

Translation

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Summary of Non-Consolidated Financial Results for the Three Months Ended May 31, 2020 (Based on Japanese GAAP)

July 15, 2020

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 Takahito Kudo TEL 050-2018-7864
 Scheduled date to file Quarterly Securities Report: July 15, 2020
 Scheduled date to commence dividend payments: –
 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. Non-consolidated financial results for the three months ended May 31, 2020 (from March 1, 2020 to May 31, 2020)

(1) Non-consolidated operating results (cumulative)

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	%
Three months ended May 31, 2020	2,268	(5.0)	561	1.4	560	1.3	389	1.0
Three months ended May 31, 2019	2,387	25.2	553	22.3	553	22.2	385	22.1

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended May 31, 2020	2.80		–	
Three months ended May 31, 2019	2.77		–	

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of May 31, 2020	5,439	4,430	81.5	31.88
As of February 29, 2020	5,902	4,347	73.7	31.28

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 29, 2020	–	2.10	–	2.20	4.30
Year ending February 28, 2021	–	–	–	–	–
Year ending February 28, 2021 (Forecast)	–	1.80	–	1.20	3.00

3. Forecast of non-consolidated financial results for the year ending February 28, 2021 (from March 1, 2020 to February 28, 2021)

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, 2020	4,345	(14.0)	1,229	(11.6)	1,230	(11.5)	832	(12.2)	5.99
Full year	8,227	(18.5)	2,006	(31.2)	2,007	(31.4)	1,357	(31.2)	9.77

4. Notes

(1) Application of special accounting methods for preparing quarterly non-consolidated financial statements: No

(2) 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

(3) Number of issued shares (common shares)

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

As of May 31, 2020	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 May 31, 2020	2,105,200 shares	As of February 29, 2020	2,105,200 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, 2020	138,966,800 shares	Three months ended May 31, 2019	138,966,800 shares
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Quarterly non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of February 29, 2020	As of May 31, 2020
Assets		
Current assets		
Cash and deposits	4,088,384	3,639,816
Accounts receivable - trade	561,149	498,339
Finished goods	720,420	845,637
Work in process	29,381	2,509
Raw materials and supplies	79,822	71,027
Other	45,864	44,225
Allowance for doubtful accounts	(3,775)	(3,353)
Total current assets	5,521,246	5,098,203
Non-current assets		
Property, plant and equipment	109,344	109,803
Intangible assets	23,352	24,195
Investments and other assets	248,207	207,229
Total non-current assets	380,905	341,228
Total assets	5,902,151	5,439,431
Liabilities		
Current liabilities		
Accounts payable - trade	224,929	202,325
Accounts payable - other	378,907	477,866
Income taxes payable	717,834	164,132
Accrued consumption taxes	72,145	56,322
Advances received	3,157	2,472
Provision for sales promotion expenses	63,168	58,489
Provision for shareholder benefit program	46,574	–
Provision for sales returns	13,111	10,958
Other	34,968	36,113
Total current liabilities	1,554,797	1,008,681
Total liabilities	1,554,797	1,008,681
Net assets		
Shareholders' equity		
Share capital	273,992	273,992
Capital surplus	253,992	253,992
Retained earnings	4,254,943	4,338,339
Treasury shares	(435,574)	(435,574)
Total shareholders' equity	4,347,354	4,430,750
Total net assets	4,347,354	4,430,750
Total liabilities and net assets	5,902,151	5,439,431

Non-consolidated statements of income (cumulative)

(Thousands of yen)

	Three months ended May 31, 2019	Three months ended May 31, 2020
Net sales	2,387,187	2,268,420
Cost of sales	555,403	562,125
Gross profit	1,831,783	1,706,294
Reversal of provision for sales returns	14,344	13,111
Provision for sales returns	14,093	10,958
Gross profit - net	1,832,034	1,708,447
Selling, general and administrative expenses	1,278,364	1,147,147
Operating profit	553,669	561,299
Non-operating income		
Interest income	0	2
Sample income	148	48
Repayment income	982	229
lecture fee-NOI	29	129
Other	39	0
Total non-operating income	1,201	409
Non-operating expenses		
Interest expenses	33	–
Foreign exchange losses	1,296	1,088
Other	–	0
Total non-operating expenses	1,330	1,088
Ordinary profit	553,540	560,620
Extraordinary losses		
Loss on sales of non-current assets	–	33
Loss on retirement of non-current assets	30	–
Head office relocation expenses	2,650	–
Total extraordinary losses	2,680	33
Profit before income taxes	550,859	560,587
Income taxes - current	140,872	130,502
Income taxes - deferred	24,752	40,961
Total income taxes	165,625	171,463
Profit	385,234	389,123

Non-consolidated statements of cash flows

(Thousands of yen)

	Three months ended May 31, 2019	Three months ended May 31, 2020
Cash flows from operating activities		
Profit before income taxes	550,859	560,587
Depreciation	5,625	5,283
Increase (decrease) in allowance for doubtful accounts	(3,056)	(422)
Increase (decrease) in provision for sales promotion expenses	(4,072)	(4,679)
Increase (decrease) in provision for shareholder benefit program	(38,051)	(46,574)
Increase (decrease) in provision for sales returns	(250)	(2,152)
Foreign exchange losses (gains)	1,433	1,453
Interest and dividend income	(0)	(2)
Interest expenses	33	-
Loss on sales of non-current assets	-	33
Loss on retirement of non-current assets	30	-
Head office relocation expenses	2,650	-
Decrease (increase) in trade receivables	206,094	62,809
Decrease (increase) in inventories	(72,385)	(89,550)
Decrease (increase) in other assets	9,593	1,638
Increase (decrease) in trade payables	50,494	(22,604)
Increase (decrease) in accounts payable - other	(58,243)	84,375
Increase (decrease) in advances received	(64)	(685)
Increase (decrease) in other liabilities	(70,079)	(37,949)
Subtotal	580,611	511,561
Interest and dividends received	0	2
Interest paid	(33)	-
Income taxes paid	(316,989)	(660,932)
Payments for head office removal expenses	(2,650)	-
Net cash provided by (used in) operating activities	260,939	(149,368)
Cash flows from investing activities		
Purchase of property, plant and equipment	(75,726)	(9,239)
Purchase of intangible assets	(1,921)	(2,508)
Proceeds from refund of guarantee deposits	12,104	-
Payments for asset retirement obligations	(500)	-
Net cash provided by (used in) investing activities	(66,043)	(11,748)
Cash flows from financing activities		
Repayments of long-term borrowings	(33,339)	-
Dividends paid	(257,936)	(286,013)
Net cash provided by (used in) financing activities	(291,275)	(286,013)
Effect of exchange rate change on cash and cash equivalents	(1,397)	(1,436)
Net increase (decrease) in cash and cash equivalents	(97,776)	(448,567)
Cash and cash equivalents at beginning of period	2,687,645	4,088,384
Cash and cash equivalents at end of period	2,589,868	3,639,816