

Consolidated Financial Results < under Japanese GAAP >

For the Year Ended March 31 ,2022

May 13 ,2022

Company name: Kitagawa Corporation
 Listing: Tokyo Stock Exchange
 Securities code: 6317
 URL: <https://www.kiw.co.jp/>
 Representative: Yuji Kitagawa, Representative Director & chairman and president
 Hiroo Monden, Director & Operating Officer of Accounting
 Department Business Management Division
 Inquiries: Department Business Management Division
 Telephone: +81-847-45-4560
 Scheduled date of annual general meeting of shareholders: June 24 ,2022
 Scheduled date to file annual securities report: June 27 ,2022
 Scheduled date to commence dividend payments: June 27 ,2022
 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 ,2022

(from April 1 ,2021 to March 31 ,2022)

(1) Consolidated operating results

(% indicate year-on-year changes.)

	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 ,2022	58,676	20.4	2,101	281.3	3,062	162.3	(951)	—
March 31 ,2021	48,753	(16.4)	551	(81.0)	1,167	(64.8)	244	(85.1)

Note Comprehensive income : For the fiscal year ended March 31 ,2022 (1,204) million yen — %
 For the fiscal year ended March 31 ,2021 753 million yen (44.4) %

	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 ,2022	(101.59)	—	(2.6)	4.2	3.6
March 31 ,2021	26.14	—	0.7	1.6	1.1

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended March 31 ,2022 122 million yen
 For the fiscal year ended March 31 ,2021 (107) 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 ,2022	73,311	36,735	49.6	3,880.59
March 31 ,2021	72,904	38,351	51.0	3,971.74

Reference: Equity
 As of March 31 ,2022 36,326 million yen
 As of March 31 ,2021 37,184 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 ,2022	3,499	(4,702)	(675)	8,600
March 31 ,2021	3,105	(3,301)	1,096	10,349

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 2021	—	—	—	20.00	20.00	187	76.5	0.5
FY March 2022	—	25.00	—	25.00	50.00	468	—	1.3
FY March 2023 (forecast)	—	30.00	—	30.00	60.00		33.0	

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	%	
2Q(first half)	29,600	7.2	1,000	2.5	1,200	(3.0)	500	(23.8)	53.41
Full year	63,000	7.4	2,800	33.3	3,300	7.7	1,700	—	181.60

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: Yes
- (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 ,2022	9,650,803	shares
As of March 31 ,2021	9,650,803	shares

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

As of March 31 ,2022	289,782	shares
As of March 31 ,2021	288,626	shares

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

FY ended March 31 ,2022	9,361,486	shares
FY ended March 31 ,2021	9,362,606	shares

(Reference) Non-consolidated financial results

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

(1) Non-consolidated operating results

(% indicate year-on-year changes.)

	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 ,2022	53,041	21.3	2,440	229.8	3,895	133.0	405	61.4
March 31 ,2021	43,725	(13.9)	740	(72.2)	1,671	(55.1)	250	(85.9)

	Earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31 ,2022	43.28	—
March 31 ,2021	26.80	—

(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 ,2022	70,605	35,207	49.9	3,761.06
March 31 ,2021	68,839	35,403	51.4	3,781.52

Reference:

Equity

As of March 31 ,2022 35,207 million yen

As of March 31 ,2021 35,403 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 31,2021	March 31,2022
Assets		
Current assets		
Cash and deposits	10,584	8,852
Notes and accounts receivable - trade	11,196	—
Notes receivable - trade	—	935
Accounts receivable - trade	—	9,692
Contract assets	—	1,331
Electronically recorded monetary claims - operating	5,728	7,446
Merchandise and finished goods	3,766	4,372
Work in process	4,205	4,560
Raw materials and supplies	2,157	2,644
Other	390	755
Allowance for doubtful accounts	(16)	(18)
Total current assets	38,013	40,573
Non-current assets		
Property, plant and equipment		
Buildings and structures	16,884	16,342
Accumulated depreciation	(9,579)	(10,188)
Buildings and structures, net	7,304	6,154
Machinery, equipment and vehicles	49,903	48,482
Accumulated depreciation	(36,185)	(37,861)
Machinery, equipment and vehicles, net	13,718	10,620
Land	3,720	3,777
Leased assets	395	361
Accumulated depreciation	(197)	(166)
Leased assets, net	198	195
Construction in progress	1,600	3,352
Other	2,627	2,794
Accumulated depreciation	(2,085)	(2,285)
Other, net	542	508
Total property, plant and equipment	27,084	24,608
Intangible assets	530	606
Investments and other assets		
Investment securities	3,375	3,138
Deferred tax assets	298	241
Retirement benefit asset	3,397	3,946
Other	248	240
Allowance for doubtful accounts	(43)	(43)
Total investments and other assets	7,276	7,523
Total non-current assets	34,891	32,738
Total assets	72,904	73,311

	As of	(Millions of yen)	
		March 31,2021	March 31,2022
Liabilities			
Current liabilities			
Notes and accounts payable - trade		4,609	5,394
Electronically recorded obligations - operating		4,696	6,420
Short-term borrowings		4,024	2,867
Current portion of long-term borrowings		825	1,249
Lease liabilities		50	55
Income taxes payable		530	808
Contract liabilities		—	1,569
Provision for bonuses		552	684
Provision for bonuses for directors (and other officers)		48	48
Provision for product warranties		39	115
Other		5,470	2,834
Total current liabilities		20,846	22,048
Non-current liabilities			
Long-term borrowings		8,163	9,116
Lease liabilities		123	110
Deferred tax liabilities		0	142
Provision for environmental measures		159	44
Retirement benefit liability		5,144	4,998
Other		115	115
Total non-current liabilities		13,707	14,528
Total liabilities		34,553	36,576
Net assets			
Shareholders' equity			
Share capital		8,640	8,640
Capital surplus		5,091	5,091
Retained earnings		22,393	21,032
Treasury shares		(616)	(617)
Total shareholders' equity		35,509	34,146
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities		1,426	1,240
Deferred gains or losses on hedges		3	—
Foreign currency translation adjustment		761	1,099
Remeasurements of defined benefit plans		(516)	(160)
Total accumulated other comprehensive income		1,674	2,179
Non-controlling interests		1,167	408
Total net assets		38,351	36,735
Total liabilities and net assets		72,904	73,311

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

(Millions of yen)

For the years ended	March 31,2021	March 31,2022
Net sales	48,753	58,676
Cost of sales	42,258	50,323
Gross profit	6,495	8,352
Selling, general and administrative expenses	5,944	6,251
Operating profit	551	2,101
Non-operating income		
Interest income	21	20
Dividend income	74	83
Share of profit of entities accounted for using equity method	—	122
Foreign exchange gains	166	199
Rental income from real estate	54	54
Gain on sale of scraps	155	352
Subsidy income	241	10
Income from contribution to facilities	—	79
Other	158	163
Total non-operating income	872	1,085
Non-operating expenses		
Interest expenses	82	94
Share of loss of entities accounted for using equity method	107	—
Sales discounts	15	—
Other	50	29
Total non-operating expenses	256	124
Ordinary profit	1,167	3,062
Extraordinary income		
Gain on sale of investment securities	—	44
Subsidy income	—	108
Total extraordinary income	—	153
Extraordinary losses		
Loss on retirement of non-current assets	130	120
Impairment losses	215	3,705
Provision for product warranties	—	38
Donations	46	—
Total extraordinary losses	393	3,863
Profit (loss) before income taxes	774	(647)
Income taxes - current	553	1,135
Income taxes - deferred	69	133
Total income taxes	623	1,269
Profit (loss)	151	(1,916)
Profit (loss) attributable to non-controlling interests	(93)	(965)
Profit (loss) attributable to owners of parent	244	(951)

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

For the years ended	March 31,2021	March 31,2022
Profit (loss)	151	(1,916)
Other comprehensive income		
Valuation difference on available-for-sale securities	478	(185)
Deferred gains or losses on hedges	3	(3)
Foreign currency translation adjustment	(869)	531
Remeasurements of defined benefit plans, net of tax	986	355
Share of other comprehensive income of entities accounted for using equity method	2	14
Total other comprehensive income	602	711
Comprehensive income	753	(1,204)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	954	(446)
Comprehensive income attributable to non-controlling interests	(200)	(758)

(3) Consolidated Statements of Cash Flows

(Millions of yen)

For the years ended	March 31,2021	March 31,2022
Cash flows from operating activities		
Profit (loss) before income taxes	774	(647)
Depreciation	3,801	3,849
Impairment losses	215	3,705
Increase (decrease) in allowance for doubtful accounts	2	2
Increase (decrease) in provision for bonuses	(90)	132
Increase (decrease) in provision for bonuses for directors (and other officers)	(5)	—
Increase (decrease) in provision for product warranties	(171)	76
Increase (decrease) in provision for environmental measures	(59)	(115)
Increase (decrease) in retirement benefit liability	4	34
Interest and dividend income	(95)	(103)
Interest expenses	82	94
Share of loss (profit) of entities accounted for using equity method	107	(122)
Loss on retirement of property, plant and equipment	130	120
Loss (gain) on sale of investment securities	—	(44)
Decrease (increase) in trade receivables	(2,515)	(2,312)
Decrease (increase) in inventories	467	(1,545)
Increase (decrease) in trade payables	(90)	2,467
Increase (decrease) in accrued consumption taxes	319	(230)
Other, net	585	(1,098)
Subtotal	3,463	4,262
Interest and dividends received	99	134
Interest paid	(83)	(93)
Income taxes paid	(372)	(803)
Net cash provided by (used in) operating activities	3,105	3,499
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,583)	(4,644)
Purchase of investment securities	(7)	(6)
Proceeds from collection of loans receivable	76	63
Other, net	212	(114)
Net cash provided by (used in) investing activities	(3,301)	(4,702)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	272	(1,235)
Proceeds from long-term borrowings	2,851	1,886
Repayments of long-term borrowings	(1,469)	(847)
Purchase of treasury shares	(1)	(1)
Repayments of lease liabilities	(73)	(55)
Dividends paid	(468)	(421)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(15)	—
Net cash provided by (used in) financing activities	1,096	(675)
Effect of exchange rate change on cash and cash equivalents	(13)	130
Net increase (decrease) in cash and cash equivalents	887	(1,748)
Cash and cash equivalents at beginning of period	9,461	10,349
Cash and cash equivalents at end of period	10,349	8,600

Segment Information

Industry Segment Information

The Fiscal year ended March 31,2021

(Millions of yen)

	Reportable segment				Other	Total
	Kitagawa Material Technology Company	Kitagawa Sun Tech Company	Kitagawa Global hand Company	Total		
Net sales						
Unaffiliated customers	23,190	17,699	7,464	48,355	398	48,753
Intersegment	172	0	9	181	0	182
Total	23,363	17,699	7,473	48,536	398	48,935
Operating profit (loss)	(664)	1,825	473	1,634	(372)	1,261
Assets	30,320	15,487	11,965	57,772	333	58,106
Other items						
Depreciation	2,911	177	399	3,488	111	3,600
Extraordinary losses (Impairment losses)	215	—	—	215	—	215
Increase (decrease) in tangible and intangible assets	992	1,156	541	2,690	112	2,803

The Fiscal year ended March 31,2022

(Millions of yen)

	Reportable segment				Other	Total
	Kitagawa Material Technology Company	Kitagawa Sun Tech Company	Kitagawa Global hand Company	Total		
Net sales						
Unaffiliated customers	27,026	21,336	9,807	58,170	505	58,676
Intersegment	209	0	12	222	7	229
Total	27,236	21,336	9,820	58,393	513	58,906
Operating profit (loss)	(224)	2,381	1,051	3,207	(203)	3,003
Assets	30,826	17,624	12,931	61,383	493	61,876
Other items						
Depreciation	2,839	283	415	3,539	72	3,612
Extraordinary losses (Impairment losses)	3,705	—	—	3,705	—	3,705
Increase (decrease) in tangible and intangible assets	3,517	412	316	4,246	5	4,251

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 31,2021	Fiscal year ended March 31,2022
Reportable segment total	48,536	58,393
Net sales for Other	398	513
Elimination of intersegment transaction	(182)	(229)
Net sales in consolidated financial statements	48,753	58,676

(Millions of yen)

Earnings	Fiscal year ended March 31,2021	Fiscal year ended March 31,2022
Reportable segment total	1,634	3,207
Earnings for Other	(372)	(203)
Corporate expenses (note)	(710)	(902)
Operating profit in consolidated financial statements	551	2,101

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 31,2021	Fiscal year ended March 31,2022
Reportable segment total	57,772	61,383
Assets in Other	333	493
Corporate assets(note)	14,798	11,435
Total assets in consolidated financial statements	72,904	73,311

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 31,2021	Fiscal year ended March 31,2022	Fiscal year ended March 31,2021	Fiscal year ended March 31,2022	Fiscal year ended March 31,2021	Fiscal year ended March 31,2022	Fiscal year ended March 31,2021	Fiscal year ended March 31,2022
Depreciation(note1)	3,488	3,539	111	72	200	237	3,801	3,849
Extraordinary losses (Impairment losses)	215	3,705	—	—	—	—	215	3,705
Increase (decrease) in tangible and intangible assets(note2)	2,690	4,246	112	5	300	239	3,103	4,490

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.