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# Financial Results for the Three Months Ended June 30, 2023

## Kurimoto Group



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## Reference Materials

This English presentation was translated from the original Japanese version. In the event of any inconsistency between the statements in the two versions, the statements in the Japanese version shall prevail.

# **1. Financial Results for the Three Months Ended June 30, 2023**

# 1 – 1 Overview of Financial Results

<Consolidated>

(Millions of yen)

	Results for the Three Months Ended June 30, 2022 (A)		Results for the Three Months Ended June 30, 2023 (B)		YoY (B-A)	Initially Expected Values* for FYE March 31, 2024 (C)	
Net Sales	25,020	-	27,727	-	2,706	120,000	-
Operating Income / Ratio	773	3.1%	1,235	4.5%	462	6,000	5.0%
Ordinary Income / Ratio	715	2.9%	1,252	4.5%	537	6,000	5.0%
Quarterly Net income for the Year / Ratio	556	2.2%	923	3.3%	366	4,000	3.3%

\*Initially Expected Values (C): Values announced on May 12, 2023

## Net Sales

Net sales increased by 2,706 million yen year-on-year due to recovery from investment constraints caused by the COVID-19 pandemic.

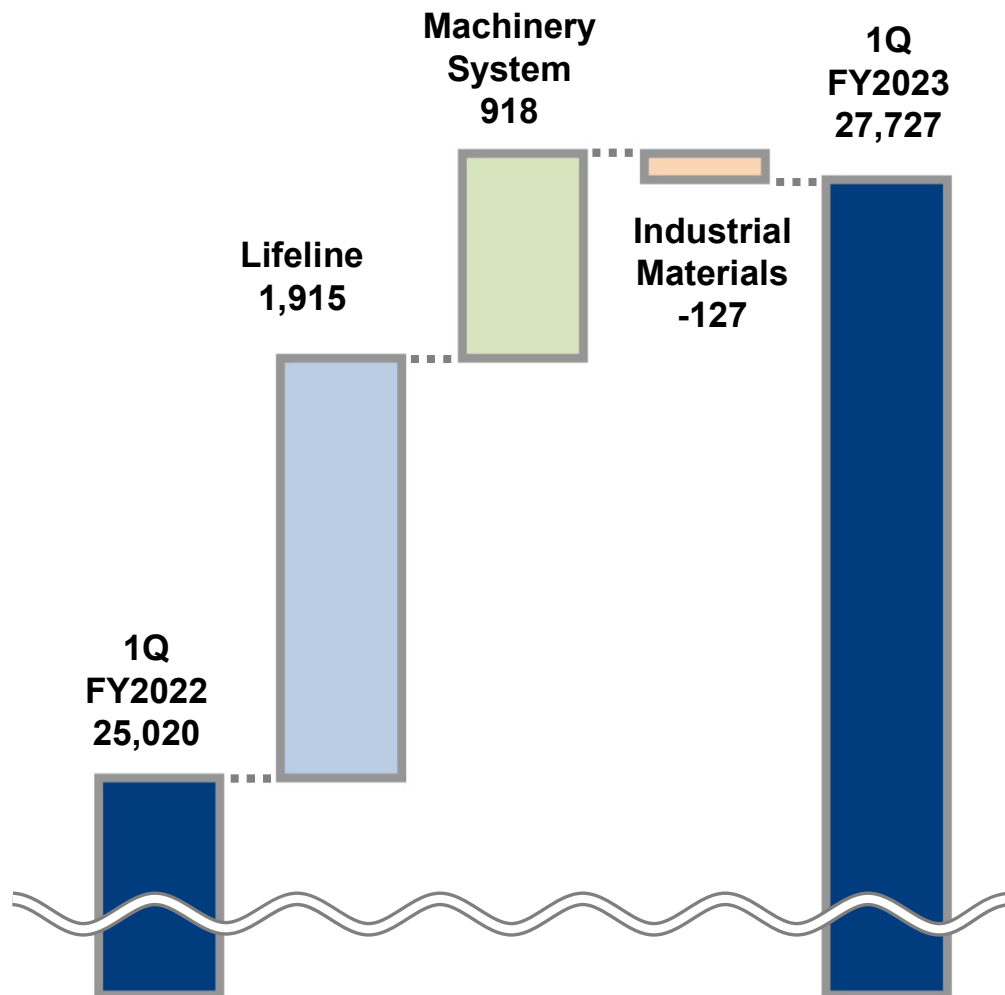
## Operating Income

Operating income increased by 462 million yen year-on-year due mainly to an increase in gross profit with higher sales and positive effects related to cost improvement.

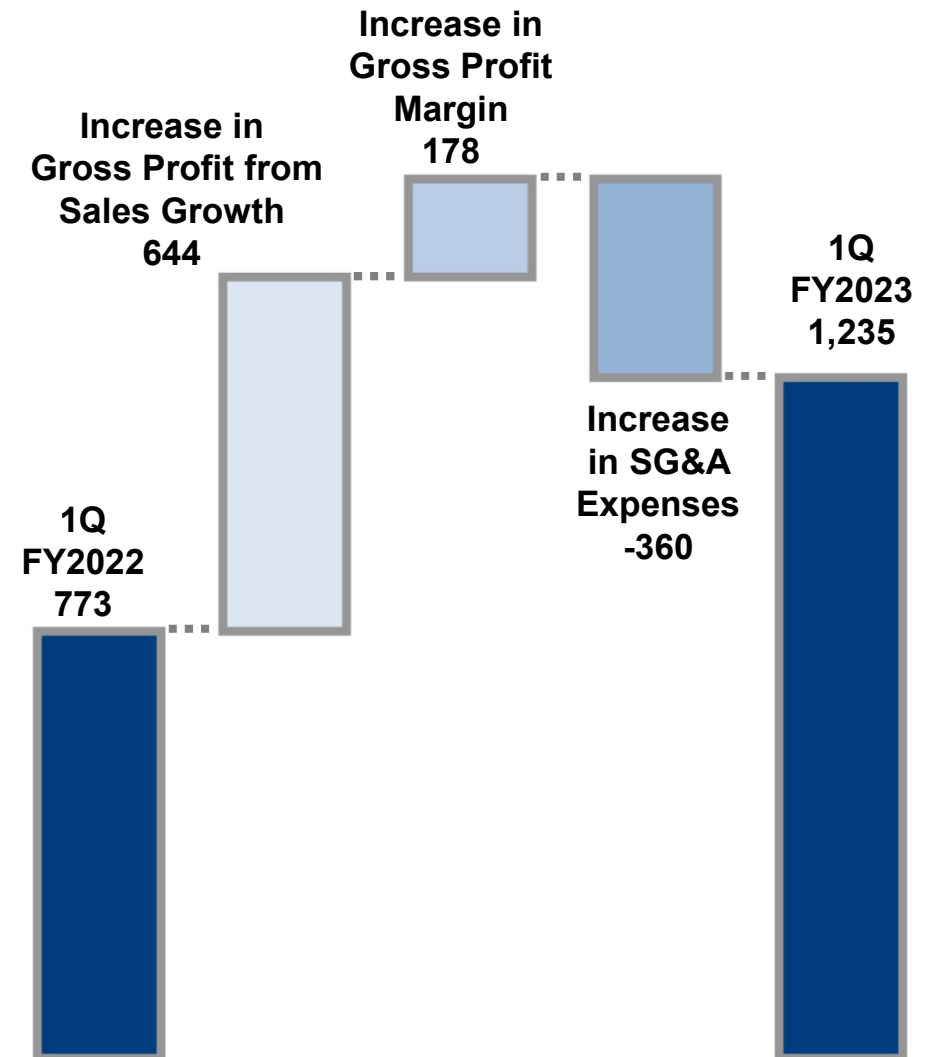
# 1 – 2 Comparison of Net Sales and Operating Income

(Millions of yen)

## Net Sales



## Operating Income



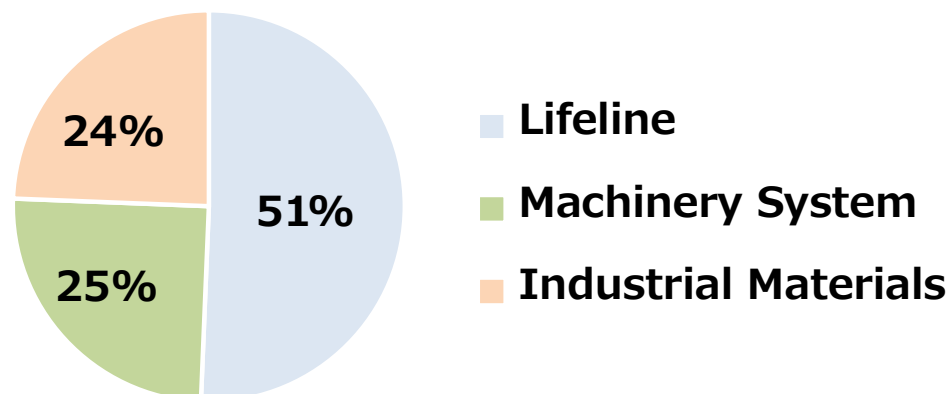
# 1 – 3 Segment Results

(Millions of yen)

		Results for the Three Months Ended June 30, 2022 (A)	Results for the Three Months Ended June 30, 2023 (B)	YoY (B–A)
Lifeline	Net Sales	12,136	14,052	1,915
	Operating Income	447	913	465
	Ratio	3.7%	6.5%	2.8pts
Machinery System	Net Sales	6,002	6,921	918
	Operating Income	108	308	200
	Ratio	1.8%	4.5%	2.7pts
Industrial Materials	Net Sales	6,881	6,753	-127
	Operating Income	234	321	87
	Ratio	3.4%	4.8%	1.4pts

\* The total operating income includes adjustments, and does not match the sum of segment profit.

## Segment Sales Composition



\* Results as of June 30, 2023(consolidated)

# 1 – 4 Overview by Business Segment

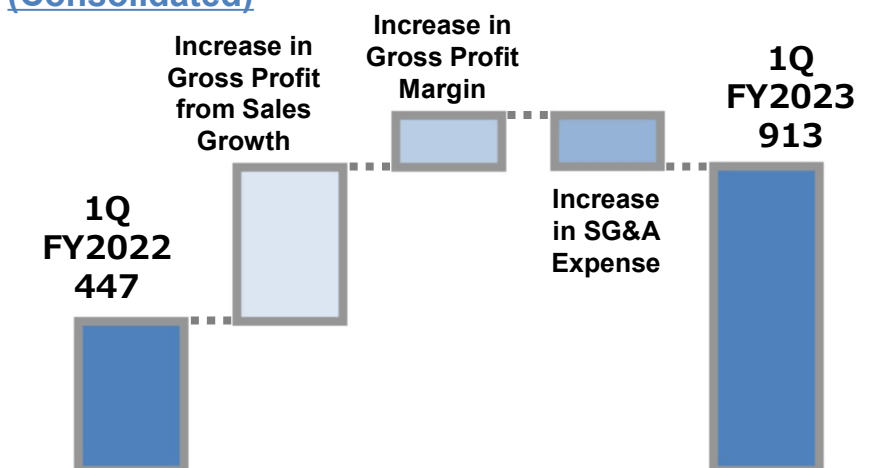
## Lifeline

(Millions of yen)

	Results for the Three Months Ended June 30, 2022 (A)	Results for the Three Months Ended June 30, 2023 (B)	YoY (B–A)	Initially Expected Values for FYE March 31, 2024* (C)
Net Sales	12,136	14,052	1,915	59,200
Operating Income	447	913	465	3,200
Ratio	3.7%	6.5%	2.8pts	5.4%

\* Initially Expected Values for FYE March 31, 2024 (C): “Full-Year Financial Results Briefing Materials for the Fiscal Year Ended March 31, 2023” announced on June 7, 2023

### Breakdown of increase/decrease in Operating Income (Consolidated)



### Net sales and Operating Income by Business Segment

#### Net Sales

Supported by firm public-sector demand, net sales increased by 1,915 million yen year-on-year mainly due to increases in sales recorded by both the Pipe Systems Division and Valve Systems Division.

#### Operating Income

Operating income increased by 465 million yen year-on-year, mainly due to increases in sales in both the Pipe Systems Division and Valve Systems Division.

# 1 – 4 Overview by Business Segment

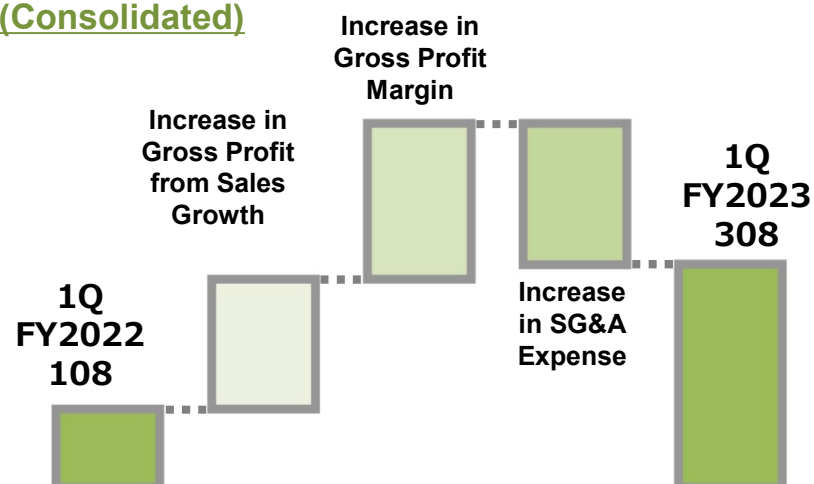
## Machinery System

(Millions of yen)

	Results for the Three Months Ended June 30, 2022 (A)	Results for the Three Months Ended June 30, 2023 (B)	YoY (B–A)	Initially Expected Values for FYE March 31, 2024* (C)
Net Sales	6,002	6,921	918	31,800
Operating Income	108	308	200	1,600
Ratio	1.8%	4.5%	2.7pts	5.0%

\* Initially Expected Values for FYE March 31, 2024 (C): “Full-Year Financial Results Briefing Materials for the Fiscal Year Ended March 31, 2023” announced on June 7, 2023

### Breakdown of increase/decrease in Operating Income (Consolidated)



### Net Sales and Operating Income by Business Segment

#### Net Sales

Net sales increased by 918 million yen year-on-year mainly due to higher sales of powdering equipment and press machines in the Plant Engineering and Machinery Division.

#### Operating Income

Operating income increased by 200 million yen year-on-year mainly due to higher sales recorded by the Plant Engineering and Machinery Division.



# 1 – 4 Overview by Business Segment

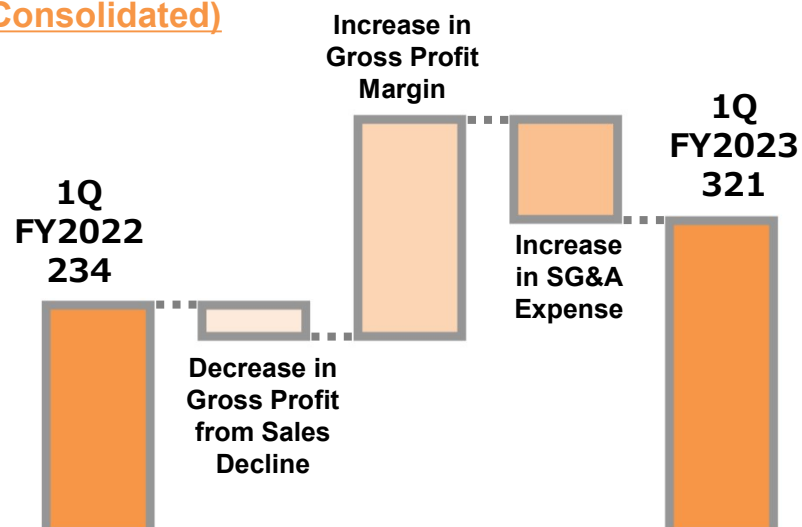
## Industrial Materials

(Millions of yen)

	Results for the Three Months Ended June 30, 2022 (A)	Results for the Three Months Ended June 30, 2023 (B)	YoY (B–A)	Initially Expected Values for FYE March 31, 2024* (C)
Net Sales	6,881	6,753	-127	29,000
Operating Income	234	321	87	1,200
Ratio	3.4%	4.8%	1.4pts	4.1%

\* Initially Expected Values for FYE March 31, 2024 (C): “Full-Year Financial Results Briefing Materials for the Fiscal Year Ended March 31, 2023” announced on June 7, 2023

### Breakdown of increase/decrease in Operating Income (Consolidated)



### Net Sales and Operating Income by Business Segment

#### Net Sales

Net sales decreased by 127 million yen year-on-year mainly due to decreases in sales of noise-reduction products, civil engineering-related products, and other products in the Construction Materials Division, and sewage products and FRP inspection passages in the Plastic Products Division.

#### Operating Income

Despite the lower sales recorded by both the Construction Materials Division and Plastic Products Division, the positive effects of cost improvement and other factors pushed up operating income by 87 million yen year-on-year.

## **2. Earnings Forecast for the Year Ending March 31, 2024**

## 2 – 1 Earnings Forecast for the Year Ending March 31, 2024

(Millions of yen)

Consolidated	Results for FYE March 31, 2023 (A)		Forecast for FYE March 31, 2024 (B)		YoY (B—A)	
Net Sales	124,827	-	120,000	-	-4,827	-
Operating Income / Ratio	6,840	5.5%	6,000	5.0%	-840	-0.5pts
Ordinary Income / Ratio	6,868	5.5%	6,000	5.0%	-868	-0.5pts
Net Income / Ratio for the year	4,727	3.8%	4,000	3.3%	-727	-0.5pts
ROE	-	6.9%	-	5.5%	-	-1.4pts

A decline in revenue and profit is expected compared with the previous year's results, which were satisfactory in both net sales and each profit item.

## 2 – 2 Earnings Forecast



### for the Year Ending March 31, 2024 (by segment)

(Millions of yen)

Consolidated		Results for FYE March 31, 2023 (A)	Forecast for FYE March 31, 2024 (B) ※ 1	YoY (B—A)	Initial Mid-Term Plan FYE March 31 2024 (C) ※ 2	Revised Plan (B—C)
Lifeline	Net Sales	60,879	59,200	-1,679	55,500	3,700
	Operating Income	3,679	3,200	-479	2,800	400
	Ratio	6.0%	5.4%	-0.6pts	5.0%	0.4pts
Machinery System	Net Sales	34,102	31,800	-2,302	29,700	2,100
	Operating Income	2,208	1,600	-608	1,100	500
	Ratio	6.5%	5.0%	-1.5pts	3.7%	1.3pts
Industrial Materials	Net Sales	29,845	29,000	-845	34,800	-5,800
	Operating Income	1,404	1,200	-204	1,600	-400
	Ratio	4.7%	4.1%	-0.6pts	4.6%	-0.5pts

#### Lifeline segment :

Although latent demand will remain, sales and profits are expected to decline due to the decline in purchasing power in the market, caused by price hikes.

#### Machinery System segment :

Sales and profits are expected to decline due to concerns about market recovery, caused by a sudden rise in raw material expenses and other costs, as well as the impacts related to geopolitical risks and other risks, reactions to the significant increase in the net sales in FY2022, and other factors.

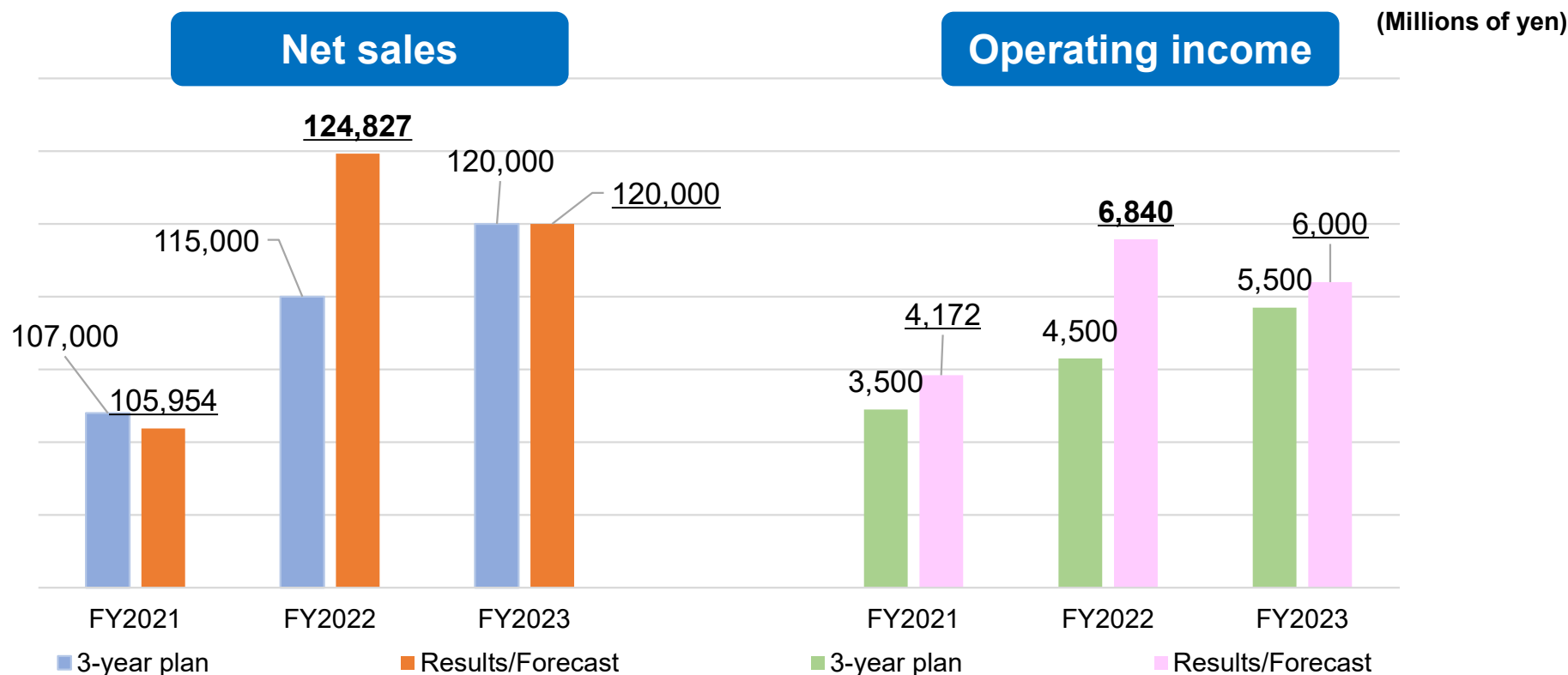
#### Industrial Materials segment :

Sales and profits are expected to decline due to delays in return on construction investment in remote areas, as well as sudden rises in raw material expenses and other costs.

\* 1 Forecast as of May 12, 2023 \* 2 “Kurimoto Group Three-year Mid-term Business Plan 2021-2023” announced on May 27, 2021

\* The total operating income includes adjustments, and does not match the sum of segment profit.

## 2 – 3 Comparison with the Three-year Mid-term Business Plan



- In FY2023, sales and profits are expected to decline in comparison with the previous year's results, but net sales are expected to be as initially planned in the three-year mid-term business plan and operating income is expected to exceed the plan.
- The mid-term plan is expected to achieve all goals, except sales results for FY2021.
- The cumulative achievement rate relative to the mid-term planned values is expected to be 103% for net sales and 126% for operating income.

## 3. Topics

# 3 – 1 Topics

## ✓ Design-build construction (DB) method for water supply pipelines win orders for large-scale projects

The Kurimoto Group has received a cumulative total of 9 orders.

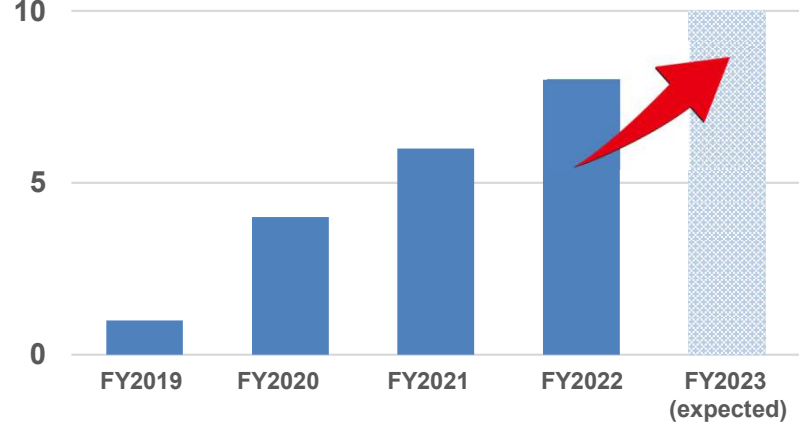
We aim to win more orders by steadily gaining further customer trust and developing our skills and knowledge.

< Orders received >

Chitose City, Hokkaido

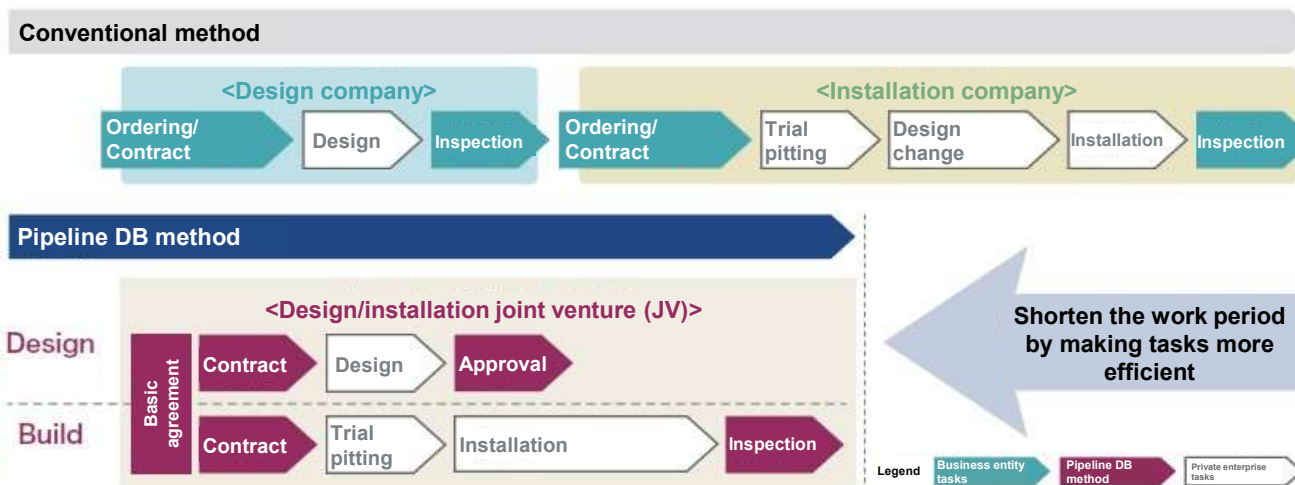
- Water pipeline installation for the first time in Hokkaido using the DB method
- Estimated contract amount: 1.38 billion yen (incl. tax)

(Projects) 10



### Reference: Difference between conventional methods and the pipeline DB method

■ **Ordering flow** Ordering “design” and “installation” together makes tasks more efficient for both the purchaser and the contractor.



Cumulative number of orders received



\* Design-build construction method (method of ordering design and installation together)

\* For details on projects ordered, refer to the reference materials.

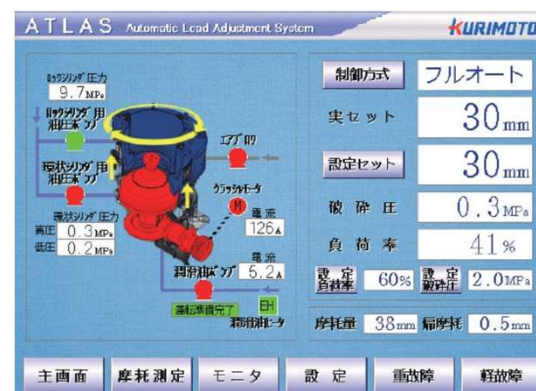
## 3 – 2 Topics

### ✓ Hydraulic cone crusher “PREGE CONE” lineup expanded

Newly added small and large machines to the lineup, expanding the number of models from 3 to 10 types, have enabled us to meet a wider variety of customer requests.

#### < Features >

- **Contribution to improved productivity**  
Hydraulic control enables automatic gap adjustment during operation.  
“PREGE CONE” reduces production time and energy costs.
- **Small size, large capacity**  
Its wide capacity range allows the selection of one-size-smaller models.
- **Labor-saving maintenance**  
It has a wedge lock mechanism and horizontal shaft drive system.



Automatic load adjustment system's touch panel screen



PREGE CONE



## 4. Shareholder Return

# 4 – 1 Repurchase and Retirement of Treasury Stock

As one of our shareholder return measures, we plan to repurchase and retire our own shares for the first time in four years.

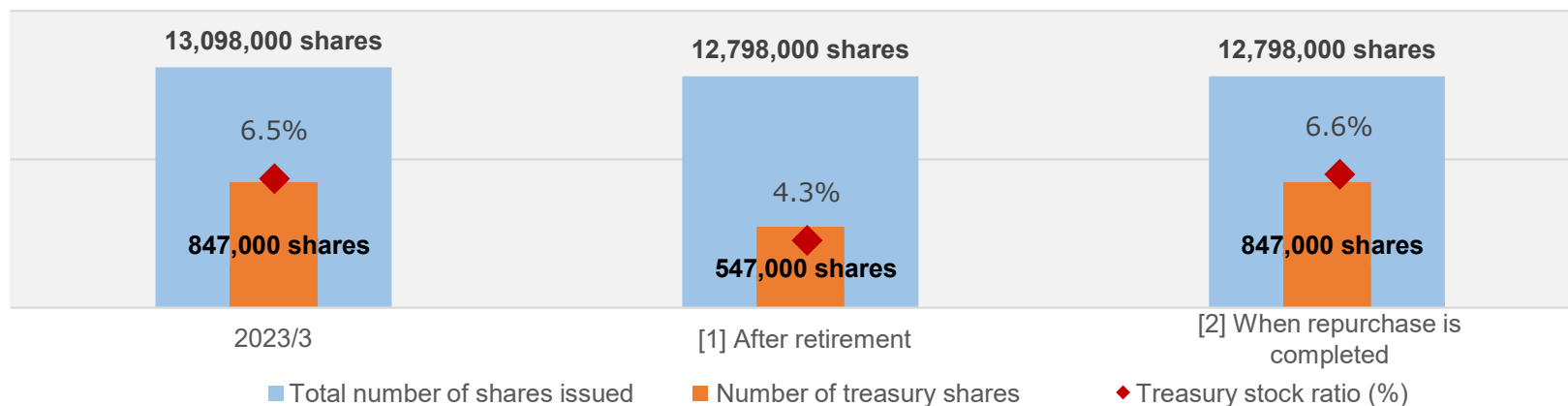
- Share repurchase details

Total number of shares to be repurchased	Up to 300,000 shares
Percentage of shares to be repurchased to the total number of shares issued (excluding treasury stock)	2.45%
Total share repurchase amount	Up to 700 million yen
Repurchase period	From August 7, 2023 to December 22, 2023

- Share retirement details

Total number of shares to be retired	Up to 300,000 shares
Percentage of shares to be retired to the total number of shares issued prior to retirement	2.29%
Scheduled date for retirement	August 31, 2023
Total number of shares issued after retirement	12,798,490 shares

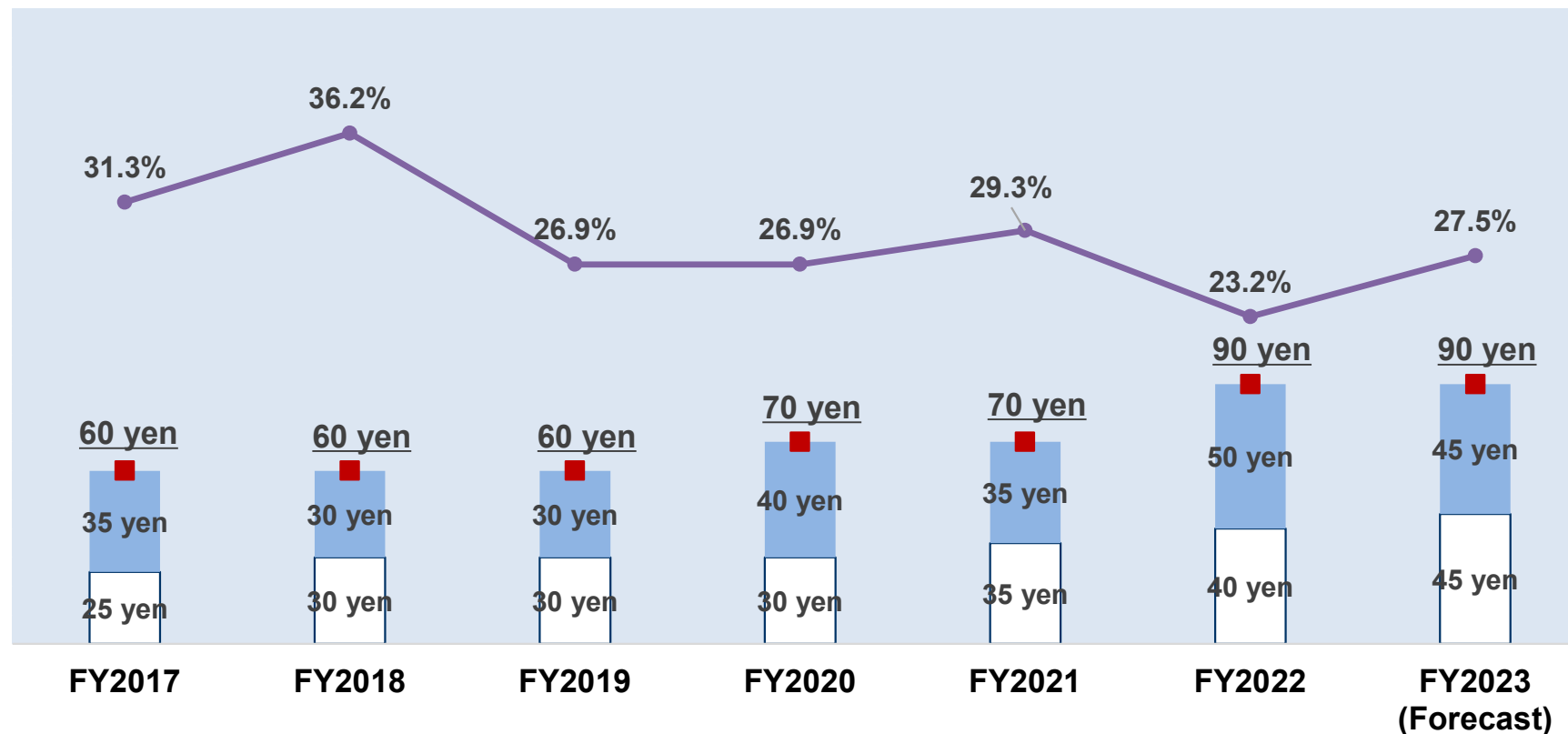
Reference: Total number of shares issued and total number of treasury shares



## 4 – 2 Indicators Related to Shareholder Return

While considering balance with growth investment, we will aim for a dividend payout ratio of over 30% in order to ensure shareholder returns that meet financial market expectations.

### Trends of dividend per share and payout ratio (Consolidated)



# Reference Materials

# Reference Materials 1 Company Information

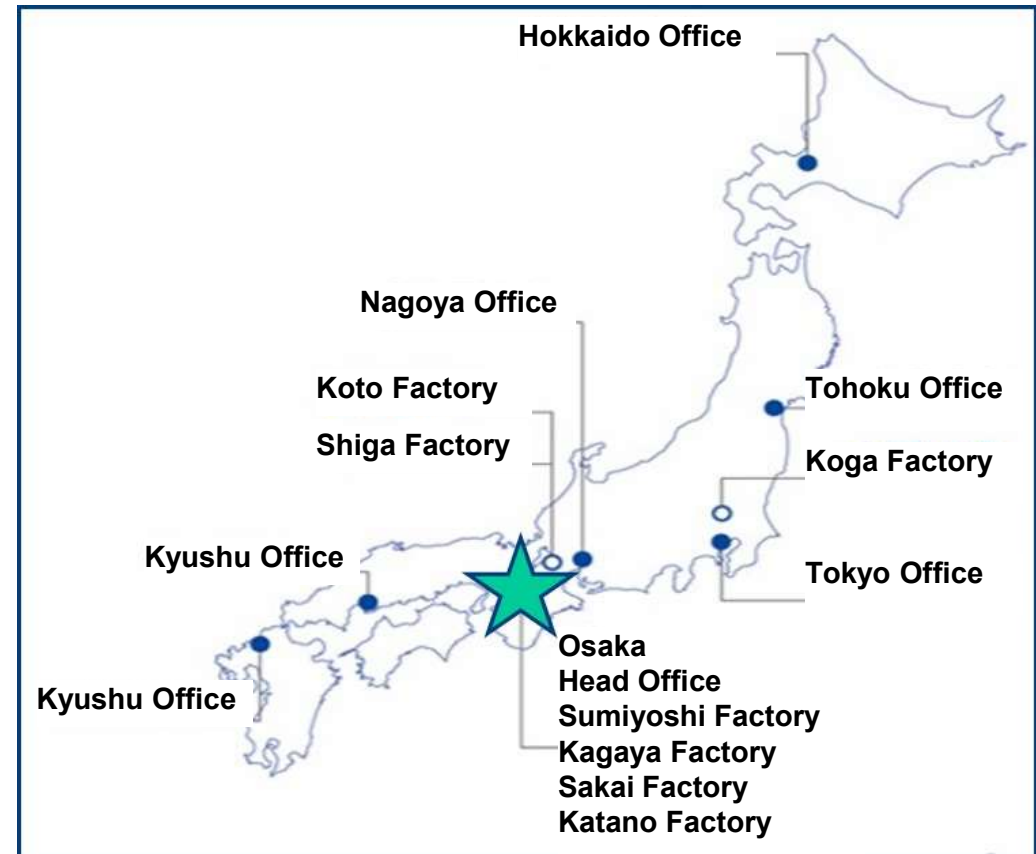
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<b>Company Name</b>	<b>Kurimoto, Ltd.</b>	
<b>Founded</b>	<b>February 2, 1909</b>	
<b>Incorporated</b>	<b>May 10, 1934</b>	
<b>Representative</b>	<b>President Kazutaka Kikumoto</b>	
<b>Capital</b>	<b>31.1 billion yen</b> <b>(as of March 31, 2023)</b>	
<b>Number of Employees</b>	<b>2,107 Employees (as of March 31, 2023, consolidated)</b> <b>1,327 Employees (as of March 31, 2023, non-consolidated)</b>	
<b>Listed on the Prime Market of the Tokyo Stock Exchange (Securities code: 5602)</b>		

## Reference Materials 2 Company Information

### Offices and factories :

- **Factories (13 areas)**  
Osaka: 4 factories  
Shiga, Koga, etc.
- **Domestic Offices (8 areas)**  
Head Office(Osaka), Tokyo,  
Hokkaido, Tohoku, Nagoya,  
Chugoku, Kyushu, Okinawa
- **Oversea Offices (2 areas)**  
Europe Office (Germany)  
Jakarta Office (Indonesia)



### Kurimoto Group (21 companies) :

KURIMOTO TRADING CO., LTD. , Motoyama Eng. Works, Ltd.,  
KS-TECH CO., LTD.<Domestic> Readco Kurimoto, LLC. , Kurimoto- USA, Inc.<USA>,  
KURITETSU (SHANGHAI) TRADING CO., LTD. <China>, RIKO, LTD.<Taiwan> etc.

## Reference Materials 3 Company Information

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### Management Principle

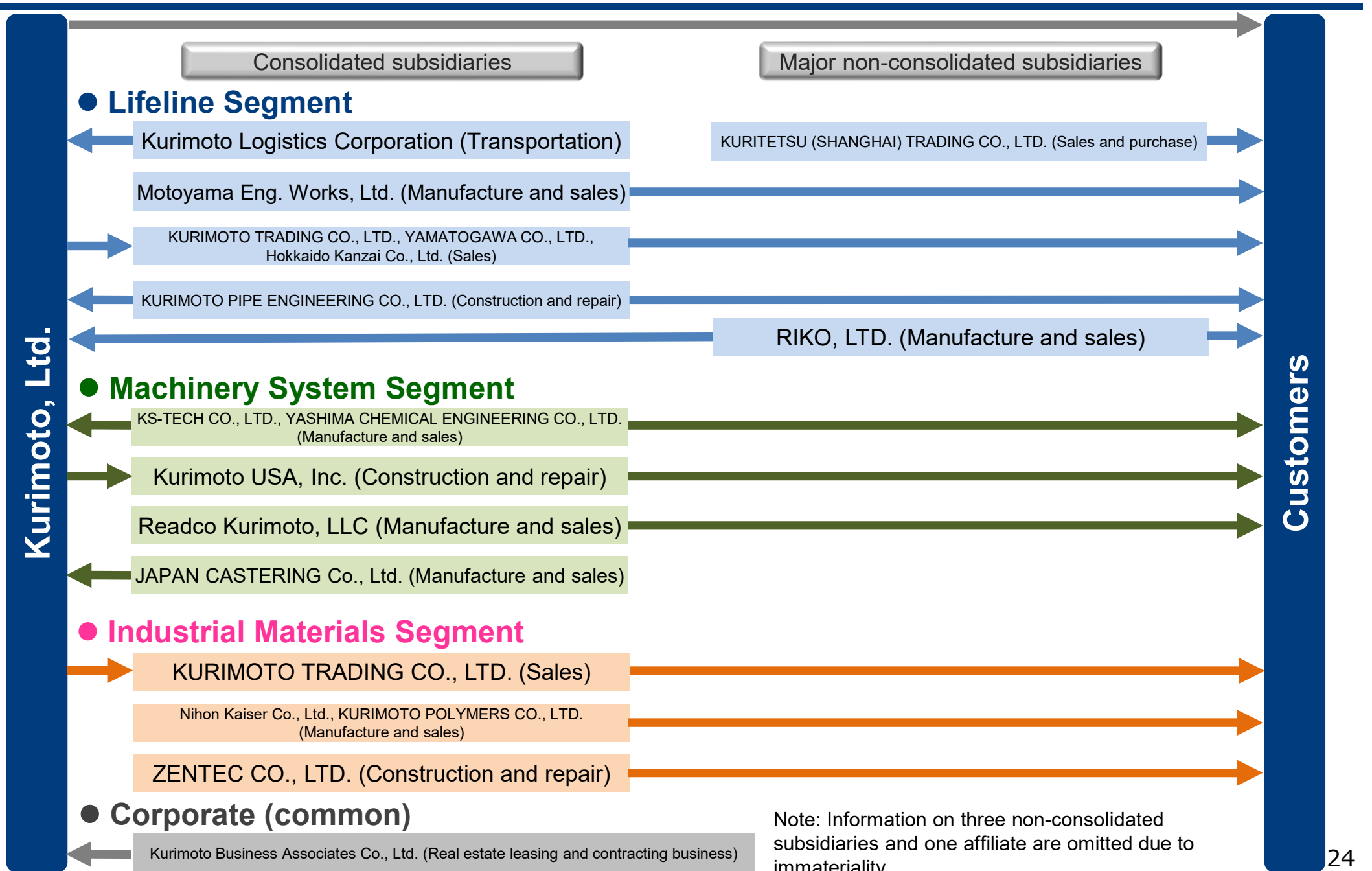
**We will meet the expectations and trust of all stakeholders, always provide optimal systems, and create a "future that fulfills the dreams of people."**

- Providing optimal systems for social and industrial infrastructures -**

### Management Policy

**We aim to be a corporate group that can contribute to society toward the future with the spirit of "Four-Way Satisfaction; Good for Seller, Good for Buyer, Good for Society, and Good for Future."**

# Reference Materials 4 Kurimoto Group





# Reference Materials 5 Business Domains

## Social Infrastructure

Facilities that serve as a foundation for people and their daily lives such as water supply and sewage systems, roads, communications, and transportation



Machinery, plant and other manufacturing equipment necessary for manufacturers' production activities



## Industrial Equipment

# Reference Materials 6

## Composition of Business Divisions and Main Products (Kurimoto, Ltd.)

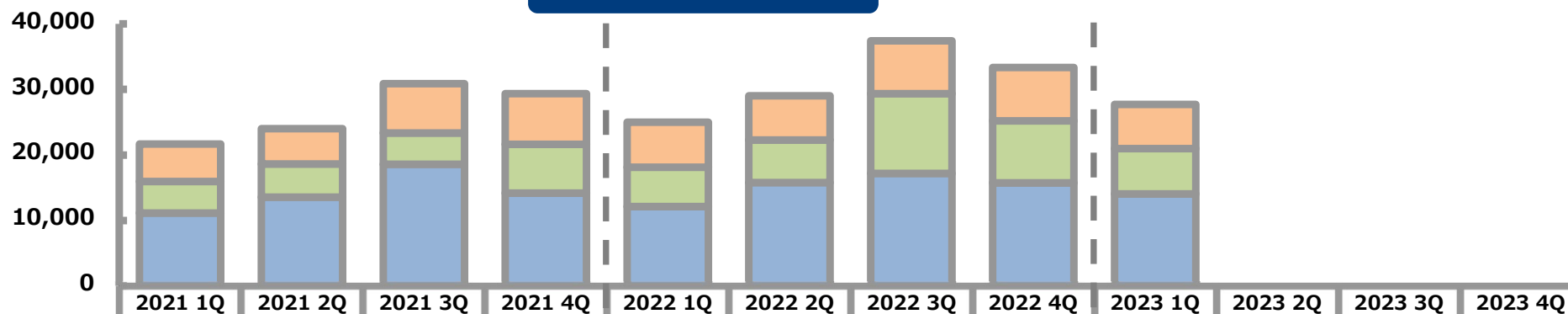
Business segment	Business Domains	Division	Product examples	Major customers
Lifeline	 	Pipe Systems	Ductile iron pipes	Water utility
		Valve Systems	Water valves, industrial valves	Water utility, various plants such as ironmaking and electric power, pump manufacturers
Machinery System		Plant Engineering & Machinery	Forging press	Automobile-related manufacturers
			Powder processor	Carbon, engineering plastic, rechargeable battery-related manufacturers, etc.
			Plant engineering	Resource development enterprises in various countries, plant engineering companies
		Materials & Machinery	Abrasion resistant casting, crusher	Steel, cement, electric power, environment, crushed stone-related companies
Industrial Materials	 	Construction Materials	Construction materials	Pipe material trading firms, air conditioning equipment suppliers, general contractors, etc.
		Plastic Products	FRP (M) products	National/local governments, electric power companies, general contractors, film manufacturers

# Reference Materials 7

## Trends of Quarterly Segment Earnings (Consolidated)

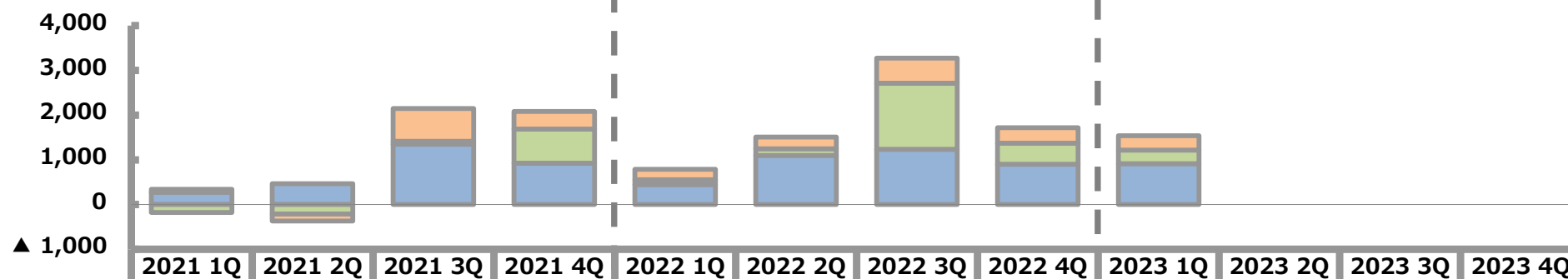
### Net Sales

(Millions of yen)



Industrial Materials	5,708	5,405	7,536	7,732	6,881	6,761	8,079	8,124	6,753			
Machinery System	4,822	5,057	4,759	7,457	6,002	6,477	12,169	9,454	6,921			
Lifeline	11,155	13,556	18,582	14,185	12,136	15,796	17,179	15,768	14,052			

### Operating Income



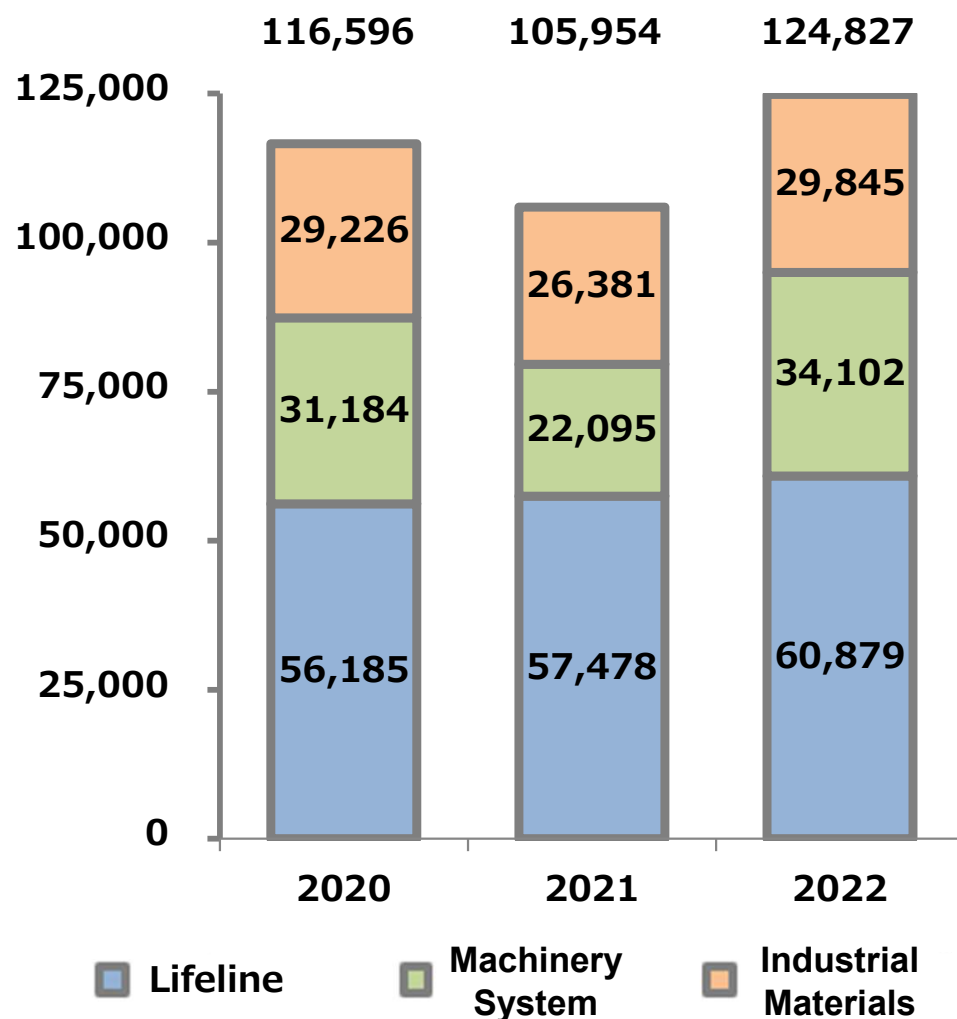
Industrial Materials	69	▲ 155	734	392	234	260	562	348	321			
Machinery System	▲ 179	▲ 210	63	763	108	152	1,479	469	308			
Lifeline	274	467	1,349	926	447	1,096	1,234	902	913			

\* The total operating income includes adjustments, and does not match the sum of segment profit.

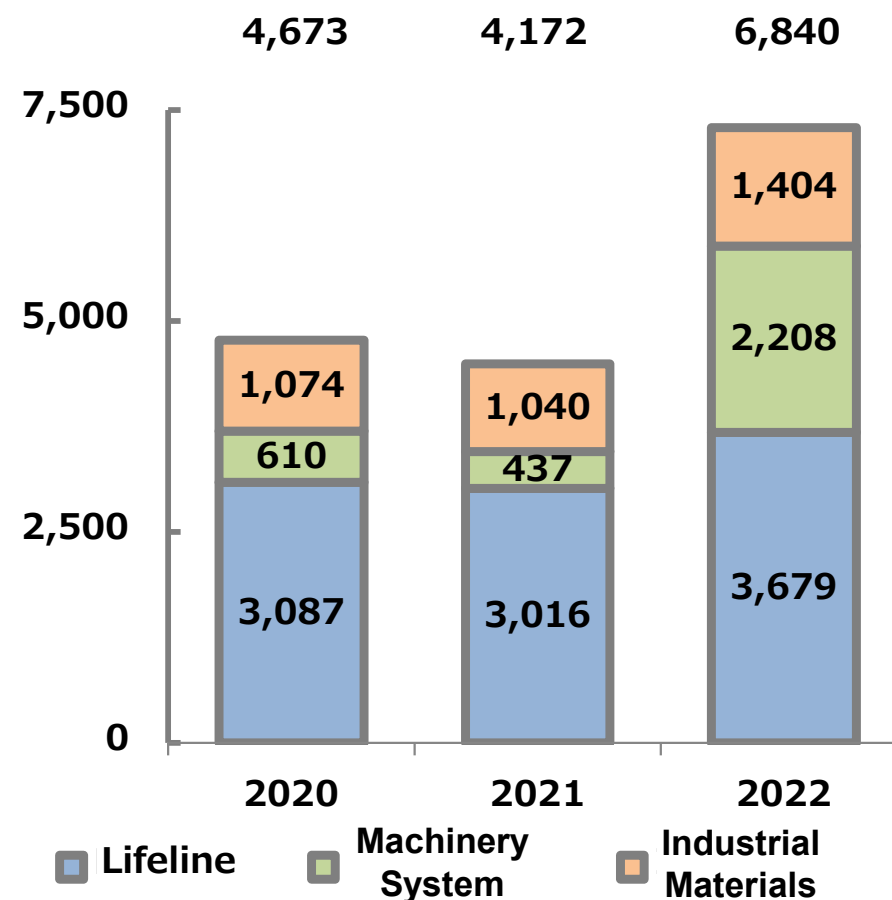
# Reference Materials 8 Trends of Segment Earnings

(Millions of yen)

## Net Sales



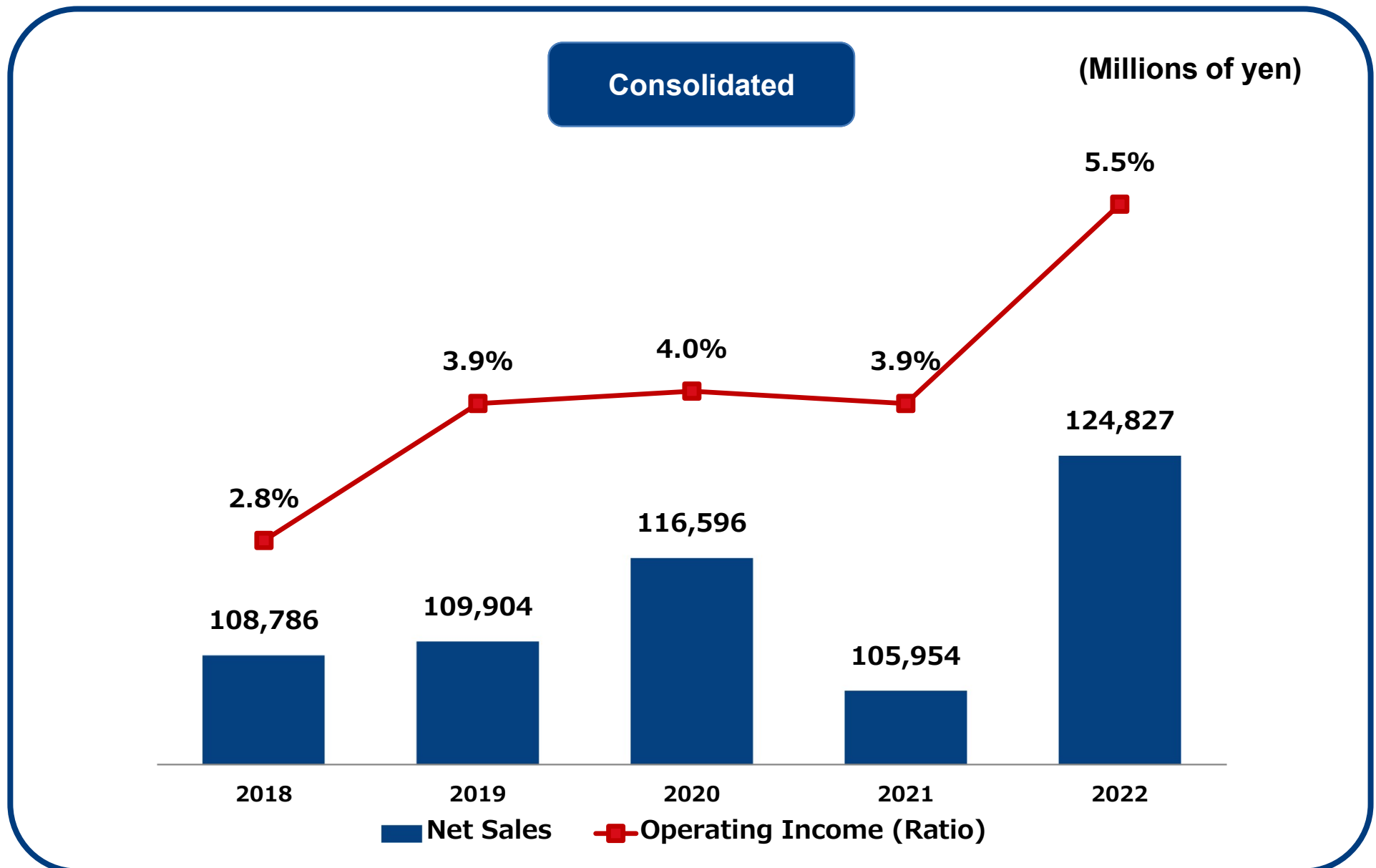
## Operating Income



\* The total operating income includes adjustments, and does not match the sum of segment profit.

# Reference Materials 9

## Trends of Sales and Operating Income (Consolidated)



# Reference Materials 10

## Orders Received for Water Pipelines, Based on the DB Method

- Main orders received for water pipelines (ordered for design and installation both together) based on the DB method

No.	Purchaser	Order received	Completion	Project name	Contractor	Business scale
1	Komoro City, Nagano Prefecture	FY2019	FY2022	Water pipeline upgrade work (Maruyama wastewater reservoir to Sakanoue distribution reservoir)	Kurimoto, Ltd.	390 million yen
2	Izumisano City, Osaka Prefecture	FY2020	FY2022	Water pipeline upgrade work for the Hineno water purification plant, etc. in Izumisano City	Kurimoto, Ltd. and Izumisano City Water Supply Association Joint venture for specific construction work	310 million yen
3	Kobe City, Hyogo Prefecture	FY2020	FY2023 (Plan)	Distribution mains replacement work in Chuo-ku (Higashi Machi, etc.)	Kurimoto, Ltd., Minato Construction Corporation, and Ando Kensetsu Co., Ltd. Joint venture for specific construction work	620 million yen
4	Koryo-cho, Nara Prefecture	FY2020	FY2021	Distribution mains installation in Mami-minami in Koryo-cho Earthquake-resistant design and installation work	Kurimoto Ltd. and Ushio Consultants Company, Ltd. Joint venture	250 million yen
5	Koryo-cho, Nara Prefecture	FY2021	FY2024 (Plan)	Distribution mains installation in Koryo-cho Earthquake-resistant design and installation work	Muramoto, Kurimoto Ltd., and Ushio Consultants Company, Ltd. Joint venture	540 million yen
6	Nakatsugawa City, Gifu Prefecture	FY2021	FY2024 (Plan)	Water pipeline upgrade work around Nakatsugawa Station	Kurimoto Pipe Engineering Co., Ltd., Hobo Kousan, and Shin-Nippon Design Group	440 million yen
7	Nara Prefecture	FY2022	FY2025 (Plan)	Maintenance work in No. 1 segment of Ando connecting pipeline	Kurimoto Ltd., Muramoto, and Ushio Consultants Company, Ltd. Joint venture for specific construction work	—
8	Harima-cho, Hyogo Prefecture	FY2022	FY2024 (Plan)	Trunk water mains installation work in Higashi Honjo and Niijima areas	Kurimoto Ltd. and Ushio Consultants Company, Ltd. Joint venture	440 million yen
9	Chitose City, Hokkaido	<u>FY2023</u>	FY2025 (Plan)	(5) Bibi extramural water supply improvement work	Kurimoto, Ltd, Maizuru, Shin'ei, and Nihon Suido Consultants Co., Ltd. Joint venture for specific construction work	1.38 billion yen

Earnings forecast and other forward-looking statements described in this document are based on currently available information and certain assumptions that the Company believes are reasonable, and do not represent a commitment by the Company that they will be achieved.

In addition, actual business performance may differ significantly due to a number of factors.

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