

Consolidated Financial Results for the Fiscal Year Ended February 28, 2018 [Japanese GAAP]

April 10, 2018

Company name: PAL GROUP Holdings CO., LTD.

Stock exchange listing: Tokyo Stock Exchange

Code number: 2726

URL: <http://www.palgroup.holdings>

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Scheduled date of ordinary general meeting of shareholders: May 23, 2018

Scheduled date of commencing dividend payments: May 24, 2018

Scheduled date of filing securities report: May 30, 2018

Availability of supplementary briefing material on financial results: Not available

Schedule of financial results briefing session: Scheduled (for analysts and institutional investors)

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

1. Consolidated Financial Results for the Fiscal Year Ended February 28, 2018 (March 1, 2017 to February 28, 2018)

(1) Consolidated Operating Results (% 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, 2018	123,241	5.8	7,042	14.3	6,967	15.3	2,489	(18.9)
Fiscal year ended February 28, 2017	116,457	1.8	6,164	5.8	6,044	5.3	3,071	(6.6)

(Note) Comprehensive income: Fiscal year ended February 28, 2018: ¥2,602 million [15.4%]

Fiscal year ended February 28, 2017: ¥3,077 million [0.7%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets	Operating profit to net sales
	yen	yen	%	%	%
Fiscal year ended February 28, 2018	113.16	—	6.5	8.7	5.7
Fiscal year ended February 28, 2017	139.60	—	8.3	7.8	5.3

(Reference) Equity in earnings of affiliates: Fiscal year ended February 28, 2018: ¥5 million

Fiscal year ended February 28, 2017: ¥10 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of February 28, 2018	82,890	38,475	46.4	1,748.96
As of February 28, 2017	77,083	37,590	48.8	1,708.72

(Reference) Equity: As of February 28, 2018: ¥38,475 million

As of February 28, 2017: ¥37,590 million

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing 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, 2018	5,236	(1,717)	1,322	40,728
Fiscal year ended February 28, 2017	5,160	(1,531)	(2,844)	35,959

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, 2017	—	0.00	—	70.00	70.00	1,539	50.1	4.2
Fiscal year ended February 28, 2018	—	0.00	—	75.00	75.00	1,649	66.3	4.3
Fiscal year ending February 28, 2019 (Forecast)	—	0.00	—	75.00	75.00		33.5	

(Note) Revision of dividend forecast: Yes

3. Consolidated Financial Results Forecast for the Fiscal Year Ending February 28, 2019 (March 1, 2018 to February 28, 2019)

(% 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
First half	66,340	10.0	3,890	6.5	3,750	3.4	2,130	96.82
Full year	133,510	8.3	8,990	27.7	8,720	25.2	4,930	224.10

* Notes

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates and corrections of errors

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

2) Any changes other than 1) above: No

3) Changes in accounting estimates: No

4) Corrections of errors: No

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

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

As of February 28, 2018	23,136,000 shares
As of February 28, 2017	23,136,000 shares

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

As of February 28, 2018	1,137,119 shares
As of February 28, 2017	1,136,865 shares

3) Average number of shares during the period:

Fiscal year ended February 28, 2018	21,999,009 shares
Fiscal year ended February 28, 2017	21,999,178 shares

* These consolidated financial results are not covered by the audit procedure conducted by a certified public accountant or audit corporation.

* Explanation of the proper use of financial results forecast and other notes

The statements regarding financial results forecast in this report are based on the information that is available, as well as estimates, assumptions and projections that are believed to be reasonable at the time of publication. Therefore, there might be cases in which actual results differ from forecast values. For the premises of financial results forecast and the notes concerning the use of financial results forecast, please refer to “(4) Outlook for Fiscal 2018” on page 4 of the Appendix to this report.

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1. Overview of Consolidated Operating Results

(1) Overview of Consolidated Operating Results for the Period under Review

1) Overview for the Fiscal Year Ended February 28, 2018

During the fiscal year ended February 28, 2018 (March 1, 2017 to February 28, 2018), the Japanese economy remained on a gradual recovery trend driven mainly by improved corporate profit and the employment environment.

Under such a business environment, the Corporate Group made every effort to expand its operations and improve management efficiency by proactively keeping its business conditions entrenched and promoting the opening of new stores, while at the same time revitalizing existing stores by switching businesses and withdrawing unprofitable stores.

In the Apparel Business, the Group conducted proactive brand promotions while further pressing ahead with the reform of merchandising (MD) and improving the freshness of merchandise through agile introduction of items in stores. As a result, net sales increased by 5.2% year on year to ¥89,517 million. In the Miscellaneous Goods/Accessories Business, we opened 29 new stores in response to robust demand for opening stores reflecting our rising visibility. As a result, net sales increased by 7.7 % year on year to ¥33,604 million.

As a result of the above, net sales for the fiscal year ended February 28, 2018 increased by 5.8% year on year to ¥123,241 million.

In terms of profit, the gross profit margin decreased by 0.3 points year on year to 55.8%, despite the further reform of merchandising (MD), etc. Operating profit increased by ¥878 million year on year to ¥7,042 million, and ordinary profit increased by ¥922 million year on year to ¥6,967 million. Profit attributable to owners of parent decreased by ¥581 million year on year to ¥2,489 million, due to impairment loss in the amount of ¥1,766 million recorded as an extraordinary loss for the period under review.

2) Sales Results by Segment for the Fiscal Year Ended February 28, 2018

Segment	Amount (million yen)	Changes from the previous fiscal year (%)
Apparel Business	89,517	105.2
Miscellaneous Goods/Accessories Business	33,604	107.7
Other	120	81.6
Total	123,241	105.8

3) Status of Stores for the Fiscal Year Ended February 28, 2018 (March 1, 2017 to February 28, 2018)

Number of stores as of February 28, 2017	923 stores
Number of new stores	57 stores
Number of closed stores	77 stores
Number of new stores due to an increase in the number of consolidated subsidiaries	32 stores
Number of stores as of February 28, 2018	935 stores

(2) Overview of Consolidated Financial Position for the Period under Review

1) Status of Assets, Liabilities and Net Assets

(Assets)

Current assets increased by ¥6,902 million compared with the end of the previous fiscal year, due mainly to increases in cash and deposits by ¥4,769 million and merchandise and finished goods by ¥1,328 million.

Non-current assets decreased by ¥1,095 million compared with the end of the previous fiscal year, due primarily to a decrease in buildings and structures by ¥1,232 million.

(Liabilities)

Current liabilities increased by ¥2,406 million compared with the end of the previous fiscal year, due mainly to increases in notes and accounts payable - trade by ¥2,063 million and short-term loans payable by ¥1,344 million, despite a decrease in income taxes payable by ¥1,147 million.

Non-current liabilities increased by ¥2,515 million compared with the end of the previous fiscal year, due primarily to an increase in long-term loans payable by ¥3,073 million.

(Net assets)

Net assets increased by ¥884 million compared with the end of the previous fiscal year, due mainly to an increase in retained earnings by ¥772 million.

(3) Overview of Consolidated Cash Flows for the Period under Review

Cash and cash equivalents (hereinafter “cash”) at the end of the fiscal year ended February 28, 2018 increased by ¥4,769 million compared with the end of the previous fiscal year to ¥40,728 million, due mainly to cash provided by operating activities in the amount of ¥5,236 million.

Cash flows for the fiscal year ended February 28, 2018 are as follows.

(Net cash provided by (used in) operating activities)

While cash provided by operating activities was ¥5,160 million for the previous fiscal year, cash provided by operating activities amounted to ¥5,236 million for the fiscal year ended February 28, 2018, due mainly to an increase in notes and accounts payable - trade by ¥1,625 million and profit before income taxes in the amount of ¥4,929 million, despite an increase in inventories by ¥1,191 million.

(Net cash provided by (used in) investing activities)

While cash used in investing activities was ¥1,531 million for the previous fiscal year, cash used in investing activities amounted to ¥1,717 million for the fiscal year ended February 28, 2018, due mainly to purchase of property, plant and equipment of ¥1,184 million.

(Net cash provided by (used in) financing activities)

While cash used in financing activities was ¥2,844 million for the previous fiscal year, cash provided by financing activities amounted to ¥1,322 million for the fiscal year ended February 28, 2018, due mainly to proceeds from long-term loans payable of ¥4,549 million, despite cash dividends paid of ¥1,540 million and repayments of installment payables of ¥1,012 million.

(Reference) Cash flow-related indicators

	Fiscal year ended February 28, 2014	Fiscal year ended February 28, 2015	Fiscal year ended February 29, 2016	Fiscal year ended February 28, 2017	Fiscal year ended February 28, 2018
Equity ratio (%)	47.2	41.8	46.9	48.8	46.4
Equity ratio based on market value (%)	59.4	87.2	73.0	78.1	84.3
Interest-bearing debt to cash flows ratio (%)	208.5	85.1	—	251.7	382.2
Interest- coverage ratio (times)	40.7	102.0	—	38.7	43.1

Equity ratio: Equity / Total assets

Equity ratio based on market value: Market capitalization of shares / Total assets

Interest-bearing debt to cash flows ratio: Interest-bearing debt / Operating cash flows

Interest-coverage ratio: Operating cash flows / Interest payments

(Note) For the fiscal year ended February 29, 2016, the description of interest-bearing debt to cash flows ratio and interest-coverage ratio has been omitted as the operating cash flows were negative.

(4) Outlook for Fiscal 2018

As for the outlook for Fiscal 2018, the Company predicts increases in both sales and profits, expecting net sales to increase by 8.3% year on year to ¥133,510 million, operating profit to increase by 27.7% year on year to ¥8,990 million, ordinary profit to increase by 25.2% year on year to ¥8,720 million and profit attributable to owners of parent to increase 98.1% year on year to ¥4,930 million.

2. Rationale behind the Choice of Accounting Standards

To sustain comparability of consolidated financial statements between periods as well as between companies, the Company prepares consolidated financial statements under the Japanese GAAP.

We will appropriately respond to the application of the International Financial Reporting Standards (IFRS) considering various circumstances in Japan and overseas.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2017	As of February 28, 2018
Assets		
Current assets		
Cash and deposits	35,959	40,728
Notes and accounts receivable - trade	5,178	5,194
Merchandise and finished goods	8,592	9,920
Raw materials and supplies	14	15
Deferred tax assets	666	729
Other	880	1,602
Allowance for doubtful accounts	(2)	(0)
Total current assets	51,288	58,190
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,496	6,264
Machinery, equipment and vehicles, net	1	1
Land	779	779
Leased assets, net	1,241	810
Other, net	383	377
Total property, plant and equipment	9,903	8,233
Intangible assets	398	637
Investments and other assets		
Investment securities	718	895
Guarantee deposits	13,414	13,505
Deferred tax assets	837	879
Other	597	622
Allowance for doubtful accounts	(74)	(73)
Total investments and other assets	15,492	15,828
Total non-current assets	25,794	24,699
Total assets	77,083	82,890

(Millions of yen)

	As of February 28, 2017	As of February 28, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	12,610	14,673
Short-term loans payable	3,287	4,632
Current portion of long-term loans payable	2,917	3,040
Accrued expenses	2,017	2,126
Income taxes payable	1,543	395
Provision for bonuses	1,255	1,522
Provision for directors' bonuses	164	103
Provision for sales returns	0	0
Other	3,888	3,596
Total current liabilities	27,685	30,091
Non-current liabilities		
Long-term loans payable	6,786	9,860
Net defined benefit liability	756	843
Provision for directors' retirement benefits	122	126
Provision for loss on guarantees	140	160
Long-term accounts payable - other	1,179	717
Lease obligations	1,052	794
Asset retirement obligations	1,702	1,735
Deferred tax liabilities	10	34
Other	56	52
Total non-current liabilities	11,807	14,323
Total liabilities	39,492	44,415
Net assets		
Shareholders' equity		
Capital stock	3,181	3,181
Capital surplus	4,469	4,469
Retained earnings	31,927	32,700
Treasury shares	(2,087)	(2,088)
Total shareholders' equity	37,491	38,263
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	142	267
Foreign currency translation adjustment	(5)	(5)
Remeasurements of defined benefit plans	(38)	(50)
Total accumulated other comprehensive income	99	211
Total net assets	37,590	38,475
Total liabilities and net assets	77,083	82,890

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

(Millions of yen)

	Fiscal year ended February 28, 2017	Fiscal year ended February 28, 2018
Net sales	116,457	123,241
Cost of sales	51,154	54,490
Gross profit	65,303	68,751
Provision for sales returns	(0)	(0)
Gross profit - net	65,303	68,751
Selling, general and administrative expenses		
Advertising and promotion expenses	2,485	2,665
Transportation and warehousing expenses	3,035	3,609
Provision of allowance for doubtful accounts	17	(1)
Salaries, allowances and bonuses	17,684	18,371
Provision for bonuses	1,255	1,667
Provision for directors' bonuses	164	103
Retirement benefit expenses	93	118
Provision for directors' retirement benefits	3	3
Welfare expenses	3,189	3,354
Rent expenses	19,892	19,958
Lease expenses	201	156
Other	11,115	11,699
Total selling, general and administrative expenses	59,139	61,708
Operating profit	6,164	7,042
Non-operating income		
Interest income	1	1
Rent income	8	12
Share of profit of entities accounted for using equity method	10	5
Other	78	64
Total non-operating income	100	84
Non-operating expenses		
Interest expenses	133	120
Provision for loss on guarantees	50	20
Other	36	19
Total non-operating expenses	219	159
Ordinary profit	6,044	6,967

(Millions of yen)

	Fiscal year ended February 28, 2017	Fiscal year ended February 28, 2018
Extraordinary losses		
Loss on retirement of non-current assets	170	262
Loss on cancellation of leases	4	8
Impairment loss	649	1,766
Total extraordinary losses	823	2,038
Profit before income taxes	5,220	4,929
Income taxes - current	2,462	2,576
Income taxes - deferred	(312)	(137)
Total income taxes	2,149	2,439
Profit	3,071	2,489
Profit attributable to owners of parent	3,071	2,489

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended February 28, 2017	Fiscal year ended February 28, 2018
Profit	3,071	2,489
Other comprehensive income		
Valuation difference on available-for-sale securities	4	125
Foreign currency translation adjustment	(1)	(1)
Remeasurements of defined benefit plans, net of tax	9	(12)
Share of other comprehensive income of entities accounted for using equity method	(5)	1
Total other comprehensive income	6	112
Comprehensive income	3,077	2,602
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,077	2,602
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Changes in Net Assets

Fiscal year ended February 28, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,181	4,469	30,396	(2,087)	35,960
Changes of items during period					
Dividends of surplus			(1,539)		(1,539)
Profit attributable to owners of parent			3,071		3,071
Purchase of treasury shares				(0)	(0)
Increase (decrease) resulting from change of accounting period of consolidated subsidiaries					
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	1,531	(0)	1,530
Balance at end of current period	3,181	4,469	31,927	(2,087)	37,491

(Millions of yen)

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	138	1	(47)	92	—	36,053
Changes of items during period						
Dividends of surplus						(1,539)
Profit attributable to owners of parent						3,071
Purchase of treasury shares						(0)
Increase (decrease) resulting from change of accounting period of consolidated subsidiaries						
Net changes of items other than shareholders' equity	4	(6)	9	6	—	6
Total changes of items during period	4	(6)	9	6	—	1,537
Balance at end of current period	142	(5)	(38)	99	—	37,590

Fiscal year ended February 28, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,181	4,469	31,927	(2,087)	37,491
Changes of items during period					
Dividends of surplus			(1,539)		(1,539)
Profit attributable to owners of parent			2,489		2,489
Purchase of treasury shares				(0)	(0)
Increase (decrease) resulting from change of accounting period of consolidated subsidiaries			(176)		(176)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	772	(0)	772
Balance at end of current period	3,181	4,469	32,700	(2,088)	38,263

(Millions of yen)

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	142	(5)	(38)	99	—	37,590
Changes of items during period						
Dividends of surplus						(1,539)
Profit attributable to owners of parent						2,489
Purchase of treasury shares						(0)
Increase (decrease) resulting from change of accounting period of consolidated subsidiaries						(176)
Net changes of items other than shareholders' equity	125	0	(12)	112	—	112
Total changes of items during period	125	0	(12)	112	—	884
Balance at end of current period	267	(5)	(50)	211	—	38,475

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended February 28, 2017	Fiscal year ended February 28, 2018
Cash flows from operating activities		
Profit before income taxes	5,220	4,929
Depreciation	2,064	1,909
Impairment loss	649	1,766
Increase (decrease) in allowance for doubtful accounts	16	(2)
Interest and dividend income	(7)	(7)
Interest expenses	133	120
Share of (profit) loss of entities accounted for using equity method	(10)	(5)
Decrease (increase) in notes and accounts receivable - trade	(40)	79
Decrease (increase) in inventories	554	(1,191)
Increase (decrease) in notes and accounts payable - trade	(2,581)	1,625
Increase (decrease) in provision for bonuses	254	169
Increase (decrease) in provision for directors' retirement benefits	3	3
Increase (decrease) in provision for directors' bonuses	96	(61)
Increase (decrease) in net defined benefit liability	4	75
Increase (decrease) in provision for sales returns	(0)	(0)
Increase (decrease) in provision for loss on guarantees	50	20
Loss on retirement of property, plant and equipment	174	271
Loss (gain) on investments in partnership	(3)	—
Increase (decrease) in accrued consumption taxes	389	(364)
Other, net	(53)	(373)
Subtotal	6,913	8,964
Interest and dividend income received	10	11
Interest expenses paid	(133)	(121)
Income taxes (paid) refund	(1,628)	(3,618)
Payments for directors' retirement benefits	(2)	—
Net cash provided by (used in) operating activities	5,160	5,236

(Millions of yen)

	Fiscal year ended February 29, 2017	Fiscal year ended February 28, 2018
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,377)	(1,184)
Proceeds from sales and redemption of short-term and long-term investment securities	54	–
Payments of loans receivable	–	(39)
Collection of loans receivable	1	6
Purchase of intangible assets	(83)	(373)
Payments for guarantee deposits	(550)	(717)
Proceeds from collection of guarantee deposits	526	892
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(99)
Purchase of shares of subsidiaries and associates	–	(3)
Payments for asset retirement obligations	(102)	(199)
Other, net	–	(0)
Net cash provided by (used in) investing activities	(1,531)	(1,717)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	768	1,354
Proceeds from long-term loans payable	1,127	4,549
Repayments of long-term loans payable	(1,125)	(1,453)
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(1,539)	(1,540)
Dividends paid to non-controlling interests	(0)	–
Repayments of installment payables	(1,406)	(1,012)
Repayments of finance lease obligations	(667)	(574)
Net cash provided by (used in) financing activities	(2,844)	1,322
Effect of exchange rate change on cash and cash equivalents	–	–
Net increase (decrease) in cash and cash equivalents	784	4,835
Cash and cash equivalents at beginning of period	35,174	35,959
Increase (decrease) in cash and equivalents resulting from change of accounting period of consolidated subsidiaries	–	(66)
Cash and cash equivalents at end of period	35,959	40,728

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Segment and Other Information)

[Segment Information]

1. Overview of reportable segments

The Group operates the Apparel Business as its principal business, besides developing the Miscellaneous Goods/Accessories Business. Each business division draws up a plan for comprehensive strategies and thereupon operates its business activities.

The Group consists of segments by line of business. Based on the types of products and economic characteristics, the reportable segments are integrated into two segments: the Apparel Business and Miscellaneous Goods/Accessories Business. The reportable segments are those for which separate financial information is available and for which the Board of Directors conducts a regular review in order to determine the allocation of management resources and to evaluate business performance.

The Apparel Business retails (procures and sells), manufactures and sells apparel, etc. The Miscellaneous Goods/Accessories Business retails (procures and sells) miscellaneous daily goods, etc.

2. Calculation methods for the net sales, income (loss), assets (liabilities), and other items for each reportable segment

The accounting methods for the reportable segments are generally the same as those listed in the “Significant Accounting Policies in the Preparation of Consolidated Financial Statements.” Inter-segment sales and transfers are based on current market prices.

The Company does not allocate assets or liabilities to any reportable segment.

3. Information related to net sales, income (loss), assets (liabilities), and other items for each reportable segment

The fiscal year ended February 28, 2017 (March 1, 2016 to February 28, 2017)

(Millions of yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Apparel Business	Miscellaneous Goods/Accessories Business	Subtotal				
Net Sales							
Sales to external customers	85,097	31,212	116,310	147	116,457	–	116,457
Inter-segment sales or transfers	–	0	0	178	178	(178)	–
Total	85,097	31,213	116,310	325	116,636	(178)	116,457
Segment income (loss)	3,827	2,308	6,135	29	6,164	(0)	6,164
Other Depreciation	1,537	526	2,063	0	2,064	–	2,064

(Notes) 1. The “Other” category includes the temporary personnel services, etc.

2. The negative ¥0 million adjustment to segment income (loss) includes the eliminated amount of inter-segment transactions.

3. Segment income (loss) is reconciled with operating profit recorded in the consolidated statements of income.

The fiscal year ended February 28, 2018 (March 1, 2017 to February 28, 2018)

(Millions of yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Apparel Business	Miscellaneous Goods/Accessories Business	Subtotal				
Net sales							
Sales to external customers	89,517	33,604	123,121	120	123,241	–	123,241
Inter-segment sales or transfers	–	–	–	178	178	(178)	–
Total	89,517	33,604	123,121	298	123,420	(178)	123,241
Segment income (loss)	5,041	1,975	7,016	26	7,042	–	7,042
Other							
Depreciation	1,390	518	1,908	0	1,909	–	1,909
Amortization of goodwill	4	–	4	–	4	–	4

(Notes) 1. The “Other” category includes the temporary personnel services, etc.

2. Segment income (loss) is identical to operating profit recorded in the consolidated statements of income.

[Related information]

Fiscal year ended February 28, 2017 (March 1, 2016 to February 28, 2017)

1. Information by product and service

Information is omitted because the same information is presented in the segment information.

2. Information by geographic area

(1) Net sales

Information is omitted because sales to external customers outside Japan account for less than 10% of net sales on the consolidated statements of income.

(2) Property, plant and equipment

Information is omitted because property, plant and equipment located in Japan constitute more than 90% of property, plant and equipment on the consolidated balance sheets.

3. Information by major customers

Information is omitted because no sales to external customer account for 10% or more of net sales on the consolidated statements of income.

Fiscal year ended February 28, 2018 (March 1, 2017 to February 28, 2018)

1. Information by product and service

Information is omitted because the same information is presented in the segment information.

2. Information by geographic area

(1) Net sales

Information is omitted because sales to external customers outside Japan account for less than 10% of net sales on the consolidated statements of income.

(2) Property, plant and equipment

Information is omitted because property, plant and equipment located in Japan constitute more than 90% of property, plant and equipment on the consolidated balance sheets.

3. Information by major customers

Information is omitted because no sales to external customer account for 10% or more of net sales on the consolidated statements of income.

[Information related to an impairment loss on non-current assets for each reportable segment]

Fiscal year ended February 28, 2017 (March 1, 2016 to February 28, 2017)

(Millions of yen)

	Reportable segment			Other	Total	Adjustment	Consolidated
	Apparel Business	Miscellaneous Goods/Accessories Business	Subtotal				
Impairment loss	593	55	649	—	649	—	649

Fiscal year ended February 28, 2018 (March 1, 2017 to February 28, 2018)

(Millions of yen)

	Reportable segment			Other	Total	Adjustment	Consolidated
	Apparel Business	Miscellaneous Goods/Accessories Business	Subtotal				
Impairment loss	1,517	249	1,766	—	1,766	—	1,766

[Information related to amortization of goodwill and unamortized balance of goodwill for each reportable segment]

Fiscal year ended February 28, 2017 (March 1, 2016 to February 28, 2017)

Not applicable.

Fiscal year ended February 28, 2018 (March 1, 2017 to February 28, 2018)

(Millions of yen)

	Reportable segment			Other	Total	Adjustment	Consolidated
	Apparel Business	Miscellaneous Goods/Accessories Business	Subtotal				
(Goodwill)							
Amortization for fiscal year ended February 28, 2018	4	—	4	—	4	—	4
Balance as of February 28, 2018	85	—	85	—	85	—	85
(Negative goodwill)							
Amortization for fiscal year ended February 28, 2018	—	—	—	—	—	—	—
Balance as of February 28, 2018	—	—	—	—	—	—	—

[Information related to gain on bargain purchase for each reportable segment]

Fiscal year ended February 28, 2017 (March 1, 2016 to February 28, 2017)

Not applicable.

Fiscal year ended February 28, 2018 (March 1, 2017 to February 28, 2018)

Not applicable.

(Per Share Information)

	Fiscal year ended February 28, 2017 (March 1, 2016 to February 28, 2017)	Fiscal year ended February 28, 2018 (March 1, 2017 to February 28, 2018)
Net assets per share	¥1,708.72	¥1,748.96
Basic earnings per share	¥139.60	¥113.16

(Note) 1. Diluted earnings per share is not presented because there are no residual securities.

2. The basis of calculation is as follows:

(1) Net assets per share

	Fiscal year ended February 28, 2017 (March 1, 2016 to February 28, 2017)	Fiscal year ended February 28, 2018 (March 1, 2017 to February 28, 2018)
Total net assets on the consolidated balance sheets (million yen)	37,590	38,475
Net assets applicable to common stock (million yen)	37,590	38,475
Number of issued shares of common stock (shares)	23,136,000	23,136,000
Number of treasury shares of common stock (shares)	1,136,865	1,137,119
Number of shares of common stock used for calculation of net assets per share (shares)	21,999,135	21,998,881

(2) Basic earnings per share

	Fiscal year ended February 28, 2017 (March 1, 2016 to February 28, 2017)	Fiscal year ended February 28, 2018 (March 1, 2017 to February 28, 2018)
Profit attributable to owners of parent on the consolidated statements of income (million yen)	3,071	2,489
Profit attributable to common shareholders of parent (million yen)	3,071	2,489
Average number of shares of common stock during the period (shares)	21,999,178	21,999,009

(Significant Subsequent Events)

Not applicable.