

Translation

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Summary of Consolidated Financial Results for the Year Ended February 28, 2022 (Based on Japanese GAAP)

April 12, 2022

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 Yoshiari Sakano TEL 03-6430-3405
 Scheduled date of ordinary general meeting of shareholders: May 25, 2022
 Scheduled date to file Securities Report: May 26, 2022
 Scheduled date to commence dividend payments: May 26, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended February 28, 2022 (from March 1, 2021 to February 28, 2022)

(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	%
Year ended February 28, 2022	30,985	5.0	1,401	35.2	1,333	32.5	820	106.8
Year ended February 28, 2021	29,511	(10.5)	1,037	(37.7)	1,006	(38.0)	396	(60.3)

Note: Comprehensive income Year ended Feb. 28, 2022 808 million yen (93.9%) / Year ended Feb.28, 2021 416 million yen ((59.9)%)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended February 28, 2022	81.05	–	17.6	9.1	4.5
Year ended February 28, 2021	39.19	–	9.1	6.7	3.5

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2022	14,521	4,901	33.8	484.23
As of February 28, 2021	14,636	4,407	30.1	435.40

Reference: Shareholders' equity As of Feb.28, 2022 4,901 million yen / As of Feb.28, 2021 4,407 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	Millions of yen	Millions of yen
Year ended February 28, 2022	2,608	(419)	(1,296)	2,724
Year ended February 28, 2021	1,042	(354)	(1,345)	1,831

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	%	%
Year ended February 28, 2021	–	0.00	–	31.00	31.00	313	79.1	7.2
Year ended February 28, 2022	–	0.00	–	31.00	31.00	313	38.2	6.7
Year ending February 28, 2023 (Forecast)	–	0.00	–	31.00	31.00		37.6	

3. Forecast of consolidated financial results for the year ending February 28, 2023 (from March 1, 2022 to February 28, 2023)

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	–	1,450	3.4	1,404	5.4	830	1.2	82.06

Note: As the Company plans to apply the “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan Statement No. 29), etc. from the beginning of the year ending February 28, 2023, the above forecasts of consolidated financial results are the amounts after these are applied, and year-on-year changes are not indicated.

4. Notes

(1) Changes in significant subsidiaries during the year ended February 28, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
Newly included: None Excluded: None

(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 February 28, 2022	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 February 28, 2022	122 shares	As of February 28, 2021	34 shares
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Average number of shares during the period

Year ended February 28, 2022	10,122,741 shares	Year ended February 28, 2021	10,122,827 shares
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Reference: Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended February 28, 2022 (March 1, 2021 to February 28, 2022)

(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	%
Year ended February 28, 2022	30,080	5.8	1,405	40.8	1,354	39.2	844	115.6
Year ended February 28, 2021	28,436	(11.3)	998	(41.1)	973	(41.5)	391	(62.5)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Year ended February 28, 2022	83.43	–
Year ended February 28, 2021	38.69	–

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2022	14,441	4,947	34.3	488.76
As of February 28, 2021	14,425	4,418	30.6	436.48

Reference: Shareholders' equity As of Feb.28, 2022 4,947 million yen / As of Feb.28, 2021 4,418 million yen

Note 1. These financial results are outside the scope of the quarterly review by a certified public accountant or audit corporation.

Note 2. Cautionary statement with respect to forward looking statements

Forward looking statements in this report are based on currently available information and certain assumptions judged to be reasonable. These statements are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts for a number 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 3 of the attachment.

1. Overview of Operating Results

(1) Overview of Operating Results for the Fiscal Year Ended February 28, 2022

During the fiscal year under review, Japan's economic activity was restricted as the COVID-19 pandemic remained and the state of emergency and priority measures to prevent the spread of disease were repeatedly introduced. Furthermore, the new variant called omicron emerged and the outlook of the economy remained uncertain.

In the apparel industry, to which we belong, corporate earnings were seen trending upward as the scale of suspension of retail outlets' operation was not as large as in the fiscal year ended February 28, 2021. However, customers' consumption activity and spending on leisure activities still remained sluggish and the recovery of earnings remained halfway to the level of earnings before the pandemic.

In such a business environment, the Group continued to operate business, working with shopping centers and department stores in which we have outlets, taking counter-COVID-19 measures daily and prioritizing safety and health of customers and employees.

Throughout the fiscal year, sales of physical outlets at shopping centers and department stores outperformed the levels in the previous fiscal year. However, six "petit main" stores were the only stores newly opened amid the spread of new coronavirus infection. Sales through the e-commerce channel increased only slightly from the level in the previous fiscal year, in which stay-at-home demand drove a strong year-on-year sales growth of 41.8%. This was because multiple shopping channels became available to customers as physical outlets, including shopping centers and department stores, were now constantly open. On the other hand, the share of the sales through the Company's online site increased 3.2% from a year earlier to 53.7% in the total e-commerce sales.

By brand, sales of the mainstay "petit main" shopping center brand maintained a more than 10% year-on-year growth throughout the year. Sales also remained solid throughout the year for the "PTPR" sets, which became a staple in the previous fiscal year. Products in collaboration with the "Curious George" and "miffy" characters, latter of which was introduced in the previous fiscal year, also drove sales. In terms of department store brands, sales of the "kate spade NEW YORK," "ANNA SUI mini," "Paul Smith JUNIOR," "mezzo piano Junior," and "pom ponette junior" all grew 10% year on year, driving the overall sales through the department store channel to exceed the year-earlier level.

The "LOVST" photo studio business opened five new outlets during the fiscal year under review and now operates a total of 10 outlets. While the business commands a high level of customer satisfaction after photo-shooting, its recognition remains low. It thus put effort into boosting recognition using social media, including Instagram.

During the fiscal year ended February 28, 2022, we opened 11 stores at department stores, six stores at shopping centers, and one outlet store. Store closures totaled 13 at department stores and five at shopping centers.

As a result of the above, for the fiscal year ended February 28, 2022, we recorded sales of 30,985 million yen (up 5.0% from the previous fiscal year), an operating profit of 1,401 million yen (up 35.2% from the previous fiscal year), an ordinary profit of 1,333 million yen (up 32.5% from the previous fiscal year), and a profit attributable to owners of parent of 820 million yen (up 106.8% from the previous fiscal year).

(2) Explanation of Financial Position

Assets

Current assets increased by 33 million yen from the end of the previous fiscal year to 8,197 million yen. This was mainly due to an increase of 892 million yen in cash and deposits and a decrease of 436 million yen in notes and accounts receivable-trade. Non-current assets decreased by 147 million yen from the end of the previous fiscal year to 6,324 million yen. This was primarily due to an increase of 28 million yen in property, plant and equipment as a result of an increase in leased assets and a decrease of 216 million yen in intangible assets as a result of a decrease in goodwill. As a result, total assets as of the end of the fiscal year ended February 28, 2022 decreased by 114 million yen from the end of the previous fiscal year to 14,521 million yen.

Liabilities

Current liabilities increased by 3,128 million yen from the end of the previous fiscal year to 8,711 million yen. This was mainly due to a decrease of 125 million yen in accounts payable-trade and an increase of 3,162 million yen in the current portion of long-term borrowings. Non-current liabilities decreased by 3,737 million yen from the previous fiscal year to 908 million yen. This was primarily due to a decrease of 3,790 million yen in long-term borrowings. As a result, total liabilities as of the end of the fiscal year ended February 28, 2022 decreased by 608 million yen from the end of the previous fiscal year to 9,620 million yen.

Net Assets

Net assets increased by 494 million yen from the end of the previous fiscal year to 4,901 million yen. This was mainly due to an increase of 506 million yen in retained earnings as a result of profit attributable to owners of parent and the payment of dividends.

(3) Status of Cash Flow

Cash and cash equivalents (hereinafter referred to as "net cash") at the end of the fiscal year ended February 28, 2022 were 2,724 million yen, an increase of 892 million yen compared to the end of the previous fiscal year.

Cash flows and factors that affected them in the fiscal year ended February 28, 2022 are described below.

Cash Flow from Operating Activities

Net cash provided by operating activities during the fiscal year ended February 28, 2022 resulted in a cash inflow of 2,608 million yen (compared to a cash inflow of 1,042 million yen in the previous fiscal year). This was primarily due to profit before income taxes of 1,321 million yen, depreciation of 524 million yen and a decrease in trade receivables of 428 million yen, a decrease in inventories of 463 million yen, and a decrease in trade payables of 125 million yen, amortization of goodwill of 230 million yen, and income taxes paid of 536 million yen.

Cash Flow from Investment Activities

Net cash used in investment activities during the fiscal year ended February 28, 2022 resulted in a cash outflow of 419 million yen (compared to

a cash outflow of 354 million yen in the previous fiscal year). This was primarily due to a cash outflow consisting of purchase of property, plant and equipment of 100 million yen, purchase of intangible assets of 111 million yen and payments of guarantee deposits of 161 million yen.

Cash Flow from Financing Activities

Net cash used in financing activities during the fiscal year ended February 28, 2022 resulted in a cash outflow of 1,296 million yen (compared to a cash outflow of 1,345 million yen in the previous fiscal year). This was primarily due to a cash outflow consisting of repayments of long-term borrowings of 628 million yen, repayments of lease obligations of 354 million yen and dividends paid of 313 million yen.

(4) Future Outlook

The below table shows consolidated earnings forecasts for the fiscal year ending February 28, 2023.

	Year ended February 28, 2022 (actual)	Year ending February 28, 2023 (forecast)	Difference (amount)	Difference (%)
Net sales (old standard)*	30,985	32,023	1,038	3.4%
Net sales (new standard)*	–	34,500	–	–
Operating profit	1,401	1,450	48	3.4%
Ordinary profit	1,333	1,404	71	5.4%
Profit attributable to owners of parent	820	830	10	1.2%

* The Company plans to apply the “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan Statement No. 29), etc. (“Revenue Recognition Standard”) from the beginning of the year ending February 28, 2023.

The “net sales (old standard)” figures are net sales amounts based on the previous accounting standard, while the “net sales (new standard)” figure is the sales amount under the Revenue Recognition Standard.

During the fiscal year ended February 28, 2022, the apparel industry continued to face the COVID-19 pandemic, which left consumer sentiment remaining at low levels. In the market for children’s clothing, where the Group belongs, occasion-specific demand for children’s clothing recovered as school events, etc. were held with counter-infection measures, rather than many of them being canceled, which was the case in the previous fiscal year. However, infection of the omicron variant, which emerged toward the end of last year, led to a severe environment as it spread mainly to daycare facilities and primary schools, forcing them to scale down events for children.

Going forward, we see little chance the risk of the spread of the new coronavirus infection may decrease and do not expect children’s events to return to the state before the pandemic. Furthermore, rises in energy and logistic costs and purchase price hikes have continued, making it difficult for us to be optimistic about economic recovery going forward. We thus believe the business environment will become even more difficult.

In such an environment, the Group aims to maintain growth by responding flexibly to changes in the business environment. Specifically, we plan to maximize sales opportunities by further brushing up on the multichannel measures, in which the Company excels, and providing our products into each channel at the right time.

The following describes issues we need to address in respective sales channels.

Maximizing Sales Opportunities in E-commerce Channel

Sales through the e-commerce channel increased 100.1% year on year in the fiscal year under review. We moved warehouses and updated the logistic systems in September, speeding up delivery, but failed to significantly improve costs as sales for the year under review did not reach our target. In terms of sales mix, sales through our online sites were relatively strong, but sales through external sites did not grow as we had expected.

In the next fiscal year, we aim to work on external sites, which face tough competition, by updating the “Lycée mine.” brand and release it afresh as a baby and toddler brand available only through the e-commerce channel. In addition, we will work to speed up the sales process by transferring responsibilities of purchasing, inventory and sales to each brand and maximize sales opportunities.

Shopping Center Brands

Sales increased 106.4% year on year in the fiscal year under review. The existing stores under our “petit main” brand for babies and toddlers performed relatively strongly, having opened six new stores. We plan to open additional three new stores in the fiscal year ending February 28, 2023. On the other hand, sales of the “Lovetoxic” junior brand failed to reach the level achieved in the previous fiscal year. To address this situation, in the next fiscal year, we aim to bolster strategies in collaboration with characters and films popular with the junior generation and, as a new measure, feature “Lovetoxic Girls,” or junior high school girls hired through open recruitment, on our e-commerce sites, TikTok channel, etc. and strengthen communication with customers.

Department Store Brands

Sales grew 105.8% year on year in the fiscal year under review. We expect sales to increase again in the next fiscal year. We will work to improve precision of product planning and purchasing to achieve stable growth for the brands that performed strongly in the fiscal year under review, namely: “kate spade NEW YORK,” “ANNA SUI mini,” and “Paul Smith JUNIOR,” as well as “pom ponette junior” and “mezzo piano Junior,” which have been driven by solid occasion-specific demand. As structural reforms have established a structure that enables contribution in operating profit, we will maintain it.

Photo Studio Business

The plan is to open two additional outlets in the next fiscal year for a total of 12 outlets. As a survey conducted on customers after photo-shooting sessions indicated high level of satisfaction, we think the key issue for this business is boosting its recognition and taking effective measures of promoting it. For this, we plan to deploy email newsletters, social media, etc. in a systematic manner. We will also work to build chain operations, standardize high quality and introduce effective operational structures.

Efforts on ESG Management

As part of its SDGs efforts, the Group aims to continue undertaking support activities to ensure all children can have a dream and be happy.

In the fiscal year under review, the Group made donations to a group that supports “Kodomo Shokudo,” or Children's Cafeteria. In addition, we ran a program in collaboration with single-mother family support centers in which single-mother families were invited to LOVST photo studios where they had their photos taken for free.

In the next fiscal year, we plan to launch a new recycling program and an employee volunteering program. We will introduce a program in which our Group employees interact with children in exciting activities. Specifically, we will hold an event in which our Group employees give a lecture and make one-and-only T-shirts for them.

In the next fiscal year, we plan to again run a program in which our Group employees can have actual experiences of directly stimulating children's imagination and giving them happiness.

Capital Tie-up with World Co., Ltd.

On February 21, 2022, the Company became a consolidated subsidiary of World Co., Ltd. Starting in the next fiscal year, we will carry out projects to achieve synergy effects, including improvement in administrative operations, development of logistic networks, consideration of new businesses, under a capital tie-up deal.

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.

Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of February 28, 2021	As of February 28, 2022
Assets		
Current assets		
Cash and deposits	1,831,755	2,724,291
Notes and accounts receivable - trade	2,813,646	2,377,200
Merchandise	3,409,102	2,945,951
Prepaid expenses	68,311	114,165
Other	53,883	44,303
Allowance for doubtful accounts	(12,690)	(8,848)
Total current assets	8,164,008	8,197,063
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,375,313	1,367,900
Accumulated depreciation	(1,104,705)	(1,131,264)
Buildings and structures, net	270,608	236,636
Tools, furniture and fixtures	105,321	107,681
Accumulated depreciation	(81,493)	(70,984)
Tools, furniture and fixtures, net	23,828	36,697
Land	5,940	5,940
Leased assets	2,495,350	2,856,236
Accumulated depreciation	(1,782,933)	(2,094,277)
Leased assets, net	712,417	761,958
Total property, plant and equipment	1,012,794	1,041,232
Intangible assets		
Goodwill	3,192,406	2,961,840
Software	167,768	221,556
Leased assets	110,104	70,526
Other	606	526
Total intangible assets	3,470,886	3,254,450
Investments and other assets		
Investment securities	39,977	12,489
Distressed receivables	97,627	102,865
Long-term prepaid expenses	17,969	9,974
Guarantee deposits	1,168,137	1,232,002
Deferred tax assets	466,312	484,810
Other	271,982	289,955
Allowance for doubtful accounts	(73,624)	(102,865)
Total investments and other assets	1,988,383	2,029,232
Total non-current assets	6,472,063	6,324,915
Total assets	14,636,072	14,521,978

(Thousands of yen)

	As of February 28, 2021	As of February 28, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	2,643,420	2,518,351
Current portion of long-term borrowings	620,048	3,782,452
Lease obligations	357,779	345,657
Accounts payable - other	663,882	649,529
Accrued expenses	563,311	526,393
Income taxes payable	417,683	397,985
Accrued consumption taxes	73,319	218,953
Provision for bonuses	88,907	96,893
Provision for sales returns	10,255	129
Provision for point card certificates	74,476	105,033
Other	69,454	69,924
Total current liabilities	5,582,539	8,711,303
Non-current liabilities		
Long-term borrowings	3,826,446	35,981
Lease obligations	562,194	586,447
Retirement benefit liability	249,574	278,688
Other	7,755	7,755
Total non-current liabilities	4,645,970	908,872
Total liabilities	10,228,509	9,620,176
Net assets		
Shareholders' equity		
Share capital	255,099	255,099
Capital surplus	1,860,774	1,860,774
Retained earnings	2,260,233	2,766,903
Treasury shares	(33)	(132)
Total shareholders' equity	4,376,073	4,882,645
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,442	—
Remeasurements of defined benefit plans	30,046	19,157
Total accumulated other comprehensive income	31,489	19,157
Total net assets	4,407,562	4,901,802
Total liabilities and net assets	14,636,072	14,521,978

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

	(Thousands of yen)	
	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Net sales	29,511,752	30,985,787
Cost of sales	13,744,054	13,796,440
Gross profit	15,767,697	17,189,346
Selling, general and administrative expenses	14,730,484	15,787,505
Operating profit	1,037,212	1,401,840
Non-operating income		
Interest income	8	7
Dividend income	222	-
Foreign exchange gains	509	-
Surrender value of insurance policies	11,910	10,371
Purchase discounts	1,642	2,020
Rental income	23,365	22,478
Gain on adjustment of account payable	39,031	-
Miscellaneous income	14,758	8,687
Total non-operating income	91,448	43,566
Non-operating expenses		
Interest expenses	72,611	61,254
Foreign exchange losses	-	13,059
Commission expenses	10,000	10,000
Rental expenses	19,153	19,153
Miscellaneous losses	20,428	8,635
Total non-operating expenses	122,194	112,103
Ordinary profit	1,006,466	1,333,302
Extraordinary income		
Grant income	291,150	141,597
Total extraordinary income	291,150	141,597
Extraordinary losses		
Loss on retirement of non-current assets	25,214	14,361
Impairment losses	23,008	999
Loss on valuation of investments in capital	-	31,707
Loss on valuation of investment securities	9,501	-
Loss on sale of investment securities	-	748
Temporary closure loss	462,794	61,026
storage relocation cost	-	44,588
Total extraordinary losses	520,518	153,432
Profit before income taxes	777,098	1,321,467
Income taxes - current	367,218	514,471
Income taxes - deferred	13,165	(13,480)
Total income taxes	380,383	500,990
Profit	396,715	820,477
Profit attributable to owners of parent	396,715	820,477

Consolidated statements of comprehensive income

	(Thousands of yen)	
	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Profit	396,715	820,477
Other comprehensive income		
Valuation difference on available-for-sale securities	10,722	(1,442)
Remeasurements of defined benefit plans, net of tax	9,323	(10,889)
Total other comprehensive income	20,045	(12,331)
Comprehensive income	416,761	808,145
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	416,761	808,145
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended February 28, 2021

(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	2,207,693	–	4,323,567
Changes during period					
Dividends of surplus			(344,176)		(344,176)
Profit attributable to owners of parent			396,715		396,715
Purchase of treasury shares				(33)	(33)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	52,539	(33)	52,505
Balance at end of period	255,099	1,860,774	2,260,233	(33)	4,376,073

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	(9,280)	20,723	11,443	4,335,011
Changes during period				
Dividends of surplus				(344,176)
Profit attributable to owners of parent				396,715
Purchase of treasury shares				(33)
Net changes in items other than shareholders' equity	10,722	9,323	20,045	20,045
Total changes during period	10,722	9,323	20,045	72,551
Balance at end of period	1,442	30,046	31,489	4,407,562

Fiscal year ended February 28, 2022

(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	2,260,233	(33)	4,376,073
Changes during period					
Dividends of surplus			(313,806)		(313,806)
Profit attributable to owners of parent			820,477		820,477
Purchase of treasury shares				(98)	(98)
Net changes in items other than shareholders' equity					-
Total changes during period	-	-	506,670	(98)	506,571
Balance at end of period	255,099	1,860,774	2,766,903	(132)	4,882,645

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	1,442	30,046	31,489	4,407,562
Changes during period				
Dividends of surplus				(313,806)
Profit attributable to owners of parent				820,477
Purchase of treasury shares				(98)
Net changes in items other than shareholders' equity	(1,442)	(10,889)	(12,331)	(12,331)
Total changes during period	(1,442)	(10,889)	(12,331)	494,240
Balance at end of period	-	19,157	19,157	4,901,802

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Cash flows from operating activities		
Profit before income taxes	777,098	1,321,467
Depreciation	498,563	524,370
Amortization of guarantee deposits	83,957	80,715
Amortization of goodwill	225,497	230,566
Subsidy income	(291,150)	(141,597)
Loss on retirement of non-current assets	25,214	14,361
Impairment losses	23,008	999
Loss on valuation of investments in capital	–	31,707
Loss (gain) on valuation of investment securities	9,501	–
Loss (gain) on sale of investment securities	–	748
Temporary closure loss	462,794	61,026
Increase (decrease) in allowance for doubtful accounts	27,032	25,398
Increase (decrease) in provision for bonuses	(12,275)	7,985
Increase (decrease) in provision for sales returns	(1,317)	(10,126)
Increase (decrease) in provision for point card certificates	10,216	30,556
Increase (decrease) in retirement benefit liability	13,437	13,419
Interest and dividend income	(230)	(7)
Interest expenses	72,611	61,254
Decrease (increase) in trade receivables	(254,402)	428,402
Decrease (increase) in inventories	(12,264)	463,151
Increase (decrease) in trade payables	154,843	(125,069)
Increase (decrease) in accounts payable - other	211,324	(18,733)
Increase (decrease) in accrued expenses	(186,867)	(34,753)
Increase (decrease) in accrued consumption taxes	(213,166)	145,634
Other, net	20,543	16,843
Subtotal	1,643,970	3,128,323
Interest and dividends received	230	7
Interest paid	(71,695)	(63,419)
Income taxes paid	(358,108)	(536,546)
Subsidies received	291,150	141,597
Payments for temporary closure	(462,794)	(61,026)
Net cash provided by (used in) operating activities	1,042,753	2,608,936
Cash flows from investing activities		
Purchase of property, plant and equipment	(122,101)	(100,731)
Purchase of intangible assets	(70,550)	(111,553)
Purchase of investment securities	(872)	–
Proceeds from sale of investment securities	–	25,087
Payments for investments in capital	(31,707)	–
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(15,539)	–
Purchase of insurance funds	(28,814)	(31,779)
Proceeds from maturity of insurance funds	16,504	15,522
Payments of guarantee deposits	(75,879)	(161,306)
Proceeds from refund of guarantee deposits	21,293	25,418
Other, net	(46,689)	(80,365)
Net cash provided by (used in) investing activities	(354,356)	(419,708)

	(Thousands of yen)	
	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Cash flows from financing activities		
Repayments of long-term borrowings	(596,290)	(628,061)
Repayments of lease obligations	(404,600)	(354,485)
Purchase of treasury shares	(33)	(98)
Dividends paid	(344,176)	(313,806)
Net cash provided by (used in) financing activities	(1,345,100)	(1,296,451)
Net increase (decrease) in cash and cash equivalents	(656,704)	892,776
Cash and cash equivalents at beginning of period	2,488,139	1,831,435
Cash and cash equivalents at end of period	1,831,435	2,724,211

Notes to consolidated financial statements

(Going concern assumptions)

Not applicable

(Segment information)

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

(Per Share Information)

	Fiscal year 2/2021 (from March 1, 2020 to February 28, 2021)	Fiscal year 2/2022 (from March 1, 2021 to February 28, 2022)
Net assets per share	435.40Yen	484.23Yen
Earnings per share	39.19Yen	81.05Yen

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

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

	Fiscal year 2/2021 (from March 1, 2020 to February 28, 2021)	Fiscal year 2/2022 (from March 1, 2021 to February 28, 2022)
Profit attributable to owners of parent (in K yen)	396,715	820,477
Amount not attributable to owners of common shares (in K yen)	—	—
Profit attributable to owners of parent related to common shares (in K yen)	396,715	820,477
Average number of common shares outstanding (shares)	10,122,827	10,122,741

(Significant subsequent events)

Not applicable