

Translation

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## Summary of Non-Consolidated Financial Results for the Year Ended February 28, 2021 (Based on Japanese GAAP)

April 14, 2021

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 050-2018-7864  
 Scheduled date of ordinary general meeting of shareholders: May 25, 2021  
 Scheduled date to commence dividend payments: May 26, 2021  
 Scheduled date to file Securities Report: May 28, 2021  
 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. Non-consolidated financial results for the year ended February 28, 2021 (from March 1, 2020 to February 28, 2021)

(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, 2021	9,270	(8.2)	2,031	(30.3)	2,048	(29.9)	1,387	(29.7)
Year ended February 29, 2020	10,093	21.4	2,915	56.6	2,923	57.1	1,974	52.7

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary profit/ total assets	Operating profit/ net sales
	Yen	Yen	%	%	%
Year ended February 28, 2021	9.99	—	29.1	33.9	21.9
Year ended February 29, 2020	14.21	—	54.2	57.7	28.9

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2021	6,201	5,179	83.5	37.27
As of February 29, 2020	5,902	4,347	73.7	31.28

(3) Non-consolidated cash flows

	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, 2021	682	(609)	(555)	3,612
Year ended February 29, 2020	2,142	(100)	(643)	4,088

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Non-consolidated)	Ratio of dividends to net assets (Non-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 29, 2020	—	2.10	—	2.20	4.30	597	30.3	16.4
Year ended February 28, 2021	—	1.80	—	1.20	3.00	416	30.0	8.8
Year ending February 28, 2022 (Forecast)	—	1.30	—	1.40	2.70		29.7	

3. Forecast of consolidated financial results for the year ending February 28, 2022 (from March 1, 2021 to February 28, 2022)

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, 2021	4,708	–	887	–	889	–	614	–	4.42
Full year	10,657	–	1,871	–	1,873	–	1,262	–	9.09

(Note) As announced in “Notice of Stock Acquisition (Making into Subsidiary) of ASHIGARU Co., Ltd.” and “Notice of Stock Acquisition (Making into Subsidiary) of FM NORTH WAVE CO., LTD.” on February 15, 2021, ASHIGARU Co., Ltd. and FM NORTH WAVE CO., LTD. will be made consolidated subsidiaries from the year ending February 28, 2022, and the Company will transition to consolidated accounting. Additionally, as consolidated accounting was not conducted for the year ended February 28, 2021, year-on-year changes compared to the previous year and year-on-year changes compared to the previous corresponding quarter are not provided.

4. Notes

(1) 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

(2) Number of issued shares (common shares)

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

As of February 28, 2021	141,072,000 shares	As of February 29, 2020	141,072,000 shares
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Number of treasury shares at the end of the period

As of February 28, 2021	2,105,200 shares	As of February 29, 2020	2,105,200 shares
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Average number of shares during the period

Year ended February 28, 2021	138,966,800 shares	Year ended February 29, 2020	138,966,800 shares
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**Non-consolidated financial statements**  
**Non-consolidated balance sheets**

(Thousands of yen)

	As of February 29, 2020	As of February 28, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	4,088,384	3,612,973
Accounts receivable - trade	561,149	583,625
Finished goods	720,420	914,093
Work in process	29,381	113
Raw materials and supplies	79,822	56,247
Advance payments - trade	4,550	6,000
Prepaid expenses	37,072	33,725
Cash segregated as deposits	–	582,000
Other	4,240	72,585
Allowance for doubtful accounts	(3,775)	(3,518)
Total current assets	5,521,246	5,857,845
Non-current assets		
Property, plant and equipment		
Buildings	87,356	85,208
Accumulated depreciation	(3,659)	(7,549)
Buildings, net	83,696	77,659
Tools, furniture and fixtures	38,109	43,363
Accumulated depreciation	(12,461)	(21,427)
Tools, furniture and fixtures, net	25,648	21,936
Total property, plant and equipment	109,344	99,595
Intangible assets		
Patent right	686	529
Trademark right	13,022	12,490
Design right	–	444
Software	9,643	15,700
Total intangible assets	23,352	29,164
Investments and other assets		
Guarantee deposits	161,906	161,933
Deferred tax assets	86,301	53,304
Total investments and other assets	248,207	215,237
Total non-current assets	380,905	343,997
Total assets	5,902,151	6,201,843

(Thousands of yen)

	As of February 29, 2020	As of February 28, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	224,929	235,669
Accounts payable - other	378,907	451,041
Income taxes payable	717,834	206,550
Accrued consumption taxes	72,145	11,389
Advances received	3,157	2,476
Deposits received	9,216	8,399
Provision for sales promotion expenses	63,168	48,908
Provision for shareholder benefit program	46,574	37,442
Provision for sales returns	13,111	11,456
Other	25,752	9,187
<b>Total current liabilities</b>	<b>1,554,797</b>	<b>1,022,521</b>
<b>Total liabilities</b>	<b>1,554,797</b>	<b>1,022,521</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	273,992	273,992
<b>Capital surplus</b>		
Legal capital surplus	253,992	253,992
<b>Total capital surpluses</b>	<b>253,992</b>	<b>253,992</b>
<b>Retained earnings</b>		
Other retained earnings		
Retained earnings brought forward	4,254,943	5,086,911
<b>Total retained earnings</b>	<b>4,254,943</b>	<b>5,086,911</b>
Treasury shares	(435,574)	(435,574)
<b>Total shareholders' equity</b>	<b>4,347,354</b>	<b>5,179,322</b>
<b>Total net assets</b>	<b>4,347,354</b>	<b>5,179,322</b>
<b>Total liabilities and net assets</b>	<b>5,902,151</b>	<b>6,201,843</b>

## Non-consolidated statements of income

(Thousands of yen)

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021
Net sales	10,093,343	9,270,604
Cost of sales		
Beginning finished goods	572,664	720,420
Cost of products manufactured	2,620,606	2,472,585
Total	3,193,271	3,193,005
Finished goods transfer to other account	42,829	50,733
Ending finished goods	720,420	914,093
Loss on abandonment of inventories	19,053	20,927
Cost of finished goods sold	2,449,074	2,249,106
Gross profit	7,644,268	7,021,498
Reversal of provision for sales returns	14,344	13,111
Provision for sales returns	13,111	11,456
Gross profit - net	7,645,502	7,023,152
Selling, general and administrative expenses	4,730,173	4,992,061
Operating profit	2,915,329	2,031,091
Non-operating income		
Interest income	24	83
Foreign exchange gains	2,183	5,130
Sample income	456	2,050
Lecture fee - NOI	377	499
Repayment income	5,504	4,592
Subsidy income	–	4,004
Other	168	1,340
Total non-operating income	8,714	17,701
Non-operating expenses		
Interest expenses	47	–
Other	0	0
Total non-operating expenses	47	0
Ordinary profit	2,923,996	2,048,792
Extraordinary losses		
Head office transfer cost	2,650	–
Loss on sales of non-current assets	–	33
Loss on retirement of non-current assets	2,145	4,593
Total extraordinary losses	4,795	4,626
Profit before income taxes	2,919,201	2,044,166
Income taxes - current	966,287	623,333
Income taxes - deferred	(21,910)	32,997
Total income taxes	944,377	656,331
Profit	1,974,824	1,387,835

## Non-consolidated statements of changes in equity

Fiscal year ended February 29, 2020

(Thousands of yen)

	Shareholders' equity							Total net assets
	Share capital	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity	
		Legal capital surplus	Total capital surplus	Other retained earnings	Total retained earnings			
Balance at beginning of current period	273,992	253,992	253,992	2,849,883	2,849,883	(435,574)	2,942,293	2,942,293
Changes of items during period								
Dividends of surplus				(569,763)	(569,763)		(569,763)	(569,763)
Profit				1,974,824	1,974,824		1,974,824	1,974,824
Net changes of items other than shareholders' equity							-	-
Total changes of items during period	-	-	-	1,405,060	1,405,060	-	1,405,060	1,405,060
Balance at end of current period	273,992	253,992	253,992	4,254,943	4,254,943	(435,574)	4,347,354	4,347,354

Fiscal year ended February 28, 2021

(Thousands of yen)

	Shareholders' equity							Total net assets
	Share capital	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity	
		Legal capital surplus	Total capital surplus	Other retained earnings	Total retained earnings			
Balance at beginning of current period	273,992	253,992	253,992	4,254,943	4,254,943	(435,574)	4,347,354	4,347,354
Changes of items during period								
Dividends of surplus				(555,867)	(555,867)		(555,867)	(555,867)
Profit				1,387,835	1,387,835		1,387,835	1,387,835
Net changes of items other than shareholders' equity							-	-
Total changes of items during period	-	-	-	831,967	831,967	-	831,967	831,967
Balance at end of current period	273,992	253,992	253,992	5,086,911	5,086,911	(435,574)	5,179,322	5,179,322

## Non-consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021
Cash flows from operating activities		
Profit before income taxes	2,919,201	2,044,166
Depreciation	23,738	21,435
Increase (decrease) in allowance for doubtful accounts	(3,919)	(256)
Increase (decrease) in provision for sales promotion expenses	2,142	(14,260)
Increase (decrease) in provision for shareholder benefit program	8,523	(9,131)
Increase (decrease) in provision for sales returns	(1,233)	(1,654)
Foreign exchange losses (gains)	(1,535)	(7,154)
Interest and dividend income	(24)	(83)
Interest expenses	47	–
Loss on sales of non-current assets	–	33
Loss on retirement of non-current assets	2,145	4,593
Head office relocation expenses	2,650	–
Decrease (increase) in notes and accounts receivable - trade	(42,508)	(22,476)
Decrease (increase) in inventories	(115,886)	(140,829)
Decrease (increase) in other assets	710	(66,447)
Increase (decrease) in notes and accounts payable - trade	61,307	10,739
Increase (decrease) in accounts payable - other	(71,537)	77,026
Increase (decrease) in advances received	548	(681)
Increase (decrease) in other liabilities	(41,933)	(98,566)
Subtotal	2,742,435	1,796,452
Interest and dividend income received	24	83
Interest paid	(47)	–
Income taxes paid	(596,825)	(1,114,188)
Payments for head office removal expenses	(2,650)	–
Net cash provided by (used in) operating activities	2,142,937	682,347
Cash flows from investing activities		
Payments into deposits for purchase of shares of subsidiaries and associates	–	(582,000)
Purchase of property, plant and equipment	(86,004)	(11,564)
Payments for retirement of property, plant and equipment	–	(1,251)
Purchase of intangible assets	(4,161)	(15,002)
Payments of guarantee deposits	(22,180)	–
Proceeds from refund of guarantee deposits	12,572	–
Payments for asset retirement obligations	(500)	–
Net cash provided by (used in) investing activities	(100,273)	(609,819)
Cash flows from financing activities		
Repayments of long-term borrowings	(74,943)	–
Dividends paid	(568,555)	(555,065)
Net cash provided by (used in) financing activities	(643,498)	(555,065)
Effect of exchange rate change on cash and cash equivalents	1,573	7,127
Net increase (decrease) in cash and cash equivalents	1,400,738	(475,410)
Cash and cash equivalents at beginning of period	2,687,645	4,088,384
Cash and cash equivalents at end of period	4,088,384	3,612,973