raw materials in order to provide customers with a stable supply of products.

6) Environmental conservation

Based on one element of its Code of Conduct, "Ensuring environmental conservation," Yotai is involved in the development of environmentally friendly products and related business activities.

Along with strengthening environmental conservation activities in collaboration with business partners, the Company promotes environmentally conscious purchasing activities, including the procurement of less environmentally impactful raw materials.

7) Information management

Yotai properly manages and safeguards confidential information, intellectual property, assets and others gained over the course of transactions with business partners.

Society

Human capital-related strategy

Yotai's vision is "Becoming a company that continues to improve its corporate value in a sustainable manner in harmony with society." Along with respect for the fundamental human rights of all employees, and prefaced on energetic environments where they find it easy to work, Yotai is positioning its personnel strategy as a mechanism supporting value creation.

As the declaration of "human resource development and utilization" as part of materiality suggests, Yotai's most important form of capital is its human resources; making improvements in corporate value is impossible without employee growth. This is why Yotai believes it important for employees and companies to grow together.

3 Pillars of the Yotai Personnel Strategy

<p>Take on challenges</p> <p>Each employee takes on challenges without fear of failure, viewing difficult situations as opportunities for growth.</p>	<p>Individual autonomy and independence</p> <p>The environment companies face is constantly changing. Whether in new product development, facility upgrade and improvement, response to decarbonization or DX promotion, address these changes while fervently believing in one's own potential.</p>	<p>Respond to growing technological sophistication</p> <p>Viewing employee expertise as a source of added value, address materiality as expressed in "Reliably stable supply of high-quality products," "Constant provision of high-quality technical service" and "Retention of technological capabilities for adapting to environmental change."</p>
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Basic HR development policy

Yotai strives for human resource development capable of realizing the three pillars of its personnel strategy – "Take on challenges," "Individual autonomy and independence" and "Respond to growing technological sophistication."

The Five Desired Human Resource Portraits

- Human resources able to adapt to business environment changes by gaining sophisticated technological capabilities necessary for new product development, facility upgrade and improvement, responding to decarbonization and DX promotion; those who can turn ideas into reality
- Human resources who can act proactively and are self-directed in building a career, and those with a desire for growth and a strong sense of self-efficacy
- Human resources who are problem-solvers able to execute with passion without falling to adversity
- Human resources with high-level communication skills who can move proactively
- Human resources capable of being self-starters, ready to take on the challenges of value creation and reform with spirit

Initiatives for human resource development (including plans)

Refer to the Fiscal 2025 Securities Report (Japanese only) for more details regarding initiatives for each category.

- Recruitment**
Recruit new graduates/mid-career hires/global hires
- Allocation**
Place the right resources in the right place/system to convert back into the general employment pool
- Retention**
Employee Engagement Survey/work-life balance promotion/fairer personnel evaluation system
- Development**
Job classification and occupational level-based training seminars/in-house study sessions/e-learning (online training seminars)
- Evaluation system**
New personnel remuneration evaluation and management by objectives (MBO) systems (key and general employment pool occupations)/talent management system (key and general employment pool occupations)/merit-based remuneration system (technical skill occupations)
- Promotion of diversity and inclusion**
Active recruitment of new female graduates into the general employment pool/encourage appointment of female managers/operation of the Career Advancement for Women Meeting

- Health and productivity management**
Appointment of industrial physicians at every business site and monthly face-to-face meetings/health and productivity management outstanding organization certification 2025 (large enterprise category)
- Establishment of safety and health**
Establishment of hazard avoidance standards/accountability structure clarification and promotion of autonomous action/plant health and safety patrols at each business site/mutual patrols between the four plants/convening of health and safety committees
- Personal statement system**
Personal statements once annually to the President (key and general employment pool occupations)/periodic get-togethers between the President and employees
- Work style reform**
DX utilization/region-locked employee and job transfers/reduced working hours/reward system for continuous years of service/promotion of annual paid-leave use (annual leave)
- Provision of challenging opportunities**
Cost Reduction Meeting/Kaizen proposal system
- Scholarship fund for gaining qualifications**
Encouraging acquisition of Energy Manager, Pollution Prevention Manager, Occupational Safety and Health Manager and other official and private-sector qualifications

Human capital-related indicators and targets

■ FY2027 Targets

Indicators	"Three Pillars" categories	Targets	Actual results (FY2025)
Annual leave utilization rate	Individual autonomy and independence	Aim for 76% or higher.	74.8%
Working hour reductions through utilization of AI-OCR, RPA	Take on challenges Individual autonomy and independence Respond to growing technological sophistication	Aim for a cumulative reduction in work hours of 10,000 hours between April 2023 and March 2027.	Cumulative reduction of 6,168 hours from April 2023 to March 2025
Total time held for e-learning courses (back-office depts.)	Individual autonomy and independence	Aim for annual time taken for e-learning courses of 10 hours or more per person.	5 hours per person
No. of workplace accident incidents (off-time + worktime)	Take on challenges	Aim for fewer than 7 incidents (0 off-time, 7 worktime) per year.	7 incidents (0 off-time, 7 work-time)

■ FY2031 Targets

Indicators	"Three Pillars" categories	Targets	Actual results (FY2025)
Appointment of female managers	Take on challenges	(Consolidated) 10% or more of all managers or 10 or more individuals	1 person (non-consolidated) and 5 people (consolidated) as of March 31, 2025
Appointment of non-Japanese managers	Take on challenges	(Consolidated) 5% or more of all managers or 5 or more individuals	1 person (non-consolidated) and 3 people (consolidated) as of March 31, 2025
Appointment of mid-career hires as managers	Take on challenges	Among mid-career hires, appointment of 10% or more, or 10 or more individuals, as managers as a target for fiscal 2024 to fiscal 2031 (non-consolidated)	7 persons from April 2024 to March 2025

Key implementations for human resource development

Key initiatives implemented by Yotai in fiscal 2025 are detailed below. Hiring data below are for the five most recent business terms.

(1) Recruitment: Status for the five most recent years

	(Individuals)					(Individuals)				
	FY2021	FY2022	FY2023	FY2024	FY2025	FY2021	FY2022	FY2023	FY2024	FY2025
New graduate hires	12	19 (1)	15	12	12					
Males	7	18 (1)	12	11	9					
Females	5	1	3	1	3					
Mid-career hires		10	30 (1)	31 (2)	22	24				
Males		8	27 (1)	24	20	21				
Females		2	3	7 (2)	2	3				

Note: Figures in parentheses denote the number of global hires.

(2) through (9) - Key implementations for human resource development in fiscal 2025

(2) Allocation	"Human Resource Meetings" are established as part of the companywide meeting structure. The meetings occur four times annually, and offer opportunities for growth.
(3) Development	Established mandatory courses as an initiative to increase e-learning course hours.
(4) Evaluation system	Based on results from the "Employee Engagement Survey," Yotai is revising its evaluation system and promoting continuous improvement.
(5) Promotion of diversity and inclusion	Positioning the promotion of career advancement for women front and center as a vital element in diversity and inclusion efforts, Yotai aims to cultivate a corporate culture enabling the retention and advancement of women, improve the management consciousness and skills of female employees themselves, and improve both recruitment rates for female graduates and the number of women in management. A female External Director participates in the Female Career Advancement Project, and debates issues as a special advisor. Under the Second Medium-term Management Plan, Yotai has plans to introduce both a system of training by rank and job classification and regionally fixed employee system.
(6) Health and productivity management	Yotai pursued a number of actions to raise health consciousness among employees, including a reduction in abnormal findings (a health and productivity management indicator), improvement in the rate of specified health guidance received, an improved rate of proper body weight maintenance, a higher rate of regular exercise, and a reduction in the smoking rate. Thanks to these successes, Yotai received health and productivity management outstanding organization certification (large enterprise category) in the fiscal year ended March 31, 2025.
(7) Safety and health	Yotai enacts daily safety patrols, inspections based on past incidents, patrols between production plants, and makes use of examples of close calls, with the aim of reaching its goals with respect to No. of workplace accident incidents (off-time + worktime).
(8) Work style reform	With operation of the "Mikumo" mission-critical system since October 2023, Yotai is seeking to improve operational efficiency. Similarly, to enhance efficiency using AI-OCR and RPA, the Company is training relevant developers and promoting ongoing utilization. Yotai is also raising the rate of annual leave taken, while also moving to enhance operational efficiency.
(9) Scholarship fund for gaining qualifications	Yotai is expanding the kinds of qualifications eligible for scholarship funds, expanding it to include, for example, the IT Passport Exam, a major step in training DX human resources, and other data processing qualifications.

Society

Activity progress for the Female Career Advancement Project

Yotai established the “Sunrise Project” in September 2023 to promote women’s participation in the workforce, and is currently conducting activities that include regular and district meetings on the topic.

As part of the project’s activities, in April 2025, a discussion to share viewpoints was held at the Osaka Branch of Chugoku Bank with female staff from the Osaka Branch, the Nishinomiya Branch, and the Chugin Financial Group D&I NEXT10 Promotion Department. Members of the D&I NEXT10 Promotion Department spoke about concerns regarding human resource policies and efforts to reform the corporate culture. Female managers from Chugoku Bank and female employees from Yotai then exchanged opinions on the themes of work style and career advancement.

“Sunrise Project”

Notable initiatives under the Second Medium-term Management Plan

- Raising the retention rate for female employees
- Work-life balance promotion
- Providing growth opportunities for female employees
- Improving the hiring rate for women
- Human resource development and career design



Discussion session with the Chugoku Bank Osaka Branch, Nishinomiya Branch, and the D&I NEXT10 Promotion Department of Chugin Financial Group

Yotai Five-Year Plan

Along with respect for the fundamental human rights of all employees, and prefaced on energetic environments where they find it easy to work, Yotai is positioning its personnel strategy as a mechanism supporting value creation. Yotai has drafted the following action plan to put an employment environment in place where women can thrive.

1. Plan period: Apr. 1, 2024 to Mar. 31, 2029 (five-year plan)

2. Numerical targets

- ① Raise the percentage of women among general employment pool hires of new graduates to 30% or higher.
- ② Aim to raise the percentage of female managers in fiscal 2031 to 10% or more or 10 or more individuals, and to 5% or more or five or more individuals in fiscal 2029.
- ③ Continue to maintain the rate of annual leave taken among all employees at 70% or higher, and set sights on 76% or higher.

3. Initiative details

Initiative 1: Activities to proactively expand hiring of female employees

- Utilize female employees in conducting recruiter activities and follow the job-seeking behavior of female college students; take part in recruitment events for college women and show how female employees at Yotai are flourishing; have recruitment materials for technical skill positions on hand.
- Devise approaches to job-seeking, increase the number of new female college graduate and mid-career hires, and ensure human resource diversity.
- Aim for Eruboshi certification.

Initiative 2: Activities to raise the percentage of female managers

- Conduct leadership and managerial mindset training for female employees at the rank of assistant manager, and provide opportunities to contemplate career options.
- Enhance individual training toward career path development for female managerial candidates and create opportunities to positively approach career advancement to support the painting and achievement of a career vision from a medium- to long-term perspective among women.
- Examine and revise the various in-house systems that enable female employees to continue working.
- To broaden spaces where diverse personnel can thrive, explore the adoption of a region-locked general employment pool system to contribute to preventing the outflow of talented human resources and increasing the number of female managers.

Initiative 3: Activities to encourage taking paid annual leave

- Work to boost the rate of paid annual leave taken by establishing specific days to encourage taking leave.
- Investigate ways to use DX promotion to reduce assigned managerial work to enable managers to take the initiative in taking paid leave.

Employee Engagement Survey implementation

NEW

As part of efforts to increase employee retention rates, we have conducted an Employee Engagement Survey on an ongoing basis since fiscal 2022. Based on these results, we are working to improve organizational capabilities and transform our corporate culture by enhancing employee benefits, introducing diverse and flexible work styles, promoting work-life balance, and establishing a fair personnel evaluation system.

Initiatives to improve employee engagement included holding “Engagement Improvement Seminars” (August and September 2024) that covered specific themes such as work and nursing care, paternity leave, and asset formation. In addition, a discussion session with a professor (currently Vice President) from the University of Hyogo was held, along with a presentation of survey results and analysis by students from the university (October 2024).



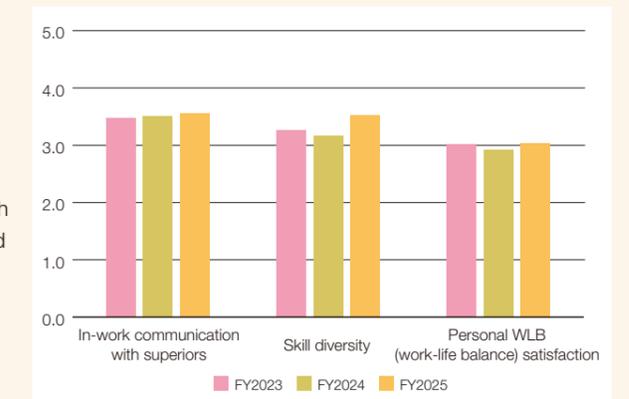
Top photo: With representatives from University of Hyogo who presented survey results and analysis
Bottom photo: A scene from the engagement improvement seminar

Survey overview

The survey was conducted online and involved 124 questions, with responses ranging from 1 (not at all applicable) to 5 (very applicable) for statistical validity and quantitative analysis at the companywide level. The FY2025 survey received responses from key and general employment pool occupations (including management). The results showed that while “In-work communication with superiors” and “skill diversity”^{*} were good values compared to other companies and showing improvement, there were issues with “satisfaction with personal work-life balance.”

The survey and analysis were commissioned to Ikuya Kano, Vice President of the University of Hyogo, and feedback was provided to the Full-time Directors Meeting and all employees.

Survey result trends (select items)



^{*} Skill diversity: How diverse are the skills and abilities required to carry out a job?

Establishment of safety and health

NEW

Guided by the motto “Safety First,” we are promoting comprehensive, planned measures to prevent workplace accidents, such as establishing hazard prevention standards, clarifying responsibility systems, and taking measures to encourage independent activities.



The health and safety patrol at work

Society

Introduction of a trust-type employee shareholding incentive plan NEW

Starting in May 2024, we introduced a trust-type employee shareholding incentive plan called “E-Ship®.” As part of human capital management, this move is designed to provide employees with incentives to increase our medium- to long-term corporate value, to expand employee benefits, and to promote Yotai’s continued development by increasing employee motivation through capital participation as a shareholder.

Initiatives to secure talent and improve retention rates NEW

From April 2025, we introduced “referral-based hiring (employee introduction system),” allowing employees to introduce family, relatives, friends, acquaintances, etc. to Yotai. If the person introduced joins the Company, they will receive an allowance. By operating this system, we aim to improve matching accuracy between Yotai and applicants, and to increase employee retention rates.

Providing a matchmaking AI app to enhance social welfare

Yotai, along with Japan’s Ministry of Finance and a host of other companies, is participating in “Aill goen,” an AI-based matchmaking app for company employees. The app is exclusively for connecting unmarried employees at companies that value both work life and social welfare, and has been used by Yotai employees since its introduction in fiscal 2025.

Introduction of a video manual system NEW

Yotai has created and is making effective use of video manuals. By switching from paper to video manuals, we are efficiently promoting the transfer of skills, standardization of work, and the development of multi-skilled workers.

Video manuals are also available with subtitles in multiple languages



Initiatives for SDGs



Donations to the City of Bizen’s “Town-People Jobs Revitalization Fund Utilization Project”
In partnership with the City of Bizen (Okayama Prefecture, Japan), home to the Okayama Business Office (Hinase and Yoshinaga plants), aim for continued business activities in coexistence with the region (Photo taken January 6, 2025)



Donations to the City of Mizunami’s “Town-People Jobs Revitalization Fund Utilization Project”
In partnership with the City of Mizunami (Gifu Prefecture, Japan), home to the Mizunami Plant, aim for continued business activities in coexistence with the region (Photo taken November 2, 2024)



Participation in an eelgrass site restoration project
Yotai takes part in eelgrass sorting and sowing work (Photo taken September 16, 2025)



Participation in local beautification activities at Okayama Prefectural Tobi Support School
Students planted flowers they had grown in the flowerbed in front of the main gate of the Yoshinaga Plant, and we presented them with a letter of appreciation (Photo taken July 2025)



Continued in-house blood drive activities
Blood drive activities, continually happening at each plant, were carried out again this fiscal year (Total participants in FY2025: 218)



Participation in the 6-hour relay marathon in Okayama
Twelve volunteers from the Hinase Plant participated in the 12th Tomato Bank 6-Hour Relay Marathon in Okayama (Photo taken October 2024)

Governance

Yotai Refractories Co., Ltd. basic policy on corporate governance NEW

At Yotai, we have continued to implement measures to improve governance, and have now formulated a new basic policy on corporate governance.

1. Basic philosophy

We believe that contributing to society as a whole, taking into account the perspectives of our various stakeholders, including shareholders, employees, customers, business partners, and local communities, will lead to sustainable growth and increase Yotai’s corporate value over the medium to long term. Accordingly, we aim to achieve sustainable growth and improve corporate value over the medium to long term by contributing to the development of key industries both in Japan and overseas, as well as to the creation of a sustainable society through business linked to “heat and the environment.”

2. Basic approach to corporate governance

Based on our corporate philosophy, ideal corporate image, and code of conduct, we aim to promote corporate activities that will enable Yotai to continue to grow stably over the long term, and to meet the expectations of shareholders and all other stakeholders. To achieve this, we will strive to build a fair, highly transparent and effective corporate governance structure.

In addition, by adopting a “Company with Audit and Supervisory Committee”-based governance structure, we have strengthened the supervisory function of the Board of Directors, further improved management transparency, and enabled faster decision-making.

Furthermore, we position corporate governance as the foundation for business management, and strive to strengthen it with the following objectives:

1. Sustainable growth and medium- to long-term improvement of corporate value: We aim to be an honest and trusted company that improves profitability through the creation of innovative technologies and products, while contributing to the resolution of social issues.
2. Ensuring transparency and fairness in management: We will establish a highly reliable management system by complying with laws and regulations and ensuring ethical and fair decision-making.
3. Flexible response to change: We will accurately grasp changes in the social and business environment and strive to strengthen corporate governance in order to respond to a sustainable society. Through regular evaluations and improvements, we will strive to increase the trust of stakeholders.

3. Roles and responsibilities of the Board of Directors

The Board of Directors will exercise effective oversight over business execution and will make transparent, fair, prompt and decisive decisions regarding important management matters, including the formulation of management strategies.

1. Strategic decision-making: We will formulate business strategies that contribute to the development of backbone industries and aim to increase corporate value in the medium to long term.
2. Supervision of business execution: At least one-third of the members of the Board of Directors are independent External Directors, ensuring the independence of the Board of Directors. Furthermore, regarding the nomination and remuneration of senior management and Directors, the Board of Directors will seek advice from and report to the Nomination and Compensation Advisory Committee, the majority of whose members are independent External Directors, thereby strengthening the independence, objectivity, and accountability of the Board of Directors’ functions.
3. Risk management: We will assess various risks in management and business operations and strive for continuous improvement.

4. Responsibility to stakeholders

We conduct business activities based on the trust of all stakeholders, including shareholders, employees, customers, business partners, and local communities.

Shareholders

- We provide management transparency through timely and appropriate information disclosure.
- We emphasize stable profit returns from a medium- to long-term perspective.

Employees

- We respect diversity and individual dignity in accordance with our Human Rights Policy.
- We ensure the health and safety of our employees, provide a comfortable working environment, and support the development of their capabilities in the pursuit of self-realization and increased productivity.

Customers

- We provide high-quality products and technologies to solve issues related to “heat and the environment.”
- We deepen relationships of trust with customers through services that contribute to the realization of sustainable businesses.

Business Partners

- We promote fair and mutually beneficial transactions based on our basic purchasing policy.
- We share ethical behavior and environmental impact reduction throughout our supply chain.

Local Communities

- Based on our environmental policy, we work to improve the economic and environmental sustainability of local communities.
- We contribute to solving social issues through collaborative activities with local communities.

5. Environmental and social initiatives

At Yotai, we place great importance on environmentally friendly business operations, and will fulfill our social responsibilities starting from the manufacturing and supply process of our products.

- **Environmental protection:** We seek to minimize environmental impact by streamlining our manufacturing processes, utilizing energy-saving technologies, and reducing waste.
- **Contribution to society:** We will vigorously develop activities in collaboration with local communities and pursue the enhancement of social value.

6. Risk management and compliance

We position risk management and compliance as fundamental to corporate management, and ensure the stability and reliability of our business activities.

1. Risk management:
We will establish a companywide risk assessment system and thoroughly identify and respond to potential risks early.
2. Compliance:
We will instill compliance with laws and regulations and ethical behavior among our employees, thereby achieving fair and responsible management.

7. Promoting information disclosure and dialogue

Appropriate information disclosure and two-way dialogue are important elements in building trusting relationships with stakeholders. Accordingly, we will take the following measures:

- **Information disclosure:** We will provide objective and transparent information through integrated reports, securities reports, etc.
- **Promoting dialogue:** We will create opportunities for constructive exchange of opinions with shareholders and incorporate their feedback into management.

Conclusion

Taking into consideration the perspectives of various stakeholders, including shareholders, employees, customers, business partners, and local communities, Yotai will strive to achieve sustainable growth and improve corporate value over the medium to long term by contributing to the development of backbone industries and the realization of a sustainable society through business related to “heat and the environment.”

Governance

Development of an efficacious, fair and highly transparent corporate governance structure

Overview of Yotai's governance structure

Rationale for adoption of current structure

Yotai has a "Company with Audit and Supervisory Committee"-based governance structure. By adopting this approach, we have strengthened the supervisory function of the Board of Directors, further improved management transparency, and enabled faster decision-making.

Principal bodies at Yotai related to corporate governance are highlighted below.

Directors and Board of Directors

Yotai has eight Directors, three of whom serve as External Directors. The Board convenes regularly each month, with special meetings held as necessary. The Board of Directors is charged with deciding important management-related matters, along with monitoring business execution.

Audit and Supervisory Committee

The Audit and Supervisory Committee is comprised of four Directors who serve as its members. Three of these Audit and Supervisory Committee members are External Directors. Along with exchanging and shaping opinions with respect to audits through monthly Audit and Supervisory Committee meetings, we strive to ensure robust audit and supervisory functions, including through attendance of the full-time Audit and Supervisory Committee member at the Full-time Directors Meeting and other important gatherings. Furthermore, in a bid to collaborate on audits by the accounting auditor and internal

audits, the Audit and Supervisory Committee exchanges opinions regularly with the accounting auditor and the Internal Audit Office in striving to enhance audit and supervisory functions. Audit and Supervisory Committee member and External Director Yusuke Otsuka, as a certified public accountant and tax accountant, has considerable insight related to finance and accounting.

Nomination and Compensation Advisory Committee

The Nomination and Compensation Advisory Committee is established as an advisory body to the Board of Directors. Independent External Directors comprise more than half of its membership, with the committee itself responsible for ensuring the fairness, transparency and objectivity of procedures pertaining to the nomination and compensation of Directors.

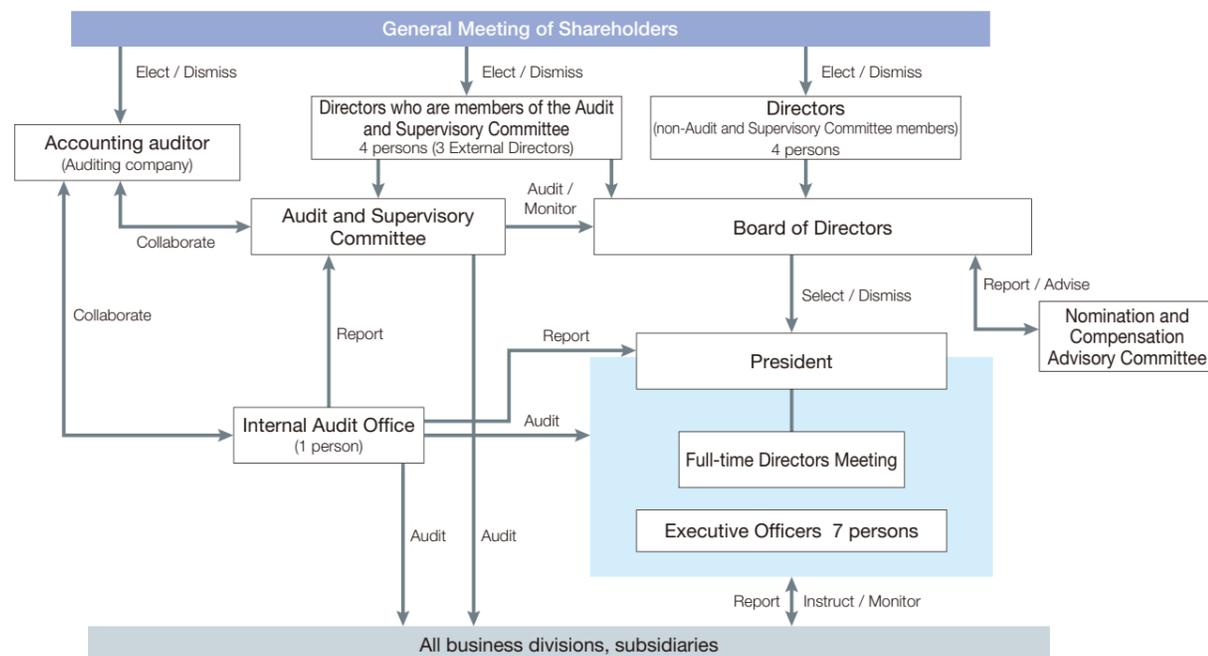
Full-time Directors Meeting

The Full-time Directors Meeting is held regularly each month, and serves as a venue for deliberating management plans and related business execution from a variety of angles.

Executive officer system

Yotai introduced an employment-style executive officer system from July 2020. In addition to laying the groundwork for shifting to a structure that puts an emphasis on monitoring functions within the Board of Directors, the adoption of an executive officer system seeks to enhance business execution functions.

Corporate governance structure, including internal control system overview



Initiatives for a more robust governance structure

Road to strengthening corporate governance

2020	2021	2023	2024	2025
<ul style="list-style-type: none"> Increased external directors to two Adoption of executive officer system 	<ul style="list-style-type: none"> Establishment of Nomination and Compensation Advisory Committee Appointment of a female external director Introduction of remuneration system offering transfer restricted shares 	<ul style="list-style-type: none"> Transition to "Company with Audit and Supervisory Committee" Increased external directors to three Full compliance with Revised Corporate Governance Code 	<ul style="list-style-type: none"> Selection of Nomination and Compensation Advisory Committee chair from among external directors 	<ul style="list-style-type: none"> Formulation of basic policy on corporate governance

Effectiveness evaluation of the Board of Directors

NEW

Each year, Yotai conducts an analysis and evaluation of the overall effectiveness of the Board of Directors. In fiscal 2025, analysis and evaluation of the Board's overall effectiveness was based on the results of signed questionnaires submitted by all Directors. In addition to the reporting of evaluation results to the Board of Directors, Yotai confirmed both the status of improvements versus the previous year's evaluation and future issues to address. As a result, the Board of Directors was evaluated as having retained its effectiveness. As an issue to address going forward, Yotai also confirmed the need to further enhance the reporting and discussion by the Board of Directors of certain matters, most notably related to sustainability and capital policies. Based on the results of the effectiveness evaluation and various input from each Director, Yotai will take steps to further enhance the functionality of the Board of Directors going forward.

Effectiveness evaluation items (FY2025)

Basic items

- Size of the Board of Directors
- Number and content of Board agenda items, discussion time
- Quality and quantity of Board materials
- Atmosphere of the Board of Directors
- Content of executive training (FY2025 topics: Responding to quality fraud risks, succession plan, etc.)

Priority items

- Status of monitoring for the Second Medium-term Management Plan
- Content of discussions regarding sustainability
- Status of dialogue with shareholders and investors
- Content of discussions regarding cross-shareholdings
- Advisory matters for the Nomination and Compensation Advisory Committee and the content of reports from the Nomination and Compensation Advisory Committee
- Content of discussions regarding capital policies, etc.

Summary of effectiveness evaluation (FY2025)

The 10 basic items and 7 priority items all exceeded standard scores. Consequently, we evaluated the effectiveness of the Board of Directors as ensured overall.

Examples of highly rated items:

- Atmosphere of the Board of Directors
- Content of executive training
- Advisory matters for the Nomination and Compensation Advisory Committee and the content of reports from the Nomination and Compensation Advisory Committee

Future challenges

We have recognized the need for further reporting and discussion on the following items in particular. We will continue to work toward strengthening our oversight functions by identifying specific priority themes.

- Content of discussions regarding sustainability
- Content of discussions regarding capital policies, etc.

Governance

Compensation for Directors and officers

The Company's policy regarding the amount of compensation for Directors and officers and the calculation method are decided by the Board of Directors, following a report from the Nomination and Compensation Advisory Committee.

Basic policy

For the remuneration of Yotai Directors (excluding Directors serving as Audit and Supervisory Committee members), the Company has opted for a remuneration system linked to shareholder profits, allowing it to function amply as an incentive for sustained improvement in corporate value. When making decisions regarding the remuneration of individual Directors (excluding Directors serving as Audit and Supervisory Committee members), the basic policy is to set such at a standard appropriate in light of the Director's specific duties and responsibilities. Specifically, Director remuneration consists of basic compensation as fixed remuneration, performance-based compensation, and non-monetary remuneration.

Policy (including policy with respect to determining timing and terms for granting of compensation) determining the amount of individual compensation with respect to basic compensation (monetary remuneration)

The basic compensation of Yotai Directors (excluding Directors serving as Audit and Supervisory Committee members) is decided based on a fixed monthly remuneration and comprehensive consideration of other factors such as rank, assigned duties, number of years in the position, performance in each business term, and balance with respect to employee salaries.

Policy (including policy with respect to determining timing and terms for granting of compensation) for determining details, amounts and numerical calculation methods regarding performance-based compensation and non-monetary remuneration

Performance-based compensation is designed to heighten awareness of the need to improve performance each fiscal year. It consists of cash compensation reflecting performance, the amount of which is calculated based fundamentally on total dividends and ordinary profit each fiscal year, and is paid as a bonus given at a set time annually. For the fiscal year under review, performance-based compensation totaled ¥40 million.

Non-monetary remuneration involves the offering of transfer-restricted shares, and is granted as an incentive to encourage sustained improvement in corporate value, as well as to further promote shared interest with Yotai shareholders. Yotai Directors (excluding Directors serving as Audit and Supervisory Committee members and External Directors) are given monetary claims granting transfer-restricted shares, for a total amount capped at ¥50 million per year; Yotai can issue or dispose of up to 100,000 shares of common stock annually (however, in the event of a split of Yotai shares of common stock (including the gratis allotment of such shares) or a stock merger, depending on the split or merger ratio, the total number of such shares is adjusted within a rationale scope, as needed). These claims are dispensed at a set time annually. For the fiscal year under review, the Company paid non-monetary remuneration totally ¥16 million in monetary claims treated as contributed assets, and allotted 9,731 shares.

As warranted, this system is reviewed upon request from the Nomination and Compensation Advisory Committee.

■ Total Remuneration for Fiscal 2025

Director/Officer	Total compensation (Thousands of yen)	Total compensation by type (Thousands of yen)			Eligible Director/Officer (Persons)
		Basic compensation	Performance-based compensation	Non-monetary remuneration	
Directors (excluding those who are Audit and Supervisory Committee members and External Directors)	188,046	130,512	40,940	16,594	4
Directors who are members of the Audit and Supervisory Committee (excluding External Directors)	15,222	15,222	—	—	1
External Directors who are members of the Audit and Supervisory Committee	18,990	18,990	—	—	3

Notes: 1. Total compensation for Directors does not include the employee salary paid to Directors serving concurrently in key personnel roles.
2. Total compensation for Directors includes a provision for bonuses of directors of ¥40 million for the fiscal year under review.

Director and Corporate Auditor training

Yotai is continuing to provide Directors (excluding those serving as Audit and Supervisory Committee members) and Directors serving as Audit and Supervisory Committee members with opportunities to acquire the knowledge necessary to fulfill their respective roles and duties. Our basic policy is to offer necessary support in this area, including assuming responsibility for any related expenses. For External Directors, Yotai creates opportunities, as needed, to conduct plant inspections and otherwise deepen their understanding of business operations. Newly appointed Directors, meanwhile, take part in seminars sponsored by external bodies to further understanding of their respective roles and duties.

In fiscal 2025, we held seminars for all Directors, organized by an external organization, on the themes of "Quality Fraud Risks and Responses," "Succession Plans," and "Insider Trading Regulations."

Internal control systems and risk management structure

The Board of Directors has defined the basic policy below regarding development of the Company's internal control systems. Based on this basic policy, Yotai and its subsidiaries will ensure the appropriateness of business operations, and will constantly review current internal control and risk management systems and strive for continuous improvement, aiming to build even more effective internal control systems going forward. Please refer to the "Corporate Governance Report" for details on our internal control and risk management systems.

<https://www.yotai.co.jp/topic.php?type=file&pageid=3¶m=293&gid=3>

Constructive dialogue with stakeholders

Yotai recognizes dialogue with shareholders as essential to sustainable growth and improving its corporate value over the medium to long term. To this end, the Head Office General Affairs Department serves as a point of contact for fielding requests from shareholders and all other stakeholders. In particular, certain Directors and other officers are assigned to answer requests for individual meetings and telephone interviews with shareholders and institutional investors.

[Status of dialogue with shareholders in fiscal 2025]

- Main participants in shareholder dialogue**
 Results briefings for institutional investors: President, Director in charge of General Affairs Department
 Company briefings for individual investors: President, Director in charge of General Affairs Department
 Individual dialogue: Director in charge of General Affairs Department, key General Affairs Department personnel
- IR and SR activity results**
 Results briefing for institutional investors 1 time
 Company briefings for individual investors 1 time
 IR and SR individual meetings 30 times
- Overview of shareholders and investors involved in dialogue**
 Domestic investors, institutional investors (responsible for exercising voting rights), etc.
- Major themes and points of interest from conversations**
 Outcome of exercise of voting rights at the General Meeting of Shareholders, business summaries, capital policies, shareholder returns, ESG-related issues
- Status of implementation of feedback to the management team and Board of Directors on shareholder opinions and concerns learned from conversations**
 As appropriate, the Board of Directors offers feedback on questions from participants in result briefings and details from individual conversations.
- Matters taken up in light of conversations and subsequent feedback**
 Based on feedback gained through dialogue with investors, we worked to improve our disclosure methods and enhance the information we disclose. Specifically, we further augmented the information disclosure in our integrated report and held our first company information session for individual investors. Additionally, we take extensive measures to prevent the leak of insider information during conversations with Yotai shareholders.
- Response for achieving capital cost- and share price-conscious management**
 Yotai's response for achieving capital cost- and share price-conscious management is disclosed as part of the FY2025 Financial Results Briefing Materials
www.yotai.co.jp/pdf/en_meeting_2025.pdf

Policy regarding cross-shareholding

Each year, Yotai considers each individual shareholding qualitatively to determine whether it contributes to improvement in the Company's corporate value, and quantitatively to determine if it is commensurate with capital cost. After a comprehensive determination is made, stocks deemed to offer little significance in holding further are sold off, while paying close attention to the market impact of doing so. In reviewing shareholding significance, the first evaluation is made by the Full-time Directors Meeting, with final decisions on the suitability of cross-shareholding made by the Board of Directors in light of this initial determination. In the Second Medium-term Management Plan (fiscal 2025 to fiscal 2027), Yotai has set a target for the sale of ¥1.0 billion in cross-shareholdings, and is moving sales efforts forward.

At the same time, Yotai views the maintenance and development of relationships of trust and collaborative relationships cultivated with a wide range of business partners through business activities over the years as extremely important, from the perspective of both sustainable growth and medium- to long-term improvement in corporate value. Yotai will pursue such shareholding whenever it is deemed to maintain or strengthen transactional relationships with the business partners, enhance the profitability of both companies, or when doing so will contribute to improvement in Yotai's own corporate value.

Compliance

Basic Compliance Rules

Yotai's "Basic Compliance Rules" define compliance as adherence to laws and regulations (including administrative notices and guidelines), internal rules, and our corporate philosophy, and serve as our basic management policy. Employees shall not only faithfully observe laws and regulations, but shall also be fully aware of our corporate philosophy and code of conduct, and shall perform their duties with common sense and responsibility as members of society.

Promotion System

In order to ensure that all employees are fully aware of their responsibilities, the Director in charge of the General Affairs Department serves as the promotion officer, with the head of each business site designated as the person in charge of promotion. The department in charge of promotion is the Head Office General Affairs Department.

All Directors, officers and employees work constantly and diligently to improve compliance awareness. An internal compliance consulting helpline has also been established to better enable business execution based on a compliance mindset.

Risk Management

Risk Management Regulations

The Company has established "Risk Management Regulations" regarding the development of a management system to prevent the occurrence of risks, and to respond to any risks that may occur at the Company. Risks are the following factors that may impede the performance of operations.

1. Compliance-related matters
2. Financial reporting-related matters
3. Information system-related matters
4. Research activity-related matters
5. Business procedure-related matters
6. Environment-related matters
7. Disasters, incidents and other related matter
8. Other matters related to the Company's business

Risk Management Committee

The Risk Management Committee works closely with each department to develop a comprehensive system for the Company's risk management. The committee consists of the following members. The committee is convened at least once a year by the chairperson.

Chairperson: Director of Head Office General Affairs Department
 Committee members: Heads of each division (Head Office (department), offices, branch offices, business divisions, plants)

Information Security Management

The Company has defined "Information Security Management Regulations" designed to ensure the Company's business activities occur normally and smoothly, and to prevent incidents involving employees, by properly safeguarding information from customers, business partners and others handled in the course of business, as well as the Company's own information assets and employee data, from threats of every kind. These regulations are supervised by the Head Office General Affairs Department, with responsibility designed to the Director in charge of the Head Office General Affairs Department.

Training Program

As needed, we strive to raise awareness of compliance and provide correct knowledge by posting notices in our internal newsletter and on our website, as well as holding training sessions.

Internal Reporting System

We have established an "Internal Reporting System" for reporting to the Company the details of violations of internal rules, laws and regulations, and other violations of corporate ethics in the workplace. The Compliance Control Department is the internal contact point for reporting compliance violations, with an external consultation organization as the external contact point for reporting violations.

The General Manager of the Compliance Control Department is the officer in charge of the Head Office General Affairs Department. The member of the Compliance Control Department is appointed and composed by the General Manager of the Compliance Control Department.

Information Security Management Structure

The Information Security Management Committee has been established as an umbrella organization for information security. The committee promotes thorough information security based on the Information Security Policy and oversees the overall information security of the entire Company, including the establishment of decision criteria for matters not stipulated in the Information Security Policy.

The committee is chaired by the Director in charge of the Head Office General Affairs Department, and the information management manager appointed by the chairperson checks the status of information security as necessary.

Initiatives for Personal Information Protection

We have established "Personal Information Management Rules" to prevent unauthorized acquisition, use and disclosure of personal information, as well as other illegal activities involving personal information.

The personal information protection manager is the General Manager of the Head Office General Affairs Department. In addition, an audit manager appointed by the President periodically inspects whether personal information is being handled properly in the Company and how these rules are being applied. An audit report is prepared on the results of the inspection, which is reported to the President.

Response to the pandemic

In our response to COVID-19, we prioritize the protection of human life, including employees and their families, customers and related parties, and neighboring communities, and strive to prevent the spread of infection and ensure business continuity.

In addition, basic measures to prevent the spread of infection are thoroughly implemented, such as wearing gapless masks, washing and disinfecting hands, frequent ventilation of offices, and prohibiting conversation when eating and drinking.

Directors and Officers



Composition of Board of Directors, skill matrix

	Name	Internal/external	Independent officer	Sex	Rank and responsibilities within Yotai	Skill (see below)					Board of Directors meeting attendance (FY2025)
						①	②	③	④	⑤	
Directors (excluding those who are Audit and Supervisory Committee members)	Mitsuo Taguchi	Internal		Male	President Nomination and Compensation Advisory Committee member	○	○	○	○		Board of Directors: Attended 16/16 times Nomination and Compensation Advisory Committee: Attended 5/5 times
	Shinichiro Takebayashi	Internal		Male	Senior Managing Director, General Manager of General Affairs Department of Head Office	○	○		○	○	Board of Directors: Attended 16/16 times
	Tadashi Taniguchi	Internal		Male	Director, General Manager of Okayama Business Office	○		○	○		Board of Directors: Attended 16/16 times
	Yorisada Matsumoto	Internal		Male	Director, General Manager of Tokyo Branch	○		○	○		Board of Directors: Attended 16/16 times
Directors who are members of the Audit and Supervisory Committee	Yasuo Kawamori	Internal		Male	Audit and Supervisory Committee member (full-time)	○		○			—
	Shinobu Akiyoshi	External	○	Female	Audit and Supervisory Committee member (external) Chair, Nomination and Compensation Advisory Committee		○		○		Board of Directors: Attended 16/16 times Nomination and Compensation Advisory Committee: Attended 5/5 times
	Katsuhiko Omoto	External	○	Male	Audit and Supervisory Committee member (external) Nomination and Compensation Advisory Committee member	○		○			Board of Directors: Attended 16/16 times Nomination and Compensation Advisory Committee: Attended 5/5 times
	Yusuke Otsuka	External	○	Male	Audit and Supervisory Committee member (external) Nomination and Compensation Advisory Committee member		○			○	Board of Directors: Attended 16/16 times Nomination and Compensation Advisory Committee: Attended 5/5 times

The above chart is not an exhaustive account of all skills, experience, capabilities, other knowledge or accomplishments possessed by the individual Directors listed.

Skills required for Directors, definitions, and selection rationale

NEW

No.	Skills	Selection rationale
①	Corporate management	With a view to achieving sustainable growth and improving corporate value over the medium to long term, we have formulated our Second Medium-term Management plan and our 2030 Vision. To execute and realize these plans, we place importance on management skills to oversee and promote business strategies, such as cultivating new revenue sources and developing environmentally friendly refractories.
②	Risk management	Among other actions, Yotai has established Risk Management Regulations and a Risk Management Committee to identify, evaluate, and systematically monitor and manage various risks associated with business activities. We believe that for sustainable growth, it is essential to respond to risks that could significantly impact corporate management. Similarly, it is critical to have the experience, insight, and expertise in risk management that seeks to minimize losses; accordingly, we place importance on knowledge in this field.
③	Technology and Innovation	Yotai prioritizes the promotion of digital transformation (DX), which contributes to streamlining and efficiency through continuous production system enhancement and the realization of our management strategy. We value the experience, insight, and expertise in technology and innovation necessary to achieve these key initiatives.
④	ESG	To promote ESG management, Yotai has prioritized the following three initiatives: ① Install facilities to reduce GHG emissions and promote technological innovations (E), ② Enhance employee diversification and create a comfortable work environment (S), and ③ Strengthen the governance structure that contributes to sustainable growth (G). To achieve these priorities, we place importance on overall experience, insight, and expertise in ESG.
⑤	Finance and accounting	As part of our financial strategy, we have formulated a cash allocation policy to ensure an optimal capital structure. To ensure appropriate decision-making and oversight based on this policy, we place importance on experience, insight, and expertise in finance and accounting.

External Director's Message



Katsuhiko Omoto
External Director, Audit and Supervisory Committee Member
Nomination and Compensation Advisory Committee

Shinobu Akiyoshi
External Director, Audit and Supervisory Committee Member
Chair, Nomination and Compensation Advisory Committee

Yusuke Otsuka
External Director, Audit and Supervisory Committee Member
Nomination and Compensation Advisory Committee

Realizing the “2030 Vision” and looking ahead to Yotai’s 100th anniversary. Aiming to be a long-lived company for society

In 2036, Yotai will celebrate its 100th anniversary. The External Directors held a roundtable discussion based on their respective professional positions to discuss what efforts are necessary to not only highlight Yotai’s presence as a leading refractory company, but to also become a company that will last in perpetuity for the benefit of society.

“Yotai this past year” through the eyes of External Directors

Continuously building a structure and proactive investments as vital for medium- to long-term growth

Omoto: For Yotai, fiscal 2025 was a milestone year, marking the start of the Second Medium-term Management Plan. The results of the First Medium-term Management Plan (FY2022 - FY2024), Yotai’s first-ever medium-term management plan, were properly reviewed, and a “2030 Vision” was also formulated to help Yotai realize its goal of becoming “A company that continues to improve its corporate value in a sustainable manner in harmony with society.” The 2030 Vision incorporates the Company’s aspirations for global expansion, with a focus on Asia. The Second Medium-term Management Plan is based on these ideals and the 2030 Vision, and my evaluation is that the first year of the plan was one in which Yotai was able to carry out its business as planned.

Akiyoshi: In April 2025, we expressed our support for the takeover bid for Yotai shares by ASNF HOLDINGS GK. At the Board of Directors meeting, we discussed from various angles the significance of welcoming ASNF HOLDINGS GK as the Company’s largest shareholder. ASNF HOLDINGS GK is a limited liability company established with investment from ASO CORPORATION. The wide-ranging network that the ASO GROUP possesses both domestically and internationally is a major attraction for Yotai as it aims to become “a company with a strong presence in the refractory industry in Japan and Asia,” as outlined in its 2030 Vision. Yotai has concluded that by having ASO GROUP as a stable shareholder, it hopes to enhance its corporate value over the medium to long term.

I have also heard that the ASO GROUP has a vision to create new business opportunities and expand its business areas in line with the changing times, and to that end is also focusing on measures to develop human resources and ensure diversity. I expect that these points will also have a positive impact on Yotai.

Otsuka: ASNF HOLDINGS GK has stated its intention to continue to respect Yotai’s management structure and business operations policies. In the past, some shareholders who strongly sought short-term profits sometimes submitted shareholder proposals that were not necessarily in line with our goal of achieving medium- to long-term, sustainable improvement in corporate value. This sometimes made me question whether placing importance on such proposals

would actually benefit the majority of our shareholders. Given this background, I would argue that welcoming ASNF HOLDINGS GK as a stable shareholder will benefit many of our shareholders, including minority shareholders.

Looking back at Yotai’s business activities over the past year, I want to continue to pay close attention to the balance between growth investment and shareholder returns. Looking at the trend in the share price, I believe that shareholders have a certain level of understanding regarding shareholder returns, but I personally feel that growth investment is a little lacking. Investments in facility upgrades and the “Mikumoto” mission-critical system are proceeding as planned, but my sense is that we need to increase the weighting of growth investments that allow Yotai to capture new demand, including in overseas markets, generate cash flow, and increase ROE.

Omoto: A concrete decision has yet to be reached on how Yotai will collaborate with ASNF HOLDINGS GK and the rest of the ASO GROUP. However, as Ms. Akiyoshi and Mr. Otsuka mentioned, there is a desire within Yotai to combine the strengths and visions of each group to create synergies.

Production system rationalization and efficiency

Expectations for capital investment and human resource utilization to enhance productivity

Otsuka: In June 2025, the Okayama Business Office was established as an organization to oversee the Hinase and Yoshinaga plants. The two production sites are relatively close to each other, about 30 minutes by car. This organizational change aims to strengthen cooperation between the two plants and make effective use of human resources; from an accountant’s perspective, I would like Yotai to actively consider making capital and human investments to improve productivity.

Omoto: We believe that integrating the operations of the Hinase Plant and the Yoshinaga Plant will have the benefit of allowing Yotai to share the strengths of each plant. The Hinase Plant is a production base with one of the largest production capacities in Japan for refractory bricks. Meanwhile, the Yoshinaga Plant has many manual presses and skilled workers, and specializes in producing a wide variety of high-value-added refractories in small lots. Each plant has its own unique culture and know-how. My expectation is that the establishment of the Okayama Business Office will serve to

promote personnel exchange and the sharing of business processes.

Akiyoshi: From a risk management perspective, I think the establishment of a business office to oversee the two sites is a good decision. In addition to sharing the strengths that Mr. Omoto mentioned, I have high hopes that a system will be established that will enable Yotai to quickly and accurately identify and address the challenges facing each plant.

Promoting ESG management

Strengthening governance and risk management to prepare for full-scale overseas expansion

Akiyoshi: In the Second Medium-term Management Plan, Yotai is accelerating its overseas expansion as a way to cultivate new sources of revenue. As the number of business partners outside of Japan increases, the Company will be required to conduct business in accordance with foreign laws. That said, the current system for global compliance and global risk management is still not fully in place. I would like Yotai to consider establishing a department dedicated to global legal affairs.

Omoto: First of all, it might be a good idea to create a risk management map within the Company. It would be meaningful to do the work to identify and organize the elements that could pose risks to Yotai in the future.

Otsuka: That's right. A range of risk issues are reported to the Board of Directors and thoroughly discussed, so organizing and sharing them is beneficial. However, I would also like Yotai to be more willing to take risks in order to achieve growth. We are now in year two of the Second Medium-term Management Plan and have already reached the halfway point, so we need to frequently discover and consider new investment opportunities and increase the speed of our PDCA cycle.

Internal trends to closely monitor

Focus on human resource development, progress in companywide DX, and IR activity expansion

Akiyoshi: In addition to providing legal advice as an attorney, as Yotai's only female director, I recognize that I am also expected to offer advice on initiatives such as promoting women's advancement in the workplace. I try to keep a close eye on the situation within the Company, including how the Sunrise Project, a project to promote women's advancement in the workplace launched in September 2023, is continuing its activities, and how the voices of employees I hear on the ground are changing. We also hope that the Board of Directors will make succession plans more visible. As investors and other stakeholders are increasingly interested in strengthening governance, appropriately disclosing specific policies for developing successors and efforts to maintain the stability and continuity of management will be effective in ensuring management transparency and strengthening communication with investors.

Omoto: With my experience as a business manager at a general electrical machinery manufacturer, I pay particular attention to the progress of technology and R&D. Yotai has been working on companywide digital transformation (DX) since the First Medium-term Management Plan. DX in the Head Office administrative departments is progressing smoothly, but I get the impression that digital transformation at plants and other production bases has yet to begin. Each site has many handwritten instructions and documents, and digitizing them appears to be a higher hurdle than expected. However, these sites have decided on several DX themes and are steadily working on them, and I am seeing positive attitudes for the work, like "Ah, I get it. Now we can see these issues," and "Let's give this a try next," so I feel that things are changing for the better.

Otsuka: As an accountant, I recognize that I am expected to contribute from a financial perspective. Since I was appointed as an External Director, Yotai has been particularly focused on financial initiatives, such as strengthening shareholder returns and promoting management that takes capital cost and share price into consideration. Yotai has steadily expanded its investor relations (IR) activities, including dialogue with investors, and I feel that we are being involved in management at a critical stage of the Company's growth. I also believe that welcoming ASNF HOLDINGS GK as Yotai's largest shareholder is a reflection of its commitment to working to steadily increase corporate value over the medium to long term. Even if the speed of growth is not fast, it is important to keep steadfastly moving forward. I hope to continue to provide appropriate advice to help Yotai achieve its goals.

Message to stakeholders

Striving to become a company that lasts in perpetuity for the benefit of society

Omoto: Yotai is positioning the Second Medium-term Management Plan as a period for continuously developing structure and cultivating new revenue sources. Yotai's digital transformation, which I mentioned earlier, is part of continuously building a structure; at the same time, I think it is also an effort to change the quality of work, which will form the foundation for new revenue sources. Looking at the companywide efforts, I sense great potential that goes far beyond simple digitalization. I hope that all shareholders and other stakeholders will keep an eye on Yotai as it works toward "new manufacturing."

Otsuka: Yotai's predecessor, Osaka Yogyo Fire Brick Co., Ltd., was founded in 1936. The Company already has a history of nearly 90 years, and has an unshakable presence as a leading refractory company. Going forward, I hope that Yotai will continue to be a company that is indispensable to society,

and one that lasts in perpetuity for society's benefit. I will continue to work hard to steadily advance the current Second Medium-term Management plan and efforts to achieve its goals.

Akiyoshi: As Mr. Omoto and Mr. Otsuka mentioned, Yotai is not content with the status quo, but is actively working to expand its business both domestically and internationally and to build the Company's foundations, with a thirst for growth. As an External Director with close eyes on this, I want to continue communicating with stakeholders to help them understand the appeal of Yotai as a company. I hope you look forward to seeing what Yotai has to say in the years ahead.



Audit and Supervisory Committee Members

Profile

Shinobu Akiyoshi

Became a registered member of the Osaka Bar Association in 2008. Joined Doujima Sougou Law Office in 2009. In 2018, named a partner at Doujima Sougou Law Office (current). From 2021, became an External Director at Yotai following stints that included regular delegate for the Osaka Bar Association, serving as a consultant of specialized not-for-profit company Hikosen, and membership on the City of Ashiya Living Environment Dispute Conciliation Committee. Has served as an External Director and Audit and Supervisory Committee member at Yotai since 2023. In 2025, became an External Director of Nakanishi MFG. Co., Ltd. (current).

Katsuhiko Omoto

In 1983, joined Matsushita Electric Industrial Co., Ltd. (now Panasonic Holdings Corporation). While there, served as Vice-President of Panasonic Automotive & Industrial Systems Co., Ltd., Associate Director of the Manufacturing Technology and Engineering Division, and Director of the Quality and Environment Division. Has served as an External Director and Audit and Supervisory Committee member at Yotai since 2023.

Yusuke Otsuka

In 2002, joined Asahi & Co. (now KPMG AZSA LLC JAPAN). Following a stint at Roland Berger, in 2008, opened Otsuka Yusuke CPA Office. In 2014, established and become representative employee of Prost Tax Accountant Corporation (current). Accounting auditor for Tatsuno Corporation since 2020 (current). Has served as an External Director and Audit and Supervisory Committee member at Yotai since 2023.

Fiscal 2025 Financial Review

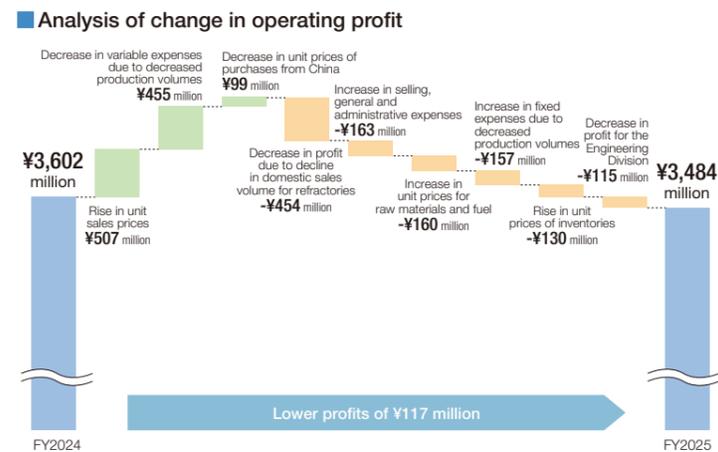
Operating results

- Net sales increased by 0.6% year on year, reaching a record high, due to large projects for the ceramics industry and increased orders for environmental systems, in addition to price revisions.
- Ordinary profit decreased by 1.7% year on year, mainly because of rising raw material and fuel costs, which were mainly caused by the low valuation of the yen and increases in depreciation expenses due to capital investments.
- Profit attributable to owners of parent decreased by 32.4% year on year, as a reaction to the posting of extraordinary income due to the transfer of a consolidated subsidiary's equity and reduction in cross-shareholdings during the previous year.
- In the engineering business, in addition to decreased net sales as a reaction to large projects reported in the previous year, the profit ratio declined due to factors such as higher personnel expenses.

Financial Analysis

Net sales for the consolidated fiscal year under review rose to ¥29,305 million, an increase of ¥176 million year on year, marking a new record high. Sales grew atop price revisions, as well as an increase in orders for large projects in the ceramics industry and environmental systems.

Meanwhile, operating profit was ¥3,484 million (operating profit to sales ratio of 11.9%), a decrease of ¥117 million compared to a year earlier. Ordinary profit was ¥3,640 million (ordinary profit to sales ratio of 12.4%), a decrease of ¥63 million year on year. The main factors behind this decrease were rising raw material and fuel costs, primarily due to the weak yen, and increased depreciation expenses associated with capital investment.

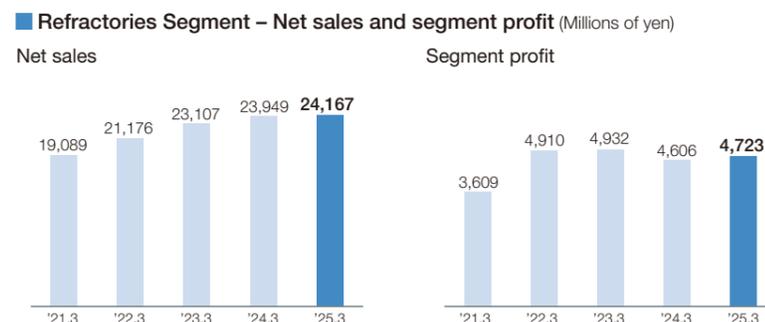


Performance by Segment

Organizationally, Yotai is fundamentally composed of the refractories business and the engineering business. The Company devises comprehensive domestic and overseas strategies and conducts business activities for each business individually. Accordingly, Yotai categorizes "refractories" and "engineering" as its reporting segments.

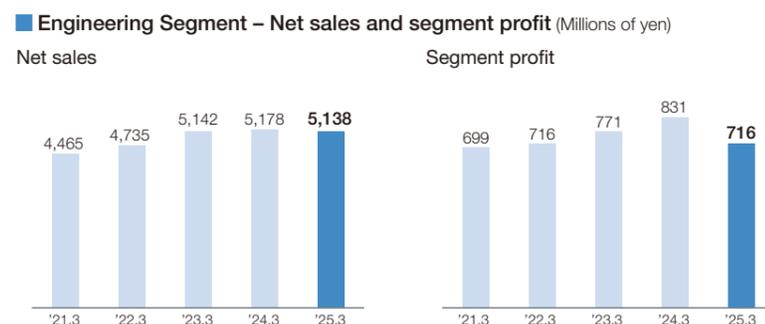
Refractories Segment

Although orders decreased slightly due to a decline in production volume at steel manufacturers, an increase in orders for products other than steel lifted net sales for the segment 0.9% year on year to ¥24,167 million; segment profit rose 2.5% year on year to ¥4,723 million.



Engineering Segment

Net sales for the segment decreased 0.8% year on year to ¥5,138 million, while segment profit decreased 13.9% year on year to ¥716 million. This fiscal year was a challenging one, with lower sales due to the absence of large nonferrous projects in the previous year and a lower profit to sales ratio due to increased labor costs.



Dividend Policy

The speed of technological change and advancement in the industry is dramatic, making investment in the upgrade and streamlining of production facilities extremely important. In principle, the capital necessary to do so is allocated from internal reserves.

In terms of policy with respect to dividends, backed by a fundamental commitment to the continued payment of a stable dividend, our basic policy is to strengthen the Company's financial structure, while building and augmenting internal reserves and paying a dividend commensurate with earnings.

Based on this thinking, in the Second Medium-term Management Plan (FY2025-FY2027), we place emphasis on shareholder returns through dividends, as we expect to secure shareholder returns even after taking into account profitability and financial soundness. The Company's shareholder return policy is to target a consolidated payout ratio of 60% or a dividend of ¥85 per share, whichever is higher, and to consider the acquisition of treasury shares following comprehensive examination of its financial condition and other factors.

As a result of the above, and taking into consideration financial condition, business performance, and other factors, we paid a year-end dividend for fiscal 2025 of ¥45 per share. Consequently, the full-year dividend was ¥90, including an interim dividend of ¥45 per share paid in December 2024, an increase of ¥5 from the previous fiscal year. The consolidated payout ratio for fiscal 2025 was 63.5%.

Financial Position

Total assets as of March 31, 2025, stood at ¥41,379 million, a decrease of ¥1,152 million compared to the previous consolidated fiscal year-end. This was mainly due to a decrease

in notes and accounts receivable – trade, despite an increase in buildings and structures.

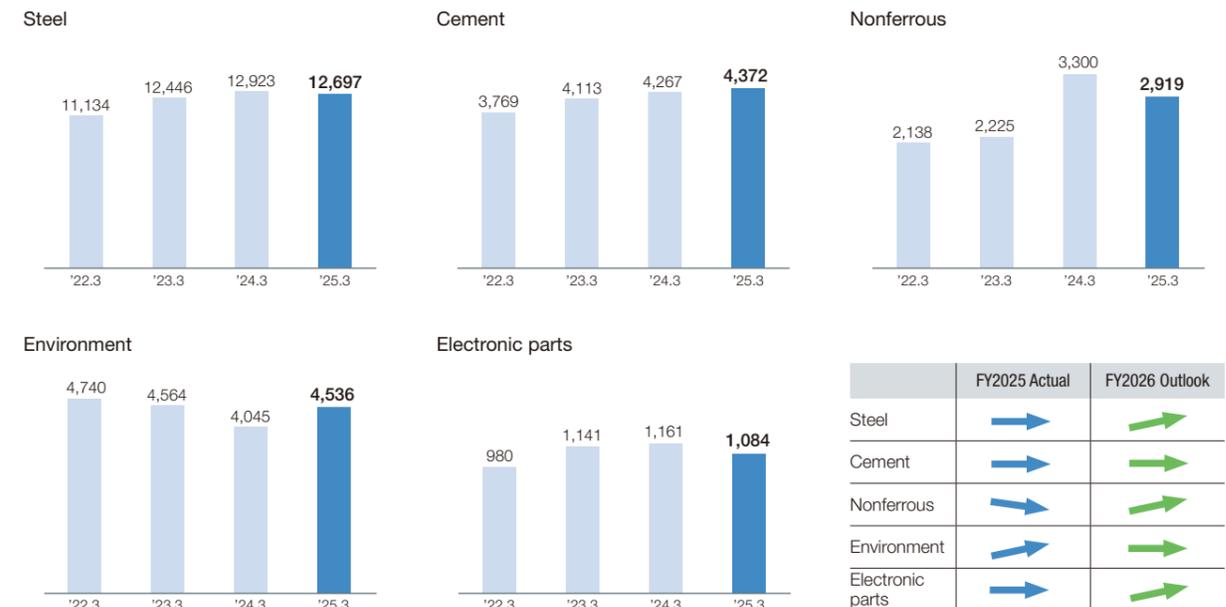
Liabilities amounted to ¥8,430 million, a decrease of ¥1,569 million compared to the previous consolidated fiscal year-end, mainly due to decreases in income taxes payable and accrued expenses. As a result of the above, the capital adequacy ratio rose 3.1 percentage points from 76.5% a year earlier to 79.6%. The Company's financial position is deemed to be in good shape overall.

Cash Flows

Cash and cash equivalents as of March 31, 2025 stood at ¥6,412 million, down ¥47 million year on year. This mainly reflected expenditures for the purchase of property, plant and equipment, dividend payments, payment of income taxes, and purchase of treasury shares, although profit before income taxes and depreciation expenses also increased for the year.

Cash flows	(Millions of yen)	
	FY2024	FY2025
Cash flows from operating activities	3,864	4,431
Cash flows from investing activities	(754)	(2,245)
Cash flows from financing activities	(2,537)	(2,263)
Effect of exchange rate changes on cash and cash equivalents	46	30
Change in cash and cash equivalents	618	(47)
Cash and cash equivalents, end of term	6,460	6,412

Sales performance (non-consolidated) by industry sector and outlook (Millions of yen)



Key Financial Data

	2015.3	2016.3	2017.3	2018.3	2019.3	2020.3	2021.3	2022.3	2023.3	2024.3	2025.3
Consolidated Fiscal Year (Millions of yen)											
Net sales	21,123	21,465	22,236	24,217	27,875	26,654	23,554	25,912	28,250	29,128	29,305
Cost of sales	17,787	18,002	18,182	18,527	20,587	20,535	18,594	19,565	21,824	22,942	23,074
Gross profit	3,336	3,462	4,054	5,690	7,287	6,118	4,960	6,347	6,426	6,185	6,230
Operating profit	1,179	1,309	1,913	3,559	5,134	4,017	2,921	4,089	4,012	3,602	3,484
Ordinary profit	1,346	1,396	2,013	3,663	5,224	4,134	3,021	4,123	4,143	3,704	3,640
Profit attributable to owners of parent	924	936	1,374	2,625	3,610	2,794	1,845	2,966	2,971	3,878	2,623
R&D expenses	167	156	138	124	134	137	167	188	225	275	296
Cash flows from operating activities	1,580	693	3,070	(1,759)	3,048	5,413	4,803	421	1,781	3,864	4,431
Cash flows from investing activities	(466)	(658)	(527)	(778)	(943)	(1,111)	(1,202)	(1,208)	(1,954)	(754)	(2,245)
Cash flows from financing activities	(244)	(248)	(234)	(229)	(317)	(398)	(418)	(2,111)	(2,536)	(2,537)	(2,263)
Consolidated Fiscal Year-end (Millions of yen)											
Net assets	18,000	18,319	19,728	22,163	25,104	27,234	29,032	30,109	31,065	32,531	32,948
Total assets	24,558	24,163	26,432	29,336	34,186	34,443	35,396	38,750	39,645	42,531	41,379
Per-share indicators (Yen)											
Basic earnings per share	42.03	42.61	62.53	119.44	164.29	127.17	84.59	141.28	147.33	205.48	141.66
Dividends per share (annual)	10.00	10.00	10.00	12.00	15.00	16.00	17.00	43.00	45.00	85.00	90.00
Net assets per share	818.64	833.34	897.58	1,008.43	1,142.27	1,239.17	1,332.86	1,460.90	1,582.45	1,747.58	1,796.97
Financial Indicators											
Operating profit margin (%)	5.6	6.1	8.6	14.7	18.4	15.1	12.4	15.8	14.2	12.4	11.9
ROE (return on equity) (%)	5.3	5.2	7.2	12.5	15.3	10.7	6.6	10.0	9.7	12.2	8.0
Capital adequacy ratio (%)	73.3	75.8	74.6	75.5	73.4	79.1	82.0	77.7	78.4	76.5	79.6
PER (Price-earnings ratio) (Times)	9.30	6.81	6.06	6.68	3.11	4.95	12.14	8.91	10.30	7.15	11.99
Share price (Year-end closing price) (Yen)	391	290	379	798	511	630	1,027	1,259	1,518	1,470	1,699
Payout ratio (%)	23.8	23.5	16.0	10.1	9.1	12.6	20.1	30.4	30.5	41.4	63.5
Net sales per employee (Millions of yen)	36.86	37.72	38.84	42.98	50.82	48.16	42.71	47.07	49.47	52.53	54.47

Non-financial Data

	2021.3	2022.3	2023.3	2024.3	2025.3
Environment					
Refractory Production Volume (t)	101,430	121,357	113,403	112,731	105,495
GHG Emissions (tCO ₂ e)	45,211	46,050	42,527	43,425	38,401
Scope 1	32,962	34,574	31,938	32,797	30,934
Scope 2	12,250	11,477	10,589	10,629	7,467
Energy Usage (GJ)	698,227	737,401	689,338	699,521	654,783
Electricity Usage (MWh)	22,944	24,203	22,634	22,630	21,899
Water Usage (m ³)	49,229	49,488	45,231	38,236	39,609
Society					
No. of employees [consolidated]	537	564	578	531	538
[non-consolidated]	444	475	499	510	519
Pct. female employees (%)	13.5	13.1	13.6	12.7	12.3
No. of managers	75	73	74	88	90
No. of female managers	0	0	1	1	1
Average years of continuous employment Males (years)	15.3	14.6	14.2	14.1	14.2
Average years of continuous employment Females (years)	8.4	8.8	8.4	9.3	9.7
Turnover rate 3 years after employment (%)	20.0	15.0	50.0	10.5	33.3
Voluntary retirement rate (%)	2.5	3.8	3.8	2.7	3.3

	2021.3	2022.3	2023.3	2024.3	2025.3
Society					
Working hours *1 (hours/year)	2,064	2,171	2,010	2,268	1,978
Age brackets Under 30 years old	98	108	109	111	105
30-39 years old	118	124	139	136	142
40-49 years old	128	129	133	131	133
50-59 years	95	108	108	121	123
60 years or older	5	6	10	11	16
Days of paid leave taken *2 (days/year)	15	15	15	16	16
No. of care leave claimants	0	0	0	0	0
Disabled employment rate (%)	1.66	1.93	1.99	2.07	2.24
No. of childcare leave claimants Males	0	0	12	9	10
Females	1	1	6	5	1
Childcare leave reinstatement rate (%)	100	100	100	100	100
No. of education/training days *3	15	20	28	56	55
Health and Safety					
No. of fatalities (cases)	0	0	0	0	0
No. of accidents (cases)	10	10	11	10	7
No. of claimants for mental health leave	0	0	1	1	0

*1: Skilled laborers only. Scheduled working hours are 1,940 hours *2: Skilled laborers only. Union member average *3: Sponsored by Head Office

Corporate Overview (As of March 31, 2025)

Corporate name	Yotai Refractories Co., Ltd.
Establishment	August 1936
Representative	Mitsuo Taguchi
Head office location	8-1 Nishikinaka-machi, Kaizuka-shi, Osaka Prefecture 597-0093
No. of employees	538
Paid-in capital	2,654 million yen
Business description	Manufacturing and sales of refractories/ new ceramics, and related engineering businesses
Market listing	Prime market, Tokyo Stock Exchange
Securities code	5357



Director/Officer Composition

(as of June 26, 2025)

President	Mitsuo Taguchi
Senior Managing Director, General Manager of General Affairs Department of Head Office	Shinichiro Takebayashi
Director General Manager of Okayama Business Office	Tadashi Taniguchi
Director General Manager of Tokyo Branch	Yorisada Matsumoto
Director Audit and Supervisory Committee (Full-time)	Yasuo Kawamori
Director Audit and Supervisory Committee (External)	Shinobu Akiyoshi
Director Audit and Supervisory Committee (External)	Katsuhiko Omoto
Director Audit and Supervisory Committee (External)	Yusuke Otsuka

External accolades



CDP Climate Change Report 2024: Ranked "B" and selected as a "Supplier Engagement Leader"



Obtained "DX Certification" defined by Japan's Ministry of Economy, Trade and Industry



Certification as a 2025 health and productivity management outstanding organization (large enterprise category)

Share Information (As of September 30, 2025)

Total no. of authorized shares	70,000,000 shares
Total no. of outstanding shares	19,594,000 shares
Shareholders	5,581

Major Shareholders (As of September 30, 2025)

Shareholder name	No. of shares owned (thousand shares)	Shareholding ratio (%)
ASNF HOLDINGS GK	6,531	35.49
Sumitomo Osaka Cement Co., Ltd.	2,573	13.98
The Master Trust Bank of Japan, Ltd. (Trust account)	1,167	6.34
The Chugoku Bank, Ltd.	908	4.93
Yotai Employee Shareholding Association	446	2.42
Nippon Life Insurance Company	446	2.42
MUFG Bank, Ltd.	300	1.63
Custody Bank of Japan, Ltd. (Trust account)	270	1.47
Chubu Steel Plate Co., Ltd.	150	0.81
Mitsuo Taguchi	109	0.59

(Note) The shareholding ratio is calculated after a deduction of 1,152 thousand shares of treasury stock.

Shareholder Memo

Fiscal year	April 1 to March 31 of the next year
Confirmation date for shareholder eligibility to receive year-end dividends	March 31
Confirmation date for shareholder eligibility to receive interim dividends	September 30
Ordinary general meeting of shareholders	June each year
Account management institution for shareholder registry administrator special account	Mitsubishi UFJ Trust and Banking Corporation
Announcement method	Will be announced electronically (Japanese only)
Announcement URL	https://www.yotai.co.jp/ir/j_annual.html

However, in the event that an accident or other unavoidable factor prevents electronic announcement, announcements will instead be made via The Nihon Keizai Shimbun.

List of Business Locations

Head Office	8-1 Nishikinaka-machi, Kaizuka-shi, Osaka Prefecture 597-0093
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Sales Offices

Head Office Sales Division	8-1 Nishikinaka-machi, Kaizuka-shi, Osaka Prefecture 597-0093
Tokyo Branch	1-1-1 Koraku, Bunkyo-ku, Tokyo (TK-CENTRAL 6th Floor) 112-0004
Kyushu Branch	4-6 Konya-cho, Kokurakita-ku, Kitakyushu-shi, Fukuoka Prefecture (Kitakyushu Dai-ichi Bldg., 7th floor) 802-0081
Nagoya Branch	2103-1 Oda-cho, Mizunami-shi, Gifu Prefecture 509-6112
Okayama Branch	2601 Hinase, Hinase-cho, Bizen-shi, Okayama Prefecture 701-3204

Plants

Okayama Business Office	
Hinase Plant	2601 Hinase, Hinase-cho, Bizen-shi, Okayama Prefecture 701-3204
Yoshinaga Plant	1250 Minamikata, Yoshinaga-cho, Bizen-shi, Okayama Prefecture 709-0223
Yoshinaga Plant, Second Branch	426 Mitsumata, Yoshinaga-cho, Bizen-shi, Okayama Prefecture 709-0225
Kaizuka Plant	8-1 Nishikinaka-machi, Kaizuka-shi, Osaka Prefecture 597-0093
Mizunami Plant	2103-1 Oda-cho, Mizunami-shi, Gifu Prefecture 509-6112
Mizunami Plant, Toki Factory	95-8 Dachi-cho, Toki-shi, Gifu Prefecture 509-5401

R&D Division

Advanced Materials Laboratory	8-1 Nishikinaka-machi, Kaizuka-shi, Osaka Prefecture 597-0093
Technical Research Laboratory	2601 Hinase, Hinase-cho, Bizen-shi, Okayama Prefecture 701-3204

Engineering Division

Engineering Division	2601 Hinase, Hinase-cho, Bizen-shi, Okayama Prefecture 701-3204
Engineering Division, Kaizuka Office	8-1 Nishikinaka-machi, Kaizuka-shi, Osaka Prefecture 597-0093
Engineering Division, Tokyo Office	1-1-1 Koraku, Bunkyo-ku, Tokyo (TK-CENTRAL 6th Floor) 112-0004

Overseas base

Yingkou Yotai Import and Export Co., Ltd.	Guangming Lane, Shengli Street, Dashiqiao City, Liaoning Province, People's Republic of China
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Website Guide

Please visit the website for the latest information on Yotai

<https://www.yotai.co.jp/en/>

