Summary of Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 2025 [Japanese Standards]

July 31, 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 start distributing dividends: —
Supplementary documents for this summary of financial statements: Yes
Explanation meeting for institutional investors and analysts on this summary of financial statements: None

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

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2025 (April 1, 2024, to June 30, 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	%
1Q, Fiscal Year Ending March 2025	43,939	(3.1)	3,121	(24.5)	3,561	(25.1)
1Q, Fiscal Year Ended March 2024	45,357	12.6	4,133	40.6	4,754	38.7

Note: Comprehensive income was ¥4,615 million (-29.8%) for the first quarter of the fiscal year ending March 2025 and ¥6,570 million (42.2%) for the first quarter of the fiscal year ended March 2024.

	Profit attributable to owners of parent		Profit per share	Diluted profit per share
	Millions of yen	%	Yen	Yen
1Q, Fiscal Year Ending March 2025	2,156	(29.9)	64.03	—
1Q, Fiscal Year Ended March 2024	3,078	43.3	91.38	—

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

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
June 30, 2024	180,235	95,240	49.5
March 31, 2024	179,019	92,697	48.7

Reference: Equity capital was ¥89,212 million as of June 30, 2024, and ¥87,166 million as of March 31, 2024.

2. Dividends

	Dividend				
	1Q End	2Q End	3Q End	Year-End	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal Year Ended March 2024	—	160.00	—	240.00	400.00
Fiscal Year Ending March 2025	—				
Fiscal Year Ending March 2025 (Forecast)		45.00	—	45.00	90.00

Note: Revision to the most recent dividend forecasts previously released: Yes

*The Company conducted a 4-for-1 stock split of its common shares as of April 1, 2024. Dividends for the fiscal year ended March 31, 2024 represent the actual dividend amounts before the stock split. The dividend forecast for the fiscal year ending March 31, 2025 represents the amount after the stock split. For details, refer to the Notice Regarding Performance and Dividend Forecasts released today.

3. Forecast of Consolidated Business Results for the Fiscal Year Ending March 31, 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	%
Interim	88,000	(1.6)	6,500	(14.4)	7,000	(18.5)
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
Interim	4,500	(32.0)	133.61
Full Year	11,800	(5.0)	350.34

Note: Revision to the most recent performance forecasts previously released: Yes

* The Company conducted a 4-for-1 stock split of its common shares as of April 1, 2024." Profit per share" in the Forecast of Consolidated Business Results takes into account the impact of the stock split. For details, refer to the Notice Regarding Performance and Dividend Forecasts released today.

Notes:
(1) Significant changes in the scope of consolidation during the period: None

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

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

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

1Q, Fiscal Year ending March 2025:	36,458,112	Fiscal Year ended March 2024:	36,458,112

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

1Q, Fiscal Year ending March 2025:	2,780,216	Fiscal Year ended March 2024:	2,779,968

3. Average number of shares outstanding:

1Q, Fiscal Year ending March 2025:	33,677,997	1Q, Fiscal Year ended March 2024:	33,682,793

Note: The Company conducted a 4-for-1 stock split of its common shares as of 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” have been calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

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 “(3) Explanation of Forecast of Consolidated Business Results and Other Forward-looking Information” 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 Period under Review

During the first quarter of the fiscal year ending March 31, 2025 (April 1, 2024 to June 30, 2024), the Japanese economy continued on its moderate recovery trend despite certain setbacks in the recovery of personal consumption.

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 the construction and manufacturing industries as well as weak exports affected by the economic downturn in the Chinese real estate market. Looking at the overseas situation, global crude steel output only reached levels comparable to that of the previous year due to reduced production in China and the downturn in demand for steel products in Europe, despite the increasing demand for steel products in some regions, such as India. Domestic total crude steel output in the first quarter of the fiscal year ending March 31, 2025, decreased by 4.4% from a year earlier to 21.24 million tons. According to the announcement by the World Steel Association, crude steel output from January to June 2024 remained flat worldwide compared to a year earlier at 954.60 million tons, while that in India increased by 7.4% from a year earlier to 74.20 million tons.

In this environment, the Group's business results for the first quarter of the fiscal year ending March 31, 2025 suffered decreases in both net sales and profit from a year earlier. This was mainly attributable to the impact of the decreased domestic crude steel output as well as the one-time cost burden caused by the rising costs of imported raw materials reflecting the weakening yen, despite the self-help efforts made by the Group to improve productivity and yields, etc., and the pursuit of various measures set out in the 2025 Revised Management Plan, including the expansion of the India business.

[Net sales]

The Group's net sales decreased by ¥1,417 million from a year earlier to ¥43,939 million (down 3.1% year on year). Although efforts were made to expand the Group's business in the strong Indian steel market, due to the impact of the decrease in domestic crude steel output, net sales decreased. By region, net sales were ¥22,865 million (down 6.7% year on year) in Japan, ¥10,305 million (up 13.2% year on year) in India, ¥1,911million (down 15.5% year on year) in Asia, ¥5,371 million (down 7.4% year on year) in Europe, and ¥3,485 million (down 5.2% year on year) in Others. Overseas net sales amounted to ¥21,073 million (up 1.1% year on year), and the ratio of overseas net sales to total net sales was 48.0% (up by 2.0 percentage points year on year).

[Gross profit]

Gross profit decreased by ¥638 million from a year earlier to ¥8,517 million (down 7.0% year on year). The ratio of gross profit to net sales decreased by 0.8 percentage points from a year earlier to 19.4%.

[Operating profit]

Operating profit decreased by ¥1,011 million from a year earlier to ¥3,121 million (down 24.5% year on year), and the ratio of operating profit to net sales decreased by 2.0 percentage points from a year earlier to 7.1%. Selling, general and administrative expenses increased by ¥373 million from a year earlier to ¥5,395 million (up 7.4% year on year).

[Ordinary profit]

Ordinary profit decreased by ¥1,193 million from a year earlier to ¥3,561 million (down 25.1% year on year) and the ratio of ordinary profit to net sales decreased by 2.4 percentage points from a year earlier to 8.1%. Non-operating income decreased by ¥226 million from a year earlier to ¥627 million (down 26.5% year on year) due to a decrease in insurance claim income, and non-operating expenses decreased by ¥44 million from a year earlier to ¥187 million (down 19.2% year on year) due to the decrease in interest expenses.

[Profit attributable to owners of parent]

Profit attributable to owners of parent decreased by ¥921 million from a year earlier to ¥2,156 million (down 29.9% year on year). Extraordinary income decreased by ¥8 million from a year earlier to ¥11 million (down 42.4% year on year) due to a decrease in gain on sale of non-current assets, and extraordinary losses decreased by ¥3 million from a year earlier to ¥41 million (down 8.6% year on year) due to a decrease in loss on retirement of non-current assets.

Operating results for each business segment are as follows.

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

[Refractories]

Net sales in the Refractories segment decreased by 3.6% from a year earlier to ¥38,166 million. This was attributable to the impact of a decrease in domestic crude steel output, despite efforts to expand the Group’s business in the strong Indian steel market. Segment profit decreased by 19.2% from a year earlier to ¥2,894 million, due primarily to a decrease in net sales as well as the one-time cost burden caused by the rising costs of imported raw materials reflecting the weakening yen.

[Furnace]

Net sales in the Furnace segment increased by 3.1% from a year earlier to ¥3,530 million due to an increase in maintenance operations but segment profit decreased by 78.2% from a year earlier to ¥46 million owing in part to temporary differences in the composition of orders received.

[Ceramics]

Net sales in the Ceramics segment decreased by 8.3% from a year earlier to ¥1,792 million. This was mainly attributable to a trough in orders received for ceramic materials for semiconductor manufacturing equipment and for thermal insulation materials for household fuel cells. Segment profit decreased by 86.6% from a year earlier to ¥25 million.

[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 the Others segment increased by 33.6% from a year earlier to ¥265 million. Segment profit was ¥2 million (compared with a segment loss of ¥1 million for the same period in the previous fiscal year).

(2) Overview of Financial Position for the Period under Review

The financial position as of June 30, 2024 was as follows.

1) Assets

The Group's consolidated total assets increased by ¥1,216 million from the previous fiscal year-end to ¥180,235 million. Current assets decreased by ¥457 million to ¥118,708 million, and non-current assets increased by ¥1,674 million to ¥61,527 million.

A primary factor for the decrease in current assets was a decrease in cash and deposits mainly due to payments of dividends. The main factor for the increase in non-current assets was an increase in machinery, equipment and vehicles associated with the acquisition of machinery and equipment.

2) Liabilities

The Group's consolidated total liabilities decreased by ¥1,327 million from the previous fiscal year-end to ¥84,994 million. Current liabilities decreased by ¥6,277 million to ¥52,405 million and non-current liabilities increased by ¥4,950 million to ¥32,588 million.

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

2) Net assets

The Group's net assets increased by ¥2,543 million from the previous fiscal year-end to ¥95,240 million.

A primary factor for the increase in net assets was an increase in accumulated other comprehensive income associated with the increase in foreign currency translation adjustment.

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

The Group announced today the forecast of consolidated business results for the first two quarters of the fiscal year ending March 31, 2025, which had been undetermined in "Summary of Consolidated Financial Statements for the Fiscal Year Ended March 2024 [Japanese Standards]" released on May 13, 2024. For details, please refer to the "Notice Regarding Performance and Dividend Forecasts" announced today.

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

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Fiscal Year Ended March 31, 2024 (As of March 31, 2024)	1Q, Fiscal Year Ending March 31, 2025 (As of June 30, 2024)
Assets		
Current assets		
Cash and deposits	8,484	7,886
Notes and accounts receivable - trade, and contract assets	63,677	64,229
Merchandise and finished goods	18,460	17,557
Work in process	4,651	4,740
Raw materials and supplies	16,025	16,484
Other	8,485	8,440
Allowance for doubtful accounts	(619)	(629)
Total current assets	119,166	118,708
Non-current assets		
Property, plant and equipment		
Buildings and structures	47,798	48,772
Accumulated depreciation	(32,106)	(32,618)
Buildings and structures, net	15,692	16,154
Machinery, equipment and vehicles	77,785	79,826
Accumulated depreciation	(60,970)	(62,344)
Machinery, equipment and vehicles, net	16,815	17,482
Tools, furniture and fixtures	6,302	6,467
Accumulated depreciation	(4,665)	(4,824)
Tools, furniture and fixtures, net	1,637	1,642
Land	6,758	6,798
Construction in progress	1,789	2,113
Total property, plant and equipment	42,693	44,190
Intangible assets		
Goodwill	3,733	3,795
Other	557	565
Total intangible assets	4,290	4,360
Investments and other assets		
Investment securities	6,838	6,905
Retirement benefit asset	4,348	4,330
Deferred tax assets	157	144
Other	1,753	1,833
Allowance for doubtful accounts	(229)	(238)
Total investments and other assets	12,869	12,975
Total non-current assets	59,852	61,527
Total assets	179,019	180,235

(Millions of yen)

	Fiscal Year Ended March 31, 2024 (As of March 31, 2024)	1Q, Fiscal Year Ending March 31, 2025 (As of June 30, 2024)
Liabilities		
Current liabilities		
Notes payable - trade	-	26
Electronically recorded obligations - operating	6,443	6,392
Accounts payable - trade	19,111	17,254
Short-term borrowings	14,386	5,596
Commercial papers	3,000	10,000
Income taxes payable	2,884	1,087
Provision for bonuses	3,828	2,139
Provision for loss on construction contracts	111	99
Asset retirement obligations	45	73
Other	8,871	9,735
Total current liabilities	58,683	52,405
Non-current liabilities		
Long-term borrowings	19,495	23,664
Deferred tax liabilities	2,884	3,472
Provision for retirement benefits for directors (and other officers)	491	522
Retirement benefit liability	547	568
Asset retirement obligations	137	137
Other	4,081	4,224
Total non-current liabilities	27,638	32,588
Total liabilities	86,321	84,994
Net assets		
Shareholders' equity		
Share capital	5,537	5,537
Capital surplus	1,971	1,971
Retained earnings	72,125	72,261
Treasury shares	(1,669)	(1,669)
Total shareholders' equity	77,965	78,100
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,408	3,423
Deferred gains or losses on hedges	15	62
Foreign currency translation adjustment	3,545	5,459
Remeasurements of defined benefit plans	2,231	2,166
Total accumulated other comprehensive income	9,200	11,112
Non-controlling interests	5,531	6,027
Total net assets	92,697	95,240
Total liabilities and net assets	179,019	180,235

(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, 2024 (April 1, 2023, to June 30, 2023)	1Q, Fiscal Year Ending March 31, 2025 (April 1, 2024, to June 30, 2024)
Net sales	45,357	43,939
Cost of sales	36,202	35,422
Gross profit	9,155	8,517
Selling, general and administrative expenses	5,021	5,395
Operating profit	4,133	3,121
Non-operating income		
Interest income	6	18
Dividend income	69	69
Insurance claim income	94	4
Share of profit of entities accounted for using equity method	71	63
Foreign exchange gains	457	397
Other	153	73
Total non-operating income	853	627
Non-operating expenses		
Interest expenses	148	79
Loss on removal of non-current assets	30	29
Other	52	78
Total non-operating expenses	232	187
Ordinary profit	4,754	3,561
Extraordinary income		
Gain on sale of non-current assets	19	11
Total extraordinary income	19	11
Extraordinary losses		
Loss on sale of non-current assets	-	4
Loss on retirement of non-current assets	45	8
Impairment losses	-	28
Total extraordinary losses	45	41
Profit before income taxes	4,728	3,530
Income taxes - current	810	554
Income taxes - deferred	637	573
Total income taxes	1,448	1,128
Profit	3,280	2,402
Profit attributable to non-controlling interests	202	245
Profit attributable to owners of parent	3,078	2,156

Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	1Q, Fiscal Year Ended March 31, 2024 (April 1, 2023, to June 30, 2023)	1Q, Fiscal Year Ending March 31, 2025 (April 1, 2024, to June 30, 2024)
Profit	3,280	2,402
Other comprehensive income		
Valuation difference on available-for-sale securities	1,514	16
Deferred gains or losses on hedges	6	46
Foreign currency translation adjustment	1,782	2,166
Remeasurements of defined benefit plans, net of tax	(34)	(64)
Share of other comprehensive income of entities accounted for using equity method	21	48
Total other comprehensive income	3,289	2,213
Comprehensive income	6,570	4,615
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,104	4,068
Comprehensive income attributable to non-controlling interests	465	547

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Segments of an Enterprise and Related Information)

(Segment Information)

I. For the first quarter of the fiscal year ended March 31, 2024 (April 1, 2023 to June 30, 2023)

Net sales and profits or losses by reportable segment

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

II. For the first quarter of the fiscal year ending March 31, 2025 (April 1, 2024 to June 30, 2024)

Net sales and profits or losses by reportable segment

(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	38,166	3,530	1,792	184	43,674	265	43,939	—	43,939
Inter-segment or transfer	19	72	—	—	92	—	92	(92)	—
Total	38,186	3,603	1,792	184	43,766	265	44,031	(92)	43,939
Segment profit	2,894	46	25	149	3,116	2	3,118	3	3,121

(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 ¥3 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 on Significant Changes in Shareholders' Equity)

Not applicable.

(Notes on Going Concern Assumption)

Not applicable.

(Notes on Statements of Cash Flows)

Quarterly consolidated statements of cash flows have not been prepared for the first quarter of the fiscal year ending March 31, 2025. Meanwhile, depreciation (including amortization of intangible assets excluding goodwill) and amortization of goodwill for the first quarter of the fiscal year ended March 31, 2024 and ending March 31, 2025 are as follows:

(Millions of yen)

	1Q, Fiscal Year Ended March 31, 2024 (April 1, 2023, to June 30, 2023)	1Q, Fiscal Year Ending March 31, 2025 (April 1, 2024, to June 30, 2024)
Depreciation	906	1,018
Amortization of goodwill	128	144

3. Others

Trend of Quarterly Business Results

(Millions of yen)

	Previous Fiscal Year				Fiscal Year Under Review
	1Q (April to June)	2Q (July to Sept.)	3Q (Oct. to Dec.)	4Q (Jan. to March)	1Q (April to June)
Net sales	45,357	44,041	44,950	42,679	43,939
Operating profit	4,133	3,462	4,349	2,747	3,121
Ordinary profit	4,754	3,839	4,454	3,340	3,561
Profit attributable to owners of parent	3,078	3,541	2,913	2,883	2,156