# Summary of Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 2024 [Japanese Standards]

July 28, 2023

Listed Company Name: KROSAKI HARIMA CORPORATION
Listed on the Tokyo Stock Exchange and the Fukuoka Stock Exchange
Securities Code: 5352 URL: https://www.krosaki.co.jp/
Representative: Kazuhiro Egawa, President
Date to submit quarterly financial statements: August 8, 2023
Date to start distributing dividends: —
Supplementary documents for this summary of financial statements: None
Explanation meeting for institutional investors and analysts on this summary of financial statements: None

(Figures shown are rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2024 (April 1, 2023, to June 30, 2023)

(1) Consolidated Business Results

(Percentages indicate changes from the same period of the previous fiscal year.)

| | Net sales | | Operating profit | | Ordinary profit | |
|---|---|---|---|---|---|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| 1Q, Fiscal Year Ending March 2024 | 45,357 | 12.6 | 4,133 | 40.6 | 4,754 | 38.7 |
| 1Q, Fiscal Year Ended March 2023 | 40,292 | 27.0 | 2,940 | 29.3 | 3,429 | 46.3 |

| | Profit attributable to owners of parent | | Profit per share | Diluted profit per share |
|---|---|---|---|---|
| | Millions of yen | % | Yen | Yen |
| 1Q, Fiscal Year Ending March 2024 | 3,078 | 43.3 | 365.53 | — |
| 1Q, Fiscal Year Ended March 2023 | 2,148 | 41.6 | 255.06 | — |

Note: Comprehensive income was ¥6,570 million (42.2%) for the first quarter of the fiscal year ending March 2024 and ¥4,620 million (132.8%) for the first quarter of the fiscal year ended March 2023.

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio |
|---|---|---|---|
| | Millions of yen | Millions of yen | % |
| June 30, 2023 | 169,334 | 82,886 | 46.1 |
| March 31, 2023 | 163,340 | 77,858 | 45.0 |

Reference: Equity capital was ¥78,115 million as of June 30, 2023, and ¥73,528 million as of March 31, 2023.

2. Dividends

| | Dividend | | | | |
|---|---|---|---|---|---|
| | 1Q End | 2Q End | 3Q End | Year-End | Annual |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal Year Ended March 2023 | — | 110.00 | — | 180.00 | 290.00 |
| Fiscal Year Ending March 2024 | — | | | | |
| Fiscal Year Ending March 2024 (Forecast) | | 160.00 | — | 200.00 | 360.00 |

Note: Revision to the most recent dividend forecasts previously released: Yes
*For details, refer to the Notice Regarding Performance and Dividend Forecasts released today.

3. Forecast of Consolidated Business Results for the Fiscal Year Ending March 31, 2024 (April 1, 2023, to March 31, 2024)

(The percentages indicate the rates of increase or decrease compared with the preceding fiscal year.)

| | Net sales | | Operating profit | | Ordinary profit | |
|---|---|---|---|---|---|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Interim | 88,000 | 9.2 | 7,000 | 42.4 | 7,500 | 31.9 |
| Full Year | 172,000 | 4.1 | 13,000 | 16.3 | 13,500 | 11.7 |

| | Profit attributable to owners of parent | | Profit per share |
|---|---|---|---|
| | Millions of yen | % | Yen |
| Interim | 5,800 | 62.2 | 688.78 |
| Full Year | 10,000 | 20.7 | 1,187.55 |

Note: Revision to the most recent performance forecasts previously released: Yes
*For details, refer to the Notice Regarding Performance and Dividend Forecasts released today.

Notes:

(1) Changes in important subsidiaries involving a change in the scope of consolidation during the period: None

(2) Adoption of accounting methods specific to preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies or estimates and retrospective restatements

1. Changes in accounting policies in accordance with revision of accounting standards: None
2. Changes in accounting policies other than above: None
3. Changes in accounting estimates: None
4. Retrospective restatements: None

(4) Number of shares issued and outstanding (common stock)

1. Number of shares issued and outstanding as of the period-end (including treasury shares):

| | | | |
|---|---|---|---|
| 1Q, Fiscal Year ending March 2024: | 9,114,528 | Fiscal Year ended March 2023: | 9,114,528 |

2. Number of treasury shares as of the period-end:

| | | | |
|---|---|---|---|
| 1Q, Fiscal Year ending March 2024: | 693,894 | Fiscal Year ended March 2023: | 693,629 |

3. Average number of shares outstanding:

| | | | |
|---|---|---|---|
| 1Q, Fiscal Year ending March 2024: | 8,420,698 | 1Q, Fiscal Year ended March 2023: | 8,421,595 |

The Summary of Quarterly Consolidated Financial Statements is exempt from the quarterly review by Certified Public Accountants or an Audit Corporation.

Statement regarding the proper use of financial forecasts and other special remarks:

Forward-looking statements, including the forecast of business results, in this Summary are based on information that has been obtained by the Company to date and certain assumptions that are deemed as reasonable, and the Company does not guarantee the realization of these statements. Please understand that actual results may differ significantly from those statements due to various factors. For details of the forecast of business results, see “(2) Explanation of Forecast of Consolidated Business Results and Other Forward-looking Information” under “1. Qualitative Information on Quarterly Financial Results” on page 3 of the attachment.

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Business Results

During the first quarter of the fiscal year ending March 31, 2024 (April 1, 2023 to June 30, 2023), the Japanese economy continued to face an uncertain outlook due to the hike in resource and energy prices, which was triggered by the prolonged Russia's invasion of Ukraine, rising prices around the world, and sharp foreign exchange rate fluctuations due to monetary tightening in many countries, among other factors, while economic activities have resumed following the easing of the restrictions on activities caused by COVID-19.

The steel industry, the Group's main customers, saw a decline in demand for steel both in Japan and overseas, with the exception of some regions, mainly due to a decline in demand for steel for the construction industry, while such demand for automobile production has been recovering, backed by the easing of semiconductor shortages. Domestic total crude steel output in the first quarter of the fiscal year ending March 31, 2024 decreased by 3.4% year on year to 22.21 million tons. Worldwide crude steel output from January to June 2023, as announced by the World Steel Association, decreased by 1.1% year on year to 943.9 million tons, despite an increase of 7.4% year on year to 67.9 million tons in India.

In this environment, the Group's consolidated net sales for the first quarter of the fiscal year ending March 31, 2024 increased 12.6% from a year earlier to ¥45,357 million. This was mainly attributable to the Group's efforts to expand business in the strong Indian steel market and to expand sales to non-ferrous metals fields in the first quarter of the fiscal year ending March 31, 2024, in addition to the steady progress in passing the rising prices of raw material and energy and other cost increases on to selling prices in the Refractories segment since last fiscal year.

Primarily due to the increase in net sales, the Group's consolidated operating profit for the first quarter of the fiscal year ending March 31, 2024 increased 40.6% from a year earlier to ¥4,133 million, ordinary profit increased 38.7% to ¥4,754 million, and profit attributable to owners of parent increased 43.3% to ¥3,078 million.

Operating results for each business segment are as follows.

The net sales of each segment represent sales to external customers and do not include inter-segment sales or transfers. The amounts of segment profit (loss) are based on operating profit (loss).

[Refractories]

Net sales in the Refractories segment increased by 14.8% from a year earlier to ¥39,595 million and segment profit increased by 56.0% from a year earlier to ¥3,584 million. This was mainly attributable to the Group's efforts to expand business in the strong Indian steel market and to expand sales to non-ferrous metals fields in the first quarter of the fiscal year ending March 31, 2024, in addition to the steady progress in passing the rising prices of raw material and energy and other cost increases on to selling prices since last fiscal year.

[Furnace]

Net sales in the Furnace segment decreased by 0.4% from a year earlier to ¥3,424 million and segment profit increased by 2.8% from a year earlier to ¥214 million owing to the progress in orders received for small to medium-sized construction projects, although there was a trough in orders received for large-scale construction projects, in addition to a drop in crude steel output.

[Ceramics]

Net sales in the Ceramics segment decreased by 1.5% from a year earlier to ¥1,954 million and segment profit decreased by 37.1% from a year earlier to ¥188 million. This was mainly attributable to the decline in orders received for ceramic materials for electronic components as customers worked to adjust their supply and demand.

[Real Estate]

Net sales in the Real Estate segment remained unchanged from a year earlier at ¥184 million. Segment profit decreased by 0.3% from a year earlier to ¥149 million.

[Others]

Net sales in Others segment increased by 8.3% from a year earlier to ¥198 million. Segment loss was ¥1 million (compared with a segment loss of ¥21 million for the same period in the previous fiscal year).

(2) Explanation of Forecast of Consolidated Business Results and Other Forward-looking Information

The Group announced today the forecast of consolidated business results for the first two quarters of the fiscal year ending March 31, 2024, which had been undetermined in “Summary of Consolidated Financial Statements for the Fiscal Year Ended March 2023 [Japanese Standards]” released on May 12, 2023. In addition, the Group revised the forecast of consolidated business results for the fiscal year ending March 31, 2024. For details, please refer to the “Notice Regarding Performance and Dividend Forecasts” announced today.

Business results forecasts may vary significantly due to factors such as fluctuations in demand for refractories associated with changes in crude steel output as well as market trends for refractory materials.

## 2. Quarterly Consolidated Financial Statements and Major Notes

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

| | Fiscal Year Ended March 31, 2023 (As of March 31, 2023) | 1Q, Fiscal Year Ending March 31, 2024 (As of June 30, 2023) |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 4,426 | 4,685 |
| Notes and accounts receivable - trade, and contract assets | 55,180 | 59,179 |
| Merchandise and finished goods | 18,282 | 16,328 |
| Work in process | 4,168 | 4,324 |
| Raw materials and supplies | 16,995 | 16,786 |
| Other | 9,606 | 9,641 |
| Allowance for doubtful accounts | (435) | (470) |
| Total current assets | 108,224 | 110,474 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 45,810 | 46,267 |
| Accumulated depreciation | (30,956) | (31,261) |
| Buildings and structures, net | 14,854 | 15,005 |
| Machinery, equipment and vehicles | 73,257 | 75,308 |
| Accumulated depreciation | (58,667) | (59,813) |
| Machinery, equipment and vehicles, net | 14,589 | 15,494 |
| Tools, furniture and fixtures | 5,662 | 5,844 |
| Accumulated depreciation | (4,385) | (4,480) |
| Tools, furniture and fixtures, net | 1,277 | 1,363 |
| Land | 6,691 | 6,720 |
| Construction in progress | 1,897 | 2,052 |
| Total property, plant and equipment | 39,310 | 40,636 |
| Intangible assets | | |
| Goodwill | 3,852 | 4,006 |
| Other | 514 | 534 |
| Total intangible assets | 4,366 | 4,541 |
| Investments and other assets | | |
| Investment securities | 7,580 | 9,733 |
| Retirement benefit asset | 2,302 | 2,279 |
| Deferred tax assets | 147 | 143 |
| Other | 1,633 | 1,753 |
| Allowance for doubtful accounts | (225) | (228) |
| Total investments and other assets | 11,439 | 13,681 |
| Total non-current assets | 55,116 | 58,859 |
| Total assets | 163,340 | 169,334 |

(Millions of yen)

| | Fiscal Year Ended March 31, 2023 (As of March 31, 2023) | 1Q, Fiscal Year Ending March 31, 2024 (As of June 30, 2023) |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Electronically recorded obligations - operating | 7,458 | 6,333 |
| Accounts payable - trade | 17,580 | 17,429 |
| Short-term borrowings | 10,918 | 11,793 |
| Commercial papers | 11,000 | 13,000 |
| Income taxes payable | 1,552 | 1,417 |
| Provision for bonuses | 3,212 | 1,708 |
| Provision for loss on construction contracts | 27 | 31 |
| Other | 9,427 | 9,572 |
| Total current liabilities | 61,177 | 61,286 |
| Non-current liabilities | | |
| Long-term borrowings | 17,465 | 16,874 |
| Deferred tax liabilities | 2,160 | 3,422 |
| Provision for retirement benefits for directors (and other officers) | 438 | 443 |
| Retirement benefit liability | 505 | 521 |
| Asset retirement obligations | 25 | 25 |
| Other | 3,708 | 3,875 |
| Total non-current liabilities | 24,304 | 25,161 |
| Total liabilities | 85,481 | 86,448 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 5,537 | 5,537 |
| Capital surplus | 1,971 | 1,971 |
| Retained earnings | 62,572 | 64,134 |
| Treasury shares | (1,654) | (1,655) |
| Total shareholders' equity | 68,427 | 69,987 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 3,549 | 5,063 |
| Deferred gains or losses on hedges | 155 | 161 |
| Foreign currency translation adjustment | 520 | 2,061 |
| Remeasurements of defined benefit plans | 875 | 841 |
| Total accumulated other comprehensive income | 5,101 | 8,127 |
| Non-controlling interests | 4,330 | 4,770 |
| Total net assets | 77,858 | 82,886 |
| Total liabilities and net assets | 163,340 | 169,334 |

(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, 2023 (April 1, 2022, to June 30, 2022) | 1Q, Fiscal Year Ending March 31, 2024 (April 1, 2023, to June 30, 2023) |
|---|---|---|
| Net sales | 40,292 | 45,357 |
| Cost of sales | 32,635 | 36,202 |
| Gross profit | 7,656 | 9,155 |
| Selling, general and administrative expenses | 4,715 | 5,021 |
| Operating profit | 2,940 | 4,133 |
| Non-operating income | | |
| Interest income | 5 | 6 |
| Dividend income | 54 | 69 |
| Insurance claim income | – | 94 |
| Share of profit of entities accounted for using equity method | 119 | 71 |
| Foreign exchange gains | 373 | 457 |
| Other | 80 | 153 |
| Total non-operating income | 632 | 853 |
| Non-operating expenses | | |
| Interest expenses | 103 | 148 |
| Loss on removal of non-current assets | 12 | 30 |
| Other | 27 | 52 |
| Total non-operating expenses | 143 | 232 |
| Ordinary profit | 3,429 | 4,754 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 0 | 19 |
| Total extraordinary income | 0 | 19 |
| Extraordinary losses | | |
| Loss on sale of non-current assets | 0 | – |
| Loss on retirement of non-current assets | 5 | 45 |
| Total extraordinary losses | 5 | 45 |
| Profit before income taxes | 3,423 | 4,728 |
| Income taxes - current | 423 | 810 |
| Income taxes - deferred | 571 | 637 |
| Total income taxes | 995 | 1,448 |
| Profit | 2,428 | 3,280 |
| Profit attributable to non-controlling interests | 280 | 202 |
| Profit attributable to owners of parent | 2,148 | 3,078 |

Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

| | 1Q, Fiscal Year Ended March 31, 2023 (April 1, 2022, to June 30, 2022) | 1Q, Fiscal Year Ending March 31, 2024 (April 1, 2023, to June 30, 2023) |
|---|---|---|
| Profit | 2,428 | 3,280 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (155) | 1,514 |
| Deferred gains or losses on hedges | 185 | 6 |
| Foreign currency translation adjustment | 2,025 | 1,782 |
| Remeasurements of defined benefit plans, net of tax | (34) | (34) |
| Share of other comprehensive income of entities accounted for using equity method | 169 | 21 |
| Total other comprehensive income | 2,191 | 3,289 |
| Comprehensive income | 4,620 | 6,570 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 4,044 | 6,104 |
| Comprehensive income attributable to non-controlling interests | 576 | 465 |

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes on Significant Changes in Shareholders' Equity)

Not applicable.

3. Others

Trend of Quarterly Business Results

(Millions of yen)

| | Previous Fiscal Year | | | | Fiscal Year under Review |
|---|---|---|---|---|---|
| | 1Q (April to June) | 2Q (July to Sept.) | 3Q (Oct. to Dec.) | 4Q (Jan. to March) | 1Q (April to June) |
| Net sales | 40,292 | 40,299 | 41,890 | 42,720 | 45,357 |
| Operating profit | 2,940 | 1,973 | 2,399 | 3,860 | 4,133 |
| Ordinary profit | 3,429 | 2,256 | 2,496 | 3,901 | 4,754 |
| Profit attributable to owners of parent | 2,148 | 1,428 | 1,732 | 2,972 | 3,078 |