

Translation

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Summary of Non-Consolidated Financial Results for the Six Months Ended August 31, 2018 (Based on Japanese GAAP)

October 9, 2018

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: October 12, 2018
 Scheduled date to commence dividend payments: July 20, 2018
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the six months ended August 31, 2018 (from March 1, 2018 to August 31, 2018)

(1) Non-consolidated operating results (cumulative)

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	%
Six months ended August 31, 2018	13,220	—	268	—	197	—	913	—
Six months ended August 31, 2017	—	—	—	—	—	—	—	—

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended August 31, 2018	94.88	—
Six months ended August 31, 2017	—	—

- (Note) 1. We did not prepare the quarterly financial statements for the second quarter of the year ended February 2018. Therefore, the figures for the first half of the term ended February 2018 and the year-on-year change in the first half of the term ending February 2019 are not indicated.
2. We implemented 1-to-30 share split for common stocks on June 29, 2018. Assuming the share split to be implemented at the beginning of the fiscal year ending February 2019, Earnings per share is calculated.
3. Although there are dilutive shares, no average share price can be determined because our shares are non-listed. Therefore, net income per share after adjustment for dilutive shares is not indicated.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of August 31, 2018	12,432	2,252	18.1
As of February 28, 2018	2,162	2,162	99.9

(Reference) Equity : As of August 31, 2018 2,251 Millions of yen
 As of February 28, 2018 2,160 Millions of yen

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, 2018	–	4,993.00	–	1,269.00	6,262.00
Year ending February 28, 2019	–	1,465.00			
Year ending February 28, 2019 (Forecast)			–	30.85	–

(Note) 1. Revisions to the most recently announced dividend forecasts: No

2. We implemented 1-to-30 share split for common stocks on June 29, 2018. The decision on the said share split was made on June 8, 2018, and became effective on the 29th of the same month. The split was made, however, on the premise of a revision in the Articles of Incorporation to be approved by the extraordinary Shareholders Meeting held on the same date as the effective date. Therefore, the interim dividend per share before the 1-to-30 share split is indicated that was paid based on the decision made at the extraordinary Board of Directors meeting held prior to the extraordinary Shareholders Meeting held on June 29, 2018.

3. We plan to apply 30% dividend payout ratio and earnings per share of 30.85 after deduction of extraordinary profit 875 million yen.

3. Forecast of non-consolidated financial results for the year ending February 28, 2019 (from March 1, 2018 to February 28, 2019)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	29,802	–	1,767	–	1,635	176.3	1,879	215.8	192.55

(Note) 1. Revisions to the most recently announced earnings forecasts: No

2. We implemented 1-to-30 share split for common stocks on June 29, 2018. Earnings per share is calculated based on the assumption that the stock split was implemented at the beginning of this fiscal year.

4. Notes

(1) Application of special accounting methods for preparing quarterly non-consolidated financial statements: 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: 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 August 31, 2018	9,624,330 shares	As of February 28, 2018	9,453,030 shares
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Number of treasury shares at the end of the period

As of August 31, 2018	– shares	As of February 28, 2018	– shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended August 31, 2018	9,624,330 shares	Six months ended August 31, 2017	9,453,030 shares
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Quarterly non-consolidated financial statements
Non-consolidated balance sheets

	(Thousands of yen)	
	As of February 28, 2018	As of August 31, 2018
Assets		
Current assets		
Cash and deposits	14,241	1,158,155
Notes and accounts receivable - trade	—	2,132,503
Merchandise	—	2,858,532
Prepaid expenses	—	67,843
Income taxes receivable	402,803	—
Deferred tax assets	4,294	240,294
Other	—	107,486
Allowance for doubtful accounts	—	(6,419)
Total current assets	421,338	6,558,395
Non-current assets		
Property, plant and equipment		
Buildings and structures	—	1,170,010
Accumulated depreciation	—	(992,287)
Buildings and structures, net	—	177,722
Tools, furniture and fixtures	—	63,628
Accumulated depreciation	—	(54,851)
Tools, furniture and fixtures, net	—	8,777
Land	—	5,940
Leased assets	—	1,863,770
Accumulated depreciation	—	(941,067)
Leased assets, net	—	922,702
Total property, plant and equipment	—	1,115,143
Intangible assets		
Goodwill	—	3,218,193
Software	—	39,392
Leased assets	—	44,958
Other	—	10,000
Total intangible assets	—	3,312,544
Investments and other assets		
Investment securities	—	31,369
Shares of subsidiaries and associates	1,740,914	12,489
Long-term prepaid expenses	—	25,862
Guarantee deposits	—	1,038,446
Claims provable in bankruptcy, claims provable in rehabilitation and other	—	49,952
Deferred tax assets	—	115,055
Other	—	215,516
Allowance for doubtful accounts	—	(42,267)
Total investments and other assets	1,740,914	1,446,424
Total non-current assets	1,740,914	5,874,112
Total assets	2,162,253	12,432,508

	(Thousands of yen)	
	As of February 28, 2018	As of August 31, 2018
Liabilities		
Current liabilities		
Accounts payable - trade	—	2,051,564
Short-term loans payable	—	500,000
Current portion of long-term loans payable	—	450,000
Lease obligations	—	346,404
Accounts payable - other	—	301,299
Accrued expenses	—	515,134
Income taxes payable	—	128,538
Provision for bonuses	—	162,327
Provision for sales returns	—	8,248
Provision for point card certificates	—	20,889
Other	—	192,960
Total current liabilities	—	4,677,367
Non-current liabilities		
Long-term loans payable	—	4,550,000
Lease obligations	—	720,657
Provision for retirement benefits	—	231,745
Other	—	75
Total non-current liabilities	—	5,502,478
Total liabilities	—	10,179,846
Net assets		
Shareholders' equity		
Capital stock	10,000	10,000
Capital surplus	1,567,710	1,615,675
Retained earnings	583,103	626,399
Total shareholders' equity	2,160,813	2,252,075
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	—	(852)
Total valuation and translation adjustments	—	(852)
Subscription rights to shares	1,440	1,440
Total net assets	2,162,253	2,252,662
Total liabilities and net assets	2,162,253	12,432,508

Non-consolidated statements of income (cumulative)

(Thousands of yen)

Six months ended
August 31, 2018

Net sales	13,220,312
Cost of sales	6,169,818
Gross profit	7,050,494
Selling, general and administrative expenses	6,782,488
Operating profit	268,006
Non-operating income	
Interest and dividend income	76
Insurance premiums refunded cancellation	4,122
Purchase discounts	682
Miscellaneous income	2,885
Total non-operating income	7,766
Non-operating expenses	
Interest expenses	36,324
Merger expenses	15,954
LISTING EXPENSES	22,013
Miscellaneous loss	3,771
Total non-operating expenses	78,063
Ordinary profit	197,709
Extraordinary income	
Gain on extinguishment of tie-in shares	875,840
Total extraordinary income	875,840
Extraordinary losses	
Loss on retirement of non-current assets	12,577
Impairment loss	17,819
CANCELLATION PENALTY	550
Total extraordinary losses	30,948
Profit before income taxes	1,042,602
Income taxes - current	90,454
Income taxes - deferred	39,000
Total income taxes	129,454
Profit	913,147

Non-consolidated statements of cash flows

(Thousands of yen)

Six months ended
August 31, 2018

Cash flows from operating activities	
Profit before income taxes	1,042,602
Depreciation	224,915
Amortization of guarantee deposits	43,964
Impairment loss	17,819
Amortization of goodwill	88,982
Loss (gain) on extinguishment of tie-in shares	(875,840)
Loss on retirement of non-current assets	12,577
Increase (decrease) in allowance for doubtful accounts	(403)
Increase (decrease) in provision for bonuses	71,995
Increase (decrease) in provision for sales returns	(14)
Increase (decrease) in provision for point card certificates	4,223
Increase (decrease) in provision for retirement benefits	8,112
Interest and dividend income	(76)
Interest expenses	36,324
Decrease (increase) in notes and accounts receivable - trade	8,042
Decrease (increase) in inventories	137,119
Increase (decrease) in notes and accounts payable - trade	(507,664)
Increase (decrease) in accrued expenses	10,475
Increase (decrease) in accrued consumption taxes	22,005
Other, net	(203,637)
Subtotal	141,522
Interest and dividend income received	76
Interest expenses paid	(32,289)
Income taxes paid	(312,364)
Income taxes refund	403,753
Net cash provided by (used in) operating activities	200,698
Cash flows from investing activities	
Purchase of property, plant and equipment	(108,202)
Purchase of intangible assets	(6,025)
Purchase of investment securities	(662)
Purchase of insurance funds	(14,670)
Payments for guarantee deposits	(124,802)
Proceeds from collection of guarantee deposits	5,362
Other, net	(37,582)
Net cash provided by (used in) investing activities	(286,582)
Cash flows from financing activities	
Increase in short-term loans payable	500,000
Repayments of long-term loans payable	(200,000)
Repayments of lease obligations	(170,921)
Cash dividends paid	(869,851)
Net cash provided by (used in) financing activities	(740,772)
Net increase (decrease) in cash and cash equivalents	(826,656)
Cash and cash equivalents at beginning of period	14,241
Increase in cash and cash equivalents resulting from merger	1,970,569
Cash and cash equivalents at end of period	1,158,155