

Consolidated Financial Results < under Japanese GAAP >

For Three Months Ended June 30 ,2022

August 10 ,2022

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
 Hiroo Monden, Director and Senior Executive Officer,
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 Scheduled date to file quarterly securities report: August 10 ,2022
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on quarterly financial results: —
 Holding of quarterly financial results briefing: —

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

1. Consolidated financial results for three months ended June 30 ,2022

(from April 1 ,2022 to June 30 ,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	%
Three Months ended								
June 30 ,2022	13,267	(0.5)	248	(56.0)	714	(0.6)	337	(29.6)
June 30 ,2021	13,333	41.1	563	—	718	—	479	—

Note Comprehensive income : For three months ended June 30 ,2022 585 million yen (51.2) %
 For three months ended June 30 ,2021 1,198 million yen — %

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three Months ended		
June 30 ,2022	36.26	—
June 30 ,2021	51.26	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of			
June 30 ,2022	73,591	36,944	49.5
March 31 ,2022	73,311	36,735	49.6

Reference: Equity
 As of June 30 ,2022 36,450 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	—				
FY March 2023 (forecast)		30.00	—	30.00	60.00

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

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

(% 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)	28,000	1.4	400	(59.0)	800	(35.3)	200	(69.5)	21.48
Full year	61,000	4.0	2,000	(4.8)	2,700	(11.8)	1,200	—	128.87

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 ,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 June 30 ,2022	388,722	shares
As of March 31 ,2022	289,782	shares

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

For three months ended June 30 ,2022	9,311,914	shares
For three months ended June 30 ,2021	9,361,992	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	June 30 ,2022
Assets			
Current assets			
Cash and deposits		8,852	8,812
Notes and accounts receivable - trade, and contract assets		11,959	9,995
Electronically recorded monetary claims - operating		7,446	7,704
Merchandise and finished goods		4,372	4,743
Work in process		4,560	5,423
Raw materials and supplies		2,644	2,756
Other		755	1,066
Allowance for doubtful accounts		(18)	(16)
Total current assets		40,573	40,485
Non-current assets			
Property, plant and equipment			
Buildings and structures, net		6,154	6,610
Machinery, equipment and vehicles, net		10,620	11,216
Other, net		7,833	7,100
Total property, plant and equipment		24,608	24,928
Intangible assets		606	594
Investments and other assets		7,523	7,583
Total non-current assets		32,738	33,105
Total assets		73,311	73,591

(Millions of yen)

As of	March 31 ,2022	June 30 ,2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,394	4,361
Electronically recorded obligations - operating	6,420	6,870
Short-term borrowings	2,867	3,197
Current portion of long-term borrowings	1,249	1,354
Income taxes payable	808	12
Provision for bonuses	684	195
Provision for product warranties	115	99
Other	4,508	5,887
Total current liabilities	22,048	21,978
Non-current liabilities		
Long-term borrowings	9,116	9,107
Provision for environmental measures	44	44
Retirement benefit liability	4,998	5,042
Other	367	473
Total non-current liabilities	14,528	14,668
Total liabilities	36,576	36,647
Net assets		
Shareholders' equity		
Share capital	8,640	8,640
Capital surplus	5,091	5,091
Retained earnings	21,032	21,136
Treasury shares	(617)	(760)
Total shareholders' equity	34,146	34,107
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,240	1,222
Foreign currency translation adjustment	1,099	1,252
Remeasurements of defined benefit plans	(160)	(131)
Total accumulated other comprehensive income	2,179	2,342
Non-controlling interests	408	494
Total net assets	36,735	36,944
Total liabilities and net assets	73,311	73,591

(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 ,2021	June 30 ,2022
Net sales		13,333	13,267
Cost of sales		11,319	11,486
Gross profit		2,014	1,781
Selling, general and administrative expenses		1,450	1,533
Operating profit		563	248
Non-operating income			
Interest income		6	13
Dividend income		36	55
Share of profit of entities accounted for using equity method		8	98
Foreign exchange gains		—	212
Gain on sale of scraps		72	76
Subsidy income		0	—
Other		118	41
Total non-operating income		241	497
Non-operating expenses			
Interest expenses		19	29
Foreign exchange losses		56	—
Other		10	0
Total non-operating expenses		86	30
Ordinary profit		718	714
Extraordinary income			
Gain on sale of non-current assets		—	95
Total extraordinary income		—	95
Extraordinary losses			
Loss on retirement of non-current assets		14	118
Provision for product warranties		38	—
Extra retirement payments		—	178
Total extraordinary losses		52	296
Profit before income taxes		666	513
Income taxes - current		63	22
Income taxes - deferred		113	139
Total income taxes		177	161
Profit		488	351
Profit attributable to non-controlling interests		9	14
Profit attributable to owners of parent		479	337

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	June 30 ,2021	June 30 ,2022
For the three months ended		
Profit	488	351
Other comprehensive income		
Valuation difference on available-for-sale securities	(93)	(18)
Deferred gains or losses on hedges	(2)	—
Foreign currency translation adjustment	757	211
Remeasurements of defined benefit plans, net of tax	39	29
Share of other comprehensive income of entities accounted for using equity method	8	11
Total other comprehensive income	709	233
Comprehensive income	1,198	585
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,059	500
Comprehensive income attributable to non-controlling interests	139	85

Segment Information

Industry Segment Information

The three months ended June 30 ,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	6,883	4,097	2,288	13,269	64	13,333
Intersegment	59	0	1	61	7	68
Total	6,943	4,097	2,289	13,330	72	13,402
Operating profit (loss)	258	326	237	822	(70)	752

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 ,2021
Reportable segment total	822
Earnings for Other	(70)
Corporate expenses (note)	(188)
Operating profit in consolidated financial statements	563

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

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