

Consolidated Financial Results < under Japanese GAAP >

For the Year Ended March 31 ,2024

May 10 ,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
 Hiroshi Kitagawa, Representative Director & Vice Chairman and Executive Officer,
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 Scheduled date of annual general meeting of shareholders: June 21 ,2024
 Scheduled date to file annual securities report: June 24 ,2024
 Scheduled date to commence dividend payments: June 24 ,2024
 Preparation of supplementary material on annual 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 fiscal year ended March 31 ,2024

(from April 1 ,2023 to March 31 ,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	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31 ,2024	61,567	3.1	1,680	762.0	2,409	133.0	1,267	—
March 31 ,2023	59,700	1.7	194	(90.7)	1,034	(66.2)	(418)	—

Note Comprehensive income : For the fiscal year ended March 31 ,2024 3,341 million yen 225.9 %
 For the fiscal year ended March 31 ,2023 1,025 million yen — %

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31 ,2024	137.27	—	3.3	3.1	2.7
March 31 ,2023	(45.15)	—	(1.1)	1.4	0.3

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended March 31 ,2024 43 million yen
 For the fiscal year ended March 31 ,2023 196 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	yen
March 31 ,2024	80,142	40,031	49.9	4,336.42
March 31 ,2023	74,480	37,066	49.5	3,993.20

Reference: Equity
 As of March 31 ,2024 40,027 million yen
 As of March 31 ,2023 36,864 million yen

(3) Consolidated cash flow

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
As of	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31 ,2024	4,880	(3,080)	292	10,367
March 31 ,2023	2,807	(2,802)	(686)	8,148

2. Dividends

	dividends per share					Total dividends paid (annual)	Payout ratio (consolidated)	Dividends to net assets(consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY March 2023	—	30.00	—	0.00	30.00	276	—	0.8
FY March 2024	—	0.00	—	40.00	40.00	369	29.1	1.0
FY March 2025 (forecast)	—	25.00	—	25.00	50.00		28.8	

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

(% indicate change from full of the previous fiscal year and first half of the previous fiscal year, respectively.)

	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
2Q(first half)	28,900	(4.1)	520	(35.2)	770	(41.1)	600	(48.2)	65.00
Full year	58,500	(5.0)	1,700	1.2	2,200	(8.7)	1,600	26.3	173.33

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) 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

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

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

As of March 31,2024	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 March 31,2024	420,342	shares
As of March 31,2023	419,082	shares

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

FY ended March 31,2024	9,231,056	shares
FY ended March 31,2023	9,258,380	shares

(Reference) Non-consolidated financial results

1. Non-consolidated financial results for the financial year ended

(1) Non-consolidated operating results

(% indicate change from same period of the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Net profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31 ,2024	51,713	(4.3)	1,842	33.3	3,019	2.9	1,175	207.9
March 31 ,2023	54,015	1.8	1,382	(43.4)	2,935	(24.6)	381	(5.7)

	Earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31 ,2024	127.37	—
March 31 ,2023	41.25	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	yen
March 31 ,2024	74,382	36,872	49.6	3,994.67
March 31 ,2023	71,807	35,234	49.1	3,816.73

Reference:

Equity

As of March 31 ,2024

36,872 million yen

As of March 31 ,2023

35,234 million yen

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.

Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Millions of yen)

As of	March 31,2023	March 31,2024
Assets		
Current assets		
Cash and deposits	8,413	10,646
Notes receivable - trade	745	526
Accounts receivable - trade	10,019	8,336
Contract assets	1,840	693
Electronically recorded monetary claims - operating	6,502	7,843
Merchandise and finished goods	3,979	4,098
Work in process	4,687	6,246
Raw materials and supplies	3,038	2,664
Other	810	1,031
Allowance for doubtful accounts	(18)	(16)
Total current assets	40,018	42,070
Non-current assets		
Property, plant and equipment		
Buildings and structures	17,317	18,920
Accumulated depreciation	(10,682)	(11,537)
Buildings and structures, net	6,635	7,383
Machinery, equipment and vehicles	52,977	50,679
Accumulated depreciation	(40,894)	(39,145)
Machinery, equipment and vehicles, net	12,083	11,533
Land	3,855	4,006
Leased assets	366	342
Accumulated depreciation	(194)	(163)
Leased assets, net	172	179
Construction in progress	2,368	1,671
Other	3,038	3,148
Accumulated depreciation	(2,521)	(2,680)
Other, net	516	468
Total property, plant and equipment	25,631	25,242
Intangible assets		
Goodwill	—	622
Other	604	564
Total intangible assets	604	1,186
Investments and other assets		
Investment securities	3,701	4,333
Deferred tax assets	40	62
Retirement benefit asset	4,300	6,994
Other	226	294
Allowance for doubtful accounts	(43)	(43)
Total investments and other assets	8,226	11,642
Total non-current assets	34,461	38,072
Total assets	74,480	80,142

		(Millions of yen)	
	As of	March 31,2023	March 31,2024
Liabilities			
Current liabilities			
Notes and accounts payable - trade		5,314	4,044
Electronically recorded obligations - operating		6,761	6,042
Short-term borrowings		3,810	4,230
Current portion of bonds payable		—	10
Current portion of long-term borrowings		2,359	3,404
Lease liabilities		53	42
Income taxes payable		279	963
Contract liabilities		1,894	2,934
Provision for bonuses		547	659
Provision for bonuses for directors (and other officers)		—	27
Provision for product warranties		99	133
Provision for compensation		—	183
Provision for loss on construction contracts		24	—
Other		2,782	2,337
Total current liabilities		23,927	25,013
Non-current liabilities			
Long-term borrowings		7,514	8,452
Lease liabilities		84	102
Deferred tax liabilities		499	1,527
Provision for environmental measures		30	25
Retirement benefit liability		5,241	4,841
Other		114	146
Total non-current liabilities		13,486	15,097
Total liabilities		37,413	40,111
Net assets			
Shareholders' equity			
Share capital		8,640	8,640
Capital surplus		5,084	5,080
Retained earnings		20,103	21,186
Treasury shares		(793)	(795)
Total shareholders' equity		33,034	34,112
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities		1,579	2,043
Foreign currency translation adjustment		2,259	2,237
Remeasurements of defined benefit plans		(9)	1,634
Total accumulated other comprehensive income		3,829	5,914
Non-controlling interests		202	4
Total net assets		37,066	40,031
Total liabilities and net assets		74,480	80,142

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

(Millions of yen)

For the years ended	March 31,2023	March 31,2024
Net sales	59,700	61,567
Cost of sales	53,191	53,059
Gross profit	6,509	8,508
Selling, general and administrative expenses	6,315	6,827
Operating profit	194	1,680
Non-operating income		
Interest income	61	121
Dividend income	116	101
Share of profit of entities accounted for using equity method	196	43
Foreign exchange gains	200	318
Rental income from real estate	53	54
Gain on sale of scraps	202	247
Subsidy income	30	—
Other	144	244
Total non-operating income	1,007	1,131
Non-operating expenses		
Interest expenses	161	309
Depreciation	—	40
Other	6	51
Total non-operating expenses	168	402
Ordinary profit	1,034	2,409
Extraordinary income		
Gain on sale of non-current assets	98	90
Gain on sale of investment securities	—	587
Subsidy income	—	105
Total extraordinary income	98	783
Extraordinary losses		
Loss on sale of non-current assets	20	—
Loss on retirement of non-current assets	229	248
Impairment losses	50	—
Provision for product warranties	16	—
Provision of loss reserve for loss compensation	—	183
Restructuring expenses	564	317
Total extraordinary losses	880	748
Profit before income taxes	252	2,444
Income taxes - current	542	1,125
Income taxes - deferred	379	80
Total income taxes	922	1,206
Profit (loss)	(669)	1,238
Loss attributable to non-controlling interests	(251)	(28)
Profit (loss) attributable to owners of parent	(418)	1,267

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	For the years ended	March 31,2023	March 31,2024
Profit (loss)		(669)	1,238
Other comprehensive income			
Valuation difference on available-for-sale securities		339	463
Foreign currency translation adjustment		1,161	(23)
Remeasurements of defined benefit plans, net of tax		150	1,645
Share of other comprehensive income of entities accounted for using equity method		43	18
Total other comprehensive income		1,695	2,103
Comprehensive income		1,025	3,341
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent		1,231	3,352
Comprehensive income attributable to non-controlling interests		(206)	(10)

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	For the years ended	March 31,2023	March 31,2024
Cash flows from operating activities			
Profit before income taxes		252	2,444
Depreciation		3,220	3,495
Impairment losses		50	—
Amortization of goodwill		—	44
Increase (decrease) in allowance for doubtful accounts		(0)	(2)
Increase (decrease) in provision for bonuses		(136)	95
Increase (decrease) in provision for bonuses for directors (and other officers)		(48)	27
Increase (decrease) in provision for product warranties		(15)	34
Increase (decrease) in provision for loss compensation		—	183
Increase (decrease) in provision for environmental measures		(13)	(5)
Increase (decrease) in retirement benefit liability		357	(352)
Interest and dividend income		(178)	(223)
Interest expenses		161	309
Share of loss (profit) of entities accounted for using equity method		(196)	(43)
Loss on retirement of property, plant and equipment		229	248
Loss (gain) on sale of investment securities		—	(587)
Subsidy income		—	(105)
Decrease (increase) in trade receivables		377	2,290
Decrease (increase) in inventories		181	(297)
Increase (decrease) in trade payables		194	(2,357)
Increase (decrease) in accrued consumption taxes		(425)	107
Other, net		(162)	251
Subtotal		3,846	5,557
Interest and dividends received		165	208
Interest paid		(152)	(307)
Income taxes paid		(1,051)	(578)
Net cash provided by (used in) operating activities		2,807	4,880
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,978)	(2,947)
Proceeds from sale of property, plant and equipment		204	316
Purchase of investment securities		(10)	(97)
Proceeds from sale of investment securities		0	822
Purchase of shares of subsidiaries resulting in change in scope of consolidation		—	(1,140)
Proceeds from collection of loans receivable		67	74
Other, net		(85)	(108)
Net cash provided by (used in) investing activities		(2,802)	(3,080)

	(Millions of yen)	
	March 31,2023	March 31,2024
For the years ended		
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	884	(381)
Proceeds from long-term borrowings	400	3,741
Repayments of long-term borrowings	(1,208)	(2,630)
Redemption of bonds	—	(5)
Purchase of treasury shares	(200)	(1)
Repayments of lease liabilities	(51)	(55)
Dividends paid	(510)	—
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(375)
Net cash provided by (used in) financing activities	(686)	292
Effect of exchange rate change on cash and cash equivalents	228	125
Net increase (decrease) in cash and cash equivalents	(452)	2,218
Cash and cash equivalents at beginning of period	8,600	8,148
Cash and cash equivalents at end of period	8,148	10,367

Segment Information

Industry Segment Information

The Fiscal year ended March 31,2023

(Millions of yen)

	Reportable segment				Other	Total
	Kitagawa Global hand Company	Kitagawa Sun Tech Company	Kitagawa Material Technology Company	Total		
Net sales						
Unaffiliated customers	9,811	23,258	25,936	59,006	694	59,700
Intersegment	10	0	167	178	0	178
Total	9,822	23,258	26,104	59,185	694	59,879
Operating profit (loss)	1,160	1,539	(1,873)	826	(108)	718
Assets	13,175	18,531	29,660	61,366	643	62,010
Other items						
Depreciation	433	262	2,238	2,934	49	2,984
Amortization of goodwill	—	—	—	—	—	—
Extraordinary losses (Impairment losses)	—	—	50	50	—	50
Increase (decrease) in tangible and intangible assets	398	208	1,685	2,293	41	2,334

The Fiscal year ended March 31,2024

(Millions of yen)

	Reportable segment				Other	Total
	Kitagawa Global hand Company	Kitagawa Sun Tech Company	Kitagawa Material Technology Company	Total		
Net sales						
Unaffiliated customers	9,233	19,738	29,804	58,776	2,791	61,567
Intersegment	94	0	148	243	—	243
Total	9,328	19,738	29,952	59,020	2,791	61,811
Operating profit (loss)	761	1,141	102	2,005	378	2,383
Assets	13,038	18,340	28,643	60,022	3,826	63,848
Other items						
Depreciation	440	286	2,429	3,157	78	3,235
Amortization of goodwill	—	—	—	—	44	44
Extraordinary losses (Impairment losses)	—	—	—	—	—	—
Increase (decrease) in tangible and intangible assets	711	397	1,259	2,368	768	3,137

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

(Millions of yen)

Net sales	Fiscal year ended March 31,2023	Fiscal year ended March 31,2024
Reportable segment total	59,185	59,020
Net sales for Other	694	2,791
Elimination of intersegment transaction	(178)	(243)
Net sales in consolidated financial statements	59,700	61,567

(Millions of yen)

Earnings	Fiscal year ended March 31,2023	Fiscal year ended March 31,2024
Reportable segment total	826	2,005
Earnings for Other	(108)	378
Corporate expenses (note)	(523)	(702)
Operating profit in consolidated financial statements	194	1,680

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

(Millions of yen)

Assets	Fiscal year ended March 31,2023	Fiscal year ended March 31,2024
Reportable segment total	61,366	60,022
Assets in Other	643	3,826
Corporate assets(note)	12,470	16,294
Total assets in consolidated financial statements	74,480	80,142

Note: Assets in Other are surplus funds managed by the company,Cross-Shareholdings and assets associated with administrative divisions.

(Millions of yen)

	Reportable segment		Other		Adjustment		Amount in consolidated financial statements	
	Fiscal year ended March 31,2023	Fiscal year ended March 31,2024	Fiscal year ended March 31,2023	Fiscal year ended March 31,2024	Fiscal year ended March 31,2023	Fiscal year ended March 31,2024	Fiscal year ended March 31,2023	Fiscal year ended March 31,2024
Depreciation(note1)	2,934	3,157	49	78	236	259	3,220	3,495
Amortization of goodwill	—	—	—	44	—	—	—	44
Extraordinary losses (Impairment losses)	50	—	—	—	—	—	50	—
Increase (decrease) in tangible and intangible assets(note2)	2,293	2,368	41	768	1,178	94	3,513	3,232

Note1: Adjustments for depreciation refers to depreciation expenses related to corporate assets.

Note2: Adjustments for Increase (decrease) in tangible and intangible assets refer to the acquisition of corporate assets.