

# Consolidated Financial Results for the Fiscal Year Ended February 28, 2022 [Japanese GAAP]



April 14, 2022

Company name: Takihyo Co., Ltd.

Code number: 9982

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

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

Representative: Kazuo Taki, Representative Director, CEO

Contact: Kazuhito Yokoyama, Section Leader, Corporate Planning

Phone: +81-52-587-7111

Scheduled date of Ordinary General Meeting of Shareholders: May 25, 2022

Scheduled date of commencing dividend payments: May 26, 2022

Scheduled date for filing of annual securities report: May 30 2022

Availability of supplementary briefing material on financial results: Available

Schedule of financial results briefing session: Not scheduled (The session is canceled from the view point of preventing spread of COVID-19 infection. Briefing materials will be posted on the Company's website and the questions and such will be taken through phone call and e-mail.)

(Figures are rounded down to the nearest million yen)

## 1. Consolidated Financial Results for the Fiscal Year Ended February 28, 2022 (March 1, 2021 to February 28, 2022)

### (1) Consolidated Results of Operations

(% indicates changes from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended February 28, 2022	56,572	13.0	(2,228)	—	(2,012)	—	(2,025)	—
Fiscal year ended February 28, 2021	50,042	(17.0)	(1,018)	—	(770)	—	(1,121)	—

(Note) Comprehensive income: Fiscal year ended February 28, 2022: ¥(1,884) million [—%]

Fiscal year ended February 28, 2021: ¥(826) million [—%]

	Earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	yen	yen	%	%	%
Fiscal year ended February 28, 2022	(219.42)	—	(6.7)	(4.4)	(3.9)
Fiscal year ended February 28, 2021	(120.36)	—	(3.5)	(1.7)	(2.0)

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

Fiscal year ended February 28, 2021: ¥— million

(Note) Though dilutive shares exist, diluted earnings per share are not provided, as net loss per share was recorded.

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of February 28, 2022	47,048	29,148	61.5	3,151.11
As of February 28, 2021	44,673	31,404	69.8	3,357.62

(Reference) Equity: As of February 28, 2022: ¥28,916 million

As of February 28, 2021: ¥31,172 million

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investment activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Fiscal year ended February 28, 2022	(5,167)	(118)	5,729	4,404
Fiscal year ended February 28, 2021	(630)	(111)	1,215	3,877

2. Dividends

	Annual Dividends					Total dividends paid (annual)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter end	2nd quarter end	3rd quarter end	Year end	Total			
	yen	yen	yen	yen	yen	million yen	%	%
Fiscal year ended February 28, 2021	—	10.00	—	10.00	20.00	186	—	0.6
Fiscal year ended February 28, 2022	—	10.00	—	10.00	20.00	184	—	0.6
Fiscal year ending February 28, 2023 (Forecast)	—	10.00	—	10.00	20.00		—	

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

(% indicates changes from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	54,300	—	(700)	—	(500)	—	(600)	—	(65.71)

(Note) Effective the beginning of the fiscal year ending February 28, 2023, the Company has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29) and other related accounting standards. Therefore, the above forecasts represent figures after the adoption of these accounting standards, and percentage changes from the previous fiscal year are not provided. If the accounting standards same as for the fiscal year ended February 28, 2022 are applied, the increase in net sales for the fiscal year ending February 28, 2023 would be 1.0%.

**\*Notes**

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

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

1) Changes in accounting policies due to the revision of accounting standards: No

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

3) Changes in accounting estimates: No

4) Restatements: No

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

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

February 28, 2022	9,500,000 shares
February 28, 2021	9,600,000 shares

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

February 28, 2022	323,438 shares
February 28, 2021	315,891 shares

3) Average number of shares during the period:

Fiscal year ended February 28, 2022	9,228,960 shares
Fiscal year ended February 28, 2021	9,318,797 shares

(Reference) Summary of Non-consolidated Financial Results

**1. Non-consolidated Financial Results for the Fiscal Year Ended February 28, 2022 (March 1, 2021 to February 28, 2022)**

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

	Net sales		Operating profit		Ordinary profit		Profit	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended February 28, 2022	55,050	16.6	(2,515)	—	(1,962)	—	(1,861)	—
Fiscal year ended February 28, 2021	47,192	(13.0)	(1,354)	—	(1,147)	—	(909)	—

	Earnings per share	Diluted earnings per share
	yen	yen
Fiscal year ended February 28, 2022	(201.70)	—
Fiscal year ended February 28, 2021	(97.58)	—

\* Though dilutive shares exist, diluted earnings per share are not provided, as net loss per share was recorded.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of February 28, 2022	44,322	25,894	57.9	2,796.53
As of February 28, 2021	41,917	28,082	66.4	2,999.80

(Reference) Equity: As of February 28, 2022: ¥25,662 million

As of February 28, 2021: ¥27,850 million

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

(% indicates changes from the previous corresponding period)

	Net sales		Ordinary profit		Profit		Earnings per share
	million yen	%	million yen	%	million yen	%	yen
Full year	53,000	—	(700)	—	(720)	—	(78.85)

(Note) Effective the beginning of the fiscal year ending February 28, 2023, the Company has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29) and other related accounting standards. Therefore, the above forecasts represent figures after the adoption of these accounting standards, and percentage changes from the previous fiscal year are not provided. If the accounting standards same as for the fiscal year ended February 28, 2022 are applied, the increase in net sales for the fiscal year ending February 28, 2023 would be 1.5%.

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

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

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

1. Results of Operations .....	2
(1) Results of Operations for the Current Fiscal Year and Future Outlook.....	6
(2) Financial Position as of the Current Fiscal Year .....	7
(3) Cash Flows for the Current Fiscal Year.....	7
(4) Principles of Appropriation of Profits and Dividend Payment for the Current Fiscal Year and the Next Fiscal Year .....	8
(5) Significant Events on Going Concern Assumption .....	8
2. Consolidated Group .....	9
3. Management Policy .....	11
(1) Basic Management Policy of the Company.....	11
(2) Targeted Management Benchmark.....	11
4. Basic Policy on Selection of Accounting Standards .....	11
5. Consolidated Financial Statements and Primary Notes .....	12
(1) Consolidated Balance Sheets .....	12
(2) Consolidated Statements of Income and Comprehensive Income .....	14
(3) Consolidated Statements of Changes in Net Assets.....	17
(4) Consolidated Statements of Cash Flows.....	19
(5) Notes to Consolidated Financial Statements.....	21
(Notes on Going Concern Assumption) .....	21
(Important Matters that Form the Basis for Preparing Consolidated Financial Statements) .....	21
(Additional Information).....	23
(Segment Information).....	24
(Per Share Information) .....	27
(Significant Subsequent Events) .....	28
6. Non-consolidated Financial Statements and Primary Notes .....	29
(1) Non-consolidated Balance Sheets.....	29
(2) Non-consolidated Statements of Income .....	31
(3) Non-consolidated Statements of Changes in Net Assets .....	32
7. Others.....	36

## 1. Results of Operations

### (1) Results of Operations for the Current Fiscal Year and Future Outlook

#### 1) Analysis of Results of Operations

During the fiscal year ended February 28, 2022, while consumer spending remains stagnant due to the continued impact of the coronavirus disease (COVID-19), spending on clothing in particular remained in harsh conditions.

Although the Company worked on our priority measures of “recovery of the existing wholesale business,” “strengthening of the retail business,” “planning and proposal of distinctive product lines,” and “collaboration with different industries,” gross profit margin for the fiscal year ended February 28, 2022 was 17.3%, 2.8% decrease from the previous fiscal year despite the fact that the Company registered net sales of ¥56,572 million, 13.0% increase from the previous fiscal year. This was primarily due to the strong impact which emerged rapidly since the third quarter such as the rise of raw material prices, further depreciation of the yen, rising sea freight rates, and increased wages at production consignment factories.

The Company registered operating loss of ¥2,228 million (operating loss of ¥1,018 million in the previous fiscal year), ordinary loss of ¥2,012 million (ordinary loss of ¥770 million in the previous fiscal year) and loss attributable to owners of parent of ¥2,025 million (loss of ¥1,121 million in the previous fiscal year). This was primarily due to the fact that selling, general and administrative expenses such as logistics costs and property costs increased by 8.4% from the previous fiscal year to ¥12,007 million, in association with an increase in net sales.

Performance by segment was as follows.

#### <Apparel & Textiles>

Although the segment registered ¥50,091 million net sales (13.1% increase from the previous fiscal year), operating losses increased due to rising cost of sales and selling, general and administrative expenses.

#### <Rental Business>

The segment registered ¥850 million net sales (2.4% increase from the previous fiscal year), approximately the same level as the previous year.

#### <Others>

The segment registered ¥5,631 million net sales (13.9% increase from the previous fiscal year).

#### 2) Future Outlook

As the clothing market continues to stagnate, the Company considers that the business environment will be extremely difficult this year as raw materials, sea freight and wages remain high, and the yen is depreciating.

For the current year, the Company will continue to tackle medium-term challenges such as “recovery of the existing wholesale business,” and “planning and proposal of distinctive product lines.” In addition, the Company will do our utmost to secure appropriate profits for each product number from the order-taking activity stage in order to recover profitability while starting to restructure the business and work to reduce fixed costs.

In order to accelerate these efforts, the Company reorganized the organization on March 1, aiming for a system that promotes integrated planning proposals for all items across ages and tastes, and will rejuvenate Directors and Executive Officers and renew the management system.

For the fiscal year ending February 28, 2023, the Company forecasts ¥54,300 million in net sales, ¥700 million in operating loss, ¥500 million in ordinary loss, and ¥600 million in loss attributable to owners of parent. Although we expect to continue to record net loss, we are determined to work to reduce the loss with the aim of

restoring profitability as soon as possible.

## (2) Financial Position as of the Current Fiscal Year

### (Assets)

Current assets increased by ¥2,768 million compared with the end of the previous fiscal year, to ¥21,599 million, due primarily to increases of ¥656 million in cash and deposits, ¥987 million in notes and accounts receivable – trade, and ¥648 million in merchandise and finished goods.

Non-current assets decreased by ¥393 million compared with the end of the previous fiscal year, to ¥25,449 million, due primarily to a decrease of ¥530 million in investment securities.

As a result, total assets increased by ¥2,374 million compared with the end of the previous fiscal year, to ¥47,048 million.

### (Liabilities)

Liabilities increased by ¥4,630 million compared with the end of the previous fiscal year, to ¥17,900 million, due primarily to an increase of ¥6,160 million in borrowings, despite a decrease of ¥1,710 million in notes and accounts payable – trade.

### (Net assets)

Net assets decreased by ¥2,256 million compared with the end of the previous fiscal year, to ¥29,148 million, due primarily to a decrease of ¥2,413 million in retained earnings.

## (3) Cash Flows for the Current Fiscal Year

Cash and cash equivalents as at the end of the current fiscal year (hereinafter referred to as “fund”) increased by ¥526 million (13.6%) compared with the end of the previous fiscal year, to ¥4,404 million.

### (Cash flows from operating activities)

Net cash used in operating activities for the current fiscal year amounted to ¥5,167 million (¥630 million used for the previous fiscal year), due primarily to loss before income taxes amounting to ¥1,902 million, ¥978 million increases in trade receivables, ¥554 million increases in inventories, and ¥1,710 million decreases in trade payables.

### (Cash flows from investing activities)

Net cash used in investing activities for the current fiscal year amounted to ¥118 million (¥111 million used for the previous fiscal year), due primarily to ¥258 million in payments into time deposits and ¥264 million in purchase of property, plant and equipment despite ¥128 million in proceeds from withdrawal of time deposits and ¥314 million in proceeds from sales of investment securities.

### (Cash flows from financing activities)

Net cash provided by financing activities for the current fiscal year amounted to ¥5,729 million (¥1,215 million provided for the previous fiscal year), due primarily to ¥6,960 million in the increase in short-term borrowings, despite ¥800 million in repayments of long-term borrowings, ¥185 million in dividends paid and ¥186 million in purchase of treasury shares.

(Reference) Indicators relative to cash flows

	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Equity ratio (%)	69.8	61.5
Equity ratio on a market value basis (%)	36.4	23.7
Interest-bearing debt/cash flow ratio (years)	—	—
Interest coverage ratio (multiple)	—	—

Equity ratio: Equity/Total assets

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

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

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

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

2. Total market capitalization is calculated by multiplying the final share price at the end of the fiscal year by the total number of issued shares at the end of the fiscal year (excluding treasury shares).

3. Cash flows from operating activities refer to net cash provided by (used in) operating activities on the Consolidated Statements of Cash Flows. Interest-bearing debt refers to all liabilities on the Consolidated Balance Sheets for which interest is paid. Interest expenses paid refer to interest expenses paid on the Consolidated Statements of Cash Flows.

4. Interest-bearing debt/cash flow ratio and interest coverage ratio are not shown since the cash flow from operating activities was negative.

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

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

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

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

#### (5) Significant Events on Going Concern Assumption

The Group continues to record operating losses (for three consecutive terms) and negative operating cash flows (for two consecutive terms). During the fiscal year ended February 28, 2022, the Company experienced a decline in gross profit margin due to rising raw material prices, further depreciation of the yen, rising sea freight rates, and increased wages at production consignment factories. In particular, as a result of recording a large loss in the fourth quarter (December to February), a large amount of operating loss, ordinary loss, loss attributable to owners of the parent and negative operating cash flow were recorded for the full year. These impacts may extend to the fiscal year ending February 28, 2023, and we anticipate continued harsh earnings conditions.

In light of the above, the Group recognizes that there are events or situations that raise significant doubts about the going concern assumption. In order to resolve this situation as soon as possible, the Group will work to reduce the deficit through the efforts described in (1) Results of Operations for the Current Fiscal Year and Future Outlook 2) Future Outlook.



In terms of funds, the Group has cash and deposits of ¥4,533 million at the end of the current consolidated fiscal year. In order to efficiently raise operating funds, we have concluded an overdraft agreement with our bank to secure the necessary funds. In addition, the Group owns investment securities with a market value of ¥3,100 million and land that is not pledged of ¥16,875 million. Furthermore, as the Group has a sufficient financial base with a net asset balance of ¥29,148 million, it believes that there is no significant uncertainty regarding a going concern assumption.

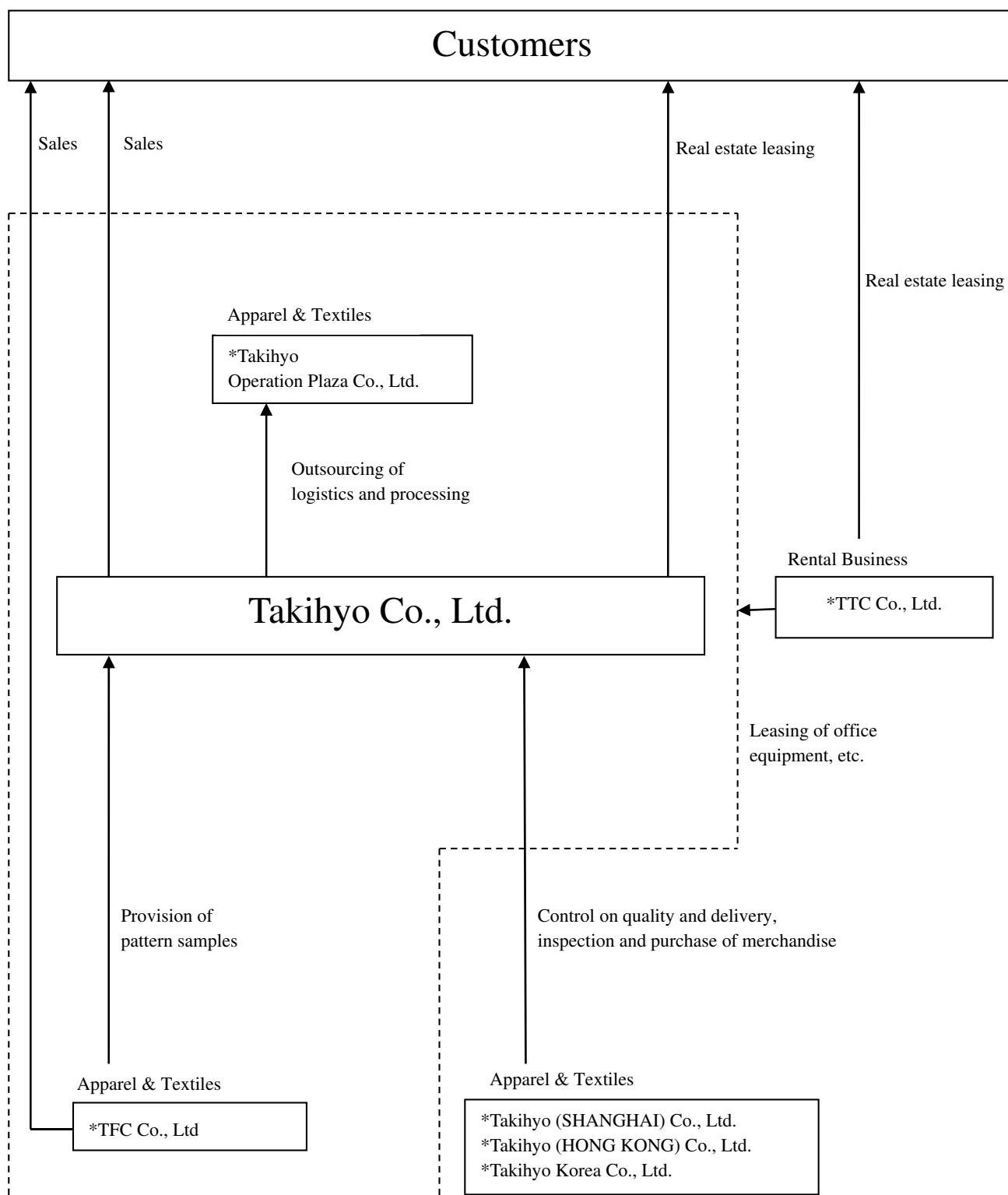
## 2. Consolidated Group

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

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

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

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



### 3. Management Policy

#### (1) Basic Management Policy of the Company

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

#### (2) Targeted Management Benchmark

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

### 4. Basic Policy on Selection of Accounting Standards

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

## 5. Consolidated Financial Statements and Primary Notes

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2021	As of February 28, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	3,877	4,533
Notes and accounts receivable - trade	10,083	11,071
Merchandise and finished goods	3,868	4,516
Work in process	31	26
Raw materials and supplies	123	35
Other	857	1,429
Allowance for doubtful accounts	(11)	(15)
Total current assets	18,830	21,599
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,416	4,539
Accumulated depreciation	(2,061)	(2,130)
Buildings and structures, net	2,354	2,408
Machinery, equipment and vehicles	323	323
Accumulated depreciation	(216)	(243)
Machinery, equipment and vehicles, net	106	80
Tools, furniture and fixtures	1,754	1,795
Accumulated depreciation	(306)	(352)
Tools, furniture and fixtures, net	1,448	1,442
Land	16,803	16,875
Total property, plant and equipment	20,713	20,806
Intangible assets	76	67
Investments and other assets		
Investment securities	3,736	3,205
Investments in capital	22	21
Long-term loans receivable	21	18
Retirement benefit asset	-	86
Long-term guarantee deposit	1,012	1,009
Insurance funds	124	94
Deferred tax assets	34	29
Other	180	180
Allowance for doubtful accounts	(78)	(72)
Total investments and other assets	5,053	4,574
Total non-current assets	25,843	25,449
Total assets	44,673	47,048

(Millions of yen)

	As of February 28, 2021	As of February 28, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	4,932	3,222
Short-term borrowings	40	7,000
Current portion of long-term borrowings	800	1,925
Lease obligations	31	50
Accounts payable-other	1,661	1,786
Income taxes payable	100	70
Provision for bonuses	94	92
Provision for sales returns	19	14
Reserve for transfer costs	-	45
Other	315	320
Total current liabilities	7,994	14,525
Non-current liabilities		
Long-term borrowings	3,275	1,350
Lease obligations	4	47
Retirement benefit liability	29	55
Provision for retirement benefits for directors (and other officers)	157	157
Asset retirement obligations	207	171
Deferred tax liabilities	1,251	1,218
Deferred tax liabilities for land revaluation	61	61
Other	288	314
Total non-current liabilities	5,274	3,374
Total liabilities	13,269	17,900
<b>Net assets</b>		
Shareholders' equity		
Share capital	3,622	3,622
Capital surplus	4,148	4,148
Retained earnings	22,725	20,311
Treasury shares	(646)	(630)
Total shareholders' equity	29,849	27,452
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,231	1,051
Deferred gains or losses on hedges	107	303
Revaluation reserve for land	0	0
Foreign currency translation adjustment	(50)	49
Remeasurements of defined benefit plans	34	58
Total accumulated other comprehensive income	1,323	1,463
Share acquisition rights	231	231
Total net assets	31,404	29,148
Total liabilities and net assets	44,673	47,048

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

	(Millions of yen)	
	For the previous fiscal year ended February 28, 2021	For the current fiscal year ended February 28, 2022
Net sales	50,042	56,572
Cost of sales	39,985	46,798
Gross profit	10,057	9,774
Provision for sales returns	(6)	(5)
Gross profit - net	10,063	9,779
Selling, general and administrative expenses		
Freight and incidental costs	2,296	2,588
Advertising and promotion expenses	282	545
Salaries and allowances	4,110	4,276
Bonuses	411	407
Welfare expenses	946	1,013
Provision for bonuses	92	86
Retirement benefit expenses	176	169
Travel and transportation expenses	255	348
Communication expenses	279	315
Rent expenses	781	720
Depreciation	127	126
Other	1,321	1,409
Total selling, general and administrative expenses	11,081	12,007
Operating loss	(1,018)	(2,228)
Non-operating income		
Interest income	9	12
Dividend income	106	86
Foreign exchange gains	-	41
Subsidies for employment adjustment	117	32
Other	110	99
Total non-operating income	343	272
Non-operating expenses		
Interest expenses	40	37
Foreign exchange losses	25	-
Commission expenses	19	13
Bad debt expenses	8	-
Other	2	6
Total non-operating expenses	95	57
Ordinary loss	(770)	(2,012)
Extraordinary income		
Gain on sale of non-current assets	3	0
Gain on sale of investment securities	57	305
Total extraordinary income	61	305

	(Millions of yen)	
	For the previous fiscal year ended February 28, 2021	For the current fiscal year ended February 28 2022
Extraordinary losses		
Impairment losses	205	133
Provision for transfer expenses	-	45
Other	73	16
Total extraordinary losses	278	195
Loss before income taxes	(988)	(1,902)
Income taxes - current	119	131
Income taxes - deferred	13	(8)
Total income taxes	133	122
Loss	(1,121)	(2,025)
Loss attributable to owners of parent	(1,121)	(2,025)

# Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the previous fiscal year ended February 28, 2021	For the current fiscal year ended February 28, 2022
Loss	(1,121)	(2,025)
Other comprehensive income		
Valuation difference on available-for-sale securities	278	(179)
Deferred gains or losses on hedges	(3)	196
Foreign currency translation adjustment	(6)	100
Remeasurements of defined benefit plans, net of tax	27	23
Total other comprehensive income	295	140
Comprehensive income	(826)	(1,884)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(826)	(1,884)



(3) Consolidated Statements of Changes in Net Assets

For the previous fiscal year ended February 28, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,622	4,148	24,131	(570)	31,332
Changes during period					
Dividends of surplus			(279)		(279)
Loss attributable to owners of parent			(1,121)		(1,121)
Purchase of treasury shares				(109)	(109)
Disposal of treasury shares			(4)	32	27
Net changes in items other than shareholders' equity					
Total changes during period	-	-	(1,406)	(76)	(1,482)
Balance at end of period	3,622	4,148	22,725	(646)	29,849

(Millions of yen)

	Accumulated other comprehensive income						Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	953	110	0	(43)	6	1,027	259	32,619
Changes during period								
Dividends of surplus								(279)
Loss attributable to owners of parent								(1,121)
Purchase of treasury shares								(109)
Disposal of treasury shares								27
Net changes in items other than shareholders' equity	278	(3)	-	(6)	27	295	(27)	267
Total changes during period	278	(3)	-	(6)	27	295	(27)	(1,215)
Balance at end of period	1,231	107	0	(50)	34	1,323	231	31,404

For the current fiscal year ended February 28, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,622	4,148	22,725	(646)	29,849
Changes during period					
Dividends of surplus			(185)		(185)
Loss attributable to owners of parent			(2,025)		(2,025)
Purchase of treasury shares				(186)	(186)
Cancellation of treasury shares			(203)	203	-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	(2,413)	16	(2,396)
Balance at end of period	3,622	4,148	20,311	(630)	27,452

(Millions of yen)

	Accumulated other comprehensive income						Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,231	107	0	(50)	34	1,323	231	31,404
Changes during period								
Dividends of surplus								(185)
Loss attributable to owners of parent								(2,025)
Purchase of treasury shares								(186)
Cancellation of treasury shares								-
Net changes in items other than shareholders' equity	(179)	196	-	100	23	140	-	140
Total changes during period	(179)	196	-	100	23	140	-	(2,256)
Balance at end of period	1,051	303	0	49	58	1,463	231	29,148

## (4) Consolidated Statements of Cash Flows

	(Millions of yen)	
	For the previous fiscal year ended February 28, 2021	For the current fiscal year ended February 28, 2022
Cash flows from operating activities		
Loss before income taxes	(988)	(1,902)
Depreciation	277	277
Impairment losses	205	133
Increase (decrease) in allowance for doubtful accounts	(2)	(3)
Increase (decrease) in provision for bonuses	(4)	(1)
Increase (decrease) in provision for sales returns	(6)	(5)
Reserve for transfer costs	-	45
Increase (decrease) in retirement benefit liability	(123)	(24)
Decrease (increase) in retirement benefit asset	-	(3)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(19)	-
Interest and dividend income	(116)	(99)
Interest expenses	40	37
Loss (gain) on sale of investment securities	(53)	(305)
Loss (gain) on valuation of investment securities	51	16
Loss (gain) on sale of property, plant and equipment	(3)	(0)
Loss on retirement of property, plant and equipment	13	-
Decrease (increase) in trade receivables	1,200	(978)
Decrease (increase) in inventories	(483)	(554)
Increase (decrease) in trade payables	119	(1,710)
Increase (decrease) in accrued consumption taxes	(181)	16
Decrease (increase) in other assets	(130)	(63)
Increase (decrease) in other liabilities	(316)	87
Other, net	9	1
Subtotal	(511)	(5,036)
Interest and dividends received	115	96
Interest paid	(42)	(36)
Income taxes paid	(193)	(190)
Net cash provided by (used in) operating activities	(630)	(5,167)

	(Millions of yen)	
	For the previous fiscal year ended February 28, 2021	For the current fiscal year ended February 28, 2022
Cash flows from investing activities		
Payments into time deposits	-	(258)
Proceeds from withdrawal of time deposits	-	128
Purchase of property, plant and equipment	(358)	(264)
Proceeds from sale of property, plant and equipment	4	0
Purchase of intangible assets	(59)	(56)
Purchase of investment securities	(118)	-
Proceeds from sale of investment securities	444	314
Proceeds from collection of loans receivable	5	13
Proceeds from refund of guarantee deposits	9	126
Other, net	(38)	(121)
Net cash provided by (used in) investing activities	(111)	(118)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	40	6,960
Proceeds from long-term borrowings	3,000	-
Repayments of long-term borrowings	(1,375)	(800)
Dividends paid	(280)	(185)
Purchase of treasury shares	(109)	(186)
Other, net	(59)	(58)
Net cash provided by (used in) financing activities	1,215	5,729
Effect of exchange rate change on cash and cash equivalents	(2)	83
Net increase (decrease) in cash and cash equivalents	471	526
Cash and cash equivalents at beginning of period	3,406	3,877
Cash and cash equivalents at end of period	3,877	4,404

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

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

1. Scope of consolidation

(1) Number of consolidated subsidiaries:

6 companies

Names of the principal consolidated subsidiaries:

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

(2) There are no non-consolidated subsidiaries.

2. Scope of application of the equity method

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

3. Fiscal year, etc. of consolidated subsidiaries

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

4. Accounting policies

(1) Valuation standards and methods regarding significant assets

1) Securities

Other securities:

Securities with market quotations:

Market value method based on the quoted market price at the fiscal year-end (with any unrealized gains or losses being reported directly as a component of shareholders' equity and the cost of securities sold is calculated using the moving-average method).

Securities without market quotations:

Cost method using the moving-average method.

2) Inventories

a. Merchandise:

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

b. Finished goods, work in process, and raw materials:

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

c. Supplies:

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

3) Derivatives

Stated at market value

(2) Depreciation method for significant depreciable assets

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

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

(Petty sum depreciable assets)

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

2) Intangible assets (excluding leased assets)

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

3) Leased assets

Leased assets concerning non-transfer ownership finance leases:

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

4) Long-term prepaid expenses

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

(3) Accounting standards for significant allowances and provisions

1) Allowance for doubtful accounts

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

2) Provision for bonuses

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

3) Provision for sales returns

To provide for losses due to return of goods, Takihyo Co., Ltd. records estimated amounts of losses in consideration of the past return ratios actually experienced.

4) Reserve for transfer costs

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

5) Provision for directors' retirement benefits

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

(4) Accounting methods for retirement benefits

1) Method of attributing projected retirement benefits to periods

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

2) Calculation of actuarial differences and past service costs

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

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

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

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

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

(6) Significant hedge accounting

1) Hedge accounting

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

2) Means of hedging and hedged items

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

3) Hedging policy

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

4) Methods for evaluating the effectiveness of hedges

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

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

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

(8) Other significant matters for preparing consolidated financial statements

Accounting method for consumption taxes  
The tax exclusion method.

(Additional Information)

(Accounting estimates with regard to COVID-19)

As it is difficult to predict when the spread of COVID-19 infections will come to an end, the Group has given consideration to the estimates based on information available. However, even after the spread of infections has come to an end for the time being, in the event of prolonged stagnation of the global economy due to a resurgence of the spread of infections, etc., there may be a significant impact on the Group's financial position, results of operations, and status of cash flows.

The Group has made accounting estimates on the assumption that the impact of the disease may remain throughout the next fiscal year.

(Segment Information)

(Segment information)

# 1. Outline of reportable segments

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

The Group's main line of business, centered on the Company, is the planning, manufacture and sale of apparel and textile products. In addition, the Company and one subsidiary engage in real estate rental business. The Group draws up a comprehensive strategy for each business unit to carry out its business activities.

Therefore, the Group comprises segments classified according to products and services, with "Apparel & Textiles" and "Rental Business" as two reportable segments.

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

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

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

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

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

# 3. Information on net sales, income or loss, assets, and other items by reportable segment

For the previous fiscal year (From March 1, 2020 to February 28, 2021)

(Millions of yen)

	Reportable segment			Others	Total	Adjustment	Amounts on consolidated financial statements
	Apparel & Textiles	Rental Business	Subtotal				
Net sales							
Net sales to outside customers	44,270	830	45,100	4,942	50,042	—	50,042
Inter-segment sales and transfers	0	70	70	23	94	(94)	—
Total	44,270	900	45,171	4,965	50,136	(94)	50,042
Segment income (loss)	(1,475)	541	(933)	(89)	(1,023)	4	(1,018)
Segment assets	24,880	18,556	43,437	1,355	44,792	(119)	44,673
Other items							
Depreciation	130	137	268	9	277	—	277
Increase in property, plant and equipment and intangible assets	205	186	392	79	471	—	471

(Notes) 1. "Others" refers to business segments not included in the reportable segments, including sales of synthetic resins and chemical products and retail business that is a new business model, etc.



2. Depreciation includes the amortization of long-term prepaid expenses. Increase in property, plant and equipment and intangible assets includes an increase in long-term prepaid expenses.
3. The -¥119 million adjustment to segment assets includes elimination of inter-segment of -¥460 million and corporate assets of ¥341 million not allocated among reportable segments. Corporate assets consist primarily of surplus funds (investment securities) not belonging to any reportable segments.
4. The ¥4 million adjustment to segment income (loss) represents elimination of inter-segment transactions of ¥4 million, etc.
5. Segment income (loss) is adjusted with operating loss in the consolidated statements of income.

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

(Millions of yen)

	Reportable segment			Others	Total	Adjustment	Amounts on consolidated financial statements
	Apparel & Textiles	Rental Business	Subtotal				
Net sales							
Net sales to outside customers	50,091	850	50,941	5,631	56,572	—	56,572
Inter-segment sales and transfers	0	72	72	33	105	(105)	—
Total	50,091	922	51,014	5,664	56,678	(105)	56,572
Segment income (loss)	(2,639)	563	(2,076)	(155)	(2,232)	4	(2,228)
Segment assets	26,989	18,460	45,449	1,933	47,383	(334)	47,048
Other items							
Depreciation	128	141	270	7	277	—	277
Increase in property, plant and equipment and intangible assets	152	191	344	34	378	—	378

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

(Related Information)

For the previous fiscal year (From March 1, 2020 to February 28, 2021)

1. Information by product or service

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

2. Information by region

(1) Net sales

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

(2) Property, plant and equipment

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

3. Information by major customer

(Millions of yen)

Name of customer	Net sales	Related segment
SHIMAMURA Co., Ltd.	16,948	Apparel & Textiles and others

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

1. Information by product or service

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

2. Information by region

(1) Net sales

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

(2) Property, plant and equipment

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

3. Information by major customer

(Millions of yen)

Name of customer	Net sales	Related segment
SHIMAMURA Co., Ltd.	19,134	Apparel & Textiles and others

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

For the previous fiscal year (From March 1, 2020 to February 28, 2021)

(Millions of yen)

	Reportable segment			Others	Corporate / elimination	Total
	Apparel & Textiles	Rental Business	Subtotal			
Impairment loss	131	—	131	74	—	205

(Note) Impairment losses on non-current assets are recognized in the Apparel & Textiles segment and Others (the retail business that is a new business model).

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

(Millions of yen)

	Reportable segment			Others	Corporate / elimination	Total
	Apparel & Textiles	Rental Business	Subtotal			
Impairment loss	111	—	111	21	—	133

(Per Share Information)

(Yen)

For the previous fiscal year (From March 1, 2020 to February 28, 2021)		For the current fiscal year (From March 1, 2021 to February 28, 2022)	
Net assets per share	3,357.62	Net assets per share	3,151.11
Net (loss) per share	(120.36)	Net (loss) per share	(219.42)

(Notes) 1. Though dilutive shares exist, diluted earnings per share are not provided, as net loss per share was recorded.

2. The basis for calculation of net assets per share is as follows:

(Millions of yen)

	For the previous fiscal year (As of February 28, 2021)	For the current fiscal year (As of February 28, 2022)
Total net assets	31,404	29,148
Amount deducted from the total net assets	231	231
(Share acquisition rights included in the above)	(231)	(231)
Amount of net assets related to common stock as of the end of the fiscal year	31,172	28,916
Number of shares of common stock used in the calculation of net assets per share as of the end of the fiscal year (Thousands shares)	9,284	9,176

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

(Millions of yen)

	For the previous fiscal year (From March 1, 2020 to February 28, 2021)	For the current fiscal year (From March 1, 2020 to February 28, 2022)
Net (loss) per share		
(Loss) attributable to owners of parent	(1,121)	(2,025)
Profit (loss) not attributable to common shareholders	—	—
(Loss) attributable to owners of parent related to common stock	(1,121)	(2,025)
Average number of shares of common stock outstanding during the fiscal year (Thousands shares)	9,318	9,228
Summary of potential stock that were not included in the computation of diluted earnings per share since there was no effect of dilution	—	—

(Significant Subsequent Events)

Not applicable.

## 6. Non-consolidated Financial Statements and Primary Notes

### (1) Non-consolidated Balance Sheets

	(Millions of yen)	
	As of February 28, 2021	As of February 28, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	2,875	3,603
Notes receivable - trade	1,198	1,656
Accounts receivable - trade	8,742	9,286
Merchandise	3,806	4,449
Advance payments to suppliers	243	204
Prepaid expenses	146	141
Lease receivables	15	13
Other	429	1,098
Allowance for doubtful accounts	(12)	(15)
Total current assets	17,445	20,439
Non-current assets		
Property, plant and equipment		
Buildings	1,279	1,224
Structures	15	12
Machinery and equipment	14	9
Tools, furniture and fixtures	1,336	1,343
Land	15,846	15,846
Total property, plant and equipment	18,491	18,435
Intangible assets		
Leasehold interests in land	10	10
Software	35	29
Other	2	1
Total intangible assets	48	41
Investments and other assets		
Investment securities	3,655	3,163
Shares of subsidiaries and associates	1,016	1,016
Investments in capital	21	21
Long-term loans receivable	21	18
Prepaid pension costs	-	3
Long-term retaining claims	75	68
Long-term prepaid expenses	25	27
Long-term guarantee deposit	1,008	1,002
Insurance funds	124	94
Other	58	57
Allowance for doubtful accounts	(75)	(68)
Total investments and other assets	5,932	5,405
Total non-current assets	24,471	23,883
Total assets	41,917	44,322

(Millions of yen)

	As of February 28, 2021	As of February 28, 2022
<b>Liabilities</b>		
Current liabilities		
Notes payable - trade	2,633	1,044
Accounts payable - trade	2,305	2,158
Short-term borrowings	981	8,020
Current portion of long-term borrowings	800	1,925
Lease obligations	5	0
Accounts payable-other	1,679	1,837
Provision for bonuses	76	75
Provision for sales returns	19	14
Reserve for transfer costs	-	45
Other	243	223
Total current liabilities	8,743	15,344
Non-current liabilities		
Long-term borrowings	3,275	1,350
Lease obligations	1	0
Provision for retirement benefits	14	-
Provision for retirement benefits for directors (and other officers)	157	157
Asset retirement obligations	178	142
Deferred tax liabilities	1,158	1,115
Deferred tax liabilities for land revaluation	61	61
Other	244	255
Total non-current liabilities	5,091	3,082
Total liabilities	13,835	18,427
<b>Net assets</b>		
Shareholders' equity		
Share capital	3,622	3,622
Capital surplus		
Legal capital surplus	4,148	4,148
Total capital surplus	4,148	4,148
Retained earnings		
Legal retained earnings	806	806
Other retained earnings		
Reserve for tax purpose reduction entry of non-current assets	1,380	1,379
General reserve	15,500	15,500
Retained earnings brought forward	1,722	(525)
Total other retained earnings	18,603	16,353
Total retained earnings	19,409	17,159
Treasury shares	(646)	(630)
Total shareholders' equity	26,533	24,300
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,209	1,058
Deferred gains or losses on hedges	107	303
Revaluation reserve for land	0	0
Total valuation and translation adjustments	1,317	1,362
Share acquisition rights	231	231
Total net assets	28,082	25,894
Total liabilities and net assets	41,917	44,322

## (2) Non-consolidated Statements of Income

	(Millions of yen)	
	For the previous fiscal year ended February 28, 2021	For the current fiscal year ended February 28, 2022
Net sales	47,192	55,050
Cost of sales	37,705	45,723
Gross profit	9,487	9,326
Provision for sales returns	(6)	(5)
Gross profit - net	9,493	9,331
Selling, general and administrative expenses	10,848	11,846
Operating loss	(1,354)	(2,515)
Non-operating income		
Interest and dividend income	110	442
Foreign exchange gains	-	43
Subsidies for employment adjustment	109	30
Other	66	93
Total non-operating income	286	610
Non-operating expenses		
Interest expenses	42	39
Foreign exchange losses	6	-
Commission expenses	19	13
Bad debt expenses	8	-
Other	2	3
Total non-operating expenses	79	57
Ordinary loss	(1,147)	(1,962)
Extraordinary income		
Gain on extinguishment of tie-in shares	482	-
Gain on sale of non-current assets	0	0
Gain on sale of investment securities	57	305
Total extraordinary income	540	305
Extraordinary losses		
Impairment losses	205	133
Provision for transfer expenses	-	45
Other	65	16
Total extraordinary losses	271	195
Loss before income taxes	(878)	(1,852)
Income taxes - current	20	32
Income taxes - deferred	10	(23)
Total income taxes	31	8
Loss	(909)	(1,861)

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

For the previous fiscal year ended February 28, 2021

(Millions of yen)

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

(Millions of yen)

	Shareholders' equity					
	Retained earnings				Treasury shares	Total shareholders' equity
	Other retained earnings			Total retained earnings		
	Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward			
Balance at beginning of period	1,382	15,500	2,914	20,603	(570)	27,803
Changes during period						
Dividends of surplus			(279)	(279)		(279)
Loss			(909)	(909)		(909)
Purchase of treasury shares					(109)	(109)
Disposal of treasury shares			(4)	(4)	32	27
Reversal of reserve for tax purpose reduction entry of non-current assets	(1)		1	-		-
Net changes in items other than shareholders' equity						
Total changes during period	(1)	-	(1,192)	(1,193)	(76)	(1,270)
Balance at end of period	1,380	15,500	1,722	19,409	(646)	26,533



(Millions of yen)

	Valuation and translation adjustments				Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments		
Balance at beginning of period	964	108	0	1,073	259	29,137
Changes during period						
Dividends of surplus						(279)
Loss						(909)
Purchase of treasury shares						(109)
Disposal of treasury shares						27
Reversal of reserve for tax purpose reduction entry of non-current assets						-
Net changes in items other than shareholders' equity	244	(1)	-	243	(27)	215
Total changes during period	244	(1)	-	243	(27)	(1,054)
Balance at end of period	1,209	107	0	1,317	231	28,082

For the current fiscal year ended February 28, 2022

(Millions of yen)

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

(Millions of yen)

	Shareholders' equity					
	Retained earnings				Treasury shares	Total shareholders equity
	Other retained earnings			Total retained earnings		
	Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward			
Balance at beginning of period	1,380	15,500	1,722	19,409	(646)	26,533
Changes during period						
Dividends of surplus			(185)	(185)		(185)
Loss			(1,861)	(1,861)		(1,861)
Purchase of treasury shares					(186)	(186)
Cancellation of treasury shares			(203)	(203)	203	-
Reversal of reserve for tax purpose reduction entry of non-current assets	(1)		1	-		-
Net changes in items other than shareholders' equity						
Total changes during period	(1)	-	(2,248)	(2,250)	16	(2,233)
Balance at end of period	1,379	15,500	(525)	17,159	(630)	24,300

(Millions of yen)

	Valuation and translation adjustments				Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments		
Balance at beginning of period	1,209	107	0	1,317	231	28,082
Changes during period						
Dividends of surplus						(185)
Loss						(1,861)
Purchase of treasury shares						(186)
Cancellation of treasury shares						-
Reversal of reserve for tax purpose reduction entry of non-current assets						-
Net changes in items other than shareholders' equity	(150)	196	-	45	-	45
Total changes during period	(150)	196	-	45	-	(2,187)
Balance at end of period	1,058	303	0	1,362	231	25,894

## 7. Others

### Change of Officers

(Scheduled on May 25, 2022)

#### 1. Transfer of a representative

The director who is scheduled to resign

Chairman Shigeo Taki (Scheduled to be appointed as an adviser)

#### 2. Transfer of other officers

Candidate for a new director

Director, Executive Officer Hidenori Itakura (currently Executive Officer, Manager of Garment Group I)

(Other)

Net sales by product

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

Item	The 110th fiscal year (From March 1, 2020 to February 28, 2021)		The 111th fiscal year (From March 1, 2021 to February 28, 2022)		Increase (decrease) from the previous fiscal year
	Net sales	Composition ratio	Net sales	Composition ratio	
		%		%	%
Ladies' apparel	19,633	46.3	23,507	48.2	19.7
Baby/Kids' apparel	10,284	24.2	10,760	22.1	4.6
Textile/OEM	5,736	13.5	6,281	12.9	9.5
Homewear	3,500	8.2	3,861	7.9	10.3
Men's apparel	2,306	5.4	2,451	5.0	6.3
Others	1,021	2.4	1,881	3.9	84.2
Total	42,482	100.0	48,743	100.0	14.7

\* Sales of businesses other than Apparel & Textiles are not included.