

Translation

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Summary of Consolidated Financial Results for the Three Months Ended May 31, 2022 (Based on Japanese GAAP)

July 15, 2022

Company name: Kitanotatsujin Corporation
 Stock exchange listing: Tokyo, Sapporo
 Stock code: 2930 URL <https://www.kitanotatsujin.com>
 Representative: Representative Director & President Katsuhisa Kinoshita
 Inquiries: Director and General Manager of Administration Department Takahito Kudo TEL 050-2018-7864
 Scheduled date to file Quarterly Securities Report: July 15, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended May 31, 2022 (from March 1, 2022 to May 31, 2022)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	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 May 31, 2022	2,103	–	371	–	385	–	257	–
Three months ended May 31, 2021	2,372	–	401	–	408	–	288	–

(Note) Comprehensive income: Three months ended May 31, 2022: 257 million yen [–%]
 Three months ended May 31, 2021: 286 million yen [–%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended May 31, 2022	1.85	–
Three months ended May 31, 2021	2.07	–

(Notes) 1. As the Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc., from the beginning of the first quarter ended May 31, 2022, figures for the three months ended May 31, 2022 are the figures after applying said accounting, etc. Year-on-year changes are not provided.

2. As the Company began preparing consolidated financial statements from the three months ended May 31, 2021, year-on-year changes for the three months ended May 31, 2021 are not provided.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of May 31, 2022	7,238	6,217	85.9	44.73
As of February 28, 2022	7,555	6,146	81.3	44.22

(Note) As the Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc., from the beginning of the first quarter ended May 31, 2022, figures for the three months ended May 31, 2022 are the figures after applying said accounting, etc.

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended February 28, 2022	–	1.30	–	1.60	2.90
Year ending February 28, 2023	–	–	–	–	–
Year ending February 28, 2023 (Forecast)	–	0.90	–	0.60	1.50

3. Forecast of consolidated financial results for the year ending February 28, 2023 (from March 1, 2022 to February 28, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending August 31, 2022	3,937	–	607	–	607	–	396	–	2.85
Full year	7,587	–	1,003	–	1,003	–	663	–	4.78

(Notes) 1. As the Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc., from the beginning of the year ending February 28, 2023, figures for the consolidated financial results forecast above are shown after applying said accounting standard, etc. Year-on-year changes are not provided.

2. Average number of shares during the period, which serves as a basis for calculating “Earnings per share,” utilizes the total number of issued shares (excluding treasury shares) as of February 28, 2022.

4. Notes

(1) Changes in significant subsidiaries during the period (changes in certain subsidiaries resulting in change in the scope of consolidation): No

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes

(Note) Please refer to “2. Quarterly Consolidated Financial Statements and Major Notes (4) Notes on Quarterly Consolidated Financial Statements (Application of special accounting methods for preparing quarterly consolidated financial statements)” on page 12 of the appendix (Japanese only) for details.

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: Yes

Restatement of prior period financial statements: No

(Note) Please refer to “2. Quarterly Consolidated Financial Statements and Major Notes (4) Notes on Quarterly Consolidated Financial Statements (Application of special accounting methods for preparing quarterly consolidated financial statements)” on page 12 of the appendix (Japanese only) for details.

(4) Number of issued shares (common shares)

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

As of May 31, 2022	141,072,000 shares	As of February 28, 2022	141,072,000 shares
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Number of treasury shares at the end of the period

As of May 31, 2022	2,083,000 shares	As of February 28, 2022	2,083,000 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended May 31, 2022	138,989,000 shares	Three months ended May 31, 2021	138,966,800 shares
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(Reference)

Forecast of non-consolidated financial results for the year ending February 28, 2023 (from March 1, 2022 to February 28, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending August 31, 2022	3,463	–	620	–	635	–	435	–	3.13
Full year	6,663	–	1,032	–	1,014	–	694	–	5.00

(Notes) 1. As the Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc., from the beginning of the year ending February 28, 2023, figures for the non-consolidated financial results forecast above are shown after applying said accounting standard, etc. Year-on-year changes are not provided.

2. Average number of shares during the period, which serves as a basis for calculating “Earnings per share,” utilizes the total number of issued shares (excluding treasury shares) as of February 28, 2022.

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of February 28, 2022	As of May 31, 2022
Assets		
Current assets		
Cash and deposits	5,210,952	4,934,159
Notes and accounts receivable - trade	476,559	–
Notes and accounts receivable - trade, and contract assets	–	500,574
Merchandise and finished goods	769,939	750,738
Work in process	594	–
Raw materials and supplies	68,900	76,817
Other	283,633	204,154
Allowance for doubtful accounts	(2,351)	(2,426)
Total current assets	6,808,227	6,464,018
Non-current assets		
Property, plant and equipment	122,862	101,285
Intangible assets		
Goodwill	280,230	263,746
Other	32,776	35,010
Total intangible assets	313,006	298,756
Investments and other assets	311,763	374,104
Total non-current assets	747,633	774,146
Total assets	7,555,860	7,238,165
Liabilities		
Current liabilities		
Accounts payable - trade	160,308	96,552
Accounts payable - other	328,504	439,155
Income taxes payable	453,491	136,156
Provision for sales promotion expenses	34,699	–
Provision for shareholder benefit	57,913	–
Provision for sales returns	10,666	–
Provision for loss on transfer	4,979	4,979
Asset retirement obligations	15,000	15,000
Other	170,160	167,905
Total current liabilities	1,235,723	859,748
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	8,135	3,172
Retirement benefit liability	11,765	12,330
Asset retirement obligations	86,765	86,765
Other	67,352	58,786
Total non-current liabilities	174,018	161,054
Total liabilities	1,409,742	1,020,803
Net assets		
Shareholders' equity		
Share capital	273,992	273,992
Capital surplus	257,638	260,386
Retained earnings	6,045,466	6,113,961
Treasury shares	(430,978)	(430,978)
Total shareholders' equity	6,146,118	6,217,361
Non-controlling interests		
	–	–
Total net assets	6,146,118	6,217,361
Total liabilities and net assets	7,555,860	7,238,165

Consolidated statements of income (cumulative)

(Thousands of yen)

	Three months ended May 31, 2021	Three months ended May 31, 2022
Net sales	2,372,070	2,103,877
Cost of sales	561,860	528,251
Gross profit	1,810,210	1,575,625
Reversal of provision for sales returns	11,456	–
Provision for sales returns	12,848	–
Gross profit - net	1,808,817	1,575,625
Selling, general and administrative expenses	1,407,676	1,204,046
Operating profit	401,141	371,579
Non-operating income		
Interest income	2	22
Foreign exchange gains	5,684	5,477
Repayment income	810	369
Sample income	803	3,948
Royalty income	–	631
Gain on receipt of donated non-current assets	–	3,600
Other	73	209
Total non-operating income	7,373	14,258
Non-operating expenses		
Interest expenses	492	558
Other	0	0
Total non-operating expenses	493	559
Ordinary profit	408,021	385,278
Extraordinary income		
Gain on bargain purchase	8,376	–
Total extraordinary income	8,376	–
Profit before income taxes	416,398	385,278
Income taxes	129,943	127,727
Profit	286,454	257,551
Loss attributable to non-controlling interests	(1,855)	–
Profit attributable to owners of parent	288,309	257,551

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended May 31, 2021	Three months ended May 31, 2022
Profit	286,454	257,551
Comprehensive income	286,454	257,551
Comprehensive income attributable to:		
Owners of parent	288,309	257,551
Non-controlling interests	(1,855)	—

Consolidated statements of cash flows

(Thousands of yen)

	Three months ended May 31, 2021	Three months ended May 31, 2022
Cash flows from operating activities		
Profit before income taxes	416,398	385,278
Depreciation	7,879	23,721
Amortization of goodwill	–	16,484
Gain on bargain purchase	(8,376)	–
Increase (decrease) in allowance for doubtful accounts	(733)	(66)
Increase (decrease) in provision for sales promotion expenses	(2,246)	–
Increase (decrease) in provision for shareholder benefit program	(37,442)	(57,913)
Increase (decrease) in provision for sales returns	1,392	–
Increase (decrease) in provision for retirement benefits for directors (and other officers)	534	(4,962)
Increase (decrease) in retirement benefit liability	219	565
Foreign exchange losses (gains)	(5,727)	(5,074)
Interest and dividend income	(2)	(22)
Interest expenses	492	558
Decrease (increase) in trade receivables	133,924	(578)
Decrease (increase) in inventories	154,048	24,776
Increase (decrease) in trade payables	(103,703)	(63,756)
Increase (decrease) in accounts payable - other	88,778	98,028
Other, net	49,762	(57,844)
Subtotal	695,200	359,195
Interest and dividend income received	2	22
Interest paid	(492)	(558)
Compensation for damage received	–	82,262
Income taxes paid	(237,526)	(431,602)
Net cash provided by (used in) operating activities	457,183	9,319
Cash flows from investing activities		
Purchase of property, plant and equipment	(930)	(394)
Purchase of intangible assets	(2,081)	(383)
Payments of guarantee deposits	(15,417)	(76,702)
Proceeds from refund of guarantees deposits	–	33
Short-term loan advances	(100,000)	–
Purchase of shares of subsidiaries and associates	(10,000)	–
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	262,409	–
Net cash provided by (used in) investing activities	133,980	(77,448)
Cash flows from financing activities		
Repayments of lease obligations	(2,801)	(3,948)
Dividends paid	(159,422)	(209,760)
Net cash provided by (used in) financing activities	(162,224)	(213,709)
Effect of exchange rate change on cash and cash equivalents	5,703	5,045
Net increase (decrease) in cash and cash equivalents	434,642	(276,792)
Cash and cash equivalents at beginning of period	3,612,973	5,210,952
Cash and cash equivalents at end of period	4,047,616	4,934,159