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April 3, 2025

Summary of Consolidated Financial Results for the Fiscal Year Ended February 28, 2025 (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 Hirotaka 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 23, 2025
 Scheduled date to file Securities Report: May 26, 2025
 Scheduled date to commence dividend payments: May 26, 2025
 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 28, 2025 (from March 1, 2024 to February 28, 2025)

(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 28, 2025	39,152	4.5	1,860	(11.6)	1,819	(12.2)	1,403	15.4
Fiscal year ended February 29, 2024	37,484	7.1	2,105	23.5	2,072	27.6	1,216	46.4

Note: Comprehensive income Fiscal year ended February 28, 2025: 1,422 million yen (16.5%)
 Fiscal year ended February 29, 2024: 1,220 million yen (50.4%)

	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 28, 2025	142.99	—	21.5	12.9	4.8
Fiscal year ended February 29, 2024	123.43	—	21.4	15.0	5.6

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended February 28, 2025: —million yen
 For the fiscal year ended February 29, 2024: —million yen

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

(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, 2025	13,996	7,027	50.2	715.85
As of February 29, 2024	14,160	6,008	42.4	612.00

Reference: Shareholders' equity As of February 28, 2025: 7,027 million yen As of February 29, 2024: 6,008 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
Fiscal year ended February 28, 2025	1,307	(808)	(1,303)	1,938
Fiscal year ended February 29, 2024	1,927	(551)	(1,594)	2,738

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 29, 2024	—	0.00	—	41.00	41.00	402	33.2	7.2
Fiscal year ended February 28, 2025	—	0.00	—	53.00	53.00	520	37.1	8.0
Fiscal year ending February 28, 2026 (Forecast)	—	0.00	—	58.00	58.00		35.0	

3. Forecast of consolidated financial results for the fiscal year ending February 28, 2026 (from March 1, 2025 to February 28, 2026)

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	44,000	12.4	2,600	39.7	2,584	42.0	1,653	17.8	167.96

Note: The Company has resolved on disposal of treasury shares at a meeting of the Board of Directors held on November 19, 2024. The figures for “Earnings per share” in the forecast of consolidated financial results for the fiscal year ending February 28, 2026 take into account the impact of the disposal of treasury shares.

4. Notes

(1) Significant changes in the scope of consolidation during the fiscal year ended February 28, 2025: Yes

Newly included: 1 company (KP Co., Ltd.)

Excluded: 1 company (Heartfeel Co., Ltd.)

Note: For details, refer to “3. Consolidated Financial Statements and Significant Notes (5) Notes concerning consolidated financial statements (Change in scope of consolidation or application of the equity method)” on page 12 of the attached material.

(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, 2025	10,122,830 shares	As of February 29, 2024	10,122,830 shares
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Number of treasury shares at the end of the period

As of February 28, 2025	305,122 shares	As of February 29, 2024	305,122 shares
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Average number of shares during the period

Fiscal year ended February 28, 2025	9,817,708 shares	Fiscal year ended February 29, 2024	9,857,708 shares
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Reference: Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended February 28, 2025 (from March 1, 2024 to February 28, 2025)

(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 28, 2025	38,471	4.3	1,814	(14.4)	1,777	(15.1)	1,389	13.3
Fiscal year ended February 29, 2024	36,878	7.8	2,120	18.9	2,093	22.2	1,227	60.5

	Earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended February 28, 2025	141.55	—
Fiscal year ended February 29, 2024	124.47	—

(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, 2025	13,833	7,001	50.6	713.15
As of February 29, 2024	14,095	6,014	42.7	612.60

Reference: Shareholders' equity As of February 28, 2025: 7,001 million yen As of February 29, 2024: 6,014 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 28, 2025

During the current fiscal year, although the Japanese economy showed signs of gradual recovery as employment and incomes continued to improve, outlook remained uncertain due to concerns about the slowdown of overseas economies and persistently high resource prices.

In the apparel industry, to which we belong, although there are some signs of recovery in personal consumption due to increased human flow and expansion of inbound demand, there are still concerns about the impact on the future business environment, as consumers are expected to become thrifter and more price-conscious about clothing due to soaring raw material and energy prices and repeated price hikes.

In such a business environment, the Group formulated the medium-term management plan (consolidated), which targets the period from the fiscal year ended February 28, 2025 to the fiscal year ending February 28, 2027. Under this plan, the Group aims to operate the brand portfolio based on the concept of “multi-brand evolution,” integrate channels and new locations based on the concept of “deepening multi-channels,” and expanding our fanbase and maximizing LTV (lifetime value) by shifting focus from single brand to multiple brands based on the concept of “enhancing CRM (customer relationship management).” With the aim of opening new stores for major brands and enhancing brand value as part of building a stable business foundation, the Group has been proposing sales opportunities by strengthening in-store customer service and VMD (visual merchandising) and promoting product promotions.

Sales by channel were strong through the first half of the fiscal year, but struggled in the second half, the fall and winter sales season, due to the warm winter. Under such circumstances, we aggressively invested in growth, opening more new stores and launching new brands than initially planned. In addition, as a digital strategy, we continued to actively implement promotional measures linking our own e-commerce site “NARUMIYA ONLINE” with physical stores and OMO (Online Merge with Offline) measures aimed at integrating online and offline operations. As a result, as for sales by channel, sales hit 9,396 million yen for the department store channel (98.5% on the previous fiscal year), 15,346 million yen for the shopping center channel (104.8%), 8,772 million yen for the e-commerce channel (102.5%), and 5,637 million yen for the other channels (119.0%). 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. In the shopping center channel, we promoted full-price sales through new product development, enhanced customer service, and strengthened branding, including the opening of more stores of the sports brand “Minimal,” the debut of the “and D. petit main” brand, a derivative of “petit main,” and the debut of the “petit main for dog” dog wear as part of measures to expand the concept of “children.” In the e-commerce channel, sales increased due to aggressive investment in measures to attract customers, a recovery in the frequency of site visits triggered by the number of app downloads surpassing 1 million, and the development of new sales channels and marketing activities such as cross-border EC. In other channels, we increased sales by optimizing the brand mix of existing stores, especially in the outlet channel.

By brand, sales of the shopping center brand “petit main” rose year on year. Furthermore, five of the ten department store brands recorded year-on-year growth in sales, with double-digit increases for “Paul Smith JUNIOR” and “by LOVEiT” brands in particular.

With respect to inventory balances, we have increased our purchases in anticipation of a recovery in market conditions and in anticipation of our customers’ aggressive shopping. The amount of inventory at the end of the current fiscal year increased compared to the previous fiscal year, as sales of fall and winter goods were difficult due to the warm winter.

Selling, general and administrative expenses increased compared to the previous fiscal year due to an increase in personnel expenses resulting from the implementation of compensation improvements, aggressive investment in growth, and one-time events such as opening costs associated with new store openings that exceeded initial plans, system investment and sales promotion costs incurred from the launch of new brands.

As for extraordinary income, surrender value of insurance policies of 188 million yen has been recorded in extraordinary income due to the cancellation of endowment insurance which the Company was covered by, from the viewpoint of strengthening the financial structure and improvement of cash flows.

In terms of taxes, 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 41 stores in department stores, 31 stores in shopping centers, and two outlet stores, and closed 29 stores in department stores, two

stores in shopping centers and one outlet store, as a result of accelerated store openings of existing brands and the launch of new brands. In addition, 45 directly managed stores were added from KP Co., Ltd., which became a consolidated subsidiary of the Group in December 2024.

As a result of the above, for the fiscal year ended February 28, 2025, we recorded net sales of 39,152 million yen (104.5% on the previous fiscal year), an operating profit of 1,860 million yen (88.4%), an ordinary profit of 1,819 million yen (87.8%), and a profit attributable to owners of parent of 1,403 million yen (115.4%). 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 decreased by 381 million yen from the end of the previous fiscal year to 8,429 million yen. This was mainly due to a decrease of 953 million yen in cash and deposits, an increase of 58 million yen in accounts receivable - trade, and an increase of 505 million yen in merchandise. Non-current assets increased by 217 million yen from the end of the previous fiscal year to 5,567 million yen. This was primarily due to an increase of 418 million yen in property, plant and equipment as a result of an increase in buildings and structures, net, a decrease of 34 million yen in intangible assets as a result of a decrease in goodwill, and a decrease of 167 million yen in investments and other assets. As a result, total assets as of the end of the fiscal year ended February 28, 2025, decreased by 164 million yen from the end of the previous fiscal year to 13,996 million yen.

Liabilities

Current liabilities decreased by 487 million yen from the end of the previous fiscal year to 5,302 million yen. This was mainly due to decreases of 235 million yen in accounts payable - other and 395 million yen in income taxes payable, as well as an increase of 160 million yen in accounts payable - trade. Non-current liabilities decreased by 695 million yen from the end of the previous fiscal year to 1,665 million yen. This was primarily due to decreases of 532 million yen in long-term borrowings and 150 million yen in lease liabilities. As a result, total liabilities as of the end of the fiscal year ended February 28, 2025, decreased by 1,183 million yen from the end of the previous fiscal year to 6,968 million yen.

Net Assets

Net assets increased by 1,019 million yen from the end of the previous fiscal year to 7,027 million yen. This was mainly due to an increase of 1,001 million yen in retained earnings as a result of the recording of profit attributable to owners of parent and the payment of dividends.

(3) Overview of Cash Flows

Cash and cash equivalents (hereinafter referred to as “net cash”) at the end of the fiscal year ended February 28, 2025, was 1,938 million yen, a decrease of 799 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, 2025, are described below.

Cash Flows from Operating Activities

Net cash provided by operating activities during the fiscal year ended February 28, 2025, resulted in a cash inflow of 1,307 million yen (compared to a cash inflow of 1,927 million yen in the previous fiscal year). This was primarily due to profit before income taxes of 2,007 million yen, depreciation of 517 million yen, amortization of goodwill of 186 million yen, an increase in inventories of 204 million yen, a decrease in accounts payable - other of 254 million yen, and income taxes paid of 900 million yen.

Cash Flows from Investing Activities

Net cash used in investing activities during the fiscal year ended February 28, 2025, resulted in a cash outflow of 808 million yen (compared to a cash outflow of 551 million yen in the previous fiscal year). This was primarily due to purchase of property, plant and equipment of 788 million yen, purchase of intangible assets of 258 million yen, proceeds from maturity of insurance funds of 441 million yen, and payments of guarantee deposits of 224 million yen.

Cash Flows from Financing Activities

Net cash used in financing activities during the fiscal year ended February 28, 2025, resulted in a cash outflow of 1,303 million yen (compared to a cash outflow of 1,594 million yen in the previous fiscal year). This was primarily due to a cash outflow consisting of repayments of long-term borrowings of 917 million yen and dividends paid of 402 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.

In the fiscal year ending February 28, 2026, the Group plans to achieve further growth by thoroughly adhering to the basics of customer-driven business, and increasing sales through both in-store and e-commerce sales channels by optimizing its brand portfolio. In the EC business, we will redefine NARUMIYA ONLINE as a “media commerce site” and work to improve CVR (conversion rate) through the creation of a more attractive site and further profitability.

For the fiscal year ending February 28, 2026, the second year of the medium-term management plan, we forecast net sales of 44,000 million yen, operating profit of 2,600 million yen, ordinary profit of 2,584 million yen, and profit attributable to owners of parent of 1,653 million yen, and will continue to strive to achieve the targets of the medium-term management plan.

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 sheets

(Thousands of yen)

	As of February 29, 2024	As of February 28, 2025
Assets		
Current assets		
Cash and deposits	2,892,352	1,938,925
Accounts receivable - trade	2,527,138	2,586,086
Merchandise	3,162,672	3,667,736
Prepaid expenses	165,124	179,736
Other	63,757	73,507
Allowance for doubtful accounts	(535)	(16,988)
Total current assets	8,810,510	8,429,003
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,455,943	2,089,347
Accumulated depreciation	(1,258,623)	(1,365,319)
Buildings and structures, net	197,320	724,027
Tools, furniture and fixtures	118,624	228,023
Accumulated depreciation	(95,055)	(131,613)
Tools, furniture and fixtures, net	23,568	96,410
Land	5,940	5,940
Leased assets	3,068,669	3,025,564
Accumulated depreciation	(2,579,725)	(2,717,893)
Leased assets, net	488,944	307,671
Total property, plant and equipment	715,773	1,134,049
Intangible assets		
Goodwill	2,271,487	2,121,811
Software	351,552	472,215
Leased assets	8,277	3,317
Other	366	286
Total intangible assets	2,631,684	2,597,631
Investments and other assets		
Investment securities	32,447	9,947
Distressed receivables	99,073	109,593
Long-term prepaid expenses	24,206	22,579
Guarantee deposits	1,172,734	1,285,644
Deferred tax assets	539,493	487,196
Other	238,500	25,645
Allowance for doubtful accounts	(103,426)	(104,737)
Total investments and other assets	2,003,029	1,835,869
Total non-current assets	5,350,487	5,567,550
Total assets	14,160,997	13,996,554

(Thousands of yen)

	As of February 29, 2024	As of February 28, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	2,382,933	2,543,407
Current portion of long-term borrowings	717,112	762,396
Lease liabilities	213,611	150,521
Accounts payable - other	752,298	517,222
Accrued expenses	573,366	555,554
Income taxes payable	571,993	176,319
Accrued consumption taxes	86,548	92,308
Contract liabilities	114,943	187,165
Provision for bonuses	330,947	240,420
Provision for point card certificates	11,216	12,289
Other	35,778	65,176
Total current liabilities	5,790,750	5,302,782
Non-current liabilities		
Long-term borrowings	1,687,525	1,155,129
Lease liabilities	352,335	201,814
Retirement benefit liability	316,791	301,177
Other	5,155	7,693
Total non-current liabilities	2,361,807	1,665,813
Total liabilities	8,152,557	6,968,595
Net assets		
Shareholders' equity		
Share capital	255,099	255,099
Capital surplus	1,860,774	1,860,774
Retained earnings	4,170,467	5,171,803
Treasury shares	(280,732)	(280,732)
Total shareholders' equity	6,005,608	7,006,944
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	2,830	21,014
Total accumulated other comprehensive income	2,830	21,014
Total net assets	6,008,439	7,027,958
Total liabilities and net assets	14,160,997	13,996,554

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

(Thousands of yen)

	Fiscal year ended February 29, 2024	Fiscal year ended February 28, 2025
Net sales	37,484,381	39,152,906
Cost of sales	15,261,137	16,206,574
Gross profit	22,223,243	22,946,331
Selling, general and administrative expenses	20,117,618	21,085,419
Operating profit	2,105,625	1,860,912
Non-operating income		
Interest income	18	335
Dividend income	0	0
Foreign exchange gains	2,203	—
Surrender value of insurance policies	11,396	9,018
Purchase discounts	2,666	3,159
Rental income	19,434	44,636
Miscellaneous income	11,635	18,459
Total non-operating income	47,353	75,609
Non-operating expenses		
Interest expenses	43,161	36,120
Finance fee	5,008	4,999
Foreign exchange losses	—	19,931
Commission expenses	8,195	—
Rental expenses	13,680	40,364
Commission for purchase of treasury shares	1,403	—
Miscellaneous losses	8,762	15,515
Total non-operating expenses	80,211	116,932
Ordinary profit	2,072,768	1,819,589
Extraordinary income		
Surrender value of insurance policies	—	*1 188,264
Gain on redemption of investment securities	—	11,600
Total extraordinary income	—	199,864
Extraordinary losses		
Loss on retirement of non-current assets	2,250	11,811
Amortization of goodwill	*2 166,165	—
Total extraordinary losses	168,416	11,811
Profit before income taxes	1,904,352	2,007,642
Income taxes - current	789,615	511,984
Income taxes - deferred	(102,027)	91,796
Total income taxes	687,588	603,780
Profit	1,216,763	1,403,861
Profit attributable to owners of parent	1,216,763	1,403,861

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended February 29, 2024	Fiscal year ended February 28, 2025
Profit	1,216,763	1,403,861
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	3,504	18,183
Total other comprehensive income	3,504	18,183
Comprehensive income	1,220,268	1,422,044
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,220,268	1,422,044
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated statements of changes in equity**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

Fiscal year ended February 28, 2025

(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	4,170,467	(280,732)	6,005,608
Changes during period					
Dividends of surplus			(402,526)		(402,526)
Profit attributable to owners of parent			1,403,861		1,403,861
Net changes in items other than shareholders' equity					—
Total changes during period	—	—	1,001,335	—	1,001,335
Balance at end of period	255,099	1,860,774	5,171,803	(280,732)	7,006,944

	Accumulated other comprehensive income		Total net assets
	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	2,830	2,830	6,008,439
Changes during period			
Dividends of surplus			(402,526)
Profit attributable to owners of parent			1,403,861
Net changes in items other than shareholders' equity	18,183	18,183	18,183
Total changes during period	18,183	18,183	1,019,518
Balance at end of period	21,014	21,014	7,027,958

(4) Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended February 29, 2024	Fiscal year ended February 28, 2025
Cash flows from operating activities		
Profit before income taxes	1,904,352	2,007,642
Depreciation	446,915	517,774
Amortization of guarantee deposits	73,432	72,357
Amortization of goodwill	365,993	186,566
Loss on retirement of non-current assets	2,250	11,811
Gain on redemption of investment securities	—	(11,600)
Increase (decrease) in allowance for doubtful accounts	(8,123)	15,828
Increase (decrease) in provision for bonuses	213,760	(103,726)
Increase (decrease) in provision for point card certificates	1,603	1,073
Increase (decrease) in retirement benefit liability	17,985	12,536
Interest and dividend income	(18)	(335)
Interest expenses	43,161	36,120
Surrender value of insurance policies	—	(197,283)
Decrease (increase) in trade receivables	(304,995)	84,288
Decrease (increase) in inventories	(684,197)	(204,757)
Increase (decrease) in trade payables	508,914	20,321
Increase (decrease) in accounts payable - other	176,496	(254,159)
Increase (decrease) in accrued expenses	33,300	(29,641)
Increase (decrease) in accrued consumption taxes	(215,521)	17,479
Other, net	(34,845)	62,066
Subtotal	2,540,463	2,244,363
Interest and dividends received	18	335
Interest paid	(43,080)	(37,230)
Income taxes paid	(570,214)	(900,368)
Net cash provided by (used in) operating activities	1,927,187	1,307,099
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	—	153,872
Purchase of property, plant and equipment	(97,378)	(788,227)
Purchase of intangible assets	(240,086)	(258,692)
Purchase of investment securities	(22,500)	—
Proceeds from redemption of investment securities	—	36,469
Purchase of insurance funds	(28,783)	(29,030)
Proceeds from maturity of insurance funds	16,678	441,024
Payments of guarantee deposits	(92,171)	(224,943)
Proceeds from refund of guarantee deposits	29,810	30,923
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(150,852)
Other, net	(116,937)	(19,141)
Net cash provided by (used in) investing activities	(551,367)	(808,598)
Cash flows from financing activities		
Proceeds from long-term borrowings	—	230,000
Repayments of long-term borrowings	(726,344)	(917,112)
Repayments of lease liabilities	(273,660)	(213,620)
Purchase of treasury shares	(280,600)	—
Dividends paid	(313,712)	(402,337)
Net cash provided by (used in) financing activities	(1,594,316)	(1,303,069)
Effect of exchange rate change on cash and cash equivalents	13,445	5,014
Net increase (decrease) in cash and cash equivalents	(205,051)	(799,554)
Cash and cash equivalents at beginning of period	2,943,532	2,738,480
Cash and cash equivalents at end of period	2,738,480	1,938,925

(5) Notes concerning consolidated financial statements

Notes regarding going concern assumptions

Not applicable.

Change in scope of consolidation or application of the equity method

In the current fiscal year, Heartfeel Co., Ltd. was excluded from the scope of consolidation due to an absorption-type merger in which the Company was the surviving company and Heartfeel Co., Ltd., which had been a consolidated subsidiary of the Company, was the disappearing company. In addition, KP Co., Ltd. was included in the scope of consolidation due to the acquisition of all shares of KP Co., Ltd. through a subscription to a third-party allotment of new shares.

Related to consolidated statements of income

***1 Surrender value of insurance policies**

Fiscal year ended February 29, 2024

Not applicable.

Fiscal year ended February 28, 2025

The difference between the carrying amount of insurance funds and surrender benefits has been recorded as surrender value of insurance policies due to the cancellation of endowment insurance which the Company was covered by, from the viewpoint of strengthening the financial structure and improvement of cash flows.

***2 Amortization of goodwill**

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).

Fiscal year ended February 28, 2025

Not applicable.

Segment information

Fiscal year ended February 29, 2024

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

Fiscal year ended February 28, 2025

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 29, 2024 (from March 1, 2023 to February 29, 2024)	Fiscal year ended February 28, 2025 (from March 1, 2024 to February 28, 2025)
Net assets per share	612.00	715.85
Earnings per share	123.43	142.99

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

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

(Thousands of yen)

	Fiscal year ended February 29, 2024 (from March 1, 2023 to February 29, 2024)	Fiscal year ended February 28, 2025 (from March 1, 2024 to February 28, 2025)
Profit attributable to owners of parent	1,216,763	1,403,861
Amount not attributable to owners of common shares	—	—
Profit attributable to owners of parent related to common shares	1,216,763	1,403,861
Average number of common shares outstanding (shares)	9,857,708	9,817,708

Significant subsequent events

Disposal of treasury shares as restricted stock remuneration

The Company has resolved on disposal of treasury shares as restricted stock remuneration at a meeting of the Board of Directors held on November 19, 2024, and the payment procedure was completed on March 14, 2025. Since there was a change in the initially planned number of shares to be disposed of, etc., due to partial forfeiture of the right, the actual disposal results are as follows.

1. Summary of the disposal (changes are underlined)

	After change	Before change
(1) Payment date	March 14, 2025	March 14, 2025
(2) Class and number of shares to be disposed of	<u>29,260 shares</u> of common shares of the Company	<u>32,866 shares</u> of common shares of the Company
(3) Disposal value	1,301 yen per share	1,301 yen per share
(4) Total amount of disposal value	<u>38,067,260 yen</u>	<u>42,758,666 yen</u>
(5) Allottees, number of allottees, and number of shares of disposal	<u>503</u> employees of the Company <u>29,260</u> shares	<u>571</u> employees of the Company <u>32,866</u> shares

2. Purpose and reason for the disposal

At a meeting of the Board of Directors held on November 19, 2024, the Company resolved to introduce a stock remuneration plan under which shares with transfer restrictions will be granted to the Company's employees for the purpose of providing them with an incentive to raise their awareness of the need to contribute to improving the Company's performance and increasing its corporate value over the medium to long term, and to promote further value sharing with shareholders. The Company also resolved to allot 32,866 shares of common shares of the Company as specified restricted stock by paying a total of 42,758,666 yen in monetary remuneration claims to 571 employees of the Company who are the planned allottees (the "Allottees") as restricted stock remuneration, and having the Allottees pay all such claims by way of in-kind contribution. The amount of monetary remuneration claims against each Allottee is determined based on comprehensive consideration of various matters, including the contribution of each Allottee to the Company. Such monetary remuneration claims are paid on the condition that each Allottee enters into a restricted stock allotment agreement with the Company, among others.

The difference between the planned and actual number of shares to be disposed of, etc. is due to the forfeiture of a total of 68 persons who were scheduled to be allotted shares at the time of the decision to dispose of treasury shares due to retirement, declination of allotment, or other reasons.