

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Six Months Ended September 30, 2024 (Based on Japanese GAAP)

November 8, 2024

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 Semi-annual Securities Report: November 12, 2024
 Scheduled date to commence dividend payments: December 6, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(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, 2024	6,065	(4.8)	414	(41.4)	331	(61.1)	207	(63.9)
Six months ended September 30, 2023	6,372	(8.8)	707	(45.0)	850	(41.5)	575	(42.0)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2024	28.60	—
Six months ended September 30, 2023	79.15	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2024	18,347	15,210	82.9
As of March 31, 2024	18,924	15,390	81.3

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2024	—	47.00	—	48.00	95.00
Year ending March 31, 2025	—	40.00	—	—	—
Year ending March 31, 2025 (Forecast)	—	—	—	40.00	80.00

3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

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	12,200	(0.3)	900	(17.8)	820	(35.4)	550	(35.5)	75.67

4. Notes

(1) Significant changes in the scope of consolidation during the six months ended September 30, 2024: Yes

(2) Application of special accounting methods for preparing semi-annual 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, 2024	7,743,000 shares	As of March 31, 2024	7,743,000 shares
--------------------------	------------------	----------------------	------------------

Number of treasury shares at the end of the period

As of September 30, 2024	472,057 shares	As of March 31, 2024	476,457 shares
--------------------------	----------------	----------------------	----------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2024	7,268,178 shares	Six months ended September 30, 2023	7,266,543 shares
-------------------------------------	------------------	-------------------------------------	------------------

Semi-annual consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	5,342,048	5,064,226
Notes and accounts receivable - trade	2,842,259	2,740,396
Electronically recorded monetary claims - operating	1,271,196	1,025,111
Securities	174,221	194,540
Merchandise and finished goods	678,093	856,174
Work in process	101,949	79,024
Raw materials and supplies	1,481,863	1,452,669
Other	132,221	148,625
Allowance for doubtful accounts	(3,873)	(3,571)
Total current assets	12,019,979	11,557,199
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,367,139	1,399,057
Machinery, equipment and vehicles, net	1,446,242	1,322,791
Tools, furniture and fixtures, net	363,095	321,725
Leased assets, net	—	20,268
Land	1,171,754	1,171,754
Construction in progress	8,511	20,157
Total property, plant and equipment	4,356,743	4,255,754
Intangible assets	193,301	202,066
Investments and other assets		
Investment securities	1,251,136	1,199,272
Other	1,103,098	1,133,179
Total investments and other assets	2,354,235	2,332,452
Total non-current assets	6,904,279	6,790,272
Total assets	18,924,258	18,347,472
Liabilities		
Current liabilities		
Notes and accounts payable - trade	608,922	779,268
Electronically recorded obligations - operating	1,162,934	657,020
Short-term borrowings	450,000	450,000
Income taxes payable	30,730	141,901
Provision for bonuses	234,684	209,508
Provision for bonuses for directors (and other officers)	40,000	10,000
Other	450,417	366,884
Total current liabilities	2,977,690	2,614,584
Non-current liabilities		
Lease liabilities	—	18,828
Retirement benefit liability	494,533	500,160
Other	61,334	3,582
Total non-current liabilities	555,868	522,570
Total liabilities	3,533,558	3,137,154

	(Thousands of yen)	
	As of March 31, 2024	As of September 30, 2024
Net assets		
Shareholders' equity		
Share capital	1,617,000	1,617,000
Capital surplus	1,440,058	1,445,304
Retained earnings	11,759,220	11,620,889
Treasury shares	(246,674)	(244,396)
Total shareholders' equity	14,569,603	14,438,796
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	550,497	437,486
Foreign currency translation adjustment	271,483	333,950
Remeasurements of defined benefit plans	(883)	84
Total accumulated other comprehensive income	821,096	771,520
Total net assets	15,390,700	15,210,317
Total liabilities and net assets	18,924,258	18,347,472

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, 2023	Six months ended September 30, 2024
Net sales	6,372,682	6,065,588
Cost of sales	4,560,781	4,475,733
Gross profit	1,811,900	1,589,855
Selling, general and administrative expenses	1,103,993	1,174,996
Operating profit	707,907	414,858
Non-operating income		
Interest income	3,809	4,262
Dividend income	29,148	29,568
Foreign exchange gains	101,615	—
Subsidy income	7,401	371
Other	2,255	1,814
Total non-operating income	144,229	36,017
Non-operating expenses		
Interest expenses	1,288	1,580
Foreign exchange losses	—	118,057
Other	225	97
Total non-operating expenses	1,513	119,736
Ordinary profit	850,623	331,139
Extraordinary income		
Gain on sale of non-current assets	—	229
Total extraordinary income	—	229
Extraordinary losses		
Loss on retirement of non-current assets	0	2,732
Total extraordinary losses	0	2,732
Profit before income taxes	850,623	328,636
Income taxes - current	279,666	130,690
Income taxes - deferred	(4,262)	(9,941)
Total income taxes	275,404	120,749
Profit	575,218	207,887
Profit attributable to owners of parent	575,218	207,887

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	575,218	207,887
Other comprehensive income		
Valuation difference on available-for-sale securities	78,327	(113,011)
Foreign currency translation adjustment	80,166	62,467
Remeasurements of defined benefit plans, net of tax	579	967
Total other comprehensive income	159,073	(49,575)
Comprehensive income	734,292	158,311
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	734,292	158,311
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	850,623	328,636
Depreciation	495,922	465,588
Share-based payment expenses	—	1,881
Increase (decrease) in allowance for doubtful accounts	(329)	(302)
Increase (decrease) in provision for bonuses	(13,237)	(28,819)
Increase (decrease) in provision for bonuses for directors (and other officers)	(54,000)	(30,000)
Increase (decrease) in retirement benefit liability	293	5,626
Interest and dividend income	(32,957)	(33,831)
Interest expenses	1,288	1,580
Foreign exchange losses (gains)	(27,764)	26,700
Loss (gain) on sale of non-current assets	—	(229)
Loss on retirement of non-current assets	0	2,732
Decrease (increase) in trade receivables	680,708	252,256
Decrease (increase) in inventories	263,364	1,083
Increase (decrease) in trade payables	(511,803)	(283,728)
Other, net	(52,396)	(55,086)
Subtotal	1,599,711	654,089
Interest and dividends received	32,944	33,833
Interest paid	(1,262)	(1,552)
Income taxes paid	(432,064)	(26,378)
Net cash provided by (used in) operating activities	1,199,330	659,992
Cash flows from investing activities		
Purchase of property, plant and equipment	(484,752)	(452,237)
Proceeds from sale of property, plant and equipment	—	230
Purchase of shares of subsidiaries and associates	—	(110,579)
Purchase of insurance funds	(90,303)	(93,589)
Other, net	(32,113)	(17,760)
Net cash provided by (used in) investing activities	(607,170)	(673,936)
Cash flows from financing activities		
Dividends paid	(398,999)	(348,107)
Net cash provided by (used in) financing activities	(398,999)	(348,107)
Effect of exchange rate change on cash and cash equivalents	93,756	12,377
Net increase (decrease) in cash and cash equivalents	286,917	(349,674)
Cash and cash equivalents at beginning of period	5,303,187	5,516,269
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	—	92,171
Cash and cash equivalents at end of period	5,590,104	5,258,767