

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended November 30, 2019 (Based on Japanese GAAP)

January 14, 2020

Company name: NARUMIYA INTERNATIONAL Co.,Ltd
 Stock exchange listing: Tokyo
 Stock code: 9275 URL <http://www.narumiya-net.co.jp/ir/>
 Representative: President, Representative Director and Chief Executive Officer Toshiaki Ishii
 Inquiries: Executive Managing Director Chief Financial Officer Chiaki Ueda TEL 03-6430-3405
 Scheduled date to file Quarterly Securities Report: January 14, 2020
 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 nine months ended November 30, 2019 (from March 1, 2019 to November 30, 2019)

(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	%
Nine months ended November 30, 2019	23,285	-	1,117	-	1,066	-	614	-
Nine months ended November 30, 2018	-	-	-	-	-	-	-	-

(Note) Comprehensive income: Nine months ended November 30, 2019 620 millions of yen (- %)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended November 30, 2019	61.20	61.01
Nine months ended November 30, 2018	-	-

(Note) On March 29, 2019, the Company acquired all the shares of Heartfeel Co., Ltd., and made it a consolidated subsidiary. To reflect this, the Company announces its financial statements on a consolidated basis beginning the First Quarter Ended May 31, 2019.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of November 30, 2019	15,994	3,906	24.4
As of February 28, 2019	-	-	-

(Note) On March 29, 2019, the Company acquired all the shares of Heartfeel Co., Ltd., and made it a consolidated subsidiary. To reflect this, the Company announces its financial statements on a consolidated basis beginning the First Quarter Ended May 31, 2019.

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended February 28, 2019	-	1,465.00	-	31.00	-
Year ending February 29, 2020	-	0.00	-	-	-
Year ending February 29, 2020 (Forecast)	-	-	-	34.00	34.00

(Note)1. Note: Revision to the most recently announced dividend forecast: None

Breakdown of dividends for FY2020(forecast) : ordinary dividend of 31yen, commemorative dividend of 3yen

2. On June 29, 2018, the Company implemented a stock split, at a ratio of 30 shares to one common share. The dividend per share for the three months ended August 31, 2019 was before the stock split.

3. Forecast of consolidated financial results for the year ending February 29, 2020 (from March 1, 2019 to February 29, 2020)

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	33,007	–	1,712	–	1,646	–	1,007	–	101.65

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

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended November 30, 2019
(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
Newly added: 1 Heartfeel Co., Ltd. Excluded : –
- (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 November 30, 2019	10,089,830 shares	As of February 28, 2019	9,906,830 shares
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Number of treasury shares at the end of the period

As of November 30, 2019	– shares	As of February 28, 2019	– shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended November 30, 2019	10,046,880 shares	Nine months ended November 30, 2018	9,712,675 shares
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(Note) 1. On June 29, 2018, the Company implemented a stock split, at a ratio of 30 shares to one common share. Total number of issued shares at the end of the period, total number of treasury shares at the end of the period and average number of shares during the period were calculated by assuming that the stock split was implemented at the beginning of the previous fiscal year.

2. Total number of issued shares has increased by 282,500 as a result of new shares issued by public offering (bookbuilding subscription) with the payment date of September 5, 2018.

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

※ Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements provided herein are based on information that is currently available to the Company and certain assumptions that the Company deems reasonable, and the Company does not in any way guarantee the achievement of the projections. Actual results may differ significantly from the forecasts due to various factors.

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

As of November 30, 2019

Assets	
Current assets	
Cash and deposits	1,015,821
Notes and accounts receivable - trade	3,476,195
Merchandise	4,657,244
Prepaid expenses	69,878
Other	67,290
Allowance for doubtful accounts	(10,753)
Total current assets	<u>9,275,677</u>
Non-current assets	
Property, plant and equipment	
Buildings and structures	1,403,974
Accumulated depreciation	(1,112,774)
Buildings and structures, net	<u>291,200</u>
Tools, furniture and fixtures	88,473
Accumulated depreciation	(64,330)
Tools, furniture and fixtures, net	<u>24,143</u>
Land	5,940
Leased assets	2,161,472
Accumulated depreciation	(1,362,286)
Leased assets, net	<u>799,186</u>
Total property, plant and equipment	<u>1,120,470</u>
Intangible assets	
Goodwill	3,419,794
Software	93,481
Software in progress	21,500
Leased assets	135,361
Other	15,706
Total intangible assets	<u>3,685,844</u>
Investments and other assets	
Investment securities	41,613
Claims provable in bankruptcy, claims provable in rehabilitation and other	50,054
Long-term prepaid expenses	20,624
Guarantee deposits	1,150,892
Deferred tax assets	470,709
Other	228,920
Allowance for doubtful accounts	(50,054)
Total investments and other assets	<u>1,912,760</u>
Total non-current assets	<u>6,719,075</u>
Total assets	<u>15,994,752</u>

(Thousands of yen)

As of November 30, 2019

Liabilities	
Current liabilities	
Accounts payable - trade	3,203,410
Short-term loans payable	300,000
Current portion of long-term loans payable	570,048
Lease obligations	350,608
Accounts payable - other	419,273
Accrued expenses	763,620
Income taxes payable	187,872
Accrued consumption taxes	95,617
Provision for bonuses	269,880
Provision for sales returns	16,535
Provision for point card certificates	112,008
Other	156,880
Total current liabilities	<u>6,445,756</u>
Non-current liabilities	
Long-term loans payable	4,662,382
Lease obligations	684,437
Net defined benefit liability	292,350
Other	3,755
Total non-current liabilities	<u>5,642,925</u>
Total liabilities	<u>12,088,682</u>
Net assets	
Shareholders' equity	
Capital stock	249,478
Capital surplus	1,855,153
Retained earnings	1,823,599
Total shareholders' equity	<u>3,928,231</u>
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	(3,496)
Remeasurements of defined benefit plans	(18,884)
Total accumulated other comprehensive income	<u>(22,381)</u>
Share acquisition rights	<u>220</u>
Total net assets	<u>3,906,070</u>
Total liabilities and net assets	<u>15,994,752</u>

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

Consolidated statements of income (cumulative)

	(Thousands of yen)
	Nine months ended November 30, 2019
Net sales	23,285,795
Cost of sales	10,296,712
Gross profit	12,989,083
Selling, general and administrative expenses	11,871,602
Operating profit	1,117,480
Non-operating income	
Interest and dividend income	116
Insurance premiums refunded cancellation	9,153
Purchase discounts	1,790
Rent income	18,270
Subsidy income	14,900
Miscellaneous income	6,361
Total non-operating income	50,591
Non-operating expenses	
Interest expenses	56,929
Commission fee	9,200
Rent expenses	14,406
Foreign exchange losses	710
Moving to the first section expenses	11,740
Miscellaneous loss	8,299
Total non-operating expenses	101,285
Ordinary profit	1,066,787
Extraordinary losses	
Impairment loss	12,549
Loss on retirement of non-current assets	365
Total extraordinary losses	12,914
Profit before income taxes	1,053,872
Income taxes - current	434,945
Income taxes - deferred	3,989
Total income taxes	438,934
Profit	614,937
Profit attributable to owners of parent	614,937

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

Nine months ended
November 30, 2019

Profit	614,937
Other comprehensive income	
Valuation difference on available-for-sale securities	(650)
Remeasurements of defined benefit plans, net of tax	6,259
Total other comprehensive income	5,608
Comprehensive income	620,546
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	620,546
Comprehensive income attributable to non-controlling interests	—