

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023 (Based on Japanese GAAP)

November 8, 2023

Company name: KEL CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 6919 URL <https://www.kel.jp/>
 Representative: President Akira Kasuga
 Director
 Inquiries: General Manager of Administration Naoki Makita TEL 042-374-5810
 Headquarters
 Scheduled date to file Quarterly Securities Report: November 10, 2023
 Scheduled date to commence dividend payments: December 6, 2023
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2023	6,372	(8.8)	707	(45.0)	850	(41.5)	575	(42.0)
Six months ended September 30, 2022	6,984	13.5	1,287	34.3	1,454	47.4	992	49.3

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2023	79.15		-	
Six months ended September 30, 2022	136.58		-	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of September 30, 2023	19,562		15,375		78.6	
As of March 31, 2023	19,678		15,040		76.4	

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2023	-	40.00	-	55.00	95.00
Year ending March 31, 2024	-	47.00	-	-	-
Year ending March 31, 2024 (Forecast)	-	-	-	48.00	95.00

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	12,000	(17.2)	940	(60.8)	1,250	(50.7)	820	(52.5)	112.85

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2023
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of September 30, 2023	7,743,000 shares	As of March 31, 2023	7,743,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2023	476,457 shares	As of March 31, 2023	476,457 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2023	7,266,543 shares	Six months ended September 30, 2022	7,266,543 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	5,140,192	5,417,437
Notes and accounts receivable - trade	3,380,318	3,022,470
Electronically recorded monetary claims - operating	1,942,552	1,641,538
Securities	162,994	172,667
Merchandise and finished goods	983,438	726,224
Work in process	48,851	64,664
Raw materials and supplies	1,518,593	1,508,594
Other	128,598	120,098
Allowance for doubtful accounts	(5,157)	(4,403)
Total current assets	13,300,383	12,669,292
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,348,216	1,324,891
Machinery, equipment and vehicles, net	1,267,980	1,530,153
Tools, furniture and fixtures, net	373,771	415,150
Land	1,171,754	1,171,754
Construction in progress	5,500	28,470
Total property, plant and equipment	4,167,222	4,470,420
Intangible assets	148,975	167,495
Investments and other assets		
Investment securities	1,042,011	1,154,598
Other	1,019,467	1,100,272
Total investments and other assets	2,061,479	2,254,871
Total non-current assets	6,377,676	6,892,786
Total assets	19,678,059	19,562,078
Liabilities		
Current liabilities		
Notes and accounts payable - trade	810,319	579,480
Electronically recorded obligations - operating	1,590,389	1,613,284
Short-term borrowings	450,000	450,000
Income taxes payable	448,748	290,691
Provision for bonuses	302,375	289,627
Provision for bonuses for directors (and other officers)	74,000	20,000
Other	471,526	427,999
Total current liabilities	4,147,357	3,671,084
Non-current liabilities		
Retirement benefit liability	487,090	487,383
Other	2,650	28,016
Total non-current liabilities	489,740	515,400
Total liabilities	4,637,098	4,186,484

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
Net assets		
Shareholders' equity		
Share capital	1,617,000	1,617,000
Capital surplus	1,440,058	1,440,058
Retained earnings	11,648,041	11,823,600
Treasury shares	(246,674)	(246,674)
Total shareholders' equity	14,458,425	14,633,984
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	405,009	483,336
Foreign currency translation adjustment	175,868	256,035
Remeasurements of defined benefit plans	1,658	2,238
Total accumulated other comprehensive income	582,536	741,609
Total net assets	15,040,961	15,375,594
Total liabilities and net assets	19,678,059	19,562,078

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	6,984,274	6,372,682
Cost of sales	4,617,537	4,560,781
Gross profit	2,366,737	1,811,900
Selling, general and administrative expenses	1,079,726	1,103,993
Operating profit	1,287,010	707,907
Non-operating income		
Interest income	1,156	3,809
Dividend income	15,715	29,148
Foreign exchange gains	158,765	101,615
Subsidy income	4,493	7,401
Other	1,249	2,255
Total non-operating income	181,381	144,229
Non-operating expenses		
Interest expenses	1,161	1,288
Loss on cancellation of insurance policies	10,485	–
Compensation expenses	2,254	–
Other	206	225
Total non-operating expenses	14,107	1,513
Ordinary profit	1,454,284	850,623
Extraordinary losses		
Loss on retirement of non-current assets	98	0
Total extraordinary losses	98	0
Profit before income taxes	1,454,185	850,623
Income taxes - current	471,542	279,666
Income taxes - deferred	(9,829)	(4,262)
Total income taxes	461,713	275,404
Profit	992,472	575,218
Profit attributable to owners of parent	992,472	575,218

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	992,472	575,218
Other comprehensive income		
Valuation difference on available-for-sale securities	(44,085)	78,327
Foreign currency translation adjustment	122,023	80,166
Remeasurements of defined benefit plans, net of tax	2,504	579
Total other comprehensive income	80,443	159,073
Comprehensive income	1,072,916	734,292
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,072,916	734,292
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	1,454,185	850,623
Depreciation	448,536	495,922
Increase (decrease) in allowance for doubtful accounts	311	(329)
Increase (decrease) in provision for bonuses	37,736	(13,237)
Increase (decrease) in provision for bonuses for directors (and other officers)	(24,000)	(54,000)
Increase (decrease) in retirement benefit liability	(904)	293
Interest and dividend income	(16,872)	(32,957)
Interest expenses	1,161	1,288
Foreign exchange losses (gains)	(39,611)	(27,764)
Loss on retirement of non-current assets	98	0
Decrease (increase) in trade receivables	(385,708)	680,708
Decrease (increase) in inventories	(560,414)	263,364
Increase (decrease) in trade payables	244,967	(511,803)
Other, net	(44,772)	(52,396)
Subtotal	1,114,714	1,599,711
Interest and dividends received	16,868	32,944
Interest paid	(1,138)	(1,262)
Income taxes paid	(542,294)	(432,064)
Net cash provided by (used in) operating activities	588,150	1,199,330
Cash flows from investing activities		
Purchase of property, plant and equipment	(504,634)	(484,752)
Proceeds from collection of loans receivable	299	–
Purchase of insurance funds	(785,706)	(90,303)
Proceeds from maturity of insurance funds	700,211	–
Other, net	(6,887)	(32,113)
Net cash provided by (used in) investing activities	(596,717)	(607,170)
Cash flows from financing activities		
Dividends paid	(442,288)	(398,999)
Net cash provided by (used in) financing activities	(442,288)	(398,999)
Effect of exchange rate change on cash and cash equivalents	144,843	93,756
Net increase (decrease) in cash and cash equivalents	(306,012)	286,917
Cash and cash equivalents at beginning of period	5,389,396	5,303,187
Cash and cash equivalents at end of period	5,083,384	5,590,104