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

November 7, 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 submit the Semi-annual Securities Report: November 14, 2025
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 Half of the Fiscal Year Ending March 31, 2026 (April 1, 2025, to September 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	%
First 2Qs, Fiscal Year Ending March 2026	88,405	0.4	7,421	18.1	8,006	22.4
First 2Qs, Fiscal Year Ended March 2025	88,090	(1.5)	6,282	(17.3)	6,540	(23.9)

Note: Comprehensive income was ¥9,003 million (83.1%) for the first two quarters of the fiscal year ending March 2026 and ¥4,916 million (-47.3%) for the first two quarters 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
First 2Qs, Fiscal Year Ending March 2026	10,746	158.1	319.10	—
First 2Qs, Fiscal Year Ended March 2025	4,163	(37.1)	123.63	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
September 30, 2025	176,548	108,423	57.7
March 31, 2025	187,058	101,640	50.8

Reference: Equity capital was ¥101,873 million as of September 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	—	0.00			
Fiscal Year Ending March 2026 (Forecast)			—	0.00	0.00

Note: Revision to the most recent dividend forecasts previously released: None

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	%
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
Full Year	15,500	23.6	460.24

Note: Revision to the most recent performance forecasts previously released: None

Notes:
(1) Significant changes in the scope of consolidation during the period: Yes
Newly included: 1 company (Krosaki Middle East and Africa Ltd.)

(2) Adoption of accounting methods specific to preparation of semi-annual 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):

2Q, 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:

2Q, Fiscal Year ending March 2026:	2,781,805	Fiscal Year ended March 2025:	2,781,034

3. Average number of shares outstanding:

2Q, Fiscal Year ending March 2026:	33,676,621	2Q, Fiscal Year ended March 2025:	33,677,834

Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

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 two quarters of the fiscal year ending March 31, 2026 (April 1, 2025 to September 30, 2025), the Japanese economy remained on its moderate recovery trend, although impacts were observed, particularly in the automobile industry, due to factors such as the U.S. trade policy.

However, the steel industry, the Group's main customers, is 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 two quarters of the fiscal year ending March 31, 2026 decreased by 4.2% from the same period of the previous year to 40.08 million tons. According to the announcement by the World Steel Association, crude steel output from January to September 2025 decreased by 1.6% worldwide compared to a year earlier at 1,373.80 million tons, while that in India increased by 10.5% from a year earlier to 122.40 million tons.

In this challenging business environment, the Group's business results for the first two quarters of the fiscal year ending March 31, 2026 showed increases in both net sales and profit from a year earlier, reflecting cost reduction measures through the self-help efforts to improve productivity and yields, etc., and the steady passing on of higher costs, including raw materials and energy prices, to selling prices in the Refractories business, as well as progress in the various measures set out in the 2025 Revised Management Plan, including the expansion of the India business and a steady increase in orders received for construction projects in the Furnace business.

[Net sales]

The Group's net sales increased by ¥314 million from a year earlier to ¥88,405 million (up 0.4% 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 costs including raw materials 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. By region, net sales were ¥47,805 million in Japan (up 2.3% year on year), ¥20,815 million in India (down 0.9% year on year), ¥4,014 million in Asia (up 0.7% year on year), ¥8,568 million in Europe (down 10.7% year on year), and ¥7,201 million in Others (up 6.3% year on year). Overseas net sales amounted to ¥40,599 million (down 1.9% year on year), and the ratio of overseas net sales to total net sales was 45.9% (down 1.0 percentage points year on year).

[Gross profit]

Gross profit increased by ¥1,463 million from a year earlier to ¥18,514 million (up 8.6% year on year). The ratio of gross profit to net sales increased by 1.6 percentage points from a year earlier to 20.9%.

[Operating profit]

Operating profit increased by ¥1,138 million from a year earlier to ¥7,421 million (up 18.1% year on year), and the ratio of operating profit to net sales increased by 1.3 percentage points from a year earlier to 8.4%. Selling, general and administrative expenses increased by ¥324 million from a year earlier to ¥11,092 million (up 3.0% year on year).

[Ordinary profit]

Ordinary profit increased by ¥1,465 million to ¥8,006 million (up 22.4% year on year), and the ordinary income margin increased by 1.6 percentage points to 9.1%. Non-operating income increased by ¥346 million from a year earlier to ¥1,022 million (up 51.3% year on year) due to an increase in compensation income, while non-operating expenses increased by ¥19 million from a year earlier to ¥437 million (up 4.7% year on year) due to an increase in interest expenses.

[Profit attributable to owners of parent]

Profit attributable to owners of parent increased by ¥6,582 million from a year earlier to ¥10,746 million (up 158.1% year on year). Extraordinary income increased by ¥8,350 million from a year earlier to ¥8,362 million (up 721.1 times year on year) due to an increase in gain on sale of non-current assets, and extraordinary losses increased by ¥404 million from a year earlier to ¥456 million (up 773.3% year on year) due to the recording of tender offer related expenses.

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 0.4% from a year earlier to ¥75,010 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 costs including raw materials and energy prices to selling prices and efforts to expand sales in India, among other initiatives. Segment profit increased by 10.2% from a year earlier to ¥6,119 million, reflecting margin improvement as well as cost reduction measures through the self-help efforts to improve productivity and yields, etc.

[Furnace]

Net sales in the Furnace segment increased by 11.0% from a year earlier to ¥9,081 million, mainly due to an increase in orders received for construction projects and the steady passing on of higher material and other costs to selling prices, while segment profit increased by 228.0% from a year earlier to ¥983 million as a result of sales growth and cost reductions through streamlining of personnel, among other efforts.

[Ceramics]

Net sales in the Ceramics segment increased by 9.8% from a year earlier to ¥4,122 million. This was mainly attributable to a recovery in orders for materials for electronic components. Segment profit increased by 61.9% from a year earlier to ¥193 million.

[Real Estate]

Net sales in the Real Estate segment decreased by 48.4% from a year earlier to ¥190 million due to the sale of rental properties held by the Group. Segment profit decreased by 56.2% from a year earlier to ¥132 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 September 30, 2025 was as follows.

1) Assets

The Group's consolidated total assets decreased by ¥10,509 million from the previous fiscal year-end to ¥176,548 million. Current assets decreased by ¥9,059 million to ¥117,089 million, and non-current assets decreased by ¥1,450 million to ¥59,458 million.

A primary factor for the decrease in current assets was a decrease in notes and accounts receivable - trade, and contract assets, due to the collection of receivables from one-time orders. The main factor for the decrease in non-current assets was a decrease in investment securities resulting from their sale.

2) Liabilities

The Group's consolidated total liabilities decreased by ¥17,292 million from the previous fiscal year-end to ¥68,125 million. Current liabilities decreased by ¥12,451 million to ¥45,928 million and non-current liabilities decreased by ¥4,840 million to ¥22,196 million.

A primary factor for the decrease in current liabilities was the repayment of commercial papers. The main factor for the decrease in non-current liabilities was a decrease in long-term borrowings due to the transfer.

3) Net assets

The Group's net assets increased by ¥6,782 million from the previous fiscal year-end to ¥108,423 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.

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

At this time, the Group has not made any changes to the forecast of consolidated business results for the fiscal year ending March 31, 2026, which had been released on July 29, 2025.

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. Semi-annual Consolidated Financial Statements and Major Notes

(1) Semi-annual Consolidated Balance Sheets

(Millions of yen)

	Fiscal Year Ended March 31, 2025 (As of March 31, 2025)	2Q, Fiscal Year Ending March 31, 2026 (As of September 30, 2025)
Assets		
Current assets		
Cash and deposits	8,323	10,104
Notes and accounts receivable - trade, and contract assets	69,270	59,482
Merchandise and finished goods	18,345	18,065
Work in process	5,145	4,928
Raw materials and supplies	16,474	17,144
Other	9,067	7,668
Allowance for doubtful accounts	(477)	(304)
Total current assets	126,148	117,089
Non-current assets		
Property, plant and equipment		
Buildings and structures	49,385	41,815
Accumulated depreciation	(33,048)	(25,397)
Buildings and structures, net	16,336	16,417
Machinery, equipment and vehicles	80,349	80,593
Accumulated depreciation	(61,394)	(62,002)
Machinery, equipment and vehicles, net	18,954	18,590
Tools, furniture and fixtures	6,707	6,836
Accumulated depreciation	(4,951)	(5,047)
Tools, furniture and fixtures, net	1,756	1,789
Land	7,320	6,842
Construction in progress	2,441	2,916
Total property, plant and equipment	46,809	46,557
Intangible assets		
Goodwill	3,094	2,871
Other	650	593
Total intangible assets	3,745	3,464
Investments and other assets		
Investment securities	3,966	3,039
Retirement benefit asset	4,625	4,593
Deferred tax assets	165	172
Other	1,843	1,863
Allowance for doubtful accounts	(246)	(232)
Total investments and other assets	10,354	9,436
Total non-current assets	60,909	59,458
Total assets	187,058	176,548

(Millions of yen)

	Fiscal Year Ended March 31, 2025 (As of March 31, 2025)	2Q, Fiscal Year Ending March 31, 2026 (As of September 30, 2025)
Liabilities		
Current liabilities		
Electronically recorded obligations - operating	5,039	4,926
Accounts payable - trade	17,054	16,098
Short-term borrowings	7,905	9,664
Commercial papers	15,000	-
Income taxes payable	1,432	4,228
Provision for bonuses	3,779	3,719
Provision for loss on construction contracts	79	79
Other	8,088	7,210
Total current liabilities	58,379	45,928
Non-current liabilities		
Long-term borrowings	18,833	15,664
Deferred tax liabilities	2,916	2,912
Provision for retirement benefits for directors (and other officers)	527	520
Retirement benefit liability	586	540
Asset retirement obligations	153	153
Other	4,021	2,404
Total non-current liabilities	27,037	22,196
Total liabilities	85,417	68,125
Net assets		
Shareholders' equity		
Share capital	5,537	5,537
Capital surplus	1,971	1,970
Retained earnings	81,125	89,850
Treasury shares	(1,671)	(1,674)
Total shareholders' equity	86,962	95,685
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,878	1,225
Foreign currency translation adjustment	3,950	2,873
Remeasurements of defined benefit plans	2,196	2,089
Total accumulated other comprehensive income	8,025	6,188
Non-controlling interests	6,652	6,549
Total net assets	101,640	108,423
Total liabilities and net assets	187,058	176,548

(2) Semi-annual Consolidated Statements of Income and Semi-annual Consolidated Statements of Comprehensive Income

Semi-annual Consolidated Statements of Income

(Millions of yen)

	First 2Qs, Fiscal Year Ended March 31, 2025 (April 1, 2024, to September 30, 2024)	First 2Qs, Fiscal Year Ending March 31, 2026 (April 1, 2025, to September 30, 2025)
Net sales	88,090	88,405
Cost of sales	71,039	69,890
Gross profit	17,051	18,514
Selling, general and administrative expenses	10,768	11,092
Operating profit	6,282	7,421
Non-operating income		
Interest income	36	46
Dividend income	72	52
Share of profit of entities accounted for using equity method	151	164
Foreign exchange gains	229	281
Insurance claim income	8	97
Compensation income	9	127
Other	168	251
Total non-operating income	675	1,022
Non-operating expenses		
Interest expenses	172	189
Loss on removal of non-current assets	106	62
Compensation expenses	28	80
Other	109	105
Total non-operating expenses	418	437
Ordinary profit	6,540	8,006
Extraordinary income		
Gain on sale of non-current assets	11	7,609
Gain on sale of investment securities	-	753
Total extraordinary income	11	8,362
Extraordinary losses		
Loss on sale of non-current assets	4	3
Loss on retirement of non-current assets	11	138
Impairment losses	36	-
Tender offer related expenses	-	314
Total extraordinary losses	52	456
Profit before income taxes	6,499	15,911
Income taxes - current	1,721	4,389
Income taxes - deferred	145	317
Total income taxes	1,866	4,706
Profit	4,632	11,204
Profit attributable to non-controlling interests	469	458
Profit attributable to owners of parent	4,163	10,746

Semi-annual Consolidated Statements of Comprehensive Income

(Millions of yen)

	First 2Qs, Fiscal Year Ended March 31, 2025 (April 1, 2024, to September 30, 2024)	First 2Qs, Fiscal Year Ending March 31, 2026 (April 1, 2025, to September 30, 2025)
Profit	4,632	11,204
Other comprehensive income		
Valuation difference on available-for-sale securities	(545)	(652)
Deferred gains or losses on hedges	(15)	-
Foreign currency translation adjustment	865	(1,359)
Remeasurements of defined benefit plans, net of tax	(129)	(107)
Share of other comprehensive income of entities accounted for using equity method	108	(82)
Total other comprehensive income	283	(2,201)
Comprehensive income	4,916	9,003
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,572	8,909
Comprehensive income attributable to non-controlling interests	344	94

(3) Notes to Semi-annual Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes on Significant Changes in Shareholders' Equity)

Not applicable.

(Additional Information)

At the meeting of the Board of Directors held on August 1, 2025, the Company resolved, as its current opinion regarding the tender offer (the "Tender Offer") by NIPPON STEEL CORPORATION (the "Tender Offeror") for the common shares of the Company, that if the Tender Offer is commenced, the Company will express its opinion in support of the Tender Offer and recommend that the Company's shareholders tender their shares in the Tender Offer.

The above resolution of the Board of Directors was made on the premise that the Tender Offeror intends, through the Tender Offer and the subsequent series of procedures, to make the Company its wholly owned subsidiary, and that the Company's shares are scheduled to be delisted. For details, please refer to the "Notice regarding Expression of Opinion in Support of and Recommendation to Tender in the Planned Commencement of Tender Offer by Our Parent Company, NIPPON STEEL CORPORATION, for the Company's Shares, etc." announced separately on August 1, 2025.

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)	2Q (July to Sept.)
Net sales	43,939	44,150	45,198	44,632	44,015	44,389
Operating profit	3,121	3,161	4,115	3,683	3,539	3,881
Ordinary profit	3,561	2,978	4,414	4,361	3,908	4,097
Profit attributable to owners of parent	2,156	2,007	5,078	3,293	2,507	8,238