

Translation

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**Summary of Consolidated Financial Results  
for the Three Months Ended May 31, 2021  
(Based on Japanese GAAP)**

July 9, 2021

Company name: NARUMIYA INTERNATIONAL Co.,Ltd

Stock exchange listing: Tokyo

Stock code: 9275 URL <https://www.narumiya-net.co.jp/ir/>

Representative: President, Representative Director and Chief Executive Officer Toshiaki Ishii

Inquiries: Financial Director Yoshiaki Sakano

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Scheduled date to file Quarterly Securities Report: July 12, 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. Consolidated financial results for the three months ended May 31, 2021 (from March 1, 2021 to May 31, 2021)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended May 31, 2021	7,113	53.8	402	—	390	—	227	—
Three months ended May 31, 2020	4,624	(40.1)	(435)	—	(419)	—	(452)	—

Note: Comprehensive income As of May 31, 2021: 223 million yen As of May 31, 2020: (451) million yen

	Earnings per share		Diluted earnings per share	
	Yen	Yen	Yen	Yen
Three months ended May 31, 2021	22.51	—	—	—
Three months ended May 31, 2020	(44.66)	—	—	—

Note: Diluted earnings per share is not stated, as there are no dilutive shares.

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	%	%
As of May 31, 2021	13,832	4,316	4,316	4,407	31.2	30.1
As of February 28, 2021	14,636	4,407	4,407	4,407	31.2	30.1

Reference: Shareholders' equity As of May 31, 2021: 4,316 million yen As of February 28, 2021: 4,407 million yen

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
Year ended February 28, 2021	Yen	Yen	Yen	Yen	Yen
Year ending February 28, 2022	—	0.00	—	31.00	31.00
Year ending February 28, 2022 (Forecast)	—	0.00	—	31.00	31.00

Note: Revisions to the most recently announced dividend forecast: None

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	
Full year	34,500	16.9	1,720	65.9	1,682	67.2	1,002	152.6	98.99	

Note: Revision to the most recently announced consolidated forecast: None

4. Notes

(1) Changes in significant subsidiaries during the three months ended May 31, 2021  
 (changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: No

(3) 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

(4) Number of issued shares (common shares)

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

As of May 31, 2021	10,122,830 shares	As of February 28, 2021	10,122,830 shares
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Number of treasury shares at the end of the period

As of May 31, 2021	76 shares	As of February 28, 2021	34 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, 2021	10,122,758 shares	Three months ended May 31, 2020	10,122,830 shares
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Note1: The current quarterly financial report is not subject to quarterly review procedures by certified public accountants or auditing firms.

Note2: Explanation and other special notes concerning the appropriate use of business performance forecasts

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable, and are not promise by the Company regarding their achievement. Actual results may differ materially from the forecast depending on a range of factors.

## 1. Qualitative Information on quarterly consolidated financial performance

### (1) Explanation of results of operations

During the three months ended May 31, 2021, the spread of new coronavirus (COVID-19) infection still showed no sign of abating. After the priority measures to prevent the spread was introduced and the state of emergency was declared in April for the third time in some areas, including Tokyo and Osaka, movement of people was restricted and shops were forced to shutter or shorten business hours, which once again inflicted a significant impact on the economic activity. Furthermore, variants of the virus were found in different areas of the nation and the situation has remained uncertain with a potential risk of further spread of the infections.

The apparel industry, to which the Group belongs, faced a tough situation, as was the case last year, affected by temporary closure of commercial facilities and directly managed stores and their shorter business hours, as well as a drop in consumer spending as people were restricted from going out.

In such an environment, we maintained operation while restricting store openings to carefully selected locations. In the three months under review, the fall in net sales was limited as, unlike last year, temporary store closures and shortened business hours were introduced in selected areas, rather than all across the nation, and there was a degree of flow of people even under the state of emergency. Meanwhile, net sales from the e-commerce operation, which increased sharply last year, have steadily continued to grow.

As for store openings and closures during the three months ended May 31, 2021, we opened three stores at department stores and four at shopping centers, and closed none. LOVST Co., Ltd, which became our subsidiary last year, opened a new store.

As a result of the above, in the three months ended May 31, 2021, we recorded net sales of 7,113 million yen (up 53.8% from the same period of the previous fiscal year), an operating profit of 402 million yen (an operating loss of 435 million yen was recorded in the same period of the previous fiscal year), an ordinary profit of 390 million yen (an ordinary loss of 419 million yen was recorded in the same period of the previous fiscal year), and a profit attributable to owners of parent of 227 million yen (a loss attributable to owners of parent of 452 million yen was recorded in the same period of the previous fiscal year).

Since the Group has a single segment for planning and sales of kids wear, disclosure of operating results by segment has been omitted.

### (2) Explanation of Financial Position

#### Assets

Assets at the end of the 1Q under review were 13,832 million yen, a decrease of 803 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 544 million yen in cash and deposits, a decrease of 614 million yen in notes and accounts receivable-trade and an increase of 354 million yen in merchandise.

#### Liabilities

Liabilities at the end of the 1Q under review were 9,515 million yen, a decrease of 713 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 465 million yen in accounts payable-trade, a decrease of 130 million yen in accounts payable-other, a decrease of 265 million yen in income taxes payable and an increase of 116 million yen in provision for bonuses.

#### Net assets

Total net assets at the end of the 1Q under review amounted to 4,316 million yen, a decrease of 90 million yen from the end of the previous fiscal year. This was mainly due to a profit attributable to owners of parent of 227 million yen and the payment of dividends of 313 million yen.

### (3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Information

There are no changes to the full-year consolidated earnings forecasts announced on April 12, 2021. The above forecasts were prepared based on information available as of the date of publication of this document and certain assumptions deemed to be reasonable. Actual results, etc. may differ from these forecasts due to a variety of factors going forward.

## Quarterly consolidated financial statements

### Consolidated balance sheets

(Thousands of yen)

	As of February 28, 2021	As of May 31, 2021
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	1,831,755	1,286,882
Notes and accounts receivable - trade	2,813,646	2,198,928
Merchandise	3,409,102	3,763,786
Prepaid expenses	68,311	85,319
Other	53,883	119,826
Allowance for doubtful accounts	(12,690)	(11,714)
<b>Total current assets</b>	<b>8,164,008</b>	<b>7,443,029</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures	1,375,313	1,394,727
Accumulated depreciation	(1,104,705)	(1,129,350)
Buildings and structures, net	270,608	265,377
Tools, furniture and fixtures	105,321	107,290
Accumulated depreciation	(81,493)	(83,845)
Tools, furniture and fixtures, net	23,828	23,445
Land	5,940	5,940
Leased assets	2,495,350	2,557,616
Accumulated depreciation	(1,782,933)	(1,859,700)
Leased assets, net	712,417	697,916
<b>Total property, plant and equipment</b>	<b>1,012,794</b>	<b>992,678</b>
Intangible assets		
Goodwill	3,192,406	3,134,764
Software	167,768	213,204
Leased assets	110,104	100,209
Other	606	586
<b>Total intangible assets</b>	<b>3,470,886</b>	<b>3,448,765</b>
Investments and other assets		
Investment securities	39,977	19,276
Distressed receivables	97,627	100,865
Long-term prepaid expenses	17,969	10,857
Guarantee deposits	1,168,137	1,173,945
Deferred tax assets	466,312	448,025
Other	271,982	270,018
Allowance for doubtful accounts	(73,624)	(75,270)
<b>Total investments and other assets</b>	<b>1,988,383</b>	<b>1,947,718</b>
<b>Total non-current assets</b>	<b>6,472,063</b>	<b>6,389,162</b>
<b>Total assets</b>	<b>14,636,072</b>	<b>13,832,191</b>

(Thousands of yen)

	As of February 28, 2021	As of May 31, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	2,643,420	2,177,521
Current portion of long-term borrowings	620,048	627,452
Lease obligations	357,779	353,953
Accounts payable - other	663,882	533,467
Accrued expenses	563,311	533,514
Income taxes payable	417,683	152,381
Accrued consumption taxes	73,319	168,020
Provision for bonuses	88,907	205,678
Provision for sales returns	10,255	6,687
Provision for point card certificates	74,476	94,861
Other	69,454	97,751
<b>Total current liabilities</b>	<b>5,582,539</b>	<b>4,951,289</b>
<b>Non-current liabilities</b>		
Long-term borrowings	3,826,446	3,764,070
Lease obligations	562,194	538,943
Retirement benefit liability	249,574	253,318
Other	7,755	7,755
<b>Total non-current liabilities</b>	<b>4,645,970</b>	<b>4,564,086</b>
<b>Total liabilities</b>	<b>10,228,509</b>	<b>9,515,375</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	255,099	255,099
Capital surplus	1,860,774	1,860,774
Retained earnings	2,260,233	2,174,295
Treasury shares	(33)	(78)
<b>Total shareholders' equity</b>	<b>4,376,073</b>	<b>4,290,090</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,442	(1,221)
Remeasurements of defined benefit plans	30,046	27,945
<b>Total accumulated other comprehensive income</b>	<b>31,489</b>	<b>26,724</b>
<b>Total net assets</b>	<b>4,407,562</b>	<b>4,316,815</b>
<b>Total liabilities and net assets</b>	<b>14,636,072</b>	<b>13,832,191</b>

**Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)**

**Consolidated statements of income (cumulative)**

	(Thousands of yen)	
	Three months ended May 31, 2020	Three months ended May 31, 2021
Net sales	4,624,749	7,113,559
Cost of sales	2,155,797	2,919,804
Gross profit	2,468,951	4,193,755
Selling, general and administrative expenses	2,904,073	3,791,091
Operating profit (loss)	(435,122)	402,663
Non-operating income		
Interest and dividend income	0	0
Foreign exchange gains	740	—
Surrender value of insurance policies	2,452	3,353
Purchase discounts	321	321
Rental income	5,525	5,647
Gain on adjustment of account payable	39,846	—
Miscellaneous income	2,145	1,183
Total non-operating income	51,031	10,506
Non-operating expenses		
Interest expenses	18,091	15,393
Foreign exchange losses	—	2,008
Commission expenses	10,000	—
Rental expenses	4,788	4,788
Miscellaneous loss	2,459	908
Total non-operating expenses	35,338	23,098
Ordinary profit (loss)	(419,429)	390,071
Extraordinary income		
Grant income	290,308	44,083
Gain on sales of investment securities	—	1,961
Total extraordinary income	290,308	46,045
Extraordinary losses		
Loss on retirement of non-current assets	60	383
Impairment loss	1,324	999
Temporary closure loss	464,338	61,026
Total extraordinary losses	465,723	62,410
Profit (loss) before income taxes	(594,844)	373,707
Income taxes - current	8,514	125,873
Income taxes - deferred	(151,232)	19,964
Total income taxes	(142,718)	145,837
Profit (loss)	(452,126)	227,869
Profit (loss) attributable to owners of parent	(452,126)	227,869

**Consolidated statements of comprehensive income (cumulative)**

(Thousands of yen)

	Three months ended May 31, 2020	Three months ended May 31, 2021
Profit (loss)	(452,126)	227,869
Other comprehensive income		
Valuation difference on available-for-sale securities	2,232	(2,663)
Remeasurements of defined benefit plans, net of tax	(1,342)	(2,101)
Total other comprehensive income	889	(4,764)
Comprehensive income	(451,236)	223,104
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(451,236)	223,104
Comprehensive income attributable to non-controlling interests	—	—