QUARTERLY SECURITIES REPORT

(The third 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]	February 13, 2024
[Accounting Period]	The third quarter of the 133rd fiscal year (from October 1, 2023 to December 31, 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 nine months ended December 31, 2022 of 132nd fiscal year	For the nine months ended December 31, 2023 of 133rd fiscal year	132nd Fiscal Year
Period of account	From April 1, 2022 To December 31, 2022	From April 1, 2023 To December 31, 2023	From April 1, 2022 To March 31, 2023
Net sales	122,481	134,349	165,202
Ordinary profit	8,182	13,048	12,083
Profit attributable to owners of parent	5,309	9,532	8,282
Comprehensive income	9,012	11,881	12,168
Net assets	74,704	86,697	77,858
Total assets	158,490	169,489	163,340
Profit per share (Yen)	630.46	1,132.04	983.46
Diluted profit per share (Yen)	—	—	—
Equity ratio (%)	44.4	48.2	45.0

Fiscal period	Third quarter of 132nd fiscal year	Third quarter of 133rd fiscal year
Period of account	From October 1, 2022 To December 31, 2022	From October 1, 2023 To December 31, 2023
Profit per share (Yen)	205.73	345.95

(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 nine months ended December 31, 2023.

II. Business Overview

1. Business and Other Risks
During the nine months ended December 31, 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 December 31, 2023.

(1) Operating results
During the first three quarters of the fiscal year ending March 31, 2024 (April 1, 2023 to December 31, 2023), the Japanese economy continued to face an uncertain outlook due to the hike in resource and energy prices, which was triggered by Russia’s prolonged 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 a recovery trend has continued 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 decreased demand for steel products for construction led by the labor shortage as well as weak exports affected by the economic downturn in the Chinese real estate market, while demand for steel products for automobile production has been on a recovery trend due to the easing of the semiconductor shortage. Looking at the overseas situation, 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, despite the continued weak demand for steel products due to the economic downturn in Europe. Domestic total crude steel output in the first three quarters of the fiscal year ending March 31, 2024, decreased by 1.3% from a year earlier to 65.37 million tons. According to the announcement by the World Steel Association, crude steel output from January to December 2023 decreased worldwide by 0.1% from a year earlier to 1,849.70 million tons, while that in India increased by 11.8% from a year earlier to 140.20 million tons.

Net sales

Net sales increased by ¥11,868 million from a year earlier to ¥134,349 million (a 9.7% 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 materials fields mainly in Europe, 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 ¥72,733 million (a 10.7% increase year-on-year) in Japan, ¥28,999 million (a 14.2% increase year-on-year) in India, ¥7,476 million (a 7.3% decrease year-on-year) in Asia, ¥15,717 million (an 11.1% increase year-on-year) in Europe, and ¥9,423 million (a 2.6% increase year-on-year) in Others. Overseas sales amounted to ¥61,616 million (an 8.5% increase year-on-year), and the ratio of overseas sales to total sales was 45.9% (down by 0.5 points year-on-year).

Gross profit

Gross profit increased by ¥5,315 million from a year earlier to ¥27,079 million (a 24.4% increase year-on-year). The ratio of gross profit to net sales increased by 2.4 points from a year earlier to 20.2%.

Operating profit

Operating profit increased by ¥4,631 million from a year earlier to ¥11,945 million (a 63.3% increase year-on-year), and the ratio of operating profit to net sales increased by 2.9 points from a year earlier to 8.9%. Selling, general and administrative expenses increased by ¥683 million from a year earlier to ¥15,134 million (a 4.7% increase year-on-year).

Ordinary profit

Ordinary profit increased by ¥4,866 million from a year earlier to ¥13,048 million (a 59.5% increase year-on-year) and the ratio of ordinary profit to net sales increased by 3.0 points from a year earlier to 9.7%. Non-operating income increased by ¥261 million from a year earlier to ¥1,829 million (a 16.7% increase year-on-year) due to the increase in foreign exchange gains, and non-operating expenses increased by ¥26 million from a year earlier to ¥725 million (a 3.8% 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 ¥4,222 million from a year earlier to ¥9,532 million (a 79.5% increase year-on-year). Extraordinary income increased by ¥1,416 million from a year earlier to ¥1,636 million (a 645.4% increase year-on-year) due to the increase in gain on sale of investment securities, and extraordinary losses increased by ¥135 million from a year earlier to ¥211 million (a 177.2% 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 10.7% from a year earlier to ¥115,703 million, and segment profit increased by 87.5% from a year earlier to ¥10,190 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 materials fields mainly in Europe, 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 5.0% from a year earlier to ¥11,108 million due to orders received for large-scale construction projects, but segment profit decreased by 24.3% from a year earlier to ¥484 million owing in part to differences in the composition of orders received.

Ceramics

Net sales in the Ceramics segment increased by 1.0% from a year earlier to ¥6,279 million. This was mainly attributable to an increase in orders for ceramic materials for semiconductor lithography equipment and thermal insulation materials for household fuel cells. Segment profit increased by 4.0% from a year earlier to ¥791 million.

Real estate

Net sales in the Real Estate segment remained unchanged from a year earlier at ¥553 million. Segment profit decreased by 4.9% from a year earlier to ¥424 million.

Others

Net sales in the Others segment increased by 16.6% from a year earlier to ¥705 million. Segment profit increased by 133.8% from a year earlier to ¥55 million.

(2) Financial position

The financial position as of December 31, 2023 was as follows:

1) Assets

The Group's consolidated total assets increased by ¥6,149 million from the previous fiscal year end to ¥169,489 million. Current assets increased by ¥5,520 million to ¥113,744 million, and non-current assets increased by ¥628 million to ¥55,745 million.

The growth in current assets was primarily due to the increase 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 decreased by ¥2,690 million from the previous fiscal year end to ¥82,791 million. Current liabilities decreased by ¥5,777 million to ¥55,400 million and non-current liabilities increased by ¥3,087 million to ¥27,391 million.

The decrease in current liabilities was primarily due to a decrease in electronically recorded obligations - operating. The increase in non-current liabilities was primarily due to an increase in long-term borrowings.

3) Net assets

The Group's net assets increased by ¥8,839 million from the previous fiscal year end to ¥86,697 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) Information on capital resources and cash liquidity

The balance of interest-bearing liabilities as of December 31, 2023 was ¥39,816 million, an increase of ¥432 million from the previous fiscal year end.

(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 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.

(5) Business and financial issues to be preferentially addressed

There were no material changes or new issues to be preferentially addressed in the nine months ended December 31, 2023.

(6) Research and development activities

Research and development costs in the nine months ended December 31, 2023 amounted to ¥846 million.

There were no material changes in the research and development activities of the Group in the nine months ended December 31, 2023.

3. Material Business Agreements, etc.

No agreements, etc. that are material to management were decided or concluded during the third 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 December 31, 2023 (Shares)	As of the submission date (Shares) (February 13, 2024)	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
December 31, 2023	—	9,114,528	—	5,537	—	5,138

(5) Major shareholders

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

(6) Status of voting rights

As the status of voting as of December 31, 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 (September 30, 2023).

1) Issued shares

As of December 31, 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 December 31, 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 third quarter of the fiscal year ending March 31, 2024 (October 1, 2023 to December 31, 2023) and the nine months ended December 31, 2023 (April 1, 2023 to December 31, 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)	3Q, Fiscal Year Ending March 31, 2024 (As of December 31, 2023)
Assets		
Current assets		
Cash and deposits	4,426	7,615
Notes and accounts receivable - trade, and contract assets	55,180	*2 61,536
Merchandise and finished goods	18,282	17,243
Work in process	4,168	4,566
Raw materials and supplies	16,995	15,174
Other	9,606	8,068
Allowance for doubtful accounts	(435)	(460)
Total current assets	108,224	113,744
Non-current assets		
Property, plant and equipment		
Buildings and structures	45,810	46,934
Accumulated depreciation	(30,956)	(31,806)
Buildings and structures, net	14,854	15,128
Machinery, equipment and vehicles	73,257	76,773
Accumulated depreciation	(58,667)	(60,760)
Machinery, equipment and vehicles, net	14,589	16,013
Tools, furniture and fixtures	5,662	6,054
Accumulated depreciation	(4,385)	(4,549)
Tools, furniture and fixtures, net	1,277	1,504
Land	6,691	6,779
Construction in progress	1,897	1,792
Total property, plant and equipment	39,310	41,217
Intangible assets		
Goodwill	3,852	3,687
Other	514	568
Total intangible assets	4,366	4,255
Investments and other assets		
Investment securities	7,580	6,213
Retirement benefit asset	2,302	2,230
Deferred tax assets	147	138
Other	1,633	1,924
Allowance for doubtful accounts	(225)	(235)
Total investments and other assets	11,439	10,271
Total non-current assets	55,116	55,745
Total assets	163,340	169,489

(Millions of yen)

	Fiscal Year Ended March 31, 2023 (As of March 31, 2023)	3Q, Fiscal Year Ending March 31, 2024 (As of December 31, 2023)
Liabilities		
Current liabilities		
Electronically recorded obligations - operating	7,458	*2 6,060
Accounts payable - trade	17,580	16,800
Short-term borrowings	10,918	9,678
Commercial papers	11,000	10,000
Income taxes payable	1,552	2,276
Provision for bonuses	3,212	1,960
Provision for loss on construction contracts	27	70
Other	9,427	8,552
Total current liabilities	61,177	55,400
Non-current liabilities		
Long-term borrowings	17,465	20,137
Deferred tax liabilities	2,160	2,320
Provision for retirement benefits for directors (and other officers)	438	489
Retirement benefit liability	505	522
Asset retirement obligations	25	25
Other	3,708	3,896
Total non-current liabilities	24,304	27,391
Total liabilities	85,481	82,791
Net assets		
Shareholders’ equity		
Share capital	5,537	5,537
Capital surplus	1,971	1,971
Retained earnings	62,572	69,241
Treasury shares	(1,654)	(1,660)
Total shareholders’ equity	68,427	75,090
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,549	2,863
Deferred gains or losses on hedges	155	(10)
Foreign currency translation adjustment	520	2,932
Remeasurements of defined benefit plans	875	772
Total accumulated other comprehensive income	5,101	6,557
Non-controlling interests	4,330	5,049
Total net assets	77,858	86,697
Total liabilities and net assets	163,340	169,489

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

Quarterly Consolidated Statements of Income

(Millions of yen)

	First 3Qs, Fiscal Year Ended March 31, 2023 (April 1, 2022 to December 31, 2022)	First 3Qs, Fiscal Year Ending March 31, 2024 (April 1, 2023 to December 31, 2023)
Net sales	122,481	134,349
Cost of sales	100,718	107,270
Gross profit	21,763	27,079
Selling, general and administrative expenses	14,450	15,134
Operating profit	7,313	11,945
Non-operating income		
Interest income	23	22
Dividend income	173	129
Insurance claim income	10	133
Share of profit of entities accounted for using equity method	287	257
Foreign exchange gains	725	944
Other	348	341
Total non-operating income	1,568	1,829
Non-operating expenses		
Interest expenses	354	458
Loss on removal of non-current assets	193	104
Other	150	162
Total non-operating expenses	699	725
Ordinary profit	8,182	13,048
Extraordinary income		
Gain on sale of non-current assets	99	90
Gain on sale of investment securities	1	1,545
Gain on sales of investments in capital	118	–
Total extraordinary income	219	1,636
Extraordinary losses		
Loss on sale of non-current assets	49	14
Loss on retirement of non-current assets	26	196
Other	–	0
Total extraordinary losses	76	211
Profit before income taxes	8,325	14,473
Income taxes - current	1,730	3,715
Income taxes - deferred	666	534
Total income taxes	2,396	4,249
Profit	5,928	10,223
Profit attributable to non-controlling interests	619	691
Profit attributable to owners of parent	5,309	9,532

Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	First 3Qs, Fiscal Year Ended March 31, 2023 (April 1, 2022 to December 31, 2022)	First 3Qs, Fiscal Year Ending March 31, 2024 (April 1, 2023 to December 31, 2023)
Profit	5,928	10,223
Other comprehensive income		
Valuation difference on available-for-sale securities	1,425	(685)
Deferred gains or losses on hedges	(143)	(166)
Foreign currency translation adjustment	1,723	2,536
Remeasurements of defined benefit plans, net of tax	(102)	(103)
Share of other comprehensive income of entities accounted for using equity method	179	75
Total other comprehensive income	3,083	1,657
Comprehensive income	9,012	11,881
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,219	10,988
Comprehensive income attributable to non-controlling interests	792	892

[Notes]

(Notes to Quarterly Consolidated Balance Sheets)

1. Contingent liabilities

(i) Guarantee obligation (Millions of yen)

Previous fiscal year (As of March 31, 2023)		Third quarter under review (As of December 31, 2023)	
Employees		Employees	
Loan from financial institution for home loans	208	Loan from financial institution for home loans	206

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

	Previous fiscal year (As of March 31, 2023)	Third quarter under review (As of December 31, 2023)
Transfer balance of notes	682	516
Transfer balance of accounts receivable	4	–

*2. Notes maturing at the end of the quarter are accounted for as settled on the clearance date.
As the end of the third 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)	Third quarter under review (As of December 31, 2023)
Notes receivable - trade	–	151
Electronically recorded obligations - operating	–	1,164

(Notes to Quarterly Consolidated Statements of Cash Flows)

Quarterly Consolidated Statements of Cash Flows have not been prepared for the nine months ended December 31, 2023. The amounts of depreciation and amortization (including amortization of intangible assets except goodwill) and amortization of goodwill for the nine months are as follows.

(Millions of yen)

	For the nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)	For the nine months ended December 31, 2023 (From April 1, 2023 to December 31, 2023)
Depreciation and amortization	2,586	2,868
Amortization of goodwill	389	402

(Notes to shareholders' equity)

I　For the nine months ended December 31, 2022 (from April 1, 2022 to December 31, 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
Board of Directors' Meeting at October 31, 2022	Common share	926	110.0	September 30, 2022	November 25, 2022	Retained earnings

2. Dividends whose record date fell in the nine months ended December 31, 2022, but whose effective date comes after December 31, 2022

Not applicable

3. Significant changes in shareholders' equity

Not applicable

II　For the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 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
Board of Directors' Meeting at October 31, 2023	Common share	1,347	160.0	September 30, 2023	November 29, 2023	Retained earnings

2. Dividends whose record date fell in the nine months ended December 31, 2023, but whose effective date comes after December 31, 2023

Not applicable

3. Significant changes in shareholders' equity

Not applicable

(Segments of an enterprise and related information)

[Segment information]
I For the nine months ended December 31, 2022 (from April 1, 2022 to December 31, 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	104,528	10,577	6,218	553	121,876	604	122,481	—	122,481
Inter-segment or transfer	30	182	—	—	213	—	213	(213)	—
Total	104,558	10,760	6,218	553	122,090	604	122,695	(213)	122,481
Segment profit	5,436	640	761	446	7,283	23	7,307	5	7,313

(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 nine months ended December 31, 2023 (from April 1, 2023 to December 31, 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	115,703	11,108	6,279	553	133,644	705	134,349	—	134,349
Inter-segment or transfer	111	207	—	—	319	—	319	(319)	—
Total	115,815	11,316	6,279	553	133,964	705	134,669	(319)	134,349
Segment profit	10,190	484	791	424	11,891	55	11,946	(1)	11,945

(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 ¥(1) 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 nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)

(Millions of yen)

	Reportable segments					Others (Note)	Total
	Refractories	Furnace	Ceramics	Real estate	Subtotal		
Japan	48,688	10,554	5,275	—	64,518	604	65,123
India	25,393	—	9	—	25,403	—	25,403
Asia	7,348	22	694	—	8,065	—	8,065
Europe	13,961	—	190	—	14,151	—	14,151
Other	9,135	—	48	—	9,184	—	9,184
Revenue from contract(s) with customers	104,528	10,577	6,218	—	121,323	604	121,928
Other revenues	—	—	—	553	553	—	553
Sales to external customers	104,528	10,577	6,218	553	121,876	604	122,481

(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 nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

(Millions of yen)

	Reportable segments					Others (Note)	Total
	Refractories	Furnace	Ceramics	Real estate	Subtotal		
Japan	55,388	11,075	5,011	—	71,474	705	72,180
India	28,994	—	4	—	28,999	—	28,999
Asia	6,727	33	715	—	7,476	—	7,476
Europe	15,269	—	448	—	15,717	—	15,717
Other	9,323	—	99	—	9,423	—	9,423
Revenue from contract(s) with customers	115,703	11,108	6,279	—	133,091	705	133,796
Other revenues	—	—	—	553	553	—	553
Sales to external customers	115,703	11,108	6,279	553	133,644	705	134,349

(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 nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)	For the nine months ended December 31, 2023 (From April 1, 2023 to December 31, 2023)
Profit per share (Yen)	630.46	1,132.04
(Basis for calculation)		
Profit attributable to owners of parent	5,309	9,532
Profit not attributable to common shareholders	–	–
Profit attributable to owners of parent related to common stock	5,309	9,532
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.

(Significant subsequent events)

(Stock split and partial amendment to the Articles of Incorporation)

The Company resolved, at a meeting of its Board of Directors held on January 31, 2024, to conduct a stock split and to make a partial amendment to its Articles of Incorporation in connection with the stock split.

1. Purpose of the stock split

   The purpose of the stock split is to increase the liquidity of the Company's shares and to broaden the investor base by reducing the amount per investment unit.

2. Outline of the stock split

   (1) Method of the stock split

   The Company will make a 4-for-1 stock split of its common shares held by shareholders listed or recorded in the Company's shareholder register as of the end of Sunday, March 31, 2024 (effectively Friday, March 29, 2024, as the above date is a holiday of the shareholder registry administrator).

   (2) Number of shares to be increased by the stock split

1) Total number of issued shares before the stock split	9,114,528 shares
2) Number of shares to be increased by the stock split	27,343,584 shares
3) Total number of issued shares after the stock split	36,458,112 shares
4) Total number of shares authorized to be issued after the stock split	140,000,000 shares

   (3) Schedule of the stock split

1) Date of public notice of record date (tentative)	Thursday, March 14, 2024
2) Record date	Sunday, March 31, 2024
3) Effective date	Monday, April 1, 2024

   (4) Impact on per share information

   Per share information assuming that the stock split was conducted at the beginning of the previous fiscal year, is as follows.

	For the nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)	For the nine months ended December 31, 2023 (From April 1, 2023 to December 31, 2023)
Profit per share (Yen)	157.62	283.01

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

   (5) Others

   There will be no change in the amount of share capital because of this stock split.

3. Partial amendment to the Articles of Incorporation in connection with the stock split

   (1) Reason for the amendment

   In accordance with the stock split, the total number of authorized shares in Article 6 of the Company's Articles of Incorporation will be changed as of Monday, April 1, 2024, pursuant to Article 184, Paragraph 2, of the Companies Act.

(2) Details of the amendment

(Underlined parts indicate the amendment.)

Current Articles of Incorporation	Amended Articles of Incorporation
(Total Number of Authorized Shares) Article 6 The total number of authorized shares of the Company shall be <u>35,000,000</u> shares.	(Total Number of Authorized Shares) Article 6 The total number of authorized shares of the Company shall be <u>140,000,000</u> shares.

(3) Schedule of the amendment

1) Date of resolution by the Board of Directors	Wednesday, January 31, 2024
2) Effective date	Monday, April 1, 2024

4. Dividends

Because the stock split is scheduled to take effect on April 1, 2024, the year-end dividend for the fiscal year ending March 31, 2024, with a record date of March 31, 2024, will be based on the number of shares before the stock split.

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>

February 13, 2024

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 December 31, 2023, the quarterly consolidated statements of income, and the quarterly consolidated statements of comprehensive income for the nine-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 December 31, 2023, and their financial performance for the nine-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.

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