

Translation

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Summary of Consolidated Financial Results for the Year Ended February 28, 2022 (Based on Japanese GAAP)

April 14, 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 of ordinary general meeting of shareholders: May 26, 2022
 Scheduled date to commence dividend payments: May 27, 2022
 Scheduled date to file Securities Report: May 30, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended February 28, 2022 (from March 1, 2021 to February 28, 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	%
Year ended February 28, 2022	9,510	—	2,082	—	2,102	—	1,342	—
Year ended February 28, 2021	—	—	—	—	—	—	—	—

(Note) Comprehensive income: Year ended February 28, 2022: 1,339 million yen [—%]
 Year ended February 28, 2021: — million yen [—%]

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary profit/ total assets	Operating profit/ net sales
	Yen	Yen	%	%	%
Year ended February 28, 2022	9.66	—	21.8	27.8	21.9
Year ended February 28, 2021	—	—	—	—	—

(Note) As the Company began preparing consolidated financial statements from the year ended February 28, 2022, consolidated operating results for the year ended February 28, 2021 and changes from the previous corresponding period are not provided. As this is the first year of consolidated accounting, profit/equity and ordinary profit/total assets were calculated based on equity and total assets at fiscal year-end.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2022	7,555	6,146	81.3	44.22
As of February 28, 2021	—	—	—	—

(Note) As the Company began preparing consolidated financial statements from the year ended February 28, 2022, consolidated financial position for the year ended February 28, 2021 is not provided.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended February 28, 2022	1,753	197	(363)	5,210
Year ended February 28, 2021	—	—	—	—

(Note) As the Company began preparing consolidated financial statements from the year ended February 28, 2022, consolidated cash flows for the year ended February 28, 2021 are not provided.

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended February 28, 2021	–	1.80	–	1.20	3.00	416	–	–
Year ended February 28, 2022	–	1.30	–	1.60	2.90	403	30.0	6.6
Year ending February 28, 2023 (Forecast)	–	0.90	–	0.60	1.50		31.4	

(Note) As the Company began preparing consolidated financial statements from the year ended February 28, 2022, dividend payout ratio (consolidated) and ratio of dividends to net assets (consolidated) for the year ended February 28, 2021 are not provided. As this is the first year of consolidated accounting, ratio of dividends to net assets was calculated based on net assets per share at fiscal year-end.

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

(Note) 1. As the Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29), 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) 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 14-7 (If It Is Difficult to Distinguish Changes in Accounting Policies from Changes in Accounting Estimates) of the “Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” is applied. Please refer to “3. Consolidated Financial Statements and Major Notes (5) Notes on Consolidated Financial Statements (Changes in Accounting Policies that are Difficult to be Distinguished from Changes in Accounting Estimates)” on page 16 of the appendix (Japanese only) for details.

(3) Number of issued shares (common shares)

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

As of February 28, 2022	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 February 28, 2022	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)

Year ended February 28, 2022	138,981,945 shares	Year ended February 28, 2021	138,966,800 shares
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(Reference)

1. Non-consolidated financial results for the year ended February 28, 2022 (from March 1, 2021 to February 28, 2022)

(1) Non-consolidated operating results

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	%
Year ended February 28, 2022	8,739	(5.7)	2,086	2.7	2,127	3.8	1,388	0.1
Year ended February 28, 2021	9,270	(8.2)	2,031	(30.3)	2,048	(29.9)	1,387	(29.7)

	Earnings per share		Diluted earnings per share	
	Yen	Yen	Yen	Yen
Year ended February 28, 2022	9.99	—	—	—
Year ended February 28, 2021	9.99	—	—	—

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	%	%	Yen	Yen
As of February 28, 2022	7,389	6,228	6,228	6,228	84.3	84.3	44.82	44.82
As of February 28, 2021	6,201	5,179	5,179	5,179	83.5	83.5	37.27	37.27

2. 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		Ordinary profit		Profit		Earnings per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen
Six months ending August 31, 2022	3,463	—	635	—	435	—	3.13	3.13
Full year	6,663	—	1,014	—	694	—	5.00	5.00

(Note) As the Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29), 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.

Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

As of February 28, 2022

Assets	
Current assets	
Cash and deposits	5,210,952
Notes and accounts receivable - trade	476,559
Merchandise and finished goods	769,939
Work in process	594
Raw materials and supplies	68,900
Other	283,633
Allowance for doubtful accounts	(2,351)
Total current assets	6,808,227
Non-current assets	
Property, plant and equipment	
Buildings and structures	472,034
Accumulated depreciation	(382,686)
Buildings and structures, net	89,348
Machinery, equipment and vehicles	168,514
Accumulated depreciation	(168,514)
Machinery, equipment and vehicles, net	0
Leased assets	90,372
Accumulated depreciation	(90,372)
Leased assets, net	0
Other	76,227
Accumulated depreciation	(42,713)
Other, net	33,514
Total property, plant and equipment	122,862
Intangible assets	
Goodwill	280,230
Other	32,776
Total intangible assets	313,006
Investments and other assets	
Guarantee deposits	220,063
Deferred tax assets	75,357
Other	16,342
Total investments and other assets	311,763
Total non-current assets	747,633
Total assets	7,555,860

(Thousands of yen)

As of February 28, 2022

Liabilities	
Current liabilities	
Accounts payable - trade	160,308
Accounts payable - other	328,504
Lease obligations	16,039
Income taxes payable	453,491
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
Asset retirement obligations	15,000
Other	154,120
Total current liabilities	<u>1,235,723</u>
Non-current liabilities	
Lease obligations	37,765
Deferred tax liabilities	2,231
Retirement benefit liability	11,765
Provision for retirement benefits for directors (and other officers)	8,135
Asset retirement obligations	86,765
Other	27,356
Total non-current liabilities	<u>174,018</u>
Total liabilities	<u>1,409,742</u>
Net assets	
Shareholders' equity	
Share capital	273,992
Capital surplus	257,638
Retained earnings	6,045,466
Treasury shares	(430,978)
Total shareholders' equity	<u>6,146,118</u>
Non-controlling interests	<u>-</u>
Total net assets	<u>6,146,118</u>
Total liabilities and net assets	<u>7,555,860</u>

Consolidated statements of income

(Thousands of yen)

	Fiscal year ended February 28, 2022
Net sales	9,510,793
Cost of sales	2,343,089
Gross profit	7,167,703
Reversal of provision for sales returns	11,456
Provision for sales returns	10,666
Gross profit - net	7,168,494
Selling, general and administrative expenses	5,086,256
Operating profit	2,082,238
Non-operating income	
Interest income	74
Foreign exchange gains	8,878
Repayment income	3,733
Sample income	2,795
Royalty income	4,927
Other	2,663
Total non-operating income	23,072
Non-operating expenses	
Interest expenses	2,454
Other	23
Total non-operating expenses	2,478
Ordinary profit	2,102,832
Extraordinary income	
Income from compensation for damage	82,262
Gain on bargain purchase	8,376
Total extraordinary income	90,638
Extraordinary losses	
Loss on retirement of non-current assets	913
Dismantlement expenses	555
Impairment losses	115,844
Provision for loss on transfer	4,979
Total extraordinary losses	122,292
Profit before income taxes	2,071,178
Income taxes - current	734,121
Income taxes - deferred	(2,298)
Total income taxes	731,822
Profit	1,339,356
Loss attributable to non-controlling interests	(3,129)
Profit attributable to owners of parent	1,342,485

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended February 28, 2022
Profit	1,339,356
Comprehensive income	1,339,356
Comprehensive income attributable to:	
Owners of parent	1,342,485
Non-controlling interests	(3,129)

Consolidated statements of changes in equity

Fiscal year ended February 28, 2022

(Thousands of yen)

	Shareholders' equity					Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Balance at beginning of current period	273,992	253,992	5,050,426	(435,574)	5,142,837	–	5,142,837
Changes of items during period							
Dividends of surplus			(347,445)		(347,445)		(347,445)
Profit attributable to owners of parent			1,342,485		1,342,485		1,342,485
Restricted stock compensation		3,646		4,595	8,241		8,241
Net changes of items other than shareholders' equity							–
Total changes of items during period	–	3,646	995,039	4,595	1,003,281	–	1,003,281
Balance at end of current period	273,992	257,638	6,045,466	(430,978)	6,146,118	–	6,146,118

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended February 28, 2022
Cash flows from operating activities	
Profit before income taxes	2,071,178
Depreciation	40,402
Amortization of goodwill	49,452
Impairment losses	115,844
Income from compensation for damage	(82,262)
Gain on bargain purchase	(8,376)
Loss on retirement of non-current assets	913
Increase (decrease) in allowance for doubtful accounts	(1,167)
Increase (decrease) in provision for sales promotion expenses	(14,209)
Increase (decrease) in provision for shareholder benefit program	20,471
Increase (decrease) in provision for sales returns	(790)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	1,452
Increase (decrease) in retirement benefit liability	1,237
Increase (decrease) in provision for loss on transfer	4,979
Foreign exchange losses (gains)	(9,163)
Interest and dividend income	(74)
Interest expenses	2,454
Decrease (increase) in trade receivables	203,542
Decrease (increase) in inventories	156,240
Increase (decrease) in trade payables	(75,794)
Increase (decrease) in accounts payable - other	(173,998)
Other, net	64,238
Subtotal	2,366,573
Interest and dividend income received	74
Interest paid	(2,454)
Income taxes paid	(610,283)
Net cash provided by (used in) operating activities	1,753,909
Cash flows from investing activities	
Purchase of property, plant and equipment	(26,643)
Purchase of intangible assets	(9,860)
Payments of guarantee deposits	(15,417)
Proceeds from refund of guarantee deposits	448
Purchase of shares of subsidiaries and associates	(13,000)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	262,409
Net cash provided by (used in) investing activities	197,936
Cash flows from financing activities	
Repayments of lease obligations	(15,669)
Dividends paid	(347,348)
Net cash provided by (used in) financing activities	(363,018)
Effect of exchange rate change on cash and cash equivalents	9,151
Net increase (decrease) in cash and cash equivalents	1,597,978
Cash and cash equivalents at beginning of period	3,612,973
Cash and cash equivalents at end of period	5,210,952