

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 10, 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 of ordinary general meeting of shareholders: June 27, 2023
 Scheduled date to file Securities Report: June 27, 2023
 Scheduled date to commence dividend payments: June 6, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results

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	%
Year ended March 31, 2023	14,500	13.3	2,400	13.5	2,536	18.4	1,725	18.6
Year ended March 31, 2022	12,793	25.9	2,114	114.0	2,142	112.4	1,455	100.6

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2023	237.51	–	11.9	13.3	16.6
Year ended March 31, 2022	200.29	–	11.0	12.5	16.5

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	19,678	15,040	76.4	2,069.89
As of March 31, 2022	18,385	13,854	75.4	1,906.57

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2023	1,669	(1,082)	(732)	5,303
Year ended March 31, 2022	1,582	(603)	(312)	5,389

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2022	–	20.00	–	61.00	81.00	585	40.4	4.5
Year ended March 31, 2023	–	40.00	–	55.00	95.00	690	40.0	4.8
Year ending March 31, 2024 (Forecast)	–	47.00	–	48.00	95.00		50.8	

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
Six months ending September 30, 2023	7,050	0.9	1,016	(21.1)	1,029	(29.2)	685	(31.0)	94.27
Full year	14,000	(3.4)	2,000	(16.7)	2,020	(20.4)	1,360	(21.2)	187.16

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2023	7,743,000 shares	As of March 31, 2022	7,743,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	476,457 shares	As of March 31, 2022	476,457 shares
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Average number of shares during the period

Year ended March 31, 2023	7,266,543 shares	Year ended March 31, 2022	7,266,543 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	5,210,267	5,140,192
Notes receivable - trade	16,003	9,699
Accounts receivable - trade	2,809,449	3,370,619
Electronically recorded monetary claims - operating	1,675,943	1,942,552
Securities	179,129	162,994
Merchandise and finished goods	845,104	983,438
Work in process	35,703	48,851
Raw materials and supplies	1,374,978	1,518,593
Other	130,368	128,598
Allowance for doubtful accounts	(4,363)	(5,157)
Total current assets	12,272,586	13,300,383
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,366,713	1,348,216
Machinery, equipment and vehicles, net	1,256,092	1,267,980
Tools, furniture and fixtures, net	350,277	373,771
Land	1,171,754	1,171,754
Construction in progress	1,140	5,500
Total property, plant and equipment	4,145,977	4,167,222
Intangible assets	106,814	148,975
Investments and other assets		
Investment securities	848,099	1,042,011
Insurance funds	818,739	893,749
Deferred tax assets	78,143	10,225
Other	115,554	115,492
Total investments and other assets	1,860,536	2,061,479
Total non-current assets	6,113,328	6,377,676
Total assets	18,385,914	19,678,059

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	786,786	810,319
Electronically recorded obligations - operating	1,456,046	1,590,389
Short-term borrowings	450,000	450,000
Income taxes payable	558,186	448,748
Provision for bonuses	297,625	302,375
Provision for bonuses for directors (and other officers)	65,000	74,000
Other	425,432	471,526
Total current liabilities	4,039,076	4,147,357
Non-current liabilities		
Retirement benefit liability	490,013	487,090
Other	2,650	2,650
Total non-current liabilities	492,663	489,740
Total liabilities	4,531,739	4,637,098
Net assets		
Shareholders' equity		
Share capital	1,617,000	1,617,000
Capital surplus	1,440,058	1,440,058
Retained earnings	10,656,083	11,648,041
Treasury shares	(246,674)	(246,674)
Total shareholders' equity	13,466,467	14,458,425
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	269,683	405,009
Foreign currency translation adjustment	129,488	175,868
Remeasurements of defined benefit plans	(11,463)	1,658
Total accumulated other comprehensive income	387,707	582,536
Total net assets	13,854,174	15,040,961
Total liabilities and net assets	18,385,914	19,678,059

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	12,793,940	14,500,120
Cost of sales	8,633,419	9,936,350
Gross profit	4,160,520	4,563,769
Selling, general and administrative expenses	2,045,801	2,163,517
Operating profit	2,114,719	2,400,252
Non-operating income		
Interest income	2,433	3,349
Dividend income	24,381	24,645
Foreign exchange gains	–	116,968
Subsidy income	487	4,219
Insurance return	24,392	–
Other	2,345	3,817
Total non-operating income	54,040	153,000
Non-operating expenses		
Interest expenses	2,312	2,228
Foreign exchange losses	13,912	–
Loss on cancellation of insurance policies	–	10,485
Compensation expenses	8,456	2,830
Other	1,203	1,046
Total non-operating expenses	25,885	16,591
Ordinary profit	2,142,874	2,536,660
Extraordinary income		
Gain on sale of non-current assets	537	–
Total extraordinary income	537	–
Extraordinary losses		
Loss on retirement of non-current assets	5,110	98
Loss on sale of non-current assets	31	–
Impairment losses	3,322	6,546
Loss on sale of investment securities	–	527
Total extraordinary losses	8,465	7,172
Profit before income taxes	2,134,946	2,529,488
Income taxes - current	714,358	801,297
Income taxes - deferred	(34,882)	2,311
Total income taxes	679,476	803,609
Profit	1,455,470	1,725,878
Profit attributable to owners of parent	1,455,470	1,725,878

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	1,455,470	1,725,878
Other comprehensive income		
Valuation difference on available-for-sale securities	88,773	135,325
Foreign currency translation adjustment	117,892	46,380
Remeasurements of defined benefit plans, net of tax	9,318	13,122
Total other comprehensive income	215,984	194,828
Comprehensive income	1,671,454	1,920,707
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,671,454	1,920,707
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,617,000	1,440,058	9,512,146	(246,674)	12,322,529
Changes during period					
Dividends of surplus			(167,130)		(167,130)
Dividends from surplus (interim dividend)			(145,330)		(145,330)
Profit attributable to owners of parent			1,455,470		1,455,470
Other			928		928
Net changes in items other than shareholders' equity					
Total changes during period	–	–	1,143,937	–	1,143,937
Balance at end of period	1,617,000	1,440,058	10,656,083	(246,674)	13,466,467

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	180,909	11,595	(20,782)	171,723	12,494,253
Changes during period					
Dividends of surplus					(167,130)
Dividends from surplus (interim dividend)					(145,330)
Profit attributable to owners of parent					1,455,470
Other					928
Net changes in items other than shareholders' equity	88,773	117,892	9,318	215,984	215,984
Total changes during period	88,773	117,892	9,318	215,984	1,359,921
Balance at end of period	269,683	129,488	(11,463)	387,707	13,854,174

Fiscal year ended March 31, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,617,000	1,440,058	10,656,083	(246,674)	13,466,467
Changes during period					
Dividends of surplus			(443,259)		(443,259)
Dividends from surplus (interim dividend)			(290,661)		(290,661)
Profit attributable to owners of parent			1,725,878		1,725,878
Other			–		–
Net changes in items other than shareholders' equity					
Total changes during period			991,957		991,957
Balance at end of period	1,617,000	1,440,058	11,648,041	(246,674)	14,458,425

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	269,683	129,488	(11,463)	387,707	13,854,174
Changes during period					
Dividends of surplus					(443,259)
Dividends from surplus (interim dividend)					(290,661)
Profit attributable to owners of parent					1,725,878
Other					–
Net changes in items other than shareholders' equity	135,325	46,380	13,122	194,828	194,828
Total changes during period	135,325	46,380	13,122	194,828	1,186,786
Balance at end of period	405,009	175,868	1,658	582,536	15,040,961

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	2,134,946	2,529,488
Depreciation	862,224	942,685
Impairment losses	3,322	6,546
Increase (decrease) in allowance for doubtful accounts	938	794
Increase (decrease) in provision for bonuses	69,082	4,541
Increase (decrease) in provision for bonuses for directors (and other officers)	28,000	9,000
Increase (decrease) in retirement benefit liability	(4,202)	(2,922)
Interest and dividend income	(26,814)	(27,994)
Interest expenses	2,312	2,228
Foreign exchange losses (gains)	(22,610)	(19,682)
Loss (gain) on sale of non-current assets	(505)	–
Loss on retirement of non-current assets	5,110	98
Loss (gain) on sale of investment securities	–	527
Decrease (increase) in trade receivables	(915,507)	(806,881)
Decrease (increase) in inventories	(765,492)	(289,173)
Increase (decrease) in trade payables	401,835	95,408
Decrease (increase) in other assets	113,261	8,427
Increase (decrease) in other liabilities	36,147	75,355
Other, net	(14,146)	23,607
Subtotal	1,907,903	2,552,055
Interest and dividends received	26,814	27,888
Interest paid	(2,313)	(2,230)
Income taxes paid	(349,780)	(907,872)
Net cash provided by (used in) operating activities	1,582,624	1,669,841
Cash flows from investing activities		
Proceeds from cancellation of time deposits	90,350	–
Purchase of property, plant and equipment	(719,999)	(936,871)
Proceeds from sale of property, plant and equipment	792	–
Purchase of investment securities	–	(100,000)
Proceeds from sale of investment securities	–	100,000
Proceeds from collection of loans receivable	590	501
Purchase of insurance funds	(88,313)	(785,706)
Proceeds from maturity of insurance funds	178,170	700,211
Other, net	(64,883)	(61,001)
Net cash provided by (used in) investing activities	(603,292)	(1,082,866)
Cash flows from financing activities		
Dividends paid	(312,692)	(732,917)
Net cash provided by (used in) financing activities	(312,692)	(732,917)
Effect of exchange rate change on cash and cash equivalents	123,075	59,733
Net increase (decrease) in cash and cash equivalents	789,715	(86,209)
Cash and cash equivalents at beginning of period	4,599,681	5,389,396
Cash and cash equivalents at end of period	5,389,396	5,303,187