

Financial Results for the Six Months Ended September 30, 2024 [Japanese GAAP] (Consolidated)



November 14, 2024

Company name: KPP GROUP HOLDINGS CO., LTD.

Stock exchange listing: Tokyo Stock Exchange

Code number: 9274

URL: <https://www.kpp-gr.com/>

Representative: Madoka Tanabe, Representative Director of the Board Chairman & Chief Executive Officer

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Scheduled date of filing quarterly securities report: November 14, 2024

Scheduled date of commencing dividend payments: December 3, 2024

Availability of supplementary explanatory materials on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: None

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2024 (April 1, 2024–September 30, 2024)

(1) Consolidated Operating Results

(Percentages represent year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2024	333,943	4.1	6,578	(7.8)	4,459	(25.8)	3,251	(31.0)
September 30, 2023	320,681	(0.0)	7,133	(42.3)	6,012	(46.0)	4,710	(49.1)

(Note) Comprehensive income: Six months ended September 30, 2024: ¥ 10,140 million [(10.6%)]

Six months ended September 30, 2023: ¥ 11,347 million [(5.7%)]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	47.32	–
September 30, 2023	65.65	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
Six months ended	Million yen	Million yen	%
September 30, 2024	369,745	90,806	24.5
Fiscal year ended March 31, 2024	344,562	81,900	23.7

(Reference) Equity: Six months ended September 30, 2024: ¥ 90,713 million

Fiscal year ended March 31, 2024: ¥ 81,811 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	–	11.00	–	11.00	22.00
Fiscal year ended March 31, 2025	–	16.00			
Fiscal year ending March 31, 2025 (Forecast)			–	16.00	32.00

(Note) Revision to the forecast for dividends announced most recently: Yes

(Note) Breakdown of 2nd quarter-end dividends for the year to 31 March 2025 Regular dividend: ¥11.00
Commemorative dividend: ¥5.00

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 - March 31, 2025)

(Percentages represent year-on-year changes.)

	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
Full year	655,000	1.6	16,500	4.3	13,500	8.2	11,000	3.6	160.68

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

* Notes:

(1) Changes in significant subsidiaries during the period

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

Newly included 6 companies

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(2) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements: Yes

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

1) Changes in accounting policies due to the revision of accounting standards: Yes

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 and outstanding shares (common shares)

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

Six months ended September 30, 2024: 73,244,408 shares

Fiscal year ended March 31, 2024: 73,244,408 shares

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

Six months ended September 30, 2024: 5,079,298 shares

Fiscal year ended March 31, 2024: 4,432,455 shares

3) Average number of shares during the period:

Six months ended September 30, 2024:	68,712,228 shares
Six months ended September 30, 2023:	71,748,392 shares

* These quarterly consolidated 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 forecast and other notes

(Cautionary notes regarding forward-looking statements)

The Company has repurchased its own shares in accordance with the resolution of the Board of Directors' meeting held on August 8, 2024. The "Basic earnings per share" in the Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 takes into account the impact of the share repurchase.

The results forecast and other forward-looking statements contained in this document are based on the information currently available to the Company and certain assumptions deemed to be reasonable, and are not intended as a guarantee that the Company will achieve them. Actual results may differ significantly due to various factors.

(How to obtain supplementary explanatory materials for financial results)

The Company plans to distribute a video presentation of the financial results on its website in early December 2024. The financial results presentation materials are scheduled to be posted on the Company's website on Tuesday, November 26, 2024.

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1. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	Previous Fiscal Year (March 31, 2024)	Second Quarter of Current Fiscal Year (September 30, 2024)
Assets		
Current assets		
Cash and deposits	26,286	22,530
Notes and accounts receivable - trade	112,572	119,163
Electronically recorded monetary claims - operating	28,869	23,730
Merchandise and finished goods	66,126	78,555
Other	14,653	15,941
Allowance for doubtful accounts	(5,819)	(6,368)
Total current assets	242,689	253,553
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,942	7,936
Land	9,072	9,006
Other, net	24,678	27,701
Total property, plant and equipment	41,692	44,643
Intangible assets		
Goodwill	6,958	15,524
Customer related assets	3,746	3,846
Other	7,964	9,811
Total intangible assets	18,670	29,182
Investments and other assets		
Investment securities	23,139	21,379
Retirement benefit asset	10,461	12,370
Other	15,831	17,600
Allowance for doubtful accounts	(7,922)	(8,984)
Total investments and other assets	41,510	42,365
Total non-current assets	101,872	116,191
Total assets	344,562	369,745

(Million yen)

	Previous Fiscal Year (March 31, 2024)	Second Quarter of Current Fiscal Year (September 30, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	95,368	101,306
Electronically recorded obligations - operating	5,284	3,644
Short-term borrowings	38,862	45,036
Commercial papers	12,000	15,000
Income taxes payable	3,822	3,817
Provision for bonuses	4,275	3,331
Provisions	1,278	1,170
Other	37,343	39,853
Total current liabilities	198,235	213,160
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term borrowings	15,167	14,797
Retirement benefit liability	2,300	2,484
Provisions	1,386	1,419
Other	25,571	27,076
Total non-current liabilities	64,426	65,778
Total liabilities	262,662	278,938
Net assets		
Shareholders' equity		
Share capital	4,723	4,723
Capital surplus	7,292	7,292
Retained earnings	61,631	64,109
Treasury shares	(2,799)	(3,261)
Total shareholders' equity	70,848	72,865
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,902	6,835
Deferred gains or losses on hedges	(98)	124
Foreign currency translation adjustment	6,638	14,588
Remeasurements of defined benefit plans	(3,478)	(3,700)
Total accumulated other comprehensive income	10,963	17,848
Non-controlling interests	88	92
Total net assets	81,900	90,806

Total liabilities and net assets

344,562

369,745

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Six Months Ended September 30, 2024

(Million yen)

	Cumulative Second Quarter of the Previous Fiscal Year (From April 1, 2023 to September 30, 2023)	Cumulative Second Quarter of the Current Fiscal Year (From April 1, 2024 to September 30, 2024)
Net sales	320,681	333,943
Cost of sales	262,776	269,115
Gross profit	57,905	64,827
Selling, general and administrative expenses	50,771	58,249
Operating profit	7,133	6,578
Non-operating income		
Interest income	56	155
Dividend income	263	275
Share of profit of entities accounted for using equity method	—	40
Gain on valuation of derivatives	458	—
Reversal of allowance for doubtful accounts	200	3
Other	372	156
Total non-operating income	1,350	630
Non-operating expenses		
Interest expenses	989	1,249
Loss on sale of trade receivables	611	852
Foreign exchange losses	438	159
Share of loss of entities accounted for using equity method	19	—
Other	413	486
Total non-operating expenses	2,471	2,749
Ordinary profit	6,012	4,459
Extraordinary income		
Gain on sale of non-current assets	11	179
Gain on sale of investment securities	202	557
Other	0	0
Total extraordinary income	214	738

	Cumulative Second Quarter of the Previous Fiscal Year (From April 1, 2023 to September 30, 2023)	Cumulative Second Quarter of the Current Fiscal Year (From April 1, 2024 to September 30, 2024)
Extraordinary losses		
Loss on retirement of non-current assets	3	37
Loss on sale of non-current assets	0	1
Other	0	0
Total extraordinary losses	3	38
Profit before income taxes	6,223	5,159
Income taxes	1,510	1,904
Profit	4,713	3,255
Profit attributable to non-controlling interests	3	3
Profit attributable to owners of parent	4,710	3,251

Quarterly Consolidated Statements of Comprehensive Income
Six Months Ended September 30, 2024

(Million yen)

	Cumulative Second Quarter of the Previous Fiscal Year (From April 1, 2023 to September 30, 2023)	Cumulative Second Quarter of the Current Fiscal Year (From April 1, 2024 to September 30, 2024)
Profit	4,713	3,255
Other comprehensive income		
Valuation difference on available-for-sale securities	2,579	(1,066)
Deferred gains or losses on hedges	(215)	223
Foreign currency translation adjustment	5,742	7,853
Remeasurements of defined benefit plans, net of tax	(1,514)	(221)
Share of other comprehensive income of entities accounted for using equity method	40	96
Total other comprehensive income	6,633	6,885
Comprehensive income	11,347	10,140
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,344	10,136
Comprehensive income attributable to non-controlling interests	3	3