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Consolidated Financial Results for the Three Months Ended June 30, 2023 [Japanese GAAP]



August 4, 2023

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Code number: 5602

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Scheduled date of filing quarterly securities report: August 4, 2023

Scheduled date of commencing dividend payments: –

Availability of supplementary explanatory materials on quarterly financial results: Unavailable

Schedule of quarterly financial results briefing session: Not Scheduled

Stock exchange listing: Tokyo

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

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

1. Consolidated Financial Results for the Three Months Ended June 30, 2023 (April 1, 2023 to June 30, 2023)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2023	27,727	10.8	1,235	59.8	1,252	75.2	923	65.8
June 30, 2022	25,020	15.4	773	–	715	–	556	–

(Note) Comprehensive income: Three months ended June 30, 2023: ¥2,887 million [324.1%]

Three months ended June 30, 2022: ¥680 million [–%]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2023	75.60		–	
June 30, 2022	45.62		–	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of June 30, 2023	142,665		75,219		51.8	
As of March 31, 2023	145,164		72,963		49.3	

(Reference) Equity: As of June 30, 2023: ¥73,846 million

As of March 31, 2023: ¥71,608 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2023	Yen –	Yen 40.00	Yen –	Yen 50.00	Yen 90.00
Fiscal year ending March 31, 2024	–				
Fiscal year ending March 31, 2024 (Forecast)		45.00	–	45.00	90.00

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

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

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	54,000	(0.1)	1,800	(21.0)	1,800	(23.4)	1,200	(26.5)	98.67
Full year	120,000	(3.9)	6,000	(12.3)	6,000	(12.6)	4,000	(15.4)	331.90

(Note) Revision to the financial results forecast announced most recently: None

* Notes:

(1) Changes in significant subsidiaries during the period under review: None

(Changes in specified subsidiaries resulting in changes in scope of consolidation)

(2) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

June 30, 2023: 13,098,490 shares

March 31, 2023: 13,098,490 shares

2) Total number of treasury shares at the end of the period:

June 30, 2023: 885,947 shares

March 31, 2023: 889,485 shares

3) Average number of shares during the period:

Three months ended June 30, 2023: 12,210,125 shares

Three months ended June 30, 2022: 12,203,424 shares

Note on the total number of issued shares

(Note) The number of treasury shares to be deducted for calculating the total number of treasury shares at the end of the period and the average number of shares during the period includes the Company's shares held by Custody Bank of Japan, Ltd. (Trust E Account) as trust assets under the Board Benefit Trust (BBT) (39,180 shares in the three months ended June 30, 2023; 12,405 shares in the three months ended June 30, 2022; 42,822 shares in the fiscal year ended March 31, 2023).

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

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

(Cautionary note on forward-looking statements, etc.)

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

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

(1) Explanation of Operating Results

During the three months ended June 30, 2023, the Japanese economy was on a moderate recovery path due to the easing of restrictions on activity and various rules, as the legal classification of COVID-19 was downgraded to a Class V infectious disease according to the Infectious Diseases Law. However, a sense of uncertainty prevailed regarding the economic situation due to Russia's prolonged invasion of Ukraine, exchange rate fluctuations, higher resource prices, and accelerating inflation.

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

For the Group's financial results for the three months ended June 30, 2023, net sales increased by ¥2,706 million year on year to ¥27,727 million, as a result of increased sales in the Lifeline business and the Machinery System business, despite a decrease in sales in the Industrial Materials business.

For profit and loss, operating profit increased by ¥462 million year on year to ¥1,235 million, ordinary profit increased by ¥537 million year on year to ¥1,252 million, and profit attributable to owners of parent increased by ¥366 million year on year to ¥923 million, reflecting mainly increased profit resulting from net sales growth.

Operating results by segment were as follows:

In the Lifeline business, net sales increased by ¥1,915 million year on year to ¥14,052 million, mainly due to increased sales in both the Pipe Systems Division and Valve Systems Division.

Operating profit increased by ¥465 million year on year to ¥913 million, mainly reflecting increased revenue both in the Pipe Systems Division and Valve Systems Division.

In the Machinery System business, net sales increased by ¥918 million year on year to ¥6,921 million, mainly due to an increase in sales of powder systems and presses in the Plant Engineering & Machinery Division.

Operating profit increased by ¥200 million year on year to ¥308 million, mainly reflecting revenue growth in the Plant Engineering & Machinery Division.

In the Industrial Materials business, net sales decreased by ¥127 million year on year to ¥6,753 million, mainly due to decreased sales of noise-reduction products and civil engineering-related products in the Construction Materials Division, as well as decreased sales of products for sewage systems and FRP inspection passages in the Plastic Products Division.

Operating profit increased by ¥87 million year on year to ¥321 million, mainly reflecting improved costs, despite decreased sales both in the Construction Materials Division and the Plastic Products Division.

(2) Explanation of Financial Position

Total assets at the end of the first quarter of the consolidated fiscal year under review decreased by ¥2,498 million from the end of the previous consolidated fiscal year to ¥142,665 million, mainly due to decreases in notes and accounts receivable - trade, and contract assets, and electronically recorded monetary claims - operating.

Liabilities decreased by ¥4,754 million from the end of the previous consolidated fiscal year to ¥67,446 million, mainly owing to decreases in short-term borrowings, income taxes payable, and provisions.

Net assets increased by ¥2,255 million from the end of the previous consolidated fiscal year to ¥75,219 million. This is mainly attributable to changes in retained earnings after recording dividends payments and profit attributable to owners of parent and an increase in valuation difference on available-for-sale securities.

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

The full-year consolidated financial results forecast for the fiscal year ending March 31, 2024 released on May 12, 2023 remains unchanged.

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

(Million yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	20,334	21,112
Notes and accounts receivable - trade, and contract assets	40,149	33,994
Electronically recorded monetary claims - operating	10,467	9,456
Merchandise and finished goods	11,338	12,623
Work in process	6,246	7,266
Raw materials and supplies	3,804	3,770
Other	1,253	859
Allowance for doubtful accounts	(127)	(108)
Total current assets	93,466	88,973
Non-current assets		
Property, plant and equipment		
Land	13,846	13,852
Other, net	19,448	19,332
Total property, plant and equipment	33,295	33,184
Intangible assets		
Other	1,443	1,391
Total intangible assets	1,443	1,391
Investments and other assets		
Investment securities	12,347	15,072
Other	4,838	4,261
Allowance for doubtful accounts	(227)	(218)
Total investments and other assets	16,958	19,116
Total non-current assets	51,697	53,692
Total assets	145,164	142,665

(Million yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,353	14,198
Electronically recorded obligations - operating	14,257	14,601
Short-term borrowings	19,850	17,100
Current portion of long-term borrowings	696	678
Income taxes payable	2,231	578
Provisions	3,253	1,289
Other	6,668	9,121
Total current liabilities	62,311	57,567
Non-current liabilities		
Long-term borrowings	118	118
Provisions	13	10
Retirement benefit liability	8,347	8,306
Other	1,410	1,442
Total non-current liabilities	9,889	9,878
Total liabilities	72,200	67,446
Net assets		
Shareholders' equity		
Share capital	31,186	31,186
Capital surplus	6,873	6,873
Retained earnings	30,828	31,138
Treasury shares	(1,778)	(1,772)
Total shareholders' equity	67,109	67,425
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,212	6,104
Deferred gains or losses on hedges	0	-
Foreign currency translation adjustment	198	209
Remeasurements of defined benefit plans	87	106
Total accumulated other comprehensive income	4,498	6,420
Non-controlling interests	1,355	1,373
Total net assets	72,963	75,219
Total liabilities and net assets	145,164	142,665

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Three Months Ended June 30

(Million yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Net sales	25,020	27,727
Cost of sales	19,065	20,948
Gross profit	5,955	6,778
Selling, general and administrative expenses	5,182	5,542
Operating profit	773	1,235
Non-operating income		
Dividend income	31	34
Other	73	76
Total non-operating income	104	111
Non-operating expenses		
Interest expenses	36	38
Other	125	55
Total non-operating expenses	162	94
Ordinary profit	715	1,252
Extraordinary income		
Gain on sale of investment securities	40	-
Total extraordinary income	40	-
Extraordinary losses		
Loss on valuation of golf club membership	-	0
Total extraordinary losses	-	0
Profit before income taxes	755	1,252
Income taxes - current	505	556
Income taxes - deferred	(323)	(269)
Total income taxes	181	286
Profit	573	965
Profit attributable to non-controlling interests	17	42
Profit attributable to owners of parent	556	923

Quarterly Consolidated Statements of Comprehensive Income
Three Months Ended June 30

(Million yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Profit	573	965
Other comprehensive income		
Valuation difference on available-for-sale securities	4	1,891
Deferred gains or losses on hedges	6	(0)
Foreign currency translation adjustment	67	10
Remeasurements of defined benefit plans, net of tax	28	19
Total other comprehensive income	106	1,921
Comprehensive income	680	2,887
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	663	2,844
Comprehensive income attributable to non-controlling interests	16	42

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

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

There is no relevant information.

(Segment information, etc.)

[Segment Information]

I For the three months ended June 30, 2022

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

(Million yen)

	Reportable segment			Total	Adjustment (Note 1)	Amount recorded in Quarterly Consolidated Statements of Income (Note 2)
	Lifeline business	Machinery System business	Industrial Materials business			
Net sales						
Net sales to outside customers	12,136	6,002	6,881	25,020	—	25,020
Inter-segment net sales or transfers	26	25	7	58	(58)	—
Total	12,163	6,028	6,888	25,079	(58)	25,020
Segment income	447	108	234	790	(17)	773

(Notes) 1. Adjustment of segment income of ¥(17) million includes ¥3 million for inter-segment transaction eliminations, ¥(8) million for allocation difference of selling, general and administrative expenses and experimentation and research expenses borne by each reportable segment, and ¥(12) million for inventory adjustments.

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

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

(Significant impairment losses related to non-current assets)

There is no relevant information.

(Significant changes in goodwill)

There is no relevant information.

(Significant gain on negative goodwill)

There is no relevant information.

II For the three months ended June 30, 2023

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

(Million yen)

	Reportable segment			Total	Adjustment (Note 1)	Amount recorded in Quarterly Consolidated Statements of Income (Note 2)
	Lifeline business	Machinery System business	Industrial Materials business			
Net sales						
Net sales to outside customers	14,052	6,921	6,753	27,727	—	27,727
Inter-segment net sales or transfers	23	27	6	57	(57)	—
Total	14,075	6,948	6,760	27,784	(57)	27,727
Segment income	913	308	321	1,543	(307)	1,235

(Notes) 1. Adjustment of segment income of ¥(307) million includes ¥(11) million for inter-segment transaction eliminations, ¥77 million for allocation difference of selling, general and administrative expenses and experimentation and research expenses borne by each reportable segment, and ¥(374) million for inventory adjustments.

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

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

(Significant impairment losses related to non-current assets)

There is no relevant information.

(Significant changes in goodwill)

There is no relevant information.

(Significant gain on negative goodwill)

There is no relevant information.