Consolidated Financial Results < under Japanese GAAP >

For the Six Months Ended September 30 ,2024

November 8 ,2024

Company name:	Kitagawa Corporation
Listing:	Tokyo Stock Exchange
Securities code:	6317
URL:	https://www.kiw.co.jp/
Representative:	Kimio Okano, Representative Director, President and Executive Officer
Inquiries:	Keishi Miyoshi, Executive Officer,General Manager of Accounting Department
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Scheduled date to file semi-annual securities report:	November 8 ,2024
Scheduled date to commence dividend payments:	December 2 ,2024
Preparation of supplementary material on financial results:	Yes
Holding of financial results briefing:	Yes (for institutional investors and analysts)

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

1. Consolidated financial results for the six months ended September 30 ,2024

(from April 1 ,2024 to September 30 ,2024)

(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	
Six Months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30 ,2024	28,443	(5.6)	402	(49.9)	734	(43.9)	370	(68.0)
September 30 ,2023	30,129	7.3	802	—	1,307	115.4	1,157	—

Note Comprehensive income : For the six months ended September 30 ,2024 1,955 million yen 22.8 %

For the six months ended September 30 ,2023 1,592 million yen 29.1 %

	Basic earnings per share	Diluted earnings per share
Six Months ended	Yen	Yen
September 30 ,2024	40.13	—
September 30 ,2023	125.36	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30 ,2024	80,929	41,635	51.4
March 31 ,2024	80,142	40,031	49.9

Reference: Equity

As of September 30 ,2024 41,630 million yen

As of March 31 ,2024 40,027 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 2024	—	0.00	—	40.00	40.00
FY March 2025	—	25.00			
FY March 2025 (forecast)			—	25.00	50.00

Note: Revisions to the forecast of cash dividends most recently announced: No

3. Consolidated Financial Forecast(April 1 ,2024 through March 31 ,2025)

(% 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	58,500	(5.0)	1,700	1.2	2,200	(8.7)	2,100	65.7	227.43

Note: Revisions to the financial results forcast 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 finaicial 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: Yes
(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 September 30 ,2024	9,650,803	shares
As of March 31 ,2024	9,650,803	shares

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

As of September 30 ,2024	410,777	shares
As of March 31 ,2024	420,342	shares

(iii) Average number of shares outstanding during the period

For the six months ended September 30 ,2024	9,233,539	shares
For the six months ended September 30 ,2023	9,231,381	shares

Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

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.

Semi-annual Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

As of	March 31,2024	September 30,2024
Assets		
Current assets		
Cash and deposits	10,646	11,563
Notes and accounts receivable - trade, and contract assets	9,555	9,099
Electronically recorded monetary claims - operating	7,843	6,389
Merchandise and finished goods	4,098	4,263
Work in process	6,246	6,000
Raw materials and supplies	2,664	2,951
Other	1,031	1,002
Allowance for doubtful accounts	(16)	(14)
Total current assets	42,070	41,256
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,383	7,436
Machinery, equipment and vehicles, net	11,533	11,741
Other, net	6,325	7,499
Total property, plant and equipment	25,242	26,677
Intangible assets		
Goodwill	622	578
Other	564	566
Total intangible assets	1,186	1,145
Investments and other assets	11,642	11,850
Total non-current assets	38,072	39,673
Total assets	80,142	80,929

(Millions of yen)

As of	March 31,2024	September 30,2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,044	4,206
Electronically recorded obligations - operating	6,042	5,087
Short-term borrowings	4,230	4,737
Current portion of bonds payable	10	5
Current portion of long-term borrowings	3,404	1,515
Income taxes payable	963	222
Provision for bonuses	659	636
Provision for bonuses for directors (and other officers)	27	—
Provision for product warranties	133	99
Provision for compensation	183	66
Provision for loss on construction contracts	—	7
Other	5,314	6,280
Total current liabilities	25,013	22,865
Non-current liabilities		
Long-term borrowings	8,452	9,557
Provision for environmental measures	25	23
Retirement benefit liability	4,841	4,982
Other	1,777	1,864
Total non-current liabilities	15,097	16,428
Total liabilities	40,111	39,294
Net assets		
Shareholders' equity		
Share capital	8,640	8,640
Capital surplus	5,080	4,893
Retained earnings	21,186	21,372
Treasury shares	(795)	(776)
Total shareholders' equity	34,112	34,129
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,043	1,885
Foreign currency translation adjustment	2,237	4,035
Remeasurements of defined benefit plans	1,634	1,580
Total accumulated other comprehensive income	5,914	7,501
Non-controlling interests	4	4
Total net assets	40,031	41,635
Total liabilities and net assets	80,142	80,929

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

(Millions of yen)

For the six months ended	September 30,2023	September 30,2024
Net sales	30,129	28,443
Cost of sales	26,118	24,483
Gross profit	4,010	3,959
Selling, general and administrative expenses	3,208	3,557
Operating profit	802	402
Non-operating income		
Interest income	59	29
Dividend income	52	65
Share of profit of entities accounted for using equity method	77	121
Foreign exchange gains	240	60
Gain on sale of scraps	113	125
Other	126	139
Total non-operating income	670	541
Non-operating expenses		
Interest expenses	139	198
Other	25	10
Total non-operating expenses	164	209
Ordinary profit	1,307	734
Extraordinary income		
Gain on sale of non-current assets	—	35
Gain on sale of investment securities	587	—
Total extraordinary income	587	35
Extraordinary losses		
Loss on retirement of non-current assets	90	—
Total extraordinary losses	90	—
Profit before income taxes	1,804	769
Income taxes - current	554	192
Income taxes - deferred	119	207
Total income taxes	674	400
Profit	1,130	368
Loss attributable to non-controlling interests	(27)	(1)
Profit attributable to owners of parent	1,157	370

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

For the six months ended	September 30 ,2023	September 30 ,2024
Profit	1,130	368
Other comprehensive income		
Valuation difference on available-for-sale securities	109	(157)
Foreign currency translation adjustment	299	1,746
Remeasurements of defined benefit plans, net of tax	28	(53)
Share of other comprehensive income of entities accounted for using equity method	25	50
Total other comprehensive income	462	1,587
Comprehensive income	1,592	1,955
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,601	1,957
Comprehensive income attributable to non-controlling interests	(9)	(1)

(3) Consolidated Statements of Cash Flows

(Millions of yen)

For the six months ended	September 30,2023	September 30,2024
Cash flows from operating activities		
Profit before income taxes	1,804	769
Depreciation	1,711	1,450
Amortization of goodwill	—	44
Increase (decrease) in allowance for doubtful accounts	(0)	(1)
Increase (decrease) in provision for bonuses	8	(23)
Increase (decrease) in retirement benefit liability	151	151
Interest and dividend income	(112)	(95)
Interest expenses	139	198
Share of loss (profit) of entities accounted for using equity method	(77)	(121)
Loss (gain) on sale of property, plant and equipment	—	(35)
Loss on retirement of property, plant and equipment	90	—
Loss (gain) on sale of investment securities	(587)	(2)
Decrease (increase) in trade receivables	987	1,883
Decrease (increase) in inventories	(1,300)	26
Increase (decrease) in trade payables	(733)	(876)
Increase (decrease) in accrued consumption taxes	29	87
Other, net	(1,045)	(63)
Subtotal	1,065	3,391
Interest and dividends received	110	188
Interest paid	(141)	(203)
Income taxes paid	(278)	(914)
Net cash provided by (used in) operating activities	755	2,462
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,607)	(1,671)
Proceeds from sale of property, plant and equipment	4	76
Purchase of investment securities	(8)	(3)
Proceeds from sale of investment securities	739	2
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,140)	—
Proceeds from collection of loans receivable	35	198
Other, net	(30)	(38)
Net cash provided by (used in) investing activities	(2,006)	(1,436)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	550	663
Proceeds from long-term borrowings	1,900	1,800
Repayments of long-term borrowings	(558)	(2,387)
Redemption of bonds	—	(5)
Purchase of treasury shares	(0)	(0)
Dividends paid	—	(369)
Proceeds from share issuance to non-controlling shareholders	—	1
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(375)	—
Other, net	(28)	(21)
Net cash provided by (used in) financing activities	1,487	(318)
Effect of exchange rate change on cash and cash equivalents	122	199
Net increase (decrease) in cash and cash equivalents	358	906
Cash and cash equivalents at beginning of period	8,148	10,367
Cash and cash equivalents at end of period	8,507	11,274

Segment Information

Industry Segment Information

The six months ended September 30 ,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	Semiconductor equipment	Total		
Net sales							
Unaffiliated customers	4,901	10,330	14,503	—	29,736	392	30,129
Intersegment	78	0	72	—	151	—	151
Total	4,980	10,330	14,576	—	29,887	392	30,280
Operating profit (loss)	484	567	205	(4)	1,252	(16)	1,236

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	Six months ended September 30 ,2023
Reportable segment total	1,252
Earnings for Other	(16)
Corporate expenses（note）	(434)
Operating profit in consolidated financial statements	802

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.

The six months ended September 30 ,2024

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	Semiconductor equipment	Total		
Net sales							
Unaffiliated customers	4,315	9,866	12,929	946	28,058	384	28,443
Intersegment	10	0	77	0	88	—	88
Total	4,326	9,866	13,007	947	28,146	384	28,531
Operating profit (loss)	279	520	(242)	174	732	(11)	720

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	Six months ended September 30 ,2024
Reportable segment total	732
Earnings for Other	(11)
Corporate expenses（note）	(318)
Operating profit in consolidated financial statements	402

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

3.Changes in reportable segments

From the current interim consolidated accounting period, “Semiconductor equipment,” which was previously included in “Other,” is now reported as a reportable segment due to its increased quantitative importance.

Segment information for the previous interim period is presented based on the classification method after the change.