

**Translation**

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**Summary of Non-Consolidated Financial Results  
for the Six Months Ended August 31, 2019  
(Based on Japanese GAAP)**

October 15, 2019

Company name: Kitanotatsujin Corporation  
 Stock exchange listing: Tokyo, Sapporo  
 Stock code: 2930 URL <https://www.kitanotatsujin.com>  
 Representative: Representative Director & President Katsuhisa Kinoshita  
 Inquiries: Senior Managing Director Shigeatsu Shimizu TEL 050-2018-7864  
 Scheduled date to file Quarterly Securities Report: October 15, 2019  
 Scheduled date to commence dividend payments: November 13, 2019  
 Preparation of supplementary material on quarterly financial results: No  
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the six months ended August 31, 2019 (from March 1, 2019 to August 31, 2019)

(1) Non-consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended August 31, 2019	5,055	28.0	1,390	45.8	1,390	45.8	947	42.8
Six months ended August 31, 2018	3,950	88.0	953	146.9	954	147.1	663	149.0

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended August 31, 2019	6.82		-	
Six months ended August 31, 2018	4.77		4.75	

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of August 31, 2019	4,814	3,611	75.0	25.99
As of February 28, 2019	4,240	2,942	69.4	21.17

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, 2019	-	1.60	-	2.00	3.60
Year ending February 29, 2020	-	2.10	-	-	-
Year ending February 29, 2020 (Forecast)	-	-	-	2.10	4.20

3. Forecast of non-consolidated financial results for the year ending February 29, 2020 (from March 1, 2019 to February 29, 2020)

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
Full year	10,939	31.6	2,702	45.2	2,703	45.2	1,890	46.2	13.60

4. Notes

(1) Application of special accounting methods for preparing quarterly non-consolidated financial statements: No

(2) 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: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of August 31, 2019	141,072,000 shares	As of February 28, 2019	141,072,000 shares
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Number of treasury shares at the end of the period

As of August 31, 2019	2,105,200 shares	As of February 28, 2019	2,105,200 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended August 31, 2019	138,966,800 shares	Six months ended August 31, 2018	139,120,175 shares
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**Quarterly non-consolidated financial statements**  
**Non-consolidated balance sheets**

(Thousands of yen)

	As of February 28, 2019	As of August 31, 2019
<b>Assets</b>		
Current assets		
Cash and deposits	2,687,645	3,030,701
Accounts receivable - trade	518,641	580,386
Finished goods	572,664	585,650
Work in process	13,300	–
Raw materials and supplies	127,772	117,641
Other	46,574	155,227
Allowance for doubtful accounts	(7,695)	(8,610)
Total current assets	3,958,904	4,460,996
Non-current assets		
Property, plant and equipment	32,842	106,725
Intangible assets	31,538	27,749
Investments and other assets	217,347	219,345
Total non-current assets	281,729	353,821
Total assets	4,240,633	4,814,818
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	163,622	162,387
Accounts payable - other	445,203	388,911
Current portion of long-term loans payable	74,943	11,045
Income taxes payable	333,482	455,445
Accrued consumption taxes	142,710	59,951
Advances received	2,608	2,472
Provision for sales promotion expenses	61,026	66,071
Provision for shareholder benefit program	38,051	–
Provision for sales returns	14,344	17,756
Asset retirement obligations	1,120	–
Other	21,227	39,020
Total current liabilities	1,298,339	1,203,060
Total liabilities	1,298,339	1,203,060
<b>Net assets</b>		
Shareholders' equity		
Capital stock	273,992	273,992
Capital surplus	253,992	253,992
Retained earnings	2,849,883	3,519,346
Treasury shares	(435,574)	(435,574)
Total shareholders' equity	2,942,293	3,611,757
Total net assets	2,942,293	3,611,757
Total liabilities and net assets	4,240,633	4,814,818

## Non-consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended August 31, 2018	Six months ended August 31, 2019
Net sales	3,950,871	5,055,993
Cost of sales	866,738	1,200,631
Gross profit	3,084,132	3,855,362
Reversal of provision for sales returns	6,728	14,344
Provision for sales returns	10,054	17,756
Gross profit - net	3,080,806	3,851,951
Selling, general and administrative expenses	2,127,085	2,461,150
Operating profit	953,720	1,390,800
Non-operating income		
Interest income	13	6
Sample income	203	193
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lecture fee-NOI	382	29
Repayment income	–	1,325
Other	101	100
Total non-operating income	2,327	1,655
Non-operating expenses		
Interest expenses	215	47
Provision of allowance for doubtful accounts	94	–
Foreign exchange losses	676	1,810
Share issuance cost	428	–
Commission for purchase of treasury shares	627	–
Other	0	–
Total non-operating expenses	2,042	1,857
Ordinary profit	954,005	1,390,598
Extraordinary losses		
Head office transfer cost	–	2,650
Loss on retirement of non-current assets	–	30
Total extraordinary losses	–	2,680
Profit before income taxes	954,005	1,387,917
Income taxes - current	283,390	434,933
Income taxes - deferred	7,265	5,586
Total income taxes	290,655	440,520
Profit	663,349	947,397

## Non-consolidated statements of cash flows

(Thousands of yen)

	Six months ended August 31, 2018	Six months ended August 31, 2019
Cash flows from operating activities		
Profit before income taxes	954,005	1,387,917
Depreciation	6,069	11,709
Increase (decrease) in allowance for doubtful accounts	854	915
Increase (decrease) in provision for sales promotion expenses	6,195	5,045
Increase (decrease) in provision for shareholder benefit program	(23,264)	(38,051)
Increase (decrease) in provision for sales returns	3,326	3,411
Foreign exchange losses (gains)	754	2,234
Interest and dividend income	(13)	(6)
Interest expenses	215	47
Share issuance cost	428	–
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Loss on retirement of non-current assets	–	30
Head office relocation expenses	–	2,650
Decrease (increase) in notes and accounts receivable - trade	(34,007)	(61,745)
Decrease (increase) in inventories	(39,517)	10,446
Decrease (increase) in other assets	(12,304)	(108,653)
Increase (decrease) in notes and accounts payable - trade	94,200	(1,235)
Increase (decrease) in accounts payable - other	130,967	(56,383)
Increase (decrease) in advances received	807	(136)
Increase (decrease) in other liabilities	(20,176)	(60,362)
Subtotal	1,069,168	1,097,834
Interest and dividend income received	13	6
Interest expenses paid	(215)	(47)
Income taxes paid	(392,333)	(317,573)
Payments for head office removal expenses	–	(2,650)
Net cash provided by (used in) operating activities	676,632	777,569
Cash flows from investing activities		
Purchase of property, plant and equipment	(776)	(80,372)
Purchase of intangible assets	(4,992)	(2,081)
Payments for guarantee deposits	(413)	(20,363)
Proceeds from collection of guarantee deposits	–	12,104
Payments for asset retirement obligations	–	(500)
Net cash provided by (used in) investing activities	(6,183)	(91,214)
Cash flows from financing activities		
Repayments of long-term loans payable	(66,678)	(63,898)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	120,531	–
Cash dividends paid	(209,383)	(277,222)
Purchase of treasury shares	(314,382)	–
Net cash provided by (used in) financing activities	(469,912)	(341,120)
Effect of exchange rate change on cash and cash equivalents	(753)	(2,179)
Net increase (decrease) in cash and cash equivalents	199,784	343,055
Cash and cash equivalents at beginning of period	2,508,142	2,687,645
Cash and cash equivalents at end of period	2,707,926	3,030,701