December 25, 2020

Dear Shareholders,

Listed company name: KROSAKI HARIMA CORPORATION
Representative: Kazuhiro Egawa, President
Securities Code: 5352

Notice of a Merger Agreement with Krosaki Harima Cera Corporation

This is to announce that KROSAKI HARIMA CORPORATION ("the Company") has signed an agreement as described below to absorb Krosaki Harima Cera Corporation (hereinafter "KHCC"), a wholly-owned consolidated subsidiary of the Company, effective April 1, 2021, according to the resolution made at the meeting of its Board of Directors on December 25, 2020, as described in the "Notice of Determination of the Policy of a Short-Form Merger with Krosaki Harima Cera Corporation" released on September 25, 2020 (hereinafter "the Notice released on September 25, 2020").

Because the merger is a simple absorption-type merger with a wholly-owned consolidated subsidiary, the disclosure of information is partially omitted.

1. Purpose of the Merger

As described in the Notice released on September 25, 2020

2. Summary of the Merger

(1) Schedule of the merger

December 25, 2020	Resolution of the Board of Directors' Meeting regarding the conclusion of the merger agreement
December 25, 2020	Conclusion of the merger agreement
April 1, 2021 (planned)	Effective date of the merger

Notes:

1. The Company will conduct this merger without obtaining the approval of its general meeting of shareholders, as the merger meets the simple merger requirements set forth in Article 796, Paragraph 2, of the Companies Act.
2. KHCC will conduct this merger without obtaining the approval of its general meeting of shareholders, as the merger meets the short-form merger requirements set forth in Article 784, Paragraph 1, of the Companies Act.

(2) Method of the merger

The Company, as the surviving company, will absorb KHCC, which will be dissolved upon the merger.

(3) Allotment in relation to the merger

Because the Company owns all the outstanding shares of KHCC, there will be no issuance of new shares, transfer of treasury shares or any other consideration upon the merger.

(4) Treatment of stock acquisition rights and convertible bonds of the dissolving company

There are no stock acquisition rights and convertible bonds issued by KHCC.

3. Information on the parties concerned in the merger (as of September 30, 2020)

	Surviving company	Dissolving company
(1) Company name	KROSAKI HARIMA CORPORATION	Krosaki Harima Cera Corporation
(2) Head office location	1-1, Higashihama-machi, Yahatanishi-ku, Kitakyushu City, Fukuoka Prefecture	1-1, Higashihama-machi, Yahatanishi-ku, Kitakyushu City, Fukuoka Prefecture
(3) Name and title of representative	Kazuhiro Egawa, President	Hideaki Kawabe, President
(4) Lines of business	Refractory, furnace, ceramics and real estate	Contracted works regarding the manufacturing of refractories and ceramics, the maintenance of refractories manufacturing equipment, etc. and various services
(5) Capital	¥5,537 million	¥50 million
(6) Date established	October 14, 1918	March 9, 2005
(7) Number of shares issued	9,114,528 shares	1,000 shares
(8) Fiscal year-end	March 31	March 31
(9) Major shareholders and shareholding ratio *Treasury shares included in the calculation of the shareholding ratios	Nippon Steel Corporation: 42.88% Custody Bank of Japan (trust account): 4.33% The Master Trust Bank of Japan, Ltd. (trust account): 4.04% RE FUND 107-CLIENT AC: 2.15% The Bank of Fukuoka, Ltd.: 2.04% *In addition to the above, there are 691,000 shares of treasury stock owned (shareholding ratio: 7.59%) by the Company.	KROSAKI HARIMA CORPORATION: 100.00%
(10) Operating results and financial position for the fiscal year that ended most recently	KROSAKI HARIMA CORPORATION (Consolidated, for the year ended March 2020)	Krosaki Harima Cera Corporation (Non-consolidated, for the year ended March 2020)
Net assets	¥57,233 million	¥2,454 million
Total assets	¥126,942 million	¥4,176 million
Net assets per share	¥6,436.93	¥2,454,913.69
Net sales	¥137,395 million	¥7,893 million
Operating income	¥9,387 million	¥55 million
Ordinary income	¥9,764 million	¥73 million

Net income attributable to owners of the parent	¥6,444 million	¥42 million
Net income per share	¥765.04	¥42,425.42

4. Conditions after the Merger

As described in the Notice released on September 25, 2020

5. Effect on financial outlook

Because this is an absorption-type merger of a wholly-owned consolidated subsidiary, there will be no effect on the consolidated financial outlook of the Company.

(Reference) Consolidated performance forecasts for the fiscal year ending March 31, 2021 (released on October 30, 2020) and consolidated operating results for the year ended March 31, 2020

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent
Performance forecasts for the year ending March 31, 2021	113,000	4,000	5,000	3,400
Operating results for the year ended March 31, 2020	137,395	9,387	9,764	6,444