



## Summary of (Consolidated) Financial Statements for the Fiscal Year Ended December 31, 2023 (Japanese Standards)

February 9, 2024

Listed company: Laox Holdings Co., Ltd. Stock exchange: Tokyo Stock Exchange  
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Planned Date of General Meeting of Shareholders: March 25, 2024  
Planned Submission Date for Annual Securities Report: March 25, 2024  
Planned Starting Date for Dividend Payments: -  
Supplementary Documents for Results: No  
Financial Results Briefing: No

(Rounded down to nearest million yen)

### 1. Consolidate Results for FY2023 (from January 1, 2023 to December 31, 2023)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2023	60,187	9.2	284	474.1	555	13.3	2,043	2,826.0
FY2022	55,127	(19.1)	49	-	490	-	69	-

(Notes) Comprehensive income FY2023: 2,078 million yen (1,325.5%) FY2022: 145 million yen (-%)

	Profit per share	Diluted profit per share	Return on equity (ROE)	Return on assets (ROA)	Operating margin
	Yen	Yen	%	%	%
FY2023	22.35	-	9.6	1.3	0.5
FY2022	0.76	-	0.3	1.1	0.1

(Reference) Share of profit/loss of entities accounted for using equity method FY2023: (51) million yen FY2022: (82) million yen

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2023	46,262	22,406	48.4	244.99
FY2022	40,944	20,327	49.6	222.25

(For reference) Equity FY2023: 22,396 million yen FY2022: 20,317 million yen

#### (3) Consolidated cash flow conditions

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Ending balance of cash and cash equivalents
	Million yen	Million yen	Million yen	Million yen
FY2023	(187)	(747)	1,335	10,143
FY2022	(2,075)	2,508	(974)	9,681

## 2. Dividends

	Dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	End of Q1	End of Q2	End of Q3	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2022	-	-	-	0.00	0.00	-	-	-
FY2023	-	-	-	0.00	0.00	-	-	-
FY2024 (forecast)	-	-	-	0.00	0.00		-	

## 3. Results forecast for FY2024 (from January 1, 2024 to December 31, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	68,000	13.0	1,200	321.2	950	71.0	700	(65.7)	7.66

### \* Notes

- (1) Important changes in subsidiaries in the fiscal year under review (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

New: 1 company (Company name) Barneys Japan Co., Ltd.

- (2) Changes in accounting policy and changes or restatement of accounting estimates

- |   |    |
|---|----|
| (i) Changes in accounting policy due to revisions to accounting standards etc.: | No |
| (ii) Changes in accounting policy other than those in (i):                      | No |
| (iii) Changes in accounting estimates:  | No |
| (iv) Restatement of accounting estimates:                                       | No |

- (3) Number of issued shares (common shares)

- (i) Number of issued shares at the end of period (including treasury stock):
- (ii) Number of shares of treasury stock at the end of period:
- (iii) Average number of issued shares during period

FY2023	93,335,103 shares
FY2022	93,335,103 shares
FY2023	1,918,464 shares
FY2022	1,918,389 shares
FY2023	91,416,673 shares
FY2022	91,416,724 shares

(Reference) Explanation of non-consolidated results for FY2023 (from January 1, 2023 to December 31, 2023)

(1) Non-consolidated operating results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2023	1,999	(70.6)	(492)	-	(500)	-	(1,544)	-
FY2022	6,801	(44.3)	(589)	-	(243)	-	(595)	-

	Profit per share		Diluted profit per share	
	Yen		Yen	
FY2023	(16.90)		-	
FY2022	(6.51)		-	

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
FY2023	16,390		12,907		78.7		141.08	
FY2022	18,952		14,454		76.2		158.00	

(For reference) Equity FY2023: 12,896 million yen FY2022: 14,443 million yen

\* This summary of consolidated financial statements falls outside the scope of the review by certified public accountants or audit corporations.

\* Explanation on the proper use of results forecasts and other special notes

Forward-looking statements, including results forecasts, in this document are based on information that the Group has obtained and certain assumptions that the Group believes to be reasonable. Actual results may differ significantly due to a variety of factors.

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## 1. Explanation of operating results

### (1) Explanation of operating results for the fiscal year under review

During the consolidated fiscal year under review, the amount of inbound tourists' consumption exceeded the pre-COVID level, a sign of recovery in the number of inbound tourists. Meanwhile, the outlook remains uncertain due to rising geopolitical risks and the impact of increases in energy prices and consumer prices, among other factors.

Amidst this severe economic condition, the Laox Group (the "Group") acquired Barneys Japan Co., Ltd. ("Barneys Japan") as a subsidiary in May aimed at developing the retail business in a new style, utilizing the high-end product know-how of Barney Japan in revising a merchandising strategy of existing inbound businesses. The Group's own brand "THE SWEETS" released seasonal new products and actively opened pop-up stores, and "THE GINZA SELECT" started selling premium items manufactured in a special way. In pursuit of our stated mission of proposing a rich and varied lifestyle, or "Global Life Style," and supporting its evolution and creation, the Group continues the effort to deliver various products in Japan and overseas.

Despite a continued decrease in trading business sales as we are restructuring the business of subsidiaries in China in response to a change in demand in the Chinese market, net sales for the fiscal year under review increased 9.2% year on year to 60,187 million yen helped by sales at Barneys Japan which became a consolidated subsidiary in the second quarter of the fiscal year under review. In terms of profit and loss, due to the improved gross profit as a result of passing on an increase in costs to sales prices and due to the recording of a reversal of allowance for doubtful accounts in the trading business, operating profit was 284 million yen (up 474.1% year on year), and ordinary profit was 555 million yen (up 13.3% year on year). In addition, as a result of recording 3,855 million yen in gain on bargain purchase arising from the acquisition of Barneys Japan as a subsidiary in extraordinary income, and recording 1,025 million yen in loss on business liquidation and 795 million yen in provision for loss on contracts in extraordinary losses, profit attributable to owners of parent came to 2,043 million yen (up 2,826.0% year on year).

Operating results for each business segment are detailed below. The business segments reported as reporting segments were revised in the second quarter of the fiscal year under review, and a comparative analysis of the fiscal year under review was based on the segments after the revision.

#### (Gift Solution Business)

In the Gift Solution Business segment, we mainly sell foods as gifts, miscellaneous goods and lifestyle-related goods. In addition to traditional return gifts, we published a specified catalog gift for casual gift giving "Hajimete Catalog Gift" and "Chitanoukasan" and strengthened the line-up and selection for New Year dishes to take advantage of high demand, and developed and sold many private brand (PB) products for year-end gift giving. In addition, we simultaneously opened three pop-up stores for the original sweets brand "THE SWEETS" for the first time in the Kansai area and enjoyed healthy sales. We also promoted pop-up sales of the new high-end brand "ITADAKI" in Roppongi to attract a new customer base.

Online sales continued to be strong from the previous year, and acquisition of a new municipality-related project, etc. contributed to an increase in net sales. However, due to winter gift sales being lower than the previous year, online sales decreased.

As a result, segment net sales for the year under review decreased 3.5% to 41,092 million yen, and segment profit was 881 million yen (up 2.1% year on year).

#### (Retail Business)

In this segment, we reopened shuttered stores gradually as inbound tourists increased, and reviewed the merchandising strategy by refreshing "Chow Tai Fook Laox Akihabara Store" in the Akihabara Head Office that operates as an authorized distributor for Chow Tai Fook Jewelry Group Ltd., the largest jewelry store based in Hong Kong, seeking to provide customers with higher quality products.

Barneys Japan strove to increase customer traffic by selling 100th anniversary special items and held off-site events, but the autumn and winter apparel season started late due to longer summer heat. However, sales in the fourth quarter of the fiscal year under review were steady.

As a result, segment net sales for the year under review increased 390.9% year on year to 15,010 million yen due to the restarting of inbound stores and consolidation of Barney Japan, while segment profit was 632 million yen (a loss of 273 million yen in the same period of the previous year).

#### (Trading Business)

As economic activity gradually recovered in China after the lifting of the zero-COVID policy, we expected that businesses of retail stores and restaurants would also be normalized gradually. However, the buying behavior of consumers changed after the COVID-19 pandemic, and in response, we narrowed the list of products of the wholesale business and the online sale business and implemented structural reform including shrinking any underperforming business. As a result, segment net sales for the year under review decreased 59.8% to 2,923 million yen, and segment profit was 168 million yen (a loss of 230 million yen in the previous year).

#### (Asset Service Business)

The Asset Service Business is expected to see a positive effect of an earnings recovery as we acquire tenants for our commercial facilities successfully. We will continue taking measures to revitalize the facilities, while making efforts to further improve cash flow and reduce costs.

As a result, segment net sales for the year under review decreased 47.8% year on year to 1,161 million yen, and segment loss was 379 million yen (a profit of 704 million yen in the previous year).

(2) Explanation of financial conditions for the fiscal year under review

(Assets)

Total assets at the end of the year under review amounted to 46,262 million yen (40,944 million yen at the end of the previous fiscal year). This was mainly due to an increase of 3,087 million yen in inventories and a 1,448 million yen increase in leasehold and guarantee deposits due to the incorporation of Barneys Japan Co., Ltd. as a subsidiary.

(Liabilities)

Total liabilities came to 23,855 million yen (20,617 million yen at the end of the previous fiscal year). This was mainly due to an increase in notes and accounts payable–trade of 448 million yen, short-term borrowings of 1,350 million yen, allowance for loss on contracts of 469 million yen, and asset retirement obligations of 544 million yen.

(Net assets)

Total net assets came to 22,406 million yen (20,327 million yen at the end of the previous fiscal year). The increase in net assets was attributable primarily to an increase of 2,043 million yen in retained earnings.

(3) Explanation of cash flow for the fiscal year under review

Cash and cash equivalents at the end of the year under review amounted to 10,143 million yen, an increase of 461 million yen compared with the end of the previous fiscal year.

(Cash flow from operating activities)

Net cash used in operating activities in the fiscal year under review amounted to 187 million yen, compared with 2,075 million yen in the previous year.

This was mainly due to: i) 537 million yen decrease in allowance for doubtful accounts; ii) 3,855 million yen gain on bargain purchase; iii) 359 million yen decrease in trade payables; and iv) 590 million yen decrease in accounts payable and accrued expenses. This was despite a 2,100 million yen profit before income taxes, 818 million yen depreciation, 1,025 million yen loss on business liquidation, and 1,158 million yen decrease in trade receivables.

(Cash flow from investing activities)

Net cash used by investing activities in the year under review amounted to 747 million yen, compared with net cash provided of 2,508 million yen in the previous year.

This was mainly due to: i) 689 million yen expenditures for the purchase of property, plant and equipment; ii) 143 million yen expenditures for the purchase of intangible assets; and iii) 467 million yen expenditure for the acquisition of shares of subsidiaries resulting in changes in the scope of consolidation. This was despite 360 million yen in revenues from the collection of long-term loans and 284 million yen in revenues from the collection of leasehold and guarantee deposits.

(Cash flow from financing activities)

Net cash provided by financing activities in the year under review amounted to 1,335 million yen, compared with net cash used of 974 million yen in the previous year.

This was mainly due to a net increase in short-term borrowings of 1,340 million yen.

(4) Future outlook

Looking ahead, it is difficult to foresee the timing of the full-scale resumption of tourism demand by Chinese tourists visiting Japan, and it is still highly uncertain how the economy will perform in the coming years considering geopolitical risks, soaring energy and food prices and rising interest rates.

It will thus remain unpredictable how these situations will affect our Group's business. For the next fiscal year (FY2024), we will restructure the business model of our inbound tourism-related business, now showing signs of recovery, and implement measures to acquire customers in Japan. At the same time, we will seek to achieve improved profitability by further reforming our revenue structure during the current fiscal year. In order to achieve sustainable growth, we will work to create new revenue sources by further enhancing synergies among Group organizations.

In light of this situation, the consolidated earnings forecast for the next fiscal year (FY2024) shows net sales of 68,000 million yen (up 13.0% year on year), operating profit of 1,200 million yen (up 321.2% year on year), ordinary profit of 950 million yen (up 71.0% year on year) and profit attributable to owners of parent of 700 million yen (down 65.7% year on year).

The forecasts described above were prepared on the basis of information available as of the date of releasing this document and actual results could potentially differ from the forecasts due to various factors.

## **2. Basic thinking on selection of accounting standards**

Our Group prepares consolidated financial statements under Japanese GAAP in consideration of the comparability of consolidated financial statements between companies, among other factors. In the future, we will consider adopting International Financial Reporting Standards (IFRS) in consideration of various circumstances.

### 3. Consolidated Financial Statements and Important Notes

#### (1) Consolidated balance sheet

(Million yen)

	FY2022 (As of December 31, 2022)	FY2023 (As of December 31, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	10,480	11,156
Notes and accounts receivable–trade	13,037	13,516
Inventory	3,806	6,737
Advances paid	2,128	2,094
Others	1,783	1,863
Allowance for doubtful accounts	(823)	(318)
Total current assets	30,412	35,050
Non-current assets		
Property, plant and equipment		
Buildings and structures	9,982	13,317
Cumulative depreciation	(7,220)	(10,417)
Buildings and structures, net	2,761	2,900
Machinery, equipment and vehicles	7,719	7,800
Cumulative depreciation	(6,979)	(7,091)
Machinery, equipment and vehicles, net	740	708
Tools, furniture and fixtures	1,781	3,228
Cumulative depreciation	(1,669)	(3,045)
Tools, furniture and fixtures, net	111	182
Land	1,616	1,515
Leased assets	638	573
Cumulative depreciation	(530)	(521)
Leased assets, net	107	52
Construction in progress	-	15
Total property, plant and equipment	5,337	5,375
Intangible assets		
Software	986	803
Others	237	269
Total intangible assets	1,224	1,072
Investments and other assets		
Investments in subsidiaries and associates	263	220
Long-term loans receivable	2,860	2,500
Deferred tax assets	79	26
Leasehold and guarantee deposits	2,830	4,097
Others	1,472	1,424
Allowance for doubtful accounts	(3,534)	(3,504)
Total investments and other assets	3,970	4,764
Total non-current assets	10,532	11,212
Deferred assets		
Stock grant expenses	0	-
Total deferred assets	0	-
<b>Total assets</b>	<b>40,944</b>	<b>46,262</b>



(Million yen)

	FY2022 (As of December 31, 2022)	FY2023 (As of December 31, 2023)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable–trade	7,914	8,363
Electronically recorded obligations–operating	1,960	2,004
Short-term borrowings	1,200	2,550
Accounts payable	2,127	2,017
Income taxes payable	79	51
Contractual liabilities	2,068	2,392
Provision for bonuses	140	152
Provision for loss on product compensation	14	14
Provision for loss on withdrawal from employees' pension fund	21	22
Provision for loss on subloans	88	88
Allowance for loss on contracts	319	232
Others	1,175	1,424
<b>Total current liabilities</b>	<b>17,109</b>	<b>19,313</b>
<b>Non-current liabilities</b>		
Long-term borrowings	91	192
Deferred tax liabilities	617	559
Reserve for directors' retirement benefits	75	70
Provision for loss on subloans	168	80
Allowance for loss on contracts	253	809
Retirement benefit liability	1,035	976
Asset retirement obligations	312	857
Others	951	995
<b>Total non-current liabilities</b>	<b>3,507</b>	<b>4,542</b>
<b>Total liabilities</b>	<b>20,617</b>	<b>23,855</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital	100	100
Capital surplus	17,652	17,652
Retained earnings	4,364	6,407
Treasury shares	(2,419)	(2,419)
<b>Total shareholders' equity</b>	<b>19,697</b>	<b>21,740</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	2	-
Foreign currency translation adjustment	614	651
Remeasurements of defined benefit plans	3	4
<b>Total accumulated other comprehensive income</b>	<b>619</b>	<b>655</b>
Share acquisition rights	10	10
<b>Total net assets</b>	<b>20,327</b>	<b>22,406</b>
<b>Total liabilities and net assets</b>	<b>40,944</b>	<b>46,262</b>

(2) Consolidated statement of income and consolidated statement of comprehensive income

Consolidated statement of income

(Million yen)

	FY2022 (From January 1 to December 31, 2022)	FY2023 (From January 1 to December 31, 2023)
Net sales	55,127	60,187
Cost of sales	40,445	42,063
Gross profit	14,681	18,123
Selling, general and administrative expenses	14,631	17,839
Operating profit	49	284
Non-operating income		
Interest income	19	23
Foreign exchange gains	211	202
Reversal of allowance for doubtful accounts	353	64
Subsidy income	-	78
Others	48	50
Total non-operating income	632	419
Non-operating expenses		
Interest expenses	23	13
Share of loss of entities accounted for using equity method	82	51
Amortization of stock grant expenses	29	0
Rent expenses on land and buildings	10	43
Prior period consumption taxes	-	15
Others	45	24
Total non-operating expenses	192	148
Ordinary profit	490	555
Extraordinary income		
Gain on sale of fixed assets	1	13
Gain on reversal of asset retirement obligations	356	-
Gain on bargain purchase	-	3,855
Reversal of provision for loss on liquidation of subsidiaries and associates	62	-
Others	94	31
Total extraordinary income	514	3,900
Extraordinary losses		
Loss on retirement of non-current assets	96	63
Impairment losses	165	43
Loss on liquidation of stores	205	160
Loss on business liquidation	-	1,025
Contractual losses	96	149
Provision for loss on contracts	131	795
Others	234	117
Total extraordinary losses	930	2,355
Profit before income taxes	74	2,100
Income taxes, inhabitant taxes and enterprise taxes payable	52	60
Income taxes-deferred	(44)	(3)
Total income taxes	7	56
Profit	66	2,043
Profit (loss) attributable to non-controlling interests	(2)	-
Profit attributable to owners of parent	69	2,043

Consolidated statement of comprehensive income

(Million yen)

	FY2022 (From January 1 to December 31, 2022)	FY2023 (From January 1 to December 31, 2023)
Profit	66	2,043
Other comprehensive income		
Valuation difference on available-for-sale securities	5	(2)
Foreign currency translation adjustment	22	36
Remeasurements of defined benefit plans, net of tax	40	0
Share of other comprehensive income of entities accounted for using equity method	10	-
Total other comprehensive income	78	35
Comprehensive income	145	2,078
(Breakdown)		
Comprehensive income attributable to owners of parent	148	2,078
Comprehensive income attributable to non-controlling interests	(2)	-

(3) Consolidated statement of changes in shareholders' equity

FY2022 (From January 1 to December 31, 2022)

(Million yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Beginning balance	100	42,499	(20,657)	(2,419)	19,521
Cumulative effect of changes in accounting policy			105		105
Beginning balance reflecting changes in accounting policy	100	42,499	(20,551)	(2,419)	19,627
Change during the period					
Deficiency compensation		(24,846)	24,846		-
Profit attributable to owners of parent			69		69
Acquisition of treasury shares				(0)	(0)
Changes in accounts other than shareholders' equity during the period, net					
Total change during the period	-	(24,846)	24,916	(0)	69
Ending balance	100	17,652	4,364	(2,419)	19,697

	Accumulated other comprehensive income				Share acquisition rights	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			
Beginning balance	(3)	581	(37)	540	5	47	20,115
Cumulative effect of changes in accounting policy							105
Beginning balance reflecting changes in accounting policy	(3)	581	(37)	540	5	47	20,220
Change during the period							
Deficiency compensation							-
Profit attributable to owners of parent							69
Acquisition of treasury shares							(0)
Changes in accounts other than shareholders' equity during the period, net	5	33	40	78	5	(47)	37
Total change during the period	5	33	40	78	5	(47)	107
Ending balance	2	614	3	619	10	-	20,327

FY2023 (From January 1 to December 31, 2023)

(Million yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Beginning balance	100	17,652	4,364	(2,419)	19,697
Change during the period					
Profit attributable to owners of parent			2,043		2,043
Acquisition of treasury shares				(0)	(0)
Changes in accounts other than shareholders' equity during the period, net					
Total change during the period	-	-	2,043	(0)	2,043
Ending balance	100	17,652	6,407	(2,419)	21,740

	Accumulated other comprehensive income				Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Beginning balance	2	614	3	619	10	20,327
Change during the period						
Profit attributable to owners of parent						2,043
Acquisition of treasury shares						(0)
Changes in accounts other than shareholders' equity during the period, net	(2)	36	0	35	-	35
Total change during the period	(2)	36	0	35	-	2,078
Ending balance	-	651	4	655	10	22,406

(4) Consolidated Statement of Cash Flow

(Million yen)

	FY2022 (From January 1 to December 31, 2022)	FY2023 (From January 1 to December 31, 2023)
<b>Cash flow from operating activities</b>		
Profit before income taxes	74	2,100
Depreciation	1,002	818
Impairment losses	165	43
Increase (decrease) in allowance for doubtful accounts	(462)	(537)
Increase (decrease) in provision for bonuses	(35)	(167)
Increase (decrease) in retirement benefit liability	(115)	(58)
Increase (decrease) in provision for loss on subloans	(47)	(88)
Increase (decrease) in allowance for loss on contracts	(461)	469
Interest and dividend income	(20)	(23)
Interest expenses	23	13
Foreign exchange losses (profit)	(94)	(94)
Equity loss (gains) of affiliated companies	82	51
Loss (profit) on retirement of property, plant and equipment	95	50
Gain on bargain purchase	-	(3,855)
Subsidy income	(22)	-
Gain on reversal of asset retirement obligations	(356)	-
Loss on business liquidation	-	1,025
Extra retirement payments	108	-
Decrease (increase) in trade receivables	2,488	1,158
Decrease (increase) in inventory	200	(134)
Increase (decrease) in trade payables	(575)	(359)
Decrease (increase) in advances paid	(1,016)	(156)
Increase (decrease) in accounts payable and accrued expenses	(1,490)	(590)
Increase (decrease) in contractual liabilities	(529)	(12)
Increase (decrease) in accrued consumption taxes	(444)	13
Others	(298)	257
Subtotal	(1,728)	(76)
Interest and dividends received	19	20
Interest paid	(23)	(13)
Proceeds from subsidy income	22	-
Loss on business liquidation paid	-	(35)
Extra retirement payments	(105)	-
Structural reform loss payments	(90)	-
Income taxes paid	(168)	(81)
Net cash provided by (used in) operating activities	(2,075)	(187)
<b>Cash flow from investing activities</b>		
Payments into time deposits	(1,183)	(1,199)
Proceeds from withdrawal of time deposits	983	999
Purchase of property, plant and equipment	(171)	(689)
Proceeds from sale of property, plant and equipment	1	13
Purchase of intangible assets	(84)	(143)
Proceeds from sale of investment securities	-	37
Proceeds from sale of investment property	1,000	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(467)
Purchase of investments in subsidiaries and associates	(42)	-
Proceeds from sale of investments in subsidiaries and associates	1,800	150
Collection of long-term loans receivable	430	360
Payment of leasehold and guarantee deposits	(192)	(95)
Collection of leasehold and guarantee deposits	283	284
Payment of asset retirement obligations	(311)	(21)
Others	(3)	25
Net cash provided by (used in) investing activities	2,508	(747)

(Million yen)

	FY2022 (From January 1 to December 31, 2022)	FY2023 (From January 1 to December 31, 2023)
Cash flow from financing activities		
Net increase (decrease) in short-term borrowings	(874)	1,340
Proceeds from long-term borrowings	-	100
Repayments of long-term borrowings	(13)	(29)
Repayments of lease liabilities	(91)	(75)
Others	5	(0)
Net cash provided by (used in) financing activities	(974)	1,335
Effect of exchange rate change on cash and cash equivalents	44	60
Increase (decrease) in cash and cash equivalents	(497)	461
Beginning balance of cash and cash equivalents	10,246	9,681
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(67)	-
Ending balance of cash and cash equivalents	9,681	10,143

(5) Notes to the consolidated financial statement

(Explanatory notes regarding assumption of going concern)

Not applicable

(Segment information, etc. )

(Segment information)

1. Explanation of reporting segment

The Group's reporting segments consist of the Gift Solution, Retail, Trading, and Asset & Service Businesses.

- Gift Solution Business                      Sale of gift goods and lifestyle-related goods
- Retail Business                              Operation of duty-free shops for inbound tourists and sale of men's clothing, women's clothing, and miscellaneous goods, etc.
- Trading Business                            Trading through import and export of PB products, and global EC activities, etc.
- Asset & Service Business                Operation and management of shopping complexes, provision of real estate trading and brokerage services, and management of rental property

2. Method for computing sales, profit or loss, assets, liabilities, and other items for each reporting segment

Reporting segment profits are based on operating profit. Internal sales or transfers between segments are more or less based on prevailing market prices.

3. Information concerning monetary amounts of sales, profit or loss, assets, liabilities, and other items for each reporting segment

FY2022 (From January 1 to December 31, 2022)

(Million yen)

	Reporting segment				Total	Amount of adjustment (Note) 1	Amount recorded on consolidated financial statements (Note) 2
	Gift Solution Business	Retail Business	Trading Business	Asset & Service Business			
Net sales							
Sales to extremal clients	42,571	3,057	7,272	2,225	55,127	-	55,127
Internal sales or transfers between segments	58	-	15	0	74	(74)	-
Total	42,629	3,057	7,288	2,225	55,201	(74)	55,127
Segment profit (loss)	863	(273)	(230)	704	1,064	(1,014)	49
Segment assets	22,958	2,819	6,074	4,951	36,803	4,141	40,944
Depreciation	868	1	88	40	998	3	1,002
Increase in property, plant and equipment and intangible assets	336	14	9	10	371	7	379

- (Notes)
1. Segment profit adjustment of (1,014) million yen includes elimination of inter-segment transactions of 160 million yen and whole company expenses not divided into each reporting segment of (1,174) million yen. Whole company expenses mainly consist of personnel expenses and general management expenses that do not belong to reporting segments. Segment asset adjustment of 4,141 million yen includes elimination of inter-segment transactions of (10,848) million yen and whole company assets not divided into each reporting segment of 14,990 million yen. Whole company assets are composed mainly of cash and deposits, investment securities, and whole company shared facilities at the Company. Depreciation adjustment of 3 million yen and adjustments for increase in property, plant and equipment and intangible assets of 7 million yen are all related to whole company assets.
  2. Segment profit (loss) was adjusted for operating profit in the consolidated statement of income.



FY2023 (From January 1 to December 31, 2023)

(Million yen)

	Reporting segment				Total	Amount of adjustment (Note) 1	Amount recorded on consolidated financial statements (Note) 2
	Gift Solution Business	Retail Business	Trading Business	Asset & Service Business			
Net sales							
Sales to external clients	41,092	15,010	2,923	1,161	60,187	-	60,187
Internal sales or transfers between segments	110	19	29	169	329	(329)	-
Total	41,203	15,030	2,952	1,330	60,517	(329)	60,187
Segment profit (loss)	881	632	168	(379)	1,302	(1,017)	284
Segment assets	23,497	12,070	3,646	5,350	44,565	1,697	46,262
Depreciation	734	19	22	18	795	23	818
Increase in property, plant and equipment and intangible assets	558	154	27	2	742	176	919

- (Notes)
1. Segment profit adjustment of (1,017) million yen includes elimination of inter-segment transactions of 56 million yen and whole company expenses not divided into each reporting segment of (1,074) million yen. Whole company expenses mainly consist of personnel expenses and general management expenses that do not belong to reporting segments. Segment asset adjustment of 1,697 million yen includes elimination of inter-segment transactions of (10,383) million yen and whole company assets not divided into each reporting segment of 12,081 million yen. Whole company assets are composed mainly of cash and deposits, investment securities, and whole company shared facilities at the Company. Depreciation adjustment of 23 million yen and adjustments for increase in property, plant and equipment and intangible assets of 176 million yen are all related to whole company assets.
  2. Segment profit (loss) was adjusted for operating profit in the consolidated statement of income.

#### 4. Changes in reporting segments

The Company acquired all of the shares of Barneys Japan Co., Ltd. and made it a subsidiary on May 1, 2023. As a result of making a fresh review of the appropriate management information disclosure categories in the Group and the internal performance management categories and names, the Company has decided to change the reporting segments to four categories: Gift Solution Business, Retail Business, Trading Business, and Asset & Service Business. Segment information for the previous fiscal year is disclosed based on the classification method after the change.

(Per-share information)

	FY2022 (From January 1 to December 31, 2022)	FY2023 (From January 1 to December 31, 2023)
Net assets per share	222.25 yen	244.99 yen
Profit per share	0.76 yen	22.35 yen
Diluted profit per share	-	-

- (Notes)
1. Diluted net profit per share for the fiscal year under review and the previous fiscal year is not shown as there were no dilutive shares.

(Significant post-reporting period events)

Not applicable

#### 4. Non-consolidated financial statements

##### (1) Non-consolidated balance sheet

(Million yen)

	FY2022 (As of December 31, 2022)	FY2023 (As of December 31, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	4,954	3,531
Inventory	4	151
Prepaid expenses	145	134
Short-term loans to subsidiaries and associates	2,416	2,893
Accounts receivable	737	677
Others	111	91
Allowance for doubtful accounts	(5)	(12)
Total current assets	8,362	7,469
Non-current assets		
Property, plant and equipment		
Buildings	135	101
Vehicles	0	0
Tools, furniture and fixtures	2	25
Land	388	301
Leased assets	-	28
Total property, plant and equipment	526	456
Intangible assets	5	24
Investments and other assets		
Investment securities	111	76
Shares of subsidiaries and associates	6,657	5,306
Investments in subsidiaries and associates	76	76
Long-term loans receivable	2,860	2,500
Long-term loans to subsidiaries and associates	2,677	3,201
Claim to bankrupt and quasi-bankrupt assets	1,981	2,052
Long-term accounts receivable	2,477	2,337
Leasehold and guarantee deposits	1,670	1,579
Others	243	209
Allowance for doubtful accounts	(8,697)	(8,900)
Total investments and other assets	10,057	8,440
Total non-current assets	10,589	8,921
<b>Total assets</b>	18,952	16,390

(Million yen)

	FY2022 (As of December 31, 2022)	FY2023 (As of December 31, 2023)
<b>Liabilities</b>		
Current liabilities		
Short-term borrowings	300	300
Accounts payable	669	541
Accrued expenses	205	127
Income taxes payable	12	5
Advances received	59	61
Deposits received	127	28
Provision for bonuses	15	17
Provision for loss on product compensation	14	14
Provision for loss on withdrawal from employees' pension fund	21	12
Provision for loss on subloans	88	88
Allowance for loss on contracts	319	17
Others	37	42
<b>Total current liabilities</b>	<b>1,870</b>	<b>1,257</b>
Non-current liabilities		
Deferred tax liabilities	4	2
Reserve for retirement benefits	270	143
Reserve for directors' retirement benefits	67	57
Provision for loss on liquidation of subsidiaries and associates	370	384
Provision for loss on subloans	168	80
Allowance for loss on contracts	253	7
Asset retirement obligations	307	307
Others	1,185	1,242
<b>Total non-current liabilities</b>	<b>2,627</b>	<b>2,225</b>
<b>Total liabilities</b>	<b>4,498</b>	<b>3,482</b>
<b>Net assets</b>		
Shareholders' equity		
Capital	100	100
Capital surplus		
Capital reserve	11,000	11,000
Other capital surplus	6,356	6,356
<b>Total capital surplus</b>	<b>17,356</b>	<b>17,356</b>
Retained earnings		
Other retained earnings		
Retained earnings carried forward	(595)	(2,140)
<b>Total retained earnings</b>	<b>(595)</b>	<b>(2,140)</b>
Treasury shares	(2,419)	(2,419)
<b>Total shareholders' equity</b>	<b>14,441</b>	<b>12,896</b>
Valuation and translation adjustment		
Valuation difference on available-for-sale securities	2	-
<b>Total valuation and translation adjustment</b>	<b>2</b>	<b>-</b>
Share acquisition rights	10	10
<b>Total net assets</b>	<b>14,454</b>	<b>12,907</b>
<b>Total liabilities and net assets</b>	<b>18,952</b>	<b>16,390</b>

(2) Non-consolidated statement of income

(Million yen)

	FY2022 (From January 1 to December 31, 2022)	FY2023 (From January 1 to December 31, 2023)
Net sales	6,801	1,999
Cost of sales	4,955	1,310
Gross profit	1,846	689
Selling, general and administrative expenses	2,435	1,182
Operating profit (loss)	(589)	(492)
Non-operating income		
Interest income	95	89
Foreign exchange gains	102	115
Reversal of allowance for doubtful accounts	220	-
Others	3	10
Total non-operating income	422	214
Non-operating expenses		
Interest expenses	11	9
Amortization of stock grant expenses	28	-
Loss on investment in securities	11	-
Rent expenses on land and buildings	9	17
Provision for allowance for doubtful accounts	-	194
Others	13	0
Total non-operating expenses	75	222
Ordinary loss	(243)	(500)
Extraordinary income		
Gain on sale of fixed assets	1	4
Reversal of allowance for loss on contracts	-	453
Gain on reversal of asset retirement obligations	356	-
Others	42	27
Total extraordinary income	399	486
Extraordinary losses		
Loss on retirement of non-current assets	-	59
Impairment losses	10	-
Loss on liquidation of stores	133	126
Provision for loss on contracts	131	-
Loss on valuation of shares of subsidiaries and associates	-	1,370
Loss on sale of investments in subsidiaries and associates	424	-
Others	123	23
Total extraordinary losses	823	1,579
Profit (loss) before income taxes	(667)	(1,593)
Income taxes, inhabitant taxes and enterprise taxes payable	(74)	(48)
Income taxes-deferred	1	(0)
Total income taxes	(72)	(49)
Profit (loss)	(595)	(1,544)

(3) Non-consolidated statement of changes in shareholders' equity

FY2022 (From January 1 to December 31, 2022)

(Million yen)

	Shareholders' equity							
	Capital	Capital surplus			Retained earnings		Treasury shares	Total shareholder s' equity
		Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings	Total retained earnings		
					Retained earnings carried forward			
Beginning balance	100	19,289	22,913	42,203	(24,846)	(24,846)	(2,419)	15,036
Change during the period								
Transfer from reserve to surplus		(8,289)	8,289	-				-
Deficiency compensation			(24,846)	(24,846)	24,846	24,846		-
Profit (loss)					(595)	(595)		(595)
Acquisition of treasury shares							(0)	(0)
Changes in accounts other than shareholders' equity during the period, net								
Total change during the period	-	(8,289)	(16,556)	(24,846)	24,251	24,251	(0)	(595)
Ending balance	100	11,000	6,356	17,356	(595)	(595)	(2,419)	14,441

	Valuation and translation adjustment		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustment		
Beginning balance	(3)	(3)	5	15,039
Change during the period				
Transfer from reserve to surplus				-
Deficiency compensation				-
Profit (loss)				(595)
Acquisition of treasury shares				(0)
Changes in accounts other than shareholders' equity during the period, net	5	5	5	10
Total change during the period	5	5	5	(584)
Ending balance	2	2	10	14,454

FY2023 (From January 1 to December 31, 2023)

(Million yen)

	Shareholders' equity							
	Capital	Capital surplus			Retained earnings		Treasury shares	Total shareholder s' equity
		Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings carried forward	Total retained earnings		
Beginning balance	100	11,000	6,356	17,356	(595)	(595)	(2,419)	14,441
Change during the period								
Profit (loss)					(1,544)	(1,544)		(1,544)
Acquisition of treasury shares							(0)	(0)
Changes in accounts other than shareholders' equity during the period, net								
Total change during the period	-	-	-	-	(1,544)	(1,544)	(0)	(1,544)
Ending balance	100	11,000	6,356	17,356	(2,140)	(2,140)	(2,419)	12,896

	Valuation and translation adjustment		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustment		
Beginning balance	2	2	10	14,454
Change during the period				
Profit (loss)				(1,544)
Acquisition of treasury shares				(0)
Changes in accounts other than shareholders' equity during the period, net	(2)	(2)	-	(2)
Total change during the period	(2)	(2)	-	(1,546)
Ending balance	-	-	10	12,907