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Non-consolidated Financial Results for the Year Ended June 30, 2023 [Japanese GAAP]

August 10, 2023

Company name: KeePer Technical Laboratory Co., Ltd.

Stock exchange listing: Tokyo, Nagoya

Code number: 6036

URL: <http://www.keepercoating.jp/corp/>

Representative: Toshiyuki Kaku

Representative Director, President, and COO

Contact: Ayako Yamashita

Chief Financial Officer

Phone: +81-562-45-5777

Scheduled date of Annual General Meeting of Shareholders: September 27, 2023

Scheduled date of commencing dividend payments: September 11, 2023

Scheduled date of filing annual securities report: September 28, 2023

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes

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

1. Non-consolidated Financial Results for the Fiscal Year Ended June 30, 2023 (July 1, 2022 to June 30, 2023)

(1) Non-consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended June 30, 2023	17,042	18.7	5,475	26.5	5,470	26.5	3,957	27.9
June 30, 2022	14,358	21.7	4,326	43.2	4,325	43.1	3,093	45.0

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended June 30, 2023	145.06	-	41.2	40.6	32.1
June 30, 2022	113.41	-	45.5	41.1	30.1

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended June 30, 2023: ¥ - million
Fiscal year ended June 30, 2022: ¥ - million

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2023	15,079	11,151	73.9	408.77
June 30, 2022	11,858	8,039	67.8	294.71

(Reference) Equity: As of June 30, 2023: ¥ 11,151 million
As of June 30, 2022: ¥ 8,039 million

(3) Non-consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended June 30, 2023	3,663	(1,586)	(1,226)	3,573
June 30, 2022	3,221	(1,349)	(669)	2,721

2. Dividends

	Annual dividends					Total dividends	Payout ratio	Dividends to net assets
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
June 30, 2022	-	0.00	-	31.00	31.00	845	27.3	12.4
June 30, 2023	-	0.00	-	43.00	43.00	1,173	29.6	12.2
Fiscal year ending June 30, 2024 (Forecast)	-	0.00	-	50.00	50.00		29.7	

(Note) Breakdown of the year-end dividend for the fiscal year ended June 30, 2023 :

Commemorative dividend	- yen
Special dividend	- yen

3. Non-consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2024 (July 1, 2023 to June 30, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net income		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending December 31, 2023	10,585	23.6	3,396	12.6	3,396	11.6	2,364	13.3	86.66
Full year	21,137	24.0	6,602	20.6	6,602	20.7	4,595	16.1	168.44

* Notes:

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

- 1) Changes in accounting policies due to the revision of accounting standards: No
- 2) Changes in accounting policies other than 1) above: No
- 3) Changes in accounting estimates: No
- 4) Retrospective restatement: No

(2) 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:	28,280,840 shares
June 30, 2022:	28,280,840 shares

2) Number of treasury shares at the end of the period:

June 30, 2023:	1,000,660 shares
June 30, 2022:	1,000,516 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended June 30, 2023:	27,280,251 shares
Fiscal Year ended June 30, 2022:	27,280,409 shares

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

(Thousands of yen)

	As of June 30, 2022	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	2,721,463	3,573,825
Notes receivable - trade	168,918	185,863
Accounts receivable - trade	1,157,351	1,356,868
Merchandise	706,006	1,163,271
Supplies	68,489	85,746
Advance payments to suppliers	-	200
Prepaid expenses	189,880	255,878
Other	17,324	53,977
Allowance for doubtful accounts	(265)	(159)
Total current assets	5,029,168	6,675,471
Non-current assets		
Property, plant and equipment		
Buildings, net	3,127,116	4,102,480
Structures, net	201,894	250,830
Machinery and equipment, net	66,082	60,964
Vehicles, net	22,292	33,292
Tools, furniture and fixtures, net	130,607	191,094
Land	2,016,836	2,016,836
Construction in progress	63,609	76,509
Total property, plant and equipment	5,628,439	6,732,008
Intangible assets		
Software	46,495	74,009
Other	61,048	55,240
Total intangible assets	107,543	129,249
Investments and other assets		
Investment securities	19,388	20,364
Shares of subsidiaries and associates	1,000	1,000
Long-term loans receivable from subsidiaries and associates	-	280,614
Distressed receivables	13	-
Long-term prepaid expenses	36,733	43,451
Leasehold and guarantee deposits	364,218	511,654
Construction assistance fund receivables	291,760	277,799
Insurance funds	11,460	11,460
Deferred tax assets	368,995	396,797
Other	10	10
Allowance for doubtful accounts	(13)	-
Total investments and other assets	1,093,566	1,543,152
Total non-current assets	6,829,550	8,404,410
Total assets	11,858,718	15,079,882

(Thousands of yen)

	As of June 30, 2022	As of June 30, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	359,263	455,905
Current portion of long-term borrowings	379,936	48,000
Accounts payable - other	422,871	685,592
Income taxes payable	923,770	935,772
Accrued expenses	312,764	271,150
Provision for bonuses	47,169	54,859
Contract liabilities	163,526	231,297
Other	155,884	131,440
Total current liabilities	2,765,187	2,814,019
Non-current liabilities		
Long-term borrowings	160,000	112,000
Provision for retirement benefits	370,913	426,714
Provision for retirement benefits for directors (and other officers)	256,683	270,969
Asset retirement obligations	262,025	300,899
Other	4,043	4,043
Total non-current liabilities	1,053,665	1,114,626
Total liabilities	3,818,853	3,928,645
Net assets		
Shareholders' equity		
Share capital	1,347,557	1,347,557
Capital surplus		
Legal capital surplus	1,007,224	1,007,224
Total capital surplus	1,007,224	1,007,224
Retained earnings		
Legal retained earnings	4,931	4,931
Other retained earnings		
Retained earnings brought forward	7,866,881	10,978,475
Total retained earnings	7,871,812	10,983,406
Treasury shares	(2,188,728)	(2,189,329)
Total shareholders' equity	8,037,865	11,148,858
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,999	2,378
Total valuation and translation adjustments	1,999	2,378
Total net assets	8,039,865	11,151,236
Total liabilities and net assets	11,858,718	15,079,882

Non-consolidated Statements of Income

(Thousands of yen)

	For the fiscal year ended June 30, 2022	For the fiscal year ended June 30, 2023
Net sales		
Net sales of goods	6,436,501	7,384,417
Service sales	7,921,713	9,658,505
Total net sales	14,358,214	17,042,923
Cost of sales		
Cost of goods sold		
Beginning merchandise inventory	731,453	706,006
Cost of purchased goods	2,696,582	3,584,141
Total	3,428,036	4,290,147
Ending merchandise inventory	706,006	1,163,271
Total cost of sales	2,722,030	3,126,876
Gross profit	11,636,184	13,916,047
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	211,740	242,185
Salaries and allowances	2,746,076	3,310,092
Bonuses	634,356	578,114
Retirement benefit expenses	71,880	81,754
Provision for bonuses	47,169	54,859
Provision for retirement benefits for directors (and other officers)	9,210	14,286
Legal welfare expenses	531,640	604,118
Welfare expenses	31,622	83,718
Travel and transportation expenses	277,987	329,644
Communication expenses	42,251	48,503
Depreciation	288,987	330,718
Rent expenses	797,228	848,100
Insurance expenses	14,132	15,618
Utilities expenses	162,117	203,411
Supplies expenses	199,983	235,495
Taxes and dues	148,724	161,390
Experimentation and research expenses	36,754	55,394
Freight and packing costs	157,011	169,932
Stationery expenses	13,918	16,663
Advertising expenses	377,136	434,594
Commission expenses	191,164	235,631
Provision of allowance for doubtful accounts	(48)	(106)
Vehicle expenses	105,588	123,246
Outsourcing expenses	106,353	126,017
Lease fee	64	64
Other	106,503	137,528
Total selling, general and administrative expenses	7,309,557	8,440,978
Operating profit	4,326,627	5,475,068

(Thousands of yen)

	For the fiscal year ended June 30, 2022	For the fiscal year ended June 30, 2023
Non-operating income		
Interest income	1,371	1,667
Dividend income	463	502
Commission income	6,332	4,281
Other	3,270	1,865
Total non-operating income	11,436	8,317
Non-operating expenses		
Interest expenses	3,923	1,331
Foreign exchange losses	8,390	11,076
Provision of allowance for doubtful accounts	13	-
Miscellaneous losses	40	305
Total non-operating expenses	12,367	12,713
Ordinary profit	4,325,696	5,470,672
Extraordinary income		
Gain on sale of non-current assets	5,454	2,064
Total extraordinary income	5,454	2,064
Extraordinary losses		
Loss on sale and retirement of non-current assets	2,334	11,997
Impairment losses	5,137	-
Total extraordinary losses	7,472	11,997
Profit before income taxes	4,323,678	5,460,739
Income taxes - current	1,306,353	1,531,422
Income taxes - deferred	(76,658)	(27,966)
Total income taxes	1,229,694	1,503,456
Profit	3,093,984	3,957,283

Non-consolidated Statements of Changes in Equity
For the fiscal year ended June 30, 2022

(Thousands of yen)

	Shareholders' equity					
	Share capital	Capital surplus		Retained earnings		
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at beginning of period	1,347,557	1,007,224	1,007,224	4,931	5,392,781	5,397,712
Cumulative effects of changes in accounting policies					(74,275)	(74,275)
Restated balance	1,347,557	1,007,224	1,007,224	4,931	5,318,506	5,323,437
Changes during period						
Dividends of surplus					(545,608)	(545,608)
Profit					3,093,984	3,093,984
Purchase of treasury shares						
Net changes in items other than shareholders' equity						
Total changes during period	-	-	-	-	2,548,375	2,548,375
Balance at end of period	1,347,557	1,007,224	1,007,224	4,931	7,866,881	7,871,812

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(2,188,286)	5,564,207	2,419	2,419	5,566,627
Cumulative effects of changes in accounting policies		(74,275)			(74,275)
Restated balance	(2,188,286)	5,489,932	2,419	2,419	5,492,352
Changes during period					
Dividends of surplus		(545,608)			(545,608)
Profit		3,093,984			3,093,984
Purchase of treasury shares	(442)	(442)			(442)
Net changes in items other than shareholders' equity			(420)	(420)	(420)
Total changes during period	(442)	2,547,932	(420)	(420)	2,547,512
Balance at end of period	(2,188,728)	8,037,865	1,999	1,999	8,039,865

For the fiscal year ended June 30, 2023

(Thousands of yen)

	Shareholders' equity					
	Share capital	Capital surplus		Legal retained earnings	Retained earnings	
		Legal capital surplus	Total capital surplus		Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at beginning of period	1,347,557	1,007,224	1,007,224	4,931	7,866,881	7,871,812
Changes during period						
Dividends of surplus					(845,690)	(845,690)
Profit					3,957,283	3,957,283
Purchase of treasury shares						
Net changes in items other than shareholders' equity						
Total changes during period	-	-	-	-	3,111,593	3,111,593
Balance at end of period	1,347,557	1,007,224	1,007,224	4,931	10,978,475	10,983,406

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(2,188,728)	8,037,865	1,999	1,999	8,039,865
Changes during period					
Dividends of surplus		(845,690)			(845,690)
Profit		3,957,283			3,957,283
Purchase of treasury shares	(601)	(601)			(601)
Net changes in items other than shareholders' equity			378	378	378
Total changes during period	(601)	3,110,992	378	378	3,111,371
Balance at end of period	(2,189,329)	11,148,858	2,378	2,378	11,151,236

Non-consolidated Statements of Cash Flows

(Thousands of yen)

	For the fiscal year ended June 30, 2022	For the fiscal year ended June 30, 2023
Cash flows from operating activities		
Profit before income taxes	4,323,678	5,460,739
Depreciation	288,987	330,718
Impairment losses	5,137	-
Increase (decrease) in allowance for doubtful accounts	(311)	(119)
Increase (decrease) in contract liabilities	56,886	67,770
Increase (decrease) in provision for retirement benefits	62,042	55,800
Increase (decrease) in provision for retirement benefits for directors (and other officers)	1,089	14,286
Interest and dividend income	(1,834)	(2,169)
Foreign exchange losses (gains)	(1,727)	(908)
Interest expenses	3,923	1,331
Loss (gain) on sale and retirement of non-current assets	(3,119)	9,932
Decrease (increase) in trade receivables	(279,307)	(216,462)
Decrease (increase) in inventories	2,584	(474,521)
Increase (decrease) in trade payables	(108,919)	96,641
Decrease (increase) in prepaid expenses	259	(65,998)
Increase (decrease) in accounts payable - other	(124,572)	(17,839)
Increase (decrease) in accrued expenses	118,000	(41,613)
Other, net	59,564	(28,996)
Subtotal	4,402,360	5,188,591
Interest and dividends received	1,845	2,169
Interest paid	(3,923)	(1,331)
Income taxes paid	(1,178,852)	(1,525,568)
Net cash provided by (used in) operating activities	3,221,430	3,663,860
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,347,242)	(1,124,843)
Proceeds from sale of property, plant and equipment	57,868	6,014
Purchase of intangible assets	(29,467)	(39,736)
Loan advances	(200)	-
Loan advances to subsidiaries and associates	-	(280,614)
Proceeds from collection of loans receivable	-	110
Payments of leasehold and guarantee deposits	(27,114)	(159,086)
Proceeds from refund of leasehold and guarantee deposits	3,332	11,650
Payments of construction assistance fund receivables	(31,900)	(7,000)
Other, net	25,279	7,325
Net cash provided by (used in) investing activities	(1,349,444)	(1,586,181)
Cash flows from financing activities		
Proceeds from long-term borrowings	340,000	-
Repayments of long-term borrowings	(463,332)	(379,936)
Purchase of treasury shares	(442)	(601)
Dividends paid	(545,608)	(845,690)
Net cash provided by (used in) financing activities	(669,383)	(1,226,227)
Effect of exchange rate change on cash and cash equivalents	1,727	908
Net increase (decrease) in cash and cash equivalents	1,204,330	852,361
Cash and cash equivalents at beginning of period	1,517,132	2,721,463
Cash and cash equivalents at end of period	2,721,463	3,573,825