

Translation

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Summary of Consolidated Financial Results for the Three Months Ended May 31, 2023 (Based on Japanese GAAP)

July 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: Managing Director and General Manager of Administration Department Takahito Kudo
 TEL 050-2018-6578
 Scheduled date to file Quarterly Securities Report: July 14, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (video presentation for financial results provided on the Company's website)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended May 31, 2023 (from March 1, 2023 to May 31, 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	%
Three months ended May 31, 2023	3,931	86.9	(26)	–	(21)	–	(24)	–
Three months ended May 31, 2022	2,103	–	371	–	385	–	257	–

(Note) Comprehensive income: Three months ended May 31, 2023: (24) million yen [–%]
 Three months ended May 31, 2022: 257 million yen [–%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended May 31, 2023	(0.18)	–
Three months ended May 31, 2022	1.85	–

(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 three months ended May 31, 2022 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 May 31, 2023	8,181	6,082	74.3	43.74
As of February 28, 2023	7,779	6,187	79.5	44.50

(Reference) Equity: As of May 31, 2023: 6,082 million yen
 As of February 28, 2023: 6,187 million yen

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, 2023	–	0.90	–	0.60	1.50
Year ending February 29, 2024	–	–	–	–	–
Year ending February 29, 2024 (Forecast)	–	0.90	–	1.20	2.10

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

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

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

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 14 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: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of May 31, 2023	141,072,000 shares	As of February 28, 2023	141,072,000 shares
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Number of treasury shares at the end of the period

As of May 31, 2023	2,018,048 shares	As of February 28, 2023	2,018,048 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended May 31, 2023	139,053,952 shares	Three months ended May 31, 2022	138,989,000 shares
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(How to obtain supplementary material on quarterly financial results)

Supplementary material on quarterly financial results is disclosed on TDnet on the same day. It is also available on the Company’s website.

(How to obtain the video presentation of financial results)

A video presentation for financial results is provided on the Company’s website on the same day.

(Reference)

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		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending August 31, 2023	7,150	90.3	642	21.8	623	10.6	425	11.2	3.06
Full year	14,617	67.5	1,406	170.1	1,378	136.9	941	135.7	6.77

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

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of February 28, 2023	As of May 31, 2023
Assets		
Current assets		
Cash and deposits	4,828,041	4,177,425
Notes and accounts receivable - trade, and contract assets	680,960	1,011,905
Merchandise and finished goods	846,138	1,506,143
Work in process	17,556	17,625
Raw materials and supplies	95,157	95,372
Other	524,017	595,420
Allowance for doubtful accounts	(6)	(7)
Total current assets	6,991,865	7,403,884
Non-current assets		
Property, plant and equipment	232,495	232,930
Intangible assets		
Goodwill	214,293	197,809
Other	38,066	36,274
Total intangible assets	252,360	234,084
Investments and other assets	302,753	310,236
Total non-current assets	787,609	777,251
Total assets	7,779,475	8,181,136
Liabilities		
Current liabilities		
Accounts payable - trade	394,863	583,335
Accounts payable - other	821,954	1,101,903
Income taxes payable	3,390	17,419
Provision for shareholder benefit	51,492	51,492
Asset retirement obligations	2,000	–
Other	101,992	131,707
Total current liabilities	1,375,693	1,885,858
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	3,712	3,982
Retirement benefit liability	15,035	15,386
Asset retirement obligations	152,603	152,649
Other	45,137	41,245
Total non-current liabilities	216,489	213,264
Total liabilities	1,592,183	2,099,122
Net assets		
Shareholders' equity		
Share capital	273,992	273,992
Capital surplus	255,901	258,891
Retained earnings	6,074,934	5,966,666
Treasury shares	(417,536)	(417,536)
Total shareholders' equity	6,187,291	6,082,013
Non-controlling interests	–	–
Total net assets	6,187,291	6,082,013
Total liabilities and net assets	7,779,475	8,181,136

Consolidated statements of income (cumulative)

(Thousands of yen)

	Three months ended May 31, 2022	Three months ended May 31, 2023
Net sales	2,103,877	3,931,313
Cost of sales	528,251	1,025,682
Gross profit	1,575,625	2,905,631
Selling, general and administrative expenses	1,204,046	2,932,357
Operating profit (loss)	371,579	(26,725)
Non-operating income		
Interest income	22	21
Foreign exchange gains	5,477	1,431
Repayment income	369	1,040
Sample income	3,948	324
Royalty income	631	2,825
Gain on receipt of donated non-current assets	3,600	–
Other	209	211
Total non-operating income	14,258	5,855
Non-operating expenses		
Interest expenses	558	383
Other	0	0
Total non-operating expenses	559	384
Ordinary income (loss)	385,278	(21,254)
Extraordinary losses		
Loss on retirement of non-current assets	–	358
Total extraordinary losses	–	358
Profit (loss) before income taxes	385,278	(21,613)
Income taxes	127,727	3,222
Profit (loss)	257,551	(24,835)
Profit attributable to non-controlling interests	–	–
Profit (loss) attributable to owners of parent	257,551	(24,835)

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended May 31, 2022	Three months ended May 31, 2023
Profit (loss)	257,551	(24,835)
Comprehensive income	257,551	(24,835)
Comprehensive income attributable to:		
Owners of parent	257,551	(24,835)
Non-controlling interests	—	—

Consolidated statements of cash flows

(Thousands of yen)

	Three months ended May 31, 2022	Three months ended May 31, 2023
Cash flows from operating activities		
Profit (loss) before income taxes	385,278	(21,613)
Depreciation	23,721	11,566
Amortization of goodwill	16,484	16,484
Loss (gain) on sale and retirement of non-current assets	–	358
Increase (decrease) in allowance for doubtful accounts	(66)	1
Increase (decrease) in provision for shareholder benefit program	(57,913)	–
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(4,962)	270
Increase (decrease) in retirement benefit liability	565	350
Foreign exchange losses (gains)	(5,074)	(1,434)
Interest and dividend income	(22)	(21)
Interest expenses	558	383
Decrease (increase) in trade receivables	(578)	(330,944)
Decrease (increase) in inventories	24,776	(660,288)
Increase (decrease) in trade payables	(63,756)	188,472
Increase (decrease) in accounts payable - other	98,028	268,021
Other, net	(57,844)	(39,260)
Subtotal	359,195	(567,655)
Interest and dividend income received	22	21
Interest paid	(558)	(383)
Compensation for damage received	82,262	–
Income taxes refund (paid)	(431,602)	4,236
Net cash provided by (used in) operating activities	9,319	(563,781)
Cash flows from investing activities		
Purchase of property, plant and equipment	(394)	(4,282)
Purchase of intangible assets	(383)	(265)
Payments of guarantee deposits	(76,702)	(310)
Proceeds from refund of guarantee deposits	33	289
Payments for asset retirement obligations	–	(48)
Net cash provided by (used in) investing activities	(77,448)	(4,617)
Cash flows from financing activities		
Repayments of lease obligations	(3,948)	(4,112)
Dividends paid	(209,760)	(79,531)
Net cash provided by (used in) financing activities	(213,709)	(83,644)
Effect of exchange rate change on cash and cash equivalents	5,045	1,427
Net increase (decrease) in cash and cash equivalents	(276,792)	(650,615)
Cash and cash equivalents at beginning of period	5,210,952	4,828,041
Cash and cash equivalents at end of period	4,934,159	4,177,425