QUARTERLY SECURITIES REPORT

(The second quarter of the 133rd 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]	November 13, 2023
[Accounting Period]	The second quarter of the 133rd fiscal year (from July 1, 2023 to September 30, 2023)
[Company Name]	KROSAKI HARIMA Kabushiki Kaisha
[Company Name in English]	KROSAKI HARIMA CORPORATION (the “Company”)
[Position and Name of Representative]	Kazuhiro Egawa, President
[Location of Head Office]	1-1, Higashihamamachi, Yahatanishi-ku, Kitakyushu City, Fukuoka, Japan
[Phone No.]	(093) 622-7224
[Contact for Communications]	Hajime Nishiyama, General Manager of General Administration Department
[Nearest Contact]	1-1, Higashihamamachi, Yahatanishi-ku, Kitakyushu City, Fukuoka, Japan
[Phone No.]	(093) 622-7224
[Contact for Communications]	Hajime Nishiyama, General Manager of General Administration Department
[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 six months ended September 30, 2022 of 132nd fiscal year	For the six months ended September 30, 2023 of 133rd fiscal year	132nd Fiscal Year
Period of account	From April 1, 2022 To September 30, 2022	From April 1, 2023 To September 30, 2023	From April 1, 2022 To March 31, 2023
Net sales	80,591	89,399	165,202
Ordinary profit	5,685	8,593	12,083
Profit attributable to owners of parent	3,576	6,619	8,282
Comprehensive income	8,750	9,322	12,168
Net assets	75,369	85,489	77,858
Total assets	157,590	171,313	163,340
Profit per share (Yen)	424.74	786.09	983.46
Diluted profit per share (Yen)	―	―	―
Equity ratio (%)	45.0	47.0	45.0
Net cash provided by (used in) operating activities	(480)	5,808	1,001
Net cash provided by (used in) investing activities	(2,024)	(2,148)	(4,514)
Net cash provided by (used in) financing activities	1,945	(1,944)	2,863
Cash and cash equivalents at end of period	4,813	6,478	4,425

Fiscal period	Second quarter of 132nd fiscal year	Second quarter of 133rd fiscal year
Period of account	From July 1, 2022 To September 30, 2022	From July 1, 2023 To September 30, 2023
Profit per share (Yen)	169.67	420.56

(Notes) 1. Key financial data and trends of the filing company are not shown since the Company prepares quarterly consolidated financial statements.
2. "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 and no changes in major subsidiaries and affiliates during the six months ended September 30, 2023.

II. Business Overview

1. Business and Other Risks
   During the six months ended September 30, 2023, 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 position, operating results, 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, Operating Results, and Cash Flows
   The forward-looking statements included in this section are based on assessments as of September 30, 2023.

   (1) Operating results
   During the first two quarters of the fiscal year ending March 31, 2024 (April 1, 2023 to September 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 been on a gradual recovery trend following the easing of the restrictions on activities caused by COVID-19.
   The steel industry, the Group's main customers, saw only a slow recovery in domestic steel demand mainly due to the slow recovery of the Chinese economy and the economic slowdown in Europe and the United States, while demand for steel products for automobile production has been on a recovery trend due to the easing of the semiconductor shortage. On the other hand, global crude steel output recovered to the level of the same period of the previous year due to an increase in demand for steel products in some regions, such as India. Domestic total crude steel output in the first two quarters of the fiscal year ending March 31, 2024 decreased by 2.3% from a year earlier to 43.76 million tons. According to the announcement by the World Steel Association, crude steel output from January to September 2023 increased worldwide by 0.1% from a year earlier to 1,406.40 million tons, while that in India increased by 11.6% from a year earlier to 104.10 million tons.

Net sales

Net sales increased by ¥8,807 million from a year earlier to ¥89,399 million (a 10.9% increase year-on-year). 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 two quarters 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. By region, net sales were ¥48,055 million (a 12.7% increase year-on-year) in Japan, ¥19,005 million (a 16.1% increase year-on-year) in India, ¥5,154 million (a 7.0% decrease year-on-year) in Asia, ¥10,433 million (a 6.7% increase year-on-year) in Europe, and ¥6,750 million (an 8.2% increase year-on-year) in Others. Overseas sales amounted to ¥41,343 million (a 9.0% increase year-on-year), and the ratio of overseas sales to total sales was 46.2% (down by 0.8 points year-on-year).

Gross profit

Gross profit increased by ¥3,317 million from a year earlier to ¥17,822 million (a 22.9% increase year-on-year). The ratio of gross profit to net sales increased by 1.9 points from a year earlier to 19.9%.,

Operating profit

Operating profit increased by ¥2,682 million from a year earlier to ¥7,596 million (a 54.6% increase year-on-year), and the ratio of operating profit to net sales increased by 2.4 points from a year earlier to 8.5%. Selling, general and administrative expenses increased by ¥635 million from a year earlier to ¥10,226 million (a 6.6% increase year-on-year).

Ordinary profit

Ordinary profit increased by ¥2,908 million from a year earlier to ¥8,593 million (a 51.2% increase year-on-year) and the ratio of ordinary profit to net sales increased by 2.6 points from a year earlier to 9.6%. Non-operating income increased by ¥338 million from a year earlier to ¥1,504 million (a 29.1% increase year-on-year) due to the increase in foreign exchange gains, and non-operating expenses increased by ¥112 million from a year earlier to ¥506 million (a 28.4% increase year-on-year) due to the increase in interest expenses.

Profit attributable to owners of parent

Profit attributable to owners of parent increased by ¥3,042 million from a year earlier to ¥6,619 million (an 85.1% increase year-on-year). Extraordinary income increased by ¥1,627 million from a year earlier to ¥1,635 million (increased 187.3 times year-on-year) due to the recording of gain on sale of investment securities, and extraordinary losses increased by ¥177 million from a year earlier to ¥188 million (increased 16.5 times year-on-year) due to the increase in loss on retirement of non-current assets.

Operating results by 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 or loss are based on operating profit or loss.

Refractories

Net sales in the Refractories segment increased by 12.3% from a year earlier to ¥77,137 million and segment profit increased by 78.7% from a year earlier to ¥6,508 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 two quarters 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 increased by 4.6% from a year earlier to ¥7,323 million due to orders received for large-scale construction projects, but segment profit decreased by 27.1% from a year earlier to ¥300 million owing in part to differences in the composition of orders received.

Ceramics

Net sales in the Ceramics segment increased by 0.5% from a year earlier to ¥4,157 million. This was mainly attributable to an increase in orders for ceramic materials for semiconductor lithography equipment and increased sales of thermal insulation materials for household fuel cells, despite the impact of a decline in orders for ceramic materials for electronic components as customers worked to adjust their supply and demand, and the deterioration of the semiconductor market. Segment profit decreased by 11.3% from a year earlier to ¥490 million due to differences in the composition of orders received.

Real estate

Net sales in the Real Estate segment remained unchanged from a year earlier at ¥368 million. Segment profit decreased by 4.6% from a year earlier to ¥286 million.

Others

Net sales in the Others segment increased by 7.3% from a year earlier to ¥411 million. Segment profit increased 10.5 times from a year earlier to ¥11 million.

(2) Financial position

1) Assets

The Group's consolidated total assets increased by ¥7,973 million from the previous fiscal year end to ¥171,313 million. Current assets increased by ¥7,024 million to ¥115,248 million, and non-current assets increased by ¥948 million to ¥56,065 million.

The growth in current assets was primarily due to the increases in notes and accounts receivable - trade, and contract assets mainly associated with the increase in net sales. The increase in non-current assets was primarily due to the increase in machinery, equipment and vehicles associated with the acquisition of machinery and equipment.

2) Liabilities

The Group's consolidated total liabilities increased by ¥342 million from the previous fiscal year end to ¥85,824 million. Current liabilities increased by ¥2,064 million to ¥63,241 million and non-current liabilities decreased by ¥1,721 million to ¥22,582 million.

The increase in current liabilities was primarily due to the increase in commercial papers. The decrease in non-current liabilities was primarily due to a decrease in long-term borrowings.

3) Net assets

The Group's net assets increased by ¥7,630 million from the previous fiscal year end to ¥85,489 million.

The increase in net assets was primarily due to the increase in retained earnings associated with the recording of profit attributable to owners of parent and the increase in foreign currency translation adjustment.

(3) Status of cash flows

The Group's cash and cash equivalents (hereinafter, "cash") as of September 30, 2023 increased by ¥2,052 million from the previous fiscal year end to ¥6,478 million.

Status of cash flows during the six months ended September 30, 2023 were as follows:

1) Cash flows from operating activities

Net cash provided by operating activities amounted to ¥5,808 million compared to an outflow of ¥480 million for the same period in the previous fiscal year.

This consisted primarily of ¥10,041 million in profit before income taxes, ¥1,869 million in depreciation, a ¥5,405 million increase in trade receivables, and a ¥2,950 million decrease in inventories.

2) Cash flows from investing activities

Net cash used in investing activities amounted to ¥2,148 million compared to an outflow of ¥2,024 million for the same period in the previous fiscal year.

This consisted primarily of an outflow of ¥4,153 million in purchase of non-current assets including facilities and an inflow of ¥1,888 million in proceeds from sale of investment securities.

3) Cash flows from financing activities

Net cash used in financing activities amounted to ¥1,944 million compared to an inflow of ¥1,945 million for the same period in the previous fiscal year.

This consisted primarily of a ¥2,000 million increase in commercial papers, ¥2,000 million in proceeds from long-term borrowings, ¥4,467 million in repayments of long-term borrowings, and ¥1,510 million in dividends paid.

(4) Information on capital resources and cash liquidity

The balance of interest-bearing liabilities as of September 30, 2023 was ¥39,847 million, an increase of ¥463 million from the previous fiscal year end.

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

The Group revised the 2025 Management Plan and announced it on July 28, 2023. In conjunction, the Group has established objective metrics to determine the achievement status of management targets.

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 sustainable development goals (SDGs) and digital transformation (DX).

II. Priority measures

i. 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 the 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.

ii. 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.

iii. 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.

iv. 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

i. 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.

ii. 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.

(6) Business and financial issues to be preferentially addressed

There were no material changes or new issues to be preferentially addressed in the six months ended September 30, 2023.

(7) Research and development activities

Research and development costs in the six months ended September 30, 2023 amounted to ¥560 million.

There were no material changes in the research and development activities of the Group in the six months ended September 30, 2023.

3. Material Business Agreements, etc.

No agreements, etc. that are material to management were decided or concluded during the second quarter under review.

III. Information on the Filing Company

1. Information on the Company's Shares

(1) Total number of shares, etc.

1) Total number of shares

Class	Total number of shares authorized to be issued
Common share	35,000,000
Total	35,000,000

2) Total number of shares issued

Class	As of September 30, 2023 (Shares)	As of the submission date (Shares) (November 13, 2023)	Stock exchange on which the Company is listed	Description
Common share	9,114,528	9,114,528	Prime Market of the Tokyo Stock Exchange The Fukuoka Stock Exchange	One unit of stock constitutes 100 shares.
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 shares issued and the amount of share capital and other

(Millions of yen, unless otherwise stated)

Date	Changes in the total number of stocks issued (Shares)	Balance of the total number of stocks issued (Shares)	Changes in share capital	Balance of share capital	Changes in legal capital surplus	Balance of legal capital surplus
September 30, 2023	—	9,114,528	—	5,537	—	5,138

(5) Major shareholders

As of September 30, 2023

Name	Address	Number of shares held (Thousands of shares)	Percentage of shares held to the total number of issued shares (excluding treasury shares) (%)
NIPPON STEEL CORPORATION	2-6-1, Marunouchi, Chiyoda-ku, Tokyo	3,908	46.41
Custody Bank of Japan, Ltd.	1-8-12, Harumi, Chuo-ku, Tokyo	913	10.85
The Master Trust Bank of Japan, Ltd.	2-11-3, Hamamatsucho, Minato-ku, Tokyo	851	10.11
The Bank of Fukuoka	2-13-1, Tenjin, Chuo-ku, Fukuoka City, Fukuoka	185	2.21
RE FUND 107-CLIENT AC (Standing Proxy: Citibank, N.A., Tokyo Branch)	MINISTRIES COMPLEX ALMURQAB AREA KUWAIT KW 13001 (6-27-30, Shinjuku, Shinjuku-ku, Tokyo)	108	1.29
J.P. MORGAN BANK LUXEMBOURG S.A. 381572 (Standing Proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	EUROPEAN BANK AND BUSINESS CENTER 6, ROUTE DE TREVES, L-2633 SENNINGERBERG, LUXEMBOURG (Shinagawa Intercity Tower A, 2-15-1, Konan, Minato-ku, Tokyo)	99	1.18
YASKAWA Electric Corporation	2-1 Kurosakishiroishi, Yahatanishi-ku, Kitakyushu City, Fukuoka	70	0.83
THE BANK OF NEW YORK MELLON 140042 (Standing Proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	240 GREENWICH STREET, NEW YORK, NY 10286, U.S.A (Shinagawa Intercity Tower A 2-15-1, Konan, Minato-ku, Tokyo)	56	0.67
HSBC BANK PLC A/C TTF AIMFD GENERALOMNIBUS (Standing Proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	8 CANADA SQUARE, LONDON E14 5HQ, UNITED KINGDOM (11-1, Nihonbashi 3-chome, Chuo-ku, Tokyo)	54	0.65
JP MORGAN CHASE BANK 385781 (Standing Proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM (Shinagawa Intercity Tower A 2-15-1, Konan, Minato-ku, Tokyo	54	0.64
Total	—	6,302	74.85

(Notes) 1. Shares held by Custody Bank of Japan, Ltd. and The Master Trust Bank of Japan, Ltd. are categorized as shares related to trust business.

2. In addition to the shares above, the Company owns 694,175 shares of treasury shares.
The aforementioned number of treasury shares is what is listed in the register of shareholders. The actual number of treasury shares is 694,075 as of September 30, 2023.

3. A statement of changes to a statement of large-volume holdings that was made available for public inspection as of August 7, 2023 states that Asset Management One Co., Ltd. held the following shares as of July 31, 2023. However, as the Company is not able to confirm the accuracy of the information as of September 30, 2023, it is not included in the list of major shareholders presented above.
The information in the statement of changes to a statement of large-volume holdings is as follows:

Name	Address	Number of share certificates, etc. held (Thousands of shares)	Ownership ratio of share certificates, etc. (%)
Asset Management One Co., Ltd.	1-8-2, Marunouchi, Chiyoda-ku, Tokyo	586	6.43

4. A statement of changes to a statement of large-volume holdings that was made available for public inspection as of August 7, 2023 states that Sumitomo Mitsui DS Asset Management Company, Limited held the following shares as of July 31, 2023. However, as the Company is not able to confirm the accuracy of the information as of September 30, 2023, it is not included in the list of major shareholders presented above.
   The information in the statement of changes to a statement of large-volume holdings is as follows:

Name	Address	Number of share certificates, etc. held (Thousands of shares)	Ownership ratio of share certificates, etc. (%)
Sumitomo Mitsui DS Asset Management Company, Limited	Toranomon Hills Business Tower 26F, 1-17-1, Toranomon, Minato-ku, Tokyo	373	4.10

5. A statement of large-volume holdings that was made available for public inspection as of August 21, 2023 states that Schroder Investment Management (Japan) Limited held the following shares as of August 15, 2023. However, as the Company is not able to confirm the accuracy of the information as of September 30, 2023, it is not included in the list of major shareholders presented above.
   The information in the statement of changes to a statement of large-volume holdings is as follows:

Name	Address	Number of share certificates, etc. held (Thousands of shares)	Ownership ratio of share certificates, etc. (%)
Schroder Investment Management (Japan) Limited	1-8-3, Marunouchi, Chiyoda-ku, Tokyo	456	5.01

(6) Status of voting rights

1) Issued shares

As of September 30, 2023

Classification	Number of shares (Shares)	Number of voting rights (Units)	Details
Shares without voting rights	—	—	—
Shares with limited voting rights (treasury shares, etc.)	—	—	—
Shares with limited voting rights (others)	—	—	—
Shares with full voting rights (treasury shares, etc.)	(Treasury shares) Common shares 694,000	—	—
Shares with full voting rights (others)	Common shares 8,334,100	83,341	—
Shares below one unit	Common shares 86,428	—	—
Total number of shares issued	9,114,528	—	—
Total voting rights held by all shareholders	—	83,341	—

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

2. The number of common shares in the "Shares below one unit" box includes 75 shares of treasury shares held by the Company and 37 shares held by Japan Securities Depository Center, Inc.

2) Treasury shares, etc.

As of September 30, 2023

Shareholder	Address of shareholder	Number of shares held under own name (Shares)	Number of shares held under the names of others (Shares)	Total (Shares)	Percentage of shares held to the total number of issued shares (%)
(Treasury shares) KROSAKI HARIMA CORPORATION	1-1, Higashihamamachi, Yahatanishi-ku, Kitakyushu City, Fukuoka	694,000	—	694,000	7.61
Total	—	694,000	—	694,000	7.61

(Note) In addition to the shares above, there are 100 shares (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 shares are included as common shares in the "Shares with full voting rights (others)" box in "Issued shares" 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 Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the Company's quarterly consolidated financial statements for the second quarter of the fiscal year ending March 31, 2024 (July 1, 2023 to September 30, 2023) and the six months ended September 30, 2023 (April 1, 2023 to September 30, 2023) were reviewed by KPMG AZSA LLC.

1. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Fiscal Year Ended March 31, 2023 (As of March 31, 2023)	2Q, Fiscal Year Ending March 31, 2024 (As of September 30, 2023)
Assets		
Current assets		
Cash and deposits	4,426	6,479
Notes and accounts receivable - trade, and contract assets	55,180	*2 62,117
Merchandise and finished goods	18,282	17,441
Work in process	4,168	4,738
Raw materials and supplies	16,995	16,273
Other	9,606	8,678
Allowance for doubtful accounts	(435)	(481)
Total current assets	108,224	115,248
Non-current assets		
Property, plant and equipment		
Buildings and structures	45,810	46,899
Accumulated depreciation	(30,956)	(31,632)
Buildings and structures, net	14,854	15,266
Machinery, equipment and vehicles	73,257	77,172
Accumulated depreciation	(58,667)	(60,827)
Machinery, equipment and vehicles, net	14,589	16,344
Tools, furniture and fixtures	5,662	5,985
Accumulated depreciation	(4,385)	(4,559)
Tools, furniture and fixtures, net	1,277	1,426
Land	6,691	6,795
Construction in progress	1,897	1,589
Total property, plant and equipment	39,310	41,422
Intangible assets		
Goodwill	3,852	3,981
Other	514	542
Total intangible assets	4,366	4,524
Investments and other assets		
Investment securities	7,580	6,093
Retirement benefit asset	2,302	2,255
Deferred tax assets	147	171
Other	1,633	1,831
Allowance for doubtful accounts	(225)	(233)
Total investments and other assets	11,439	10,119
Total non-current assets	55,116	56,065
Total assets	163,340	171,313

(Millions of yen)

	Fiscal Year Ended March 31, 2023 (As of March 31, 2023)	2Q, Fiscal Year Ending March 31, 2024 (As of September 30, 2023)
Liabilities		
Current liabilities		
Electronically recorded obligations - operating	7,458	*2 6,357
Accounts payable - trade	17,580	18,348
Short-term borrowings	10,918	11,085
Commercial papers	11,000	13,000
Income taxes payable	1,552	3,095
Provision for bonuses	3,212	3,188
Provision for loss on construction contracts	27	79
Other	9,427	8,086
Total current liabilities	61,177	63,241
Non-current liabilities		
Long-term borrowings	17,465	15,762
Deferred tax liabilities	2,160	1,779
Provision for retirement benefits for directors (and other officers)	438	469
Retirement benefit liability	505	523
Asset retirement obligations	25	25
Other	3,708	4,023
Total non-current liabilities	24,304	22,582
Total liabilities	85,481	85,824
Net assets		
Shareholders’ equity		
Share capital	5,537	5,537
Capital surplus	1,971	1,971
Retained earnings	62,572	67,676
Treasury shares	(1,654)	(1,657)
Total shareholders’ equity	68,427	73,527
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,549	2,733
Deferred gains or losses on hedges	155	78
Foreign currency translation adjustment	520	3,419
Remeasurements of defined benefit plans	875	806
Total accumulated other comprehensive income	5,101	7,037
Non-controlling interests	4,330	4,923
Total net assets	77,858	85,489
Total liabilities and net assets	163,340	171,313

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

Quarterly Consolidated Statements of Income

(Millions of yen)

	First 2Qs, Fiscal Year Ended March 31, 2023 (April 1, 2022 to September 30, 2022)	First 2Qs, Fiscal Year Ending March 31, 2024 (April 1, 2023 to September 30, 2023)
Net sales	80,591	89,399
Cost of sales	66,086	71,576
Gross profit	14,504	17,822
Selling, general and administrative expenses	*1 9,590	*1 10,226
Operating profit	4,914	7,596
Non-operating income		
Interest income	10	14
Dividend income	56	71
Insurance claim income	2	112
Share of profit of entities accounted for using equity method	213	170
Foreign exchange gains	672	874
Other	210	260
Total non-operating income	1,165	1,504
Non-operating expenses		
Interest expenses	217	303
Loss on removal of non-current assets	116	86
Other	61	116
Total non-operating expenses	394	506
Ordinary profit	5,685	8,593
Extraordinary income		
Gain on sale of non-current assets	8	90
Gain on sale of investment securities	–	1,545
Total extraordinary income	8	1,635
Extraordinary losses		
Loss on sale of non-current assets	1	–
Loss on retirement of non-current assets	9	188
Total extraordinary losses	10	188
Profit before income taxes	5,683	10,041
Income taxes - current	1,479	2,951
Income taxes - deferred	177	24
Total income taxes	1,657	2,975
Profit	4,025	7,065
Profit attributable to non-controlling interests	448	446
Profit attributable to owners of parent	3,576	6,619

Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	First 2Qs, Fiscal Year Ended March 31, 2023 (April 1, 2022 to September 30, 2022)	First 2Qs, Fiscal Year Ending March 31, 2024 (April 1, 2023 to September 30, 2023)
Profit	4,025	7,065
Other comprehensive income		
Valuation difference on available-for-sale securities	1,283	(816)
Deferred gains or losses on hedges	122	(76)
Foreign currency translation adjustment	3,207	3,169
Remeasurements of defined benefit plans, net of tax	(68)	(68)
Share of other comprehensive income of entities accounted for using equity method	180	47
Total other comprehensive income	4,724	2,256
Comprehensive income	8,750	9,322
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,873	8,556
Comprehensive income attributable to non-controlling interests	876	766

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	First 2Qs, Fiscal Year Ended March 31, 2023 (April 1, 2022 to September 30, 2022)	First 2Qs, Fiscal Year Ending March 31, 2024 (April 1, 2023 to September 30, 2023)
Cash flows from operating activities		
Profit before income taxes	5,683	10,041
Depreciation	1,693	1,869
Amortization of goodwill	256	264
Increase (decrease) in provision for bonuses	(55)	(44)
Increase (decrease) in retirement benefit liability	(3)	(8)
Increase (decrease) in other provisions	(89)	74
Interest and dividend income	(66)	(85)
Interest expenses	217	303
Foreign exchange losses (gains)	(93)	(140)
Share of loss (profit) of entities accounted for using equity method	(213)	(170)
Loss (gain) on sale of non-current assets	(6)	(90)
Loss on retirement of non-current assets	9	188
Loss (gain) on sale of investment securities	–	(1,545)
Decrease (increase) in trade receivables	(4,852)	(5,405)
Decrease (increase) in inventories	(2,504)	2,950
Increase (decrease) in trade payables	(942)	(1,569)
Other, net	1,465	644
Subtotal	496	7,274
Interest and dividends received	303	420
Interest paid	(209)	(303)
Income taxes paid	(1,070)	(1,583)
Net cash provided by (used in) operating activities	(480)	5,808

(Millions of yen)

	First 2Qs, Fiscal Year Ended March 31, 2023 (April 1, 2022 to September 30, 2022)	First 2Qs, Fiscal Year Ending March 31, 2024 (April 1, 2023 to September 30, 2023)
Cash flows from investing activities		
Purchase of non-current assets	(1,932)	(4,153)
Proceeds from sale of non-current assets	30	424
Payments for retirement of non-current assets	(117)	(239)
Proceeds from sale of investment securities	–	1,888
Loan advances	(0)	(3)
Proceeds from collection of loans receivable	6	3
Other, net	(12)	(67)
Net cash provided by (used in) investing activities	(2,024)	(2,148)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	1,465	227
Net increase (decrease) in commercial papers	2,000	2,000
Proceeds from long-term borrowings	3,000	2,000
Repayments of long-term borrowings	(3,400)	(4,467)
Purchase of treasury shares	(1)	(3)
Dividends paid	(843)	(1,510)
Dividends paid to non-controlling interests	(186)	(172)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(75)	–
Other, net	(13)	(18)
Net cash provided by (used in) financing activities	1,945	(1,944)
Effect of exchange rate change on cash and cash equivalents	361	337
Net increase (decrease) in cash and cash equivalents	(198)	2,052
Cash and cash equivalents at beginning of period	5,012	4,425
Cash and cash equivalents at end of period	*1 4,813	*1 6,478

[Notes]

(Notes to Quarterly Consolidated Balance Sheets)

1. Contingent liabilities

(i) Guarantee obligation (Millions of yen)

Previous fiscal year (As of March 31, 2023)		Second quarter under review (As of September 30, 2023)	
Employees		Employees	
Loan from financial institution for home loans	208	Loan from financial institution for home loans	207

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

	Previous fiscal year (As of March 31, 2023)	Second quarter under review (As of September 30, 2023)
Transfer balance of notes	682	526
Transfer balance of accounts receivable	4	2

*2. Notes maturing at the end of the quarter are accounted for as settled on the clearance date.
As the end of the second quarter of the fiscal year under review was a bank holiday, the following notes maturing at the end of the quarter are included in the quarter-end balance.

(Millions of yen)

	Previous fiscal year (As of March 31, 2023)	Second quarter under review (As of September 30, 2023)
Notes receivable - trade	—	125
Electronically recorded obligations - operating	—	1,411

(Notes to Quarterly Consolidated Statements of Income)

*1. Major components and amounts of selling, general and administrative expenses are as follows:

(Millions of yen)

	For the six months ended September 30, 2022 (From April 1, 2022 to September 30, 2022)	For the six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)
Depreciation	122	115
Amortization of goodwill	256	264
Provision for bonuses	762	827
Retirement benefit costs	133	137
Provision for retirement benefits for directors (and other officers)	46	47
Shipment and haulage expenses	2,582	2,363
Directors' and auditors' compensations and salaries	2,226	2,365
Research and development costs	461	560

(Notes to Quarterly Consolidated Statements of Cash Flows)

*1. Relationship between the quarter-end balance of cash and cash equivalents and the amount of quarterly consolidated balance sheet items are as follows:

(Millions of yen)

	For the six months ended September 30, 2022 (From April 1, 2022 to September 30, 2022)	For the six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)
Cash and deposits	4,813	6,479
Time deposits with a tenor of more than three months	—	(1)
Cash and cash equivalents	4,813	6,478

(Notes to shareholders' equity)

I For the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

1. Dividends paid

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
Annual Shareholders' Meeting at June 29, 2022	Common share	842	100.0	March 31, 2022	June 30, 2022	Retained earnings

2. Dividends whose record date fell in the six months ended September 30, 2022, but whose effective date comes after September 30, 2022

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
Board of Directors' Meeting at October 31, 2022	Common share	926	110.0	September 30, 2022	November 25, 2022	Retained earnings

3. Significant changes in shareholders' equity

Not applicable

II For the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

1. Dividends paid

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
Annual Shareholders' Meeting at June 29, 2023	Common share	1,515	180.0	March 31, 2023	June 30, 2023	Retained earnings

2. Dividends whose record date fell in the six months ended September 30, 2023, but whose effective date comes after September 30, 2023

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
Board of Directors' Meeting at October 31, 2023	Common share	1,347	160.0	September 30, 2023	November 29, 2023	Retained earnings

3. Significant changes in shareholders' equity

Not applicable

(Segments of an enterprise and related information)

[Segment information]
I For the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)
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	68,701	6,999	4,137	368	80,207	383	80,591	—	80,591
Inter-segment or transfer	5	128	—	—	133	—	133	(133)	—
Total	68,707	7,127	4,137	368	80,341	383	80,725	(133)	80,591
Segment profit	3,643	411	552	300	4,907	0	4,908	5	4,914

(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 primarily consists of the elimination amount of unrealized gains.
3. Segment profit is adjusted for operating profit in the quarterly consolidated statements of income.

II For the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)
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	77,137	7,323	4,157	368	88,987	411	89,399	—	89,399
Inter-segment or transfer	90	123	—	—	214	—	214	(214)	—
Total	77,227	7,447	4,157	368	89,201	411	89,613	(214)	89,399
Segment profit	6,508	300	490	286	7,585	11	7,596	(0)	7,596

(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 primarily consists of the elimination amount of unrealized gains.
3. Segment profit is adjusted for operating profit in the quarterly consolidated statements of income.

(Notes to revenue recognition)

For the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

(Millions of yen)

	Reportable segments					Others (Note)	Total
	Refractories	Furnace	Ceramics	Real estate	Subtotal		
Japan	31,411	6,986	3,504	—	41,903	383	42,286
India	16,371	—	3	—	16,374	—	16,374
Asia	5,057	12	472	—	5,542	—	5,542
Europe	9,653	—	124	—	9,778	—	9,778
Other	6,207	—	32	—	6,240	—	6,240
Revenue from contract(s) with customers	68,701	6,999	4,137	—	79,839	383	80,222
Other revenues	—	—	—	368	368	—	368
Sales to external customers	68,701	6,999	4,137	368	80,207	383	80,591

(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.

For the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(Millions of yen)

	Reportable segments					Others (Note)	Total
	Refractories	Furnace	Ceramics	Real estate	Subtotal		
Japan	36,635	7,310	3,328	—	47,274	411	47,686
India	19,002	—	3	—	19,005	—	19,005
Asia	4,650	13	491	—	5,154	—	5,154
Europe	10,157	—	275	—	10,433	—	10,433
Other	6,692	—	58	—	6,750	—	6,750
Revenue from contract(s) with customers	77,137	7,323	4,157	—	88,618	411	89,030
Other revenues	—	—	—	368	368	—	368
Sales to external customers	77,137	7,323	4,157	368	88,987	411	89,399

(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 six months ended September 30, 2022 (From April 1, 2022 to September 30, 2022)	For the six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)
Profit per share (Yen)	424.74	786.09
(Basis for calculation)		
Profit attributable to owners of parent	3,576	6,619
Profit not attributable to common shareholders	—	—
Profit attributable to owners of parent related to common stock	3,576	6,619
Weighted average number of common stock during the period (Thousands of shares)	8,421	8,420

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

2. Others

With regard to the interim dividend for the 133rd fiscal year (from April 1, 2023 to March 31, 2024), the Board of Directors, at a meeting held on October 31, 2023, resolved to pay an interim dividend to shareholders recorded in the register of shareholders as of September 30, 2023, as follows:

1) Total amount of dividend	¥1,347 million
2) Amount per share	¥160.00
3) Effective date of the right to claim payment and date of commencement of payment	November 29, 2023

Part II. Information on Guarantors for the Filing Company

Not applicable

<u>**Independent Auditor's Report on Quarterly Review of the Financial Statements**</u>

November 13, 2023

To the Board of Directors of KROSAKI HARIMA CORPORATION.

KPMG AZSA LLC
Fukuoka Office

Yoshinao Abe
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takahiro Toyama
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 September 30, 2023, the quarterly consolidated statements of income, the quarterly consolidated statements of comprehensive income, and the quarterly consolidated statements of cash flows for the six-month period 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 September 30, 2023, and their financial performance and status of cash flows for the six-month period 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 necessary to eliminate or reduce threats to an acceptable level.

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.

Notes to the reader of the quarterly review report:
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.