Summary of Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 2026 [Japanese Standards]

July 29, 2025

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, 2026 (April 1, 2025, to June 30, 2025)

(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 2026	44,015	0.2	3,539	13.4	3,908	9.7
1Q, Fiscal Year Ended March 2025	43,939	(3.1)	3,121	(24.5)	3,561	(25.1)

Note: Comprehensive income was ¥1,048 million (-77.3%) for the first quarter of the fiscal year ending March 2026 and ¥4,615 million (-29.8%) for the first quarter of the fiscal year ended March 2025.

	Profit attributable to owners of parent		Profit per share	Diluted profit per share
	Millions of yen	%	Yen	Yen
1Q, Fiscal Year Ending March 2026	2,507	16.3	74.46	—
1Q, Fiscal Year Ended March 2025	2,156	(29.9)	64.03	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
June 30, 2025	187,393	100,618	50.2
March 31, 2025	187,058	101,640	50.8

Reference: Equity capital was ¥94,000 million as of June 30, 2025, and ¥94,988 million as of March 31, 2025.

2. Dividends

	Dividend				
	1Q End	2Q End	3Q End	Year-End	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal Year Ended March 2025	—	45.00	—	60.00	105.00
Fiscal Year Ending March 2026	—				
Fiscal Year Ending March 2026 (Forecast)		55.00	—	60.00	115.00

Note: Revision to the most recent dividend forecasts previously released: Yes
* 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, 2026 (April 1, 2025, to March 31, 2026)

(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	89,000	1.0	7,000	11.4	7,000	7.0
Full Year	180,000	1.2	15,000	6.5	15,000	(2.1)

	Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Yen
Interim	10,200	145.0	302.88
Full Year	15,500	23.6	460.24

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

* 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 2026:	36,458,112	Fiscal Year ended March 2025:	36,458,112

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

1Q, Fiscal Year ending March 2026:	2,781,377	Fiscal Year ended March 2025:	2,781,034

3. Average number of shares outstanding:

1Q, Fiscal Year ending March 2026:	33,676,801	1Q, Fiscal Year ended March 2025:	33,677,997

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, 2026 (April 1, 2025 to June 30, 2025), the Japanese economy remained on its moderate recovery trend, although uncertainty persisted due to factors such as the U.S. trade policy.

However, the steel industry, the Group's main customers, was affected by the sluggish domestic demand for steel products for the construction and manufacturing industries as well as the impact of China's continued excessive steel production and its high-volume, low-priced exports to global markets. As a result, domestic total crude steel output in the first quarter of the fiscal year ending March 31, 2026 decreased by 5.1% from the same period of the previous year to 20.15 million tons. According to the announcement by the World Steel Association, crude steel output from January to June 2025 decreased by 2.2% worldwide compared to a year earlier at 934.30 million tons, while that in India increased by 9.2% from a year earlier to 80.90 million tons.

In this challenging business environment, the Group's business results for the first quarter of the fiscal year ending March 31, 2026 showed increases in both net sales and profit from a year earlier, reflecting the steady implementation of price revisions in the Refractories business to pass on cost increases, including raw materials and energy prices, since the previous fiscal year, as well as progress in the various measures set out in the 2025 Revised Management Plan, including the expansion of the India business.

[Net sales]

The Group's net sales increased by ¥75 million from a year earlier to ¥44,015 million (up 0.2% year on year). Despite the decrease in domestic and overseas crude steel output, underlying sales increased as a result of the steady passing on of higher cost including raw material and energy prices to selling prices in the Refractories business, as well as efforts to expand sales in India. However, net sales in the Refractories business decreased due to the decline in yen-converted sales reflecting the appreciation of the yen. Meanwhile, overall net sales increased, mainly owing to an increase in construction projects in the Furnace business and a recovery in orders received for materials for electronic components in the Ceramics business. By region, net sales were ¥22,896 million in Japan (up 0.1% year on year), ¥10,333 million in India (up 0.3% year on year), ¥1,940 million in Asia (up 1.5% year on year), ¥4,666 million in Europe (down 13.1% year on year), and ¥4,176 million in Others (up 19.8% year on year). Overseas net sales amounted to ¥21,118 million (up 0.2% year on year), and the ratio of overseas net sales to total net sales was 48.0% (up 0.02 percentage points year on year).

[Gross profit]

Gross profit increased by ¥689 million from a year earlier to ¥9,206 million (up 8.1% year on year). The ratio of gross profit to net sales increased by 1.5 percentage points from a year earlier to 20.9%.

[Operating profit]

Operating profit increased by ¥418 million from a year earlier to ¥3,539 million (up 13.4% year on year), and the ratio of operating profit to net sales increased by 0.9 percentage points from a year earlier to 8.0%. Selling, general and administrative expenses increased by ¥271 million from a year earlier to ¥5,667 million (up 5.0% year on year).

[Ordinary profit]

Ordinary profit increased by ¥346 million to ¥3,908 million (up 9.7% year-on-year), and the ordinary income margin increased by 0.8 percentage points to 8.9%. Non-operating income increased by ¥8 million from a year earlier to ¥635 million (up 1.3% year on year) due to an increase in compensation income, while non-operating expenses increased by ¥79 million from a year earlier to ¥267 million (up 42.3% year on year) due to an increase in compensation expenses.

[Profit attributable to owners of parent]

Profit attributable to owners of parent increased by ¥351 million from a year earlier to ¥2,507 million (up 16.3% year on year). Extraordinary income decreased by ¥5 million from a year earlier to ¥5 million (down 49.4% year on year) due to a decrease in gain on sale of non-current assets, and extraordinary losses increased by ¥72 million from a year earlier to ¥113 million (up 172.3% year on year) due to an increase 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 1.6% from a year earlier to ¥37,551 million. This was attributable to the decrease in yen-converted sales resulting from the appreciation of the yen, despite underlying sales increasing due to the steady passing on of higher cost including raw material and energy prices to selling prices and efforts to expand sales in India, among other initiatives. Segment profit remained unchanged from a year earlier at ¥2,894 million.

[Furnace]

Net sales in the Furnace segment increased by 20.2% from a year earlier to ¥4,242 million, mainly due to an upward revision in maintenance unit prices and orders received for construction projects, while segment profit increased by 751.3% from a year earlier to ¥398 million.

[Ceramics]

Net sales in the Ceramics segment increased by 13.6% from a year earlier to ¥2,036 million. This was mainly attributable to a recovery in orders for materials for electronic components. Segment profit increased by 302.9% from a year earlier to ¥101 million.

[Real Estate]

Net sales in the Real Estate segment remained unchanged from a year earlier at ¥184 million. Segment profit increased by 1.1% from a year earlier to ¥151 million.

Following the withdrawal from the lime business in the previous fiscal year, the “Others” segment has been eliminated effective from the first quarter of the current fiscal year.

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

The financial position as of June 30, 2025 was as follows.

1) Assets

The Group's consolidated total assets increased by ¥335 million from the previous fiscal year-end to ¥187,393 million. Current assets increased by ¥833 million to ¥126,982 million, and non-current assets decreased by ¥497 million to ¥60,411 million.

A primary factor for the increase in current assets was an increase in notes and accounts receivable - trade, and contract assets. The main factor for the decrease in non-current assets was a decrease in machinery, equipment and vehicles due to the retirement of machinery.

2) Liabilities

The Group's consolidated total liabilities increased by ¥1,357 million from the previous fiscal year-end to ¥86,774 million. Current liabilities increased by ¥3,595 million to ¥61,975 million and non-current liabilities decreased by ¥2,238 million to ¥24,799 million.

A primary factor for the increase in current liabilities was an increase in short-term borrowings. The main factor for the decrease in non-current liabilities was a decrease in other non-current liabilities due to the transfer of leasehold deposits received to current liabilities.

3) Net assets

The Group's net assets decreased by ¥1,021 million from the previous fiscal year-end to ¥100,618 million.

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

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

The Group has announced today the forecast of consolidated business results for the first two quarters of the fiscal year ending March 31, 2026 (Interim), which had been undetermined in the "Summary of Consolidated Financial Statements for the Fiscal Year Ended March 2025 [Japanese Standards] released on May 14, 2025. For details, refer to the Notice Regarding Performance and Dividend Forecasts released 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, 2025 (As of March 31, 2025)	1Q, Fiscal Year Ending March 31, 2026 (As of June 30, 2025)
Assets		
Current assets		
Cash and deposits	8,323	7,265
Notes and accounts receivable - trade, and contract assets	69,270	71,857
Merchandise and finished goods	18,345	17,967
Work in process	5,145	5,078
Raw materials and supplies	16,474	16,593
Other	9,067	8,588
Allowance for doubtful accounts	(477)	(368)
Total current assets	126,148	126,982
Non-current assets		
Property, plant and equipment		
Buildings and structures	49,385	49,393
Accumulated depreciation	(33,048)	(33,084)
Buildings and structures, net	16,336	16,309
Machinery, equipment and vehicles	80,349	79,929
Accumulated depreciation	(61,394)	(61,345)
Machinery, equipment and vehicles, net	18,954	18,583
Tools, furniture and fixtures	6,707	6,694
Accumulated depreciation	(4,951)	(4,954)
Tools, furniture and fixtures, net	1,756	1,740
Land	7,320	7,300
Construction in progress	2,441	2,749
Total property, plant and equipment	46,809	46,684
Intangible assets		
Goodwill	3,094	2,876
Other	650	616
Total intangible assets	3,745	3,493
Investments and other assets		
Investment securities	3,966	3,825
Retirement benefit asset	4,625	4,610
Deferred tax assets	165	186
Other	1,843	1,847
Allowance for doubtful accounts	(246)	(235)
Total investments and other assets	10,354	10,234
Total non-current assets	60,909	60,411
Total assets	187,058	187,393

(Millions of yen)

	Fiscal Year Ended March 31, 2025 (As of March 31, 2025)	1Q, Fiscal Year Ending March 31, 2026 (As of June 30, 2025)
Liabilities		
Current liabilities		
Electronically recorded obligations - operating	5,039	4,936
Accounts payable - trade	17,054	17,155
Short-term borrowings	7,905	11,038
Commercial papers	15,000	15,000
Income taxes payable	1,432	781
Provision for bonuses	3,779	2,112
Provision for loss on construction contracts	79	79
Other	8,088	10,871
Total current liabilities	58,379	61,975
Non-current liabilities		
Long-term borrowings	18,833	17,781
Deferred tax liabilities	2,916	3,377
Provision for retirement benefits for directors (and other officers)	527	500
Retirement benefit liability	586	542
Asset retirement obligations	153	153
Other	4,021	2,444
Total non-current liabilities	27,037	24,799
Total liabilities	85,417	86,774
Net assets		
Shareholders' equity		
Share capital	5,537	5,537
Capital surplus	1,971	1,971
Retained earnings	81,125	81,612
Treasury shares	(1,671)	(1,672)
Total shareholders' equity	86,962	87,448
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,878	1,715
Deferred gains or losses on hedges	-	(38)
Foreign currency translation adjustment	3,950	2,731
Remeasurements of defined benefit plans	2,196	2,143
Total accumulated other comprehensive income	8,025	6,551
Non-controlling interests	6,652	6,618
Total net assets	101,640	100,618
Total liabilities and net assets	187,058	187,393

(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, 2025 (April 1, 2024, to June 30, 2024)	1Q, Fiscal Year Ending March 31, 2026 (April 1, 2025, to June 30, 2025)
Net sales	43,939	44,015
Cost of sales	35,422	34,808
Gross profit	8,517	9,206
Selling, general and administrative expenses	5,395	5,667
Operating profit	3,121	3,539
Non-operating income		
Interest income	18	25
Dividend income	69	50
Share of profit of entities accounted for using equity method	63	63
Foreign exchange gains	397	111
Insurance claim income	4	96
Compensation income	3	126
Other	69	162
Total non-operating income	627	635
Non-operating expenses		
Interest expenses	79	95
Loss on removal of non-current assets	29	26
Compensation expenses	3	80
Other	75	64
Total non-operating expenses	187	267
Ordinary profit	3,561	3,908
Extraordinary income		
Gain on sale of non-current assets	11	5
Total extraordinary income	11	5
Extraordinary losses		
Loss on sale of non-current assets	4	0
Loss on retirement of non-current assets	8	112
Impairment losses	28	-
Total extraordinary losses	41	113
Profit before income taxes	3,530	3,799
Income taxes - current	554	509
Income taxes - deferred	573	549
Total income taxes	1,128	1,058
Profit	2,402	2,741
Profit attributable to non-controlling interests	245	233
Profit attributable to owners of parent	2,156	2,507

Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	1Q, Fiscal Year Ended March 31, 2025 (April 1, 2024, to June 30, 2024)	1Q, Fiscal Year Ending March 31, 2026 (April 1, 2025, to June 30, 2025)
Profit	2,402	2,741
Other comprehensive income		
Valuation difference on available-for-sale securities	16	(162)
Deferred gains or losses on hedges	46	(38)
Foreign currency translation adjustment	2,166	(1,376)
Remeasurements of defined benefit plans, net of tax	(64)	(53)
Share of other comprehensive income of entities accounted for using equity method	48	(61)
Total other comprehensive income	2,213	(1,693)
Comprehensive income	4,615	1,048
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,068	1,034
Comprehensive income attributable to non-controlling interests	547	13

(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, 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)	Consoli-dated (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.

II. For the first quarter of the fiscal year ending March 31, 2026 (April 1, 2025 to June 30, 2025)

Net sales and profits or losses by reportable segment

(Millions of yen)

	Reportable Segments					Others (Note 1)	Total	Adjust-ments (Note 2)	Consoli-dated (Note 3)
	Refractories	Furnace	Ceramics	Real Estate	Subtotal				
Net sales									
External customers	37,551	4,242	2,036	184	44,015	—	44,015	—	44,015
Inter-segment or transfer	12	117	—	—	130	—	130	(130)	—
Total	37,564	4,360	2,036	184	44,145	—	44,145	(130)	44,015
Segment profit	2,894	398	101	151	3,545	—	3,545	(5)	3,539

(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. As the Group withdrew from the lime business during the previous fiscal year, the “Others” segment has been eliminated from the first quarter of the current fiscal year.
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.

(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, 2026. Meanwhile, depreciation (including amortization of intangible assets excluding goodwill) and amortization of goodwill for the first quarter of the fiscal year ended March 31, 2025 and ending March 31, 2026 are as follows:

(Millions of yen)

	1Q, Fiscal Year Ended March 31, 2025 (April 1, 2024, to June 30, 2024)	1Q, Fiscal Year Ending March 31, 2026 (April 1, 2025, to June 30, 2025)
Depreciation	1,018	1,109
Amortization of goodwill	144	135

(Significant Subsequent Events)

(Significant Transfer of Assets)

The Company resolved at a meeting of the Board of Directors held on June 24, 2025, to transfer certain non-current assets as outlined below, and completed the transfer on July 1, 2025.

(1) Details of the assets to be transferred

Type of assets	Land and buildings
Location	2496-1 Hineno, Izumisano City, Osaka Prefecture
Current status	Commercial facility
Book value (as of July 1, 2025)	624 million yen

*1. The transfer price is not disclosed, in accordance with a non-disclosure agreement concluded with the transferee.

*2. The transferred assets were placed in trust, and the trust beneficiary rights under the same trust were transferred.

(2) Overview of the transferee

The transferee is a Japanese corporation; but its name is not disclosed in accordance with a non-disclosure agreement concluded with the transferee. Although there are rental transactions between the transferee and the Company, there are no capital or personnel relationships between them. In addition, the transferee is not a related party of the Company.

(3) Purpose of the transfer

The purpose of the transfer of said non-current assets was to reallocate management resources and secure investment capital for sustainable growth.

(4) Transfer schedule

Date of Board of Directors resolution: June 24, 2025

Date of transfer agreement: July 1, 2025

Date of transfer of assets: July 1, 2025

(5) Impact on profit and loss

As a result of the transfer of the non-current assets, the Company expects to record a gain on sale of non-current assets of approximately ¥7,555 million as extraordinary income in the second quarter of the fiscal year ending March 31, 2026. In terms of the full-year results for the Real Estate business in the fiscal year ending March 31, 2026, the Company anticipates decreases in net sales and operating profit.

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	43,939	44,150	45,198	44,632	44,015
Operating profit	3,121	3,161	4,115	3,683	3,539
Ordinary profit	3,561	2,978	4,414	4,361	3,908
Profit attributable to owners of parent	2,156	2,007	5,078	3,293	2,507