

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended November 30, 2023 (Based on Japanese GAAP)

January 12, 2024

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: January 12, 2024
 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, 2023 (from March 1, 2023 to November 30, 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	%
Nine months ended November 30, 2023	11,299	63.5	1,075	49.7	1,098	48.3	753	55.4
Nine months ended November 30, 2022	6,909	–	718	–	740	–	484	–

(Note) Comprehensive income: Nine months ended November 30, 2023: 753 million yen [55.4%]
 Nine months ended November 30, 2022: 484 million yen [–%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended November 30, 2023	5.42		–	
Nine months ended November 30, 2022	3.49		–	

(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) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of November 30, 2023	8,054	6,751	83.8	48.53
As of February 28, 2023	7,779	6,187	79.5	44.50

(Reference) Equity: As of November 30, 2023: 6,751 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 16 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 November 30, 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 November 30, 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)

Nine months ended November 30, 2023	139,097,744 shares	Nine months ended November 30, 2022	139,026,818 shares
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(Reference)

1. Non-consolidated financial results for the nine months ended November 30, 2023 (from March 1, 2023 to November 30, 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	%
Nine months ended November 30, 2023	10,321	69.9	1,047	42.6	1,068	37.1	756	43.1
Nine months ended November 30, 2022	6,075	—	734	—	779	—	529	—

(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 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 November 30, 2023
Assets		
Current assets		
Cash and deposits	4,828,041	3,924,793
Notes and accounts receivable - trade, and contract assets	680,960	802,197
Merchandise and finished goods	846,138	2,020,774
Work in process	17,556	3,890
Raw materials and supplies	95,157	168,337
Other	524,017	300,387
Allowance for doubtful accounts	(6)	(6)
Total current assets	6,991,865	7,220,375
Non-current assets		
Property, plant and equipment	232,495	277,092
Intangible assets		
Goodwill	214,293	164,841
Other	38,066	95,684
Total intangible assets	252,360	260,525
Investments and other assets	302,753	296,931
Total non-current assets	787,609	834,549
Total assets	7,779,475	8,054,925
Liabilities		
Current liabilities		
Accounts payable - trade	394,863	88,297
Accounts payable - other	821,954	583,437
Income taxes payable	3,390	273,976
Provision for shareholder benefit	51,492	–
Asset retirement obligations	2,000	–
Other	101,992	150,445
Total current liabilities	1,375,693	1,096,156
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	3,712	4,764
Retirement benefit liability	15,035	16,104
Asset retirement obligations	152,603	152,742
Other	45,137	33,355
Total non-current liabilities	216,489	206,967
Total liabilities	1,592,183	1,303,124
Net assets		
Shareholders' equity		
Share capital	273,992	273,992
Capital surplus	255,901	259,658
Retained earnings	6,074,934	6,619,499
Treasury shares	(417,536)	(401,349)
Total shareholders' equity	6,187,291	6,751,801
Non-controlling interests	–	–
Total net assets	6,187,291	6,751,801
Total liabilities and net assets	7,779,475	8,054,925

Consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended November 30, 2022	Nine months ended November 30, 2023
Net sales	6,909,654	11,299,852
Cost of sales	1,765,139	2,966,265
Gross profit	5,144,514	8,333,587
Selling, general and administrative expenses	4,425,590	7,257,630
Operating profit	718,923	1,075,956
Non-operating income		
Interest income	82	82
Foreign exchange gains	6,169	1,132
Repayment income	1,347	5,359
Sample income	4,455	871
Royalty income	5,360	9,558
Gain on receipt of donated non-current assets	5,300	4,800
Other	1,042	2,194
Total non-operating income	23,756	23,999
Non-operating expenses		
Interest expenses	1,546	1,020
Other	275	1
Total non-operating expenses	1,821	1,021
Ordinary income	740,858	1,098,934
Extraordinary losses		
Loss on sale of non-current assets	–	651
Loss on retirement of non-current assets	371	0
Total extraordinary losses	371	651
Profit before income taxes	740,487	1,098,283
Income taxes	255,943	345,067
Profit	484,543	753,216
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	484,543	753,216

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended November 30, 2022	Nine months ended November 30, 2023
Profit	484,543	753,216
Comprehensive income	484,543	753,216
Comprehensive income attributable to:		
Owners of parent	484,543	753,216
Non-controlling interests	—	—

Consolidated statements of cash flows

(Thousands of yen)

	Nine months ended November 30, 2022	Nine months ended November 30, 2023
Cash flows from operating activities		
Profit before income taxes	740,487	1,098,283
Depreciation	52,849	35,766
Amortization of goodwill	49,452	49,452
Loss (gain) on sale and retirement of non-current assets	371	651
Increase (decrease) in allowance for doubtful accounts	8,814	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)	(4,557)	1,052
Increase (decrease) in retirement benefit liability	2,288	1,068
Increase (decrease) in provision for loss on transfer	(4,979)	-
Foreign exchange losses (gains)	(7,707)	(2,685)
Interest and dividend income	(82)	(82)
Interest expenses	1,546	1,020
Decrease (increase) in trade receivables	(209,788)	(121,237)
Decrease (increase) in inventories	136,002	(1,234,150)
Increase (decrease) in trade payables	108,491	(306,565)
Increase (decrease) in accounts payable - other	306,336	(257,509)
Other, net	(131,449)	93,582
Subtotal	990,162	(692,846)
Interest and dividend income received	82	82
Interest paid	(1,546)	(1,020)
Compensation for damage received	82,262	-
Income taxes refund (paid)	(768,384)	120,281
Net cash provided by (used in) operating activities	302,575	(573,501)
Cash flows from investing activities		
Purchase of property, plant and equipment	(90,946)	(64,657)
Purchase of intangible assets	(7,177)	(53,460)
Payments of guarantee deposits	(76,990)	(310)
Proceeds from refund of guarantee deposits	55,331	5,172
Payments for asset retirement obligations	(14,310)	(2,048)
Net cash provided by (used in) investing activities	(134,092)	(115,304)
Cash flows from financing activities		
Repayments of lease obligations	(11,968)	(11,737)
Dividends paid	(343,175)	(205,379)
Net cash provided by (used in) financing activities	(355,143)	(217,116)
Effect of exchange rate change on cash and cash equivalents	7,672	2,675
Net increase (decrease) in cash and cash equivalents	(178,988)	(903,247)
Cash and cash equivalents at beginning of period	5,210,952	4,828,041
Cash and cash equivalents at end of period	5,031,964	3,924,793