

Summary of Consolidated Financial Results
for the Third Quarter of Fiscal Year Ended February 28, 2022
[Japanese GAAP] (Consolidated)

January 14, 2022

Company name: TSI HOLDINGS CO., LTD. Stock listing: Tokyo Stock Exchange
Code number: 3608 URL: <https://www.tsi-holdings.com/en/>
Representative: Representative Director and President, Tsuyoshi Shimoji
Contact: Executive Officer, General Manager of Finance & Accounting Dept. Mitsuru Naito
TEL: +81-3-6748-0001

Scheduled date of financial report: January 14, 2022
Scheduled date to begin dividend payment: —
Preparation of supplementary financial document: Yes
Briefing session to explain the financial statements: Yes (For institutional investors and analysts)

(Rounded down to the nearest million yen)

1. Consolidated Business Results for the Third quarter of the Fiscal Year Ended February 28, 2022(March 1, 2021 to November 30, 2021)

(1) Consolidated results of operations (% change from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Third quarter of FY ended February 28,2022	103,915	6.9	5,180	—	6,239	—	5,465	—
Third quarter of FY ended February 28,2021	97,219	(22.7)	(8,271)	—	(7,012)	—	(11,126)	—

(Notes) Comprehensive income: Third quarter of Fiscal year ended February 28, 2022 ¥5,153 million—%
Third quarter of Fiscal year ended February 29, 2021 ¥(12,335) million—%

	Net income per share	Diluted net income per share
	Yen	Yen
Third quarter of FY ended February 28,2022	60.54	—
Third quarter of FY ended February 28,2021	(122.70)	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
Third quarter of FY ended February 28,2022	150,071	102,652	68.1
FY ended February 28,2021	154,951	97,430	62.6

(Reference) Shareholders' equity: Third quarter of FY ended February 28,2022 ¥102,176 million
FY ended February 2021 ¥96,977 million

2. Dividends

	Annual dividend				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY ended February 2021	—	0.00	—	0.00	0.00
FY ended February 2022	—	—	—	—	—
FY ended February 2022 (forecast)	—	0.00	—	5.00	5.00

(Note) Revisions during this quarter of dividends forecast for fiscal year: None

3. Forecast of Consolidated Business Results for the Fiscal Year Ending February 28, 2022 (March 1, 2021 to February 28, 2022)

(% change from the corresponding period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full fiscal year	140,600	4.9	2,400	—	3,800	—	2,300	(40.4)	25.47

(Note) Revisions during this quarter of the previously disclosed consolidated business results projection for FY 2022:
Yes

* Notes:

(1) Changes in significant subsidiaries during the period: Yes

Changes in specified subsidiaries resulting in a change in the scope of consolidation

Deselection 2 companies(SANEI-INTERNATIONAL CO.,LTD. and TSI GROOVE AND SPORTS CO.,LTD.)

(2) Application of particular accounts procedures to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, accounting estimates, and restatements

a. Changes in accounting policies due to revisions of accounting standards: None

b. Changes in accounting policies other than above (a): None

c. Changes of accounting estimates: None

d. Restatements: None

(4) Number of shares issued (common stock)

a. Number of shares issued at the end of period (treasury stock included)	Q3 of FY ended February 2022	95,783,293 shares	FY ended February 2021	95,783,293 shares
b. Number of treasury stock at the end of period	Q3 of FY ended February 2022	5,431,228 shares	FY ended February 2021	5,556,309 shares
c. Average number of shares over the period	Q3 of FY ended February 2022	90,287,389 shares	Q3 of FY ended February 2021	90,681,205 shares

*This business results report is not subject to auditing by certified public accountants or audit firms.

*Explanation regarding the appropriate use of business forecasts and other special instructions

The forward-looking statements, including business forecasts, contained in this document are based on information currently available to the Company and on certain assumptions deemed reasonable by the Company, and are not intended as a promise by the Company that they will be achieved. Actual results may differ materially due to a variety of factors. Please refer to "(3) Explanation of Consolidated Business Forecast and Other Forward-looking Statements " on page 3 for the assumptions underlying the forecasts and cautionary statements regarding the use of the forecasts.

Contents of Attached Materials

1. Qualitative Information on results for this quarter of FY ended February 2022	2
(1) Overview of Business Results	2
(2) Overview of Financial Position	3
(3) Explanation of Consolidated Business Forecast and Other Forward-looking Statements	3
2. Quarterly Consolidated Financial Statements and Major Notes	4
(1) Quarterly Consolidated Balance Sheets	4
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income	6
(3) Notes to Quarterly Consolidated Financial Statements	8
Going Concern Assumption	8
Notes on Significant Changes in Shareholders' Equity	8
Additional Information	8
Segments of the Company and Related Information	12

1. Qualitative Information on results for this quarter of FY ended February 2022

(1) Overview of Business Results

During Q3 of the consolidated cumulative period (March 1, 2021–November 30, 2021), the apparel industry was affected by the COVID-19 pandemic. Although Japan's intermittent state of emergency declarations ended on September 30, 2021, people have continued to refrain from going out and the business hours of some commercial facilities have remained shortened. As a result, sales remain affected.

Under such a business environment, our group is using the TSI Innovation Program 2024 (TIP24) as a springboard to focus attention on withdrawing from unprofitable businesses and shops, reducing labor costs, and reducing SG&A expenses across the entire company. Following this, we will shift to a phase that involves boosting efforts in the rapidly growing area of EC business, and breaking into IT system business and other new business, etc. We will also actively invest for the future to maximize profitability in the group.

Moreover, after the takeover merger in March 2021 as the first step aimed at unifying our group companies into one company (our subsidiary Sanei BD Co., Ltd. absorbed 8 other subsidiaries, with the post-merger trade name changed to TSI Inc.), with the aim of further improving decision-making speed and operational efficiency.

Although the number of new COVID-19 cases in Japan has continued to decline after the state of emergency was lifted on September 30, 2021, consumer confidence has not completely recovered as restraints on public movement have not ceased. Given the decrease in the number of customers visiting our stores, the in-store sales of our group companies continue to be dire despite signs of recovery. Therefore, we have invested an unprecedented level of effort into measures such as strengthening sales through EC and curbing excess inventory by carefully monitoring product purchases.

Net sales by reportable segment were as follows.

Apparel-Related Businesses

Based on the above TIP24, TSI Group subsidiaries composing our apparel-related businesses have made efforts by withdrawing unprofitable businesses and store and by reducing SG&A such as labor costs across the entire company. Based on the medium-term management strategy, TSI Group subsidiaries continued to improve profits by reforming existing brands and streamlining operations. Amid the need to manage high market value brands that are unique and are price competitive, the Group worked diligently to strengthen its profitability by rolling out products that take full advantage of special features in its existing businesses including PEARLY GATES, MASTER BUNNY EDITION and NEW BALANCE GOLF of golf apparel brands, MARGARET HOWELL which showcases in London Fashion Week, CADUNE of a ladies brand, UNDEFEATED, which revolves mainly around sneakers. Despite these endeavors, we have suffered from COVID-19 including shorten its business hours because of continuation of the state of emergency.

In the e-commerce business, we tried to increase sales by strengthening in-store and online coordination including the consolidation of in-store inventory to e-commerce stock, online customer service and OMO.

Through these initiatives, net sales of the apparel-related businesses reached ¥100,243 million (up 6.2% year on year).

Other Businesses

Companies within TSI Holdings' other businesses include S-Groove Co., Ltd., which in addition to fulfilling a sales function for Group operating companies engages in paid employment placement and worker dispatching activities, Toska-Bano'k Co., Ltd., active in the manufacture and sale of synthetic resin related products, Plax Co., Ltd., which engages in store design and supervision as well as restaurant operations, Laline JAPAN Co., Ltd., which procures and sells a variety of products including cosmetics, perfumes, and soaps, and Urth Caffè JAPAN Co., Ltd., which operates in Japan a popular organic café in the U.S., California. Net sales in this segment decreased by 39.4% compared with

the previous fiscal year, to ¥3,833million owing mainly to subsidiary integration.

(2) Overview of Financial Position

(Million yen)

	At the end of FY ended February 2021 (As of February 28, 2021)	At the end of 3Q FY ended February 2022 (As of November 30, 2021)	Increase/decrease
Total assets	154,951	150,071	(4,879)
Liabilities	57,521	47,419	(10,101)
Net assets	97,430	102,652	5,222
Shareholders' equity ratio	62.6%	68.1%	5.5%
Net assets per share	¥1,074.81	¥1,130.87	¥56.06

The total assets decreased by ¥4,879 million from the end of the previous fiscal year, despite increases in notes and accounts receivable-trade (up ¥4,505 million), inventories (up ¥4,260 million), and investment securities (up ¥1,332 million). This was mainly due to the decrease in cash and deposits (down ¥14,182 million) and the decrease in other of investments and other assets (down ¥919 million).

Liabilities decreased by ¥10,101 million from the end of the previous fiscal year, despite an increases decrease in notes and accounts payable-trade (up ¥2,287 million) .This was mainly due to a decrease in income taxes payable (down ¥1,948 million) and a decrease in other current liabilities (down ¥3,795 million) and a decrease in long-term borrowings including current portion of long-term borrowings (down ¥6,409 million).

Net assets increased by ¥5,222 million from the end of the previous fiscal year, despite a decrease in Valuation difference on available-for-sale securities (down ¥790 million). This was mainly due to an increase in retained earnings (up ¥5,465 million) and an increase in foreign currency translation adjustment (up ¥442 million).

As a result, net asset per share increased by ¥56.06.

(3) Explanation of Consolidated Business Forecast and Other Forward-looking Statements

We adjusted the business results projection for the year ending February 28, 2022, which was released on April 21, 2021. For details, please refer to the “Notice Concerning Revisions to Full-Year Financial Results Forecasts ” that was released today (January 14, 2022).

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

	(Million yen)	
	Previous consolidated fiscal year (As of February 28, 2021)	Quarter consolidated accounting period of current fiscal year (As of November 30, 2021)
Assets		
Current assets		
Cash and deposits	49,871	35,688
Notes and accounts receivable–trade	10,888	15,393
Securities	-	974
Merchandise and finished goods	17,034	21,704
Work in process	544	296
Raw materials and supplies	821	658
Other	3,594	3,914
Allowance for doubtful accounts	(39)	(46)
Total current assets	82,714	78,585
Non-current assets		
Property, plant and equipment	8,149	7,546
Intangible asset		
Goodwill	5,266	4,884
Other	7,404	7,248
Total intangible assets	12,670	12,132
Investments and other assets		
Investment securities	28,872	30,204
Investment property	4,980	4,956
Other	17,670	16,750
Allowance for doubtful accounts	(106)	(105)
Total investments and other assets	51,416	51,806
Total non-current assets	72,237	71,485
Total assets	154,951	150,071
Liabilities		
Current liabilities		
Notes and accounts payable–trade	11,607	13,894
Short-term borrowings	152	129
Current portion of long-term borrowings	8,915	7,035
Income taxes payable	2,196	248
Provision for bonuses	1,336	1,663
Provision for point card certificates	426	489
Provision for shareholder benefit program	126	93
Provision for sales returns	289	323
Asset retirement obligations	12	111
Other	10,906	7,110
Total current liabilities	35,969	31,100
Non-current liabilities		
Long-term borrowings	16,082	11,552
Provision for retirement benefits for directors	42	37
Retirement benefit liability	1,040	982
Asset retirement obligations	2,344	2,152
Other	2,042	1,593
Total non-current liabilities	21,551	16,318
Total liabilities	57,521	47,419

(Million yen)

	Previous consolidated fiscal year (As of February 28, 2021)	Quarter consolidated accounting period of current fiscal year (As of November 30, 2021)
Net assets		
Shareholders' equity		
Share capital	15,000	15,000
Capital surplus	29,255	29,255
Retained earnings	52,213	57,679
Treasury stock	(3,747)	(3,688)
Total shareholders' equity	92,720	98,246
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,812	4,022
Foreign currency translation adjustment	(469)	(27)
Remeasurements of defined benefit plans	(86)	(65)
Total accumulated other comprehensive income	4,256	3,929
Non-controlling interests	452	475
Total net assets	97,430	102,652
Total liabilities and net assets	154,951	150,071

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

Quarterly consolidated statements of income

Consolidated cumulative Third quarter

(Million yen)

	Consolidated cumulative Third quarter of previous fiscal year (March 1, 2020 to November 30, 2020)	Consolidated cumulative Third quarter of current fiscal year (March 1, 2021 to November 30, 2021)
Net sales	97,219	103,915
Cost of sales	50,478	45,924
Gross profit	46,741	57,991
Selling, general and administrative expenses	55,012	52,810
Operating income (loss)	(8,271)	5,180
Non-operating income		
Interest income	18	24
Dividend income	810	553
Real estate income	1,014	216
Foreign exchange income	-	233
Other	500	452
Total non-operating income	2,344	1,481
Non-operating expenses		
Interest expenses	168	86
Foreign exchange losses	110	-
Loss on valuation of investment securities	28	14
Rental expenses on real estate	466	114
Other	311	206
Total non-operating expenses	1,084	421
Ordinary income (loss)	(7,012)	6,239
Extraordinary income		
Gain on sales of non-current assets	1,828	391
Gain on sale of investment securities	218	809
Subsidies for employment adjustment	438	33
Other	-	329
Total extraordinary income	2,485	1,563
Extraordinary losses		
Loss on retirement of non-current assets	56	81
Impairment loss	1,822	223
Loss on sale of investment securities	9	-
Loss on valuation of investment securities	41	-
Loss due to temporary closing	2,414	1,193
Voluntary retirement related expenses	143	-
Other	418	36
Total extraordinary losses	4,906	1,535
Income(loss) before income taxes	(9,433)	6,268
Income taxes—current	366	646
Income taxes—deferred	1,396	181
Total income taxes	1,762	827
Net income (loss)	(11,196)	5,441
Net loss attributable to non-controlling interest	(70)	(24)
Net income (loss) attributable to owners of parent	(11,126)	5,465

Quarterly Consolidated statements of comprehensive income
 Consolidated cumulative Third quarter

	(Million yen)	
	Consolidated cumulative Third quarter of previous fiscal year (March 1,2020 to November 30, 2020)	Consolidated cumulative Third quarter of current fiscal year (March 1,2021 to November 30, 2021)
Net income(loss)	(11,196)	5,441
Other comprehensive income		
Valuation difference on available-for-sale securities	(989)	(790)
Foreign currency translation adjustment	(184)	473
Remeasurements of defined benefit plans	39	21
Share of other comprehensive income of affiliates accounted for using equity method	(5)	7
Total other comprehensive income	(1,139)	(287)
Comprehensive income	(12,335)	5,153
Total comprehensive income attributable to:		
Owners of parent	(12,257)	5,139
Non-controlling interests	(77)	13

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable

Notes on Significant Changes in Shareholders' Equity

Not applicable

Change of accounting estimate

In the first quarter of the current consolidated cumulative period, there is no prospect of convergence in preventing the spread of new coronavirus infections.

We have changed the estimate for the allowance for bonuses recorded in the previous consolidated fiscal year.

As a result of this change, operating income, ordinary income, and income before income taxes for the first quarter of the current consolidated cumulative period will be increased.

It has increased by 587 million yen.

Valuation Criteria for Inventories

The Company has adopted a valuation criteria for inventories based on a certain devaluation rate determined in accordance with the period since production or purchase. The Company's balance sheet amount is based on the devalued book value. While we were affected by the expansion of covid-19, we've changed the sales policy and holded down purchase and sales cost and along with that, we tried to improve the portion of the proper sales.

Consequently, the existing write-down rate deviates from that which would have been applied if the latest sales results had been reflected. We therefore decided to reflect the latest sales results in the write-down rate that evaluates the book value effective for the six-month period under review. The change in the estimation method was made to reflect decline in inventory-related profitability more appropriately in the Company's financial position and operating results. As a result of this change, the cost of sales decreased by ¥1,077 million in the Third Quarter of the current fiscal year. Consequently, operating income, ordinary income, and income before income taxes increased by the same amount, respectively.

Additional Information

Trust-Type Employee Stock Ownership Plan (ESOP)

TSI Holdings resolved at a Board of Directors' meeting held on April 13, 2020 to reintroduce a trust-type employee stock ownership plan (ESOP) as an incentive plan and part of its efforts to provide benefits for its employees.

i. Overview of the Plan

The Company has established a trust (the Shareholding Association Trust). The beneficiaries of the Shareholding Association Trust are members of the TSI Employee Shareholding Association (the Shareholding Association) who have met certain requirements.

The Shareholding Association Trust acquired in advance a number of TSI Holdings shares projected to be acquired by the Shareholding Association over a five-year period from April 2020 utilizing funds procured through debt finance. Thereafter, acquisition of the Company's shares by the Shareholding Association will be undertaken by the Shareholding Association Trust. Meanwhile, TSI Holdings will guarantee the debt finance undertaken by the Shareholding Association Trust.

ii. Shares of the Company Remaining in the Trust

The shares of the Company remaining in the Trust are posted as shares of treasury stock in the net assets section at their carrying amount in the Trust. The carrying amount and number of shares of treasury stock as of the end of the previous fiscal year under review were ¥325 million for 696,000 shares. And that as of the end of this fiscal year under review were ¥273 million for 584,000 shares.

iii. Carrying Value of Debt Finance Posted Using the Gross Price Method

As of February 28, 2021: ¥359 million and as of November 30, 2021: ¥334 million,

Board Benefit Trust (BBT)

In accordance with a proposal put forward at the Company's 5th General Meeting of Shareholders held on May 25, 2016, TSI Holdings introduced a performance-linked stock compensation (Board Benefit Trust (BBT)) plan for its directors and delegated executive officers as well as Group company directors (eligible officers).

i. Outline of the Transaction

Under the plan, the Company's shares are acquired through a trust using money contributed by the Company as funds. Eligible officers receive the Company's shares equivalent to the points granted in accordance with the level of performance achievement, etc., and money equivalent to the amount of the Company's shares converted at market value as of the date of retirement (the Company's shares, etc.), pursuant to the officer stock delivery regulations. Meanwhile, the timing of receipt of the benefits of the Company's shares, etc. by eligible officers shall, in principle, be upon their retirement from office.

ii. Shares of the Company Remaining in the Trust

The shares of the Company remaining in the Trust are posted as shares of treasury stock in the net assets section at their carrying amount in the Trust. The carrying amount and number of shares of treasury stock were ¥288 million for 512,000 shares as of the end of the previous fiscal year and ¥280 million for 499,000 shares as of the end of this fiscal year under review.

Application of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system

For the transition to the group tax sharing system established under the “Act for Partial Amendment of the Income Tax Act, etc. (Law No. 8, 2020) and for items that were reviewed in the non-consolidated taxation system in conjunction with the transition to the group tax sharing system, subject to the treatment of paragraph 3 of the “Application of tax effect accounting for the transition from the consolidated taxation system to group tax sharing system” (Practical Issues Task Force No. 39, March 31, 2020), the Company and certain domestic consolidated subsidiaries do not apply the provisions of paragraph 44 of the “Guidance on Accounting Standards for Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018) and calculate the amount of deferred tax assets and deferred tax liabilities in accordance with the provisions of pre-revision tax laws.)

Non-equity method companies excluded from the scope of application of the equity method because their impact on the Company's net income/loss (amount corresponding to the Company's equity interest) and retained earnings (amount corresponding to the Company's equity interest) is not material and their overall importance is not significant.

Group reorganization (absorption-type merger organized by the Company and 14 consolidated subsidiaries)

At a meeting of its board of directors held on December 16, 2020, we resolved to undertake a reorganization with the aim of integrating each of its apparel operating companies into a single company over the following three stages, with a scheduled completion date of March 1, 2023.

As a side note, at a meeting of its board of directors held on January 14, 2022, as we resolved to change the companies to be merged on March 1, 2022, we will disclose a schedule of the reorganization as soon as we resolve it.

1. Stage 1: Absorption-type merger between consolidated subsidiaries on March 1, 2021

The Transaction under common control

(1) Overview of the Transaction

i. Names and Businesses of the Combining Companies

Name of the Combining Company:	SANEI bd CO., LTD.
Business:	Apparel business
Names of the Combined Companies:	SANEI-INTERNATIONAL CO., LTD. TSI GROOVE AND SPORTS CO., LTD. nano universe CO., LTD. anglobal Ltd. Rose Bud Co., Ltd. Isolar Co., Ltd. TSI EC STRATEGY CO., LTD. TSI PRODUCTION NETWORK CO., LTD.
Business:	Apparel business

ii. Date of Business Combination

March 1, 2021 and March 12, 2021

iii. Legal Form of Business Combination

Absorption-type merger with SANEI bd CO., LTD., as the surviving company, and SANEI-INTERNATIONAL CO., LTD., TSI GROOVE AND SPORTS CO., LTD., nano universe CO., LTD., anglobal Ltd., Rose Bud Co., Ltd., Isolar Co., Ltd., TSI PRODUCTION NETWORK CO., LTD., and TSI EC STRATEGY CO., LTD., as the companies to be merged.

iv. Name of the Company after Business Combination

SANEI bd CO., LTD. (new corporate name: TSI Inc.)

v. Other Matters Related to the Transaction

Nine consolidated subsidiaries underpinned by the same internal information systems, human resources, and other systems were the subject of the absorption-type merger.

(2) Overview of the Accounting Treatment Applied

Pursuant to the “Accounting Standard for Business Combinations” (Accounting Standards Board of Japan (ASBJ) Statement No. 21 issued on January 16, 2019 and the “Guidance on Accounting Standard for Business Combination and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10 issued on January 16, 2019), the absorption-type merger was treated as an under common control transaction.

2. Stage 2: Absorption-type merger between consolidated subsidiaries on March 1, 2022

At a meeting of its board of directors held on January 14, 2022, TSI Holdings’ Board of Directors resolved to undertake an absorption-type merger with TSI Inc., as the surviving company, and consolidated subsidiaries Ueno Shokai Co., Ltd., as the companies to be merged on the scheduled date of March 1, 2022(scheduled).

Regarding Jack Clothing Co., Ltd., Arpege Co., Ltd., Star Joinus Co., Ltd., and And Wonder Co., Ltd, though they were described to be merged, we will disclose a schedule as soon as we resolve it because of the delay of the standardization of infrastructure.

(1) Overview of the Transaction

i. Names and Businesses of the Combining Companies

Name of the Combining Company	TSI Inc.
Business:	Apparel business
Names of the Combined Companies:	Ueno Shokai Co., Ltd.
Business:	Apparel business

ii. Date of Business Combination

March 1, 2022 (scheduled)

iii. Legal Form of Business Combination

Absorption-type merger with TSI Inc., as the surviving company, and consolidated subsidiaries Ueno Shokai Co., Ltd., as the companies to be merged.

iv. Name of the Company after Business Combination

TSI Inc.

v. Other Matters Related to the Transaction

After promoting the sharing of the same internal information systems, human resources, and other systems, the aforementioned non-combining company will be subject to an absorption-type merger.

(2) Overview of the Accounting Treatment Applied

Pursuant to the “Accounting Standard for Business Combinations” (Accounting Standards Board of Japan (ASBJ) Statement No. 21 issued on January 16, 2019 and the “Guidance on Accounting Standard for Business Combination and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10 issued on January 16, 2019), plans are in place to treat the absorption-type merger as an under common control transaction.

Segments of the Company and Related Information

1. Consolidated cumulative Third quarter of previous fiscal year (March 1,2020 to November 31, 2020)

(1) Net sales, income or losses, assets and other items by reportable segments

	Reportable segment	Other Note 1	Total	Adjustments Note 2	Consolidated financial statements amount (Note 3)
	Apparel-related businesses				
Net sales					
Sales to third parties	94,212	2,944	97,156	62	97,219
Inter-segment sales or transfers	194	3,377	3,572	(3,572)	—
Total	94,406	6,322	100,729	(3,509)	97,219
Segment income (loss)	(8,641)	(94)	(8,736)	464	(8,271)

Notes:

1. Other, which doesn't belong to respective reportable segments, includes synthetic resin-related, store design and management and so on.
2. Segment income (loss) adjustment of ¥464 million is transaction offsets among consolidated companies.
3. Segment income (loss) is adjusted to operating income listed in the consolidated financial statements.

(2) Goodwill or impairment loss in non-current assets by reportable segments

Important impairment loss in non-current assets

In segment apparel-related businesses, book value of the stores which are decided to close, and whose operating income are continuously in red, and whose brands are decided to close, are supposed to be reduced to recoverable amount. And the decrease is posted as impairment loss in the extraordinary losses section.

As a side note, recorded amount of impairment loss in non-current assets were ¥1,822 million as of the end of this fiscal year under review.

A significant change in the amount of goodwill

None

A significant gain from negative goodwill

None

1. Consolidated cumulative Third quarter of current fiscal year (March 1,2021 to November 30, 2021)

(1) Net sales, income or losses, assets and other items by reportable segments

	Reportable segment	Other Note 1	Total	Adjustments Note 2	Consolidated financial statements amount (Note 3)
	Apparel-related businesses				
Net sales					
Sales to third parties	100,164	3,677	103,841	73	103,915
Inter-segment sales or transfers	78	156	235	(235)	—
Total	100,243	3,833	104,076	(161)	103,915
Segment income (loss)	4,949	59	5,009	171	5,180

Notes:

1. Other, which doesn't belong to respective reportable segments, includes synthetic resin-related, store design and management and so on.
2. Segment income (loss) adjustment of ¥171 million is transaction offsets among consolidated companies.
3. Segment income (loss) is adjusted to operating income listed in the consolidated financial statements.

(2) Goodwill or impairment loss in non-current assets by reportable segments

Important impairment loss in non-current assets

In segment apparel-related businesses, book value of the stores which are decided to close, and whose operating income are continuously in red, and whose brands are decided to close, are supposed to be reduced to recoverable amount. And the decrease is posted as impairment loss in the extraordinary losses section.

As a side note, recorded amount of impairment loss in non-current assets were ¥223 million as of the end of this fiscal year under review.

A significant change in the amount of goodwill

None

A significant gain from negative goodwill

None