[Delayed]Consolidated Financial Results for the Three Months Ended May 31, 2021 [Japanese GAAP]

July 8, 2021

Company name: Onward Holdings Co., Ltd.
Stock exchange listing: Tokyo Stock Exchange, Nagoya Stock Exchange
Securities code: 8016
URL: https://www.onward-hd.co.jp/site/english/
Representative: Michinobu Yasumoto, President and CEO
Contact: Osamu Sato, Director in charge of Finance, Accounting, Investor relations
Phone: +81-3-4512-1030
Scheduled date of filing quarterly securities report: July 14, 2021
Scheduled date of commencing dividend payments: –
Availability of supplementary materials on quarterly financial results: Available
Schedule of quarterly financial results briefing session: Scheduled (for institutional investors, securities analysts, and the press)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Performance for the Three Months Ended May 31, 2021 (March 1, 2021 – May 31, 2021)

(1) Consolidated Operating Results (cumulative) (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Recurring profit		Profit attributable to owners of parent	
Three months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
May 31, 2021	46,022	7.9	1,147	–	1,976	–	2,060	–
May 31, 2020	42,653	(34.3)	(1,851)	–	(1,746)	–	(2,417)	–

(Note) Comprehensive income: Three months ended May 31, 2021: 3,594 million yen [663.4%]
Three months ended May 31, 2020: 470 million yen [(50.9)%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
May 31, 2021	15.20	15.17
May 31, 2020	(17.90)	–

(Reference) EBITDA (operating profit + depreciation and amortization):
Three months ended May 31, 2021: 2,447 million yen [–%]
Three months ended May 31, 2020: (304) million yen [–%]

(Notes) 1. The Company has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 26, 2021) early, from the beginning of the first quarter of the fiscal year under review.
2. The presentation method has been changed from the first quarter of the fiscal year under review, and therefore, with regard to net sales, operating profit, and EBITDA in the Consolidated Operating Results (cumulative), the Company states figures and year-on-year changes after reclassification that reflect this change in the presentation method.

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of May 31, 2021	179,438	59,206	32.8
As of February 28, 2021	196,052	59,509	28.9

(Reference) Shareholders' equity: As of May 31, 2021: 58,808 million yen
As of February 28, 2021: 56,723 million yen

2. Dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 28, 2021	–	–	–	12.00	12.00
Fiscal year ending February 28, 2022	–				
Fiscal year ending February 28, 2022 (Forecast)		–	–	12.00	12.00

(Note) Revision to the forecast for dividends announced most recently: No

3. Consolidated Performance Forecast for the Fiscal Year Ending February 28, 2022 (March 1, 2021 - February 28, 2022)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Recurring profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
1H (cumulative)	89,300	9.8	(3,000)	–	(3,000)	–	2,200	–	16.25
Full year	190,500	8.3	3,200	–	3,000	–	6,300	–	46.52

(Note) Revision to the performance forecast announced most recently: No

The presentation method has been changed from the first quarter of the fiscal year under review, and therefore, year-on-year change in net sales has been calculated using the figures for the same period of the previous fiscal year after reclassification that reflect this change in the presentation method.

(Reference) EBITDA (operating profit + depreciation and amortization):

Full year ending February 28, 2022 (forecast): 9,300 million yen [–%]

Full year ended February 28, 2021: (14,133) million yen [–%]

*** Notes:**

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): None

Newly included: – (Company name:)

Excluded: – (Company name:)

(2) Application of special accounting methods for the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Restatement: None

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

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

As of May 31, 2021:	157,921,669 shares
As of February 28, 2021:	157,921,669 shares

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

As of May 31, 2021:	22,315,616 shares
As of February 28, 2021:	22,322,123 shares

3) Average number of shares outstanding during the period:

Three months ended May 31, 2021:	135,605,426 shares
Three months ended May 31, 2020:	135,091,266 shares

<u>* These quarterly consolidated financial results are outside the scope of quarterly review by certified public accountants or an audit firm.</u>

<u>* Explanation of the proper use of performance forecast and other notes</u>

The performance outlook and other forward-looking statements herein are based on information currently available to the Company and certain assumptions that have been deemed reasonable. Actual performance may differ significantly from these forecasts due to a wide range of factors. For conditions used as the assumptions for the performance forecast and notes on the use of performance forecast, please refer to “1. Qualitative Information on Quarterly Financial Results for the Period under Review (3) Explanation of Consolidated Performance Forecast and Other Forward-looking Information” on page 3 of the Attachments.

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1. Qualitative Information on Quarterly Financial Results for the Period under Review

(1) Explanation of Operating Results

During the three months ended May 31, 2021, the outlook of the Japanese economy continued to remain uncertain with no end in sight to the spread of COVID-19, which led to the declaration of a state of emergency and priority measures to prevent the spread of the virus being issued intermittently as well as temporary closures and shorter business hours being requested again to large-scale commercial facilities.

In response to this harsh management environment, the Company worked to mitigate the burden of losses arising from temporary closures of physical stores by such means as curtailing procurement and reducing fixed costs. In addition, the Company steadily implemented the global business reforms that have been conducted since the autumn of 2019.

As a result of the above, consolidated net sales amounted to 46,022 million yen (a 7.9% increase year-on-year), consolidated operating profit amounted to 1,147 million yen (operating loss of 1,851 million yen for the same period of the previous fiscal year), consolidated recurring profit amounted to 1,976 million yen (recurring loss of 1,746 million yen for the same period of the previous fiscal year), and profit attributable to owners of parent amounted to 2,060 million yen (loss attributable to owners of parent of 2,417 million yen for the same period of the previous fiscal year). Accordingly, the Company restored profitability at all levels of profit, namely, operating profit and loss, recurring profit and loss, and net profit and loss.

Furthermore, the Group has adopted EBITDA (operating profit + depreciation and amortization) as a management indicator with the purpose of enabling convenient comparisons between companies regardless of differences in accounting standards, amid its efforts to accelerate growth through enhancement and expansion of business foundations that utilize creation of new businesses, M&A, etc.

EBITDA for the three months ended May 31, 2021 was 2,447 million yen ((304) million yen for the same period of the previous fiscal year).

The Company has applied “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 26, 2021) from the beginning of the first quarter of the fiscal year under review. The details are described in “2. Quarterly Consolidated Financial Statements and Principal Notes, (3) Notes to Quarterly Consolidated Financial Statements, (Changes in accounting policies).”

In addition, the presentation method has been changed from the beginning of the first quarter of the fiscal year under review. Therefore, for year-on-year comparison of operating results, the Company uses the figures in the Quarterly Consolidated Financial Statements for the first quarter of the previous fiscal year after reclassification, which reflect this change in the presentation method. The details of the change in the presentation method are described in “2. Quarterly Consolidated Financial Statements and Principal Notes, (3) Notes to Quarterly Consolidated Financial Statements, (Additional information), (Changes in the presentation method).”

Status by segment is as follows.

[Apparel Business]

In the domestic business, Onward Kashiyama Co., Ltd., which is a core group company, implemented new sales strategies integrating physical stores with e-commerce, such as the opening of ONWARD CROSSET STORE, an OMO (Online Merges with Offline) store, as well as promotional initiatives using its owned media “ONWARD CROSSET MAG.” And other measures such as selling the products that missed sales opportunities in the previous fiscal year at proper price and curbing discount sales were also successful. As a result of these strategies and measures, both sales and profit increased. In addition, at Tiaclasse Co., Ltd., whose main sales channel is e-commerce, both sales and profit increased as in the previous fiscal year. Furthermore, sales increased at Island Co., Ltd., which has Grace Continental as its core brand, and at Onward Personal Style Co., Ltd., which develops KASHIYAMA, a made-to-order suit brand.

In the overseas business, profitability improved as a result of withdrawing from unprofitable businesses over the past two years as part of the global business reforms, and profit increased despite a decrease in sales.

As a result, both sales and profit increased for the Apparel Business as a whole.

[Lifestyle Business]

In the Lifestyle Business, both sales and profit increased at Chacott Co., Ltd., which develops a wellness business, due to strong performance of its mainstay ballet products as well as the Chacott Cosmetics and Chacott Balance brands. In addition, both sales and profit increased also at Creative Yoko Co., Ltd., which is engaged in a pet and home life business. Meanwhile, both sales and profit decreased at companies including Onward Beach Resort Guam, Inc., which conducts a resort business. Nevertheless, both sales and profit increased for the Lifestyle Business as a whole.

(2) Explanation of Financial Position

(Status of assets, liabilities, and net assets)

Total assets as of the end of the first quarter of the fiscal year under review decreased by 16,614 million yen compared with the end of the previous fiscal year to 179,438 million yen. This was primarily due to decreases in cash and deposits of 2,678 million yen, merchandise and finished goods of 2,365 million yen, and notes and accounts receivable—trade, and contract assets of 5,626 million yen.

Liabilities decreased by 16,311 million yen compared with the end of the previous fiscal year to 120,231 million yen. This was primarily due to decreases in notes and accounts payable—trade of 6,193 million yen and long-term borrowings of 1,235 million yen.

Net assets decreased by 302 million yen compared with the end of the previous fiscal year to 59,206 million yen. This was primarily due to profit attributable to owners of parent of 2,060 million yen, dividends of surplus of 1,627 million yen, an increase in surplus at the beginning of the period due to changes in the accounting policies of 272 million yen, and a decrease due to reversal of revaluation reserve for land of 1,008 million yen.

As a result, shareholders' equity ratio was 32.8%.

(3) Explanation of Consolidated Performance Forecast and Other Forward-looking Information

No revisions have been made to the consolidated performance forecast for the six months ending August 31, 2021 and the full year ending February 28, 2022, which was announced on April 8, 2021. The presentation method has been changed from the first quarter of the fiscal year under review, and therefore, year-on-year change in net sales has been calculated using the figures for the same period of the previous fiscal year after reclassification, which reflect this change in the presentation method.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of February 28, 2021	As of May 31, 2021
Assets		
Current assets		
Cash and deposits	21,301	18,622
Notes and accounts receivable—trade	18,251	—
Notes and accounts receivable—trade, and contract assets	—	12,624
Merchandise and finished goods	28,909	26,544
Work in process	1,010	465
Raw materials and supplies	4,435	2,936
Other	6,829	9,261
Allowance for doubtful accounts	(277)	(251)
Total current assets	80,460	70,203
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	24,316	22,358
Land	35,259	32,573
Other, net	12,249	12,419
Total property, plant and equipment	71,825	67,352
Intangible assets		
Goodwill	5,251	5,149
Other	5,416	5,310
Total intangible assets	10,667	10,460
Investments and other assets		
Investment securities	14,312	14,709
Retirement benefit asset	2,814	2,840
Deferred tax assets	7,486	5,701
Other	8,778	8,481
Allowance for doubtful accounts	(292)	(310)
Total investments and other assets	33,099	31,422
Total non-current assets	115,592	109,234
Total assets	196,052	179,438

(Million yen)

	As of February 28, 2021	As of May 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable—trade	13,472	7,278
Electronically recorded obligations—operating	8,484	10,240
Short-term borrowings	61,618	61,394
Income taxes payable	669	984
Provision for bonuses	589	1,125
Provision for bonuses for directors	25	19
Provision for sales returns	125	—
Provision for point card certificates	636	—
Other	13,927	11,337
Total current liabilities	99,549	92,379
Non-current liabilities		
Long-term borrowings	16,430	15,195
Retirement benefit liability	3,482	3,058
Provision for retirement benefits for directors and corporate auditors	232	236
Other	16,848	9,361
Total non-current liabilities	36,993	27,852
Total liabilities	136,543	120,231
Net assets		
Shareholders' equity		
Share capital	30,079	30,079
Capital surplus	50,390	50,390
Retained earnings	9,321	9,114
Treasury shares	(20,865)	(20,859)
Total shareholders' equity	68,926	68,725
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(1,939)	(1,313)
Deferred gains or losses on hedges	15	(15)
Revaluation reserve for land	(7,864)	(6,552)
Foreign currency translation adjustment	(1,669)	(1,297)
Remeasurements of defined benefit plans	(744)	(737)
Total accumulated other comprehensive income	(12,202)	(9,916)
Share acquisition rights	138	135
Non-controlling interests	2,646	262
Total net assets	59,509	59,206
Total liabilities and net assets	196,052	179,438

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Three months ended May 31

(Million yen)

	For the three months ended May 31, 2020	For the three months ended May 31, 2021
Net sales	42,653	46,022
Cost of sales	23,136	22,242
Gross profit	19,516	23,780
Selling, general and administrative expenses	21,367	22,632
Operating profit (loss)	(1,851)	1,147
Non-operating income		
Interest income	10	6
Dividend income	11	0
Foreign exchange gains	116	515
Subsidy income	—	282
Other	226	473
Total non-operating income	364	1,278
Non-operating expenses		
Interest expenses	117	107
Share of loss of entities accounted for using equity method	22	25
Other	120	316
Total non-operating expenses	260	449
Recurring profit (loss)	(1,746)	1,976
Extraordinary income		
Gain on sales of non-current assets	1,994	4,818
Gain on sales of investment securities	–	63
Gain on sales of shares of subsidiaries and associates	–	2,944
Total extraordinary income	1,994	7,826
Extraordinary losses		
Extraordinary loss due to closing and other	2,420	779
Loss on sales of shares of subsidiaries and associates	–	2,027
Impairment loss	452	155
Loss on valuation of investment securities	458	–
Loss on liquidation of subsidiaries and associates	–	1,968
Other	7	0
Total extraordinary losses	3,340	4,931
Profit (loss) before income taxes	(3,092)	4,871
Total income taxes	(851)	2,672
Profit (loss)	(2,241)	2,199
Profit attributable to non-controlling interests	176	138
Profit (loss) attributable to owners of parent	(2,417)	2,060

Quarterly Consolidated Statements of Comprehensive Income

Three months ended May 31

(Million yen)

	For the three months ended May 31, 2020	For the three months ended May 31, 2021
Profit (loss)	(2,241)	2,199
Other comprehensive income		
Valuation difference on available-for-sale securities	1,949	625
Deferred gains or losses on hedges	(4)	(30)
Revaluation reserve for land	1,064	401
Foreign currency translation adjustment	(143)	390
Remeasurements of defined benefit plans, net of tax	(153)	7
Total other comprehensive income	2,712	1,395
Comprehensive income	470	3,594
Comprehensive income attributable to:		
Owners of parent	296	3,437
Non-controlling interests	174	157

(3) Notes to Quarterly Consolidated Financial Statements

(Uncertainties of entity's ability to continue as going concern)

Not applicable.

(Notes when there are significant changes in amounts of shareholders' equity)

Not applicable.

(Changes in accounting policies)

(Application of the Accounting Standard for Revenue Recognition, etc.)

The Company has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 26, 2021) (hereinafter referred to as the "Accounting Standard for Revenue Recognition, etc.") from the beginning of the first quarter of the fiscal year under review, and recognizes revenue in the amount expected to be received in exchange for promised goods or services at the time when the control of these goods or services is transferred to the customer.

The main changes resulting from the application of the Accounting Standard for Revenue Recognition, etc. are as follows.

(Revenue recognition for principal and agent transactions)

Regarding transactions in which the Company acts an agent in providing goods to a customer, the Company previously recognized the gross amount of consideration to be received from the customer as revenue. However, the Company has shifted to the method by which it recognizes revenue at the net amount after deducting the amount to be paid to the supplier of goods from the amount to be received from the customer. Meanwhile, with regard to transactions in which the Company acts as a principal and whose revenue was previously recognized at the net amount after deducting an amount equivalent to distribution fees from the amount to be received from the customer, the Company has shifted to the method by which it recognizes revenue at the gross amount of consideration.

(Revenue recognition for customer loyalty program)

Regarding the sale of goods under the customer loyalty program, which grants points to customers when goods are sold, the Company previously recognized revenue at the time of sale, recorded an amount expected to be used from the points granted as "Provision for point card certificates," and recorded the amount of provision for point card certificates as "Selling, general and administrative expenses." However, the Company has shifted to the method by which it identifies the points granted as performance obligations and allocates the transaction price based on the standalone selling price estimated in consideration of the points that are expected to expire in the future.

(Revenue recognition for sale with a right of return)

Regarding "Provision for sales returns," which was previously recorded under "Current liabilities" based on an amount equivalent to gross profit, the Company has shifted to the method by which it recognizes revenue and cost of sales at the amounts excluding amounts equivalent to revenue and cost of sales for merchandise and finished goods that are expected to be returned. Compensation for merchandise and finished goods that are expected to be returned is recorded as refund liabilities in "Other" under "Current liabilities," and assets recognized as the right to recover merchandize and finished goods from customers at the time of settlement of refund liabilities are recorded as return assets in "Notes and accounts receivable—trade, and contract assets" under "Current assets."

The application of the Accounting Standard for Revenue Recognition, etc. is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application of the new accounting policy, assuming it has been applied to periods prior to the beginning of the first quarter of the fiscal year under review, is added to or subtracted from retained earnings at the beginning of the first quarter of the fiscal year under review, and the new accounting policy is applied from the said beginning balance. However, the new accounting policy has not been retrospectively applied to contracts for which nearly all the revenue amounts had been recognized in accordance with the previous treatment prior to the beginning of the first quarter of the fiscal year under review, by applying the method provided for in paragraph 86 of the Accounting Standard for Revenue Recognition.

As a result, for the three months ended in May 31, 2021, net sales increased by 2,080 million yen, cost of sales decreased by 472 million yen, selling, general and administrative expenses increased by 2,608 million yen, and operating profit, recurring profit, and profit before income taxes each decreased by 55 million yen. In addition, the balance of retained earnings at the beginning of the period increased by 272 million yen. Due to the application of the Accounting Standard for Revenue Recognition, etc., "Notes and accounts receivable—trade," which was presented under "Current assets" in the Consolidated Balance Sheets for the previous fiscal year, is instead included in "Notes and accounts receivable—trade, and contract assets" from the first quarter of the fiscal year under review. In accordance with the transitional treatment provided for in paragraph 89-2 of the Accounting Standard for Revenue Recognition, the Company has not reclassified financial statements for the previous fiscal year by using the new presentation method.

(Additional information)

(Changes in the presentation method)

While real estate lease revenue and real estate lease expenses were previously recorded in "Non-operating income," "Selling, general and administrative expenses," and "Non-operating expenses," they are recorded in "Net sales" and "Cost of sales" from the first quarter of the fiscal year under review. The Company positions real estate leasing as one of its major businesses, recognizes real estate lease revenue as a steady source of revenue, and expects real estate lease revenue to grow along with an increase in the number of leasehold properties. In addition, the relevant department now appropriately manages the profitability of the real estate leasing business. In light of these circumstances, in order to present the actual state of the business more appropriately, the Company has changed the presentation method. Quarterly Consolidated Financial Statements for the three months ended May 31, 2020 have been reclassified to reflect this change in the presentation method.

As a result, 351 million yen presented in "Rental income from land and buildings" and 36 million yen presented in "Other" under "Non-operating income" in the Quarterly Consolidated Statements of Income for the three months ended May 31, 2020 have been reclassified as "Net sales." Additionally, 16 million yen presented in "Selling, general and administrative expenses" and 126 million yen of "Rental expenses" under "Non-operating expenses" have been reclassified as "Cost of sales."

Furthermore, 2,754 million yen presented in "Other" under "Investments and other assets" in the Consolidated Balance Sheets for the previous fiscal year has been reclassified as "Buildings and structures, net" of 2,728 million yen and "Other, net" of 26 million yen under "Property, plant and equipment."

(Accounting estimates related to the impact of the spread of COVID-19)

For the first quarter of the fiscal year under review, there are no material changes in the assumptions related to the impact of the spread of COVID-19 that were stated in "Additional information (Accounting estimates related to the impact of the spread of COVID-19)" in the securities report for the previous fiscal year.

(Treatment of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system)

Regarding the transition into the group tax sharing system established by the "Act for Partial Amendment of the

Income Tax Act, etc." (Act No. 8 of 2020) and the items for which the single-entity taxation system has been revised in conjunction with the transition into the group tax sharing system, the Company and certain consolidated subsidiaries in Japan have not applied the provisions of paragraph 44 of "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018), in accordance with the solution in paragraph 3 of "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (PITF No.39, March 31, 2020). The amounts of deferred tax assets and deferred tax liabilities are based on the provisions of the tax laws prior to the amendment.

(Notes to Quarterly Consolidated Statements of Income)

Due to requests from governments and municipalities in response to COVID-19, many of the stores located in retail facilities, directly-managed stores, resort facilities, and other locations were temporarily closed in regions including Japan, North America, and Europe. Fixed expenses (including personnel expenses, depreciation, and rent expenses) for stores and resort facilities incurred during the periods of closure were recognized as "Extraordinary loss due to closing and other" in "Extraordinary losses."

(Segment information, etc.)

I Three months ended May 31, 2020 (From March 1, 2020 to May 31, 2020)

1. Information on net sales and profit or loss by reportable segment

(Million yen)

	Apparel Business			Lifestyle Business	Total	Adjustments (Note 1)	Amount recorded in Quarterly Consolidated Statements of Income (Note 2)
	(Domestic)	(Overseas)	Total				
Net sales (1) Net sales to outside customers	23,179	10,713	33,892	8,760	42,653	–	42,653
(2) Intersegment sales or transfers	303	443	747	493	1,240	(1,240)	–
Total	23,482	11,156	34,639	9,253	43,893	(1,240)	42,653
Segment profit (loss)	(1,690)	(527)	(2,218)	371	(1,846)	(4)	(1,851)

(Notes) 1. The adjustment amount for segment profit (loss) of (4) million yen includes amortization of goodwill of (199) million yen, elimination of intersegment transactions of 1,196 million yen, and corporate expenses not allocated to reportable segments of (1,001) million yen. Corporate expenses are mainly general and administrative expenses that are not attributable to reportable segments.

2. Segment profit (loss) coincides with the amount of operating loss in the Quarterly Consolidated Statements of Income.

2. Information on impairment loss on non-current assets or goodwill, etc. by reportable segment

There was no significant impairment loss or significant change in goodwill.

II Three months ended May 31, 2021 (From March 1, 2021 to May 31, 2021)

1. Information on net sales and profit or loss by reportable segment

(Million yen)

	Apparel Business			Lifestyle Business	Total	Adjustments (Note 1)	Amount recorded in Quarterly Consolidated Statements of Income (Note 2)
	(Domestic)	(Overseas)	Total				
Net sales (1) Net sales to outside customers	28,926	7,878	36,804	9,218	46,022	–	46,022
(2) Intersegment sales or transfers	202	351	554	343	897	(897)	–
Total	29,129	8,229	37,358	9,561	46,920	(897)	46,022
Segment profit	495	219	715	472	1,187	(40)	1,147

(Notes) 1. The adjustment amount for segment profit of (40) million yen includes amortization of goodwill of (193) million yen, elimination of intersegment transactions of 915 million yen, and corporate expenses not allocated to reportable segments of (762) million yen. Corporate expenses are mainly general and administrative expenses that are not attributable to reportable segments.

2. Segment profit coincides with the amount of operating profit in the Quarterly Consolidated Statements of Income.

2. Information on impairment loss on non-current assets or goodwill, etc. by reportable segment

There was no significant impairment loss or significant change in goodwill.

3. Information on changes, etc. in reportable segments

As stated in "(Changes in accounting policies)," the Company has applied the Accounting Standard for Revenue Recognition, etc. from the beginning of the first quarter of the fiscal year under review and changed the accounting method for revenue recognition. Accordingly, it has also changed the method of calculating profit or loss for reportable segments.

As a result of these changes, for the three months ended May 31, 2021, for the "Apparel Business," net sales increased by 2,155 million yen and segment profit decreased by 54 million yen; for the "Lifestyle Business," net sales and segment profit decreased by 74 million yen and 1 million yen, respectively, compared with those calculated under the previous method.

In addition, as stated in "(Additional information), (Changes in the presentation method)," "Rental income from land and buildings," which was previously recorded under "Non-operating income," has been reclassified as "Net sales" from the first quarter of the fiscal year under review. In addition, "Depreciation and amortization," which was included in "Selling, general and administrative expenses," and "Rental expenses," which was recorded under "Non-operating expenses," have been reclassified as "Cost of sales." The figures in the segment information for the first quarter of the previous fiscal year have also been restated to reflect the reclassification. As a result of these changes, segment profit for the "Apparel Business" increased by 9 million yen, and net sales and segment profit for the "Lifestyle Business" increased by 387 million yen and 252 million yen, respectively, compared with before the reclassification.

(Significant events after reporting period)

Not applicable.