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

January 30, 2026

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 Third Quarter of the Fiscal Year Ending March 31, 2026 (April 1, 2025, to December 31, 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 3Qs, Fiscal Year Ending March 2026	132,978	(0.2)	11,715	12.7	12,693	15.9
First 3Qs, Fiscal Year Ended March 2025	133,288	(0.8)	10,398	(12.9)	10,954	(16.1)

Note: Comprehensive income was ¥14,357 million (53.8%) for the first three quarters of the fiscal year ending March 2026 and ¥9,338 million (-21.4%) for the first three 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 3Qs, Fiscal Year Ending March 2026	13,677	48.0	406.15	—
First 3Qs, Fiscal Year Ended March 2025	9,242	(3.0)	274.43	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
December 31, 2025	188,850	113,776	56.5
March 31, 2025	187,058	101,640	50.8

Reference: Equity capital was ¥106,741 million as of December 31, 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 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):

3Q, 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:

3Q, Fiscal Year ending March 2026:	2,782,185	Fiscal Year ended March 2025:	2,781,034

3. Average number of shares outstanding:

3Q, Fiscal Year ending March 2026:	33,676,443	3Q, Fiscal Year ended March 2025:	33,677,702

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 three quarters of the fiscal year ending March 31, 2026 (April 1, 2025 to December 31, 2025), 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 three quarters of the fiscal year ending March 31, 2026 decreased by 3.6% from the same period of the previous year to 60.28 million tons. According to the announcement by the World Steel Association, crude steel output from January to December 2025 decreased by 2.0% worldwide compared to a year earlier at 1,849.40 million tons, while that in India increased by 10.4% from a year earlier to 164.90 million tons.

In this challenging business environment, the Group's business results for the first three quarters of the fiscal year ending March 31, 2026 showed a decrease in net sales and an increase in 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. The main factors behind the decrease in net sales were (i) a trough in orders received for large-scale construction projects in the Furnace business, (ii) a decrease in rental income due to sale of rental properties held by the Group, and (iii) the impact of the Group's withdrawal from the lime business at the end of the previous fiscal year. The decrease in net sales in the Furnace business is temporary and not structural.

[Net sales]

The Group's net sales decreased by ¥310 million from a year earlier to ¥132,978 million (down 0.2% year on year). Despite the decrease in domestic and overseas crude steel output, net sales in the Refractories business increased as a result of the steady passing on of higher costs including raw materials and energy prices to selling prices, as well as efforts to expand sales in India. However, overall net sales decreased due to a trough in orders received for large-scale construction projects in the Furnace business. By region, net sales were ¥71,951 million in Japan (down 1.1% year on year), ¥32,305 million in India (up 1.8% year on year), ¥5,967 million in Asia (up 5.1% year on year), ¥12,496 million in Europe (down 7.2% year on year), and ¥10,257 million in Others (up 6.6% year on year). Overseas net sales amounted to ¥61,027 million (up 0.8% year on year), and the ratio of overseas net sales to total net sales was 45.9% (up 0.5 percentage points year on year).

[Gross profit]

Gross profit increased by ¥2,114 million from a year earlier to ¥28,422 million (up 8.0% year on year). The ratio of gross profit to net sales increased by 1.6 percentage points from a year earlier to 21.4%.

[Operating profit]

Operating profit increased by ¥1,317 million from a year earlier to ¥11,715 million (up 12.7% year on year), and the ratio of operating profit to net sales increased by 1.0 percentage points from a year earlier to 8.8%. Selling, general and administrative expenses increased by ¥796 million from a year earlier to ¥16,706 million (up 5.0% year on year).

[Ordinary profit]

Ordinary profit increased by ¥1,738 million to ¥12,693 million (up 15.9% year on year), and the ordinary income margin increased by 1.3 percentage points to 9.5%. Non-operating income increased by ¥262 million from a year earlier to ¥1,632 million (up 19.2% year on year) due to an increase in compensation income, while non-operating expenses decreased by ¥158 million from a year earlier to ¥654 million (down 19.5% year on year) due to a decrease in loss on removal of non-current assets.

[Profit attributable to owners of parent]

Profit attributable to owners of parent increased by ¥4,435 million from a year earlier to ¥13,677 million (up 48.0% year on year). Extraordinary income increased by ¥4,664 million from a year earlier to ¥8,375 million (up 125.7% year on year) due to an increase in gain on sale of non-current assets, and extraordinary losses increased by ¥414 million from a year earlier to ¥493 million (up 520.5% 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 increased by 1.3% from a year earlier to ¥113,488 million. This was attributable 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, despite the decrease in crude steel output both in Japan and overseas. Segment profit increased by 12.1% from a year earlier to ¥9,831 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 decreased by 7.4% from a year earlier to ¥13,228 million, despite the steady passing on of higher material and other costs to selling prices, due to a trough in orders received for large-scale construction projects, while segment profit increased by 68.1% from a year earlier to ¥1,454 million due to the difference in the composition of orders received and streamlining of personnel, among other efforts.

[Ceramics]

Net sales in the Ceramics segment increased by 9.0% from a year earlier to ¥6,065 million. This was mainly attributable to a recovery in orders for materials for electronic components. Segment profit increased by 13.1% from a year earlier to ¥301 million.

[Real Estate]

Net sales in the Real Estate segment decreased by 64.5% from a year earlier to ¥196 million due to a decrease in rental income resulting from the sale of rental properties held by the Group. Segment profit decreased by 69.7% from a year earlier to ¥135 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 December 31, 2025 was as follows.

1) Assets

The Group's consolidated total assets increased by ¥1,792 million from the previous fiscal year-end to ¥188,850 million. Current assets increased by ¥1,252 million to ¥127,401 million, and non-current assets increased by ¥539 million to ¥61,448 million.

A primary factor for the increase in current assets was an increase in cash and deposits resulting from real estate sales, etc. The main factor for the increase in non-current assets was an increase in machinery, equipment and vehicles due to the acquisition of production facilities, etc.

2) Liabilities

The Group's consolidated total liabilities decreased by ¥10,343 million from the previous fiscal year-end to ¥75,073 million. Current liabilities decreased by ¥12,247 million to ¥46,132 million and non-current liabilities increased by ¥1,903 million to ¥28,941 million.

A primary factor for the decrease in current liabilities was the repayment of 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 net assets increased by ¥12,135 million from the previous fiscal year-end to ¥113,776 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 November 7, 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. 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)	3Q, Fiscal Year Ending March 31, 2026 (As of December 31, 2025)
Assets		
Current assets		
Cash and deposits	8,323	15,197
Notes and accounts receivable - trade, and contract assets	69,270	63,333
Merchandise and finished goods	18,345	19,033
Work in process	5,145	5,029
Raw materials and supplies	16,474	17,081
Other	9,067	7,979
Allowance for doubtful accounts	(477)	(252)
Total current assets	126,148	127,401
Non-current assets		
Property, plant and equipment		
Buildings and structures	49,385	42,372
Accumulated depreciation	(33,048)	(25,691)
Buildings and structures, net	16,336	16,681
Machinery, equipment and vehicles	80,349	83,107
Accumulated depreciation	(61,394)	(62,908)
Machinery, equipment and vehicles, net	18,954	20,199
Tools, furniture and fixtures	6,707	6,930
Accumulated depreciation	(4,951)	(5,147)
Tools, furniture and fixtures, net	1,756	1,782
Land	7,320	6,885
Construction in progress	2,441	2,161
Total property, plant and equipment	46,809	47,710
Intangible assets		
Goodwill	3,094	2,817
Other	650	596
Total intangible assets	3,745	3,413
Investments and other assets		
Investment securities	3,966	3,818
Retirement benefit asset	4,625	4,574
Deferred tax assets	165	168
Other	1,843	2,001
Allowance for doubtful accounts	(246)	(238)
Total investments and other assets	10,354	10,324
Total non-current assets	60,909	61,448
Total assets	187,058	188,850

(Millions of yen)

	Fiscal Year Ended March 31, 2025 (As of March 31, 2025)	3Q, Fiscal Year Ending March 31, 2026 (As of December 31, 2025)
Liabilities		
Current liabilities		
Electronically recorded obligations - operating	5,039	6,003
Accounts payable - trade	17,054	16,804
Short-term borrowings	7,905	9,428
Commercial papers	15,000	-
Income taxes payable	1,432	3,375
Provision for bonuses	3,779	2,243
Provision for loss on construction contracts	79	76
Asset retirement obligations	-	126
Other	8,088	8,073
Total current liabilities	58,379	46,132
Non-current liabilities		
Long-term borrowings	18,833	21,552
Deferred tax liabilities	2,916	3,806
Provision for retirement benefits for directors (and other officers)	527	531
Retirement benefit liability	586	550
Asset retirement obligations	153	25
Other	4,021	2,474
Total non-current liabilities	27,037	28,941
Total liabilities	85,417	75,073
Net assets		
Shareholders’ equity		
Share capital	5,537	5,537
Capital surplus	1,971	1,970
Retained earnings	81,125	92,782
Treasury shares	(1,671)	(1,675)
Total shareholders’ equity	86,962	98,615
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,878	1,815
Deferred gains or losses on hedges	-	22
Foreign currency translation adjustment	3,950	4,252
Remeasurements of defined benefit plans	2,196	2,035
Total accumulated other comprehensive income	8,025	8,125
Non-controlling interests	6,652	7,034
Total net assets	101,640	113,776
Total liabilities and net assets	187,058	188,850

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

Quarterly Consolidated Statements of Income

(Millions of yen)

	First 3Qs, Fiscal Year Ended March 31, 2025 (April 1, 2024, to December 31, 2024)	First 3Qs, Fiscal Year Ending March 31, 2026 (April 1, 2025, to December 31, 2025)
Net sales	133,288	132,978
Cost of sales	106,980	104,556
Gross profit	26,308	28,422
Selling, general and administrative expenses	15,909	16,706
Operating profit	10,398	11,715
Non-operating income		
Interest income	43	60
Dividend income	142	80
Share of profit of entities accounted for using equity method	253	285
Foreign exchange gains	545	579
Insurance claim income	38	98
Compensation income	9	128
Other	336	398
Total non-operating income	1,369	1,632
Non-operating expenses		
Interest expenses	284	312
Loss on removal of non-current assets	359	118
Compensation expenses	28	82
Other	141	141
Total non-operating expenses	813	654
Ordinary profit	10,954	12,693
Extraordinary income		
Gain on sale of non-current assets	2,372	7,622
Gain on sale of investment securities	1,337	753
Total extraordinary income	3,710	8,375
Extraordinary losses		
Loss on sale of non-current assets	4	3
Loss on retirement of non-current assets	19	144
Impairment losses	55	-
Tender offer related expenses	-	345
Total extraordinary losses	79	493
Profit before income taxes	14,585	20,574
Income taxes - current	3,004	5,227
Income taxes - deferred	1,147	946
Total income taxes	4,152	6,173
Profit	10,433	14,401
Profit attributable to non-controlling interests	1,190	723
Profit attributable to owners of parent	9,242	13,677

Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	First 3Qs, Fiscal Year Ended March 31, 2025 (April 1, 2024, to December 31, 2024)	First 3Qs, Fiscal Year Ending March 31, 2026 (April 1, 2025, to December 31, 2025)
Profit	10,433	14,401
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,432)	(61)
Deferred gains or losses on hedges	24	22
Foreign currency translation adjustment	480	202
Remeasurements of defined benefit plans, net of tax	(194)	(161)
Share of other comprehensive income of entities accounted for using equity method	27	(44)
Total other comprehensive income	(1,094)	(43)
Comprehensive income	9,338	14,357
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,090	13,778
Comprehensive income attributable to non-controlling interests	1,247	579

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Segments of an Enterprise and Related Information)

(Segment Information)

I. For the third quarter of the fiscal year ended March 31, 2025 (April 1, 2024 to December 31, 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	112,064	14,282	5,563	553	132,462	826	133,288	—	133,288
Inter-segment or transfer	51	259	—	—	310	—	310	(310)	—
Total	112,115	14,542	5,563	553	132,773	826	133,599	(310)	133,288
Segment profit	8,770	864	266	447	10,349	49	10,398	0	10,398

(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 ¥0 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 third quarter of the fiscal year ending March 31, 2026 (April 1, 2025 to December 31, 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	113,488	13,228	6,065	196	132,978	—	132,978	—	132,978
Inter-segment or transfer	41	353	—	—	395	—	395	(395)	—
Total	113,530	13,581	6,065	196	133,374	—	133,374	(395)	132,978
Segment profit	9,831	1,454	301	135	11,722	—	11,722	(6)	11,715

(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 ¥(6) 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 third quarter of the fiscal year ending March 31, 2026. Meanwhile, depreciation (including amortization of intangible assets excluding goodwill) and amortization of goodwill for the third quarter of the fiscal year ended March 31, 2025 and ending March 31, 2026 are as follows:

(Millions of yen)

	3Q, Fiscal Year Ended March 31, 2025 (April 1, 2024, to December 31, 2024)	3Q, Fiscal Year Ending March 31, 2026 (April 1, 2025, to December 31, 2025)
Depreciation	3,138	3,403
Amortization of goodwill	428	424

(Significant Subsequent Events)

At the meeting of the Board of Directors held on August 1, 2025, the Company resolved that if the tender offer (the "Tender Offer") by NIPPON STEEL CORPORATION (the "Tender Offeror") for the common shares of the Company 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.

In response to the Tender Offeror's decision today to commence the Tender Offer on February 2, 2026, the Company reconsidered the Tender Offer, and at the meeting of the Board of Directors held on January 30, 2026, resolved to 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 resolutions of the Board of Directors were 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 Commencement of the Tender Offer for the Company Shares by Nippon Steel Corporation (the Company's Parent Company) and Recommendation to Tender Shares in the Tender Offer" announced separately on January 30, 2026.

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.)	3Q (Oct. to Dec.)
Net sales	43,939	44,150	45,198	44,632	44,015	44,389	44,573
Operating profit	3,121	3,161	4,115	3,683	3,539	3,881	4,294
Ordinary profit	3,561	2,978	4,414	4,361	3,908	4,097	4,687
Profit attributable to owners of parent	2,156	2,007	5,078	3,293	2,507	8,238	2,931