

Consolidated Financial Results < under Japanese GAAP >

For Nine Months Ended December 31 ,2023

February 9 ,2024

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 9 ,2024
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 ,2023

(from April 1 ,2023 to December 31 ,2023)

(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 ,2023	45,789	8.3	1,204	—	1,834	622.4	1,427	—
December 31 ,2022	42,273	2.8	(380)	—	253	(84.7)	(367)	—

Note	Comprehensive income :	For nine months ended December 31 ,2023	2,545 million yen	22.8 %
		For nine months ended December 31 ,2022	2,073 million yen	53.0 %

	Basic earnings per share	Diluted earnings per share
Nine Months ended	Yen	Yen
December 31 ,2023	154.60	—
December 31 ,2022	(39.68)	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
December 31 ,2023	79,771	39,236	49.2
March 31 ,2023	74,480	37,066	49.5

Reference:	Equity	As of December 31 ,2023	39,230 million yen
		As of March 31 ,2023	36,864 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 2023	—	30.00	—	0.00	30.00
FY March 2024	—	0.00	—		
FY March 2024 (forecast)				40.00	40.00

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

3. Consolidated Financial Forecast(April 1 ,2023 through March 31 ,2024)

(% indicate change from full of the previous 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	61,450	2.9	1,250	541.2	1,850	78.8	1,100	—	119.16

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 ,2023	9,650,803	shares
As of March 31 ,2023	9,650,803	shares

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

As of December 31 ,2023	420,062	shares
As of March 31 ,2023	419,082	shares

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

For nine months ended December 31 ,2023	9,231,252	shares
For nine months ended December 31 ,2022	9,264,468	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 31,2023	December 31 ,2023
Assets		
Current assets		
Cash and deposits	8,413	9,906
Notes and accounts receivable - trade, and contract assets	12,605	10,640
Electronically recorded monetary claims - operating	6,502	7,160
Merchandise and finished goods	3,979	4,560
Work in process	4,687	7,075
Raw materials and supplies	3,038	3,192
Other	810	1,017
Allowance for doubtful accounts	(18)	(16)
Total current assets	40,018	43,536
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,635	7,552
Machinery, equipment and vehicles, net	12,083	12,217
Other, net	6,912	6,384
Total property, plant and equipment	25,631	26,154
Intangible assets		
Goodwill	—	644
Other	604	571
Total intangible assets	604	1,216
Investments and other assets	8,226	8,864
Total non-current assets	34,461	36,235
Total assets	74,480	79,771

(Millions of yen)

As of	March 31,2023	December 31 ,2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,314	4,451
Electronically recorded obligations - operating	6,761	6,578
Short-term borrowings	3,810	5,435
Current portion of bonds payable	—	10
Current portion of long-term borrowings	2,359	4,389
Income taxes payable	279	364
Provision for bonuses	547	151
Provision for product warranties	99	48
Provision for loss on construction contracts	24	—
Other	4,730	4,828
Total current liabilities	23,927	26,257
Non-current liabilities		
Bonds payable	—	5
Long-term borrowings	7,514	7,513
Provision for environmental measures	30	29
Retirement benefit liability	5,241	5,534
Other	699	1,195
Total non-current liabilities	13,486	14,277
Total liabilities	37,413	40,535
Net assets		
Shareholders' equity		
Share capital	8,640	8,640
Capital surplus	5,084	5,080
Retained earnings	20,103	21,346
Treasury shares	(793)	(794)
Total shareholders' equity	33,034	34,273
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,579	1,705
Foreign currency translation adjustment	2,259	3,220
Remeasurements of defined benefit plans	(9)	30
Total accumulated other comprehensive income	3,829	4,957
Non-controlling interests	202	5
Total net assets	37,066	39,236
Total liabilities and net assets	74,480	79,771

(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 ,2022	December 31 ,2023
Net sales	42,273	45,789
Cost of sales	37,893	39,666
Gross profit	4,379	6,123
Selling, general and administrative expenses	4,759	4,919
Operating profit (loss)	(380)	1,204
Non-operating income		
Interest income	39	87
Dividend income	111	94
Share of profit of entities accounted for using equity method	202	113
Foreign exchange gains	114	237
Gain on sale of scraps	150	189
Other	133	212
Total non-operating income	751	934
Non-operating expenses		
Interest expenses	115	228
Other	2	75
Total non-operating expenses	117	304
Ordinary profit	253	1,834
Extraordinary income		
Gain on sale of non-current assets	98	—
Gain on sale of investment securities	—	587
Subsidy income	—	105
Total extraordinary income	98	693
Extraordinary losses		
Loss on sale of non-current assets	20	—
Loss on retirement of non-current assets	172	223
Provision for product warranties	16	—
Restructuring expenses	241	—
Total extraordinary losses	450	223
Profit (loss) before income taxes	(97)	2,303
Income taxes - current	154	560
Income taxes - deferred	267	343
Total income taxes	422	904
Profit (loss)	(519)	1,399
Loss attributable to non-controlling interests	(152)	(27)
Profit (loss) attributable to owners of parent	(367)	1,427

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

For the nine months ended	December 31 ,2022	December 31 ,2023
Profit (loss)	(519)	1,399
Other comprehensive income		
Valuation difference on available-for-sale securities	202	126
Foreign currency translation adjustment	2,232	938
Remeasurements of defined benefit plans, net of tax	89	41
Share of other comprehensive income of entities accounted for using equity method	68	39
Total other comprehensive income	2,593	1,146
Comprehensive income	2,073	2,545
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,939	2,555
Comprehensive income attributable to non-controlling interests	134	(9)

Segment Information

Industry Segment Information

Since the first quarter of the current consolidated fiscal year, the order in which segment information are listed has been changed. Accordingly, the order in which segment information are listed for the third quarter of the previous fiscal year has been changed in the same manner.

The nine months ended December 31 ,2022

1.Sales and Profit or Loss by reportable segments

(Millions of yen)

	Reportable segment				Other	Total
	Kitagawa Global hand Company	Kitagawa Sun Tech Company	Kitagawa Material Technology Company	Total		
Net sales						
Unaffiliated customers	7,250	15,291	19,496	42,038	235	42,273
Intersegment	7	0	128	135	0	135
Total	7,258	15,291	19,624	42,173	235	42,409
Operating profit (loss)	890	1,016	(1,713)	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 profit in consolidated financial statements	(380)

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

The nine months ended December 31 ,2023

1.Sales and Profit or Loss by reportable segments

(Millions of yen)

	Reportable segment				Other	Total
	Kitagawa Global hand Company	Kitagawa Sun Tech Company	Kitagawa Material Technology Company	Total		
Net sales						
Unaffiliated customers	6,954	15,506	22,260	44,721	1,068	45,789
Intersegment	90	0	112	202	—	202
Total	7,044	15,507	22,372	44,923	1,068	45,992
Operating profit (loss)	581	933	198	1,713	71	1,784

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 Decemner 31 ,2023
Reportable segment total	1,713
Earnings for Other	71
Corporate expenses (note)	(580)
Operating profit in consolidated financial statements	1,204

Note: Corporate expenses are expenses of administrative divisions of company that are not attributable to reportable segments and include expenses related to the acquisition of shares of subsidiaries.

3.Information on Impairment Loss on Fixed Assets and Goodwill, etc. by Reportable Segments (Significant Changes in the amount of Goodwill)

In "Other" category, Goodwill increased due to the acquisition of Kemet Japan Co.,Ltd. and System Seiko Co.,Ltd. as subsidiaries during the second quarter of the current fiscal year through the acquisition of their shares.The increase in goodwill amounted to 666 million yen in the third quarter of the current fiscal year.

This amount is tentatively calculated since the allocation of the acquisition cost has not been completed as of the end of the third quarter of the current consolidated fiscal year.