

Translation

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Summary of Consolidated Financial Results for the Three Months Ended May 31, 2021 (Based on Japanese GAAP)

July 15, 2021

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, 2021
 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, 2021 (from March 1, 2021 to May 31, 2021)

(1) Consolidated operating results (cumulative)

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, 2021	2,372	–	401	–	408	–	288	–
Three months ended May 31, 2020	–	–	–	–	–	–	–	–

(Note) Comprehensive income: Three months ended May 31, 2021: 286 million yen [–%]
 Three months ended May 31, 2020: – million yen [–%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended May 31, 2021	2.07	–
Three months ended May 31, 2020	–	–

(Note) As the Company began preparing quarterly consolidated financial statements from the three months ended May 31, 2021, consolidated operating results for the three months ended May 31, 2020 and changes from the previous corresponding period 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, 2021	6,535	5,265	80.5	37.88
As of February 28, 2021	–	–	–	–

(Note) As the Company began preparing quarterly consolidated financial statements from the three months ended May 31, 2021, consolidated financial position for the year ended February 28, 2021 is not provided.

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, 2021	–	1.80	–	1.20	3.00
Year ending February 28, 2022	–	–	–	–	–
Year ending February 28, 2022 (Forecast)	–	1.30	–	1.40	2.70

3. Forecast of consolidated financial results for the year ending February 28, 2022 (from March 1, 2021 to February 28, 2022)

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, 2021	4,708	–	887	–	889	–	614	–	4.42
Full year	10,657	–	1,871	–	1,873	–	1,262	–	9.09

(Note) As the Company began preparing quarterly consolidated financial statements from the three months ended May 31, 2021, year-on-year changes compared to the previous year and year-on-year changes compared to the previous corresponding quarter are not provided.

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 11 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: No

Changes in accounting policies due to other reasons: Yes

Changes in accounting estimates: No

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 (Change in accounting estimates)” on page 11 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, 2021	141,072,000 shares	As of February 28, 2021	141,072,000 shares
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Number of treasury shares at the end of the period

As of May 31, 2021	2,105,200 shares	As of February 28, 2021	2,105,200 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, 2021	138,966,800 shares	Three months ended May 31, 2020	138,966,800 shares
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(Reference)

Forecast of non-consolidated financial results for the year ending February 28, 2022 (from March 1, 2021 to February 28, 2022)

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, 2021	4,404	(4.1)	879	(14.7)	881	(14.7)	606	(15.6)	4.36
Full year	9,847	6.2	1,812	(10.8)	1,815	(11.4)	1,232	(11.2)	8.87

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

As of May 31, 2021

Assets	
Current assets	
Cash and deposits	4,047,616
Notes and accounts receivable - trade	546,177
Merchandise and finished goods	791,198
Work in process	377
Raw materials and supplies	50,050
Other	210,980
Allowance for doubtful accounts	(2,785)
Total current assets	5,643,615
Non-current assets	
Property, plant and equipment	224,212
Intangible assets	
Goodwill	329,682
Other	33,605
Total intangible assets	363,288
Investments and other assets	304,813
Total non-current assets	892,313
Total assets	6,535,929
Liabilities	
Current liabilities	
Accounts payable - trade	132,399
Accounts payable - other	601,712
Income taxes payable	162,603
Provision for sales promotion expenses	46,662
Provision for sales returns	12,848
Other	128,123
Total current liabilities	1,084,350
Non-current liabilities	
Provision for retirement benefits for directors (and other officers)	7,217
Retirement benefit liability	10,747
Asset retirement obligations	86,765
Other	81,188
Total non-current liabilities	185,917
Total liabilities	1,270,268
Net assets	
Shareholders' equity	
Share capital	273,992
Capital surplus	253,992
Retained earnings	5,171,976
Treasury shares	(435,574)
Total shareholders' equity	5,264,386
Non-controlling interests	1,274
Total net assets	5,265,660
Total liabilities and net assets	6,535,929

Consolidated statements of income (cumulative)

(Thousands of yen)

	Three months ended May 31, 2021
Net sales	2,372,070
Cost of sales	561,860
Gross profit	1,810,210
Reversal of provision for sales returns	11,456
Provision for sales returns	12,848
Gross profit - net	1,808,817
Selling, general and administrative expenses	1,407,676
Operating profit	401,141
Non-operating income	
Interest income	2
Sample income	803
Repayment income	810
Foreign exchange gains	5,684
Other	73
Total non-operating income	7,373
Non-operating expenses	
Interest expenses	492
Other	0
Total non-operating expenses	493
Ordinary profit	408,021
Extraordinary income	
Gain on bargain purchase	8,376
Total extraordinary income	8,376
Profit before income taxes	416,398
Income taxes	129,943
Profit	286,454
Loss attributable to non-controlling interests	(1,855)
Profit attributable to owners of parent	288,309

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

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

Consolidated statements of cash flows

(Thousands of yen)

	Three months ended May 31, 2021
Cash flows from operating activities	
Profit before income taxes	416,398
Depreciation	7,879
Gain on bargain purchase	(8,376)
Increase (decrease) in allowance for doubtful accounts	(733)
Increase (decrease) in provision for sales promotion expenses	(2,246)
Increase (decrease) in provision for shareholder benefit program	(37,442)
Increase (decrease) in provision for sales returns	1,392
Increase (decrease) in provision for retirement benefits for directors (and other officers)	534
Increase (decrease) in retirement benefit liability	219
Foreign exchange losses (gains)	(5,727)
Interest and dividend income	(2)
Interest expenses	492
Decrease (increase) in trade receivables	133,924
Decrease (increase) in inventories	154,048
Increase (decrease) in trade payables	(103,703)
Increase (decrease) in accounts payable - other	88,778
Other, net	49,762
Subtotal	695,200
Interest and dividend income received	2
Interest paid	(492)
Income taxes paid	(237,526)
Net cash provided by (used in) operating activities	457,183
Cash flows from investing activities	
Purchase of property, plant and equipment	(930)
Purchase of intangible assets	(2,081)
Payments of guarantee deposits	(15,417)
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
Cash flows from financing activities	
Repayments of lease obligations	(2,801)
Dividends paid	(159,422)
Net cash provided by (used in) financing activities	(162,224)
Effect of exchange rate change on cash and cash equivalents	5,703
Net increase (decrease) in cash and cash equivalents	434,642
Cash and cash equivalents at beginning of period	3,612,973
Cash and cash equivalents at end of period	4,047,616