

## Business Results for the Fiscal Year Ended February 28, 2023

### [Japanese GAAP] (Consolidated)

April 12, 2023

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: Director, General Manager of Corporate Headquarters Mitsuru Naito  
 TEL: +81-3-5785-6400

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 Scheduled date of financial report: May 26, 2023  
 Scheduled date to begin dividend payment: May 8, 2023  
 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 Fiscal Year Ended February 28, 2023 (March 1, 2022 to February 28, 2023)

(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	%
FY ended February 2023	154,456	10.0	2,329	(47.5)	3,859	(33.8)	3,063	199.6
FY ended February 2022	140,382	4.7	4,440	—	5,834	—	1,022	(73.5)

(Notes) Comprehensive income: Fiscal year ended February 28, 2023 ¥4,164 million —%  
 Fiscal year ended February 28, 2022 ¥181 million (96.1%)

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
FY ended February 2023	35.21	—	3.1	2.8	1.5
FY ended February 2022	11.32	—	1.1	4.0	3.2

(Reference) Equity in earnings of affiliates: Fiscal year ended February 28, 2023 ¥9 million  
 Fiscal year ended February 28, 2022 ¥27 million

(Note) The "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan (ASBJ) Statement No. 29 issued on March 31, 2020) and other accounting standards have been applied from the beginning of the current consolidated fiscal year. The figures for the the fiscal year ending February 28, 2023 are obtained after the application of the above accounting standards.

#### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of February 28, 2023	135,427	98,878	72.7	1,168 69
As of February 28, 2022	140,440	97,736	69.2	1,075 44

(Reference) Shareholders' equity: As of February 28, 2023, ¥98,480 million  
 As of February 28, 2022, ¥97,212 million

(Note) The "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan (ASBJ) Statement No. 29 issued on March 31, 2020) and other accounting standards have been applied from the beginning of the current consolidated fiscal year. The figures for the fiscal year ending February 28, 2023 are obtained after the application of the above accounting standards.

#### (3) Consolidated results of cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
FY ended February 2023	1,326	(110)	(9,589)	30,721
FY ended February 2022	1,380	(3,981)	(8,960)	38,503

## 2. Dividends

	Annual dividend					Total dividend	Dividend payout ratio (Consolidated)	Rate of total dividend to net assets (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY ended February 2022	—	0.00	—	5.00	5.00	457	44.2	0.5
FY ended February 2023	—	0.00	—	10.00	10.00	851	28.4	0.9
FY ended February 2024 (forecast)		0.00	—	15.00	15.00		36.1	

## 3. Forecast of Consolidated Business Results for the Fiscal Year Ending February 28, 2024 (March 1, 2023 to February 29, 2024)

(% 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
Second quarter (Cumulative)	75,000	4.0	1,000	69.8	1,400	(26.0)	1,000	(55.6)	11.87
Full fiscal year	162,000	4.9	4,700	101.8	5,500	42.5	3,500	14.3	41.54

### \* Notes:

(1) Changes in significant subsidiaries during the period: None

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

a. Changes in accounting policies due to revisions of accounting standards: Yes

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

c. Changes of accounting estimates: None

d. Restatements: None

(Note) For details, please refer to "3. Consolidated Financial Statements and Major Notes, and (5) Notes to Consolidated Financial Statements (changes in accounting policies)" on page 17 of attached materials.

(3) Number of shares issued (common stock)

a. Number of shares issued at the end of period (treasury stock included)	FY ended February 2023	90,144,093 shares	FY ended February 2022	95,783,293 shares
b. Number of treasury stock at the end of period	FY ended February 2023	5,878,463 shares	FY ended February 2022	5,390,033 shares
c. Average number of shares over the period	FY ended February 2023	86,994,620 shares	FY ended February 2022	90,306,433 shares

\* Summary of financial statements is not subject to audit by a certified public accountant or an audit corporation.

### \*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 "(4) Explanation of Consolidated Business Forecast and Other Forward-looking Statements" on page 4 for the assumptions underlying the forecasts and cautionary statements regarding the use of the forecasts.

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## 1. Overview of Business Results

### (1) Overview of Business Results for the Fiscal Year Ended February 28, 2023

In the apparel industry, during the consolidated cumulative period under review (from March 1, 2022 to February 28, 2023), as behavioral restrictions due to the COVID-19 pandemic eased and economic activities normalized, consumer spending recovered alongside demand for going out. However, the outlook remained uncertain due to soaring prices of resources across the globe and sharp foreign exchange fluctuations caused by the situation in Russia and Ukraine.

Under such a business environment, our Group continued drastic reforms to respond to changes in the social environment and consumer lifestyle associated with the progress of digital transformation (DX) and to create our unique value to be offered, based on the TSI Innovation Program 2025 (TIP25), the new medium-term management plan toward 2025 announced in April 2022. In order to create a form of fashion entertainment, we have been focusing on investing in growth business areas, primarily to expand the e-commerce (EC), and have been shifting from the phase of closing unprofitable stores to the phase of opening large-scale stores and reopening stores in prime locations to develop attractive stores and transform the profit structure.

Furthermore, we implemented an absorption-type merger (with the subsidiary TSI Inc. as the surviving company and the subsidiary Ueno Shokai Co., Ltd. as the absorbed company) in March 2022 in the Second step of our efforts to integrate the group companies into one company. Through the absorption-type merger, we have reduced the overlap of functions of the two companies and streamlined the organizational structure to lower the break-even point, strengthen the governance of the Group as a whole, and to steadily strengthen profitability while leveraging the individuality of the brands we have built to date.

In addition, through the relocation of the head office on September 20, 2022 and the associated consolidation of offices for each business, we aimed to improve the efficiency of the entire business, including group companies.

Our group is working to secure the in-store sales of our group companies and strengthen sales through EC, and is also making thorough efforts to curb excess inventory and control costs by strictly monitoring product purchases and holding them to appropriate standards. Despite that, severe situation continued, partly due to the reaction to the emergency SG&A cost containment measures implemented in the same quarter of the previous year in response to the spread of the COVID-19 infection.

Consequently, the net sales were 154,456 million yen (up 10.0% compared with the previous fiscal year), the operating income was 2,329 million yen (down 47.5% compared with the previous fiscal year), and the ordinary income reached 3,859 million yen (down 33.8% compared with the previous fiscal year).

Furthermore, the quarterly profit attributable to owners of the Group's parent was 3,063 million yen (up 199.6% compared with the previous fiscal year).

Net sales by reportable segment were as follows.

#### ***Apparel-Related Businesses***

With regard to each of the subsidiaries that comprise our apparel-related business, we focus on strengthening profitability by investing in growth business areas, reforming real stores, and shifting to EC sales channels based on the TIP25.

In existing businesses, we strove to improve our profitability by rolling out products that leverage the features of each brand, including the street brand "STUSSY", London collection brand "MARGARET HOWELL", military fashion focused "AVIREX", and outdoor fashion focused "and wander".

Consequently, the net sales in apparel-related businesses increased by 10.0% compared with the previous fiscal year to 149,349 million yen.

#### ***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 California, the U.S. Net sales were 5,825 million yen (up 10.8% compared with the previous fiscal year).

## (2) Overview of Financial Position

(Million yen)

	At the end of FY2022 (As of February 28, 2022)	At the end of FY2023 (As of February 28, 2023)	Increase/decrease
Total assets	140,440	135,427	(5,013)
Liabilities	42,704	36,549	(6,155)
Net assets	97,736	98,878	1,142
Shareholders' equity ratio	69.2%	72.7%	3.5%
Net assets per share	¥1,075.44	¥1,168.69	¥93.25

Total assets decreased by ¥5,013 million due to a decrease in cash and deposits (down ¥7,053 million from the end of the previous period), a decrease in "other" of the current assets (down ¥2,001 million from the end of the previous year), and decrease in leasehold and guarantee deposits (down ¥1,573 million from the end of the previous period), despite an increase in inventories (up ¥5,952 million from the end of the previous period).

Liabilities decreased by ¥6,155 million due to a decrease in long-term borrowings (including the current portion of long-term borrowings) (down ¥6,267 million from the end of the previous period).

Net assets increased by ¥1,142 million due to an increase in retained earnings (up ¥2,815 million from the end of the previous period), a decrease in treasury stock, which is a deduction item in net assets (down ¥637 million from the end of the previous period), and an increase in valuation difference on available-for-sale securities (up ¥744 million from the end of the previous period), despite a decrease in capital surplus (down ¥3,321 million from the end of the previous period).

As a result, net asset per share increased by ¥93.25.

## (3) Overview of Cash Flows

(Million yen)

	At the end of FY2022 (As of February 28, 2022)	At the end of FY2023 (As of February 28, 2023)	Increase/decrease
Cash flows from operating activities	1,380	1,326	(54)
Cash flows from investing activities	(3,981)	(110)	3,870
Cash flows from financing activities	(8,960)	(9,589)	(628)
Cash and cash equivalents at end of period	38,503	30,721	(7,782)

### 1) Cash flows from operating activities:

Net cash provided by operating activities for the consolidated fiscal year under review amounted to ¥1,326 million (down 3.9% year on year) due to the recording of income before income taxes of ¥2,804 million, depreciation of ¥3,508 million, which is non-cash expenses, and impairment loss of ¥1,753 million, despite an increase in inventories by ¥5,781 million and a decrease in accrued consumption taxes by ¥1,279 million.

### 2) Cash flows from investing activities:

Net cash provided by investing activities for the consolidated financial year under review amounted to ¥110 million (compared to net cash used in investing activities of ¥3,981 million in the previous fiscal year) due to the purchase of property, plant, and equipment (store interior assets, etc.) of ¥2,480 million, the purchase of intangible assets of ¥1,272 million, and investment securities of ¥4,183 million, despite the sales of investment securities of ¥6,368 million and the collection of leasehold and guarantee deposits of ¥1,398 million.

### 3) Cash flows from financing activities:

Net cash used in financing activities for the consolidated fiscal year under review amounted to ¥9,589 million (¥8,960 million in the previous fiscal year) due to the repayment of long-term borrowings of ¥6,267 million, purchase

of treasury stock of ¥2,322 million, and purchase of shares of subsidiaries that do not result in change in scope of consolidation of ¥569 million.

Consequently, cash and cash equivalents at the end of the current consolidated fiscal year decreased by ¥7,782 million from the end of the previous fiscal year to ¥30,721 million.

(For Reference) Trends in Cash-Flow Indicators

	FY2021 (As of February 28, 2021)	FY2022 (As of February 28, 2022)	FY2023 (As of February 28, 2023)
Shareholders' equity ratio (%)	62.6	69.2	72.7
Shareholders' equity ratio based on current market price (%)	15.3	21.5	38.5
Years of debt redemption (Years)	—	11.7	7.4
Interest coverage ratio (Times)	—	12.6	18.6

Notes:

1. Shareholders' equity ratio based on current market price (%) = total market value of common stock ÷ total assets
2. Years of debt redemption = interest-bearing debt ÷ cash flows from operating activities
3. Interest coverage ratio = cash flows from operating activities ÷ interest payments
4. Interest-bearing debt includes all balance-sheet debt for which interest payments are being made.
5. Interest payment are based on the amount of interest paid on the consolidated statement of cash flows.
6. All indicators are calculated based on consolidated financial figures.
7. As the cash flows from operating activities for the fiscal year ended February 28, 2021 was negative, the years of debt redemption and interest coverage ratio are not calculated.

#### (4) Outlook

Although behavioral restrictions due to the COVID-19 pandemic have eased and economic activities have gradually normalized, the Russia-Ukraine situation, as well as the impact of global exchange rate fluctuations and price jumps arising from it, remains unpredictable.

We expect sales to recover steadily for the year ending February 29, 2024, and plan to invest intensively in growth areas, such as the EC and athleisure, and highly profitable marketing. Based on this, we expect net income attributable to owners of parents for fiscal 2023 to be ¥3,500 million .

## 2. Basic Stance on the Selection of Accounting Standards

The TSI Holdings Group has adopted the Japanese Generally Accepted Accounting Principles (Japanese GAAP) to facilitate comparisons of consolidated financial statements of different fiscal terms and companies.

Meanwhile, the Group's policy is to properly address the application of International Financial Reporting Standards (IFRS) after taking into consideration various circumstances in Japan and overseas.

## 2. Consolidated Financial Statements and Major Notes

### (1) Consolidated Balance Sheets

(Million yen)

	FY2022 (As of February 28, 2022)	FY2023 (As of February 28, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	39,258	32,205
Notes and accounts receivable—trade	10,378	—
Notes receivable—trade	—	127
Account receivable—trade	—	10,604
Securities	969	—
Merchandise and finished goods	17,597	23,484
Work in process	494	636
Raw materials and supplies	634	559
Other	6,263	4,261
Allowance for doubtful accounts	(48)	(40)
Total current assets	<u>75,547</u>	<u>71,837</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures	16,126	15,667
Accumulated depreciation	(11,639)	(11,536)
Buildings and structures, net	<u>4,487</u>	<u>4,131</u>
Machinery, equipment and vehicles	1,079	1,048
Accumulated depreciation	(907)	(937)
Machinery, equipment and vehicles, net	<u>172</u>	<u>111</u>
Land	958	955
Leased assets	532	533
Accumulated depreciation	(517)	(525)
Leased assets, net	<u>15</u>	<u>7</u>
Other	6,876	6,821
Accumulated depreciation	(5,965)	(5,890)
Other, net	<u>911</u>	<u>931</u>
Total property, plant and equipment	<u>6,544</u>	<u>6,136</u>
Intangible assets		
Goodwill	2,044	1,922
Trademark right	3,379	3,090
Other	3,841	3,933
Total intangible assets	<u>9,265</u>	<u>8,946</u>
Investments and other assets		
Investment securities	28,397	27,879
Long-term loans receivable	94	71
Leasehold and guarantee deposits	10,742	9,168
Deferred tax assets	634	1,020
Investment property, net	4,735	4,708
Other	4,581	5,762
Allowance for doubtful accounts	(102)	(105)
Total investments and other assets	<u>49,083</u>	<u>48,506</u>
Total non-current assets	<u>64,893</u>	<u>63,589</u>
Total assets	<u>140,440</u>	<u>135,427</u>

(Million yen)

	FY2022 (As of February 28, 2022)	FY2023 (As of February 28, 2023)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable–trade	10,595	11,407
Short-term borrowings	114	17
Current portion of long-term borrowings	6,212	4,737
Lease obligations	11	4
Accounts payable–other	2,925	3,154
Income taxes payable	251	626
Contract Liability	–	547
Provision for bonuses	1,327	1,301
Provision for point card certificates	453	–
Provision for shareholder benefit program	139	124
Provision for sales returns	310	–
Reserve for transfer	87	–
Asset retirement obligations	650	120
Other	5,293	4,199
Total current liabilities	28,375	26,239
Non-current liabilities		
Long-term borrowings	9,803	5,010
Lease obligations	36	4
Deferred tax liabilities	1,065	314
Provision for retirement benefits for directors	37	37
Retirement benefit liability	979	1,188
Asset retirement obligations	2,010	2,414
Other	396	1,339
Total non-current liabilities	14,329	10,309
Total liabilities	42,704	36,549
<b>Net assets</b>		
Shareholders' equity		
Share capital	15,000	15,000
Capital surplus	29,255	25,933
Retained earnings	53,236	56,052
Treasury stock	(3,668)	(3,031)
Total shareholders' equity	93,822	93,953
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,058	3,802
Foreign currency translation adjustment	457	969
Remeasurements of defined benefit plans	(126)	(245)
Total accumulated other comprehensive income	3,389	4,526
Non-controlling interests	523	397
Total net assets	97,736	98,878
Total liabilities and net assets	140,440	135,427



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

Consolidated statements of income

(Million yen)

	FY2022 (March 1, 2021 to February 28, 2022)	FY2023 (March 1, 2022 to February 28, 2023)
Net sales	140,382	154,456
Cost of sales	63,555	69,555
Gross profit	76,826	84,901
Selling, general and administrative expenses	72,386	82,572
Operating income	4,440	2,329
Non-operating income		
Interest income	30	28
Dividend income	761	692
Real estate income	300	354
Foreign exchange gain	302	476
Other	512	307
Total non-operating income	1,908	1,858
Non-operating expenses		
Interest expenses	109	71
Rental expenses on real estate	134	53
Loss on valuation of investment securities	20	—
Investment loss of anonymous association	—	84
Other	250	119
Total non-operating expenses	514	328
Ordinary income	5,834	3,859
Extraordinary income		
Gain on sales of non-current assets	391	4
Gain on sale of investment securities	1,714	881
Subsidies for employment adjustment	33	—
Other	403	179
Total extraordinary income	2,543	1,065
Extraordinary losses		
Loss on retirement of non-current assets	92	40
Impairment loss	4,225	1,753
Loss on sales of investment securities	16	0
Loss on liquidation of subsidiaries and associates	4	—
Loss due to temporary closing	1,193	—
Provision for transfer costs	87	—
Other	45	326
Total extraordinary losses	5,664	2,120
Income before income taxes	2,712	2,804
Income taxes—current	528	1,024
Income taxes—deferred	1,186	(1,233)
Total income taxes	1,715	(208)
Net income	996	3,012
Net loss attributable to non-controlling interest	(25)	(51)
Net income attributable to owners of parent	1,022	3,063

## Consolidated statements of comprehensive income

(Million yen)

	FY2022 (March 1, 2021 to February 28, 2022)	FY2023 (March 1, 2022 to February 28, 2023)
Net income	996	3,012
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,753)	744
Foreign currency translation adjustment	963	558
Remeasurements of defined benefit plans	(40)	(119)
Share of other comprehensive income of affiliates accounted for using equity method	15	(31)
Total other comprehensive income	(815)	1,152
Comprehensive income	181	4,164
Total comprehensive income attributable to:		
Owners of parent	155	4,200
Non-controlling interests	25	(36)

**(3) Consolidated Statements of Changes in Net Assets**

FY2021 (March 1, 2021 to February 28, 2022)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of period	15,000	29,255	52,213	(3,747)	92,720
Cumulative effect of change in accounting policy					—
Balance at the beginning of the period reflecting change in accounting policy	15,000	29,255	52,213	(3,747)	92,720
Changes during period					
Dividends of surplus					—
Net income attributable to owners of parent			1,022		1,022
Change in the scope of consolidation					—
Change in ownership interests of parent due to transactions with non-controlling interests					—
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				79	79
Cancellation of treasury shares					—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	1,022	79	1,101
Balance at the end of period	15,000	29,255	53,236	△3,668	93,822

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of period	4,812	(469)	(86)	4,256	452	97,430
Cumulative effect of change in accounting policy						—
Balance at the beginning of the period reflecting change in accounting policy	4,812	(469)	(86)	4,256	452	97,430
Changes during period						
Dividends of surplus						—
Net income attributable to owners of parent						1,022
Change in the scope of consolidation						—
Change in ownership interests of parent due to transactions with non-controlling interests						—
Purchase of treasury shares						(0)
Disposal of treasury shares						79
Cancellation of treasury shares						—
Net changes in items other than shareholders' equity	(1,753)	927	(40)	(866)	70	(795)
Total changes during period	(1,753)	927	(40)	(866)	70	306
Balance at the end of period	3,058	457	(126)	3,389	523	97,736

FY2023 (March 1, 2022 to February 28, 2023)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of period	15,000	29,255	53,236	(3,668)	93,822
Cumulative effect of change in accounting policy			(288)		(288)
Balance at the beginning of the period reflecting change in accounting policy	15,000	29,255	52,947	(3,668)	93,533
Changes during period					—
Dividends of surplus			(457)		(457)
Net income attributable to owners of parent			3,063		3,063
Change in the scope of consolidation			498		498
Change in ownership interests of parent due to transactions with		(430)			(430)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
non-controlling interests					
Purchase of treasury shares				(2,322)	(2,322)
Disposal of treasury shares				68	68
Cancellation of treasury shares		(2,891)		2,891	
Net changes in items other than shareholders' equity					
Total changes during period	—	(3,321)	3,104	637	420
Balance at the end of period	15,000	25,933	56,052	(3,031)	93,953

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of period	3,058	457	(126)	3,389	523	97,736
Cumulative effect of change in accounting policy						(288)
Balance at the beginning of the period reflecting change in accounting policy	3,058	457	(126)	3,389	523	97,447
Changes during period						
Dividends of surplus						(457)
Net income attributable to owners of parent						3,063
Change in the scope of consolidation						498
Change in ownership interests of parent due to transactions with non-controlling interests						(430)
Purchase of treasury shares						(2,322)
Disposal of treasury shares						68
Cancellation of treasury shares						—
Net changes in items other than shareholders' equity	744	511	(118)	1,137	(126)	1,010
Total changes during period	744	511	(118)	1,137	(126)	1,430
Balance at the end of period	3,802	969	(245)	4,526	397	98,878

**(4) Consolidated Statement of Cash Flows**

(Million yen)

	FY2022 (March 1, 2021 to February 28, 2022)	FY2023 (March 1, 2022 to February 28, 2023)
Cash flows from operating activities		
Income before income taxes	2,712	2,804
Depreciation	3,650	3,508
Amortization of goodwill	788	423
Increase (decrease) in allowance for doubtful accounts	3	(9)
Increase (decrease) in retirement benefit liability	(90)	63
Increase (decrease) in provision for retirement benefits for directors	(4)	-
Increase (decrease) in provision for bonuses	21	(25)
Increase (decrease) in provision for sales returns	18	(309)
Increase (decrease) in provision for point card certificates	31	(454)
Increase (decrease) in provision for shareholder benefit program	13	(15)
Increase (decrease) in provision for relocation expenses	87	(87)
Interest and dividend income	(792)	(720)
Interest expenses	109	71
Loss (gain) on sales of non-current assets	(375)	(4)
Loss on retirement of non-current assets	92	40
Impairment loss	4,225	1,753
Loss due to temporary closing	1,193	-
Loss (gain) on sales of investment securities	(1,698)	(881)
Loss (gain) on valuation of investment securities	20	179
Loss on liquidation of subsidiaries and associates	4	-
Subsidies for employment adjustment	(33)	-
Decrease (increase) in accounts receivables-trade	459	(243)
Decrease (increase) in inventories	(907)	(5,781)
Increase (decrease) in accounts payables-trade	(994)	747
Increase (decrease) in accrued consumption taxes	(303)	(1,279)
Increase (decrease) in accounts payable-other	(1,741)	208
Other	(615)	140
Subtotal	5,873	127
Interest and dividends received	792	720
Interest paid	(109)	(71)
Income taxes paid	(3,201)	(651)
Income taxes refund	90	1,200
Payment for loss due to temporary closing	(1,118)	-
Payment for voluntary retirement-related expenses	(947)	-
Net cash provided by (used in) operating activities	1,380	1,326

(Million yen)

	FY2022 (March 1, 2021 to February 28, 2022)	FY2023 (March 1, 2022 to February 28, 2023)
Cash flows from investing activities		
Net decrease (increase) in time deposits	(689)	257
Proceeds from sales of securities	—	995
Purchase of property, plant and equipment	(1,123)	(2,480)
Proceeds from sales of property, plant and equipment	56	22
Purchase of investment securities	(8,512)	(4,183)
Proceeds from sales of investment securities	6,137	6,368
Purchase of intangible assets	(967)	(1,272)
Payments of leasehold and guarantee deposits	380	—
Proceeds from collection of leasehold and guarantee deposits	(1,195)	(522)
Proceeds from collection of leasehold and guarantee deposits	1,214	1,398
Proceeds from sales of investment property	89	4
Short-term loan advances	(43)	(1)
Collection of short-term loans receivable	26	25
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(91)	—
Proceeds of shares of subsidiaries resulting in change in scope of consolidation	25	1
Proceeds of shares of business transfer	20	—
Payments for asset retirement obligations	(354)	(826)
Other	1,047	102
Net cash provided by (used in) investing activities	(3,981)	(110)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(52)	1
Repayments of long-term borrowings	(8,969)	(6,267)
Repayments of lease obligations	(17)	(42)
Purchase of treasury shares	(0)	(2,322)
Proceeds from sales of treasury shares	79	68
Dividends paid	—	(457)
Payments for sales of shares of subsidiaries without change in scope of consolidation	—	(569)
Net cash provided by (used in) financing activities	(8,960)	(9,589)
Effect of exchange rate change on cash and cash equivalents	304	477
Net increase (decrease) in cash and cash equivalents	(11,257)	(7,895)
Cash and cash equivalents at beginning of period	49,761	38,503
Increase (decrease) in cash and cash equivalents due to change in scope of consolidation	—	113
Cash and cash equivalents at end of period	38,503	30,721

## **(5) Notes to the Consolidated Financial Statements**

### ***Going Concern Assumption***

Not applicable

### ***Major Notes to Consolidated Financial Statements***

#### 1. Scope of consolidation

##### i. Number of consolidated group companies: 27

Major subsidiaries:

TSI Inc.

HUF Holdings, LLC

Consolidated subsidiaries other than the above: 25

#### *Change in the scope of consolidation*

In the consolidated fiscal year under review, TSI Inc., a consolidated subsidiary of the Company, completed an absorption-type merger with Ueno Shokai Co., Ltd., another consolidated subsidiary of the Company. Hence, Ueno Shokai Co., Ltd. was excluded from the scope of consolidation.

VAN NANG BANOK CO., LTD., which Toska-Bano'k Co., Ltd., a consolidated subsidiary of the Company, finances, increased in significance and was therefore included in the scope of consolidation.

TSI ASIA LIMITED lost significance and was excluded from the scope of consolidation.

The Company included the newly established TSI FASHION TAIWAN CO., LTD. in the scope of consolidation.

The Company transferred all shares in Shanghai Dongnoue Tokiso Trading Co., Ltd. and therefore excluded it from the scope of consolidation.

##### ii. Major non-consolidated subsidiaries

Major non-consolidated subsidiaries:

Tokyo Fashion (Kaito) Co., Ltd.

#### *Reason for exclusion from the scope of consolidation*

Non-consolidated subsidiaries are excluded from the scope of consolidation because they are small companies and their combined total assets, net sales, net income or loss (amount corresponding to the Company's equity interest), retained earnings (amount corresponding to the Company's equity interest), etc., do not have a material impact on the consolidated financial statements.

#### 2. Equity method

##### i. Number of subsidiaries and affiliates accounted for by the equity method: 1

Main company name:

RICHARD HENDRIX LLC

##### ii. Non-consolidated subsidiaries not accounted for by the equity method

Company name:

Tokyo Fashion (Kaito) Co., Ltd.

#### *Reason for exclusion from the scope of equity method*

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.

### 3. Accounting period of consolidated subsidiaries

Among the Company's consolidated subsidiaries, Tokyo Style Hong Kong Co., Ltd., TSI US Holdings Co., Ltd., AVIREX SHANGHAI TRADING CO., LTD., Efuego Corp., Van Nang Banok Co., Ltd., and TSI FASHION TAIWAN CO., LTD. close their accounts on December 31.

The financial statements of each company as of December 31 are used in the preparation of consolidated financial statements. Significant transactions that occurred between December 31 and the consolidated closing date are adjusted as necessary for consolidation purposes.

Among consolidated subsidiaries, HUF Holdings, LLC and HUF Worldwide, LLC, with the annual business term set at 52 weeks, closed their accounts on the Saturday closest to December 31.

The financial statements of each company as of January 1, 2023 are used in the preparation of consolidated financial statements. Significant transactions that occurred between January 1, 2023 and the consolidated closing date are adjusted as necessary for consolidation purposes.

Among consolidated subsidiaries, SANEI INTERNATIONAL USA LLC closes its accounts on June 30.

The quarterly financial statement of the company as of December 31 are used in the preparation of consolidated financial statements. Significant transactions that occurred between December 31 and the consolidated closing date are adjusted as necessary for consolidation purposes.

### 4. Accounting policies

#### (1) Valuation criteria and methods for significant assets

##### i. Securities

###### Other securities

###### Other than shares without a market price:

Marketable securities are carried at fair value based on quoted market prices as of the end of the fiscal year.

Any changes in unrealized gain or loss are directly included in net assets and the costs of securities sold are generally calculated by the moving average method.

###### Shares without a market price:

Non-marketable securities are carried at cost determined by the moving average method.

##### ii. Derivative financial instruments

Derivative financial instruments are stated at fair value.

##### iii. Inventories

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

They are primarily stated at cost method determined by the weighted average method (values on the balance sheet are subject to the book value reduction method based on decreased profitability.)

###### b. Supplies

They are primarily stated at the last purchase cost method (values on the balance sheet are subject to the book value reduction method based on decreased profitability.)

#### (2) Depreciation method for significant depreciable assets

##### i. Property, plant and equipment (excluding leased assets) and investment property

The declining-balance method is mainly used. However, the straight-line method is used for buildings (excluding attached facilities) acquired on or after April 1, 1998, and for building fixtures and structures acquired on or after April 1, 2016.

The main useful lives are as follows.

Buildings and structures	3 to 50 years
Others	2 to 20 years

##### ii. Intangible assets (excluding leased assets)

The straight-line method is adopted.



The main useful lives are as follows.

Software	5 to 10 years
Trademark rights	10 years

iii. Leased assets

Leased assets related to finance lease transactions other than those where the ownership of the lease assets is deemed to be transferred to the lessee

Amortized by the straight-line method, assuming the lease period as the useful life and no residual value.

(3) Basis for accounting for significant provisions

i. Allowance for doubtful accounts

To prepare for losses due to the credit loss of monetary claims, the domestic consolidated subsidiaries consider the actual loan loss rate for general claims and the collectability of specific claims such as doubtful debts individually and record the estimated uncollectible amount. Overseas consolidated subsidiaries have provided an allowance for doubtful accounts at the estimated uncollectible amount mainly for specific receivables.

ii. Provision for bonuses

To provide for the payment of bonuses to employees, the Company and its certain subsidiaries record the estimated amount of bonus payments corresponding to the consolidated fiscal year under review.

iii. Provision for shareholder benefits

Based on its shareholder benefit program, the Company posted an amount that it expects to be used in the future in line with past trends as of the end of the fiscal year under review to provide for expenses arising from the use of shareholder benefit coupons.

v. Provision for retirement benefits for directors

Certain consolidated subsidiaries posted amounts stipulated under internal regulation as of the end of the fiscal year under review to provide for the payment of retirement benefits to directors.

(4) Accounting method for retirement benefits

i. Method of attributing the estimated amount of retirement benefits to the period

In calculating the retirement benefit obligations, the estimated amount of retirement benefits attributed to the end of the fiscal year under review is based on the benefit calculation formula.

ii. Amortization of actuarial differences and past service costs

Past service costs are amortized on a straight-line method over a fixed number of years (5 years) within the average remaining service period of employees at the time they are incurred.

Actuarial differences are amortized on a straight-line method over a fixed number of years (5 years) within the average remaining service period of employees at the time they are incurred. The Company amortizes them in the following year of occurrence.

iii. Adoption of the simplified method for small-scale companies

Certain consolidated subsidiaries have adopted the simplified method of calculating retirement benefit liabilities as well as retirement benefit expenses by using the amount required to be paid at the end of the fiscal year for voluntary retirement benefits as the retirement benefit obligation.

(5) The basis for recognizing significant revenues and expenses

Major performance obligations in the main businesses related to revenue from contracts with customers of the Company and its consolidated subsidiaries and the normal timing of satisfying the performance obligations (normal timing of recognizing revenues) are as follows:

## Apparel-related businesses

Apparel-related businesses are primarily involved in the planning, manufacturing, and sales of clothes. Regarding such sales of merchandise and finished goods, in the retail business, performance obligations are judged to be satisfied when customers obtain control over the merchandise and finished goods at the time of their delivery, and therefore, revenues are recognized at the time of delivery. In the wholesale and EC businesses, the period for transferring control over merchandise and finished goods to customers is the normal period, and therefore, revenues are recognized at the time of shipping.

In the point programs run by some of the consolidated subsidiaries, points given to customers are recognized as performance obligations, and the transaction price is allocated to record contract liabilities. Revenues are recognized when customers use these points.

## Other businesses

Other businesses include synthetic resin related and restaurant businesses. In the sales of such merchandise and finished goods, performance obligations are judged to be satisfied when customers obtain control over the merchandise and finished goods at the time of their delivery, and therefore, revenues are recognized at the time of delivery.

In any transaction, consideration is received approximately a month after satisfying performance obligations, and no significant financial factors are included.

## (6) Basis for translating significant foreign currency-denominated assets and liabilities into Japanese currency

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot rates of exchange on the consolidated closing date and the translation differences are treated as profit or loss. Assets and liabilities as well as revenues and expenses of foreign consolidated subsidiaries are translated into Japanese yen at the spot rate of exchange on the consolidated closing date, with translation differences included in foreign currency translation adjustments and non-controlling interests in net assets.

## (7) Significant hedge accounting methods

### i. Hedge accounting method

Deferred hedge accounting is adopted.

However, the allocation method is applied to currency swaps that meet the requirements for the allocation method and the exceptional method is applied to interest rate swaps where the requirements for the exceptional method are met.

### ii. Hedging instruments and hedged items

- |                        |  |
|------------------------|--|
| a. Hedging instruments | Foreign exchange forward contracts   |
| Hedged items           | Foreign currency denominated trade payables and forecasted foreign currency transactions |
| b. Hedging instruments | Interest rate swaps  |
| Hedged items           | Interest on borrowings   |
| c. Hedging instruments | Currency swap  |
| Hedged items           | Foreign currency denominated borrowings  |

### iii. Hedging policy

The Company hedges the foreign exchange fluctuation risk and interest rate fluctuations in accordance with the "Derivatives Management Regulations," which are internal regulations.

### iv. Assessment of hedge effectiveness

When entering into foreign exchange forward contracts, the Company allocates forward exchange contracts of the same amount and date denominated in the same currency in accordance with a risk management policy. Because the correlation with subsequent fluctuations in foreign exchange markets is completely maintained, any evaluation of effectiveness at the time of account settlement is not conducted.

In addition, any evaluation of effectiveness at the time of account settlement is not conducted for currency swaps using the allocation method and interest rate swaps that meet the requirements for special treatment.

(8) Method and period of amortization of goodwill

Goodwill is amortized in equal amounts over a reasonable period of up to 20 years, based on individual estimates of the period over which the investment effect will be realized.

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

Cash and cash equivalents consist of cash on hand, deposits that can be withdrawn from time to time, and short-term investments that are easily converted to cash and that mature within three months of the date of acquisition and are subject to insignificant risk of change in value.

(10) Other important matters for the preparation of consolidated financial statements

i. Application of the consolidated taxation system

The Company and certain domestic subsidiaries apply consolidated tax payment system.

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

The Company and some of its domestic consolidated subsidiaries will shift from the consolidated taxation system to the group tax sharing system in the next consolidated fiscal year. However, 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 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 "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (Practical Issues Task Force No. 39, March 31, 2020), they 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 the pre-revision tax laws.

From the beginning of the next consolidated fiscal year, they plan to apply the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (Practical Issues Task Force No. 42, August 12, 2021), which sets forth the handling of accounting and disclosure of corporate tax, local corporation tax, and tax effect accounting in case of application of the group tax sharing system.

***Change in an Accounting policy***

***Application of the Accounting Standard for Revenue Recognition***

The Company and its subsidiaries have adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29 issued on March 31, 2020, hereinafter referred to as the "Accounting Standard for Revenue Recognition") from the beginning of the first quarter of the current consolidated fiscal year, and recognized revenue at the amount expected to be received in exchange for the promised goods or services when the control of the goods or services is transferred to the customer.

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

***Revenue recognition related to own points***

Under the point system operated by certain consolidated subsidiaries, the company previously recorded the amount

of expenses expected to arise from the future use of points as a provision for point card certificates and recorded the amount of the provision as selling, general, and administrative expenses. However, it has changed this method to identify the points granted as a performance obligation and deduct the amount of the provision from net sales. As a result, the provision for point card certificates, which was presented as a current liability in the consolidated balance sheet of the previous fiscal year, is now included in "other" under current liabilities as a contract liability from the current consolidated fiscal year.

***Revenue recognition related to principal transactions***

In the past, the company recognized revenue in the net amount of consideration received from customers less the amount equivalent to commissions paid to department stores, among others in buying sales transactions with department stores and other business partners. However, it has now changed the method to recognize revenue in the gross amount.

***Revenue recognition related to sales with right of return***

In sales with the right of return related to certain consolidated subsidiaries, the company previously recognized the expected loss from future sales returns as a provision for sales returns and recorded the provision for such loss as the cost of sales. This method was, however, changed to not recognize revenue and cost of sales at the time of sale in accordance with the provisions regarding variable consideration for goods and products expected to be returned. As a result, the provision for sales returns, which was presented as a current liability in the consolidated balance sheets of the previous fiscal year, is now included in "other" under "current liabilities" as a refund liability for the consideration for goods and products from the current consolidated fiscal year, and assets recognized as the right to collect goods and products from customers upon settlement of refund liabilities are included in "other" under "current assets" as returned assets.

In accordance with the transitional treatment stipulated in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition, the cumulative effect of the retrospective application of the new accounting policy prior to the beginning of the current consolidated fiscal year is added to or deducted from retained earnings at the beginning of the current consolidated fiscal year, and the new accounting policy is applied from the balance at the beginning of period. However, the new accounting policy was not applied retrospectively to contracts for which almost all revenue amounts were recognized based on the previous treatment prior to the beginning of the current consolidated fiscal year, in accordance with the method prescribed in Paragraph 86 of the Accounting Standard for Revenue Recognition.

As a consequence, net sales increased by 8,109 million yen; cost of sales increased by 609 million yen; selling, general, and administrative expenses increased by 7,657 million yen; and operating income, ordinary income, and income before income taxes each decreased by 157 million yen during the current consolidated fiscal year. The balance of the retained earnings at the beginning of the period decreased by 288 million yen. The impact on per share information is described in the concerning sections.

Due to the application of the Accounting Standard for Revenue Recognition, "notes and accounts receivable trade" included in "current assets" in the consolidated balance sheet for the previous consolidated fiscal year is included in "notes receivable trade" and "accounts receivable trade" from the consolidated fiscal year under review.

In the consolidated statement of cash flows for the consolidated fiscal year under review, the income before income taxes decreased by ¥157 million.

In accordance with the transitional treatment prescribed in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, no reclassification was made for the previous consolidated fiscal year using the new presentation method.

In accordance with the transitional treatment set forth in Paragraph 89-3 of the Accounting Standard for Revenue Recognition, notes related to revenue recognition for the previous consolidated fiscal year are not included.

### ***Application of Accounting Standard for Fair Value Measurement***

The Company has decided to apply the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019) ("Accounting Standard for Fair Value Measurement") and other accounting standards from the beginning of the first quarter of the current consolidated fiscal year. The new accounting policy stipulated by the Accounting Standard for Fair Value Measurement is to be applied prospectively in accordance with the transitional treatment stipulated in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). For bonds and other debentures, which were previously regarded as financial instruments whose fair value was extremely difficult to determine, the acquisition cost was used as the fair value in quarterly consolidated balance sheet amount. As a result of applying the standard, even if observable inputs were not available, the fair value calculated using unobservable inputs based on the best available information was used in the quarterly consolidated balance sheet amount.

### ***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 ¥255 million for 545,000 shares. And that as of the end of this fiscal year under review were ¥187 million for 400,000 shares.

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

As of February 28, 2022: ¥311 million and as of February 28, 2023: ¥255 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 ¥279 million for 496,000 shares as of the end of the previous fiscal year and ¥279 million for 496,000 shares as of the end of this fiscal year under review.

***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, TSI Holdings 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.

The Board of Directors, at its meeting held on January 14, 2022, partially changed the companies to be merged in an absorption-type merger with an expected completion date of March 1, 2022.

Absorption-type merger between consolidated subsidiaries on March 1, 2022

Details of the absorption-type merger are indicated in “Notes (related to business combinations)” of the consolidated financial statements.

As the development of infrastructure and standardization with Jack Clothing Co., Ltd. Arpege Co., Ltd., Star Joinus Co., Ltd., and And Wonder Co., Ltd., which were planned for the absorption-type merger with TSI Co., Ltd. on March 1, 2022, are in delay, the combined companies in the absorption-type merger are partially changed.

## ***Segments of the Company and Related Information***

### *Segment information*

#### 1. Overview of reportable segments

##### (1) Method of determining segments

The reportable segments of the TSI Holdings Group are components for which separate financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decision about resource allocation and to assess their performance.

As a holding company, TSI Holdings is responsible for the management of each operating company focusing mainly on the apparel business as well as the strategic functions of the Group as a whole. Each operating company in turn formulates comprehensive strategies for the apparel brands handled while engaging in business activities.

On this basis, the TSI Holdings Group is comprised of Apparel-Related businesses, a reportable segment, and Other Businesses.

##### (2) Products and services belonging to each reportable segment

In its Apparel-Related Businesses, the Group mainly engages in the planning, manufacture, and sale of apparel as well as brand licensing, production, and logistics operations. In its Other Businesses, the Group engages in such activities as the provision of sales agency, temporary staffing, synthetic resin-related, store design and management, restaurant services.

#### 2. Calculation method of net sales, income or losses, assets and other items by reportable segments

The accounting method for the reportable segments is generally the same as the items stated in the “Major notes to consolidated financial statements.”

The segment income or loss is based on operating income or loss.

The intersegment sales and amount of transfer are based on the prevailing market price.

As described in “Changes in accounting policies,” the Accounting Standard for Revenue Recognition and other accounting standards have been applied since the beginning of the consolidated fiscal year under review, and the accounting method for revenue recognition has been changed. Therefore, the method of calculating the profit or loss by business segment has been changed accordingly.

Due to the changes, net sales of “apparel-related businesses” for the consolidated fiscal year under review increased by ¥8,109 million, while segment income decreased by ¥157 million. The impact on “other” is insignificant.

3. Net sales, income or losses, assets and other items by reportable segments

FY2022 (March 1, 2021 to February 28, 2022)

(Million yen)

	Reportable segment	Other	Total	Adjustments Note 1,2,4,5	Consolidated financial statements amount (Note 3)
	Apparel-related businesses				
Net sales					
Sales to third parties	135,702	4,590	140,293	88	140,382
Inter-segment sales or transfers	109	666	775	(775)	—
Total	135,812	5,256	141,069	(687)	140,382
Segment income	4,627	46	4,674	(234)	(4,440)
Segment assets	73,818	7,082	80,901	59,539	140,440
Other items					
Depreciation and amortization expense	1,880	203	2,084	1,565	3,650
Increase in property, plant and equipment and intangible assets	1,424	216	1,641	1,134	2,776

Notes:

1. The segment income adjustment of ¥(234) million is transaction offsets among consolidated companies.
2. The segment assets adjustment of ¥59,539 million includes the Company-wide assets that are not belong to respective reportable segments of ¥64,737 million and elimination of internal transactions between consolidated companies of ¥(5,197) million.
3. Segment income (loss) is adjusted for operating income listed in the consolidated financial statements.
4. The adjustment of depreciation and amortization of ¥1,565 million is mainly due to the amortization cost of the Company-wide assets.
5. Adjustment of ¥1,134 million in increase in property, plant and equipment and intangible assets is mostly related to the Company-wide assets.



FY2023 (March 1, 2022 to February 28, 2023)

(Millions of yen)

	Reportable segment	Other	Total	Adjustments Note 1, 2, 4, 5	Consolidated financial statements amount (Note 3)
	Apparel-related businesses				
Net sales					
Sales to third parties	149,236	5,156	154,393	63	154,456
Inter-segment sales or transfers	113	668	781	(781)	—
Total	149,349	5,825	155,175	(781)	154,456
Segment income (loss)	4,543	(24)	4,519	(2,189)	2,329
Segment assets	76,484	6,124	82,609	52,818	135,427
Other items					
Depreciation and amortization expense	1,812	199	2,011	1,461	3,473
Increase in property, plant and equipment and intangible assets	1,853	308	2,161	2,367	4,528

Notes:

1. Segment income (loss) adjustment of ¥(2,189) million is due to company-wide expenses of ¥4,323 million not attributable to any business segment and elimination of internal transactions among consolidated companies of ¥2,452 million.
2. The segment assets adjustment of ¥52,818 million includes the Company-wide assets that are not belong to respective reportable segments of ¥59,965 million and elimination of internal transactions between consolidated companies of ¥(7,147) million.
3. Segment loss is adjusted to operating loss listed in the consolidated financial statements.
4. The adjustment of depreciation and amortization of ¥1,461 million is mainly due to the amortization cost of the Company-wide assets.
5. Adjustment of ¥2,367 million in increase in property, plant and equipment and intangible assets is mostly related to the Company-wide assets.

### ***Per Share Information***

(Yen)

	FY2022 (March 1, 2021 to February 28, 2022)	FY2023 (March 1, 2022 to February 28, 2023)
Net assets per share	1,075.44	1,168.69
Net income per share	11.32	35.21

Notes:

1. Data on diluted earnings per share is not presented since there were no potential shares with a dilutive effect.
2. With the Company's shares held by the trust-type employee stock ownership plan (ESOP) treated as treasury stock, the number of such shares is deducted from the number of shares issued as of the end of the fiscal year in the calculation of net assets per share. The number of shares of treasury stock held by the Trust at the end of the previous fiscal year was 545 thousand shares, and the number of shares of treasury stock held by the Trust at the end of the current fiscal year was 400 thousand shares.
3. With the Company's shares held by the trust-type employee stock ownership plan (ESOP) treated as treasury stock, the number of such shares is deducted from the average number of shares for the period in the calculation of net income per share. Meanwhile, the average number of shares held by the Trust during the previous fiscal year was

626,000 shares and 470,000 shares during the fiscal year under review.

4. With the Company's shares held by the Board Benefit Trust (BBT) treated as treasury stock, the number of such shares is deducted from the number of shares issued as of the end of the fiscal year in the calculation of net assets per share. Meanwhile, the number of treasury stock held by the Trust as of the end of the previous fiscal year was 496,000 shares and 496,000 shares as of the end of the fiscal year under review.
5. With the Company's shares held by the Board Benefit Trust (BBT) treated as treasury stock, the number of such shares is deducted from the average number of shares for the period in the calculation of net income per share. Meanwhile, the average number of shares held by the Trust during the previous fiscal year was 503,000 shares and 496,000 shares during the fiscal year under review.
6. The Accounting Standard for Revenue Recognition and other accounting standards are applied as described in "Changes in accounting policies." Consequently, net assets per share and net income per share for the consolidated fiscal year under review decreased by ¥5.30 and ¥1.81, respectively.
7. The basis for calculating net income per share is as follows.

	FY2022 (March 1, 2021 to February 29, 2022)	FY2023 (March 1, 2022 to February 28, 2023)
Net income attributable to owners of parent (Million yen)	1,022	3,063
Amount not attributable to shareholders on common stock (Million yen)	—	—
Net income attributable to owners of parent on common stock (Million yen)	1,022	3,063
Average number of shares of common stock during the period (Shares)	90,306	86,994

***Important Subsequent Events***

None