

Translation

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

October 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: October 15, 2020
 Scheduled date to commence dividend payments: November 12, 2020
 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 six months ended August 31, 2020 (from March 1, 2020 to August 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	%
Six months ended August 31, 2020	4,592	(9.2)	1,030	(25.9)	1,033	(25.7)	717	(24.2)
Six months ended August 31, 2019	5,055	28.0	1,390	45.8	1,390	45.8	947	42.8

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended August 31, 2020	5.17		-	
Six months ended August 31, 2019	6.82		-	

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of August 31, 2020	5,697	4,759	83.5	34.25
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	-	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	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 August 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 August 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)

Six months ended August 31, 2020	138,966,800 shares	Six months ended August 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 August 31, 2020
Assets		
Current assets		
Cash and deposits	4,088,384	3,847,403
Accounts receivable - trade	561,149	473,763
Finished goods	720,420	935,438
Work in process	29,381	26
Raw materials and supplies	79,822	67,525
Other	45,864	36,319
Allowance for doubtful accounts	(3,775)	(3,188)
Total current assets	5,521,246	5,357,288
Non-current assets		
Property, plant and equipment	109,344	107,426
Intangible assets	23,352	26,437
Investments and other assets	248,207	206,521
Total non-current assets	380,905	340,384
Total assets	5,902,151	5,697,673
Liabilities		
Current liabilities		
Accounts payable - trade	224,929	197,474
Accounts payable - other	378,907	332,335
Income taxes payable	717,834	290,104
Accrued consumption taxes	72,145	12,519
Advances received	3,157	11,891
Provision for sales promotion expenses	63,168	53,540
Provision for shareholder benefit program	46,574	–
Provision for sales returns	13,111	12,263
Other	34,968	28,088
Total current liabilities	1,554,797	938,218
Total liabilities	1,554,797	938,218
Net assets		
Shareholders' equity		
Share capital	273,992	273,992
Capital surplus	253,992	253,992
Retained earnings	4,254,943	4,667,044
Treasury shares	(435,574)	(435,574)
Total shareholders' equity	4,347,354	4,759,454
Total net assets	4,347,354	4,759,454
Total liabilities and net assets	5,902,151	5,697,673

Non-consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended August 31, 2019	Six months ended August 31, 2020
Net sales	5,055,993	4,592,280
Cost of sales	1,200,631	1,130,173
Gross profit	3,855,362	3,462,106
Reversal of provision for sales returns	14,344	13,111
Provision for sales returns	17,756	12,263
Gross profit - net	3,851,951	3,462,954
Selling, general and administrative expenses	2,461,150	2,432,591
Operating profit	1,390,800	1,030,362
Non-operating income		
Interest income	6	41
Sample income	193	117
lecture fee-NOI	29	429
Repayment income	1,325	375
Subsidy income	–	3,563
Other	100	1
Total non-operating income	1,655	4,529
Non-operating expenses		
Interest expenses	47	–
Foreign exchange losses	1,810	1,081
Other	–	0
Total non-operating expenses	1,857	1,081
Ordinary profit	1,390,598	1,033,810
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	1,387,917	1,033,776
Income taxes - current	434,933	274,268
Income taxes - deferred	5,586	41,680
Total income taxes	440,520	315,949
Profit	947,397	717,827

Non-consolidated statements of cash flows

(Thousands of yen)

	Six months ended August 31, 2019	Six months ended August 31, 2020
Cash flows from operating activities		
Profit before income taxes	1,387,917	1,033,776
Depreciation	11,709	10,794
Increase (decrease) in allowance for doubtful accounts	915	(587)
Increase (decrease) in provision for sales promotion expenses	5,045	(9,628)
Increase (decrease) in provision for shareholder benefit program	(38,051)	(46,574)
Increase (decrease) in provision for sales returns	3,411	(847)
Foreign exchange losses (gains)	2,234	1,286
Interest and dividend income	(6)	(41)
Interest expenses	47	–
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	(61,745)	87,385
Decrease (increase) in inventories	10,446	(173,365)
Decrease (increase) in other assets	(108,653)	9,544
Increase (decrease) in trade payables	(1,235)	(27,455)
Increase (decrease) in accounts payable - other	(56,383)	(43,044)
Increase (decrease) in advances received	(136)	8,734
Increase (decrease) in other liabilities	(60,362)	(81,529)
Subtotal	1,097,834	768,481
Interest and dividends received	6	41
Interest paid	(47)	–
Income taxes paid	(317,573)	(686,975)
Payments for head office removal expenses	(2,650)	–
Net cash provided by (used in) operating activities	777,569	81,547
Cash flows from investing activities		
Purchase of property, plant and equipment	(80,372)	(10,048)
Purchase of intangible assets	(2,081)	(5,879)
Payments of guarantee deposits	(20,363)	–
Proceeds from refund of guarantee deposits	12,104	–
Payments for asset retirement obligations	(500)	–
Net cash provided by (used in) investing activities	(91,214)	(15,928)
Cash flows from financing activities		
Repayments of long-term borrowings	(63,898)	–
Dividends paid	(277,222)	(305,319)
Net cash provided by (used in) financing activities	(341,120)	(305,319)
Effect of exchange rate change on cash and cash equivalents	(2,179)	(1,280)
Net increase (decrease) in cash and cash equivalents	343,055	(240,980)
Cash and cash equivalents at beginning of period	2,687,645	4,088,384
Cash and cash equivalents at end of period	3,030,701	3,847,403