

Financial Results for the Three Months Ended June 30, 2025
[JGAAP]
(Consolidated)



August 8, 2025

Company name: KPP GROUP HOLDINGS CO., LTD.

Stock exchange listing: Tokyo Stock Exchange

Code number: 9274

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

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Scheduled date of commencing dividend payments: -

Preparation of supplementary explanatory materials for financial results: No

Schedule of financial results briefing session: No

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

1. Consolidated Financial Results for the Three Months Ended June 30, 2025 (April 1, 2025 to June 30, 2025)

(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	%
Three months ended June 30, 2025	159,324	(1.9)	1,707	(42.8)	949	(57.8)	1,289	(21.8)
Three months ended June 30, 2024	162,452	1.1	2,986	(23.9)	2,248	(32.1)	1,649	(38.0)

(Notes) Comprehensive income: Three months ended June 30, 2025: (1,313) million yen (-%)
Three months ended June 30, 2024: 2,038 million yen (-52.7%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2025	19.58	-
Three months ended June 30, 2024	23.97	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2025	354,650	83,418	23.5
As of March 31, 2025	352,035	86,216	24.5

(Reference) Equity: As of June 30, 2025: 83,320 million yen
As of March 31, 2025: 86,122 million yen

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, 2025	-	16.00	-	18.00	34.00
Fiscal year ending March 31, 2026	-				
Fiscal year ending March 31, 2026 (forecast)		18.00	-	18.00	36.00

(Notes) Revision to the forecast for dividends announced most recently: No

(Notes) Breakdown of interim dividend for the fiscal year ended March 31, 2025:

Ordinary dividend: 11.00 yen; Commemorative dividend: 5.00 yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2026 (April 1, 2025 to March 31, 2026)

(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	675,000	0.7	13,500	(0.3)	9,500	(2.2)	8,000	0.2	122.29

(Notes) Revision to the earnings forecast announced most recently: No

*Notes:

(1) Significant changes in the scope of consolidation during the period: No

Newly included: - (Company Name), Excluded: - (Company Name)

(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: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(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):

As of June 30, 2025 67,244,284 shares

As of March 31, 2025 67,244,284 shares

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

As of June 30, 2025 1,666,051 shares

As of March 31, 2025 1,281,174 shares

3) Average number of shares during the period:

Three months ended June 30, 2025 65,831,791 shares

Three months ended June 30, 2024 68,823,317 shares

* Review of the accompanying quarterly consolidated financial statements by a certified public accountant or an auditing firm: None

* Explanation of the proper use of financial results forecast and other notes

(Cautionary notes regarding forward-looking statements)

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. For assumptions for the results forecast and points to consider in utilizing them, please see “(3) Explanation of consolidated financial results forecast and other forward-looking information” in “1. Overview of Operating Results, Etc.” of the attachments.

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1. Overview of Operating Results, Etc.

(1) Overview of Operating Results for the Three Months Ended June 30, 2025

(a) Status of Operating Results

The KPP Group has launched a new management vision, GIFT 2030, from the fiscal year ending March 31, 2026. It will promote the transformation of its business portfolio, strengthening of e-business, while developing the North American market and restructuring the China business. In addition to expanding each business through M&A and performing inorganic growth investments, we will work to strengthen businesses that contribute to a recycling-oriented society as a new undertaking, including paper-based artificial turf, a storefront collection system for PET bottles and aluminum cans, and a used paper collection business.

By furthering these measures, we will strive to achieve net sales of 750,000 million yen, operating profit of 20,000 million yen, and ROE of 8.0% or more in the fiscal year ending March 31, 2028, the final year of the Fourth Medium-Term Business Plan.

For the three months ended June 30, 2025, in addition to the still sluggish European and Chinese economies, global demand for graphic paper in the paper business continued to slowdown and sales prices declined. Although sales of the packaging business and visual communications business were higher than the previous year due to M&A conducted in the previous fiscal year, it was insufficient to offset the sales decline in the paper business. In addition, with the impact of the temporary appreciation of the yen, net sales decreased to 159,324 million yen (down 1.9% year-on-year).

With respect to profits, operating profit came to 1,707 million yen (down 42.8% year-on-year). This was due to increased selling, general and administrative expenses, as planned under the current fiscal year budget, which were affected by the restructuring implemented in the United Kingdom and some regions and countries in line with the business portfolio reforms, despite contributions by the individual companies that newly joined the Group through M&A. Ordinary profit was 949 million yen (down 57.8% year-on-year) due in part to increased interest expenses.

Profit attributable to owners of parent was 1,289 million yen (down 21.8% year-on-year) due to the recording of extraordinary income such as from sale of cross-shareholdings.

(b) Overview by Segment

Results for the three months ended June 30, 2025 by business are as follows.

<Northeast Asia>

In the domestic paper segment, sales volume fell below the previous year's level due to a decline in demand for graphic paper, both net sales and profits resulting lower than the previous year.

In the paperboard segment, demand for containerboard for beverages remained steady and exports increased, resulting in higher sales volume and net sales than in the previous year. Yet, gross profit were unchanged from the previous year. As for boxboards, both net sales and profits were lower than the previous year due to limited inbound demand from foreign visitors to Japan.

In the paper raw materials segment, sales volume for waste paper was above the previous year's level, and market prices stable, resulting in both higher net sales and profits than the previous year. Both net sales and profits of commercial pulp were lower than the previous year due to the impact of the market downturn.

In China, sales volume, net sales, and profits all fell short of last year's results.

As a result, net sales of the Northeast Asia business were 72,368 million yen (down 3.5% year-on-year), and operating profit was 647 million yen (down 43.5% year-on-year) for the three months ended June 30, 2025.

<Europe/Americas>

The European economy still shows no signs of recovery. Under such situation, both net sales and profits of the paper business fell below the previous year due to sluggish demand and lower unit sales prices.

In the packaging business, both net sales and profits were higher than the previous year, mainly due to the contribution of companies, including Planchas Aislamientos y Embalajes S.L., which was acquired in the

previous fiscal year. In the visual communications business, both net sales and profits were higher than the previous year due to the continuing strong demand and the contribution of companies, such as SAS Poitoo Adhésifs, which was acquired in the previous fiscal year. However, this was insufficient to offset the decline in the paper business.

As a result, net sales of the Europe/Americas business were 71,212 million yen (down 3.6% year-on-year), and operating profit was 529 million yen (down 64.6% year-on-year) for the three months ended June 30, 2025.

<Asia Pacific>

In the paper business, both net sales and profits were higher than the previous year due to the continuing strong office and digital segments.

In the packaging business, both net sales and profits were significantly higher than the previous year due to the strong performance of Signet Pty Ltd., which was acquired in the previous fiscal year.

In the visual communications business, net sales were lower than the previous fiscal year, while profits remained at the same level as the previous year.

In the trading business, both net sales and profits fell below the previous year's level due to the sluggish market conditions in Malaysia and India.

As a result, net sales of the Asia Pacific business were 15,368 million yen (up 15.9% year-on-year), and operating profit came to 514 million yen (up 32.8% year-on-year) for the three months ended June 30, 2025.

<Real Estate Leasing>

Profits for this segment were up due to a decrease in repair costs, although rent revenue was unchanged year-on-year.

As a result, net sales of the Real Estate Leasing business were 375 million yen (up 0.5% year-on-year), and operating profit came to 160 million yen (up 7.1% year-on-year) for the three months ended June 30, 2025.

(2) Overview of Financial Position for the Three Months Ended June 30, 2025

Total assets at the end of the first quarter ended June 30, 2025 were 354,650 million yen, up 2,615 million yen from the end of the previous fiscal year. This was due mainly to an increase in trade receivables and cash and deposits.

Liabilities were 271,232 million yen, up 5,413 million yen from the end of the previous fiscal year. This was due mainly to an increase in trade payables and short-term borrowings.

Net assets came to 83,418 million yen, down 2,797 million yen from the end of the previous fiscal year. This was due mainly to recording of foreign currency translation adjustment. As a result, the equity ratio dropped 1.0 point from the end of the previous fiscal year to 23.5%.

(3) Explanation of consolidated financial results forecast and other forward-looking information

The consolidated financial forecasts for the fiscal year ending March 31, 2026 are unchanged from those announced on May 14, 2025.

2. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly Consolidated Balance Sheets

	(Million yen)	
	Previous Fiscal Year (March 31, 2025)	First Quarter of Current Fiscal Year (June 30, 2025)
Assets		
Current assets		
Cash and deposits	11,319	13,509
Notes and accounts receivable - trade	115,163	114,424
Electronically recorded monetary claims – operating	21,906	24,267
Merchandise and finished goods	72,493	72,003
Other	16,426	16,284
Allowance for doubtful accounts	(5,997)	(5,742)
Total current assets	231,312	234,746
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,793	7,661
Land	8,999	9,787
Other, net	35,859	34,230
Total property, plant and equipment	52,651	51,679
Intangible assets		
Goodwill	11,374	10,651
Customer-related assets	5,750	5,438
Other	12,745	13,185
Total intangible assets	29,870	29,275
Investments and other assets		
Investment securities	19,603	20,014
Retirement benefit asset	11,310	11,400
Other	15,831	15,544
Allowance for doubtful accounts	(8,544)	(8,009)
Total investments and other assets	38,201	38,949
Total non-current assets	120,723	119,904
Total assets	352,035	354,650

(Million yen)

	Previous Fiscal Year (March 31, 2025)	First Quarter of Current Fiscal Year (June 30, 2025)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	91,881	96,413
Electronically recorded obligations - operating	3,518	3,410
Short-term borrowings	40,086	43,119
Commercial papers	14,000	13,000
Income taxes payable	1,859	1,630
Provision for bonuses	3,457	3,378
Provisions	1,402	1,377
Other	37,923	37,443
Total current liabilities	194,130	199,773
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term borrowings	12,701	13,244
Retirement benefit liability	2,117	2,018
Provisions	1,278	1,556
Other	35,591	34,639
Total non-current liabilities	71,688	71,458
Total liabilities	265,818	271,232
Net assets		
Shareholders' equity		
Capital stock	4,723	4,723
Capital surplus	3,221	3,221
Retained earnings	67,733	67,812
Treasury shares	(650)	(923)
Total shareholders' equity	75,028	74,834
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,951	6,299
Deferred gains or losses on hedges	9	(2)
Foreign currency translation adjustment	10,139	7,077
Remeasurements of defined benefit plans	(5,007)	(4,886)
Total accumulated other comprehensive income	11,093	8,486
Non-controlling interests	94	97
Total net assets	86,216	83,418
Total liabilities and net assets	352,035	354,650

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Three Months Ended June 30

	(Million yen)	
	Cumulative First Quarter of the Previous Fiscal Year (From April 1, 2024 to June 30, 2024)	Cumulative First Quarter of the Current Fiscal Year (From April 1, 2025 to June 30, 2025)
Net sales	162,452	159,324
Cost of sales	131,192	128,412
Gross profit	31,260	30,911
Selling, general and administrative expenses	28,273	29,204
Operating profit	2,986	1,707
Non-operating income		
Interest income	86	76
Dividend income	208	213
Share of profit of entities accounted for using equity method	27	40
Foreign exchange gains	46	-
Reversal of allowance for doubtful accounts	0	97
Other	64	115
Total non-operating income	433	543
Non-operating expenses		
Interest expenses	585	746
Loss on sale of trade receivables	383	219
Foreign exchange losses	-	126
Other	203	209
Total non-operating expenses	1,171	1,301
Ordinary profit	2,248	949
Extraordinary income		
Gain on sale of non-current assets	6	6
Gain on sale of investment securities	86	144
Gain on bargain purchase	-	113
Settlement income	-	800
Other	0	0
Total extraordinary income	93	1,064
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Loss on sale of non-current assets	-	3
Other	0	-
Total extraordinary losses	0	3
Profit before income taxes	2,342	2,011
Income taxes	688	718
Profit	1,653	1,292
Profit attributable to non-controlling interests	4	3
Profit attributable to owners of parent	1,649	1,289

Quarterly Consolidated Statements of Comprehensive Income
Three Months Ended June 30

	(Million yen)	
	Cumulative First Quarter of the Previous Fiscal Year (From April 1, 2024 to June 30, 2024)	Cumulative First Quarter of the Current Fiscal Year (From April 1, 2025 to June 30, 2025)
Profit	1,653	1,292
Other comprehensive income		
Valuation difference on available-for-sale securities	(690)	347
Deferred gains or losses on hedges	(10)	(11)
Foreign currency translation adjustment	1,270	(3,014)
Remeasurements of defined benefit plans, net of tax	(225)	120
Share of other comprehensive income of entities accounted for using equity method	40	(48)
Total other comprehensive income	384	(2,606)
Comprehensive income	2,038	(1,313)
Comprehensive income attributable to		
Owners of parent	2,034	(1,317)
Non-controlling interests	4	3

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes on Significant Changes in the Amount of Shareholders' Equity)

The Company repurchased 390,000 shares of its common stock based on the resolution at the Board of Directors meeting held on May 13, 2025. Due mainly to this, treasury shares at the end of the first quarter ended June 30, 2025, amounted to 923 million yen, up 273 million yen during the three months period under review.

(Adoption of Accounting Treatment Specific to the Preparation of Quarterly Consolidated Financial Statements)

(Calculation of Tax Expenses)

Tax expenses are calculated by reasonably estimating the effective tax rate after applying tax effect accounting to profit before income taxes for the fiscal year that includes the first quarter ended June 30, 2025, and multiplying profit before income taxes by the estimated effective tax rate. However, if the calculation of tax expenses using the estimated effective tax rate is extremely unreasonable, the calculation is made using the statutory effective tax rate.

Deferred income taxes are included in income taxes.

(Notes to Segment Information, Etc.)

I Three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

1. Information on net sales and profit (loss) by reportable segment

(Million yen)

	Reportable segment					Adjustment (Note 1)	Amount recorded in Quarterly Consolidated Statements of Income (Note 2)
	Northeast Asia	Europe/A mericas	Asia Pacific	Real Estate Leasing	Total		
Net sales							
Net sales to external customers	74,960	73,856	13,262	373	162,452	-	162,452
Intersegment net sales or transfers	582	-	12	117	711	(711)	-
Total	75,542	73,856	13,274	490	163,164	(711)	162,452
Segment profit	1,145	1,496	387	150	3,180	(193)	2,986

(Notes) 1. The adjustment to segment profit of (193) million yen consists of intersegment eliminations of 127 million yen and corporate expenses of (320) million yen. Corporate expenses are mainly general and administrative expenses at administrative divisions of the head office that are not attributable to any reportable segment.

2. Segment profit is adjusted with operating profit in the Quarterly Consolidated Statements of Income.

II Three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

1. Information on net sales and profit (loss) by reportable segment

(Million yen)

	Reportable segment					Adjustment (Note 1)	Amount recorded in Quarterly Consolidated Statements of Income (Note 2)
	Northeast Asia	Europe/A mericas	Asia Pacific	Real Estate Leasing	Total		
Net sales							
Net sales to external customers	72,368	71,212	15,368	375	159,324	-	159,324
Intersegment net sales or transfers	477	5	16	119	619	(619)	-
Total	72,846	71,218	15,384	494	159,943	(619)	159,324
Segment profit	647	529	514	160	1,851	(144)	1,707

(Notes) 1. The adjustment to segment profit of (144) million yen consists of intersegment eliminations of 216 million yen and corporate expenses of (360) million yen. Corporate expenses are mainly general and administrative expenses at administrative divisions of the head office that are not attributable to any reportable segment.

2. Segment profit is adjusted with operating profit in the Quarterly Consolidated Statements of Income.

(Notes to Cash Flow Statement)

The Company has not prepared a quarterly consolidated cash flow statement for the first quarter ended June 30, 2025. Depreciation (including amortization of intangible assets excluding goodwill) and amortization of goodwill for the first quarter of the fiscal year are as follows.

	Cumulative First Quarter of the Previous Fiscal Year (From April 1, 2024 to June 30, 2024)	Cumulative First Quarter of the Current Fiscal Year (From April 1, 2025 to June 30, 2025)
Depreciation	2,555 million yen	2,939 million yen
Amortization of goodwill	372	346