

Translation

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Summary of Consolidated Financial Results for the Year Ended February 28, 2023 (Based on Japanese GAAP)

April 14, 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 of ordinary general meeting of shareholders: May 30, 2023
 Scheduled date to commence dividend payments: May 31, 2023
 Scheduled date to file Securities Report: May 31, 2023
 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, 2023 (from March 1, 2022 to February 28, 2023)

(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, 2023	9,831	–	510	–	541	–	343	–
Year ended February 28, 2022	9,510	–	2,082	–	2,102	–	1,342	–

(Note) Comprehensive income: Year ended February 28, 2023: 343 million yen [–%]
 Year ended February 28, 2022: 1,339 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, 2023	2.47	–	5.6	7.0	5.2
Year ended February 28, 2022	9.66	–	21.8	27.8	21.9

(Reference) Share of profit (loss) of entities accounted for using equity method:

Year ended February 28, 2023: – million yen [–%]

Year ended February 28, 2022: – million yen [–%]

(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 year ended February 28, 2023, figures for the year ended February 28, 2023 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 year ended February 28, 2022, year-on-year changes are not provided. In addition, as the year ended February 28, 2022 was the first year of consolidated accounting, the ratio of profit to equity and the ratio of ordinary profit to total assets were calculated based on the equity and total assets as of the end of the year.

(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, 2023	7,779	6,187	79.5	44.50
As of February 28, 2022	7,555	6,146	81.3	44.22

(Reference) Equity: As of February 28, 2023: 6,187 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 year ended February 28, 2023, figures for the year ended February 28, 2023 are the figures after applying said accounting, etc.

(3) Consolidated financial position

	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, 2023	113	(141)	(363)	4,828
Year ended February 28, 2022	1,753	197	(363)	5,210

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, 2022	–	1.30	–	1.60	2.90	403	30.0	6.6
Year ending February 28, 2023	–	0.90	–	0.60	1.50	208	60.7	3.4
Year ending February 29, 2024 (Forecast)	–	0.90	–	1.20	2.10		31.2	

(Note) As the Company began preparing consolidated financial statements from the year ended February 28, 2022, the ratio of dividends to net assets for the year ended February 28, 2022 was calculated based on the net assets per share as of the end of the year.

3. Forecast of consolidated financial results for the year ending February 29, 2024 (from March 1, 2023 to February 29, 2024)

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, 2023	7,743	79.7	631	21.0	632	17.1	420	18.4	3.03
Full year	15,843	61.2	1,403	175.1	1,405	159.7	937	172.7	6.74

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: 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 “3. Consolidated Financial Statements and Major Notes (5) Notes on Consolidated Financial Statements (Changes in accounting policies) (Changes in accounting estimates)” on page 17 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, 2023	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 February 28, 2023	2,018,048 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)

Year ended February 28, 2023	139,033,512 shares	Year ended February 28, 2022	138,981,945 shares
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(Reference)

1. Non-consolidated financial results for the year ended February 28, 2023 (from March 1, 2022 to February 28, 2023)

(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, 2023	8,725	—	520	—	581	—	399	—
Year ended February 28, 2022	8,739	(5.7)	2,086	2.7	2,127	3.8	1,388	0.1

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Year ended February 28, 2023	2.87		—	
Year ended February 28, 2022	9.99		—	

(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 year ended February 28, 2023, figures for the year ended February 28, 2023 are the figures after applying said accounting, etc. Year-on-year changes 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 February 28, 2023	7,704		6,325		82.1		45.49	
As of February 28, 2022	7,389		6,228		84.3		44.82	

(Reference) Equity: As of February 28, 2023: 6,325 million yen

As of February 28, 2022: 6,228 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 year ended February 28, 2023, figures for the year ended February 28, 2023 are the figures after applying said accounting, etc.

2. Forecast of non-consolidated financial results for the year ending February 29, 2024 (from March 1, 2023 to February 29, 2024)

Percentages indicate year-on-year changes

	Net sales		Ordinary profit		Profit		Earnings per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	
Six months ending August 31, 2023	7,150	90.3	623	10.6	425	11.2	3.06	
Full year	14,617	67.5	1,378	136.9	941	135.7	6.77	

Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of February 28, 2022	As of February 28, 2023
Assets		
Current assets		
Cash and deposits	5,210,952	4,828,041
Notes and accounts receivable - trade	476,559	–
Notes and accounts receivable - trade, and contract assets	–	680,960
Merchandise and finished goods	769,939	846,138
Work in process	594	17,556
Raw materials and supplies	68,900	95,157
Other	283,633	524,017
Allowance for doubtful accounts	(2,351)	(6)
Total current assets	6,808,227	6,991,865
Non-current assets		
Property, plant and equipment		
Buildings and structures	472,034	565,516
Accumulated depreciation	(382,686)	(390,352)
Buildings and structures, net	89,348	175,164
Machinery, equipment and vehicles	168,514	175,188
Accumulated depreciation	(168,514)	(168,845)
Machinery, equipment and vehicles, net	0	6,342
Leased assets	90,372	90,372
Accumulated depreciation	(90,372)	(90,372)
Leased assets, net	0	0
Other	76,227	105,893
Accumulated depreciation	(42,713)	(54,904)
Other, net	33,514	50,988
Total property, plant and equipment	122,862	232,495
Intangible assets		
Goodwill	280,230	214,293
Other	32,776	38,066
Total intangible assets	313,006	252,360
Investments and other assets		
Guarantee deposits	220,063	241,632
Deferred tax assets	75,357	46,975
Other	16,342	22,080
Allowance for doubtful accounts	–	(7,934)
Total investments and other assets	311,763	302,753
Total non-current assets	747,633	787,609
Total assets	7,555,860	7,779,475

(Thousands of yen)

	As of February 28, 2022	As of February 28, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	160,308	394,863
Accounts payable - other	328,504	821,954
Lease obligations	16,039	15,237
Income taxes payable	453,491	3,390
Provision for sales promotion expenses	34,699	–
Provision for shareholder benefit	57,913	51,492
Provision for sales returns	10,666	–
Provision for loss on transfer	4,979	–
Asset retirement obligations	15,000	2,000
Other	154,120	86,755
Total current liabilities	1,235,723	1,375,693
Non-current liabilities		
Lease obligations	37,765	22,527
Deferred tax liabilities	2,231	773
Provision for retirement benefits for directors (and other officers)	8,135	3,712
Retirement benefit liability	11,765	15,035
Asset retirement obligations	86,765	152,603
Other	27,356	21,837
Total non-current liabilities	174,018	216,489
Total liabilities	1,409,742	1,592,183
Net assets		
Shareholders' equity		
Share capital	273,992	273,992
Capital surplus	257,638	255,901
Retained earnings	6,045,466	6,074,934
Treasury shares	(430,978)	(417,536)
Total shareholders' equity	6,146,118	6,187,291
Non-controlling interests	–	–
Total net assets	6,146,118	6,187,291
Total liabilities and net assets	7,555,860	7,779,475

Consolidated statements of income

(Thousands of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Net sales	9,510,793	9,831,486
Cost of sales	2,343,089	2,528,157
Gross profit	7,167,703	7,303,329
Reversal of provision for sales returns	11,456	–
Provision for sales returns	10,666	–
Gross profit - net	7,168,494	7,303,329
Selling, general and administrative expenses	5,086,256	6,793,180
Operating profit	2,082,238	510,148
Non-operating income		
Interest income	74	121
Foreign exchange gains	8,878	5,562
Repayment income	3,733	1,908
Sample income	2,795	4,685
Royalty income	4,927	12,623
Gain on receipt of donated non-current assets	1,800	5,300
Other	863	2,719
Total non-operating income	23,072	32,920
Non-operating expenses		
Interest expenses	2,454	1,974
Other	23	28
Total non-operating expenses	2,478	2,003
Ordinary profit	2,102,832	541,064
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	371
Dismantlement expenses	555	–
Impairment losses	115,844	–
Provision for loss on transfer	4,979	–
Loss on valuation of shares of subsidiaries and associates	–	9,999
Total extraordinary losses	122,292	10,371
Profit before income taxes	2,071,178	530,693
Income taxes - current	734,121	174,742
Income taxes - deferred	(2,298)	12,277
Total income taxes	731,822	187,020
Profit	1,339,356	343,672
Loss attributable to non-controlling interests	(3,129)	–
Profit attributable to owners of parent	1,342,485	343,672

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Profit	1,339,356	343,672
Comprehensive income	1,339,356	343,672
Comprehensive income attributable to:		
Owners of parent	1,342,485	343,672
Non-controlling interests	(3,129)	—

Consolidated statements of changes in equity

Fiscal year ended February 28, 2022

(Thousand 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
Cumulative effects of changes in accounting policies					–		–
Restated balance	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
Purchase of treasury shares					–		–
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

Fiscal year ended February 28, 2023

(Thousand 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	257,638	6,045,466	(430,978)	6,146,118	–	6,146,118
Cumulative effects of changes in accounting policies			33,326		33,326		33,326
Restated balance	273,992	257,638	6,078,793	(430,978)	6,179,445	–	6,179,445
Changes of items during period							
Dividends of surplus			(347,531)		(347,531)		(347,531)
Profit attributable to owners of parent			343,672		343,672		343,672
Purchase of treasury shares				(13)	(13)		(13)
Restricted stock compensation		(1,737)		13,455	11,717		11,717
Net changes of items other than shareholders' equity							–
Total changes of items during period	–	(1,737)	(3,858)	13,441	7,846	–	7,846
Balance at end of current period	273,992	255,901	6,074,934	(417,536)	6,187,291	–	6,187,291

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Cash flows from operating activities		
Profit before income taxes	2,071,178	530,693
Depreciation	40,402	62,809
Amortization of goodwill	49,452	65,936
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	371
Loss on valuation of shares of subsidiaries and associates	–	9,999
Increase (decrease) in allowance for doubtful accounts	(1,167)	5,448
Increase (decrease) in provision for sales promotion expenses	(14,209)	–
Increase (decrease) in provision for shareholder benefit program	20,471	(6,421)
Increase (decrease) in provision for sales returns	(790)	–
Increase (decrease) in provision for retirement benefits for directors (and other officers)	1,452	(4,422)
Increase (decrease) in retirement benefit liability	1,237	3,270
Increase (decrease) in provision for loss on transfer	4,979	(4,979)
Foreign exchange losses (gains)	(9,163)	(7,616)
Interest and dividend income	(74)	(121)
Interest expenses	2,454	1,974
Decrease (increase) in trade receivables	203,542	(180,964)
Decrease (increase) in inventories	156,240	(106,519)
Increase (decrease) in trade payables	(75,794)	234,554
Increase (decrease) in accounts payable - other	(173,998)	492,886
Other, net	64,238	(295,366)
Subtotal	2,366,573	801,533
Interest and dividend income received	74	121
Interest paid	(2,454)	(1,974)
Compensation for damage received	–	82,262
Income taxes paid	(610,283)	(768,304)
Net cash provided by (used in) operating activities	1,753,909	113,637
Cash flows from investing activities		
Purchase of property, plant and equipment	(26,643)	(97,748)
Purchase of intangible assets	(9,860)	(7,412)
Payments of guarantee deposits	(15,417)	(76,990)
Proceeds from refund of guarantee deposits	448	55,451
Payments for asset retirement obligations	–	(14,310)
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	(141,009)
Cash flows from financing activities		
Repayments of lease obligations	(15,669)	(16,039)
Dividends paid	(347,348)	(347,087)
Net cash provided by (used in) financing activities	(363,018)	(363,127)
Effect of exchange rate change on cash and cash equivalents	9,151	7,587
Net increase (decrease) in cash and cash equivalents	1,597,978	(382,911)
Cash and cash equivalents at beginning of period	3,612,973	5,210,952
Cash and cash equivalents at end of period	5,210,952	4,828,041