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April 3, 2024

## Summary of Consolidated Financial Results for the Fiscal Year Ended February 29, 2024 (Based on Japanese GAAP)

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 Hiroataka Kunikyo  
 Executive Officer  
 Inquiries: Executive Officer and General Manager of Administration Masayuki Ooya TEL 03-6430-3405  
 Scheduled date of annual general meeting of shareholders: May 24, 2024  
 Scheduled date to file Securities Report: May 27, 2024  
 Scheduled date to commence dividend payments: May 27, 2024  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for institutional investors)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the fiscal year ended February 29, 2024 (from March 1, 2023 to February 29, 2024)

#### (1) Consolidated operating results

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                         | %    |
| Fiscal year ended February 29, 2024 | 37,484          | 7.1 | 2,105            | 23.5 | 2,072           | 27.6 | 1,216                                   | 46.4 |
| Fiscal year ended February 28, 2023 | 34,997          | –   | 1,705            | –    | 1,624           | –    | 831                                     | –    |

Note: Comprehensive income Fiscal year ended February 29, 2024: 1,220 million yen (50.4%)  
 Fiscal year ended February 28, 2023: 811 million yen (–%)

|                                     | Earnings per share | Diluted earnings per share | Profit attributable to owners of parent/equity | Ordinary profit/total assets | Operating profit/net sales |
|-------------------------------------|--------------------|----------------------------|--|------------------------------|----------------------------|
|                                     | Yen                | Yen                        | %  | %                            | %                          |
| Fiscal year ended February 29, 2024 | 123.43             | –                          | 21.4   | 15.0                         | 5.6                        |
| Fiscal year ended February 28, 2023 | 82.10              | –                          | 16.2   | 11.6                         | 4.9                        |

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended February 29, 2024: ¥-million

For the fiscal year ended February 28, 2023: ¥-million

Notes: 1. Diluted earnings per share is not stated, as there are no dilutive shares.

2. We have applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year ended February 28, 2023. Each figure for the fiscal year ended February 28, 2023 are the amounts after applying the accounting standard and relevant ASBJ regulations, and year-on-year changes are not indicated.

#### (2) Consolidated financial position

|                         | Total assets    | Net assets      | Equity ratio | Net assets per share |
|-------------------------|-----------------|-----------------|--------------|----------------------|
|                         | Millions of yen | Millions of yen | %            | %                    |
| As of February 29, 2024 | 14,160          | 6,008           | 42.4         | 612.00               |
| As of February 28, 2023 | 13,438          | 5,382           | 40.1         | 531.73               |

Reference: Shareholders' equity As of February 29, 2024: 6,008 million yen As of February 28, 2023: 5,382 million yen

(3) 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                      | %                                    | %  |
| Fiscal year ended February 29, 2024 | 1,927                                | (551)                                | (1,594)                              | 2,738                                      |
| Fiscal year ended February 28, 2023 | 1,735                                | (166)                                | (1,355)                              | 2,943                                      |

2. Cash dividends

|   | Annual dividends per share |                 |                 |                 |       | Total cash dividends (Total) | Dividend payout ratio (Consolidated) | Ratio of dividends to net assets (Consolidated) |
|---|----------------------------|-----------------|-----------------|-----------------|-------|------------------------------|--------------------------------------|---|
|   | 1st quarter-end            | 2nd quarter-end | 3rd quarter-end | Fiscal year-end | Total |                              |                                      |   |
|   | Yen                        | Yen             | Yen             | Yen             | Yen   | Millions of yen              | %                                    | %   |
| Fiscal year ended February 28, 2023             | –                          | 0.00            | –               | 31.00           | 31.00 | 313                          | 37.8                                 | 6.1   |
| Fiscal year ended February 29, 2024             | –                          | 0.00            | –               | 41.00           | 41.00 | 402                          | 33.2                                 | 7.2   |
| Fiscal year ending February 28, 2025 (Forecast) | –                          | 0.00            | –               | 53.00           | 53.00 |                              | 35.0                                 |   |

3. Forecast of consolidated financial results for the fiscal year ending February 28, 2025 (from March 1, 2024 to February 28, 2025)

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 | 40,323          | 7.6 | 2,350            | 11.6 | 2,329           | 12.4 | 1,486                                   | 22.1 | 151.37             |

4. Notes

- (1) Changes in significant subsidiaries during the fiscal year ended February 29, 2024 (changes in specified subsidiaries resulting in the change in scope of consolidation): 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: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

Note: For details, refer to “3. Consolidated Financial Statements and Significant Notes (5) Notes concerning consolidated financial statements (Changes in accounting policies)” on page 12 of the attached material.

(3) Number of issued shares (common shares)

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

|                         |                   |                         |                   |
|-------------------------|-------------------|-------------------------|-------------------|
| As of February 29, 2024 | 10,122,830 shares | As of February 28, 2023 | 10,122,830 shares |
|-------------------------|-------------------|-------------------------|-------------------|

Number of treasury shares at the end of the period

|                         |                |                         |            |
|-------------------------|----------------|-------------------------|------------|
| As of February 29, 2024 | 305,122 shares | As of February 28, 2023 | 122 shares |
|-------------------------|----------------|-------------------------|------------|

Average number of shares during the period

|                                     |                  |                                     |                   |
|-------------------------------------|------------------|-------------------------------------|-------------------|
| Fiscal year ended February 29, 2024 | 9,857,708 shares | Fiscal year ended February 28, 2023 | 10,122,708 shares |
|-------------------------------------|------------------|-------------------------------------|-------------------|

Reference: Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended February 29, 2024 (March 1, 2023 to February 29, 2024)

(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 | %    |
| Fiscal year ended February 29, 2024 | 36,878          | 7.8 | 2,120            | 18.9 | 2,093           | 22.2 | 1,227           | 60.5 |
| Fiscal year ended February 28, 2023 | 34,223          | –   | 1,783            | –    | 1,713           | –    | 764             | –    |

|                                     | Earnings per share | Diluted earnings per share |
|-------------------------------------|--------------------|----------------------------|
|                                     | Yen                | Yen                        |
| Fiscal year ended February 29, 2024 | 124.47             | —                          |
| Fiscal year ended February 28, 2023 | 75.54              | —                          |

Note: We have applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year ended February 28, 2023. Each figure for the fiscal year ended February 28, 2023 are the amounts after applying the accounting standard and relevant ASBJ regulations, and year-on-year changes are not indicated.

(2) Consolidated financial position

|                         | Total assets    | Net assets      | Equity ratio | Net assets per share |
|-------------------------|-----------------|-----------------|--------------|----------------------|
|                         | Millions of yen | Millions of yen | %            | %                    |
| As of February 29, 2024 | 14,095          | 6,014           | 42.7         | 612.60               |
| As of February 28, 2023 | 13,327          | 5,381           | 40.4         | 531.65               |

Reference: Shareholders' equity As of February 29, 2024: 6,014 million yen As of February 28, 2023: 5,381 million yen

Note 1: The financial report is not subject to review procedures by certified public accountants or an auditing firm.

Note 2: 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. For the assumptions that form the basis of the earnings forecasts and notes on the use of the earnings forecasts, refer to “1. Overview of Operating Results (4) Future Outlook” on page 4 of the attached material.

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## 1. Overview of Operating Results

### (1) Overview of Operating Results for the Fiscal Year Ended February 29, 2024

During the current fiscal year, although the lifting of restrictions on activities due to COVID-19 has led to the normalization of social activities, the Japanese economy continued to face an uncertain outlook due to concerns about the slowdown of overseas economies and persistently high resource prices.

In the apparel industry, to which we belong, the lifting of activity restrictions led to the normalization of social activities and a recovery trend in personal consumption. On the other hand, the business environment remains challenging due to rising purchase prices and logistics costs as well as concerns about the frugal mindset among consumers due to rising prices. In addition, in the kidswear market, there was a certain amount of recovery due to the resumption of school and family events.

In this environment, the Group has been proposing sales opportunities by strengthening in-store customer service and visual merchandising (VMD) and promoting product planning for special occasions, etc., as we believe that customers are looking for enjoyment in the act of shopping itself. Against the risk of exchange rate fluctuations, rising logistics costs, and the difficulty of securing in-store personnel, the Group planned products from the customer's perspective, delivered them in a timely manner, set retail prices, and enhanced its sales training programs, resulting in steady performance.

As for sales by channel, sales recovered throughout the year as customers returned to such physical outlets as department stores, shopping centers, and outlet malls, on account of lifting of restrictions on activities and other developments, with sales hitting 9,541 million yen for the department store channel (102.5% on the previous fiscal year), 14,645 million yen for the shopping center channel (111.7%), 8,558 million yen for the e-commerce channel (104.5%), and 4,739 million yen for the other channels (108.0%).

For the department store channel, we actively undertook planning, production, and sales activities in the first half in expectation of an increase in demand related to special occasions, such as graduations and school entrance ceremonies, swimsuits, and *yukata*. In the second half, sales of outerwear were sluggish due to the warm winter, but sales for the full year exceeded both the previous year and the plan.

In the shopping center channel, "petit main" promoted full-price sales through aggressive product development using collaboration with influencers and tie-ins with characters, as well as by strengthening customer service. "Lovetoxic" also achieved significant sales growth with the launch of LTXC, a new category of dance fashion.

In the e-commerce channel, sales increased as a result of aggressive investment in measures to attract customers leading to a recovery in the frequency of site visits, as well as due to successful efforts to improve the accuracy of inventory management among e-commerce malls resulting in an increase in the purchase rate. In other channels, sales increased due to an increase in the number of customers aided by the recovery in inbound tourism.

By brand, sales of the shopping center brands "petit main" and "Lovetoxic" rose year on year. Furthermore, five of the nine department store brands recorded year-on-year growth in sales, with "kate spade NEW YORK" and "Paul Smith JUNIOR" brands continuing to make particularly strong contributions to sales growth with double-digit increases.

As for the gross profit margin, despite an increase in purchasing costs mainly due to high raw material prices, rising freight costs and the risk of exchange rate fluctuations, there was an improvement compared to the previous fiscal year as sales at fixed prices were steady due to product planning innovations, added value, and strengthened customer service.

As for extraordinary losses, a one-time amortization expense of 166 million yen in goodwill was recorded in the first half of the fiscal year, based on a review of the business plan at the consolidated subsidiary Heartfeel Co., Ltd., which was continued from the previous fiscal year. By consolidating the online business of Heartfeel Co., Ltd. with NARUMIYA ONLINE, which is operated by the Company, and reducing logistics costs, etc., the business performance of Heartfeel Co., Ltd. is recovering.

Meanwhile, we increased wages and other payments in order to further enhance our human capital management, thereby receiving preferential treatment under the tax measure for promoting wage increases.

Looking at the status of store openings and closings during the fiscal year, we opened 17 stores in department stores, seven stores in shopping centers, and one outlet store, and closed 22 stores in department stores, three stores in shopping centers and three stores in LOVST photo studios. As in the previous fiscal year, we carefully select regions and commercial zones in our store opening plan.

Moreover, because the number of stores at department stores is calculated by multiplying the number of places where things are sold by the number of brands, the number of stores opened and closed tends to

increase.

As a result of the above, for the fiscal year ended February 29, 2024, we recorded net sales of 37,484 million yen (107.1% on the previous fiscal year), an operating profit of 2,105 million yen (123.5%), an ordinary profit of 2,072 million yen (127.6%), and a profit attributable to owners of parent of 1,216 million yen (146.4%). As the Group has a single segment for planning and sales of kidswear, disclosure of operating results by segment has been omitted.

## **(2) Overview of Financial Position**

### Assets

Current assets increased by 880 million yen from the end of the previous fiscal year to 8,810 million yen. This was mainly due to a decrease of 155 million yen in cash and deposits, an increase of 305 million yen in notes and accounts receivable-trade, and an increase of 684 million yen in merchandise. Non-current assets decreased by 157 million yen from the end of the previous fiscal year to 5,350 million yen. This was primarily due to a decrease of 97 million yen in property, plant and equipment as a result of a decrease in leased assets, a decrease of 226 million yen in intangible assets as a result of a decrease in goodwill, and an increase of 166 million yen in investments and other assets due to an increase in deferred tax assets. As a result, total assets as of the end of the fiscal year ended February 29, 2024, increased by 722 million yen from the end of the previous fiscal year to 14,160 million yen.

### Liabilities

Current liabilities increased by 894 million yen from the previous fiscal year to 5,790 million yen. This was mainly due to an increase of 508 million yen in accounts payable - trade, and an increase of 224 million yen in income taxes payable. Non-current liabilities decreased by 797 million yen from the end of the previous fiscal year to 2,361 million yen. This was primarily due to a decrease of 717 million yen in long-term borrowings. As a result, total liabilities as of the end of the fiscal year ended February 29, 2024, increased by 97 million yen from the end of the previous fiscal year to 8,152 million yen.

### Net Assets

Net assets increased by 625 million yen from the end of the previous fiscal year to 6,008 million yen. This was mainly due to an increase of 902 million yen in retained earnings as a result of the recording profit attributable to owners of parent and the payment of dividends, and an increase of 280 million yen in treasury shares.

## **(3) Overview of Cash Flow**

Cash and cash equivalents (hereinafter referred to as “net cash”) at the end of the fiscal year ended February 29, 2024, was 2,738 million yen, a decrease of 205 million yen compared to the end of the previous fiscal year.

Cash flows and factors that affected them in the fiscal year ended February 29, 2024, are described below.

### Cash Flow from Operating Activities

Net cash provided by operating activities during the fiscal year ended February 29, 2024, resulted in a cash inflow of 1,927 million yen (compared to a cash inflow of 1,735 million yen in the previous fiscal year). This was primarily due to profit before income taxes of 1,904 million yen, depreciation of 446 million yen, amortization of goodwill of 365 million yen, an increase in trade receivables of 304 million yen, an increase in inventories of 684 million yen, an increase in trade payables of 508 million yen, and income taxes paid of 570 million yen.

### Cash Flow from Investing Activities

Net cash used in investing activities during the fiscal year ended February 29, 2024, resulted in a cash outflow of 551 million yen (compared to a cash outflow of 166 million yen in the previous fiscal year). This was primarily due to a cash outflow consisting of purchase of property, plant and equipment of 97 million yen, purchase of intangible assets of 240 million yen, and payments of guarantee deposits of 92 million yen.

### Cash Flow from Financing Activities

Net cash used in financing activities during the fiscal year ended February 29, 2024, resulted in a cash outflow of 1,594 million yen (compared to a cash outflow of 1,355 million yen in the previous fiscal year). This was

due to a cash outflow consisting of repayments of long-term borrowings of 726 million yen, repayments of lease liabilities of 273 million yen, purchase of treasury shares of 280 million yen, and dividends paid of 313 million yen.

#### **(4) Future Outlook**

Looking ahead, the economic outlook is expected to remain uncertain due to concerns about the slowdown of overseas economies, persistently high resource prices, and the risk of exchange rate fluctuations.

The Group has now formulated a medium-term management plan (consolidated) to clarify its three-year growth strategy and solidify the promotion of its business, while fulfilling its management philosophy of becoming “a company that is loved by all generations” and creating a company that achieves continuous growth and contributes to society.

For the fiscal year ending February 28, 2025, we forecast net sales of 40,323 million yen, operating profit of 2,350 million yen, ordinary profit of 2,329 million yen, and profit attributable to owners of parent of 1,486 million yen. For the figures of the three-year medium-term management plan, which includes the fiscal year ending February 28, 2025, please refer to the “Notice Regarding the Formulation of the Medium-Term Management Plan (Consolidated)” released today.

The forecasts contained herein are based on management’s assumptions and beliefs in light of the information currently available to the Company, and are subject to risks and uncertainties. Therefore, please do not make investment decisions entirely reliant on these forecasts alone.

## **2. Basic Approach Regarding Choice of Accounting Standards**

Considering the burden of establishing the framework for preparing consolidated financial statements in compliance with IFRS, the Group uses Japanese accounting standards.

### 3. Consolidated Financial Statements and Significant Notes

#### (1) Consolidated balance sheet

(Thousands of yen)

|                                       | As of February 28, 2023 | As of February 29, 2024 |
|---------------------------------------|-------------------------|-------------------------|
| <b>Assets</b>                         |                         |                         |
| Current assets                        |                         |                         |
| Cash and deposits                     | 3,047,482               | 2,892,352               |
| Notes and accounts receivable - trade | 2,221,445               | 2,527,138               |
| Merchandise                           | 2,478,474               | 3,162,672               |
| Prepaid expenses                      | 110,410                 | 165,124                 |
| Other                                 | 73,626                  | 63,757                  |
| Allowance for doubtful accounts       | (1,084)                 | (535)                   |
| Total current assets                  | 7,930,356               | 8,810,510               |
| Non-current assets                    |                         |                         |
| Property, plant and equipment         |                         |                         |
| Buildings and structures              | 1,365,493               | 1,455,943               |
| Accumulated depreciation              | (1,181,381)             | (1,258,623)             |
| Buildings and structures, net         | 184,111                 | 197,320                 |
| Tools, furniture and fixtures         | 110,672                 | 118,624                 |
| Accumulated depreciation              | (84,220)                | (95,055)                |
| Tools, furniture and fixtures, net    | 26,452                  | 23,568                  |
| Land                                  | 5,940                   | 5,940                   |
| Leased assets                         | 2,944,608               | 3,068,669               |
| Accumulated depreciation              | (2,348,313)             | (2,579,725)             |
| Leased assets, net                    | 596,294                 | 488,944                 |
| Total property, plant and equipment   | 812,798                 | 715,773                 |
| Intangible assets                     |                         |                         |
| Goodwill                              | 2,637,481               | 2,271,487               |
| Software                              | 189,267                 | 351,552                 |
| Leased assets                         | 31,195                  | 8,277                   |
| Other                                 | 446                     | 366                     |
| Total intangible assets               | 2,858,390               | 2,631,684               |
| Investments and other assets          |                         |                         |
| Investment securities                 | 9,947                   | 32,447                  |
| Distressed receivables                | 111,000                 | 99,073                  |
| Long-term prepaid expenses            | 9,734                   | 24,206                  |
| Guarantee deposits                    | 1,148,048               | 1,172,734               |
| Deferred tax assets                   | 439,012                 | 539,493                 |
| Other                                 | 229,776                 | 238,500                 |
| Allowance for doubtful accounts       | (111,000)               | (103,426)               |
| Total investments and other assets    | 1,836,519               | 2,003,029               |
| Total non-current assets              | 5,507,708               | 5,350,487               |
| Total assets                          | 13,438,065              | 14,160,997              |



(Thousands of yen)

|  | As of February 28, 2023 | As of February 29, 2024 |
|--|-------------------------|-------------------------|
| <b>Liabilities</b>                           |                         |                         |
| Current liabilities                          |                         |                         |
| Accounts payable - trade                     | 1,874,019               | 2,382,933               |
| Current portion of long-term borrowings      | 726,344                 | 717,112                 |
| Lease liabilities                            | 270,034                 | 213,611                 |
| Accounts payable - other                     | 538,953                 | 752,298                 |
| Accrued expenses                             | 540,045                 | 573,366                 |
| Income taxes payable                         | 347,893                 | 571,993                 |
| Accrued consumption taxes                    | 302,069                 | 86,548                  |
| Contract liabilities                         | 117,012                 | 114,943                 |
| Provision for bonuses                        | 117,186                 | 330,947                 |
| Provision for point card certificates        | 9,613                   | 11,216                  |
| Other  | 53,156                  | 35,778                  |
| Total current liabilities                    | 4,896,329               | 5,790,750               |
| Non-current liabilities                      |                         |                         |
| Long-term borrowings                         | 2,404,637               | 1,687,525               |
| Lease liabilities                            | 445,511                 | 352,335                 |
| Retirement benefit liability                 | 303,857                 | 316,791                 |
| Other  | 5,155                   | 5,155                   |
| Total non-current liabilities                | 3,159,161               | 2,361,807               |
| Total liabilities                            | 8,055,490               | 8,152,557               |
| <b>Net assets</b>                            |                         |                         |
| Shareholders' equity                         |                         |                         |
| Share capital                                | 255,099                 | 255,099                 |
| Capital surplus                              | 1,860,774               | 1,860,774               |
| Retained earnings                            | 3,267,507               | 4,170,467               |
| Treasury shares                              | (132)                   | (280,732)               |
| Total shareholders' equity                   | 5,383,248               | 6,005,608               |
| Accumulated other comprehensive income       |                         |                         |
| Remeasurements of defined benefit plans      | (674)                   | 2,830                   |
| Total accumulated other comprehensive income | (674)                   | 2,830                   |
| Total net assets                             | 5,382,574               | 6,008,439               |
| Total liabilities and net assets             | 13,438,065              | 14,160,997              |

**(2) Consolidated statement of income and consolidated statement of comprehensive income**  
**Consolidated statements of income**

(Thousands of yen)

|  | Fiscal year ended<br>February 28, 2023 | Fiscal year ended<br>February 29, 2024 |
|--|--|--|
| Net sales                                    | 34,997,783                             | 37,484,381                             |
| Cost of sales                                | 14,615,557                             | 15,261,137                             |
| Gross profit                                 | 20,382,226                             | 22,223,243                             |
| Selling, general and administrative expenses | 18,677,140                             | 20,117,618                             |
| Operating profit                             | 1,705,086                              | 2,105,625                              |
| Non-operating income                         |  |  |
| Interest income                              | 12                                     | 18                                     |
| Dividend income                              | 0                                      | 0                                      |
| Foreign exchange gains                       | -                                      | 2,203                                  |
| Surrender value of insurance policies        | 9,364                                  | 11,396                                 |
| Purchase discounts                           | 2,745                                  | 2,666                                  |
| Rental income                                | 14,675                                 | 19,434                                 |
| Subsidy income                               | 4,210                                  | -                                      |
| Miscellaneous income                         | 13,050                                 | 11,635                                 |
| Total non-operating income                   | 44,059                                 | 47,353                                 |
| Non-operating expenses                       |  |  |
| Interest expenses                            | 53,966                                 | 43,161                                 |
| Finance fee                                  | 37,515                                 | 5,008                                  |
| Foreign exchange losses                      | 7,386                                  | -                                      |
| Commission expenses                          | 10,000                                 | 8,195                                  |
| Rental expenses                              | 11,896                                 | 13,680                                 |
| Commission for purchase of treasury shares   | -                                      | 1,403                                  |
| Miscellaneous losses                         | 3,954                                  | 8,762                                  |
| Total non-operating expenses                 | 124,719                                | 80,211                                 |
| Ordinary profit                              | 1,624,426                              | 2,072,768                              |
| Extraordinary income                         |  |  |
| Subsidy income                               | 23,504                                 | -                                      |
| Total extraordinary income                   | 23,504                                 | -                                      |
| Extraordinary losses                         |  |  |
| Loss on retirement of non-current assets     | 5,879                                  | 2,250                                  |
| Impairment losses                            | 19,152                                 | -                                      |
| Provision of allowance for doubtful accounts | *1 82,895                              | -                                      |
| Loss on valuation of shares of subsidiaries  | 2,541                                  | -                                      |
| Amortization of goodwill                     | *2 93,792                              | *2 166,165                             |
| Total extraordinary losses                   | 204,261                                | 168,416                                |
| Profit before income taxes                   | 1,443,668                              | 1,904,352                              |
| Income taxes - current                       | 550,599                                | 789,615                                |
| Income taxes - deferred                      | 61,968                                 | (102,027)                              |
| Total income taxes                           | 612,568                                | 687,588                                |
| Profit                                       | 831,100                                | 1,216,763                              |
| Profit attributable to owners of parent      | 831,100                                | 1,216,763                              |

## Consolidated statement of comprehensive income

(Thousands of yen)

|  | Fiscal year ended<br>February 28, 2023 | Fiscal year ended<br>February 29, 2024 |
|--|--|--|
| Profit   | 831,100                                | 1,216,763                              |
| Other comprehensive income                                     |  |  |
| Remeasurements of defined benefit plans, net of tax            | (19,831)                               | 3,504                                  |
| Total other comprehensive income                               | (19,831)                               | 3,504                                  |
| Comprehensive income   | 811,268                                | 1,220,268                              |
| Comprehensive income attributable to                           |  |  |
| Comprehensive income attributable to owners of parent          | 811,268                                | 1,220,268                              |
| Comprehensive income attributable to non-controlling interests | —                                      | —                                      |

**(3) Consolidated statement of changes in equity****Fiscal year ended February 28, 2023**

(Thousands of yen)

|  | Shareholders' equity |                 |                   |                 |                            |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
|  | Share capital        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period                       | 255,099              | 1,860,774       | 2,766,903         | (132)           | 4,882,645                  |
| Cumulative effects of changes in accounting policies |                      |                 | (16,692)          |                 | (16,692)                   |
| Restated balance                                     | 255,099              | 1,860,774       | 2,750,211         | (132)           | 4,865,952                  |
| Changes during period                                |                      |                 |                   |                 |                            |
| Dividends of surplus                                 |                      |                 | (313,803)         |                 | (313,803)                  |
| Profit attributable to owners of parent              |                      |                 | 831,100           |                 | 831,100                    |
| Net changes in items other than shareholders' equity |                      |                 |                   |                 | -                          |
| Total changes during period                          | -                    | -               | 517,296           | -               | 517,296                    |
| Balance at end of period                             | 255,099              | 1,860,774       | 3,267,507         | (132)           | 5,383,248                  |

|  | Accumulated other comprehensive income  |  | Total net assets |
|--|---|--|------------------|
|  | Remeasurements of defined benefit plans | Total accumulated other comprehensive income |                  |
| Balance at beginning of period                       | 19,157                                  | 19,157                                       | 4,901,802        |
| Cumulative effects of changes in accounting policies |   |  | (16,692)         |
| Restated balance                                     | 19,157                                  | 19,157                                       | 4,885,110        |
| Changes during period                                |   |  |                  |
| Dividends of surplus                                 |   |  | (313,803)        |
| Profit attributable to owners of parent              |   |  | 831,100          |
| Net changes in items other than shareholders' equity | (19,831)                                | (19,831)                                     | (19,831)         |
| Total changes during period                          | (19,831)                                | (19,831)                                     | 497,464          |
| Balance at end of period                             | (674)                                   | (674)  | 5,382,574        |

**Fiscal year ended February 29, 2024**

(Thousands of yen)

|  | Shareholders' equity |                 |                   |                 |                            |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
|  | Share capital        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period                       | 255,099              | 1,860,774       | 3,267,507         | (132)           | 5,383,248                  |
| Changes during period                                |                      |                 |                   |                 |                            |
| Dividends of surplus                                 |                      |                 | (313,803)         |                 | (313,803)                  |
| Profit attributable to owners of parent              |                      |                 | 1,216,763         |                 | 1,216,763                  |
| Purchase of treasury shares                          |                      |                 |                   | (280,600)       | (280,600)                  |
| Net changes in items other than shareholders' equity |                      |                 |                   |                 | -                          |
| Total changes during period                          | -                    | -               | 902,959           | (280,600)       | 622,359                    |
| Balance at end of period                             | 255,099              | 1,860,774       | 4,170,467         | (280,732)       | 6,005,608                  |

|  | Accumulated other comprehensive income  |  | Total net assets |
|--|---|--|------------------|
|  | Remeasurements of defined benefit plans | Total accumulated other comprehensive income |                  |
| Balance at beginning of period                       | (674)                                   | (674)  | 5,382,574        |
| Changes during period                                |   |  |                  |
| Dividends of surplus                                 |   |  | (313,803)        |
| Profit attributable to owners of parent              |   |  | 1,216,763        |
| Purchase of treasury shares                          |   |  | (280,600)        |
| Net changes in items other than shareholders' equity | 3,504                                   | 3,504  | 3,504            |
| Total changes during period                          | 3,504                                   | 3,504  | 625,864          |
| Balance at end of period                             | 2,830                                   | 2,830  | 6,008,439        |

**(4) Consolidated statement of cash flows**

(Thousands of yen)

|  | Fiscal year ended<br>February 28, 2023 | Fiscal year ended<br>February 29, 2024 |
|--|--|--|
| Cash flows from operating activities                         |  |  |
| Profit before income taxes                                   | 1,443,668                              | 1,904,352                              |
| Depreciation   | 510,445                                | 446,915                                |
| Amortization of guarantee deposits                           | 81,615                                 | 73,432                                 |
| Amortization of goodwill                                     | 324,358                                | 365,993                                |
| Subsidy income   | (23,504)                               | –                                      |
| Loss on retirement of non-current assets                     | 5,879                                  | 2,250                                  |
| Impairment losses  | 19,152                                 | –                                      |
| Loss on valuation of shares of subsidiaries                  | 2,541                                  | –                                      |
| Increase (decrease) in allowance for doubtful accounts       | 371                                    | (8,123)                                |
| Increase (decrease) in provision for bonuses                 | 20,293                                 | 213,760                                |
| Increase (decrease) in provision for point card certificates | (5,461)                                | 1,603                                  |
| Increase (decrease) in retirement benefit liability          | (3,415)                                | 17,985                                 |
| Interest and dividend income                                 | (12)                                   | (18)                                   |
| Interest expenses  | 53,966                                 | 43,161                                 |
| Decrease (increase) in trade receivables                     | 151,397                                | (304,995)                              |
| Decrease (increase) in inventories                           | 467,476                                | (684,197)                              |
| Increase (decrease) in trade payables                        | (644,332)                              | 508,914                                |
| Increase (decrease) in accounts payable - other              | (110,508)                              | 176,496                                |
| Increase (decrease) in accrued expenses                      | 11,447                                 | 33,300                                 |
| Increase (decrease) in accrued consumption taxes             | 83,116                                 | (215,521)                              |
| Other, net   | (32,366)                               | (34,845)                               |
| Subtotal   | 2,356,132                              | 2,540,463                              |
| Interest and dividends received                              | 12                                     | 18                                     |
| Interest paid  | (51,545)                               | (43,080)                               |
| Income taxes paid  | (592,537)                              | (570,214)                              |
| Subsidies received   | 23,504                                 | –                                      |
| Net cash provided by (used in) operating activities          | 1,735,566                              | 1,927,187                              |
| Cash flows from investing activities                         |  |  |
| Purchase of property, plant and equipment                    | (66,012)                               | (97,378)                               |
| Purchase of intangible assets                                | (32,641)                               | (240,086)                              |
| Purchase of investment securities                            | –                                      | (22,500)                               |
| Purchase of insurance funds                                  | (27,980)                               | (28,783)                               |
| Proceeds from maturity of insurance funds                    | 17,980                                 | 16,678                                 |
| Payments of guarantee deposits                               | (54,539)                               | (92,171)                               |
| Proceeds from refund of guarantee deposits                   | 61,022                                 | 29,810                                 |
| Refund of guarantee deposits received                        | (2,600)                                | –                                      |
| Other, net   | (61,250)                               | (116,937)                              |
| Net cash provided by (used in) investing activities          | (166,020)                              | (551,367)                              |
| Cash flows from financing activities                         |  |  |
| Proceeds from long-term borrowings                           | 3,100,000                              | –                                      |
| Repayments of long-term borrowings                           | (3,787,452)                            | (726,344)                              |
| Repayments of lease liabilities                              | (354,311)                              | (273,660)                              |
| Purchase of treasury shares                                  | –                                      | (280,600)                              |
| Dividends paid   | (314,015)                              | (313,712)                              |
| Net cash provided by (used in) financing activities          | (1,355,778)                            | (1,594,316)                            |
| Effect of exchange rate change on cash and cash equivalents  | 5,553                                  | 13,445                                 |
| Net increase (decrease) in cash and cash equivalents         | 219,320                                | (205,051)                              |
| Cash and cash equivalents at beginning of period             | 2,724,211                              | 2,943,532                              |
| Cash and cash equivalents at end of period                   | 2,943,532                              | 2,738,480                              |

## (5) Notes concerning consolidated financial statements

### Going concern assumptions

Not applicable.

### Changes in accounting policies

We started to apply the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (Accounting Standards Board of Japan ASBJ Guidance No. 31, June 17, 2021) from the beginning of the current fiscal year. According to the transitional handling provided in Article 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement, we have decided to apply the new accounting policy provided in the guidance into the future.

Furthermore, there is no impact on the consolidated financial statements resulting from the application of the Implementation Guidance on Accounting Standard for Fair Value Measurement.

### Related to consolidated statements of income

#### \*1 Provision of allowance for doubtful accounts

Fiscal year ended February 28, 2023

The expected loss for various reasons, including unauthorized credit card use by a third party, is recorded.

Fiscal year ended February 29, 2024

Not applicable.

#### \*2 Amortization of goodwill

Fiscal year ended February 28, 2023

This is one time-amortization of goodwill accompanying the recording of an impairment loss on shares of a subsidiary pursuant to paragraph 32 of the “Practical Guidelines on Accounting Standards for Capital Consolidation Procedures in Preparing Consolidated Financial Statements” (JICPA, Accounting Practice Committee Statement, No.7).

Fiscal year ended February 29, 2024

This is one time-amortization of goodwill accompanying the recording of an impairment loss on shares of a subsidiary pursuant to paragraph 32 of the “Practical Guidelines on Accounting Standards for Capital Consolidation Procedures in Preparing Consolidated Financial Statements” (JICPA, Accounting Practice Committee Statement, No.7).

### Segment information

Fiscal year ended February 28, 2023

Segment information is omitted since the Group has a single segment for planning and sales of kidswear.

Fiscal year ended February 29, 2024

Segment information is omitted since the Group has a single segment for planning and sales of kidswear.

### Per Share Information

(Yen)

|                      | Fiscal year ended February 28, 2023<br>(from March 1, 2022 to February 28, 2023) | Fiscal year ended February 29, 2024<br>(from March 1, 2023 to February 29, 2024) |
|----------------------|--|--|
| Net assets per share | 531.73   | 612.00   |
| Earnings per share   | 82.10  | 123.43   |

(Notes) 1. Diluted profit per share is not stated because no potentially dilutive shares are outstanding.

2. The basis for calculating profit per share is as follows:

(Thousands of yen)

|  | Fiscal year ended February 28, 2023<br>(from March 1, 2022 to February 28, 2023) | Fiscal year ended February 29, 2024<br>(from March 1, 2023 to February 29, 2024) |
|--|--|--|
| Profit attributable to owners of parent                          | 831,100  | 1,216,763  |
| Amount not attributable to owners of common shares               | –  | –  |
| Profit attributable to owners of parent related to common shares | 831,100  | 1,216,763  |
| Average number of common shares outstanding (shares)             | 10,122,708   | 9,857,708  |

**Significant subsequent events**

Not applicable.