

Consolidated Financial Results for the Fiscal Year Ended February 28, 2023 [Japanese GAAP]



April 14, 2023

Company name: Takihyo Co., Ltd.

Code number: 9982

URL: <https://www.takihyo.co.jp>

Stock exchange listing: Tokyo Stock Exchange (Standard Market), Nagoya Stock Exchange (Premier Market)

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Scheduled date of Ordinary General Meeting of Shareholders: May 24, 2023

Scheduled date of commencing dividend payments: May 25, 2023

Scheduled date for filing of annual securities report: May 30 2023

Availability of supplementary briefing material on financial results: Available

Schedule of financial results briefing session: None

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended February 28, 2023 (March 1, 2022 to February 28, 2023)

(1) Consolidated Results of Operations

(% indicates changes from the previous corresponding period)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|-------------------------------------|-------------|------|------------------|---|-----------------|---|---|---|
| | million yen | % | million yen | % | million yen | % | million yen | % |
| Fiscal year ended February 28, 2023 | 61,813 | 15.0 | 94 | – | 303 | – | (282) | – |
| Fiscal year ended February 28, 2022 | 53,753 | – | (2,231) | – | (2,015) | – | (2,027) | – |

(Note) Comprehensive income: Fiscal year ended February 28, 2023: ¥(1,064) million [–%]
Fiscal year ended February 28, 2022: ¥(1,886) million [–%]

| | Earnings per share | Diluted earnings per share | Return on equity | Ordinary profit to total assets | Operating profit to net sales |
|-------------------------------------|--------------------|----------------------------|------------------|---------------------------------|-------------------------------|
| | yen | yen | % | % | % |
| Fiscal year ended February 28, 2023 | (30.75) | – | (1.0) | 0.6 | 0.2 |
| Fiscal year ended February 28, 2022 | (219.65) | – | (6.7) | (4.4) | (4.2) |

(Reference) Equity in earnings (losses) of associates: Fiscal year ended February 28, 2023: ¥– million
Fiscal year ended February 28, 2022: ¥– million

Effective the beginning of the fiscal year ended February 28, 2023, the Company has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other related accounting standards. Therefore, the figures for the fiscal year ended February 28, 2022 are retrospectively restated to reflect these accounting standards and percentage changes from the previous corresponding period are not provided. Though dilutive shares exist, diluted earnings per share are not provided, as net loss per share was recorded.

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|-------------------------|--------------|-------------|--------------|----------------------|
| | million yen | million yen | % | yen |
| As of February 28, 2023 | 47,121 | 27,868 | 58.9 | 3,014.62 |
| As of February 28, 2022 | 47,087 | 29,151 | 61.4 | 3,151.49 |

(Reference) Equity: As of February 28, 2023: ¥27,740 million
As of February 28, 2022: ¥28,919 million

Effective the beginning of the fiscal year ended February 28, 2023, the Company has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other related accounting standards. Therefore, the figures as of February 28, 2022 are retrospectively restated to reflect these accounting standards.

(3) Consolidated Cash Flows

| | Net cash provided by (used in) operating activities | Net cash provided by (used in) investment activities | Net cash provided by (used in) financing activities | Cash and cash equivalents at end of period |
|--|---|--|---|--|
| | million yen | million yen | million yen | million yen |
| Fiscal year ended February 28, 2023 | (1,333) | 1,570 | (1,358) | 3,333 |
| Fiscal year ended February 28, 2022 | (5,167) | (118) | 5,729 | 4,404 |

2. Dividends

| | Annual Dividends | | | | | Total dividends paid (annual) | Payout ratio (consolidated) | Dividends to net assets (consolidated) |
|---|-----------------------|-----------------------|-----------------------|----------|-------|-------------------------------------|--------------------------------|--|
| | 1st quarter end | 2nd quarter end | 3rd quarter end | Year end | Total | | | |
| | yen | yen | yen | yen | yen | million yen | % | % |
| Fiscal year ended February 28, 2022 | – | 10.00 | – | 10.00 | 20.00 | 184 | – | 0.6 |
| Fiscal year ended February 28, 2023 | – | 10.00 | – | 10.00 | 20.00 | 184 | – | 0.6 |
| Fiscal year ending February 29, 2024 (Forecast) | – | 10.00 | – | 10.00 | 20.00 | | 46.0 | |

3. Consolidated Financial Results Forecast for the Fiscal Year Ending February 29, 2024 (March 1, 2023 to February 29, 2024)

(% indicates changes from the previous corresponding period)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Earnings per share |
|-----------|-------------|-------|------------------|-------|-----------------|------|--|---|-----------------------|
| | million yen | % | million yen | % | million yen | % | million yen | % | yen |
| Full year | 60,000 | (2.9) | 400 | 323.5 | 400 | 31.7 | 400 | – | 43.47 |

***Notes**

(1) Significant changes of subsidiaries during the year under review (affecting specified subsidiaries resulting in changes in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates and restatements

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Any changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Restatements: No

(3) Total number of issued shares (common stock)

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

| | |
|-------------------|------------------|
| February 28, 2023 | 9,500,000 shares |
| February 28, 2022 | 9,500,000 shares |

2) Total number of treasury shares at the end of the period:

| | |
|-------------------|----------------|
| February 28, 2023 | 297,868 shares |
| February 28, 2022 | 323,438 shares |

3) Average number of shares during the period:

| | |
|-------------------------------------|------------------|
| Fiscal year ended February 28, 2023 | 9,195,785 shares |
| Fiscal year ended February 28, 2022 | 9,228,960 shares |

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended February 28, 2023 (March 1, 2022 to February 28, 2023)

(1) Non-consolidated Results of Operations (% indicates changes from the previous corresponding period)

| | Net sales | | Operating profit | | Ordinary profit | | Profit | |
|-------------------------------------|-------------|------|------------------|---|-----------------|---|-------------|---|
| | million yen | % | million yen | % | million yen | % | million yen | % |
| Fiscal year ended February 28, 2023 | 60,465 | 15.8 | (146) | – | 556 | – | 46 | – |
| Fiscal year ended February 28, 2022 | 52,206 | – | (2,518) | – | (1,965) | – | (1,863) | – |

| | Earnings per share | Diluted earnings per share |
|-------------------------------------|--------------------|----------------------------|
| | yen | yen |
| Fiscal year ended February 28, 2023 | 5.08 | 5.03 |
| Fiscal year ended February 28, 2022 | (201.92) | – |

Effective the beginning of the fiscal year ended February 28, 2023, the Company has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other related accounting standards. Therefore, the figures for the fiscal year ended February 28, 2022 are retrospectively restated to reflect these accounting standards and percentage changes from the previous corresponding period are not provided. Though dilutive shares exist, diluted earnings per share for the fiscal year ended February 28, 2022 is not provided, as net loss per share was recorded.

(2) Non-consolidated Financial Position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|-------------------------|--------------|-------------|--------------|----------------------|
| | million yen | million yen | % | yen |
| As of February 28, 2023 | 44,866 | 24,848 | 55.1 | 2,686.42 |
| As of February 28, 2022 | 44,361 | 25,897 | 57.9 | 2,796.91 |

(Reference) Equity: As of February 28, 2023: ¥24,720 million

As of February 28, 2022: ¥25,666 million

Effective the beginning of the fiscal year ended February 28, 2023, the Company has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other related accounting standards. Therefore, the figures as of February 28, 2022 are retrospectively restated to reflect these accounting standards.

2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending February 29, 2024 (March 1, 2023 to February 29, 2024)

(% indicates changes from the previous corresponding period)

| | Net sales | | Ordinary profit | | Profit | | Earnings per share |
|-----------|-------------|-------|-----------------|--------|-------------|-------|--------------------|
| | million yen | % | million yen | % | million yen | % | yen |
| Full year | 58,800 | (2.8) | 280 | (49.7) | 180 | 285.3 | 19.56 |

* Summary of consolidated financial results is outside the scope of the audit of certified public accountant or audit firm

* Explanation of the proper use of performance forecast and other notes

The earnings projections and other forward-looking statements herein are based on available information and certain assumptions deemed reasonable at the time of the release of this document, and do not constitute a promise by the Company to achieve those projections. In addition, actual results may differ significantly from the projections due to various factors.

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1. Results of Operations

(1) Results of Operations for the Current Fiscal Year

1) Analysis of Results of Operations

During the fiscal year ended February 28, 2023, the Japanese economy was affected by various factors such as the prolonged Ukraine crisis, production cuts by OPEC (Organization of the Petroleum Exporting Countries), the rapid recovery in demand following the COVID-19 pandemic, and the ongoing depreciation of the yen due to the revision of monetary policies by various countries. As a result, raw material prices, wages, and sea freight rates remained high, and the economic outlook continues to be uncertain. As for consumer spending, the Company expects the recovery of consumer sentiment due to the normalization of economic activities, while consumers have continuously been precautious in their purchasing behavior for clothing due to rising commodity prices mainly of food products and utilities.

Under such circumstances, in order to recover earning power, the Company has been working on securing appropriate profits for each product number and reflecting cost increases in selling prices, as well as promoting the creation of a system enabling integrated proposals from product planning to design and production. In addition, in the current fiscal year, the Company started the “Revitalization Plan (Plan to Run a Chronic Surplus Again)” with the offer of voluntary retirement, reduction of Head Office space, and relocation of Tokyo Branch Office. Furthermore, the Company has been working to reduce fixed costs through efforts such as consolidation and abolition of overseas bases.

As a result, for the fiscal year ended February 28, 2023, the Company registered net sales of ¥61,813 million (a 15.0% increase from the previous fiscal year). In terms of profit and loss, an improvement in gross profit margin (19.1%, a 2.4% increase from the previous fiscal year) resulted in the Company registering an operating profit of ¥94 million (an operating loss of ¥2,231 million in the previous fiscal year), and ordinary profit of ¥303 million (an ordinary loss of ¥2,015 million in the previous fiscal year), thereby significantly reducing the deficit and registering a surplus. Loss attributable to owners of parent was ¥282 million (a loss of ¥2,027 million in the previous fiscal year) mainly due to recognition of extraordinary losses associated with impairment losses and premium allowance of retirement.

Performance by segment was as follows.

<Apparel & Textiles>

The segment registered ¥56,146 million net sales (14.4% increase from the previous fiscal year), and operating losses contracted.

<Rental Business>

The segment registered ¥858 million net sales (1.0% increase from the previous fiscal year), approximately the same level as the previous year.

<Materials Business>

The segment registered ¥3,737 million net sales (31.9% increase from the previous fiscal year).

<Lifestyle Related Business>

The segment registered ¥967 million net sales (7.8% increase from the previous fiscal year).

<Others>

The segment registered ¥103 million net sales (25.4% increase from the previous fiscal year).

2) Future Outlook

The Group will continue to work on the “Revitalization Plan (Plan to Run a Chronic Surplus Again)” to improve profitability and run a chronic surplus.

In the wholesale business (B to B), which is the Company’s core business, we will develop multitasking human resources (individual employees proposing multiple items and mastering a series of business processes incorporating planning, proposals, production, and sales), and we will coordinate teams able to respond to each customer with an elite few. In addition, for global trade, we will strengthen sales of developed materials incorporating sustainable elements and originality for well-known European and American brands and major Chinese customers. As well, we will refine the characteristics of each of our three golf clothing brands, “ZOY,” “WAAC,” and “G/FORE,” and establish their positions in the market.

For the fiscal year ending February 29, 2024, the Company forecasts ¥60,000 million in net sales, ¥400 million in operating profit, ¥400 million in ordinary profit, and ¥400 million in profit attributable to owners of parent.

(2) Financial Position as of the Current Fiscal Year

(Assets)

Current assets increased by ¥1,273 million compared with the end of the previous fiscal year, to ¥22,912 million, due primarily to increases of ¥1,341 million in notes and accounts receivable - trade, and ¥1,639 million in merchandise and finished goods, despite a decrease of ¥1,200 million in cash and deposits.

Non-current assets decreased by ¥1,240 million compared with the end of the previous fiscal year, to ¥24,208 million, due primarily to decreases of ¥796 million in property, plant and equipment, ¥205 million in investment securities, and ¥206 million in long-term guarantee deposit.

As a result, total assets increased by ¥33 million compared with the end of the previous fiscal year, to ¥47,121 million.

(Liabilities)

Liabilities increased by ¥1,315 million compared with the end of the previous fiscal year, to ¥19,252 million, due primarily to an increase of ¥2,410 million in notes and accounts payable - trade, despite a decrease of ¥1,075 million in borrowings.

(Net assets)

Net assets decreased by ¥1,282 million compared with the end of the previous fiscal year, to ¥27,868 million, due primarily to decreases of ¥470 million in retained earnings and ¥945 million in deferred gains or losses on hedges.

(3) Cash Flows for the Current Fiscal Year

Cash and cash equivalents as at the end of the current fiscal year (hereinafter referred to as “fund”) decreased by ¥1,070 million (24.3%) compared with the end of the previous fiscal year, to ¥3,333 million.

(Cash flows from operating activities)

Net cash used in operating activities for the current fiscal year amounted to ¥1,333 million (¥5,167 million used for the previous fiscal year), due primarily to loss before income taxes amounting to ¥162 million, ¥1,332 million increases in trade receivables, ¥1,666 million increases in inventories, and ¥2,410 million increases in trade payables.

(Cash flows from investing activities)

Net cash provided by investing activities for the current fiscal year amounted to ¥1,570 million (¥118 million used for the previous fiscal year), due primarily to ¥787 million in proceeds from sale of property, plant and equipment and ¥820 million in proceeds from sale of investment securities.

(Cash flows from financing activities)

Net cash used in financing activities for the current fiscal year amounted to ¥1,358 million (¥5,729 million provided for the previous fiscal year), due primarily to ¥2,000 million in the net decrease in short-term borrowings and ¥2,075 million in repayments of long-term borrowings, despite ¥3,000 million in proceeds from long-term borrowings.

(Reference) Indicators relative to cash flows

| | Fiscal year ended February 28, 2022 | Fiscal year ended February 28, 2023 |
|---|--|--|
| Equity ratio (%) | 61.4 | 58.9 |
| Equity ratio on a market value basis (%) | 23.7 | 18.6 |
| Interest-bearing debt/cash flow ratio (years) | — | — |
| Interest coverage ratio (multiple) | — | — |

Equity ratio: Equity/Total assets

Equity ratio on a market value basis: Total market capitalization/Total assets

Interest-bearing debt/cash flow ratio: Interest-bearing debt/cash flows from operating activities

Interest coverage ratio: Cash flows from operating activities/Interest expenses paid

(Notes) 1. All indicators are calculated using consolidated financial results.

2. Total market capitalization is calculated by multiplying the final share price at the end of the fiscal year by the total number of issued shares at the end of the fiscal year (excluding treasury shares).
3. Cash flows from operating activities refer to net cash provided by (used in) operating activities on the Consolidated Statements of Cash Flows. Interest-bearing debt refers to all liabilities on the Consolidated Balance Sheets for which interest is paid. Interest expenses paid refer to interest expenses paid on the Consolidated Statements of Cash Flows.
4. Interest-bearing debt/cash flow ratio and interest coverage ratio are not shown since the cash flow from operating activities was negative.

(4) Principles of Appropriation of Profits and Dividend Payment for the Current Fiscal Year and the Next Fiscal Year

The Company recognizes that returning profit to shareholders is an important management issue.

Our basic policy calls for continuing active and stable dividend payment by comprehensively taking into consideration trends in performance, payout ratio, dividend yield, and internal reserves required for investment in product development that meets market needs and implementation of businesses with an eye to the future.

Under this basic policy, as for the year-end dividend, we are planning to pay ¥10 per share. Therefore, together with the interim dividend of ¥10, the total dividend per share for the current fiscal year will be ¥20. In the next fiscal year, we plan to pay an interim dividend of ¥10 per share and a year-end dividend of ¥10 per share, for a total of ¥20 per share.

(5) Significant Events on Going Concern Assumption

The Group continues to record negative operating cash flows (for three consecutive terms). During the fiscal year ended February 28, 2023, although the Company registered an operating profit for the first time in four

quarters, a loss attributable to owners of parent was recorded for the full year.

Accordingly, the Group recognizes that events or situations that raise significant doubts about the going concern assumption continue to exist. In order to resolve this situation as soon as possible, the Group will work on the efforts described in “(1) Results of Operations for the Current Fiscal Year 2) Future Outlook.

In terms of funds, the Group has cash and deposits of ¥3,333 million at the end of the current consolidated fiscal year. In order to efficiently raise operating funds, we have concluded an overdraft agreement with our bank to secure the necessary funds. In addition, the Group owns investment securities of ¥3,000 million and land that is not pledged of ¥16,660 million. Furthermore, as the Group has a sufficient financial base with a net asset balance of ¥27,868 million, it believes that there is no significant uncertainty regarding a going concern assumption.

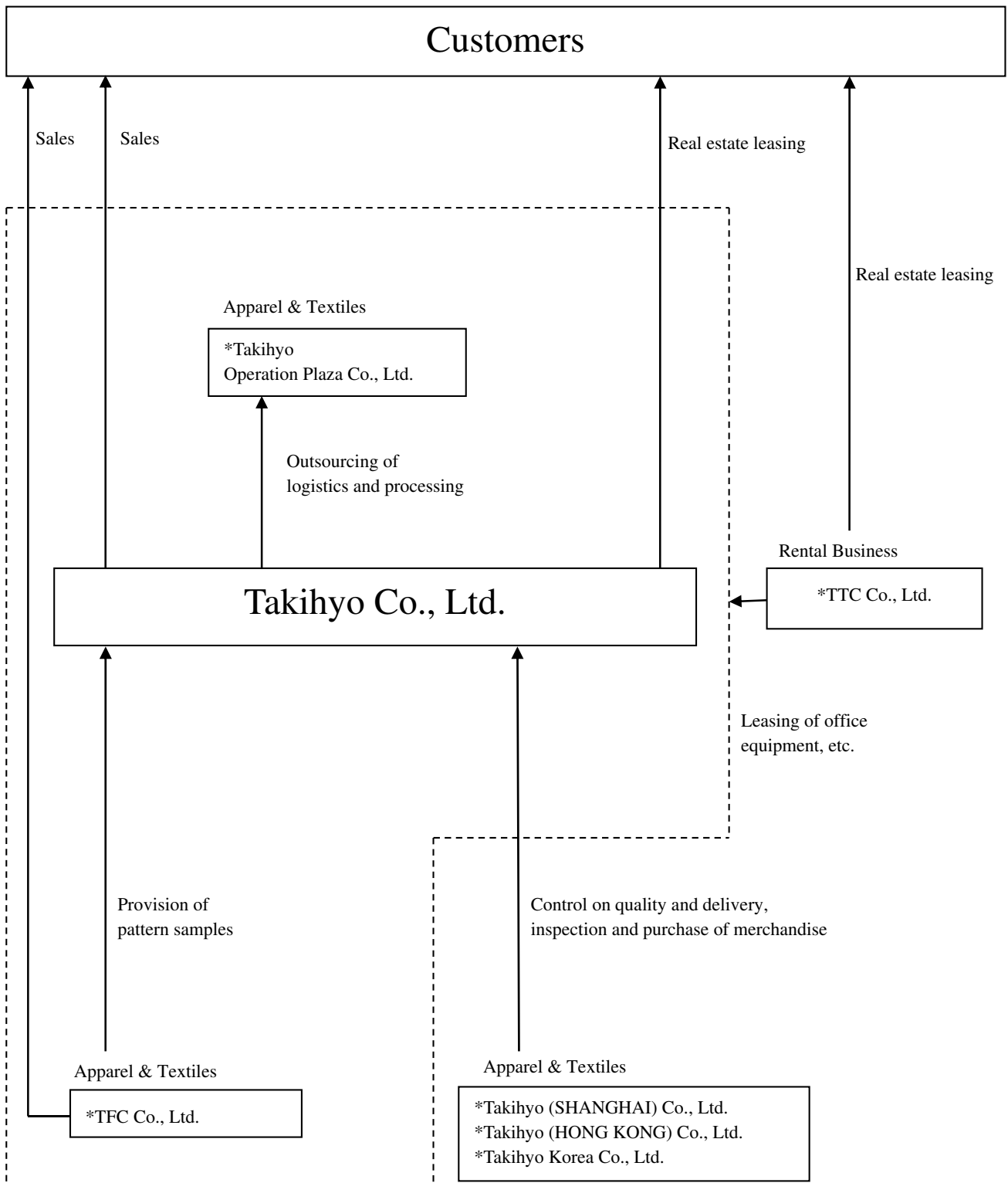
2. Consolidated Group

The Group comprises the Company and six consolidated subsidiaries mainly engaged in planning, manufacturing and sales of various apparel & textiles products, along with business activities including the real estate rental business, the materials business and the lifestyle related business.

The operational positioning of the Group in connection with each segment is as follows.

| | |
|----------------------------|---|
| Apparel & Textiles | <p>The Company’s main line of business is designing, manufacturing and merchandising of clothing primarily for ladies, kids and babies along with textile products (cloths) primarily made of wool.</p> <p>Each of the three overseas consolidated subsidiaries, Takihyo (SHANGHAI) Co., Ltd., Takihyo (HONG KONG) Co., Ltd. and Takihyo Korea Co., Ltd., primarily engages in local management of manufacturing process, delivery and quality control of the products to be shipped to the Company, as well as assistance in export to the Head Office.</p> <p>Of the domestic consolidated subsidiaries, TFC Co., Ltd. engages in production of pattern samples, knit shirts (cut-and-sew) and other sewing products, as well as designing and selling of uniforms, while Takihyo Operation Plaza Co., Ltd. engages in delivery-related businesses including sorting, packing and shipping of products primarily manufactured overseas for delivery to each retail premises of customers.</p> |
| Rental Business | <p>The Company engages in leasing and management of real estate and related activities. TTC Co., Ltd. primarily provides leasing of equipment along with leasing and management of real estate to the Group companies.</p> |
| Materials Business | <p>The Company engages in sales of products including synthetic resins and chemical products.</p> |
| Lifestyle Related Business | <p>The Company engages in the operation of “Komeda Coffee Shop” as a franchisee, and sales of products including cosmetics.</p> |
| Others | <p>The Company and Takihyo Operation Plaza Co., Ltd. engage in logistics operations outsourced from other companies.</p> |

The following diagram illustrates how business within the Group is interrelated.



3. Management Policy

(1) Basic Management Policy of the Company

The Company's basic policy is to keep providing apparel products that keenly respond to the needs and lifestyles of our customers, based on the three constant management philosophies: "Pay more attention to customers' interest than your own," "Modesty generates profits," and "Good name always comes first."

(2) Targeted Management Benchmark

The Company is striving to enhance its corporate value, by maximizing operating profit and cash flows as the two critical management benchmarks that demonstrate the strength of its core businesses.

4. Basic Policy on Selection of Accounting Standards

The Group applies Japanese GAAP to ensure comparability with its domestic competitors.

5. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Millions of yen)

| | As of February 28, 2022 | As of February 28, 2023 |
|--|-------------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 4,533 | 3,333 |
| Notes and accounts receivable - trade | 11,025 | 12,366 |
| Merchandise and finished goods | 4,538 | 6,177 |
| Work in process | 26 | 53 |
| Raw materials and supplies | 35 | 36 |
| Other | 1,494 | 949 |
| Allowance for doubtful accounts | (15) | (5) |
| Total current assets | 21,638 | 22,912 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 4,539 | 4,194 |
| Accumulated depreciation | (2,130) | (2,217) |
| Buildings and structures, net | 2,408 | 1,977 |
| Machinery, equipment and vehicles | 323 | 355 |
| Accumulated depreciation | (243) | (263) |
| Machinery, equipment and vehicles, net | 80 | 91 |
| Tools, furniture and fixtures | 1,795 | 1,661 |
| Accumulated depreciation | (352) | (379) |
| Tools, furniture and fixtures, net | 1,442 | 1,281 |
| Land | 16,875 | 16,660 |
| Total property, plant and equipment | 20,806 | 20,010 |
| Intangible assets | 67 | 59 |
| Investments and other assets | | |
| Investment securities | 3,205 | 3,000 |
| Investments in capital | 21 | 2 |
| Long-term loans receivable | 18 | 1 |
| Retirement benefit asset | 86 | 112 |
| Long-term guarantee deposit | 1,009 | 802 |
| Insurance funds | 94 | 96 |
| Deferred tax assets | 29 | 25 |
| Other | 180 | 135 |
| Allowance for doubtful accounts | (72) | (39) |
| Total investments and other assets | 4,574 | 4,138 |
| Total non-current assets | 25,449 | 24,208 |
| Total assets | 47,087 | 47,121 |

(Millions of yen)

| | As of February 28, 2022 | As of February 28, 2023 |
|--|-------------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 3,222 | 5,632 |
| Short-term borrowings | 7,000 | 5,000 |
| Current portion of long-term borrowings | 1,925 | 1,200 |
| Lease liabilities | 50 | 54 |
| Accounts payable-other | 1,786 | 1,435 |
| Income taxes payable | 70 | 88 |
| Provision for bonuses | 92 | 79 |
| Reserve for transfer costs | 45 | - |
| Provision for loss on offices liquidation | - | 9 |
| Other | 365 | 875 |
| Total current liabilities | 14,556 | 14,375 |
| Non-current liabilities | | |
| Long-term borrowings | 1,350 | 3,000 |
| Lease liabilities | 47 | 7 |
| Retirement benefit liability | 55 | 52 |
| Provision for retirement benefits for directors (and other officers) | 157 | 11 |
| Asset retirement obligations | 171 | 205 |
| Deferred tax liabilities | 1,223 | 1,229 |
| Deferred tax liabilities for land revaluation | 61 | 61 |
| Other | 314 | 309 |
| Total non-current liabilities | 3,379 | 4,876 |
| Total liabilities | 17,936 | 19,252 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 3,622 | 3,622 |
| Capital surplus | 4,148 | 4,148 |
| Retained earnings | 20,315 | 19,844 |
| Treasury shares | (630) | (556) |
| Total shareholders' equity | 27,455 | 27,058 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,051 | 1,127 |
| Deferred gains or losses on hedges | 303 | (642) |
| Revaluation reserve for land | 0 | 0 |
| Foreign currency translation adjustment | 49 | 125 |
| Remeasurements of defined benefit plans | 58 | 71 |
| Total accumulated other comprehensive income | 1,463 | 682 |
| Share acquisition rights | 231 | 127 |
| Total net assets | 29,151 | 27,868 |
| Total liabilities and net assets | 47,087 | 47,121 |

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

| | (Millions of yen) | |
|--|---|--|
| | For the previous fiscal year ended February 28, 2022 | For the current fiscal year ended February 28, 2023 |
| Net sales | 53,753 | 61,813 |
| Cost of sales | 44,809 | 50,024 |
| Gross profit | 8,943 | 11,788 |
| Selling, general and administrative expenses | | |
| Freight and incidental costs | 1,768 | 2,047 |
| Advertising and promotion expenses | 545 | 727 |
| Salaries and allowances | 4,276 | 4,265 |
| Bonuses | 407 | 370 |
| Welfare expenses | 1,013 | 993 |
| Provision for bonuses | 86 | 71 |
| Retirement benefit expenses | 169 | 150 |
| Travel and transportation expenses | 348 | 388 |
| Communication expenses | 315 | 310 |
| Rent expenses | 706 | 601 |
| Depreciation | 126 | 139 |
| Other | 1,409 | 1,626 |
| Total selling, general and administrative expenses | 11,174 | 11,694 |
| Operating profit (loss) | (2,231) | 94 |
| Non-operating income | | |
| Interest income | 12 | 10 |
| Dividend income | 86 | 88 |
| Foreign exchange gains | 41 | 162 |
| Other | 132 | 54 |
| Total non-operating income | 272 | 316 |
| Non-operating expenses | | |
| Interest expenses | 37 | 97 |
| Other | 20 | 9 |
| Total non-operating expenses | 57 | 107 |
| Ordinary profit (loss) | (2,015) | 303 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 0 | 120 |
| Gain on sale of investment securities | 305 | 281 |
| Total extraordinary income | 305 | 402 |

| | (Millions of yen) | |
|---------------------------------------|---|--|
| | For the previous fiscal year ended February 28, 2022 | For the current fiscal year ended February 28, 2023 |
| Extraordinary losses | | |
| Impairment losses | 133 | 283 |
| Provision for transfer expenses | 45 | - |
| Premium allowance of retirement | - | 491 |
| Other | 16 | 93 |
| Total extraordinary losses | 195 | 868 |
| Loss before income taxes | (1,905) | (162) |
| Income taxes - current | 131 | 124 |
| Income taxes - deferred | (9) | (4) |
| Total income taxes | 121 | 120 |
| Loss | (2,027) | (282) |
| Loss attributable to owners of parent | (2,027) | (282) |

Consolidated Statements of Comprehensive Income

(Millions of yen)

| | For the previous fiscal year ended February 28, 2022 | For the current fiscal year ended February 28, 2023 |
|---|---|--|
| Loss | (2,027) | (282) |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (179) | 75 |
| Deferred gains or losses on hedges | 196 | (945) |
| Foreign currency translation adjustment | 100 | 75 |
| Remeasurements of defined benefit plans, net of tax | 23 | 12 |
| Total other comprehensive income | 140 | (781) |
| Comprehensive income | (1,886) | (1,064) |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | (1,886) | (1,064) |

(3) Consolidated Statements of Changes in Net Assets

For the previous fiscal year ended February 28, 2022

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 3,622 | 4,148 | 22,725 | (646) | 29,849 |
| Cumulative effects of changes in accounting policies | | | 5 | | 5 |
| Restated balance | 3,622 | 4,148 | 22,730 | (646) | 29,854 |
| Changes during period | | | | | |
| Dividends of surplus | | | (185) | | (185) |
| Loss attributable to owners of parent | | | (2,027) | | (2,027) |
| Purchase of treasury shares | | | | (186) | (186) |
| Cancellation of treasury shares | | | (203) | 203 | - |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | - | - | (2,415) | 16 | (2,398) |
| Balance at end of period | 3,622 | 4,148 | 20,315 | (630) | 27,455 |

(Millions of yen)

| | Accumulated other comprehensive income | | | | | | Share acquisition rights | Total net assets |
|--|---|------------------------------------|------------------------------|---|---|--|--------------------------|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Revaluation reserve for land | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at beginning of period | 1,231 | 107 | 0 | (50) | 34 | 1,323 | 231 | 31,404 |
| Cumulative effects of changes in accounting policies | | | | | | | | 5 |
| Restated balance | 1,231 | 107 | 0 | (50) | 34 | 1,323 | 231 | 31,409 |
| Changes during period | | | | | | | | |
| Dividends of surplus | | | | | | | | (185) |
| Loss attributable to owners of parent | | | | | | | | (2,027) |
| Purchase of treasury shares | | | | | | | | (186) |
| Cancellation of treasury shares | | | | | | | | - |
| Net changes in items other than shareholders' equity | (179) | 196 | - | 100 | 23 | 140 | - | 140 |
| Total changes during period | (179) | 196 | - | 100 | 23 | 140 | - | (2,258) |
| Balance at end of period | 1,051 | 303 | 0 | 49 | 58 | 1,463 | 231 | 29,151 |

For the current fiscal year ended February 28, 2023

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 3,622 | 4,148 | 20,315 | (630) | 27,455 |
| Changes during period | | | | | |
| Dividends of surplus | | | (183) | | (183) |
| Loss attributable to owners of parent | | | (282) | | (282) |
| Purchase of treasury shares | | | | (34) | (34) |
| Disposal of treasury shares | | | (4) | 108 | 103 |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | - | - | (470) | 73 | (397) |
| Balance at end of period | 3,622 | 4,148 | 19,844 | (556) | 27,058 |

(Millions of yen)

| | Accumulated other comprehensive income | | | | | | Share acquisition rights | Total net assets |
|--|---|------------------------------------|------------------------------|---|---|--|--------------------------|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Revaluation reserve for land | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at beginning of period | 1,051 | 303 | 0 | 49 | 58 | 1,463 | 231 | 29,151 |
| Changes during period | | | | | | | | |
| Dividends of surplus | | | | | | | | (183) |
| Loss attributable to owners of parent | | | | | | | | (282) |
| Purchase of treasury shares | | | | | | | | (34) |
| Disposal of treasury shares | | | | | | | | 103 |
| Net changes in items other than shareholders' equity | 75 | (945) | - | 75 | 12 | (781) | (103) | (885) |
| Total changes during period | 75 | (945) | - | 75 | 12 | (781) | (103) | (1,282) |
| Balance at end of period | 1,127 | (642) | 0 | 125 | 71 | 682 | 127 | 27,868 |

(4) Consolidated Statements of Cash Flows

(Millions of yen)

| | For the previous fiscal year ended February 28, 2022 | For the current fiscal year ended February 28, 2023 |
|---|---|--|
| Cash flows from operating activities | | |
| Loss before income taxes | (1,905) | (162) |
| Depreciation | 277 | 293 |
| Impairment losses | 133 | 283 |
| Increase (decrease) in allowance for doubtful accounts | (3) | (42) |
| Increase (decrease) in provision for bonuses | (1) | (13) |
| Reserve for transfer costs | 45 | (45) |
| Increase (decrease) in retirement benefit liability | (24) | (3) |
| Decrease (increase) in retirement benefit asset | (3) | (7) |
| Increase (decrease) in provision for retirement benefits for directors (and other officers) | - | (146) |
| Interest and dividend income | (99) | (99) |
| Interest expenses | 37 | 97 |
| Loss (gain) on sale of investment securities | (305) | (255) |
| Loss (gain) on valuation of investment securities | 16 | - |
| Loss (gain) on sale of property, plant and equipment | (0) | (120) |
| Loss on retirement of property, plant and equipment | - | 12 |
| Premium allowance of retirement | - | 491 |
| Decrease (increase) in trade receivables | (931) | (1,332) |
| Decrease (increase) in inventories | (576) | (1,666) |
| Increase (decrease) in trade payables | (1,710) | 2,410 |
| Decrease (increase) in consumption taxes refund receivable | (118) | (150) |
| Increase (decrease) in accrued consumption taxes | 16 | (22) |
| Decrease (increase) in other assets | (9) | (13) |
| Increase (decrease) in other liabilities | 119 | (267) |
| Other, net | 8 | 12 |
| Subtotal | (5,036) | (749) |
| Interest and dividends received | 96 | 101 |
| Interest paid | (36) | (99) |
| Payments for voluntary early retirement-related expenses | - | (468) |
| Income taxes paid | (190) | (117) |
| Net cash provided by (used in) operating activities | (5,167) | (1,333) |

| | (Millions of yen) | |
|---|---|--|
| | For the previous fiscal year ended February 28, 2022 | For the current fiscal year ended February 28, 2023 |
| Cash flows from investing activities | | |
| Payments into time deposits | (258) | (149) |
| Proceeds from withdrawal of time deposits | 128 | 298 |
| Purchase of property, plant and equipment | (264) | (269) |
| Proceeds from sale of property, plant and equipment | 0 | 787 |
| Purchase of intangible assets | (56) | (102) |
| Proceeds from sale of investment securities | 314 | 820 |
| Proceeds from collection of loans receivable | 13 | 18 |
| Proceeds from refund of guarantee deposits | 126 | 261 |
| Other, net | (121) | (95) |
| Net cash provided by (used in) investing activities | (118) | 1,570 |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 6,960 | (2,000) |
| Proceeds from long-term borrowings | - | 3,000 |
| Repayments of long-term borrowings | (800) | (2,075) |
| Dividends paid | (185) | (184) |
| Purchase of treasury shares | (186) | (34) |
| Other, net | (58) | (64) |
| Net cash provided by (used in) financing activities | 5,729 | (1,358) |
| Effect of exchange rate change on cash and cash equivalents | 83 | 50 |
| Net increase (decrease) in cash and cash equivalents | 526 | (1,070) |
| Cash and cash equivalents at beginning of period | 3,877 | 4,404 |
| Cash and cash equivalents at end of period | 4,404 | 3,333 |

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Important Matters that Form the Basis for Preparing Consolidated Financial Statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries:

6 companies

Names of the principal consolidated subsidiaries:

TTC Co., Ltd., Takihyo (HONG KONG) Co., Ltd., TFC Co., Ltd., Takihyo (SHANGHAI) Co., Ltd.,
Takihyo Operation Plaza Co., Ltd., Takihyo Korea Co., Ltd.

(2) There are no non-consolidated subsidiaries.

2. Scope of application of the equity method

There is no application of equity method due to the absence of non-consolidated subsidiaries and associates.

3. Fiscal year, etc. of consolidated subsidiaries

Of all the consolidated subsidiaries, Takihyo (HONG KONG) Co., Ltd. and Takihyo (SHANGHAI) Co., Ltd. close accounts on December 31 of each year. Since the difference of closing dates does not exceed three months, financial statements of these two subsidiaries are consolidated as at their own closing date, while necessary adjustment is made for the purpose of consolidation in the event of significant transactions taking place between such closing date and the consolidation date. All other consolidated subsidiaries share the same closing date as the consolidation date.

4. Accounting policies

(1) Valuation standards and methods regarding significant assets

1) Securities

Other securities:

Securities other than shares, etc. that do not have a market price:

Market value method (with any unrealized gains or losses being reported directly as a component of shareholders' equity and the cost of securities sold is calculated using the moving-average method).

Shares, etc. that do not have a market price:

Cost method using the moving-average method.

2) Inventories

a. Merchandise, finished goods, work in process, and raw materials:

Stated at cost primarily using the moving-average method (Amounts shown on the balance sheets take into account declines in book values based on reduced profitability.)

b. Supplies:

Stated at cost using the last-purchase-price method (Amounts shown on the balance sheets take into account declines in book values based on reduced profitability)

3) Derivatives

Stated at market value

(2) Depreciation method for significant depreciable assets

1) Property, plant and equipment (excluding leased assets)

Stated at declining-balance method. Service life is determined using the same standard as set out in the Corporation Tax Law, provided however that buildings (excluding auxiliary equipment) acquired on and after April 1, 1998 and auxiliary equipment and structures acquired on and after April 1, 2016, are subject to the straight-line method.

(Petty sum depreciable assets)

Assets acquired at the cost of ¥100,000 or more but less than ¥200,000 are subject to equal depreciation over three years.

2) Intangible assets (excluding leased assets)

Stated at straight-line method. Service life is determined using the same standard as set out in the Corporation Tax Law, provided however that software (for internal use) is subject to the straight-line method over the internally available period of five or 10 years.

3) Leased assets

Leased assets concerning non-transfer ownership finance leases:

Straight-line method is applied, with useful lives being lease terms and assuming that residual values would be zero.

4) Long-term prepaid expenses

Stated at straight-line method. Service life is determined using the same standard as set out in the Corporation Tax Law.

(3) Accounting standards for significant allowances and provisions

1) Allowance for doubtful accounts

The Group provides for possible credit losses stemming from trade receivables and loans receivable. Estimated amounts of irrecoverable debt are calculated based on historical write-off ratio for ordinary receivables, and on a consideration of feasibly recoverable amounts in individual cases of specific debts such as doubtful accounts.

2) Provision for bonuses

The Group provides for payments of employee bonuses based on the portion of the estimated amount of bonus payment as attributable to the current fiscal year.

3) Reserve for transfer costs

To provide for losses due to transfer of business offices, etc., Takihyo Co., Ltd. records estimated amounts of losses.

4) Provision for loss on offices liquidation

To provide for losses due to liquidation of business offices, etc., Takihyo Co., Ltd. records estimated amounts of losses.

5) Provision for directors' retirement benefits

The Group provides for the payment of retirement benefits to officers based on the aggregate amount of liabilities corresponding to each officer's period in office up to May 23, 2007 (the 96th Ordinary General Meeting of Shareholders) in accordance with the relevant internal rules.

(4) Accounting methods for retirement benefits

1) Method of attributing projected retirement benefits to periods

In calculating benefit obligations, straight-line attribution is adopted for the purpose of attributing the projected retirement benefits to the period up to the end of the current fiscal year.

2) Calculation of actuarial differences and past service costs

Actuarial differences are amortized using the straight-line method over the determined number of years (10 years) not exceeding average remaining service years of the employees at the time of their accrual in each fiscal year, from the fiscal year following the year of their accrual.

3) Adoption of the simplified method in small businesses, etc.

Certain consolidated subsidiaries adopt the simplified method, where benefit obligations are estimated at the amount of retirement benefit payments required for voluntary retirements at the end of the fiscal year, to calculate net defined benefit liability and retirement benefit expenses.

(5) Significant revenue and expense recognition standards

The details of the main performance obligations in the major business of the Company and its consolidated subsidiaries, and the timing at which the Company typically recognizes revenue are as follows.

1) Revenue from the sale of merchandise

In the Apparel & Textiles business, the Company is engaged in the designing, manufacturing and merchandising of clothing primarily for ladies, kids and babies along with textile products (cloths) primarily made of wool, and in the Materials business, the Company is engaged in the merchandising of synthetic resins and chemical products, etc.

Revenue from the sales of this merchandise is recognized when the merchandise is transferred to a customer. However, for domestic transactions, revenue is recognized at the time of shipment since the usual period is the period from the time of shipment until control of the merchandise is transferred to the customer.

Revenue from sales of merchandise in which the Company is deemed to be an agent is recognized at the net amount of the total consideration received from the customer less the amount paid to the supplier. In addition, revenue is measured at the consideration promised in the contract with the customer less the returned goods, etc. Consideration for the transaction is received within one year of satisfying the performance obligation, and does not include a significant financing component.

The Company continues to recognize inventories as financing transactions for certain buy-sell transactions that fall under repurchase agreements, and recognizes financial liabilities for ending inventories of remaining items supplied for a fee at the destination.

2) Revenue from services and other sales

With regard to revenue from services and other sales, the Company engages in leasing and management of real estate and related activities, and a consolidated subsidiary primarily provides leasing of equipment along with leasing and management of real estate to the Group companies. Revenue is recognized as “Revenue from other sources” for the duration of the contract, in accordance with “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13, March 30, 2007).

Consideration for these transactions is generally due within the short term and does not include a significant financing component.

(6) Translation of significant assets and liabilities denominated in foreign currencies into yen

Monetary claims and liabilities denominated in foreign currencies have been translated into yen at the rates of exchange in effect at the fiscal year end. Translation adjustments are treated as gains or losses. Assets and liabilities as well as revenues and expenses of overseas subsidiaries, etc. have been translated into yen using the spot exchange rates in effect as of the closing dates, and the resultant translation differences are included in foreign currency translation adjustment in net assets.

(7) Significant hedge accounting

1) Hedge accounting

Deferred hedge accounting is adopted. Designation transactions are applied to foreign exchange forward contracts which conform to the requirements for designation transactions.

2) Means of hedging and hedged items

| <u>Means of hedging</u> | <u>Hedged items</u> |
|------------------------------------|--|
| Foreign exchange forward contracts | Foreign currency-denominated monetary claims and liabilities |

3) Hedging policy

The Group is primarily hedging exchange risk according to the internal control rules of the Company.

4) Methods for evaluating the effectiveness of hedges

Since all foreign exchange forward contracts are carried out on the basis of the actual demand for future transactions, with a very high likelihood of being exercised, process to evaluate the hedging effectiveness is spared.

(8) Scope of cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents as stated in the consolidated statements of cash flows consist of cash in hand, readily available deposits, and any short-term liquid investments with a maturity not exceeding three months at the time of purchase whose value is not subject to significant fluctuation risk.

(Changes in Accounting Policies)

(Adoption of Accounting Standard for Revenue Recognition, etc.)

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter “Revenue Recognition Standard”) and other related accounting standards from the beginning of the fiscal year ended February 28, 2023. The Company recognizes revenue when control of a promised good or service is transferred to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services.

The main changes due to the adoption of accounting standard for revenue recognition, etc., are as follows.

(1) Consideration payable to customers

The Company has changed to a method whereby consideration payable to customers previously recorded in selling, general and administrative expenses, is subtracted from net sales.

(2) Agent transactions

For some sales transactions, the Company has changed to a method whereby the total amount of consideration received from customers previously recognized as revenue, is recognized in net amount for transactions that correspond to agents.

(3) Transactions that a certain amount of return is expected

For “provision for sales returns” that was previously recorded as current liabilities based on the amount equivalent to the expected gross profit of the returned goods portion, the Company has changed to a method whereby the net sales and amount equivalent to cost of sales that are expected to be returned are not recognized. Refund liabilities are included in “Other” of current liabilities and returned assets are included in “Other” of current assets.

(4) Buy-sell transactions

For buy-sell transactions for which the Company is subject to repurchase obligations, the Company has changed to a method whereby the items supplied for a fee continue to be recognized as inventories, without being derecognized at the time of transfer.

In principle, these changes in accounting policies are applied retrospectively, including the consolidated financial statements for the previous fiscal year, which have been adjusted retrospectively, provided the following methods are applied as stipulated in Paragraph 85 (1) of the Revenue Recognition Standard.

- Comparative information is not retrospectively restated for contracts where substantially all the revenue amounts have been recognized prior to the beginning of the previous fiscal year in accordance with the previous treatment

As a result of this change, compared with the figures before the retrospective application, for the fiscal year ended February 28, 2022, net sales decreased by ¥2,819 million, cost of sales decreased by ¥1,983

million, selling, general and administrative expenses decreased by ¥833 million, and operating loss, ordinary loss, and loss before income taxes increased by ¥3 million, respectively. The cumulative impact of this change has been reflected on net assets at the beginning of the previous fiscal year. As a result, the beginning balance of retained earnings of the previous fiscal year increased by ¥5 million. The impact of this change on per share information is described in the relevant section.

(Accounting Standard for Fair Value Measurement)

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter “Fair Value Measurement Standard”) and other standards from the beginning of the fiscal year ended February 28, 2023, and will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Standard, etc. in accordance with the transitional treatment provided in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). This does not affect the consolidated financial statements.

(Changes in Presentation Method)

(Consolidated statements of income)

“Subsidies for employment adjustment,” which was presented independently under “Non-operating income” in the previous fiscal year, has been included in “Other” in the current fiscal year due to a lack of materiality. The consolidated financial statements for the previous fiscal year have been reclassified in order to reflect this change in presentation method.

As a result, ¥32 million, which was presented as “Subsidies for employment adjustment” under “Non-operating income” in the consolidated statements of income for the previous fiscal year, has been reclassified as “Other.”

“Commission expenses,” which was presented independently under “Non-operating expenses” in the previous fiscal year, has been included in “Other” in the current fiscal year due to a lack of materiality. The consolidated financial statements for the previous fiscal year have been reclassified in order to reflect this change in presentation method.

As a result, ¥13 million, which was presented as “Commission expenses” under “Non-operating expenses” in the consolidated statements of income for the previous fiscal year, has been reclassified as “Other.”

(Additional Information)

(Accounting estimates with regard to COVID-19)

As it is difficult to predict when the spread of COVID-19 infections will come to an end, the Group has given consideration to the estimates based on information available. However, accounting estimates are based on the assumption that restrictions on economic activities will be eased and the impact on the Group will be limited.

However, in the event of any changes to the spread of infections, there may be a significant impact on the Group’s financial position and results of operations.

(Segment Information)

(Segment information)

1. Outline of reportable segments

The Group’s reportable segments are those constituent units within the Group for which discrete financial information is available and are regularly reviewed by the Board of Directors for the purpose of determining the allocation of management resources and evaluating performance.

The Group’s main line of business, centered on the Company, is the planning, manufacture and sale of

apparel and textile products. In addition, the Company and one subsidiary engage in real estate rental business, and the Company engages in the materials business and lifestyle related business. The Group draws up a comprehensive strategy for each business unit to carry out its business activities.

Therefore, the Group comprises segments classified according to products and services, with “Apparel & Textiles,” “Rental Business,” “Materials Business” and “Lifestyle Related Business” as four reportable segments.

The “Apparel & Textiles” segment is engaged in planning, manufacturing and selling of ladies’ apparel, baby and kids’ apparel, homewear, and textiles.

The “Rental Business” segment is engaged in leasing and management of real estate, and leasing of office automation equipment, etc.

The “Materials Business” segment is engaged in selling of synthetic resins and chemical products, etc.

The “Lifestyle Related Business” segment is engaged in the operation of “Komeda Coffee Shop” as a franchisee, and selling of cosmetics, etc.

2. Matters related to changes in reportable segments, etc.

From the first quarter of the fiscal year ended February 28, 2023, the “Materials Business,” which was previously included in “Others,” has been changed to a reportable segment due to its increased materiality.

In addition, from the fourth quarter of the fiscal year ended February 28, 2023, the cosmetics business, etc., which was previously included in “Others,” has been reclassified under the “Lifestyle Related Business” segment in accordance with a review of business management classifications.

Segment information for the previous fiscal year has been compiled based on the segments following the change.

3. Calculation methods for net sales, income or loss, assets, and other items by reportable segment

The accounting methods for the business segments reported are mostly the same as those described in the “Important Matters that Form the Basis for Preparing Consolidated Financial Statements.”

Income by reportable segment is based on operating profit, while inter-segment revenues and transfers are based on market price.

As stated in “Changes in Accounting Policies,” the Company has applied the “Accounting Standard for Revenue Recognition” and other related accounting standards from the beginning of the fiscal year ended February 28, 2023 and changed the accounting method for revenue recognition. Accordingly, the Company has also changed the method for calculating segment income or loss for business segments.

Segment information for the previous fiscal year has been prepared based on the revised method for calculating income or loss.

4. Information on net sales, income or loss, assets, and other items by reportable segment
For the previous fiscal year (From March 1, 2021 to February 28, 2022)

(Millions of yen)

| | Reportable segment | | | | | Others | Total | Adjustment | Amounts on consolidated financial statements |
|---|--------------------|-----------------|--------------------|----------------------------|----------|--------|---------|------------|--|
| | Apparel & Textiles | Rental Business | Materials Business | Lifestyle Related Business | Subtotal | | | | |
| Net sales | | | | | | | | | |
| Net sales to outside customers | 49,089 | 850 | 2,834 | 896 | 53,671 | 82 | 53,753 | — | 53,753 |
| Inter-segment sales and transfers | 0 | 72 | 8 | — | 81 | — | 81 | (81) | — |
| Total | 49,090 | 922 | 2,842 | 896 | 53,752 | 82 | 53,834 | (81) | 53,753 |
| Segment income (loss) | (2,642) | 563 | 69 | (239) | (2,249) | 14 | (2,235) | 4 | (2,231) |
| Segment assets | 27,029 | 18,460 | 1,534 | 398 | 47,422 | — | 47,422 | (334) | 47,087 |
| Other items | | | | | | | | | |
| Depreciation | 128 | 141 | 4 | 2 | 277 | — | 277 | — | 277 |
| Increase in property, plant and equipment and intangible assets | 152 | 191 | — | 34 | 378 | — | 378 | — | 378 |

- (Notes)
1. “Others” refers to business segments not included in the reportable segments, and consists of logistics business outsourced from other companies.
 2. Depreciation includes the amortization of long-term prepaid expenses. Increase in property, plant and equipment and intangible assets includes an increase in long-term prepaid expenses.
 3. The -¥334 million adjustment to segment assets includes elimination of inter-segment of -¥437 million and corporate assets of ¥102 million not allocated among reportable segments. Corporate assets consist primarily of surplus funds (investment securities) not belonging to any reportable segments.
 4. The ¥4 million adjustment to segment income (loss) represents elimination of inter-segment transactions of ¥4 million, etc.
 5. Segment income (loss) is adjusted with operating loss in the consolidated statements of income.

For the current fiscal year (From March 1, 2022 to February 28, 2023)

(Millions of yen)

| | Reportable segment | | | | | Others | Total | Adjustment | Amounts on consolidated financial statements |
|---|--------------------|-----------------|--------------------|----------------------------|----------|--------|--------|------------|--|
| | Apparel & Textiles | Rental Business | Materials Business | Lifestyle Related Business | Subtotal | | | | |
| Net sales | | | | | | | | | |
| Net sales to outside customers | 56,146 | 858 | 3,737 | 967 | 61,709 | 103 | 61,813 | — | 61,813 |
| Inter-segment sales and transfers | — | 72 | 15 | — | 87 | — | 87 | (87) | — |
| Total | 56,146 | 930 | 3,753 | 967 | 61,797 | 103 | 61,900 | (87) | 61,813 |
| Segment income (loss) | (398) | 561 | 211 | (303) | 71 | 18 | 90 | 4 | 94 |
| Segment assets | 27,666 | 18,353 | 1,675 | 320 | 48,016 | — | 48,016 | (895) | 47,121 |
| Other items | | | | | | | | | |
| Depreciation | 144 | 140 | 4 | 4 | 293 | — | 293 | — | 293 |
| Increase in property, plant and equipment and intangible assets | 326 | 55 | — | 26 | 408 | — | 408 | — | 408 |

- (Notes)
1. “Others” refers to business segments not included in the reportable segments, and consists of logistics business outsourced from other companies.
 2. Depreciation includes the amortization of long-term prepaid expenses. Increase in property, plant and equipment and intangible assets includes an increase in long-term prepaid expenses.
 3. The -¥895 million adjustment to segment assets consists of elimination of inter-segment of -¥895 million.
 4. The ¥4 million adjustment to segment income (loss) represents elimination of inter-segment transactions of ¥4 million, etc.
 5. Segment income (loss) is adjusted with operating profit in the consolidated statements of income.

(Related Information)

For the previous fiscal year (From March 1, 2021 to February 28, 2022)

1. Information by product or service

This information is omitted as the same information is disclosed in the segment information.

2. Information by region

(1) Net sales

This information is omitted as net sales to outside customers in Japan exceeded 90% of net sales in the consolidated statements of income.

(2) Property, plant and equipment

This information is omitted as the amount of property, plant and equipment in Japan exceeded 90% of the amount of property, plant and equipment in the consolidated balance sheets.

3. Information by major customer

(Millions of yen)

| Name of customer | Net sales | Related segment |
|---------------------|-----------|----------------------------------|
| SHIMAMURA Co., Ltd. | 18,785 | Apparel & Textiles and Materials |

For the current fiscal year (From March 1, 2022 to February 28, 2023)

1. Information by product or service

This information is omitted as the same information is disclosed in the segment information.

2. Information by region

(1) Net sales

This information is omitted as net sales to outside customers in Japan exceeded 90% of net sales in the consolidated statements of income.

(2) Property, plant and equipment

This information is omitted as the amount of property, plant and equipment in Japan exceeded 90% of the amount of property, plant and equipment in the consolidated balance sheets.

3. Information by major customer

(Millions of yen)

| Name of customer | Net sales | Related segment |
|---------------------|-----------|----------------------------------|
| SHIMAMURA Co., Ltd. | 20,839 | Apparel & Textiles and Materials |

(Information regarding impairment loss on non-current assets by reportable segment)

For the previous fiscal year (From March 1, 2021 to February 28, 2022)

(Millions of yen)

| | Reportable segment | | | | | Others | Corporate / elimination | Total |
|-----------------|--------------------|-----------------|--------------------|----------------------------|----------|--------|-------------------------|----------|
| | Apparel & Textiles | Rental Business | Materials Business | Lifestyle Related Business | Subtotal | | | |
| Impairment loss | 111 | — | — | 21 | 133 | — | — | 3 |

For the current fiscal year (From March 1, 2022 to February 28, 2023)

(Millions of yen)

| | Reportable segment | | | | | Others | Corporate / elimination | Total |
|-----------------|--------------------|-----------------|--------------------|----------------------------|----------|--------|-------------------------|----------|
| | Apparel & Textiles | Rental Business | Materials Business | Lifestyle Related Business | Subtotal | | | |
| Impairment loss | 250 | — | — | 32 | 283 | — | — | 3 |

(Per Share Information)

(Yen)

| For the previous fiscal year (From March 1, 2021 to February 28, 2022) | | For the current fiscal year (From March 1, 2022 to February 28, 2023) | |
|---|----------|--|----------|
| Net assets per share | 3,151.49 | Net assets per share | 3,014.62 |
| Net (loss) per share | (219.65) | Net (loss) per share | (30.75) |

- (Notes)
1. Though dilutive shares exist, diluted earnings per share are not provided, as net loss per share was recorded.
 2. As stated in “Changes in Accounting Policies,” the Company has applied the “Accounting Standard for Revenue Recognition” and other related accounting standards. As a result, compared with the figures before the retrospective application, net assets per share for the previous fiscal year increased by ¥0.38 and net loss per share increased by ¥0.23.
 3. The basis for calculation of net assets per share is as follows:

(Millions of yen)

| | For the previous fiscal year (As of February 28, 2022) | For the current fiscal year (As of February 28, 2023) |
|--|---|--|
| Total net assets | 29,151 | 27,868 |
| Amount deducted from the total net assets | 231 | 127 |
| (Share acquisition rights included in the above) | (231) | (127) |
| Amount of net assets related to common stock as of the end of the fiscal year | 28,919 | 27,740 |
| Number of shares of common stock used in the calculation of net assets per share as of the end of the fiscal year (Thousands shares) | 9,176 | 9,202 |

4. The basis for calculation of net loss per share is as follows:

(Millions of yen)

| | For the previous fiscal year (From March 1, 2021 to February 28, 2022) | For the current fiscal year (From March 1, 2022 to February 28, 2023) |
|--|---|--|
| Net (loss) per share | | |
| (Loss) attributable to owners of parent | (2,027) | (282) |
| Profit (loss) not attributable to common shareholders | — | — |
| (Loss) attributable to owners of parent related to common stock | (2,027) | (282) |
| Average number of shares of common stock outstanding during the fiscal year (Thousands shares) | 9,228 | 9,195 |
| Summary of potential stock that were not included in the computation of diluted earnings per share since there was no effect of dilution | — | — |

(Significant Subsequent Events)

(Transfer of fixed assets)

Takihyo (HONG KONG) Co., Ltd., a consolidated subsidiary of the Company, passed a resolution at its Board of Directors meeting held on October 19, 2022 to transfer its fixed assets. The company entered into

an agreement on the same date, and transferred its fixed assets on February 28, 2023.

1. Reason for the transfer

Following the decision to close Takihyo (HONG KONG) Co., Ltd., we will transfer fixed assets owned by the subsidiary in order to make effective use of the management resources of our Group.

2. Description of the assets to be transferred

| Description and location of the assets | Transfer price | Book value |
|---|-----------------|----------------|
| Units 504 and 505 on the 5th Floor of East Ocean Centre, No.98 Granville Road, T.S.T., Kowloon, Hong Kong. (Total floor area 155.33 square meters) | 15 million HK\$ | 3 million HK\$ |

3. Summary of the transferee

| | |
|-----------------------------|---|
| Name | Million Hope Development Limited |
| Location | Unit 705-6, 7th Floor, Kowloon Centre, 33 Ashley Road, T.S.T. Kowloon, Hong Kong. |
| Relationship with our Group | Between the transferee and our Group, there is no capital relationship, personnel relationship, business relationship or other relationship that should be noted. |

4. Summary of the consolidated subsidiary

| | |
|----------------------|---|
| Name | Takihyo (HONG KONG) Co., Ltd. |
| Location | Hong Kong Special Administrative Region of the People's Republic of China |
| Business description | Apparel and textile-related businesses |
| Capital | 10 million HK\$ |

5. Schedule

| | |
|---|-------------------|
| Board of Directors' Resolution of Takihyo (HONG KONG) Co., Ltd. | 19 October, 2022 |
| Conclusion of a contract | 19 October, 2022 |
| Property delivery and ownership transfer | 28 February, 2023 |

6. Future outlook

The capital gain from the fixed assets is expected to be approximately ¥200 million (less miscellaneous expenses) and will be recorded as an extraordinary income in the fiscal year ending February 29, 2024 (the following consolidated fiscal year).

The following consolidated fiscal year is from March 1, 2023 to February 29, 2024, but since the consolidated fiscal year of the consolidated subsidiary is from January 1, 2023 to December 31, 2023, the impact of this transfer (transfer date: February 28, 2023) on consolidated profit and loss will be reflected in the following consolidated fiscal year.

6. Non-consolidated Financial Statements and Primary Notes

(1) Non-consolidated Balance Sheets

| | (Millions of yen) | |
|--|-------------------------|-------------------------|
| | As of February 28, 2022 | As of February 28, 2023 |
| Assets | | |
| Current assets | | |
| Cash and deposits | 3,603 | 2,568 |
| Notes receivable - trade | 1,656 | 1,625 |
| Accounts receivable - trade | 9,239 | 10,527 |
| Merchandise | 4,471 | 6,048 |
| Advance payments to suppliers | 204 | 244 |
| Prepaid expenses | 141 | 121 |
| Lease receivables | 13 | 11 |
| Other | 1,163 | 512 |
| Allowance for doubtful accounts | (15) | (5) |
| Total current assets | 20,478 | 21,655 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings | 1,224 | 1,164 |
| Structures | 12 | 9 |
| Machinery and equipment | 9 | 6 |
| Tools, furniture and fixtures | 1,343 | 1,189 |
| Land | 15,846 | 15,846 |
| Total property, plant and equipment | 18,435 | 18,216 |
| Intangible assets | | |
| Leasehold interests in land | 10 | 10 |
| Software | 29 | 24 |
| Other | 1 | 1 |
| Total intangible assets | 41 | 36 |
| Investments and other assets | | |
| Investment securities | 3,163 | 2,950 |
| Shares of subsidiaries and associates | 1,016 | 1,016 |
| Investments in capital | 21 | 2 |
| Long-term loans receivable | 18 | 1 |
| Prepaid pension costs | 3 | 10 |
| Long-term retaining claims | 68 | 35 |
| Long-term prepaid expenses | 27 | 22 |
| Long-term guarantee deposit | 1,002 | 800 |
| Insurance funds | 94 | 96 |
| Other | 57 | 56 |
| Allowance for doubtful accounts | (68) | (35) |
| Total investments and other assets | 5,405 | 4,956 |
| Total non-current assets | 23,883 | 23,210 |
| Total assets | 44,361 | 44,866 |

(Millions of yen)

| | As of February 28, 2022 | As of February 28, 2023 |
|--|-------------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes payable - trade | 1,044 | 2,715 |
| Accounts payable - trade | 2,158 | 2,884 |
| Short-term borrowings | 8,020 | 6,296 |
| Current portion of long-term borrowings | 1,925 | 1,200 |
| Lease liabilities | 0 | 0 |
| Accounts payable-other | 1,837 | 1,476 |
| Provision for bonuses | 75 | 61 |
| Reserve for transfer costs | 45 | - |
| Other | 268 | 768 |
| Total current liabilities | 15,375 | 15,402 |
| Non-current liabilities | | |
| Long-term borrowings | 1,350 | 3,000 |
| Lease liabilities | 0 | 0 |
| Provision for retirement benefits for directors (and other officers) | 157 | 11 |
| Asset retirement obligations | 142 | 176 |
| Deferred tax liabilities | 1,121 | 1,111 |
| Deferred tax liabilities for land revaluation | 61 | 61 |
| Other | 255 | 254 |
| Total non-current liabilities | 3,088 | 4,614 |
| Total liabilities | 18,463 | 20,017 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 3,622 | 3,622 |
| Capital surplus | | |
| Legal capital surplus | 4,148 | 4,148 |
| Total capital surplus | 4,148 | 4,148 |
| Retained earnings | | |
| Legal retained earnings | 806 | 806 |
| Other retained earnings | | |
| Reserve for tax purpose reduction entry of non-current assets | 1,379 | 1,377 |
| General reserve | 15,500 | 10,500 |
| Retained earnings brought forward | (522) | 4,337 |
| Total other retained earnings | 16,356 | 16,215 |
| Total retained earnings | 17,162 | 17,021 |
| Treasury shares | (630) | (556) |
| Total shareholders' equity | 24,303 | 24,235 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 1,058 | 1,127 |
| Deferred gains or losses on hedges | 303 | (642) |
| Revaluation reserve for land | 0 | 0 |
| Total valuation and translation adjustments | 1,362 | 485 |
| Share acquisition rights | 231 | 127 |
| Total net assets | 25,897 | 24,848 |
| Total liabilities and net assets | 44,361 | 44,866 |

(2) Non-consolidated Statements of Income

(Millions of yen)

| | For the previous fiscal year ended February 28, 2022 | For the current fiscal year ended February 28, 2023 |
|--|---|--|
| Net sales | 52,206 | 60,465 |
| Cost of sales | 43,728 | 49,110 |
| Gross profit | 8,477 | 11,355 |
| Selling, general and administrative expenses | 10,995 | 11,501 |
| Operating loss | (2,518) | (146) |
| Non-operating income | | |
| Interest and dividend income | 442 | 624 |
| Foreign exchange gains | 43 | 144 |
| Other | 123 | 41 |
| Total non-operating income | 610 | 811 |
| Non-operating expenses | | |
| Interest expenses | 39 | 99 |
| Other | 17 | 8 |
| Total non-operating expenses | 57 | 108 |
| Ordinary profit (loss) | (1,965) | 556 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 0 | 72 |
| Gain on sale of investment securities | 305 | 281 |
| Total extraordinary income | 305 | 354 |
| Extraordinary losses | | |
| Impairment losses | 133 | 283 |
| Provision for transfer expenses | 45 | - |
| Premium allowance of retirement | - | 491 |
| Other | 16 | 53 |
| Total extraordinary losses | 195 | 828 |
| Profit (loss) before income taxes | (1,855) | 82 |
| Income taxes - current | 32 | 39 |
| Income taxes - deferred | (24) | (3) |
| Total income taxes | 7 | 35 |
| Profit (loss) | (1,863) | 46 |

(3) Non-consolidated Statements of Changes in Net Assets

For the previous fiscal year ended February 28, 2022

(Millions of yen)

| | Shareholders' equity | | | |
|---|----------------------|-----------------------|-----------------------|-------------------------|
| | Share capital | Capital surplus | | Retained earnings |
| | | Legal capital surplus | Total capital surplus | Legal retained earnings |
| Balance at beginning of period | 3,622 | 4,148 | 4,148 | 806 |
| Cumulative effects of changes in accounting policies | | | | |
| Restated balance | 3,622 | 4,148 | 4,148 | 806 |
| Changes during period | | | | |
| Dividends of surplus | | | | |
| Profit (loss) | | | | |
| Purchase of treasury shares | | | | |
| Cancellation of treasury shares | | | | |
| Reversal of reserve for tax purpose reduction entry of non-current assets | | | | |
| Net changes in items other than shareholders' equity | | | | |
| Total changes during period | - | - | - | - |
| Balance at end of period | 3,622 | 4,148 | 4,148 | 806 |

(Millions of yen)

| | Shareholders' equity | | | | | |
|---|---|-----------------|-----------------------------------|-------------------------|-----------------|----------------------------|
| | Retained earnings | | | | Treasury shares | Total shareholders' equity |
| | Other retained earnings | | | Total retained earnings | | |
| | Reserve for tax purpose reduction entry of non-current assets | General reserve | Retained earnings brought forward | | | |
| Balance at beginning of period | 1,380 | 15,500 | 1,722 | 19,409 | (646) | 26,533 |
| Cumulative effects of changes in accounting policies | | | 5 | 5 | | 5 |
| Restated balance | 1,380 | 15,500 | 1,727 | 19,414 | (646) | 26,538 |
| Changes during period | | | | | | |
| Dividends of surplus | | | (185) | (185) | | (185) |
| Profit (loss) | | | (1,863) | (1,863) | | (1,863) |
| Purchase of treasury shares | | | | | (186) | (186) |
| Cancellation of treasury shares | | | (203) | (203) | 203 | - |
| Reversal of reserve for tax purpose reduction entry of non-current assets | (1) | | 1 | - | | - |
| Net changes in items other than shareholders' equity | | | | | | |
| Total changes during period | (1) | - | (2,250) | (2,252) | 16 | (2,235) |
| Balance at end of period | 1,379 | 15,500 | (522) | 17,162 | (630) | 24,303 |

(Millions of yen)

| | Valuation and translation adjustments | | | | Share acquisition rights | Total net assets |
|---|---|------------------------------------|------------------------------|---|--------------------------|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Revaluation reserve for land | Total valuation and translation adjustments | | |
| Balance at beginning of period | 1,209 | 107 | 0 | 1,317 | 231 | 28,082 |
| Cumulative effects of changes in accounting policies | | | | | | 5 |
| Restated balance | 1,209 | 107 | 0 | 1,317 | 231 | 28,087 |
| Changes during period | | | | | | |
| Dividends of surplus | | | | | | (185) |
| Profit (loss) | | | | | | (1,863) |
| Purchase of treasury shares | | | | | | (186) |
| Cancellation of treasury shares | | | | | | - |
| Reversal of reserve for tax purpose reduction entry of non-current assets | | | | | | - |
| Net changes in items other than shareholders' equity | (150) | 196 | - | 45 | - | 45 |
| Total changes during period | (150) | 196 | - | 45 | - | (2,189) |
| Balance at end of period | 1,058 | 303 | 0 | 1,362 | 231 | 25,897 |

For the current fiscal year ended February 28, 2023

(Millions of yen)

| | Shareholders' equity | | | |
|---|----------------------|-----------------------|-----------------------|-------------------------|
| | Share capital | Capital surplus | | Retained earnings |
| | | Legal capital surplus | Total capital surplus | Legal retained earnings |
| Balance at beginning of period | 3,622 | 4,148 | 4,148 | 806 |
| Changes during period | | | | |
| Dividends of surplus | | | | |
| Profit (loss) | | | | |
| Purchase of treasury shares | | | | |
| Disposal of treasury shares | | | | |
| Reversal of reserve for tax purpose reduction entry of non-current assets | | | | |
| Reversal of general reserve | | | | |
| Net changes in items other than shareholders' equity | | | | |
| Total changes during period | - | - | - | - |
| Balance at end of period | 3,622 | 4,148 | 4,148 | 806 |

(Millions of yen)

| | Shareholders' equity | | | | | |
|---|---|-----------------|-----------------------------------|-------------------------|-----------------|----------------------------|
| | Retained earnings | | | | Treasury shares | Total shareholders' equity |
| | Other retained earnings | | | Total retained earnings | | |
| | Reserve for tax purpose reduction entry of non-current assets | General reserve | Retained earnings brought forward | | | |
| Balance at beginning of period | 1,379 | 15,500 | (522) | 17,162 | (630) | 24,303 |
| Changes during period | | | | | | |
| Dividends of surplus | | | (183) | (183) | | (183) |
| Profit (loss) | | | 46 | 46 | | 46 |
| Purchase of treasury shares | | | | | (34) | (34) |
| Disposal of treasury shares | | | (4) | (4) | 108 | 103 |
| Reversal of reserve for tax purpose reduction entry of non-current assets | (1) | | 1 | - | | - |
| Reversal of general reserve | | (5,000) | 5,000 | - | | - |
| Net changes in items other than shareholders' equity | | | | | | |
| Total changes during period | (1) | (5,000) | 4,860 | (141) | 73 | (68) |
| Balance at end of period | 1,377 | 10,500 | 4,337 | 17,021 | (556) | 24,235 |

(Millions of yen)

| | Valuation and translation adjustments | | | | Share acquisition rights | Total net assets |
|---|---|------------------------------------|------------------------------|---|--------------------------|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Revaluation reserve for land | Total valuation and translation adjustments | | |
| Balance at beginning of period | 1,058 | 303 | 0 | 1,362 | 231 | 25,897 |
| Changes during period | | | | | | |
| Dividends of surplus | | | | | | (183) |
| Profit (loss) | | | | | | 46 |
| Purchase of treasury shares | | | | | | (34) |
| Disposal of treasury shares | | | | | | 103 |
| Reversal of reserve for tax purpose reduction entry of non-current assets | | | | | | - |
| Reversal of general reserve | | | | | | - |
| Net changes in items other than shareholders' equity | 68 | (945) | - | (877) | (103) | (981) |
| Total changes during period | 68 | (945) | - | (877) | (103) | (1,049) |
| Balance at end of period | 1,127 | (642) | 0 | 485 | 127 | 24,848 |

7. Others

Change of Officers

(Scheduled on May 24, 2023)

Candidate for a new director

Director, Executive Officer Tabito Tsuchiya (currently Executive Officer, Assistant to C.E.O., Manager of Global Trade Group, Manager of Melangetop Group, In charge of PR/IR Team)

(Other)

Net sales by product

(Millions of yen, all fractions are rounded down to the nearest 1 million yen)

| Item | The 111th fiscal year (From March 1, 2021 to February 28, 2022) | | The 112th fiscal year (From March 1, 2022 to February 28, 2023) | | Increase (decrease) from the previous fiscal year |
|--------------------|---|----------------------|---|----------------------|--|
| | Net sales | Composition ratio | Net sales | Composition ratio | |
| Ladies' apparel | 22,070 | 46.3 | 24,598 | 44.7 | % 11.5 |
| Baby/Kids' apparel | 10,552 | 22.1 | 11,796 | 21.4 | 11.8 |
| Textile/OEM | 6,124 | 12.8 | 8,156 | 14.8 | 33.2 |
| Homewear | 5,169 | 10.8 | 5,698 | 10.4 | 10.2 |
| Men's apparel | 1,943 | 4.1 | 2,283 | 4.2 | 17.5 |
| Others | 1,880 | 3.9 | 2,481 | 4.5 | 32.0 |
| Total | 47,741 | 100.0 | 55,014 | 100.0 | 15.2 |

Notes: 1. Sales of businesses other than Apparel & Textiles are not included.

2. The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other related accounting standards from the beginning of the fiscal year ended February 28, 2023. Figures for the fiscal year ended February 28, 2022 are retrospectively restated to reflect these accounting standards.