

Consolidated Financial Results < under Japanese GAAP >

For Three Months Ended June 30 ,2023

August 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: August 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 three months ended June 30 ,2023

(from April 1 ,2023 to June 30 ,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	%
Three Months ended								
June 30 ,2023	14,366	8.3	586	136.5	955	33.7	1,037	207.3
June 30 ,2022	13,267	(0.5)	248	(56.0)	714	(0.6)	337	(29.6)

Note Comprehensive income : For three months ended June 30 ,2023 525 million yen (10.3) %
 For three months ended June 30 ,2022 585 million yen (51.2) %

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three Months ended		
June 30 ,2023	112.40	—
June 30 ,2022	36.26	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of			
June 30 ,2023	75,985	37,591	49.2
March 31 ,2023	74,480	37,066	49.5

Reference: Equity
 As of June 30 ,2023 37,385 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	—				
FY March 2024 (forecast)		0.00	—	30.00	30.00

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

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

(% indicate year-on-year changes from full of 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)	29,830	6.3	900	—	1,300	114.1	1,200	—	129.99
Full year	59,350	(0.6)	1,000	412.9	1,600	54.7	1,000	—	108.32

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 June 30 ,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 June 30 ,2023	419,302	shares
As of March 31 ,2023	419,082	shares

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

For three months ended June 30 ,2023	9,231,518	shares
For three months ended June 30 ,2022	9,311,914	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	June 30,2023
Assets		
Current assets		
Cash and deposits	8,413	8,982
Notes and accounts receivable - trade, and contract assets	12,605	10,941
Electronically recorded monetary claims - operating	6,502	7,568
Merchandise and finished goods	3,979	4,169
Work in process	4,687	6,060
Raw materials and supplies	3,038	3,003
Other	810	910
Allowance for doubtful accounts	(18)	(17)
Total current assets	40,018	41,618
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,635	7,266
Machinery, equipment and vehicles, net	12,083	12,052
Other, net	6,912	6,368
Total property, plant and equipment	25,631	25,687
Intangible assets	604	584
Investments and other assets	8,226	8,095
Total non-current assets	34,461	34,366
Total assets	74,480	75,985

(Millions of yen)

As of	March 31,2023	June 30,2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,314	5,165
Electronically recorded obligations - operating	6,761	6,827
Short-term borrowings	3,810	4,347
Current portion of long-term borrowings	2,359	2,547
Income taxes payable	279	227
Provision for bonuses	547	138
Provision for product warranties	99	57
Provision for loss on construction contracts	24	8
Other	4,730	5,546
Total current liabilities	23,927	24,865
Non-current liabilities		
Long-term borrowings	7,514	7,274
Provision for environmental measures	30	29
Retirement benefit liability	5,241	5,311
Other	699	911
Total non-current liabilities	13,486	13,527
Total liabilities	37,413	38,393
Net assets		
Shareholders' equity		
Share capital	8,640	8,640
Capital surplus	5,084	5,084
Retained earnings	20,103	21,141
Treasury shares	(793)	(793)
Total shareholders' equity	33,034	34,072
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,579	1,489
Foreign currency translation adjustment	2,259	1,820
Remeasurements of defined benefit plans	(9)	2
Total accumulated other comprehensive income	3,829	3,313
Non-controlling interests	202	206
Total net assets	37,066	37,591
Total liabilities and net assets	74,480	75,985

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

(Millions of yen)

For the three months ended	June 30,2022	June 30,2023
Net sales	13,267	14,366
Cost of sales	11,486	12,262
Gross profit	1,781	2,103
Selling, general and administrative expenses	1,533	1,517
Operating profit	248	586
Non-operating income		
Interest income	13	32
Dividend income	55	43
Share of profit of entities accounted for using equity method	98	34
Foreign exchange gains	212	212
Gain on sale of scraps	76	40
Other	41	78
Total non-operating income	497	442
Non-operating expenses		
Interest expenses	29	63
Other	0	10
Total non-operating expenses	30	73
Ordinary profit	714	955
Extraordinary income		
Gain on sale of non-current assets	95	—
Gain on sale of investment securities	—	587
Total extraordinary income	95	587
Extraordinary losses		
Loss on retirement of non-current assets	118	28
Extra retirement payments	178	—
Total extraordinary losses	296	28
Profit before income taxes	513	1,513
Income taxes - current	22	244
Income taxes - deferred	139	229
Total income taxes	161	473
Profit	351	1,040
Profit attributable to non-controlling interests	14	2
Profit attributable to owners of parent	337	1,037

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

For the three months ended	June 30 ,2022	June 30 ,2023
Profit	351	1,040
Other comprehensive income		
Valuation difference on available-for-sale securities	(18)	(89)
Foreign currency translation adjustment	211	(437)
Remeasurements of defined benefit plans, net of tax	29	12
Share of other comprehensive income of entities accounted for using equity method	11	0
Total other comprehensive income	233	(514)
Comprehensive income	585	525
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	500	521
Comprehensive income attributable to non-controlling interests	85	3

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 first quarter of the previous fiscal year has been changed in the same manner.

The three months ended June 30 ,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	2,374	4,551	6,233	13,159	108	13,267
Intersegment	2	0	51	54	—	54
Total	2,377	4,551	6,284	13,213	108	13,321
Operating profit (loss)	324	521	(370)	476	(61)	414

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	Three months ended June 30 ,2022
Reportable segment total	476
Earnings for Other	(61)
Corporate expenses (note)	(166)
Operating profit in consolidated financial statements	248

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

The three months ended June 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	Total		
Net sales						
Unaffiliated customers	2,479	4,579	7,066	14,125	241	14,366
Intersegment	12	0	39	52	—	52
Total	2,491	4,579	7,106	14,177	241	14,419
Operating profit (loss)	279	398	122	799	(7)	792

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	Three months ended June 30 ,2023
Reportable segment total	799
Earnings for Other	(7)
Corporate expenses (note)	(206)
Operating profit in consolidated financial statements	586

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