July 28, 2023

Dear Shareholders,

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

**Notice Regarding the Revision of the 2025 Management Plan**

Krosaki Harima Corporation ("the Company") announces that it has revised its 2025 Management Plan for the period from the fiscal year ended March 2022 to the fiscal year ending March 2026, which was announced on March 24, 2021, as detailed below.

1. Reasons for the Revision

The business environment surrounding the Company group in the fiscal year ended March 31, 2023 (hereinafter "fiscal 2022") drastically changed from when the management plan was initially formulated: Raw material prices remained high worldwide, and the Russian invasion of Ukraine led to soaring energy and food prices, causing inflation, a rise in interest rates and rapid depreciation of the yen. In addition, the crude steel output of major customers at home and abroad declined chiefly due to decreased automobile production against a backdrop of disrupt supply chains for semiconductors and other components.

Under these circumstances, we worked diligently to pass on cost increases to selling prices, promote thorough cost reductions, and capture demand in the refractory business in India and other overseas markets. As a result, in fiscal 2022, we already achieved the targets for the final year of the 2025 Management Plan of consolidated net sales of ¥150 billion and ordinary income of ¥12 billion.

Under the basic policies set forth in the 2025 Management Plan, the Group will continue to accelerate various initiatives aimed at profit growth, including the promotion of global strategies that leverage the Group's strengths and aggressive investment in growth areas. However, to set new targets in consideration of the aforementioned changes in the business environment, we have decided to revise the 2025 Management Plan as detailed below.

2. Overview of the Revised 2025 Management Plan

The revised 2025 Management Plan can be summarized as follows.

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 promoting the elimination of 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 and Southeast Asia 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 construction 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 capture growing demand 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 seek a higher level of business foundations in respects of safety, environment, disaster prevention and internal control, and promote efforts to tackle carbon neutrality and other sustainability issues and to achieve the sustainable development goals (SDGs) and digital transformation (DX).

II. Priority Measures

1. Increasing the revenue and competitiveness of the refractory business
   - Promote restructuring of our domestic production sites with consideration to the restructuring of steel makers and our optimal steel output.
   - Establish an earnings business structure by expanding sales of highly profitable products.
   - Promote aggressive efforts to enhance manufacturing capabilities, productivity, and the efficiency and rationality of overhead operations, while carrying out selection and concentration of human resources.
   - Reinforce business continuity plans for raw materials and procurement.
   - Promote the development of refractories based on customers' trends, such as conversion into hydrogen reduction blast or electric furnaces and simplified refurbishment of blast furnaces.
   - Examine ways to strengthen the research-and-development system from a global perspective.
   - Expand order receipts by strengthening alliances between Group members in overseas growth and mature markets, and deepening alliances and collaborations with partner companies.
2. Increasing the earning power of the furnace business
   - Secure large-project orders and reinforce foundations for steel making and coke oven maintenance works.
   - Expand the territory of maintenance operations according to the restructuring of steel makers.
   - Expand sales even in the nonferrous business by enhancing the capability to make proposals to domestic and international customers based on our high expertise in both materials and construction services.
3. Increasing the earning power of the ceramics business
   - Reinforce the quality and production technologies to receive mass-production orders for semiconductor manufacturing equipment. Ensure timely investments to increase production capacity and the early realization of investment effects.
   - Expand sales of heat-insulating materials, heaters and electronic parts.
   - Establish optimal production and research-and-development systems in anticipation of further business expansion.

4. Reinforcing the business foundations on a company-wide basis and promoting contributions to the realization of a sustainable society

- Promote safety, environmental, disaster prevention and internal control activities.
- Appropriately implement initiatives in line with our Basic Sustainability Activity Policy, including those related to carbon neutrality.
- Engage in efforts to achieve the SDGs.
- Reinforce the development and recruitment of internationally capable human resources, and promote measures to strengthen human capital.
- Promote DX to increase productivity.

III. Capital Investment Plan and Financial Targets

1. Capital investment plan

Capital investments worth about ¥20 billion over five years were initially planned under the 2025 Management Plan. However, to respond to such factors as growing investment needs to realize further growth strategies chiefly in the ceramics and overseas businesses, we have increased the amount of capital investments to around ¥35 billion over the same five years.

2. Financial targets

By promoting these priority measures, we aim to achieve a return on sales (ROS) of at least 8.3% and a return on investment capital (ROIC) of at least 9.0%, which would result in ¥15 billion in consolidated ordinary income against ¥180 billion in consolidated net sales for the fiscal year ending March 31, 2026.