Summary of Consolidated Financial Statements for the Fiscal Year Ended March 2024 [Japanese Standards]

May 13, 2024

Listed Company Name: KROSAKI HARIMA CORPORATION
Listed on the Tokyo Stock Exchange and the Fukuoka Stock Exchange
Securities Code: 5352 URL: https://www.krosaki.co.jp/
Representative: Kazuhiro Egawa, President
Date to hold the Ordinary General Meeting of Shareholders to approve results: June 26, 2024
Date to start distributing dividends: June 27, 2024
Date to submit the Securities Report: June 26, 2024
Supplementary documents for this summary of financial statements: Yes
Explanation meeting for institutional investors and analysts on this summary of financial statements: Yes

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023, to March 31, 2024)

(1) Consolidated Business Results (Percentages indicate changes from the same period of the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal Year Ended March 2024	177,029	7.2	14,692	31.5	16,389	35.6
Fiscal Year Ended March 2023	165,202	23.5	11,173	47.7	12,083	39.2

	Profit attributable to owners of parent		Profit per share	Diluted profit per share
	Millions of yen	%	Yen	Yen
Fiscal Year Ended March 2024	12,416	49.9	368.64	—
Fiscal Year Ended March 2023	8,282	50.8	245.86	—

Note: Comprehensive income was ¥17,889 million (47.0%) for the fiscal year ended March 2024 and ¥12,168 million (55.7%) for the fiscal year ended March 2023.

	Rate of return on equity	Ordinary profit to total assets	Operating profit to net sales
	%	%	%
Fiscal Year Ended March 2024	15.5	9.6	8.3
Fiscal Year Ended March 2023	11.9	7.9	6.8

Reference: Share of profit of entities accounted for using equity method was ¥366 million for the fiscal year ended March 2024 and ¥423 million for the fiscal year ended March 2023.
Note: The Company conducted a 4-for-1 stock split of its common shares on April 1, 2024. "Profit per share" is calculated on the assumption that the stock split was implemented at the beginning of the previous consolidated fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2024	179,019	92,697	48.7	2,588.21
March 31, 2023	163,340	77,858	45.0	2,182.92

Reference: Equity capital was ¥87,166 million as of March 31, 2024, and ¥73,528 million as of March 31, 2023.
Note: The Company conducted a 4-for-1 stock split of its common shares on April 1, 2024. "Net assets per share" is calculated on the assumption that the stock split was implemented at the beginning of the previous consolidated fiscal year.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal Year Ended March 2024	13,724	(3,589)	(6,237)	8,483
Fiscal Year Ended March 2023	1,001	(4,514)	2,863	4,425

2. Dividends

	Dividend				
	1Q End	2Q End	3Q End	Year-End	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal Year Ended March 2023	—	110.00	—	180.00	290.00
Fiscal Year Ended March 2024	—	160.00	—	240.00	400.00
Fiscal Year Ending March 2025 (Forecast)	—	—	—	—	90.00

	Total dividends (annual)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	Millions of yen	%	%
Fiscal Year Ended March 2023	2,442	29.5	3.5
Fiscal Year Ended March 2024	3,367	27.1	4.2
Fiscal Year Ending March 2025 (Forecast)		25.7	

* The Company conducted a 4-for-1 stock split of its common shares on April 1, 2024. Actual amounts of dividends before the stock split are shown for the fiscal year ended March 2023 and March 2024. The dividend amounts for the fiscal year ending March 2025 reflect the stock split. The forecast of the interim and year-end dividends has not yet been determined because a decision will be made by closely observing the trends of business results. Each of these dividend forecasts will be disclosed when it becomes possible to do so.

3. Forecast of Consolidated Business Results for the Fiscal Year Ending March 31, 2025 (April 1, 2024, to March 31, 2025)

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

	Net sales		Operating profit		Ordinary profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Full Year	178,000	0.5	15,000	2.1	15, 000	(8.5)

	Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Yen
Full Year	11,800	(5.0)	350.34

* The Company conducted a 4-for-1 stock split of its common shares on April 1, 2024. "Profit per share" for the forecast of consolidated business results is stated after taking into account the effect of the stock split. For details, see "(4) Outlook for the Future" under "1. Overview of Business Results, etc." on page 4 of the attachment.

Notes:

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

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

(3) Number of shares issued and outstanding (common stock)
1. Number of shares issued and outstanding as of the period-end (including treasury shares):
Fiscal Year ended March 2024: 36,458,112 Fiscal Year ended March 2023: 36,458,112
2. Number of treasury shares as of the period-end:
Fiscal Year ended March 2024: 2,779,968 Fiscal Year ended March 2023: 2,774,516
3. Average number of shares outstanding:
Fiscal Year ended March 2024: 33,681,326 Fiscal Year ended March 2023: 33,685,453

Note: The Company conducted a 4-for-1 stock split of its common shares on April 1, 2024. "Number of shares issued and outstanding as of the period-end," "Number of treasury shares as of the period-end" and "Average number of shares outstanding" are calculated on the assumption that the stock split was implemented at the beginning of the previous consolidated fiscal year.

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023, to March 31, 2024)

(1) Non-Consolidated Business Results (The percentages indicate the rates of increase or decrease compared with the preceding fiscal year.)

	Net sales		Operating profit		Ordinary profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal Year Ended March 2024	107,349	7.0	6,947	44.5	9,612	45.8
Fiscal Year Ended March 2023	100,357	11.4	4,806	23.1	6,591	14.6

	Profit		Profit per share	Diluted profit per share
	Millions of yen	%	Yen	Yen
Fiscal Year Ended March 2024	8,329	59.5	247.32	—
Fiscal Year Ended March 2023	5,223	(12.5)	155.06	—

Note: The Company conducted a 4-for-1 stock split of its common shares on April 1, 2024. "Profit per share" is calculated on the assumption that the stock split was implemented at the beginning of the previous business year.

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2024	132,505	68,796	51.9	2,042.78
March 31, 2023	125,673	63,625	50.6	1,888.93

Reference: Equity capital was ¥68,796 million as of March 31, 2024, and ¥63,625 million as of March 31, 2023.

Note: The Company conducted a 4-for-1 stock split of its common shares on April 1, 2024. “Net assets per share” is calculated on the assumption that the stock split was implemented at the beginning of the previous business year.

The Summary of Consolidated Financial Statements is exempt from auditing by Certified Public Accountants or an Audit Corporation.

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

Forward-looking statements, including the forecast of business results, in this Summary are based on information that has been obtained by the Company to date and certain assumptions that are deemed as reasonable, and the Company does not guarantee the realization of these statements. Please understand that actual results may differ significantly from those statements due to various factors. For details of the forecast of business results, see “(4) Outlook for the Future” under “1. Overview of Business Results, etc.” on page 4 of the attachment.

Contents of the Attachment

1. Overview of Business Results, etc.

(1) Overview of Business Results for the Fiscal Year under Review

During the fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024), 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 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 crude steel output mainly due to the decreased demand for steel products for construction lead 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 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 fiscal year ended March 31, 2024, decreased by 1.1% year on year to 86.83 million tons. According to the announcement by the World Steel Association, global 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.

In this environment, the Group's business results achieved record highs in both net sales and profit for the second consecutive year. This was mainly attributable to the self-help efforts made by the Group to improve productivity and yields, etc., the efforts made to expand our India business and to expand sales to non-ferrous materials fields mainly in Europe, and the steady progress in passing the rising prices of raw materials, energy, and other cost increases on to selling prices in the Refractories segment since the last fiscal year.

The business performance of the Group in the fiscal year under review was as follows.

[Net Sales]

The Group's net sales increased by 7.2% from a year earlier to ¥177,029 million. This was mainly attributable to the efforts made to expand our India business and to expand sales to non-ferrous materials fields mainly in Europe, and the steady progress in passing the rising prices of raw materials, energy, and other cost increases on to selling prices since the last fiscal year.

[Profit/Loss]

Due to the self-help efforts made by the Group to improve productivity and yields in addition to the increase in net sales, its consolidated operating profit increased by 31.5% from a year earlier to ¥14,692 million. With the addition of non-operating foreign exchange gains in response to the rapid depreciation of the yen, ordinary profit increased by 35.6% to ¥16,389 million. The Group's consolidated profit attributable to owners of parent increased by 49.9% to ¥12,416 million.

Operating results for each business segment are as follows.

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

[Refractories] (Manufacturing and sale of overall refractories used for various industrial furnaces)

Net sales in the Refractories segment increased by 8.1% from a year earlier to ¥151,867 million and segment profit increased by 49.8% from a year earlier to ¥12,673 million. This was mainly attributable to the efforts made to expand our India business and to expand sales to non-ferrous materials fields mainly in Europe, and the steady progress in passing the rising prices of raw materials, energy, and other cost increases on to selling prices since the last fiscal year.

[Furnace] (Design, construction and repairs of various furnaces)

Net sales in the Furnace segment increased by 4.1% from a year earlier to ¥15,228 million owing to orders received for large-scale construction projects. However, segment profit decreased by 45.3% from a year earlier to ¥551 million owing, in part, to differences in the composition of orders received.

[Ceramics] (Manufacturing and sale of ceramics for various industries and sale of landscape materials)

Net sales in the Ceramics segment decreased by 2.9% from a year earlier to ¥8,226 million and segment profit decreased by 19.9% from a year earlier to ¥851 million. This was mainly attributable to a sluggish recovery in the semiconductor and electronic component markets.

[Real Estate] (Renting out stores and warehouses, etc.)

Net sales in the Real Estate segment remained unchanged from a year earlier at ¥737 million. Segment profit decreased by 4.4% from a year earlier to ¥569 million.

[Others] (Manufacturing and sale of lime for iron mills)

Net sales in Others segment increased by 17.2% from a year earlier to ¥969 million. Segment profit increased by 19.5% from a year earlier to ¥48 million.

(2) Overview of Financial Position for the Fiscal Year under Review

1) Assets

The Group’s consolidated total assets at the end of the fiscal year ended March 2024 increased by ¥15,678 million from the previous year-end to ¥179,019 million. Current assets increased by ¥10,942 million to ¥119,166 million, and non-current assets increased by ¥4,736 million to ¥59,852 million.

A primary factor for the increase in current assets was an increase in notes and accounts receivable - trade, and contract assets mainly due to an increase in net sales. The main factor for the increase in non-current assets was an increase in machinery, equipment and vehicles due to acquisition of manufacturing facilities, etc.

2) Liabilities

The Group’s consolidated total liabilities at the end of the fiscal year ended March 2024 increased by ¥839 million from the previous year-end to ¥86,321 million. Current liabilities decreased by ¥2,494 million to ¥58,683 million, and non-current liabilities increased by ¥3,334 million to ¥27,638 million.

A primary factor for the decrease in current liabilities was a decrease in commercial papers. The main factor for the increase in non-current liabilities was an increase in long-term borrowings.

3) Net assets

The Group’s consolidated net assets at the end of the fiscal year ended March 2024 increased by ¥14,838 million from the previous year-end to ¥92,697 million.

A primary factor for the increase in net assets was an increase in retained earnings due to the recording of profit attributable to owners of parent.

As a result, the Group's equity ratio at the end of the fiscal year ended March 2024 was 48.7%.

Net assets per share increased from ¥2,182.92 at the previous year-end to ¥2,588.21. On April 1, 2024, the Company conducted a 4-for-1 stock split of its common shares. The "Net assets per share" has been calculated on the assumption that the stock split was implemented at the beginning of the previous consolidated fiscal year.

(3) Overview of Cash Flows for the Fiscal Year under Review

The Group's cash and cash equivalents (hereinafter "cash") at the end of the fiscal year ended March 2024 increased by ¥4,058 million from the previous year-end to ¥8,483 million.

The status of consolidated cash flows for the fiscal year ended March 2024 and contributing factors were as follows.

1) Cash flows from operating activities

Net cash provided by operating activities amounted to ¥13,724 million compared with ¥1,001 million provided for the previous year.

This consisted primarily of ¥18,385 million in profit before income taxes, ¥3,873 million in depreciation, a ¥7,268 million increase in trade receivables, a ¥2,419 million decrease in inventories, and ¥3,590 million in income taxes paid.

2) Cash flows from investing activities

Net cash used in investing activities amounted to ¥3,589 million compared with ¥4,514 million used for the previous year.

This consisted primarily of a ¥6,595 million payment for the purchase of non-current assets including some facilities, ¥1,500 million in proceeds from sale of non-current assets, and ¥1,888 million in proceeds from sale of investment securities.

3) Cash flows from financing activities

Net cash used in financing activities amounted to ¥6,237 million compared with ¥2,863 million provided for the previous year.

This consisted primarily of a ¥2,823 million increase in short-term borrowings, ¥8,000 million decrease in commercial papers, ¥6,954 million in proceeds from long-term borrowings, ¥4,938 million repayments of long-term borrowings, and ¥2,853 million in dividends paid.

(4) Outlook for the Future

With respect to the Group's consolidated business results for the fiscal year ending March 31, 2025, although their outlook remains unclear due to unstable political and economic trends throughout the entire world, both net sales and profit are expected to reach the same levels as the fiscal year under review (with the exception of non-operating foreign exchange gains) by the Group utilizing its ability to set prices commensurate with commodity value, technical strength and global response capabilities.

Business results forecasts may vary significantly due to factors such as fluctuations in demand for refractories associated with trends in crude steel output and the escalation of costs resulting from the increase in prices of materials and supplies, overseas transportation and energy caused by the weakening of the yen and other factors.

2. Basic Policy on the Selection of Accounting Standards

Although the Group is promoting the global development of its businesses, we intend to apply the Japanese accounting standards for preparing consolidated financial statements for the time being. For the application of the International Financial Reporting Standards, we will take the best possible responses upon consideration of the domestic and overseas circumstances.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	Fiscal Year Ended March 31, 2023 (As of March 31, 2023)	Fiscal Year Ended March 31, 2024 (As of March 31, 2024)
Assets		
Current assets		
Cash and deposits	4,426	8,484
Notes and accounts receivable - trade, and contract assets	55,180	63,677
Merchandise and finished goods	18,282	18,460
Work in process	4,168	4,651
Raw materials and supplies	16,995	16,025
Other	9,606	8,485
Allowance for doubtful accounts	(435)	(619)
Total current assets	108,224	119,166
Non-current assets		
Property, plant and equipment		
Buildings and structures	45,810	47,798
Accumulated depreciation	(30,956)	(32,106)
Buildings and structures, net	14,854	15,692
Machinery, equipment and vehicles	73,257	77,785
Accumulated depreciation	(58,667)	(60,970)
Machinery, equipment and vehicles, net	14,589	16,815
Tools, furniture and fixtures	5,662	6,302
Accumulated depreciation	(4,385)	(4,665)
Tools, furniture and fixtures, net	1,277	1,637
Land	6,691	6,758
Construction in progress	1,897	1,789
Total property, plant and equipment	39,310	42,693
Intangible assets		
Goodwill	3,852	3,733
Other	514	557
Total intangible assets	4,366	4,290
Investments and other assets		
Investment securities	7,580	6,838
Retirement benefit asset	2,302	4,348
Deferred tax assets	147	157
Other	1,633	1,753
Allowance for doubtful accounts	(225)	(229)
Total investments and other assets	11,439	12,869
Total non-current assets	55,116	59,852
Total assets	163,340	179,019

(Millions of yen)

	Fiscal Year Ended March 31, 2023 (As of March 31, 2023)	Fiscal Year Ended March 31, 2024 (As of March 31, 2024)
Liabilities		
Current liabilities		
Electronically recorded obligations - operating	7,458	6,443
Accounts payable - trade	17,580	19,111
Short-term borrowings	10,918	14,386
Commercial papers	11,000	3,000
Income taxes payable	1,552	2,884
Provision for bonuses	3,212	3,828
Provision for loss on construction contracts	27	111
Asset retirement obligations	—	45
Other	9,427	8,871
Total current liabilities	61,177	58,683
Non-current liabilities		
Long-term borrowings	17,465	19,495
Deferred tax liabilities	2,160	2,884
Provision for retirement benefits for directors (and other officers)	438	491
Retirement benefit liability	505	547
Asset retirement obligations	25	137
Other	3,708	4,081
Total non-current liabilities	24,304	27,638
Total liabilities	85,481	86,321
Net assets		
Shareholders' equity		
Share capital	5,537	5,537
Capital surplus	1,971	1,971
Retained earnings	62,572	72,125
Treasury shares	(1,654)	(1,669)
Total shareholders' equity	68,427	77,965
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,549	3,408
Deferred gains or losses on hedges	155	15
Foreign currency translation adjustment	520	3,545
Remeasurements of defined benefit plans	875	2,231
Total accumulated other comprehensive income	5,101	9,200
Non-controlling interests	4,330	5,531
Total net assets	77,858	92,697
Total liabilities and net assets	163,340	179,019

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

Consolidated Statements of Income

(Millions of yen)

	Fiscal Year from April 1, 2022, to March 31, 2023	Fiscal Year from April 1, 2023, to March 31, 2024
Net sales	165,202	177,029
Cost of sales	134,570	141,652
Gross profit	30,631	35,377
Selling, general and administrative expenses	19,458	20,684
Operating profit	11,173	14,692
Non-operating income		
Interest income	28	38
Dividend income	232	181
Share of profit of entities accounted for using equity method	423	366
Foreign exchange gains	827	1,324
Other	472	866
Total non-operating income	1,983	2,777
Non-operating expenses		
Interest expenses	500	534
Loss on removal of non-current assets	355	201
Other	216	344
Total non-operating expenses	1,072	1,080
Ordinary profit	12,083	16,389
Extraordinary income		
Gain on sale of non-current assets	123	857
Gain on sale of investment securities	1	1,545
Gain on sales of investments in capital	118	—
Total extraordinary income	243	2,402
Extraordinary losses		
Loss on sale of non-current assets	49	14
Loss on retirement of non-current assets	67	216
Impairment losses	—	174
Other	—	0
Total extraordinary losses	117	406
Profit before income taxes	12,209	18,385
Income taxes - current	3,019	4,862
Income taxes - deferred	180	100
Total income taxes	3,199	4,963
Profit	9,009	13,422
Profit attributable to non-controlling interests	727	1,006
Profit attributable to owners of parent	8,282	12,416

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal Year from April 1, 2022, to March 31, 2023	Fiscal Year from April 1, 2023, to March 31, 2024
Profit	9,009	13,422
Other comprehensive income		
Valuation difference on available-for-sale securities	1,716	(141)
Deferred gains or losses on hedges	(44)	(139)
Foreign currency translation adjustment	1,306	3,345
Remeasurements of defined benefit plans, net of tax	74	1,355
Share of other comprehensive income of entities accounted for using equity method	105	46
Total other comprehensive income	3,158	4,466
Comprehensive income	12,168	17,889
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,346	16,515
Comprehensive income attributable to non-controlling interests	821	1,373

(3) Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2023 (from April 1, 2022, to March 31, 2023):

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,537	2,000	57,419	(1,650)	63,308
Changes during period					
Dividends of surplus			(1,768)		(1,768)
Profit attributable to owners of parent			8,282		8,282
Purchase of treasury shares				(4)	(4)
Change in scope of equity method			(1,360)		(1,360)
Change in ownership interest of parent due to transactions with non-controlling interests		(29)			(29)
Net changes in items other than shareholders' equity					
Total changes during period	—	(29)	5,152	(4)	5,118
Balance at end of period	5,537	1,971	62,572	(1,654)	68,427

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,833	199	(797)	801	2,036	3,739	69,084
Changes during period							
Dividends of surplus							(1,768)
Profit attributable to owners of parent							8,282
Purchase of treasury shares							(4)
Change in scope of equity method							(1,360)
Change in ownership interest of parent due to transactions with non-controlling interests							(29)
Net changes in items other than shareholders' equity	1,716	(44)	1,318	74	3,064	590	3,655
Total changes during period	1,716	(44)	1,318	74	3,064	590	8,774
Balance at end of period	3,549	155	520	875	5,101	4,330	77,858

For the fiscal year ended March 31, 2024 (from April 1, 2023, to March 31, 2024):

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,537	1,971	62,572	(1,654)	68,427
Changes during period					
Dividends of surplus			(2,863)		(2,863)
Profit attributable to owners of parent			12,416		12,416
Purchase of treasury shares				(14)	(14)
Change in scope of equity method					—
Change in ownership interest of parent due to transactions with non-controlling interests					—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	9,553	(14)	9,538
Balance at end of period	5,537	1,971	72,125	(1,669)	77,965

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	3,549	155	520	875	5,101	4,330	77,858
Changes during period							
Dividends of surplus							(2,863)
Profit attributable to owners of parent							12,416
Purchase of treasury shares							(14)
Change in scope of equity method							—
Change in ownership interest of parent due to transactions with non-controlling interests							—
Net changes in items other than shareholders' equity	(141)	(139)	3,024	1,355	4,099	1,201	5,300
Total changes during period	(141)	(139)	3,024	1,355	4,099	1,201	14,838
Balance at end of period	3,408	15	3,545	2,231	9,200	5,531	92,697

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal Year from April 1, 2022, to March 31, 2023	Fiscal Year from April 1, 2023, to March 31, 2024
Cash flows from operating activities		
Profit before income taxes	12,209	18,385
Depreciation	3,493	3,873
Impairment losses	—	174
Amortization of goodwill	516	541
Increase (decrease) in allowance for doubtful accounts	59	122
Increase (decrease) in provision for bonuses	430	584
Increase (decrease) in retirement benefit liability	32	13
Increase (decrease) in other provisions	(133)	129
Interest and dividend income	(260)	(219)
Interest expenses	500	534
Foreign exchange losses (gains)	22	(49)
Share of loss (profit) of entities accounted for using equity method	(423)	(366)
Loss (gain) on sale of non-current assets	(73)	(842)
Loss on retirement of non-current assets	67	216
Loss (gain) on sale of investment securities	(1)	(1,545)
Loss (gain) on sales of investments in capital	(118)	—
Decrease (increase) in trade receivables	(9,801)	(7,268)
Decrease (increase) in inventories	(5,341)	2,419
Increase (decrease) in trade payables	707	(430)
Other, net	1,749	1,004
Subtotal	3,638	17,278
Interest and dividends received	562	578
Interest paid	(488)	(542)
Income taxes paid	(2,710)	(3,590)
Net cash provided by (used in) operating activities	1,001	13,724
Cash flows from investing activities		
Purchase of non-current assets	(4,565)	(6,595)
Proceeds from sale of non-current assets	162	1,500
Payments for retirement of non-current assets	(373)	(285)
Payments into time deposits	(1)	(0)
Proceeds from sale of investment securities	6	1,888
Proceeds from sales of investments in capital of subsidiaries and associates	19	—
Proceeds from sale of investments in capital	232	—
Loan advances	(0)	(3)
Proceeds from collection of loans receivable	15	9
Other, net	(8)	(104)
Net cash provided by (used in) investing activities	(4,514)	(3,589)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	715	2,823
Increase (decrease) in commercial papers	5,000	(8,000)
Proceeds from long-term borrowings	3,000	6,954
Repayments of long-term borrowings	(3,793)	(4,938)
Purchase of treasury shares	(4)	(14)
Dividends paid	(1,768)	(2,853)
Dividends paid to non-controlling interests	(185)	(172)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(75)	—
Other, net	(26)	(35)
Net cash provided by (used in) financing activities	2,863	(6,237)
Effect of exchange rate change on cash and cash equivalents	62	160
Net increase (decrease) in cash and cash equivalents	(586)	4,058
Cash and cash equivalents at beginning of period	5,012	4,425
Cash and cash equivalents at end of period	4,425	8,483

(5) Notes to the Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Additional Information)

(Transfer of Non-Current Assets)

With regard to the transfer of non-current assets owned by TRL KROSAKI REFRACTORIES LIMITED, which is a consolidated subsidiary of the Company, as detailed in Significant Subsequent Events in the quarterly financial statements of the first quarter of the 133rd term, although we initially anticipated a gain on sale of non-current assets of approximately ¥3,000 million in the fourth quarter of fiscal year 2023, we have decided to record the gain on sale split between fiscal 2023 and fiscal 2024 owing to the procedure for land sales.

(Segments of an Enterprise and Related Information)

(Segment Information)

1. Description of reportable segments

The Company's reportable segments are components of the Company, for which discrete financial information is available and the operating results are regularly reviewed by the Company's Board of Directors to make decisions about resource allocation and assess the performance of the segments.

The Company has business divisions classified by the type of products and services they offer. Each business division plans and determines strategies for the division's products and services in Japan and overseas, based on which the division conducts its operations.

The Company is composed of business segments based on the business divisions classified by products and services and designates Refractories, Furnace, Ceramics and Real Estate as its four reportable segments.

The Refractories segment engages in the manufacture and sale of general refractories used for various industrial furnaces. The Furnace segment engages in the design, construction and repair of various furnaces. The Ceramics segment engages in the manufacture and sale of ceramics for various industries and sale of landscape materials. The Real Estate segment constructs and rents out stores and warehouses, etc., on Company-owned land.

2. Method of calculation for the amounts of net sales, profits or losses, assets, liabilities and other items by reportable segment

The accounting method for the reportable segments is the same as the method for preparing the consolidated financial statements.

The amounts of segment profit or loss are based on operating profit or loss. The amounts of inter-segment sales or transfers are based on current market prices.

3. Net sales, profits or losses, assets, liabilities and other items by reportable segment

For the fiscal year ended March 31, 2023 (from April 1, 2022, to March 31, 2023):

(Millions of yen)

	Reportable Segments					Others[1]	Total	Adjustments[2]	Total[3]
	Refractories	Furnace	Ceramics	Real Estate	Total				
Net sales									
Net sales to external customers	140,538	14,627	8,471	737	164,375	826	165,202	—	165,202
Inter-segment sales or transfers	60	248	—	—	309	—	309	(309)	—
Total	140,599	14,875	8,471	737	164,684	826	165,511	(309)	165,202
Segment profit	8,458	1,009	1,063	595	11,126	40	11,167	6	11,173
Segment assets	135,238	9,711	8,651	595	154,197	358	154,555	8,784	163,340
Other items									
Depreciation	2,526	456	332	41	3,356	19	3,375	117	3,493
Amortization of goodwill	516	—	—	—	516	—	516	—	516
Increase in property, plant and equipment and intangible assets	4,795	1,009	231	15	6,052	18	6,070	3	6,074

Notes:

1. The "Others" segment is a business segment, although not designated as a reportable segment, that engages in the manufacture and sale of lime for iron mills.
2. Details of "Adjustments" are as follows.
   (1) An adjustment of ¥6 million in segment profit includes mainly adjustments for unrealized profits.
   (2) An adjustment of ¥8,784 million in segment assets represents corporate assets not allocated to the reportable segments, which primarily consist of the long-term investment funds (investment securities) of the parent company and the assets relating to its administrative section.
   (3) Under the "Other items" section, an adjustment of ¥117 million in depreciation and an adjustment of ¥3 million in an increase in property, plant and equipment and intangible assets are related to corporate assets not allocated to the reportable segments.
3. Segment profit is presented so that the total reconciles with operating profit on the consolidated statement of income.

For the fiscal year ended March 31, 2024 (from April 1, 2023, to March 31, 2024):

(Millions of yen)

	Reportable Segments					Others[1]	Total	Adjustments[2]	Total[3]
	Refractories	Furnace	Ceramics	Real Estate	Total				
Net sales									
Net sales to external customers	151,867	15,228	8,226	737	176,059	969	177,029	—	177,029
Inter-segment sales or transfers	137	278	—	—	416	—	416	(416)	—
Total	152,005	15,506	8,226	737	176,475	969	177,445	(416)	177,029
Segment profit	12,673	551	851	569	14,646	48	14,695	(3)	14,692
Segment assets	146,557	10,015	9,044	712	166,330	380	166,710	12,308	179,019
Other items									
Depreciation	2,854	484	345	58	3,744	21	3,765	108	3,873
Amortization of goodwill	541	—	—	—	541	—	541	—	541
Increase in property, plant and equipment and intangible assets	4,596	339	541	175	5,653	22	5,676	11	5,687

Notes:

1. The "Others" segment is a business segment, although not designated as a reportable segment, that engages in the manufacture and sale of lime for iron mills.
2. Details of "Adjustments" are as follows.
   (1) An adjustment of ¥(3) million in segment profit includes mainly adjustments for unrealized profits.
   (2) An adjustment of ¥12,308 million in segment assets represents corporate assets not allocated to the reportable segments, which primarily consist of the long-term investment funds (investment securities) of the parent company and the assets relating to its administrative section.
   (3) Under the "Other items" section, an adjustment of ¥108 million in depreciation and an adjustment of ¥11 million in an increase in property, plant and equipment and intangible assets are related to corporate assets not allocated to the reportable segments.
3. Segment profit is presented so that the total reconciles with operating profit on the consolidated statement of income.

4. Net sales by region

For the fiscal year ended March 31, 2023 (from April 1, 2022, to March 31, 2023):

(Millions of yen)

Japan	India	Asia	Europe	Others	Total
90,530	33,891	10,219	18,603	11,957	165,202

Note: The net sales by region are calculated by location of customers, which is classified into a nation or a region.

For the fiscal year ended March 31, 2024 (from April 1, 2023, to March 31, 2024):

(Millions of yen)

Japan	India	Asia	Europe	Others	Total
96,265	38,552	9,723	20,685	11,801	177,029

Note: The net sales by region are calculated by location of customers, which is classified into a nation or a region.

(Per Share Information)

	Fiscal Year from April 1, 2022, to March 31, 2023	Fiscal Year from April 1, 2023, to March 31, 2024
Net assets per share	¥2,182.92	¥2,588.21
Profit per share	¥245.86	¥368.64

Notes:

1. Diluted profit per share is not stated because there are no potential stocks.
2. The Company conducted a 4-for-1 stock split of its common shares on April 1, 2024. Therefore, “Net assets per share” and “Profit per share” are calculated on the assumption that the stock split was implemented at the beginning of the previous consolidated fiscal year.
3. The basis of calculation for profit per share is as follows.

	Fiscal Year from April 1, 2022, to March 31, 2023	Fiscal Year from April 1, 2023, to March 31, 2024
Profit attributable to owners of parent (¥Million)	8,282	12,416
Profit not attributable to shares of common stock (¥Million)	—	—
Profit attributable to owners of parent with shares of common stock (¥Million)	8,282	12,416
Average number of shares of common stock during the period (Thousand)	33,685	33,681

4. The basis of calculation for net assets per share is as follows.

	Fiscal Year Ended March 31, 2023 (As of March 31, 2023)	Fiscal Year Ended March 31, 2024 (As of March 31, 2024)
Total net assets (¥Million)	77,858	92,697
Amount of deduction from total net assets (¥Million)	4,330	5,531
[Non-controlling interests] (¥Million)	[4,330]	[5,531]
Net assets attributable to shares of common stock (¥Million)	73,528	87,166
The number of shares of common stock used for the calculation of net assets per share (Thousand)	33,683	33,678

(Significant Subsequent Events)

(Notice regarding Stock Split and Partial Amendment to the Articles of Incorporation)

As per the resolution at the meeting of the Board of Directors held on January 31, 2024, the Company conducted a stock split and a partial amendment to its Articles of Incorporation on April 1, 2024.

(1) Objective of the stock split

The objective of the stock split it to lower the minimum investment price per unit, thereby enhancing liquidity of the Company’s shares and expanding its investor base.

(2) Outline of the stock split

(a) Stock split method

The record date of the stock split was Sunday, March 31, 2024 (since this day fell on a non-business day of the shareholder registry administrator, the substantial record date was Friday, March 29, 2024). Each share of the Company common stock held by a shareholder whose name appeared or was recorded in the shareholder registry as of the end of the record date was split into four (4) shares.

(b) Increase in the number of shares resulting from stock split

1	Total number of shares issued before the stock split	9,114,528
2	Increase in issued shares resulting from the stock split	27,343,584
3	Total number of shares issued after the stock split	36,458,112
4	Total number of shares authorized after the stock split	140,000,000

(c) Schedule

1	Public notice date of the record date (scheduled)	Thursday, March 14, 2024
2	Record date	Sunday, March 31, 2024
3	Effective date	Monday, April 1, 2024

(d) Effects on per share information

The effects on per share information are detailed in “(5) Notes to the Consolidated Financial Statements (Per Share Information)” under “3. Consolidated Financial Statements and Major Notes.”

(e) Other

There was no change in the amount of share capital as a result of the stock split.

(3) Partial amendment to the Articles of Incorporation following the stock split

(a) Reason for amendment

In conjunction with the stock split, the Company has amended the total number of shares authorized to be issued described in Article 6 of its Articles of Incorporation with an effective date of Monday, April 1, 2024, pursuant to the provisions of Article 184, Paragraph 2 of the Companies Act of Japan.

(b) Details of amendment

The details of the amendment are as follows.

(Amended portions are underlined.)

Current Articles of Incorporation	After Amendment
(Total number of shares authorized) Article 6. The total number of shares authorized by the Company shall be <u>35,000,000</u>.	(Total number of shares authorized) Article 6. The total number of shares authorized by the Company shall be <u>140,000,000</u>.

(c) Schedule

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

(4) Dividends

As the stock split took effect on April 1, 2024, the year-end dividend for the fiscal year ended March 31, 2024, which has a dividend record date of March 31, 2024, will be paid based on the number of shares before the stock split.

4. Others

Trend of Quarterly Business Results

(Millions of yen)

	Previous Fiscal Year				Fiscal Year Under Review			
	1Q (April to June)	2Q (July to Sept.)	3Q (Oct. to Dec.)	4Q (Jan. to March)	1Q (April to June)	2Q (July to Sept.)	3Q (Oct. to Dec.)	4Q (Jan. to March)
Net sales	40,292	40,299	41,890	42,720	45,357	44,041	44,950	42,679
Operating profit	2,940	1,973	2,399	3,860	4,133	3,462	4,349	2,747
Ordinary profit	3,429	2,256	2,496	3,901	4,754	3,839	4,454	3,340
Profit attributable to owners of parent	2,148	1,428	1,732	2,972	3,078	3,541	2,913	2,883