# 2024

Kurimoto, Manufacturing the Future

# ANNUAL REPORT

Year ended March 31, 2024

KURIMOTO

# KURIMOTO, LTD.

In 1909 Kurimoto, Ltd. began operations as manufacturer of cast iron pipes for water and gas mains. With determination and foresight, the company soon began to diversify into other fields, serving the industrial sector in a multitude of ways.
The major divisions of Kurimoto now provide ductile iron pipes, plant equipment and engineering services, valves, and construction materials. Involvement with and commitment to large-scale projects has enabled Kurimoto to expand its areas of expertise, be it in land development, industrial modernization, or urban renewal and construction. 12 factories located throughout Japan comprise the company's industrial base which, together with 20 subsidiary companies, make up the Kurimoto Group employing about 2,100 people. Today, Kurimoto plays a vital role in supplying basic industrial products, machines, and services domestically and abroad.

## Contents

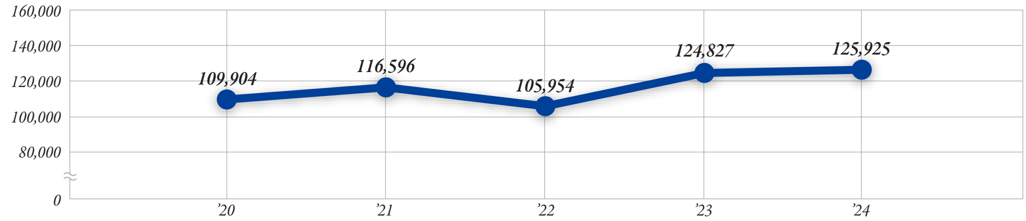
# Financial Highlights

| *Years ended March 31* | **2024** | 2023 | 2022 | 2021 | 2020 | **2024** |
|---|---|---|---|---|---|---|
| | *Millions of yen (thousands of U.S. dollars) except per 100 share information* | | | | | |
| Net sales | **¥ 125,925** | ¥ 124,827 | ¥ 105,954 | ¥ 116,596 | ¥ 109,904 | **$ 831,684** |
| Profit (loss) attributable to owners of parent | **5,470** | 4,727 | 2,917 | 3,174 | 2,773 | **36,132** |
| Total assets | **151,176** | 145,164 | 139,722 | 134,477 | 134,216 | **998,459** |
| Total shareholders' equity (including Accumulated other comprehensive income) | **¥ 81,739** | ¥ 71,608 | ¥ 66,342 | ¥ 63,966 | ¥ 57,892 | **$ 539,852** |
| Per 100 shares of common stock | | | | | | |
| Profit (loss) attributable to owners of parent | **45,211** | 38,727 | 23,917 | 26,042 | 22,283 | **298** |
| Cash dividends | **17,000** | 9,000 | 7,000 | 7,000 | 6,000 | **112** |

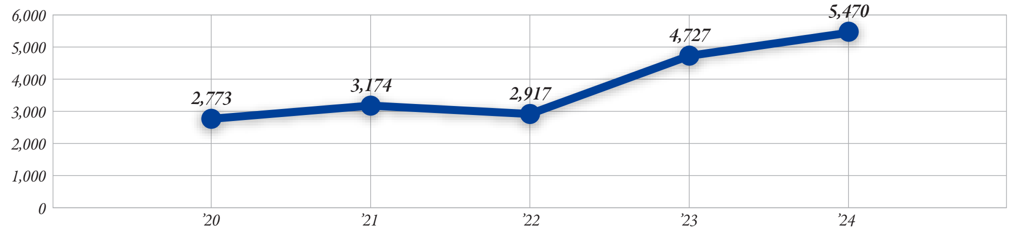
*Note 1: The U.S. dollar amounts are calculated at the exchange rate of ¥151.41 to $1, the rate prevailing on March 31, 2024.*

*Note 2: The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) has been applied from the beginning of the fiscal year ended March 31, 2022, and key management indicators for the fiscal year ended March 31, 2022 and thereafter are those after the application of the said accounting standard.*

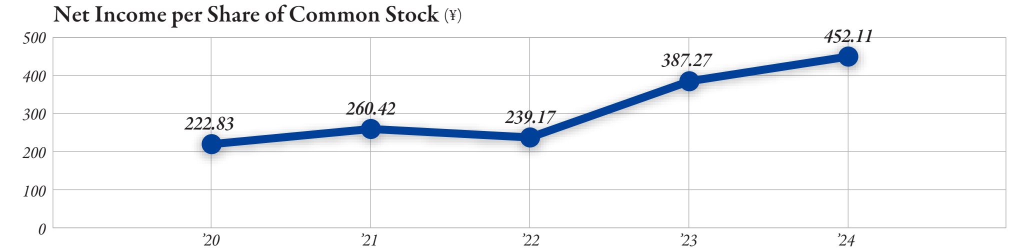
**Net Sales** (¥ million)



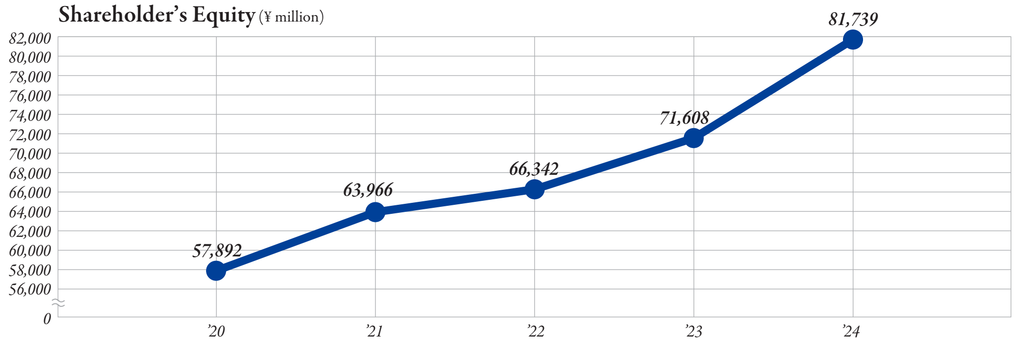

**Profit (loss) attributable to owners of parent** (¥ million)




**Net Income per Share of Common Stock** (¥)




**Shareholder's Equity** (¥ million)



# Message from the President

**Embarking on a new three-year mid-term business plan to realize our vision for 2030.**

In February 2024, we celebrated Kurimoto's 115th anniversary. To all of our stakeholders, including our employees and residents in the areas where we operate, I want to express my heartfelt gratitude for your unwavering support. This thanks naturally extends to our customers and suppliers, investors and shareholders, and partnering financial institutions.

The Kurimoto Group aims to earn the reliable trust of our stakeholders based on the "Three-Way Good" business philosophy of early Omi merchants. To this philosophy we added the environment as a beneficiary and now call it the "Four-Way Good" (*Yonpo-Yoshi*) philosophy—good for the seller, the buyer, society, and the future.

In the past fiscal year that ended March 2024, I appreciated more than ever the importance of maintaining the trust of our key stakeholders—our customers. Pandemic concerns receded, but rising prices for raw materials and fuel became a new, significant cause for concern. We therefore launched cost reduction efforts throughout the company, and where it was not possible to absorb costs, we explained the situation to our customers and requested that they agree to a revision in our prices. Initially, we thought it would take quite some time to get their agreement, but thankfully, most of our customers acknowledged the situation and accommodated our request. Also, through efforts to raise productivity at our factories and other internal measures, we were able to increase operating income by 1.5 billion yen to approximately 7.5 billion yen, compared to our original plan of 6 billion yen. Consequently, the year-end dividend was increased by 70 yen from the previous year to 120 yen.

Regarding progress made over the three years covered by the previous mid-term business plan, which began when I became president in fiscal 2021, we were able to maintain our existing business foundation while further extending our capabilities based on the motto "Go Forward," and multiplied our efforts aimed at sustainable growth. In light of recent societal trends and pressures, as the leader of this company, I have been considering how we can fulfill our social responsibility while enhancing our earning power. This includes making a positive contribution on issues such as building national resilience and achieving carbon neutrality in society. I came to realize that there are many things this company can still do and that there is no shortage of business opportunities. The steps we have taken over the last three years based on the plan have been yielding tangible results. We have strengthened the foundations of our business by cultivating a virtuous cycle in the value chain from procurement to production, sales, and profit distribution.

To build on this progress, we formulated a new three-year mid-term business plan that started in fiscal 2024. This plan aims to realize our vision for 2030—a Kurimoto Group that contributes to society based on our "Four-Way Good" philosophy.

The new plan adopts a backcasting approach that defines a desirable future and maps out how to address social issues going forward, from a "good for the future" perspective. The plan also outlines ambitious challenges we have set for ourselves and makes me more determined than ever to support each division as it needs and to take all measures necessary to achieve our vision for 2030. My mission as Kurimoto's leader is to ensure that our work environment is not only pleasant but rewarding, motivating employees to take on new challenges. I intend to promote policies that foster a workplace in which everyone can thrive and feel that working at Kurimoto is truly interesting.

As 2030 approaches, we are undertaking significant steps to transform and solidify our business foundation and build systems to ensure sustainable growth, regardless of how the business environment changes. Once again, I ask for your continued support as shareholders, investors, or other stakeholders.

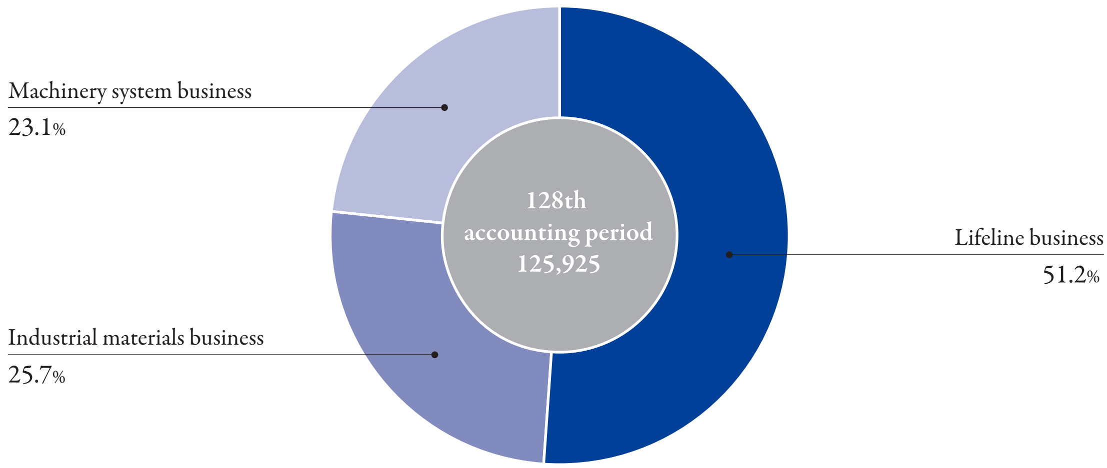
Kazutaka Kikumoto
President

June 2024

Kazutaka Kikumoto
President

# Business Operations

## Corporate group sales by business area (in millions of yen)




### Lifeline business

Sales of the lifeline business amounted to 64,439 million yen, an increase of 3,560 million yen over the previous consolidated fiscal year, primarily due to strong sales of the Pipe Systems Division and sales growth of large-scale projects recorded by the Valve Systems Division.
Operating income of this business rose to 4,494 million yen, an increase of 815 million yen over the previous consolidated fiscal year, reflecting higher sales and cost improvement.

### Industrial materials business

Sales of the industrial materials business were 32,340 million yen, an increase of 2,495 million yen over the previous consolidated fiscal year. In the Construction Materials Division, sales of noise-reduction products increased, and air-conditioning products also increased with the completion of large plant projects. The Plastic Products Division posted sales growth of products for the electric power and small-scale hydroelectric power industries.
Operating income of this business rose to 2,255 million yen, an increase of 851 million yen over the previous consolidated fiscal year. In addition to higher sales, an increase in the sales ratio of high-value-added products was the key factor behind this increase.

### Machinery system business

In the machinery system business, sales decreased by 4,957 million yen from the previous consolidated fiscal year to 29,144 million yen; while the Materials & Machinery Division posted an increase in sales of crushers and parts, the Plant Engineering and Machinery Division experienced a decrease in sales of press machines and plant projects in reaction to the concentration of sales in the previous consolidated fiscal year.
Operating income of this business decreased by 717 million yen from the previous consolidated fiscal year to 1,491 million yen, mainly due to lower sales in the Plant Engineering and Machinery Division.

# Sustainability Approach and Initiatives

The Kurimoto Group's approach to sustainability and its initiatives are as follows.
Forward-looking statements are based on the group's judgment as of the end of the current consolidated fiscal year.

***(1) Basic Approach to Sustainability***

Yunosuke Kurimoto, the company's founder, wished to deliver clean and sanitary water to people everywhere in the world. This desire is incorporated into our policy—aiming to improve people's lives and contribute to their happiness through our business—which is the origin of our sustainability efforts. Based on our management principle, we have built on the trust of our stakeholders and responded to their expectations by providing suitable systems to customers, helping to improve social and industrial infrastructure.

But in an ever-changing social environment, we are obliged to face environmental issues connected to climate change and biodiversity crises and social issues such as human rights violations and a shrinking workforce. For that reason, we pursue management grounded in sustainability principles in the knowledge that carrying out business while ultimately aiming to resolve social issues will lead to improvements for society as well as new business opportunities. Regarding environmental issues, to combat climate change, we are focusing on reducing GHG emissions and working to build a circular economy. Regarding social issues, we strive to provide a working environment that respects DEI and the values of a diverse range of personnel and that enables everyone to work actively with personal motivation. We will contribute to the growth and advancement of sustainability in society based on *Yonpo-Yoshi*, a Japanese business philosophy that emphasizes how business should benefit all parties involved, updated to include the environment.

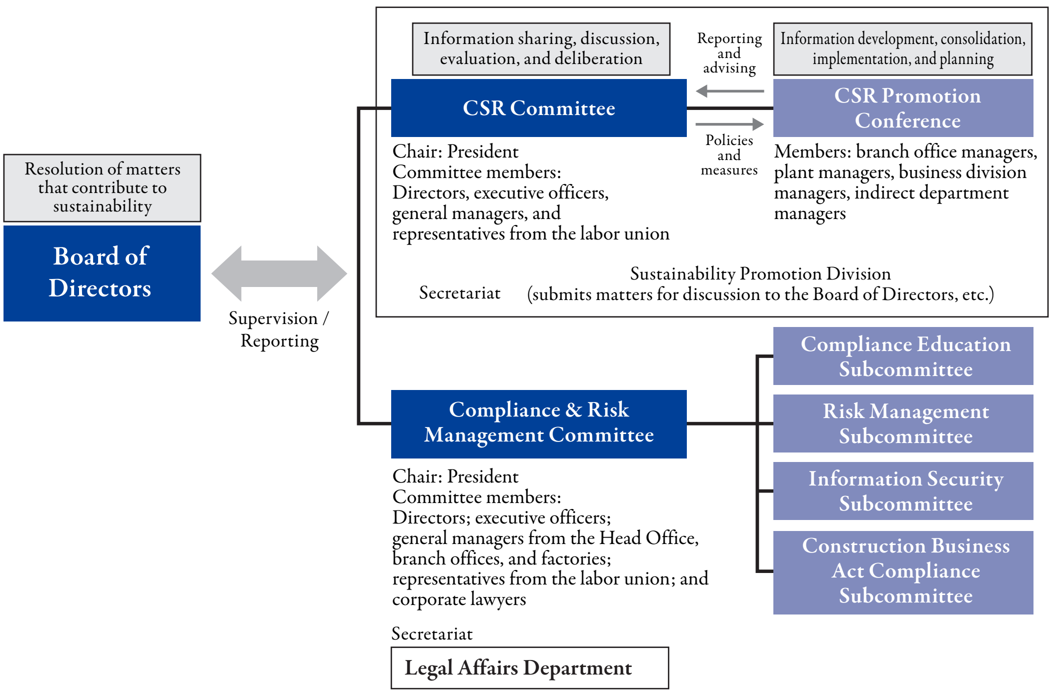
***(2) Initiatives against Climate Change (Information Disclosure Based on TCFD Recommendations)***

Since fiscal 2022, we have been preparing to disclose information based on TCFD (Task Force on Climate-related Financial Disclosures) recommendations, doing so for the first time in our annual financial statement released on June 29, 2023. Our business consists of three segments. In order to understand each segment's impacts on climate change and measures taken in response to climate change in detail, we disclosed the results of our analysis of the risks and opportunities posed by climate change to our business in terms of governance, strategy, risk management, and metrics and targets—in our Lifeline and Machinery system businesses in fiscal 2022, and in our Industrial materials business as well in fiscal 2023.

① Governance

To contribute to the realization of a sustainable society, we hold CSR Committee meetings twice a year and CSR Promotion Conference meetings four times a year, with the Sustainability Promotion Division serving as the secretariat. The CSR Promotion Conference is comprised of branch office managers, plant managers, business division managers, indirect department managers, and labor union representatives. The conference shares information to assist with climate change efforts and other ESG issues, researches new policies, proposes specific activities, and develops plans to put them into practice. The CSR Committee is chaired by the president and is comprised of directors, executive officers, general managers, and labor union representatives. It discusses and deliberates on the practical results of sustainability-related activities and plans based on the collective opinion of the CSR Promotion Conference. The decided matters are handed over to the Board of Directors for final resolution and are reflected in the management of the entire group.

Fig. 1: Sustainability Promotion Organization Diagram



② Strategy

We conducted a scenario analysis to help understand risks and opportunities arising from climate change.

• Scenario Analysis Method (Table 1)

To clarify the impact that climate change is having on our business, we analyzed the following two climate change scenarios: the 1.5°C scenario, in which the global rise in temperature is controlled by proactive policies and regulations to address climate change, and the 4°C scenario, in which a passive response accelerates climate change (Table 1). For the scenario analyses, we referred to the RCP scenarios presented by the Intergovernmental Panel on Climate Change (IPCC) for the physical risks (physical impacts) due to climate change and the NZE, SDS, and STEPS scenarios presented by the International Energy Agency (IEA) for the transition risks (impacts associated with the transition to a decarbonized economy). The target time axis was set to 2030, which is considered a critical point in time for achieving carbon neutrality by 2050. Furthermore, we estimated the financial impact for calculable items in order to understand the effects of climate change in comparison with conventional financial items (Fig. 2). To identify the potential maximum financial exposure, the asset value at each location was changed from "book value" to "acquisition cost" for the trial calculation.

Table 1: Climate Change Scenarios Referenced in Scenario Analysis

| | | A world where temperature rise is controlled by policies | A world undergoing temperature increases and climate change |
|---|---|---|---|
| | | 1.5°C scenario | 4°C scenario |
| Overview | | The increase in temperature by 2100 is limited to 1.5°C compared to levels in the late 19th century and risks pertaining to the transition to a decarbonized society, such as the implementation of carbon pricing (transition risks), affect the world. The influence of physical risks is relatively small compared to the 4°C scenario. | The temperature in 2100 rises by 4°C compared to temperatures in the late 19th century, and climate change exerts physical effects on the world such as disasters (physical risks). The influence of transition risks is small, as there will be no strengthening of regulations on climate change. |
| Reference scenario | Transition risk | IEA Net Zero Emission by 2050 (NZE)<br>IEA Sustainable Development Scenario（SDS） | IEA Stated Policies Scenario (STEPS) |
| | Physical risk | IPCC RCP 2.6 | IPCC RCP 8.5 |

*In the absence of information on the 1.5°C scenario, reference scenarios classified as 2°C scenarios were used.

• Scenario Analysis Results (Table 2)

<1.5°C Scenario>

In the 1.5 °C scenario, the transition to a decarbonized society is expected to have significant impacts on Kurimoto. These include costs arising from the introduction of a carbon tax and steeply rising energy prices due to policies and regulations related to renewable energy and energy conservation, as well as soaring raw material costs and changes in customer and investor reputations. To address these issues and prevent divestment, we are taking measures to reduce GHG emissions, such as introducing carbon-free electricity derived from renewable energy sources, streamlining our production facilities and making them more energy efficient, switching to non-fossil fuels, reducing raw material usage and considering alternative materials, and promoting a shift to carbon-neutral products.

On the other hand, changes in demand for products that address social issues and changes in customer and investor reputations present opportunities that will have a considerable, positive impact and lead to strategic business expansion focusing on social issues.

Specifically, in the Lifeline business segment, we will develop products for the hydropower/small hydropower market and promote decarbonized products; in the Machinery System business segment, we will strengthen markets related to biomass and secondary battery manufacturing processes as well as recycling-related markets to achieve a circular economy; and in the Industrial Materials business segment, we will expand the markets for resin pipe-related products for renewable energy and Zero Emission Buildings (ZEB).

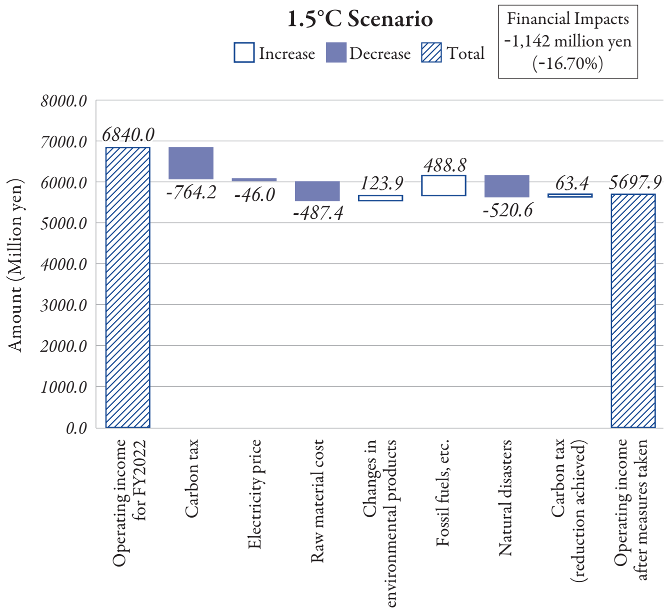
<4°C Scenario>

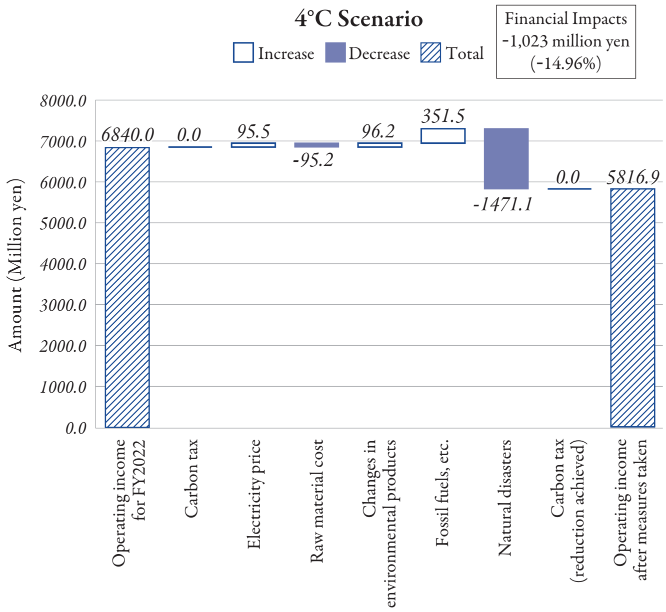
In the 4°C scenario, physical effects are expected to emerge in various forms such as extreme weather intensification brought about by climate change. Risks pertaining to our business include wind and flood damage to our production facilities due to extreme weather events, and resultant delays or stoppages in product sales. In view of the above, it is necessary to promote BCP measures such as decentralized bases and assets and the reinforcement of bases to mitigate risks in order to build a system that allows business to continue even if damaged and to develop a decentralized procurement system that also extends to our suppliers. Opportunities, on the other hand, include increased demand for iron pipes to keep up with the extension of water supply networks, which are lifeline systems, as a result of extreme weather intensification. Going forward, as a corporate group involved in social infrastructure, we will further focus on expanding our business in products related to building national resilience and disaster response.

Table 2: Scenario Analysis Results

| Effects of Climate-related Issues (Risks and Opportunities) | | | Potential Events | Severity Assessment 1.5°C Scenario | Severity Assessment 4°C Scenario | Internal Initiatives |
|---|---|---|---|---|---|---|
| Effects of the transition to a decarbonized economy | Risks | Carbon tax and emissions trading | [Company-wide]<br>Tax payments and emissions trading costs will be incurred in accordance with the amount of GHG emissions. | High | Low | • Visualization of GHG emissions and reduction of Scope 1 and 2 emissions<br>• Introduction of renewable electricity and ICP<br>• Improving energy efficiency of production facilities and optimizing production |
| | | Regulations on the use of fossil fuels | [Lifeline]<br>Increased costs in iron pipe (water pipe) production due to the switch from fossil fuels to alternative fuels<br>[Machinery system]<br>Decrease in sales due to sluggish demand in the petrochemical and steel markets<br>[Industrial materials]<br>Rise in costs due to the switch from fossil fuels to alternative fuels used to improve the worksite environment | Medium | Low | • Switching from fossil fuels to non-fossil fuels such as biomass solid fuels and electric energy<br>• Reducing fossil fuel consumption<br>• Identifying market trends through decarbonization |
| | | Plastics regulations<br>Recycling regulations | [Machinery system]<br>Decrease in sales of plastic-manufacturing machinery due to slowdown in plastic usage<br>[Industrial materials]<br>Decrease in sales due to sluggish demand for FRP pipes, etc. | Medium | Low | • Promoting recycling of plastics and the circular economy |
| | | Introduction of renewable energy and energy conservation policies | [Company-wide]<br>Increase in electricity costs due to the introduction of renewable energy<br>[Company-wide]<br>Increase in equipment costs due to replacement with energy-saving equipment | High | Low | • Improving production efficiency through the optimization of production facilities<br>• Introducing PPA |
| | | Changes in the energy mix | [Machinery system]<br>Decrease in sales due to sluggish demand for products related to coal-fired power generation | Medium | Low | • Assessing climate change measures and market changes |
| | | Changes in raw material costs | [Lifeline]<br>Fluctuations in the price of fossil fuels used for iron pipe (water pipe) production and steep rises in the price of steel and alloys used as raw materials<br>[Machinery system]<br>Steep rises in the price of steel and alloys used as raw materials<br>[Industrial materials]<br>Steep rises in the price of steel plates used for metal ducts and the price of raw materials for plastics | High | Low | • Reducing raw material usage<br>• Diversifying raw material procurement routes<br>• Considering alternatives |
| | | Changes in demand for products | [Company-wide]<br>Higher raw material costs and equipment-switching costs due to a shift in demand to decarbonized products | Medium | Low | • Strengthening value chain management<br>• Improving the energy efficiency of products |
| | | Changes in customer/investor reputations | [Company-wide]<br>If reluctant to promote environmental initiatives, a decrease in sales from being excluded as a possible business partner, and a decrease in capital procurement due to divestment | High | Low | • Promoting a shift to carbon-neutral products<br>• Generating customer demand with a focus on social issues |
| | Opportunities | Recycling regulations | [Machinery system]<br>Increase in sales due to higher demand for products related to the recycling business | Medium | Low | • Shifting to products that can contribute to recycling |
| | | Introduction of renewable energy and energy conservation policies | [Company-wide]<br>Increase in sales due to higher demand for products related to renewable energy | Medium | Low | • Expanding sales of energy-saving products and products related to renewable energy (products for biomass, wind power, EVs, rechargeable batteries, hydroelectric power, nuclear power and solar power) |
| | | Information disclosure response | [Company-wide]<br>New customer acquisition and expanded investment opportunities due to the promotion of proactive environmental initiatives | Medium | Low | • TCFD and CDP information disclosure and improving disclosure content<br>• Disclosure of information through integrated reports<br>• Disclosing sustainability information |
| | | Changes in demand for commodities | [Company-wide]<br>Improved corporate image and increased sales if proactive environmental initiatives are promoted | High | Low | • (Industrial materials) Exploring the ZEB market and transitioning to low-carbon ductile iron pipes<br>• (Company-wide) Developing and expanding sales of environment-related products |
| | | Changes in customer/investor reputations | [Company-wide]<br>New customer acquisition and expanded investment opportunities due to the promotion of proactive environmental initiatives | High | Low | • Promoting a shift to carbon-neutral products<br>• Generating customer demand with a focus on social issues<br>• Identifying issues through the introduction of ESG assessments |
| Physical effects of climate change | Risks | Intensification of extreme weather | [Company-wide]<br>Delays in deliveries and construction schedules, costs incurred in securing substitute products due to damage to our facilities and facilities in the supply chain, and a decrease in sales as customers are affected by disasters | Medium | High | • Improving our business continuity planning (BCP) |
| | | Rising average temperatures | [Company-wide]<br>Increased summer air-conditioning costs and increased costs for employees to deal with extreme summer heat | Low | Medium | • Further implementing energy-saving air conditioning equipment and setting appropriate temperatures |
| | | Deteriorating working conditions<br>Stricter labor laws | [Company-wide]<br>Lower labor productivity caused by extreme summer heat, resulting in reduced profitability and the need to improve the working environment due to strengthened labor laws | Low | Low | • Capital investment that contributes to improving the working environment<br>• Ongoing acquisition of Certified Health and Productivity Management Organization recognition (large enterprise category)<br>• Automation, AI, and designing for minimum maintenance |
| | Opportunities | Intensification of extreme weather | [Lifeline]<br>Increased demand for iron pipes due to the extension of water supply networks<br>[Industrial materials]<br>Increase in demand for products related to disaster prevention and renovation work as disaster response measures; increased demand for the repair and reinforcement of concrete structures in line with national resilience policies | Low | High | • Expanding sales of products related to disaster response and national resilience |

Fig. 2: Estimated Financial Impacts




③ Risk Management

We have established a system with the aim of enabling the appropriate management and implementation of sustainability-related risks and opportunities surrounding our business. We set up a risk management system to address risks (Fig. 1) and integrated risks posed by climate change into the company-wide risk management system in cooperation with the CSR Committee. In accordance with our risk management regulations, risks related to each business division and our group company are identified every three years, and after inventorying, a risk matrix is prepared by the Risk Management Subcommittee, a specialized committee under the Compliance & Risk Management Committee. Identified risks are assessed based on their type, severity, frequency or probability of occurrence, and impact on management. Specifically, the risk matrix is prepared by classifying risks into four categories: human, property, liability, and credit, and by rating risks on four levels of severity (including impact on management) and four levels of frequency or probability of occurrence (reviewed in April every year or when a significant change arises in the business environment). The results are examined and approved by the Compliance & Risk Management Committee. For the management of assessed risks, we have established a specialized subcommittee to study and implement countermeasures. Matters discussed by the committee and specialized subcommittee are shared with employees to promote and implement initiatives. Sustainability-related opportunities are an important element of our efforts to resolve social issues through our business, about which we share information through the CSR Committee (Fig. 1). Regarding opportunities with close relevance to our business, directors and executive officers hold quarterly discussions to evaluate the adequacy of our initiatives. With a proper understanding of sustainability-related risks and opportunities, we will work to better reflect their impacts in our management plans.

④ Metrics and Targets

To assess and manage our impact on climate change, we have set $CO_2$ emissions as a metric with the target of reducing $CO_2$ emissions from our company's operations (Scope 1 and 2) by 50% or more in fiscal 2030 compared to fiscal 2013 to meet the challenge of becoming carbon neutral by fiscal 2050 (Fig. 3). In addition, we began calculating Scope 3 emissions in fiscal 2023 to understand $CO_2$ emissions and reduce them throughout our supply chain. The results for fiscal 2022 show a 45.5% reduction in $CO_2$ emissions compared to fiscal 2013 due to the introduction of electricity derived from renewable energy sources and other measures. In fiscal 2024, we will promote efforts to reduce $CO_2$ emissions by identifying the Scope 1, 2, and 3 $CO_2$ emissions for the entire Group and implementing the countermeasures shown in Table 2.

Fig. 3: Actual $CO_2$ emissions (FY2022) and reduction targets (Scope 1 + Scope 2)

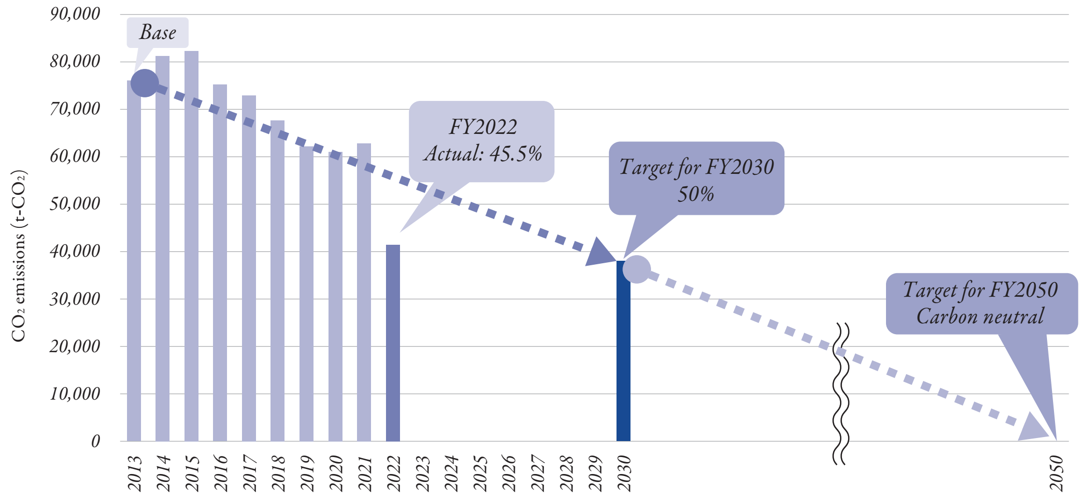



Table 3: Greenhouse Gas (GHG) Emissions Reduction [t-$CO_2$]

| Calculated items | | | FY2013 | FY2022 |
|---|---|---|---|---|
| **$CO_2$ emissions from our company's operations (Scope 1 + Scope 2)** | | | 76,134 | 41,511 |
| (Breakdown) | Scope 1 (Emissions from fuel use) | | 50,015 | 40,172 |
| | Scope 2 (Emissions from electricity use) | | 26,119 | 1,339 |
| **Indirect emissions other than Scope 1 and Scope 2 in the company's supply chain (Scope 3)** | | | – | 472,245 |
| (Breakdown) | CAT1 | Purchased goods and services | – | 254,993 |
| | CAT2 | Capital goods | – | 4,255 |
| | CAT3 | Fuel and energy-related activities not included in Scope 1 and 2 | – | 13,979 |
| | CAT4 | Transportation and delivery (upstream) | – | 8,526 |
| | CAT5 | Waste from business activities | – | 3,481 |
| | CAT6 | Business travel | – | 210 |
| | CAT7 | Employee commuting | – | 711 |
| | CAC9 | Transportation and distribution (downstream) | – | 60 |
| | CAT11 | Use of products sold | – | 174,729 |
| | CAT12 | Disposal of products sold | – | 11,301 |

Scope of coverage: Kurimoto, Ltd. on a non-consolidated basis
– : Not calculated

### *(3) Human Capital*

① Governance

We have established a framework centered on the Human Resource Development Committee, which is chaired by the President and composed of directors, to deliberate on company-wide policies and initiatives that contribute to the utilization of human resources (recruitment, staffing, appraisal, and training) and drive our company's human capital management.

② Strategy

a) Personnel Policy

Based on the concept that "People are the most important capital for companies," the Kurimoto Group has set the following personnel policy to achieve sustainable growth.

◇ We will reform the corporate culture and the mindsets and behaviors of employees.

- We will develop a system that gives all employees opportunities to take on challenges voluntarily supports them.
- We will promote the creation of an organization where people take full responsibility for their actions and self-contained.
- We aim to develop a corporate culture where all the abilities of those who belong to the organization are mobilized and demonstrated to foster creative and original values.

◇ We will create a workplace that motivates employees.
- We will promote work-life balance and develop a flexible mechanism that enables diverse human resources to work actively.
- With an aim to improve employee engagement, we will establish a system where those who have taken action and made achievements are rewarded fairly regardless of age and develop a system where employees are motivated and can feel happy.

◇ We will promote diversity initiatives.
- In line with our corporate creed of “cultivating wisdom and asking many people for advice,” we create a work environment where a diverse range of human resources, including women, non-Japanese, people with disabilities, and mid-career hires with various professional backgrounds can play an active role, and create opportunities for them to build capacities required.
- By bringing together diverse values and making the most of them, we aim to respond to the rapidly changing market environment and achieve sustainable growth.

[Reference] Diversity Policy (established on April 1, 2024)

We regard the promotion of diversity as part of our management strategy to realize “good for the future” in the spirit of our *Yonpo-Yoshi* business philosophy of “bringing benefit to all.” Diversity will foster an organizational culture that draws upon new perspectives to create business models and realize sustainable growth. Our basic initiatives are as follows:

- Diversify our human resources through active recruitment

  We will set targets for hiring women, people with disabilities, and mid-career hires to promote diversity in our workforce.
- Create an environment in which diverse personnel can play active roles

  We will create a working environment and skills development environment in which diverse personnel can play active roles, including women, non-Japanese individuals, people with disabilities, and mid-career hires.
- Promote the active participation of women

  As a first step, we will promote women’s advancement. We will set and announce numerical targets and promote initiatives to achieve them.

b) Human Resources Development Policy

Based on our corporate philosophy “We aim for the happiness of our employees and the happiness of mankind through manufacturing products,” we are striving to realize the basic policy stated below.

◇ We will produce value-added products and services through capacity building for employees and revitalization of the organization to create customer value and make social contributions.

◇ We will support employees in their career development and capacity building and foster abilities to make social contributions as well as foster rich humanity as members of society and as members of the organization.

As specific themes to work on, we are carrying out training programs and other educational measures with a focus on the following five items, thereby promoting employees’ capacity building and improvement of organizational strength.

- Cultivation of a corporate culture that encourages employees to study
- Strengthening of the organizational management abilities of management staff who play pivotal roles in corporate management
- Strengthening of conceptual skills (abilities to think logically and solve problems) of young and mid-level employees
- Finding and fostering candidates as the next executives and innovative human resources
- CSR education for work style reform, promotion of diversity, and achievement of a sustainable society

c) Internal Environment Improvement Policy

Based on the aforementioned policy, with the following human resources strategies set forth in the new three-year mid-term business plan (fiscal 2024 to 2026), we are working to improve the internal environment.

◇ Human resource mobility and systematic fostering of talent
- We will create growth opportunities through changes in the working environment for key managerial positions, mid-level managers, and younger workers.
- Early, systematic fostering of leaders who demonstrate strong initiative

◇ Strengthening recruiting capabilities and increase diversity
- We will establish a system to secure specialized personnel necessary when needed to implement the business plan.
- We will increase the diversity of personnel in the workplace to boost the organization’s capabilities.

◇ Creating a workplace that gives employees active roles and provides motivation
- We will establish a workplace in which employees feel high engagement and want to continue working.
- We will establish a system that supports proactive career development.

③ Metrics and Targets

Regarding human capital, we have set and are monitoring the following goals in terms of “diversity” and a “comfortable work environment.”

In addition, with regard to the metrics for our personnel policy, human resources development policy, and internal environment improvement policy described above in our human capital strategy, due to differences in company size and systems of implementation, although data management of metrics related to Kurimoto is being carried out along with specific initiatives, not all companies in the consolidated group are implementing such efforts. For this reason, the targets and results for the following metrics belong to the individual companies that run the main businesses of the consolidated group.

| Metrics | Targets (%) | FY2023 Results (%) | Remarks |
|---|---|---|---|
| Percentage of women in managerial positions | 3 | 0.4 | Target for the end of FY2030 |
| Percentage of women hired in the managerial career track | 50 | 25.0 | |
| Percentage of women hired in the science career track | 30 | 12.0 | |
| Percentage of regular hires who have been continuously employed for 10 years or so | 65 | 62.7 | |

Scope of coverage: Kurimoto, Ltd. on a non-consolidated basis

## Consolidated Balance Sheets

March 31, 2024 and 2023

| Assets | *Millions of yen* 2024 | 2023 | *Thousands of U.S. dollars (Note 2)* 2024 |
|---|---|---|---|
| Current assets | | | |
| Cash and deposits | **¥ 19,368** | ¥ 20,334 | **$ 127,918** |
| Notes and accounts receivable-trade and contract assets | **51,049** | 50,608 | **337,159** |
| Notes and accounts receivable-trade — unconsolidated subsidiaries and affiliates | **63** | 7 | **417** |
| Merchandise and finished goods | **11,699** | 11,338 | **77,267** |
| Work in process | **8,053** | 6,246 | **53,187** |
| Raw materials and supplies | **3,659** | 3,804 | **24,170** |
| Prepaid expenses and other current assets | **1,137** | 1,253 | **7,511** |
| Allowance for doubtful accounts | **(42)** | (127) | **(281)** |
| Total current assets | **94,987** | 93,466 | **627,350** |
| Property, plant and equipment | | | |
| Buildings and structures | **29,718** | 28,961 | **196,280** |
| Machinery, equipment and vehicles | **58,260** | 57,703 | **384,786** |
| Tools, furniture and fixtures | **10,747** | 10,577 | **70,982** |
| Land | **13,926** | 13,846 | **91,980** |
| Lease assets | **1,131** | 1,100 | **7,470** |
| Construction in progress | **1,000** | 790 | **6,606** |
| Accumulated depreciation | **(81,363)** | (79,684) | **(537,370)** |
| Total property, plant and equipment | **33,421** | 33,295 | **220,735** |
| Investments and other assets | | | |
| Investment securities — other | **18,799** | 12,204 | **124,163** |
| Investment securities — unconsolidated subsidiaries and affiliates | **71** | 142 | **471** |
| Long-term loans — other | **3** | 11 | **20** |
| Long-term loans — unconsolidated subsidiaries and affiliates | **104** | 169 | **686** |
| Other investments | **2,153** | 1,458 | **14,221** |
| Allowance for doubtful accounts | **(162)** | (227) | **(1,071)** |
| Deferred tax assets (Note 9) | **616** | 3,177 | **4,073** |
| Long-term prepaid expenses and other | **1,182** | 1,464 | **7,807** |
| Total investments and other assets | **22,768** | 18,402 | **150,373** |
| Total assets | **¥ 151,176** | ¥ 145,164 | **$ 998,459** |

| Liabilities and Shareholders' Equity | Millions of yen 2024 | Millions of yen 2023 | Thousands of U.S. dollars (Note 2) 2024 |
|---|---|---|---|
| Current liabilities | | | |
| Notes and accounts payable-trade | ¥ 34,504 | ¥ 29,556 | $ 227,884 |
| Notes and accounts payable-trade —— unconsolidated subsidiaries and affiliates | 75 | 54 | 499 |
| Short-term loans payable (Note 4) | 12,290 | 19,850 | 81,170 |
| Current portion of long-term debt (Note 4) | 678 | 696 | 4,481 |
| Lease obligations | 49 | 65 | 327 |
| Income taxes payable | 1,387 | 2,231 | 9,166 |
| Accrued liabilities | 5,123 | 4,841 | 33,835 |
| Advances received | 2,219 | 1,830 | 14,656 |
| Employees' savings deposits | 403 | 407 | 2,666 |
| Other current liabilities | 2,710 | 2,776 | 17,904 |
| Total current liabilities | 59,442 | 62,311 | 392,593 |
| Long-term liabilities | | | |
| Net defined benefit liability (Note 5) | 6,461 | 8,347 | 42,673 |
| Long-term debt (Note 4) | 1,131 | 118 | 7,470 |
| Lease obligations | 887 | 830 | 5,860 |
| Provision for environmental measures | 1 | 13 | 9 |
| Asset retirement obligations | 325 | 324 | 2,151 |
| Other long-term liabilities | 196 | 254 | 1,300 |
| Total long-term liabilities | 9,003 | 9,889 | 59,466 |
| Total liabilities | 68,446 | 72,200 | 452,059 |
| Net assets | | | |
| Shareholders' equity | | | |
| Capital stock | 31,186 | 31,186 | 205,971 |
| Authorized: 39,376,600 shares | | | |
| Issued: 13,098,490 shares in 2023 | | | |
| 12,798,490 shares in 2024 | | | |
| Capital surplus | 6,895 | 6,873 | 45,544 |
| Retained earnings | 34,520 | 30,828 | 227,996 |
| Treasury stock | (1,483) | (1,778) | (9,795) |
| Total shareholders' equity | 71,119 | 67,109 | 469,716 |
| Accumulated other comprehensive income | | | |
| Valuation difference on available-for-sale securities | 8,886 | 4,212 | 58,688 |
| Deferred gains or losses on hedges | — | 0 | 0 |
| Foreign currency translation adjustment | 292 | 198 | 1,931 |
| Remeasurements of defined benefit plans | 1,440 | 87 | 9,515 |
| Total accumulated other comprehensive income | 10,619 | 4,498 | 70,135 |
| Non-controlling interests | 991 | 1,355 | 6,547 |
| Total net assets | 82,730 | 72,963 | 546,399 |
| Total liabilities and net assets | ¥151,176 | ¥145,164 | $ 998,459 |

*The accompanying notes are an integral part of these financial statements.*

## Consolidated Statements of Income

Years ended March 31, 2024 and 2023

| | Millions of yen | | Thousands of U.S. dollars (Note 2) |
|---|---|---|---|
| | 2024 | 2023 | 2024 |
| Net sales | ¥ 125,925 | ¥ 124,827 | $ 831,684 |
| Cost of sales | 94,465 | 95,477 | 623,908 |
| Gross profit | 31,459 | 29,349 | 207,775 |
| Selling, general and administrative expenses | 23,998 | 22,509 | 158,499 |
| Operating income | 7,460 | 6,840 | 49,276 |
| Other income and (expenses) | | | |
| Interest and dividend income | 464 | 416 | 3,064 |
| Interest expense | (141) | (152) | (936) |
| Gain on sales of investment securities | 111 | 95 | 734 |
| Insurance income | 150 | — | 997 |
| Loss on valuation of investment securities | (2) | — | (18) |
| Loss on valuation of stocks of subsidiaries and affiliates | — | (49) | — |
| Fixed asset removal cost | (106) | (172) | (702) |
| Provision of allowance for doubtful accounts for subsidiaries and associates | — | (163) | — |
| Impairment loss | — | (28) | — |
| Arrangement fee | (130) | — | (858) |
| Gain on reduction of capital of subsidiaries and affiliates with compensation | 18 | — | 119 |
| Others, net | 120 | 93 | 796 |
| Income before income taxes | 7,944 | 6,879 | 52,471 |
| Income taxes (Note 9) | | | |
| Current | 2,359 | 2,490 | 15,584 |
| Deferred | (5) | (436) | (33) |
| Total | 2,354 | 2,054 | 15,551 |
| Profit | 5,590 | 4,824 | 36,919 |
| Profit (loss) attributable to non-controlling interests | 119 | 97 | 787 |
| Profit attributable to owners of parent | ¥ 5,470 | ¥ 4,727 | $ 36,132 |

| | yen | | U.S. dollars (Note 2) |
|---|---|---|---|
| | 2024 | 2023 | 2024 |
| Net income per 100 shares: | | | |
| Basic | ¥ 45,211 | ¥ 38,727 | $ 299 |
| Diluted | 45,211 | 38,727 | 299 |
| Cash dividends per 100 shares | 17,000 | 9,000 | 112 |

## Consolidated Statements of Comprehensive Income

Years ended March 31, 2024 and 2023

| | Millions of yen | | Thousands of U.S. dollars (Note 2) |
|---|---|---|---|
| | 2024 | 2023 | 2024 |
| Profit | ¥ 5,590 | ¥ 4,824 | $ 36,919 |
| Other comprehensive income | | | |
| Valuation difference on available-for-sale securities | 4,673 | 956 | 30,864 |
| Deferred gains (losses) on hedges | (0) | (0) | (0) |
| Foreign currency translation adjustment | 93 | 153 | 618 |
| Remeasurements of defined benefit plans | 1,354 | 335 | 8,948 |
| Total other comprehensive income | 6,121 | 1,444 | 40,430 |
| Comprehensive income | 11,711 | 6,268 | 77,350 |
| Comprehensive income attributable to owners of the parent | 11,591 | 6,171 | 76,554 |
| Profit (loss) attributable to non-controlling interests | 120 | 97 | 796 |

## Consolidated Statements of Changes in Net Assets

Years ended March 31, 2024 and 2023

| | *Millions of yen* | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Valuation difference on available-for-sale securities | Deferred gains (losses) on hedges | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Non-controlling interests | Total net assets |
| **Balance as of March 31, 2022** | ¥ 31,186 | ¥ 6,873 | ¥ 27,029 | ¥ (1,802) | ¥ 3,256 | ¥ 1 | ¥ 44 | ¥ (247) | ¥ 1,277 | ¥ 67,619 |
| Dividends of surplus | — | — | (916) | — | — | — | — | — | — | (916) |
| Profit attributable to owners of parent | — | — | 4,727 | — | — | — | — | — | — | 4,727 |
| Purchase of treasury shares | — | — | — | (56) | — | — | — | — | — | (56) |
| Disposal of treasury shares | — | (12) | — | 80 | — | — | — | — | — | 67 |
| Transfer to capital surplus from retained earnings | — | 12 | (12) | — | — | — | — | — | — | — |
| Net changes of items other than shareholders' equity | — | — | — | — | 956 | (0) | 153 | 335 | 77 | 1,521 |
| **Balance as of March 31, 2023** | ¥ 31,186 | ¥ 6,873 | ¥ 30,828 | ¥ (1,778) | ¥ 4,212 | ¥ 0 | ¥ 198 | ¥ 87 | ¥ 1,355 | ¥ 72,963 |
| Dividends of surplus | — | — | (1,213) | — | — | — | — | — | — | (1,213) |
| Profit attributable to owners of parent | — | — | 5,470 | — | — | — | — | — | — | 5,470 |
| Purchase of treasury shares | — | — | — | (700) | — | — | — | — | — | (700) |
| Disposal of treasury shares | — | 94 | — | 336 | — | — | — | — | — | 431 |
| Transfer to capital surplus from retained earnings | — | 564 | (564) | — | — | — | — | — | — | — |
| Cancellation of treasury shares | — | (659) | — | 659 | — | — | — | — | — | — |
| Change in ownership interest of parent due to transactions with non-controlling interests | — | 22 | — | — | — | — | — | — | — | 22 |
| Net changes of items other than shareholders' equity | — | — | — | — | 4,673 | (0) | 93 | 1,353 | (364) | 5,756 |
| **Balance as of March 31, 2024** | ¥ 31,186 | ¥ 6,895 | ¥ 34,520 | ¥ (1,483) | ¥ 8,886 | — | ¥ 292 | ¥ 1,440 | ¥ 991 | ¥ 82,730 |

| | *Thousands of U.S. dollars (Note 2)* | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Valuation difference on available-for-sale securities | Deferred gains (losses) on hedges | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Non-controlling interests | Total net assets |
| **Balance as of March 31, 2023** | $ 205,971 | $ 45,398 | $ 203,606 | $(11,747) | $ 27,824 | $ 0 | $ 1,313 | $ 575 | $ 8,952 | $ 481,894 |
| Dividends of surplus | — | — | (8,011) | — | — | — | — | — | — | (8,011) |
| Profit attributable to owners of parent | — | — | 36,132 | — | — | — | — | — | — | 36,132 |
| Purchase of treasury shares | — | — | — | (4,627) | — | — | — | — | — | (4,627) |
| Disposal of treasury shares | — | 625 | — | 2,223 | — | — | — | — | — | 2,848 |
| Transfer to capital surplus from retained earnings | — | 3,730 | (3,730) | — | — | — | — | — | — | — |
| Cancellation of treasury shares | — | (4,355) | — | 4,355 | — | — | — | — | — | — |
| Change in ownership interest of parent due to transactions with non-controlling interests | — | 146 | — | — | — | — | — | — | — | 146 |
| Net changes of items other than shareholders' equity | — | — | — | — | 30,864 | (0) | 618 | 8,940 | (2,404) | 38,017 |
| **Balance as of March 31, 2024** | $ 205,971 | $ 45,544 | $ 227,996 | $ (9,795) | $58,688 | — | $ 1,931 | $ 9,515 | $ 6,547 | $ 546,399 |

## Consolidated Statements of Cash Flows

Years ended March 31, 2024 and 2023

| | *Millions of yen* | | *Thousands of U.S. dollars (Note 2)* |
|---|---|---|---|
| | **2024** | 2023 | **2024** |
| Net cash provided by (used in) operating activities | | | |
| Income before income taxes | **¥ 7,944** | ¥ 6,879 | **$ 52,471** |
| Depreciation and amortization | **2,951** | 2,930 | **19,493** |
| Impairment loss | **—** | 28 | **—** |
| Decrease (increase) in notes and accounts receivable-trade | **(82)** | (6,925) | **(548)** |
| Increase (decrease) in notes and accounts payable-trade | **4,713** | 693 | **31,131** |
| Decrease (increase) in inventories | **(2,019)** | 587 | **(13,337)** |
| Interest and dividends income | **(464)** | (416) | **(3,064)** |
| Interest expenses | **141** | 152 | **936** |
| Loss (gain) on sales of short-term and long-term investment securities | **(111)** | (95) | **(734)** |
| Loss (gain) on valuation of short-term and long-term investment securities | **2** | 49 | **18** |
| Loss (gain) on sales of stocks of subsidiaries and affiliates | **0** | (4) | **0** |
| Loss (gain) on sales of property, plant and equipment and intangible assets | **0** | — | **4** |
| Loss on retirement of property, plant and equipment and intangible assets | **28** | 45 | **186** |
| Increase (decrease) in allowance for doubtful accounts | **(149)** | 143 | **(988)** |
| Increase (decrease) in provision for retirement benefits | **65** | (0) | **433** |
| Other, net | **78** | 1,515 | **516** |
| Sub-total | **13,100** | 5,584 | **86,520** |
| Interest and dividends income received | **437** | 399 | **2,890** |
| Interest expenses paid | **(141)** | (152) | **(933)** |
| Income taxes paid | **(3,118)** | (766) | **(20,593)** |
| Net cash provided by (used in) operating activities | **10,278** | 5,064 | **67,884** |
| Net cash provided by (used in) investing activities | | | |
| Decrease (increase) in time deposits | **(500)** | — | **(3,302)** |
| Purchase of short-term and long-term investment securities | **(2)** | (4) | **(17)** |
| Proceeds from sales of short-term and long-term investment securities | **158** | 634 | **1,048** |
| Purchase of property, plant and equipment and intangible assets | **(2,380)** | (2,379) | **(15,721)** |
| Proceeds from sales of property, plant and equipment and intangible assets | **28** | 14 | **191** |
| Proceeds from sales of stocks of subsidiaries and affiliates | **0** | — | **3** |
| Proceeds from decrease in investment in capital of subsidiaries and affiliates | **88** | — | **586** |
| Payments of loans receivable | **(0)** | — | **(4)** |
| Collection of loans receivable | **74** | 35 | **492** |
| Other, net | **(158)** | (41) | **(1,047)** |
| Net cash provided by (used in) investing activities | **(2,690)** | (1,741) | **(17,771)** |
| Net cash provided by (used in) financing activities | | | |
| Net increase (decrease) in short-term loans payable | **(7,560)** | (2,400) | **(49,930)** |
| Repayments of lease obligations | **(79)** | (37) | **(523)** |
| Proceeds from long-term loans payable | **1,700** | 100 | **11,227** |
| Repayment of long-term loans payable | **(705)** | (1,222) | **(4,656)** |
| Cash dividends paid | **(1,211)** | (915) | **(7,999)** |
| Dividends paid to non-controlling interests | **(24)** | (19) | **(161)** |
| Purchase of treasury shares | **(700)** | (0) | **(4,627)** |
| Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation | **(438)** | — | **(2,893)** |
| Proceeds from sales of treasury shares | **414** | — | **2,735** |
| Net cash provided by (used in) financing activities | **(8,604)** | (4,495) | **(56,830)** |
| Effect of Exchange Rate Changes on Cash and Cash Equivalents | **48** | 147 | **318** |
| Net Increase (Decrease) in Cash and Cash Equivalents | **(968)** | (1,024) | **(6,399)** |
| Cash and Cash Equivalents at Beginning of Year | **20,275** | 21,299 | **133,907** |
| Cash and Cash Equivalents at End of Year | **¥ 19,306** | ¥ 20,275 | **$ 127,508** |

Note: Relation between the year-end balance of cash and cash equivalents and the items on the consolidated balance sheet:

| | | | |
|---|---|---|---|
| Cash and deposits | **¥ 19,368** | ¥ 20,334 | **$ 127,918** |
| Time deposits due over three months | **(62)** | (59) | **(410)** |
| Cash and cash equivalents | **¥ 19,306** | ¥ 20,275 | **$ 127,508** |

# Notes to Financial Statements

## Note 1. Significant Accounting Policies

**Basis of Presenting Consolidated Financial Statements**
Kurimoto, Ltd. (hereinafter referred to as "the Company") and its consolidated subsidiaries have presented their official accounting records in the currency of yen and in accordance with the Commercial Code and the regulations of Securities & Exchange Law, and in conformity with the generally accepted accounting principles & practices of Japan (hereinafter called "Japan Accounting Standard").

Some part of the Japan Accounting Standard, in its method of application and disclosure requirements, is different from the International Accounting Standard and some other countries' accounting standards. Accordingly, the consolidated financial statements attached hereto are prepared for readers who are well acquainted with the Japan Accounting Standard.

The consolidated financial statements attached hereto have been prepared in accordance with the Japan Accounting Standard pursuant to the Securities & Exchange Law. Such consolidated financial statements of the Company as were submitted to our district's Local Finance Bureau of the Ministry of Finance have been re-edited and translated into English.

**Consolidation Policies**
These consolidated financial statements include the accounting records of the Company and the companies over which the Company either holds majority voting power or for which certain other conditions verify the Company's control over them. The investment account of the Company in non-consolidated subsidiaries or affiliates which are largely influenced by the Company in their operational and financial policies have been computed on the basis of equity-method investment balance.

The important credit & liability, trade, and unrealized profit between and among consolidated companies have been eliminated on a consolidation basis.

**Translation of Foreign Currencies**
Monetary assets and liabilities denominated in foreign currencies have been translated into Japanese yen at the rate as of the date of each balance sheet presentation, and their exchange profit or loss has been appropriated as their profit or loss in the current period. The balance sheets of consolidated overseas subsidiaries are translated into Japanese yen at the year-end rates except for shareholders' equity accounts, which are translated at historical rates. Income statements of consolidated overseas subsidiaries are translated at the average rates during the year. Translation adjustments resulting from translating financial statements whose accounts are denominated in foreign currencies are not included in the determination of net income but are reported as "Foreign currency translation adjustments" in a component of net assets and non-controlling interests.

**A Range of Funds in a Statement of Consolidated Cash Flow**
A fund in a statement of consolidated cash flow (cash and its equivalent) consists of cash in hand, ordinary deposits, and short-term investments which have a term of redemption within three months, carry low risk for value fluctuation and can be withdrawn easily.

**Marketable and Investment Securities**
The Company & its consolidated subsidiaries have specified the purposes of their respective securities holdings, and classified those securities into securities for buying & selling, stocks of their affiliates, and other securities.

Securities for buying & selling have been evaluated at market value.

The stocks of their affiliates have been evaluated at book value.

Those other securities that have market value have been evaluated at market value, and the unrealized profit or loss has been reported as an independent item in Part of Capital after taxation.

Those other securities that do not have market value have been evaluated at book value.

For the cases in which the value of those other securities with market value fell sharply, the relevant securities have been placed in the balance sheet according to their market value, and the difference between the book value and the market value has been recognized as a loss for the fiscal year. For the cases in which the net asset value of those other securities without market value fell markedly, the relevant securities have been written down to the net asset value, and the corresponding difference has been recognized as a loss.

Profit or loss in selling securities has been calculated based upon the selling price by the moving average method, and included in profit or loss.

**Inventories**
Inventories are principally stated at the cost determined by the average method or the specific cost method.

**Fixed Assets (excluding lease assets)**
Fixed assets are stated by book value. Method of depreciation is mainly the straight-line method by estimated useful life. Main estimated useful lives are as follows.

Building and construction: 2 to 60 years.

Machinery and automotive equipment: 2 to 22 years. The cost of repair or small amount reformation is expensed as incurred, but any large scale repair or reformation is classified as assets.

**Liability for Retirement Benefits**
1. The Period Attribution Method for Projected Retirement Benefits
As for the calculation of retirement benefits, the benefit formula basis is applied for the attribution of projected retirement benefits to the period up to the end of the fiscal year under review.
2. Mathematical Calculation for the Amortization of Actuarial Differences
Actuarial differences are amortized by the straight-line method over a period within the average remaining service years for employees (mainly 10 years) at the time of recognition, and allocated proportionately from the fiscal year following the respective fiscal year of recognition.

**Research and Development and Computer Software**
Research & development expenses have been charged as incurred.

Software expenses have been included mainly in long-term prepaid expenses and other expenses, and depreciated by a straight-line method chiefly for five-year service life.

**Income Taxes**
As to the temporary difference in the book value of assets and liabilities for the purpose of financial accounting and taxation, the net worth method has been used to figure deferred tax assets and liabilities.

**Per Share Information**

The computation of basic net income per share is based on the weighted average number of shares of common stock outstanding during each period. The average number of shares used in the computation was 12,100,540 and 12,206,206 for the years ended March 31, 2024 and 2023 respectively.

**Recognition of earning cost**

For construction work that was initiated this consolidated accounting period, we will still use the percentage-of-completion method for those ongoing projects with assured revenue by the end of the period (the cost-to-cost method will be used to estimate the progress rate of construction), and the complete job method to other projects.

**Consolidated Taxation System**

We have adopted a consolidated taxation system.

**Marketable and Investments Securities**

Other marketable securities as of March 31, 2024 are as follows.

| | *Millions of yen* | | |
|---|---|---|---|
| | 2024 | | |
| | *Carrying amounts* | *Market value* | *Unrealized gain (loss)* |
| Other securities | ¥ 5,799 | ¥ 18,400 | ¥ 12,600 |

| | *Thousands of U.S. dollars* | | |
|---|---|---|---|
| | 2024 | | |
| | *Carrying amounts* | *Market value* | *Unrealized gain (loss)* |
| Other securities | $ 38,302 | $ 121,525 | $ 83,223 |

## Note 2. U.S. Dollar Amounts

The dollar amounts are included solely for convenience: they should not be construed as exact translations of current yen figures, nor are they the dollar amounts into which yen amounts have been or could be converted.

The exchange rate of US$1=¥151.41 as of March31, 2024, has been used for the purpose of presenting the dollar amounts in the accompanying consolidated financial statements.

## Note 3. Significant Accounting Estimates

### 1. Recoverability of deferred tax assets

***(1) Amount recorded in the consolidated financial statements for the current consolidated fiscal year***

| | *Millions of yen* | *Thousands of U.S. dollars* |
|---|---|---|
| | 2024 | 2024 |
| Deferred tax assets | ¥ 616 | $ 4,073 |

***(2) Information on the content of important accounting estimates for recognized items***

Regarding the evaluation of the recoverability of deferred tax assets, future taxable income is reasonably estimated, and valuation allowance is recorded for any amount which is not deemed recoverable.

If such estimate needs to be revised due to changes in uncertain future economic conditions and other reasons, it may have a significant impact on the amounts of deferred tax assets and income taxes-deferred to be recognized in the consolidated financial statements for the next consolidated fiscal year.

### 2. Calculation of retirement benefit obligations

***(1) Amount recorded in the consolidated financial statements for the current consolidated fiscal year***

| | *Millions of yen* | *Thousands of U.S. dollars* |
|---|---|---|
| | 2024 | 2024 |
| Net defined benefit liability | ¥ 6,461 | $ 42,673 |

***(2) Information on the content of important accounting estimates for recognized items***

The Company and some of its subsidiaries have adopted a defined benefit plan as an employee retirement benefit program. Liability for retirement benefits and retirement benefit costs related to retirement benefit obligations are calculated based on the preconditions used in actuarial calculations.

The preconditions used in actuarial calculations include many estimates such as discount rates and long-term expected rate of return on pension assets. If such estimate needs to be revised due to changes in uncertain future economic conditions and other reasons, it may have a significant impact on the amount of liability for retirement benefits and retirement benefit costs related to retirement benefit obligations to be recognized in the consolidated financial statements for the next consolidated fiscal year onward.

### 3. Application of percentage-of-completion method

***(1) Amount recorded in the consolidated financial statements for the current consolidated fiscal year***

| | *Millions of yen* | *Thousands of U.S. dollars* |
|---|---|---|
| | 2024 | 2024 |
| Net sales | ¥ 17,473 | $ 115,407 |

***(2) Information on the content of important accounting estimates for recognized items***

The percentage-of-completion method is applied to construction works for which confirming the degree of completion until the end of the current consolidated fiscal year is deemed certain (estimation of the progress rate of construction work is based on the proportion of cost incurred).

In applying the percentage-of-completion method, it is a prerequisite that the total construction cost and progress rate, which are the basis for revenue recognition, can be reasonably estimated. If such estimate needs to be revised due to changes in uncertain future economic conditions and other reasons, it may have a significant impact on the amount of revenue to be recognized in the consolidated financial statements for the next consolidated fiscal year onward.

## Note 4. Short-term Bank Loans and Long-term Debt

The annual average interest rates applicable to short-term bank loans at March 31, 2024 and 2023 are 0.5% and 0.4%, respectively.

Short-term bank loans and long-term debt at March 31 was comprised of the following:

| | *Millions of yen* | | *Thousands of U.S. dollars* |
|---|---|---|---|
| | 2024 | 2023 | 2024 |
| Loans from financial institution, due 2025 to 2027 with interest rates between 0.34% and 0.51% | 1,809 | 814 | 11,952 |
| Sub-total | 1,809 | 814 | 11,952 |
| Less current portion of loans | 678 | 696 | 4,481 |
| | ¥ 1,131 | ¥ 118 | $ 7,470 |

The aggregate annual maturities of long-term financial debt at March 31, 2024 and 2023 respectively are as follows:

| | *Millions of yen* | | *Thousands of U.S. dollars* |
|---|---|---|---|
| | 2024 | 2023 | 2024 |
| 2024 | — | 696 | — |
| 2025 | 678 | 118 | 4,481 |
| 2026 | 560 | — | 3,702 |
| 2027 | 570 | — | 3,768 |
| | ¥ 1,809 | ¥ 814 | $ 11,952 |

As is customary in Japan, short-term and long-term bank loans are made under general agreements which provide that security and guarantees for future and present indebtedness will be given upon request of the bank, and that the bank shall have the right, as the obligations become due, or in the event of their default, to offset cash deposits against such obligations due to the bank.

As of March 31, 2024, assets pledged as collateral for short-term bank loans were as follows:

| | *Millions of yen* | *Thousands of U.S. dollars* |
|---|---|---|
| | 2024 | 2024 |
| Buildings and structures | 362 | 2,394 |
| Machinery, equipment | 3,023 | 19,970 |
| Land | 881 | 5,821 |
| | ¥ 4,267 | $ 28,186 |

## Note 5. Retirement Benefits

The following are matters concerning the defined benefit plan as of March 31, 2024 and 2023, respectively.

### *(1) Movements in retirement benefit obligations except plan applied simplified method*

| | *Millions of yen* | | *Thousands of U.S. dollars* |
|---|---|---|---|
| | 2024 | 2023 | 2024 |
| Balance at beginning of the year | ¥ 12,524 | ¥ 12,801 | $ 82,717 |
| Service cost | 577 | 613 | 3,811 |
| Interest cost | 41 | 26 | 273 |
| Actuarial loss (gain) | 28 | (189) | 185 |
| Benefits paid | (719) | (727) | (4,751) |
| Balance at end of the year | ¥ 12,451 | ¥ 12,524 | $ 82,236 |

### *(2) Movements in plan assets except plan applied simplified method*

| | *Millions of yen* | | *Thousands of U.S. dollars* |
|---|---|---|---|
| | 2024 | 2023 | 2024 |
| Balance at beginning of the year | ¥ 4,932 | ¥ 4,685 | $ 32,578 |
| Expected return on plan assets | 77 | 128 | 512 |
| Actuarial gain (loss) | 1,869 | 128 | 12,346 |
| Benefits paid | (8) | (9) | (55) |
| Balance at end of the year | ¥ 6,871 | ¥ 4,932 | $ 45,381 |

### *(3) Movements in net liability for retirement benefits based on the simplified method*

| | *Millions of yen* | | *Thousands of U.S. dollars* |
|---|---|---|---|
| | 2024 | 2023 | 2024 |
| Balance at beginning of the year | ¥ 755 | ¥ 714 | $ 4,992 |
| Retirement benefit costs | 242 | 117 | 1,600 |
| Benefits paid | (66) | (67) | (439) |
| Contributions paid by the employer | (50) | (8) | (334) |
| Balance at end of the year | ¥ 881 | ¥ 755 | $ 5,819 |

### *(4) Reconciliation from retirement benefit obligations and plan assets to liability (asset) for retirement benefits including plan applied simplified method*

| | *Millions of yen* | | *Thousands of U.S. dollars* |
|---|---|---|---|
| | 2024 | 2023 | 2024 |
| Funded retirement benefit obligations | ¥ 13,177 | ¥ 13,099 | $ 87,033 |
| Plan assets | (7,260) | (5,279) | (47,949) |
| | 5,917 | 7,820 | 39,084 |
| Unfunded retirement benefit obligations | 543 | 527 | 3,589 |
| Total net liability (asset) for retirement benefits at March 31 | 6,461 | 8,347 | 42,673 |
| Liability for retirement benefits | 6,461 | 8,347 | 42,673 |
| Asset for retirement benefits | — | — | — |
| Total net liability (asset) for retirement benefits at end of the year | ¥ 6,461 | ¥ 8,347 | $ 42,673 |

### *(5) Retirement benefit costs*

| | *Millions of yen* | | *Thousands of U.S. dollars* |
|---|---|---|---|
| | 2024 | 2023 | 2024 |
| Service cost | ¥ 577 | ¥ 613 | $ 3,811 |
| Interest cost | 41 | 26 | 273 |
| Expected return on plan assets | (77) | (128) | (512) |
| Net actuarial loss amortization | 110 | 165 | 730 |
| Retirement benefit costs calculated by the simplified method | 242 | 117 | 1,600 |
| Total retirement benefit costs for the fiscal year | ¥ 893 | ¥ 793 | $ 5,903 |

***(6) Remeasurements of defined benefit plans (before tax effect deductions)***

| | *Millions of yen* | | *Thousands of U.S. dollars* |
|---|---|---|---|
| | **2024** | 2023 | **2024** |
| Actuarial loss (gain) | **¥ (1,951)** | ¥ (482) | **$ (12,890)** |
| Total | **¥ (1,951)** | ¥ (482) | **$ (12,890)** |

***(7) Accumulated adjustments for retirement benefit (before tax effect deductions)***

| | *Millions of yen* | | *Thousands of U.S. dollars* |
|---|---|---|---|
| | **2024** | 2023 | **2024** |
| Unrecognized actuarial differences | **¥ (2,077)** | ¥ (126) | **$ (13,723)** |
| Total | **¥ (2,077)** | ¥ (126) | **$ (13,723)** |

***(8) Accumulated adjustments for retirement benefit***

①Plan assets comprise:

| | **2024** | 2023 |
|---|---|---|
| Equity securities | **63%** | 55% |
| Cash and cash equivalents | **5%** | 5% |
| Investment trust | **30%** | 37% |
| Other | **2%** | 3% |
| Total | **100%** | 100% |

②Long-term expected rate of return

Current and target asset allocations, historical and expected returns on various categories of plan assets have been considered.

***(9) Accumulated adjustments for retirement benefit***

The principal actuarial assumption (expressed as weighted averages) are as follows:

| | **2024** | 2023 |
|---|---|---|
| Discount rate | **0.0%–1.0%** | 0.0%–0.8% |
| Long-term expected rate of return | **1.6%** | 2.8% |
| Expected rate of salary increase | **0.0%–5.7%** | 0.0%–5.6% |

Defined contribution plans

The required contribution amount for consolidated subsidiaries for the defined contribution plan was 162 million yen (1,075 thousand US dollars) as of March 31, 2024.

## Note 6. Contingent Liabilities

As of March 31, 2024 and 2023, the Company was contingently liable as follows:

| | *Millions of yen* | | *Thousands of U.S. dollars* |
|---|---|---|---|
| | **2024** | 2023 | **2024** |
| As guarantor of indebtedness of unconsolidated subsidiaries and others | **¥ 10** | ¥ 14 | **$ 72** |

## Note 7. Derivatives and Hedging Activities

Some consolidated subsidiaries utilize derivatives of forward exchange contract and interest-rate swap in order to hedge exchange-rate fluctuation risk concerning foreign currency assets and liabilities and hedge against interest-rate fluctuation risk regarding securities and debts.

As they trade these with major financial institutions, we assume that the credit risks of these derivatives are low. The Accounting Department implements and controls these forward exchange contracts for our own company by way of in-house consultation and decision.

As to the derivative trades by our consolidated subsidiaries, their Business Management Department or General Affairs Department implement and control them after their internal consultation and decision and also notification to our company.

## Note 8. Research and Development Expenses

Research and development expenditures charged to income were ¥1667 million ($11,009 thousand) for the year ended March 31, 2024.

## Note 9. Income Taxes

The Company and its domestic subsidiaries are subject to several taxes based on income, which in the aggregate resulted in statutory tax rates of approximately 30.6% and 30.6% for the year ended March 31, 2024 and 2023, respectively.

The effective rates of income taxes reflected in the consolidated statements of income differed from the statutory tax rates referred to above for the year ended March 31, 2024 due principally to expenses not deductible for income tax purposes, and temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements.

The difference between the burden rate of corporate tax after application of tax effect accounting and the statutory tax rate is not listed as it was recorded as a net loss for the period under review before adjustments for taxes, etc.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets as of March 31, 2024 and 2023 are presented below:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2024 | 2023 | 2024 |
| Deferred tax assets | | | |
| Net defined benefit liability | ¥ 3,036 | ¥ 3,612 | $ 20,054 |
| Accrued bonus indemnities | 955 | 845 | 6,311 |
| Allowance for doubtful accounts | 47 | 64 | 316 |
| Allowance for loss on construction work | 148 | 164 | 979 |
| Loss on revaluation of investment securities | 141 | 140 | 935 |
| Amalgamated received property | 543 | 543 | 3,591 |
| Impairment loss | 21 | 21 | 141 |
| Operating loss carry-forwards | 97 | 193 | 641 |
| Elimination of inter-company profits | 40 | 34 | 268 |
| Other | 1,011 | 1,079 | 6,679 |
| Total gross deferred tax assets | 6,044 | 6,701 | 39,919 |
| Valuation allowance related to tax loss carryforward | (59) | (146) | (395) |
| Valuation allowance related to total deductible temporary differences | (1,565) | (1,545) | (10,339) |
| Subtotal of valuation allowance (Note 1) | (1,625) | (1,691) | (10,734) |
| Net deferred tax assets | ¥ 4,418 | ¥ 5,009 | $ 29,185 |

(Note 1)
Valuation allowance increased by 66 million yen (439 thousand US dollars). The primary factor of the increase was an increase in the valuation allowance related to tax loss carryforward at consolidated subsidiaries.

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2024 | 2023 | 2024 |
| Deferred tax liabilities | | | |
| Evaluated difference of other securities | ¥ (3,714) | ¥ (1,745) | $ (24,533) |
| Dividends receivable | (73) | (65) | (485) |
| Other | (13) | (21) | (92) |
| Total deferred tax liabilities | (3,802) | (1,831) | (25,111) |
| Net deferred tax assets | ¥ 616 | ¥ 3,177 | $ 4,073 |

## Note 10. Financial Instruments and Related Disclosures

### *(1) Policy for Financial Instruments*

The Group raises funds needed to implement financial and capital investment plans (mainly through loans from banks). Its temporary surpluses are mainly invested in highly liquid financial assets, while short-term working capital is financed by loans from banks. The Group employs derivative financial instruments for the purpose of avoiding risks described later, and does not undertake speculative transactions.

### *(2) Nature and Extent of Risks Arising from Financial Instruments*

Operating receivables, such as notes and accounts receivable-trade, involve credit risk on the part of customers.

Foreign-currency-denominated operating receivables generated by overseas operations, which could be affected by exchange-rate fluctuation risk, are hedged using forward exchange contracts as the need arises.

Marketable and investment securities, which are mainly equity securities of affiliates, involve market fluctuation risk.

Operating payables, such as notes and accounts payable-trade, are generally due within five months. Part of them, denominated in foreign currencies, which could be affected by exchange-rate fluctuation risk, are hedged using forward exchange contracts as the need arises.

The primary purpose of loans is raising funds for capital investment and business structure reform. Of these, syndicate loans and many other loans involve interest-rate fluctuation risk. In addition, in order to avoid interest-rate fluctuation risk for part of the long-term debt, we employ derivative transactions (interest-rate swap transaction) for hedging.

Derivative transactions are exchange forward contracts aimed at hedging exchange-rate fluctuation risk related to operating receivables/payables denominated in foreign currencies, and interest-rate swaps aimed at hedging interest-rate fluctuation risk related to debt.

### *(3) Risk Management for Financial Instruments*

*Credit Risk Management*

For operating receivables and long-term debt, the operations department of respective business segment of the Company employs credit management regulations in order to periodically monitor the status of its major business partners, manage due dates and balances of each business partner, and furthermore, identify business partners with doubtful collectability and mitigate risks arising from their deteriorated financial position at an early date. Similar credit management is conducted with its consolidated subsidiaries pursuant to the credit management regulations of the Company.

As the Company's transaction partners on derivative financial instruments are highly reliable Japanese financial institutions, credit risk is judged to be immaterial.

*Market Risk Management*

The Company has entered into an exchange forward contract to hedge part of the risks arising from exchange-rate fluctuations for operating receivables/payables denominated in foreign currencies.

With regard to floating rate debt, we closely monitor economic and interest-rate outlooks and conduct fund raising suited to each situation, and employ interest-rate swap transaction in order to control fluctuation risks in the interest rate for part of the debt.

As for marketable and investment securities, the Company periodically seizes the trend of fair value and financial position of the issuers (business partners) to continuously review the possession situation, taking into account the market conditions and its relationship with the business partners.

Derivative financial transactions are executed and managed by departments handling such transactions with approval of authorized personnel, in accordance with the regulations specifying transaction authority and transaction limit.

Similar management is conducted with its consolidated subsidiaries pursuant to the regulations of the Company.

*Management of Liquidity Risk Related to Financing*

Based on reports from each department, the financial department of the Company formulates and updates the financial plan in a timely manner, and manages liquidity risk by way of maintaining short-term liquidity. Financial plans of its consolidated subsidiaries are reported to the financial department of the Company every month in a timely manner, thereby controlling liquidity risk across the Group.

### *(4) Fair Values of Financial Instruments*

With regard to the fair value of financial instruments, in addition to basing fair value on market value, the fair value of financial instruments that have no available market value is determined by using a rational method of calculation. However, as variables are inherent in these value calculations, the resulting values may differ if different assumptions are used.

| | *Millions of yen* | | |
|---|---|---|---|
| | **2024** | | |
| | *Carrying amounts* | *Fair value* | *Unrecognized gain (loss)* |
| Investment securities | ¥ 18,400 | ¥ 18,400 | ¥ — |
| Total | 18,400 | ¥ 18,400 | — |
| Current portion of long-term debt | 678 | 1,814 | 4 |
| Long-term debt | 1,131 | | |
| Total | ¥ 1,809 | ¥ 1,814 | ¥ 4 |
| Derivative transactions | ¥ 0 | ¥ 0 | ¥ — |

| | *Millions of yen* | | |
|---|---|---|---|
| | 2023 | | |
| | *Carrying amounts* | *Fair value* | *Unrecognized gain (loss)* |
| Investment securities | ¥ 11,804 | ¥ 11,804 | ¥ — |
| Total | 11,804 | ¥ 11,804 | — |
| Current portion of long-term debt | 696 | 814 | 0 |
| Long-term debt | 118 | | |
| Total | ¥ 814 | ¥ 814 | ¥ 0 |
| Derivative transactions | ¥ 0 | ¥ 0 | ¥ — |

| | *Thousands of U.S. dollars* | | |
|---|---|---|---|
| | **2024** | | |
| | *Carrying amounts* | *Fair value* | *Unrecognized gain (loss)* |
| Investment securities | $ 121,525 | $ 121,525 | $ — |
| Total | 121,525 | 121,525 | — |
| Current portion of long-term debt | 4,481 | 11,984 | 32 |
| Long-term debt | 7,470 | | |
| Total | $ 11,952 | $ 11,984 | $ 32 |
| Derivative transactions | $ 0 | $ 0 | $ — |

Derivative financial instruments
The fair value of derivatives are based on quoted price offered by counterparty financial institutions. However, interest-rate swaps that are accounted for under the special method are combined with the long-term debts that are hedged by these swaps. As a result, the fair value of these interest-rate swaps is included in the fair value of the corresponding long-term debts.

Note 2. Financial instruments whose fair values are not readily determinable

| | *Millions of yen* | *Thousands of U.S. dollars* |
|---|---|---|
| | **2024** | |
| Unlisted equity securities | ¥ 470 | $ 3,109 |
| Investment in silent partnerships | ¥ — | $ — |

① Financial instruments recorded on the consolidated balance sheets at market value

For the fiscal year ended March 31, 2024

| | *Market value (Millions of yen)* | | | |
|---|---|---|---|---|
| | *Reportable segment* | | | |
| | *Level 1* | *Level 2* | *Level 3* | *Total* |
| Investment securities | | | | |
| Available-for-sale-securities | | | | |
| Securities | ¥ 18,041 | — | — | ¥ 18,041 |
| Others | 358 | — | — | 358 |
| Derivative transactions | | | | |
| Foreign currency forward exchange | — | — | — | — |
| Total assets | ¥ 18,400 | — | — | ¥ 18,400 |

For the fiscal year ended March 31, 2024

| | *Market value (Thousands of U.S. dollars)* | | | |
|---|---|---|---|---|
| | *Reportable segment* | | | |
| | *Level 1* | *Level 2* | *Level 3* | *Total* |
| Investment securities | | | | |
| Available-for-sale-securities | | | | |
| Securities | $ 119,156 | — | — | $ 119,156 |
| Others | 2,368 | — | — | 2,368 |
| Derivative transactions | | | | |
| Foreign currency forward exchange | — | — | — | — |
| Total assets | $ 121,525 | — | — | $ 121,525 |

② Financial instruments other than those recorded on the consolidated balance sheets at market value

For the fiscal year ended March 31, 2024

| | *Market value (Millions of yen)* | | | |
|---|---|---|---|---|
| | *Reportable segment* | | | |
| | *Level 1* | *Level 2* | *Level 3* | *Total* |
| Long-term loans payable | — | ¥ 1,814 | — | ¥ 1,814 |
| Total liabilities | — | ¥ 1,814 | — | ¥ 1,814 |

For the fiscal year ended March 31, 2024

| | *Market value (Thousands of U.S. dollars)* | | | |
|---|---|---|---|---|
| | *Reportable segment* | | | |
| | *Level 1* | *Level 2* | *Level 3* | *Total* |
| Long-term loans payable | — | $ 11,984 | — | $ 11,984 |
| Total liabilities | — | $ 11,984 | — | $ 11,984 |

# Note 11. Revenue Recognition

## 1. Information on disaggregated revenue from contracts with customers
## For the current consolidated fiscal year (from April 1, 2023 to March 31, 2024)

| | *Millions of yen* | | | |
|---|---|---|---|---|
| | *Reportable segment* | | | *Total* |
| | *Lifeline business* | *Machinery system business* | *Industrial materials business* | |
| Ductile iron pipes and various control valves | ¥ 64,439 | ¥ — | ¥ — | ¥ 64,439 |
| Industrial machinery and plant engineering | — | 17,567 | — | 17,567 |
| Cast iron/steel products | — | 11,576 | — | 11,576 |
| Construction materials | — | — | 19,500 | 19,500 |
| Various synthetic resin molded products | — | — | 12,840 | 12,840 |
| Revenue from contracts with customers | ¥ 64,439 | ¥ 29,144 | ¥ 32,340 | ¥ 125,925 |
| Sales to customers | ¥ 64,439 | ¥ 29,144 | ¥ 32,340 | ¥ 125,925 |

| | *Thousands of U.S. dollars* | | | |
|---|---|---|---|---|
| | *Reportable segment* | | | *Total* |
| | *Lifeline business* | *Machinery system business* | *Industrial materials business* | |
| Ductile iron pipes and various control valves | $ 425,598 | $ — | $ — | $ 425,598 |
| Industrial machinery and plant engineering | — | 116,026 | — | 116,026 |
| Cast iron/steel products | — | 76,461 | — | 76,461 |
| Construction materials | — | — | 128,791 | 128,791 |
| Various synthetic resin molded products | — | — | 84,806 | 84,806 |
| Revenue from contracts with customers | $ 425,598 | $ 192,487 | $ 213,597 | $ 831,684 |
| Sales to customers | $ 425,598 | $ 192,487 | $ 213,597 | $ 831,684 |

## 2. Basic information for understanding revenue from contracts with customers

The main business of the Group is the manufacture and sale of merchandise and finished goods in its reportable business segments: Lifeline, Machinery System, and Industrial Materials. With respect to the sale of these merchandise and finished goods, since the performance obligation is deemed to have been fulfilled at the time when the merchandise and finished goods are accepted and inspected by the customer, and the customer acquires control of those merchandise and finished goods, revenue is usually recognized at that time. However, in domestic sale of merchandise and finished goods, revenue is recognized at the time of shipment when it takes place in a normal time period from the shipment to the transfer of control of the merchandise and finished goods to the customer, by applying an alternative treatment stipulated in paragraph 98 of "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 26, 2021).

In addition to the manufacture and sale of products, the Group also engages in business related to the design and construction works including installations of products sold. Regarding contracts for these construction works, except immaterial ones with a very short construction period, the degree of progress in fulfilling the performance obligations is estimated and revenue is recognized over time based on the degree of progress.

For transactions in which the Group is deemed to be acting as an agent in providing goods or services to customers, revenue is recognized at the net amount after deducting the amount paid to the supplier from the amount received from the customer.

Variable consideration such as sales commissions and sales incentives for some transactions is deducted from net sales.

Consideration for transactions of merchandise and finished products is generally received within one year after delivery of the merchandise and finished products. Consideration for transactions of construction contracts is received either in stages according to the progress in fulfilling the performance obligations or after the performance obligations are fully satisfied, generally within one year based on the terms of contract.

### 3. Information on the relationship between fulfillment of performance obligation based on contracts with customers and cash flows arising from such contracts, and the amount and timing of revenue expected to be recognized in the next consolidated fiscal year and beyond from contracts with customers existing at the end of the current consolidated fiscal year

***(1) Balances of contract assets and contract liabilities***

| | Fiscal year ended March 31, 2024 | |
|---|---|---|
| | *Millions of yen* | *Thousands of U.S. dollars* |
| Receivables from contracts with customers (beginning balance) | ¥ 41,637 | $ 275,000 |
| Receivables from contracts with customers (ending balance) | ¥ 43,706 | $ 288,660 |
| Contract assets (beginning balance) | ¥ 8,978 | $ 59,298 |
| Contract assets (ending balance) | ¥ 7,406 | $ 48,915 |
| Contract liabilities (beginning balance) | ¥ 1,830 | $ 12,091 |
| Contract liabilities (ending balance) | ¥ 2,219 | $ 14,656 |

Contract assets are rights of the Company and its consolidated subsidiaries to consideration for performance obligations in construction contracts with customers that have been fulfilled but unclaimed at the end of the current fiscal year. Contract assets are transferred to receivables generated from contracts with customers at the point when the Company and its consolidated subsidiaries' rights to consideration become unconditional. Consideration for such performance obligations is billed and received in line with the terms of the contract.

Contract liabilities are primarily advances received from customers in accordance with the payment terms of contracts with customers for which revenue is recognized upon fulfillment of performance obligations. Contract liabilities are reversed upon recognition of revenue.

Of the revenue recognized during the current fiscal year, the amount included in the beginning balance of contract liabilities was 1,621 million yen.

***(2) Trading prices allocated to the remaining performance obligations***

The Company and its consolidated subsidiaries have applied a practical expedient to the notes to the trading prices allocated to the remaining performance obligations, and the notes do not include contracts initially expected contract period of which is within one year. The main components of the performance obligations are related to construction contracts, and the total trading price allocated to the remaining performance obligations and the expected period for revenue recognition are as follows:

| | Fiscal year ended March 31, 2024 | |
|---|---|---|
| | *Millions of yen* | *Thousands of U.S. dollars* |
| Within one year | ¥ 13,153 | $ 86,872 |
| More than one year | ¥ 1,819 | $ 12,017 |
| Total | ¥ 14,972 | $ 98,890 |

## Note 12. Segment Information

***(1) Outline of Reportable Segments***

The Company's reportable segments are the components of our business (separate financial information for which is available), on which periodical review is made for allocation of management resources and appraisal of achievements by the board of directors. Each product-based division at our headquarters compiles comprehensive product strategies for domestic and overseas business operations.

In other words, the Company consists of division-based reportable segments; the Lifeline Consolidated Division, the Machinery System Consolidated Division and the Industrial Materials Consolidated Division.

The Lifeline Consolidated Division specializes in the manufacture of ductile iron pipes and accessories, various types of adjusting valves, and other incidental works.

The Machinery System Consolidated Division specializes in the manufacture of industrial equipment (various types of powder processing equipment and press machines, etc.), steel casting and special steel casting, other incidental works and various types of plant engineering.

The Industrial Materials Consolidated Division specializes in the manufacture of ducts, polycon FRP pipes, various types of synthetic resin products, and other incidental works.

### *(2) Calculation method of: sales, profits/losses, assets, liabilities and other items for each reportable segment*

The accounting procedures of the reportable segments are basically the same as the description in the "Important Items Concerning the Presentation of Consolidated Financial Statements," and any intersegment internal revenue/transfers etc., are represented based on actual market prices.

### *(3) Information on sales, profits/losses, assets, liabilities and other items for each reportable segment*

Segment information for the fiscal years ended March 2023 and 2024 is as follows:

| | *Millions of yen* | | | | | |
|---|---|---|---|---|---|---|
| | **2024** | | | | | |
| | *Reportable segment* | | | | | |
| | *Lifeline business* | *Machinery system business* | *Industrial materials business* | *Total* | *Adjustment* *1 | *Consolidated* *2 |
| Net sales | | | | | | |
| Sales to customers | **¥ 64,439** | **¥ 29,144** | **¥ 32,340** | **¥ 125,925** | **¥ —** | **¥ 125,925** |
| Intersegment | **126** | **87** | **17** | **230** | **(230)** | **—** |
| Total sales | **64,565** | **29,231** | **32,358** | **126,156** | **(230)** | **125,925** |
| Segment income | **4,494** | **1,491** | **2,255** | **8,242** | **(781)** | **7,460** |
| Segment assets | **62,754** | **25,960** | **28,772** | **117,487** | **33,688** | **151,176** |
| Other items | | | | | | |
| Depreciation | **1,217** | **602** | **586** | **2,407** | **544** | **2,951** |
| Increase in property, plant and equipment, and intangible assets | **¥ 1,329** | **¥ 520** | **¥ 676** | **¥ 2,526** | **¥ 262** | **¥ 2,788** |

1. The minus 781 million yen segment income adjustment includes: 25 million yen resulting from the elimination of intersegment transactions; minus 604 million yen resulting from allocation differences of selling & general administrative expenses and experiment & research expenses to be borne by each reportable segment; as well as minus 203 million yen resulting from inventory asset adjustment.
The 33,688 million yen segment asset adjustment includes: minus 8,674 million yen resulting from the elimination of intersegment transactions; and 42,363 million yen due to a working capital surplus, investment securities and land, etc., which are company-wide assets and not attributable to any specific reportable segment.
The 544 million yen depreciation adjustment and 262 million yen adjustment for increases in tangible and intangible fixed assets are basic research-related assets that are not attributable to any specific reportable segment, and assets that belong to headquarters, etc.
2. Adjustment is made between segment income and Operating Income in the Consolidated Statement of Income.

| | *Millions of yen* | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | | | | |
| | *Reportable segment* | | | | | |
| | *Lifeline business* | *Machinery system business* | *Industrial materials business* | *Total* | *Adjustment* *1 | *Consolidated* *2 |
| Net sales | | | | | | |
| Sales to customers | ¥ 60,879 | ¥ 34,102 | ¥ 29,845 | ¥ 124,827 | ¥ — | ¥ 124,827 |
| Intersegment | 137 | 85 | 42 | 265 | (265) | — |
| Total sales | 61,017 | 34,187 | 29,888 | 125,092 | (265) | 124,827 |
| Segment income | 3,679 | 2,208 | 1,404 | 7,292 | (451) | 6,840 |
| Segment assets | 58,315 | 27,747 | 26,303 | 112,365 | 32,798 | 145,164 |
| Other items | | | | | | |
| Depreciation | 1,278 | 536 | 579 | 2,393 | 537 | 2,930 |
| Increase in property, plant and equipment, and intangible assets | ¥ 1,572 | ¥ 1,441 | ¥ 267 | ¥ 3,281 | ¥ 162 | ¥ 3,444 |

1. The minus 451 million yen segment income adjustment includes: 20 million yen resulting from the elimination of intersegment transactions; minus 656 million yen resulting from allocation differences of selling & general administrative expenses and experiment & research expenses to be borne by each reportable segment; as well as 184 million yen resulting from inventory asset adjustment.
The 32,798 million yen segment asset adjustment includes: minus 7,445 million yen resulting from the elimination of intersegment transactions; and 40,243 million yen due to a working capital surplus, investment securities and land, etc., which are company-wide assets and not attributable to any specific reportable segment.
The 537 million yen depreciation adjustment and 162 million yen adjustment for increases in tangible and intangible fixed assets are basic research-related assets that are not attributable to any specific reportable segment, and assets that belong to headquarters, etc.
2. Adjustment is made between segment income and Operating Income in the Consolidated Statement of Income.

| | Thousands of U.S. dollars | | | | | |
|---|---|---|---|---|---|---|
| | 2024 | | | | | |
| | Reportable segment | | | | | |
| | Lifeline business | Machinery system business | Industrial materials business | Total | Adjustment *1 | Consolidated *2 |
| Net sales | | | | | | |
| Sales to customers | $ 425,598 | $ 192,487 | $ 213,597 | $ 831,684 | $ — | $ 831,684 |
| Intersegment | 832 | 576 | 114 | 1,524 | (1,524) | — |
| Total sales | 426,431 | 193,064 | 213,712 | 833,208 | (1,524) | 831,684 |
| Segment income | 29,685 | 9,849 | 14,899 | 54,435 | (5,158) | 49,276 |
| Segment assets | 414,464 | 171,459 | 190,033 | 775,957 | 222,501 | 998,459 |
| Other items | | | | | | |
| Depreciation | 8,043 | 3,980 | 3,872 | 15,897 | 3,595 | 19,493 |
| Increase in property, plant and equipment, and intangible assets | $ 8,778 | $ 3,438 | $ 4,467 | $ 16,684 | $ 1,734 | $ 18,419 |

1. The minus 5,158 thousand US dollar segment income adjustment includes: 171 thousand US dollars resulting from the elimination of intersegment transactions; minus 3,989 thousand US dollars resulting from allocation differences of selling & general administrative expenses and experiment & research expenses to be borne by each reportable segment; as well as minus 1,340 thousand US dollars resulting from inventory asset adjustment.
   The 222,501 thousand US dollar segment asset adjustment includes: minus 57,291 thousand US dollars resulting from the elimination of intersegment transactions; and 279,793 thousand US dollars due to a working capital surplus, investment securities and land, etc., which are company-wide assets and not attributable to any specific reportable segment.
   The 3,595 thousand US dollar depreciation adjustment and 1,734 thousand US dollar adjustment for increases in tangible and intangible fixed assets are basic research-related assets that are not attributable to any specific reportable segment, and assets that belong to headquarters, etc.
2. Adjustment is made between segment income and Operating Income in the Consolidated Statement of Income.

### *(4) Geographic Segments*

Geographic segment information has been omitted, as the percentage of “national” exceeded 90% in both sales and assets in all segments.

### *(5) Sales to Foreign Customers*

Foreign sales have been omitted, as they did not reach 10% of consolidated sales.

## Note 13. Subsequent Events

(Business combination by acquisition)
The Company resolved to acquire all shares of Sankyo Machinery, Ltd. and make it a subsidiary at a meeting of the Board of Directors held on February 8, 2024, and entered into a share transfer agreement with Matsui Co., Ltd., which was the parent company of Sankyo Machinery, Ltd. at the time, on February 9, 2024. The acquisition of all the shares was completed on April 2, 2024.

### 1. Overview of business combination

### *(1) Name of the acquired company and its business*

Name of the acquired company　Sankyo Machinery, Ltd.
Business details　Asphalt and concrete crushing plants
Crushing plants, environment-related equipment, soil improvement facilities, conveyors, design, manufacturing, and installation of various plants and types of machinery

### *(2) Main reason for business combination*

Aggregate demand in Japan has gradually declined after peaking in the 1990s amid falling infrastructure demand in tandem with depopulation as well as the shift to infrastructure stock management. On the other hand, the amount of demolition of aged concrete structures built during the high economic growth period has been steadily increasing, especially in large urban areas, causing a social problem of a huge amount of concrete waste. This situation is likely to accelerate the trend of using concrete construction waste as concrete aggregate going forward.

Sankyo Machinery, Ltd. has elemental technologies, such as asphalt and concrete recycling plants and related equipment and facilities necessary for the “field of recycled aggregates,” which is indispensable for the realization of a future recycling-based society. Given its high affinity with the Company, which has long been operating the crushing engineering business focused on crushed aggregates, we believe we can create synergies by leveraging the strengths of both companies.

In addition, expansion into the recycled aggregate business area will encourage the transformation of our business portfolio, which has been heavily weighted toward the stone-crushing field, and will further reinforce the foundation of the crusher business, thereby enhancing corporate value of the Group. Furthermore, by promoting recycling business, we will contribute to the reduction of $CO_2$ emissions.

### *(3) Date of business combination*

April 2, 2024

### *(4) Legal form of business combination*

Acquisition of shares

### *(5) Name of company after combination*

No change of the name of the company after the combination

### *(6) Percentage of voting rights acquired*

100%

### *(7) Main reason for determining acquiring company*

For the Company to acquire shares with cash consideration

### 2. Cost of acquisition of the acquired company and breakdown by type of consideration

Consideration of acquisition: Cash
515 million yen
Acquisition cost
515 million yen

### 3. Description and amount of major acquisition-related expenses

N/A

### 4. Amount of goodwill generated, sources of generation, method and period of amortization

Not confirmed at this point.

# Independent Auditor's Report

To the Board of Directors of Kurimoto, Ltd.

**Opinion**

We have audited the accompanying consolidated financial statements of Kurimoto, Ltd. (the Company) and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2024, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| **Reasonableness of Estimating Total Construction Cost in Revenue Recognition of Construction Contracts Related to Machinery System Business** | |
|---|---|
| **Key Audit Matters and Reasons for the Determination** | **Auditor's Response** |
| As stated in (Significant Accounting Estimates), the amount of revenue recognition of 17,473 million yen for construction contracts in the consolidated income statement for the current consolidated fiscal year was mostly derived from the machinery system business of Kurimoto, Ltd.<br>As stated in (Revenue Recognition) 2. Basic information for understanding revenue from contracts with customers, regarding performance obligations set forth in construction contracts in the machinery system business to be fulfilled over a certain period of time, the Company estimates the degree of progress in fulfilling the performance obligations and recognizes revenue over that period of time based on the degree of progress. The degree of progress is determined based on the percentage of actual cost incurred before the | Our main audit procedures conducted to verify the reasonableness of estimating total construction cost related to the machinery system business are as follows.<br>・We examined the effectiveness of the design and implementation of internal controls over the estimation of the total cost of construction.<br>・We examined the effectiveness of the design and implementation of internal controls to ensure that changes in circumstances after the start of construction are reflected in the total cost of construction in a timely and appropriate manner.<br>・To examine the appropriateness of the estimated total construction cost, we conducted a comparative analysis of profit margins by model for prior years. |

| Reasonableness of Estimating Total Construction Cost in Revenue Recognition of Construction Contracts Related to Machinery System Business | |
|---|---|
| **Key Audit Matters and Reasons for the Determination** | **Auditor's Response** |
| end of the period to the total cost of construction.<br>In revenue recognition for construction contracts, the total construction cost should be estimated reasonably to estimate the degree of completion.<br>The total construction cost is characterized by fluctuation due to various changes in circumstances. In order to make a reliable estimate of the total construction cost, the estimate needs to be appropriately reviewed in comparison with the actual costs incurred. The total construction cost therefore has uncertainty in regard to the estimation of material cost, labor cost, and others.<br>As stated above, estimating total construction cost involves uncertainty due to changes in the environment surrounding construction contract, as well as the management's decision. For this reason, we judged that the said matter is particularly significant in the audit of financial statements for the current consolidated fiscal year and corresponds to a key audit matter. | ・To confirm that the most recent aggregate estimated value of the total construction cost was properly calculated, we checked it against the working budget as of the end of the fiscal year.<br>・Regarding construction projects that underwent fluctuations in the estimated total construction cost, we questioned the person in charge and examined related documents to find out the reasons for the fluctuations.<br>・We compared the estimated total cost of construction projects completed during the period with the actual cost, examined the differences, and evaluated the accuracy of the estimation. |

## Other Information

The other information comprises the information included in the Annual Report, that contains audited consolidated financial statements but does not include the consolidated financial statements and our audit report thereon. Management is responsible for preparation and disclosure of the other information. Audit & Supervisory Board and its members are responsible for overseeing the Group's reporting process of the other information. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management, Audit & Supervisory Board and its members for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

Audit & Supervisory Board and its members are responsible for overseeing the Group's financial reporting process.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. These audit procedures are based on auditor's professional judgment and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, for the risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the presentation and notes to the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, and the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board and its members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board and its members with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Audit & Supervisory Board and its members, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Interest required to be disclosed by the Certified Public Accountants Act of Japan**

Our firm and its engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

**Convenience Translation**

The U.S. dollar amounts in the accompanying consolidated financial statements and the notes with respect to the year ended March 31, 2024 are presented solely for convenience. Our audit also included the translation of Japanese yen amount into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

PKF HIBIKI AUDIT CORPORATION
Osaka, Japan
October 18, 2024

Katsuyuki Matsumoto
[Representative Partner]
Engagement Partner
Certified Public Accountant

Motohiro Muto
[Representative Partner]
Engagement Partner
Certified Public Accountant

# Corporate Information

## Kurimoto, Ltd.

*(as of June 26, 2024)*

### Outline

| | |
|---|---|
| Founded | 1909 |
| Incorporated | 1934 |
| Common stock | ¥31,186 million* |
| Total assets | ¥127,981 million* |
| Employees | 1,316* |

**as of March 31, 2024*

### Board of Directors

*(as of June 26, 2024)*

| | |
|---|---|
| **President** | Kazutaka Kikumoto |
| **Director and Senior Managing Executive Officer** | Yoshiaki Shingu |
| **Directors and Senior Executive Officers** | Akitoshi Oda<br>Yasuharu Yoshinaga<br>Yoshihiro Uraji<br>Hitoshi Marutani |
| **Outside Directors** | Keiko Kondo<br>Tomohiko Sato<br>Kiyoshi Sawai |
| **Full-Time Audit & Supervisory Board Member** | Yukitaka Fujimoto |
| **Outside Audit & Supervisory Board Members** | Maki Arita<br>Osamu Honda |
| **Chairman** | Moriyoshi Kushida |
| **Senior Executive Officer** | Shinya Kojima |
| **Executive Officers** | Yasuji Noguchi<br>Masanobu Mino<br>Yasuo Sano<br>Yasushi Tabuchi<br>Hiroshi Fujimoto<br>Soichiro Nakanishi<br>Takanori Kuzuoka<br>Ken Kurimoto<br>Shin Matsumura<br>Masaya Hazama<br>Hiroshi Ono |

### Stock

*(as of March 31, 2024)*

Common Stock

Number of authorized shares ........ 39,376,600
Number of issued shares ........ 12,798,490
Number of shareholders ........ 6,446

### Principal Shareholders

*(as of March 31, 2024)*

| | *Number of shares held (in thousands)* | *Ratio of shareholding* |
|---|---|---|
| The Master Trust Bank of Japan, Ltd. | 1,130 | 9.2% |
| Taiyo Life Insurance Company | 1,088 | 8.9% |
| Nippon Life Insurance Company | 678 | 5.5% |
| Custody Bank of Japan, Ltd. | 660 | 5.4% |
| CEPLUX - THE INDEPENDENT UCITS PLATFORM 2 | 588 | 4.8% |
| Resona Bank, Limited | 444 | 3.6% |

### Offices

**Head Office**
12-19, Kitahorie 1-chome, Nishi-ku, Osaka 550-8580, Japan
Telephone: (06) 6538-7731

**Tokyo Office**
16-2, Konan 2-chome, Minato-ku, Tokyo 108-0075, Japan
Telephone: (03) 3450-8611

**Hokkaido Office**
3, Nishi 3-chome, Kitaichijo, Chuo-ku, Sapporo 060-0001, Japan
Telephone: (011) 281-3301

**Tohoku Office**
12-30, 1-chome Honcho, Aoba-ku, Sendai 980-0014, Japan
Telephone: (022) 227-1872

**Nagoya Office**
1-17-23, Meiekiminami, Nakamura-ku, Nagoya 450-0003, Japan
Telephone: (052) 551-6930

**Chugoku Office**
7-19, Hondori, Naka-ku, Hiroshima 730-0035, Japan
Telephone: (082) 247-4132

**Kyushu Office**
3-11, Hakataeki-minami 1-chome, Hakata-ku, Fukuoka 812-0016, Japan
Telephone: (092) 451-6622

**Europe Office**
Address: Berliner Allee 40 40212 Dusseldorf, Germany
Telephone: +49-211-550-4640

**Jakarta Office**
Sahid Sudirman Center, 56th Floor Jl. Jend. Sudirman Kav. 86, Jakarta 10220, Indonesia
Telephone: +62-21-8063-1861

### Banking References

**Head Office**

Mizuho Bank, Ltd. (Osaka Corporate Banking Branch)
Resona Bank, Limited (Osaka Banking Department)
Sumitomo Mitsui Banking Corporation (Midosuji Branch)
MUFG Bank, Ltd. (Osaka Main Office)

**Tokyo Office**

Mizuho Bank, Ltd. (Uchisaiwaicho Corporate Banking Department)
MUFG Bank, Ltd. (Shinbashi Branch)
Resona Bank, Limited (Shimbashi Branch)

## Kurimoto Group

*(as of June 26, 2024)*

The Kurimoto Group consists of Kurimoto, Ltd. and 21 subsidiaries, including the following.

**Kurimoto Trading Co., Ltd.**
Operations: Sales of ductile iron pipes, valves, and synthetic resin products

**Kurimoto Logistics Corporation**
Operations: Procurement and transport of raw materials, cast iron pipes, etc.

**Japan Castering Co., Ltd.**
Operations: Manufacture and sales of castings

**Yamatogawa Co., Ltd.**
Operations: Sales of ductile iron pipes, valves, and synthetic resin products

**Motoyama Eng. Works, Ltd.**
Operations: Manufacture and sales of industrial valves

**Ks-Tech Co., Ltd.**
Operations: Manufacture, sales and construction of forging machinery, forming machinery and related products

**Hokkaido Kanzai Co., Ltd.**
Operations: Sales of ductile iron pipes, valves, and synthetic resin products

**Yashima Chemical Engineering Co., Ltd.**
Operations: Design, manufacture, sales, and maintenance of chemical and pharmaceutical equipment

**Nihon Kaiser Co., Ltd.**
Operations: Manufacture and sales of half precast products

**Kurimoto Business Associates Co., Ltd.**
Operations: Management and leasing of real estate, staffing service, travel agency, insurance agency

**Kurimoto USA, Inc.**
Operations: Holding company

**Readco Kurimoto, LLC**
Operations: Manufacture and sales of industrial machinery

**Kurimoto Polymers Co., Ltd.**
Operations: Manufacture and sales of rigid PVC pipes, polyethylene pipes and profile extrusion products

**Zentec Co., Ltd.**
Operations: Maintenance and repair work of bridges and roads
Repair and reinforcement work of concrete structures

**Kurimoto Pipe Engineering Co., Ltd.**
Operations: Design, construction and management of pipelines, operation and maintenance of pipelines

**Riko, Ltd.**
Operations: Production of valves

**Kuritetsu (Shanghai) Trading Co., Ltd.**
Operations: Wholesale of machinery equipment, steel, and nonmetallic products

**Sankyo Machinery, Ltd.**
Operations: Development, design, and manufacture of conveyors and crushing plants

KURIMOTO

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Telephone (06)6538-7731

URL https://www.kurimoto.co.jp/worldwide/en/