

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended November 30, 2022 (Based on Japanese GAAP)

January 13, 2023

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 050-2018-6578
 Scheduled date to file Quarterly Securities Report: January 13, 2023
 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 nine months ended November 30, 2022 (from March 1, 2022 to November 30, 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	%
Nine months ended November 30, 2022	6,909	–	718	–	740	–	484	–
Nine months ended November 30, 2021	7,296	–	1,600	–	1,619	–	1,102	–

(Note) Comprehensive income: Nine months ended November 30, 2022: 484 million yen [–%]
 Nine months ended November 30, 2021: 1,099 million yen [–%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended November 30, 2022	3.49	–
Nine months ended November 30, 2021	7.93	–

(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 nine months ended November 30, 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 nine months ended November 30, 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 November 30, 2022	7,579	6,325	83.4	45.49
As of February 28, 2022	7,555	6,146	81.3	44.22

(Reference) Equity: As of November 30, 2022: 6,325 million yen
 As of February 28, 2022: 6,146 million yen

(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 nine months ended November 30, 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	–	0.90	–		
Year ending February 28, 2023 (Forecast)				0.60	1.50

(Note) Revision to the dividend forecast announced most recently: None

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
Full year	9,825	–	773	–	795	–	514	–	3.70

(Notes) 1. Revision to the financial results forecast announced most recently: Yes

2. 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.

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 13 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) (Changes in accounting estimates)” on page 13 and page 14 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 November 30, 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 November 30, 2022	2,018,000 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)

Nine months ended November 30, 2022	139,026,818 shares	Nine months ended November 30, 2021	138,979,636 shares
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(Reference)

1. Non-consolidated financial results for the nine months ended November 30, 2022 (cumulative) (from March 1, 2022 to November 30, 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	%
Nine months ended November 30, 2022	6,075	–	734	–	779	–	529	–
Nine months ended November 30, 2021	6,785	(3.2)	1,614	2.6	1,645	4.0	1,128	3.9

(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 nine months ended November 30, 2022 are the figures after applying said accounting, etc. Year-on-year changes are not provided.

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		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	8,735	–	796	–	846	–	574	–	4.13

(Notes) 1. Revision to the financial results forecast announced most recently: Yes

2. 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.

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of February 28, 2022	As of November 30, 2022
Assets		
Current assets		
Cash and deposits	5,210,952	5,031,964
Notes and accounts receivable - trade	476,559	–
Notes and accounts receivable - trade, and contract assets	–	709,784
Merchandise and finished goods	769,939	628,042
Work in process	594	4,901
Raw materials and supplies	68,900	83,387
Other	283,633	299,677
Allowance for doubtful accounts	(2,351)	(3,372)
Total current assets	6,808,227	6,754,384
Non-current assets		
Property, plant and equipment	122,862	232,246
Intangible assets		
Goodwill	280,230	230,778
Other	32,776	39,673
Total intangible assets	313,006	270,451
Investments and other assets	311,763	322,643
Total non-current assets	747,633	825,341
Total assets	7,555,860	7,579,726
Liabilities		
Current liabilities		
Accounts payable - trade	160,308	268,800
Accounts payable - other	328,504	639,752
Income taxes payable	453,491	2,124
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	170,160	123,220
Total current liabilities	1,235,723	1,033,898
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	8,135	3,577
Retirement benefit liability	11,765	14,053
Asset retirement obligations	86,765	152,557
Other	67,352	50,454
Total non-current liabilities	174,018	220,643
Total liabilities	1,409,742	1,254,541
Net assets		
Shareholders' equity		
Share capital	273,992	273,992
Capital surplus	257,638	253,992
Retained earnings	6,045,466	6,214,723
Treasury shares	(430,978)	(417,523)
Total shareholders' equity	6,146,118	6,325,185
Non-controlling interests		
	–	–
Total net assets	6,146,118	6,325,185
Total liabilities and net assets	7,555,860	7,579,726

Consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended November 30, 2021	Nine months ended November 30, 2022
Net sales	7,296,790	6,909,654
Cost of sales	1,783,665	1,765,139
Gross profit	5,513,125	5,144,514
Reversal of provision for sales returns	11,456	-
Provision for sales returns	12,387	-
Gross profit - net	5,512,195	5,144,514
Selling, general and administrative expenses	3,911,766	4,425,590
Operating profit	1,600,428	718,923
Non-operating income		
Interest income	38	82
Foreign exchange gains	9,013	6,169
Repayment income	3,238	1,347
Sample income	1,558	4,455
Royalty income	4,175	5,360
Gain on receipt of donated non-current assets	1,800	5,300
Other	637	1,042
Total non-operating income	20,461	23,756
Non-operating expenses		
Interest expenses	1,848	1,546
Other	11	275
Total non-operating expenses	1,859	1,821
Ordinary profit	1,619,030	740,858
Extraordinary income		
Gain on bargain purchase	8,376	-
Total extraordinary income	8,376	-
Extraordinary losses		
Loss on retirement of non-current assets	913	371
Dismantlement expenses	555	-
Total extraordinary losses	1,468	371
Profit before income taxes	1,625,938	740,487
Income taxes	526,509	255,943
Profit	1,099,429	484,543
Loss attributable to non-controlling interests	(3,129)	-
Profit attributable to owners of parent	1,102,558	484,543

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended November 30, 2021	Nine months ended November 30, 2022
Profit	1,099,429	484,543
Comprehensive income	1,099,429	484,543
Comprehensive income attributable to:		
Owners of parent	1,102,558	484,543
Non-controlling interests	(3,129)	—

Consolidated statements of cash flows

(Thousands of yen)

	Nine months ended November 30, 2021	Nine months ended November 30, 2022
Cash flows from operating activities		
Profit before income taxes	1,625,938	740,487
Depreciation	29,205	52,849
Amortization of goodwill	32,968	49,452
Gain on bargain purchase	(8,376)	–
Loss on retirement of non-current assets	913	371
Increase (decrease) in allowance for doubtful accounts	(804)	8,814
Increase (decrease) in provision for sales promotion expenses	(10,770)	–
Increase (decrease) in provision for shareholder benefit program	(37,442)	(57,913)
Increase (decrease) in provision for sales returns	930	–
Increase (decrease) in provision for retirement benefits for directors (and other officers)	1,222	(4,557)
Increase (decrease) in retirement benefit liability	895	2,288
Increase (decrease) in provision for loss on transfer	–	(4,979)
Foreign exchange losses (gains)	(8,921)	(7,707)
Interest and dividend income	(38)	(82)
Interest expenses	1,848	1,546
Decrease (increase) in trade receivables	139,989	(209,788)
Decrease (increase) in inventories	92,397	136,002
Increase (decrease) in trade payables	(61,761)	108,491
Increase (decrease) in accounts payable - other	(133,896)	306,336
Other, net	89,826	(131,449)
Subtotal	1,754,123	990,162
Interest and dividend income received	38	82
Interest paid	(1,848)	(1,546)
Compensation for damage received	–	82,262
Income taxes paid	(610,541)	(768,384)
Net cash provided by (used in) operating activities	1,141,772	302,575
Cash flows from investing activities		
Purchase of property, plant and equipment	(20,385)	(90,946)
Purchase of intangible assets	(9,014)	(7,177)
Payments of guarantee deposits	(15,417)	(76,990)
Proceeds from refund of guarantee deposits	448	55,331
Payments for asset retirement obligations	–	(14,310)
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	208,040	(134,092)
Cash flows from financing activities		
Repayments of lease obligations	(11,332)	(11,968)
Dividends paid	(343,924)	(343,175)
Net cash provided by (used in) financing activities	(355,257)	(355,143)
Effect of exchange rate change on cash and cash equivalents	8,910	7,672
Net increase (decrease) in cash and cash equivalents	1,003,466	(178,988)
Cash and cash equivalents at beginning of period	3,612,973	5,210,952
Cash and cash equivalents at end of period	4,616,440	5,031,964