

# Consolidated Financial Results for the Six Months Ended February 28, 2021 [Japanese GAAP]

April 12, 2021

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 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 3189  
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 Scheduled date of filing quarterly securities report: April 14, 2021  
 Scheduled date of commencing dividend payments: —  
 Availability of supplementary briefing material on quarterly financial results: None  
 Schedule of quarterly financial results briefing session: Not scheduled

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

## 1. Consolidated Financial Results for the Six Months Ended February 28, 2021 (September 1, 2020 to February 28, 2021)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
February 28, 2021	2,632	(10.8)	(279)	-	(272)	-	(339)	-
February 29, 2020	2,950	(1.5)	(187)	-	(192)	-	(306)	-

Note: Comprehensive income: Six months ended February 28, 2021: ¥(339) million [- %]

Six months ended February 29, 2020: ¥(306) million [- %]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
February 28, 2021	(75.50)	-
February 29, 2020	(70.62)	-

Note: Diluted earnings per share are not stated because it was a loss per share, despite the existence of dilutive shares.

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of February 28, 2021	2,568	1,025	39.9
As of August 31, 2020	2,728	1,362	50.0

Reference: Equity: As of February 28, 2021: ¥1,025 million

As of August 31, 2020: ¥1,362 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended August 31, 2020	Yen -	Yen 0.00	Yen -	Yen 3.00	Yen 3.00
Fiscal year ending August 31, 2021	-	0.00			
Fiscal year ending August 31, 2021 (Forecast)			-	0.00	0.00

Note: Revision to the most recently announced dividend forecast: Yes

Please refer to the “Notice of Revision to the Dividend Forecast” released today (April 12, 2021) for details of the revision to the dividend forecast.

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending August 31, 2021 (September 1, 2020 to August 31, 2021)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	5,792	2.3	(346)	-	(339)	-	(410)	-	(91.11)

Note: Revision to the most recently announced financial results forecast: Yes

Please refer to the “Notice of Differences Between Consolidated Financial Results Forecast and Actual Results for the Six Months Ended February 28, 2021, and Revision to the Full Year Consolidated Financial Results Forecast” released today (April 12, 2021) for details of the revision to the financial results forecast.

### \* Notes:

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) Accounting policies adopted specially for the preparation of the quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
  - 1) Changes in accounting policies due to the revision of accounting standards: No
  - 2) Changes in accounting policies other than 1) above: No
  - 3) Changes in accounting estimates: No
  - 4) Retrospective restatement: No
- (4) Total number of shares issued (common shares)
  - 1) Total number of shares issued at the end of the period (including treasury shares):
    - February 28, 2021: 4,854,800 shares
    - August 31, 2020: 4,815,800 shares
  - 2) Total number of treasury shares at the end of the period:
    - February 28, 2021: 333,507 shares
    - August 31, 2020: 333,507 shares
  - 3) Average number of shares during the period:
    - Six months ended February 28, 2021: 4,494,144 shares
    - Six months ended February 29, 2020: 4,334,801 shares

\* These quarterly financial results are outside the scope of quarterly review by certified public accountants or audit firms.

\* Explanation on the proper use of the financial results forecast and other notes  
Note on forward-looking statements, etc.

The earnings forecasts and other forward-looking statements herein are based on information available to the Company and certain assumptions deemed reasonable as at the date of publication of this document. The Company makes no warranty as to the achievability of these forecasts. Actual results may differ significantly from these forecasts due to various factors. Please refer to P. 4 “1. Qualitative Information on Quarterly Financial Results for the Period under Review (3) Explanation on Consolidated Financial Results Forecast and Other Forward-looking Information” of the Appendix.

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

### (1) Explanation on Business Results

The Japanese economy during the six months ended February 28, 2021 faced very challenging conditions due to the constraints on economic activity caused by the spread of the novel coronavirus disease (COVID-19). There was an aim to achieve both economic activity and measures to prevent the spread of infections, and despite evidence of some recovery in consumer spending, there has been a renewed increase in the number of infections in Japan since the fall of 2020, which has resulted in another state of emergency being declared in January 2021. Despite the second state of emergency being rescinded nationwide in March 2021, the economic impact during the period was extremely severe, and with the outlook regarding when the spread of infections will be contained remaining uncertain, consumer spending has not recovered.

In the casual fashion industry where the Company operates, the operating environment continued to be very severe as it was in the previous fiscal year due to the impact on demand for fashion apparel caused by self-restraint on outings and the loss of inbound demand to prevent the spread of COVID-19 as well as the wider adoption of teleworking and changes to the living environment.

Under these circumstances, the Company continued to take measures in the Internet Retailing Business and headquarters functions including teleworking to manage the situation. In the Internet Retailing Business, there has also been impact of the measures to enhance traffic to the website, which the Company has focused on since the previous fiscal year, and the number of new customers visiting the website is steadily increasing. On the other hand, fierce competition in service on fashion e-commerce sites and overheated discounting to dispose of stock amid the COVID-19 pandemic are also having an impact, while the number of existing customers is falling and responding to such situation has become urgent. Communication by the Company's staff on social media and by attending to customers online has further promoted the attraction of the Company's brand and the Company's e-commerce site, while progressing the business. In the Store Retailing Business, five new stores were opened in the six months ended February 28, 2021. The strategy for opening new stores is progressing steadily with a policy to actively pursue this initiative while ensuring thorough management of profit.

Regarding the sales trend since the beginning of the period, the trend had been relatively firm compared to the previous corresponding period of September through early November, but the renewed increase in the number of COVID-19 cases, as noted above, has led to a gradual decline. The drop in the number of customers visiting physical stores plummeted from mid to late November and this situation has only worsened since the declaration of a second state of emergency, all of which has also coincided with the impact of higher temperatures than usual, so sales for the six months ended February 28, 2021 were weak.

Given these circumstances, the Company is simultaneously proceeding on cutting costs by streamlining operations and in order to survive this crisis, all members of the Company are working together to realize a business recovery. Consolidated subsidiary ANAP Lab, Inc. (formerly "ATLAB") continues to aim for expansion of business including new businesses unlike the traditional fashion business.

As a result, for the six months ended February 28, 2021, net sales decreased by 10.8% from the previous corresponding period to ¥2,632 million. Operating loss was ¥279 million compared to operating loss of ¥187 million in the previous corresponding period due to a decrease in gross profit resulting from the decrease in net sales. Ordinary loss was ¥272 million compared to ordinary loss of ¥192 million in the previous corresponding period. In addition, loss attributable to owners of parent was ¥339 million compared to loss attributable to owners of parent of ¥306 million in the previous corresponding period as a result of recording impairment losses on software in the Internet Retailing Business as well as recording income taxes-deferred due to the reversal of deferred tax assets under tax effect accounting.

Operating results by business segment are as follows.

#### Internet Retailing Business

In the Internet Retailing Business, as stated above, net sales declined in part because of fierce competition in

service on fashion e-commerce sites. Given these conditions, the Company is making ongoing efforts to raise operational efficiencies by streamlining its business and appropriately positioning personnel.

As a result, net sales decreased by 16.9% from the previous corresponding period to ¥1,331 million and segment loss was ¥77 million, compared to segment loss for the previous corresponding period of ¥18 million.

#### Store Retailing Business

In the Store Retailing Business, with the opening of five stores since the end of the previous fiscal year, the Company's store count was 33 at the end of the second quarter. While net sales benefited from good performance of both existing stores and newly established stores, the effect of the declaration of a second state of emergency in response to the renewed increase in the number of COVID-19 cases mentioned above caused a decrease in net sales.

As a result, net sales decreased by 4.7% from the previous corresponding period to ¥1,203 million and segment loss was ¥52 million compared to segment loss for the previous corresponding period of ¥2 million.

#### Wholesale Distribution Business

In the Wholesale Distribution Business, net sales increased in line with an increase in sales to existing customers.

As a result, net sales increased by 25.0% from the previous corresponding period to ¥78 million and segment loss was ¥8 million, compared to segment loss for the previous corresponding period of ¥9 million.

## (2) Explanation on Financial Position

### 1) Status of assets, liabilities, and net assets

#### Current assets

Current assets as of the end of the second quarter decreased by ¥257 million from the end of the previous fiscal year to ¥1,754 million. This is mainly attributable to a decrease in cash and deposits by ¥66 million, a decrease in notes and accounts receivable – trade by ¥99 million, a decrease in merchandise and finished goods by ¥64 million and a decrease in other current assets by ¥30 million.

#### Non-current assets

Non-current assets as of the end of the second quarter increased by ¥97 million from the end of the previous fiscal year to ¥813 million. This is mainly attributable to decreases in other investments and other assets and allowance for doubtful accounts by ¥5 million and ¥4 million, respectively, in spite of increases in property, plant and equipment, leasehold and guarantee deposits by ¥68 million and ¥38 million, respectively.

#### Deferred assets

Deferred assets as of the end of the second quarter decreased by ¥0 million from the end of the previous fiscal year to ¥0 million.

#### Current liabilities

Current liabilities as of the end of the second quarter increased by ¥145 million from the end of the previous fiscal year to ¥1,184 million. This is mainly attributable to increases in short-term borrowings and other current liabilities by ¥150 million and ¥15 million, respectively, in spite of decreases in accounts payable – trade and income taxes payable by ¥9 million and ¥14 million, respectively.

#### Non-current liabilities

Non-current liabilities as of the end of the second quarter increased by ¥31 million from the end of the previous fiscal year to ¥358 million. This is attributable to increases in retirement benefit liability, asset retirement obligations and other non-current liabilities by ¥2 million, ¥18 million, and ¥11 million respectively.

#### Net assets

Net assets as of the end of the second quarter decreased by ¥337 million from the end of the previous fiscal year

to ¥1,025 million. This is mainly attributable to decreases in retained earnings in line with the posting of a loss attributable to owners of parent, and retained earnings from dividends paid by ¥339 million and ¥13 million, respectively, in spite of an increase in share capital and capital surplus by ¥14 million due to the issuance of new shares resulting from the exercise of share acquisition rights.

## 2) Status of cash flows

Cash and cash equivalents (hereinafter referred to as “net cash”) for the six months ended February 28, 2021 decreased by ¥66 million from the end of the previous fiscal year to ¥791 million. Cash flows for the six months ended February 28, 2021 and associated factors are described below.

### Cash flows from operating activities

Net cash used in operating activities during the six months ended February 28, 2021 amounted to ¥66 million, compared with ¥67 million used in operating activities during the previous fiscal year. This is mainly attributable to increases due to depreciation of ¥26 million, a decrease in trade receivables of ¥99 million, a decrease in inventories of ¥63 million, and proceeds from subsidy income of ¥53 million, and decreases due to loss before income taxes of ¥277 million, an increase in prepaid expenses of ¥10 million, a decrease in trade payables of ¥9 million, and decreases in other forms of net cash used in operating activities of ¥14 million.

### Cash flows from investing activities

Net cash used in investing activities during the six months ended February 28, 2021 amounted to ¥144 million compared with ¥85 million used in investing activities during the previous fiscal year. This is mainly attributable to decreases due to purchase of investment securities of ¥30 million, purchase of property, plant and equipment of ¥59 million, purchase of intangible assets of ¥11 million, and payments of leasehold and guarantee deposits of ¥41 million.

### Cash flows from financing activities

Net cash provided by financing activities during the six months ended February 28, 2021 amounted to ¥144 million compared with ¥31 million provided by financing activities during the previous fiscal year. This is mainly attributable to increases due to a net increase in short-term borrowings of ¥150 million and proceeds from issuance of shares resulting from exercise of share acquisition rights of ¥14 million, and decreases due to repayments of finance lease obligations of ¥5 million and dividends paid of ¥13 million.

## (3) Explanation on Consolidated Financial Results Forecast and Other Forward-looking Information

In light of financial results up to the end of the six months ended February 28, 2021, the full year consolidated financial results forecast released on October 12, 2020 was revised. See “Notice of Differences Between Consolidated Financial Results Forecast and Actual Results for the Six Months Ended February 28, 2021, and Revision to the Full Year Consolidated Financial Results Forecast” released today (April 12, 2021) for details.

## 2. Quarterly Consolidated Financial Statements and Primary Notes

### (1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of August 31, 2020	As of February 28, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	858,718	791,946
Notes and accounts receivable - trade	337,290	237,534
Merchandise and finished goods	710,428	645,898
Work in process	529	17
Raw materials and supplies	4,795	6,212
Other	103,645	73,595
Allowance for doubtful accounts	(3,008)	(430)
Total current assets	2,012,399	1,754,775
Non-current assets		
Property, plant and equipment	232,815	301,305
Intangible assets	36,593	37,615
Investments and other assets		
Leasehold and guarantee deposits	275,996	314,015
Other	170,556	165,154
Allowance for doubtful accounts	—	(4,921)
Total investments and other assets	446,552	474,248
Total non-current assets	715,961	813,169
Deferred assets	125	93
Total assets	2,728,486	2,568,038
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	192,252	183,007
Short-term borrowings	600,000	750,000
Income taxes payable	26,954	12,454
Provision for bonuses	21,000	21,000
Provision for point card certificates	16,777	20,881
Other	182,344	197,368
Total current liabilities	1,039,329	1,184,711
Non-current liabilities		
Retirement benefit liability	166,918	169,024
Asset retirement obligations	115,870	134,165
Other	43,409	54,915
Total non-current liabilities	326,197	358,105
Total liabilities	1,365,526	1,542,816
<b>Net assets</b>		
Shareholders' equity		
Share capital	407,339	414,807
Capital surplus	718,049	725,518
Retained earnings	432,877	80,119
Treasury shares	(195,430)	(195,430)
Total shareholders' equity	1,362,835	1,025,014
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	94	177
Total accumulated other comprehensive income	94	177
Share acquisition rights	29	29
Total net assets	1,362,959	1,025,221
Total liabilities and net assets	2,728,486	2,568,038



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

## Quarterly Consolidated Statements of Income

Six Months Ended February 28

(Thousand yen)

	For the six months ended February 29, 2020	For the six months ended February 28, 2021
Net sales	2,950,201	2,632,934
Cost of sales	1,281,452	1,180,585
Gross profit	1,668,749	1,452,349
Selling, general and administrative expenses		
Salaries and allowances	422,612	426,575
Provision for bonuses	28,000	21,000
Retirement benefit expenses	9,433	8,310
Outsourcing expenses	400,509	335,124
Rent expenses on land and buildings	311,841	319,977
Provision of allowance for doubtful accounts	(1,401)	2,342
Other	685,730	618,262
Total selling, general and administrative expenses	1,856,726	1,731,591
Operating loss	(187,977)	(279,242)
Non-operating income		
Interest income	7	4
Dividend income	33	33
Compensation income	19	—
Interest on tax refund	241	—
Gain on sales of goods	338	—
Subsidy income	—	8,727
Other	754	724
Total non-operating income	1,395	9,490
Non-operating expenses		
Interest expenses	1,081	1,320
Foreign exchange losses	3,863	652
Other	549	614
Total non-operating expenses	5,494	2,587
Ordinary loss	(192,076)	(272,339)
Extraordinary losses		
Impairment loss	53,573	4,822
Total extraordinary losses	53,573	4,822
Loss before income taxes	(245,649)	(277,161)
Income taxes - current	3,578	3,958
Income taxes - deferred	56,904	58,191
Total income taxes	60,483	62,149
Loss	(306,133)	(339,310)
Loss attributable to owners of parent	(306,133)	(339,310)

Quarterly Consolidated Statements of Comprehensive Income

Six Months Ended February 28

(Thousand yen)

	For the six months ended February 29, 2020	For the six months ended February 28, 2021
Loss	(306,133)	(339,310)
Other comprehensive income		
Valuation difference on available-for-sale securities	(17)	82
Total other comprehensive income	(17)	82
Comprehensive income	(306,150)	(339,228)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(306,150)	(339,228)

## (3) Quarterly Consolidated Statements of Cash Flows

(Thousand yen)

	For the six months ended February 29, 2020	For the six months ended February 28, 2021
Cash flows from operating activities		
Loss before income taxes	(245,649)	(277,161)
Depreciation	31,834	26,064
Impairment loss	53,573	4,822
Amortization of long-term prepaid expenses	1,985	1,599
Increase (decrease) in retirement benefit liability	1,573	2,106
Increase (decrease) in allowance for doubtful accounts	(1,401)	2,342
Increase (decrease) in provision for point card certificates	12,195	4,104
Interest and dividend income	(40)	(37)
Interest expenses	1,081	1,320
Subsidy income	—	(8,727)
Foreign exchange losses (gains)	(27)	(6)
Decrease (increase) in trade receivables	199,115	99,756
Decrease (increase) in inventories	(54,249)	63,624
Decrease (increase) in prepaid expenses	1,239	(10,542)
Decrease (increase) in consumption taxes refund receivable	26,026	—
Increase (decrease) in trade payables	(65,487)	(9,245)
Increase (decrease) in accounts payable - other	(37,744)	(5,505)
Increase (decrease) in accrued expenses	(5,929)	4,328
Increase (decrease) in accrued consumption taxes	7,974	(5,536)
Increase (decrease) in deposits received	(2,356)	9,626
Other, net	10,216	(14,402)
Subtotal	(66,069)	(111,472)
Interest and dividends received	40	37
Interest paid	(1,033)	(1,423)
Proceeds from subsidy income	—	53,672
Proceeds from compensation	19	—
Income taxes paid	(186)	(7,291)
Net cash provided by (used in) operating activities	(67,229)	(66,476)
Cash flows from investing activities		
Purchase of investment securities	(0)	(30,000)
Purchase of property, plant and equipment	(57,689)	(59,822)
Payments for retirement of property, plant and equipment	(9,989)	—
Purchase of intangible assets	(20,404)	(11,270)
Payments of leasehold and guarantee deposits	(9,000)	(41,018)
Proceeds from refund of leasehold and guarantee deposits	14,021	—
Purchase of long-term prepaid expenses	(2,248)	(2,579)
Net cash provided by (used in) investing activities	(85,311)	(144,692)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	50,000	150,000
Proceeds from issuance of shares resulting from exercise of share acquisition rights	11,873	14,937
Repayments of finance lease obligations	(4,977)	(5,126)
Purchase of treasury shares	(91)	—
Dividends paid	(25,124)	(13,054)
Other, net	(1)	(2,365)
Net cash provided by (used in) financing activities	31,677	144,390
Effect of exchange rate change on cash and cash equivalents	27	6
Net increase (decrease) in cash and cash equivalents	(120,837)	(66,772)
Cash and cash equivalents at beginning of period	897,577	858,718
Cash and cash equivalents at end of period	776,740	791,946

(4) Notes to the Quarterly Consolidated Financial Statements

Notes on going concern assumption

Not applicable.

Notes in the case of significant changes in shareholders' equity

Not applicable.

Additional information

(Impact of the spread of COVID-19)

There is no significant change in the assumptions that include how COVID-19 will spread going forward and when the pandemic will be contained, which were noted as additional information in the previous fiscal year's securities report.

## Segment information

### I. For the six months ended February 29, 2020

#### 1. Information on net sales and profit (loss) by reportable segment

(Thousand yen)

	Reportable segment				Other (Note 1)	Adjustment (Note 2)	Quarterly Consolidated Financial Statements (Note 3)
	Internet Retailing Business	Store Retailing Business	Wholesale Distribution Business	Total			
Net sales							
Net sales to outside customers	1,602,771	1,262,760	62,468	2,928,000	22,201	—	2,950,201
Inter-segment net sales or transfers	—	—	—	—	—	—	—
Total	1,602,771	1,262,760	62,468	2,928,000	22,201	—	2,950,201
Segment profit (loss)	(18,174)	(2,038)	(9,334)	(29,547)	5,843	(164,274)	(187,977)

- Notes:
1. “Other” is a segment for businesses that do not fall under any reportable segments such as the license business.
  2. The adjustment for segment profit (loss) includes corporate expenses of ¥164,274 thousand not allocated to reportable segments. These corporate expenses are mainly general and administrative expenses at the Company’s administrative departments, etc. which do not belong to any reportable segments.
  3. Segment profit (loss) is reconciled with operating loss in the quarterly consolidated statements of income.

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

(Thousand yen)

	Reportable segment				Other (Note 1)	Adjustment (Note 2)	Quarterly Consolidated Financial Statements
	Internet Retailing Business	Store Retailing Business	Wholesale Distribution Business	Total			
Impairment loss	43,500	3,105	—	46,606	—	6,966	53,573

- Notes:
1. “Other” is a segment for businesses that do not fall under any reportable segments such as the license business.
  2. The amount in “Adjustment” is corporate assets which do not belong to any reportable segments.

### II. For the six months ended February 28, 2021

#### 1. Information on net sales and profit (loss) by reportable segment

(Thousand yen)

	Reportable segment				Other (Note 1)	Adjustment (Note 2)	Quarterly Consolidated Financial Statements (Note 3)
	Internet Retailing Business	Store Retailing Business	Wholesale Distribution Business	Total			
Net sales							
Net sales to outside customers	1,331,318	1,203,982	78,112	2,613,413	19,521	—	2,632,934
Inter-segment net sales or transfers	—	—	—	—	—	—	—
Total	1,331,318	1,203,982	78,112	2,613,413	19,521	—	2,632,934
Segment profit (loss)	(77,965)	(52,492)	(8,092)	(138,549)	2,432	(143,125)	(279,242)

- Notes:
1. “Other” is a segment for businesses that do not fall under any reportable segments such as the license

business.

2. The adjustment for segment profit (loss) includes corporate expenses of ¥143,125 thousand not allocated to reportable segments. These corporate expenses are mainly general and administrative expenses at the Company's administrative departments, etc. which do not belong to any reportable segments.
  3. Segment profit (loss) is reconciled with operating loss in the quarterly consolidated statements of income.
2. Information on impairment loss on non-current assets or goodwill, etc. by reportable segment  
Information is omitted due to lack of materiality.