

Translation

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

October 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: Managing Director and General Manager of Administration Department Takahito Kudo
 TEL 050-2018-6578
 Scheduled date to file Quarterly Securities Report: October 13, 2023
 Scheduled date to commence dividend payments: November 10, 2023
 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, 2023 (from March 1, 2023 to August 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	%
Six months ended August 31, 2023	7,833	81.8	442	(15.1)	454	(15.9)	302	(14.8)
Six months ended August 31, 2022	4,308	—	522	—	540	—	355	—

(Note) Comprehensive income: Six months ended August 31, 2023: 302 million yen [(14.8)%]
 Six months ended August 31, 2022: 355 million yen [—%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended August 31, 2023	2.18	—
Six months ended August 31, 2022	2.56	—

(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 six months ended August 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 August 31, 2023	8,180	6,423	78.5	46.17
As of February 28, 2023	7,779	6,187	79.5	44.50

(Reference) Equity: As of August 31, 2023: 6,423 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	—	0.90			
Year ending February 29, 2024 (Forecast)			—	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
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 18 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 August 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 August 31, 2023	1,939,848 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)

Six months ended August 31, 2023	139,080,727 shares	Six months ended August 31, 2022	139,013,375 shares
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(Reference)

1. Non-consolidated financial results for the six months ended August 31, 2023 (from March 1, 2023 to August 31, 2023)

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, 2023	7,185	91.2	432	(18.1)	437	(22.4)	308	(19.3)
Six months ended August 31, 2022	3,758	—	527	—	563	—	382	—

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		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
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 August 31, 2023
Assets		
Current assets		
Cash and deposits	4,828,041	4,151,241
Notes and accounts receivable - trade, and contract assets	680,960	793,162
Merchandise and finished goods	846,138	2,059,991
Work in process	17,556	19,118
Raw materials and supplies	95,157	142,996
Other	524,017	195,700
Allowance for doubtful accounts	(6)	(6)
Total current assets	6,991,865	7,362,203
Non-current assets		
Property, plant and equipment	232,495	271,943
Intangible assets		
Goodwill	214,293	181,325
Other	38,066	67,313
Total intangible assets	252,360	248,639
Investments and other assets	302,753	297,402
Total non-current assets	787,609	817,984
Total assets	7,779,475	8,180,188
Liabilities		
Current liabilities		
Accounts payable - trade	394,863	420,691
Accounts payable - other	821,954	836,029
Income taxes payable	3,390	165,112
Provision for shareholder benefit	51,492	–
Asset retirement obligations	2,000	–
Other	101,992	124,924
Total current liabilities	1,375,693	1,546,758
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	3,712	4,533
Retirement benefit liability	15,035	15,745
Asset retirement obligations	152,603	152,696
Other	45,137	37,318
Total non-current liabilities	216,489	210,293
Total liabilities	1,592,183	1,757,051
Net assets		
Shareholders' equity		
Share capital	273,992	273,992
Capital surplus	255,901	256,162
Retained earnings	6,074,934	6,294,331
Treasury shares	(417,536)	(401,349)
Total shareholders' equity	6,187,291	6,423,136
Non-controlling interests	–	–
Total net assets	6,187,291	6,423,136
Total liabilities and net assets	7,779,475	8,180,188

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended August 31, 2022	Six months ended August 31, 2023
Net sales	4,308,501	7,833,382
Cost of sales	1,111,347	2,064,812
Gross profit	3,197,154	5,768,569
Selling, general and administrative expenses	2,675,096	5,325,593
Operating profit	522,058	442,976
Non-operating income		
Interest income	59	62
Foreign exchange gains	6,236	1,228
Repayment income	826	2,061
Sample income	4,288	605
Royalty income	3,889	6,747
Gain on receipt of donated non-current assets	3,600	–
Other	720	1,843
Total non-operating income	19,620	12,548
Non-operating expenses		
Interest expenses	1,074	723
Other	73	0
Total non-operating expenses	1,147	723
Ordinary income	540,530	454,800
Extraordinary losses		
Loss on sale of non-current assets	–	358
Loss on retirement of non-current assets	371	0
Total extraordinary losses	371	358
Profit before income taxes	540,158	454,441
Income taxes	184,868	151,612
Profit	355,289	302,829
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	355,289	302,829

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended August 31, 2022	Six months ended August 31, 2023
Profit	355,289	302,829
Comprehensive income	355,289	302,829
Comprehensive income attributable to:		
Owners of parent	355,289	302,829
Non-controlling interests	—	—

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended August 31, 2022	Six months ended August 31, 2023
Cash flows from operating activities		
Profit before income taxes	540,158	454,441
Depreciation	43,611	22,383
Amortization of goodwill	32,968	32,968
Loss (gain) on sale and retirement of non-current assets	371	358
Increase (decrease) in allowance for doubtful accounts	8,110	0
Increase (decrease) in provision for shareholder benefit program	(57,913)	(51,492)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(4,760)	820
Increase (decrease) in retirement benefit liability	1,272	709
Increase (decrease) in provision for loss on transfer	(3,717)	–
Foreign exchange losses (gains)	(6,925)	(1,973)
Interest and dividend income	(59)	(62)
Interest expenses	1,074	723
Decrease (increase) in trade receivables	(45,411)	(112,201)
Decrease (increase) in inventories	191,581	(1,263,254)
Increase (decrease) in trade payables	(28,912)	25,828
Increase (decrease) in accounts payable - other	153,108	(37,818)
Other, net	(90,252)	171,411
Subtotal	734,305	(757,156)
Interest and dividend income received	59	62
Interest paid	(1,074)	(723)
Compensation for damage received	82,262	–
Income taxes refund (paid)	(390,330)	207,627
Net cash provided by (used in) operating activities	425,221	(550,189)
Cash flows from investing activities		
Purchase of property, plant and equipment	(75,850)	(12,902)
Purchase of intangible assets	(5,683)	(26,751)
Payments of guarantee deposits	(76,837)	(310)
Proceeds from refund of guarantee deposits	33	5,033
Payments for asset retirement obligations	–	(2,048)
Net cash provided by (used in) investing activities	(158,339)	(36,978)
Cash flows from financing activities		
Repayments of lease obligations	(7,938)	(8,268)
Dividends paid	(221,911)	(83,328)
Net cash provided by (used in) financing activities	(229,849)	(91,596)
Effect of exchange rate change on cash and cash equivalents	6,891	1,964
Net increase (decrease) in cash and cash equivalents	43,924	(676,799)
Cash and cash equivalents at beginning of period	5,210,952	4,828,041
Cash and cash equivalents at end of period	5,254,877	4,151,241