Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (Japanese GAAP)

May 10, 2022

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Scheduled date of regular general meeting of shareholders: June29, 2022
Scheduled date of filing securities report: June 29, 2022
Scheduled date of commencement of dividend payment: June 30, 2022
Supplementary materials prepared for financial results: Yes
Results briefing held: Yes (For institutional investors and analysts)

(Millions of yen, rounded down)

1. Consolidated financial results for the fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(1) Consolidated operating results (Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	(Million yen)	%	(Million yen)	%	(Million yen)	%	(Million yen)	%
FY2021	36,798	5.6	-903	-	-776	-	-888	-
FY2020	34,836	-33.7	-2,036	-	-1,839	-	-1,847	-

Note: Comprehensive income: FY2021 JPY-980 million (--%)
FY2020 JPY-1,854 million (--%)

	Net income per share	Diluted net income per share	ROE	ROA	Operating Income Margin
	(Yen)	(Yen)	%	%	%
FY2021	-30.56	-	-3.4	-2.1	-2.5
FY2020	-63.57	-	-6.6	-4.7	-5.8

Reference: Equity in net income (losses) of affiliates:FY2021 JPY -- million;
FY2020 JPY -- million;

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	(Million yen)	(Million yen)	%	(Yen)
FY2021	38,115	25,098	65.8	863.78
FY2020	37,505	26,514	70.7	912.52

Reference: Shareholders' equity: FY2021 JPY25,098 million FY2020 JPY26,514 million;

(3) Consolidated cash flow

	Cash flows from operating activities	Cash flow from investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of year
	(Million yen)	(Million yen)	(Million yen)	(Million yen)
FY2021	713	-391	998	2,416
FY2020	-1,173	-774	-176	1,092

2. Dividends

	Annual dividends per share					Total dividends	Payout ratio (consolidated)	Ratio of dividends to shareholders' equity (consolidated)
	1Q end	2Q end	3Q end	Year-end	Total			
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)	(Million yen)	%	%
FY2020	-	0.00	-	15.00	15.00	435	-	1.6
FY2021	-	0.00	-	15.00	15.00	435	-	1.7
FY2022 (projected)	-	-	-	15.00	15.00		37.4	

3. Forecast of Consolidated Operating Results for the fiscal year ending March 31, 2023 (April 1, 2022 - March 31, 2023)

(Percentages indicate changes from the previous fiscal year for full-year, and year-on-year changes for quarter.)

	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)
Through 2Q (cumulative)	23,320	48.1	800	-	821	-	473	-	16.28
Full-year	49,123	33.5	2,092	-	2,132	-	1,164	-	40.08

Notes:

(1) Significant changes in consolidated subsidiaries during the period (changes in specific subsidiaries resulting in changes in the scope of consolidation): None

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

(i) Changes in accounting policies in accordance with changes in accounting standards, etc.: Yes

(ii) Changes in accounting policies other than the above: None

(iii) Changes in accounting estimates: None

(iv) Revisions and restatements: None

(3) Number of shares issued and outstanding (common stock)

(i) Number of shares issued and outstanding as of end of period (including treasury stock):

(ii) Treasury stock as of end of period:

(iii) Average number of shares issued and outstanding during period:

FY2021	29,859,900 shares	FY2020	29,859,900 shares
FY2021	803,314shares	FY2020	803,214shares
FY2021	29,056,610 shares	FY2020	29,056,717 shares

* The summary of financial results is not subject to audit performed by a certified public accountant or an auditing firm.

* Explanation concerning the appropriate use of operating results forecasts and other notes

(Caution concerning forward-looking statements)

Forecasts of business performance and other forward-looking statements in this document are based on information currently available and certain assumptions that the Company considers reasonable at the time of preparation and are not intended as a promise that such forecasts will be achieved. Actual results may differ materially due to various causes. For information including the assumptions of the forecasts of business performance and notes on their use, see "1. Outline of Business Performance (4) Outlook for the next fiscal year" on page 5 of the attached document.

(Methods of obtaining supplementary materials for financial results and contents of the financial results briefing session)

We will hold a results briefing meeting for institutional investors and analysts on Tuesday, May 24, 2022. Any documents distributed at this meeting will become available on our website immediately after the meeting.

1. Outline of Business Performance

The Accounting Standards for Revenue Recognition (Corporate Accounting Standards No. 29, March 31, 2020), as well as other such standards, have been applied since the beginning of the current consolidated fiscal year. In accordance with the transitional measures, however, the said standards were not applied retroactively to the previous consolidated fiscal year.
For more information, please see "3. Consolidated Financial Statements and Notes, (5) Notes to the Consolidated Financial Statements (Changes in Accounting Policy)."

(1) Outline of operating results for this consolidated fiscal year

During the current consolidated fiscal year, the Japanese economy continued to stagnate due to the COVID-19 pandemic. Although some sectors showed recovery from stagnation, with the expectation of the COVID-19 vaccination being effective, the three pandemic waves, the fourth to sixth waves, hit Japan one after another, and the national and local governments declared states of emergency and took the semi-emergency COVID-19 measures several times. With this and other factors, such as the worldwide semiconductor shortage, material price escalation, global supply chains being battered and the war in Ukraine, the future economy continued to be uncertain.

As for the retail industry, most commercial complexes were forced to shorten business hours as well as temporarily closing due to the states of emergency declared and semi-emergency measures taken. Many trips, including visiting parents, and events had to be cancelled; restaurants had to shorten their business hours. With these, consumer activities were significantly restricted. As for the fashion industry, consumption remained stagnant. From October to early January and after mid-March though, when no states of emergency were declared and no semi-emergency measures were taken, people went out more, and their consumption showed some recovery.

Under these circumstances, our group continued to be significantly affected by the temporary closures and shortened business hours of commercial complexes, people staying home, decreased private and business trips and decreased consumer spending. Our net sales during the current consolidated fiscal year were JPY 36,798 million, showing a small increase of 5.6 percent from the previous fiscal year, when the net sales dropped significantly. We worked to improve the ratio of gross profit to net sales, examining and reducing expenses, and our operating loss decreased to JPY 903 million from JPY 2,036 million in the previous fiscal year. Our ordinary loss and net loss attributable to owners of the parent company also decreased. Our ordinary loss was JPY 776 million compared to JPY 1,839 million in the previous fiscal year. Our net loss attributable to owners of the parent company was JPY 888 million compared to JPY 1,847 million in the previous fiscal year.

Since the reporting segment of our group is a single segment, information with respect to each segment is not provided. Our performance with respect to each business division is stated below. Figures after deleting transactions within each division, but before deleting transactions between divisions, are stated.

<Retail and Other Businesses>
As for our retail business, we undertook steps under the theme of *Creating a System for Winning in the Era of a New Normal*. For *Structural Reform of Physical Stores*, we improved our store management efficiency through extending and redecorating our small and medium-sized stores and consolidating several stores within the same shopping mall into one larger store. We also improved our merchandise lines to increase sales. We examined rents and other conditions for existing and new stores, negotiating to reduce store costs. We closed some underperforming stores and trained our store staff, strengthening their digital skills for information dissemination.

For *Strategy for Expanding EC*, we examined and improved our merchandise line, launching golf goods and expanding the sales of national private brand (NPB) products only sold online. On our electronic commerce (EC) website, we also increased the sales of our collaboration products using popular characters.

In March, we started an experimental sales promotion for our collaboration products with influencers and newly developed private brand (PB) products, showing the same store display images online as in physical stores. This promotion succeeded, attracting many customers to both physical and EC stores.

For *Schemes for Building a Sustainable Society*, we used more recycled and environmentally friendly materials for our PB products. We also engage in social action programs, such as donating part of our sales proceeds to NPOs and social welfare corporations and purchasing materials from welfare facilities where challenged people work. As for purchased products, we worked to purchase more recycled and other environmentally sustainable products. In March, we opened our first SAC’S BAR mono+i store at Aeon Mall Shijonawate, selling a collection of environmentally sustainable PB products.

The sales level, however, remained more or less the same as the previous fiscal year. This was due to the stagnant sales during the three quarters when the fourth to sixth waves of the COVID-19 pandemic occurred.

For our stores, we opened 14 new stores, mainly at large commercial complexes. We also closed 36 underperforming and other stores. As of the end of the current consolidated fiscal year, we had 623 stores in total. As for the districts of the new stores, two are in the Hokkaido and Tohoku Districts, six in the Kanto District, three in the Chubu District, one in the Kinki District, one in the Chugoku and Shikoku Districts and one in the Kyushu District.

For the brands of the new stores, Tokyo Derica Co., Ltd. opened SAC'S BAR, GRAN SAC'S, DOUX SAC'S, kissora, NAUGHTIAM and Amatone Accesso'rio stores. Carnival Company, Inc. opened a Tees Cees store; Sankodo Co., Ltd. opened a Hinomoto Hanpu store.

For our sales by product type, the sales of travel bags continued to stagnate due to the COVID-19 pandemic but increased by 44.4 percent from the previous fiscal year. With more PB and NPB products, the sales of handbags increased by 15.6 percent from the previous fiscal year. The sales of men’s bags increased by 9.9 percent from the previous fiscal year because business-related demand recovered slightly. With our work to introduce more new products and sell them at more stores, the sales of miscellaneous goods increased by 8.3 percent from the previous fiscal year. With fewer products, the sales of casual and import bags decreased by 9.2 and 14.7 percent from the previous fiscal year.

As the result of the above, the net sales of our retail business division increased slightly to JPY 35,648 million, an increase of 4.8 percent compared to the previous fiscal year.

The ratio of gross profit to net sales was 48.3 percent, 1.4 percent higher than the previous fiscal year. Responding to the sales opportunity loss caused by the long temporary closures during the first quarter of the previous consolidated fiscal year, and in order to fuel consumer confidence, we sold seasonal products, private brand bags, imported bags and other products at discount prices. In the current fiscal year, however, such discount sales decreased significantly. In addition, we also worked to increase the mark-up rate. These were the reasons for the increase in the gross profit rate. We thoroughly examined and reduced expenses; the ratio of selling, general and administrative expenses decreased by 1.8 percent to 50.7 percent compared to the previous fiscal year.

<Manufacturing, Wholesaling Businesses>
As for our manufacturing and wholesale business, the sales of suitcases, which are our main product, continued to be sluggish due to the impact of the COVID-19 pandemic. Compared to the previous year, however, private and business trips increased; sales increased significantly.

As the result, the net sales of our manufacturing and wholesale business division were JPY 1,402 million, an increase of 46.9 percent compared to the previous fiscal year.

(2) Outline of financial position for this fiscal year

(Assets)
Our current assets were JPY 18,520 million, an increase of JPY974 million from the previous consolidated fiscal year. *Merchandise and finished goods* decreased by JPY 908 million, but *cash and deposits* increased by JPY 1,333 million and *notes and accounts receivable-trade* increased by JPY 565 million.

Our fixed assets were JPY 19,595 million, decreased by JPY 364 million from the previous consolidated fiscal year. *Deferred tax assets* increased by JPY 598 million, but *property, plants and equipment* decreased by JPY 540 million and *lease and guarantee deposits* decreased by JPY 293 million.

As the result, the total assets as of the end of the current consolidated fiscal year were JPY 38,115 million, an increase of JPY 610 million compared to the end of the previous consolidated fiscal year.

(Liabilities)
Our current liabilities were JPY 8,321 million, increased by JPY 2,370 million from the previous consolidated fiscal year. *Lease obligations* decreased by JPY 62 million, but *short-term loans payable* increased by JPY 2,000 million and *notes and accounts payable-trade* increased by JPY 244 million.

Our non-current liabilities were JPY 4,695 million, a decrease of JPY 343 million compared to the previous consolidated fiscal year. *Liabilities for retirement benefits expenses* increased by JPY 115 million, but *lease obligations* decreased by JPY 147 million. *Bonds payable* were transferred to *current portion of bonds* and decreased by JPY 200 million.

As the result of the above, the liabilities as of the end of the current consolidated fiscal year were JPY 13,016 million, an increase of JPY 2,026 million compared to the end of the previous consolidated fiscal year.

(Net Assets)
Our net assets as of the end of the current consolidated fiscal year were JPY 25,098 million, a decrease of JPY 1,416 million compared to the previous consolidated fiscal year. This includes decreases due to JPY 435 million of dividends from surplus and JPY 888 million of net loss attributable to owners of the parent company.

(3) Outline of cash flows for this consolidated fiscal year

Our cash and cash equivalents as of the end of the current consolidated fiscal year were JPY 2,416 million yen, an increase of JPY 1,323 million yen compared to the previous consolidated fiscal year. Cash flows during the current consolidated fiscal year were as follows:

(Net cash provided by operating activities)
Our net cash provided by operating activities increased by JPY 713 million, with inflows increased by JPY 1,887 million compared to the previous consolidated fiscal year.

Major inflows included JPY 928 million of *decrease in inventories* and JPY 244 million of *increase in notes and accounts payable-trade*.

Major outflows included JPY 1,234 million of *loss before income taxes*, JPY 565 million of *increase in notes and accounts receivable-trade*.

(Net cash used in investment activities)
Our net cash used in investment activities decreased by JPY 391 million, with outflows decreased by JPY 382 million compared to the previous consolidated fiscal year.

Major inflows included JPY 103 million of *gain on sales of tangible and intangible fixed assets*.

Major outflows included JPY 378 million of business investments for opening new stores and redecorating existing stores, and JPY 105 million of *payments for retirement of property, plants and equipment*

(Net cash used in financing activities)
Our net cash used in financing activities increased by JPY 998 million, with inflows increased

by JPY 1,175 million compared to the previous consolidated fiscal year.

Major inflows include JPY 2,000 million of *increase in short-term loans payable*.

Major outflows include JPY 436 million of *cash dividends paid* and JPY 346 million of *repayments of lease obligations*.

(4) Outlook for the next fiscal year

For the next fiscal year, the end of the COVID-19 pandemic is still not in sight both in Japan and abroad, and the future of the economy is still unclear due to several factors, including the unstable international situation concerning Ukraine, energy and material price escalation and global supply chains being battered. In Japan, the upward tendency of prices is clear due to the rapid weakening of the yen. Consumers will be more and more careful in spending money, and the business climate surrounding our group will continue to be harsh.

However, restrictions imposed on social activities due to the COVID-19 pandemic will be gradually alleviated and lifted; this will create a recovery trend in the sales of physical stores. Inbound and outbound tourists though will continue to be significantly reduced for some time. People’s lifestyles also changed. We expect that recovering our sales to the pre-COVID-19 level will be difficult. "

Under such circumstances, our group will undertake multiple measures, including *Recovering Profitability*, *Strengthening the Online Merges with Offline (OMO) Schemes* and *Schemes for Building a Sustainable Society*, under the theme of *Recovery and Advancement*.

For *Recovering Profitability*, we will work to recover from the stagnant sales of our physical stores, which continued for two fiscal years, through opening new stores in conveniently located areas, extending and redecorating existing stores, and training our store staff, strengthening their digital skills for information dissemination. We will work to significantly increase our sales from EC malls and our own website through launching new categories of products, as well as collaboration products using new characters, and increasing and improving NPB products. We will also work to increase our profits through expanding the sales of PB products, negotiating with suppliers to examine and improve the buying terms and improve our gross profit margin ratio for products, consolidating several stores within the same shopping mall into one larger store, aggressively closing unprofitable stores, effectively operating EC mall websites, and reviewing and reducing expenses. "

For *Strengthening the OMO Schemes*, we will seamlessly link our physical stores with website stores to improve customer experience. In addition to running online influencer marketing campaigns with YouTubers and other influencers, the same campaign images will be shown at our physical stores, enabling customers to see the products. Customers will be able to access detailed product information online by scanning QR codes at physical stores. They can choose whether to buy the products from the physical stores or our EC website. Customers will also be able to pick up products that they bought online at our physical stores.

For *Schemes for Building a Sustainable Society*, we will use more recycled materials for our PB products and develop products that are more environmentally friendly. Each of our brands conducts their own social action programs. We will also make our packages simpler and more environment friendly, examine our supply chains and improve the efficiency of our distribution systems.

For the prospects for our retail business in the coming fiscal year, we expect to open 15 new stores and close 15 stores based on new shopping malls under construction and other project plans. Assuming that the COVID-19 pandemic will be under control and no seventh wave of the pandemic will occur, we expect that our same-store sales will recover to approximately 90 percent of the pre-COVID-19 level. Forecasting after considering factors unique to each store, we expect that the sales will increase by 33.4 percent compared to the current fiscal year. We also expect that the ratio of gross profit to net sales will increase by 0.2 percent. For our manufacturing and wholesale business, we expect that the sales will increase by 36.9 percent compared to the current fiscal year. The ratio of gross profit to net sales will decrease by 1.8 percent.

For the consolidated earnings forecast of our group, we expect that our net sales will be JPY 49,123 million, an increase of 33.5 percent from the current fiscal year. Our operating income will be JPY 2,092 million compared to JPY 903 million of operating loss in the current fiscal year. Our ordinary income will be JPY 2,132 million compared to JPY 776 million of ordinary loss in the previous fiscal year; our net income attributable to owners of the parent company will be JPY 1,164 million compared to JPY 888 million of net loss attributable to owners of the parent company in the current fiscal year

2. Basic concept on selection of accounting policies

The Group will apply Japanese GAAP for the time being in consideration of comparability of its consolidated financial statements, both between periods and between companies. We intend to consider applying for International Financial Reporting Standards (IFRS) in the future while taking into consideration trends in our percentage of foreign shareholders and application of IFRS standards by other companies in Japan.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Unit: JPY thousands)

	Previous consolidated fiscal year (March 31, 2021)	This consolidated fiscal year (March 31, 2022)
Assets		
Current assets		
Cash and deposits	1,132,167	2,465,781
Notes and accounts receivable-trade	3,080,562	3,645,946
Merchandise and finished goods	13,091,855	12,183,477
Raw materials and supplies	41,918	20,632
Other	199,203	204,296
Total current assets	17,545,707	18,520,134
Non-current assets		
Property, plant and equipment		
Building and structures	6,398,891	6,233,195
Accumulated depreciation	-3,195,166	-3,263,624
Buildings and structures (net)	3,203,724	2,969,570
Land	2,232,822	2,115,029
Leased assets	3,318,527	3,208,515
Accumulated depreciation	-2,652,073	-2,709,753
Leased assets (net)	666,453	498,762
Other	1,568,573	1,592,484
Accumulated depreciation	-1,278,003	-1,322,378
Other (net)	290,569	270,106
Total property, plant and equipment	6,393,571	5,853,468
Intangible assets	142,640	120,866
Investments and other assets		
Investment securities	4,627,857	4,569,614
Retirement benefit asset	97,431	64,075
Deferred tax assets	1,706,918	2,305,206
Lease and guarantee deposits	6,510,323	6,217,312
Other	480,660	464,647
Total investments and other assets	13,423,191	13,620,857
Total non-current assets	19,959,404	19,595,192
Total assets	37,505,111	38,115,327
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,438,991	2,683,843
Short-term loans payable	1,000,000	3,000,000
Current portion of bonds	100,000	200,000
Lease obligations	322,813	259,897
Income tax payable	154,803	110,937
Provision for bonuses	240,538	211,857
Provision for directors' bonuses	31,080	31,080
Provision for shareholder benefit program	35,400	31,200
Other	1,627,650	1,792,774
Total current liabilities	5,951,278	8,321,589

(Unit: JPY thousands)

	Previous consolidated fiscal year (March 31, 2020)	This consolidated fiscal year (March 31, 2021)
Non-current liabilities		
Bonds payable	1,700,000	1,500,000
Long-term loans payable	80,000	80,000
Lease obligations	517,032	369,741
Provision for directors' retirement benefits	161,092	170,992
Retirement benefit liability	1,293,844	1,409,314
Deferred tax liabilities	792	700
Asset retirement obligations	818,808	788,374
Other	467,335	376,256
Total non-current liabilities	5,038,906	4,695,380
Total liabilities	10,990,185	13,016,970
Net assets		
Shareholders' equity		
Capital stock	2,986,400	2,986,400
Capital surplus	4,569,597	4,569,597
Retained earnings	19,378,681	18,054,719
Treasury stock	-483,018	-483,076
Total shareholders' equity	26,451,660	25,127,640
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	151,615	111,277
Remeasurements of defined benefit plans	-88,350	-140,561
Total accumulated other comprehensive income	63,265	-29,283
Total net assets	26,514,926	25,098,356
Total liabilities and net assets	37,505,111	38,115,327

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

Consolidated Income Statement

(Unit: JPY thousands)

	Previous consolidated fiscal year (April 1, 2020 - March 31, 2021)	This consolidated fiscal year (April 1, 2021- March 31, 2022)
Net sales	34,836,577	36,798,550
Cost of sales	18,528,509	19,072,521
Gross profit	16,308,068	17,726,029
Selling, general and administrative expenses	18,344,551	18,629,537
Operating loss(-)	-2,036,483	-903,507
Non-operating income		
Interest income	81,340	81,547
Dividends income	4,116	2,133
Insurance income	21,423	1,231
Commission fees	6,457	6,597
Compensation income	5,010	5,494
Subsidy income	105,473	49,772
Other	26,452	26,688
Total non-operating income	250,274	173,464
Non-operating expenses		
Interest expenses	35,928	36,951
Guarantee commission	5,449	5,449
Other	12,009	4,133
Total non-operating expenses	53,387	46,534
Ordinary loss(-)	-1,839,597	-776,577
Extraordinary profits		
Grant income	557,303	203,697
Total extraordinary profit	557,303	203,697
Extraordinary losses		
Loss on retirement of non-current assets	39,415	29,154
Loss on closing of stores	4,734	20,117
Impairment loss	206,070	153,899
Loss from temporary closing	878,405	458,546
Loss due to disaster	3,023	-
Total extraordinary loss	1,131,649	661,718
Net loss before tax adjustment (-)	-2,413,943	-1,234,597
Income taxes-current	301,076	210,946
Income taxes-deferred	-867,957	-557,432
Total income taxes	-566,881	-346,485
Net loss(-)	-1,847,062	-888,111
Net loss(-) attributable to owners of parent company	-1,847,062	-888,111

Consolidated Income Statement

(Unit: JPY thousands)

	Previous consolidated fiscal year (April 1, 2020 - March 31, 2021)	This consolidated fiscal year (April 1, 2021- March 31, 2022)
Net loss(-)	-1,847,062	-888,111
Other comprehensive income		
Valuation difference on available-for-sale securities	-4,085	-40,338
Remeasurements of defined benefit plans	-2,959	-52,211
Total other comprehensive income	-7,044	-92,549
Comprehensive income	-1,854,107	-980,661
(Breakdown)		
Comprehensive income attributable to owners of parent	-1,854,107	-980,661
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statement of Changes in Equity

Previous consolidated fiscal year (April 1, 2020 - March 31, 2021)

(Unit: JPY thousands)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	2,986,400	4,569,597	22,097,446	-482,992	29,170,451
Changes during period					
Dividends from surplus			-871,702		-871,702
Net loss(-) attributable to owners of parent company			-1,847,062		-1,847,062
Purchase of treasury stock				-25	-25
Net changes of items other than shareholders' equity					
Total changes during period	-	-	-2,718,764	-25	-2,718,790
Balance at end of current period	2,986,400	4,569,597	19,378,681	-483,018	26,451,660

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	155,701	-85,390	70,310	29,240,761
Changes during period				
Dividends from surplus				-871,702
Net loss(-) attributable to owners of parent company				-1,847,062
Purchase of treasury stock				-25
Net changes of items other than shareholders' equity	-4,085	-2,959	-7,044	-7,044
Total changes during period	-4,085	-2,959	-7,044	-2,725,835
Balance at end of current period	151,615	-88,350	63,265	26,514,926

This consolidated fiscal year (April 1, 2021 - March 31, 2022)

(Unit: JPY thousands)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	2,986,400	4,569,597	19,378,681	-483,018	26,451,660
Changes during period					
Dividends from surplus			-435,850		-435,850
Net loss(-) attributable to owners of parent company			-888,111		-888,111
Purchase of treasury stock				-58	-58
Net changes of items other than shareholders' equity					
Total changes during period	-	-	-1,323,962	-58	-1,324,020
Balance at end of current period	2,986,400	4,569,597	18,054,719	-483,076	25,127,640

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	151,615	-88,350	63,265	26,514,926
Changes during period				
Dividends from surplus				-435,850
Net loss(-) attributable to owners of parent company				-888,111
Purchase of treasury stock				-58
Net changes of items other than shareholders' equity	-40,338	-52,211	-92,549	-92,549
Total changes during period	-40,338	-52,211	-92,549	-1,416,569
Balance at end of current period	111,277	-140,561	-29,283	25,098,356

(4) Consolidated Cash Flow Statement

(Unit: JPY thousands)

	Previous consolidated fiscal year (April 1, 2020 - March 31, 2021	This consolidated fiscal year (April 1, 2021 - March 31, 2022)
Cash flows from operating activities		
Loss(-) before income taxes	-2,413,943	-1,234,597
Depreciation	725,156	717,568
Impairment loss	206,070	153,899
Increase (decrease) in provision for bonuses	-23,543	-28,681
Increase (decrease) in provision for directors' bonuses	-6,720	-
Increase (decrease) in provision for directors' retirement benefits	11,275	9,900
Increase (decrease) in liability for employees' retirement benefits	45,136	115,470
Interest and dividends income	-85,457	-83,681
Interest expenses	35,928	36,951
Loss on retirement of non-current assets	39,415	29,154
Subsidy income	-105,473	-49,772
Grant income	-557,303	-203,697
Loss from temporary closing	878,405	458,546
Decrease (increase) in notes and accounts receivable-trade	-455,481	-565,383
Decrease (increase) in inventories	1,613,724	928,548
Increase (decrease) in notes and accounts payable-trade	-603,725	-244,852
Increase (decrease) in accrued consumption taxes	-162,562	185,019
Increase (decrease) in accrued expenses	-20,620	10,431
Other	187,606	316,231
Subtotal	-692,110	1,040,760
Interest and dividends income received	86,000	83,681
Interest expenses paid	-35,904	-36,981
Income tax paid	-434,457	-277,784
Income tax refunded	14,656	65,068
Proceeds from subsidies	96,434	49,772
Proceeds from grants	557,303	203,697
Payments for loss from temporary closures	-765,561	-414,394
Cash flows from operating activities	-1,173,638	713,817
Cash flow from investing activities		
Payments into time deposits	-8,500	-28,200
Proceeds from withdrawal of time deposits	-	18,000
Purchase of property, plant and equipment and intangible assets	-692,671	-378,767
Proceeds from sale of property, plant and equipment and intangible assets	-	103,500
Payments for retirement of property, plant and equipment	-72,984	-105,910
Cash flow from investing activities	-774,155	-391,377

(Unit: JPY thousands)

	Previous consolidated fiscal year (April 1, 2020 - March 31, 2021)	This consolidated fiscal year (April 1, 2021- March 31, 2022)
Net cash provided by (used in) financing activities		
Increase or decrease in short-term loans payable	1,000,000	2,000,000
Proceeds from long-term loans payable	80,000	-
Increase in accounts payable-installment purchase	264,761	116,139
Decrease in accounts payable-installment purchase	-250,188	-234,704
Repayments of lease obligations	-399,644	-346,416
Redemption of bonds	-	-100,000
Purchase of treasury stock	-25	-58
Cash dividends paid	-871,605	-436,123
Net cash provided by (used in) financing	-176,702	998,836
Effect of exchange rate change on cash and cash equivalents	765	2,137
Net increase /decrease in cash and cash equivalents(-decrease)	-2,123,731	1,323,413
Cash and cash equivalents at beginning of current period	3,216,698	1,092,967
Cash and cash equivalents at end of current period	1,092,967	2,416,381

(5) Notes to the Consolidated Financial Statements

(Notes on going-concern assumption)
Not applicable

(Changes in Accounting Policy)
（Application of the Accounting Standards for Revenue Recognition）
The Accounting Standards for Revenue Recognition (Corporate Accounting Standards No. 29, March 31, 2020) (hereinafter referred to as the Revenue Recognition Standards), as well as other such standards, have been applied since the beginning of the current consolidated fiscal year. When the promised goods or services are transferred to the customer, the relevant revenue is recognized at the amount expected to be received in exchange for the said goods or services.

For consignment sales transactions at department stores and other such commercial complexes, revenues were traditionally recognized at the net amount after deducting the store’s commission charges from the amount paid by customers. After the changes, however, revenues are recognized at the total amount before deductions because our company is the principal for such transactions.

For points offered to customers when products are sold based on point systems operated by third parties, the amount paid to the third parties was recorded as *sales, general and administrative expenses*. This was changed to recognizing revenue with the net amount obtained by subtracting the amount paid to the third parties from the amount received from customers.

The Revenue Recognition Standards and other such standards are applied in accordance with the transitional measures stipulated in the Exceptional Clause, Article 84 of the Revenue Recognition Standards. The amount of the cumulative impact caused by retroactively applying the new accounting policy to the period before the beginning of the current consolidated fiscal year is added to or subtracted from the retained earnings as of the beginning of the current consolidated fiscal year, and the new accounting policy was applied to the balance as of the beginning of the said fiscal year. This, however, had no impact on the balance as of the beginning of the said fiscal year.

Applying the Revenue Recognition Standards and other such standards had only minor impact on the amounts of net sales and selling, general and administrative expenses during the current consolidated fiscal year, and no impact on the amounts of the operating loss, ordinary loss and net loss before income taxes.

Applying the Revenue Recognition Standards and other such standards had no impact on the per share information.

（Application of the Accounting Standards for Market Price Calculation）
The Accounting Standards for Market Price Calculation (Corporate Accounting Standards No. 30, July 4, 2019) (hereinafter referred to as the Market Price Calculation Standards), as well as other such standards, have been applied since the beginning of the current consolidated fiscal year. In accordance with the transitional measures stipulated in Article 19 of the Market Price Calculation Standards and Article 44-2 of the Accounting Standards concerning Financial Products (Corporate Accounting Standards No. 10, July 4, 2019), the new accounting policy stipulated in the Market Price Calculation Standards and other such standards will be applied from now on. This had no impact on the Consolidated Financial Statements.

(Segment information)
Since the Group employs only one reporting segment, it does not present results differentiated by business segment.

(Per-share information)

	Previous consolidated fiscal year (April 1, 2020 - March 31, 2021)	This consolidated fiscal year (April 1, 2021 - March 31, 2022)
Net assets per share	JPY912.52	JPY863.78
Net loss per share(-)	JPY-63.57	JPY-30.56

Notes

1. Diluted net income per share for the previous consolidated fiscal year is not stated, because no dilutive shares existed. Diluted net income per share for the current consolidated fiscal year is net loss per share and not

stated, because no dilutive shares existed

2. The bases for calculating net income per share and diluted net income per share are shown below.

	Previous consolidated fiscal year (April 1,2020 - March 31, 2021)	This consolidated fiscal year (April 1, 2021 - March 31, 2022)
Net loss attributable to owners of the parent company (−) (JPY thousands)	-1,847,062	-888,111
Amount not attributable to owners of common stock (JPY thousands)	-	-
Net loss attributable to owners of the parent company on common stock (−) (JPY thousands)	-1,847,062	-888,111
Average shares of common stock outstanding during the period (shares)	29,056,717	29,056,610

3. The bases for calculating net assets per share are shown below.

	Previous consolidated fiscal year (March 31, 2021)	This consolidated fiscal year (March 31, 2022)
Total net assets (JPY thousands)	26,514,926	25,098,356
Total net assets attributable to common stock at end of period (JPY thousands)	26,514,926	25,098,356
Common stock (shares) at end of period used in calculating net assets per share	29,056,686	29,056,586

(Notes on significant post-balance sheet events)

Not applicable