March 24, 2021

Dear Shareholders,

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

Krosaki Harima Group 2025 Management Plan

This is to announce Krosaki Harima Corporation's 2025 Management Plan for the period until the fiscal year ending March 31, 2026, as detailed below. The Plan was formulated with the aim of Krosaki Harima being the world's top-rated integrated ceramics group while supporting the steel and other industries and in consideration of medium- and long-term economic and social circumstances.

Overview of the 2025 Management Plan

I. Basic Policy

- Domestically, the steel industry, a major customer of the Group's refractory business, faces the need for large-scale upgrading of their aging major facilities and equipment, while they are expressing an intention to slash their excess domestic production capacity, amid slowing domestic steel demand due to declining population and changing circumstances as to steel material exports reflecting growing steel production capacity in East Asia.
- Overseas, markets including India and Southeast Asia are experiencing sustainable expansion of demand for steel materials due to a growing population and economy, and the quality of steel materials in China is advancing steadily.
- Under these circumstances, the Group intends to promote further growth of its refractory business on a global basis by maintaining and enhancing the competitive edge of its domestic refractory business as the mother factory location through fundamental reinforcement of the business structure in response to structural changes in domestic steel demand, and, in overseas markets, by seeking sales expansion in India, Southeast Asia and China through our high technological expertise and promoting alliances with partner companies to expand businesses in Europe and the United States.
- In the furnace business, we seek to expand our business of maintenance operations for the steel industry, while aggressively promoting sales expansion in such business areas as energy-saving industrial furnaces and environmental furnaces by capitalizing on our high designing skills and installation technologies with attention to zero-carbon perspectives.
- In the ceramics business, we strive to expand order receipts of fine ceramics for semiconductor manufacturing equipment, develop and expand sales of heat-insulating materials for environmental applications and achieve further growth of sales for electronic parts applications amid the spread of 5G and IoT, while aggressively promoting entries into new business fields.
- While promoting these strategies in each business segment, we will continue to seek a higher level of business foundations in respects of safety, environment, disaster prevention and internal control, and promote efforts toward a carbon-neutral society, the sustainable development goals (SDGs) and digital transformation (DX).

II. Priority Measures

1. Increasing sales of refractories and competitiveness in Japan and abroad
   - Expand share by increasing product value and attentiveness to customers.
   - Achieve order receipts by capitalizing on our technological advantage in domestic construction projects.
   - Package order receipts for materials and construction based on a new construction method and advanced technologies for coke ovens.
   - Expand order receipts by strengthening alliances between Group members in overseas growth and mature markets, and deepening alliances and collaborations with partner companies.

2. Drastically improving the earning power of the refractory business
   - Enhance manufacturing capabilities, productivity and the efficiency of overhead operations through integration with Krosaki Harima Cera Corporation, a manufacturing subsidiary.
   - Promote optimized production and procurement within the Group members in and outside Japan, and increase offshore production.
   - Seek the stable procurement of raw materials.

3. Increasing the earning power of the furnace business
   - Expand the range of businesses for furnace construction and maintenance in the steel business field.
   - Reinforce sales expansion in the nonferrous business field by offering materials and construction services together.
   - Expand sales in the environmental business field, including biomass power generation.

4. Increasing the earning power of the ceramics business
   - Invest in increasing the production capacity of products for semiconductor manufacturing equipment.
   - Expand sales of heat-insulating products and products for electronic materials.
   - Aggressively promote entries into new business fields.

5. Reinforcing the business foundations on a company-wide basis and promoting engagement in the realization of a sustainable society
   - Promote safety, environmental, disaster prevention and internal control activities.
   - Promote DX and standardization, the development of internationally capable human resources and work-style reform.
   - Promote efforts toward a carbon-neutral society.
   - Engage toward addressing the SDGs.

III. Capital Investment Plan and Financial Targets

1. Capital investment plan

To respond to large changes in the business environment, such as a reduction of domestic crude steel output, we will make focused investments to ensure optimum production and higher productivity. In addition, we will execute capital investments worth about ¥20 billion for the coming five years to carry out further growth strategies in the ceramics and overseas businesses.

2. Financial targets

By promoting these priority measures, we aim to achieve a return on sales (ROS) of at least 8%, which, for example, means ¥12 billion in consolidated ordinary income against ¥150 billion in consolidated net sales in the fiscal 2025.