

Consolidated Financial Results < under Japanese GAAP >

For Nine Months Ended December 31 ,2022

February 10 ,2023

Company name:	Kitagawa Corporation
Listing:	Tokyo Stock Exchange
Securities code:	6317
URL:	https://www.kiw.co.jp/
Representative:	Yuji Kitagawa, Representative Director, Chairman, President and Executive Officer
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Scheduled date to file quarterly securities report:	February 10 ,2023
Scheduled date to commence dividend payments:	—
Preparation of supplementary material on quarterly financial results:	No
Holding of quarterly financial results briefing:	No

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for nine months ended December 31 ,2022

(from April 1 ,2022 to December 31 ,2022)

(1) Consolidated operating results (% indicate change from same period of the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine Months ended								
December 31 ,2022	42,273	2.8	(380)	—	253	(84.7)	(367)	—
December 31 ,2021	41,114	22.7	1,111	—	1,654	—	924	—

Note	Comprehensive income :	For nine months ended December 31 ,2022	2,073 million yen	53.0 %
		For nine months ended December 31 ,2021	1,355 million yen	— %

	Basic earnings per share	Diluted earnings per share
Nine Months ended	Yen	Yen
December 31 ,2022	(39.68)	—
December 31 ,2021	98.74	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
December 31 ,2022	74,991	38,115	50.1
March 31 ,2022	73,311	36,735	49.6

Reference:	Equity	As of December 31 ,2022	37,572 million yen
		As of March 31 ,2022	36,326 million yen

2. Dividends

	dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY March 2022	—	25.00	—	25.00	50.00
FY March 2023	—	30.00	—		
FY March 2023 (forecast)				0.00	30.00

Note: Revisions to the forecast of cash dividends most recently announced: Yes

3. Consolidated Financial Forecast(April 1 ,2022 through March 31 ,2023)

(% indicate year-on-year changes from full of fiscal year.)

	Net sales		Operating income		ordinary income		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Full year	58,400	(0.5)	(400)	—	400	(86.9)	(500)	—	(53.97)

Note: Revisions to the financial results forecast announced most recently:

Yes

Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): No

Newly included: —

Excluded: —

- (2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

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

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: No

(ii) Changes in accounting policies due to other reasons: No

(iii) Changes in accounting estimates: No

(iv) Restatement: No

- (4) Number of issued shares (common shares)

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

As of December 31 ,2022	9,650,803	shares
As of March 31 ,2022	9,650,803	shares

- (ii) Number of treasury shares at the end of the period

As of December 31 ,2022	418,862	shares
As of March 31 ,2022	289,782	shares

- (iii) Average number of shares outstanding during the period

For nine months ended December 31 ,2022	9,264,468	shares
For nine months ended December 31 ,2021	9,361,623	shares

Quarterly financial results reports are not audited by certified public accountants or auditing firms.

Explanation for the appropriate use of performance forecasts and other special notes:

The statements regarding forecast of financial results in this report are based on the information that is available, as well as estimates, assumptions and projections that are believed to be reasonable at the time of publication, and they are not meant to be a commitment by the Company. Therefore, there might be cases in which actual results differ from forecast values.

Quarterly Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Millions of yen)

As of	March 31,2022	December 31 ,2022
Assets		
Current assets		
Cash and deposits	8,852	7,689
Notes and accounts receivable - trade, and contract assets	11,959	9,899
Electronically recorded monetary claims - operating	7,446	7,365
Merchandise and finished goods	4,372	4,741
Work in process	4,560	5,750
Raw materials and supplies	2,644	3,130
Other	755	1,258
Allowance for doubtful accounts	(18)	(16)
Total current assets	40,573	39,819
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,154	6,823
Machinery, equipment and vehicles, net	10,620	12,743
Other, net	7,833	6,781
Total property, plant and equipment	24,608	26,349
Intangible assets	606	588
Investments and other assets	7,523	8,234
Total non-current assets	32,738	35,172
Total assets	73,311	74,991

(Millions of yen)

As of	March 31,2022	December 31 ,2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,394	5,158
Electronically recorded obligations - operating	6,420	6,498
Short-term borrowings	2,867	3,744
Current portion of long-term borrowings	1,249	1,084
Income taxes payable	808	43
Provision for bonuses	684	225
Provision for product warranties	115	72
Other	4,508	5,445
Total current liabilities	22,048	22,272
Non-current liabilities		
Long-term borrowings	9,116	8,678
Provision for environmental measures	44	43
Retirement benefit liability	4,998	5,182
Other	367	698
Total non-current liabilities	14,528	14,603
Total liabilities	36,576	36,875
Net assets		
Shareholders' equity		
Share capital	8,640	8,640
Capital surplus	5,091	5,084
Retained earnings	21,032	20,154
Treasury shares	(617)	(793)
Total shareholders' equity	34,146	33,085
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,240	1,443
Foreign currency translation adjustment	1,099	3,117
Remeasurements of defined benefit plans	(160)	(73)
Total accumulated other comprehensive income	2,179	4,486
Non-controlling interests	408	543
Total net assets	36,735	38,115
Total liabilities and net assets	73,311	74,991

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Consolidated Statements of Income)

(Millions of yen)

For the nine months ended	December 31 ,2021	December 31 ,2022
Net sales	41,114	42,273
Cost of sales	35,528	37,893
Gross profit	5,586	4,379
Selling, general and administrative expenses	4,475	4,759
Operating profit (loss)	1,111	(380)
Non-operating income		
Interest income	16	39
Dividend income	78	111
Share of profit of entities accounted for using equity method	91	202
Foreign exchange gains	—	114
Gain on sale of scraps	248	150
Subsidy income	10	—
Income from contribution to facilities	77	—
Other	131	133
Total non-operating income	654	751
Non-operating expenses		
Interest expenses	62	115
Foreign exchange losses	25	—
Other	23	2
Total non-operating expenses	111	117
Ordinary profit	1,654	253
Extraordinary income		
Gain on sale of non-current assets	—	98
Gain on sale of investment securities	44	—
Total extraordinary income	44	98
Extraordinary losses		
Loss on sale of non-current assets	—	20
Loss on retirement of non-current assets	60	172
Provision for product warranties	38	16
Restructuring expenses	—	241
Total extraordinary losses	98	450
Profit (loss) before income taxes	1,601	(97)
Income taxes - current	555	154
Income taxes - deferred	229	267
Total income taxes	785	422
Profit (loss)	815	(519)
Loss attributable to non-controlling interests	(108)	(152)
Profit (loss) attributable to owners of parent	924	(367)

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

For the nine months ended	December 31 ,2021	December 31 ,2022
Profit (loss)	815	(519)
Other comprehensive income		
Valuation difference on available-for-sale securities	(65)	202
Deferred gains or losses on hedges	(3)	—
Foreign currency translation adjustment	484	2,232
Remeasurements of defined benefit plans, net of tax	112	89
Share of other comprehensive income of entities accounted for using equity method	10	68
Total other comprehensive income	539	2,593
Comprehensive income	1,355	2,073
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,312	1,939
Comprehensive income attributable to non-controlling interests	42	134

Segment Information

Industry Segment Information

The nine months ended December 31 ,2021

1.Sales and Profit or Loss by reportable segments

(Millions of yen)

	Reportable segment				Other	Total
	Kitagawa Material Technology Company	Kitagawa Sun Tech Company	Kitagawa Global hand Company	Total		
Net sales						
Unaffiliated customers	19,769	13,792	7,277	40,839	275	41,114
Intersegment	167	0	6	174	7	181
Total	19,937	13,792	7,284	41,014	282	41,296
Operating profit (loss)	(268)	1,348	826	1,907	(205)	1,701

2.Difference between reportable segment total and consolidated financial statement amounts and main factors in the difference (related to difference adjustment)

(Millions of yen)

Earnings	Nine months ended December 31 ,2021
Reportable segment total	1,907
Earnings for Other	(205)
Corporate expenses (note)	(589)
Operating profit in consolidated financial statements	1,111

Note: Corporate expenses are expenses of administrative divisions of company that are not attributable to reportable segments.

The nine months ended December 31 ,2022

1.Sales and Profit or Loss by reportable segments

(Millions of yen)

	Reportable segment				Other	Total
	Kitagawa Material Technology Company	Kitagawa Sun Tech Company	Kitagawa Global hand Company	Total		
Net sales						
Unaffiliated customers	19,496	15,291	7,250	42,038	235	42,273
Intersegment	128	0	7	135	0	135
Total	19,624	15,291	7,258	42,173	235	42,409
Operating profit (loss)	(1,713)	1,016	890	193	(139)	53

2.Difference between reportable segment total and consolidated financial statement amounts and main factors in the difference (related to difference adjustment)

(Millions of yen)

Earnings	Nine months ended December 31 ,2022
Reportable segment total	193
Earnings for Other	(139)
Corporate expenses (note)	(434)
Operating loss in consolidated financial statements	(380)

Note: Corporate expenses are expenses of administrative divisions of company that are not attributable to reportable segments.