

Translation

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Summary of Non-Consolidated Financial Results for the Nine Months Ended November 30, 2020 (Based on Japanese GAAP)

January 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 Takahito Kudo TEL 050-2018-7864
 Scheduled date to file Quarterly Securities Report: January 14, 2021
 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. Non-consolidated financial results for the nine months ended November 30, 2020 (from March 1, 2020 to November 30, 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	%
Nine months ended November 30, 2020	7,012	(7.1)	1,573	(27.9)	1,582	(27.7)	1,086	(26.9)
Nine months ended November 30, 2019	7,547	26.7	2,182	49.2	2,186	49.5	1,487	47.3

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended November 30, 2020	7.82		–	
Nine months ended November 30, 2019	10.70		–	

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Millions of yen		Millions of yen		%		Yen	
As of November 30, 2020	5,630		4,878		86.6		35.10	
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				
Year ended February 29, 2020	–	2.10	–	2.20	4.30
Year ending February 28, 2021	–	1.80	–	–	–
Year ending February 28, 2021 (Forecast)	–	–	–	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
Full year	9,100	(9.8)	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 November 30, 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 November 30, 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)

Nine months ended November 30, 2020	138,966,800 shares	Nine months ended November 30, 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 November 30, 2020
Assets		
Current assets		
Cash and deposits	4,088,384	3,767,614
Accounts receivable - trade	561,149	465,537
Finished goods	720,420	956,422
Work in process	29,381	–
Raw materials and supplies	79,822	59,772
Other	45,864	49,279
Allowance for doubtful accounts	(3,775)	(2,826)
Total current assets	5,521,246	5,295,801
Non-current assets		
Property, plant and equipment	109,344	102,842
Intangible assets	23,352	31,638
Investments and other assets	248,207	200,540
Total non-current assets	380,905	335,020
Total assets	5,902,151	5,630,821
Liabilities		
Current liabilities		
Accounts payable - trade	224,929	233,163
Accounts payable - other	378,907	397,622
Income taxes payable	717,834	17,611
Accrued consumption taxes	72,145	11,524
Advances received	3,157	2,480
Provision for sales promotion expenses	63,168	52,801
Provision for shareholder benefit program	46,574	–
Provision for sales returns	13,111	12,432
Other	34,968	25,037
Total current liabilities	1,554,797	752,672
Total liabilities	1,554,797	752,672
Net assets		
Shareholders' equity		
Share capital	273,992	273,992
Capital surplus	253,992	253,992
Retained earnings	4,254,943	4,785,738
Treasury shares	(435,574)	(435,574)
Total shareholders' equity	4,347,354	4,878,149
Total net assets	4,347,354	4,878,149
Total liabilities and net assets	5,902,151	5,630,821

Non-consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended November 30, 2019	Nine months ended November 30, 2020
Net sales	7,547,227	7,012,194
Cost of sales	1,808,425	1,720,253
Gross profit	5,738,802	5,291,940
Reversal of provision for sales returns	14,344	13,111
Provision for sales returns	13,440	12,432
Gross profit - net	5,739,706	5,292,619
Selling, general and administrative expenses	3,557,188	3,719,054
Operating profit	2,182,517	1,573,564
Non-operating income		
Interest income	7	42
Foreign exchange gains	1,774	1,205
Sample income	261	1,097
lecture fee-NOI	377	499
Repayment income	1,920	469
Subsidy income	–	4,004
Other	174	1,211
Total non-operating income	4,516	8,530
Non-operating expenses		
Interest expenses	47	–
Other	0	0
Total non-operating expenses	47	0
Ordinary profit	2,186,986	1,582,095
Extraordinary losses		
Head office relocation expenses	2,650	–
Loss on sales of non-current assets	–	33
Loss on retirement of non-current assets	364	3,978
Total extraordinary losses	3,014	4,011
Profit before income taxes	2,183,972	1,578,083
Income taxes - current	688,979	443,734
Income taxes - deferred	7,963	47,686
Total income taxes	696,942	491,420
Profit	1,487,030	1,086,662

Non-consolidated statements of cash flows

(Thousands of yen)

	Nine months ended November 30, 2019	Nine months ended November 30, 2020
Cash flows from operating activities		
Profit before income taxes	2,183,972	1,578,083
Depreciation	17,814	16,329
Increase (decrease) in allowance for doubtful accounts	327	(949)
Increase (decrease) in provision for sales promotion expenses	960	(10,367)
Increase (decrease) in provision for shareholder benefit program	(38,051)	(46,574)
Increase (decrease) in provision for sales returns	(904)	(678)
Foreign exchange losses (gains)	(1,588)	(2,690)
Interest and dividend income	(7)	(42)
Interest expenses	47	-
Loss on sales of non-current assets	-	33
Loss on retirement of non-current assets	364	3,978
Head office relocation expenses	2,650	-
Decrease (increase) in trade receivables	(22,093)	95,611
Decrease (increase) in inventories	(176,904)	(186,570)
Decrease (increase) in other assets	(3,155)	(3,415)
Increase (decrease) in trade payables	28,529	8,233
Increase (decrease) in accounts payable - other	(82,881)	16,013
Increase (decrease) in advances received	(136)	(677)
Increase (decrease) in other liabilities	(68,105)	(99,952)
Subtotal	1,840,838	1,366,364
Interest and dividends received	7	42
Interest paid	(47)	-
Income taxes paid	(596,883)	(1,114,557)
Payments for head office removal expenses	(2,650)	-
Net cash provided by (used in) operating activities	1,241,265	251,849
Cash flows from investing activities		
Purchase of property, plant and equipment	(82,585)	(11,271)
Payments for retirement of property, plant and equipment	-	(1,251)
Purchase of intangible assets	(3,344)	(14,309)
Payments of guarantee deposits	(20,363)	-
Proceeds from refund of guarantee deposits	12,572	-
Payments for asset retirement obligations	(500)	-
Net cash provided by (used in) investing activities	(94,220)	(26,832)
Cash flows from financing activities		
Repayments of long-term borrowings	(74,943)	-
Dividends paid	(562,281)	(548,457)
Net cash provided by (used in) financing activities	(637,224)	(548,457)
Effect of exchange rate change on cash and cash equivalents	1,615	2,671
Net increase (decrease) in cash and cash equivalents	511,435	(320,769)
Cash and cash equivalents at beginning of period	2,687,645	4,088,384
Cash and cash equivalents at end of period	3,199,081	3,767,614