

Translation

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

October 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: October 15, 2021
 Scheduled date to commence dividend payments: November 12, 2021
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended August 31, 2021 (from March 1, 2021 to August 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	%
Six months ended August 31, 2021	4,937	–	983	–	995	–	684	–
Six months ended August 31, 2020	–	–	–	–	–	–	–	–

(Note) Comprehensive income: Six months ended August 31, 2021: 681 million yen [–%]
 Six months ended August 31, 2020: – million yen [–%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended August 31, 2021	4.92	–
Six months ended August 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 six months ended August 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 August 31, 2021	7,030	5,663	80.6	40.75
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	–	1.30	–	–	–
Year ending February 28, 2022 (Forecast)	–	–	–	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
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 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 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: No

Changes in accounting policies due to other reasons: Yes

Changes in accounting estimates: Yes

Restatement of prior period financial statements: No

(Note) Article 10-5 of the “Regulation on the Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements” is applied. Please refer to “2. Quarterly Consolidated Financial Statements and Major Notes (4) Notes on Quarterly Consolidated Financial Statements (Change in accounting estimates)” 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 August 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 August 31, 2021	2,083,000 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)

Six months ended August 31, 2021	138,975,004 shares	Six months ended August 31, 2020	138,966,800 shares
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(Reference)

1. Non-consolidated financial results for the six months ended August 31, 2021 (cumulative) (from March 1, 2021 to August 31, 2022)

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, 2021	4,662	1.5	988	(4.1)	1,006	(2.7)	690	(3.9)
Six months ended August 31, 2020	4,592	(9.2)	1,030	(25.9)	1,033	(25.7)	717	(24.2)

2. 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
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 August 31, 2021

Assets	
Current assets	
Cash and deposits	4,601,041
Notes and accounts receivable - trade	603,463
Merchandise and finished goods	783,692
Work in process	6,241
Raw materials and supplies	71,418
Other	82,444
Allowance for doubtful accounts	(3,196)
Total current assets	6,145,106
Non-current assets	
Property, plant and equipment	230,717
Intangible assets	
Goodwill	313,198
Other	36,797
Total intangible assets	349,996
Investments and other assets	304,242
Total non-current assets	884,956
Total assets	7,030,062
Liabilities	
Current liabilities	
Accounts payable - trade	192,704
Accounts payable - other	469,566
Income taxes payable	353,983
Provision for sales promotion expenses	42,561
Provision for sales returns	14,441
Other	114,325
Total current liabilities	1,187,583
Non-current liabilities	
Provision for retirement benefits for directors (and other officers)	7,561
Retirement benefit liability	11,083
Asset retirement obligations	86,765
Other	73,913
Total non-current liabilities	179,323
Total liabilities	1,366,907
Net assets	
Shareholders' equity	
Share capital	273,992
Capital surplus	253,992
Retained earnings	5,566,148
Treasury shares	(430,978)
Total shareholders' equity	5,663,154
Non-controlling interests	-
Total net assets	5,663,154
Total liabilities and net assets	7,030,062

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended August 31, 2021
Net sales	4,937,484
Cost of sales	1,179,441
Gross profit	3,758,042
Reversal of provision for sales returns	11,456
Provision for sales returns	14,441
Gross profit - net	3,755,057
Selling, general and administrative expenses	2,771,498
Operating profit	983,558
Non-operating income	
Interest income	36
Sample income	1,225
Repayment income	2,353
Foreign exchange gains	4,513
Royalty income	2,776
Other	2,077
Total non-operating income	12,982
Non-operating expenses	
Interest expenses	1,191
Other	10
Total non-operating expenses	1,201
Ordinary profit	995,339
Extraordinary income	
Gain on bargain purchase	8,376
Total extraordinary income	8,376
Extraordinary losses	
Loss on retirement of non-current assets	913
Total extraordinary losses	913
Profit before income taxes	1,002,802
Income taxes	321,601
Profit	681,200
Loss attributable to non-controlling interests	(3,129)
Profit attributable to owners of parent	684,330

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended August 31, 2021
Profit	681,200
Comprehensive income	681,200
Comprehensive income attributable to:	
Owners of parent	684,330
Non-controlling interests	(3,129)

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended August 31, 2021
Cash flows from operating activities	
Profit before income taxes	1,002,802
Depreciation	18,429
Amortization of goodwill	16,484
Gain on bargain purchase	(8,376)
Loss on retirement of non-current assets	913
Increase (decrease) in allowance for doubtful accounts	(322)
Increase (decrease) in provision for sales promotion expenses	(6,347)
Increase (decrease) in provision for shareholder benefit program	(37,442)
Increase (decrease) in provision for sales returns	2,985
Increase (decrease) in provision for retirement benefits for directors (and other officers)	878
Increase (decrease) in retirement benefit liability	556
Foreign exchange losses (gains)	(5,034)
Interest and dividend income	(36)
Interest expenses	1,191
Decrease (increase) in trade receivables	76,638
Decrease (increase) in inventories	134,321
Increase (decrease) in trade payables	(43,398)
Increase (decrease) in accounts payable - other	(35,388)
Other, net	73,175
Subtotal	1,192,030
Interest and dividend income received	36
Interest paid	(1,191)
Income taxes paid	(248,463)
Net cash provided by (used in) operating activities	942,412
Cash flows from investing activities	
Purchase of property, plant and equipment	(16,721)
Purchase of intangible assets	(6,276)
Payments of guarantee deposits	(15,417)
Proceeds from refund of guarantee deposits	448
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	214,442
Cash flows from financing activities	
Repayments of lease obligations	(7,043)
Dividends paid	(166,775)
Net cash provided by (used in) financing activities	(173,819)
Effect of exchange rate change on cash and cash equivalents	5,031
Net increase (decrease) in cash and cash equivalents	988,067
Cash and cash equivalents at beginning of period	3,612,973
Cash and cash equivalents at end of period	4,601,041