QUARTERLY SECURITIES REPORT

(The first quarter of the 131st fiscal year)

KROSAKI HARIMA CORPORATION

QUARTERLY SECURITIES REPORT

1. This report is a print-out of the data submitted via the Electronic Data Processing System for Disclosure (Electronic Disclosure for Investors' Network: "EDINET") as set forth in Article 27-30-2 of the Financial Instruments and Exchange Act of Japan, with the addition of a table of contents and pagination.
2. The Independent Auditor's Report on Quarterly Review of the Financial Statements ("*Shihanki Rebyu Hokokusho*") attached to the Quarterly Securities Report filed via the above method and the Document of Confirmation ("*Kakuninsho*") filed at the same time as the above Quarterly Securities Report have been appended to the back of this report.

Contents

[Cover]

[Document Submitted]	Quarterly Securities Report (“*Shihanki Hokokusho*”)
[Article of the Applicable Law Requiring Submission of This Document]	Article 24, Paragraph 4-7-1 of the Financial Instruments and Exchange Act of Japan
[Submitted to]	Director-General of the Kanto Local Finance Bureau
[Date of Submission]	August 6, 2021
[Accounting Period]	The first quarter of the 131st fiscal year (from April 1, 2021 to June 30, 2021)
[Company Name]	KROSAKI HARIMA Kabushiki Kaisha
[Company Name in English]	KROSAKI HARIMA CORPORATION (the “Company”)
[Position and Name of Representative]	Kazuhiro Egawa, President
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[Contact for Communications]	Masaya Honda, Director and Managing Corporate Officer, General Manager of the Administration & Personnel Division
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo, Japan) Securities Membership Corporation, Fukuoka Stock Exchange (2-14-2, Tenjin, Chuo-ku, Fukuoka City, Fukuoka, Japan)

Part I Information on the Company
I. Overview of the Company

1. Key Financial Data and Trends

(Millions of yen, unless otherwise stated)

Fiscal period	For the three months ended June 30, 2020 of 130th fiscal year	For the three months ended June 30, 2021 of 131st fiscal year	130th fiscal year
Period of account	From April 1, 2020 To June 30, 2020	From April 1, 2021 To June 30, 2021	From April 1, 2020 To March 31, 2021
Net sales	27,524	31,721	113,661
Ordinary profit	1,323	2,344	6,361
Profit attributable to owners of parent	1,051	1,517	4,334
Comprehensive income	898	1,985	7,579
Net assets	57,112	64,134	63,288
Total assets	122,802	131,499	130,354
Profit per share (Yen)	124.80	180.15	514.63
Diluted profit per share (Yen)	—	—	—
Equity ratio (%)	44.1	46.3	46.1

(Notes)
1. Key financial data and trends of the filing company are not shown since the Company prepares quarterly consolidated financial statements.
2. The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) since the beginning of the first quarter under review. The key financial data, etc. for the three month ended June 30 are the data, etc. after the application of the said Accounting Standard.
3. "Diluted profit per share" is not shown since there was no dilutive stock.

2. Description of Business

The Group (the Company, consolidated subsidiaries, and companies accounted for by the equity-method) engages in business across the five categories stated in segment information, Refractories, Furnace, Ceramics, Real Estate, and Others.

There were no material changes to the description of business of each of the segments during the three months ended June 30, 2021.

An absorption-type merger, with the Company as the surviving company and KROSAKI HARIMA CERA CORPORATION, which was a wholly owned subsidiary of the Company, as the dissolving company, came into effect on April 1, 2021, and as a result, KROSAKI HARIMA CERA CORPORATION was liquidated. Accordingly, the Group is comprised of the Company, 12 consolidated subsidiaries, and 3 companies accounted for by the equity-method.

The changes in major subsidiaries and affiliates are as follows.

Refractories

Liquidation due to absorption-type merger: KROSAKI HARIMA CERA CORPORATION

Furnace

There were no changes in major subsidiaries and affiliates.

Ceramics

Liquidation due to absorption-type merger: KROSAKI HARIMA CERA CORPORATION

Real Estate

Liquidation due to absorption-type merger: KROSAKI HARIMA CERA CORPORATION

Others

There were no changes in major subsidiaries and affiliates.

II. Business Overview

1. Business and Other Risks
   During the three months ended June 30 2021, of the matters related to the status of business, accounting, and other information stated in this quarterly securities report, there were no incidences of the major risks recognized by management as potentially having a material impact on the financial condition, results of operations, and cash flows of consolidated companies. There were also no material changes to the "Business and Other Risks" stated in the annual securities report for the previous fiscal year.
   No significant events, etc. exist.

2. Management's Analysis of Financial Position, Business Performance, and Cash Flows
   The forward-looking statements included in this section are based on assessments as of June 30, 2021.

   (1) Business performance
   In the steel industry, a major customer of the Group, domestic production of crude steel during the three months ended June 30, 2021 rose 34.4% year-on-year to 24.35 million tons. In addition, global crude steel production in the period from January to June, 2021 also increased by 14.4% year-on-year to 1,003.9 million tons.

Net sales

Net sales in the three months ended June 30, 2021 increased by ¥4,196 million year-on-year to ¥31,721 million (a 15.2% increase year-on-year). In addition to the increase in demand for refractories associated with the increase in crude steel production in Japan and overseas, this was due to an increase in ceramic materials for semiconductor manufacturing equipment and electronics components, etc. By region, net sales were ¥18,832 million (a 12.0% increase year-on-year) in Japan, ¥4,968 million (a 37.9% increase year-on-year) in India, ¥1,935 million (a 9.3% increase year-on-year) in Asia, ¥3,646 million (a 20.1% increase year-on-year) in Europe, and ¥2,337 million (a 1.6% increase year-on-year) in Others. Overseas sales amounted to ¥12,888 million (a 20.3% increase year-on-year), and the ratio of overseas sales to total sales was 40.6% (up by 1.7 points year-on-year).

Gross profit

Gross profit in the three months ended June 30, 2021 increased by ¥1,471 million year-on-year to ¥6,368 million (a 30.1% increase year-on-year) due to the increase in net sales. The ratio of gross profit to net sales increased by 2.3 points year-on-year to 20.1%.

Operating profit

Operating profit in the three months ended June 30, 2021 increased by ¥1,350 million to ¥2,274 million (a 146.1% increase year-on-year), and the ratio of operating profit to net sales increased by 3.8 points year-on-year to 7.2%. Selling, general and administrative expenses increased by ¥121 million year-on-year to ¥4,093 million (a 3.1% increase from the previous year).

Ordinary profit

Ordinary profit in the three months ended June 30, 2021 increased by ¥1,021 million year-on-year to ¥2,344 million (a 77.2% increase year-on-year) and the ratio of ordinary profit to net sales increased by 2.6 points year-on-year to 7.4%. Non-operating income decreased by ¥353 million year-on-year to ¥211 million (a 62.6% decrease year-on-year) due to the decrease in subsidies, and non-operating expenses decreased by ¥24 million year-on-year to ¥141 million (a 14.7% decrease year-on-year) due to the decrease in interest expenses.

Profit attributable to owners of parent

Profit attributable to owners of parent in the three months ended June 30, 2021 increased by ¥466 million year-on-year to ¥1,517 million (a 44.3% increase year-on-year). Extraordinary income decreased by ¥80 million year-on-year to ¥2 million (a 96.9% decrease year-on-year) due to the decrease in gain on sales of non-current assets, and extraordinary losses increased by ¥4 million year-on-year to ¥5 million (a 521.8% increase year-on-year) due to an increase in loss on retirement of non-current assets.

Due to the application of the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter "Revenue Recognition Accounting Standard"), etc., net sales in the three months ended June 30, 2021 increased by ¥157 million year-on-year, and operating profit and ordinary profit each increased by ¥19 million.

Business results by segment are as follows.

The net sales of each segment only include sales to external customers, and inter-segment sales and transfers are not included. Segment profit (loss) is on an operating profit (loss) basis.

Refractories

Net sales in the Refractories segment stood at ¥26,236 million, an increase of 18.7% year-on-year, due to increased demand for refractories associated with an increase in crude steel production in Japan and overseas and other factors. As a result of factors including the increase in net sales, segment profit was ¥1,628 million, an increase of 236.3% year-on-year.

Due to the application of the Revenue Recognition Accounting Standard, etc., segment net sales increased by ¥157 million year-on-year and segment profit increased by ¥19 million.

Furnace

Due to factors including a decrease in orders associated with an in-between period for large projects, net sales of the Furnace segment stood at ¥3,101 million, down 2.0% year-on-year. Segment profit was ¥149 million, an increase of 37.1% year-on- year, due to factors including cost reductions resulting from improved efficiency in furnace construction.

Ceramics

Net sales increased by 8.1% year-on-year to ¥2,006 million due to factors including an increase in ceramic materials for semiconductor manufacturing equipment and electronics components. Due to factors including the increase in net sales, segment profit was ¥337 million, an increase of 91.4% year-on-year.

Real estate

Net sales stood at ¥184 million, a decrease of 11.3% year-on-year, and segment profit was ¥148 million, a decrease of 13.5% year-on-year.

Others

Net sales of the Other business segment stood at ¥191 million, an increase of 1.1% year-on-year, and segment profit was ¥15 million (compared with segment loss of ¥17 million in the three months ended June 30, 2020).

(2) Financial condition

1) Assets

The Group's consolidated total assets at the end of the three months ended June 30, 2021 increased by ¥1,145 million from the previous fiscal year end to ¥131,499 million. Current assets increased by ¥1,553 million to ¥81,050 million, and non-current assets decreased by ¥408 million to ¥50,449 million.

Primary factors for the growth in current assets were increases in merchandise and finished goods and in raw materials and supplies associated with increase in net sales. Primary factor for the decline in non-current assets was the decline in deferred tax assets.

2) Liabilities

The Group's consolidated total liabilities at the end of the three months ended June 30, 2021 increased by ¥299 million from the previous fiscal year end to ¥67,364 million. Current liabilities increased by ¥1,208 million to ¥46,380 million and non-current liabilities decreased by ¥909 million to ¥20,984 million.

Primary factor for the increase in current liabilities was an increase in commercial papers. Primary factor for the decrease in non-current liabilities was a fall in long-term borrowings due to the timing of refinancing those borrowings.

3) Net assets

The Group's net assets at the end of the three months ended June 30, 2021 increased by ¥846 million from the previous fiscal year end to ¥64,134 million.

Primary factors for the increase in net assets were increases in retained earnings associated with increase in profit attributable to owners of parent. Due to the application of the Revenue Recognition Accounting Standard, etc., the balance of retained earnings at the beginning of the fiscal year decreased by ¥83 million year-on-year.

(3) Information on capital resources and cash liquidity

Cash and cash equivalents at the end of the three months ended June 30, 2021 increased by ¥227 million from the previous fiscal year end to ¥5,529 million. The balance of interest-bearing liabilities as of June 30, 2021 was ¥34,879 million, an increase from the previous fiscal year end of ¥2,095 million.

(4) Objective financial data to determine the management policies, management strategies, etc., and achievement status of the management targets

Compared with the contents of the annual securities report already filed, there were no material changes or newly established objective financial data used to determine the management policies, management strategies, etc., and achievement status of the management targets (hereinafter, "management policies, etc.") for the three months ended June 30, 2021 or for the period from the end of the three months ended June 30, 2021 to the date of submission of this quarterly securities report (August 6, 2021).

(5) Business and financial issues to be preferentially addressed

There were no material changes or new issues to be preferentially addressed in the three months ended June 30, 2021.

(6) Research and development activities

Research and development costs in the three months ended June 30, 2021 amounted to ¥207 million.

There were no material changes in the research and development activities of the Group in the three months ended June 30, 2021.

3. Material Business Agreements, etc.

No agreements, etc. that are material to management were decided or concluded during the three months ended June 30, 2021.

III Information on the Filing Company

1. Information on the Company's Stocks

(1) Total number of stocks, etc.

1) Total number of stocks

Class	Total number of stocks authorized to be issued
Common stock	35,000,000
Total	35,000,000

2) Total number of stocks issued

Class	As of June 30, 2021 (Stocks)	As of the submission date (Stocks) (August 6, 2021)	Stock exchange on which the Company is listed	Description
Common stock	9,114,528	9,114,528	First Section of the Tokyo Stock Exchange The Fukuoka Stock Exchange	One unit of stock constitutes 100 stocks.
Total	9,114,528	9,114,528	—	—

(2) Status of subscription rights to shares

1) Stock option plans

Not applicable

2) Other status of subscription rights to shares

Not applicable

(3) Status in the exercise of bonds with subscription rights to shares with exercise price amendment

Not applicable

(4) Changes in the total number of stocks issued and the amount of capital stock and other

(Millions of yen, unless otherwise stated)

Date	Changes in the total number of stocks issued (Stocks)	Balance of the total number of stocks issued (Stocks)	Changes in capital stock	Balance of capital stock	Changes in legal capital surplus	Balance of legal capital surplus
June 30, 2021	—	9,114,528	—	5,537	—	5,138

(5) Major shareholders

There are no matters to report as the first quarter under review is the first quarter of the consolidated fiscal year.

(6) Status of voting rights

As the status of voting rights as of June 30, 2021 cannot be shown due to the inability to confirm the contents of the register of shareholders, the information shown is the information in the register of shareholders based on the most recent record date (March 31, 2021).

1) Issued stocks

As of June 30, 2021

Classification	Number of stocks (Stocks)	Number of voting rights (Units)	Details
Stocks without voting rights	—	—	—
Stocks with limited voting rights (treasury stock, etc.)	—	—	—
Stocks with limited voting rights (others)	—	—	—
Stocks with full voting rights (treasury stock, etc.)	(Treasury stock) Common stock 691,700	—	—
Stocks with full voting rights (others)	Common stock 8,333,000	83,330	—
Stocks below one unit	Common stock 89,828	—	—
Total number of stocks issued	9,114,528	—	—
Total voting rights held by all shareholders	—	83,330	—

(Notes) 1. The number of stocks of common stock in the "Stocks with full voting rights (others)" box includes 600 stocks (6 units of voting rights) held by Japan Securities Depository Center, Inc.

2. The number of stocks of common stock in the "Stocks below one unit" box includes 5 stocks of treasury stock held by the Company and 37 stocks held by Japan Securities Depository Center, Inc.

2) Treasury stock, etc.

As of June 30, 2021

Shareholder	Address of shareholder	Number of stocks held under own name (Stocks)	Number of stocks held under the names of others (Stocks)	Total (Stocks)	Percentage of stocks held to the total number of issued stocks (%)
(Treasury stock) KROSAKI HARIMA CORPORATION	1-1, Higashihamamachi, Yahatanishi-ku, Kitakyushu City, Fukuoka	691,700	—	691,700	7.59
Total	—	691,700	—	691,700	7.59

(Note) In addition to the stocks above, there are 100 stocks (1 unit of voting right) under the name of the Company in the register of shareholders which are not actually held by the Company.
The aforementioned stocks are included as common stock in the "Stocks with full voting rights (others)" box in "Issued stocks" above.

2. Information on the Company's Officers

Not applicable

IV. Financial Information

1. Preparation method of quarterly consolidated financial statements
   The Company's quarterly consolidated financial statements have been prepared pursuant to the Regulation on the Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements (Cabinet Office Order No. 64 of 2007).

2. Audit certification
   Pursuant to the first paragraph of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the Company's quarterly consolidated financial statements for the three months ended June 30, 2021 (April 1, 2021 to June 30, 2021) were reviewed by KPMG AZSA LLC.

1. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Fiscal Year Ended March 31, 2021 (As of March 31, 2021)	1Q, Fiscal Year Ending March 31, 2022 (As of June 30, 2021)
Assets		
Current assets		
Cash and deposits	5,301	5,529
Notes and accounts receivable - trade	43,293	—
Notes and accounts receivable - trade, and contract assets	—	42,848
Merchandise and finished goods	11,490	12,196
Work in process	3,197	3,581
Raw materials and supplies	9,868	10,341
Other	6,634	6,840
Allowance for doubtful accounts	(291)	(289)
Total current assets	79,496	81,050
Non-current assets		
Property, plant and equipment		
Buildings and structures	42,499	42,670
Accumulated depreciation	(29,564)	(29,860)
Buildings and structures, net	12,935	12,810
Machinery, equipment and vehicles	67,338	68,368
Accumulated depreciation	(55,122)	(55,639)
Machinery, equipment and vehicles, net	12,215	12,728
Tools, furniture and fixtures	4,944	5,044
Accumulated depreciation	(3,881)	(3,953)
Tools, furniture and fixtures, net	1,063	1,090
Land	6,732	6,747
Construction in progress	2,422	1,997
Total property, plant and equipment	35,369	35,374
Intangible assets		
Goodwill	4,493	4,345
Other	485	516
Total intangible assets	4,978	4,862
Investments and other assets		
Investment securities	6,563	6,461
Retirement benefit asset	2,071	2,074
Deferred tax assets	473	218
Other	1,586	1,650
Allowance for doubtful accounts	(184)	(193)
Total investments and other assets	10,510	10,211
Total non-current assets	50,858	50,449
Total assets	130,354	131,499

(Millions of yen)

	Fiscal Year Ended March 31, 2021 (As of March 31, 2021)	1Q, Fiscal Year Ending March 31, 2022 (As of June 30, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	13,394	12,657
Electronically recorded obligations - operating	5,240	5,580
Short-term borrowings	9,685	10,870
Commercial papers	7,000	9,000
Income taxes payable	1,214	502
Provision for bonuses	2,167	1,305
Provision for loss on construction contracts	82	82
Provision for environmental measures	58	24
Asset retirement obligations	160	160
Other	6,168	6,197
Total current liabilities	45,172	46,380
Non-current liabilities		
Long-term borrowings	16,098	15,008
Deferred tax liabilities	1,122	1,214
Provision for retirement benefits for directors (and other officers)	488	454
Retirement benefit liability	697	663
Asset retirement obligations	25	25
Other	3,460	3,619
Total non-current liabilities	21,893	20,984
Total liabilities	67,065	67,364
Net assets		
Shareholders' equity		
Share capital	5,537	5,537
Capital surplus	2,000	2,000
Retained earnings	53,781	54,288
Treasury shares	(1,644)	(1,645)
Total shareholders' equity	59,675	60,182
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,052	1,998
Deferred gains or losses on hedges	4	16
Foreign currency translation adjustment	(2,313)	(1,951)
Remeasurements of defined benefit plans	668	676
Total accumulated other comprehensive income	412	738
Non-controlling interests	3,201	3,213
Total net assets	63,288	64,134
Total liabilities and net assets	130,354	131,499

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income

Quarterly Consolidated Statements of Income

(Millions of yen)

	1Q, Fiscal Year Ended March 31, 2021 (April 1, 2020, to June 30, 2020)	1Q, Fiscal Year Ending March 31, 2022 (April 1, 2021, to June 30, 2021)
Net sales	27,524	31,721
Cost of sales	22,627	25,352
Gross profit	4,896	6,368
Selling, general and administrative expenses	3,972	4,093
Operating profit	924	2,274
Non-operating income		
Interest income	6	6
Dividend income	53	42
Share of profit of entities accounted for using equity method	83	0
Foreign exchange gains	103	93
Subsidy income	224	1
Other	93	67
Total non-operating income	564	211
Non-operating expenses		
Interest expenses	74	65
Loss on removal of non-current assets	9	32
Other	82	43
Total non-operating expenses	165	141
Ordinary profit	1,323	2,344
Extraordinary income		
Gain on sale of non-current assets	83	2
Total extraordinary income	83	2
Extraordinary losses		
Loss on retirement of non-current assets	0	5
Total extraordinary losses	0	5
Profit before income taxes	1,405	2,341
Income taxes - current	141	304
Income taxes - deferred	207	431
Total income taxes	349	736
Profit	1,056	1,605
Profit attributable to non-controlling interests	4	87
Profit attributable to owners of parent	1,051	1,517

Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	1Q, Fiscal Year Ended March 31, 2021 (April 1, 2020, to June 30, 2020)	1Q, Fiscal Year Ending March 31, 2022 (April 1, 2021, to June 30, 2021)
Profit	1,056	1,605
Other comprehensive income		
Valuation difference on available-for-sale securities	320	(54)
Deferred gains or losses on hedges	(1)	11
Foreign currency translation adjustment	(460)	390
Remeasurements of defined benefit plans, net of tax	17	7
Share of other comprehensive income of entities accounted for using equity method	(34)	25
Total other comprehensive income	(157)	379
Comprehensive income	898	1,985
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	943	1,844
Comprehensive income attributable to non-controlling interests	(45)	140

[Notes]

(Changes in the scope of consolidation and the scope of the equity-method application)

For the three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)
(Significant changes in the scope of consolidation) KROSAKI HARIMA CERA CORPORATION, which had been a consolidated subsidiary, was absorbed into the Company, the surviving company, through a merger on April 1, 2021. Therefore, KROSAKI HARIMA CERA CORPORATION has been excluded from the scope of consolidation since the first quarter under review.

(Changes in accounting policies)

For the three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)
(Changes in accounting policies) (Application of Accounting Standard for Revenue Recognition, etc.) The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020, hereinafter "Revenue Recognition Accounting Standard"), etc. since the beginning of the first quarter under review, and recognizes revenue in the amount expected to be received in exchange for promised goods or services when the control of those goods or services is transferred to customers. Revenue from refractories was previously recognized at the time of shipment; however, revenue is recognized at the time inspection and reception by customers are completed or refractories are delivered to customers. However, for transactions in which the control of refractories is transferred to customers at the time they are delivered, revenue is recognized in practice at the time of shipment of the refractories, in accordance with Paragraph 98 of the "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 26, 2021). For construction contracts, the percentage-of-completion method was previously applied if the outcome of the construction activity was deemed certain during the course of the activity, and otherwise, the completed-contract method was applied. From the beginning of the first quarter under review, the degree of progress of performance obligation(s) satisfied for a certain period, except for small amount and very short-term construction, is estimated, and revenue is recognized for a certain period based on such estimates. Revenue from performance obligation(s) satisfied at a specific point in time is recognized at the time inspection and reception by customers are completed. The degree of progress of satisfaction of performance obligation(s) is calculated based on the ratio of costs incurred to total estimated costs (input method). The Company has applied the Revenue Recognition Accounting Standard, etc. in accordance with the transitional treatment as provided for in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard. The cumulative effect of retroactively applying new accounting policies prior to the beginning of the first quarter under review is added to or deducted from retained earnings at the beginning of the first quarter under review, and new accounting policies have been applied to the balance from the beginning of the said period. As a result, for the three months ended June 30, 2021, net sales increased by ¥157 million, cost of sales increased by ¥138 million, and operating profit, ordinary profit, and profit before income taxes increased by ¥19 million, respectively. Retained earnings at the beginning of the period under review decreased by ¥83 million. As a result of the application of the Revenue Recognition Accounting Standard, etc., notes and accounts receivable-trade, which was stated under current assets in the consolidated balance sheets in the previous fiscal year, is included in notes and accounts receivable-trade, and contract assets from the first quarter under review. The Company has made no reclassification for the previous fiscal year by using the new presentation method, in accordance with the transitional treatment as provided for in Paragraph 89-2 of the Revenue Recognition Accounting Standard. Furthermore, the Company does not present information on classification of revenue from contract(s) with customers for the three months ended June 30, 2020, in accordance with the transitional treatment as provided for in Paragraph 28-15 of the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12, March 31, 2020). (Application of Accounting Standard for Fair Value Measurement, etc.) The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019, hereinafter the "Fair Value Measurement Accounting Standard") etc. since the beginning of the first quarter under review, applying new accounting policies defined in the Fair Value Measurement Accounting Standard, etc. into the future, in accordance with the transitional treatment as provided for in Paragraph 19 of the Fair Value Measurement Accounting Standard and in Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). This application has no impact on the Company's quarterly consolidated financial statements.

(Additional information)

For the three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)
There are no significant changes to the assumptions presented in (Additional information) in the annual securities report for the previous fiscal year, including how COVID-19 will spread in the future and when it will be contained.

(Notes to Quarterly Consolidated Balance Sheets)

1. Contingent liabilities

(i) Guarantee obligation (Millions of yen)

Previous fiscal year (As of March 31, 2021)		First quarter under review (As of June 30, 2021)	
HIBIKINADA DEVELOPMENT CO., LTD.		HIBIKINADA DEVELOPMENT CO., LTD.	
Loan from financial institution	2	Loan from financial institution	2
Employees		Employees	
Loan from financial institution for home loans	213	Loan from financial institution for home loans	212

(ii) Retrospective obligations due to liquidation of claims (Millions of yen)

	Previous fiscal year (As of March 31, 2021)	First quarter under review (As of June 30, 2021)
Transfer balance of notes	161	254

(Notes to Quarterly Consolidated Statements of Cash Flows)

Quarterly Consolidated Statements of Cash Flows have not been prepared for the three months ended June 30, 2021. The amounts of depreciation and amortization (including depreciation of intangible assets except goodwill) and amortization of goodwill for the three months are as follows.

(Millions of yen)

	For the three months ended June 30, 2020 (From April 1, 2020 to June 30, 2020)	For the three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)
Depreciation and amortization	675	781
Amortization of goodwill	114	120

(Notes to shareholders' equity)

I For the three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020)

1. Dividends paid

Resolution	Class of stocks	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
Annual Shareholders' Meeting at June 26, 2020	Common stock	1,010	120.0	March 31, 2020	June 29, 2020	Retained earnings

2. Dividends whose record date fell in the three months ended June 30, 2020, but whose effective date comes after June 30, 2020.

Not applicable

3. Significant changes in shareholders' equity

Not applicable

II For the three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

1. Dividends paid

Resolution	Class of stocks	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
Annual Shareholders' Meeting at June 29, 2021	Common stock	926	110.0	March 31, 2021	June 30, 2021	Retained earnings

2. Dividends whose record date fell in the three months ended June 30, 2021, but whose effective date comes after June 30, 2021.

Not applicable

3. Significant changes in shareholders' equity

Not applicable

(Segments of an enterprise and related information)
[Segment information]
I For the three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020)
1. Net sales and profit or loss by reportable segments

(Millions of yen)

	Reportable segments					Others (Note 1)	Total	Adjust-ments (Note 2)	Consolidated (Note 3)
	Refractories	Furnace	Ceramics	Real estate	Subtotal				
Net sales									
External customers	22,106	3,164	1,856	207	27,335	189	27,524	—	27,524
Inter-segment or transfer	4	76	—	—	81	—	81	(81)	—
Total	22,111	3,240	1,856	207	27,416	189	27,605	(81)	27,524
Segment profit (loss)	484	109	176	172	941	(17)	924	0	924

(Notes) 1 The “Others” category is a business segment which is not included in the reportable segments and includes production and sale of lime for steel mills.
2 An adjustment of ¥0 million in segment profit (loss) primarily consists of the allocation variance of general and administrative expenses borne by the reportable segments.
3 Segment profit (loss) is adjusted for operating profit in the quarterly consolidated statements of income.

II For the three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)
1. Net sales and profit or loss by reportable segments

(Millions of yen)

	Reportable segments					Others (Note 1)	Total	Adjust-ments (Note 2)	Consolidated (Note 3)
	Refractories	Furnace	Ceramics	Real estate	Subtotal				
Net sales									
External customers	26,236	3,101	2,006	184	31,529	191	31,721	—	31,721
Inter-segment or transfer	1	74	—	—	76	—	76	(76)	—
Total	26,238	3,176	2,006	184	31,606	191	31,797	(76)	31,721
Segment profit (loss)	1,628	149	337	148	2,264	15	2,280	(5)	2,274

(Notes) 1 The “Others” category is a business segment which is not included in the reportable segments and includes production and sale of lime for steel mills.
2 An adjustment of ¥(5) million in segment profit (loss) primarily consists of the allocation variance of general and administrative expenses borne by the reportable segments.
3 Segment profit (loss) is adjusted for operating profit in the quarterly consolidated statements of income.

2. Changes, etc. in reportable segments

As stated in “Changes in accounting policies,” the Company has applied the Revenue Recognition Accounting Standard, etc. since the beginning of the first quarter under review and changed the methods of accounting treatment for revenue recognition. The methods of measurement for the amounts of profit or loss by reportable segments have been changed accordingly.

As a result, net sales of refractories increased by ¥157 million and segment profit increased by ¥19 million for the three months ended June 30, 2021, compared to the previous methods.

(Notes to revenue recognition)

For the three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

(Millions of yen)

	Reportable segments					Others (Note)	Total
	Refractories	Furnace	Ceramics	Real estate	Subtotal		
Japan	13,696	3,101	1,658	—	18,457	191	18,648
India	4,966	—	2	—	4,968	—	4,968
Asia	1,745	0	189	—	1,935	—	1,935
Europe	3,503	—	143	—	3,646	—	3,646
Other	2,324	—	12	—	2,337	—	2,337
Revenue from contract(s) with customers	26,236	3,101	2,006	—	31,345	191	31,536
Other revenues	—	—	—	184	184	—	184
Sales to external customers	26,236	3,101	2,006	184	31,529	191	31,721

(Note) The “Others” category is a business segment which is not included in the reportable segments and includes production and sale of lime for steel mills.

(Per share information)

Profit per share and the basis for calculation of profit per share are as follows.

(Millions of yen, unless otherwise stated)

Item	For the three months ended June 30, 2020 (From April 1, 2020 to June 30, 2020)	For the three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)
Profit per share (Yen)	124.80	180.15
(Basis for calculation)		
Profit attributable to owners of parent	1,051	1,517
Profit not attributable to common shareholders	—	—
Profit attributable to owners of parent related to common stock	1,051	1,517
Weighted average number of common stock during the first quarter (Thousands of stocks)	8,423	8,422

(Note) Diluted profit per share is not stated because there is no dilutive stock.

2. Others

Not applicable

Part II　Information on Guarantors for the Filing Company

Not applicable

Independent Auditor's Report on Quarterly Review of the Financial Statements

August 6, 2021

To the Board of Directors of KROSAKI HARIMA CORPORATION.

KPMG AZSA LLC
Fukuoka Office

Takashi Hasumi (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Naohiro Yamada (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Conclusion

We have conducted a quarterly review of the accompanying quarterly consolidated financial statements of KROSAKI HARIMA CORPORATION and its consolidated subsidiaries provided in the "Financial Information" section in the company's Quarterly Securities Report, which comprise the quarterly consolidated balance sheets as at June 30, 2021, and the quarterly consolidated statements of income and statements of comprehensive income for the quarter then ended, and explanatory information, in accordance with Article 193-2(1) of the Financial Instruments and Exchange Act of Japan.

In the quarterly review we have conducted, the quarterly consolidated financial statements are found to contain no matters, in all material respects, that would lead us to believe that the quarterly consolidated financial statements fail to present fairly the financial position of KROSAKI HARIMA CORPORATION and its consolidated subsidiaries as at June 30, 2021, and their financial performance for the quarter then ended in accordance with accounting principles for preparation of quarterly consolidated financial statements generally accepted in Japan.

Basis for Conclusion

We conducted our quarterly review in accordance with standards for quarterly review generally accepted in Japan. Our responsibilities under those standards are further described in the Independent Auditor's Responsibility for the Quarterly Review of the Quarterly Consolidated Financial Statements section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with provisions related to professional ethics in Japan, and we have fulfilled our other ethical responsibilities as an independent auditor. We believe that we have obtained the evidence to provide a basis for our conclusion.

Responsibilities of Management and Auditors and the Board of Auditors for the Quarterly Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these quarterly consolidated financial statements in accordance with accounting principles for preparation of quarterly consolidated financial statements generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and presentation of quarterly consolidated financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the quarterly consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the quarterly consolidated financial statements in accordance with the premise of going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles for preparation of quarterly consolidated financial statements generally accepted in Japan.

Auditors and the Board of Auditors are responsible for overseeing the Directors' performance of their duties related to designing and operating the financial reporting process.

Independent Auditor's Responsibility for the Quarterly Review of the Quarterly Consolidated Financial Statements

The independent auditor's responsibility is to express a conclusion on the quarterly consolidated financial statements from an independent standpoint in a report on quarterly review based on the quarterly review.
In accordance with standards for quarterly review generally accepted in Japan, the independent auditor exercises professional judgment in the quarterly review process and performs the following while maintaining professional skepticism.

・Conduct questioning procedures primarily to management and those who are responsible for financial and accounting matters, analytical procedures, and any other quarterly review procedures. Quarterly review procedures are limited procedures compared to audit of the annual financial statements that is conducted in accordance with auditing standards generally accepted in Japan.
・If the independent auditor determines that there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern, he or she concludes whether the quarterly consolidated financial statements are found to contain no matters that would lead him or her to believe that the quarterly consolidated financial statements fail to present fairly those events or conditions in accordance with accounting principles for preparation of quarterly consolidated financial statements generally accepted in Japan, based on the evidence obtained. If there is a significant uncertainty, the independent auditor is required to draw attention in its report on quarterly review to the notes to the quarterly consolidated financial statements or, if the notes pertaining to the significant uncertainty are inadequate, issue a qualified conclusion or negative conclusion on the quarterly consolidated financial statements. While the conclusions of the independent auditor are based on the evidence obtained up to the date of its report on quarterly review, depending on future events or conditions, an entity may be unable to continue as a going concern.
・Besides assessing whether the presentation and notes to the quarterly consolidated financial statements are found to contain no matters that would lead the independent auditor to believe that the presentation and notes to the quarterly consolidated financial statements fail to be in accordance with accounting principles for preparation of quarterly consolidated financial statements generally accepted in Japan, assess the overall presentation, structure, and content of the quarterly consolidated financial statements, including related notes, and whether the quarterly consolidated financial statements are found to contain no matters that would lead him or her to believe that the quarterly consolidated financial statements fail to fairly present the underlying transactions and accounting events.
・Obtain evidence regarding the financial information of the Company and its consolidated subsidiaries to express a conclusion on the quarterly consolidated financial statements. The independent auditor is responsible for instructing, supervising, and implementing the quarterly review of the quarterly consolidated financial statements. The independent auditor is solely responsible for its conclusion.

The independent auditor reports to Auditors and the Board of Auditors regarding the scope and timing of implementation of the planned quarterly review, and significant findings on quarterly review.
The independent auditor also reports to Auditors and the Board of Auditors regarding its observance of provisions relevant to professional ethics in Japan and matters that may reasonably be thought to bear on its independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

Other Matter

Our firm and engagement partners have no interest in the Company and its consolidated subsidiaries which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

<u>Notes to the reader of the quarterly review report</u>:
The Independent Auditor's Report on Quarterly Review herein is the English translation of the Independent Auditor's Report on Quarterly Review as required by the Financial Instruments and Exchange Act of Japan.