QUARTERLY SECURITIES REPORT

(The first 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]	August 8, 2023
[Accounting Period]	The first quarter of the 133rd fiscal year (from April 1, 2023 to June 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
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[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, 2022 of 132nd fiscal year	For the three months ended June 30, 2023 of 133rd fiscal year	132nd Fiscal Year
Period of account	From April 1, 2022 To June 30, 2022	From April 1, 2023 To June 30, 2023	From April 1, 2022 To March 31, 2023
Net sales	40,292	45,357	165,202
Ordinary profit	3,429	4,754	12,083
Profit attributable to owners of parent	2,148	3,078	8,282
Comprehensive income	4,620	6,570	12,168
Net assets	72,772	82,886	77,858
Total assets	149,625	169,334	163,340
Profit per share (Yen)	255.06	365.53	983.46
Diluted profit per share (Yen)	—	—	—
Equity ratio (%)	45.8	46.1	45.0

(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 three months ended June 30, 2023.

II. Business Overview

1. Business and Other Risks

During the three months ended June 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 June 30, 2023.

(1) Operating 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.

Net sales

Net sales increased by ¥5,065 million from a year earlier to ¥45,357 million (a 12.6% 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 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. By region, net sales were ¥24,516 million (a 12.6% increase year-on-year) in Japan, ¥9,099 million (a 12.5% increase year-on-year) in India, ¥2,261 million (a 17.3% decrease year-on-year) in Asia, ¥5,801 million (a 20.0% increase year-on-year) in Europe, and ¥3,677 million (a 28.9% increase year-on-year) in Others. Overseas sales amounted to ¥20,840 million (a 12.6% increase year-on-year), and the ratio of overseas sales to total sales was 45.9% (up by 0.0 points year-on-year).

Gross profit

Gross profit increased by ¥1,498 million from a year earlier to ¥9,155 million (a 19.6% increase year-on-year). The ratio of gross profit to net sales increased by 1.2 points from a year earlier to 20.2%.

Operating profit

Operating profit increased by ¥1,193 million from a year earlier to ¥4,133 million (a 40.6% increase year-on-year), and the ratio of operating profit to net sales increased by 1.8 points from a year earlier to 9.1%. Selling, general and administrative expenses increased by ¥305 million from a year earlier to ¥5,021 million (a 6.5% increase year-on-year).

Ordinary profit

Ordinary profit increased by ¥1,325 million from a year earlier to ¥4,754 million (a 38.7% increase year-on-year) and the ratio of ordinary profit to net sales increased by 2.0 points from a year earlier to 10.5%. Non-operating income increased by ¥221 million from a year earlier to ¥853 million (a 35.0% increase year-on-year) due to the recording of insurance claim income, and non-operating expenses increased by ¥88 million from a year earlier to ¥232 million (a 61.6% 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 ¥930 million from a year earlier to ¥3,078 million (a 43.3% increase year-on-year). Extraordinary income increased by ¥19 million from a year earlier to ¥19 million (a 3,516.8% increase year-on-year) due to the increase in gain on sale of non-current assets, and extraordinary losses increased by ¥40 million from a year earlier to ¥45 million (a 708.6% increase 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 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) Financial position

1) Assets

The Group's consolidated total assets increased by ¥5,993 million from the previous fiscal year end to ¥169,334 million. Current assets increased by ¥2,250 million to ¥110,474 million, and non-current assets increased by ¥3,743 million to ¥58,859 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 investment securities reflecting the fair value measurement of cross-shareholdings.

2) Liabilities

The Group's consolidated total liabilities increased by ¥966 million from the previous fiscal year end to ¥86,448 million. Current liabilities increased by ¥109 million to ¥61,286 million and non-current liabilities increased by ¥857 million to ¥25,161 million.

The increase in current liabilities was primarily due to the increases in short-term borrowings and commercial papers. The increase in non-current liabilities was primarily due to an increase in deferred tax liabilities.

3) Net assets

The Group's net assets increased by ¥5,027 million from the previous fiscal year end to ¥82,886 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 accumulated other comprehensive income.

(3) Information on capital resources and cash liquidity

Cash and cash equivalents as of June 30, 2023 increased by ¥258 million from the previous fiscal year end to ¥4,684 million. The balance of interest-bearing liabilities as of June 30, 2023 was ¥41,667 million, an increase from the previous fiscal year end of ¥2,283 million.

(4) 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 the 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 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.

(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, 2023.

(6) Research and development activities

Research and development costs in the three months ended June 30, 2023 amounted to ¥274 million.

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

3. Material Business Agreements, etc.

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

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, 2023 (Stocks)	As of the submission date (August 8, 2023) (Stocks)	Stock exchange on which the Company is listed	Description
Common stock	9,114,528	9,114,528	Prime Market 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, 2023	—	9,114,528	—	5,537	—	5,138

(5) Major shareholders

There are no matters to report as the 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, 2023 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, 2023).

1) Issued stocks

As of June 30, 2023

Classification	Number of stocks (Stocks)	Number of voting rights (Units)	Details
Stocks without voting rights	—	—	—
Stocks with limited voting rights (treasury shares, etc.)	—	—	—
Stocks with limited voting rights (others)	—	—	—
Stocks with full voting rights (treasury shares, etc.)	(Treasury shares) Common stock 693,600	—	—
Stocks with full voting rights (others)	Common stock 8,332,900	83,329	—
Stocks below one unit	Common stock 88,028	—	—
Total number of stocks issued	9,114,528	—	—
Total voting rights held by all shareholders	—	83,329	—

(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 29 shares of treasury shares held by the Company and 37 stocks held by Japan Securities Depository Center, Inc.

2) Treasury shares, etc.

As of June 30, 2023

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 shares) KROSAKI HARIMA CORPORATION	1-1, Higashihamamachi, Yahatanishi-ku, Kitakyushu City, Fukuoka	693,600	—	693,600	7.61
Total	—	693,600	—	693,600	7.61

(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 first quarter of the fiscal year ending March 31, 2024 (April 1, 2023 to June 30, 2023) and the three months ended June 30, 2023 (April 1, 2023 to June 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)	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

[Notes]

(Notes to Quarterly Consolidated Balance Sheets)

1. Contingent liabilities

(i) Guarantee obligation (Millions of yen)

Previous fiscal year (As of March 31, 2023)		First quarter under review (As of June 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)	First quarter under review (As of June 30, 2023)
Transfer balance of notes	682	581
Transfer balance of accounts receivable	4	3

(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, 2023. The amounts of depreciation and amortization (including amortization 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, 2022 (From April 1, 2022 to June 30, 2022)	For the three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)
Depreciation and amortization	826	906
Amortization of goodwill	125	128

(Notes to shareholders' equity)

I For the three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

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, 2022	Common stock	842	100.0	March 31, 2022	June 30, 2022	Retained earnings

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

Not applicable

3. Significant changes in shareholders' equity

Not applicable

II For the three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

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, 2023	Common stock	1,515	180.0	March 31, 2023	June 30, 2023	Retained earnings

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

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, 2022 (from April 1, 2022 to June 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	34,502	3,437	1,983	184	40,109	183	40,292	—	40,292
Inter-segment or transfer	0	64	—	—	64	—	64	(64)	—
Total	34,503	3,502	1,983	184	40,173	183	40,356	(64)	40,292
Segment profit or loss	2,298	208	300	150	2,957	(21)	2,935	4	2,940

(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 ¥4 million in segment profit or loss primarily consists of the elimination amount of unrealized gains.
3. Segment profit or loss is adjusted for operating profit in the quarterly consolidated statements of income.

II For the three months ended June 30, 2023 (from April 1, 2023 to June 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	39,595	3,424	1,954	184	45,159	198	45,357	—	45,357
Inter-segment or transfer	57	65	—	—	122	—	122	(122)	—
Total	39,652	3,489	1,954	184	45,281	198	45,479	(122)	45,357
Segment profit or loss	3,584	214	188	149	4,137	(1)	4,136	(2)	4,133

(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 ¥(2) million in segment profit or loss primarily consists of the elimination amount of unrealized gains.
3. Segment profit or loss is adjusted for operating profit in the quarterly consolidated statements of income.

(Notes to revenue recognition)

For the three months ended June 2022 (from April 1, 2022 to June 30, 2022)

(Millions of yen)

	Reportable segments					Others (Note)	Total
	Refractories	Furnace	Ceramics	Real estate	Subtotal		
Japan	16,252	3,434	1,726	—	21,413	183	21,596
India	8,088	—	1	—	8,089	—	8,089
Asia	2,547	3	184	—	2,734	—	2,734
Europe	4,781	—	53	—	4,834	—	4,834
Other	2,833	—	18	—	2,852	—	2,852
Revenue from contract(s) with customers	34,502	3,437	1,983	—	39,924	183	40,107
Other revenues	—	—	—	184	184	—	184
Sales to external customers	34,502	3,437	1,983	184	40,109	183	40,292

(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 three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

(Millions of yen)

	Reportable segments					Others (Note)	Total
	Refractories	Furnace	Ceramics	Real estate	Subtotal		
Japan	19,144	3,421	1,568	—	24,133	198	24,332
India	9,097	—	1	—	9,099	—	9,099
Asia	2,039	3	218	—	2,261	—	2,261
Europe	5,648	—	153	—	5,801	—	5,801
Other	3,665	—	12	—	3,677	—	3,677
Revenue from contract(s) with customers	39,595	3,424	1,954	—	44,974	198	45,173
Other revenues	—	—	—	184	184	—	184
Sales to external customers	39,595	3,424	1,954	184	45,159	198	45,357

(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, 2022 (From April 1, 2022 to June 30, 2022)	For the three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)
Profit per share (Yen)	255.06	365.53
(Basis for calculation)		
Profit attributable to owners of parent	2,148	3,078
Profit not attributable to common shareholders	—	—
Profit attributable to owners of parent related to common stock	2,148	3,078
Weighted average number of common stock during the period (Thousands of stocks)	8,421	8,420

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

(Significant subsequent events)

(Transfer of non-current assets)

TRL KROSAKI REFRACTORIES LIMITED, a consolidated subsidiary of the Company, resolved to transfer a non-current asset that it held at a meeting of its Board of Directors on August 3, 2023.

(1) Reason for the transfer

The asset to be transferred had previously been used as a residence of the employees of the said subsidiary but the number of residents had declined significantly in recent years. Accordingly, the subsidiary decided to transfer the assets to secure funds for investments toward sustained growth in the Indian market, which promises further development.

(2) Description of the asset to be transferred

i.	Name:	Land held in Tamil Nadu, India
ii.	Address:	Town Survey Nos 7 (Old Survey Nos 14/1A) of Mayyanur Village, Salem West Taluk, Salem District, Tamil Nadu, India
iii.	Total area:	20,030m^2
iv.	Current status:	Currently in use

*Due to the request of the counterparty, the transfer price and book value of the asset will not be disclosed but the transfer will be made at an appropriate price reflecting market prices.

(3) Overview of the counterparty

The counterparty is a union in India but the name will not be disclosed due to the confidentiality agreement with the counterparty. There are no capital, personnel, or transactional relationships, or related party transactions between the Company and the counterparty of note.

(4) Date of transfer

i. Scheduled date of the transfer: Fourth quarter of the fiscal year ending March 31, 2024

(5) Impact on profit or loss

As a result of this transfer of non-current assets, the Company expects to record a gain on sale of non-current assets of approximately ¥3,000 million under extraordinary income in the consolidated financial statements for the fiscal year ending March 31, 2024.

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 8, 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 June 30, 2023, the quarterly consolidated statements of income, and the quarterly consolidated statements of comprehensive income for the three-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 June 30, 2023 and their financial performance for the three-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.