

Translation

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Summary of Non-Consolidated Financial Results for the Year Ended February 28, 2019 (Based on Japanese GAAP)

April 12, 2019

Company name: Kitanotatsujin Corporation
 Stock exchange listing: Tokyo, Sapporo
 Stock code: 2930 URL <https://www.kitanotatsujin.com/>
 Representative: Representative Director & President Katsuhisa Kinoshita
 Inquiries: Senior Managing Director Shigeatsu Shimizu TEL 050-2018-7864
 Scheduled date of ordinary general meeting of shareholders: May 28, 2019
 Scheduled date to file Securities Report: May 31, 2019
 Scheduled date to commence dividend payments: May 29, 2019
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the year ended February 28, 2019 (from March 1, 2018 to February 28, 2019)

(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, 2019	8,312	57.1	1,861	32.6	1,861	32.6	1,293	36.4
Year ended February 28, 2018	5,292	96.2	1,403	159.0	1,403	160.7	948	165.9

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended February 28, 2019	9.30	9.28	48.9	48.2	22.4
Year ended February 28, 2018	7.21	6.81	48.8	48.7	26.5

(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, 2019	4,240	2,942	69.4	21.17
As of February 28, 2018	3,481	2,345	67.3	17.81

(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, 2019	1,193	(184)	(829)	2,687
Year ended February 28, 2018	1,035	(2)	(281)	2,508

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 28, 2018	–	3.50	–	1.60	–	287	30.3	14.8
Year ended February 28, 2019	–	1.60	–	2.00	3.60	500	38.7	18.5
Year ending February 29, 2020 (Forecast)	–	2.00	–	2.10	4.10		30.1	

3. Forecast of non-consolidated financial results for the year ending February 29, 2020 (from March 1, 2019 to February 29, 2020)

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, 2019	5,296	34.1	1,288	35.1	1,289	35.1	901	35.9	6.49
Full year	10,939	31.6	2,702	45.2	2,703	45.2	1,890	46.2	13.60

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:	Yes
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, 2019	141,072,000 shares	As of February 28, 2018	133,008,000 shares
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Number of treasury shares at the end of the period

As of February 28, 2019	2,105,200 shares	As of February 28, 2018	1,405,200 shares
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Average number of shares during the period

Year ended February 28, 2019	139,045,830 shares	Year ended February 28, 2018	131,602,800 shares
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Non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of February 28, 2018	As of February 28, 2019
Assets		
Current assets		
Cash and deposits	2,508,142	2,687,645
Accounts receivable - trade	303,617	518,641
Finished goods	353,272	572,664
Work in process	7,058	13,300
Raw materials and supplies	149,032	127,772
Advance payments - trade	–	24,749
Prepaid expenses	36,877	18,584
Deferred tax assets	44,090	60,873
Other	10,830	3,240
Allowance for doubtful accounts	(6,789)	(7,695)
Total current assets	3,406,133	4,019,777
Non-current assets		
Property, plant and equipment		
Buildings	19,562	9,944
Accumulated depreciation	(7,370)	(8,794)
Buildings, net	12,191	1,150
Tools, furniture and fixtures	7,241	8,949
Accumulated depreciation	(5,825)	(7,204)
Tools, furniture and fixtures, net	1,415	1,744
Construction in progress	–	29,947
Total property, plant and equipment	13,607	32,842
Intangible assets		
Patent right	213	870
Trademark right	8,714	14,156
Software	18,674	16,511
Total intangible assets	27,602	31,538
Investments and other assets		
Long-term loans receivable from subsidiaries and associates	50,000	–
Guarantee deposits	12,326	152,957
Deferred tax assets	16,923	3,517
Allowance for doubtful accounts	(45,508)	–
Total investments and other assets	33,741	156,474
Total non-current assets	74,950	220,855
Total assets	3,481,084	4,240,633

(Thousands of yen)

	As of February 28, 2018	As of February 28, 2019
Liabilities		
Current liabilities		
Accounts payable - trade	81,643	163,622
Accounts payable - other	252,643	445,203
Current portion of long-term loans payable	133,356	74,943
Income taxes payable	410,988	333,482
Accrued consumption taxes	89,865	142,710
Advances received	1,744	2,608
Deposits received	5,918	6,519
Provision for sales promotion expenses	51,525	61,026
Provision for shareholder benefit program	23,264	38,051
Provision for sales returns	6,728	14,344
Asset retirement obligations	–	1,120
Other	2,831	14,707
Total current liabilities	1,060,508	1,298,339
Non-current liabilities		
Long-term loans payable	74,943	–
Total non-current liabilities	74,943	–
Total liabilities	1,135,451	1,298,339
Net assets		
Shareholders' equity		
Capital stock	212,924	273,992
Capital surplus		
Legal capital surplus	192,924	253,992
Total capital surpluses	192,924	253,992
Retained earnings		
Other retained earnings		
Retained earnings brought forward	1,989,748	2,849,883
Total retained earnings	1,989,748	2,849,883
Treasury shares	(51,141)	(435,574)
Total shareholders' equity	2,344,456	2,942,293
Share acquisition rights	1,176	–
Total net assets	2,345,632	2,942,293
Total liabilities and net assets	3,481,084	4,240,633

Non-consolidated statements of income

(Thousands of yen)

	Fiscal year ended February 28, 2018	Fiscal year ended February 28, 2019
Net sales	5,292,463	8,312,465
Cost of sales		
Beginning finished goods	171,026	353,272
Cost of products manufactured	1,246,472	2,086,543
Total	1,417,499	2,439,816
Finished goods transfer to other account	22,376	43,051
Ending finished goods	353,272	572,664
Valuation loss on finished goods	16,806	28,749
Cost of finished goods sold	1,058,656	1,852,849
Gross profit	4,233,806	6,459,615
Reversal of provision for sales returns	–	6,728
Provision for sales returns	6,728	14,344
Gross profit - net	4,227,078	6,451,999
Selling, general and administrative expenses	2,823,197	4,590,238
Operating profit	1,403,881	1,861,760
Non-operating income		
Interest income	18	26
Repayment income	115	199
Sample income	1,180	551
lecture fee-NOI	129	615
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Other	78	118
Total non-operating income	1,523	2,963
Non-operating expenses		
Interest expenses	672	348
Provision of allowance for doubtful accounts	634	–
Foreign exchange losses	107	482
Bad debts expenses	–	1,176
Share issuance cost	–	428
Commission for purchase of treasury shares	–	768
Other	6	6
Total non-operating expenses	1,420	3,211
Ordinary profit	1,403,984	1,861,512
Extraordinary losses		
Loss on sales of non-current assets	148	–
Loss on retirement of non-current assets	770	–
Loss on cancellation of rental contracts	608	–
Impairment loss	–	12,141
Total extraordinary losses	1,527	12,141
Profit before income taxes	1,402,457	1,849,370
Income taxes - current	483,234	559,501
Income taxes - deferred	(29,147)	(3,376)
Total income taxes	454,086	556,125
Profit	948,370	1,293,245

Non-consolidated statements of changes in equity

Fiscal year ended February 28, 2018

(Thousands of yen)

	Shareholders' equity							Share acquisition rights	Total net assets
	Capital stock	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity		
		Legal capital surplus	Total capital surplus	Other retained earnings	Total retained earnings				
				Retained earnings brought forward					
Balance at beginning of current period	212,924	192,924	192,924	1,189,431	1,189,431	(51,141)	1,544,138	1,176	1,545,314
Changes of items during period									
Dividends of surplus				(148,053)	(148,053)		(148,053)		(148,053)
Profit				948,370	948,370		948,370		948,370
Net changes of items other than shareholders' equity							-		-
Total changes of items during period	-	-	-	800,317	800,317	-	800,317	-	800,317
Balance at end of current period	212,924	192,924	192,924	1,989,748	1,989,748	(51,141)	2,344,456	1,176	2,345,632

Fiscal year ended February 28, 2019

(Thousands of yen)

	Shareholders' equity							Share acquisition rights	Total net assets
	Capital stock	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity		
		Legal capital surplus	Total capital surplus	Other retained earnings	Total retained earnings				
				Retained earnings brought forward					
Balance at beginning of current period	212,924	192,924	192,924	1,989,748	1,989,748	(51,141)	2,344,456	1,176	2,345,632
Changes of items during period									
Issuance of new shares - exercise of share acquisition rights	61,068	61,068	61,068				122,136		122,136
Dividends of surplus				(433,111)	(433,111)		(433,111)		(433,111)
Profit				1,293,245	1,293,245		1,293,245		1,293,245
Purchase of treasury shares						(384,432)	(384,432)		(384,432)
Net changes of items other than shareholders' equity							-	(1,176)	(1,176)
Total changes of items during period	61,068	61,068	61,068	860,134	860,134	(384,432)	597,837	(1,176)	596,661
Balance at end of current period	273,992	253,992	253,992	2,849,883	2,849,883	(435,574)	2,942,293	-	2,942,293

Non-consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended February 28, 2018	Fiscal year ended February 28, 2019
Cash flows from operating activities		
Profit before income taxes	1,402,457	1,849,370
Depreciation	12,342	13,019
Increase (decrease) in allowance for doubtful accounts	3,858	905
Increase (decrease) in provision for sales promotion expenses	37,532	9,501
Increase (decrease) in provision for shareholder benefit program	14,441	14,787
Increase (decrease) in provision for sales returns	6,728	7,616
Foreign exchange losses (gains)	64	(319)
Interest and dividend income	(18)	(26)
Interest expenses	672	348
Loss (gain) on sales of non-current assets	148	–
Loss on retirement of non-current assets	770	–
Loss on cancellation of rental contracts	608	–
Share issuance cost	–	428
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Bad debts expenses	–	1,176
Impairment loss	–	12,141
Decrease (increase) in notes and accounts receivable - trade	(170,543)	(215,023)
Decrease (increase) in inventories	(223,114)	(204,374)
Decrease (increase) in other assets	(31,484)	(3,572)
Increase (decrease) in notes and accounts payable - trade	24,943	81,978
Increase (decrease) in accounts payable - other	114,320	196,016
Increase (decrease) in advances received	(4,652)	864
Increase (decrease) in other liabilities	53,378	62,673
Subtotal	1,242,452	1,828,281
Interest and dividend income received	18	26
Interest expenses paid	(672)	(348)
Income taxes paid	(206,027)	(634,359)
Net cash provided by (used in) operating activities	1,035,771	1,193,600
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,216)	(31,398)
Proceeds from sales of property, plant and equipment	55	–
Purchase of intangible assets	(1,380)	(14,153)
Payments for guarantee deposits	(187)	(140,631)
Collection of loans receivable from subsidiaries and associates	–	1,362
Net cash provided by (used in) investing activities	(2,730)	(184,820)
Cash flows from financing activities		
Repayments of long-term loans payable	(133,356)	(133,356)
Cash dividends paid	(148,067)	(431,570)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	–	120,531
Purchase of treasury shares	–	(385,201)
Net cash provided by (used in) financing activities	(281,423)	(829,596)
Effect of exchange rate change on cash and cash equivalents	(64)	319
Net increase (decrease) in cash and cash equivalents	751,553	179,503
Cash and cash equivalents at beginning of period	1,756,588	2,508,142
Cash and cash equivalents at end of period	2,508,142	2,687,645