

Disclaimer: This document is an English translation of the original document in Japanese and has been prepared solely for reference purposes. In the event of any discrepancy between this English translation and the original in Japanese, the original shall prevail in all respects.

Consolidated Financial Results for the Nine Months Ended December 31, 2023 [Japanese GAAP]



February 8, 2024

Company name: Kurimoto, Ltd.

Stock exchange listing: Tokyo

Code number: 5602

URL: <https://www.kurimoto.co.jp>

Representative: Kazutaka Kikumoto, President

Contact: Hiroshi Ono, General Manager of Corporate Planning Division

Phone: +81-6-6538-7719

Scheduled date of filing quarterly securities report: February 8, 2024

Scheduled date of commencing dividend payments: –

Availability of supplementary explanatory materials on quarterly financial results: Unavailable

Schedule of quarterly financial results briefing session: Not Scheduled

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2023 (April 1, 2023 to December 31, 2023)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|-------------------------------------|-------------|------|------------------|-------|-----------------|-------|---|-------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Nine months ended December 31, 2023 | 95,268 | 4.1 | 6,900 | 25.4 | 7,030 | 27.1 | 4,988 | 30.3 |
| December 31, 2022 | 91,481 | 19.5 | 5,503 | 124.4 | 5,531 | 119.2 | 3,827 | 138.2 |

(Note) Comprehensive income: Nine months ended December 31, 2023: ¥7,602 million [43.9%]
Nine months ended December 31, 2022: ¥5,281 million [215.7%]

| | Basic earnings per share | Diluted earnings per share |
|-------------------------------------|--------------------------|----------------------------|
| | Yen | Yen |
| Nine months ended December 31, 2023 | 412.49 | – |
| December 31, 2022 | 313.58 | – |

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio |
|-------------------------|--------------|-------------|--------------|
| | Million yen | Million yen | % |
| As of December 31, 2023 | 151,932 | 78,620 | 51.1 |
| As of March 31, 2023 | 145,164 | 72,963 | 49.3 |

(Reference) Equity: As of December 31, 2023: ¥77,657 million
As of March 31, 2023: ¥71,608 million

2. Dividends

| | Annual dividends | | | | |
|--|------------------|-----------------|-----------------|----------|--------|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended March 31, 2023 | – | 40.00 | – | 50.00 | 90.00 |
| Fiscal year ending March 31, 2024 | – | 50.00 | – | – | – |
| Fiscal year ending March 31, 2024 (Forecast) | – | – | – | 50.00 | 100.00 |

(Note) Revision to the forecast for dividends announced most recently: None

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

(% indicates changes from the previous corresponding period.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Basic earnings per share |
|-----------|-------------|-------|------------------|-----|-----------------|-----|---|-----|--------------------------|
| Full year | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| | 124,000 | (0.7) | 7,500 | 9.6 | 7,500 | 9.2 | 5,100 | 7.9 | 421.47 |

(Note) Revision to the financial results forecast announced most recently: Yes

* Notes:

- (1) Changes in significant subsidiaries during the period under review: None
(Changes in specified subsidiaries resulting in changes in scope of consolidation)
- (2) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: None
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None
- (4) Total number of issued shares (common shares)
 - 1) Total number of issued shares at the end of the period (including treasury shares):
December 31, 2023: 12,798,490 shares
March 31, 2023: 13,098,490 shares
 - 2) Total number of treasury shares at the end of the period:
December 31, 2023: 677,631 shares
March 31, 2023: 889,485 shares
 - 3) Average number of shares during the period:
Nine months ended December 31, 2023: 12,093,769 shares
Nine months ended December 31, 2022: 12,205,268 shares

Note on the total number of issued shares

(Note) The number of treasury shares to be deducted for calculating the total number of treasury shares at the end of the period and the average number of shares during the period includes the Company's shares held by Custody Bank of Japan, Ltd. (Trust E Account) as trust assets under the Board Benefit Trust (BBT) (32,475 shares in the nine months ended December 31, 2023; 42,822 shares in the nine months ended December 31, 2022; 42,822 shares in the fiscal year ended March 31, 2023).

* These quarterly financial results are outside the scope of quarterly review by certified public accountants or an audit firm.

* Explanation of the proper use of financial results forecasts and other notes

Financial results forecasts and other forward-looking statements provided in this document are based on information currently available to the Company and certain assumptions deemed reasonable, and do not represent any guarantee that the Company will achieve these results. Actual financial results and other aspects of business performance may differ significantly from these forecasts owing to various factors. Please refer to "1. Qualitative Information on Quarterly Financial Results for the Period under Review (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information" on page 3 of the Attachments for conditions forming the basis for financial results forecasts, and notes regarding the use of financial results forecasts.

Table of Contents - Attachments

| | |
|--|---|
| 1. Qualitative Information on Quarterly Financial Results for the Period under Review | 2 |
| (1) Explanation of Operating Results | 2 |
| (2) Explanation of Financial Position | 3 |
| (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information | 3 |
| 2. Quarterly Consolidated Financial Statements and Primary Notes | 4 |
| (1) Quarterly Consolidated Balance Sheets | 4 |
| (2) Quarterly Consolidated Statements of Income and Comprehensive Income | 6 |
| (3) Notes to Quarterly Consolidated Financial Statements | 8 |
| (Notes on going concern assumption) | 8 |
| (Notes in the case of significant changes in shareholders' equity) | 8 |
| (Segment information, etc.) | 8 |

1. Qualitative Information on Quarterly Financial Results for the Period under Review

(1) Explanation of Operating Results

During the nine months ended December 31, 2023, the Japanese economy, despite the effects of exchange rate fluctuations, higher resource prices, and accelerating inflation, was on a moderate recovery path due to more social and economic activities returning to normal, as the legal classification of COVID-19 was downgraded to a Class V infectious disease according to the Infectious Diseases Law. However, a sense of uncertainty continued to prevail over the future of the economic situation.

Under these circumstances, the Group has been aiming to expand its business and working to further enhance its corporate value and bolster its management base by continuing to strengthen its cost reduction and sales activities.

For the Group's financial results for the nine months ended December 31, 2023, net sales increased by ¥3,787 million year on year to ¥95,268 million, as a result of increased sales in the Lifeline business and Industrial Materials business, despite the decreased sales in the Machinery System business.

For profit and loss, operating profit increased by ¥1,397 million year on year to ¥6,900 million, ordinary profit increased by ¥1,498 million year on year to ¥7,030 million, and profit attributable to owners of parent increased by ¥1,161 million year on year to ¥4,988 million, reflecting mainly the effects of cost reduction activities, as well as net sales growth and changes in the sales mix.

Operating results by segment were as follows:

In the Lifeline business, net sales increased by ¥5,101 million year on year to ¥50,212 million, mainly due to robust sales in the Pipe Systems Division and an increase in sales from large projects in the Valve Systems Division.

Operating profit increased by ¥1,433 million year on year to ¥4,210 million, mainly due to the progress in improving costs, as well as revenue growth.

In the Machinery System business, net sales decreased by ¥3,519 million year on year to ¥21,128 million, mainly due to a decrease in sales of presses and plant projects in the Plant Engineering & Machinery Division in reaction to the concentrated sales in the first nine months of the previous fiscal year, despite an increase in sales of crushers and parts in the Materials & Machinery Division.

Operating profit decreased by ¥332 million year on year to ¥1,406 million, mainly reflecting the decline in revenue in the Plant Engineering & Machinery Division.

In the Industrial Materials business, net sales increased by ¥2,205 million year on year to ¥23,927 million, mainly due to an increase in sales of air conditioning equipment for factory construction projects in the Construction Materials Division and an increase in sales of products for the electric power industry in the Plastic Products Division.

Operating profit increased by ¥718 million year on year to ¥1,775 million, mainly reflecting an increase in the sales ratio of high-value-added products, in addition to revenue growth.

(2) Explanation of Financial Position

Total assets at the end of the third quarter of the consolidated fiscal year under review increased by ¥6,768 million from the end of the previous consolidated fiscal year to ¥151,932 million, mainly due to increases in merchandise and finished goods and work in process, as well as a rise in the valuation of investment securities.

Liabilities increased by ¥1,111 million from the end of the previous consolidated fiscal year to ¥73,311 million, mainly owing to decreases in short-term borrowings, income taxes payable, and provisions, despite increases in notes and accounts payable - trade and electronically recorded obligations - operating.

Net assets increased by ¥5,657 million from the end of the previous consolidated fiscal year to ¥78,620 million. This is mainly attributable to a decrease due to dividend payments, the recording of profit attributable to owners of parent, and an increase in valuation difference on available-for-sale securities.

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

Considering the recent performance trend, the Company has revised the full-year consolidated financial results forecast for the fiscal year ending March 31, 2024 released on May 12, 2023, as described below.

Net sales are expected to exceed the previous forecast, primarily due to an increase in sales in the Lifeline business, despite a decrease in sales in the Machinery System business.

For profit and loss, operating profit, ordinary profit, and profit attributable to owners of parent are all expected to exceed the previous forecast, primarily due to the effects of cost reduction activities, as well as net sales growth and changes in the sales mix.

Revisions to the full-year consolidated financial results forecast for the fiscal year ending March 31, 2024
(April 1, 2023-March 31, 2024)

| | Net sales | Operating profit | Ordinary profit | Profit attributable to owners of parent | Basic earnings per share |
|---|-------------|------------------|-----------------|---|--------------------------|
| | Million yen | Million yen | Million yen | Million yen | Yen |
| Previous forecast (A) (released on May 12, 2023) | 120,000 | 6,000 | 6,000 | 4,000 | 331.88 |
| Revised forecasts (B) | 124,000 | 7,500 | 7,500 | 5,100 | 421.47 |
| Change (B-A) | 4,000 | 1,500 | 1,500 | 1,100 | — |
| Percentage Change (%) | 3.3 | 25.0 | 25.0 | 27.5 | — |
| (Reference) Actual results for the fiscal year ended March 31, 2023 | 124,827 | 6,840 | 6,868 | 4,727 | 387.27 |

2. Quarterly Consolidated Financial Statements and Primary Notes
(1) Quarterly Consolidated Balance Sheets

(Million yen)

| | As of March 31, 2023 | As of December 31, 2023 |
|--|----------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 20,334 | 20,947 |
| Notes and accounts receivable - trade, and contract assets | 40,149 | 38,592 |
| Electronically recorded monetary claims - operating | 10,467 | 13,353 |
| Merchandise and finished goods | 11,338 | 11,999 |
| Work in process | 6,246 | 8,735 |
| Raw materials and supplies | 3,804 | 3,838 |
| Other | 1,253 | 1,308 |
| Allowance for doubtful accounts | (127) | (64) |
| Total current assets | 93,466 | 98,712 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Land | 13,846 | 13,926 |
| Other, net | 19,448 | 19,397 |
| Total property, plant and equipment | 33,295 | 33,324 |
| Intangible assets | | |
| Other | 1,443 | 1,258 |
| Total intangible assets | 1,443 | 1,258 |
| Investments and other assets | | |
| Investment securities | 12,347 | 15,566 |
| Other | 4,838 | 3,244 |
| Allowance for doubtful accounts | (227) | (173) |
| Total investments and other assets | 16,958 | 18,636 |
| Total non-current assets | 51,697 | 53,219 |
| Total assets | 145,164 | 151,932 |

(Million yen)

| | As of March 31, 2023 | As of December 31, 2023 |
|---|----------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 15,353 | 16,926 |
| Electronically recorded obligations - operating | 14,257 | 20,368 |
| Short-term borrowings | 19,850 | 15,500 |
| Current portion of long-term borrowings | 696 | 447 |
| Income taxes payable | 2,231 | 486 |
| Provisions | 3,253 | 1,437 |
| Other | 6,668 | 8,253 |
| Total current liabilities | 62,311 | 63,420 |
| Non-current liabilities | | |
| Long-term borrowings | 118 | 126 |
| Provisions | 13 | 10 |
| Retirement benefit liability | 8,347 | 8,274 |
| Other | 1,410 | 1,479 |
| Total non-current liabilities | 9,889 | 9,891 |
| Total liabilities | 72,200 | 73,311 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 31,186 | 31,186 |
| Capital surplus | 6,873 | 6,895 |
| Retained earnings | 30,828 | 34,038 |
| Treasury shares | (1,778) | (1,483) |
| Total shareholders' equity | 67,109 | 70,637 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 4,212 | 6,497 |
| Deferred gains or losses on hedges | 0 | - |
| Foreign currency translation adjustment | 198 | 376 |
| Remeasurements of defined benefit plans | 87 | 145 |
| Total accumulated other comprehensive income | 4,498 | 7,019 |
| Non-controlling interests | 1,355 | 963 |
| Total net assets | 72,963 | 78,620 |
| Total liabilities and net assets | 145,164 | 151,932 |

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Nine Months Ended December 31

(Million yen)

| | For the nine months ended December 31, 2022 | For the nine months ended December 31, 2023 |
|--|--|--|
| Net sales | 91,481 | 95,268 |
| Cost of sales | 69,720 | 70,824 |
| Gross profit | 21,761 | 24,443 |
| Selling, general and administrative expenses | 16,257 | 17,543 |
| Operating profit | 5,503 | 6,900 |
| Non-operating income | | |
| Dividend income | 197 | 217 |
| Insurance claim income | 18 | 142 |
| Other | 217 | 253 |
| Total non-operating income | 434 | 613 |
| Non-operating expenses | | |
| Interest expenses | 115 | 132 |
| Arrangement fee | - | 130 |
| Other | 290 | 220 |
| Total non-operating expenses | 406 | 483 |
| Ordinary profit | 5,531 | 7,030 |
| Extraordinary income | | |
| Gain on sale of investment securities | 70 | - |
| Gain on capital reduction with compensation of subsidiaries and affiliates | - | 18 |
| Other | 1 | 0 |
| Total extraordinary income | 71 | 18 |
| Extraordinary losses | | |
| Loss on valuation of investment securities | - | 2 |
| Loss on valuation of golf club membership | 2 | 0 |
| Total extraordinary losses | 2 | 3 |
| Profit before income taxes | 5,601 | 7,045 |
| Income taxes - current | 1,374 | 1,389 |
| Income taxes - deferred | 321 | 574 |
| Total income taxes | 1,696 | 1,963 |
| Profit | 3,904 | 5,081 |
| Profit attributable to non-controlling interests | 77 | 92 |
| Profit attributable to owners of parent | 3,827 | 4,988 |

Quarterly Consolidated Statements of Comprehensive Income
 Nine Months Ended December 31

(Million yen)

| | For the nine months ended December 31, 2022 | For the nine months ended December 31, 2023 |
|--|--|--|
| Profit | 3,904 | 5,081 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,008 | 2,284 |
| Deferred gains or losses on hedges | (3) | (0) |
| Foreign currency translation adjustment | 285 | 177 |
| Remeasurements of defined benefit plans, net of tax | 86 | 58 |
| Total other comprehensive income | 1,376 | 2,520 |
| Comprehensive income | 5,281 | 7,602 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 5,204 | 7,509 |
| Comprehensive income attributable to non-controlling interests | 77 | 92 |

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Notes in the case of significant changes in shareholders' equity)

The Company at a meeting of the Board of Directors held on August 4, 2023, resolved to repurchase its treasury shares pursuant to the provisions of Article 156 of the Companies Act, as applied mutatis mutandis pursuant to the provisions of Article 165, Paragraph 3 of the said Act, and to cancel its treasury shares in accordance with Article 178 of the Companies Act. Subsequently, on August 31, 2023, the Company repurchased 242,400 shares of treasury shares, and cancelled 300,000 shares of treasury shares, effective August 31, 2023.

Additionally, based on a resolution of a meeting of the Board of Directors held on September 28, 2023, the Company decided to adopt an incentive program in which the common shares issued by the Company are granted to the members of the Kurimoto Employees' Shareholding Association as a special incentive and disposed of 144,200 shares of treasury shares in a third-party allotment to the Kurimoto Employees' Shareholding Association, as the allottee, effective December 27, 2023.

As a result, for the nine months ended December 31, 2023, retained earnings decreased by ¥564 million and treasury shares decreased by ¥279 million.

(Segment information, etc.)

[Segment Information]

I For the nine months ended December 31, 2022

1. Information on net sales and income (loss) by reportable segment

(Million yen)

| | Reportable segment | | | Total | Adjustment (Note 1) | Amount recorded in Quarterly Consolidated Statements of Income (Note 2) |
|---|----------------------|---------------------------------|-------------------------------------|--------|------------------------|---|
| | Lifeline business | Machinery System business | Industrial Materials business | | | |
| Net sales | | | | | | |
| Net sales to outside customers | 45,111 | 24,648 | 21,721 | 91,481 | — | 91,481 |
| Inter-segment net sales or transfers | 86 | 66 | 33 | 186 | (186) | — |
| Total | 45,197 | 24,714 | 21,755 | 91,667 | (186) | 91,481 |
| Segment income | 2,777 | 1,739 | 1,056 | 5,573 | (70) | 5,503 |

(Notes) 1. Adjustment of segment income of ¥(70) million includes ¥16 million for inter-segment transaction eliminations, ¥(61) million for allocation difference of selling, general and administrative expenses and experimentation and research expenses borne by each reportable segment, and ¥(25) million for inventory adjustments.

2. Adjustments are made to reconcile segment income to operating profit reported on the quarterly consolidated statements of income.

2. Information on impairment losses on non-current assets and goodwill by reportable segment

(Significant impairment losses related to non-current assets)

There is no relevant information.

(Significant changes in goodwill)

There is no relevant information.

(Significant gain on negative goodwill)

There is no relevant information.

II For the nine months ended December 31, 2023

1. Information on net sales and income (loss) by reportable segment

(Million yen)

| | Reportable segment | | | Total | Adjustment (Note 1) | Amount recorded in Quarterly Consolidated Statements of Income (Note 2) |
|---|----------------------|---------------------------------|-------------------------------------|--------|------------------------|---|
| | Lifeline business | Machinery System business | Industrial Materials business | | | |
| Net sales | | | | | | |
| Net sales to outside customers | 50,212 | 21,128 | 23,927 | 95,268 | — | 95,268 |
| Inter-segment net sales or transfers | 81 | 74 | 12 | 167 | (167) | — |
| Total | 50,294 | 21,202 | 23,939 | 95,436 | (167) | 95,268 |
| Segment income | 4,210 | 1,406 | 1,775 | 7,393 | (492) | 6,900 |

(Notes) 1. Adjustment of segment income of ¥(492) million includes ¥13 million for inter-segment transaction eliminations, ¥(83) million for allocation difference of selling, general and administrative expenses and experimentation and research expenses borne by each reportable segment, and ¥(422) million for inventory adjustments.

2. Adjustments are made to reconcile segment income to operating profit reported on the quarterly consolidated statements of income.

2. Information on impairment losses on non-current assets and goodwill by reportable segment

(Significant impairment losses related to non-current assets)

There is no relevant information.

(Significant changes in goodwill)

There is no relevant information.

(Significant gain on negative goodwill)

There is no relevant information.